

**COUNTY OF DUTCHESS,  
NEW YORK**

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



**COUNTY OF DUTCHESS, NEW YORK**  
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*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

Honorable County Executive and County Legislature  
County of Dutchess, New York:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major discretely presented component units, the aggregate nonmajor discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Dutchess, New York (the "County"), as of and for the year ended December 31, 2020 (with the Dutchess Community College for the fiscal year ended August 31, 2020), and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dutchess County Local Development Corporation (the "Corporation"), which represents 8.5 percent of the assets and 7.6 percent of the revenues of the business-type activities. We did not audit the financial statements of the Dutchess Community College (the "College"), the Dutchess County Resource Recovery Agency (the "Agency"), or the Dutchess County Water and Wastewater Authority (the "Authority"), which represent 57.0 percent, 8.6 percent, and 34.4 percent, respectively, of the assets, and 74.7 percent, 12.5 percent, and 12.8 percent, respectively, of the revenues of the major discretely presented component units. We did not audit the financial statements of the Dutchess County Industrial Development Agency (the "IDA") or the Dutchess County Soil and Water Conservation District (the "SWCD"), which are aggregated and presented as nonmajor component units, and represent 80.9 percent and 19.1 percent, respectively, of the assets, and 12.4 percent and 87.6 percent, respectively, of the revenues of the aggregate nonmajor discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Corporation, College, Agency, Authority, IDA and SWCD, is based solely on the reports of such other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

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, the major discretely presented component units, the aggregate nonmajor discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 2 to the financial statements, during the year ended December 31, 2020, the County restated its net position and fund balance. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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



### *Other Information*

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2021 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 & Malechuk LLP*

September 17, 2021



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

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As management of the County of Dutchess, New York (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the County's financial activities for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the County's financial statements and notes to the financial statements, which follow this narrative. For comparative purposes, certain items from the prior year have been reclassified to conform with the current year presentation.

**Financial Highlights**

- The liabilities and deferred inflows of resources of the County's primary government exceeded its assets and deferred outflows of resources at December 31, 2020 by \$233,512,279. This consists of \$89,197,005 net investment in capital assets, \$33,779,289 restricted for specific purposes, offset by an unrestricted net position of \$(356,488,573).
- The County's primary government net position decreased \$53,366,353 during the year ended December 31, 2020. Governmental activities decreased the County's net position by \$51,608,402, and the net position of business-type activities decreased by \$1,757,951.
- As of December 31, 2020, the County's governmental funds reported combined ending fund balances of \$133,708,918, an increase of \$5,234,731 in comparison with the prior year. This increase was primarily due to the issuance of serial bonds and grants received to finance capital projects. This increase was partially offset by additional capital outlay during the year.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$60,033,276, or 13.0 percent of total General Fund expenditures and transfers out. This total amount is available for spending at the County's discretion and constitutes approximately 62.4 percent of the General Fund's total fund balance of \$96,185,084 at December 31, 2020.
- The County's governmental activities' serial bonds, excluding its blended component unit's serial bonds, increased by \$24,121,734 during the current year as a result of serial bond issuances totaling \$37,640,000, and scheduled principal payments of \$13,518,266. The newly issued serial bonds mature in 2039 and carry interest rate of 3.0 percent.

**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 three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other 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 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 primarily 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 business-type activities of the County include the Airport and Transportation enterprise funds, along with the Dutchess County Local Development Corporation blended component unit.

The government-wide financial statements include not only the County and its blended component units (known as the *primary government*), but also the Dutchess Community College, the Dutchess County Resource Recovery Agency, the Dutchess County Water and Wastewater Authority, the Dutchess County Industrial Development Agency and the Dutchess County Soil and Water Conservation District discretely presented component units, for which the County is financially accountable. Financial information for the component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 16-17 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 six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Projects Fund, and the Dutchess Tobacco Asset Securitization Corporation ("DTASC"), which are considered to be major funds. Data from the other three governmental funds, which include the County Road Fund, Road Machinery Fund and Community Development Fund, are combined into a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 18-21 of this report.

***Proprietary funds***—The County maintains two enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its Airport operations, as well as its Transportation operations. Additionally, the Dutchess County Local Development Corporation, a blended component unit, is reported as an enterprise fund.

The basic proprietary fund financial statements can be found on pages 22-25 of this report.

***Fiduciary funds***—Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of the funds are not available to support the County’s own programs. The accounting for fiduciary funds is much like that used for proprietary funds.

The County maintains two different types of fiduciary funds. The Private Purpose Trust Fund is used to account for trust arrangements for which cemetery plots are maintained. The Custodial Fund reports resources held by the County in a custodial capacity for individuals, private organizations and other governments.

The fiduciary fund financial statements can be found on pages 26-27 of this report.

***Major discretely presented component units***—The combining statements of major discretely presented component units present the major component units in separate columns.

The combining statements of major discretely presented component units can be found on pages 28-29 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 30-90 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 liabilities, changes in the County’s total other postemployment benefits (“OPEB”) obligation, and the County’s budgetary comparison for the General Fund. Required Supplementary Information and the related notes to the Required Supplementary Information can be found on pages 91-103 of this report.

The Federal Awards Information section presents the County’s Schedule of Expenditures of Federal Awards. This section can be found on pages 104-114 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 assets and deferred outflows of resources by \$(233,512,279) at the close of the most recent fiscal year, as compared to a net position of \$(180,145,926), as restated, at the close of the fiscal year ended December 31, 2019.

**Table 1—Condensed Statements of Net Position—Primary Government**

	Governmental Activities		Business-type Activities		Total Primary Government	
	December 31,		December 31,		December 31,	
	2020	2019 (as restated)	2020	2019 (as restated)	2020	2019 (as restated)
Current assets	\$ 288,058,182	\$ 271,690,945	\$ 9,950,421	\$ 11,915,305	\$ 298,008,603	\$ 283,606,250
Noncurrent assets	280,106,368	261,952,596	26,325,009	28,654,738	306,431,377	290,607,334
Total assets	568,164,550	533,643,541	36,275,430	40,570,043	604,439,980	574,213,584
Deferred outflows of resources	193,114,261	57,448,234	686,816	185,240	193,801,077	57,633,474
Current liabilities	109,451,466	97,805,635	1,158,120	3,545,176	110,609,586	101,350,811
Noncurrent liabilities	868,374,124	640,826,324	3,708,135	3,266,838	872,082,259	644,093,162
Total liabilities	977,825,590	738,631,959	4,866,255	6,812,014	982,691,845	745,443,973
Deferred inflows of resources	48,827,606	66,225,799	233,885	323,212	49,061,491	66,549,011
Net position:						
Net investment in capital assets	64,454,301	67,080,707	24,742,704	26,785,042	89,197,005	93,865,749
Restricted	33,779,289	27,107,709	-	-	33,779,289	27,107,709
Unrestricted	(363,607,975)	(307,954,399)	7,119,402	6,835,015	(356,488,573)	(301,119,384)
Total net position	\$ (265,374,385)	\$ (213,765,983)	\$ 31,862,106	\$ 33,620,057	\$ (233,512,279)	\$ (180,145,926)

The largest positive portion of the County's primary government net position, \$89,197,005, reflects its net investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure), less any related outstanding debt that was used to acquire these assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in 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, \$33,779,289, 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, \$(356,488,573), is considered to be an unrestricted deficit. This deficit does not mean that the County does not have resources available to meet its obligations in the ensuing year. Rather, it reflects liabilities not related to the County's capital assets and are not expected to be repaid from current resources. These long-term liabilities including compensated absences, other postemployment benefits ("OPEB") obligations, claims payable, and net pension liability are funded annually within the funds.

Table 2, as presented below, shows the changes in net position for the years ended December 31, 2020 and December 31, 2019.

**Table 2—Condensed Statement of Changes in Net Position—Primary Government**

	Governmental Activities		Business-type Activities		Total Primary Government	
	Year Ended December 31,		Year Ended December 31,		Year Ended December 31,	
	2019		2019		2019	
	2020	(as restated)	2020	(as restated)	2020	(as restated)
Revenues:						
Program revenues	\$ 170,475,329	\$ 184,362,882	\$ 13,848,210	\$ 20,167,347	\$ 184,323,539	\$ 204,530,229
General revenues	322,489,815	335,143,605	240,273	306,253	322,730,088	335,449,858
Total revenues	492,965,144	519,506,487	14,088,483	20,473,600	507,053,627	539,980,087
Total expenses	543,493,881	485,980,959	16,926,099	17,344,487	560,419,980	503,325,446
Transfers	(1,079,665)	(3,925,456)	1,079,665	3,925,456	-	-
Change in net position	(51,608,402)	29,600,072	(1,757,951)	7,054,569	(53,366,353)	36,654,641
Net position—beginning	(213,765,983)	(244,449,936)	33,620,057	30,037,951	(180,145,926)	(214,411,985)
Restatement	-	1,083,881	-	(3,472,463)	-	(2,388,582)
Net position—ending	<u>\$ (265,374,385)</u>	<u>\$ (213,765,983)</u>	<u>\$ 31,862,106</u>	<u>\$ 33,620,057</u>	<u>\$ (233,512,279)</u>	<u>\$ (180,145,926)</u>

**Governmental activities**—Governmental activities decreased the County’s net position by \$51,608,402, primarily due to increases in allocable employee benefits.

A summary of sources of revenues for governmental activities for the years ended December 31, 2020 and 2019 is presented below.

**Table 3—Summary of Sources of Revenues—Governmental Activities**

	Year Ended December 31,		Increase/(Decrease)	
	2020	2019	Dollars	Percent (%)
Charges for services	\$ 23,180,574	\$ 25,459,145	\$ (2,278,571)	(8.9)
Operating grants and contributions	125,444,776	140,344,422	(14,899,646)	(10.6)
Capital grants and contributions	21,849,979	18,559,315	3,290,664	17.7
Property taxes and tax items	113,576,702	114,768,365	(1,191,663)	(1.0)
Non-property taxes	203,761,098	213,316,553	(9,555,455)	(4.5)
Tobacco settlement revenues	3,834,224	2,965,348	868,876	29.3
Other	1,317,791	4,093,339	(2,775,548)	(67.8)
Total revenues	<u>\$ 492,965,144</u>	<u>\$ 519,506,487</u>	<u>\$ (26,541,343)</u>	<u>(5.1)</u>

The most significant source of revenues is non-property taxes, which accounts for \$203,761,098, or 41.2 percent of total governmental activities revenues for the year ended December 31, 2020, and \$213,316,553, or 41.1 percent of total governmental activities revenues for the year ended December 31, 2019. The next largest source of revenues is operating grants and contributions, which comprises \$125,444,776, or 25.4 percent, and \$140,344,422, or 27.0 percent of total governmental activities revenues for the years ended December 31, 2020 and 2019, respectively. The third largest source of revenues is property taxes and tax items, which comprises \$113,576,702, or 23.0 percent, and

\$114,768,365, or 22.1 percent of total governmental activities revenues for the years ended December 31, 2020 and 2019, respectively.

During the year ended December 31, 2020, total revenues decreased by \$26,541,343. Operating grants and contributions and non-property taxes accounted for decreases of \$14,899,646 and \$9,555,455, respectively, due to a decrease in reimbursable program and capital costs funded through state and federal aid, as well as a decrease in sales and use tax.

A summary of program expenses of governmental activities for the years ended December 31, 2020 and 2019 is presented below in Table 4.

**Table 4—Summary of Program Expenses—Governmental Activities**

	Year Ended December 31,		Increase/(Decrease)	
	2020	2019	Dollars	Percent (%)
General government support	\$ 116,474,179	\$ 102,831,228	\$ 13,642,951	13.3
Education	31,437,970	22,353,093	9,084,877	40.6
Public safety	104,313,401	85,069,940	19,243,461	22.6
Health	72,778,755	68,650,247	4,128,508	6.0
Transportation	29,179,222	25,895,950	3,283,272	12.7
Economic assistance and opportunity	158,112,256	154,586,157	3,526,099	2.3
Culture and recreation	6,551,996	5,293,678	1,258,318	23.8
Home and community services	17,033,911	13,842,688	3,191,223	23.1
Interest and other fiscal charges	7,612,191	7,457,978	154,213	2.1
Total program expenses	<u>\$ 543,493,881</u>	<u>\$ 485,980,959</u>	<u>\$ 57,512,922</u>	11.8

The County's most significant expense items for governmental activities were economic assistance and opportunity of \$158,112,256, or 29.1 percent of total governmental activities expenses, general government support of \$116,474,179, or 21.4 percent of total governmental activities expenses, and public safety of \$104,313,401, or 19.2 percent of total governmental activities expenses for the year ended December 31, 2020. Similarly, for the year ended December 31, 2019 the most significant expense items were economic assistance and opportunity of \$154,586,157, or 31.8 percent of total governmental activities expenses, general government support of \$102,831,228, or 21.2 percent of total governmental activities expenses, and public safety of \$85,069,940, or 17.5 percent of total governmental activities expenses.

During the year ended December 31, 2020, expenses increased mainly due to increased allocable employee benefits expenses attributable to the County's other postemployment benefits obligation and net pension liability.

**Business-type activities**—Business-type activities decreased the County's net position by \$1,757,951. The County's airport operations and Local Development Corporation activities increased the business-type activities net position by \$381,305 and \$62,930, while the County's transportation operations decreased the business-type activities net position by \$2,202,186. For the year ended December 31, 2020, operating revenues decreased 0.6 percent and operating expenses decreased 2.1 percent.

A summary of operating revenues and operating expenses for the County's business-type activities for the years ended December 31, 2020 and 2019 is presented on the following page.



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

	Year Ended December 31,		Increase/(Decrease)	
	2020	2019	Dollar	Percent (%)
Operating revenues:				
Charges for services	\$ 2,606,153	\$ 3,424,342	\$ (818,189)	(23.9)
Operating grants and revenues	9,101,819	8,387,876	713,943	8.5
Other revenue	72,270	34,487	37,783	109.6
Total operating revenues	<u>\$ 11,780,242</u>	<u>\$ 11,846,705</u>	<u>\$ (66,463)</u>	(0.6)
Operating expenses:				
Personal services and employee benefits	\$ 1,580,068	\$ 1,121,323	\$ 458,745	40.9
Depreciation	4,340,741	4,585,654	(244,913)	(5.3)
Contracted services	10,956,490	11,527,825	(571,335)	(5.0)
Total operating expenses	<u>\$ 16,877,299</u>	<u>\$ 17,234,802</u>	<u>\$ (357,503)</u>	(2.1)

The County's business-type activities operating revenues for the year ended December 31, 2020 decreased 0.6 percent from the previous year, resulting primarily from decreased charges for services related to mass transit usage, partially offset by an increase in operating grants and revenues.

Additionally, the most significant expense items for the year ended December 31, 2020 were contracted services, which accounted for \$10,956,490, or 64.9 percent of total expenses, and depreciation expense of \$4,340,741, or 25.7 percent of total expenses. Similarly, for the year ended December 31, 2019 the most significant expense items were contracted services, which accounted for \$11,527,825, or 66.9 percent of total expenses, and depreciation expense of \$4,585,654, or 26.6 percent of total expenses. Operating expenses decreased 2.1 percent from the year ended December 31, 2019, due primarily to decreases in contracted services.

### Financial Analysis of the Governmental Funds

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

**Governmental funds**—The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, *unassigned fund balance* and *fund balance assigned to specific use* in special revenue funds 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 Legislature.

At December 31, 2020, the County's governmental funds reported combined ending fund balances of \$133,708,918, an increase of \$5,234,731 in comparison with the prior year. The County had *unassigned fund balance* in the General Fund totaling \$60,033,276, 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, \$5,043,464; (2) restricted for particular purposes, \$51,416,035; or (3) assigned for particular purposes, \$17,216,143.

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 \$60,033,276, while total fund balance increased to \$96,185,084. The General Fund fund balance decreased \$1,599,251 from the prior year. 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 13.0 percent of General Fund expenditures and transfers out, while total fund balance represents 20.8 percent of that same amount.

The fund balance in the Capital Projects Fund increased \$6,335,692 from the prior year, resulting in ending fund balance of \$30,562,495 as of December 31, 2020. The increase in the Capital Projects Fund is primarily due to the County's serial bond issuance in the amount of \$37,640,000 and grants and aid of \$21,849,979, which were partially offset by capital outlay costs of \$52,537,695.

At December 31, 2020, the DTASC Fund reported restricted fund balance of \$3,296,134 to be used for upcoming payments of principal and interest; and the remaining fund balance, \$80,114, constitutes assigned fund balance which is available for spending towards DTASC activities. Total fund balance decreased \$50,294 during the year ended December 31, 2020.

**Proprietary funds**—The County's proprietary funds provide the same type of information found in business-type activities of the governmental-wide financial statements, but in more detail.

Net position of the Airport Fund at December 31, 2020 totaled \$18,903,055, which included \$20,238,737 net investment in capital assets and an unrestricted net position deficit of \$1,335,682. The Airport Fund net position increased \$381,305 during the year ended December 31, 2020 as a result of significant state and federal aid.

Net position of the Transportation Fund at December 31, 2020 totaled \$9,766,813, which included \$4,861,433 net investment in capital assets and unrestricted net position of \$4,905,380. The Transportation Fund net position decreased \$2,202,186 as a result of transportation costs exceeding both operating and nonoperating revenues.

Net position of the Dutchess County Local Development Corporation at December 31, 2020 totaled \$3,192,238, which included \$60,334 net investment in capital assets and unrestricted net position of \$3,131,904. The Dutchess County Local Development Corporation net position increased \$62,930 as a result of revenues exceeding costs of operation.

### **General Fund Budgetary Highlights**

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

A summary of the General Fund results of operations for the year ended December 31, 2020 is presented in Table 6 below.

**Table 6—General Fund Budget**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues and other financing sources	\$ 465,106,230	\$ 471,584,761	\$ 457,851,507	\$ (13,733,254)
Expenditures and other financing uses	<u>485,529,043</u>	<u>497,060,258</u>	<u>459,450,758</u>	<u>37,609,500</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (20,422,813)</u>	<u>\$ (25,475,497)</u>	<u>\$ (1,599,251)</u>	<u>\$ 23,876,246</u>

**Original budget compared to final budget**—During the year the budget is modified, primarily to reflect the acceptance of new state and federal grants. These grants explain the majority of increases in revenues and expenditures from the original adopted budget to the final budget. Additionally, significant transfers and amendments to the budget included \$5,052,684 supplemental appropriations, mainly within general government support and public safety to provide funding for ongoing activities.

**Final budget compared to actual results**—The General Fund had a favorable variance from the final budget of \$23,876,246. The primary positive variances were realized from lower than expected institutional care and medicaid costs within economic assistance and opportunity related to an increase in state and federal aid associated with the administration of social services programs and lower than expected costs of operating County health programs.

### Capital Assets and Debt Administration

**Capital assets**—The County’s investment in capital assets for its governmental activities and business-type activities as of December 31, 2020 amounted to \$273,249,526 and \$26,325,009, respectively (net of accumulated depreciation). This investment in capital assets includes land, right of way easements, construction in progress, infrastructure, buildings and building improvements and machinery and equipment. 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 the governmental activities and business-type activities at the years ended December 31, 2020 and 2019 are presented in Table 7 below.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
				(as restated)		(as restated)
Land	\$ 14,565,092	\$ 14,319,067	\$ 3,385,364	\$ 3,385,364	\$ 17,950,456	\$ 17,704,431
Right of way and easements	16,474,903	16,134,435	-	-	16,474,903	16,134,435
Construction in progress	32,882,082	28,514,132	805,304	8,112,384	33,687,386	36,626,516
Infrastructure	108,344,003	91,532,246	7,253,793	8,471,106	115,597,796	100,003,352
Buildings and improvements	77,105,165	82,285,654	12,040,916	3,963,645	89,146,081	86,249,299
Improvements other than buildings	3,732,079	4,927,108	35,182	39,091	3,767,261	4,966,199
Machinery and equipment	<u>20,146,202</u>	<u>17,108,542</u>	<u>2,804,450</u>	<u>4,683,148</u>	<u>22,950,652</u>	<u>21,791,690</u>
Total	<u>\$ 273,249,526</u>	<u>\$ 254,821,184</u>	<u>\$ 26,325,009</u>	<u>\$ 28,654,738</u>	<u>\$ 299,574,535</u>	<u>\$ 283,475,922</u>

The County's infrastructure assets are recorded at historical cost in the government-wide and proprietary fund financial statements. The County has elected to depreciate its infrastructure assets. Additional information on County's capital assets can be found in Note 5 to the basic financial statements.

**Long-term debt**—The New York State Local Finance Law limits the County's power to contract indebtedness to 7% of the five-year average full valuation of taxable real estate, which results in an applicable debt limit of \$2,184,401,605 as of December 31, 2020. At the end of 2020, the County's governmental activities outstanding bonded debt totaled \$175,386,858 (excluding DTASC) and represents approximately 8.0% of the County's debt limit.

A summary of the County's long-term liabilities at December 31, 2020 and December 31, 2019 is presented below in Table 8:

**Table 8—Summary of Long-Term Liabilities**

	Governmental Activities		Business-type Activities		Total Primary Government	
	December 31,		December 31,		December 31,	
	2019		2019		2019	
	2020	(as restated)	2020	(as restated)	2020	(as restated)
Bonds payable	\$ 242,355,704	\$ 218,966,029	\$ 1,582,305	\$ 1,943,996	\$ 243,938,009	\$ 220,910,025
Compensated absences	10,396,428	9,912,576	63,730	43,641	10,460,158	9,956,217
Workers' compensation and general claims	29,236,114	29,515,544	-	-	29,236,114	29,515,544
Other postemployment benefits	460,330,788	350,081,057	1,552,947	1,150,882	461,883,735	351,231,939
Net pension liability	126,055,090	32,351,118	509,153	128,319	126,564,243	32,479,437
Total	<u>\$ 868,374,124</u>	<u>\$ 640,826,324</u>	<u>\$ 3,708,135</u>	<u>\$ 3,266,838</u>	<u>\$ 872,082,259</u>	<u>\$ 644,093,162</u>

Total outstanding long-term liabilities increased by \$227,989,097 from prior year. Major factors that contributed to this increase include:

- Bonds payable increased in the governmental activities by \$23,389,675 and decreased in the business-type activities by \$361,691. During the year ended December 31, 2020, the County's primary government issued general improvement serial bonds in the amount of \$37,730,000, offset by scheduled principal payments of \$13,960,000.
- The net pension liability increased in the governmental and business-type activities by \$93,703,972 and \$380,834, respectively. The liability is based on actuarial results related to the New York State retirement contribution programs.
- Obligations for other postemployment benefits ("OPEB") increased in the governmental and business-type activities by \$110,249,731 and \$402,065, respectively. This obligation is a commitment the County has made to its employees pursuant to contract negotiations. As health costs have risen dramatically over the past several years, County management has attempted to address these costs as new contracts have been negotiated. Newer contracts require greater employee contributions and increased length of employment to qualify for retiree health benefits. The increase is also related to changes in actuarial assumptions, such as the discount rate which saw a decrease from the prior year.

Additional information on the County's long-term liabilities can be found in Note 12 to the financial statements.

## Economic Factors and Next Year's Budgets and Rates

Dutchess County, like other counties in New York State, is challenged on a fiscal level by State and Federal imposed mandates. Medicaid is a federally mandated program that provides health benefits to low income individuals and their families. Medicaid continues to be one of the single largest mandated programs for counties.

The following summarizes the County's spending in this area:

<u>Year Ended December 31,</u>	
2021 (budgeted)	\$ 38,710,620
2020	36,732,140
2019	41,327,545

In addition to Medicaid costs, Dutchess County participates in the New York State Employees' Retirement System, a cost-sharing, multiple public employers system. The County is required to contribute at an actuarially determined rate. The following summarizes the County's spending for this appropriation:

<u>Year Ended December 31,</u>	
2021 (budgeted)	\$ 20,365,244
2020	18,689,114
2019	18,087,552

The County has appropriated \$9.90 million in fund balance to finance the 2021 budget within the General Fund. The unassigned fund balance is \$60.03 million in the General Fund as of December 31, 2020.

The total tax levy for the 2021 budget is \$105.3 million, resulting in a property tax rate of \$3.18 per thousand of assessed value, which is 2.5% lower than \$3.26 in 2020. The true value assessment for the County has increased from \$32.25 billion for the 2020 budget to \$33.17 billion for the 2021 budget; an increase of 2.77%.

Dutchess County contains a diverse mix of industries, including microelectronics, life sciences, high-tech manufacturing, distribution, higher education, agriculture, tourism and retail trades.

Despite the COVID-19 pandemic, \$4.3 billion in rolling development continues in Dutchess County. Pre-COVID, Dutchess County experienced a prolonged period of private sector job growth, with many months besting the regional, state and national rates.

A significant portion of the County's labor force is employed in the healthcare and education industry clusters, and Dutchess County has recently seen growth in manufacturing jobs. Aside from the \$545 million expansion of Vassar Brothers Medical Center in Poughkeepsie, the nearby Westchester Medical Center's Mid-Hudson Regional Hospital announced the establishment of a Maria Fareri Children's Hospital pediatric center in Poughkeepsie, which is anticipated to further increase the economic growth of the County and the labor force within the healthcare industry. Amazon has demolished a long vacant site in the Town of East Fishkill and is constructing a 631,000 square foot facility and hiring up to 700. Nearby, iPark's industrial complex has submitted application to the Town for approvals on up to five new buildings totaling approximately 1.5 million square feet. Additionally, GAP Inc, is planning a \$50 million expansion at their expansive northeast logistics center in Fishkill.

According to the U.S. Department of Labor's latest Quarterly Census of Employment and Wages (QCEW) report, the Average Weekly Wage (AWW) in Dutchess County continues to increase by \$194 between Q4 2018 and Q4 2020. The County's AWW is second only to Westchester County in the Mid-Hudson Region.

Wealth levels for Dutchess County residents remains high. In 2019, the Median Household Income was \$85,901; a 7.07% increase from 2018.

The COVID-19 pandemic has had a significant positive impact on housing and population. The County is experiencing an influx of investors and home buyers escaping New York City.

### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Heidi Seelbach, Commissioner of Finance, 22 Market Street, Poughkeepsie, New York 12601.

## BASIC FINANCIAL STATEMENTS





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

	<b>Primary Government</b>			<b>Total Major Discretely Presented Component Units</b>	<b>Aggregate Nonmajor Discretely Presented Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 57,244,650	\$ 6,064,683	\$ 63,309,333	\$ 25,038,497	\$ 2,949,445
Restricted cash and cash equivalents	61,583,470	6,541	61,590,011	20,746,672	1,719,435
Receivables (net of allowances):					
Taxes	39,826,010	-	39,826,010	-	-
Accounts receivable	4,652,312	358,306	5,010,618	10,468,450	200,130
Intergovernmental receivables	116,885,604	4,464,889	121,350,493	1,715,722	-
Internal balances	986,487	(986,487)	-	-	-
Due from Custodial Fund	1,836,185	-	1,836,185	-	-
Prepaid items	4,913,519	42,489	4,956,008	1,195,346	18,728
Inventories	129,945	-	129,945	-	-
Other noncurrent assets	6,856,842	-	6,856,842	3,292,040	-
Capital assets, not being depreciated	63,922,077	4,190,668	68,112,745	16,317,379	-
Capital assets, net of accumulated depreciation	209,327,449	22,134,341	231,461,790	145,970,101	21,446
Total assets	<u>568,164,550</u>	<u>36,275,430</u>	<u>604,439,980</u>	<u>224,744,207</u>	<u>4,909,184</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows—relating to pensions	89,745,578	360,999	90,106,577	12,051,864	248,645
Deferred outflows—relating to OPEB	102,609,427	325,817	102,935,244	9,248,414	-
Deferred charge on refunding	759,256	-	759,256	767,029	-
Total deferred outflows of resources	<u>193,114,261</u>	<u>686,816</u>	<u>193,801,077</u>	<u>22,067,307</u>	<u>248,645</u>
<b>LIABILITIES</b>					
Accounts payable	61,811,112	1,119,226	62,930,338	7,705,087	102,217
Retainages payable	954,275	-	954,275	-	-
Accrued liabilities	8,209,312	32,353	8,241,665	5,387,469	8,296
Intergovernmental payables	35,899,638	-	35,899,638	-	-
Unearned revenue	2,577,129	6,541	2,583,670	4,964,173	83
Noncurrent liabilities:					
Due within one year	25,164,096	358,571	25,522,667	4,153,587	-
Due in more than one year	843,210,028	3,349,564	846,559,592	184,681,182	2,092,369
Total liabilities	<u>977,825,590</u>	<u>4,866,255</u>	<u>982,691,845</u>	<u>206,891,498</u>	<u>2,202,965</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows—relating to pensions	2,988,429	12,070	3,000,499	1,283,808	51,781
Deferred inflows—relating to OPEB	33,768,199	221,815	33,990,014	10,579,381	-
Deferred inflows—relating to capital	-	-	-	22,267,802	-
Deferred gain on refunding	12,070,978	-	12,070,978	-	-
Total deferred inflows of resources	<u>48,827,606</u>	<u>233,885</u>	<u>49,061,491</u>	<u>34,130,991</u>	<u>51,781</u>
<b>NET POSITION</b>					
Net investment in capital assets	64,454,301	24,742,704	89,197,005	82,247,012	21,446
Restricted for:					
Debt service	10,983,575	-	10,983,575	-	-
Workers' compensation	7,667,647	-	7,667,647	-	-
Other	15,128,067	-	15,128,067	19,757,158	-
Unrestricted	(363,607,975)	7,119,402	(356,488,573)	(96,215,145)	2,881,637
Total net position	<u>\$(265,374,385)</u>	<u>\$ 31,862,106</u>	<u>\$(233,512,279)</u>	<u>\$ 5,789,025</u>	<u>\$ 2,903,083</u>

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

# COUNTY OF DUTCHESS, NEW YORK

## Statement of Activities Year Ended December 31, 2020

		Net (Expense) Revenue and Changes in Net Position							
		Program Revenues			Primary Government			Total Major Discretely Presented Component Units	Aggregate Nonmajor Discretely Presented Component Units
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total		
Primary government:									
Governmental activities:									
General government support	\$ 116,474,179	\$ 8,124,931	\$ 4,802,247	\$ 25,701	\$ (103,521,300)	\$ -	\$ (103,521,300)	\$ -	\$ -
Education	31,437,970	-	-	4,896,438	(26,541,532)	-	(26,541,532)	-	-
Public safety	104,313,401	2,661,029	3,926,417	140,667	(97,585,288)	-	(97,585,288)	-	-
Health	72,778,755	1,094,049	33,768,469	-	(37,916,237)	-	(37,916,237)	-	-
Transportation	29,179,222	2,030,318	2,714,708	11,828,404	(12,605,792)	-	(12,605,792)	-	-
Economic assistance and opportunity	158,112,256	7,340,647	75,984,672	-	(74,786,937)	-	(74,786,937)	-	-
Culture and recreation	6,551,996	109,664	566,983	4,958,769	(916,580)	-	(916,580)	-	-
Home and community services	17,033,911	1,819,936	3,681,280	-	(11,532,695)	-	(11,532,695)	-	-
Interest and other fiscal charges	7,612,191	-	-	-	(7,612,191)	-	(7,612,191)	-	-
Total governmental activities	543,493,881	23,180,574	125,444,776	21,849,979	(373,018,552)	-	(373,018,552)	-	-
Business-type activities:									
Airport	2,994,196	951,818	-	1,948,312	-	(94,066)	(94,066)	-	-
Transportation	12,929,543	655,683	9,099,223	161,920	-	(3,012,717)	(3,012,717)	-	-
Local Development Corporation	1,002,360	1,031,254	-	-	-	28,894	28,894	-	-
Total business-type activities	16,926,099	2,638,755	9,099,223	2,110,232	-	(3,077,889)	(3,077,889)	-	-
Total primary government	\$ 560,419,980	\$ 25,819,329	\$ 134,543,999	\$ 23,960,211	(373,018,552)	(3,077,889)	(376,096,441)	-	-
Component units:									
Dutchess Community College	\$ 85,311,019	\$ 52,727,348	\$ 18,182,768	\$ -				(14,400,903)	-
Resource Recovery Agency	15,465,393	14,894,407	-	-				(570,986)	-
Water and Wastewater Authority	14,282,078	7,702,667	-	3,786,675				(2,792,736)	-
Nonmajor component units	1,305,605	133,050	688,609	-				-	(483,946)
Total component units	\$ 116,364,095	\$ 75,457,472	\$ 18,871,377	\$ 3,786,675				(17,764,625)	(483,946)
General revenues:									
					100,058,436	-	100,058,436	-	-
					13,518,266	-	13,518,266	-	-
					200,104,807	-	200,104,807	-	-
					3,656,291	-	3,656,291	-	-
					1,317,791	198,009	1,515,800	1,536,241	34,658
					3,834,224	-	3,834,224	-	-
					-	42,264	42,264	-	32,135
					-	-	-	20,354,873	304,674
					(1,079,665)	1,079,665	-	-	-
					321,410,150	1,319,938	322,730,088	21,891,114	371,467
					(51,608,402)	(1,757,951)	(53,366,353)	4,126,489	(112,479)
					(213,765,983)	33,620,057	(180,145,926)	1,662,536	3,015,562
					\$ (265,374,385)	\$ 31,862,106	\$ (233,512,279)	\$ 5,789,025	\$ 2,903,083

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

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

	<u>General</u>	<u>Capital Projects</u>	<u>DTASC</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 53,311,795	\$ -	\$ 80,114	\$ 3,852,741	\$ 57,244,650
Restricted cash and cash equivalents	23,956,573	34,328,063	3,296,134	2,700	61,583,470
Receivables (net of allowances):					
Taxes	39,826,010	-	-	-	39,826,010
Accounts receivable	4,629,912	-	-	22,400	4,652,312
Due from other funds	5,924,730	-	-	-	5,924,730
Intergovernmental receivables	72,098,678	8,994,937	-	2,254,752	83,348,367
Prepaid items	4,682,401	-	-	231,118	4,913,519
Inventories	129,945	-	-	-	129,945
Total assets	<u>\$ 204,560,044</u>	<u>\$ 43,323,000</u>	<u>\$ 3,376,248</u>	<u>\$ 6,363,711</u>	<u>\$ 257,623,003</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 49,612,943	\$ 9,716,889	\$ -	\$ 2,481,280	\$ 61,811,112
Accrued liabilities	5,898,575	13,499	-	222,699	6,134,773
Due to other funds	-	3,030,117	-	71,941	3,102,058
Intergovernmental payables	35,899,638	-	-	-	35,899,638
Unearned revenue	2,574,429	-	-	2,700	2,577,129
Total liabilities	<u>93,985,585</u>	<u>12,760,505</u>	<u>-</u>	<u>2,778,620</u>	<u>109,524,710</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue—property taxes	14,389,375	-	-	-	14,389,375
Total deferred inflows of resources	<u>14,389,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,389,375</u>
<b>FUND BALANCES</b>					
Nonspendable	4,812,346	-	-	231,118	5,043,464
Restricted	17,557,406	30,562,495	3,296,134	-	51,416,035
Assigned	13,782,056	-	80,114	3,353,973	17,216,143
Unassigned	60,033,276	-	-	-	60,033,276
Total fund balances	<u>96,185,084</u>	<u>30,562,495</u>	<u>3,376,248</u>	<u>3,585,091</u>	<u>133,708,918</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 204,560,044</u>	<u>\$ 43,323,000</u>	<u>\$ 3,376,248</u>	<u>\$ 6,363,711</u>	<u>\$ 257,623,003</u>

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

**COUNTY OF DUTCHESS, NEW YORK**  
**Reconciliation of the Balance Sheet—Governmental Funds**  
**to the Government-wide Statement of Net Position**  
**December 31, 2020**

Amounts reported for governmental activities in the statement of net position (page 16) are different because:

Total fund balances—governmental funds (page 18)		\$ 133,708,918
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. The cost of the assets is \$649,720,695 and the accumulated depreciation is \$377,272,678.		273,249,526
Other noncurrent assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		6,856,842
Real property taxes not collected within 60 days of year end are reported as deferred inflows of resources in the fund statements, but are recognized on the accrual basis for government-wide statements.		14,389,375
Certain accrued revenues for grants, aid and tobacco settlement revenue reported in the statement of net position are received after the availability period for recognition of revenue in the governmental funds.		33,537,237
Deferred charges and gains associated with refunding bond issuances are not reported in the governmental funds. The charges are reported as deferred outflows of resources, while the gains are reported as deferred inflows of resources on the statement of net position, and the net amounts are recognized as a component of interest expense over the life of the related debt.		
Deferred charge on refunding—County	\$ 759,256	
Deferred gain on refunding—County	(379,963)	
Deferred gain on refunding—DTASC	<u>(11,691,015)</u>	(11,311,722)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund statements.		
Deferred outflows related to employer contributions	\$ 13,958,826	
Deferred outflows related to experience, changes in assumptions, and investment earnings	75,786,752	
Deferred inflows related to pension plans	<u>(2,988,429)</u>	86,757,149
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows related to employer contributions	\$ 10,175,853	
Deferred outflows relating to experience and changes in assumptions	92,433,574	
Deferred inflows relating to OPEB liability	<u>(33,768,199)</u>	68,841,228
Net accrued interest expense for general obligation bonds of \$1,861,123 and DTASC bonds of \$213,416 are not reported in the funds.		(2,074,539)
To recognize retainages payable on outstanding capital projects not recorded in the fund statements.		(954,275)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. The effects of these items are:		
Serial bonds—County	\$ (175,386,858)	
Unamortized bond premiums—County	(9,080,603)	
DTASC bonds	(47,200,000)	
Unamortized bond premiums—DTASC	(3,491,040)	
DTASC subordinate turbo CABs	(7,197,203)	
Compensated absences	(10,396,428)	
Workers' compensation and general claims	(29,236,114)	
Other postemployment benefits obligation	(460,330,788)	
Net pension liability	<u>(126,055,090)</u>	(868,374,124)
Net position of governmental activities		<u><u>\$(265,374,385)</u></u>

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

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

	<b>General</b>	<b>Capital Projects</b>	<b>DTASC</b>	<b>Total Nonmajor Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Real property taxes	\$100,396,075	\$ -	\$ -	\$ 12,396,804	\$112,792,879
Sales and use taxes	200,104,807	-	-	-	200,104,807
Other taxes	3,656,291	-	-	-	3,656,291
Departmental income	22,633,990	-	-	2,051,741	24,685,731
Use of money and property	1,038,840	243,639	25,205	10,107	1,317,791
Miscellaneous	5,203,678	-	3,534,224	138,115	8,876,017
Grants and aid	122,126,443	21,849,979	-	4,302,963	148,279,385
Total revenues	<u>455,160,124</u>	<u>22,093,618</u>	<u>3,559,429</u>	<u>18,899,730</u>	<u>499,712,901</u>
<b>EXPENDITURES</b>					
Current:					
General government support	78,884,323	-	56,623	-	78,940,946
Education	20,128,083	-	-	-	20,128,083
Public safety	62,108,601	-	-	361,366	62,469,967
Health	59,753,511	-	-	-	59,753,511
Transportation	2,907,427	-	-	9,343,346	12,250,773
Economic assistance and opportunity	137,580,784	-	-	1,527,313	139,108,097
Culture and recreation	2,509,524	-	-	-	2,509,524
Home and community services	12,378,779	-	-	2,911,377	15,290,156
Employee benefits	61,647,386	-	-	4,207,744	65,855,130
Debt service:					
Principal	13,518,266	-	1,010,000	-	14,528,266
Interest and other fiscal charges	5,883,501	-	2,543,100	-	8,426,601
Capital outlay	-	52,537,695	-	-	52,537,695
Total expenditures	<u>457,300,185</u>	<u>52,537,695</u>	<u>3,609,723</u>	<u>18,351,146</u>	<u>531,798,749</u>
Excess (deficiency) of revenues over expenditures	<u>(2,140,061)</u>	<u>(30,444,077)</u>	<u>(50,294)</u>	<u>548,584</u>	<u>(32,085,848)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	2,691,383	1,070,908	-	-	3,762,291
Transfers out	(2,150,573)	(2,691,383)	-	-	(4,841,956)
Serial bonds issued	-	37,640,000	-	-	37,640,000
Premium on serial bonds	-	760,244	-	-	760,244
Total other financing sources (uses)	<u>540,810</u>	<u>36,779,769</u>	<u>-</u>	<u>-</u>	<u>37,320,579</u>
Net change in fund balances	(1,599,251)	6,335,692	(50,294)	548,584	5,234,731
Fund balances—beginning, as restated	<u>97,784,335</u>	<u>24,226,803</u>	<u>3,426,542</u>	<u>3,036,507</u>	<u>128,474,187</u>
Fund balances—ending	<u>\$ 96,185,084</u>	<u>\$ 30,562,495</u>	<u>\$ 3,376,248</u>	<u>\$ 3,585,091</u>	<u>\$133,708,918</u>

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

**COUNTY OF DUTCHESS, NEW YORK**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances—Governmental Funds to the Government-wide Statement of Activities**  
**Year Ended December 31, 2020**

Amounts reported for governmental activities in the statement of activities (page 17) are different because:

Net change in fund balances—total governmental funds (page 20) \$ 5,234,731

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 loss on disposals in the current period.

Capital asset additions	\$ 41,905,431	
Depreciation expense	(24,229,299)	
Loss on disposals	<u>(49,299)</u>	17,626,833

In the statement of activities, the cost of other noncurrent assets is allocated and amortized over their estimated useful lives. (274,570)

Certain tax and other revenues are not recognized in the governmental funds because they are not available soon enough after year-end to pay for the current period's expenditures. On the statement of activities, however, revenue is recognized regardless of when it's collected.

Change in deferred inflows of resources—property taxes	\$ 783,823	
Change in long-term receivable—grants and aid	(984,626)	
Change in long-term receivable—DTASC	<u>300,000</u>	99,197

For refunding bonds, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred charge/gain on the government-wide statements and recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. 143,120

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

Direct pension contributions	\$ 18,509,410	
Cost of benefits earned net of employee contributions	<u>50,917,993</u>	69,427,403

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. 83,493,697

In the statement of activities, interest expense and retainages payable are recognized as they accrue, regardless of when they are paid. 188,987

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 effects 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:

Serial bonds issued—County	\$(37,640,000)	
Repayment of serial bonds—County	13,518,266	
Premium on serial bonds issued—County	(760,244)	
Amortization of bond premiums—County	876,389	
Repayment of serial bonds—DTASC	1,010,000	
Amortization of bond premiums—DTASC	74,703	
Accreted interest on DTASC bonds	(468,789)	
Change in compensated absences	(483,852)	
Change in workers' compensation and general claims	279,430	
Change in other postemployment benefits obligation	(110,249,731)	
Change in net pension liability	<u>(93,703,972)</u>	(227,547,800)

Change in net position of governmental activities		<u>\$ (51,608,402)</u>
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The notes to the financial statements are an integral part of this statement.

**COUNTY OF DUTCHESS, NEW YORK**  
**Statement of Net Position—Proprietary Funds**  
**December 31, 2020**

	<b>Business-type Activities</b>			
	<b>Airport</b>	<b>Transportation</b>	<b>Dutchess County LDC</b>	<b>Total Enterprise Funds</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 441,122	\$ 2,498,235	\$ 3,125,326	\$ 6,064,683
Restricted cash and cash equivalents	6,541	-	-	6,541
Receivables	343,231	14,975	100	358,306
Intergovernmental receivables	1,113,090	3,351,799	-	4,464,889
Prepaid items	16,066	2,226	24,197	42,489
Total current assets	<u>1,920,050</u>	<u>5,867,235</u>	<u>3,149,623</u>	<u>10,936,908</u>
Noncurrent assets:				
Capital assets, not being depreciated:				
Land	3,136,399	248,965	-	3,385,364
Construction in progress	655,385	149,919	-	805,304
Capital assets, net of accumulated depreciation:				
Infrastructure	5,922,161	1,331,632	-	7,253,793
Buildings and building improvements	10,475,172	1,565,744	-	12,040,916
Improvements other than buildings	-	35,182	-	35,182
Machinery and equipment	770,488	1,973,628	60,334	2,804,450
Total noncurrent assets	<u>20,959,605</u>	<u>5,305,070</u>	<u>60,334</u>	<u>26,325,009</u>
Total assets	<u>22,879,655</u>	<u>11,172,305</u>	<u>3,209,957</u>	<u>37,261,917</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows—relating to pensions	297,481	63,518	-	360,999
Deferred outflows—relating to OPEB	325,817	-	-	325,817
Total deferred outflows of resources	<u>623,298</u>	<u>63,518</u>	<u>-</u>	<u>686,816</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	214,134	887,373	17,719	1,119,226
Accrued liabilities	27,150	5,203	-	32,353
Due to other funds	958,983	27,504	-	986,487
Unearned revenue	6,541	-	-	6,541
Current portion of long-term debt	217,600	140,971	-	358,571
Total current liabilities	<u>1,424,408</u>	<u>1,061,051</u>	<u>17,719</u>	<u>2,503,178</u>
Noncurrent liabilities:				
Bonds payable	857,812	221,811	-	1,079,623
Premium on bonds	66,016	81,281	-	147,297
Compensated absences	52,449	8,095	-	60,544
Other postemployment benefits obligation	1,552,947	-	-	1,552,947
Net pension liability	414,623	94,530	-	509,153
Total noncurrent liabilities	<u>2,943,847</u>	<u>405,717</u>	<u>-</u>	<u>3,349,564</u>
Total liabilities	<u>4,368,255</u>	<u>1,466,768</u>	<u>17,719</u>	<u>5,852,742</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows—relating to pensions	9,828	2,242	-	12,070
Deferred inflows—relating to OPEB	221,815	-	-	221,815
Total deferred inflows of resources	<u>231,643</u>	<u>2,242</u>	<u>-</u>	<u>233,885</u>
<b>NET POSITION</b>				
Net investment in capital assets	19,820,937	4,861,433	60,334	24,742,704
Unrestricted	(917,882)	4,905,380	3,131,904	7,119,402
Total net position	<u>\$ 18,903,055</u>	<u>\$ 9,766,813</u>	<u>\$ 3,192,238</u>	<u>\$ 31,862,106</u>

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



**COUNTY OF DUTCHESS, NEW YORK**  
**Statement of Revenues, Expenses, and Changes in Net Position—Proprietary Funds**  
**Year Ended December 31, 2020**

	<b>Business-type Activities</b>		<b>Dutchess County LDC</b>	<b>Total Enterprise Funds</b>
	<b>Airport</b>	<b>Transportation</b>		
Operating revenues:				
Charges for services	\$ 921,812	\$ 655,683	\$ 1,031,254	\$ 2,608,749
Operating grants and revenues	30,006	9,099,223	-	9,129,229
Other	2,676	39,588	-	42,264
Total operating revenues	<u>954,494</u>	<u>9,794,494</u>	<u>1,031,254</u>	<u>11,780,242</u>
Operating expenses:				
Personal services	425,745	97,063	465,688	988,496
Employee benefits	442,277	48,559	100,736	591,572
Depreciation	1,719,053	2,606,054	15,634	4,340,741
Contracted services	366,201	10,169,987	420,302	10,956,490
Total operating expenses	<u>2,953,276</u>	<u>12,921,663</u>	<u>1,002,360</u>	<u>16,877,299</u>
Operating (loss) income	<u>(1,998,782)</u>	<u>(3,127,169)</u>	<u>28,894</u>	<u>(5,097,057)</u>
Nonoperating revenues (expenses):				
State and Federal aid	1,948,312	161,920	-	2,110,232
Interest income	162,910	1,063	34,036	198,009
Interest expense	(40,920)	(7,880)	-	(48,800)
Total nonoperating revenues (expenses)	<u>2,070,302</u>	<u>155,103</u>	<u>34,036</u>	<u>2,259,441</u>
Income (loss) before transfers	71,520	(2,972,066)	62,930	(2,837,616)
Transfers in	<u>309,785</u>	<u>769,880</u>	<u>-</u>	<u>1,079,665</u>
Change in net position	381,305	(2,202,186)	62,930	(1,757,951)
Net position—beginning, as restated	<u>18,521,750</u>	<u>11,968,999</u>	<u>3,129,308</u>	<u>33,620,057</u>
Net position—ending	<u>\$ 18,903,055</u>	<u>\$ 9,766,813</u>	<u>\$ 3,192,238</u>	<u>\$ 31,862,106</u>

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

**COUNTY OF DUTCHESS, NEW YORK**  
**Statement of Cash Flows—Proprietary Funds**  
**Year Ended December 31, 2020**

	<b>Business-type Activities</b>		<b>Dutchess County LDC</b>	<b>Total Enterprise Funds</b>
	<b>Airport</b>	<b>Transportation</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from services provided	\$ 855,550	\$ 615,709	\$ 1,033,298	\$ 2,504,557
Receipts from operating grants and revenue	30,000	8,757,236	-	8,787,236
Receipts from other operating revenue	2,682	39,589	-	42,271
Payments to employees	(676,180)	(125,380)	(590,680)	(1,392,240)
Payments to suppliers of contracted services	(343,227)	(9,935,538)	(439,373)	(10,718,138)
Net cash (used for) provided by operating activities	(131,175)	(648,384)	3,245	(776,314)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers and loans to and from other funds, net	304,776	746,349	-	1,051,125
Net cash provided by noncapital financing activities	304,776	746,349	-	1,051,125
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>				
Capital contributions to noncurrent assets	4,050,203	122,404	-	4,172,607
Acquisition of capital assets	(4,422,628)	(143,059)	(30,406)	(4,596,093)
Proceeds from issuance of debt	90,000	-	-	90,000
Premium from issuance of debt	1,818	-	-	1,818
Principal payments on bonds	(185,162)	(256,572)	-	(441,734)
Interest payments	(56,904)	(18,056)	-	(74,960)
Net cash used for capital and related financing activities	(522,673)	(295,283)	(30,406)	(848,362)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income earned	162,910	1,063	34,036	198,009
Net cash provided by investing activities	162,910	1,063	34,036	198,009
Increase (decrease) in cash and cash equivalents	(186,162)	(196,255)	6,875	(375,542)
Cash and cash equivalents—beginning, as restated	633,825	2,694,490	3,118,451	6,446,766
Cash and cash equivalents—ending	\$ 447,663	\$ 2,498,235	\$ 3,125,326	\$ 6,071,224

(continued)

**COUNTY OF DUTCHESS, NEW YORK**  
**Statement of Cash Flows—Proprietary Funds**  
**Year Ended December 31, 2020**

(concluded)

	<b>Business-type Activities</b>			<b>Total Enterprise Funds</b>
	<b>Airport</b>	<b>Transportation</b>	<b>Dutchess County LDC</b>	
<b>Reconciliation of operating (loss) income to net cash (used for) provided by operating activities:</b>				
Operating (loss) income	\$ (1,998,782)	\$ (3,127,169)	\$ 28,894	\$ (5,097,057)
Adjustments to reconcile operating (loss) income to net cash (used for) provided by operating activities:				
Depreciation expense	1,719,053	2,606,054	15,634	4,340,741
(Increase) decrease in receivables	(64,264)	(381,961)	2,044	(444,181)
Decrease (increase) in other assets	89	(1,250)	853	(308)
(Increase) in deferred outflows of resources	(451,821)	(49,755)	-	(501,576)
Increase (decrease) in accounts payable	22,886	235,699	(44,180)	214,405
(Decrease) in unearned revenue	(1,999)	-	-	(1,999)
Increase in compensated absences	15,495	4,594	-	20,089
Increase in net pension liability	309,475	71,359	-	380,834
Increase in other postemployment benefits	402,065	-	-	402,065
(Decrease) in deferred inflows of resources	(83,372)	(5,955)	-	(89,327)
Total adjustments	<u>1,867,607</u>	<u>2,478,785</u>	<u>(25,649)</u>	<u>4,320,743</u>
Net cash (used for) provided by operating activities	<u>\$ (131,175)</u>	<u>\$ (648,384)</u>	<u>\$ 3,245</u>	<u>\$ (776,314)</u>

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

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

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	<b>Private Purpose Trust Fund</b>	<b>Custodial Fund</b>
<b>ASSETS</b>		
Restricted cash and cash equivalents	\$ 5,852	\$ 8,536,736
Accounts receivable	<u>-</u>	<u>1,281,851</u>
Total assets	<u>5,852</u>	<u>9,818,587</u>
<b>LIABILITIES</b>		
Accounts payable and other liabilities	-	4,031,603
Due to other funds	<u>-</u>	<u>1,836,185</u>
Total liabilities	<u>-</u>	<u>5,867,788</u>
<b>NET POSITION</b>		
Restricted for:		
Cemetery plots	5,852	-
Organizations and other governments	<u>-</u>	<u>3,950,799</u>
Total net position	<u>\$ 5,852</u>	<u>\$ 3,950,799</u>

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

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

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	<b>Private Purpose Trust Fund</b>	<b>Custodial Fund</b>
<b>ADDITIONS</b>		
Funds received on behalf of individuals	\$ -	\$ 8,245,198
Total contributions	<u>-</u>	<u>8,245,198</u>
<b>DEDUCTIONS</b>		
Funds distributed to individuals	<u>-</u>	<u>7,314,303</u>
Total deductions	<u>-</u>	<u>7,314,303</u>
Change in fiduciary net position	-	930,895
Net position—beginning	<u>5,852</u>	<u>3,019,904</u>
Net position—ending	<u><u>\$ 5,852</u></u>	<u><u>\$ 3,950,799</u></u>

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

**COUNTY OF DUTCHESS, NEW YORK**  
**Combining Statement of Net Position—Major Component Units**  
**December 31, 2020**

	<b>Dutchess Community College (August 31, 2020)</b>	<b>Dutchess County Resource Recovery Agency</b>	<b>Dutchess County Water and Wastewater Authority</b>	<b>Total Major Discretely Presented Component Units</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 21,158,893	\$ 322,784	\$ 3,556,820	\$ 25,038,497
Restricted cash and investments	13,950,362	3,457,388	3,338,922	20,746,672
Receivables (net of allowances)	6,603,592	1,093,257	2,771,601	10,468,450
Intergovernmental receivables	-	-	1,715,722	1,715,722
Prepaid items	1,093,042	22,957	79,347	1,195,346
Other assets	1,614,728	1,677,312	-	3,292,040
Capital assets, not being depreciated	11,139,305	-	5,178,074	16,317,379
Capital assets, net of accumulated depreciation	72,482,295	12,843,953	60,643,853	145,970,101
Total assets	<u>128,042,217</u>	<u>19,417,651</u>	<u>77,284,339</u>	<u>224,744,207</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows—relating to pensions	10,877,235	74,117	1,100,512	12,051,864
Deferred outflows—relating to OPEB	9,248,414	-	-	9,248,414
Deferred charge on refunding	-	178,917	588,112	767,029
Total deferred outflows of resources	<u>20,125,649</u>	<u>253,034</u>	<u>1,688,624</u>	<u>22,067,307</u>
<b>LIABILITIES</b>				
Accounts payable	5,120,852	332,898	2,251,337	7,705,087
Accrued liabilities	4,215,836	535,673	635,960	5,387,469
Unearned revenues	4,012,673	951,500	-	4,964,173
Noncurrent liabilities:				
Due within one year	996,151	1,105,000	2,052,436	4,153,587
Due in more than one year	133,937,470	9,044,565	41,699,147	184,681,182
Total noncurrent liabilities	<u>134,933,621</u>	<u>10,149,565</u>	<u>43,751,583</u>	<u>188,834,769</u>
Total liabilities	<u>148,282,982</u>	<u>11,969,636</u>	<u>46,638,880</u>	<u>206,891,498</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows—relating to pensions	1,255,170	4,064	24,574	1,283,808
Deferred inflows—relating to OPEB	10,579,381	-	-	10,579,381
Deferred inflows—relating to capital	-	-	22,267,802	22,267,802
Total deferred inflows of resources	<u>11,834,551</u>	<u>4,064</u>	<u>22,292,376</u>	<u>34,130,991</u>
<b>NET POSITION</b>				
Net investment in capital assets	59,900,455	6,736,266	15,610,291	82,247,012
Restricted	14,323,475	2,352,388	3,081,295	19,757,158
Unrestricted	(86,173,597)	(1,391,669)	(8,649,879)	(96,215,145)
Total net position	<u>\$ (11,949,667)</u>	<u>\$ 7,696,985</u>	<u>\$ 10,041,707</u>	<u>\$ 5,789,025</u>

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

**COUNTY OF DUTCHESS, NEW YORK**  
**Combining Statement of Activities—Major Component Units**  
**Year Ended December 31, 2020**

	<b>Dutchess Community College (August 31, 2020)</b>	<b>Dutchess County Resource Recovery Agency</b>	<b>Dutchess County Water and Wastewater Authority</b>	<b>Total Major Discretely Presented Component Units</b>
Program expenses:				
Disposal fees	\$ -	\$ 3,605,448	\$ -	\$ 3,605,448
Service fees	-	9,105,348	-	9,105,348
Administrative expenses	6,432,842	639,154	3,103,488	10,175,484
Interest expenses	39,843	322,726	1,392,594	1,755,163
Depreciation and amortization	2,288,005	1,792,717	1,636,574	5,717,296
Instruction	33,394,301	-	-	33,394,301
Academic support	3,621,055	-	-	3,621,055
Libraries	1,570,546	-	-	1,570,546
Student services	10,286,995	-	-	10,286,995
General institution	8,644,465	-	-	8,644,465
Operation and maintenance of plant	6,085,399	-	4,862,658	10,948,057
Student aid	8,023,704	-	-	8,023,704
Other	4,923,864	-	3,286,764	8,210,628
Total program expenses	<u>85,311,019</u>	<u>15,465,393</u>	<u>14,282,078</u>	<u>115,058,490</u>
Program revenues:				
Charges for services:				
Tipping fees	-	11,974,100	-	11,974,100
Energy sales	-	2,514,251	-	2,514,251
Other charges for services	12,998,759	386,987	7,168,699	20,554,445
Student tuition and fees	18,509,612	-	-	18,509,612
Grants and contracts	14,191,997	-	-	14,191,997
Other	7,026,980	19,069	533,968	7,580,017
Operating grants and contributions	18,182,768	-	-	18,182,768
Capital grants and contributions	-	-	3,786,675	3,786,675
Total program revenues	<u>70,910,116</u>	<u>14,894,407</u>	<u>11,489,342</u>	<u>97,293,865</u>
Net (expense) revenue and changes in net position	(14,400,903)	(570,986)	(2,792,736)	(17,764,625)
General revenues:				
Use of money and property	1,383,477	10,791	141,973	1,536,241
Payments from primary government	16,787,898	-	3,566,975	20,354,873
Total general revenues	<u>18,171,375</u>	<u>10,791</u>	<u>3,708,948</u>	<u>21,891,114</u>
Change in net position	3,770,472	(560,195)	916,212	4,126,489
Net position—beginning	<u>(15,720,139)</u>	<u>8,257,180</u>	<u>9,125,495</u>	<u>1,662,536</u>
Net position—ending	<u>\$ (11,949,667)</u>	<u>\$ 7,696,985</u>	<u>\$ 10,041,707</u>	<u>\$ 5,789,025</u>

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

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the County of Dutchess, 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. 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 is a municipal entity which performs local governmental functions within its jurisdiction, including public safety, transportation, health and economic assistance and opportunity. The County charter was adopted April 17, 1967 and became effective January 1, 1968. The County is governed by an elected County Executive and a twenty-five member County Legislature.

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. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

***Discretely Presented Component Units***—The component unit columns in the government-wide financial statements include the financial data of the County’s discretely presented component units. The combining statements of discretely presented component units present the major component units in separate columns and the nonmajor component units aggregated into a single column. These statements are presented separately from the financial data of the primary government to emphasize that they are legally separate from the County.

**Dutchess Community College (Major Component Unit)**—The Dutchess Community College (“DCC” or the “College”) was established under Article 126 of the Education Act of the State of New York under the sponsorship of the County and is operated by a Board of Trustees under Paragraph I of Subdivision 6 of Section 6304 of the Education Act of the State of New York. DCC’s fiscal year end is August 31. The Dutchess Community College Association, Inc. (the “Association”) is

organized under the not-for-profit laws of New York State to supplement and conduct activities and services for the students, faculty, staff and alumni of the College. The Association is presented as a component unit of the College, and its fiscal year end is June 30. The Dutchess Community College Foundation, Inc. (the “Foundation”) is organized under the not-for-profit laws of New York State to raise funds to provide scholarships and to provide support for initiatives that will have a significant and measurable impact on the students, faculty and staff of the College. The Foundation is a component unit of the College and its fiscal year end is August 31.

Pursuant to New York State Education Law relating to community colleges, title to real property is held by the County in trust for the use of the College in carrying out its institutional purposes. The accompanying debt is also a legal obligation of the County. No revenues or assets of the College have been pledged or will be available to pay the principal and interest on this debt. Principal and interest payments on the debt are payable from amounts appropriated each year by the State of New York pursuant to the State Education Law, and the County in the case of County-related debt through the College’s budget, and from monies in the debt service reserve fund held by the DASNY trustees. Capital appropriations include the annual debt service requirements on the Dutchess County debt. The provisions of the State Education Law regarding the State appropriations for principal and interest payments do not constitute a legally enforceable obligations of the State.

Equipment made available to the College from its inception are stated at cost and were purchased from appropriations of the County and New York State, designated for that purpose, and from Federal grants.

**Dutchess County Resource Recovery Agency (Major Component Unit)**—The Dutchess County Resource Recovery Agency (“RRA” or the “Agency”) was established as a public benefit corporation to perform the function of solid waste management. The Agency constructed a solid waste disposal resource recovery plant to be used for that purpose. The construction of the plant was financed primarily by the issuance of Dutchess County Resource Recovery Agency revenue bonds and New York State Environmental Quality Bond Act (“EQBA”) grant proceeds. The New York State Environmental Quality Bond Act grant proceeds have been recorded as contributed capital in these financial statements. In fulfilling its function, the Agency also operates a materials recycling facility. The Dutchess County Executive and/or members of the County Legislature appoint all of the Agency’s board members.

**Dutchess County Water and Wastewater Authority (Major Component Unit)**—The Dutchess County Water and Wastewater Authority (“WWA” or the “Authority”) is a public benefit corporation established under Section 1123 of the New York Local Water and Sewer Act, duly enacted into law as Chapter 592 of the Laws of the State of New York. The Act was requested by the Dutchess County Legislature to assist the County and its municipalities with managing water supplies and wastewater disposal. The legislation empowers the Authority to make plans and studies; develop, construct or maintain projects; acquire or lease real and personal property; to issue bonds and notes for financing; and fix rates and collect charges for the purpose of supplying and selling water and to collect, treat and discharge sewage in Dutchess County. The governing body of the Authority consists of eight members – five voting and three nonvoting. Voting members serve five year terms with two members appointed by the County Executive, two appointed by the Chairman of the County Legislature and the fifth being a joint appointment confirmed by the entire Legislature. The nonvoting members include the Director of the Dutchess County Environmental Management Council, the Director of the Dutchess County Soil and Water Conservation District, and the Commissioner of the Dutchess County Department of Planning and Economic Development.

**Dutchess County Industrial Development Agency (Nonmajor Component Unit)**—The Dutchess County Industrial Development Agency (“IDA”) is a public benefit corporation established June 28, 1977 under the mandate of Article 18-A, “New York State Industrial Development Agency Act,” of New York State general municipal law. The seven member board is appointed by the County Legislature subject to confirmation of the County Executive. The IDA was established to promote and assist in acquiring or constructing various business and recreational facilities and, in the process, advances the job opportunities, health, general prosperity and economic welfare of the people of Dutchess County. The IDA’s function is to authorize the issuance of industrial revenue bonds for industrial development projects. The IDA reviews and determines whether to recommend approval of those applicants wishing to obtain financing. The IDA receives application fees from applicants and closing fees from those accepted for industrial revenue financing, such fees are recorded when earned.

**Dutchess County Soil and Water Conservation District (Nonmajor Component Unit)**—The Dutchess County Soil and Water Conservation District (“SWCD”) (including the Dutchess County Environmental Management Council) 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.

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

**Dutchess Tobacco Asset Securitization Corporation**—The Dutchess Tobacco Asset Securitization Corporation (“DTASC”) is a special purpose local development corporation organized pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York, created by Dutchess County for the purposes of: (i) purchasing from the County all rights, title and interest in certain litigation awards under the Consent Decree and Final Judgment of the Supreme Court of the State of New York dated December 23, 1998 and in all portions due to the County under the Master Settlement Agreement with respect to tobacco related litigation among various settling states and participating manufacturers, (ii) to purchase, acquire, own, hold, sell, dispose of tobacco assets and any future rights of tobacco assets, and (iii) to issue and sell bonds to pay for the acquisition of such tobacco assets. The sole member of the Corporation is the County Attorney. There are three directors, one appointed by the County Executive, one appointed by the Chairman of the Dutchess County Legislature and one jointly appointed by the County Executive and Chairman of the County Legislature.

**Dutchess County Local Development Corporation**—The Dutchess County Local Development Corporation (“LDC”) is a public benefit corporation established in 2010 under Section 1411 of the New York Not-for-Profit Corporation Law to act as an “on behalf of” issuer of conduit tax exempt bonds. In January 2008, civic facility legislation expired and industrial development agencies no longer had the authority to issue tax exempt bonds or provide other financial assistance to 501c(3) organizations. The LDC was established to address the capital needs of these organizations. The LDC’s function is via the issuance of industrial revenue bonds and other means to promote economic development. The LDC reviews and determines whether to recommend approval of those applicants wishing to obtain financing. The LDC receives fees from applicants and closing fees from those accepted for industrial revenue financing. The seven member board is appointed by the County Legislature with approval by the County Executive. The County is the sole member of the LDC.

Separately issued financial statements for all component units may be obtained from Dutchess County Finance Office at 22 Market Street, Poughkeepsie, New York, 12601.

### ***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, while business-type activities incorporate data from the government's enterprise 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 five discretely presented component units. Three of the component units, Dutchess Community College, the Dutchess County Resource Recovery Agency and the Dutchess County Water and Wastewater Authority, are considered to be major component units. They are presented in separate columns in the Combining Statement of Net Position—Major Component Units and the Combining Statement of Activities—Major Component Units, and are aggregated in a single column in the government-wide Statement of Net Position and the Statement of Activities. The remaining two are considered nonmajor component units and are combined and presented in a single column in the government-wide Statement of Net Position and the Statement of Activities.

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 enterprise funds, each displayed in a separate column. All remaining governmental and enterprise 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 and use taxes, grants and aid and real property taxes.
- *Capital Projects Fund*—The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment other than those financed by enterprise funds. The principal source of revenue for the Capital Projects Fund include serial bonds, grants and aid.
- *Dutchess Tobacco Asset Securitization Corporation ("DTASC")*—The DTASC Fund is used to account for the receipt and disbursement of resources related to tobacco assets and related obligations.

*Nonmajor Special Revenue Funds*—These nonmajor governmental funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following special revenue funds are utilized:

- *County Road Fund*—The County Road Fund is used to account for expenditures for highway purposes authorized by Section 114 of the Highway Law. The principal source of revenue for the County Road Fund is property taxes.

- *Road Machinery Fund*—The Road Machinery Fund is used to account for the purchase, repair, maintenance and storage of highway machinery, tools and equipment pursuant to Section 133 of the Highway Law. The principal source of revenue for the Road Machinery Fund is property taxes.
- *Community Development Fund*—The Community Development Fund is used to account for funds received under the Job Training Partnership Act/Workforce Investment Act and for Community Block Grant funds received from the Department of Housing and Urban Development. The principal source of revenue for the Community Development Fund is federal aid.

The County reports the following major proprietary funds:

- *Dutchess County Airport Fund* (“Airport Fund”)—The Airport Fund accounts for the activities of the Dutchess County airport. The intent of the County is that the costs of operations of the airport will be financed through charges to users.
- *Dutchess County Bus Transportation System* (“Transportation Fund”)—The Transportation Fund accounts for the activities of the County’s public transportation system. The transportation system operates for the residents of the County.
- *Dutchess County Local Development Corporation* (the “Dutchess County LDC”)—The Dutchess County LDC Fund is used to account for the economic development and administrative services provided by the Dutchess County LDC.

These entities are financed and operated in a manner similar to a private business enterprise. The intent of the County is that the operating expenses (including depreciation and amortization expense) of providing goods or services to the general public on a continuous basis are to be financed or recovered primarily through user charges. The County may provide administrative, legal and operational assistance to the proprietary funds, which are not charged. Additionally, the General Fund periodically provides advances to the proprietary funds for operational needs.

*Fiduciary Funds*—These funds are used to account for assets held by the County in a trustee or custodial capacity, and therefore are not available to support the County’s programs. The County’s fiduciary funds include the following:

- *Private Purpose Trust Fund*—The Private Purpose Trust Fund represents a trust arrangement under which cemetery plots are maintained.
- *Custodial Fund*—The Custodial Fund is used to account for assets held by the County in a trustee capacity or as an agent for individuals or other governmental units.

During the course of operations the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/due to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities 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 fund financial statements these amounts are recorded at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of 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, balances between the funds included in 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 related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period; all other revenues are deemed to be available if they are collected within 90 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 compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

***Cash, Cash Equivalents and Investments***—Cash and cash equivalents include cash on hand, demand deposits, time deposits, and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. The County's short-term investments consist of certificates of deposit, obligations of New York State, the United States Government and its agents. State statutes and various resolutions of the County Legislature govern the County's investment policies. County monies must be

deposited in FDIC-insured commercial banks or trust companies located within the State. Investments are recorded at fair values in accordance with GASB.

***Restricted Cash and Cash Equivalents***—Restricted cash and cash equivalents represent amounts to support fund balance restrictions, unearned revenues, debt proceeds, funds set aside for specific purposes and cash held on behalf of 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.

***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.

***Inventories***—Inventories are recorded at cost using the first-in, first-out method. Inventories largely consist of office supplies reported within governmental activities.

***Other Noncurrent Assets***—Represents the County’s share of municipal wastewater systems and waterlines, which is recorded at historical cost and depreciated over 40 years. At December 31, 2020, the County reported \$6,856,842 related to other assets.

***Capital Assets***—Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads and bridges), are reported in the applicable governmental or business-type activities column in the government-wide financial statements, as well as within the individual proprietary funds. Capital assets, except for infrastructure assets, are defined by the County as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of three years. For infrastructure assets, the same estimated minimum useful life is used (in excess of ten years), but only those infrastructure projects that cost more than \$100,000 are reported as capital assets. Such assets are recorded at historical cost or estimated historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation.

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

Capital Assets	Years
Infrastructure	10-50
Buildings and building improvements	5-40
Improvements other than buildings	5-30
Machinery and equipment	3-15

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

***Deferred Outflows/Inflows of Resources***—In addition to assets, the statement of financial position and the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2020, the County’s primary government has three items that qualify for reporting in this category. The first item is related to pensions reported in the government-wide financial statements and proprietary fund financial statements. This item represents the effect of the net change in the County’s proportion of the collective net pension liability, the difference during the measurement period between the County’s contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension systems made subsequent to the measurement date. The second item is related to OPEB reported in the government-wide and proprietary fund 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. The third 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 the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At December 31, 2020, the primary government of the County has four items that qualify for reporting in this category. One of the items arises only under a modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported as deferred inflows of resources only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes that will not be realized within the period of availability. These amounts are deferred and recognized 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 as well as within the individual proprietary funds. The third item represents the effects of the change in the County’s proportion of the collective OPEB liability and difference during the measurement period between certain of the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability. The final item is a deferred gain on refunding, which the County reports within its governmental activities. A deferred gain 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.

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

***Fund Balance Flow Assumptions***—Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County’s policy to consider restricted



fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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

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

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

### ***Revenues and Expenses/Expenditures***

***Program Revenues***—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 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 as program revenues.

***Property Taxes***—The County levies its real property taxes on December 31<sup>st</sup>, prior to the year of collection and attached as an enforceable lien on January 1<sup>st</sup>. On March 1<sup>st</sup>, interest is accrued on all unpaid taxes in accordance with real property tax law. Property tax is only recognized as revenue in the year for which the levy is made, and to the extent that such taxes are received within the reporting period or 60 days thereafter in the governmental fund financial statements.

Tax collections are the responsibility of either the city tax collectors for the cities of Poughkeepsie and Beacon or the town receivers or collectors for the towns in the County and are collected through May 31<sup>st</sup> or August 31<sup>st</sup>, the later date being for certain towns that pay in installments. After these dates, uncollected real property taxes receivables of the towns are turned over for collection by the County. The towns satisfy the full amount of their tax levies from the first monies collected and remit all amounts thereafter to the County.

A local law provides for the collection, by the County, of delinquent village taxes. This law requires the amount of returned delinquent village taxes remaining unpaid, be paid to the village by the County by the first day of April following the return.

Tax rates are calculated using assessments prepared by individual city and town assessors utilizing the equalization rates established by the New York State Board of Equalization and Assessment for the purpose of comparability. The total taxable equalized assessed value of real property included in the tax levy of 2020 is \$32,247,944,534. The effective tax rate on this value is \$3.26 per thousand. The constitutional tax limit is 1.5% of the 5-year average of the equalized assessment. The 2020 levy represents approximately 18.8% of the constitutional tax limit.

***Unearned Revenue***—Certain cash receipts have not met the revenue recognition criteria for government-wide or fund financial statement purposes. At December 31, 2020, the primary government reported unearned revenues within the General Fund, County Road Fund and Airport Fund of \$2,574,429, \$2,700, and \$6,541, respectively. These funds received overpayments and cash in advance but have not performed the services and therefore recognize a liability.

***Local Development Revenue Bonds***—Bonds authorized by the Dutchess County LDC and issued through various lending institutions, are designated as special obligations of the Dutchess County LDC and payable solely from the revenues and other assets pledged as collateral against the bonds. The Dutchess County LDC does not act as guarantor in the event of collateralized properties and revenues, as specified in the applicable financing agreement, that are insufficient to meet debt service requirements. Additionally, in each of these financings, the Dutchess County LDC has assigned all rights to receive certain revenues derived with respect to the facilities it has financed to the holders of the local development revenue bonds. As a consequence, the Dutchess County LDC does not reflect such bonds or related properties on its financial statements. Local development revenue bonds authorized by the Dutchess County LDC and outstanding at December 31, 2020 total \$1,365,890,086.

***Compensated Absences***—The County employees are entitled, with certain limitations, to accrue sick leave and vacation time. Estimated sick leave and vacation time is accumulated by governmental fund type employees and reported as a liability and expenditure in the government-wide financial statements under governmental activities. For proprietary fund type employees, the accumulation is recorded as a noncurrent liability of the proprietary fund type. The compensated absences liability for the County's governmental and business-type activities at December 31, 2020 totaled \$10,396,428 and \$63,730, respectively, and are reported in the government-wide financial statements and proprietary fund financial statements.

Payment of sick leave and compensatory time recorded in the government-wide financial statements is dependent on many factors; therefore, the timing of future payments is not readily determinable. However, management believes that sufficient resources will be available for the payment of compensated absences when such payments become due.

***Proprietary Funds Operating and Nonoperating Revenues and Expenses***—Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues of enterprise funds consist of charges for services and operating grants. Operating expenses of enterprise funds consist of salaries, wages and benefits, contractual services and depreciation. Transactions related to capital and financing activities, non-capital financing activities, investing activities and interfund transfers from other funds and State appropriations are components of nonoperating income. Subsidies and grants to proprietary funds which finance capital activities are reported as nonoperating revenue.

***Pension Plans***—The County is mandated by New York State law to participate in the New York State Local Employees' Retirement System ("ERS"). 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 respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are

recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 7.

***Other Postemployment Benefits***—In addition to providing pension benefits, the County provides health insurance coverage and/or payments for fractional values of unused sick leave for certain retired employees at the time of retirement, as discussed in Note 8.

***Workers' Compensation and General Claims***—Estimated costs associated with workers' compensation and general claims and judgments for both reported and unreported events totaled \$29,236,114 at December 31, 2020. Estimates of both future payment of losses and related claim adjustment expenses are recorded as long-term liabilities in the government-wide financial statements, as discussed in Note 10.

### ***Other***

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

***Adoption of New Accounting Pronouncements***—During the year ended December 31, 2020 the County implemented the required components of GASB Statement No. 92, *Omnibus 2020*; and No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, a supersession of GASB Statement No. 32*. The required components of GASB Statement No. 92 requires that for the purposes of applying paragraph 37 of Statement 10 related to accounting for risk financing and insurance-related activities of public entity risk pools, amounts that (a) are recoverable from reinsurers or excess insurers and (b) relate to paid claims and claim adjustment expenses may be reported as reductions of expenses but are not required to be. The Statement also requires that the terms derivative and derivatives in National Council on Governmental Accounting and GASB pronouncements should be replaced with derivative instrument and derivative instruments, respectively. The required components of GASB Statement No. 97 requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically does. The Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84 be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts. The implementation of the required components of GASB Statements No. 92 and 97 did not have a material impact on the County's financial position or results from operations.

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

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

### ***Stewardship, Compliance and Accountability***

**Legal Compliance—Budgets**—The County’s annual procedures in establishing the budgetary data reflected in the basic financial statements are described below.

- No later than November 1<sup>st</sup>, the County Executive submits a tentative budget to the County Legislature for the fiscal year commencing the following January 1<sup>st</sup>. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- After public hearings are conducted to obtain taxpayer comments, no later than December 21<sup>st</sup>, the governing board adopts the budget.
- All modifications of the budget must be approved by the governing board. The Budget Officer is authorized to transfer certain budgeted amounts within departments, upon request of the department head.
- Budgets are prepared for proprietary funds to establish the estimated contributions required from other funds and to control expenditures.

Additional information regarding the County’s budgets can be found in the Required Supplementary Information section of this report.

## **2. RESTATEMENT OF FUND BALANCE AND NET POSITION**

During the year ended December 31, 2020, the County transferred an in-process College capital project from the business-type activities’ Airport Fund to the County’s Capital Projects Fund within governmental activities. As a result of this transfer, the County’s net position and fund balance at December 31, 2019 were restated as follows:

			Governmental Funds		Proprietary Funds
	Governmental Activities	Business-type Activities	General Fund	Capital Projects Fund	Airport Fund
Net position/fund balance—December 31, 2019, as previously stated	\$ (214,849,864)	\$ 37,092,520	\$ 97,896,802	\$ 21,866,321	\$ 21,994,213
Adjustments for transfer of capital project:					
Cash	2,374,434	(2,374,434)	-	2,374,434	(2,374,434)
Intergovernmental receivables	981,507	(981,507)	-	981,507	(981,507)
Construction in progress	-	(2,402,568)	-	-	(2,402,568)
Due to/from other funds	(112,467)	112,467	(112,467)	-	112,467
Accounts payable	(995,459)	995,459	-	(995,459)	995,459
Accrued interest on bonds payable	-	13,986	-	-	13,986
Bonds payable	(1,140,000)	1,140,000	-	-	1,140,000
Premium on bonds payable	(24,134)	24,134	-	-	24,134
Total adjustments	<u>1,083,881</u>	<u>(3,472,463)</u>	<u>(112,467)</u>	<u>2,360,482</u>	<u>(3,472,463)</u>
Net position—December 31, 2019, as restated	<u>\$ (213,765,983)</u>	<u>\$ 33,620,057</u>	<u>\$ 97,784,335</u>	<u>\$ 24,226,803</u>	<u>\$ 18,521,750</u>

### 3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The County's investment policies are governed by State statutes. In addition, the County has its own written investment policy. County monies must be deposited in Federal Deposit Insurance Corporation ("FDIC") insured commercial banks or trust companies located within the State. The County 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. 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, cash equivalents and investments at December 31, 2020 are as follows:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Petty cash (uncollateralized)	\$ 21,565	\$ 700	\$ -	\$ 22,265
Deposits	115,510,420	6,070,524	8,542,588	130,123,532
U.S. treasuries and money market funds	4,645	-	-	4,645
Discount notes	3,291,490	-	-	3,291,490
Total	<u>\$ 118,828,120</u>	<u>\$ 6,071,224</u>	<u>\$ 8,542,588</u>	<u>\$ 133,441,932</u>

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

	Bank Balance	Carrying Amount
FDIC insured	\$ 2,093,560	\$ 2,096,647
Uninsured:		
Collateral held by pledging bank's agent in the County's name	137,914,559	128,026,885
Total	<u>\$ 140,008,119</u>	<u>\$ 130,123,532</u>

**Restricted Cash and Cash Equivalents**—Restricted cash of the County consists of cash reported within the Capital Projects Fund in the amount of \$34,328,063, and cash restricted for future debt service within both the General Fund and DTASC Fund of \$4,255,834 and \$3,296,134, respectively. Also included within restricted cash is General Fund (including self-insurance) balances subject to externally enforceable legal purpose restrictions, totaling \$12,842,620, unearned revenues of \$2,574,429, intergovernmental payables of \$4,226,437 related to overpayments, and cash reported within the County's workers' compensation self-insured program in excess of the related restricted fund balance, totaling \$57,253. The County also reports restricted cash relating to unearned revenues within the County's nonmajor County Road Fund and the Airport Fund in the amount of \$2,700 and \$6,541, respectively. Lastly, the County reports restricted cash held on behalf of others in the amount of \$8,542,588 within the Fiduciary Funds. These deposits were fully covered by FDIC insurance or collateral held by escrow agents in the name of the County or were cash equivalent discount notes.

**Custodial Credit Risk—Deposits and Cash Equivalents**—Custodial credit risk is the risk that in the event of a bank failure, the County's deposits and cash equivalents may not be returned to it. As noted above, by State Statute all deposits and cash equivalents in excess of FDIC insurance coverage must be

collateralized. As of December 31, 2020, the County's deposits and cash equivalents were either FDIC insured or collateralized with securities held by the pledging bank's agent in the County's name.

**Investments**—At December 31, 2020 the County had no investments.

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

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

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

**Interest Rate Risk**—The County investment policy limits investment maturities to two years as a means of managing its exposure to fair value losses arising from increasing interest rates.

## **Discretely Presented Component Units**

### **i) Dutchess Community College**

**Cash and Cash Equivalents**—Cash and cash equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with maturities of less than three months at the time of purchase. At August 31, 2020, the College reports \$21,158,893 of cash and cash equivalents.

The College's investment policies are governed by State statutes. The College has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The College is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, and obligations of New York State or its municipalities.

Collateral is required for demand deposits, time deposits and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the College's name. As of August 31, 2020, none of the College's bank balance of \$17,300,653 was exposed to custodial credit risk as \$512,296 and \$16,788,357 were insured by FDIC insurance and collateralized, respectively.

**Investments**—Investments consist of certificates of deposit with initial maturities of greater than three months. At August 31, 2020, the College reports \$13,950,362 of investments at fair value in accordance with GASB.

The College was invested only in the above mentioned obligations and, accordingly, was not exposed to any interest rate risk or credit risk.

**ii) Dutchess County Resource Recovery Agency**

**Cash and Cash Equivalents and Investments**—Statutes authorize the Agency to maintain deposits with financial institutions and to invest in certificates of deposit, obligations of New York State, the United States of America Government and its agencies, and repurchase agreements collateralized by U.S. Obligations. The Agency has investments in money market funds, which invests at least 99.5% of assets in U.S. Treasury Bills.

As of December 31, 2020, the Agency had cash deposited in various banks aggregating approximately \$250,000, which is classified as Custodial Credit Risk Category 1, the lowest risk, as defined by GASB, as insured by the FDIC or collateralized with securities held by the entity's agent in the entity's name. As of December 31, 2020, the Agency had additional cash and cash equivalents and investments of \$4,784,817 in various accounts, which are not covered by FDIC. The cash balances are collateralized with securities held by the counter party's trust department or agent in the entity's name and the investments are held by the counter party's trust department in the entity's name which are considered Custodial Credit Risk Category 2, as defined by the GASB.

Cash, cash equivalents and investments are as follows at December 31, 2020:

Bank balance	\$1,912,944
U.S. Government money market	<u>3,121,873</u>
Total custodial credit risk Category 2	<u>\$5,034,817</u>

Bank balances differ from the Agency's cash balances by the amount of outstanding items clearing in the following month.

Disclosures relating to risk and type of investments as presented above are indicative of activity and positions held during the year.

**Restricted Cash and Investments**—In accordance with the terms of the general bond resolution, bond and note proceeds, accrued interest receivable, the initial collection of tipping fees and energy revenues, and investments are administered and reported upon by a trustee on behalf of the Agency and are restricted.

The Debt Service Reserve Funds are funded in an amount equal to the greater of any annual principal and interest or sinking fund payments, but limited to 10% of the original principal amount of the 2017 Refunding bonds. The Reserve and Contingency Fund is funded in an amount at least equal to 10% of the debt service payments required for the current year. However, since these funds are not anticipated to be used in the subsequent year, they have been classified as restricted noncurrent assets in the statement of net position.

The proceeds from collections of energy revenues, which had not yet been released by the trustee, and funds available for the January 1<sup>st</sup> bond principal and interest payments, amounted to \$1,327,250 at December 31, 2020, and are included in restricted cash. Additionally, the Agency records unspent proceeds from the Series 2017 bonds as noncurrent restricted cash and cash equivalents.

Restricted assets as of December 31, 2020 are summarized as follows:

Current restricted assets	
Series 2017	\$ 1,327,250
Energy revenues and debt service funds	2,130,138
Total current restricted assets	<u>\$ 3,457,388</u>
Noncurrent restricted assets	
Series 2017	\$ 1,677,312
Total noncurrent restricted cash and investments	<u>1,677,312</u>
Total restricted cash and investments	<u>\$ 5,134,700</u>

**iii) Dutchess County Water and Wastewater Authority**

***Cash, Cash Equivalents and Investments***—State statutes authorized the Authority to maintain deposits with financial institutions and to invest in certificates of deposits, obligations of New York State, the United States Government and its agencies, and repurchase agreements collateralized by U.S. obligations.

In addition, the Authority, through the General Bond Resolution adopted June 1, 1998, is authorized to invest funds held under the Resolution in “Qualified Investments”. Qualified Investments include the above-described investments as well as certain types of commercial paper, money market accounts and investment agreements.

Cash, cash equivalents and investments (tier 1) are as follows as of December 31, 2020:

Cash in banks	<u>\$ 3,556,820</u>
Investments:	
Money market funds	\$ 1,157,693
U.S. Treasury bills and notes	2,101,232
Total investments*	<u>\$ 3,258,925</u>

\*At December 31, 2020, the Authority has \$79,997 in unspent bond proceeds held by the New York State Environmental Facilities Corporation (“EFC”). The unspent bond proceeds are not included in the above table because the cash is held by EFC, not the Authority. Of the December 31, 2020 balance, \$50,497 related to the 2018 Shore Haven bond and \$29,500 related to the 2020 Pinebrook Sewer bond.

Disclosures relating to risk and type of investments as presented above are indicative of activity and positions held during the year.

***Restricted Cash and Investments***—The restricted cash and investments of the Authority consist of unexpended bond and note proceeds, which are invested in cash funds and investments under the control of bank trustees. These assets are restricted in use by bond covenants as described on the following page as of December 31, 2020.



Construction reserve funds	\$ 177,630
Debt service sinking funds	3
Debt service reserve funds	773,025
Held by EFC	<u>79,997</u>
Current restricted funds	<u>1,030,655</u>
Noncurrent debt service reserve funds	<u>2,308,267</u>
Total restricted funds	<u>\$ 3,338,922</u>

#### iv) Aggregate Nonmajor Discretely Presented Component Units

The County's aggregate nonmajor discretely presented component units, the IDA and the SWCD, consider all demand deposits, time and savings accounts, and certificates of deposit with an original maturity of three months or less, to be cash and cash equivalents. At December 31, 2020, the IDA and the SWCD recorded \$2,252,508 and \$696,937 in cash and cash equivalents, respectively. The IDA also reports restricted cash in the amount of \$1,719,435 related to a deposit for the Cricket Valley Energy Center IDA project.

## 4. RECEIVABLES

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

***Taxes Receivable***—Represents amounts due from County taxpayers that remain unpaid. At December 31, 2020, the County recorded \$39,826,010 related to taxes receivable. These amounts are reported net of an allowance for uncollectible taxes provision of \$10,104,289.

***Accounts Receivable***—Represents amounts due from various sources. The County's accounts receivable at December 31, 2020 are presented below.

Governmental funds:	
General Fund	\$ 5,927,097
Less: allowance for doubtful accounts	(1,297,185)
Nonmajor governmental funds	<u>22,400</u>
Total governmental funds	<u>\$ 4,652,312</u>
Proprietary funds:	
Airport Fund	\$ 343,231
Transportation Fund	14,975
Dutchess County LDC	<u>100</u>
Total proprietary funds	<u>\$ 358,306</u>
Fiduciary funds:	
Custodial Fund	<u>\$ 1,281,851</u>

***Intergovernmental Receivables***—Represents amounts due from other units of government, such as Federal, New York State or other local governments. Amounts are net of related advances from New York State. Intergovernmental receivables at December 31, 2020 are presented on the following page.

Governmental funds:			
General Fund:			
Due from state and federal	\$	71,352,797	
Other		<u>745,881</u>	\$ 72,098,678
Capital Projects Fund:			
Due from state and federal			8,994,937
Nonmajor governmental funds:			
Due from state and federal			<u>2,254,752</u>
Total governmental funds			<u>\$ 83,348,367</u>
Proprietary funds:			
Airport Fund:			
Due from state and federal			\$ 1,113,090
Transportation Fund:			
Due from state and federal	\$	3,228,165	
Other		<u>123,634</u>	<u>3,351,799</u>
Total proprietary funds			<u>\$ 4,464,889</u>

## **Discretely Presented Component Units**

### **i) Dutchess Community College**

Significant receivables include amounts due from grants, pledges, chargebacks, and students for fees and tuitions. Delinquent student accounts are written off after five years. Additionally, the College records a provision for uncollectible accounts receivable each year based on the estimated probability of collection. At August 31, 2020, the College reported total accounts receivable of \$6,603,592, which is reported net of an allowance for uncollectible accounts of \$1,955,686.

### **ii) Dutchess County Resource Recovery Agency**

The Agency records accounts receivable of \$1,093,257, which are reported net of an allowance for uncollectible accounts of \$15,000.

### **iii) Dutchess County Water and Wastewater Authority**

Significant receivables represent outstanding user fees, which total \$2,771,601 and \$1,715,722 recorded within receivables and intergovernmental receivables, respectively, at December 31, 2020. The Authority has an agreement with Dutchess County that provides for collection of outstanding user fees through the real property tax levy. Therefore, the Authority has not established an allowance for uncollectible accounts.

### **iv) Aggregate Nonmajor Discretely Presented Component Units**

A County's aggregate nonmajor discretely presented component unit, the SWCD, records receivables at the amount management expects to collect from outstanding balances. At December 31, 2020, the SWCD records accounts receivable of \$200,130.

## 5. CAPITAL ASSETS

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

	Balance 1/1/2020	Increases	Decreases	Balance 12/31/2020
Capital assets, not being depreciated:				
Land	\$ 14,319,067	\$ 284,025	\$ 38,000	\$ 14,565,092
Right of way and easements	16,134,435	340,468	-	16,474,903
Construction in progress	28,514,132	42,049,246	37,681,296	32,882,082
Total capital assets, not being depreciated	58,967,634	42,673,739	37,719,296	63,922,077
Capital assets, being depreciated:				
Infrastructure	265,351,033	28,566,757	-	293,917,790
Buildings and building improvements	203,322,374	1,389,539	252,000	204,459,913
Improvements other than buildings	10,734,747	735,356	-	11,470,103
Machinery and equipment	72,792,572	7,060,845	3,101,096	76,752,321
Total capital assets, being depreciated	552,200,726	37,752,497	3,353,096	586,600,127
Less accumulated depreciation for:				
Infrastructure	173,818,787	11,755,000	-	185,573,787
Buildings and building improvements	121,036,720	6,570,028	252,000	127,354,748
Improvements other than buildings	5,807,639	1,930,385	-	7,738,024
Machinery and equipment	55,684,030	3,973,886	3,051,797	56,606,119
Total accumulated depreciation	356,347,176	24,229,299	3,303,797	377,272,678
Total capital assets, being depreciated, net	195,853,550	13,523,198	49,299	209,327,449
Governmental activities capital assets, net	\$ 254,821,184	\$ 56,196,937	\$ 37,768,595	\$ 273,249,526

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

General government support	\$ 8,778,223
Public safety	2,059,630
Health	35,877
Transportation	10,478,326
Economic assistance and opportunity	248,661
Culture and recreation	2,603,788
Home and community services	24,794
Total governmental activities	\$ 24,229,299

**Business-type activities**—Capital asset activity for the primary government's business-type activities (enterprise funds) for the year ended December 31, 2020 was as follows:

	1/1/2020 (as restated)	Increases	Decreases	Balance 12/31/2020
Capital assets, not being depreciated:				
Land	\$ 3,385,364	\$ -	\$ -	\$ 3,385,364
Construction in progress	8,112,384	2,340,784	9,647,864	805,304
Total capital assets, not being depreciated	<u>11,497,748</u>	<u>2,340,784</u>	<u>9,647,864</u>	<u>4,190,668</u>
Capital assets, being depreciated:				
Infrastructure	33,606,905	284,211	-	33,891,116
Buildings and building improvements	14,881,153	8,740,256	-	23,621,409
Improvements other than buildings	39,091	-	-	39,091
Machinery and equipment	22,469,279	296,345	40,804	22,724,820
Total capital assets, being depreciated	<u>70,996,428</u>	<u>9,320,812</u>	<u>40,804</u>	<u>80,276,436</u>
Less accumulated depreciation for:				
Infrastructure	25,135,799	1,501,524	-	26,637,323
Buildings and building improvements	10,917,508	662,985	-	11,580,493
Improvements other than buildings	-	3,909	-	3,909
Machinery and equipment	17,786,131	2,172,323	38,084	19,920,370
Total accumulated depreciation	<u>53,839,438</u>	<u>4,340,741</u>	<u>38,084</u>	<u>58,142,095</u>
Total capital assets, being depreciated, net	<u>17,156,990</u>	<u>4,980,071</u>	<u>2,720</u>	<u>22,134,341</u>
Business-type activities capital assets, net	<u>\$ 28,654,738</u>	<u>\$ 7,320,855</u>	<u>\$ 9,650,584</u>	<u>\$ 26,325,009</u>

Depreciation expense for business-type activities was charged to functions and programs of the primary government as follows:

Airport	\$ 1,719,053
Transportation	2,606,054
Dutchess County LDC	<u>15,634</u>
Total business-type activities	<u>\$ 4,340,741</u>

## Discretely Presented Component Units

### i) Dutchess Community College

Capital asset activity for the Dutchess Community College for the year ended August 31, 2020 is presented below:

	Balance 9/1/2019	Increases	Decreases	Balance 8/31/2020
Capital assets, not being depreciated:				
Land	\$ 1,151,144	\$ -	\$ -	\$ 1,151,144
Construction in progress	1,004,745	8,983,416	-	9,988,161
Total capital assets, not being depreciated	2,155,889	8,983,416	-	11,139,305
Capital assets, being depreciated:				
Building and improvements	90,911,769	398,058	-	91,309,827
Furniture and equipment	12,429,095	464,142	7,040	12,886,197
Total capital assets, being depreciated	103,340,864	862,200	7,040	104,196,024
Less: Accumulated depreciation	54,208,454	2,288,005	7,040	56,489,419
Total capital assets, being depreciated, net	49,132,410	(1,425,805)	-	47,706,605
Total capital assets, net	\$ 51,288,299	\$ 7,557,611	\$ -	\$ 58,845,910

In addition to the College's capital assets, its component units, the Association and Foundation reported net capital assets, being depreciated of \$24,775,690 and \$0, respectively.

Assets under capital lease agreements at August 31, 2020 are as follows:

Cost basis	\$ 5,227,174
Accumulated depreciation	(3,872,342)
Total	<u>\$ 1,354,832</u>

Depreciation expense for the year ended August 31, 2020 was \$2,288,005.

### ii) Dutchess County Resource Recovery Agency

Capital asset activity for the Dutchess County Resource Recovery Agency for the year ended December 31, 2020 is presented below:

	Balance 1/1/2020	Increases	Decreases	Balance 12/31/2020
Capital assets, being depreciated:				
Property	\$ 517,591	\$ -	\$ -	\$ 517,591
Plant	63,847,539	-	-	63,847,539
Equipment	61,487	-	-	61,487
Total capital assets, being depreciated	64,426,617	-	-	64,426,617
Less: Accumulated depreciation	49,789,947	1,792,717	-	51,582,664
Total capital assets, net	\$ 14,636,670	\$ (1,792,717)	\$ -	\$ 12,843,953

Depreciation expense for the year ended December 31, 2020 was \$1,792,717.

### iii) Dutchess County Water and Wastewater Authority

Capital asset activity for the Dutchess County Water and Wastewater Authority for the year ended December 31, 2020 is presented below:

	Balance 1/1/2020	Increases	Decreases	Balance 12/31/2020
Capital assets, not being depreciated:				
Land	\$ 955,608	\$ -	\$ -	\$ 955,608
Construction in progress	5,360,602	2,220,147	3,358,283	4,222,466
Total capital assets, not being depreciated	<u>6,316,210</u>	<u>2,220,147</u>	<u>3,358,283</u>	<u>5,178,074</u>
Capital assets, being depreciated:				
Improvements	300,602	286,970	-	587,572
Buildings	24,287,438	321,881	-	24,609,319
Water system	57,095,734	310,531	-	57,406,265
Machinery and equipment	9,486,960	2,359,074	-	11,846,034
Sewage collection system	1,644,932	254,126	-	1,899,058
Total capital assets, being depreciated	<u>92,815,666</u>	<u>3,532,582</u>	<u>-</u>	<u>96,348,248</u>
Less: Accumulated depreciation	<u>33,471,968</u>	<u>2,232,427</u>	<u>-</u>	<u>35,704,395</u>
Total capital assets, being depreciated, net	<u>59,343,698</u>	<u>1,300,155</u>	<u>-</u>	<u>60,643,853</u>
Total capital assets, net	<u>\$ 65,659,908</u>	<u>\$ 3,520,302</u>	<u>\$ 3,358,283</u>	<u>\$ 65,821,927</u>

For the year ended December 31, 2020, depreciation was recorded in the amount of \$2,232,427, less amortization of deferred revenues associated with the Central Dutchess Water Transmission Line of \$595,853; which was put into service in 2007. The effects of these factors resulted in \$1,636,574 in depreciation expense.

## 6. ACCRUED LIABILITIES

Accrued liabilities reported by governmental and proprietary funds at December 31, 2020, were as follows:

	Governmental Funds			
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Salaries and employee benefits	\$ 5,771,385	\$ 13,499	\$ 222,699	\$ 6,007,583
Guaranty and bid deposits	127,190	-	-	127,190
Total accrued liabilities	<u>\$ 5,898,575</u>	<u>\$ 13,499</u>	<u>\$ 222,699</u>	<u>\$ 6,134,773</u>

  

	Proprietary Funds		
	Airport	Transportation	Total
Salaries and employee benefits	\$ 14,675	\$ 3,586	\$ 18,261
Other	12,475	1,617	14,092
Total accrued liabilities	<u>\$ 27,150</u>	<u>\$ 5,203</u>	<u>\$ 32,353</u>

## 7. PENSION PLANS

### *Plan Descriptions and Benefits Provided*

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

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

***Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions***—At December 31, 2020, the County reported the following liabilities for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2020. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total net pension liabilities to the measurement date. The County's proportion of the net pension liabilities were based on projections of the County's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the County.

	ERS	
	Governmental Activities	Business-type Activities
Measurement date	March 31, 2020	
Net pension liability	\$ 126,055,090	\$ 509,153
County's portion of the Plan's total net pension liability	0.4760286%	0.0019230%

For the year ended December 31, 2020, the County recognized pension expense of \$42,784,181 and \$172,809 for governmental activities and business-type activities, respectively. At December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown on the following page.

	ERS			
	Deferred Outflows		Deferred Inflows	
	of Resources		of Resources	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Differences between expected and actual experiences	\$ 7,418,851	\$ 29,969	\$ -	\$ -
Changes of assumptions	2,538,152	10,252	2,191,652	8,852
Net difference between projected and actual earnings on pension plan investments	64,621,967	261,019	-	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	1,207,782	4,879	796,777	3,218
County contributions subsequent to the measurement date	<u>13,958,826</u>	<u>54,880</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 89,745,578</u>	<u>\$ 360,999</u>	<u>\$ 2,988,429</u>	<u>\$ 12,070</u>

County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	ERS	
	Governmental Activities	Business-type Activities
2021	\$ 12,268,656	\$ 49,556
2022	18,158,642	73,347
2023	23,427,715	94,630
2024	18,943,310	76,516

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

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



Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2018. The actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

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

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

**Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption**—The chart on the following page presents the County’s proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the County’s proportionate share of the net pension liability would be if they were calculated using a discount rate that is one percentage-point lower (5.8%) or one percentage-point higher (7.8%) than the current assumption.

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Governmental activities:			
Employer's proportionate share of the net pension liability	\$ 231,346,648	\$ 126,055,090	\$ 29,081,086
Business-type activities:			
Employer's proportionate share of the net pension liability	\$ 934,467	\$ 509,153	\$ 117,466

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

	(Dollars in Thousands)
	ERS
Valuation date	April 1, 2019
Employers' total pension liability	\$ 194,596,261
Plan fiduciary net position	168,115,682
Employers' net pension liability	<u>\$ 26,480,579</u>
System fiduciary net position as a percentage of total pension liability	86.4%

## Discretely Presented Component Units

### i) Dutchess Community College

#### ***Plan Description and Benefits Provided***

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

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

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

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***—At August 31, 2020, the College reported the following liability for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2020 for ERS and June 30, 2020 for TRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2019 for ERS and June 30, 2019 for TRS. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS and TRS in reports provided to the College.

	TRS	ERS
Measurement date	June 30, 2020	March 31, 2020
Net pension liability	\$ 1,176,234	\$ 11,275,272
The College's portion of the Plan's total net pension liability	0.042567%	0.042579%

For the year ended August 31, 2020, the College recognized pension expense of \$641,908 and \$1,743,863 for TRS and ERS, respectively. At August 31, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown below:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experiences of economic and demographic assumptions	\$ 1,030,616	\$ 663,595	\$ 60,280	\$ -
Changes in assumptions	1,487,662	227,031	530,273	196,037
Net difference between projected and actual earnings on pension plan investments	768,184	5,780,252	-	-
Changes in proportion and differences between the College's contributions and proportionate share of contributions	-	108,033	397,310	71,270
College contributions subsequent to the measurement date	106,688	705,174	-	-
Total	<u>\$ 3,393,150</u>	<u>\$ 7,484,085</u>	<u>\$ 987,863</u>	<u>\$ 267,307</u>

The College's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending August 31, 2021. Other amounts reported as deferred inflows of resources and deferred outflows of resources related to ERS and TRS will be recognized as pension expense as shown on the following page.

Year Ending August 31,	TRS	ERS
2021	\$ 354,283	\$ 1,097,397
2022	821,041	1,624,240
2023	686,925	2,095,543
2024	409,407	1,694,424
2025	(14,705)	-
Thereafter	41,648	-

**Actuarial Assumptions**—The pension liabilities as of the measurement dates were determined by using actuarial valuation dates as noted below with update procedures used to roll forward the total pension liabilities to the respective measurement dates. The actuarial valuations used the following actuarial assumptions:

	TRS	ERS
Measurement date	June 30, 2020	March 31, 2020
Actuarial valuation date	June 30, 2019	April 1, 2019
Interest rate	7.10%	6.80%
Salary scale	1.90%-4.72%	4.20%
Decrement tables	July 1, 2009 - June 30, 2014	April 1, 2010 - March 31, 2015
Inflation rate	2.20%	2.50%
Cost-of-living adjustment	1.30%	1.30%

For ERS, the long-term rate of return on pension plan investments is the same as disclosed within the County's primary government section of this footnote.

For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2014 System experience with adjustments for mortality improvements based on Society of Actuaries Scale MP2019, applied on a generational basis. The actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standards of Practice ("ASOP") No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized on the following page.

Measurement date	Target Allocation		Long-Term Expected Real Rate of Return	
	TRS	ERS	TRS	ERS
			June 30, 2020	March 31, 2020
Asset class:				
Domestic equities	33.0 %	36.0 %	7.1 %	4.1 %
International equities	16.0	14.0	7.7	6.2
Global equities	4.0	0.0	7.4	0.0
Private equity	8.0	10.0	10.4	6.8
Real estate	11.0	10.0	6.8	5.0
Absolute return strategies	0.0	2.0	0.0	3.3
Domestic fixed income securities	16.0	0.0	1.8	0.0
Global fixed income securities	2.0	0.0	1.0	0.0
High-yield fixed income securities	1.0	0.0	0.0	0.0
Opportunistic portfolio	0.0	3.0	0.0	4.7
Private Debt	1.0	0.0	5.2	0.0
Real assets	0.0	3.0	3.9	6.0
Bonds and mortgages	7.0	17.0	3.6	0.8
Cash	1.0	1.0	0.7	0.0
Inflation-indexed bonds	0.0	4.0	0.0	0.5
Total	<u>100.0 %</u>	<u>100.0 %</u>		

**Discount Rate**—The discount rate used to calculate the total pension liability was 7.1% for TRS and 6.8% for ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Proportionate Share of the Net Pension Liability/(asset) to the Discount Rate Assumption**—The charts on the following page presents the College’s proportionate share of the net pension liability calculated using the discount rate of 7.1% for TRS and 6.8% for ERS, as well as what the College’s proportionate share of the net pension liability/(asset) would be if they were calculated using a discount rate that is one percentage-point lower (6.1% for TRS and 5.8% for ERS) or one percentage-point higher (8.1% for TRS and 7.8% for ERS) than the current assumption.

	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)
TRS			
Employer's proportionate share of the net pension liability/(asset)	\$ 7,429,866	\$ 1,176,234	\$ (4,072,148)
	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
ERS			
Employer's proportionate share of the net pension liability	\$ 20,693,308	\$ 11,275,272	\$ 2,601,221

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

	(Dollars in Thousands)		
	TRS	ERS	Total
Valuation date	June 30, 2019	April 1, 2019	
Employers' total pension liability	\$ 123,242,776	\$ 194,596,261	\$ 317,839,037
Plan fiduciary net position	120,479,505	168,115,682	288,595,187
Employers' net pension liability	\$ 2,763,271	\$ 26,480,579	\$ 29,243,850
System fiduciary net position as a percentage of total pension liability	97.8%	86.4%	90.8%

ii) **Dutchess County Resource Recovery Agency**

***Plan Description and Benefits Provided***

***Employees' Retirement System***—The Agency participates in the ERS. The plan description is the same as disclosed within the County's primary government section of this footnote.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***—At December 31, 2020, the Agency reported a liability of \$64,086 for its proportionate share of the net pension liability. At March 31, 2020, the Agency's proportion was 0.0002420 percent of the ERS liability.

For the year ended December 31, 2020, the Agency recognized pension expense of \$40,257. At December 31, 2020, the Authority reported deferred outflows of resources and inflows of resources related to pensions as shown on the following page.

	Deferred Outflows of Resources	Deferred Inflows of Resources
	ERS	
Differences between expected and actual experiences	\$ 3,772	\$ -
Changes in assumptions	1,290	-
Net difference between projected and actual earnings on pension plan investments	32,854	1,114
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	23,145	2,950
Agency contributions subsequent to the measurement date	13,056	-
Total	<u>\$ 74,117</u>	<u>\$ 4,064</u>

Deferred outflows of resources and deferred inflows of resources related to pensions resulting from the Agency's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. 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>
2021	\$ 16,594
2022	15,173
2023	14,432
2024	10,798

***Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption***—The following chart represents the Agency's proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the Agency's proportionate share of the net pension liability would be if they were calculated using a discount rate that is one percentage-point lower (5.8%) or one percentage point higher (7.8%) than the current assumption.

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Employer's proportionate share of the net pension liability—ERS	\$ 117,616	\$ 64,086	\$ 14,785

The actuarial assumptions, asset allocations and pension plan fiduciary net position are the same as those disclosed for the System within the County's portion of the footnote.

### iii) Dutchess County Water and Wasterwater Authority

#### ***Plan Description and Benefits Provided***

***Employees' Retirement System***—The Authority participates in the ERS. The plan description is the same as disclosed within the County's primary government section of this footnote.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***—At December 31, 2020, the Authority reported a liability of \$1,413,389 for its proportionate share of the net pension liability. At March 31, 2020, the Authority's proportion was 0.0053375 percent of the ERS liability.

For the year ended December 31, 2020, the Authority recognized pension expense of \$531,971. At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	ERS	
Differences between expected and actual experiences	\$ 83,184	\$ -
Changes in assumptions	28,459	24,574
Net difference between projected and actual earnings on pension plan investments	724,572	-
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	90,556	-
Authority contributions subsequent to the measurement date	173,741	-
Total	<u>\$ 1,100,512</u>	<u>\$ 24,574</u>

Deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	ERS
2021	\$ 174,579
2022	231,843
2023	276,579
2024	219,196

***Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption***—The chart below represents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the Authority's proportionate share of the net pension liability would be if they were calculated using a discount rate that is one percentage-point lower (5.8%) or one percentage point higher (7.8%) than the current assumption.

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Employer's proportionate share of the net pension liability—ERS	\$ 2,593,968	\$ 1,413,389	\$ 326,071



The actuarial assumptions, asset allocations and pension plan fiduciary net position are the same as those disclosed for the System within the County's portion of the footnote.

**iv) Aggregate Nonmajor Discretely Presented Component Units**

The SWCD participates in the ERS. The actuarial assumptions, asset allocations and pension plan fiduciary net position are the same as those disclosed for the system within the County's primary government section of this footnote. At December 31, 2020, the SWCD reported a net pension liability of \$372,934, deferred outflows of resources in the amount of \$248,645, and deferred inflows of resources in the amount of \$51,781.

***Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption***—The chart below represents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the SWCD's proportionate share of the net pension liability would be if they were calculated using a discount rate that is one percentage-point lower (5.8%) or one percentage point higher (7.8%) than the current assumption.

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Employer's proportionate share of the net pension liability—ERS	\$ 684,438	\$ 372,934	\$ 86,036

The actuarial assumptions, asset allocations and pension plan fiduciary net position are the same as those disclosed for the System within the County's portion of the footnote.

**8. OTHER POSTEMPLOYMENT BENEFITS ("OPEB") OBLIGATION**

***Plan Description***—Dutchess County Retiree Medical Program is a single-employer defined benefit healthcare plan administered by the New York State Employee Retirement System. The County provides certain health care benefits for retired employees including employees at the Airport (enterprise fund). The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the primary government may vary according to length of service. Substantially all employees may become eligible for those benefits if they reach normal retirement age and length of service requirement while working for these entities. The cost of retiree health care benefits is recognized as an expenditure as premiums are paid within the governmental funds.

***Employees Covered by Benefit Terms***—As of the January 1, 2019 valuation date, the following employees were covered by the benefit terms:

Active employees	1,442
Inactive employees or beneficiaries currently receiving benefit payments	886
Total	<u>2,328</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 ("UAAL") under GASB Statement No. 45.

### ***Total OPEB Liability***

The County's total OPEB liability for governmental and business-type activities of \$460,330,788 and \$1,552,947, respectively, was measured as of January 1, 2020, and was determined by an actuarial valuation as of January 1, 2019, with update procedures used to roll forward the total OPEB liability to December 31, 2020.

***Actuarial Methods and Assumptions***—Calculations are based on the types of benefits provided under the terms of the substantive plan, the plan as understood by the employer and the plan members, at the time of the valuation and on the pattern of cost sharing between the employer and plan members. The projection of benefits does not incorporate the potential effect of a change in the pattern of cost sharing between the employer and plan members in the future. 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, 2019 actuarial valuation, the entry age normal actuarial cost method, over a level percent of pay was used. The single discount rate changed from 3.78% effective January 1, 2019 to 2.74% effective January 1, 2020. The salary scale assumed to increase at 3.5% per year. The RPH-2014 Total Dataset Mortality Tables, adjusted for mortality improvements with scale MP-2019 on a fully generational basis, were used for mortality rates. The 2015 New York State Employees' Retirement System rates were used for retirement rates. This rate was based on the April 1, 2010 to March 31, 2015 experience study released by the Retirement System's actuary and published in their August 2015 report. In order to estimate the change in the cost of healthcare, the actuaries healthcare cost trend rate used is 6.8%.

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

	Total OPEB Liability	
	Governmental Activities	Business-type Activities
Balances at December 31, 2019	<u>\$ 350,081,057</u>	<u>\$ 1,150,882</u>
Changes for the year:		
Service cost	11,036,673	38,110
Interest	14,624,914	48,717
Changes in assumptions and other inputs	93,413,115	316,798
Benefit payments	<u>(8,824,971)</u>	<u>(1,560)</u>
Net changes	<u>110,249,731</u>	<u>402,065</u>
Balances at December 31, 2020	<u><u>\$ 460,330,788</u></u>	<u><u>\$ 1,552,947</u></u>

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

	1% Decrease (1.74%)	Current Discount Rate (2.74%)	1% Increase (3.74%)
Governmental activities:			
Total OPEB liability	\$ 552,169,093	\$ 460,330,788	\$ 388,761,501
Business-type activities:			
Total OPEB liability	\$ 1,862,768	\$ 1,552,947	\$ 1,311,505

Additionally, healthcare costs can be subject to considerable volatility over time. The table below presents the effect on the total OPEB liability of a 1% change in current (6.8%) healthcare cost trend rates.

	1% Decrease (5.8%)	Healthcare Cost Trend Rates (6.8%)	1% Increase (7.8%)
Governmental activities:			
Total OPEB liability	\$ 378,103,341	\$ 460,330,788	\$ 569,495,588
Business-type activities:			
Total OPEB liability	\$ 1,275,549	\$ 1,552,947	\$ 1,921,219

***Funding Policy***—Contributions by the primary government may vary according to length of service. The cost of providing postemployment health care benefits is shared between the County and the retired employee. Substantially all employees may become eligible for those benefits if they reach normal retirement age and length of service requirement while working for these entities. The cost of retiree health care benefits is recognized as an expenditure as premiums are paid within the governmental funds. For the year ended December 31, 2020, the County's governmental and business-type activities recognized OPEB expense of \$36,931,887 and \$99,846, respectively.

***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 total OPEB liability. The table below presents the County's deferred outflows of resources and deferred inflows of resources at December 31, 2020.

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Changes in assumptions and other inputs	\$ 90,205,529	\$ 312,748	\$ 33,768,199	\$ 221,815
Differences between expected and actual experience	2,228,045	7,324	-	-
Benefit payments subsequent to the measurement date	10,175,853	5,745	-	-
Total	<u>\$ 102,609,427</u>	<u>\$ 325,817</u>	<u>\$ 33,768,199</u>	<u>\$ 221,815</u>

The County's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	Governmental Activities	Business-type Activities
2021	\$ 11,264,452	\$ 18,867
2022	11,264,452	18,867
2023	11,264,452	18,867
2024	9,799,824	16,413
2025 and thereafter	15,072,195	25,243

## Discretely Presented Component Units

### i) Dutchess Community College

#### *Plan Description*

The College's single-employer defined benefit OPEB plan, which is administered by the College, provides medical and Medicare Part B benefits to retired employees and their eligible dependents. The authority to establish and amend the benefit terms and financing requirements rests with the College Board of Trustees through negotiations with its employee groups. The plan does not accumulate assets to meet its future obligation and the plan is not administered through a trust or an equivalent arrangement. The OPEB plan does not issue a stand-alone financial report.

The College funds the cost of providing health care insurance to its retirees on a pay as you go basis. Total contributions to the plan to cover the College's share of retiree's insurance premiums for the year ended August 31, 2020 was \$1,828,450.

***Employees Covered by Benefit Terms***—At September 1, 2019, the number of employees covered by the College's OPEB plan:

Active employees	425
Inactive employees or beneficiaries currently receiving benefit payments	<u>229</u>
Total	<u>654</u>

#### ***Total OPEB Liability***

The College's total OPEB liability of \$96,041,800 was measured as of September 1, 2019 and was determined by an actuarial valuation as of September 1, 2018.

***Actuarial Methods and Assumptions***—The total OPEB liability in the September 1, 2018 actuarial valuation was determined using an inflation rate of 2.20%, a payroll growth rate of 2.00%, and a discount rate of 2.97%, applied to all periods included in the measurement. The discount rate was based on the Bond Buyer 20 Year Bond GO Index, which is a 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The medical trend rates are estimated with the Medicare Part B trend expected to increase 5.0% a year. Mortality was based on RP-2014 Mortality Table, sex distinct, with generational mortality adjusted to 2006 using the MP-2014 and projected forward with scale MP-2019.

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

	Total OPEB Liability
Balance at August 31, 2019	\$ 82,435,135
Changes for the year:	
Service cost	3,295,076
Interest	3,361,450
Changes of assumptions	8,640,338
Benefit payments	(1,690,199)
Net changes	13,606,665
Balance at August 31, 2020	\$ 96,041,800

**Sensitivity of the Total OPEB Liability to the Change in the Discount Rate**—The following table presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease (1.97%)	Current Discount Rate (2.97%)	1% Increase (3.97%)
Total OPEB liability	\$ 114,606,005	\$ 96,041,800	\$ 81,434,969

**Sensitivity of the Total OPEB Liability to the Change in the Healthcare Cost Trend Rate**—The following table presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost trend rate:

	1% Decrease (4.0%)	Current Healthcare Trend Rate (5.0%)	1% Increase (6.0%)
Total OPEB liability	\$ 79,138,770	\$ 96,041,800	\$ 118,384,569

**Funding Policy**—Contributions by the primary government may vary according to length of service. The cost of providing postemployment health care benefits is shared between the College and the retired employee. Substantially all employees may become eligible for those benefits if they reach normal retirement age and length of service requirement while working for these entities. The cost of retiree health care benefits is recognized as an expense as premiums are paid. For the year ended August 31, 2020, the recognized OPEB expense was \$4,739,475.

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***—At August 31, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 7,175,874	\$ 8,357,285
Differences between expected and actual experience	-	2,222,096
Benefit payments subsequent to the measurement date	2,072,540	-
Total	<u>\$ 9,248,414</u>	<u>\$ 10,579,381</u>

The College's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending August 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending August 31,	
2021	\$ (1,917,051)
2022	(1,917,051)
2023	(950,253)
2024	62,830
2025 and thereafter	1,318,018

**ii) Dutchess County Resource Recovery Agency**

***Plan Description***

The Agency provides postemployment health insurance coverage to retired employees through a self-administered single employer plan in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the Agency's policy. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue a stand-alone financial report.

The Agency's OPEB plan subsidizes the cost of healthcare to eligible retired employees and their spouses. Eligibility is based on the respective rules of the New York State and Local Employees Retirement System ("ERS"), as well as the provisions of the Agency's agreements with its employees.

***Employees Covered by Benefit Terms***—At December 31, 2020, the Agency had 1 active employee and 5 retired employees covered by benefit terms.

***Total OPEB Liability***

The Agency's total OPEB liability of \$245,325 was determined by an actuarial valuation as of December 31, 2020.

**Actuarial Methods and Assumptions**—The total OPEB liability in the December 31, 2020 actuarial valuation was determined using an inflation rate of 3.0%, a discount rate of 3.0%, and healthcare cost trend rates ranging from 7.6% to 3.0%, reduced incrementally to an ultimate rate of 4.7% to 3.0%, applied to all periods included in the measurement. The discount rate was based on a review of the yield derived from the 20 Year AA Municipal GO Bond Rate Index per Fidelity Investments. Mortality was based on RP-2000 Mortality Table.

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

	Total OPEB Liability
Balance at December 31, 2019	\$ 245,260
Changes for the year:	
Service cost	82,323
Interest	9,064
Changes of assumptions	(40,004)
Benefit payments	(51,318)
Net changes	65
Balance at December 31, 2020	\$ 245,325

**Sensitivity of the Total OPEB Liability to the Change in the Discount Rate**—The following table presents the total OPEB liability of the Agency, as well as what the Agency's total OPEB liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current discount rate.

	1% Decrease (2.0%)	Current Discount Rate (3.0%)	1% Increase (4.0%)
Total OPEB liability	\$ 264,655	\$ 245,325	\$ 227,992

**Sensitivity of the Total OPEB Liability to the Change in the Healthcare Cost Trend Rate**—The following table presents the total OPEB liability of the Agency, as well as what the Agency's total OPEB liability would be if it was calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost trend rate:

	1% Decrease (6.6%/3.7%)	Current Healthcare Trend Rate (7.6%/4.7%)	1% Increase (8.6%/5.7%)
Total OPEB liability	\$ 226,970	\$ 245,325	\$ 265,436

### iii) Dutchess County Water and Wastewater Authority

#### *Plan Description*

The Authority provides continuation of medical insurance coverage to employees that retire under the New York State Retirement Systems at the same time they end their service to the Authority. The benefit levels, employee contributions, and employer contributions are governed by the Authority's contractual agreements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

***Employees Covered by Benefit Terms***—At December 31, 2020, the Authority had 26 active employees, 8 retired employees, and 1 terminated employee covered by benefit terms.

#### *Total OPEB Liability*

The Authority's total OPEB liability of \$3,892,637 was determined by an actuarial valuation as of December 31, 2020.

***Actuarial Methods and Assumptions***—The total OPEB liability in the December 31, 2020 actuarial valuation was determined using an inflation rate of 2.50%, a discount rate of 2.12%, and healthcare cost trend rates ranging from 5.90% to 3.00%, reduced incrementally to an ultimate rate of 4.30% to 3.00%, applied to all periods included in the measurement. The discount rate was based on a review of the yield derived from the 20 Year AA Municipal GO Bond Rate Index per Fidelity Investments. Mortality rates were based on April 1, 2010 – March 31, 2015 NYSLRS experience, with adjustments for mortality improvements based on the SOA Scale MP-2014.

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

	Total OPEB Liability
Balance at December 31, 2019	\$ 3,039,243
Changes for the year:	
Service cost	139,938
Interest	86,348
Change of benefit terms	360,863
Changes of assumptions	322,193
Benefit payments	(55,948)
Net changes	853,394
Balance at December 31, 2020	\$ 3,892,637

***Sensitivity of the Total OPEB Liability to the Change in the Discount Rate***—The following table presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease (1.12%)	Current Discount Rate (2.12%)	1% Increase (3.12%)
Total OPEB liability	\$ 4,514,144	\$ 3,892,637	\$ 3,392,773



***Sensitivity of the Total OPEB Liability to the Change in the Healthcare Cost Trend Rate***—The following table presents the total OPEB liability of the Authority, as well as what the Authority’s total OPEB liability would be if it calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost trend rate, which ranges from 5.9% to 3.0%, while the ultimate healthcare cost trend rate is 4.3%.

	1% Decrease (4.9%/3.3%)	Current Healthcare Trend Rate (5.9%/4.3%)	1% Increase (6.9%/5.3%)
Total OPEB liability	\$ 3,331,754	\$ 3,892,637	\$ 4,599,481

## 9. DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

As of October 1, 1997 the New York State Deferred Compensation Board (the “Board”) created a Trust and Custody agreement making Chase Manhattan Bank the Trustee and Custodian of the Plan. Since the Board is no longer the trustee of the plan, the plan no longer meets the criteria for inclusion in New York State’s financial statements. Municipalities which participate in New York State’s Deferred Compensation Plan are no longer required to record the value of the plan assets. At December 31, 2020, the market value, as reported by the New York State Deferred Compensation Plan, of the plan assets totaled \$209,035,904.

## 10. RISK MANAGEMENT

The County is exposed to various risks of loss related to property damage and destruction of assets, vehicle liability, injuries to employees, and unemployment insurance. The County purchases commercial insurance to cover such potential risks. The County purchases insurance for general liability, property, automobile, building, law enforcement, crime, airport, public entity management, employment related practices liability, foster care liability and owners and contractors protective (OCP Liability) and medical malpractice coverage. The general liability insurance is limited to \$1 million per occurrence and an aggregate \$2 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 Plan maintains insurance coverage for claims in excess of \$1,100,000. The County estimates \$1,000,000 related to general claims against the County which is recorded within governmental activities long-term liabilities at December 31, 2020.

The Dutchess County Self-Insured Workers’ Compensation Plan (the “Plan”) was organized in 1980 to provide a program of workers’ compensation coverage for its member organizations. All political subdivisions in the County are eligible to participate. The Plan’s general objectives are to formulate, develop, and administer, on behalf of the member political subdivisions, a program of workers’ compensation insurance and to develop a comprehensive loss control program. Plan members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Plan were to be exhausted, members would not be responsible for the Plan’s liabilities but would remain responsible for their individual liabilities, which would include their estimated claims and related administrative obligations. A Plan member would also be responsible for its individual liabilities if it were to withdraw from the Plan.

Plan members currently include one city, nine towns, three villages, Dutchess Community College, Dutchess County Resource Recovery Agency and Dutchess County. The County is the predominant participant in the workers' compensation risk pool and, therefore, the activity of the Plan is recorded in the County's General Fund.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following information supplied by the Plan Administrator represents changes in those aggregate liabilities for the Plan during the past two years:

Year Ended December 31,	Liability, Beginning of Year	Claims and Adjustments	Claim Payments and Adjustments	Liability, End of Year
2020	\$ 28,515,544	\$ 3,890,921	\$ 4,170,351	\$ 28,236,114
2019	28,358,305	3,896,287	3,739,048	28,515,544

The financial information for the self-insurance plan is reported on the modified accrual basis within the General Fund. The liability for workers' compensation claims payable is recorded within governmental activities long-term liabilities at December 31, 2020.

## 11. LEASES

**Operating Leases**—The County leases buildings, equipment and office space under non-cancelable operating leases. Total costs for such leases were \$3,649,540 and \$89,038 for governmental activities and business-type activities, respectively, for the year ended December 31, 2020.

Future minimum lease payments at December 31, 2020 are presented below:

Year Ending December 31,	Governmental Activities	Business-type Activities	Total
2021	\$ 3,654,325	\$ 42,932	\$ 3,697,257
2022	2,912,089	42,532	2,954,621
2023 and thereafter	19,219,541	21,000	19,240,541
Total	<u>\$ 25,785,955</u>	<u>\$ 106,464</u>	<u>\$ 25,892,419</u>

### Discretely Presented Component Units:

#### i) Dutchess Community College

**Capital Lease**—The College entered into a capital lease to finance the construction of energy saving improvements and equipment. The lease financed \$3,148,000 for these improvements during 2007 with a final maturity of May 29, 2023. The interest rate on the lease is 4.42% with monthly principal and interest payments of \$24,942. The future minimum payments required under the lease as of August 31, 2020 are presented below:

Year Ending August 31,	Principal	Interest
2021	\$ 270,545	\$ 27,764
2022	282,748	15,515
2023	220,399	3,268
Total	<u>\$ 773,692</u>	<u>\$ 46,547</u>

**Operating Leases**—The College leases buildings and equipment for use in its operations under operating lease agreements which expire at various times through August 2035. The agreements require the following minimum future annual lease payments as of August 31, 2020:

<u>Year Ending August 31,</u>	
2021	\$ 1,031,849
2022	935,425
2023	780,204
2024	870,207
2025	891,957
Thereafter	<u>10,798,980</u>
Total	<u>\$ 15,308,622</u>

Rent expense for the year ended August 31, 2020 was \$631,565.

## 12. LONG-TERM LIABILITIES

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

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums 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 bonds payable, compensated absences, workers' compensation and general claims, other postemployment benefits ("OPEB") obligation, and net pension liability. A summary of changes in the County's long-term liabilities for the year ended December 31, 2020 is presented on the following page.

	Balance 1/1/2020 (as restated)	Increases	Decreases	Balance 12/31/2020	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
Serial bonds	\$ 151,265,124	\$ 37,640,000	\$ 13,518,266	\$ 175,386,858	\$ 14,286,585
Premiums on serial bonds	9,196,748	760,244	876,389	9,080,603	915,744
DTASC tobacco settlement bonds	48,210,000	-	1,010,000	47,200,000	4,150,000
Premium on DTASC bonds	3,565,743	-	74,703	3,491,040	306,945
DTASC subordinate turbo CABs	6,728,414	468,789	-	7,197,203	-
Total bonds payable	218,966,029	38,869,033	15,479,358	242,355,704	19,659,274
Compensated absences	9,912,576	1,086,366	602,514	10,396,428	519,821
Workers' compensation and general claims	29,515,544	3,890,921	4,170,351	29,236,114	4,985,001
OPEB obligation	350,081,057	119,074,702	8,824,971	460,330,788	-
Net pension liability*	32,351,118	93,703,972	-	126,055,090	-
Total governmental activities	<u>\$ 640,826,324</u>	<u>\$ 256,624,994</u>	<u>\$ 29,077,194</u>	<u>\$ 868,374,124</u>	<u>\$ 25,164,096</u>
<b>Business-type activities:</b>					
Bonds payable:					
Airport bonds	\$ 1,163,904	\$ 90,000	\$ 185,162	\$ 1,068,742	\$ 210,930
Transportation bonds	610,972	-	256,572	354,400	132,589
Premiums on serial bonds	169,120	1,818	11,775	159,163	11,866
Total bonds payable	1,943,996	91,818	453,509	1,582,305	355,385
Compensated absences	43,641	23,252	3,163	63,730	3,186
OPEB obligation	1,150,882	403,625	1,560	1,552,947	-
Net pension liability*	128,319	380,834	-	509,153	-
Total business-type activities	<u>\$ 3,266,838</u>	<u>\$ 899,529</u>	<u>\$ 458,232</u>	<u>\$ 3,708,135</u>	<u>\$ 358,571</u>

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

**Serial Bonds**—General obligation bonds of the County (not including the DTASC debt) are issued principally as serial bonds, which are due at various times through 2048. The bonds are issued primarily to finance acquisition or construction of capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the County. Principal and interest payments are included in the expenditures of the General Fund. The County has utilized 7.4% of its constitutional debt limit as of December 31, 2020.

On March 25, 2020, the County issued \$37,730,000 in public improvement serial bonds for various capital improvements and equipment purchases. Series 2020 bonds of \$37,730,000 were issued at a premium of \$762,062, carry an interest rate of 2.00 percent, and mature in March 2040.

Under current law, provision is made for contract creditors, including bondholders and noteholders of the County to enforce payments upon such contracts, if necessary, through court action, although the present statute limits interest on the amount adjudged due to creditors to nine per centum per annum from the date due to the date of payment.

A summary of additions and payments for the year ended December 31, 2020 is shown below:

Description	Maturity Date	Interest Rate (%)	Balance 1/1/2020 (as restated)	Increases	Decreases	Balance 12/31/2020
<b>Governmental activities:</b>						
2009 Refunding Series B	2021	3.00-4.00	\$ 870,000	\$ -	\$ 465,000	\$ 405,000
2011 Refunding	2022	2.00-5.00	380,502	-	137,600	242,902
2012 Public Improvement	2032	2.00-4.00	4,218,500	-	604,500	3,614,000
2013 Public Improvement	2033	2.00-4.13	2,301,000	-	261,000	2,040,000
2014 Public Improvement	2034	2.13-5.00	11,127,000	-	838,000	10,289,000
2015 Public Improvement	2035	2.00-5.00	15,547,000	-	2,747,000	12,800,000
2015 Refunding	2027	2.00-5.00	6,344,026	-	1,227,000	5,117,026
2016 Public Improvement	2028	3.00-4.00	8,040,000	-	1,625,000	6,415,000
2017 Public Improvement	2037	2.00-3.00	4,305,000	-	295,000	4,010,000
2018 Public Improvement Series A	2038	3.00-3.25	13,424,000	-	1,302,000	12,122,000
2018 Public Improvement Series B	2048	3.25-4.00	39,780,000	-	840,000	38,940,000
2019 Public Improvement Series A	2039	3.00-5.00	14,360,000	-	1,248,500	13,111,500
2019 Public Improvement Series B	2048	3.00-5.00	20,000,000	-	90,000	19,910,000
2019 Refunding	2031	2.00-5.00	10,568,096	-	1,837,666	8,730,430
2020 Public Improvement	2040	2.00	-	37,640,000	-	37,640,000
Total governmental activities			<u>\$ 151,265,124</u>	<u>\$ 37,640,000</u>	<u>\$ 13,518,266</u>	<u>\$ 175,386,858</u>
<b>Business-type activities:</b>						
2011 Refunding—Airport	2022	2.00-5.00	\$ 134,499	\$ -	\$ 42,400	\$ 92,099
2012 Public Improvement—Transportation	2032	2.00-4.00	6,500	-	500	6,000
2013 Public Improvement—Airport	2033	2.00-4.13	199,000	-	49,000	150,000
2014 Public Improvement—Airport	2034	2.13-5.00	8,000	-	2,000	6,000
2015 Public Improvement—Transportation	2035	2.00-5.00	123,000	-	123,000	-
2015 Refunding—Airport	2035	2.00-5.00	138,046	-	53,000	85,046
2015 Refunding—Transportation	2027	2.00-5.00	162,927	-	20,000	142,927
2017 Public Improvement	2037	2.00-3.00	60,000	-	20,000	40,000
2018 Public Improvement—Transportation	2038	3.00-3.25	156,000	-	78,000	78,000
2019 Public Improvement Series A—Airport	2039	3.00-5.00	640,000	-	31,500	608,500
2019 Refunding—Airport	2031	2.00-5.00	44,358	-	7,262	37,096
2019 Refunding—Transportation	2031	2.00-5.00	102,546	-	15,072	87,474
2020 Public Improvement—Airport	2040	2.00	-	90,000	-	90,000
Total business-type activities			<u>\$ 1,774,876</u>	<u>\$ 90,000</u>	<u>\$ 441,734</u>	<u>\$ 1,423,142</u>

**DTASC Debt**—In 2003, DTASC issued \$47,815,000 of the New York Counties Tobacco Trust III Tobacco Settlement Pass-Through Bonds, Series 2003 (“Series 2003 Term Bonds”) pursuant to an indenture dated as of December 18, 2003. The issue value of the bonds was \$45,912,363, net of a bond discount of \$1,902,637. Net proceeds were paid to the County for deposit to an escrow fund as a purchase from the County of all of the County’s right, title and interest, under the MSA and the Decree, including the Tobacco Settlement Revenues (“TSR”). On September 22, 2016, DTASC issued \$49,520,000 of Tobacco Settlement Asset Backed Refunding Bonds, Series 2016. The Series 2016 bonds and additional consideration received as a result of the refunding transaction were used to redeem or exchange all of DTASC’s Tobacco Settlement Asset Backed Bonds Series 2003 outstanding in the aggregate principal amount of \$22,250,000. As a result, the Series 2003 Term Bonds have been removed from the financial statements. Additionally, the Series 2016 Bonds’ proceeds were used to acquire by negotiated purchase the initial principal amount of outstanding NYCTT Subordinate Bonds component S4B attributable to DTASC, to cancel the related NYCTT Subordinate Bonds component S2, and redeem NYCTT Subordinate Bonds component S1 bonds.

On November 15, 2005, DTASC participated in New York Counties Tobacco Trust V (“NYCTT”), along with 23 other New York County Tobacco Corporations, and issued Tobacco Settlement Pass-Through Bonds—Subordinate Turbo CABs in various series for the purpose of securitizing additional future tobacco settlement revenues. The proceeds of these bonds, \$26,236,279 (after the deduction of \$736,279 in bond issuance and underwriter costs), were used to purchase tobacco settlement rights from the County. The issuance had four components and payments on the Subordinate Turbo CABs were subordinate to the Series 2003 Term Bonds. As a result of the Tobacco Asset Back Refunding Bonds, Series 2016 transaction as described below, only the Series 2005 S3 Subordinate Turbo CABs remain.

The payment of the Series 2003 Term Bonds and the Subordinate Turbo Bonds is dependent on the receipt of TSRs. The amount of TSRs actually collected is dependent on many factors including cigarette consumption and the continued operations of the OPMs. Such bonds are secured by and payable solely from TSRs and investment earnings pledged under the Bond Indenture and amounts established and held in accordance with the Bond Indenture. In the event sufficient funds are not available to meet Planned Payment Maturities, Rated Maturity dates will be used.

Changes in DTASC bonds payable for the year ended December 31, 2020 are presented as follows:

Description	Year of Maturity	Yield	Balance 1/1/2020	Increases	Decreases	Balance 12/31/2020	Amounts Due Within One Year*
Tobacco Settlement Bonds:							
Series 2016	2035	various	\$ 48,210,000	\$ -	\$ 1,010,000	\$ 47,200,000	\$ 4,150,000
Plus: Bond premium			3,565,743	-	74,703	3,491,040	306,945
Net Tobacco Settlement Bonds			<u>\$ 51,775,743</u>	<u>\$ -</u>	<u>\$ 1,084,703</u>	<u>\$ 50,691,040</u>	<u>\$ 4,456,945</u>

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

DTASC debt service requirements based upon planned principal payments for Tobacco Settlement Bonds, Series 2016 are as follows:

Year Ending December 31,	Principal	Interest	Total
2021	\$ 4,150,000	\$ 2,388,300	\$ 6,538,300
2022	1,990,000	2,204,100	4,194,100
2023	2,120,000	2,080,800	4,200,800
2024	2,245,000	1,949,850	4,194,850
2025	2,395,000	1,810,650	4,205,650
2026-2030	14,370,000	6,872,150	21,242,150
2031-2035	19,930,000	2,692,750	22,622,750
Total	<u>\$ 47,200,000</u>	<u>\$ 19,998,600</u>	<u>\$ 67,198,600</u>

**Subordinate Turbo CABs**—Interest on the Subordinate Turbo CABs is compounded semi-annually 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 payable liability.

A summary of the Subordinate Turbo CABs net bond balance activity for the year ended December 31, 2020 follows:

	Interest Rate	Original Principal	Balance 1/1/2020	Annual Net Interest Accretion	Reductions	Balance 12/31/2020
Subordinate	6.00%-					
Turbo CABs	7.85%	<u>\$ 2,604,375</u>	<u>\$ 6,728,414</u>	<u>\$ 468,789</u>	<u>\$ -</u>	<u>\$ 7,197,203</u>

Redemption of the Subordinate Turbo CABs as outlined in the New York Counties Tobacco Trust VI Tobacco Settlement Pass-Through Bonds, Series 2016 official statement totals \$26,236,279 and is scheduled to be paid from 2035 to 2040, while early payment is allowed. During the year ended December 31, 2020, DTASC did not make any redemption payments. Outstanding Subordinate Turbo CABs consist of one installment, Series 2005 S3. Any debt service amounts not paid in accordance with the Turbo Redemption Payments schedule will be due and payable on June 1, 2055.

**Amortization of Bond Premiums**—During the year ended December 31, 2020, the County issued serial bonds which included a bond premium of \$762,062. Additionally, during previous years, the County issued advanced refunding serial bonds which included bond premiums. The premiums are being amortized on a straight-line basis over the life of the bonds. The total unamortized premium of the County as of December 31, 2020 was \$9,080,603 and \$159,163 for governmental and business-type activities, respectively. Additionally, DTASC issued Tobacco Settlement Asset Backed Refunding Bonds during the year ended December 31, 2016 which included a bond premium. The total unamortized premium of the DTASC as of December 31, 2020 was \$3,491,040.

**Compensated Absences**—As explained in Note 1, compensated absences are recorded in the government-wide and proprietary fund financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees which are included in wages and benefits. The payment of compensated absences is dependent on many factors and, therefore, cannot be reasonably estimated as to future timing of payment. The annual budgets of operating funds provide for such as amounts become payable. The values recorded at December 31, 2020 for governmental and business-type activities are \$10,396,428 and \$63,730, respectively, of which \$519,821 and \$3,186 is expected to become due within one year, respectively.

**Workers' Compensation and General Claims**—As explained in Note 10, the County is self-insured. Liabilities are established for workers' compensation and general claims in accordance with GASB requirements. At December 31, 2020, the County reported \$28,236,114 of workers' compensation liability and \$1,000,000 as general claims. Estimated long-term contingent loss liabilities in the governmental fund types have been reported as long-term liabilities in the government-wide financial statements. The proprietary funds have no loss contingency liability other than workers' compensation, which is only recognized when invoiced from the County.

**OPEB Obligation**—As explained in Note 8, the County provides medical, dental, and life insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. The County's annual OPEB cost is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

The County's long-term OPEB obligation is estimated to be \$460,330,788 and \$1,552,947 at December 31, 2020 for governmental and business-type activities, respectively.

**Net Pension Liability**—The County reports a liability for its proportionate share of the net pension liability for the Employees' Retirement System. The net pension liability is estimated to be \$126,055,090 and \$509,153 in the governmental and business-type activities, respectively. Refer to Note 7 for additional information related to the County's net pension liability.

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

Governmental Activities					
Year Ending December 31,	Serial Bonds	Premiums on Serial Bonds	DTASC		DTASC Subordinate Turbo CABs
			Tobacco Settlement Bonds	Premium on DTASC Bonds	
2021	\$ 14,286,585	\$ 915,744	\$ 4,150,000	\$ 306,945	\$ -
2022	12,766,031	828,794	1,990,000	147,186	-
2023	11,488,278	828,793	2,120,000	156,801	-
2024	11,153,738	609,843	2,245,000	166,046	-
2025	10,788,215	609,843	2,395,000	177,141	-
2026-2030	42,271,615	2,700,462	14,370,000	1,062,844	-
2031-2035	30,359,500	1,871,496	19,930,000	1,474,077	-
2036-2040	19,648,000	715,628	-	-	-
Thereafter	22,624,896	-	-	-	7,197,203
Total	<u>\$ 175,386,858</u>	<u>\$ 9,080,603</u>	<u>\$ 47,200,000</u>	<u>\$ 3,491,040</u>	<u>\$ 7,197,203</u>

(continued)

Governmental Activities					
Year Ending December 31,	Compensated Absences	Workers' Compensation and General Claims	OPEB Obligation	Net Pension Liability	Total
2021	\$ 519,821	\$ 4,985,001	\$ -	\$ -	\$ 25,164,096
2022	-	-	-	-	15,732,011
2023	-	-	-	-	14,593,872
2024	-	-	-	-	14,174,627
2025	-	-	-	-	13,970,199
2026-2030	-	-	-	-	60,404,921
2031-2035	-	-	-	-	53,635,073
2036-2040	-	-	-	-	20,363,628
Thereafter	9,876,607	24,251,113	460,330,788	126,055,090	650,335,697
Total	<u>\$ 10,396,428</u>	<u>\$ 29,236,114</u>	<u>\$ 460,330,788</u>	<u>\$ 126,055,090</u>	<u>\$ 868,374,124</u>

(concluded)



Year Ending December 31,	Business-type Activities						Total
	Airport Bonds	Transportation Bonds	Premiums on Serial Bonds	Compensated Absences	OPEB Obligation	Net Pension Liability	
2021	\$ 210,930	\$ 132,589	\$ 11,866	\$ 3,186	\$ -	\$ -	\$ 358,571
2022	195,373	48,596	11,866	-	-	-	255,835
2023	115,773	40,949	11,866	-	-	-	168,588
2024	39,821	41,441	11,866	-	-	-	93,128
2025	41,845	34,939	11,866	-	-	-	88,650
2026-2030	168,500	54,886	59,332	-	-	-	282,718
2031-2035	169,500	1,000	26,894	-	-	-	197,394
2036-2040	127,000	-	13,607	-	-	-	140,607.00
Thereafter	-	-	-	60,544	1,552,947	509,153	2,122,644
Total	<u>\$ 1,068,742</u>	<u>\$ 354,400</u>	<u>\$ 159,163</u>	<u>\$ 63,730</u>	<u>\$ 1,552,947</u>	<u>\$ 509,153</u>	<u>\$ 3,708,135</u>

Interest requirements relating to bonds payable are as follows:

Year Ending December 31,	Governmental Activities	Business-type Activities	Total
2021	\$ 5,769,321	\$ 49,574	\$ 5,818,895
2022	4,873,659	37,029	4,910,688
2023	4,419,503	28,864	4,448,367
2024	4,035,528	24,705	4,060,233
2025	3,690,562	21,325	3,711,887
2026-2030	14,153,353	68,657	14,222,010
2031-2035	8,877,845	32,706	8,910,551
2036-2040	5,378,632	8,008	5,386,640
Thereafter	3,419,336	-	3,419,336
Total	<u>\$ 54,617,739</u>	<u>\$ 270,868</u>	<u>\$ 54,888,607</u>

### Discretely Presented Component Units

#### i) Dutchess Community College

The following table summarizes changes in the College's long-term liabilities for the year ended August 31, 2020:

	Balance 9/1/2019	Additions	Reductions	Balance 8/31/2020	Due Within One Year
Capital lease obligations	\$ 1,032,560	\$ -	\$ 258,868	\$ 773,692	\$ 270,545
Compensated absences	2,863,810	-	82,409	2,781,401	-
OPEB obligation	82,435,135	13,606,665	-	96,041,800	-
Net pension liability	3,035,807	9,415,699	-	12,451,506	-
Total long-term liabilities	<u>\$ 89,367,312</u>	<u>\$ 23,022,364</u>	<u>\$ 341,277</u>	<u>\$ 112,048,399</u>	<u>\$ 270,545</u>

**Capital Leases**—As explained in Note 11, the College entered into an installment purchase agreement for equipment. At August 31, 2020, the future minimum lease obligation is \$773,692.

**Compensated Absences**—The College recognizes a liability for vested sick leave and other compensated absences with similar characteristics to the extent it is probable that the College will compensate the employees for the benefits through cash payments at retirement rather than be taken as absences due to illness or other contingencies. The value recorded at August 31, 2020 for the College is \$2,781,401.

**OPEB Obligation**—As explained in Note 8, the College provides medical, dental, and life insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. The College's annual OPEB cost is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The College's long-term OPEB obligation is estimated to be \$96,041,800 at August 31, 2020.

**Net Pension Liability**—The College reported a liability, \$12,451,506, for its proportionate share of the net pension liability for the Teachers Retirement System and Employee Retirement System. Refer to Note 7 for additional information related to the College's net pension liability.

Other long-term liabilities reported for the College include serial bonds, the fair value of an interest rate swap agreement, and a paycheck protection program loan of the Dutchess Community College Association, a discretely presented component unit of the College, in the amounts of \$22,947,453, of which \$725,606 is due within one year, \$(251,831), and \$189,600, respectively.

## ii) Dutchess County Resource Recovery Agency

**Bonds Payable**—In May 2017, the Agency issued the 2017 Series Refunding Bonds in the amount of \$12,130,000 to refund the outstanding principal amount of the Agency's 2007 Series bonds. The 2007 Series bonds had been issued to fund improvements required by compliance with the Clean Air Act (US Code Title 42, Chapter 85, as amended). The Agency received a bond premium in the amount of \$1,500,243, paid certain costs of issuance and established a debt reserve fund as part of the refunding. The Agency incurred a loss on refunding as a result of this transaction in the amount of \$282,501. Additionally, the Agency reports an unamortized premium at December 31, 2020 in the amount of \$950,154.

Annual amortization and sinking fund requirements for bonds payable are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,105,000	\$ 416,875	\$ 1,521,875
2022	1,165,000	360,125	1,525,125
2023	1,220,000	300,500	1,520,500
2024	1,280,000	238,000	1,518,000
2025	1,350,000	172,250	1,522,250
2026-2027	<u>2,770,000</u>	<u>137,000</u>	<u>2,907,000</u>
Total	<u>\$ 8,890,000</u>	<u>\$ 1,624,750</u>	<u>\$ 10,514,750</u>

The Agency must obtain additional certifications regarding events of default occurring, landfill capacity and the quantity of waste processed. The Agency must maintain various accounts, described as restricted assets, which are subject to minimum funding requirements. At December 31, 2020 these debt service reserves exceeded their funding requirements.

**OPEB Obligation**—As explained in Note 8, the Agency provides certain benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. The Agency’s annual OPEB cost is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service (total OPEB liability), less the amount of the OPEB plan’s fiduciary net position. The Agency’s long-term OPEB obligation is estimated to be \$245,325 at December 31, 2020.

**Net Pension Liability**—As explained in Note 7, the Agency reports a liability for its proportionate share of the net pension liability for the Employees’ Retirement System. The net pension liability is estimated to be \$64,086.

### iii) Dutchess County Water and Wastewater Authority

The following table summarizes changes in the Authority’s long-term liabilities for the year ended December 31, 2020 is presented below:

	Balance 1/1/2020	Additions	Payments	Balance 12/31/2020	Due Within One Year
Bonds payable*	\$ 37,536,959	\$ 2,603,417	\$ 3,061,167	\$ 37,079,209	\$ 2,052,436
Long-term bond anticipation notes	2,000,957	1,408,540	2,043,149	1,366,348	-
OPEB liability	3,039,243	853,394	-	3,892,637	-
Net pension liability	357,983	1,055,406	-	1,413,389	-
Total	<u>\$ 42,935,142</u>	<u>\$ 5,920,757</u>	<u>\$ 5,104,316</u>	<u>\$ 43,751,583</u>	<u>\$ 2,052,436</u>

\*Bonds payable increased by \$758,971 in adjustments for accreted interest on 1998 Series I debt, 2009 debt, net of 2020 maturities of \$1,013,416.

**Bond Anticipation Notes (“BANs”)**—In February 2017, the Authority authorized financing of \$3,752,144 with New York State Environmental Facilities Corporation maturing in February 2022. This BAN was converted to permanent financing during 2020.

In May 2018, the Authority authorized financing of \$3,996,167 with New York State Environmental Facilities Corporation maturing in May 2023. The purpose of the notes is to provide the Authority with funds to pay for improvements to the Greenfields Sewer District wastewater treatment plan process and collection system. Such financing was revised during 2020 to include \$478,765 in grant funding and \$4,511,363 in loan funding. During the year ended December 31, 2020, there were drawdowns of \$1,366,348 on the loan funding.

In November 2018, the Authority received authorization for financing of improvements to the Pinebrook Water System, in the amount of \$3,609,770 through the New York State Environmental Facilities Corporation. Such financing included \$2,033,705 in grant funding and \$1,576,065 in loan funding. During the year ended December 31, 2020, there was no drawdowns on the loan funding.

**Bonds Payable**—The Authority issues revenue bonds to finance the acquisition of systems and the cost of the capital renovations to those systems and to pay costs of issuance.

During the year ended December 31, 2020, the Authority issued New York State Environmental Facilities Corporation Bond Series 2020B (\$1,875,687) due in various installments through 2020, with an interest rate of 0.23%-2.67%.

Debt service requirements to maturity as of December 31, 2020 are presented below.

Description	Maturity	Interest Rate (%)	Balance 12/31/2020
1998 Revenue Bonds (Zero Coupon) Series One	2029	3.90-5.40	\$ 3,336,226
2001 Service Agreement Revenue (Refunding) Bond Series 2001	2041	3.00-5.36	1,078,410
2004 Water Service Agreement Revenue Bond Series 2004	2024	2.00-4.25	565,000
2004 Sewer Service Agreement Revenue Bond Series 2004	2024	2.00-4.25	590,000
2009 Water Service Agreement Revenue Bond Series 2009	2029	3.00-5.00	1,094,143
2009 Water Service Agreement Revenue Bond Series 2009	2039	5.62-5.96	253,381
Water Revolving Fund Revenue (Refunding) Bond Series 2011C	2023	0.54-3.17	305,000
2011 Service Agreement Revenue Bond Series 2011	2041	3.50-4.25	1,610,000
New York State Environmental Facilities Corporation Revenue Refunding Bond Series 2014B	2026	0.15-2.75	190,000
New York State Environmental Facilities Corporation Revenue Refunding Bond Series 2014B	2037	0.15-4.20	1,555,000
New York State Environmental Facilities Corporation Bond Series 2016	2025	4.36-4.96	650,000
New York State Environmental Facilities Corporation Bond Series 2016 B	2044	0.55-3.35	3,542,761
2016 Service Agreement Revenue Bond Series 2016	2046	1.50-3.25	1,425,000
2016 Service Agreement Revenue Refunding Bond Series 2016	2029	1.75-4.00	3,465,000
New York State Environmental Facilities Corporation Bond Series 2018	2047	N/A	3,698,688
New York State Environmental Facilities Corporation Bond Series 2018A	2043	N/A	383,180
2019 Revenue Bond Series	2049	1.80-5.00	1,295,000
New York State Environmental Facilities Corporation Bond Series 2020B	2050	0.23-2.67	1,875,687
Total bonds			26,912,476
Accreted interest recorded on zero coupon bonds			9,852,733
Unamortized bond premium			314,000
Total bonds payable			37,079,209
Portion due within one year			(2,052,436)
Net bonds payable due in more than one year			\$ 35,026,773

**Bond Covenants**—The Authority has agreed to maintain dedicated sources of revenues with respect to the projects financed in accordance with the State Act and in amounts such that the revenues of the Authority with respect to the financial projects shall be sufficient, together with all other funds available to the Authority for cash purposes, to pay all costs of operating and maintaining the projects and to pay principal and interest requirements. The bonds payable are special obligations of the Authority, collateralized by the assets of the Authority and to be amortized solely from the revenues of the Authority.

The Authority has pledged its revenues, subject to the right to pay operating expenses, its interest in its Service Agreement with Dutchess County, its interest in cash and investments held by the Bond Trustee and any other property subsequently pledged.

In addition to pledging its revenues and other rights as described on the previous page, the Authority made certain covenants including that it will fix, charge and collect water rates together with other Authority revenues in amounts sufficient to provide for operating expenses as included in the Authority's budget. The Authority also pledges to maintain, in full force and effect, the service agreement with the County, as is further described in Note 14.

The Authority has refunded several of its earlier bond issuances. The proceeds from the new bonds were used to refund a portion of the Authority's earlier bonds and pay the costs of issuance of the refunding bonds. The net proceeds of the refundings, after payment of underwriting and other issuance costs, were used to purchase state and local government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded debt. The escrowed funds have been used to make the required debt service payments such that no refunded debt is outstanding as of December 31, 2020.

### 13. 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 and business-type activities net investment in capital assets is presented below.

Capital assets, net of accumulated depreciation		\$ 273,249,526
Other noncurrent asset, net of amortization		6,856,842
Less related debt:		
Serial bonds—County	\$ (175,386,858)	
Unamortized bond premium—County	(9,080,603)	
Deferred charge/gain on refunding, net	(11,311,722)	
Serial bonds—DTASC	(47,200,000)	
Unamortized bond premium—DTASC	(3,491,040)	
Serial bonds issued on behalf of Dutchess Community College	9,881,414	
Unspent debt proceeds	<u>20,936,742</u>	<u>(215,652,067)</u>
Net investment in capital assets		<u>\$ 64,454,301</u>

#### **Business-type Activities:**

Capital assets, net of accumulated depreciation		\$ 26,325,009
Less related debt:		
Serial bonds—Airport Fund and Transportation Fund	\$ (1,423,142)	
Unamortized bond premium—Airport Fund and Transportation Fund	<u>(159,163)</u>	<u>(1,582,305)</u>
Net investment in capital assets		<u>\$ 24,742,704</u>

- **Restricted Net Position**—This category represents 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 is \$33,779,289, of which \$10,983,575 is restricted for debt service; \$7,667,647 for workers' compensation; and \$15,128,067 for other restrictions, which represents capital projects, \$9,625,749; self-insurance, \$1,920,574; and miscellaneous special reserves, \$3,581,744.

- **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, 2020 is presented below.

- **Prepaid Items**—Represents amounts prepaid to the retirement system that are applicable to future accounting periods. The General Fund and Nonmajor Funds reported amounts of \$4,682,401 and \$231,118, respectively, at December 31, 2020.
- **Inventories**—Represents the portion of fund balance, \$129,945, comprised of inventory and is nonspendable in the General Fund because inventory is not an available spendable resource.

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

	General Fund	Capital Projects Fund	DTASC Fund	Total
Restricted for:				
Workers' compensation	\$ 7,667,647	\$ -	\$ -	\$ 7,667,647
Self insurance	1,920,574	-	-	1,920,574
Capital projects	899,056	30,562,495	-	31,461,551
Debt service	4,387,441	-	3,296,134	7,683,575
Sheriff—Asset forfeiture	83,501	-	-	83,501
Sheriff—DWI and traffic safety	132,667	-	-	132,667
Aging and special needs programs	149,364	-	-	149,364
Veterans services	15,336	-	-	15,336
Green initiatives	1,527	-	-	1,527
Shared services	2,300,294	-	-	2,300,294
Total restricted fund balance	<u>\$ 17,557,407</u>	<u>\$ 30,562,495</u>	<u>\$ 3,296,134</u>	<u>\$ 51,416,036</u>

- **Restricted for Workers' Compensation**—Represents reserves established within the General Fund which will be used to pay self-insured workers' compensation claims and expenses in excess of claims and expenses paid from current appropriations.
- **Restricted for Self Insurance**—Represents reserves established within the General Fund which will be used to pay claims, actions or judgments against the County that results from personal injuries or property damage. A portion of this amount, \$58,997, has been appropriated within the 2021 Self Insurance Fund budget.
- **Restricted for Capital Projects**—Represents reserves established within the General Fund and Capital Projects Fund which will be used to pay for the costs of future capital expenditures.
- **Restricted for Debt Service**—Represents reserves which will be used for the reduction of future debt service requirements.
- **Restricted for Sheriff—Asset Forfeiture**—Represents asset forfeiture revenue restricted to pay for equipment or other uses that will aid in drug enforcement activities, pursuant to state and federal laws.

- ***Restricted for Sheriff—DWI and Traffic Safety***—Represents STOP DWI fees restricted to pay for road safety programs and equipment to combat the use and abuse of drugs and alcohol which eventually results in reducing the incidents of driving while intoxicated.
- ***Restricted for Aging and Special Needs Programs***—Represents programs for the aging and special needs revenue restricted to pay for the operation and maintenance of those programs.
- ***Restricted for Veterans Services***—Represents reserves established within the General Fund which will be used to pay for the future costs associated with veteran services.
- ***Restricted for Green Initiatives***—Represents reserves established within the General Fund which will be used to pay for the future costs associated with green initiatives.
- ***Restricted for Shared Services***—Represents reserves established within the General Fund which will be used to pay for the future costs associated with the Dutchess County Municipal Consolidation & Shared Services Grant Program.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the County's highest level of decision-making authority. As of December 31, 2020, the County had no committed fund balance.

In the fund financial statements, assignments are not legally required segregations, but are subject to a purpose constraint that represents an intended use established by the County's Legislature, or by its designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

As of December 31, 2020, the County reported the following fund balances assignments:

	General Fund	DTASC Fund	Nonmajor Governmental Funds	Total
Assigned for:				
Encumbrances	\$ 3,882,056	\$ -	\$ 44,826	\$ 3,926,882
Subsequent year's expenditures	9,900,000	-	1,000,000	10,900,000
Specific use	-	80,114	2,309,147	2,389,261
Total assigned fund balance	<u>\$ 13,782,056</u>	<u>\$ 80,114</u>	<u>\$ 3,353,973</u>	<u>\$ 17,216,143</u>

- ***Assigned to Encumbrances***—Represents commitments related to unperformed contracts or purchase orders for goods or services.
- ***Assigned to Subsequent Year's Expenditures***—Represents available fund balance being appropriated to meet expenditure requirements in the 2021 fiscal year.
- ***Assigned to Specific Use***—Represents fund balance within the special revenue funds that is assigned for a specific purpose. The assignments' purpose relates to each fund's operations and represent 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.

#### 14. RELATED PARTY TRANSACTIONS

The following schedule presents significant transactions between the primary government and its component units during the year ended December 31, 2020:

Component Unit	Amount	Nature of Transaction
Dutchess Community College	\$ 16,787,898	Operating and capital support
Dutchess County Water and Wastewater Authority	3,566,975	Net service fee
Aggregated nonmajor component units	304,674	Charges for services
Total	<u>\$ 20,659,547</u>	

The County provided economic support to the above component units based on contractual obligations between the parties (see Note 19).

##### Discretely Presented Component Units

###### i) Dutchess County Resource Recovery Agency:

During 2020, the Agency participated in the health and dental insurance plan administered by Dutchess County and was charged \$80,001.

###### ii) Dutchess County Water and Wastewater Authority:

The Authority has entered into service agreements with Dutchess County for the Water District and Part County Sewer Districts to provide water and/or sewer services and receive a service fee from Dutchess County based on a contractual formula, generally when revenues are insufficient to cover certain operating expenses and debt service requirements. The Authority also receives payments from Dutchess County for the completion of certain consulting projects. Although these payments are subject to budgetary resolutions by the Dutchess County Legislature for approval, no approvals have been withheld by the Legislature. For the year ended 2020, the Authority recorded net revenues of \$3,566,975, having recorded a return of \$74,512 to the County during the year. Nothing was due to the County at year-end. Since the Authority is a component unit of Dutchess County, these transactions are also considered related party transactions.

#### 15. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are short-term in nature and exist because of temporary advances or payments made on behalf of other funds. All interfund balances are expected to be collected/paid within the subsequent year. Interfund transfers are routine annual events for both the budget and accounting process and are necessary to present funds in their proper fund classification. The composition of interfund balances as of December 31, 2020 is shown in the table on the following page.



Fund	Interfund	
	Receivable	Payable
Governmental funds:		
General Fund	\$ 5,924,730	\$ -
Capital Projects Fund	-	3,030,117
Nonmajor governmental funds	-	71,941
Proprietary funds:		
Airport Fund	-	958,983
Transportation Fund	-	27,504
Fiduciary funds:		
Custodial Fund	-	1,836,185
Total	<u>\$ 5,924,730</u>	<u>\$ 5,924,730</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 of budget required to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the fund making payments when due, and (3) move residual cash from closed capital projects.

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

Transfers out:	Transfers in:				
	Governmental funds		Proprietary funds		Total
	General Fund	Capital Projects Fund	Airport Fund	Transportation Fund	
Governmental funds:					
General Fund	\$ -	\$ 1,070,908	\$ 309,785	\$ 769,880	\$ 2,150,573
Capital Projects Fund	<u>2,691,383</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,691,383</u>
Total	<u>\$ 2,691,383</u>	<u>\$ 1,070,908</u>	<u>\$ 309,785</u>	<u>\$ 769,880</u>	<u>\$ 4,841,956</u>

## 16. LABOR CONTRACTS

The County's employees operate under three collective bargaining units: the CSEA Local 1000 AFSCME/AFL-CIO ("CSEA"), the Dutchess County Sheriff's Employees Association ("DCSEA"), and the Dutchess County Sheriff and Deputy Sheriff's P.B.A., Inc. ("PBA"). The CSEA contract is negotiated through December 31, 2020. The DCSEA contract is negotiated through December 31, 2021. The PBA contract is negotiated through December 31, 2023.

## 17. TAX ABATEMENTS

The County is subject to tax abatements granted by the Dutchess County Industrial Development Agency ("DCIDA"). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the DCIDA 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 DCIDA, the County collected \$1,191,666 during 2020 in payments in lieu of taxes ("PILOT"), these collections were made in lieu of \$5,712,653 in sales and use taxes and \$2,165,294 in property taxes.

## 18. COMMITMENTS

**Encumbrances**—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. Open encumbrances are reported as an assignment of fund balance since such commitments will be honored through budget appropriations in the subsequent year. The County considers encumbrances to be significant for amounts that are encumbered in excess of \$1,000,000. As of December 31, 2020, the County reported no significant encumbrances, with the exception of outstanding contractual commitments, specific to the Capital Projects Fund. These commitments are reported as restricted fund balance within the fund financial statements.

The County had the following outstanding construction projects in progress as of December 31, 2020, as evidenced by contractual commitments.

Project	Encumbrances Outstanding
Capital Projects Fund:	
Transportation	\$ 805,304
County roads and bridges	13,010,485
Parks and recreation	385,363
Building and building improvements	3,337,722
Communications improvements	1,167,274
Justice and transition center	14,187,288
Total	<u>\$ 32,893,436</u>

**Dutchess Utility Corridor Contract**—In 2006, the County entered into the Dutchess Utility Corridor Contract with Dutchess County Water and Wastewater Authority. The contract requires Dutchess County to provide \$10,375,000 to the Authority to pay for certain project costs. The County, in exchange, will receive the rights to utilize 50% of the capacity of the new system and be paid a service fee by the Authority for its usage of the line in conjunction with their operations. During the year ended December 31, 2020, the County has provided \$6,856,842 to the Authority which is reflected as “Other Assets” in the Statement of Net Position. The project is being amortized on a straight-line basis over the next 40 years, with amortization expense of \$274,570 in 2020.

**Economic Support for Component Units**—The County is responsible to pay economic support to the Dutchess County Resource Recovery Agency and the Dutchess County Water and Wastewater Authority based on contracted formulas when revenues at these component units are insufficient to cover their operating expenses and debt service requirements. During the year ended December 31, 2020, the County’s portion of these costs was \$3,566,975.

The County is required by New York State Education Law to pay to Dutchess Community College a portion of the college’s operating costs for nonresident students. This amount is determined based on the rate reported by the State of New York.

## 19. CONTINGENCIES

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

**Litigation**—The County is a defendant in a number of lawsuits. In the opinion of the County Attorney, after considering all relevant facts, such litigation in the aggregate will not have a material adverse effect on the financial position or results of operations of the County.

### Discretely Presented Component Units

#### i) Dutchess Community College

**Litigation**—The College is a defendant in several lawsuits. While the outcome of these lawsuits or other proceedings against the College cannot be predicted with certainty, the College does not expect that these matters will have a material adverse effect on its financial position.

**State and Federal Grant Programs and State Aid**—The College participates in various State and Federal grant programs. These programs are subject to program compliance audits by the grantors or their representative. The audits of these programs are an ongoing process and many have not yet been conducted or completed. Accordingly, the College's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the College anticipates such amounts, if any, will not be material. The College's Federal compliance audit under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"), is performed in conjunction with the audit of the College and is included in the College's report.

The College is subject to audits of State aid by New York State. The amount of aid previously paid to the College which may be disallowed cannot be determined at this time, although the College anticipates such amounts, if any, to be immaterial.

**Rate Adjustment—Operating Chargebacks**—The College is authorized by the New York State Education Law to charge and collect from each county within the State for each nonresident student an allocable portion of the operating costs of the College. The College calculates this charge on a yearly basis and bills the respective counties at this rate. This rate is adjusted by the State on a two year lag period.

#### ii) Dutchess County Resource Recovery Agency

**Solid Waste Disposal Service Agreement**—The Agency and Dutchess County entered into a solid waste disposal service agreement dated December 1, 1984, the most recent amendment being dated January 7, 2016. The County agreed to deliver at least 140,000 tons per year of solid waste to the plant and to pay net service fees to the Agency amounting to the excess of payments for debt service and reserves, fees to the contractor and accrued expenses over tipping fees, energy and other revenues. It is the Agency's obligation to process and to provide for disposal of the solid waste. The terms of the agreement were extended during 2007 to remain in effect through July 1, 2027.

***Operations Service Agreement***—The Agency employs an independent party to prepare an annual report summarizing waste processed, utility usage, supplemental compensation, and other items relating to revenues and expenses of the Operator. The Agency records a receivable and expense accrual covering amounts shown to be due to and due from Operator. The Agency and the current Operator have agreed upon and accepted the 2020 annual reconciliation.

The Agency's current operating permit allows for up to 164,000 tons to be processed at the plant. However the Agency is required to supply the 140,000 tons, or pay the corporation \$68 a ton for each ton of solid waste below that amount which is not delivered to the plant, adjusted based upon changes in labor and material price indexes. During 2020, the Agency caused to have delivered 154,984 tons, meeting its guarantees.

***Power Sales Agreement***—The Agency and a commercial corporation have entered into a power sales agreement dated November 1, 1984. The Agency agrees to sell all electricity produced by the plant in excess of its own requirements to the corporation at a price based on tariffs filed with the New York State Public Service Commission. The terms of the agreement were effective through January 1, 2008, and included provisions for an automatic renewal for two consecutive 5-year periods, plus extensions, expiring January 14, 2020. The Agency and the commercial corporation have continued to operate under the terms of the expired agreement.

***Transportation of Ash Residue and Non-processable Waste***—The Agency has a contract with Royal Carting for the transportation and disposal of ash residue. The latest contract extension period is through December 31, 2021 and includes disposal at any of three landfills.

***Economic Dependency***—The Agency is entitled to receive net service fees from Dutchess County based on a contractual formula, generally when revenues are insufficient to cover operating expenses and debt service requirements. These payments are subject to approval by resolution of the Dutchess County Legislature.

***Operating Permits***—The Agency is required to maintain operating permits for its small power production and solid waste management facility. The NYSDEC Part 360 Operating permit expires in February 2025. The Title V Air Control permit has been renewed and runs through October 2021.

***Operations Service Agreement***—The Agency employs an independent engineer to prepare an annual report summarizing waste processed, utility usage, supplemental compensation, and other items relating to revenues and expenses of the Operator. The Agency records a receivable and expense accrual covering the amounts shown to be due to and due from the Operator. The Agency and the current Operator have agreed upon and accepted the 2020 annual reconciliation.

### **iii) Dutchess County Water and Wastewater Authority**

***Litigation***—The Authority is subject to various litigation and claims arising out of the course of its operations. While the results of the lawsuits cannot be predicted with certainty, management does not believe these matters will have an adverse effect on the Authority's overall financial position.

The Authority assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Such risks are covered by the purchase of commercial insurance. Workers compensation coverage is provided through a retrospective policy, wherein premiums are recorded based on the ultimate cost of the experience to date of workers in similar occupations. Judgments and claims are recorded when it is probable that an asset has been

impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The Authority has purchased insurance with limits as follows: umbrella coverage of \$20,000,000, business automobile of \$1,000,000, general liability of \$3,000,000, property of \$44,321,566 and workers' compensation of \$100,000/\$500,000.

***System Acquisitions***—In 2019, the Authority authorized a memorandum of understanding to manage a Village's water and sewer systems with the exception of acquiring the systems upon completion of certain improvements. The closing date is dependent on the timeline for the construction and completion of the new infrastructure, at which time the Authority will acquire the water and sewer systems and issue debt. In 2020, the Authority entered into an operating agreement and lease with option to purchase for the Red Hook Acres Water System (aka Traditions at Red Hook Water), and a parallel operating agreement and lease with option to purchase for the Red Hook Acres Sewer Collection and Treatment System (aka Traditions at Red Hook Sewer.) The Authority commenced operations and management of the water and sewer systems on May 1, 2020.

## **20. SUBSEQUENT EVENTS**

On April 1, 2021, the County issued \$54,808,900 in public improvement serial bonds with interest rates ranging from 2.00 to 2.13 percent for various construction projects and equipment purchases. The bonds mature on April 1, 2047.

Management has evaluated subsequent events through September 17, 2021, which is the date the financial statements are available for issuance, and have determined, except as disclosed above regarding the bond issuance, there are no subsequent events that require disclosure under generally accepted accounting principles.

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## REQUIRED SUPPLEMENTARY INFORMATION





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

	Year Ended December 31,						
	2020	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Plan fiduciary net position as a percentage of the total pension liability	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%	97.2%
<b>Governmental activities:</b>							
County's proportion of the net pension liability	0.4760286%	0.4553470%	0.4550870%	0.4602844%	0.4285410%	0.4315423%	0.4315423%
County's proportionate share of the net pension liability	<u>\$ 126,055,090</u>	<u>\$ 32,351,118</u>	<u>\$ 14,687,677</u>	<u>\$ 43,249,327</u>	<u>\$ 68,782,035</u>	<u>\$ 14,578,554</u>	<u>\$ 19,500,790</u>
County's covered payroll	<u>\$ 129,568,196</u>	<u>\$ 125,225,222</u>	<u>\$ 120,835,233</u>	<u>\$ 116,780,725</u>	<u>\$ 112,421,243</u>	<u>\$ 106,956,864</u>	<u>\$ 104,474,311</u>
County's proportionate share of the net pension liability as a percentage of its covered payroll	97.3%	25.8%	12.2%	37.0%	61.2%	13.6%	18.7%
<b>Business-type activities:</b>							
County's proportion of the net pension liability	0.0019230%	0.0018060%	0.0016680%	0.0020920%	0.0022695%	0.0024813%	0.0024813%
County's proportionate share of the net pension liability	<u>\$ 509,153</u>	<u>\$ 128,319</u>	<u>\$ 53,841</u>	<u>\$ 196,573</u>	<u>\$ 333,416</u>	<u>\$ 83,823</u>	<u>\$ 112,125</u>
County's covered payroll	<u>\$ 510,288</u>	<u>\$ 465,842</u>	<u>\$ 528,666</u>	<u>\$ 568,778</u>	<u>\$ 601,284</u>	<u>\$ 653,156</u>	<u>\$ 643,338</u>
County's proportionate share of the net pension liability as a percentage of its covered payroll	99.8%	27.5%	10.2%	34.6%	55.5%	12.8%	17.4%
<b>Discretely presented component units:</b>							
<b>Dutchess Community College (the "College"):</b>							
	Year Ended August 31,						
	2020	2019	2018	2017	2016	2015	2014
College's proportion of the net pension liability	0.0425790%	0.0428470%	0.0421960%	0.0435610%	0.0398490%	0.0404747%	n/a
College's proportionate share of the net pension liability	<u>\$ 11,275,272</u>	<u>\$ 3,035,807</u>	<u>\$ 1,361,853</u>	<u>\$ 4,093,109</u>	<u>\$ 6,395,803</u>	<u>\$ 1,367,334</u>	n/a
College's covered payroll	<u>\$ 11,745,423</u>	<u>\$ 12,045,553</u>	<u>\$ 11,240,160</u>	<u>\$ 10,785,934</u>	<u>\$ 9,969,544</u>	<u>\$ 9,576,118</u>	n/a
College's proportionate share of the net pension liability as a percentage of its covered payroll	96.0%	25.2%	12.1%	37.9%	64.2%	14.3%	n/a

(continued)

\*Information prior to the year ended December 31, 2014 (August 31, 2015 as to the College) is not available.

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

	Year Ended December 31,						(concluded)
	2020	2019	2018	2017	2016	2015	2014
<b>Dutchess County Resource Recovery Agency (the "Agency"):</b>							
Agency's proportion of the net pension liability	0.0002420%	0.0002562%	0.0002656%	0.0002419%	0.0004802%	0.0005205%	n/a
Agency's proportionate share of the net pension liability	\$ 64,086	\$ 18,149	\$ 8,572	\$ 22,726	\$ 77,066	\$ 17,583	n/a
Agency's covered payroll	\$ 109,699	\$ 106,504	\$ 110,214	\$ 154,959	\$ 209,503	\$ 282,986	n/a
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	58.4%	17.0%	7.8%	14.7%	36.8%	6.2%	n/a
<b>Dutchess County Water and Wastewater Authority (the "Authority"):</b>							
Authority's proportion of the net pension liability	0.0053375%	0.0050525%	0.0049234%	0.0045858%	0.0044523%	0.0044387%	n/a
Authority's proportionate share of the net pension liability	\$ 1,413,389	\$ 357,983	\$ 158,901	\$ 430,892	\$ 714,613	\$ 149,950	n/a
Authority's covered payroll	\$ 1,621,287	\$ 1,524,688	\$ 1,571,999	\$ 1,457,392	\$ 1,353,385	\$ 1,310,369	n/a
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	87.2%	23.5%	10.1%	29.6%	52.8%	11.4%	n/a
<b>Dutchess County Soil and Water Conservation District (the "SWCD"):</b>							
SWCD's proportion of the net pension liability	0.0014083%	0.1436200%	0.0014702%	0.0014946%	n/a	n/a	n/a
SWCD's proportionate share of the net pension liability	\$ 372,934	\$ 101,762	\$ 47,451	\$ 140,438	n/a	n/a	n/a
SWCD's covered payroll	\$ 264,660	\$ 277,932	\$ 279,336	\$ 238,756	n/a	n/a	n/a
SWCD's proportionate share of the net pension liability as a percentage of its covered payroll	140.9%	36.6%	17.0%	58.8%	n/a	n/a	n/a

\*Information prior to the year ended December 31, 2015 (December 31, 2017 as to the SWCD) is not available.

**COUNTY OF DUTCHESS, NEW YORK**  
**Schedule of the Local Government's Contributions—**  
**Employees' Retirement System**  
**Last Seven Fiscal Years\***

	Year Ended December 31,						
	2020	2019	2018	2017	2016	2015	2014
<b>Governmental activities:</b>							
Contractually required contributions	\$ 18,509,410	\$ 18,019,579	\$ 17,559,786	\$ 17,759,949	\$ 17,666,654	\$ 18,538,858	\$ 20,015,701
Contributions in relation to the contractually required contribution	<u>(18,509,410)</u>	<u>(18,019,579)</u>	<u>(17,559,786)</u>	<u>(17,759,949)</u>	<u>(17,666,654)</u>	<u>(18,538,858)</u>	<u>(20,015,701)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 129,494,778	\$ 130,101,901	\$ 123,984,193	\$ 120,664,775	\$ 116,343,200	\$ 111,314,366	\$ 106,341,809
Contributions as a percentage of covered payroll	14.3%	13.9%	14.2%	14.7%	15.2%	16.7%	18.8%
<b>Business-type activities:</b>							
Contractually required contributions	\$ 72,011	\$ 67,973	\$ 71,477	\$ 81,606	\$ 92,861	\$ 114,874	\$ 127,959
Contributions in relation to the contractually required contribution	<u>(72,011)</u>	<u>(67,973)</u>	<u>(71,477)</u>	<u>(81,606)</u>	<u>(92,861)</u>	<u>(114,874)</u>	<u>(127,959)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 522,808	\$ 516,037	\$ 454,480	\$ 550,675	\$ 565,023	\$ 640,032	\$ 640,050
Contributions as a percentage of covered payroll	13.8%	13.2%	15.7%	14.8%	16.4%	17.9%	20.0%
<b>Discretely presented component units:</b>							
<b>Dutchess Community College (the "College"):</b>							
	Year Ended August 31,						
	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 1,633,690	\$ 1,682,461	\$ 1,590,774	\$ 1,650,757	\$ 1,676,786	\$ 1,897,221	n/a
Contributions in relation to the contractually required contribution	<u>(1,633,690)</u>	<u>(1,682,461)</u>	<u>(1,590,774)</u>	<u>(1,650,757)</u>	<u>(1,676,786)</u>	<u>(1,897,221)</u>	n/a
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	n/a
College's covered payroll	\$ 11,745,423	\$ 12,045,553	\$ 11,240,160	\$ 11,035,124	\$ 10,202,724	\$ 9,961,962	n/a
Contributions as a percentage of covered payroll	13.9%	14.0%	14.2%	15.0%	16.4%	19.0%	n/a

(continued)

\*Information prior to the year ended December 31, 2014 (August 31, 2015 as to the College) is not available.

**COUNTY OF DUTCHESS, NEW YORK**  
**Schedule of the Local Government's Contributions—**  
**Employees' Retirement System**  
**Last Seven Fiscal Years\***

(concluded)

	Year Ended December 31,						
	2020	2019	2018	2017	2016	2015	2014
<b>Dutchess County Resource Recovery Agency (the "Agency"):</b>							
Contractually required contributions	\$ 16,580	\$ 17,159	\$ 26,030	\$ 41,623	\$ 62,345	\$ 56,026	n/a
Contributions in relation to the contractually required contribution	(16,580)	(17,159)	(26,030)	(41,623)	(62,345)	(56,026)	n/a
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	n/a
Agency's covered payroll	\$ 109,699	\$ 106,504	\$ 110,214	\$ 154,959	\$ 209,503	\$ 282,986	n/a
Contributions as a percentage of covered payroll	15.1%	16.1%	23.6%	26.9%	29.8%	19.8%	n/a
<b>Dutchess County Water and Wastewater Authority (the "Authority"):</b>							
Contractually required contributions	\$ 233,896	\$ 223,011	\$ 242,033	\$ 226,072	\$ 261,541	\$ 256,914	n/a
Contributions in relation to the contractually required contribution	(233,896)	(223,011)	(242,033)	(226,072)	(261,541)	(256,914)	n/a
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	n/a
Authority's covered payroll	\$ 1,621,287	\$ 1,524,688	\$ 1,571,999	\$ 1,457,392	\$ 1,353,385	\$ 1,310,369	n/a
Contributions as a percentage of covered payroll	14.4%	14.6%	15.4%	15.5%	19.3%	19.6%	n/a
<b>Dutchess County Soil and Water Conservation District (the "SWCD"):</b>							
Contractually required contributions	\$ 37,337	\$ 36,928	\$ 36,650	\$ 34,627	n/a	n/a	n/a
Contributions in relation to the contractually required contribution	(37,337)	(36,928)	(36,650)	(34,627)	n/a	n/a	n/a
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	n/a	n/a	n/a
SWCD's covered payroll	\$ 264,660	\$ 277,932	\$ 279,336	\$ 238,756	n/a	n/a	n/a
Contributions as a percentage of covered payroll	14.1%	13.3%	13.1%	14.5%	n/a	n/a	n/a

\*Information prior to the year ended December 31, 2015 (December 31, 2017 as to the SWCD) is not available.

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

**Discretely presented component unit:**

**Dutchess Community College (the "College"):**

	<b>Year Ended August 31,</b>					
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%
College's proportion of the net pension liability (asset)	0.0425670%	0.0413900%	0.0391440%	0.0363910%	0.0361260%	0.0320250%
College's proportionate share of the net pension liability (asset)	<u>\$ 1,176,234</u>	<u>\$ (1,075,324)</u>	<u>\$ (707,829)</u>	<u>\$ (276,607)</u>	<u>\$ 386,919</u>	<u>\$ (3,326,364)</u>
College's covered payroll	\$ 7,224,925	\$ 6,908,722	\$ 6,376,142	\$ 5,766,757	\$ 5,574,525	\$ 4,810,570
College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	16.3%	(15.6%)	(11.1%)	(4.8%)	6.9%	(69.2%)

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

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

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**Discretely presented component unit:**

**Dutchess Community College (the "College"):**

	<b>Year Ended August 31,</b>					
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contributions	\$ 640,128	\$ 733,706	\$ 624,862	\$ 675,864	\$ 739,182	\$ 843,293
Contributions in relation to the contractually required contribution	<u>(640,128)</u>	<u>(733,706)</u>	<u>(624,862)</u>	<u>(675,864)</u>	<u>(739,182)</u>	<u>(843,293)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 7,224,925	\$ 6,908,722	\$ 6,376,142	\$ 5,769,740	\$ 5,574,525	\$ 4,810,570
Contributions as a percentage of covered payroll	8.9%	10.6%	9.8%	11.7%	13.3%	17.5%

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

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

**Primary Government – Governmental Activities:**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>			
Service cost	\$ 11,036,673	\$ 13,990,061	\$ 12,937,349
Interest	14,624,914	14,453,082	14,242,764
Differences between expected and actual experience	-	3,353,319	-
Changes of assumptions or other inputs	93,413,115	(50,822,845)	23,150,690
Change of benefit terms	-	(32,777,750)	-
Benefit payments	<u>(8,824,971)</u>	<u>(8,544,961)</u>	<u>(7,512,046)</u>
Net changes in total OPEB liability	<u>110,249,731</u>	<u>(60,349,094)</u>	<u>42,818,757</u>
Total OPEB liability—beginning	<u>350,081,057</u>	<u>410,430,151</u>	<u>367,611,394</u>
Total OPEB liability—ending	<u><u>\$ 460,330,788</u></u>	<u><u>\$ 350,081,057</u></u>	<u><u>\$ 410,430,151</u></u>
<b>Plan fiduciary net position</b>			
Contributions—employer	\$ 8,824,971	\$ 8,544,961	\$ 7,512,046
Benefit payments	<u>(8,824,971)</u>	<u>(8,544,961)</u>	<u>(7,512,046)</u>
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>	<u><u>\$ -</u></u>
<b>County's net OPEB liability—ending</b>	<u><u>\$ 460,330,788</u></u>	<u><u>\$ 350,081,057</u></u>	<u><u>\$ 410,430,151</u></u>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 124,020,286	\$ 124,030,926	\$ 119,220,005
County's net OPEB liability as a percentage of covered-employee payroll	371.2%	282.3%	344.3%

(continued)

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



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

**Primary Government – Business-type Activities:**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>			
Service cost	\$ 38,110	\$ 50,088	\$ 50,961
Interest	48,717	56,759	56,103
Differences between expected and actual experience	-	11,024	-
Changes of assumptions or other inputs	316,798	(333,843)	91,191
Change of benefit terms	-	(216,188)	-
Benefit payments	<u>(1,560)</u>	<u>(33,659)</u>	<u>(29,590)</u>
Net changes in total OPEB liability	<u>402,065</u>	<u>(465,819)</u>	<u>168,665</u>
Total OPEB liability—beginning	<u>1,150,882</u>	<u>1,616,701</u>	<u>1,448,036</u>
Total OPEB liability—ending	<u><u>\$ 1,552,947</u></u>	<u><u>\$ 1,150,882</u></u>	<u><u>\$ 1,616,701</u></u>
<b>Plan fiduciary net position</b>			
Contributions—employer	\$ 1,560	\$ 33,659	\$ 29,590
Benefit payments	<u>(1,560)</u>	<u>(33,659)</u>	<u>(29,590)</u>
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>	<u><u>\$ -</u></u>
<b>County's net OPEB liability—ending</b>	<u><u>\$ 1,552,947</u></u>	<u><u>\$ 1,150,882</u></u>	<u><u>\$ 1,616,701</u></u>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 418,388	\$ 407,748	\$ 469,612
County's net OPEB liability as a percentage of covered-employee payroll	371.2%	282.3%	344.3%

(continued)

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

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

**A. Discretely presented component units:**

**i) Dutchess Community College (the "College"):**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>			
Service cost	\$ 3,295,076	\$ 2,878,655	\$ 3,672,802
Interest	3,361,450	3,147,583	2,735,372
Differences between expected and actual experience	-	(3,361,632)	-
Changes of assumptions	8,640,338	(5,826,837)	(9,978,090)
Benefit payments	(1,690,199)	(2,397,410)	(2,156,867)
Net changes in total OPEB liability	13,606,665	(5,559,641)	(5,726,783)
Total OPEB liability—beginning	82,435,135	87,994,776	93,721,559
Total OPEB liability—ending	<u>\$ 96,041,800</u>	<u>\$ 82,435,135</u>	<u>\$ 87,994,776</u>
<b>Plan fiduciary net position</b>			
Contributions—employer	\$ 1,690,199	\$ 2,397,410	\$ 2,156,867
Benefit payments	(1,690,199)	(2,397,410)	(2,156,867)
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position—beginning	-	-	-
Plan fiduciary net position—ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>College's net OPEB liability—ending</b>	<u>\$ 96,041,800</u>	<u>\$ 82,435,135</u>	<u>\$ 87,994,776</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 26,802,387	\$ 26,802,387	\$ 25,536,347
College's net OPEB liability as a percentage of covered-employee payroll	358.3%	307.6%	344.6%

**ii) Dutchess County Resource Recovery Agency (the "Agency"):**

<b>Total OPEB liability</b>			
Service cost	\$ 82,323	\$ 82,323	\$ 82,323
Interest	9,064	7,967	11,610
Changes of benefit terms	-	(43,499)	(140,571)
Changes of assumptions	(40,004)	(9,084)	(36,153)
Benefit payments	(51,318)	(57,265)	(68,478)
Net changes in total OPEB liability	65	(19,558)	(151,269)
Total OPEB liability—beginning	245,260	264,818	416,087
Total OPEB liability—ending	<u>\$ 245,325</u>	<u>\$ 245,260</u>	<u>\$ 264,818</u>
<b>Plan fiduciary net position</b>			
Contributions—employer	\$ 51,318	\$ 57,265	\$ 68,478
Benefit payments	(51,318)	(57,265)	(68,478)
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position—beginning	-	-	-
Plan fiduciary net position—ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Agency's net OPEB liability—ending</b>	<u>\$ 245,325</u>	<u>\$ 245,260</u>	<u>\$ 264,818</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 109,699	\$ 106,504	\$ 108,653
Agency's net OPEB liability as a percentage of covered-employee payroll	223.6%	230.3%	243.7%

(continued)

\*Information prior to the year ended December 31, 2018 (August 31, 2018 as to the College) is not available.

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

	(concluded)		
<b>iii) Dutchess County Water and Wastewater Authority (the "Authority"):</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB liability</b>			
Service cost	\$ 139,938	\$ 100,078	\$ 131,287
Interest	86,348	109,127	70,031
Changes of benefit terms	360,863	512,336	(650,072)
Changes of assumptions	322,193	(163,705)	217,465
Benefit payments	(55,948)	(45,501)	(32,545)
Net changes in total OPEB liability	853,394	512,335	(263,834)
Total OPEB liability—beginning	3,039,243	2,526,908	2,790,742
Total OPEB liability—ending	<u>\$ 3,892,637</u>	<u>\$ 3,039,243</u>	<u>\$ 2,526,908</u>
<b>Plan fiduciary net position</b>			
Contributions—employer	\$ 55,948	\$ 45,501	\$ 32,545
Benefit payments	(55,948)	(45,501)	(32,545)
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position—beginning	-	-	-
Plan fiduciary net position—ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Authority's net OPEB liability—ending</b>	<u>\$ 3,892,637</u>	<u>\$ 3,039,243</u>	<u>\$ 2,526,908</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 1,605,613	\$ 1,579,990	\$ 1,477,947
Authority's net OPEB liability as a percentage of covered-employee payroll	242.4%	192.4%	171.0%

\*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 DUTCHESS, NEW YORK**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances—**  
**Budget and Actual—General Fund**  
**Year Ended December 31, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Real property taxes	\$ 99,664,476	\$103,204,286	\$100,396,075	\$ (2,808,211)
Sales and use taxes (includes other taxes)	215,869,076	215,869,076	203,761,098	(12,107,978)
Departmental income	25,114,500	25,717,613	22,633,990	(3,083,623)
Use of money and property	1,675,060	1,675,060	1,038,840	(636,220)
Miscellaneous	3,470,127	3,574,670	5,203,678	1,629,008
Grants and aid	<u>118,916,868</u>	<u>121,147,933</u>	<u>122,126,443</u>	<u>978,510</u>
Total revenues	<u>464,710,107</u>	<u>471,188,638</u>	<u>455,160,124</u>	<u>(16,028,514)</u>
<b>EXPENDITURES</b>				
Current:				
General government support	83,695,102	84,947,440	78,884,323	6,063,117
Education	20,201,461	20,189,398	20,128,083	61,315
Public safety	61,987,826	65,741,056	62,108,601	3,632,455
Health	66,778,133	66,887,170	59,753,511	7,133,659
Transportation	3,003,643	3,003,643	2,907,427	96,216
Economic assistance and opportunity	150,494,195	150,309,602	137,580,784	12,728,818
Culture and recreation	2,880,752	2,879,131	2,509,524	369,607
Home and community services	8,660,812	13,800,622	12,378,779	1,421,843
Employee benefits	64,910,385	65,228,903	61,647,386	3,581,517
Debt service:				
Principal	13,467,343	13,467,343	13,518,266	(50,923)
Interest and other fiscal charges	<u>5,852,576</u>	<u>5,852,576</u>	<u>5,883,501</u>	<u>(30,925)</u>
Total expenditures	<u>481,932,228</u>	<u>492,306,884</u>	<u>457,300,185</u>	<u>35,006,699</u>
Excess (deficiency) of revenues over expenditures	<u>(17,222,121)</u>	<u>(21,118,246)</u>	<u>(2,140,061)</u>	<u>18,978,185</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	396,123	396,123	2,691,383	2,295,260
Transfers out	<u>(3,596,815)</u>	<u>(4,753,374)</u>	<u>(2,150,573)</u>	<u>2,602,801</u>
Total other financing sources (uses)	<u>(3,200,692)</u>	<u>(4,357,251)</u>	<u>540,810</u>	<u>4,898,061</u>
Net change in fund balances*	(20,422,813)	(25,475,497)	(1,599,251)	23,876,246
Fund balances—beginning, as restated	<u>97,784,335</u>	<u>97,784,335</u>	<u>97,784,335</u>	<u>-</u>
Fund balances—ending	<u>\$ 77,361,522</u>	<u>\$ 72,308,838</u>	<u>\$ 96,185,084</u>	<u>\$ 23,876,246</u>

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

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

**COUNTY OF DUTCHESS, NEW YORK**  
**Notes to the Required Supplementary Information**  
**Year Ended December 31, 2020**

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**1. OPEB LIABILITY**

**Changes of Assumptions**—The rate used to discount future plan cash flows increased from 3.78% to 2.74% based on a review of a 20-year high-quality tax-exempt municipal bond index as of the January 1, 2020 measurement date. The mortality assumption was revised as of January 1, 2019 to the sex-distinct RPH-2014 Mortality Tables for employees and healthy annuitants, adjusted for mortality improvements with scale MP-2019 mortality improvement scale on a generational basis.

**Discretely Presented Component Units:**

**i) Dutchess Community College**

	<u>2020</u>	<u>2019</u>
Discount Rate	2.97%	3.96%

**ii) Dutchess County Resource Recovery Agency**

**Changes of Assumptions**—Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

	<u>2020</u>	<u>2019</u>
Discount Rate	3.00%	3.00%

No assets are accumulated in a Trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

**iii) Dutchess County Water and Wastewater Authority**

**Changes of Assumptions**—Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

	<u>2020</u>	<u>2019</u>
Discount Rate	2.12%	2.74%

No assets are accumulated in a Trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

## 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. The Capital Projects Fund is appropriated on a project-length basis; appropriations are approved through County Legislature resolution at the project's inception and lapse upon termination of the project.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations between separate funds and departments require the approval of the County Legislature. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the functional classification.

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. The General Fund original budget for the year ended December 31, 2020 included encumbrances from the prior year of \$3,119,484.

***Excess of Expenditures over Appropriations***—For the year ended December 31, 2020, the County's General Fund had expenditures in excess of the final budgeted amount within debt service principal and debt service interest and other fiscal charges in the amount of \$50,923 and \$30,925, respectively, as a result of higher than anticipated expenditures.

## FEDERAL AWARDS INFORMATION





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

<b>Federal Grantor/ Pass-Through Grantor Program/Cluster Title (1a)</b>	<b>Federal CFDA Number (1b)</b>	<b>Pass-Through Identifying Number (1c)</b>	<b>Passed- Through to Subrecipients</b>	<b>Total Federal Expenditures (1d)</b>
<b>U.S. Department of Agriculture:</b>				
Passed through NYS Office of Temporary and Disability Assistance:				
<i>SNAP Cluster:</i>				
State Administrative Matching Grants for				
the Supplemental Nutrition Assistance Program	10.561	N/A	\$ -	\$ 2,342,901
<i>Total SNAP Cluster</i>			-	2,342,901
<b>Total U.S. Department of Agriculture</b>			-	2,342,901
<b>U.S. Department of Housing and Urban Development:</b>				
Direct Programs:				
Community Development Block Grants/Entitlement Grants	14.218	N/A	1,686,974	1,686,974
Home Investment Partnerships Program	14.239	N/A	662,435	662,435
Continuum of Care Program	14.267	N/A	526,324	526,324
<b>Total U.S. Department of Housing and Urban Development</b>			2,875,733	2,875,733
<b>U.S. Department of Justice:</b>				
Direct Programs:				
Coronavirus Emergency Supplemental Funding Program	16.034	N/A	-	58,008
State Criminal Alien Assistance Program	16.606	N/A	-	97,641
Harold Rogers Prescription Drug Monitoring Program	16.754	N/A	-	243,277
Passed through University of Notre Dame:				
National Institute of Justice Research, Evaluation, and Development	16.560	203575 DCM	-	17,600
<b>Total U.S. Department of Justice</b>			-	416,526
<b>U.S. Department of Labor:</b>				
Passed through NYS Department of Labor:				
Trade Adjustment Assistance	17.245	80060	20,856	20,856
<i>WIA/WIOA Cluster:</i>				
WIA/WIOA Adult Program	17.258	80060	451,265	451,265
WIA/WIOA Youth Activities	17.259	80060	419,554	419,554
WIA/WIOA Dislocated Workers Formula Grants	17.278	80060	405,957	405,957
<i>Total WIA/WIOA Cluster</i>			1,276,776	1,276,776
<b>Total U.S. Department of Labor</b>			1,297,632	1,297,632
<b>U.S. Department of Transportation:</b>				
Direct Programs:				
Airport Improvement Program	20.106	N/A	-	1,875,300
<i>Federal Transit Cluster:</i>				
Formula Transit Formula Grants	20.507	N/A	-	5,510,631
Bus and Bus Facilities Formula Program	20.526	N/A	-	92,151
<i>Total Federal Transit Cluster</i>			-	5,602,782
<i>Transit Services Program Cluster:</i>				
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	N/A	-	117,000
<i>Total Transit Services Program Cluster</i>			-	117,000

(continued)

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

<b>Federal Grantor/ Pass-Through Grantor Program/Cluster Title (1a)</b>	<b>Federal CFDA Number (1b)</b>	<b>Pass-Through Identifying Number (1c)</b>	<b>Passed- Through to Subrecipients</b>	<b>Total Federal Expenditures (1d)</b>
Passed through NYS Department of Transportation:				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	MPO C33462	-	141,979
<i>Highway Planning and Construction Cluster:</i>				
Highway Planning and Construction	20.205	8755.38	-	3,661,801
Highway Planning and Construction	20.205	8755.44	-	397,584
Highway Planning and Construction	20.205	8755.45	-	1,518,040
Highway Planning and Construction	20.205	8257.26	-	8,239
Highway Planning and Construction	20.205	8758.71	-	115,119
Highway Planning and Construction	20.205	8758.74	-	4,958,769
Highway Planning and Construction	20.205	8761.56	-	217,084
Highway Planning and Construction	20.205	FHWA PL 2019-2020/C33, FHWA PL 2020-2021/C33462	-	549,702
<i>Total Highway Planning and Construction Cluster*</i>			-	11,426,338
Passed through NYS Governor's Traffic Safety Committee and Stop DWI Foundation:				
<i>Highway Safety Cluster:</i>				
State and Community Highway Safety	20.600	HSG-PMT-2020-Dutchess Co TSB-00191	-	67,803
National Priority Safety Programs	20.616	HS1-2019/00109-(014)	-	7,795
National Priority Safety Programs	20.616	T-006621/HS1-2019-00109-014	-	30,736
National Priority Safety Programs	20.616	HIS-2020-00261-(088)	-	27,076
<i>Total Highway Safety Cluster</i>			-	133,410
<b>Total U.S. Department of Transportation</b>			-	19,296,809
<b>U.S. Department of Education:</b>				
Passed through NYS Department of Health:				
Special Education—Grants for Infants and Families	84.181	C031629GG	-	117,573
<b>Total U.S. Department of Education</b>			-	117,573
<b>U.S. Department of Health and Human Services:</b>				
Passed through National Association of County and City Health Officials:				
Medical Reserve Corps Small Grant Program	93.008	MRC 20-0016/150032-02-13	-	7,500
Passed through Health Research Institute:				
Public Health Emergency Preparedness	93.069	001600-13/14	-	187,238
Injury Prevention and Control Research and State Community Based Programs	93.136	6147-01	-	82,321
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	1600.13/6294-01	-	239,483
Passed through NYS Office for the Aging:				
Special Programs for the Aging, Title III, Part D— Disease Prevention and Health Promotion Services	93.043	N/A	-	15,964
<i>Aging Cluster:</i>				
Special Programs for the Aging, Title III, Part B— Grants for Supportive Services and Senior Centers	93.044	N/A	-	261,581
Special Programs for the Aging, Title III, Part C—Nutrition Services	93.045	N/A	-	556,764
Nutrition Services Incentive Program	93.053	N/A	-	128,150
<i>Total Aging Cluster</i>			-	946,495

(continued)

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

(concluded)

<b>Federal Grantor/ Pass-Through Grantor Program/Cluster Title (1a)</b>	<b>Federal CFDA Number (1b)</b>	<b>Pass-Through Identifying Number (1c)</b>	<b>Passed- Through to Subrecipients</b>	<b>Total Federal Expenditures (1d)</b>
National Family Caregiver Support Title III, Part E	93.052	N/A	-	103,969
Medicare Enrollment Assistance Program	93.071	N/A	-	16,958
Centers for Medicare and Medicaid Services (CMS)				
Research, Demonstrations and Evaluations	93.779	N/A	-	8,622
Passed through NYS Department of Health:				
Immunization Cooperative Agreements	93.268	C32513GG/T36094GG	-	26,531
Childrens Health Insurance Program	93.767	N/A	-	232,976
Medical Assistance Program	93.778	N/A	-	5,533,584
Maternal and Child Health Services Block Grant to the States	93.994	C32658GG	-	35,958
Maternal and Child Health Services Block Grant to the States	93.994	C308899GG	-	25,838
Passed through NYS Office of Temporary and Disability Assistance:				
<i>Temporary Assistance for Needy Families Cluster:</i>				
Temporary Assistance for Needy Families	93.558	N/A	526,111	13,532,079
<i>Total Temporary Assistance for Needy Families Cluster</i>			526,111	13,532,079
Child Support Enforcement	93.563	N/A	-	2,681,787
Low-Income Home Energy Assistance Program	93.568	N/A	-	5,024,064
Passed through NYS Office of Children and Family Services:				
Guardianship Assistance	93.090	N/A	-	252,652
Promoting Safe and Stable Families	93.556	N/A	-	222,202
Stephanie Tubbs Jones Child Welfare Services Program	93.645	N/A	-	211,073
Foster Care, Title IV-E	93.658	N/A	-	3,601,777
Adoption Assistance	93.659	N/A	-	2,665,757
Social Services Block Grant	93.667	N/A	-	3,257,290
Chafee Foster Care Independence Program	93.674	N/A	-	31,410
<b>Total U.S. Department of Health and Human Services</b>			<u>526,111</u>	<u>38,943,528</u>
<b>U.S. Department of Homeland Security:</b>				
Passed through NYS Office of Homeland Security:				
Disaster Grants - Public Assistance	97.036	4408 DR NY	-	1,026,390
Emergency Management Performance Grants	97.042	EMPG FY 19/C834995	-	164,964
Homeland Security Grant Program	97.067	T834984	-	49,550
Homeland Security Grant Program	97.067	SHSP FY17/C390270	-	11,831
Homeland Security Grant Program	97.067	SHSP FY18/C970280	-	47,301
Homeland Security Grant Program	97.067	SHSP FY18/C970280	-	111,715
Homeland Security Grant Program	97.067	T180132	-	5,996
Homeland Security Grant Program	97.067	C970292	-	118,871
Homeland Security Grant Program	97.067	SHSP FY17/C390270	-	19,512
<b>Total U.S. Department of Homeland Security</b>			<u>-</u>	<u>1,556,130</u>
<b>Total Expenditures of Federal Awards (1e)</b>			<u>\$ 4,699,476</u>	<u>\$ 66,846,832</u>

\* Total *Highway Planning and Construction Cluster* includes direct program awards.

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

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**COUNTY OF DUTCHESS, NEW YORK**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2020**

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**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the County of Dutchess, New York (the "County") under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County. The following notes were identified on the Schedule:

- (a) Includes all federal award programs of the County of Dutchess, New York. The federal expenditures of the Dutchess Community College, Dutchess County Resource Recovery Agency, Dutchess County Water and Wastewater Authority, Dutchess County Industrial Development Agency, Dutchess County Soil and Water Conservation District, and Dutchess County Local Development Corporation have not been included.
- (b) Source: Catalog of Federal Domestic Assistance.
- (c) Pass-through entity identifying numbers are presented where available.
- (d) Prepared under accounting principles generally accepted in the United States of America and includes all federal award programs.
- (e) A reconciliation to the financial statements is available.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or 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.

**3. AMOUNTS PROVIDED TO SUBRECIPIENTS**

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

**4. MATCHING COSTS**

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

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*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 County Executive and County Legislature  
County of Dutchess, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the 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, the major discretely presented component units, the aggregate nonmajor discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Dutchess, New York (the "County") as of and for the year ended December 31, 2020 (with the Dutchess Community College for the fiscal year ended August 31, 2020), and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 17, 2021 (which report includes an emphasis of matter paragraph regarding the restatement of net position and fund balance). Our report includes a reference to other auditors who audited the financial statements of the Dutchess County Local Development Corporation, Dutchess Community College, the Dutchess County Resource Recovery Agency, the Dutchess County Water and Wastewater Authority, the Dutchess County Industrial Development Agency, and the Dutchess County Soil and Water Conservation District, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Drescher & Malechuk LLP*

September 17, 2021



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*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 County Executive and County Legislature  
County of Dutchess, New York:

**Report on Compliance for Each Major Federal Program**

We have audited the County of Dutchess, New York's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2020. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Dutchess County Local Development Corporation (the "Corporation"), Dutchess Community College (the "College"), Dutchess County Resource Recovery Agency (the "Agency"), Dutchess County Water and Wastewater Authority (the "Authority"), Dutchess County Industrial Development Agency (the "IDA"), and the Dutchess County Soil and Water Conservation District (the "SWCD"), which received federal awards of \$0, \$16,457,245, \$0, \$0, \$0, and \$0, respectively, in federal awards, which are not included in the County's schedule of expenditures of federal awards for the year ended December 31, 2020. Our compliance audit, described below, did not include the operations of the Corporation, College, Agency, Authority, IDA, or the SWCD. Other auditors were engaged to perform such audits on the Corporation, College, Agency, Authority, IDA, and SWCD in accordance with the Uniform Guidance, as applicable.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

### **Report on Internal Control Over Compliance**

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

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

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

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

*Drescher & Malech LLP*

September 17, 2021

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

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**Section I. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements:**

Type of auditors' report issued: Unmodified\*

\*(which report includes an emphasis of matter paragraph regarding the restatement of net position and fund balance and includes a reference to other auditors)

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes ✓ No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes ✓ None reported

Noncompliance material to the financial statements noted? \_\_\_\_\_ Yes ✓ No

**Federal Awards:**

Internal control over major federal programs:

Material weakness(es) identified? \_\_\_\_\_ Yes ✓ No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes ✓ None reported

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

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

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/Entitlement Grants
20.507/20.526	Federal Transit Cluster
93.558	Temporary Assistance for Needy Families Cluster
93.778	Medical Assistance Program
97.036	Disaster Grants - Public Assistance

Dollar threshold used to distinguish between Type A and Type B programs? \$ 2,005,405

Auditee qualified as low-risk auditee? ✓ Yes \_\_\_\_\_ No

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

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**Section II. FINANCIAL STATEMENT FINDINGS**

No findings noted.

**Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No findings noted.

**COUNTY OF DUTCHESS, NEW YORK**  
**Summary Schedule of Prior Year Audit Findings**  
**Year Ended December 31, 2020**  
**(Follow-Up on December 31, 2019 Findings)**

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No findings were reported.

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