COUNTY OF DUTCHESS, NEW YORK

Basic Financial Statements, Required Supplementary Information and Federal Awards Information for the Year Ended December 31, 2018 and Independent Auditors' Reports

COUNTY OF DUTCHESS, NEW YORK
Table of Contents
Year Ended December 31, 2018

Page

Independent Auditors' Report 1

Management's Discussion and Analysis 4

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position 16

Statement of Activities 17

Fund Financial Statements:

Balance Sheet—Governmental Funds 18

Reconciliation of the Balance Sheet—Governmental Funds to the Government-wide Statement of Net Position 19

Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds 20

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds to the Government-wide Statement of Activities 21

Statement of Net Position—Proprietary Funds 22

Statement of Revenues, Expenses and Changes in Net Position—Proprietary Funds 23

Statement of Cash Flows—Proprietary Funds 24

Statement of Net Position—Fiduciary Funds 26

Statement of Changes in Net Position—Fiduciary Funds 27

Major Discretely Presented Component Units:

Combining Statement of Net Position—Major Component Units 28

Combining Statement of Activities—Major Component Units 29

Notes to the Financial Statements 30

(continued)

COUNTY OF DUTCHESS, NEW YORK
Table of Contents
Year Ended December 31, 2018

(concluded)

Page

Required Supplementary Information:

Schedule of the Local Government's Proportionate Share of the Net Pension Liability—Employees' Retirement System 93

Schedule of the Local Government's Contributions—Employees' Retirement System 95

Schedule of the Local Government's Proportionate Share of the Net Pension Liability (Asset)—Teachers' Retirement System 97

Schedule of the Local Government's Contributions—Teachers' Retirement System 98

Schedule of Changes in the County's Total OPEB Liability and Related Ratios 99

Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—General Fund 102

Notes to the Required Supplementary Information 103

Federal Awards Information:

Schedule of Expenditures of Federal Awards 105

Notes to the Schedule of Expenditures of Federal Awards 109

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* 110

Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance 112

Schedule of Findings and Questioned Costs 114

Summary Schedule of Prior Year Audit Findings 116

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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, 2018 (with the Dutchess Community College for the fiscal year ended August 31, 2018), 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dutchess County Local Development Corporation (the "Corporation"), which represents 8.6 percent of the assets and 9.4 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 54.5 percent, 10.6 percent, and 34.9 percent, respectively, of the assets, and 78.9 percent, 11.9 percent, and 9.2 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 92.3 percent and 7.7 percent, respectively, of the assets, and 50.3 percent and 49.7 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 the 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, 2018, 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, 2018, the County implemented Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* 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 25, 2019 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 25, 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, 2018. 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, 2018 by $214,411,985. This consists of $85,307,470 net investment in capital assets, $26,966,561 restricted for specific purposes, offset by an unrestricted net position of $(326,686,016).
- The County's primary government net position decreased $15,438,983 during the year ended December 31, 2018. Governmental activities decreased the County's net position by $13,121,439, and the net position of business-type activities decreased by $2,317,544.
- As of December 31, 2018, the County's governmental funds reported combined ending fund balances of $119,482,634, an increase of $12,619,189 in comparison with the prior year. This increase was primarily due to the issuance of serial bonds 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 $52,447,832, or 11.5 percent of total General Fund expenditures and transfers out. This total amount is available for spending at the County's discretion and constitutes approximately 54.9 percent of the General Fund's total fund balance of $95,605,340 at December 31, 2018.
- The County's governmental activities' serial bonds, excluding it's blended component unit's serial bonds, increased by $40,534,055 during the current year as a result of two serial bond issuances of $13,517,400 and $40,000,000, respectively and scheduled principal payments of $12,983,345. The newly issued serial bonds mature in 2038 and 2048, respectively, and carry interest rates ranging from 3.0 percent to 4.0 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.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Airport and Transportation, both of which are considered to be major funds, and the Dutchess County Local Development Corporation.

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 Agency 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 liability, 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 93-104 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 105-116 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 $(214,411,985) at the close of the most recent fiscal year, as compared to a net position of $(198,973,002), as restated, at the close of the fiscal year ended December 31, 2017.

Table 1—Condensed Statements of Net Position—Primary Government

	Governmental Activities		Business-type Activities		Total Primary Government	
	December 31,		December 31,		December 31,	
	2018	2017 (as restated)	2018	2017 (as restated)	2018	2017 (as restated)
Current assets	$ 259,450,239	$ 232,786,011	$ 11,344,968	$ 8,649,230	$ 270,795,207	$ 241,435,241
Noncurrent assets	238,828,708	212,964,091	24,762,929	28,263,169	263,591,637	241,227,260
Total assets	498,278,947	445,750,102	36,107,897	36,912,399	534,386,844	482,662,501
Deferred outflows of resources	79,645,986	40,499,993	296,565	181,338	79,942,551	40,681,331
Current liabilities	102,350,415	89,966,702	1,292,876	765,440	103,643,291	90,732,142
Noncurrent liabilities	659,628,839	606,622,990	4,898,654	4,016,915	664,527,493	610,639,905
Total liabilities	761,979,254	696,589,692	6,191,530	4,782,355	768,170,784	701,372,047
Deferred inflows of resources	60,395,615	20,988,900	174,981	36,043	60,570,596	21,024,943
Net position:						
Net investment in capital assets	63,738,872	71,721,676	21,568,598	26,031,387	85,307,470	97,753,063
Restricted	26,966,561	24,556,841	-	-	26,966,561	24,556,841
Unrestricted	(335,155,369)	(327,607,014)	8,469,353	6,243,952	(326,686,016)	(321,363,062)
Total net position	$(244,449,936)	$(231,328,497)	$ 30,037,951	$ 32,275,339	$(214,411,985)	$ (199,053,158)

The largest portion of the County's primary government net position, $85,307,470, 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, $26,966,561, 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, $(326,686,016), 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, 2018 and December 31, 2017.

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,	
	2018	2017 (as restated)	2018	2017 (as restated)	2018	2017 (as restated)
Revenues:						
Program revenues	$ 160,263,172	$ 155,938,567	$ 11,434,780	$ 12,782,990	$ 171,697,952	$ 168,721,557
General revenues	326,124,033	310,101,377	330,686	411,649	326,454,719	310,513,026
Total revenues	486,387,205	466,039,944	11,765,466	13,194,639	498,152,671	479,234,583
Total program expenses	495,771,338	488,761,544	17,820,316	15,150,837	513,591,654	503,912,381
Transfers	(3,737,306)	(1,415,647)	3,737,306	1,415,647	-	-
Change in net position	(13,121,439)	(24,137,247)	(2,317,544)	(540,551)	(15,438,983)	(24,677,798)
Net position—beginning, as restated	(231,328,497)	(47,024,129)	32,355,495	32,855,968	(198,973,002)	(14,168,161)
Restatement	-	(160,167,121)	-	40,078	-	(160,127,043)
Net position—ending	$ (244,449,936)	$ (231,328,497)	$ 30,037,951	$ 32,355,495	$ (214,411,985)	$ (198,973,002)

Governmental activities—Governmental activities decreased the County's net position by $13,121,439, primarily due to the increase in the County's other postemployment benefits obligation.

A summary of sources of revenues for governmental activities for the years ended December 31, 2018 and 2017 is presented below.

Table 3—Summary of Sources of Revenues—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2018	2017	Dollars	Percent (%)
Charges for services	$ 24,971,724	$ 27,086,471	$ (2,114,747)	(7.8)
Operating grants and contributions	127,735,826	119,896,780	7,839,046	6.5
Capital grants and contributions	7,555,622	8,955,316	(1,399,694)	(15.6)
Property taxes and tax items	116,473,091	117,564,117	(1,091,026)	(0.9)
Non-property taxes	204,029,388	188,319,641	15,709,747	8.3
Tobacco settlement revenues	3,072,797	2,950,058	122,739	4.2
Other	2,548,757	1,267,561	1,281,196	101.1
Total revenues	$ 486,387,205	$ 466,039,944	$ 20,347,261	4.4

The most significant source of revenues is non-property taxes, which accounts for $204,029,388, or 41.9 percent of total governmental activities revenues for the year ended December 31, 2018, and $188,319,641, or 40.4 percent of total governmental activities revenues for the year ended December 31, 2017. The next largest source of revenues is operating grants and contributions, which comprises $127,735,826, or 26.3 percent, and $119,896,780, or 25.7 percent of total governmental activities revenues for the years ended December 31, 2018 and 2017, respectively. The third largest source of revenues is property taxes and tax items, which comprises $116,473,091, or 23.9 percent, and

$117,564,117, or 25.2 percent of total governmental activities revenues for the years ended December 31, 2018 and 2017, respectively.

During the year ended December 31, 2018, non-property taxes increased $15,709,747 due to better sales tax collections, while operating grants and contributions increased $7,839,046 due to an increase in reimbursable costs related to state and federal aid.

A summary of program expenses of governmental activities for the years ended December 31, 2018 and 2017 is presented below in Table 4.

Table 4—Summary of Program Expenses—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2018	2017	Dollars	Percent (%)
General government support	$ 103,400,017	$ 95,009,158	$ 8,390,859	8.8
Education	19,539,408	16,460,944	3,078,464	18.7
Public safety	91,410,893	96,843,674	(5,432,781)	(5.6)
Health	69,000,362	67,282,956	1,717,406	2.6
Transportation	27,624,140	25,620,076	2,004,064	7.8
Economic assistance and opportunity	157,970,061	162,163,516	(4,193,455)	(2.6)
Culture and recreation	5,560,046	5,011,892	548,154	10.9
Home and community services	14,767,386	13,958,504	808,882	5.8
Interest and other fiscal charges	6,499,025	6,410,824	88,201	1.4
Total program expenses	$ 495,771,338	$ 488,761,544	$ 7,009,794	1.4

The County's most significant expense items for governmental activities 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 for the year ended December 31, 2018. For the year ended December 31, 2017 significant expense items were economic assistance and opportunity of $162,163,516, or 33.2 percent of total governmental activities expenses, public safety of $96,843,674, or 19.8 percent of total governmental activities expenses, and general government support of $95,009,158, or 19.4 percent of total governmental activities expenses.

During the year ended December 31, 2018, expenses increased mainly due to increased allocable employee benefits expenses attributable to the County's other postemployment benefits obligation and workers' compensation liabilities, coupled with an increase distribution of sales tax owed to local governments.

Business-type activities—Business-type activities decreased the County's net position by $2,317,544. The County's airport and transportation operations decreased the business-type activities net position by $109,105 and $2,352,628, respectively, while the Local Development Corporation activities increased the business-type activities net position by $144,189. For the year ended December 31, 2018, operating revenues increased 22.3 percent, while expenses increased 17.6 percent.

A summary of operating revenues and operating expenses for the County's business-type activities for the years ended December 31, 2018 and 2017 is presented on the following page.

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

	Year Ended December 31,		Increase/(Decrease)	
	2018	2017	Dollar	Percent (%)
Operating revenues:				
Charges for services	$ 3,430,878	$ 3,304,745	$ 126,133	3.8
Operating grants and revenues	7,166,313	5,220,946	1,945,367	37.3
Other revenue	108,868	231,047	(122,179)	(52.9)
Total operating revenues	$ 10,706,059	$ 8,756,738	$ 1,949,321	22.3
Operating expenses:				
Personal services and employee benefits	$ 1,171,792	$ 1,378,932	$ (207,140)	(15.0)
Depreciation	5,056,118	4,500,246	555,872	12.4
Contracted services	11,481,212	9,177,421	2,303,791	25.1
Total operating expenses	$ 17,709,122	$ 15,056,599	$ 2,652,523	17.6

The County's business-type activities operating revenues for the year ended December 31, 2018 increased 22.3 percent from the previous year, resulting primarily from an increased operating grants from state and federal transportation grants.

Additionally, the most significant expense items for the year ended December 31, 2018 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. Similarly, for the year ended December 31, 2017, the most significant expense items were contracted services, which accounted for $9,177,421, or 61.0 percent of total expenses, and depreciation expense of $4,500,246, or 29.9 percent of total expenses. Operating expenses increased 17.1% from the year ended December 31, 2017, due primarily to increases in transportation expenses related to matching grant activity.

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 *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, 2018, the County's governmental funds reported combined ending fund balances of $119,482,634, an increase of $12,619,189 in comparison with the prior year. The County had *unassigned fund balance* in the General Fund and *assigned to specific use* in special revenue funds of $54,644,743, 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, $4,597,992; (2) restricted for particular purposes, $40,907,633; or (3) assigned for particular purposes, $19,332,266.

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 $52,447,832, while total fund balance was $95,605,340. The General Fund fund balance increased $1,415,521 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 11.5 percent of General Fund expenditures and transfers out, while total fund balance represents 21.0 percent of that same amount.

The fund balance in the Capital Projects Fund increased $12,623,560 from the prior year, resulting in fund balance of $17,056,474 as of December 31, 2018. The increase in the Capital Projects Fund is primarily due to the County's serial bond issuance in the amount of $53,417,400, which was partially offset by capital outlay costs of $48,246,806.

At December 31, 2018, the DTASC Fund reported restricted fund balance of $3,350,864 to be used for upcoming payments of principal and interest; and the remaining fund balance, $62,391, constitutes assigned fund balance which is available for spending towards DTASC activities.

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, 2018 totaled $14,382,054, which included $12,321,782 net investment in capital assets and an unrestricted net position of $2,060,272. The Airport Fund net position decreased $109,105 during the year ended December 31, 2018 as a result of increased depreciation costs.

Net position of the Transportation Fund at December 31, 2018 totaled $12,608,019, which included $9,189,992 net investment in capital assets and unrestricted net position of $3,418,027. The Transportation Fund net position decreased $2,352,628 as a result of decreased County contributions.

Net position of the Dutchess County Local Development Corporation at December 31, 2018 totaled $3,047,878, which included $56,824 net investment in capital assets and unrestricted net position of $2,991,054. The Dutchess County Local Development Corporation net position increased $144,189 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, 2018 is presented in Table 6 below.

Table 6—General Fund Budget

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues and other financing sources	$ 437,639,215	$ 445,969,915	$ 457,169,490	$ 11,199,575
Expenditures and other financing uses	454,010,661	466,411,753	455,753,969	10,657,784
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	$ (16,371,446)	$ (20,441,838)	$ 1,415,521	$ 21,857,359

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 $4,070,392 supplemental appropriations, mainly within 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 $21,857,359. The primary positive variances were realized from unanticipated sales tax, as well as lower than expected costs within economic assistance and opportunity related to the administration of social services programs. There was also a significant positive variance related to employee benefits throughout various County departments.

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, 2018 amounted to $231,330,951 and $24,762,929, 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, 2018 and 2017 are presented in Table 7 below.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land	$ 12,564,155	$ 12,440,941	$ 3,385,364	$ 3,385,364	$ 15,949,519	$ 15,826,305
Right of way and easements	14,872,417	14,326,702	-	-	14,872,417	14,326,702
Construction in progress	42,205,753	16,816,391	1,968,822	745,117	44,174,575	17,561,508
Infrastructure	92,610,979	93,519,587	9,484,099	11,056,148	102,095,078	104,575,735
Buildings and improvements	46,374,282	49,972,222	3,020,023	3,397,005	49,394,305	53,369,227
Improvements other than buildings	6,851,077	3,768,595	-	-	6,851,077	3,768,595
Machinery and equipment	15,852,288	14,339,022	6,904,621	9,676,200	22,756,909	24,015,222
Total	$ 231,330,951	$ 205,183,460	$ 24,762,929	$ 28,259,834	$ 256,093,880	$ 233,443,294

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 2018, the County's governmental activities outstanding bonded debt totaled $130,205,609 (excluding DTASC) and represents approximately 6.2% of the County's debt limit.

A summary of the County's long-term liabilities at December 31, 2018 and December 31, 2017 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,	
	2018	2017 (as restated)	2018	2017 (as restated)	2018	2017 (as restated)
Bonds payable	$ 195,599,818	$ 155,746,521	$ 3,194,331	$ 2,228,447	$ 198,794,149	$ 157,974,968
Compensated absences	9,544,888	9,437,501	33,781	39,265	9,578,669	9,476,766
Environmental clean up	8,000	124,000	-	-	8,000	124,000
Workers' compensation and general claims	29,358,305	30,454,247	-	-	29,358,305	30,454,247
Other postemployment benefits	410,430,151	367,611,394	1,616,701	1,448,036	412,046,852	369,059,430
Net pension liability	14,687,677	43,249,327	53,841	196,573	14,741,518	43,445,900
Total	$ 659,628,839	$ 606,622,990	$ 4,898,654	$ 3,912,321	$ 664,527,493	$ 610,535,311

Total outstanding long-term liabilities increased by $53,992,182 from prior year. Major factors that contributed to this increase include:

- Bonds payable increased in the governmental and business-type activities by $39,853,297 and $965,884, respectively. During the year ended December 31, 2018, the County's primary government issued general improvement serial bonds in the amount of $54,949,536, offset by scheduled principal payments of $13,475,001.

- The net pension liability decreased in the governmental and business-type activities by $28,561,650 and $142,732, respectively. The liability is based on actuarial results related to the New York State retirement contribution programs.

- Obligations for other postemployment benefits ("OPEB") increased in the governmental and business-type activities by $42,818,757 and $168,665, 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.

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:

Year Ended December 31,	
2019 (budgeted)	$ 41,327,545
2018	40,745,757
2017	41,285,244

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:

Year Ended December 31,	
2019 (budgeted)	$ 18,608,771
2018	17,634,363
2017	17,855,418

The County has appropriated $14.50 million in fund balance to finance the 2019 budget within the General Fund. The unassigned fund balance is $52.45 million in the General Fund as of December 31, 2018.

The total tax levy for the 2019 budget is $106.4 million, resulting in a property tax rate of $3.45 per thousand of assessed value, which is 2.54% lower than $3.54 in 2018. The true value assessment for the County has increased from $30.04 billion for the 2018 budget to $30.83 billion for the 2019 budget; an increase of 2.63%.

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

There is currently $4.7 billion in rolling development in Dutchess County, including the establishment of the recently announced new medical college in Poughkeepsie. Dutchess County has experienced twenty-three consecutive months 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. According to the U.S. Department of Labor's latest Quarterly Census of Employment and Wages (QCEW) report, Dutchess County employment grew by more than 1,600 between Q1 2018 (March) and Q1 2019 (March), and the Average Weekly Wage (AWW) grew by $24 for the same period—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.

Request 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, 2018

	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	$ 38,245,211	$ 7,831,816	$ 46,077,027	$ 27,087,931	$4,611,171
Restricted cash and cash equivalents	58,959,788	-	58,959,788	20,078,976	-
Investments	34,584,253	-	34,584,253	-	-
Receivables (net of allowances):					
Taxes	40,883,672	-	40,883,672	-	-
Accounts receivable	8,070,531	474,964	8,545,495	7,627,486	102,424
Intergovernmental receivables	70,262,535	4,935,924	75,198,459	-	-
Internal balances	1,938,032	(1,938,032)	-	-	-
Due from Agency Fund	2,000,000	-	2,000,000	-	-
Prepaid items	4,506,217	40,296	4,546,513	1,227,361	27,997
Inventories	91,775	-	91,775	-	-
Other noncurrent assets	7,405,982	-	7,405,982	2,311,979	-
Capital assets, not being depreciated	69,642,325	5,354,186	74,996,511	9,566,056	-
Capital assets, net of accumulated depreciation	161,688,626	19,408,743	181,097,369	146,428,920	40,268
Total assets	498,278,947	36,107,897	534,386,844	214,328,709	4,781,860
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows—relating to pensions	50,203,902	185,744	50,389,646	7,997,252	144,793
Deferred outflows—relating to OPEB	28,134,006	110,821	28,244,827	2,397,410	-
Deferred outflows—relating to capital	-	-	-	235,417	-
Deferred charge on refunding	1,308,078	-	1,308,078	697,357	-
Total deferred outflows of resources	79,645,986	296,565	79,942,551	11,327,436	144,793
LIABILITIES					
Accounts payable	64,551,483	1,230,314	65,781,797	7,513,058	15,128
Retainages payable	1,622,288	-	1,622,288	-	-
Accrued liabilities	5,276,811	58,632	5,335,443	3,753,401	9,952
Bond anticipation notes payable	-	-	-	1,250,000	-
Intergovernmental payables	28,821,549	-	28,821,549	-	-
Unearned revenue	2,078,284	3,930	2,082,214	2,272,421	-
Noncurrent liabilities:					
Due within one year	22,640,137	541,011	23,181,148	5,208,306	-
Due in more than one year	636,988,702	4,357,643	641,346,345	167,565,561	47,451
Total liabilities	761,979,254	6,191,530	768,170,784	187,562,747	72,531
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows—relating to pensions	47,735,477	174,981	47,910,458	6,214,784	213,480
Deferred inflows—relating to OPEB	-	-	-	8,153,942	-
Deferred inflows—relating to NYS TAP payments	-	-	-	974,165	-
Deferred gain on refunding	12,660,138	-	12,660,138	301,652	84
Deferred inflows related to capital	-	-	-	24,705,921	-
Total deferred inflows of resources	60,395,615	174,981	60,570,596	40,350,464	213,564
NET POSITION					
Net investment in capital assets	63,738,872	21,568,598	85,307,470	64,310,658	40,268
Restricted for:					
Debt service	14,346,296	-	14,346,296	-	-
Workers' compensation	6,606,717	-	6,606,717	-	-
Other	6,013,548	-	6,013,548	20,377,167	-
Unrestricted	(335,155,369)	8,469,353	(326,686,016)	(86,944,891)	4,600,290
Total net position	$(244,449,936)	$ 30,037,951	$(214,411,985)	$ (2,257,066)	$4,640,558

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, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Total Major Discretely Presented Component Units	Aggregate Nonmajor Discretely Presented Component Units
Primary government:									
Governmental activities:									
General government support	$ 103,400,017	$ 8,509,024	$ 3,481,890	$ 693,376	$ (90,715,727)	$ -	$ (90,715,727)	$ -	$ -
Education	19,539,408	-	-	874,624	(18,664,784)	-	(18,664,784)	-	-
Public safety	91,410,893	3,905,661	3,822,211	12,645	(83,670,376)	-	(83,670,376)	-	-
Health	69,000,362	2,154,303	36,808,641	-	(30,037,418)	-	(30,037,418)	-	-
Transportation	27,624,140	2,158,801	2,668,426	5,931,833	(16,865,080)	-	(16,865,080)	-	-
Economic assistance and opportunity	157,970,061	7,095,123	77,094,001	-	(73,780,937)	-	(73,780,937)	-	-
Culture and recreation	5,560,046	536,720	607,592	43,144	(4,372,590)	-	(4,372,590)	-	-
Home and community services	14,767,386	612,092	3,253,065	-	(10,902,229)	-	(10,902,229)	-	-
Interest and other fiscal charges	6,499,025	-	-	-	(6,499,025)	-	(6,499,025)	-	-
Total governmental activities	495,771,338	24,971,724	127,735,826	7,555,622	(335,508,166)	-	(335,508,166)	-	-
Business-type activities:									
Airport	2,663,180	968,026	-	658,844	-	(1,036,310)	(1,036,310)	-	-
Transportation	14,193,021	1,389,147	7,166,313	178,745	-	(5,458,816)	(5,458,816)	-	-
Local Development Corporation	964,115	1,073,705	-	-	-	109,590	109,590	-	-
Total business-type activities	17,820,316	3,430,878	7,166,313	837,589	-	(6,385,536)	(6,385,536)	-	-
Total primary government	$ 513,591,654	$ 28,402,602	$ 134,902,139	$ 8,393,211	(335,508,166)	(6,385,536)	(341,893,702)	-	-
Component units:									
Dutchess Community College	$ 85,971,511	$ 49,973,653	$ 18,384,255	$ -				(17,613,603)	-
Resource Recovery Agency	11,940,262	12,258,649	-	-				318,387	-
Water and Wastewater Authority	8,744,309	6,310,875	-	-				(2,433,434)	-
Nonmajor component units	1,199,193	533,684	222,419	-				-	(443,090)
Total component units	$ 107,855,275	$ 69,076,861	$ 18,606,674	$ -				(19,728,650)	(443,090)
General revenues:									
Property taxes, levied for general purpose					103,489,746	-	103,489,746	-	-
Property taxes, levied for debt service					12,983,345	-	12,983,345	-	-
Sales and use taxes					199,614,941	-	199,614,941	-	-
Other taxes					4,414,447	-	4,414,447	-	-
Use of money and property					2,548,757	221,818	2,770,575	1,358,870	75,035
Tobacco settlement revenues					3,072,797	-	3,072,797	-	41,364
Miscellaneous					-	108,868	108,868	-	-
Payments from primary government					-	-	-	18,206,020	295,800
Transfers					(3,737,306)	3,737,306	-	-	-
Total general revenues and transfers					322,386,727	4,067,992	326,454,719	19,564,890	412,199
Change in net position					(13,121,439)	(2,317,544)	(15,438,983)	(163,760)	(30,891)
Net position—beginning, as restated					(231,328,497)	32,355,495	(198,973,002)	(2,093,306)	4,671,449
Net position—ending					$ (244,449,936)	$ 30,037,951	$ (214,411,985)	$ (2,257,066)	$ 4,640,558

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

COUNTY OF DUTCHESS, NEW YORK
Balance Sheet—Governmental Funds
December 31, 2018

	General	Capital Projects	DTASC	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 34,353,319	$ -	$ 62,391	$ 3,829,501	$ 38,245,211
Restricted cash and cash equivalents	27,321,525	28,287,399	3,350,864	-	58,959,788
Investments	34,584,253	-	-	-	34,584,253
Receivables (net of allowances):					
Taxes	40,883,672	-	-	-	40,883,672
Accounts receivable	8,067,767	-	-	2,764	8,070,531
Due from other funds	8,120,190	13,250	-	-	8,133,440
Intergovernmental receivables	36,890,269	4,626,422	-	2,018,864	43,535,555
Prepaid items	4,287,146	-	-	219,071	4,506,217
Inventories	91,775	-	-	-	91,775
Total assets	$ 194,599,916	$ 32,927,071	$ 3,413,255	$ 6,070,200	$ 237,010,442
LIABILITIES					
Accounts payable	$ 50,358,023	$ 11,691,744	$ -	$ 2,501,716	$ 64,551,483
Accrued liabilities	3,084,172	-	-	157,614	3,241,786
Due to other funds	13,250	4,178,853	-	3,305	4,195,408
Intergovernmental payables	28,821,549	-	-	-	28,821,549
Unearned revenue	2,078,284	-	-	-	2,078,284
Total liabilities	84,355,278	15,870,597	-	2,662,635	102,888,510
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue—property taxes	14,639,298	-	-	-	14,639,298
Total deferred inflows of resources	14,639,298	-	-	-	14,639,298
FUND BALANCES					
Nonspendable	4,378,921	-	-	219,071	4,597,992
Restricted	20,500,295	17,056,474	3,350,864	-	40,907,633
Assigned	18,278,292	-	62,391	3,188,494	21,529,177
Unassigned	52,447,832	-	-	-	52,447,832
Total fund balances	95,605,340	17,056,474	3,413,255	3,407,565	119,482,634
Total liabilities, deferred inflows of resources and fund balances	$ 194,599,916	$ 32,927,071	$ 3,413,255	$ 6,070,200	$ 237,010,442

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, 2018

Amounts reported for governmental activities in the statement of net position (page 16) are different because:		
Total fund balances—governmental funds (page 18)		$ 119,482,634
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 $566,144,539 and the accumulated depreciation is $334,813,588.		231,330,951
Other noncurrent assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		7,405,982
Real property taxes not collected within 60 days of year end are reported as deferred inflows of resrouces in the fund statements, but are recognized on the accural basis for government-wide statements.		14,639,298
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.		26,726,980
Deferred outflows and inflows of resources associated with refunding bond issuances are not reported in the governmental funds. The charge is reported as a deferred outflow of resources, while the gain is reported as a deferred inflow 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	$ 1,308,078	
Deferred gain on refunding—County	(214,864)	
Deferred gain on refunding—DTASC	(12,445,274)	(11,352,060)
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	$ 13,103,483	
Deferred outflows related to experience, changes in assumptions, and investment earnings	37,100,419	
Deferred inflows related to pension plans	(47,735,477)	2,468,425
Deferred outflows of resources related to changes of assumptions and employer contributions for other postemployment benefits ("OPEB") are applicable to future periods and, therefore, are not reported in the fund statements.		28,134,006
Net accrued interest expense for general obligation bonds of $1,813,838 and DTASC bonds of $221,187 are not reported in the funds.		(2,035,025)
To recognize retainages payable on outstanding capital projects not recorded in the fund statements.		(1,622,288)
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	$ (130,205,609)	
Unamortized bond premiums—County	(6,775,216)	
DTASC bonds	(48,725,000)	
Unamortized bond premiums—DTASC	(3,603,834)	
DTASC subordinate turbo CABs	(6,290,159)	
Compensated absences	(9,544,888)	
Environmental clean up	(8,000)	
Workers' compensation and general claims	(29,358,305)	
Other postemployment benefits obligation	(410,430,151)	
Net pension liability	(14,687,677)	(659,628,839)
Net position of governmental activities		$ (244,449,936)

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, 2018

	General	Capital Projects	DTASC	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Real property taxes	$ 107,314,510	$ -	$ -	$ 9,867,773	$ 117,182,283
Sales and use taxes	199,614,941	-	-	-	199,614,941
Other taxes	4,414,447	-	-	-	4,414,447
Departmental income	23,554,421	-	-	2,015,437	25,569,858
Use of money and property	2,588,712	598,028	83,385	7,974	3,278,099
Miscellaneous	4,702,167	14,062	3,251,538	185,604	8,153,371
Grants and aid	113,437,361	7,541,562	-	3,871,932	124,850,855
Total revenues	455,626,559	8,153,652	3,334,923	15,948,720	483,063,854
EXPENDITURES					
Current:					
General government support	71,395,749	-	59,430	-	71,455,179
Education	17,723,132	-	-	-	17,723,132
Public safety	61,966,609	-	-	271,272	62,237,881
Health	60,261,450	-	-	-	60,261,450
Transportation	2,898,392	-	-	9,535,542	12,433,934
Economic assistance and opportunity	144,807,374	-	-	1,367,569	146,174,943
Culture and recreation	2,232,062	-	-	-	2,232,062
Home and community services	10,731,157	-	-	2,669,611	13,400,768
Employee benefits	62,909,387	-	-	4,134,211	67,043,598
Debt service:					
Principal	12,983,345	-	620,000	-	13,603,345
Interest and other fiscal charges	3,074,927	-	2,622,900	-	5,697,827
Capital outlay	-	48,246,806	-	-	48,246,806
Total expenditures	450,983,584	48,246,806	3,302,330	17,978,205	520,510,925
Excess (deficiency) of revenues over expenditures	4,642,975	(40,093,154)	32,593	(2,029,485)	(37,447,071)
OTHER FINANCING SOURCES (USES)					
Transfers in	1,542,931	456,079	-	577,000	2,576,010
Transfers out	(4,770,385)	(1,542,931)	-	-	(6,313,316)
Proceeds from issuance of serial bonds	-	53,517,400	-	-	53,517,400
Premium on serial bonds	-	286,166	-	-	286,166
Total other financing sources (uses)	(3,227,454)	52,716,714	-	577,000	50,066,260
Net change in fund balances	1,415,521	12,623,560	32,593	(1,452,485)	12,619,189
Fund balances—beginning	94,189,819	4,432,914	3,380,662	4,860,050	106,863,445
Fund balances—ending	$ 95,605,340	$ 17,056,474	$ 3,413,255	$ 3,407,565	$ 119,482,634

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, 2018

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)		$ 12,619,189
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 loss on disposals and depreciation expense in the current period.		
Capital asset additions	$ 47,402,983	
Depreciation expense	(21,254,833)	
Loss on disposals	(659)	26,147,491
In the statement of activities, the cost of other noncurrent assets is allocated and amortized over their estimated useful lives.		(274,568)
Certain tax and other revenue in the governmental funds is deferred or not recognized because it is not available soon enough after year-end to pay for the current period's expenditures in the governmental funds when it is due. However, on the statement of activities, this is recognized as revenue regardless of when it is collected.		
Change in deferred inflows of resources—property taxes	$ (709,192)	
Change in long-term receivable—grants and aid	4,985,616	
Change in long-term receivable—DTASC	(178,741)	4,097,683
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.		124,204
Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:		
Direct pension contributions	$ 17,559,786	
Cost of benefits earned net of employee contributions	(17,517,068)	42,718
Deferred outflows of resources relating to OPEB result from changes in assumptions and other inputs. These amounts are shown net of current year amortization.		28,134,006
In the statement of activities, interest expense and retainages payable are recognized as they accrue, regardless of when they are paid.		(2,444,663)
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:		
Issuance of serial bonds—County	$ (53,517,400)	
Repayment of serial bonds—County	12,983,345	
Premium on serial bonds issued—County	(286,166)	
Amortization of bond premiums—County	712,052	
Repayment of serial bonds—DTASC	620,000	
Amortization of bond premiums—DTASC	45,857	
Accreted interest on DTASC bonds	(410,985)	
Change in compensated absences	(107,387)	
Change in environmental clean up	116,000	
Change in workers' compensation and general claims	1,095,942	
Change in other postemployment benefits obligation	(42,818,757)	(81,567,499)
Change in net position of governmental activities		$ (13,121,439)

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, 2018

	Business-type Activities			
	Airport	Transportation	Dutchess County LDC	Total Enterprise Funds
ASSETS				
Current assets:				
Cash and cash equivalents	$ 4,086,201	$ 835,189	$ 2,910,426	$ 7,831,816
Receivables	342,063	15,358	117,543	474,964
Intergovernmental receivables	435,471	4,500,453	-	4,935,924
Prepaid items	15,173	1,407	23,716	40,296
Total current assets	4,878,908	5,352,407	3,051,685	13,283,000
Noncurrent assets:				
Capital assets not being depreciated:				
Land	3,136,399	248,965	-	3,385,364
Construction in progress	1,945,551	23,271	-	1,968,822
Capital assets, net of accumulated depreciation:				
Infrastructure	7,619,816	1,864,284	-	9,484,100
Buildings and building improvements	910,992	2,109,031	-	3,020,023
Machinery and equipment	638,338	6,209,458	56,824	6,904,620
Total noncurrent assets	14,251,096	10,455,009	56,824	24,762,929
Total assets	19,130,004	15,807,416	3,108,509	38,045,929
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows—relating to pensions	166,916	18,828	-	185,744
Deferred outflows—relating to OPEB	110,821	-	-	110,821
Total deferred outflows of resources	277,737	18,828	-	296,565
LIABILITIES				
Current liabilities:				
Accounts payable	429,334	740,349	60,631	1,230,314
Accrued liabilities	46,724	11,908	-	58,632
Due to other funds	761,649	1,176,383	-	1,938,032
Unearned revenue	3,930	-	-	3,930
Current portion of long-term debt	238,323	302,688	-	541,011
Total current liabilities	1,479,960	2,231,328	60,631	3,771,919
Noncurrent liabilities:				
Bonds payable	1,668,546	962,329	-	2,630,875
Premium on bonds	24,134	-	-	24,134
Compensated absences	32,092	-	-	32,092
Other postemployment benefits obligation	1,616,701	-	-	1,616,701
Net pension liability	48,060	5,781	-	53,841
Total noncurrent liabilities	3,389,533	968,110	-	4,357,643
Total liabilities	4,869,493	3,199,438	60,631	8,129,562
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows—relating to pensions	156,194	18,787	-	174,981
Total deferred inflows of resources	156,194	18,787	-	174,981
NET POSITION				
Net investment in capital assets	12,321,782	9,189,992	56,824	21,568,598
Unrestricted	2,060,272	3,418,027	2,991,054	8,469,353
Total net position	$ 14,382,054	$ 12,608,019	$ 3,047,878	$ 30,037,951

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, 2018

	Business-type Activities			
	Airport	Transportation	Dutchess County LDC	Total Enterprise Funds
Operating revenues:				
Charges for services	$ 968,026	$ 1,389,147	$ 1,073,705	$ 3,430,878
Operating grants and revenues	-	7,166,313	-	7,166,313
Other	9,137	99,731	-	108,868
Total operating revenues	977,163	8,655,191	1,073,705	10,706,059
Operating expenses:				
Personal services	400,206	48,790	357,658	806,654
Employee benefits	278,701	11,067	75,370	365,138
Depreciation	1,559,107	3,483,419	13,592	5,056,118
Contracted services	360,828	10,602,889	517,495	11,481,212
Total operating expenses	2,598,842	14,146,165	964,115	17,709,122
Operating (loss) income	(1,621,679)	(5,490,974)	109,590	(7,003,063)
Nonoperating revenues (expenses):				
Interest income	180,955	1,350	34,599	216,904
Interest expense	(64,338)	(46,856)	-	(111,194)
Other	-	4,914	-	4,914
Total nonoperating revenues (expenses)	116,617	(40,592)	34,599	110,624
(Loss) income before capital contributions and transfers	(1,505,062)	(5,531,566)	144,189	(6,892,439)
Capital contributions	658,844	178,745	-	837,589
Transfers in	737,113	3,000,193	-	3,737,306
Change in net position	(109,105)	(2,352,628)	144,189	(2,317,544)
Net position—beginning, as restated	14,491,159	14,960,647	2,903,689	32,355,495
Net position—ending	$14,382,054	$ 12,608,019	$ 3,047,878	$ 30,037,951

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, 2018

	Business-type Activities			
	Airport	Transportation	Dutchess County LDC	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from services provided	$ 870,954	$ 1,370,889	$ 1,073,775	$ 3,315,618
Receipts from operating grants and revenue	-	5,706,344	-	5,706,344
Receipts from other operating revenue	9,137	99,731	-	108,868
Payments to employees	(627,935)	(89,745)	(430,880)	(1,148,560)
Payments to suppliers of contracted services	(94,194)	(10,343,852)	(505,382)	(10,943,428)
Net cash provided by (used for) operating activities	157,962	(3,256,633)	137,513	(2,961,158)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers and loans to and from other funds	436,052	3,299,398	-	3,735,450
Net cash provided by noncapital financing activities	436,052	3,299,398	-	3,735,450
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Capital contributions to noncurrent assets	1,319,811	51,999	-	1,371,810
(Acquisition)/disposal of capital assets, net	(1,313,962)	(242,382)	(2,869)	(1,559,213)
Proceeds from issuance of debt	1,200,000	232,136	-	1,432,136
Premium from issuance of debt	25,404	-	-	25,404
Principal payments on bonds	(265,653)	(226,003)	-	(491,656)
Interest payments	(37,846)	(32,287)	-	(70,133)
Net cash provided by (used for) capital and related financing activities	927,754	(216,537)	(2,869)	708,348
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income earned	180,955	1,350	34,599	216,904
Net cash provided by investing activities	180,955	1,350	34,599	216,904
Increase (decrease) in cash and cash equivalents	1,702,723	(172,422)	169,243	1,699,544
Cash and cash equivalents—beginning	2,383,478	1,007,611	2,741,183	6,132,272
Cash and cash equivalents—ending	$ 4,086,201	$ 835,189	$ 2,910,426	$ 7,831,816

(continued)

COUNTY OF DUTCHESS, NEW YORK
Statement of Cash Flows—Proprietary Funds
Year Ended December 31, 2018

(concluded)

	Business-type Activities			
	Airport	Transportation	Dutchess County LDC	Total Enterprise Funds
Reconciliation of operating (loss) income to net cash provided by (used for) operating activities:				
Operating (loss) income	$ (1,621,679)	$ (5,490,974)	$ 109,590	$ (7,003,063)
Adjustments to reconcile operating (loss) income to net cash provided by (used for) operating activities:				
Depreciation expense	1,559,107	3,483,419	13,592	5,056,118
(Increase) decrease in receivables	(92,450)	(1,478,228)	42,096	(1,528,582)
Decrease in inventories	3,335	-	-	3,335
Decrease (increase) in other assets	6,247	2,246	(5,136)	3,357
(Increase) decrease in deferred outflows of resources	(129,848)	14,621	-	(115,227)
Increase in accounts payable	261,132	262,302	16,371	539,805
(Decrease) in accrued liabilities	(5,196)	(5,099)	-	(10,295)
(Decrease) in unearned revenue	(2,555)	-	(39,000)	(41,555)
(Decrease) in compensated absences	(5,484)	-	-	(5,484)
(Decrease) in net pension liability	(110,443)	(32,289)	-	(142,732)
Increase (decrease) in other postemployment benefits	168,665	(24,438)	-	144,227
Increase in deferred inflows of resources	127,131	11,807	-	138,938
Total adjustments	1,779,641	2,234,341	27,923	4,041,905
Net cash provided by (used for) operating activities	$ 157,962	$ (3,256,633)	$ 137,513	$ (2,961,158)

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, 2018

	Private Purpose Trust	Agency
ASSETS		
Restricted cash and cash equivalents	$ 5,852	$5,341,465
Accounts receivable	-	3,159,938
Total assets	5,852	$8,501,403
LIABILITIES		
Agency liabilities	-	$6,501,403
Due to other funds	-	2,000,000
Total liabilities	-	$8,501,403
NET POSITION		
Restricted for cemetery plots	$ 5,852	

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, 2018

	Private Purpose Trust
ADDITIONS	
Total additions	$ -
DEDUCTIONS	
Economic assistance and opportunity	-
Change in net position	-
Net position—beginning	5,852
Net position—ending	$ 5,852

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, 2018

	Dutchess Community College (August 31, 2018)	Dutchess County Resource Recovery Agency	Dutchess County Water and Wastewater Authority	Total Major Discretely Presented Component Units
ASSETS				
Cash and cash equivalents	$ 22,780,474	$ 1,592,378	$ 2,715,079	$ 27,087,931
Restricted cash and investments	12,522,579	3,860,730	3,695,667	20,078,976
Receivables (net of allowances)	4,433,207	864,363	2,329,916	7,627,486
Prepaid items	1,122,267	27,590	77,504	1,227,361
Other assets	2,311,979	-	-	2,311,979
Capital assets, not being depreciated	1,638,258	-	7,927,798	9,566,056
Capital assets, net of accumulated depreciation	71,937,733	16,381,857	58,109,330	146,428,920
Total assets	116,746,497	22,726,918	74,855,294	214,328,709
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows—relating to pensions	7,229,270	89,477	678,505	7,997,252
Deferred outflows—relating to OPEB	2,397,410	-	-	2,397,410
Deferred outflows—relating to capital	-	235,417	-	235,417
Deferred charge on refunding	-	-	697,357	697,357
Total deferred outflows of resources	9,626,680	324,894	1,375,862	11,327,436
LIABILITIES				
Accounts payable	6,180,131	380,025	952,902	7,513,058
Accrued liabilities	2,822,108	306,569	624,724	3,753,401
Bond anticipation notes payable	-	-	1,250,000	1,250,000
Unearned revenues	2,272,421	-	-	2,272,421
Noncurrent liabilities:				
Due within one year	1,058,946	1,415,000	2,734,360	5,208,306
Due in more than one year	117,647,711	10,668,390	39,249,460	167,565,561
Total noncurrent liabilities	118,706,657	12,083,390	41,983,820	172,773,867
Total liabilities	129,981,317	12,769,984	44,811,446	187,562,747
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows—relating to pensions	5,679,039	33,352	502,393	6,214,784
Deferred inflows—relating to OPEB	8,153,942	-	-	8,153,942
Deferred New York State TAP payments	974,165	-	-	974,165
Deferred gain on refunding	-	-	301,652	301,652
Deferred inflows related to capital	-	1,260,830	23,445,091	24,705,921
Total deferred inflows of resources	14,807,146	1,294,182	24,249,136	40,350,464
NET POSITION				
Net investment in capital assets	47,953,435	4,396,444	11,960,779	64,310,658
Restricted	13,251,548	3,860,730	3,264,889	20,377,167
Unrestricted	(79,620,269)	730,472	(8,055,094)	(86,944,891)
Total net position	$ (18,415,286)	$ 8,987,646	$ 7,170,574	$ (2,257,066)

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, 2018

	Dutchess Community College (August 31, 2018)	Dutchess County Resource Recovery Agency	Dutchess County Water and Wastewater Authority	Total Major Discretely Presented Component Units
Program expenses:				
Disposal fees	$ -	$ 2,623,861	$ -	$ 2,623,861
Service fees	-	6,592,685	-	6,592,685
Administrative expenses	5,743,523	477,423	1,459,909	7,680,855
Interest expenses	61,427	416,076	1,460,603	1,938,106
Depreciation and amortization	2,399,499	1,830,217	1,510,884	5,740,600
Instruction	35,099,796	-	-	35,099,796
Academic support	3,366,016	-	-	3,366,016
Libraries	1,371,516	-	-	1,371,516
Student services	8,710,961	-	-	8,710,961
General institution	8,351,561	-	-	8,351,561
Operation and maintenance of plant	7,349,130	-	4,256,713	11,605,843
Student aid	7,634,991	-	-	7,634,991
Other	5,883,091	-	56,200	5,939,291
Total program expenses	85,971,511	11,940,262	8,744,309	106,656,082
Program revenues:				
Charges for services:				
Tipping fees	-	10,093,184	-	10,093,184
Energy sales	-	1,431,517	-	1,431,517
Other charges for services	3,680,085	453,624	6,298,276	10,431,985
Student tuition and fees	21,091,806	-	-	21,091,806
Grants and contracts	14,218,276	-	-	14,218,276
Other	10,983,486	280,324	12,599	11,276,409
Operating grants and contributions	18,384,255	-	-	18,384,255
Total program revenues	68,357,908	12,258,649	6,310,875	86,927,432
Net (expense) revenue and changes in net position	(17,613,603)	318,387	(2,433,434)	(19,728,650)
General revenues:				
Use of money and property	1,086,261	50,317	222,292	1,358,870
Payments from primary government	14,537,899	351,124	3,316,997	18,206,020
Total general revenues	15,624,160	401,441	3,539,289	19,564,890
Change in net position	(1,989,443)	719,828	1,105,855	(163,760)
Net position—beginning, as restated	(16,425,843)	8,267,818	6,064,719	(2,093,306)
Net position—ending	$ (18,415,286)	$ 8,987,646	$ 7,170,574	$ (2,257,066)

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of Government-wide Financial Statements

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

Reporting Entity

The County is a municipal corporation 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.

Revenues are derived generally from quarterly billing of user fees to customers and are considered to be operating revenues. Non-operating revenues include Dutchess County-funded revenues based on a contract with the Dutchess County Division of Water Resources to provide countywide water and wastewater planning and management. The Authority also derives revenues from service fee payments from the County pursuant to several service agreements, which are used to pay debt service and related expenses pertaining to debt obligations incurred for specific districts and/or systems.

Receivables represent outstanding user fees. 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.

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 is 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")—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")—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.
- *Agency Fund*—The Agency 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 private purpose trust fund are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus, but utilizes the accrual basis of accounting for reporting its assets and liabilities.

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 set aside for a specific purpose 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, 2018, the County reported $7,405,982 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).

Unearned Revenue—Certain cash receipts have not met the revenue recognition criteria for government-wide or fund financial statement purposes. At December 31, 2018, the primary government reported unearned revenues within the General Fund and Airport Fund of $2,078,284 and $3,930, respectively. These funds received overpayments and cash in advance but has not performed the services and therefore recognizes a liability.

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, 2018, 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, 2018, the primary government of the County has three 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 final item is a deferred gain on refunding, which the County reports within its governmental activities. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

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

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

The committed fund balance classification includes amounts that can be used only for specific purposes determined by a formal action of the government's highest level of decision-making authority. The County Legislature is the highest level of decision-making authority for the County that can, by adoption of 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 2018 is $30,040,912,405. The effective tax rate on this value is $3.45 per thousand. The constitutional tax limit is 1.5% of the 5-year average of the equalized assessment. The 2018 levy represents approximately 20.3% of the constitutional tax limit.

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.

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, 2018 total $1,031,001,803.

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, 2018 totaled $9,544,888 and $33,781, respectively, and are reported in the government-wide financial statements and proprietary fund financial statements.

Pensions—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 $29,358,305 at December 31, 2018. 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, 2018, the County implemented GASB Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*; No. 85, *Omnibus 2017*; and No. 86, *Certain Debt Extinguishment Issues*. GASB Statement No. 75 improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. Other than the matter discussed in Note 2, the implementation of GASB Statements No. 75, 85, and 86 did not have a material impact on the County's financial position or results from operations.

Future Impacts of Accounting Pronouncements—The County has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 83, *Certain Asset Retirement Obligations*; No. 84, *Fiduciary Activities*; No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*; and No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, effective for the year ending December 31, 2019, No. 87, *Leases*; and No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the year ending December 31, 2020, and No. 91, *Conduit Debt Obligations*, effective for the year ending December 31, 2021. The County is, therefore, unable to disclose the impact that adopting GASB Statements No. 83, 84, 87, 88, 89, 90, and 91 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, 2018, the County implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of GASB Statement No. 75 requires the County's net OPEB liability to be 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. As a result, the County's OPEB liability was restated from $207,444,273 to $367,611,394 for governmental activities and $1,512,552 to $1,448,036 for business-type activities at December 31, 2017. The County elected to record the change in the OPEB liability, $24,438, within the transportation fund as a current year. Net position of the County's governmental activities and business-type activities at December 31, 2017 has been restated as follows:

		Business-type Activities	
	Governmental Activities	Airport Fund	Total Business-type Activities
Net position—December 31, 2017, as previously stated	$ (71,161,376)	$ 14,451,081	$ 32,315,417
GASB Statement No. 75 implementation:			
OPEB liability adjustment	(160,167,121)	40,078	40,078
Net position—December 31, 2017, as restated	$ (231,328,497)	$ 14,491,159	$ 32,355,495

Additionally, during the year ended December 31, 2018 (August 31, 2018 as to the DCC), the County's major component units, including the Dutchess Community College, Dutchess County Resource Recovery Agency, and the Dutchess County Water and Wastewater Authority, implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Net position of the County's major component units at December 31, 2017 (August 31, 2017 as to the DCC) has been restated as shown in the table on the following page.

	Major Component Units			
	Dutchess Community College (August 31, 2017)	Dutchess County Resource Recovery Agency	Dutchess County Water and Wastewater Authority	Total Major Component Units
Net position—December 31, 2017, as previously stated	$ 8,310,484	$ 8,000,331	$ 7,107,654	$ 23,418,469
GASB Statement No. 75 implementation:				
Deferred outflows of resources adjustment	2,156,867	-	-	2,156,867
OPEB liability adjustment	(26,893,194)	263,470	(1,042,935)	(27,672,659)
Other	-	4,017	-	4,017
Net position—December 31, 2017, as restated	$ (16,425,843)	$ 8,267,818	$ 6,064,719	$ (2,093,306)

Additionally, during the year ended December 31, 2018, the financial statements of the Dutchess County Soil and Water Conservation District (the "SWCD"), a nonmajor discretely presented component unit, were audited by other auditors; whereas, previously the SWCD financial statements were not audited. As a result, the SWCD ending net position as of December 31, 2017 has been restated to $243,177.

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, 2018 are as follows:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Petty cash (uncollateralized)	$ 21,515	$ 700	$ -	$ 22,215
Deposits	83,890,759	7,831,116	5,347,317	97,069,192
U.S. Treasuries and money market funds	9,948,046	-	-	9,948,046
Discount note	3,344,679	-	-	3,344,679
Investments	34,584,253	-	-	34,584,253
Total	$ 131,789,252	$ 7,831,816	$ 5,347,317	$ 144,968,385

Deposits—All deposits are carried at fair value, and are classified by custodial credit risk at December 31, 2018 as follows:

	Bank Balance	Carrying Amount
FDIC insured	$ 2,618,115	$ 2,619,653
Uninsured:		
Collateral held by pledging bank's agent in the County's name	98,953,223	94,449,539
Total	$ 101,571,338	$ 97,069,192

Restricted Cash and Cash Equivalents—Restricted cash of the County consists of cash reported within the Capital Projects Fund in the amount of $28,287,399, and cash restricted for future debt service within both the General Fund and DTASC Fund of $7,880,030 and $3,350,864, respectively. Also included within restricted cash is General Fund (including self-insurance) balances subject to externally enforceable legal purpose restrictions, totaling $12,620,265, unearned revenues of $2,078,284, intergovernmental payables of $4,498,030 related to overpayments, and cash reported within the County's workers' compensation self-insured program in excess of the related restricted fund balance, totaling $244,916. 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, 2018, 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, 2018, the County has investments in securities of $34,584,253, which consist of U.S. Treasury notes with maturities of six, nine and 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, 2018 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, 2018, the College reports $22,780,474 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 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. The College's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at August 31, 2018.

Investments—Investments consist of certificates of deposit with initial maturities of greater than three months. At August 31, 2018, the College reports $12,522,579 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.

In addition, the Agency, through the General Bond Resolution adopted August 6, 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.

In January 1999, the Agency entered into a Flexible Draw Investment Agreement between the Agency, a commercial entity, and the Bond Trustee, which provides for the investment of certain restricted funds until the maturity date of the bonds. The Agency has obtained a financial guaranty insurance policy, which provides for payment of amounts due under the agreement, if not made when due.

As of December 31, 2018, 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, 2018, the Agency had additional cash and cash equivalents and investments of $4,952,807 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, 2018:

Bank balance	$3,205,128
U.S. Government money market	1,747,679
Total custodial credit risk Category 2	$4,952,807

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 $1,959,796 at December 31, 2018, 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, 2018 are summarized as follows:

Current restricted assets		
Series 2017	$	1,130,861
Energy revenues and debt service funds		828,935
Total current restricted assets	$	1,959,796
Noncurrent restricted assets		
Series 2017	$	1,900,934
Total noncurrent restricted cash and investments		1,900,934
Total restricted cash and investments	$	3,860,730

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 deposits are secured by collateral valued at market or par, whichever is lower, less the amount of FDIC insurance. The Authority's deposits are categorized below to give an indication of the level or risk assumed by the Authority.

1. Insured or collateralized with securities held by the Authority or by its agent in the Authority's name;
2. Collateralized with securities held by the pledging institution's trust department or agent in the Authority's name;
3. Uncollateralized.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Authority or its agent in the Authority's name; included in Category 1 are funds invested in the securities of the United States Government and its agencies, and repurchase agreements collateralized by U.S. obligations; or,
2. Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the Authority's name; or,
3. Uninsured and unregistered, with securities held by the counter-party or by its trust department or agent, but not in the Authority's name.

Cash, cash equivalents and investments (tier 1) by category are as follows as of December 31, 2018:

Cash in banks	$ 2,715,079
Investments:	
Money market funds	$ 1,821,437
U.S. Treasury bills and notes	1,874,230
Total investments	$ 3,695,667

At December 31, 2018, the Authority maintained $6,264,285 in unspent bond anticipation notes proceeds held by New York State Environmental Facilities Corporation for improvements to the Pinebrook and Greenfields wastewater treatment plant.

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, 2018:

Construction reserve funds	$ 244,042
Debt service sinking funds	562
Debt service reserve funds	630,817
Held by EFC	431,075
Current restricted funds	1,306,496
Debt service reserve funds noncurrent	2,389,171
Total restricted funds	$ 3,695,667

The Debt Service Reserve funds are funded in an amount equal to an amount which is the lesser of, the maximum annual debt service required under the bond resolutions, 125% of the average annual debt service required by certain bond resolutions or the maximum amount that may be held in the Debt Service Reserve Fund without adversely affecting the tax-exempt status of bond series intended to be tax-exempt, currently 10% of the original issue amount. Since these reserves are not anticipated to be used in the subsequent year, they have been classified as restricted noncurrent assets on the statement of net position. Interest earnings on these reserves have been classified as current, as they are available to pay current debt.

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, 2018, the IDA and the SWCD recorded $4,413,565 and $197,606 in cash and cash equivalents, respectively.

4. RECEIVABLES

Taxes Receivable—Represents amounts due from County taxpayers that remain unpaid. At December 31, 2018, the County recorded $40,883,672 related to taxes receivable. These amounts are reported net of an allowance for uncollectible taxes provision of $8,234,273.

Accounts Receivable—Represents amounts due from various sources. The County's accounts receivable at December 31, 2018 are presented below.

Governmental funds:	
General Fund	$ 9,250,279
Less: allowance for doubtful accounts	(1,182,512)
Nonmajor governmental funds	2,764
Total	$ 8,070,531
Proprietary funds:	
Airport Fund	$ 342,063
Transportation Fund	15,358
Dutchess County LDC	117,543
Total	$ 474,964
Fiduciary funds:	
Agency Fund	$ 3,159,938

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, 2018 are as shown below:

Governmental funds:		
General Fund:		
Due from state and federal	$ 36,068,804	
Other	821,465	$ 36,890,269
Capital Projects Fund:		
Due from state and federal		4,626,422
Nonmajor governmental funds:		
Due from state and federal		2,018,864
Total		$ 43,535,555
Proprietary funds:		
Airport Fund:		
Due from state and federal		$ 435,471
Transportation Fund:		
Due from state and federal	$ 4,408,140	
Other	92,313	4,500,453
Total		$ 4,935,924

Discretely Presented Component Units

i) Dutchess Community College

Significant receivables include amounts due from grants, pledges and students for fees and tuitions. These receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. The allowance amount is estimated and recorded based on the College's historical bad debt experience and management's judgment. At August 31, 2018, the College reported total accounts receivable of $4,433,207, which is reported net of an allowance for uncollectible accounts of $2,161,195.

ii) Dutchess County Resource Recovery Agency

The Agency records accounts receivable of $864,363, 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 $2,329,916 at December 31, 2018. The Authority has an agreement with Dutchess County that provides for collection of outstanding user fess 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, 2018, the SWCD records accounts receivable of $102,424.

5. CAPITAL ASSETS

Governmental activities—Capital asset activity for the primary government's governmental activities for the year ended December 31, 2018 was as follows:

	Balance 1/1/2018	Increases	Decreases	Balance 12/31/2018
Capital assets, not being depreciated:				
Land	$ 12,440,941	$ 123,214	$ -	$ 12,564,155
Right of way and easements	14,326,702	545,715	-	14,872,417
Construction in progress	16,816,391	46,565,110	21,175,748	42,205,753
Total capital assets, not being depreciated	43,584,034	47,234,039	21,175,748	69,642,325
Capital assets, being depreciated:				
Infrastructure	245,815,081	9,778,013	-	255,593,094
Buildings and building improvements	160,518,724	1,851,111	-	162,369,835
Improvements other than buildings	5,826,738	4,898,704	-	10,725,442
Machinery and equipment	64,244,568	4,816,864	1,247,589	67,813,843
Total capital assets, being depreciated	476,405,111	21,344,692	1,247,589	496,502,214
Less accumulated depreciation for:				
Infrastructure	152,295,494	10,686,621	-	162,982,115
Buildings and building improvements	110,546,502	5,449,051	-	115,995,553
Improvements other than buildings	2,058,143	1,816,222	-	3,874,365
Machinery and equipment	49,905,546	3,302,939	1,246,930	51,961,555
Total accumulated depreciation	314,805,685	21,254,833	1,246,930	334,813,588
Total capital assets, being depreciated, net	161,599,426	89,859	659	161,688,626
Governmental activities capital assets, net	$ 205,183,460	$ 47,323,898	$ 21,176,407	$ 231,330,951

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

General government support	$ 6,600,852
Public safety	2,259,062
Public health	53,593
Transportation	9,713,388
Economic assistance and opportunity	242,786
Culture and recreation	2,366,675
Home and community services	18,477
Total governmental activities	$ 21,254,833

Business-type activities—Capital asset activity for the primary government's business-type activities (Enterprise Funds) for the year ended December 31, 2018 was as follows:

	Balance 1/1/2018	Increases	Decreases	Balance 12/31/2018
Capital assets, not being depreciated:				
Land	$ 3,385,364	$ -	$ -	$ 3,385,364
Construction in progress	745,117	1,535,782	312,077	1,968,822
Total capital assets, not being depreciated	4,130,481	1,535,782	312,077	5,354,186
Capital assets, being depreciated:				
Infrastructure	32,828,376	73,158	-	32,901,534
Buildings and building improvements	13,565,076	-	-	13,565,076
Machinery and equipment	22,776,599	262,350	842,110	22,196,839
Total capital assets, being depreciated	69,170,051	335,508	842,110	68,663,449
Less accumulated depreciation for:				
Infrastructure	21,772,228	1,645,207	-	23,417,435
Buildings and building improvements	10,168,071	376,982	-	10,545,053
Machinery and equipment	13,100,399	3,033,929	842,110	15,292,218
Total accumulated depreciation	45,040,698	5,056,118	842,110	49,254,706
Total capital assets, being depreciated, net	24,129,353	(4,720,610)	-	19,408,743
Business-type activities capital assets, net	$ 28,259,834	$ (3,184,828)	$ 312,077	$ 24,762,929

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

Airport	$ 1,559,107
Transportation	3,483,419
Dutchess County LDC	13,592
Total business-type activities	$ 5,056,118

Discretely Presented Component Units

i) Dutchess Community College

Capital asset activity for the Dutchess Community College for the year ended August 31, 2018 is presented below:

	Balance 9/1/2017	Increases	Decreases	Balance 8/31/2018
Capital assets, not being depreciated:				
Land	$ 1,151,144	$ -	$ -	$ 1,151,144
Construction in progress	44,261	442,853	-	487,114
Total capital assets, not being depreciated	1,195,405	442,853	-	1,638,258
Capital assets, being depreciated:				
Building and improvements	87,082,101	1,698,008	-	88,780,109
Furniture and equipment	8,961,043	78,988	36,848	9,003,183
Total capital assets, being depreciated	96,043,144	1,776,996	36,848	97,783,292
Less: Accumulated depreciation	49,609,478	2,346,331	36,848	51,918,961
Total capital assets, being depreciated, net	46,433,666	(569,335)	-	45,864,331
Total capital assets, net	$ 47,629,071	$ (126,482)	$ -	$ 47,502,589

In addition to the College's capital assets, its component units, the Association and Foundation reported net capital assets, being depreciated of $26,073,402 and $0, respectively.

Assets under capital lease agreements at August 31, 2018 are as follows:

Cost basis	$ 5,227,174
Accumulated depreciation	(3,581,994)
Total	$ 1,645,180

Depreciation expense for the year ended August 31, 2018 was $2,346,331. The College also reports amortization of $53,168.

ii) Dutchess County Resource Recovery Agency

Capital asset activity for the Dutchess County Resource Recovery Agency for the year ended December 31, 2018 is presented below:

	Balance 1/1/2018	Increases	Decreases	Balance 12/31/2018
Capital assets, being depreciated:				
Property	$ 517,591	$ -	$ -	$ 517,591
Plant	63,774,179	-	-	63,774,179
Equipment	61,487	-	-	61,487
Total capital assets, being depreciated	64,353,257	-	-	64,353,257
Less: Accumulated depreciation	46,127,330	1,844,070	-	47,971,400
Total capital assets, net	$ 18,225,927	$ (1,844,070)	$ -	$ 16,381,857

Depreciation was recorded in the amount of $1,844,070 less amortization of deferred revenues associated with the funding of capital improvements of $13,853, resulting in $1,830,217 depreciation expense for the year ended December 31, 2018.

iii) Dutchess County Water and Wastewater Authority

Capital asset activity for the Dutchess County Water and Wastewater Authority for the year ended December 31, 2018 is presented below:

	Balance 1/1/2018	Increases	Decreases	Balance 12/31/2018
Capital assets, not being depreciated:				
Land	$ 955,608	$ -	$ -	$ 955,608
Construction in progress	9,074,106	3,387,830	5,489,746	6,972,190
Total capital assets, not being depreciated	10,029,714	3,387,830	5,489,746	7,927,798
Capital assets, being depreciated:				
Improvements	300,602	-	-	300,602
Buildings	17,480,237	4,892,698	-	22,372,935
Water system	55,612,557	1,483,178	-	57,095,735
Machinery and equipment	8,059,117	6,043	-	8,065,160
Sewage collection system	1,644,932	-	-	1,644,932
Total capital assets, being depreciated	83,097,445	6,381,919	-	89,479,364
Less: Accumulated depreciation	29,263,297	2,106,737	-	31,370,034
Total capital assets, being depreciated, net	53,834,148	4,275,182	-	58,109,330
Total capital assets, net	$ 63,863,862	$ 7,663,012	$ 5,489,746	$ 66,037,128

For the year ended December 31, 2018, depreciation was recorded in the amount of $2,106,737, 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 $1,510,884 in depreciation expense.

6. ACCRUED LIABILITIES

Accrued liabilities reported by governmental and proprietary funds at December 31, 2018, were as follows:

	Governmental Funds		
	General Fund	Nonmajor Governmental Funds	Total
Salaries and employee benefits	$ 3,084,172	$ 157,614	$ 3,241,786

	Proprietary Funds		
	Airport	Transportation	Total
Salaries and employee benefits	$ 13,178	$ 7,764	$ 20,942
Other	33,546	4,144	37,690
Total accrued liabilities	$ 46,724	$ 11,908	$ 58,632

7. PENSION OBLIGATIONS

Plan Descriptions and Benefits Provided

Employees' Retirement System—The County participates in the New York State and Local Employees' Retirement System ("ERS"), a cost-sharing multiple-employer retirement system. The System 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, 2018, 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, 2018. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of April 1, 2017, 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, 2018	
Net pension liability	$ 14,687,677	$ 53,841
County's portion of the Plan's total net pension liability	0.4550870%	0.0016680%

For the year ended December 31, 2018, the County recognized pension expense of $17,455,758 and $63,986 for governmental activities and business-type activities, respectively. At December 31, 2018, 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	$ 5,238,619	$ 19,202	$ 4,328,997	$ 15,869
Changes of assumptions	9,739,143	35,701	-	-
Net difference between projected and actual earnings on pension plan investments	21,332,688	78,198	42,108,587	154,354
Changes in proportion and differences between the County's contributions and proportionate share of contributions	789,969	2,896	1,297,893	4,758
County contributions subsequent to the measurement date	13,103,483	49,747	-	-
Total	$ 50,203,902	$ 185,744	$ 47,735,477	$ 174,981

County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions will be recognized in pension expense as follows:

	ERS	
Year Ending December 31,	Governmental Activities	Business-type Activities
2019	$ 2,843,295	$ 10,423
2020	2,230,515	8,176
2021	(10,667,477)	(39,103)
2022	(5,041,391)	(18,480)

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, 2018
Actuarial valuation date	April 1, 2017
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, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

	ERS	
	Target Allocation	Long-Term Expected Real Rate of Return
Measurement date	March 31, 2018	
Asset class:		
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	100.0 %	

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)	$ 111,130,926	$ 14,687,677	$ (66,899,457)
Business-type activities:			
Employer's proportionate share of the net pension liability/(asset)	$ 407,364	$ 53,841	$ (245,228)

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

	(Dollars in Thousands)
	ERS
Valuation date	April 1, 2017
Employers' total pension liability	$ 183,400,590
Plan fiduciary net position	180,173,145
Employers' net pension liability	$ 3,227,445
System fiduciary net position as a percentage of total pension liability	98.2%

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, 2018, 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, 2018 for ERS and June 30, 2018 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, 2017 for ERS and June 30, 2017 for TRS. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS and TRS in reports provided to the College.

	TRS	ERS
Measurement date	June 30, 2018	March 31, 2018
Net pension liability/(asset)	$ (707,829)	$ 1,361,853
The College's portion of the Plan's total net pension liability/(asset)	0.0391400%	0.0421960%

For the year ended August 31, 2018, the College recognized pension expense of $474,008 and $1,618,511 for TRS and ERS, respectively. At August 31, 2018, 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	$ 528,955	$ 485,729	$ 95,814	$ 401,388
Changes in assumptions	2,474,328	903,021	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,977,983	785,744	3,904,340
Changes in proportion and differences between the College's contributions and proportionate share of contributions	-	73,247	371,411	120,342
College contributions subsequent to the measurement date	104,144	681,863	-	-
Total	$ 3,107,427	$ 4,121,843	$ 1,252,969	$ 4,426,070

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, 2019. 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
2019	$ 634,145	$ 263,633
2020	406,360	206,815
2021	(24,536)	(989,097)
2022	404,693	(467,441)
2023	283,992	-
Thereafter	45,660	-

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, 2018	March 31, 2018
Actuarial valuation date	June 30, 2017	April 1, 2017
Interest rate	7.25%	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	2.25%	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 MP2014, applied on a generational basis. The actuarial assumptions used in the June 30, 2017 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.

	Target Allocation		Long-Term Expected Real Rate of Return	
	TRS	ERS	TRS	ERS
Measurement date			June 30, 2018	March 31, 2018
Asset class:				
Domestic equities	33.0 %	36.0 %	5.8 %	4.6 %
International equities	16.0	14.0	7.3	6.4
Global equities	4.0	0.0	0.0	0.0
Private equity	8.0	10.0	8.9	7.5
Real estate	11.0	10.0	4.9	5.6
Absolute return strategies	0.0	2.0	9.0	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	3.5	0.0
Opportunistic portfolio	0.0	3.0	0.0	5.7
Real assets	0.0	3.0	0.0	5.3
Bonds and mortgages	7.0	17.0	2.8	1.3
Cash	1.0	1.0	0.3	(0.3)
Inflation-indexed bonds	0.0	4.0	0.0	1.3
Total	100.0 %	100.0 %		

Discount Rate—The discount rate used to calculate the total pension liability/(asset) was 7.25% 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 following chart presents the College's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.25% 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 (6.25% for TRS and 6.0% for ERS) or one percentage-point higher (8.25% for TRS and 8.0% for ERS) than the current assumption.

TRS	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
Employer's proportionate share of the net pension liability/(asset)	$ 4,862,903	$ (707,829)	$ (5,374,555)

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability/(asset)	$ 10,304,144	$ 1,361,853	$ (6,202,968)

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
Measurement date	June 30, 2018	March 31, 2018	
Employers' total pension liability	$ 118,107,253	$ 183,400,590	$ 301,507,843
Plan fiduciary net position	119,915,517	180,173,145	300,088,662
Employers' net pension liability/(asset)	$ (1,808,264)	$ 3,227,445	$ 1,419,181
System fiduciary net position as a percentage of total pension liability	101.5%	98.2%	99.5%

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, 2018, the Agency reported a liability of $8,572 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2018, the Agency's proportion was 0.0002656 percent of the ERS liability.

For the year ended December 31, 2018, the Agency recognized pension expense of $32,396. At December 31, 2018, the Authority reported deferred outflows and 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	$ 3,057	$ 2,526
Changes in assumptions	5,684	-
Net difference between projected and actual earnings on pension plan investments	12,450	24,575
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	55,417	6,251
Agency contributions subsequent to the measurement date	12,869	-
Total	$ 89,477	$ 33,352

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, 2019. 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
2019	$ 23,868
2020	17,295
2021	1,608
2022	485

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	$ 64,857	$ 8,572	$ (39,043)

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, 2018, the Authority reported a liability of $158,901 for its proportionate share of the net pension liability. At March 31, 2018, the Authority's proportion was 0.0049234 percent of the ERS liability.

For the year ended December 31, 2018, the Authority recognized pension expense of $237,025. At December 31, 2018, 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	$ 56,675	$ 46,834
Changes in assumptions	105,365	-
Net difference between projected and actual earnings on pension plan investments	230,791	455,559
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	118,417	-
Authority contributions subsequent to the measurement date	167,257	-
Total	$ 678,505	$ 502,393

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, 2019. 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 Ended December 31,	ERS
2019	$ 78,937
2020	62,437
2021	(92,280)
2022	(40,239)

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 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	$ 1,202,290	$ 158,901	$ (723,764)

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, 2018, the SWCD reported a net pension liability of $47,451, deferred outflows of resources in the amount of $144,793, and deferred inflows of resources in the amount of $213,480.

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	$ 359,024	$ 47,451	$ (216,128)

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, 2018, the following employees were covered by the benefit terms:

Active employees	1,460
Inactive employees or beneficiaries currently receiving benefit payments	790
Total	2,250

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 $410,430,151 and $1,616,701, respectively, was measured as of January 1, 2018, and was determined by an actuarial valuation as of January 1, 2017.

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, 2017 actuarial valuation, the entry age normal actuarial cost method, over a level percent of pay was used. The single discount rate changed from 3.78% effective January 1, 2017 to 3.44% effective January 1, 2018. The salary scale assumed to increase at 3.0% per year. The RPH-2014 Total Dataset Mortality Tables, adjusted for mortality improvements with scale MP-2017 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 6.0%.

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

	Total OPEB Liability	
	Governmental Activities	Business-type Activities
Balances at December 31, 2017, as restated	$ 367,611,394	$ 1,448,036
Changes for the year:		
Service cost	12,937,349	50,961
Interest	14,242,764	56,103
Changes of assumptions	23,150,690	91,191
Benefit payments	(7,512,046)	(29,590)
Net changes	42,818,757	168,665
Balances at December 31, 2018	$ 410,430,151	$ 1,616,701

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 a 1% change in the discount rate assumption would have on the net OPEB liability:

	1% Decrease (2.44%)	Current Discount Rate (3.44%)	1% Increase (4.44%)
Governmental activities:			
Net OPEB liability	$ 490,887,946	$ 410,430,151	$ 347,353,498
Business-type activities:			
Net OPEB liability	$ 1,933,628	$ 1,616,701	$ 1,368,240

Additionally, healthcare costs can be subject to considerable volatility over time. The table below presents the effect on the net OPEB liability of a 1% change in current (6.0%) healthcare cost trend rates.

	1% Decrease (5.0%)	Healthcare Cost Trend Rates (6.0%)	1% Increase (7.0%)
Governmental activities:			
Net OPEB liability	$ 337,632,605	$ 410,430,151	$ 506,579,109
Business-type activities:			
Net OPEB liability	$ 1,329,949	$ 1,616,701	$ 1,995,436

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, 2018, the County's governmental and business-type activities recognized OPEB expense of $30,741,758 and $121,093, respectively.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The County reports deferred outflows 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 County did not report any deferred inflows of resources related to OPEB at December 31, 2018. The table below presents the County's deferred outflows of resources at December 31, 2018.

	Deferred Outflows of Resources	
	Governmental Activities	Business-type Activities
Changes of assumptions	$ 19,589,045	$ 77,162
Benefit payments subsequent to the measurement date	8,544,961	33,659
Total	$ 28,134,006	$ 110,821

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, 2019. 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
2019	$ 3,561,645	$ 14,029
2020	3,561,645	14,029
2021	3,561,645	14,029
2022	3,561,645	14,029
2023 and thereafter	5,342,465	21,046

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 June 30, 2018 was $1,847,517.

Employees Covered by Benefit Terms—At July 1, 2017, the number of employees covered by the College's OPEB plan:

Active employees	389
Inactive employees or beneficiaries currently receiving benefit payments	214
Total	603

Total OPEB Liability

The College's total OPEB liability of $87,994,776 was measured as of September 1, 2017 and was determined by an actuarial valuation as of September 1, 2016.

Actuarial Methods and Assumptions—The total OPEB liability in the September 1, 2016 actuarial valuation was determined using an inflation rate of 2.20%, a payroll growth rate of 2.00%, and a discount rate of 3.51%, 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% 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-2017.

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

	Total OPEB Liability
Balance at August 31, 2017, as restated	$ 93,721,559
Changes for the year:	
Service cost	3,672,802
Interest	2,735,372
Changes of assumptions	(9,978,090)
Benefit payments	(2,156,867)
Net changes	(5,726,783)
Balance at August 31, 2018	$ 87,994,776

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 (2.51%)	Current Discount Rate (3.51%)	1% Increase (4.51%)
Total OPEB liability	$ 103,493,986	$ 87,994,776	$ 75,661,964

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	$ 73,986,658	$ 87,994,776	$ 106,049,168

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 expenditure as premiums are paid within the governmental funds. For the year ended June 30, 2018, the recognized OPEB expense of $3,335,427.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—At August 31, 2018, 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	$ -	$ 8,153,942
Benefit payments subsequent to the measurement date	2,397,410	-
Total	$ 2,397,410	$ 8,153,942

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, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	
2019	$ (1,824,148)
2020	(1,824,148)
2021	(1,824,148)
2022	(1,824,148)
2023 and thereafter	(857,350)

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 goverened 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, 2018, the Agency had 1 active employee and 5 retired employees covered by benefit terms.

Total OPEB Liability

The Agency's total OPEB liability of $264,818 was determined by an actuarial valuation as of December 31, 2018.

Actuarial Methods and Assumptions—The total OPEB liability in the December 31, 2018 actuarial valuation was determined using an inflation rate of 3.00%, a discount rate of 4.19%, 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, 2017, as restated	$ 416,087
Changes for the year:	
Service cost	82,323
Interest	11,610
Change of benefit terms	(140,571)
Changes of assumptions	(36,153)
Benefit payments	(68,478)
Net changes	(151,269)
Balance at December 31, 2018	$ 264,818

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate—The table on the following page presents the total OPEB liability of the Agency, as well as what the Agency'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 (3.19%)	Current Discount Rate (4.19%)	1% Increase (5.19%)
Total OPEB liability	$ 285,388	$ 264,818	$ 246,366

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 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	$ 245,082	$ 264,818	$ 286,456

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, 2018, the Authority had 25 active employees and 5 retired employees covered by benefit terms.

Total OPEB Liability

The Authority's total OPEB liability of $2,526,908 was determined by an actuarial valuation as of December 31, 2018.

Actuarial Methods and Assumptions—The total OPEB liability in the December 31, 2018 actuarial valuation was determined using an inflation rate of 2.50%, a discount rate of 4.19%, 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, 2017, as restated	$ 2,790,742
Changes for the year:	
Service cost	131,287
Interest	70,031
Change of benefit terms	(650,072)
Changes of assumptions	217,465
Benefit payments	(32,545)
Net changes	(263,834)
Balance at December 31, 2018	$ 2,526,908

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 calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease (3.19%)	Current Discount Rate (4.19%)	1% Increase (5.19%)
Total OPEB liability	$ 2,865,054	$ 2,526,908	$ 2,244,779

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 (6.60%/3.70%)	Current Healthcare Trend Rate (7.60%/4.70%)	1% Increase (8.60%/5.70%)
Total OPEB liability	$ 2,200,917	$ 2,526,908	$ 2,926,011

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, 2018, the market value, as reported by the New York State Deferred Compensation Plan, of the plan assets totaled $154,546,689.

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, 2018.

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
2018	$ 29,454,247	$ 2,444,199	$ 3,540,141	$ 28,358,305
2017	26,904,529	6,167,340	3,617,622	29,454,247

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, 2018.

11. LEASES

Operating Leases—The County's leases buildings, equipment and office space under non-cancelable operating leases. Total costs for such leases were $4,112,577 and $279,390 for governmental activities and business-type activities, respectively, for the year ended December 31, 2018.

Future minimum lease payments at December 31, 2018 are presented below:

Year Ending December 31,	Governmental Activities	Business-type Activities	Total
2019	$ 2,277,018	$ 196,686	$ 2,473,704
2020	1,376,376	7,000	1,383,376
2021 and thereafter	879,494	28,000	907,494
Total	$ 4,532,888	$ 231,686	$ 4,764,574

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, 2018 are presented below:

Year Ending August 31,	Principal	Interest
2019	$ 247,695	$ 50,698
2020	258,868	39,483
2021	270,545	27,764
2022	282,748	15,515
2023	220,399	3,268
Total	$ 1,280,255	$ 136,728

Interest expense related to capital lease obligations was approximately $62,669 in 2018.

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 periods 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, 2018:

Description	Interest Rate	Balance 1/1/2018	Increases	Decreases	Balance 12/31/2018
EFC BANs - Shore Haven water system	0.00-1.17%	$ 2,732,941	$ -	$ 2,732,941	$ -
Building Purchase	1.97%	-	1,250,000	-	1,250,000
Total		$ 2,732,941	$ 1,250,000	$ 2,732,941	$ 1,250,000

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, 2018 is presented below.

	Balance 1/1/2018 (as restated)	Additions	Reductions	Balance 12/31/2018	Due Within One Year
Governmental activities:					
Bonds payable:					
Serial bonds	$ 89,671,554	$ 53,517,400	$ 12,983,345	$ 130,205,609	$ 13,536,484
Premiums on serial bonds	7,201,102	286,166	712,052	6,775,216	725,874
DTASC tobacco settlement bonds	49,345,000	-	620,000	48,725,000	2,015,000
Premium on DTASC bonds	3,649,691	-	45,857	3,603,834	149,035
DTASC subordinate turbo CABs	5,879,174	410,985	-	6,290,159	-
Total bonds payable	155,746,521	54,214,551	14,361,254	195,599,818	16,426,393
Compensated absences	9,437,501	380,312	272,925	9,544,888	477,244
Environmental clean up	124,000	-	116,000	8,000	8,000
Workers' compensation and general claims	30,454,247	2,444,199	3,540,141	29,358,305	5,728,500
OPEB obligation	367,611,394	50,330,803	7,512,046	410,430,151	-
Net pension liability*	43,249,327	-	28,561,650	14,687,677	-
Total governmental activities	$ 606,622,990	$ 107,369,865	$ 54,364,016	$ 659,628,839	$ 22,640,137
Business-type activities:					
Bonds payable:					
Airport bonds	$ 969,563	$ 1,200,000	$ 265,653	$ 1,903,910	$ 235,364
Transportation bonds	1,258,884	232,136	226,003	1,265,017	302,688
Premiums on serial bonds	-	25,404	-	25,404	1,270
Total bonds payable	2,228,447	1,457,540	491,656	3,194,331	539,322
Compensated absences	39,265	36	5,520	33,781	1,689
OPEB obligation	1,448,036	198,255	29,590	1,616,701	-
Net pension liability*	196,573	-	142,732	53,841	-
Total business-type activities	$ 3,912,321	$ 1,655,831	$ 669,498	$ 4,898,654	$ 541,011

*(Reductions to the net pension liability are shown net of additions.)

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 6.2% of its constitutional debt limit as of December 31, 2018.

On March 1, 2018, the County issued $54,949,536 in public improvement serial bonds for various capital improvements and equipment purchases. Series 2018A bonds were issued at a premium of $311,570, carry an interest rate between 3.00 and 3.25 percent, and mature in March 2038. Series 2018B bonds were not issued at a premium, carry an interest rate between 3.25 and 4.00 percent, and mature in March 2048.

A summary of additions and payments for the year ended December 31, 2018 is shown below:

Description	Maturity Date	Interest Rate (%)	Balance 1/1/2018	Increases	Decreases	Balance 12/31/2018
Governmental activities:						
2006 Refunding	2018	4.00-5.00	$ 95,000	$ -	$ 95,000	$ -
2008 Public Improvement	2023	3.00-5.00	425,000	-	425,000	-
2009 Refunding Series A	2018	3.00-4.00	160,000	-	160,000	-
2009 Refunding Series B	2021	3.00-4.00	1,775,000	-	455,000	1,320,000
2010 Public Improvement	2025	2.00-4.00	7,807,366	-	1,247,635	6,559,731
2011 Public Improvement	2031	2.00-3.50	7,730,000	-	745,000	6,985,000
2011 Refunding	2022	2.00-5.00	728,052	-	209,950	518,102
2012 Public Improvement	2032	2.00-4.00	5,412,500	-	594,500	4,818,000
2013 Public Improvement	2033	2.00-4.13	3,048,000	-	486,000	2,562,000
2014 Public Improvement	2034	2.13-5.00	15,315,986	-	2,089,946	13,226,040
2015 Public Improvement	2035	2.00-5.00	21,353,000	-	2,963,000	18,390,000
2015 Refunding	2027	2.00-5.00	9,971,650	-	1,942,314	8,029,336
2016 Public Improvement	2028	3.00-4.00	10,950,000	-	1,270,000	9,680,000
2017 Public Improvement	2037	2.00-3.00	4,900,000	-	300,000	4,600,000
2018 Public Improvement Series A	2038	3.00-3.25	-	13,517,400	-	13,517,400
2018 Public Improvement Series B	2048	3.25-4.00	-	40,000,000	-	40,000,000
Total governmental activities			$ 89,671,554	$ 53,517,400	$ 12,983,345	$ 130,205,609
Business-type activities:						
2010 Public Improvement—Airport	2025	2.00-4.00	$ 65,000	$ -	$ 8,000	$ 57,000
2010 Public Improvement—Transportation	2025	2.00-4.00	177,634	-	19,366	158,268
2011 Public Improvement—Transportation	2031	2.00-3.50	405,000	-	45,000	360,000
2011 Refunding—Airport	2022	2.00-5.00	221,949	-	45,050	176,899
2012 Public Improvement—Transportation	2032	2.00-4.00	7,500	-	500	7,000
2013 Public Improvement—Airport	2033	2.00-4.13	297,000	-	49,000	248,000
2014 Public Improvement—Airport	2034	2.13-5.00	19,014	-	10,053	8,961
2015 Public Improvement—Transportation	2035	2.00-5.00	367,000	-	122,000	245,000
2015 Refunding—Airport	2035	2.00-5.00	366,600	-	153,550	213,050
2015 Refunding—Transportation	2027	2.00-5.00	201,750	-	19,137	182,613
2017 Public Improvement	2037	2.00-3.00	100,000	-	20,000	80,000
2018 Public Improvement—Airport	2038	3.00-3.25	-	1,200,000	-	1,200,000
2018 Public Improvement—Transportation	2038	3.00-3.25	-	232,136	-	232,136
Total business-type activities			$ 2,228,447	$ 1,432,136	$ 491,656	$ 3,168,927

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, $25,500,000 (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, 2018 are presented as follows:

Description	Year of Maturity	Yield	Beginning Balance 1/1/2018	Additions	Deletions	Ending Balance 12/31/2018	Amount Due Within One Year
Tobacco Settlement Bonds:							
Series 2016	2035	various	$ 49,345,000	$ -	$ 620,000	$ 48,725,000	$ 2,015,000
Plus: Bond premium			3,649,691	-	45,857	3,603,834	149,035
Net Tobacco Settlement Bonds			$ 52,994,691	$ -	$ 665,857	$ 52,328,834	$ 2,164,035

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
2019	$ 2,015,000	$ 2,543,850	$ 4,558,850
2020	1,775,000	2,430,150	4,205,150
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
2024-2028	12,770,000	8,323,400	21,093,400
2029-2033	16,985,000	4,512,375	21,497,375
2034-2035	9,185,000	489,625	9,674,625
Total	$ 48,725,000	$ 24,904,650	$ 73,629,650

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, 2018 follows:

	Interest Rate	Original Principal	Beginning Balance 1/1/2018	Annual Net Interest Accretion	Reductions	Ending Balance 12/31/2018
Subordinate Turbo CABs	6.00%-7.85%	$ 26,236,279	$ 5,879,174	$ 410,985	$ -	$ 6,290,159

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 $22,446,736 and is scheduled to be paid from 2035 to 2040, while early payment is allowed. During the year ended December 31, 2018, 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 and Discount—During the year ended December 31, 2018, the County issued serial bonds, which included a bond premium of $311,570. 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, with maturity dates ranging from 2021 to 2048. The total unamortized premium of the County as of December 31, 2018 was $6,775,216 and $25,404 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, 2018 was $3,603,834.

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, 2018 for governmental and business-type activities are $9,544,888 and $33,781, respectively, of which $477,244 and $1,689 is expected to become available within one year, respectively.

Environmental Clean Up—The results of the County's evaluation of its underground storage tank removal concluded with an estimate of $8,000 liability remaining, which is recorded in the governmental activities of the government-wide financial statements.

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, 2018, the County reported $28,358,305 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 $410,430,151 and $1,616,701 at December 31, 2018 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 $14,687,677 and $53,841 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 Tobacco Settlement Bonds	Premium on DTASC Bonds	DTASC Subordinate Turbo CABs
2019	$ 13,536,484	$ 725,874	$ 2,015,000	$ 149,035	$ -
2020	12,304,735	725,874	1,775,000	131,284	-
2021	10,222,163	725,874	1,885,000	139,420	-
2022	8,897,064	638,927	1,990,000	147,186	-
2023	7,910,733	638,927	2,120,000	156,801	-
2024-2028	31,421,430	1,798,659	12,770,000	944,504	-
2029-2033	17,033,000	1,162,828	16,985,000	1,256,256	-
2034-2038	10,795,000	358,253	9,185,000	679,348	-
Thereafter	18,085,000	-	-	-	6,290,159
Total	$ 130,205,609	$ 6,775,216	$ 48,725,000	$ 3,603,834	$ 6,290,159

(continued)

(concluded)

	Governmental Activities					
Year Ending December 31,	Compensated Absences	Environmental Clean Up	Workers' Compensation and General Claims	OPEB	Net Pension Liability	Total
2019	$ 477,244	$ 8,000	$ 5,728,500	$ -	$ -	$ 22,640,137
2020	-	-	-	-	-	14,936,893
2021	-	-	-	-	-	12,972,457
2022	-	-	-	-	-	11,673,177
2023	-	-	-	-	-	10,826,461
2024-2028	-	-	-	-	-	46,934,593
2029-2033	-	-	-	-	-	36,437,084
2034-2038	-	-	-	-	-	21,017,601
Thereafter	9,067,644	-	23,629,805	410,430,151	14,687,677	482,190,436
Total	$ 9,544,888	$ 8,000	$ 29,358,305	$ 410,430,151	$ 14,687,677	$ 659,628,839

Year Ending December 31,	Business-type Activities						
	Airport Bonds	Transportation Bonds	Premiums on Serial Bonds	Compensated Absences	OPEB	Net Pension Liability	Total
2019	$ 235,364	$ 302,688	$ 1,270	$ 1,689	$ -	$ -	$ 541,011
2020	214,400	305,865	1,270	-	-	-	521,535
2021	216,400	186,436	1,270	-	-	-	404,106
2022	200,746	102,190	1,270	-	-	-	304,206
2023	120,000	94,267	1,270	-	-	-	215,537
2024-2028	317,000	271,571	6,350	-	-	-	594,921
2029-2033	300,000	2,000	6,350	-	-	-	308,350
Thereafter	300,000	-	6,354	32,092	1,616,701	53,841	2,008,988
Total	$ 1,903,910	$ 1,265,017	$ 25,404	$ 33,781	$ 1,616,701	$ 53,841	$ 4,898,654

Interest requirements relating to bonds payable are as follows:

Year Ending December 31,	Governmental Activities	Business-type Activities	Total
2019	$ 5,071,915	$ 120,350	$ 5,192,265
2020	3,732,292	80,252	3,812,544
2021	3,290,916	63,847	3,354,763
2022	2,909,050	52,531	2,961,581
2023	2,590,892	43,589	2,634,481
2024-2028	9,785,151	142,877	9,928,028
2029-2033	6,155,714	70,233	6,225,947
2034-2038	4,002,297	24,187	4,026,484
Thereafter	3,474,875	-	3,474,875
Total	$ 41,013,102	$ 597,866	$ 41,610,968

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, 2018:

	Balance 9/1/2017 (as restated)	Additions	Reductions	Balance 8/31/2018	Due Within One Year
Capital lease obligations	$ 1,517,260	$ -	$ 237,005	$ 1,280,255	$ 247,695
Compensated absences	2,860,837	-	11,381	2,849,456	-
OPEB obligation	93,721,559	6,408,174	12,134,957	87,994,776	-
Net pension liability	4,093,109	-	2,731,256	1,361,853	-
Total long-term liabilities	$ 102,192,765	$ 6,408,174	$ 15,114,599	$ 93,486,340	$ 247,695

Capital Leases—As explained in Note 11, the College entered into an installment purchase agreement for equipment. At August 31, 2018, the future minimum lease obligation is $1,280,255.

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, 2018 for the College is $2,849,456.

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 $87,994,776 at August 31, 2018.

Net Pension Liability—The College reported a liability, $1,361,853, 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, capital leases 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 amount of $24,383,108, $12,361 and $824,848, respectively.

ii) Dutchess County Resource Recovery Agency

Bonds Payable—In May 2017, the Agency issued $12,130,000 in solid waste system revenue bonds with interest rates ranging from 3.0 percent to 5.0 percent. The proceeds were used to refund the outstanding principal of the Agency's $16,140,000 Solid Waste System Revenue Bonds, Series 2007, paying certain costs of issuance of the Series 2017 bonds, and funding of a debt service reserve fund. The net proceeds of the refunding, $13,502,501, after payment of underwriting and other issuance costs, were used to purchase federal 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 cash flow required to service the old debt was $16,686,213, and the cash flow required to service the new debt is $15,298,575, resulting in a savings of $1,387,638.

In November 2007, the Agency issued the 2007 Series Bonds in the amount of $16,140,000 to permanently finance the Agency's plant improvements to be in compliance with the standards set forth by the U.S. Environmental Protection Agency (E.P.A.).

The 2007 Series Bonds are payable from and secured by an express lien on the unexpended proceeds of the bonds held by the Trustee; the Agency's right to receive and/or enforce receipt of revenues; and the Agency's rights and remedies under certain agreements. In addition, the Agency is required to fulfill certain covenants as described below.

The Agency has covenanted under the indenture that operating revenues earned from the disposal of solid waste at the plant plus investment earnings will equal or exceed the sum of (i) all operating expenses of the Agency contained in the budget for such bond year, (ii) an amount equal to 110% of the debt service requirement for such bond year and (iii) amounts, if any, necessary to fund the debt service reserve fund to the debt service reserve requirement or to fund the reserve and contingency fund to the reserve and contingency fund requirement.

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

Year Ending December 31,	Principal	Interest	Total
2019	$ 1,015,000	$ 517,550	$ 1,532,550
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
2024-2027	5,400,000	547,250	5,947,250
Total	$ 10,960,000	$ 2,613,175	$ 13,573,175

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, 2018 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 $264,818 at December 31, 2018.

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 $8,572.

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, 2018, the Agency's non-performance liability is estimated to be $850,000, of which $400,000 is expected to be 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, 2018 is presented below:

	Balance 1/1/2018 (as restated)	Additions	Payments	Balance 12/31/2018	Due Within One Year
Bonds payable*	$ 36,027,232	$ 5,358,391	$ 3,571,638	$ 37,813,985	$ 2,734,360
Long-term bond anticipation notes	147,682	1,336,344	-	1,484,026	-
OPEB liability	2,790,742	-	263,834	2,526,908	-
Net pension liability	430,891	-	271,990	158,901	-
Total	$ 39,396,547	$ 6,694,735	$ 4,107,462	$ 41,983,820	$ 2,734,360

*Bonds payable increased by $786,002 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, 2018, the Authority reported a noncurrent BAN liability of $1,103,584 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, 2018, the Authority reported a noncurrent BAN liability of $380,442 for 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.

As of June 1, 1995, the Authority executed a trust indenture authorizing the issuance of debt for the purpose of acquiring a sewage facility. This trust indenture was amended in 2007 to authorize debt issued for Part County Sewer Districts #1 and #2. One supplemental trust indenture was authorized under terms similar to those described in the General Bond Resolution described below for Part County Sewer District #2.

As of November 1, 2017, the Authority executed a trust indenture authorizing the issuance of debt for the purpose of acquiring a sewage facility. One supplemental trust indenture was authorized under terms similar to those described in the General Bond Resolution described below for the Vanderburgh Cove Sewer System.

As of September 30, 1997, the Authority adopted a special bond resolution authorizing debt to be sold at private sale for the purpose of acquiring a privately held water system.

As of June 1, 1998 the Authority adopted a General Bond Resolution which enabled the Authority to issue additional debt pursuant to supplemental resolutions without having to modify the form or general terms of the debt, referred to as additional parity debt. The Authority has issued twenty supplemental resolutions pursuant to this general bond resolution, authorizing debt issues in the years of 1998, 1999, 2000, 2001, 2004, two issues during 2002, 2008, 2009, 2010, 2011, 2013, 2014, two issues in 2015 and 2016, and two issues in 2018.

As of August 1, 2004, the Authority adopted a general bond resolution pertaining to the Part County Sewer District No. 3, which enabled it to issue bonds to finance the purchase of Dalton Farms Sewer System.

As of December 16, 2015, the Authority adopted a general bond resolution pertaining to the Pinebrook Sewer District No. 7, which enabled it to issue bonds to finance the upgrades to Pinebrook Sewer District.

As of February 15, 2017, the Authority adopted a general bond resolution pertaining to the Greenfields Sewer District, which enabled it to issue bonds to finance the upgrades to Greenfields Sewer District.

During the year ended December 31, 2018, the Authority issued New York State Environmental Facilities Corporation Bond Series 2018 ($4,055,888) and 2018A ($416,500), due in various installments maturing through 2047 and 2043, respectively with an interest rate of 0.0%.

Debt service requirements to maturity as of December 31, 2018 are presented below.

Description	Maturity	Interest Rate (%)	Balance 12/31/2018
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	130,000
2001 Service Agreement Revenue (Refunding) Bond Series 2001	2041	3.00-5.36	1,108,410
2004 Water Service Agreement Revenue Bond Series 2004	2024	2.00-4.25	810,000
2004 Sewer Service Agreement Revenue Bond Series 2004	2024	2.00-4.25	855,000
2009 Water Service Agreement Revenue Bond Series 2009	2029	3.00-5.00	1,374,144
2009 Water Service Agreement Revenue Bond Series 2009	2030	5.62-5.96	253,381
New York State Environmental Facilities Corporation State Clean Water and Drinking Water Revolving Fund Revenue (Refunding) Bond Series 2010 C	2029	0.85-3.36	1,235,000
New York State Environmental Facilities Corporation State Drinking Water Revolving Fund Revenue (Refunding) Bond Series 2011C	2023	0.54-3.17	765,000
2011 Service Agreement Revenue Bond Series 2011	2041	3.50-4.25	1,690,000
New York State Environmental Facilities Corporation Revenue Refunding Bond Series 2014B	2026	0.15-2.75	240,000
New York State Environmental Facilities Corporation Revenue Refunding Bond Series 2014B	2037	0.15-4.20	1,695,000
New York State Environmental Facilities Corporation Bond Series 2016	2025	4.36-4.96	925,000
New York State Environmental Facilities Corporation Bond Series 2016 B	2044	0.55-3.35	3,797,761
2016 Service Agreement Revenue Bond Series 2016	2046	1.50-3.25	1,505,000
2016 Service Agreement Revenue Refunding Bond Series 2016	2029	1.75-4.00	3,830,000
New York State Environmental Facilities Corporation Bond Series 2018	2047	N/A	4,055,888
New York State Environmental Facilities Corporation Bond Series 2018A	2043	N/A	416,500
Total bonds			28,503,901
Accreted interest recorded on zero coupon bonds			9,310,084
Total bonds payable			37,813,985
Portion due within one year			(2,734,360)
Net bonds payable due in more than one year			$ 35,079,625

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 cash flow required to service the old debt was $5,368,563, and the cash flow required to service the new debt is $4,977,859, resulting in a reduction of $390,703. The economic gain (net present value savings resulting from the refunding) amounted to $350,743. Escrow funds were used to pay down refunded debt, resulting in an outstanding balance of $3,815,847 as of December 31, 2018. The refunded bonds will be called in 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.

Governmental Activities:		
Capital assets, net of accumulated depreciation		$ 231,330,951
Other noncurrent asset, net of amortization		7,405,982
Less related debt:		
Serial bonds—County	$ (130,205,609)	
Unamortized bond premium—County	(6,775,216)	
Deferred gain on refunding, net	(11,352,060)	
Serial bonds—DTASC	(48,725,000)	
Unamortized bond premium—DTASC	(3,603,834)	
Serial bonds issued on behalf of Dutchess Community College	3,437,652	
Serial bonds issued for non-capital purposes	3,030,000	
Unspent debt proceeds reported within the Capital Projects Fund	19,196,006	(174,998,061)
Net investment in capital assets		$ 63,738,872
Business-type Activities:		
Capital assets, net of accumulated depreciation		$ 24,762,929
Less related debt:		
Serial bonds—Airport Fund and Transportation Fund	$ (3,168,927)	
Unamortized bond premium—Airport Fund	(25,404)	(3,194,331)
Net investment in capital assets		$ 21,568,598

- ***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 $26,966,561, of which $14,346,296 is restricted for debt service; $6,606,717 for workers' compensation; and $6,013,548 for other restrictions, which represents capital projects, $625,128; self-insurance, $1,872,506; and miscellaneous special reserves, $3,515,914.

- ***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, 2018 is presented below.

- ***Prepaid Items***—Represents amounts prepaid to the retirement system that are applicable to future accounting periods. The General Fund, County Road Fund and Road Machinery Fund reported amounts of $4,287,146, $186,025 and $33,046, respectively, at December 31, 2018.

- ***Inventories***—Represents the portion of fund balance, $91,775, composed 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, 2018.

	General Fund	Capital Projects Fund	DTASC Fund	Total
Restricted for:				
Workers' compensation	$ 6,606,717	$ -	$ -	$ 6,606,717
Self insurance	1,872,506	-	-	1,872,506
Capital projects	625,128	17,056,474	-	17,681,602
Debt service	7,880,030	-	3,350,864	11,230,894
Sheriff—Asset forfeiture	198,189	-	-	198,189
Sheriff—DWI and traffic safety	234,292	-	-	234,292
Aging and special needs programs	171,266	-	-	171,266
Veterans services	15,800	-	-	15,800
Shared services	2,896,367	-	-	2,896,367
Total restricted fund balance	$ 20,500,295	$ 17,056,474	$ 3,350,864	$ 40,907,633

- ***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.

- ***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, 2018, 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, 2018, the County reported the following fund balances assignments:

	General Fund	DTASC	Nonmajor Governmental Funds	Total
Assigned for:				
Encumbrances	$ 3,774,688	$ -	$ 53,974	$ 3,828,662
Subsequent year's expenditures	14,503,604	-	1,000,000	15,503,604
Specific use	-	62,391	2,134,520	2,196,911
Total assigned fund balance	$ 18,278,292	$ 62,391	$ 3,188,494	$ 21,529,177

- ***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 2019 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, 2018:

Component Unit	Amount	Nature of Transaction
Dutchess Community College	$ 14,537,899	Operating and capital support
Dutchess County Resource Recovery Agency	351,124	Net service fee
Dutchess County Water and Wastewater Authority	3,316,997	Net service fee
Aggregated nonmajor component units	295,800	Charges for services
Total	$ 18,501,820	

The County provided economic support to the above component units based on contractual obligations between the parties (see Note 20).

Discretely Presented Component Units

i) Dutchess County Resource Recovery Agency:

During 2018, the Agency participated in the health and dental insurance plan administered by Dutchess County and was charged $91,579.

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 2018, the Authority recorded net revenues of $3,316,997, having recorded a return of $114,751 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, 2018 is shown in the table below:

	Interfund	
Fund	Receivable	Payable
Governmental funds:		
General Fund	$ 8,120,190	$ 13,250
Capital Projects Fund	13,250	4,178,853
Nonmajor governmental funds	-	3,305
Proprietary funds:		
Airport Fund	-	761,649
Transportation Fund	-	1,176,383
Fiduciary funds:		
Agency Fund	-	2,000,000
Total	$ 8,133,440	$ 8,133,440

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, 2018:

	Transfers in:					
	Governmental funds			Proprietary funds		
Transfers out:	General Fund	Capital Projects Fund	Total Nonmajor Funds	Airport Fund	Transportation Fund	Total
Governmental funds:						
General Fund	$ -	$ 456,079	$ 577,000	$ 737,113	$ 3,000,193	$ 4,770,385
Capital Projects Fund	1,542,931	-	-	-	-	1,542,931
Total	$ 1,542,931	$ 456,079	$ 577,000	$ 737,113	$ 3,000,193	$ 6,313,316

17. AGENCY FUND

An agency fund exists for employee withholding and temporary deposit funds. A summary of changes in the assets and liabilities for the year ended December 31, 2018 is presented below:

	Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018
ASSETS				
Restricted cash and cash equivalents	$ 8,585,052	$ 116,949,523	$ 120,193,110	$ 5,341,465
Accounts receivable	526,612	3,159,938	526,612	3,159,938
Total assets	9,111,664	120,109,461	120,719,722	8,501,403
LIABILITIES				
Agency liabilities	9,111,664	102,607,982	105,218,243	6,501,403
Due to other funds	-	10,400,096	8,400,096	2,000,000
Total liabilities	$ 9,111,664	$ 113,008,078	$ 113,618,339	$ 8,501,403

18. 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 DCSEA and PBA contracts are negotiated through December 31, 2019. The CSEA contract is negotiated through December 31, 2020.

19. 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 $2,652,097 during 2018 in payments in lieu of taxes ("PILOT"), these collections were made in lieu of $7,673,162 in sales and use taxes and $1,817,125 in property taxes.

20. 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, 2018, the County reported no significant encumbrances, with the exception of outstanding contractual commitments, specific to the Capital Project 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, 2018, as evidenced by contractual commitments.

Project	Encumbrances Outstanding
Capital Projects Fund:	
Transportation	$ 1,968,822
County roads and bridges	3,513,589
Parks and recreation	597,741
Building and building improvements	6,437,377
Justice and transition center	31,657,046
Total	$ 44,174,575

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. At December 31, 2018, the County has provided $7,405,982 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 $274,568 in 2018.

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, 2018, the County's portion of these costs was $3,668,121.

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.

21. 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 has entered into an operations service agreement, with a commercial corporation wherein the corporation has agreed to operate the resource recovery plant, and the Agency is required to provide the plant with a guaranteed amount of solid waste, provide an ash landfill, and pay fees to the corporation. The Agency entered into an agreement with a new commercial corporation to become the plant operator, effective July 1, 2014 and expiring 162 months from that date.

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 plan, adjusted based upon changes in labor and material price indexes. During 2018, the Agency caused to have delivered 154,405 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 January 2, 1999, the Agency executed a contract with a commercial corporation for the transportation of ash residue and non-processable waste to a municipal landfill for the period of January 2, 1999 through December 31, 2001 for incineration residue up to 40,000 tons per year, and up to 6,000 tons for unprocessed waste per year. The contract has continued in effect through report date on similar terms.

Commencing in November 2004, the Agency executed an amendment to the contract that the commercial corporation shall deliver up to 10,000 tons per year at a cost of $25 per ton to an alternate landfill site.

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 is through December 31, 2019 and includes disposals at any of the three landfills.

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

Operating Permits—The Agency is required to maintain operating permits for its small power production and solid waste management facility. The NYSDEC Part 360 Operating permit expired in July 2011 and the Title V Air Control 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 2018 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 $43,356,495 and workers' compensation of $100,000.

System Acquisitions—In 2017, the Authority authorized memorandums of understanding for the acquisition of three subdivision sewer systems and 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.

22. SUBSEQUENT EVENTS

On March 13, 2019, the County issued $15,000,000 in public improvement serial bonds ("Series A") with an interest rate ranging between 3.00-5.00 percent for various construction projects and equipment purchases. The bonds mature on March 1, 2039. Additionally, the County also issued $20,000,000 in public improvement serial bonds ("Series B") with an interest rate ranging between 3.00-5.00 percent for the County Justice and Transition Center Project. The bonds mature on March 1, 2048.

Management has evaluated subsequent events through September 25, 2019, which is the date the financial statements are available for issuance, and have determined, except as disclosed above regarding 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 County Water and Wastewater Authority

The Authority refunded $1,250,000 of outstanding Bond Anticipation Notes Payable ("BAN") with a $1,315,000 bond issued for new building costs during January 2019. The additional amount borrowed, $65,000, is to be used for additional renovations.

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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 Five Fiscal Years*

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Measurement date	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	98.2%	94.7%	90.7%	97.9%	97.2%
Governmental activities:					
County's proportion of the net pension liability	0.4550870%	0.4602844%	0.4285410%	0.4315423%	0.4315423%
County's proportionate share of the net pension liability	$ 14,687,677	$ 43,249,327	$ 68,782,035	$ 14,578,554	$ 19,500,790
County's covered payroll	$ 120,835,233	$ 116,780,725	$ 112,421,243	$ 106,956,864	$ 104,474,311
County's proportionate share of the net pension liability as a percentage of its covered payroll	12.2%	37.0%	61.2%	13.6%	18.7%
Business-type activities:					
County's proportion of the net pension liability	0.0016680%	0.0020920%	0.0022695%	0.0024813%	0.0024813%
County's proportionate share of the net pension liability	$ 53,841	$ 196,573	$ 333,416	$ 83,823	$ 112,125
County's covered payroll	$ 528,666	$ 568,778	$ 601,284	$ 653,156	$ 643,338
County's proportionate share of the net pension liability as a percentage of its covered payroll	10.2%	34.6%	55.5%	12.8%	17.4%

Discretely presented component units:

Dutchess Community College (the "College"):

	Year Ended August 31,				
	2018	2017	2016	2015	2014
College's proportion of the net pension liability	0.0421960%	0.0435610%	0.0398490%	0.0404747%	n/a
College's proportionate share of the net pension liability	$ 1,361,853	$ 4,093,109	$ 6,395,803	$ 1,367,334	n/a
College's covered payroll	$ 11,240,160	$ 10,785,934	$ 9,969,544	$ 9,576,118	n/a
College's proportionate share of the net pension liability as a percentage of its covered payroll	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 Five Fiscal Years*

(concluded)

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Dutchess County Resource Recovery Agency (the "Agency"):					
Agency's proportion of the net pension liability	0.0002656%	0.0002419%	0.0004802%	0.0005205%	n/a
Agency's proportionate share of the net pension liability	$ 8,572	$ 22,726	$ 77,066	$ 17,583	n/a
Agency's covered payroll	$ 154,393	$ 154,959	$ 209,503	$ 282,986	n/a
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	5.6%	14.7%	36.8%	6.2%	n/a
Dutchess County Water and Wastewater Authority (the "Authority"):					
Authority's proportion of the net pension liability	0.0049234%	0.0045858%	0.0044523%	0.0044387%	n/a
Authority's proportionate share of the net pension liability	$ 158,901	$ 430,892	$ 714,613	$ 149,950	n/a
Authority's covered payroll	$ 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	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	0.0014702%	0.0014946%	n/a	n/a	n/a
SWCD's proportionate share of the net pension liability	$ 47,451	$ 140,438	n/a	n/a	n/a
SWCD's covered payroll	$ 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	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 Five Fiscal Years*

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Governmental activities:					
Contractually required contributions	$ 17,559,786	$ 17,759,949	$ 17,666,654	$ 18,538,858	$ 20,015,701
Contributions in relation to the contractually required contribution	(17,559,786)	(17,759,949)	(17,666,654)	(18,538,858)	(20,015,701)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
County's covered payroll	$ 123,984,193	$ 120,664,775	$ 116,343,200	$ 111,314,366	$ 106,341,809
Contributions as a percentage of covered payroll	14.2%	14.7%	15.2%	16.7%	18.8%
Business-type activities:					
Contractually required contributions	$ 71,477	$ 81,606	$ 92,861	$ 114,874	$ 127,959
Contributions in relation to the contractually required contribution	(71,477)	(81,606)	(92,861)	(114,874)	(127,959)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
County's covered payroll	$ 454,480	$ 550,675	$ 565,023	$ 640,032	$ 640,050
Contributions as a percentage of covered payroll	15.7%	14.8%	16.4%	17.9%	20.0%

Discretely presented component units:

Dutchess Community College (the "College"):

	Year Ended August 31,				
	2018	2017	2016	2015	2014
Contractually required contributions	$ 1,590,774	$ 1,650,757	$ 1,676,786	$ 1,897,221	n/a
Contributions in relation to the contractually required contribution	(1,590,774)	(1,650,757)	(1,676,786)	(1,897,221)	n/a
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	n/a
College's covered payroll	$ 11,240,160	$ 11,035,124	$ 10,202,724	$ 9,961,962	n/a
Contributions as a percentage of covered payroll	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 Five Fiscal Years*

(concluded)

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Dutchess County Resource Recovery Agency (the "Agency"):					
Contractually required contributions	$ 26,030	$ 41,623	$ 62,345	$ 56,026	n/a
Contributions in relation to the contractually required contribution	(26,030)	(41,623)	(62,345)	(56,026)	n/a
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	n/a
Agency's covered payroll	$ 154,393	$ 154,959	$ 189,322	$ 269,736	n/a
Contributions as a percentage of covered payroll	16.9%	26.9%	32.9%	20.8%	n/a
Dutchess County Water and Wastewater Authority (the "Authority"):					
Contractually required contributions	$ 237,025	$ 226,072	$ 261,541	$ 256,914	n/a
Contributions in relation to the contractually required contribution	(237,025)	(226,072)	(261,541)	(256,914)	n/a
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	n/a
Authority's covered payroll	$ 1,524,688	$ 1,623,233	$ 1,582,671	$ 1,513,848	n/a
Contributions as a percentage of covered payroll	15.5%	13.9%	16.5%	17.0%	n/a
Dutchess County Soil and Water Conservation District (the "SWCD"):					
Contractually required contributions	$ 36,650	$ 34,627	n/a	n/a	n/a
Contributions in relation to the contractually required contribution	(36,650)	(34,627)	n/a	n/a	n/a
Contribution deficiency (excess)	$ -	$ -	n/a	n/a	n/a
SWCD's covered payroll	$ 279,336	$ 238,756	n/a	n/a	n/a
Contributions as a percentage of covered payroll	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 Five Fiscal Years*

Discretely presented component unit:

Dutchess Community College (the "College"):

	Year Ended August 31,				
	2018	**2017**	**2016**	**2015**	**2014**
Measurement date	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)	101.5%	100.7%	99.0%	110.5%	n/a
College's proportion of the net pension liability (asset)	0.0391440%	0.0363910%	0.0361260%	0.0320250%	n/a
College's proportionate share of the net pension liability (asset)	$ (707,829)	$ (276,607)	$ 386,919	$ (3,326,364)	n/a
College's covered payroll	$ 6,376,142	$ 5,766,757	$ 5,574,525	$ 4,810,570	n/a
College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(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 Five Fiscal Years*

Discretely presented component unit:

Dutchess Community College (the "College"):

	Year Ended August 31,				
	2018	**2017**	**2016**	**2015**	**2014**
Contractually required contributions	$ 624,862	$ 675,864	$ 739,182	$ 843,293	n/a
Contributions in relation to the contractually required contribution	(624,862)	(675,864)	(739,182)	(843,293)	n/a
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	n/a
College's covered payroll	$ 6,376,142	$ 5,769,740	$ 5,475,827	$ 5,536,762	n/a
Contributions as a percentage of covered payroll	9.8%	11.7%	13.5%	15.2%	n/a

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

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COUNTY OF DUTCHESS, NEW YORK

Schedule of Changes in the County's Total OPEB Liability and Related Ratios
Year Ended December 31, 2018 (August 31, 2018 as to the College)*

Dutchess County – Governmental Activities:	
Total OPEB liability	
Service cost	$ 12,937,349
Interest	14,242,764
Changes of assumptions	23,150,690
Benefit payments	(7,512,046)
Net changes in total OPEB liability	42,818,757
Total OPEB liability—beginning, as restated	367,611,394
Total OPEB liability—ending	$ 410,430,151
Plan fiduciary net position	
Contributions—employer	$ 7,512,046
Benefit payments	(7,512,046)
Net change in plan fiduciary net position	-
Plan fiduciary net position—beginning	-
Plan fiduciary net position—ending	$ -
County's net OPEB liability—ending	$ 410,430,151
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%
Covered-employee payroll	$ 119,220,005
County's net OPEB liability as a percentage of covered-employee payroll	344.3%
Dutchess County – Business-type Activities:	
Total OPEB liability	
Service cost	$ 50,961
Interest	56,103
Changes of assumptions	91,191
Benefit payments	(29,590)
Net changes in total OPEB liability	168,665
Total OPEB liability—beginning, as restated	1,448,036
Total OPEB liability—ending	$ 1,616,701
Plan fiduciary net position	
Contributions—employer	$ 29,590
Benefit payments	(29,590)
Net change in plan fiduciary net position	-
Plan fiduciary net position—beginning	-
Plan fiduciary net position—ending	$ -
County's net OPEB liability—ending	$ 1,616,701
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%
Covered-employee payroll	$ 469,612
County's net OPEB liability as a percentage of covered-employee payroll	344.3%

(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
Year Ended December 31, 2018 (August 31, 2018 as to the College)*

A. Discretely presented component units:

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

Total OPEB liability	
Service cost	$ 3,672,802
Interest	2,735,372
Changes of assumptions	(9,978,090)
Benefit payments	(2,156,867)
Net changes in total OPEB liability	(5,726,783)
Total OPEB liability—beginning, as restated	93,721,559
Total OPEB liability—ending	$ 87,994,776
Plan fiduciary net position	
Contributions—employer	$ 2,156,867
Benefit payments	(2,156,867)
Net change in plan fiduciary net position	-
Plan fiduciary net position—beginning	-
Plan fiduciary net position—ending	$ -
College's net OPEB liability—ending	$ 87,994,776
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%
Covered-employee payroll	$ 25,536,347
College's net OPEB liability as a percentage of covered-employee payroll	344.6%

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

Total OPEB liability	
Service cost	$ 82,323
Interest	11,610
Changes of benefit terms	(140,571)
Changes of assumptions	(36,153)
Benefit payments	(68,478)
Net changes in total OPEB liability	(151,269)
Total OPEB liability—beginning, as restated	416,087
Total OPEB liability—ending	$ 264,818
Plan fiduciary net position	
Contributions—employer	$ 68,478
Benefit payments	(68,478)
Net change in plan fiduciary net position	-
Plan fiduciary net position—beginning	-
Plan fiduciary net position—ending	$ -
Agency's net OPEB liability—ending	$ 264,818
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%
Covered-employee payroll	$ 108,653
Agency's net OPEB liability as a percentage of covered-employee payroll	243.7%

(continued)

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

(concluded)

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

Total OPEB liability		
Service cost	$	131,287
Interest		70,031
Changes of benefit terms		(650,072)
Changes of assumptions		217,465
Benefit payments		(32,545)
Net changes in total OPEB liability		(263,834)
Total OPEB liability—beginning, as restated		2,790,742
Total OPEB liability—ending	$	2,526,908
Plan fiduciary net position		
Contributions—employer	$	32,545
Benefit payments		(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	$	2,526,908
Plan's fiduciary net position as a percentage of the total OPEB liability		0.0%
Covered-employee payroll	$	1,495,377
Authority's net OPEB liability as a percentage of covered-employee payroll		169.0%

*Information prior to the year ended December 31, 2018 (August 31, 2018 as to the College) 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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Real property taxes	$ 103,353,890	$ 106,680,637	$ 107,314,510	$ 633,873
Sales and use taxes (includes other taxes)	194,527,428	196,527,428	204,029,388	7,501,960
Departmental income	24,329,483	24,406,683	23,554,421	(852,262)
Use of money and property	1,193,124	1,193,124	2,588,712	1,395,588
Miscellaneous	2,904,059	2,960,897	4,702,167	1,741,270
Grants and aid	110,738,991	112,664,000	113,437,361	773,361
Total revenues	437,046,975	444,432,769	455,626,559	11,193,790
EXPENDITURES				
Current:				
General government support	70,748,553	72,802,351	71,395,749	1,406,602
Education	18,060,398	18,031,164	17,723,132	308,032
Public safety	63,395,705	63,643,893	61,966,609	1,677,284
Health	59,930,498	61,555,042	60,261,450	1,293,592
Transportation	2,876,633	2,899,682	2,898,392	1,290
Economic assistance and opportunity	145,497,844	146,817,485	144,807,374	2,010,111
Culture and recreation	2,294,745	2,360,410	2,232,062	128,348
Home and community services	6,946,211	11,011,585	10,731,157	280,428
Employee benefits	64,922,853	65,425,454	62,909,387	2,516,067
Debt service:				
Principal	12,983,345	12,983,345	12,983,345	-
Interest	3,315,681	3,315,681	3,074,927	240,754
Total expenditures	450,972,466	460,846,092	450,983,584	9,862,508
Excess (deficiency) of revenues over expenditures	(13,925,491)	(16,413,323)	4,642,975	21,056,298
OTHER FINANCING SOURCES (USES)				
Transfers in	592,240	1,537,146	1,542,931	5,785
Transfers out	(3,038,195)	(5,565,661)	(4,770,385)	795,276
Total other financing sources (uses)	(2,445,955)	(4,028,515)	(3,227,454)	801,061
Net change in fund balance	(16,371,446)	(20,441,838)	1,415,521	
Fund balances—beginning	94,189,819	94,189,819	94,189,819	
Fund balances—ending	$ 77,818,373	$ 73,747,981	$ 95,605,340	

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

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

1. OPEB LIABILITY

Changes of Assumptions—The cost method used in the January 1, 2018 actuarial valuation was the Entry Age Normal Level Percent of Pay method as prescribed under GASB 75. Previously, when the plan was subject to GASB 45, the Projected Unit Credit cost method was utilized.

The rate used to discount future plan cash flows decreased from 3.78% to 3.44% as of January 1, 2018 based on a review of a 20-year high-quality tax-exempt municipal bond index as of each measurement date. Previously, the discount rate had been based on the expected rate of return on the employer's general assets under GASB 45.

The mortality assumption was revised as of January 1, 2018 to the sex-distinct RPH-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with scale MP-2014, and then adjusted for mortality improvements with scale MP-2017 mortality improvement scale on a generational basis. Previously, amount-weighted mortality tables were utilized. This change was made based on a review of published studies and demographics of the plan.

Discretely Presented Component Units:

i) Dutchess Community College

	2018*
Discount Rate	3.51%

*Information for the year ended August 31, 2017 is not available.

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:

	2018	2017
Discount Rate	3.58%	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:

	2018	2017
Discount Rate	4.19%	2.50%

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, 2018 included encumbrances from the prior year of $3,871,446.

FEDERAL AWARDS INFORMATION

COUNTY OF DUTCHESS, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

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:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	$ -	$ 2,180,339
Total SNAP Cluster			-	2,180,339
Total U.S. Department of Agriculture			-	2,180,339
U.S. Department of Housing and Urban Development:				
Direct Programs:				
Community Development Block Grants/Entitlement Grants	14.218	N/A	1,259,158	1,259,158
Home Investment Partnerships Program	14.239	N/A	515,675	515,675
Continuum of Care Program	14.267	N/A	670,556	670,556
Total U.S. Department of Housing and Urban Development			2,445,389	2,445,389
U.S. Department of Justice:				
Direct Programs:				
State Criminal Alien Assistance Program	16.606	N/A	-	132,102
Harold Rogers Prescription Drug Monitoring Program	16.754	N/A	-	44,596
Total U.S. Department of Justice			-	176,698
U.S. Department of Labor:				
Passed through NYS Department of Labor:				
Trade Adjustment Assistance	17.245	80060	37,862	37,862
WIA/WIOA Cluster:				
WIA/WIOA Adult Program	17.258	80060	436,077	436,077
WIA/WIOA Youth Activities	17.259	80060	361,448	361,448
WIA/WIOA Dislocated Workers Formula Grants	17.278	80060	531,499	531,499
Total WIA/WIOA Cluster			1,329,024	1,329,024
Total U.S. Department of Labor			1,366,886	1,366,886
U.S. Department of Transportation:				
Direct Programs:				
Airport Improvement Program	20.106	N/A	-	142,461
Highway Planning and Construction	20.205	N/A	-	379,299
Federal Transit Cluster:				
Federal Transit Capital Investment Grants	20.500	N/A	-	3,473,006
Bus and Bus Facilities Formula Program	20.526	N/A	-	112,480
Total Federal Transit Cluster			-	3,585,486
Formula Grants for Rural Areas	20.509	N/A	-	238,050

(continued)

COUNTY OF DUTCHESS, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

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)
Passed through NYS Department of Transportation:				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	MPO C33462	-	94,268
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	8755.38	-	104,835
Highway Planning and Construction	20.205	8755.41	-	5,754
Highway Planning and Construction	20.205	8755.44	-	20,427
Highway Planning and Construction	20.205	8755.45	-	118,064
Highway Planning and Construction	20.205	8755.86	-	2,028
Highway Planning and Construction	20.205	8757.27	-	2,760
Highway Planning and Construction	20.205	8757.37	-	12,799
Highway Planning and Construction	20.205	8758.69	-	3,394
Highway Planning and Construction	20.205	8758.71	-	6,442
Highway Planning and Construction	20.205	8758.74	-	25,570
Highway Planning and Construction	20.205	8761.56	-	198
Highway Planning and Construction	20.205	P216.14.881	-	14,531
Highway Planning and Construction	20.205	MPO C33462	-	533,314
*Total Highway Planning and Construction Cluster**			-	1,229,415
Passed through NYS Governor's Traffic Safety Committee and Stop DWI Foundation:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	HS1-2018/0046-(014)	-	39,292
State and Community Highway Safety	20.600	HS1-2019/0084-(014)	-	17,470
National Priority Safety Programs	20.616	HS1-2018/00173-(088)	-	42,009
National Priority Safety Programs	20.616	HS1-2019/00109-(014)	-	15,777
Total Highway Safety Cluster			-	114,548
Total U.S. Department of Transportation			-	5,404,228
U.S. Department of Education:				
Passed through NYS Department of Health:				
Special Education—Grants for Infants and Families	84.181	C031629GG	-	73,328
Total U.S. Department of Education			-	73,328
U.S. Department of Health and Human Services:				
Passed through Health Research Institute:				
Public Health Emergency Preparedness	93.069	001600-11	-	104,681
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	001600-12	-	111,480
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757	HSLC-DC	-	3,086
Passed through NYS Office for the Aging:				
Special Programs for the Aging, Title III, Part D—Disease Prevention and Health Promotion Services	93.043	N/A	-	15,872

(continued)

COUNTY OF DUTCHESS, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

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)
Aging Cluster:				
Special Programs for the Aging, Title III, Part B— Grants for Supportive Services and Senior Centers	93.044	N/A	-	312,358
Special Programs for the Aging, Title III, Part C—Nutrition Services	93.045	N/A	-	436,105
Nutrition Services Incentive Program	93.053	N/A	-	236,503
Total Aging Cluster			-	984,966
Medicare Enrollment Assistance Program	93.071	N/A	-	13,745
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	N/A	-	32,677
Passed through NYS Department of Health:				
Immunization Cooperative Agreements	93.268	C0028288/C32513GG	-	35,244
Medical Assistance Program	93.778	N/A	-	4,610,431
Preventive Health Services - Sexually Transmitted Disease Control Grants	93.977	T-031103	-	19,618
Maternal and Child Health Services Block Grant to the States	93.994	C32658GG	-	46,318
Maternal and Child Health Services Block Grant to the States	93.994	C308899GG	-	28,520
Passed through National Association of County and City Health Officials:				
Building Capacity of the Public Health System to Improve Population Health through National, Non-Profit Organizations- financed in part by Prevention and Public Health Funds (PPHF)	93.524	5589-02	-	14,526
Passed through NYS Office of Temporary and Disability Assistance:				
Temporary Assistance for Needy Families Cluster:				
Temporary Assistance for Needy Families	93.558	N/A	472,295	13,583,559
Total Temporary Assistance for Needy Families Cluster			472,295	13,583,559
Child Support Enforcement	93.563	N/A	-	2,383,560
Low-Income Home Energy Assistance Program	93.568	N/A	-	5,051,622
Passed through NYS Office of Children and Family Services:				
Guardianship Assistance	93.090	N/A	-	149,148
Promoting Safe and Stable Families	93.556	N/A	-	430,900
Stephanie Tubbs Jones Child Welfare Services Program	93.645	N/A	-	219,192
Foster Care, Title IV-E	93.658	N/A	-	5,531,494
Adoption Assistance	93.659	N/A	-	2,268,632
Social Services Block Grant	93.667	N/A	-	3,117,904
Chafee Foster Care Independence Program	93.674	N/A	-	37,628
Children's Health Insurance Program	93.767	N/A	-	224,633
Total U.S. Department of Health and Human Services			472,295	39,019,436

(continued)

COUNTY OF DUTCHESS, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

(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:				
Disaster Grants - Public Assistance	97.036	4322 DRNY	-	1,564
Disaster Grants - Public Assistance	97.036	PHWA NY11-02	-	51,944
Emergency Management Performance Grants	97.042	EM17-1039-D00	-	39,067
Emergency Management Performance Grants	97.042	SH17-1059-D00	-	90,600
Homeland Security Grant Program	97.067	C970252	-	211,112
Homeland Security Grant Program	97.067	HE17-1015-D00	-	4,939
Homeland Security Grant Program	97.067	C970250	-	237,278
Homeland Security Grant Program	97.067	C970260	-	94,025
Homeland Security Grant Program	97.067	C970270	-	8,620
Total U.S. Department of Homeland Security			-	739,149
Total Expenditures of Federal Awards (1e)			$ 4,284,570	$ 51,405,453

* 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.

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, 2018. 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, 2018 (with the Dutchess Community College for the fiscal year ended August 31, 2018), 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 25, 2019 (which report includes an emphasis of matter paragraph regarding the implementation of GASB Statement No. 75). 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 County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Drescher & Malecki LLP

September 25, 2019

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Certified Public Accountants

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

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 *Office of Management and Budget* ("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, 2018. 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, $17,210,454, $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, 2018. Our compliance audit, described below, did not include the operations of the Corporation, College, Agency, Authority, IDA, or the District. 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.

Auditor's 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, 2018.

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 were not 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 25, 2019

COUNTY OF DUTCHESS, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended December 31, 2018

Section I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of report the auditor issued: Unmodified*
*(which report includes an emphasis of matter paragraph regarding the implementation of GASB Statement No. 75 and includes a reference to other auditors)

Internal control over financial reporting:

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

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified?	____ Yes	✓ No
Significant deficiency(ies) identified?	____ Yes	✓ None reported

Type of auditor's 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:

CFDA Number(s)	Name of Federal Program or Cluster
10.561	SNAP Cluster
93.044, 93.045, 93.053	Aging Cluster
93.563	Child Support Enforcement
93.658	Foster Care, Title IV-E
93.659	Adoption Assistance
97.067	Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B programs? $ 1,542,164

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, 2018
(Follow-Up on December 31, 2017 Findings)

No findings were reported.

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