

**COUNTY OF DUTCHESS,
NEW YORK**

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

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Honorable 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, 2019 (with the Dutchess Community College for the fiscal year ended August 31, 2019), and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dutchess County Local Development Corporation (the "Corporation"), which represents 6.8 percent of the assets and 5.2 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 55.5 percent, 9.7 percent, and 34.8 percent, respectively, of the assets, and 77.0 percent, 13.0 percent, and 10.0 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 90.9 percent and 9.1 percent, respectively, of the assets, and 43.1 percent and 56.9 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended December 31, 2019, the County implemented Governmental Accounting Standards Board ("GASB") Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The 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 11, 2020 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Drescher & Malecki LLP

September 11, 2020

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

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, 2019. The information provided here should be read 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, 2019 by \$177,757,344. This consists of \$96,194,017 net investment in capital assets, \$27,107,709 restricted for specific purposes, offset by an unrestricted net position of \$(301,059,070).
- The County's primary government net position increased \$36,654,641 during the year ended December 31, 2019. Governmental activities increased the County's net position by \$29,600,072, and the net position of business-type activities increased by \$7,054,569.
- As of December 31, 2019, the County's governmental funds reported combined ending fund balances of \$126,226,172, an increase of \$6,743,538 in comparison with the prior year. This increase was primarily due to the issuance of serial bonds and capital 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 \$56,872,790, or 12.0 percent of total General Fund expenditures and transfers out. This total amount is available for spending at the County's discretion and constitutes approximately 58.1 percent of the General Fund's total fund balance of \$97,896,802 at December 31, 2019.
- The County's governmental activities' serial bonds, excluding its blended component unit's serial bonds, increased by \$19,919,515 during the current year as a result of serial bond issuances totaling \$34,360,000, and scheduled principal payments of \$13,529,440. The newly issued serial bonds mature in 2039 and 2049, respectively, and carry interest rates ranging from 3.0 percent to 5.0 percent. Additionally, the increase in serial bonds is due to the issuance of a bond refunding in the amount of \$12,633,686, which together with cash contributions refunded and removed the liability of previously outstanding bonds in the amount of \$13,544,731. The refunding bonds mature in 2031 and carry an interest rate ranging from 2.0 percent to 5.0 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 30-92 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 93-105 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 106-117 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 \$(177,757,344) at the close of the most recent fiscal year, as compared to a net position of \$(214,411,985), at the close of the fiscal year ended December 31, 2018.

Table 1—Condensed Statements of Net Position—Primary Government

	Governmental Activities		Business-type Activities		Total Primary Government	
	December 31,		December 31,		December 31,	
	2019	2018	2019	2018	2019	2018
Current assets	\$ 268,335,004	\$ 259,450,239	\$ 15,158,779	\$ 11,344,968	\$ 283,493,783	\$ 270,795,207
Noncurrent assets	261,952,596	238,828,708	31,057,306	24,762,929	293,009,902	263,591,637
Total assets	<u>530,287,600</u>	<u>498,278,947</u>	<u>46,216,085</u>	<u>36,107,897</u>	<u>576,503,685</u>	<u>534,386,844</u>
Deferred outflows of resources	57,448,234	79,645,986	185,240	296,565	57,633,474	79,942,551
Current liabilities	96,697,709	102,350,415	4,554,621	1,292,876	101,252,330	103,643,291
Noncurrent liabilities	639,662,190	659,628,839	4,430,972	4,898,654	644,093,162	664,527,493
Total liabilities	<u>736,359,899</u>	<u>761,979,254</u>	<u>8,985,593</u>	<u>6,191,530</u>	<u>745,345,492</u>	<u>768,170,784</u>
Deferred inflows of resources	66,225,799	60,395,615	323,212	174,981	66,549,011	60,570,596
Net position:						
Net investment in capital assets	68,244,841	63,738,872	27,949,176	21,568,598	96,194,017	85,307,470
Restricted	27,107,709	26,966,561	-	-	27,107,709	26,966,561
Unrestricted	(310,202,414)	(335,155,369)	9,143,344	8,469,353	(301,059,070)	(326,686,016)
Total net position	<u>\$ (214,849,864)</u>	<u>\$ (244,449,936)</u>	<u>\$ 37,092,520</u>	<u>\$ 30,037,951</u>	<u>\$ (177,757,344)</u>	<u>\$ (214,411,985)</u>

The largest positive portion of the County's primary government net position, \$96,194,017, 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, \$27,107,709, 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, \$(301,059,070), 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, environmental clean up, 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, 2019 and December 31, 2018.

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	2018	2019	2018	2019	2018
Revenues:						
Program revenues	\$ 184,362,882	\$ 160,263,172	\$ 20,167,347	\$ 11,434,780	\$ 204,530,229	\$ 171,697,952
General revenues	335,143,605	326,124,033	306,253	330,686	335,449,858	326,454,719
Total revenues	<u>519,506,487</u>	<u>486,387,205</u>	<u>20,473,600</u>	<u>11,765,466</u>	<u>539,980,087</u>	<u>498,152,671</u>
Total expenses	<u>485,980,959</u>	<u>495,771,338</u>	<u>17,344,487</u>	<u>17,820,316</u>	<u>503,325,446</u>	<u>513,591,654</u>
Transfers	<u>(3,925,456)</u>	<u>(3,737,306)</u>	<u>3,925,456</u>	<u>3,737,306</u>	-	-
Change in net position	29,600,072	(13,121,439)	7,054,569	(2,317,544)	36,654,641	(15,438,983)
Net position—beginning	<u>(244,449,936)</u>	<u>(231,328,497)</u>	<u>30,037,951</u>	<u>32,355,495</u>	<u>(214,411,985)</u>	<u>(198,973,002)</u>
Net position—ending	<u>\$ (214,849,864)</u>	<u>\$ (244,449,936)</u>	<u>\$ 37,092,520</u>	<u>\$ 30,037,951</u>	<u>\$ (177,757,344)</u>	<u>\$ (214,411,985)</u>

Governmental activities—Governmental activities increased the County’s net position by \$29,600,072, primarily due to increases in operating and capital grants.

A summary of sources of revenues for governmental activities for the years ended December 31, 2019 and 2018 is presented below.

Table 3—Summary of Sources of Revenues—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2019	2018	Dollars	Percent (%)
Charges for services	\$ 25,459,145	\$ 24,971,724	\$ 487,421	2.0
Operating grants and contributions	140,344,422	127,735,826	12,608,596	9.9
Capital grants and contributions	18,559,315	7,555,622	11,003,693	145.6
Property taxes and tax items	114,768,365	116,473,091	(1,704,726)	(1.5)
Non-property taxes	213,316,553	204,029,388	9,287,165	4.6
Tobacco settlement revenues	2,965,348	3,072,797	(107,449)	(3.5)
Other	<u>4,093,339</u>	<u>2,548,757</u>	<u>1,544,582</u>	60.6
Total revenues	<u>\$ 519,506,487</u>	<u>\$ 486,387,205</u>	<u>\$ 33,119,282</u>	6.8

The most significant source of revenues is non-property taxes, which accounts for \$213,316,553, or 41.1 percent of total governmental activities revenues for the year ended December 31, 2019, and \$204,029,388, or 41.9 percent of total governmental activities revenues for the year ended December 31, 2018. The next largest source of revenues is operating grants and contributions, which comprises \$140,344,422, or 27.0 percent, and \$127,735,826, or 26.3 percent of total governmental activities revenues for the years ended December 31, 2019 and 2018, respectively. The third largest source of revenues is property taxes and tax items, which comprises \$114,768,365, or 22.1 percent, and \$116,473,091, or 23.9 percent of total governmental activities revenues for the years ended December 31, 2019 and 2018, respectively.

During the year ended December 31, 2019, total revenues increased by \$33,119,282. Operating grants and contributions accounted for increases of \$12,608,596 and \$11,003,693, respectively, due to an increase in reimbursable program and capital costs funded through state and federal aid.

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

Table 4—Summary of Program Expenses—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2019	2018	Dollars	Percent (%)
General government support	\$ 102,831,228	\$ 103,400,017	\$ (568,789)	(0.6)
Education	22,353,093	19,539,408	2,813,685	14.4
Public safety	85,069,940	91,410,893	(6,340,953)	(6.9)
Health	68,650,247	69,000,362	(350,115)	(0.5)
Transportation	25,895,950	27,624,140	(1,728,190)	(6.3)
Economic assistance and opportunity	154,586,157	157,970,061	(3,383,904)	(2.1)
Culture and recreation	5,293,678	5,560,046	(266,368)	(4.8)
Home and community services	13,842,688	14,767,386	(924,698)	(6.3)
Interest and other fiscal charges	7,457,978	6,499,025	958,953	14.8
Total program expenses	<u>\$ 485,980,959</u>	<u>\$ 495,771,338</u>	<u>\$ (9,790,379)</u>	(2.0)

The County's most significant expense items for governmental activities 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 for the year ended December 31, 2019. Similarly, for the year ended December 31, 2018 the most significant expense items were economic assistance and opportunity of \$157,970,061, or 31.9 percent of total governmental activities expenses, general government support of \$103,400,017, or 20.9 percent of total governmental activities expenses, and public safety of \$91,410,893, or 18.4 percent of total governmental activities expenses.

During the year ended December 31, 2019, expenses decreased mainly due to decreased allocable employee benefits expenses attributable to the County's other postemployment benefits obligation.

Business-type activities—Business-type activities increased the County's net position by \$7,054,569. The County's airport operations and Local Development Corporation activities increased the business-type activities net position by \$7,612,159 and \$81,430, while the County's transportation operations decreased the business-type activities net position by \$639,020. For the year ended December 31, 2019, operating revenues increased 10.7 percent, while operating expenses decreased 2.7 percent.

A summary of operating revenues and operating expenses for the County's business-type activities for the years ended December 31, 2019 and 2018 is presented on the following page.

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

	Year Ended December 31,		Increase/(Decrease)	
	2019	2018	Dollar	Percent (%)
Operating revenues:				
Charges for services	\$ 3,424,342	\$ 3,430,878	\$ (6,536)	(0.2)
Operating grants and revenues	8,387,876	7,166,313	1,221,563	17.0
Other revenue	34,487	108,868	(74,381)	(68.3)
Total operating revenues	<u>\$ 11,846,705</u>	<u>\$ 10,706,059</u>	<u>\$ 1,140,646</u>	10.7
Operating expenses:				
Personal services and employee benefits	\$ 1,121,323	\$ 1,171,792	\$ (50,469)	(4.3)
Depreciation	4,585,654	5,056,118	(470,464)	(9.3)
Contracted services	<u>11,527,825</u>	<u>11,481,212</u>	<u>46,613</u>	0.4
Total operating expenses	<u>\$ 17,234,802</u>	<u>\$ 17,709,122</u>	<u>\$ (474,320)</u>	(2.7)

The County's business-type activities operating revenues for the year ended December 31, 2019 increased 10.7 percent from the previous year, resulting primarily from increased operating grants from state and federal transportation grants.

Additionally, the most significant expense items for the year ended December 31, 2019 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. Similarly, for the year ended December 31, 2018 the most significant expense items were contracted services, which accounted for \$11,481,212, or 64.8 percent of total expenses, and depreciation expense of \$5,056,118, or 28.6 percent of total expenses. Operating expenses decreased 2.7 percent from the year ended December 31, 2018, due primarily to decreases in depreciation expense.

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, 2019, the County's governmental funds reported combined ending fund balances of \$126,226,172, an increase of \$6,743,538 in comparison with the prior year. The County had *unassigned fund balance* in the General Fund totaling \$56,872,790, 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, \$4,681,599; (2) restricted for particular purposes, \$45,974,030; or (3) assigned for particular purposes, \$18,697,753.

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 \$56,872,790, while total fund balance increased to \$97,896,802. The General Fund fund balance increased \$2,291,462 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 12.0 percent of General Fund expenditures and transfers out, while total fund balance represents 20.7 percent of that same amount.

The fund balance in the Capital Projects Fund increased \$4,809,847 from the prior year, resulting in ending fund balance of \$21,866,321 as of December 31, 2019. The increase in the Capital Projects Fund is primarily due to the County's serial bond issuance in the amount of \$34,360,000 and grants and aid of \$17,879,317, which were partially offset by capital outlay costs of \$47,512,070.

At December 31, 2019, the DTASC Fund reported restricted fund balance of \$3,355,404 to be used for upcoming payments of principal and interest; and the remaining fund balance, \$71,138, constitutes assigned fund balance which is available for spending towards DTASC activities. Total fund balance increased \$13,287 during the year ended December 31, 2019.

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, 2019 totaled \$21,994,213, which included \$20,875,789 net investment in capital assets and an unrestricted net position of \$1,118,424. The Airport Fund net position increased \$7,612,159 during the year ended December 31, 2019 as a result of increased state and federal aid.

Net position of the Transportation Fund at December 31, 2019 totaled \$11,968,999, which included \$7,027,826 net investment in capital assets and unrestricted net position of \$4,941,173. The Transportation Fund net position decreased \$639,020 as a result of an increase in contracted services.

Net position of the Dutchess County Local Development Corporation at December 31, 2019 totaled \$3,129,308, which included \$45,561 net investment in capital assets and unrestricted net position of \$3,083,747. The Dutchess County Local Development Corporation net position increased \$81,430 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, 2019 is presented in Table 6 below.

Table 6—General Fund Budget

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues and other financing sources	\$ 453,099,809	\$ 462,779,748	\$ 488,579,742	\$ 25,799,994
Expenditures and other financing uses	<u>475,378,101</u>	<u>490,449,723</u>	<u>486,288,280</u>	<u>4,161,443</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (22,278,292)</u>	<u>\$ (27,669,975)</u>	<u>\$ 2,291,462</u>	<u>\$ 29,961,437</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 \$8,978,073 supplemental appropriations, mainly within general government support and home and community services to provide funding for ongoing activities.

Final budget compared to actual results—The General Fund had a favorable variance from the final budget of \$29,961,437. The primary positive variances were realized from unanticipated sales tax receipts, as well as lower than expected employee benefit costs within economic assistance and opportunity related to an increase in state and federal aid associated with the administration of social services programs. There was also a significant positive variance related to employee benefits throughout various County departments due to savings in health and medical insurance costs.

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, 2019 amounted to \$254,821,184 and \$31,057,306, 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, 2019 and 2018 are presented in Table 7 below.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Land	\$ 14,319,067	\$ 12,564,155	\$ 3,385,364	\$ 3,385,364	\$ 17,704,431	\$ 15,949,519
Right of way and easements	16,134,435	14,872,417	-	-	16,134,435	14,872,417
Construction in progress	28,514,132	42,205,753	10,514,952	1,968,822	39,029,084	44,174,575
Infrastructure	91,532,246	92,610,979	8,471,106	9,484,099	100,003,352	102,095,078
Buildings and improvements	82,285,654	46,374,282	3,963,645	3,020,023	86,249,299	49,394,305
Improvements other than buildings	4,927,108	6,851,077	39,091	-	4,966,199	6,851,077
Machinery and equipment	<u>17,108,542</u>	<u>15,852,288</u>	<u>4,683,148</u>	<u>6,904,621</u>	<u>21,791,690</u>	<u>22,756,909</u>
Total	<u>\$ 254,821,184</u>	<u>\$ 231,330,951</u>	<u>\$ 31,057,306</u>	<u>\$ 24,762,929</u>	<u>\$ 285,878,490</u>	<u>\$ 256,093,880</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. At the end of 2019, the County's governmental activities outstanding bonded debt totaled \$150,125,124 (excluding DTASC) and represents approximately 7.0% of the County's debt limit.

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

Table 8—Summary of Long-Term Liabilities

	Governmental Activities		Business-type Activities		Total Primary Government	
	December 31,		December 31,		December 31,	
	2019	2018	2019	2018	2019	2018
Bonds payable	\$ 217,801,895	\$ 195,599,818	\$ 3,108,130	\$ 3,194,331	\$ 220,910,025	\$ 198,794,149
Compensated absences	9,912,576	9,544,888	43,641	33,781	9,956,217	9,578,669
Environmental clean up	-	8,000	-	-	-	8,000
Workers' compensation and general claims	29,515,544	29,358,305	-	-	29,515,544	29,358,305
Other postemployment benefits	350,081,057	410,430,151	1,150,882	1,616,701	351,231,939	412,046,852
Net pension liability	32,351,118	14,687,677	128,319	53,841	32,479,437	14,741,518
Total	<u>\$ 639,662,190</u>	<u>\$ 659,628,839</u>	<u>\$ 4,430,972</u>	<u>\$ 4,898,654</u>	<u>\$ 644,093,162</u>	<u>\$ 664,527,493</u>

Total outstanding long-term liabilities decreased by \$20,434,331 from prior year. Major factors that contributed to this decrease include:

- Bonds payable increased in the governmental activities by \$22,202,077 and decreased in the business-type activities by \$86,201. During the year ended December 31, 2019, the County's primary government issued general improvement serial bonds in the amount of \$35,000,000, offset by scheduled principal payments of \$15,109,805. The County's primary government also issued refunding bonds in the amount of \$13,817,464, which together with cash contributions refunded and removed the liability of previously outstanding bonds totaling \$14,120,000.
- The net pension liability increased in the governmental and business-type activities by \$17,663,441 and \$74,478, respectively. The liability is based on actuarial results related to the New York State retirement contribution programs.
- Obligations for other postemployment benefits ("OPEB") decreased in the governmental and business-type activities by \$60,349,094 and \$465,819, 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 decrease is also related to changes in actuarial assumptions, such as the discount rate which saw an increase from the prior year.

Additional information on the County's long-term liabilities can be found in Note 13 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>	
2020 (budgeted)	\$ 40,547,780
2019	41,327,545
2018	40,745,757

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>	
2020 (budgeted)	\$ 18,700,362
2019	18,087,552
2018	17,634,363

The County has appropriated \$12.70 million in fund balance to finance the 2020 budget within the General Fund. The unassigned fund balance is \$56.87 million in the General Fund as of December 31, 2019.

The total tax levy for the 2020 budget is \$105.3 million, resulting in a property tax rate of \$3.26 per thousand of assessed value, which is 5.5% lower than \$3.45 in 2019. The true value assessment for the County has increased from \$30.83 billion for the 2019 budget to \$32.25 billion for the 2020 budget; an increase of 4.50%.

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, \$4.7 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.

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 \$53 between Q4 2018 and Q4 2019. The County's AWW is second only to Westchester County in the Mid-Hudson Region.

Wealth levels for Dutchess County residents are above State and National averages. According to the U.S. Census Bureau (American Community Survey – 5 Year Estimate), the per capita income of County residents in 2017 was \$36,704—up \$1,603 from 2016, which was higher than the State and National averages in 2016 by 2.6% and 17.8%, respectively. State and National income averages reported on this basis were \$34,212 and \$29,829, respectively. Median household income for 2017 in the County, State and Nation were estimated to be \$75,585, \$62,765 and \$57,652, respectively.

The COVID-19 pandemic is expected to have a significant positive impact on at least two economic indicators; housing and population. The County is experiencing an influx of investors and home buyers escaping New York City.

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

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, 2019

	Primary Government			Total Major Discretely Presented Component Units	Aggregate Nonmajor Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total		
ASSETS					
Cash and cash equivalents	\$ 43,297,606	\$ 8,708,731	\$ 52,006,337	\$ 24,727,498	\$ 2,975,153
Restricted cash and cash equivalents	68,830,045	-	68,830,045	16,662,090	1,680,530
Investments	19,742,651	-	19,742,651	-	-
Receivables (net of allowances):					
Taxes	39,011,561	-	39,011,561	-	-
Accounts receivable	3,377,170	315,599	3,692,769	9,708,975	154,026
Intergovernmental receivables	88,314,444	7,172,195	95,486,639	-	-
Internal balances	1,079,928	(1,079,928)	-	-	-
Prepaid items	4,578,445	42,182	4,620,627	109,635	20,605
Inventories	103,154	-	103,154	-	-
Other noncurrent assets	7,131,412	-	7,131,412	6,659,889	-
Capital assets, not being depreciated	58,967,634	13,900,316	72,867,950	8,472,099	-
Capital assets, net of accumulated depreciation	<u>195,853,550</u>	<u>17,156,990</u>	<u>213,010,540</u>	<u>148,859,842</u>	<u>29,110</u>
Total assets	<u>530,287,600</u>	<u>46,216,085</u>	<u>576,503,685</u>	<u>215,200,028</u>	<u>4,859,424</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows—relating to pensions	28,771,514	111,373	28,882,887	5,528,468	73,314
Deferred outflows—relating to OPEB	27,643,053	73,867	27,716,920	1,690,199	-
Deferred outflows—relating to capital	-	-	-	207,167	-
Deferred charge on refunding	<u>1,033,667</u>	<u>-</u>	<u>1,033,667</u>	<u>642,734</u>	<u>-</u>
Total deferred outflows of resources	<u>57,448,234</u>	<u>185,240</u>	<u>57,633,474</u>	<u>8,068,568</u>	<u>73,314</u>
LIABILITIES					
Accounts payable	56,104,204	4,487,911	60,592,115	7,364,228	39,797
Retainages payable	152,766	-	152,766	-	-
Accrued liabilities	8,940,193	58,171	8,998,364	4,012,054	1,234
Intergovernmental payables	29,739,125	-	29,739,125	-	-
Unearned revenue	1,761,421	8,539	1,769,960	1,634,347	83
Noncurrent liabilities:					
Due within one year	23,856,588	507,821	24,364,409	4,786,721	-
Due in more than one year	<u>615,805,602</u>	<u>3,923,151</u>	<u>619,728,753</u>	<u>163,274,033</u>	<u>1,789,856</u>
Total liabilities	<u>736,359,899</u>	<u>8,985,593</u>	<u>745,345,492</u>	<u>181,071,383</u>	<u>1,830,970</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows—relating to pensions	11,441,768	45,383	11,487,151	3,073,886	86,206
Deferred inflows—relating to OPEB	42,295,522	277,829	42,573,351	13,960,896	-
Deferred inflows—relating to NYS TAP payments	-	-	-	644,904	-
Deferred inflows—relating to capital	-	-	-	22,854,991	-
Deferred gain on refunding	<u>12,488,509</u>	<u>-</u>	<u>12,488,509</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>66,225,799</u>	<u>323,212</u>	<u>66,549,011</u>	<u>40,534,677</u>	<u>86,206</u>
NET POSITION					
Net investment in capital assets	68,244,841	27,949,176	96,194,017	78,360,148	-
Restricted for:					
Debt service	13,664,513	-	13,664,513	-	-
Workers' compensation	7,497,810	-	7,497,810	-	-
Other	5,945,386	-	5,945,386	14,116,977	29,110
Unrestricted	<u>(310,202,414)</u>	<u>9,143,344</u>	<u>(301,059,070)</u>	<u>(90,814,589)</u>	<u>2,986,452</u>
Total net position	<u>\$ (214,849,864)</u>	<u>\$ 37,092,520</u>	<u>\$ (177,757,344)</u>	<u>\$ 1,662,536</u>	<u>\$ 3,015,562</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, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Total Major Discretely Presented Component Units	Aggregate Nonmajor Discretely Presented Component Units
		Charges for Services	Grants and Contributions	Capital Grants and Contributions	Primary Government				
					Governmental Activities	Business-type Activities	Total		
Primary government:									
Governmental activities:									
General government support	\$ 102,831,228	\$ 8,870,747	\$ 12,361,094	\$ 73,045	\$ (81,526,342)	\$ -	\$ (81,526,342)	\$ -	\$ -
Education	22,353,093	-	-	2,009,923	(20,343,170)	-	(20,343,170)	-	-
Public safety	85,069,940	3,720,657	3,696,290	822,806	(76,830,187)	-	(76,830,187)	-	-
Health	68,650,247	2,638,651	37,204,581	-	(28,807,015)	-	(28,807,015)	-	-
Transportation	25,895,950	2,159,734	2,558,687	11,373,763	(9,803,766)	-	(9,803,766)	-	-
Economic assistance and opportunity	154,586,157	6,961,851	80,390,641	-	(67,233,665)	-	(67,233,665)	-	-
Culture and recreation	5,293,678	279,991	601,374	4,279,778	(132,535)	-	(132,535)	-	-
Home and community services	13,842,688	827,514	3,531,755	-	(9,483,419)	-	(9,483,419)	-	-
Interest and other fiscal charges	7,457,978	-	-	-	(7,457,978)	-	(7,457,978)	-	-
Total governmental activities	485,980,959	25,459,145	140,344,422	18,559,315	(301,618,077)	-	(301,618,077)	-	-
Business-type activities:									
Airport	2,523,163	954,540	1,900	8,285,889	-	6,719,166	6,719,166	-	-
Transportation	13,845,908	1,461,736	8,385,976	69,240	-	(3,928,956)	(3,928,956)	-	-
Local Development Corporation	975,416	1,008,066	-	-	-	32,650	32,650	-	-
Total business-type activities	17,344,487	3,424,342	8,387,876	8,355,129	-	2,822,860	2,822,860	-	-
Total primary government	\$503,325,446	\$28,883,487	\$148,732,298	\$ 26,914,444	(301,618,077)	2,822,860	(298,795,217)	-	-
Component units:									
Dutchess Community College	\$ 85,544,739	\$53,201,625	\$ 18,336,762	\$ -	-	-	-	(14,006,352)	-
Resource Recovery Agency	15,667,720	14,872,438	-	-	-	-	-	(795,282)	-
Water and Wastewater Authority	9,873,768	6,777,010	255,511	842,359	-	-	-	(1,998,888)	-
Nonmajor component units	2,669,584	460,566	246,713	-	-	-	-	-	(1,962,305)
Total component units	\$113,755,811	\$75,311,639	\$ 18,838,986	\$ 842,359	-	-	-	(16,800,522)	(1,962,305)
General revenues:									
Property taxes, levied for general purpose					101,238,925	-	101,238,925	-	-
Property taxes, levied for debt service					13,529,440	-	13,529,440	-	-
Sales and use taxes					208,660,332	-	208,660,332	-	-
Other taxes					4,656,221	-	4,656,221	-	-
Use of money and property					4,093,339	271,766	4,365,105	699,244	57,635
Tobacco settlement revenues					2,965,348	-	2,965,348	-	-
Miscellaneous					-	34,487	34,487	-	-
Payments from primary government					-	-	-	19,640,438	304,674
Transfers					(3,925,456)	3,925,456	-	-	-
Total general revenues and transfers					331,218,149	4,231,709	335,449,858	20,339,682	362,309
Change in net position					29,600,072	7,054,569	36,654,641	3,539,160	(1,599,996)
Net position—beginning, as restated					(244,449,936)	30,037,951	(214,411,985)	(1,876,624)	4,615,558
Net position—ending					\$ (214,849,864)	\$37,092,520	\$ (177,757,344)	\$ 1,662,536	\$ 3,015,562

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

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

	<u>General</u>	<u>Capital Projects</u>	<u>DTASC</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 39,695,401	\$ -	\$ 71,138	\$ 3,531,067	\$ 43,297,606
Restricted cash and cash equivalents	29,328,221	36,143,120	3,355,404	3,300	68,830,045
Investments	19,742,651	-	-	-	19,742,651
Receivables (net of allowances):					
Taxes	39,011,561	-	-	-	39,011,561
Accounts receivable	3,278,481	79,942	-	18,747	3,377,170
Due from other funds	11,371,459	-	-	-	11,371,459
Intergovernmental receivables	47,495,844	5,167,470	-	1,429,267	54,092,581
Prepaid items	4,344,069	-	-	234,376	4,578,445
Inventories	103,154	-	-	-	103,154
Total assets	<u>\$194,370,841</u>	<u>\$ 41,390,532</u>	<u>\$ 3,426,542</u>	<u>\$ 5,216,757</u>	<u>\$244,404,672</u>
LIABILITIES					
Accounts payable	\$ 44,882,282	\$ 9,357,521	\$ -	\$ 1,864,401	\$ 56,104,204
Accrued liabilities	6,488,959	-	-	187,708	6,676,667
Due to other funds	-	10,166,690	-	124,841	10,291,531
Intergovernmental payables	29,739,125	-	-	-	29,739,125
Unearned revenue	1,758,121	-	-	3,300	1,761,421
Total liabilities	<u>82,868,487</u>	<u>19,524,211</u>	<u>-</u>	<u>2,180,250</u>	<u>104,572,948</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue—property taxes	13,605,552	-	-	-	13,605,552
Total deferred inflows of resources	<u>13,605,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,605,552</u>
FUND BALANCES					
Nonspendable	4,447,223	-	-	234,376	4,681,599
Restricted	20,752,305	21,866,321	3,355,404	-	45,974,030
Assigned	15,824,484	-	71,138	2,802,131	18,697,753
Unassigned	56,872,790	-	-	-	56,872,790
Total fund balances	<u>97,896,802</u>	<u>21,866,321</u>	<u>3,426,542</u>	<u>3,036,507</u>	<u>126,226,172</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$194,370,841</u>	<u>\$ 41,390,532</u>	<u>\$ 3,426,542</u>	<u>\$ 5,216,757</u>	<u>\$244,404,672</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, 2019

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

Total fund balances—governmental funds (page 18)	\$ 126,226,172	
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 \$611,168,360 and the accumulated depreciation is \$356,347,176.		254,821,184
Other noncurrent assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		7,131,412
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.		13,605,552
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.		34,221,863
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	\$ 1,033,667	
Deferred gain on refunding—County	(420,365)	
Deferred gain on refunding—DTASC	<u>(12,068,144)</u>	(11,454,842)
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	\$ 13,651,751	
Deferred outflows related to experience, changes in assumptions, and investment earnings	15,119,763	
Deferred inflows related to pension plans	<u>(11,441,768)</u>	17,329,746
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	\$ 8,824,971	
Deferred outflows relating to experience and changes in assumptions	18,818,082	
Deferred inflows relating to OPEB liability	<u>(42,295,522)</u>	(14,652,469)
Net accrued interest expense for general obligation bonds of \$2,044,963 and DTASC bonds of \$218,563 are not reported in the funds.		(2,263,526)
To recognize retainages payable on outstanding capital projects not recorded in the fund statements.		(152,766)
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	\$ (150,125,124)	
Unamortized bond premiums—County	(9,172,614)	
DTASC bonds	(48,210,000)	
Unamortized bond premiums—DTASC	(3,565,743)	
DTASC subordinate turbo CABs	(6,728,414)	
Compensated absences	(9,912,576)	
Workers' compensation and general claims	(29,515,544)	
Other postemployment benefits obligation	(350,081,057)	
Net pension liability	<u>(32,351,118)</u>	(639,662,190)
Net position of governmental activities		<u>\$ (214,849,864)</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, 2019

	<u>General</u>	<u>Capital Projects</u>	<u>DTASC</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Real property taxes	\$103,734,697	\$ -	\$ -	\$ 12,067,414	\$115,802,111
Sales and use taxes	208,660,332	-	-	-	208,660,332
Other taxes	4,656,221	-	-	-	4,656,221
Departmental income	25,106,259	680,000	-	1,950,719	27,736,978
Use of money and property	3,135,259	846,329	96,619	15,132	4,093,339
Miscellaneous	4,764,542	-	3,080,750	182,921	8,028,213
Grants and aid	120,604,388	17,879,317	-	4,082,100	142,565,805
Total revenues	<u>470,661,698</u>	<u>19,405,646</u>	<u>3,177,369</u>	<u>18,298,286</u>	<u>511,542,999</u>
EXPENDITURES					
Current:					
General government support	77,895,320	-	60,233	-	77,955,553
Education	19,503,528	-	-	-	19,503,528
Public safety	64,436,278	-	-	296,261	64,732,539
Health	63,132,342	-	-	-	63,132,342
Transportation	2,938,537	-	-	9,917,442	12,855,979
Economic assistance and opportunity	147,045,367	-	-	1,549,909	148,595,276
Culture and recreation	2,305,009	-	-	-	2,305,009
Home and community services	10,346,696	-	-	2,599,371	12,946,067
Employee benefits	62,102,663	-	-	4,308,361	66,411,024
Debt service:					
Principal	13,529,440	-	515,000	-	14,044,440
Interest and other fiscal charges	5,131,619	-	2,588,849	-	7,720,468
Capital outlay	-	47,512,070	-	-	47,512,070
Total expenditures	<u>468,366,799</u>	<u>47,512,070</u>	<u>3,164,082</u>	<u>18,671,344</u>	<u>537,714,295</u>
Excess (deficiency) of revenues over expenditures	<u>2,294,899</u>	<u>(28,106,424)</u>	<u>13,287</u>	<u>(373,058)</u>	<u>(26,171,296)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	4,089,153	273,875	-	2,000	4,365,028
Transfers out	(4,201,331)	(4,089,153)	-	-	(8,290,484)
Proceeds from serial bonds	-	34,360,000	-	-	34,360,000
Premium on serial bonds	-	2,371,549	-	-	2,371,549
Proceeds from refunding bonds	12,633,686	-	-	-	12,633,686
Payment to refunding bonds escrow agent	(13,720,150)	-	-	-	(13,720,150)
Premium on refunding bonds	1,195,205	-	-	-	1,195,205
Total other financing sources (uses)	<u>(3,437)</u>	<u>32,916,271</u>	<u>-</u>	<u>2,000</u>	<u>32,914,834</u>
Net change in fund balances	2,291,462	4,809,847	13,287	(371,058)	6,743,538
Fund balances—beginning	<u>95,605,340</u>	<u>17,056,474</u>	<u>3,413,255</u>	<u>3,407,565</u>	<u>119,482,634</u>
Fund balances—ending	<u>\$ 97,896,802</u>	<u>\$ 21,866,321</u>	<u>\$ 3,426,542</u>	<u>\$ 3,036,507</u>	<u>\$126,226,172</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, 2019

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) \$ 6,743,538

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	\$ 45,316,109	
Depreciation expense	(21,803,879)	
Loss on disposals	<u>(21,997)</u>	23,490,233

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	\$ (1,033,746)	
Change in long-term receivable—grants and aid	7,610,285	
Change in long-term receivable—DTASC	<u>(115,402)</u>	6,461,137

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. (102,782)

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

Direct pension contributions	\$ 18,019,579	
Cost of benefits earned net of employee contributions	<u>(3,156,258)</u>	14,863,321

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. (42,786,475)

In the statement of activities, interest expense and retainages payable are recognized as they accrue, regardless of when they are paid. 1,241,021

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:

Refunding bonds issued—County	\$(12,633,686)	
Serial bonds issued—County	(34,360,000)	
Refunded bonds—County	13,544,731	
Repayment of serial bonds—County	13,529,440	
Premium on refunding bonds issued—County	(1,195,205)	
Premium on serial bonds issued—County	(2,371,549)	
Amortization of bond premiums—County	1,169,356	
Repayment of serial bonds—DTASC	515,000	
Amortization of bond premiums—DTASC	38,091	
Accreted interest on DTASC bonds	(438,255)	
Change in compensated absences	(367,688)	
Change in environmental clean up	8,000	
Change in workers' compensation and general claims	(157,239)	
Change in other postemployment benefits obligation	60,349,094	
Change in net pension liability	<u>(17,665,441)</u>	19,964,649

Change in net position of governmental activities \$ 29,600,072

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, 2019

	Business-type Activities			Total Enterprise Funds
	Airport	Transportation	Dutchess County LDC	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,895,790	\$ 2,694,490	\$ 3,118,451	\$ 8,708,731
Receivables	309,068	4,387	2,144	315,599
Intergovernmental receivables	4,219,823	2,952,372	-	7,172,195
Prepaid items	16,155	976	25,051	42,182
Total current assets	<u>7,440,836</u>	<u>5,652,225</u>	<u>3,145,646</u>	<u>16,238,707</u>
Noncurrent assets:				
Capital assets, not being depreciated:				
Land	3,136,399	248,965	-	3,385,364
Construction in progress	10,397,383	117,569	-	10,514,952
Capital assets, net of accumulated depreciation:				
Infrastructure	6,873,148	1,597,958	-	8,471,106
Buildings and building improvements	2,108,135	1,855,510	-	3,963,645
Improvements other than buildings	-	39,091	-	39,091
Machinery and equipment	760,689	3,876,898	45,561	4,683,148
Total noncurrent assets	<u>23,275,754</u>	<u>7,735,991</u>	<u>45,561</u>	<u>31,057,306</u>
Total assets	<u>30,716,590</u>	<u>13,388,216</u>	<u>3,191,207</u>	<u>47,296,013</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows—relating to pensions	97,610	13,763	-	111,373
Deferred outflows—relating to OPEB	73,867	-	-	73,867
Total deferred outflows of resources	<u>171,477</u>	<u>13,763</u>	<u>-</u>	<u>185,240</u>
LIABILITIES				
Current liabilities:				
Accounts payable	3,805,515	620,497	61,899	4,487,911
Accrued liabilities	51,646	6,525	-	58,171
Due to other funds	1,017,430	62,498	-	1,079,928
Unearned revenue	8,539	-	-	8,539
Current portion of long-term debt	252,174	255,647	-	507,821
Total current liabilities	<u>5,135,304</u>	<u>945,167</u>	<u>61,899</u>	<u>6,142,370</u>
Noncurrent liabilities:				
Bonds payable	2,058,742	363,477	-	2,422,219
Premium on bonds	91,035	89,237	-	180,272
Compensated absences	37,728	3,731	-	41,459
Other postemployment benefits obligation	1,150,882	-	-	1,150,882
Net pension liability	105,148	23,171	-	128,319
Total noncurrent liabilities	<u>3,443,535</u>	<u>479,616</u>	<u>-</u>	<u>3,923,151</u>
Total liabilities	<u>8,578,839</u>	<u>1,424,783</u>	<u>61,899</u>	<u>10,065,521</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows—relating to pensions	37,186	8,197	-	45,383
Deferred inflows—relating to OPEB	277,829	-	-	277,829
Total deferred inflows of resources	<u>315,015</u>	<u>8,197</u>	<u>-</u>	<u>323,212</u>
NET POSITION				
Net investment in capital assets	20,875,789	7,027,826	45,561	27,949,176
Unrestricted	1,118,424	4,941,173	3,083,747	9,143,344
Total net position	<u>\$ 21,994,213</u>	<u>\$ 11,968,999</u>	<u>\$ 3,129,308</u>	<u>\$ 37,092,520</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, 2019

	<u>Business-type Activities</u>			Total Enterprise Funds
	<u>Airport</u>	<u>Transportation</u>	Dutchess County LDC	
Operating revenues:				
Charges for services	\$ 954,540	\$ 1,461,736	\$ 1,008,066	\$ 3,424,342
Operating grants and revenues	1,900	8,385,976	-	8,387,876
Other	5,604	28,883	-	34,487
Total operating revenues	<u>962,044</u>	<u>9,876,595</u>	<u>1,008,066</u>	<u>11,846,705</u>
Operating expenses:				
Personal services	428,790	97,107	395,695	921,592
Employee benefits	78,392	36,949	84,390	199,731
Depreciation	1,640,238	2,933,530	11,886	4,585,654
Contracted services	294,543	10,749,837	483,445	11,527,825
Total operating expenses	<u>2,441,963</u>	<u>13,817,423</u>	<u>975,416</u>	<u>17,234,802</u>
Operating (loss) income	<u>(1,479,919)</u>	<u>(3,940,828)</u>	<u>32,650</u>	<u>(5,388,097)</u>
Nonoperating revenues (expenses):				
State and Federal aid	8,285,889	69,240	-	8,355,129
Interest income	219,770	3,216	48,780	271,766
Interest expense	(81,200)	(28,485)	-	(109,685)
Total nonoperating revenues (expenses)	<u>8,424,459</u>	<u>43,971</u>	<u>48,780</u>	<u>8,517,210</u>
Income (loss) before transfers	6,944,540	(3,896,857)	81,430	3,129,113
Transfers in	<u>667,619</u>	<u>3,257,837</u>	<u>-</u>	<u>3,925,456</u>
Change in net position	7,612,159	(639,020)	81,430	7,054,569
Net position—beginning	<u>14,382,054</u>	<u>12,608,019</u>	<u>3,047,878</u>	<u>30,037,951</u>
Net position—ending	<u>\$21,994,213</u>	<u>\$ 11,968,999</u>	<u>\$ 3,129,308</u>	<u>\$ 37,092,520</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, 2019

	<u>Business-type Activities</u>			Total Enterprise Funds
			Dutchess County LDC	
	<u>Airport</u>	<u>Transportation</u>		
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from services provided	\$ 992,146	\$ 1,470,771	\$ 1,123,465	\$ 3,586,382
Receipts from operating grants and revenue	-	9,815,074	-	9,815,074
Receipts from other operating revenue	5,602	28,882	-	34,484
Payments to employees	(645,037)	(118,265)	(480,085)	(1,243,387)
Payments to suppliers of contracted services	113,015	(10,760,023)	(483,512)	(11,130,520)
Net cash provided by operating activities	<u>465,726</u>	<u>436,439</u>	<u>159,868</u>	<u>1,062,033</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers and loans to and from other funds, net	<u>94,778</u>	<u>2,009,459</u>	<u>-</u>	<u>2,104,237</u>
Net cash provided by noncapital financing activities	<u>94,778</u>	<u>2,009,459</u>	<u>-</u>	<u>2,104,237</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Capital contributions to noncurrent assets	5,332,061	324,650	-	5,656,711
Acquisition of capital assets	(7,697,257)	(323,307)	(623)	(8,021,187)
Proceeds from issuance of debt	692,210	119,104	-	811,314
Premium from issuance of debt	71,928	97,192	-	169,120
Principal payments on bonds	(292,216)	(773,149)	-	(1,065,365)
Interest payments	(77,411)	(34,303)	-	(111,714)
Net cash used for capital and related financing activities	<u>(1,970,685)</u>	<u>(589,813)</u>	<u>(623)</u>	<u>(2,561,121)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income earned	<u>219,770</u>	<u>3,216</u>	<u>48,780</u>	<u>271,766</u>
Net cash provided by investing activities	<u>219,770</u>	<u>3,216</u>	<u>48,780</u>	<u>271,766</u>
Increase (decrease) in cash and cash equivalents	(1,190,411)	1,859,301	208,025	876,915
Cash and cash equivalents—beginning	<u>4,086,201</u>	<u>835,189</u>	<u>2,910,426</u>	<u>7,831,816</u>
Cash and cash equivalents—ending	<u>\$ 2,895,790</u>	<u>\$ 2,694,490</u>	<u>\$ 3,118,451</u>	<u>\$ 8,708,731</u>

(continued)

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

(concluded)

	<u>Business-type Activities</u>			
			Dutchess	Total
	<u>Airport</u>	<u>Transportation</u>	<u>County</u> <u>LDC</u>	<u>Enterprise</u> <u>Funds</u>
Reconciliation of operating (loss) income to net cash provided by operating activities:				
Operating (loss) income	\$ (1,479,919)	\$ (3,940,828)	\$ 32,650	\$ (5,388,097)
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:				
Depreciation expense	1,640,238	2,933,530	11,886	4,585,654
Decrease in receivables	31,095	1,438,134	115,399	1,584,628
(Increase) decrease in other assets	(982)	431	(1,335)	(1,886)
Decrease in deferred outflows of resources	106,260	5,065	-	111,325
Increase (decrease) in accounts payable	408,402	(10,620)	1,268	399,050
Increase in compensated absences	5,933	3,927	-	9,860
Increase in net pension liability	57,088	17,390	-	74,478
(Decrease) in other postemployment benefits	(465,819)	-	-	(465,819)
Increase (decrease) in deferred inflows of resources	163,430	(10,590)	-	152,840
Total adjustments	<u>1,945,645</u>	<u>4,377,267</u>	<u>127,218</u>	<u>6,450,130</u>
Net cash provided by operating activities	<u>\$ 465,726</u>	<u>\$ 436,439</u>	<u>\$ 159,868</u>	<u>\$ 1,062,033</u>

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

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

	Private Purpose Trust Fund	Custodial Fund
ASSETS		
Restricted cash and cash equivalents	\$ 5,852	\$ 4,944,179
Accounts receivable	<u>-</u>	<u>761,930</u>
Total assets	<u>5,852</u>	<u>5,706,109</u>
LIABILITIES		
Accounts payable and other liabilities	<u>-</u>	<u>2,686,205</u>
Total liabilities	<u>-</u>	<u>2,686,205</u>
NET POSITION		
Total net position	<u>\$ 5,852</u>	<u>\$ 3,019,904</u>

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

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

	Private Purpose Trust Fund	Custodial Fund
ADDITIONS		
Funds received on behalf of individuals	\$ -	\$ 5,533,531
Total contributions	<u>-</u>	<u>5,533,531</u>
DEDUCTIONS		
Funds distributed to individuals	<u>-</u>	<u>4,940,635</u>
Total deductions	<u>-</u>	<u>4,940,635</u>
Change in net position	-	592,896
Net position—beginning, as restated	<u>5,852</u>	<u>2,427,008</u>
Net position—ending	<u>\$ 5,852</u>	<u>\$ 3,019,904</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, 2019

	Dutchess Community College (August 31, 2019)	Dutchess County Resource Recovery Agency	Dutchess County Water and Wastewater Authority	Total Major Discretely Presented Component Units
ASSETS				
Cash and cash equivalents	\$ 21,612,790	\$ 721,586	\$ 2,393,122	\$ 24,727,498
Restricted cash and investments	12,570,152	2,607,099	3,791,604	18,968,855
Receivables (net of allowances)	4,472,649	1,182,440	2,931,670	8,586,759
Intergovernmental receivables	-	-	95,332	95,332
Prepaid items	1,026,884	26,440	83,195	1,136,519
Other assets	2,674,661	1,678,463	-	4,353,124
Capital assets, not being depreciated	2,155,889	-	6,316,210	8,472,099
Capital assets, net of accumulated depreciation	74,879,474	14,636,670	59,343,698	148,859,842
Total assets	<u>119,392,499</u>	<u>20,852,698</u>	<u>74,954,831</u>	<u>215,200,028</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows—relating to pensions	5,034,718	57,555	436,195	5,528,468
Deferred outflows—relating to OPEB	1,690,199	-	-	1,690,199
Deferred outflows—relating to capital	-	-	-	-
Deferred charge on refunding	-	207,167	642,734	849,901
Total deferred outflows of resources	<u>6,724,917</u>	<u>264,722</u>	<u>1,078,929</u>	<u>8,068,568</u>
LIABILITIES				
Accounts payable	6,478,894	274,254	611,080	7,364,228
Accrued liabilities	2,803,895	817,016	391,143	4,012,054
Unearned revenues	1,900,256	-	-	1,900,256
Noncurrent liabilities:				
Due within one year	968,061	1,505,000	2,047,751	4,520,812
Due in more than one year	112,133,055	10,253,587	40,887,391	163,274,033
Total noncurrent liabilities	<u>113,101,116</u>	<u>11,758,587</u>	<u>42,935,142</u>	<u>167,794,845</u>
Total liabilities	<u>124,284,161</u>	<u>12,849,857</u>	<u>43,937,365</u>	<u>181,071,383</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows—relating to pensions	2,947,594	10,383	115,909	3,073,886
Deferred inflows—relating to OPEB	13,960,896	-	-	13,960,896
Deferred inflows—relating to NYS TAP payment	644,904	-	-	644,904
Deferred inflows—relating to capital	-	-	22,854,991	22,854,991
Total deferred inflows of resources	<u>17,553,394</u>	<u>10,383</u>	<u>22,970,900</u>	<u>40,534,677</u>
NET POSITION				
Net investment in capital assets	52,367,078	7,780,780	18,212,290	78,360,148
Restricted	12,920,525	1,196,452	-	14,116,977
Unrestricted	(81,007,742)	(720,052)	(9,086,795)	(90,814,589)
Total net position	<u>\$ (15,720,139)</u>	<u>\$ 8,257,180</u>	<u>\$ 9,125,495</u>	<u>\$ 1,662,536</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, 2019

	Dutchess Community College (August 31, 2019)	Dutchess County Resource Recovery Agency	Dutchess County Water and Wastewater Authority	Total Major Discretely Presented Component Units
Program expenses:				
Disposal fees	\$ -	\$ 3,411,211	\$ -	\$ 3,411,211
Service fees	-	9,487,761	-	9,487,761
Administrative expenses	5,646,703	585,353	2,294,663	8,526,719
Interest expenses	50,698	375,476	1,469,894	1,896,068
Depreciation and amortization	2,342,660	1,807,919	1,501,334	5,651,913
Instruction	35,712,859	-	-	35,712,859
Academic support	3,434,197	-	-	3,434,197
Libraries	1,385,680	-	-	1,385,680
Student services	9,026,085	-	-	9,026,085
General institution	8,397,842	-	-	8,397,842
Operation and maintenance of plant	7,196,813	-	4,319,692	11,516,505
Student aid	7,235,115	-	-	7,235,115
Other	5,116,087	-	288,185	5,404,272
Total program expenses	<u>85,544,739</u>	<u>15,667,720</u>	<u>9,873,768</u>	<u>111,086,227</u>
Program revenues:				
Charges for services:				
Tipping fees	-	11,878,009	-	11,878,009
Energy sales	-	2,537,956	-	2,537,956
Other charges for services	6,853,474	397,509	6,744,060	13,995,043
Student tuition and fees	21,252,603	-	-	21,252,603
Grants and contracts	16,852,914	-	-	16,852,914
Other	8,242,634	58,964	32,950	8,334,548
Operating grants and contributions	18,336,762	-	255,511	18,592,273
Capital grants and contributions	-	-	842,359	842,359
Total program revenues	<u>71,538,387</u>	<u>14,872,438</u>	<u>7,874,880</u>	<u>94,285,705</u>
Net (expense) revenue and changes in net position	(14,006,352)	(795,282)	(1,998,888)	(16,800,522)
General revenues:				
Use of money and property	413,601	64,816	220,827	699,244
Payments from primary government	16,287,898	-	3,352,540	19,640,438
Total general revenues	<u>16,701,499</u>	<u>64,816</u>	<u>3,573,367</u>	<u>20,339,682</u>
Change in net position	2,695,147	(730,466)	1,574,479	3,539,160
Net position—beginning, as restated	<u>(18,415,286)</u>	<u>8,987,646</u>	<u>7,551,016</u>	<u>(1,876,624)</u>
Net position—ending	<u>\$ (15,720,139)</u>	<u>\$ 8,257,180</u>	<u>\$ 9,125,495</u>	<u>\$ 1,662,536</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, 2019

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 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.

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, 2019, the County reported \$7,131,412 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.

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, 2019, 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 net OPEB liability and difference during the measurement period between certain of the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability. 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, 2019, 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 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. The final item represents the effects of the change in the County’s proportion of the collective net OPEB liability and difference during the measurement period between certain of the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability.

Net Position Flow Assumption—Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide 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 an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the 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 31st, prior to the year of collection and attached as an enforceable lien on January 1st. On March 1st, 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 31st or August 31st, 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 2019 is \$30,822,123,519. The effective tax rate on this value is \$3.27 per thousand. The constitutional tax limit is 1.5% of the 5-year average of the equalized assessment. The 2019 levy represents approximately 19.5% 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, 2019, the primary government reported unearned revenues within the General Fund, County Road Fund and Airport Fund of \$1,758,121, \$3,300 and \$8,539, 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, 2019 total \$1,107,559,083.

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, 2019 totaled \$9,912,576 and \$43,641, 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 \$29,515,544 at December 31, 2019. 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, 2019, the County implemented GASB Statements No. 83, *Certain Asset Retirement Obligations*; No. 84, *Fiduciary Activities*; No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*; No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*; and No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (“AROs”). GASB Statement No. 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB Statement No. 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing effective dates of certain provisions in Statements No. 87, 89, 91, 92, 93, 94, 96, and 97. Other than matter discussed in Note 2, the implementation of GASB Statements No. 83, 84, 88, 90 and 95 did not have a material impact on the County's financial position or results from operations.

Future Impacts of Accounting Pronouncements—The County has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the year ending December 31, 2021, No. 87, *Leases*; No. 91, *Conduit Debt Obligations*; No. 92, *Omnibus 2020*; No. 93, *Replacement of Interbank Offered Rates*; and No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, effective for the year ending December 31, 2022, and No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; and No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending December 31, 2023. The County is, therefore, unable to disclose the impact that adopting GASB Statements No. 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 1st, the County Executive submits a tentative budget to the County Legislature for the fiscal year commencing the following January 1st. 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 21st, 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 NET POSITION

During the year ended December 31, 2019, the County implemented GASB Statement No. 84, *Fiduciary Activities*. The implementation of GASB Statement No. 84 establishes criteria for identifying fiduciary activities of state and local governments. This Statement also provides for the recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

The effect of this restatement to the County’s fiduciary funds is summarized as follows:

	Custodial Fund
Net position—December 31, 2018, as previously stated	\$ -
GASB Statement No. 84 implementation	<u>2,427,008</u>
Net position—December 31, 2018, as restated	<u>\$ 2,427,008</u>

Additionally, during the year ended December 31, 2019, a County major component unit, the Dutchess County Water and Wastewater Authority (“WWA”), restated net position due to the effects of reclassifying an EFC financing from a long-term bond anticipation note to grant revenue. Additionally, during the year ended December 31, 2019, a County nonmajor discretely presented component unit, the Dutchess County Industrial Development Agency (“IDA”), restated net position to correct the accrual of professional service contract expenses. Net position of the WWA and IDA at December 31, 2018 has been restated as follows:

	Major Component Unit		Nonmajor Component Unit	
	Dutchess County Water and Wastewater Authority	Total Major Component Units	Dutchess County Industrial Development Agency	Total Nonmajor Component Units
Net position—December 31, 2018, as previously stated	\$ 7,170,574	\$ (2,257,066)	\$ 4,428,272	\$ 4,640,558
Reclassification EFC financing	380,442	380,442	-	-
Professional service contract expenses	-	-	(25,000)	(25,000)
Net position—December 31, 2018, as restated	<u>\$ 7,551,016</u>	<u>\$ (1,876,624)</u>	<u>\$ 4,403,272</u>	<u>\$ 4,615,558</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, 2019 are as follows:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Petty cash (uncollateralized)	\$ 21,515	\$ 700	\$ -	\$ 22,215
Deposits	108,750,732	8,708,031	4,950,031	122,408,794
U.S. Treasuries and money market funds	8,107	-	-	8,107
Discount note	3,347,297	-	-	3,347,297
Investments	19,742,651	-	-	19,742,651
Total	<u>\$ 131,870,302</u>	<u>\$ 8,708,731</u>	<u>\$ 4,950,031</u>	<u>\$ 145,529,064</u>

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

	Bank Balance	Carrying Amount
FDIC insured	\$ 2,585,744	\$ 2,585,756
Uninsured:		
Collateral held by pledging bank's agent in the County's name	<u>129,730,168</u>	<u>119,823,038</u>
Total	<u>\$ 132,315,912</u>	<u>\$ 122,408,794</u>

Restricted Cash and Cash Equivalents—Restricted cash of the County consists of cash reported within the Capital Projects Fund in the amount of \$36,143,120, and cash restricted for future debt service within both the General Fund and DTASC Fund of \$7,309,108 and \$3,355,404, respectively. Also included within restricted cash is General Fund (including self-insurance) balances subject to externally enforceable legal purpose restrictions, totaling \$13,443,197, unearned revenues of \$1,761,421, intergovernmental payables of \$3,790,456 related to overpayments, amounts withheld for employees and residents of \$2,935,707, and cash reported within the County’s workers’ compensation self-insured program in excess of the related restricted fund balance, totaling \$91,632. The County also reports restricted cash held on behalf of others in the amount of \$4,950,031 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, 2019, 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 and Fair Value Measurements—At December 31, 2019, the County has investments in securities of \$19,742,651, which consist of U.S. Treasury notes with maturities of twelve months. Accounting standards provide the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

- Level 2 Inputs to the valuation methodology include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The investments of the County at December 31, 2019 are considered level 1 inputs.

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, 2019, the College reports \$21,612,790 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, 2019, none of the College's bank balance of \$16,819,516 was exposed to custodial credit risk as they were either insured or collateralized.

Investments—Investments consist of certificates of deposit with initial maturities of greater than three months. At August 31, 2019, the College reports \$12,570,152 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, 2019, 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, 2019, the Agency had additional cash and cash equivalents and investments of \$4,763,743 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, 2019:

Bank balance	\$1,674,633
U.S. Government money market	<u>3,089,110</u>
Total custodial credit risk Category 2	<u>\$4,763,743</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 1st bond principal and interest payments, amounted to \$2,607,099 at December 31, 2019, 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, 2019 are summarized as follows:

Current restricted assets	
Series 2017	\$ 1,410,647
Energy revenues and debt service funds	<u>1,196,452</u>
Total current restricted assets	<u>\$ 2,607,099</u>
Noncurrent restricted assets	
Series 2017	<u>\$ 1,678,463</u>
Total noncurrent restricted cash and investments	<u>1,678,463</u>
Total restricted cash and investments	<u>\$ 4,285,562</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, 2019:

Cash in banks	<u>\$ 2,393,122</u>
Investments:	
Money market funds	\$ 1,774,732
U.S. Treasury bills and notes	<u>2,016,872</u>
Total investments	<u>\$ 3,791,604</u>

At December 31, 2019, the Authority has \$431,075 in unspent bond proceeds held by the New York State Environmental Facilities Corporation (“EFC”). The Authority has \$374,960 in eligible project expenses which are under EFC review and expects to use the balance, \$56,115 for future debt service payments related to the 2018 Shore Haven statutory installment 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 below as of December 31, 2019:

Construction reserve funds	\$ 294,352
Debt service sinking funds	572
Debt service reserve funds	758,840
Held by EFC	<u>431,075</u>
Current restricted funds	<u>1,484,839</u>
Noncurrent debt service reserve funds	<u>2,306,765</u>
Total restricted funds	<u>\$ 3,791,604</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, 2019, the IDA and the SWCD recorded \$2,733,396 and \$241,757 in cash and cash equivalents, respectively. The IDA also reports restricted cash in the amount of \$1,680,530 related to a deposit for the Cricket Valley Energy Center IDA project.

4. RECEIVABLES

Taxes Receivable—Represents amounts due from County taxpayers that remain unpaid. At December 31, 2019, the County recorded \$39,011,561 related to taxes receivable. These amounts are reported net of an allowance for uncollectible taxes provision of \$9,017,031.

Accounts Receivable—Represents amounts due from various sources. The County’s accounts receivable at December 31, 2019 are presented below.

Governmental funds:	
General Fund	\$ 4,898,357
Less: allowance for doubtful accounts	(1,619,876)
Capital Projects Fund	79,942
Nonmajor governmental funds	<u>18,747</u>
Total	<u>\$ 3,377,170</u>
Proprietary funds:	
Airport Fund	\$ 309,068
Transportation Fund	4,387
Dutchess County LDC	<u>2,144</u>
Total	<u>\$ 315,599</u>
Fiduciary funds:	
Custodial Fund	<u>\$ 761,930</u>

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

Governmental funds:		
General Fund:		
Due from state and federal	\$ 46,419,211	
Other	<u>1,076,633</u>	\$ 47,495,844
Capital Projects Fund:		
Due from state and federal		5,167,470
Nonmajor governmental funds:		
Due from state and federal		<u>1,429,267</u>
Total		<u>\$ 54,092,581</u>
Proprietary funds:		
Airport Fund:		
Due from state and federal		\$ 4,219,823
Transportation Fund:		
Due from state and federal	\$ 2,858,123	
Other	<u>94,249</u>	<u>2,952,372</u>
Total		<u>\$ 7,172,195</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, 2019, the College reported total accounts receivable of \$4,472,649, which is reported net of an allowance for uncollectible accounts of \$2,007,183.

ii) Dutchess County Resource Recovery Agency

The Agency records accounts receivable of \$1,182,440, 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 \$2,931,670 and \$95,332 recorded within receivables and intergovernmental receivables, respectively, at December 31, 2019. 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, 2019, the SWCD records accounts receivable of \$154,026.

5. CAPITAL ASSETS

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

	Balance 1/1/2019	Increases	Decreases	Balance 12/31/2019
Capital assets, not being depreciated:				
Land	\$ 12,564,155	\$ 1,754,912	\$ -	\$ 14,319,067
Right of way and easements	14,872,417	1,262,018	-	16,134,435
Construction in progress	<u>42,205,753</u>	<u>44,938,945</u>	<u>58,630,566</u>	<u>28,514,132</u>
Total capital assets, not being depreciated	<u>69,642,325</u>	<u>47,955,875</u>	<u>58,630,566</u>	<u>58,967,634</u>
Capital assets, being depreciated:				
Infrastructure	255,593,094	9,757,939	-	265,351,033
Buildings and building improvements	162,369,835	40,952,539	-	203,322,374
Improvements other than buildings	10,725,442	9,305	-	10,734,747
Machinery and equipment	<u>67,813,843</u>	<u>5,271,017</u>	<u>292,288</u>	<u>72,792,572</u>
Total capital assets, being depreciated	<u>496,502,214</u>	<u>55,990,800</u>	<u>292,288</u>	<u>552,200,726</u>
Less accumulated depreciation for:				
Infrastructure	162,982,115	10,836,672	-	173,818,787
Buildings and building improvements	115,995,553	5,041,167	-	121,036,720
Improvements other than buildings	3,874,365	1,933,274	-	5,807,639
Machinery and equipment	<u>51,961,555</u>	<u>3,992,766</u>	<u>270,291</u>	<u>55,684,030</u>
Total accumulated depreciation	<u>334,813,588</u>	<u>21,803,879</u>	<u>270,291</u>	<u>356,347,176</u>
Total capital assets, being depreciated, net	<u>161,688,626</u>	<u>34,186,921</u>	<u>21,997</u>	<u>195,853,550</u>
Governmental activities capital assets, net	<u>\$ 231,330,951</u>	<u>\$ 82,142,796</u>	<u>\$ 58,652,563</u>	<u>\$ 254,821,184</u>

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

General government support	\$ 6,208,317
Public safety	2,939,169
Public health	54,698
Transportation	9,930,739
Economic assistance and opportunity	253,855
Culture and recreation	2,395,222
Home and community services	<u>21,879</u>
Total governmental activities	<u>\$ 21,803,879</u>

Business-type activities—Capital asset activity for the primary government’s business-type activities (enterprise funds) for the year ended December 31, 2019 was as follows:

	Balance 1/1/2019	Increases	Decreases and reclassifications	Balance 12/31/2019
Capital assets, not being depreciated:				
Land	\$ 3,385,364	\$ -	\$ -	\$ 3,385,364
Construction in progress	1,968,822	10,879,408	2,333,278	10,514,952
Total capital assets, not being depreciated	<u>5,354,186</u>	<u>10,879,408</u>	<u>2,333,278</u>	<u>13,900,316</u>
Capital assets, being depreciated:				
Infrastructure	32,901,534	705,371	-	33,606,905
Buildings and building improvements	13,565,076	1,316,077	-	14,881,153
Improvements other than buildings	-	39,091	-	39,091
Machinery and equipment	22,196,839	272,739	299	22,469,279
Total capital assets, being depreciated	<u>68,663,449</u>	<u>2,333,278</u>	<u>299</u>	<u>70,996,428</u>
Less accumulated depreciation for:				
Infrastructure	23,417,435	1,718,364	-	25,135,799
Buildings and building improvements	10,545,053	372,455	-	10,917,508
Machinery and equipment	15,292,218	2,494,835	922	17,786,131
Total accumulated depreciation	<u>49,254,706</u>	<u>4,585,654</u>	<u>922</u>	<u>53,839,438</u>
Total capital assets, being depreciated, net	<u>19,408,743</u>	<u>(2,252,376)</u>	<u>(623)</u>	<u>17,156,990</u>
Business-type activities capital assets, net	<u>\$ 24,762,929</u>	<u>\$ 8,627,032</u>	<u>\$ 2,332,655</u>	<u>\$ 31,057,306</u>

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

Airport	\$ 1,640,238
Transportation	2,933,530
Dutchess County LDC	<u>11,886</u>
Total business-type activities	<u>\$ 4,585,654</u>

Discretely Presented Component Units

i) Dutchess Community College

Capital asset activity for the Dutchess Community College for the year ended August 31, 2019 is presented below:

	Balance 9/1/2018	Increases	Decreases	Balance 8/31/2019
Capital assets, not being depreciated:				
Land	\$ 1,151,144	\$ -	\$ -	\$ 1,151,144
Construction in progress	487,114	679,559	161,928	1,004,745
Total capital assets, not being depreciated	<u>1,638,258</u>	<u>679,559</u>	<u>161,928</u>	<u>2,155,889</u>
Capital assets, being depreciated:				
Building and improvements	88,780,109	2,131,660	-	90,911,769
Furniture and equipment	9,003,183	3,425,912	-	12,429,095
Total capital assets, being depreciated	<u>97,783,292</u>	<u>5,557,572</u>	<u>-</u>	<u>103,340,864</u>
Less: Accumulated depreciation	<u>51,918,961</u>	<u>2,289,493</u>	<u>-</u>	<u>54,208,454</u>
Total capital assets, being depreciated, net	<u>45,864,331</u>	<u>3,268,079</u>	<u>-</u>	<u>49,132,410</u>
Total capital assets, net	<u>\$ 47,502,589</u>	<u>\$ 3,947,638</u>	<u>\$ 161,928</u>	<u>\$ 51,288,299</u>

In addition to the College's capital assets, its component units, the Association and Foundation reported net capital assets, being depreciated of \$25,747,064 and \$0, respectively.

Assets under capital lease agreements at August 31, 2019 are as follows:

Cost basis	\$ 5,227,174
Accumulated depreciation	<u>(3,727,162)</u>
Total	<u>\$ 1,500,012</u>

Depreciation expense for the year ended August 31, 2019 was \$2,289,493. The College also reports amortization of \$53,167 for intangible assets.

ii) Dutchess County Resource Recovery Agency

Capital asset activity for the Dutchess County Resource Recovery Agency for the year ended December 31, 2019 is presented below:

	Balance 1/1/2019	Increases	Decreases	Balance 12/31/2019
Capital assets, being depreciated:				
Property	\$ 517,591	\$ -	\$ -	\$ 517,591
Plant	63,774,179	73,360	-	63,847,539
Equipment	61,487	-	-	61,487
Total capital assets, being depreciated	<u>64,353,257</u>	<u>73,360</u>	<u>-</u>	<u>64,426,617</u>
Less: Accumulated depreciation	<u>47,971,400</u>	<u>1,818,547</u>	<u>-</u>	<u>49,789,947</u>
Total capital assets, net	<u>\$ 16,381,857</u>	<u>\$ (1,745,187)</u>	<u>\$ -</u>	<u>\$ 14,636,670</u>

Depreciation was recorded in the amount of \$1,818,547 less amortization of deferred revenues associated with the funding of capital improvements of \$10,628, resulting in \$1,807,919 depreciation expense for the year ended December 31, 2019.

iii) Dutchess County Water and Wastewater Authority

Capital asset activity for the Dutchess County Water and Wastewater Authority for the year ended December 31, 2019 is presented below:

	Balance 1/1/2019	Increases	Decreases	Reclassifications	Balance 12/31/2019
Capital assets, not being depreciated:					
Land	\$ 955,608	\$ -	\$ -	\$ -	\$ 955,608
Construction in progress	6,976,930	1,696,838	-	(3,313,166)	5,360,602
Total capital assets, not being depreciated	<u>7,932,538</u>	<u>1,696,838</u>	<u>-</u>	<u>(3,313,166)</u>	<u>6,316,210</u>
Capital assets, being depreciated:					
Improvements	300,602	-	-	-	300,602
Buildings	22,372,935	-	-	1,914,503	24,287,438
Water system	57,095,734	-	-	-	57,095,734
Machinery and equipment	8,065,160	23,137	-	1,398,663	9,486,960
Sewage collection system	1,644,932	-	-	-	1,644,932
Total capital assets, being depreciated	<u>89,479,363</u>	<u>23,137</u>	<u>-</u>	<u>3,313,166</u>	<u>92,815,666</u>
Less: Accumulated depreciation	<u>31,374,773</u>	<u>2,097,195</u>	<u>-</u>	<u>-</u>	<u>33,471,968</u>
Total capital assets, being depreciated, net	<u>58,104,590</u>	<u>(2,074,058)</u>	<u>-</u>	<u>3,313,166</u>	<u>59,343,698</u>
Total capital assets, net	<u>\$ 66,037,128</u>	<u>\$ (377,220)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,659,908</u>

For the year ended December 31, 2019, depreciation was recorded in the amount of \$2,097,195 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 \$1,501,334 in depreciation expense.

6. ACCRUED LIABILITIES

Accrued liabilities reported by governmental and proprietary funds at December 31, 2019, were as follows:

	Governmental Funds		
	General Fund	Nonmajor Governmental Funds	
		Total	Total
Salaries and employee benefits	\$ 6,293,289	\$ 187,708	\$ 6,480,997
Guaranty and bid deposits	195,670	-	195,670
Total accrued liabilities*	<u>\$ 6,488,959</u>	<u>\$ 187,708</u>	<u>\$ 6,676,667</u>
	Proprietary Funds		
	Airport	Transportation	Total
	Total	Total	Total
Salaries and employee benefits	\$ 13,020	\$ 2,688	\$ 15,708
Other	38,626	3,837	42,463
Total accrued liabilities	<u>\$ 51,646</u>	<u>\$ 6,525</u>	<u>\$ 58,171</u>

*As of December 31, 2019, the County's General Fund records \$2,935,707 of accrued liabilities related to payroll withholdings and guaranty and bid deposits due to the implementation of GASB Statement No. 84, *Fiduciary Activities*, which were previously accounted for within the County's Agency Fund. These liabilities are offset within restricted cash as disclosed in Note 3.

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 or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

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

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions—At December 31, 2019, the County reported the following liabilities for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2019. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation as of April 1, 2018, 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, 2019	
Net pension liability	\$ 32,351,118	\$ 128,319
County's portion of the Plan's total net pension liability	0.4553470%	0.0018060%

For the year ended December 31, 2019, the County recognized pension expense of \$21,134,293 and \$83,828 for governmental activities and business-type activities, respectively. At December 31, 2019, 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 of Resources		Deferred Inflows of Resources	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Differences between expected and actual experiences	\$ 6,370,611	\$ 25,269	\$ 2,171,671	\$ 8,613
Changes of assumptions	8,131,748	32,254	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	8,303,084	32,934
Changes in proportion and differences between the County's contributions and proportionate share of contributions	617,404	2,449	967,013	3,836
County contributions subsequent to the measurement date	<u>13,651,751</u>	<u>51,401</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 28,771,514</u>	<u>\$ 111,373</u>	<u>\$ 11,441,768</u>	<u>\$ 45,383</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, 2020. Other amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	ERS	
	Governmental Activities	Business-type Activities
2020	\$ 6,538,487	\$ 25,934
2021	(6,402,881)	(25,397)
2022	(757,623)	(3,005)
2023	4,300,012	17,057

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, 2019
Actuarial valuation date	April 1, 2018
Interest rate	7.00%
Salary scale	3.80%
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-2014. The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

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

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

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—The chart on the following page presents the County’s proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.0%, as well as what the County’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 (6.0%) or one percentage-point higher (8.0%) than the current assumption.

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Governmental activities:			
Employer's proportionate share of the net pension liability/(asset)	\$ 141,444,253	\$ 32,351,118	\$ (59,294,853)
Business-type activities:			
Employer's proportionate share of the net pension liability/(asset)	\$ 531,025	\$ 128,319	\$ (235,187)

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, 2018
Employers' total pension liability	\$ 189,803,429
Plan fiduciary net position	<u>182,718,124</u>
Employers' net pension liability	<u>\$ 7,085,305</u>
System fiduciary net position as a percentage of total pension liability	96.3%

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.

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/(Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At August 31, 2019, the College reported the following liability/(asset) for its proportionate share of the net pension liability/(asset) for each of the Systems. The net pension liability/(asset) was measured as of March 31, 2019 for ERS and June 30, 2019 for TRS. The total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of April 1, 2018 for ERS and June 30, 2018 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.

Measurement date	TRS	ERS
	June 30, 2019	March 31, 2019
Net pension liability/(asset)	\$ (1,075,324)	\$ 3,035,807
The College's portion of the Plan's total net pension liability/(asset)	0.041390%	0.042847%

For the year ended August 31, 2019, the College recognized pension expense of \$749,682 and \$1,673,485 for TRS and ERS, respectively. At August 31, 2019, 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	\$ 728,720	\$ 597,814	\$ 79,963	\$ 203,788
Changes in assumptions	2,031,430	763,078	495,321	-
Net difference between projected and actual earnings on pension plan investments	-	-	862,354	779,156
Changes in proportion and differences between the College's contributions and proportionate share of contributions	-	57,937	436,268	90,744
College contributions subsequent to the measurement date	134,638	721,101	-	-
Total	<u>\$ 2,894,788</u>	<u>\$ 2,139,930</u>	<u>\$ 1,873,906</u>	<u>\$ 1,073,688</u>

The College's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/(asset) in the year ending August 31, 2020. 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
2020	\$ 387,776	\$ 613,567
2021	(67,846)	(600,842)
2022	386,013	(71,095)
2023	256,507	403,511
2024	(12,963)	-
Thereafter	(63,241)	-

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

	TRS	ERS
Measurement date	June 30, 2019	March 31, 2019
Actuarial valuation date	June 30, 2018	April 1, 2018
Interest rate	7.10%	7.00%
Salary scale	1.90%-4.72%	3.80%
Decrement tables	July 1, 2009 - June 30, 2014	April 1, 2010 - March 31, 2015
Inflation rate	2.20%	2.50%

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 MP2018, applied on a generational basis. The actuarial assumptions used in the June 30, 2018 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, 2019	March 31, 2019
Asset class:				
Domestic equities	33.0 %	36.0 %	6.3 %	4.6 %
International equities	16.0	14.0	7.8	6.4
Global equities	4.0	0.0	7.2	0.0
Private equity	8.0	10.0	9.9	7.5
Real estate	11.0	10.0	4.6	5.6
Absolute return strategies	0.0	2.0	0.0	3.8
Domestic fixed income securities	16.0	0.0	1.3	0.0
Global fixed income securities	2.0	0.0	0.9	0.0
High-yield fixed income securities	1.0	0.0	3.6	0.0
Opportunistic portfolio	0.0	3.0	0.0	5.7
Real assets	0.0	3.0	0.0	5.3
Private Debt	1.0	0.0	6.5	0.0
Bonds and mortgages	7.0	17.0	2.9	1.3
Cash	1.0	1.0	0.3	(0.3)
Inflation-indexed bonds	0.0	4.0	0.0	1.3
Total	<u>100.0 %</u>	<u>100.0 %</u>		

Discount Rate—The discount rate used to calculate the total pension liability/(asset) was 7.10% for TRS and 7.0% 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/(asset).

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/(asset) calculated using the discount rate of 7.10% for TRS and 7.0% 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 (6.10% for TRS and 6.0% for ERS) or one percentage-point higher (8.10% for TRS and 8.0% for ERS) than the current assumption.

	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
<u>TRS</u>			
Employer's proportionate share of the net pension liability/(asset)	\$ 4,853,900	\$ (1,075,324)	\$ (6,049,274)
	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
<u>ERS</u>			
Employer's proportionate share of the net pension liability/(asset)	\$ 13,273,033	\$ 3,035,807	\$ (5,564,189)

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, 2018	April 1, 2018	
Employers' total pension liability	\$ 119,879,474	\$ 189,803,429	\$ 309,682,903
Plan fiduciary net position	122,477,481	182,718,124	305,195,605
Employers' net pension liability/(asset)	<u>\$ (2,598,007)</u>	<u>\$ 7,085,305</u>	<u>\$ 4,487,298</u>
System fiduciary net position as a percentage of total pension liability	102.2%	96.3%	98.6%

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, 2019, the Agency reported a liability of \$18,149 for its proportionate share of the net pension liability. At March 31, 2019, the Agency's proportion was 0.0002562 percent of the ERS liability.

For the year ended December 31, 2019, the Agency recognized pension expense of \$35,256. At December 31, 2019, the Authority reported deferred outflows 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	\$ 3,574	\$ 1,218
Changes in assumptions	4,562	-
Net difference between projected and actual earnings on pension plan investments	-	4,658
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	36,984	4,507
Agency contributions subsequent to the measurement date	12,435	-
Total	<u>\$ 57,555</u>	<u>\$ 10,383</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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	ERS
2020	\$ 21,014
2021	5,598
2022	4,356
2023	3,769

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 (asset) calculated using the discount rate of 7.0%, 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 (6.0%) or one percentage point higher (8.0%) than the current assumption.

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability/(asset)—ERS	\$ 79,352	\$ 18,149	\$ (33,265)

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, 2019, the Authority reported a liability of \$357,983 for its proportionate share of the net pension liability. At March 31, 2019, the Authority's proportion was 0.0050525 percent of the ERS liability.

For the year ended December 31, 2019, the Authority recognized pension expense of \$286,083. At December 31, 2019, 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	\$ 70,494	\$ 24,031
Changes in assumptions	89,982	-
Net difference between projected and actual earnings on pension plan investments	-	91,878
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	100,297	-
Authority contributions subsequent to the measurement date	175,422	-
Total	<u>\$ 436,195</u>	<u>\$ 115,909</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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	ERS
2020	\$ 117,782
2021	(40,632)
2022	13,037
2023	54,677

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—The chart on the following page represents the Authority's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.0%, as well as what the Authority'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 (6.0%) or one percentage point higher (8.0%) than the current assumption.

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability/(asset)—ERS	\$ 1,565,157	\$ 357,983	\$ (656,130)

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, 2019, the SWCD reported a net pension liability of \$101,762, deferred outflows of resources in the amount of \$73,314, and deferred inflows of resources in the amount of \$86,206.

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/(asset) calculated using the discount rate of 7.0%, as well as what the SWCD'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 (6.0%) or one percentage point higher (8.0%) than the current assumption.

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability/(asset)—ERS	\$ 444,922	\$ 101,762	\$ (186,516)

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—At December 31, 2019, the following employees were covered by the benefit terms:

Active employees	1,442
Inactive employees or beneficiaries currently receiving benefit payments	<u>886</u>
Total	<u><u>2,328</u></u>

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

Total OPEB Liability

The County’s total OPEB liability for governmental and business-type activities of \$350,081,057 and \$1,150,882, respectively, was measured as of January 1, 2019, and was determined by an actuarial valuation as of the same date.

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 3.44% effective January 1, 2018 to 3.78% effective January 1, 2019. 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:

	<u>Total OPEB Liability</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Balances at December 31, 2018	<u>\$ 410,430,151</u>	<u>\$ 1,616,701</u>
Changes for the year:		
Service cost	13,990,061	50,088
Interest	14,453,082	56,759
Differences between expected and actual experience	3,353,319	11,024
Changes in assumptions and other inputs	(50,822,845)	(333,843)
Changes in benefit terms	(32,777,750)	(216,188)
Benefit payments	<u>(8,544,961)</u>	<u>(33,659)</u>
Net changes	<u>(60,349,094)</u>	<u>(465,819)</u>
Balances at December 31, 2019	<u>\$ 350,081,057</u>	<u>\$ 1,150,882</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 net OPEB liability. The following table presents the effect of 1% change in the discount rate assumption would have on the net OPEB liability:

	1% Decrease (2.78%)	Current Discount Rate (3.78%)	1% Increase (4.78%)
Governmental activities:			
Total OPEB liability	\$ 413,439,354	\$ 350,081,057	\$ 299,927,238
Business-type activities:			
Total OPEB liability	\$ 1,359,171	\$ 1,150,882	\$ 986,003

Additionally, healthcare costs can be subject to considerable volatility over time. The table below presents the effect on the net OPEB liability of 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	\$ 295,361,650	\$ 350,081,057	\$ 420,941,373
Business-type activities:			
Total OPEB liability	\$ 970,993	\$ 1,150,882	\$ 1,383,833

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, 2019, the County’s governmental and business-type activities recognized OPEB expense of \$8,737,648 and \$149,476, 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 net OPEB liability. The table below presents the County’s deferred outflows of resources and deferred inflows of resources at December 31, 2019.

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Changes in assumptions and other inputs	\$ 16,027,400	\$ 63,133	\$ 42,295,522	\$ 277,829
Differences between expected and actual experience	2,790,682	9,174	-	-
Benefit payments subsequent to the measurement date	8,824,971	1,560	-	-
Total	<u>\$ 27,643,053</u>	<u>\$ 73,867</u>	<u>\$ 42,295,522</u>	<u>\$ 277,829</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, 2020. 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
2020	\$ (4,404,618)	\$ (38,558)
2021	(4,404,618)	(38,558)
2022	(4,404,618)	(38,558)
2023	(4,404,618)	(38,558)
2024 and thereafter	(5,858,968)	(51,290)

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, 2019 was \$1,697,906.

Employees Covered by Benefit Terms—At September 1, 2018, 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><u>654</u></u>

Total OPEB Liability

The College’s total OPEB liability of \$82,435,135 was measured as of September 1, 2018 and was determined by an actuarial valuation as of the same date.

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 3.96%, 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:

	<u>Total OPEB Liability</u>
Balance at August 31, 2018	\$ 87,994,776
Changes for the year:	
Service cost	2,878,655
Interest	3,147,583
Changes of assumptions	(5,826,837)
Differences between expected and actual experience	(3,361,632)
Benefit payments	<u>(2,397,410)</u>
Net changes	<u>(5,559,641)</u>
Balance at August 31, 2019	<u>\$ 82,435,135</u>

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 (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
Total OPEB liability	\$ 97,952,185	\$ 82,435,135	\$ 70,170,203

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	\$ 68,986,854	\$ 82,435,135	\$ 99,963,889

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, 2019, the recognized OPEB expense was \$954,524.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—At August 31, 2019, 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	\$ -	\$ 11,169,032
Differences between expected and actual experience	-	2,791,864
Benefit payments subsequent to the measurement date	1,690,199	-
Total	<u>\$ 1,690,199</u>	<u>\$ 13,960,896</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, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending August 31,	
2020	\$ (3,381,515)
2021	(3,381,515)
2022	(3,381,515)
2023	(2,414,717)
2024 and thereafter	(1,401,634)

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, 2019, the Agency had 1 active employee and 5 retired employees covered by benefit terms.

Total OPEB Liability

The Agency’s total OPEB liability of \$245,260 was determined by an actuarial valuation as of December 31, 2019.

Actuarial Methods and Assumptions—The total OPEB liability in the December 31, 2019 actuarial valuation was determined using an inflation rate of 3.00%, a discount rate of 3.00%, and healthcare cost trend rates ranging from 7.60% to 3.00%, reduced incrementally to an ultimate rate of 4.70% 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 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, 2018	\$ 264,818
Changes for the year:	
Service cost	82,323
Interest	7,967
Change of benefit terms	(43,499)
Changes of assumptions	(9,084)
Benefit payments	(57,265)
Net changes	(19,558)
Balance at December 31, 2019	\$ 245,260

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 (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
Total OPEB liability	\$ 263,925	\$ 245,260	\$ 228,461

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 (6.60%/3.70%)	Current Healthcare Trend Rate (7.60%/4.70%)	1% Increase (8.60%/5.70%)
Total OPEB liability	\$ 227,460	\$ 245,260	\$ 264,688

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, 2019, the Authority had 25 active employees and 5 retired employees covered by benefit terms.

Total OPEB Liability

The Authority’s total OPEB liability of \$3,039,243 was determined by an actuarial valuation as of December 31, 2019.

Actuarial Methods and Assumptions—The total OPEB liability in the December 31, 2019 actuarial valuation was determined using an inflation rate of 2.50%, a discount rate of 2.74%, and healthcare cost trend rates ranging from 7.60% to 3.00%, reduced incrementally to an ultimate rate of 4.70% 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, 2018	\$ 2,526,908
Changes for the year:	
Service cost	100,078
Interest	109,127
Change of benefit terms	(163,705)
Changes of assumptions	512,336
Benefit payments	(45,501)
Net changes	512,335
Balance at December 31, 2019	\$ 3,039,243

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 (1.74%)	Current Discount Rate (2.74%)	1% Increase (3.74%)
Total OPEB liability	\$ 3,485,986	\$ 3,039,243	\$ 2,671,361

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 7.6% to 3.0%, while the ultimate healthcare cost trend rate is 4.7%.

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Total OPEB liability	\$ 2,612,415	\$ 3,039,243	\$ 3,570,567

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, 2019, the market value, as reported by the New York State Deferred Compensation Plan, of the plan assets totaled \$184,173,329.

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, 2019.

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
2019	\$ 28,358,305	\$ 3,896,287	\$ 3,739,048	\$ 28,515,544
2018	29,454,247	2,444,199	3,540,141	28,358,305

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, 2019.

11. LEASES

Operating Leases—The County's leases buildings, equipment and office space under non-cancelable operating leases. Total costs for such leases were \$3,571,175 and \$112,035 for governmental activities and business-type activities, respectively, for the year ended December 31, 2019.

Future minimum lease payments at December 31, 2019 are presented below:

Year Ending December 31,	Governmental Activities	Business-type Activities	Total
2020	\$ 2,234,665	\$ 95,189	\$ 2,329,854
2021	1,847,103	7,000	1,854,103
2022 and thereafter	2,392,687	21,000	2,413,687
Total	<u>\$ 6,474,455</u>	<u>\$ 123,189</u>	<u>\$ 6,597,644</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, 2019 are presented below:

Year Ending August 31,	Principal	Interest
2020	\$ 258,868	\$ 39,483
2021	270,545	27,764
2022	282,748	15,515
2023	220,399	3,268
Total	<u>\$ 1,032,560</u>	<u>\$ 86,030</u>

Operating Lease—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, 2019:

<u>Year Ending August 31,</u>	
2020	\$ 961,480
2021	1,019,781
2022	935,421
2023	770,804
2024	868,406
Thereafter	<u>11,576,804</u>
Total	<u>\$16,132,696</u>

Rent expense for the year ended August 31, 2019 was \$710,709.

12. SHORT-TERM DEBT

Discretely Presented Component Units:

i) Dutchess County Water and Wastewater Authority

State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for period's equivalent to the life of permanent financing, provided that annual reductions of principal are made. The following is a summary of the Authority's short-term debt for the year ended December 31, 2019:

<u>Description</u>	<u>Interest Rate</u>	<u>Balance 1/1/2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2019</u>
Building Purchase	1.97%	\$ 1,250,000	\$ -	\$ 1,250,000	\$ -
Total		<u>\$ 1,250,000</u>	<u>\$ -</u>	<u>\$ 1,250,000</u>	<u>\$ -</u>

13. 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, environmental clean up, 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, 2019 is presented on the following page.

	Balance 1/1/2019	Increases	Decreases	Balance 12/31/2019	Due Within One Year
Governmental activities:					
Bonds payable:					
Serial bonds	\$ 130,205,609	\$ 46,993,686	\$ 27,074,171	\$ 150,125,124	\$ 13,467,343
Premiums on serial bonds	6,775,216	3,566,754	1,169,356	9,172,614	876,388
DTASC tobacco settlement bonds	48,725,000	-	515,000	48,210,000	3,275,000
Premium on DTASC bonds	3,603,834	-	38,091	3,565,743	242,228
DTASC subordinate turbo CABs	6,290,159	438,255	-	6,728,414	-
Total bonds payable	195,599,818	50,998,695	28,796,618	217,801,895	17,860,959
Compensated absences	9,544,888	564,804	197,116	9,912,576	495,629
Environmental clean up	8,000	-	8,000	-	-
Workers' compensation and general claims	29,358,305	3,896,287	3,739,048	29,515,544	5,500,000
OPEB obligation	410,430,151	31,796,462	92,145,556	350,081,057	-
Net pension liability*	14,687,677	17,663,441	-	32,351,118	-
Total governmental activities	<u>\$ 659,628,839</u>	<u>\$ 104,919,689</u>	<u>\$ 124,886,338</u>	<u>\$ 639,662,190</u>	<u>\$ 23,856,588</u>
Business-type activities:					
Bonds payable:					
Airport bonds	\$ 1,903,910	\$ 692,210	\$ 292,216	\$ 2,303,904	\$ 245,162
Transportation bonds	1,265,017	119,104	773,149	610,972	247,495
Premiums on serial bonds	25,404	169,120	1,270	193,254	12,982
Total bonds payable	3,194,331	980,434	1,066,635	3,108,130	505,639
Compensated absences	33,781	10,610	750	43,641	2,182
OPEB obligation	1,616,701	117,871	583,690	1,150,882	-
Net pension liability*	53,841	74,478	-	128,319	-
Total business-type activities	<u>\$ 4,898,654</u>	<u>\$ 1,183,393</u>	<u>\$ 1,651,075</u>	<u>\$ 4,430,972</u>	<u>\$ 507,821</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 7.0% of its constitutional debt limit as of December 31, 2019.

On March 13, 2019, the County issued \$35,000,000 in public improvement serial bonds for various capital improvements and equipment purchases. Series 2019A bonds of \$15,000,000 were issued at a premium of \$1,573,533, carry an interest rate between 3.00 and 5.00 percent, and mature in March 2039. Series 2019B bonds of \$20,000,000 were issued at a premium of \$865,154, carry an interest rate between 3.00 and 5.00 percent, and mature in March 2048.

On April 25, 2019, the County issued \$12,805,000 in 2019 public improvement current refunding serial bonds, which fully refunded the previously issued 2010 and 2011 serial bonds. The refunding bonds were issued at a premium of \$1,292,519 and included issuance costs of \$108,741. The interest on the refunding bonds ranges from 2.0 percent to 5.0 percent and mature in December 2031. The County deposited \$14,295,419 with an escrow agent and as a result, the portions of the original bonds are considered refunded and the liability of these bonds, \$14,120,000, has been removed from the financial statements.

A summary of additions and payments for the year ended December 31, 2019 is shown below:

Description	Maturity Date	Interest Rate (%)	Balance 1/1/2019	Increases	Decreases	Balance 12/31/2019
Governmental activities:						
2009 Refunding Series B	2021	3.00-4.00	\$ 1,320,000	\$ -	\$ 450,000	\$ 870,000
2010 Public Improvement	2025	2.00-4.00	6,559,731	-	6,559,731	-
2011 Public Improvement	2031	2.00-3.50	6,985,000	-	6,985,000	-
2011 Refunding	2022	2.00-5.00	518,102	-	137,600	380,502
2012 Public Improvement	2032	2.00-4.00	4,818,000	-	599,500	4,218,500
2013 Public Improvement	2033	2.00-4.13	2,562,000	-	261,000	2,301,000
2014 Public Improvement	2034	2.13-5.00	13,226,040	-	2,099,040	11,127,000
2015 Public Improvement	2035	2.00-5.00	18,390,000	-	2,843,000	15,547,000
2015 Refunding	2027	2.00-5.00	8,029,336	-	1,685,310	6,344,026
2016 Public Improvement	2028	3.00-4.00	9,680,000	-	1,640,000	8,040,000
2017 Public Improvement	2037	2.00-3.00	4,600,000	-	295,000	4,305,000
2018 Public Improvement Series A	2038	3.00-3.25	13,517,400	-	1,233,400	12,284,000
2018 Public Improvement Series B	2048	3.25-4.00	40,000,000	-	220,000	39,780,000
2019 Public Improvement Series A	2039	3.00-5.00	-	14,360,000	-	14,360,000
2019 Public Improvement Series B	2048	3.00-5.00	-	20,000,000	-	20,000,000
2019 Refunding	2031	2.00-5.00	-	12,633,686	2,065,590	10,568,096
Total governmental activities			<u>\$ 130,205,609</u>	<u>\$ 46,993,686</u>	<u>\$ 27,074,171</u>	<u>\$ 150,125,124</u>
Business-type activities:						
2010 Public Improvement—Airport	2025	2.00-4.00	\$ 57,000	\$ -	\$ 57,000	\$ -
2010 Public Improvement—Transportation	2025	2.00-4.00	158,268	-	158,268	-
2011 Public Improvement—Transportation	2031	2.00-3.50	360,000	-	360,000	-
2011 Refunding—Airport	2022	2.00-5.00	176,899	-	42,400	134,499
2012 Public Improvement—Transportation	2032	2.00-4.00	7,000	-	500	6,500
2013 Public Improvement—Airport	2033	2.00-4.13	248,000	-	49,000	199,000
2014 Public Improvement—Airport	2034	2.13-5.00	8,961	-	961	8,000
2015 Public Improvement—Transportation	2035	2.00-5.00	245,000	-	122,000	123,000
2015 Refunding—Airport	2035	2.00-5.00	213,050	-	75,004	138,046
2015 Refunding—Transportation	2027	2.00-5.00	182,613	-	19,686	162,927
2017 Public Improvement	2037	2.00-3.00	80,000	-	20,000	60,000
2018 Public Improvement—Airport	2038	3.00-3.25	1,200,000	-	60,000	1,140,000
2018 Public Improvement—Transportation	2038	3.00-3.25	232,136	-	76,136	156,000
2019 Public Improvement Series A—Airport	2039	3.00-5.00	-	640,000	-	640,000
2019 Refunding—Airport	2031	2.00-5.00	-	52,210	7,852	44,358
2019 Refunding—Transportation	2031	2.00-5.00	-	119,104	16,558	102,546
Total business-type activities			<u>\$ 3,168,927</u>	<u>\$ 811,314</u>	<u>\$ 1,065,365</u>	<u>\$ 2,914,876</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.

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, 2019 are presented as follows:

Description	Year of Maturity	Yield	Balance 1/1/2019	Increases	Decreases	Balance 12/31/2019	Amounts Due Within One Year*
Tobacco Settlement Bonds:							
Series 2016	2035	various	\$ 48,725,000	\$ -	\$ 515,000	\$ 48,210,000	\$ 3,275,000
Plus: Bond premium			3,603,834	-	38,091	3,565,743	242,228
Net Tobacco Settlement Bonds			<u>\$ 52,328,834</u>	<u>\$ -</u>	<u>\$ 553,091</u>	<u>\$ 51,775,743</u>	<u>\$ 3,517,228</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
2020	\$ 3,275,000	\$ 2,475,150	\$ 5,750,150
2021	1,885,000	2,320,350	4,205,350
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
2025-2029	13,560,000	7,606,175	21,166,175
2030-2034	17,935,000	3,639,375	21,574,375
2035	5,200,000	130,000	5,330,000
Total	<u>\$ 48,210,000</u>	<u>\$ 22,405,800</u>	<u>\$ 70,615,800</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, 2019 follows:

	Interest Rate	Original Principal	Balance 1/1/2019	Annual Net		Balance 12/31/2019
				Interest Accretion	Reductions	
Subordinate	6.00%-					
Turbo CABs	7.85%	\$ 2,604,375	\$ 6,290,159	\$ 438,255	\$ -	\$ 6,728,414

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, 2019, 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, 2019, the County issued serial bonds and current refunding bonds, which included bond premiums of \$2,438,687 and \$1,292,519, respectively. Further, during the year ended December 31, 2019, the Transportation Fund recognized an additional premium of \$4,668, related to the 2018 issuance previously recognized as revenue. 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, 2019 was \$9,172,614 and \$193,254 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, 2019 was \$3,565,743.

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, 2019 for governmental and business-type activities are \$9,912,576 and \$43,641, respectively, of which \$495,629 and \$2,182 is expected to become due within one year, respectively.

Environmental Clean Up—The results of the County’s evaluation of its underground storage tank removal concluded during the year ended December 31, 2019.

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, 2019, the County reported \$28,515,544 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 \$350,081,057 and \$1,150,882 at December 31, 2019 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 \$32,351,118 and \$128,319 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	
2020	\$ 13,467,343	\$ 876,388	\$ 3,275,000	\$ 242,228	\$ -
2021	11,759,269	876,391	1,885,000	139,420	-
2022	10,323,940	789,441	1,990,000	147,186	-
2023	9,047,369	789,440	2,120,000	156,801	-
2024	8,630,890	570,490	2,245,000	166,046	-
2025-2029	34,207,813	2,619,946	13,560,000	1,002,934	-
2030-2034	22,481,000	1,890,723	17,935,000	1,326,522	-
2035-2039	15,062,500	759,795	5,200,000	384,606	-
Thereafter	25,145,000	-	-	-	6,728,414
Total	<u>\$ 150,125,124</u>	<u>\$ 9,172,614</u>	<u>\$ 48,210,000</u>	<u>\$ 3,565,743</u>	<u>\$ 6,728,414</u>

(continued)

Governmental Activities					
Year Ending December 31,	Compensated Absences	Workers' Compensation and General Claims		Net Pension Liability	Total
		OPEB	OPEB		
2020	\$ 495,629	\$ 5,500,000	\$ -	\$ -	\$ 23,856,588
2021	-	-	-	-	14,660,080
2022	-	-	-	-	13,250,567
2023	-	-	-	-	12,113,610
2024	-	-	-	-	11,612,426
2025-2029	-	-	-	-	51,390,693
2030-2034	-	-	-	-	43,633,245
2035-2039	-	-	-	-	21,406,901
Thereafter	9,416,947	24,015,544	350,081,057	32,351,118	447,738,080
Total	<u>\$ 9,912,576</u>	<u>\$ 29,515,544</u>	<u>\$ 350,081,057</u>	<u>\$ 32,351,118</u>	<u>\$ 639,662,190</u>

(concluded)

Year Ending December 31,	Business-type Activities						Net Pension Liability	Total
	Airport Bonds	Transportation Bonds	Premiums on Serial Bonds	Compensated Absences	OPEB			
2020	\$ 245,162	\$ 247,495	\$ 12,982	\$ 2,182	\$ -	\$ -	\$ 507,821	
2021	246,930	123,801	12,982	-	-	-	383,713	
2022	231,373	39,687	12,982	-	-	-	284,042	
2023	150,773	31,858	12,982	-	-	-	195,613	
2024	98,821	90,289	12,982	-	-	-	202,092	
2025-2029	470,845	76,342	64,911	-	-	-	612,098	
2030-2034	467,500	1,500	40,583	-	-	-	509,583	
Thereafter	392,500	-	22,850	41,459	1,150,882	128,319	1,736,010	
Total	<u>\$ 2,303,904</u>	<u>\$ 610,972</u>	<u>\$ 193,254</u>	<u>\$ 43,641</u>	<u>\$ 1,150,882</u>	<u>\$ 128,319</u>	<u>\$ 4,430,972</u>	

Interest requirements relating to bonds payable are as follows:

Year Ending December 31,	Governmental Activities	Business-type Activities	Total
2020	\$ 5,852,576	\$ 105,885	\$ 5,958,461
2021	4,655,363	76,743	4,732,106
2022	4,164,371	64,167	4,228,538
2023	3,751,987	55,138	3,807,125
2024	3,428,519	49,894	3,478,413
2025-2029	13,160,376	183,769	13,344,145
2030-2034	8,549,687	98,932	8,648,619
2035-2039	5,576,794	27,598	5,604,392
Thereafter	4,261,130	-	4,261,130
Total	<u>\$ 53,400,803</u>	<u>\$ 662,126</u>	<u>\$ 54,062,929</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, 2019:

	Balance 9/1/2018	Additions	Reductions	Balance 8/31/2019	Due Within One Year
Capital lease obligations	\$ 1,280,255	\$ -	\$ 247,695	\$ 1,032,560	\$ 258,868
Compensated absences	2,849,456	14,354	-	2,863,810	-
OPEB obligation	87,994,776	-	5,559,641	82,435,135	-
Net pension liability	1,361,853	1,673,954	-	3,035,807	-
Total long-term liabilities	<u>\$ 93,486,340</u>	<u>\$ 1,688,308</u>	<u>\$ 5,807,336</u>	<u>\$ 89,367,312</u>	<u>\$ 258,868</u>

Capital Leases—As explained in Note 11, the College entered into an installment purchase agreement for equipment. At August 31, 2019, the future minimum lease obligation is \$1,032,560.

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, 2019 for the College is \$2,863,810.

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 \$82,435,135 at August 31, 2019.

Net Pension Liability—The College reported a liability, \$3,035,807, for its proportionate share of the net pension liability for the 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 and the fair value of an interest rate swap agreement of the Dutchess Community College Association, a discretely presented component unit of the College, in the amounts of \$23,615,271, of which \$709,193 is due within one year, and \$118,533, 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, 2019 in the amount of \$1,100,178.

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>
2020	\$ 1,055,000	\$ 470,875	\$ 1,525,875
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
2025-2027	<u>4,120,000</u>	<u>309,250</u>	<u>4,429,250</u>
Total	<u>\$ 9,945,000</u>	<u>\$ 2,095,625</u>	<u>\$ 12,040,625</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, 2019 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 \$245,260 at December 31, 2019.

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 \$18,149.

Non-Performance Liability—The Agency was a defendant in a lawsuit regarding liabilities due to the former plant operator from the Agency. The matter was resolved to the mutual satisfaction of the former plant operator and the Agency in November 2017. At December 31, 2019, the Agency’s non-performance liability is estimated to be \$450,000, which is due within one year.

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, 2019 is presented below:

	Balance 1/1/2019 (as restated)	Additions	Payments	Balance 12/31/2019	Due Within One Year
Bonds payable*	\$ 38,115,637	\$ 2,184,509	\$ 2,763,187	\$ 37,536,959	\$ 2,047,751
Long-term bond anticipation notes	1,103,584	897,373	-	2,000,957	-
OPEB liability	2,526,908	512,335	-	3,039,243	-
Net pension liability	158,901	199,082	-	357,983	-
Total	<u>\$ 41,905,030</u>	<u>\$ 3,793,299</u>	<u>\$ 2,763,187</u>	<u>\$ 42,935,142</u>	<u>\$ 2,047,751</u>

*Bonds payable increased by \$797,094 in adjustments for accreted interest on 1998 Series I debt, 2001 debt, and 2009 debt.

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. The purpose of the notes is to provide the Authority with funds to pay for improvements to the Pinebrook Sewer District wastewater treatment plant. As of December 31, 2019, the Authority reported a noncurrent BAN liability of \$2,000,957 for drawdowns as of that date.

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. As of December 31, 2019, the Authority reported no drawdowns as of that date.

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, 2019, the Authority issued 2019 Revenue Bond Series (\$1,315,000) due in various installments through 2049, with an interest rate of 1.80%-5.00%.

Debt service requirements to maturity as of December 31, 2019 are presented below.

Description	Maturity	Interest Rate (%)	Balance 12/31/2019
1998 Revenue Bonds (Zero Coupon) Series One	2029	3.90-5.40	\$ 3,817,817
2000 Service Agreement Revenue Bond Series 2000	2020	5.65	65,000
2001 Service Agreement Revenue (Refunding) Bond Series 2001	2041	3.00-5.36	1,093,410
2004 Water Service Agreement Revenue Bond Series 2004	2024	2.00-4.25	690,000
2004 Sewer Service Agreement Revenue Bond Series 2004	2024	2.00-4.25	725,000
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	540,000
2011 Service Agreement Revenue Bond Series 2011	2041	3.50-4.25	1,650,000
New York State Environmental Facilities Corporation Revenue Refunding Bond Series 2014B	2026	0.15-2.75	215,000
New York State Environmental Facilities Corporation Revenue Refunding Bond Series 2014B	2037	0.15-4.20	1,625,000
New York State Environmental Facilities Corporation Bond Series 2016	2025	4.36-4.96	790,000
New York State Environmental Facilities Corporation Bond Series 2016 B	2044	0.55-3.35	3,672,761
2016 Service Agreement Revenue Bond Series 2016	2046	1.50-3.25	1,465,000
2016 Service Agreement Revenue Refunding Bond Series 2016	2029	1.75-4.00	3,795,000
New York State Environmental Facilities Corporation Bond Series 2018	2047	N/A	3,878,188
New York State Environmental Facilities Corporation Bond Series 2018A	2043	N/A	399,840
2019 Revenue Bond Series	2049	1.80-5.00	1,315,000
Total bonds			27,084,540
Accreted interest recorded on zero coupon bonds			10,107,178
Unamortized bond premium			345,241
Total bonds payable			37,536,959
Portion due within one year			(2,047,751)
Net bonds payable due in more than one year			\$ 35,489,208

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 above, 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 15.

In April 2016, the Authority issued \$3,895,000 in service agreement revenue refunding bonds with interest rates of 1.75-4.00%. The proceeds were used to refund a portion of the Authority's 2009 bonds for Birch Hill and Hyde Park system improvements, and pay the costs of issuance of the 2016 refunding bonds. The net proceeds of the refunding, \$4,178,704 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 refunded bonds were called and paid on October 1, 2019.

14. 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		\$ 254,821,184
Other noncurrent asset, net of amortization		7,131,412
Less related debt:		
Serial bonds—County	\$ (150,125,124)	
Unamortized bond premium—County	(9,172,614)	
Deferred gain on refunding, net	(11,454,842)	
Serial bonds—DTASC	(48,210,000)	
Unamortized bond premium—DTASC	(3,565,743)	
Serial bonds issued on behalf of Dutchess Community College	3,115,020	
Serial bonds issued for non-capital purposes	1,515,000	
Unspent debt proceeds	<u>24,190,548</u>	<u>(193,707,755)</u>
Net investment in capital assets		<u>\$ 68,244,841</u>

Business-type Activities:

Capital assets, net of accumulated depreciation		\$ 31,057,306
Less related debt:		
Serial bonds—Airport Fund and Transportation Fund	\$ (2,914,876)	
Unamortized bond premium—Airport Fund and Transportation Fund	<u>(193,254)</u>	<u>(3,108,130)</u>
Net investment in capital assets		<u>\$ 27,949,176</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 \$27,107,709, of which \$13,664,513 is restricted for debt service; \$7,497,810 for workers’ compensation; and \$5,945,386 for other restrictions, which represents capital projects, \$764,556; self-insurance, \$1,909,412; and miscellaneous special reserves, \$3,271,418.
- **Unrestricted Net Position**—This category represents net position of the County not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the County at December 31, 2019 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 \$4,344,069 and \$234,376, respectively, at December 31, 2019.
- **Inventories**—Represents the portion of fund balance, \$103,154, 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, 2019.

	General Fund	Capital Projects Fund	DTASC Fund	Total
Restricted for:				
Workers' compensation	\$ 7,497,810	\$ -	\$ -	\$ 7,497,810
Self insurance	1,909,413	-	-	1,909,413
Capital projects	764,556	21,866,321	-	22,630,877
Debt service	7,309,108	-	3,355,404	10,664,512
Sheriff—Asset forfeiture	160,408	-	-	160,408
Sheriff—DWI and traffic safety	234,773	-	-	234,773
Aging and special needs programs	169,383	-	-	169,383
Veterans services	15,327	-	-	15,327
Shared services	2,691,527	-	-	2,691,527
Total restricted fund balance	<u>\$ 20,752,305</u>	<u>\$ 21,866,321</u>	<u>\$ 3,355,404</u>	<u>\$ 45,974,030</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, \$98,329, has been appropriated within the 2020 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 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, 2019, 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, 2019, the County reported the following fund balances assignments:

	General Fund	DTASC	Nonmajor Governmental Funds	Total
Assigned for:				
Encumbrances	\$ 3,119,484	\$ -	\$ 15,630	\$ 3,135,114
Subsequent year's expenditures	12,705,000	-	1,000,000	13,705,000
Specific use	-	71,138	1,786,501	1,857,639
Total assigned fund balance	<u>\$ 15,824,484</u>	<u>\$ 71,138</u>	<u>\$ 2,802,131</u>	<u>\$ 18,697,753</u>

- **Assigned to Encumbrances**—Represents commitments related to unperformed contracts or purchase orders for goods or services.
- **Assigned to Subsequent Year’s Expenditures**—Represents available fund balance being appropriated to meet expenditure requirements in the 2020 fiscal year.
- **Assigned to Specific Use**—Represents fund balance within the special revenue funds that is assigned for a specific purpose. The assignments’ purpose relates to each fund’s operations and 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.

15. RELATED PARTY TRANSACTIONS

The following schedule presents significant transactions between the primary government and its component units during the year ended December 31, 2019:

Component Unit	Amount	Nature of Transaction
Dutchess Community College	\$ 16,287,898	Operating and capital support
Dutchess County Water and Wastewater Authority	3,352,540	Net service fee
Aggregated nonmajor component units	304,674	Charges for services
Total	\$ 19,945,112	

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 2019, the Agency participated in the health and dental insurance plan administered by Dutchess County and was charged \$86,218.

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 2019, the Authority recorded net revenues of \$3,352,540, having recorded a return of \$147,786 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.

16. 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, 2019 is shown in the table on the following page.

Fund	Interfund	
	Receivable	Payable
Governmental funds:		
General Fund	\$ 11,371,459	\$ -
Capital Projects Fund	-	10,166,690
Nonmajor governmental funds	-	124,841
Proprietary funds:		
Airport Fund	-	1,017,430
Transportation Fund	-	62,498
Total	<u>\$ 11,371,459</u>	<u>\$ 11,371,459</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, 2019:

Transfers out:	Transfers in:					Total
	Governmental funds			Proprietary funds		
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Airport Fund	Transportation Fund	
Governmental funds:						
General Fund	\$ -	\$ 273,875	\$ 2,000	\$ 667,619	\$ 3,257,837	\$ 4,201,331
Capital Projects Fund	4,089,153	-	-	-	-	4,089,153
Total	<u>\$ 4,089,153</u>	<u>\$ 273,875</u>	<u>\$ 2,000</u>	<u>\$ 667,619</u>	<u>\$ 3,257,837</u>	<u>\$ 8,290,484</u>

17. LABOR RELATIONS

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.

18. 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 \$986,814 during 2019 in payments in lieu of taxes ("PILOT"), these collections were made in lieu of \$5,096,592 in sales and use taxes and \$1,849,216 in property taxes.

19. 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, 2019, 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, 2019, as evidenced by contractual commitments.

<u>Project</u>	<u>Encumbrances Outstanding</u>
Capital Projects Fund:	
Transportation	\$ 10,469,947
County roads and bridges	12,592,870
Parks and recreation	6,088,977
Building and building improvements	2,003,659
Communications improvements	1,758,987
Justice and transition center	6,069,636
Total	<u>\$ 38,984,076</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, 2019, the County has provided \$7,131,412 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 2019.

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, 2019, the County’s portion of these costs was \$3,352,540.

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.

20. 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 2019 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 2019, the Agency caused to have delivered 152,747 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, currently expiring January 14, 2020.

Transportation of Ash Residue and Non-processable Waste—Effective July 31, 2018, the Agency entered into a new contract with the current hauler for the transportation and disposal of ash residue. The contract period was through December 31, 2019 and included disposals at any of the three landfills. Effective January 1, 2020, the Agency entered into an annual contract with the current hauler, expiring December 31, 2020.

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 expired in July 2011. The Agency submitted a timely renewal application and is now operating under the State Administrative Procedures Act while the permit is under NYSDEC review. 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 2019 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 2018, the Authority authorized memorandums of understanding for the acquisition of an additional four subdivision water and sewer systems. The closing dates are 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 assume the related debt.

21. SUBSEQUENT EVENTS

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

On March 25, 2020, the County issued \$37,730,000 in public improvement serial bonds with an interest rate of 2.00 percent for various construction projects and equipment purchases. The bonds mature on March 15, 2040.

Management has evaluated subsequent events through September 11, 2020, which is the date the financial statements are available for issuance, and have determined, except as disclosed above regarding COVID-19, the bond issuances, and the following disclosures regarding component units, there are no subsequent events that require disclosure under generally accepted accounting principles.

Discretely Presented Component Units

i) Dutchess Community College

As of the date of their report (May 18, 2020), the College has responded to the pandemic by canceling in-person classes as of March 30, 2020 and is providing remote education for the remainder of the Spring 2020 and Summer 2020 semesters. Currently, the College expects to resume in-person classes for the Fall 2020 semester. The financial impact of COVID-19 is unclear, but, is expected to be significant. The College along with the State University of New York and Dutchess County, is closely monitoring this evolving situation and adjusting its response accordingly.

ii) Dutchess County Resource Recovery Agency

The power sales agreement described in Note 20, commitments expired effective January 14, 2020. The Agency and the commercial corporation have continued to operate under the terms of the expired agreement.

As described above, the COVID-19 pandemic also resulted in uncertainty regarding the Agency’s financial position. The Agency exists to provide an essential government service: solid waste disposal. Accordingly, while management cannot quantify the financial and any other impacts to the Agency as of March 26, 2020, management believes that a material impact on the Agency’s financial position and results of future operations is reasonably possible, due to changes in the local economy.

iii) Dutchess County Water and Wastewater Authority

The Authority approved a bond resolution not to exceed \$2,000,000 on March 18, 2020 to finance improvements to the Pinebrook Sewer System.

As described on the previous page, the COVID-19 pandemic also resulted in uncertainty regarding the Authority's financial position. The Authority exists to provide an essential government service: water and sewer services. Accordingly, while management cannot quantify the financial and any other impacts to the Authority as of March 18, 2020, management believes that a material impact on the Authority's financial position and results of future operations is reasonably possible, due to changes in the local economy.

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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 Six Fiscal Years*

	Year Ended December 31,					
	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Plan fiduciary net position as a percentage of the total pension liability	96.3%	98.2%	94.7%	90.7%	97.9%	97.2%
Governmental activities:						
County's proportion of the net pension liability	0.4553470%	0.4550870%	0.4602844%	0.4285410%	0.4315423%	0.4315423%
County's proportionate share of the net pension liability	<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>\$ 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	25.8%	12.2%	37.0%	61.2%	13.6%	18.7%
Business-type activities:						
County's proportion of the net pension liability	0.0018060%	0.0016680%	0.0020920%	0.0022695%	0.0024813%	0.0024813%
County's proportionate share of the net pension liability	<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>\$ 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	27.5%	10.2%	34.6%	55.5%	12.8%	17.4%
Discretely presented component units:						
Dutchess Community College (the "College"):						
	Year Ended August 31,					
	2019	2018	2017	2016	2015	2014
College's proportion of the net pension liability	0.0428470%	0.0421960%	0.0435610%	0.0398490%	0.0404747%	n/a
College's proportionate share of the net pension liability	<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>\$ 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	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 Six Fiscal Years*

(concluded)

	Year Ended December 31,					
	2019	2018	2017	2016	2015	2014
Dutchess County Resource Recovery Agency (the "Agency"):						
Agency's proportion of the net pension liability	0.0002562%	0.0002656%	0.0002419%	0.0004802%	0.0005205%	n/a
Agency's proportionate share of the net pension liability	<u>\$ 18,149</u>	<u>\$ 8,572</u>	<u>\$ 22,726</u>	<u>\$ 77,066</u>	<u>\$ 17,583</u>	n/a
Agency's covered payroll	\$ 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	17.0%	7.8%	14.7%	36.8%	6.2%	n/a
Dutchess County Water and Wastewater Authority (the "Authority"):						
Authority's proportion of the net pension liability	0.0050525%	0.0049234%	0.0045858%	0.0044523%	0.0044387%	n/a
Authority's proportionate share of the net pension liability	<u>\$ 357,983</u>	<u>\$ 158,901</u>	<u>\$ 430,892</u>	<u>\$ 714,613</u>	<u>\$ 149,950</u>	n/a
Authority's covered payroll	\$ 1,643,967	\$ 1,524,688	\$ 1,623,233	\$ 1,582,671	\$ 1,513,848	n/a
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	21.8%	10.4%	26.5%	45.2%	9.9%	n/a
Dutchess County Soil and Water Conservation District (the "SWCD"):						
SWCD's proportion of the net pension liability	0.1436200%	0.0014702%	0.0014946%	n/a	n/a	n/a
SWCD's proportionate share of the net pension liability	<u>\$ 101,762</u>	<u>\$ 47,451</u>	<u>\$ 140,438</u>	n/a	n/a	n/a
SWCD's covered payroll	\$ 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	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 Six Fiscal Years*

	Year Ended December 31,					
	2019	2018	2017	2016	2015	2014
Governmental activities:						
Contractually required contributions	\$ 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>(18,019,579)</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>
County's covered payroll	\$ 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	13.9%	14.2%	14.7%	15.2%	16.7%	18.8%
Business-type activities:						
Contractually required contributions	\$ 67,973	\$ 71,477	\$ 81,606	\$ 92,861	\$ 114,874	\$ 127,959
Contributions in relation to the contractually required contribution	<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>
County's covered payroll	\$ 516,037	\$ 454,480	\$ 550,675	\$ 565,023	\$ 640,032	\$ 640,050
Contributions as a percentage of covered payroll	13.2%	15.7%	14.8%	16.4%	17.9%	20.0%
Discretely presented component units:						
Dutchess Community College (the "College"):						
	Year Ended August 31,					
	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 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>(1,682,461)</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>	n/a
College's covered payroll	\$ 12,045,553	\$ 11,240,160	\$ 11,035,124	\$ 10,202,724	\$ 9,961,962	n/a
Contributions as a percentage of covered payroll	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 Six Fiscal Years*

(concluded)

	Year Ended December 31,					
	2019	2018	2017	2016	2015	2014
Dutchess County Resource Recovery Agency (the "Agency"):						
Contractually required contributions	\$ 17,159	\$ 26,030	\$ 41,623	\$ 62,345	\$ 56,026	n/a
Contributions in relation to the contractually required contribution	<u>(17,159)</u>	<u>(26,030)</u>	<u>(41,623)</u>	<u>(62,345)</u>	<u>(56,026)</u>	n/a
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	n/a
Agency's covered payroll	\$ 106,504	\$ 110,214	\$ 154,959	\$ 209,503	\$ 282,986	n/a
Contributions as a percentage of covered payroll	16.1%	23.6%	26.9%	29.8%	19.8%	n/a
Dutchess County Water and Wastewater Authority (the "Authority"):						
Contractually required contributions	\$ 223,011	\$ 242,033	\$ 226,072	\$ 261,541	\$ 256,914	n/a
Contributions in relation to the contractually required contribution	<u>(223,011)</u>	<u>(242,033)</u>	<u>(226,072)</u>	<u>(261,541)</u>	<u>(256,914)</u>	n/a
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	n/a
Authority's covered payroll	\$ 1,643,967	\$ 1,524,688	\$ 1,623,233	\$ 1,582,671	\$ 1,513,848	n/a
Contributions as a percentage of covered payroll	13.6%	15.9%	13.9%	16.5%	17.0%	n/a
Dutchess County Soil and Water Conservation District (the "SWCD"):						
Contractually required contributions	\$ 36,928	\$ 36,650	\$ 34,627	n/a	n/a	n/a
Contributions in relation to the contractually required contribution	<u>(36,928)</u>	<u>(36,650)</u>	<u>(34,627)</u>	n/a	n/a	n/a
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	n/a	n/a	n/a
SWCD's covered payroll	\$ 277,932	\$ 279,336	\$ 238,756	n/a	n/a	n/a
Contributions as a percentage of covered payroll	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"):

	Year Ended August 31,					
	2019	2018	2017	2016	2015	2014
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	n/a
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.2%	101.5%	100.7%	99.0%	110.5%	n/a
College's proportion of the net pension liability (asset)	0.0413900%	0.0391440%	0.0363910%	0.0361260%	0.0320250%	n/a
College's proportionate share of the net pension liability (asset)	<u>\$ (1,075,324)</u>	<u>\$ (707,829)</u>	<u>\$ (276,607)</u>	<u>\$ 386,919</u>	<u>\$ (3,326,364)</u>	n/a
College's covered payroll	<u>\$ 6,908,722</u>	<u>\$ 6,376,142</u>	<u>\$ 5,766,757</u>	<u>\$ 5,574,525</u>	<u>\$ 4,810,570</u>	n/a
College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(15.6%)	(11.1%)	(4.8%)	6.9%	(69.2%)	n/a

*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*

Discretely presented component unit:

Dutchess Community College (the "College"):

	Year Ended August 31,					
	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 733,706	\$ 624,862	\$ 675,864	\$ 739,182	\$ 843,293	n/a
Contributions in relation to the contractually required contribution	<u>(733,706)</u>	<u>(624,862)</u>	<u>(675,864)</u>	<u>(739,182)</u>	<u>(843,293)</u>	n/a
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	n/a
College's covered payroll	\$ 6,908,722	\$ 6,376,142	\$ 5,769,740	\$ 5,574,525	\$ 4,810,570	n/a
Contributions as a percentage of covered payroll	10.6%	9.8%	11.7%	13.3%	17.5%	n/a

*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 Two Fiscal Years*

Primary Government – Governmental Activities:

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

*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 Two Fiscal Years*

Primary Government – Business-type Activities:

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 50,088	\$ 50,961
Interest	56,759	56,103
Differences between expected and actual experience	11,024	-
Changes of assumptions or other inputs	(333,843)	91,191
Change of benefit terms	(216,188)	-
Benefit payments	<u>(33,659)</u>	<u>(29,590)</u>
Net changes in total OPEB liability	<u>(465,819)</u>	<u>168,665</u>
Total OPEB liability—beginning	<u>1,616,701</u>	<u>1,448,036</u>
Total OPEB liability—ending	<u>\$ 1,150,882</u>	<u>\$ 1,616,701</u>
Plan fiduciary net position		
Contributions—employer	\$ 33,659	\$ 29,590
Benefit payments	<u>(33,659)</u>	<u>(29,590)</u>
Net change in plan fiduciary net position	-	-
Plan fiduciary net position—beginning	<u>-</u>	<u>-</u>
Plan fiduciary net position—ending	<u>\$ -</u>	<u>\$ -</u>
County's net OPEB liability—ending	<u>\$ 1,150,882</u>	<u>\$ 1,616,701</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%
Covered-employee payroll	\$ 407,748	\$ 469,612
County's net OPEB liability as a percentage of covered-employee payroll	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 Two Fiscal Years*

A. Discretely presented component units:

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

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

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

Total OPEB liability		
Service cost	\$ 82,323	\$ 82,323
Interest	7,967	11,610
Changes of benefit terms	(43,499)	(140,571)
Changes of assumptions or other inputs	(9,084)	(36,153)
Benefit payments	<u>(57,265)</u>	<u>(68,478)</u>
Net changes in total OPEB liability	<u>(19,558)</u>	<u>(151,269)</u>
Total OPEB liability—beginning	<u>264,818</u>	<u>416,087</u>
Total OPEB liability—ending	<u>\$ 245,260</u>	<u>\$ 264,818</u>
Plan fiduciary net position		
Contributions—employer	\$ 57,265	\$ 68,478
Benefit payments	<u>(57,265)</u>	<u>(68,478)</u>
Net change in plan fiduciary net position	-	-
Plan fiduciary net position—beginning	-	-
Plan fiduciary net position—ending	<u>\$ -</u>	<u>\$ -</u>
Agency's net OPEB liability—ending	<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%
Covered-employee payroll	\$ 106,504	\$ 108,653
Agency's net OPEB liability as a percentage of covered-employee payroll	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 Two Fiscal Years*

(concluded)

iii) Dutchess County Water and Wastewater Authority (the "Authority"):

	2019	2018
Total OPEB liability		
Service cost	\$ 100,078	\$ 131,287
Interest	109,127	70,031
Changes of benefit terms	512,336	(650,072)
Changes of assumptions	(163,705)	217,465
Benefit payments	(45,501)	(32,545)
Net changes in total OPEB liability	512,335	(263,834)
Total OPEB liability—beginning	2,526,908	2,790,742
Total OPEB liability—ending	\$ 3,039,243	\$ 2,526,908
Plan fiduciary net position		
Contributions—employer	\$ 45,501	\$ 32,545
Benefit payments	(45,501)	(32,545)
Net change in plan fiduciary net position	-	-
Plan fiduciary net position—beginning	-	-
Plan fiduciary net position—ending	\$ -	\$ -
Authority's net OPEB liability—ending	\$ 3,039,243	\$ 2,526,908
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%
Covered-employee payroll	\$ 1,400,020	\$ 1,495,377
Authority's net OPEB liability as a percentage of covered-employee payroll	217.1%	169.0%

*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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$100,722,355	\$104,169,904	\$103,734,697	\$ (435,207)
Sales and use taxes (includes other taxes)	204,143,000	207,143,000	213,316,553	6,173,553
Departmental income	25,302,244	25,424,684	25,106,259	(318,425)
Use of money and property	1,752,200	1,752,200	3,135,259	1,383,059
Miscellaneous	3,594,666	3,594,666	4,764,542	1,169,876
Grants and aid	<u>116,962,711</u>	<u>119,713,865</u>	<u>120,604,388</u>	<u>890,523</u>
Total revenues	<u>452,477,176</u>	<u>461,798,319</u>	<u>470,661,698</u>	<u>8,863,379</u>
EXPENDITURES				
Current:				
General government support	73,852,114	78,444,230	77,895,320	548,910
Education	19,665,398	19,664,961	19,503,528	161,433
Public safety	63,795,993	66,178,334	64,436,278	1,742,056
Health	63,176,943	65,524,900	63,132,342	2,392,558
Transportation	2,986,037	2,987,300	2,938,537	48,763
Economic assistance and opportunity	150,652,129	150,651,039	147,045,367	3,605,672
Culture and recreation	2,428,914	2,427,362	2,305,009	122,353
Home and community services	6,274,286	10,660,243	10,346,696	313,547
Employee benefits	70,212,426	70,636,967	62,102,663	8,534,304
Debt service:				
Principal	13,536,485	13,539,625	13,529,440	10,185
Interest	<u>5,065,394</u>	<u>5,177,520</u>	<u>5,131,619</u>	<u>45,901</u>
Total expenditures	<u>471,646,119</u>	<u>485,892,481</u>	<u>468,366,799</u>	<u>17,525,682</u>
Excess (deficiency) of revenues over expenditures	<u>(19,168,943)</u>	<u>(24,094,162)</u>	<u>2,294,899</u>	<u>26,389,061</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	622,633	981,429	4,089,153	3,107,724
Transfers out	(3,731,982)	(4,557,242)	(4,201,331)	355,911
Proceeds from refunding bonds	-	-	12,633,686	12,633,686
Payment to refunding bonds escrow agent	-	-	(13,720,150)	(13,720,150)
Premium on refunding bonds	-	-	1,195,205	1,195,205
Total other financing sources (uses)	<u>(3,109,349)</u>	<u>(3,575,813)</u>	<u>(3,437)</u>	<u>3,572,376</u>
Net change in fund balances*	(22,278,292)	(27,669,975)	2,291,462	(5,089,927)
Fund balances—beginning	<u>95,605,340</u>	<u>95,605,340</u>	<u>95,605,340</u>	<u>-</u>
Fund balances—ending	<u>\$ 73,327,048</u>	<u>\$ 67,935,365</u>	<u>\$ 97,896,802</u>	<u>\$ (5,089,927)</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, 2019

1. OPEB LIABILITY

Changes of Assumptions—The rate used to discount future plan cash flows increased from 3.44% to 3.78% based on a review of a 20-year high-quality tax-exempt municipal bond index as of the January 1, 2019 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>2019</u>	<u>2018</u>
Discount Rate	3.96%	3.51%

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>2019</u>	<u>2018</u>
Discount Rate	3.00%	3.58%

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>2019</u>	<u>2018</u>
Discount Rate	2.74%	4.19%

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, 2019 included encumbrances from the prior year of \$3,774,688.

FEDERAL AWARDS INFORMATION

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

Federal Grantor/ Pass-Through Grantor Program/Cluster Title (1a)	Federal CFDA Number (1b)	Pass-Through Identifying Number (1c)	Passed- Through to Subrecipients	Total Federal Expenditures (1d)
U.S. Department of Agriculture:				
Passed through NYS Office of Temporary and Disability Assistance:				
<i>SNAP Cluster:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	\$ -	\$ 2,210,690
<i>Total SNAP Cluster</i>			<u>-</u>	<u>2,210,690</u>
Total U.S. Department of Agriculture			<u>-</u>	<u>2,210,690</u>
U.S. Department of Housing and Urban Development:				
Direct Programs:				
Community Development Block Grants/Entitlement Grants	14.218	N/A	1,747,588	1,747,588
Home Investment Partnerships Program	14.239	N/A	188,677	188,677
Continuum of Care Program	14.267	N/A	581,313	581,313
Total U.S. Department of Housing and Urban Development			<u>2,517,578</u>	<u>2,517,578</u>
U.S. Department of Justice:				
Direct Programs:				
State Criminal Alien Assistance Program	16.606	N/A	-	97,641
Crime Control	16.738	N/A	-	20,391
Harold Rogers Prescription Drug Monitoring Program	16.754	N/A	-	209,835
Passed through University of Notre Dame:				
National Institute of Justice Research, Evaluation, and Development	16.560	203575 DCM	-	27,842
Total U.S. Department of Justice			<u>-</u>	<u>355,709</u>
U.S. Department of Labor:				
Passed through NYS Department of Labor:				
Trade Adjustment Assistance	17.245	80060	52,173	52,173
<i>WIA/WIOA Cluster:</i>				
WIA/WIOA Adult Program	17.258	80060	454,458	454,458
WIA/WIOA Youth Activities	17.259	80060	532,181	532,181
WIA/WIOA Dislocated Workers Formula Grants	17.278	80060	512,875	512,875
<i>Total WIA/WIOA Cluster</i>			<u>1,499,514</u>	<u>1,499,514</u>
Total U.S. Department of Labor			<u>1,551,687</u>	<u>1,551,687</u>
U.S. Department of Transportation:				
Direct Programs:				
Airport Improvement Program	20.106	N/A	-	6,223,097
Highway Planning and Construction	20.205	N/A	-	400,000
<i>Federal Transit Cluster:</i>				
Federal Transit Capital Investment Grants	20.500	N/A	-	3,493,600
Formula Transit Formula Grants	20.507	N/A	-	16,000
Formula Grants for Rural Areas	20.509	N/A	-	118,000
<i>Total Federal Transit Cluster</i>			<u>-</u>	<u>3,627,600</u>

(continued)

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

Federal Grantor/ Pass-Through Grantor Program/Cluster Title (1a)	Federal CFDA Number (1b)	Pass-Through Identifying Number (1c)	Passed- Through to Subrecipients	Total Federal Expenditures (1d)
<i>Transit Services Program Cluster:</i>				
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	N/A	-	98,059
Public Transportation Research	20.514	N/A	-	1,310
<i>Total Transit Services Program Cluster</i>			-	99,369
Passed through NYS Department of Transportation:				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	MPO C33462	-	125,245
<i>Highway Planning and Construction Cluster:</i>				
Highway Planning and Construction	20.205	8755.38	-	138,950
Highway Planning and Construction	20.205	8755.41	-	1,400
Highway Planning and Construction	20.205	8755.44	-	85,520
Highway Planning and Construction	20.205	8755.45	-	4,977,130
Highway Planning and Construction	20.205	8755.86	-	800
Highway Planning and Construction	20.205	8757.37	-	56,998
Highway Planning and Construction	20.205	8758.69	-	2,600
Highway Planning and Construction	20.205	8758.71	-	16,381
Highway Planning and Construction	20.205	8758.74	-	4,206,172
Highway Planning and Construction	20.205	8761.56	-	1,470,868
Highway Planning and Construction	20.205	P216.14.881	-	12,835
Highway Planning and Construction	20.205	MPO C33462	-	502,504
<i>Total Highway Planning and Construction Cluster*</i>			-	11,872,158
Passed through NYS Governor's Traffic Safety Committee and Stop DWI Foundation:				
<i>Highway Safety Cluster:</i>				
State and Community Highway Safety	20.600	HS1-2018/0046-(014)	-	58,006
National Priority Safety Programs	20.616	HS1-2019/00109-(014)	-	42,656
National Priority Safety Programs	20.616	CPS-2019/00047-(014)	-	7,986
National Priority Safety Programs	20.616	HS1-2019/00173-(088)	-	29,025
<i>Total Highway Safety Cluster</i>			-	137,673
Total U.S. Department of Transportation			-	22,085,142
U.S. Department of Education:				
Passed through NYS Department of Health:				
Special Education—Grants for Infants and Families	84.181	C031629GG	-	75,828
Total U.S. Department of Education			-	75,828
U.S. Election Assistance Commission:				
Passed through NYS Board of Elections:				
Help America Vote Act Requirements Payments	90.401	C003219-1110000	-	148,523
Total U.S. Election Assistance Commission			-	148,523

(continued)

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

Federal Grantor/ Pass-Through Grantor Program/Cluster Title (1a)	Federal CFDA Number (1b)	Pass-Through Identifying Number (1c)	Passed- Through to Subrecipients	Total Federal Expenditures (1d)
U.S. Department of Health and Human Services:				
Passed through Health Research Institute:				
Public Health Emergency Preparedness	93.069	001600-12/13	-	224,614
Injury Prevention and Control Research and State Community Based Programs	93.136	6147-01	-	16,253
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	1600.12	-	34,528
Passed through Research Foundation of Mental Hygiene:				
State Targeted Response to the Opioid Crisis Grants	93.788	H79T1081718	-	42,696
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	-	20,531
<i>Aging Cluster:</i>				
Special Programs for the Aging, Title III, Part B—				
Grants for Supportive Services and Senior Centers	93.044	N/A	-	302,077
Special Programs for the Aging, Title III, Part C—Nutrition Services	93.045	N/A	-	448,897
Nutrition Services Incentive Program	93.053	N/A	-	135,536
<i>Total Aging Cluster</i>			-	886,510
National Family Caregiver Support Title III, Part E	93.052	N/A	-	143,148
Medicare Enrollment Assistance Program	93.071	N/A	-	17,362
Centers for Medicare and Medicaid Services (CMS)				
Research, Demonstrations and Evaluations	93.779	N/A	-	33,121
Passed through NYS Department of Health:				
Immunization Cooperative Agreements	93.268	C0028288/C32513GG	-	24,225
Childrens Health Insurance Program	93.767	N/A	-	317,501
Medical Assistance Program	93.778	N/A	-	3,820,240
Comprehensive Addiction and Recovery Act of 2016	93.799	N/A	-	51,912
Maternal and Child Health Services Block Grant to the States	93.994	C326589GG	-	29,375
Maternal and Child Health Services Block Grant to the States	93.994	C308899GG	-	31,440
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	515,088	14,851,988
<i>Total Temporary Assistance for Needy Families Cluster</i>			515,088	14,851,988
Child Support Enforcement	93.563	N/A	-	2,866,279
Low-Income Home Energy Assistance Program	93.568	N/A	-	4,920,692
Passed through NYS Office of Children and Family Services:				
Guardianship Assistance	93.090	N/A	-	221,163
Promoting Safe and Stable Families	93.556	N/A	-	251,846
Stephanie Tubbs Jones Child Welfare Services Program	93.645	N/A	-	217,978
Foster Care, Title IV-E	93.658	N/A	-	4,621,999
Adoption Assistance	93.659	N/A	-	2,465,378
Social Services Block Grant	93.667	N/A	-	2,822,027
Chafee Foster Care Independence Program	93.674	N/A	-	45,298
Passed through NYS Division of Alcoholism and Alcohol Abuse:				
Medical Assistance Program	93.778	N/A	-	653,204
Total U.S. Department of Health and Human Services			515,088	39,631,308

(continued)

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

(concluded)

Federal Grantor/ Pass-Through Grantor Program/Cluster Title (1a)	Federal CFDA Number (1b)	Pass-Through Identifying Number (1c)	Passed- Through to Subrecipients	Total Federal Expenditures (1d)
U.S. Department of Homeland Security:				
Passed through NYS Office of Homeland Security:				
Emergency Management Performance Grants	97.042	EM17-1039-D00/C834985	-	115,475
Homeland Security Grant Program	97.067	HE17-1015-D00	-	124,249
Homeland Security Grant Program	97.067	C970260	-	241,546
Homeland Security Grant Program	97.067	C970270	-	230,899
Homeland Security Grant Program	97.067	C970280	-	41,582
Total U.S. Department of Homeland Security			-	<u>753,751</u>
Total Expenditures of Federal Awards (1e)			<u>\$ 4,584,353</u>	<u>\$ 69,330,216</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.

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

1. BASIS OF PRESENTATION

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

- (a) Includes all federal award programs of the County 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 basic 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**

To the Honorable County Legislature of the
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, 2019 (with the Dutchess Community College for the fiscal year ended August 31, 2019), and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 11, 2020 (which report includes an emphasis of matter paragraph regarding the implementation of GASB Statement No. 84). 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 & Malecki LLP

September 11, 2020

Certified Public Accountants

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

To the Honorable County Legislature of the
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, 2019. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the 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, \$18,697,253, \$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, 2019. 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, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Drescher & Malecki LLP

September 11, 2020

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

Section I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued: Unmodified*
 *(which report includes an emphasis of matter paragraph regarding the implementation of GASB Statement No. 84 and includes a reference to other auditors)

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> None reported
Noncompliance material to the financial statements noted?	_____ Yes	_____ <input checked="" type="checkbox"/> No

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> None reported

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

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

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program
20.205	Highway Planning and Construction
93.568	Low-Income Home Energy Assistance Program
93.667	Social Services Block Grant

Dollar threshold used to distinguish between Type A and Type B programs? \$ 2,079,907

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

Section II. FINANCIAL STATEMENT FINDINGS

No findings noted.

Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted.

COUNTY OF DUTCHESS, NEW YORK
Summary Schedule of Prior Year Audit Findings
Year Ended December 31, 2019
(Follow-Up on December 31, 2018 Findings)

No findings were reported.

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