

COUNTY OF WASHINGTON, NEW YORK

Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report

December 31, 2019

COUNTY OF WASHINGTON, NEW YORK

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INDEPENDENT AUDITORS' REPORT

Members of the Board of Supervisors
County of Washington, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Washington, New York (the County) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Washington County Local Development Corporation, which is 61%, 94%, and 21%, respectively, of the assets, net position and revenue of the discretely presented component units. We did not audit the financial statements of the Washington Tobacco Asset Securitization Corporation which is 2%, 5%, and 1%, respectively, of the assets, fund balance and revenue of the governmental funds.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Washington County Local Development Corporation or the Washington Tobacco Asset Securitization Corporation. The Washington County Local Development Corporation represents 61%, 94%, and 21%, respectively, of the assets, net position and revenue of the discretely presented component units. The Washington Tobacco Asset Securitization Corporation represents 2%, 5%, and 1%, respectively, of the assets, fund balance and revenue of the governmental funds. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Washington County Local Development Corporation and the Washington Tobacco Asset Securitization Corporation, is based solely on the report of the 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 County'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 County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Washington, New York as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, and the additional information on pages 64 through 68 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Washington, New York's basic financial statements. The combining fund and nonmajor individual fund financial statements on pages 69 and 70 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 by us and other auditors. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 14, 2020, on our consideration of the County of Washington, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
August 14, 2020

COUNTY OF WASHINGTON, NEW YORK

Management's Discussion and Analysis

December 31, 2019

As the management of County of Washington, New York, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended on December 31, 2019. The purpose of the MD&A is to (1) focus on significant financial issues, (2) provide an overview of the County's financial activity, (3) identify changes in the County's financial position, (4) identify any individual fund issues or concerns and (5) provide descriptions of significant asset and debt activity. Please read along with the County's financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2019 are as follows:

- The County's total net position, as reported in the County-wide financial statements, was \$5,948,163 at December 31, 2019, and reflects unfunded long-term liabilities such as compensated absences, total OPEB liability and net pension liability.
- The County's net position increased \$364,539 during the year.
- The County's general fund balance, as reflected in the fund financial statements was \$19,164,281 at December 31, 2019. This balance represents an increase of \$5,164,335 from the prior year.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Washington County's basic financial statements. The statements are comprised of 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, budgetary comparisons, changes in the total other postemployment benefit liability and related ratios, proportionate share of net pension liability and schedule of pension contributions.

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 provides the reader with a snapshot in time of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources and resulting net position (or equity as stated with private sector reporting) of the County. Over time, increases or decreases in the net position of the County may provide an indicator of the trend in the County's financial condition. Other forward-looking indicators will also assist the reader to assess the overall financial health of the County. Some of these indicators include, but are not limited to: changes in the total property tax base, employment trends in the County and outlying areas, and condition of the County's capital assets (streets, buildings, water, and sewer infrastructure).

COUNTY OF WASHINGTON, NEW YORK
Management's Discussion and Analysis, Continued

The statement of activities presents information showing how 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, revenue and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (i.e.: uncollected taxes and earned but unused vacation leave).

Both of the Government-wide financial statements distinguish functions of Washington County that are principally supported by taxes and intergovernmental revenue (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, public safety, highways and streets, sanitation, economic development, culture and recreation, education and health. The business-type activities of the County includes self-insured health insurance and workers' compensation.

Component Units

Washington County has three separate legal entities that are reflected in this report as component units. These units are as follows:

- Washington Tobacco Asset Securitization Corporation (WTASC). The WTASC was incorporated in 2000 under the Not-for-Profit Law of the State of New York for the purpose of bonding the value of future receipts due Washington County, New York under the New York State Tobacco Settlement Agreement. WTASC sold bonds on December 7, 2000, and paid over the proceeds, net of issuance costs, to Washington County. The funds were used to build the County's Law Enforcement Center which includes the Sheriff's Offices and County jail facility. WTASC will pay off the bonds with future settlement payments and any residual amounts received under the settlement agreement. The WTASC is presented as a governmental fund.
- Washington County Local Development Corporation (WCLDC). The WCLDC provides economic development services, Empire Zone information and general business information exclusively for the County. The WCLDC also manages a revolving loan program for local businesses. The WCLDC is presented as a discretely presented component unit.
- Washington County Soil and Water Conservation District (SWCD). The SWCD was founded in 1945 to assist agricultural producers, rural landowners and municipalities with the management, conservation and best use of our natural resources. The County contributed \$200,000 to the SWCD operating budget for 2019. The SWCD is presented as a discretely presented component unit.

The Government-wide financial statements can be found immediately following this section within the basic financial statements.

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. Washington County, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the County's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

COUNTY OF WASHINGTON, NEW YORK
Management's Discussion and Analysis, Continued

Governmental Funds

Governmental funds are used to account for essentially the same functions 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 spend-able 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 financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Washington County maintains nine governmental funds: a general fund, car pool fund, county road fund, road machinery fund, community development fund, capital projects fund, two part-County sewer district funds and a federal forfeiture fund. In addition, Washington Tobacco Asset Securitization Corporation, a blended component unit, is also included in the governmental funds. The financial statements for governmental funds can be found in the basic financial statements.

Compliance with the County's annual operating budget for the year ended December 31, 2019, which includes the General Fund, is reported in the Statement of Revenue and Expenditures - Budget and Actual - General Fund which is provided as part of the required supplementary information.

Internal Service Fund

Washington County maintains two self-insured internal service funds: a fund for workers' compensation costs and an employee health benefits fund.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the Government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Fiduciary fund financial statements can be found in the basic financial statements of this report.

Notes to 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 following the basic financial statements section of this report.

COUNTY OF WASHINGTON, NEW YORK
Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Washington County, governmental activities net position was \$5,948,163 at the close of the most recent fiscal year. By far, the largest portion of the County's net position reflects an investment in capital assets (i.e.: land, buildings, machinery and equipment), less any outstanding related debt used to acquire those 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 its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position - Governmental Activities

	<u>2019</u>	<u>2018</u>
Assets:		
Current and other assets	\$ 60,193,774	53,662,012
Capital assets, net	<u>99,153,145</u>	<u>95,053,539</u>
Total assets	<u>159,346,919</u>	<u>148,715,551</u>
Deferred outflows of resources	<u>35,022,631</u>	<u>33,530,367</u>
Liabilities:		
Current liabilities	29,680,436	24,337,762
Long-term liabilities	<u>127,194,770</u>	<u>114,730,295</u>
Total liabilities	<u>156,875,206</u>	<u>139,068,057</u>
Deferred inflows of resources	<u>31,546,181</u>	<u>37,594,237</u>
Net position:		
Net investment in capital assets	70,773,547	71,183,586
Restricted	11,670,590	11,626,421
Unrestricted (deficit)	<u>(76,495,974)</u>	<u>(77,226,383)</u>
Total net position	\$ <u>5,948,163</u>	<u>5,583,624</u>

COUNTY OF WASHINGTON, NEW YORK
Management's Discussion and Analysis, Continued

Statement of Activities - Governmental Activities

	<u>2019</u>	<u>2018</u>
Revenue:		
Program revenue:		
Charges for services	\$ 6,792,090	6,601,798
Operating grants and contributions	27,077,662	23,635,734
Capital grants and contributions	<u>6,515,437</u>	<u>1,216,658</u>
Total program revenue	<u>40,385,189</u>	<u>31,454,190</u>
General revenue:		
Property taxes and tax items	34,904,723	35,879,544
Nonproperty taxes	22,780,946	21,334,196
Other general revenue	<u>3,196,267</u>	<u>2,226,502</u>
Total general revenue	<u>60,881,936</u>	<u>59,440,242</u>
Total revenue	<u>101,267,125</u>	<u>90,894,432</u>
Expenses:		
General government support	18,113,238	16,371,370
Education	5,881,744	5,562,761
Public safety	17,561,950	17,134,042
Health	4,965,853	4,921,494
Transportation	16,242,416	11,433,170
Economic assistance and opportunity	32,666,604	32,270,256
Culture and recreation	1,177,897	1,143,137
Home and community	3,493,389	3,843,412
Interest	<u>799,495</u>	<u>690,284</u>
Total expenses	<u>100,902,586</u>	<u>93,369,926</u>
Change in net position	364,539	(2,475,494)
Net position at beginning of year	<u>5,583,624</u>	<u>8,059,118</u>
Net position at end of year	\$ <u>5,948,163</u>	<u>5,583,624</u>

COUNTY OF WASHINGTON, NEW YORK
Management's Discussion and Analysis, Continued

Revenue

The total governmental activities revenue for 2019 was \$101,267,125, an increase of \$10,372,693 from 2018. The largest contributing factors to this change was the increase in capital grants and contributions.

Capital grants and contributions was \$5,298,779 greater in 2019 than in 2018. This increase was primarily driven by Marchiselli funding to repair bridges.

General revenue for 2019 was \$60,881,936 representing 60.1% of the total revenue. In 2018, the same revenue was \$59,440,242 representing 65.4% of the total overall governmental activities revenue. The property tax revenue and nonproperty tax revenue make up \$57.7 million of the \$60.9 million.

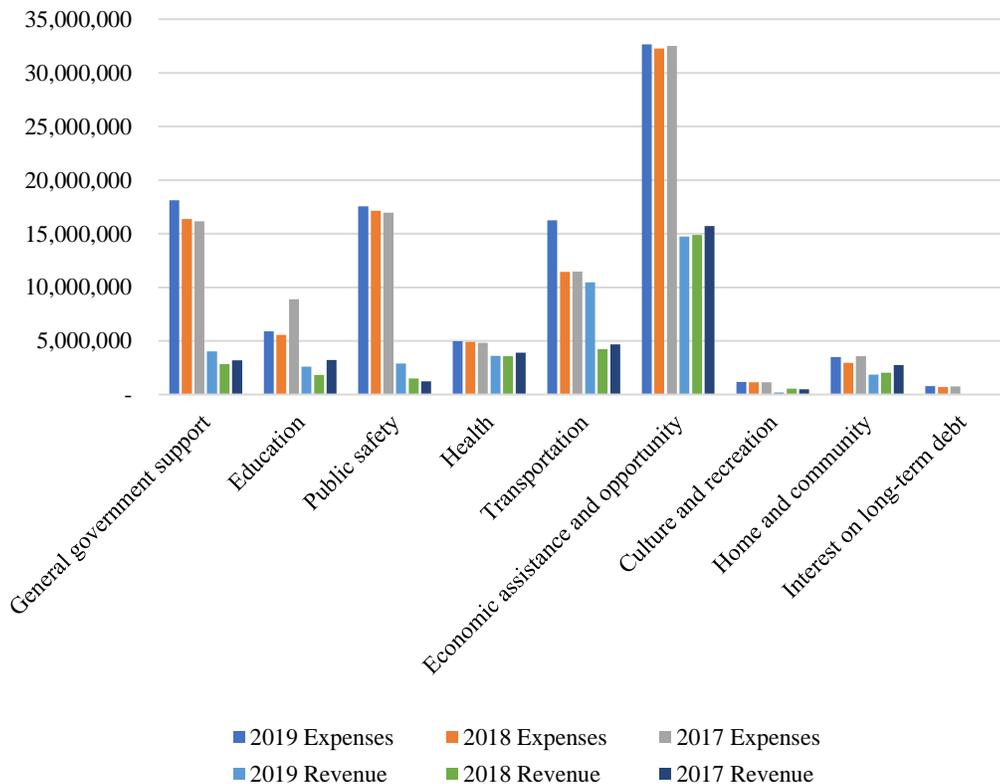
Expenses

The governmental activities expenses were \$100,902,586 in 2019. This is a 8.1% increase from 2018 of \$93,369,926 primarily related to the increase in transportation expense described below.

General Government Support - costs increased by \$1,741,868. This was due mainly to payroll and benefits costs.

Transportation - costs increased by \$4,809,246. This was due to an increase in depreciation expense due to new infrastructure projects.

Governmental Activities - Expenses and Program Revenue Comparison 2017 to 2019



COUNTY OF WASHINGTON, NEW YORK
Management's Discussion and Analysis, Continued

ANALYSIS OF THE COUNTY BUDGET AND FUND BASIS FINANCES IN 2019

Washington County uses fund accounting, as noted earlier, to ensure and demonstrate compliance with finance-related legal requirements.

General Fund

The County's General Fund expenditures, including other financing uses, increased in 2019 by \$538,352. Expenditures have increased due to budgeted increases in payroll expenditures and transfers to other funds.

The 2019 revenue increased by \$8,000,492. This is a result of an increase of \$7,174,013 of real property taxes due to payment of two parcels that were not paying in prior years.

The unknown availability of State and Federal aid, along with future Medicaid costs and fringe benefits, are of great concern to the County. During 2020 and 2021, the County will continue to look for ways to reduce operating costs to remain under the tax cap imposed by the State of New York. The unassigned fund balance is approximately 13.4% of the next year's operating budget, of which \$2,600,000 was appropriated for the 2020 budget. The County has earmarked \$445,516 for nursing home legacy costs.

BUDGETARY HIGHLIGHTS

The County's annual budget, which is prepared on an operating basis, includes estimated revenue and annual appropriations for the Special Revenue funds as well as the General Fund. The Budget Officer is responsible for the preparation of the proposed County budget and submission of the same to the County Board of Supervisors. A tentative budget is submitted in October. After a public informational meeting and a public hearing, the budget is usually adopted by the County Board of Supervisors in mid-November of each year. Expenditures during the fiscal year may only be made pursuant to appropriations from the General Fund and other special funds established by the County. However, the County Board of Supervisors during the fiscal year may, by resolution, make additional appropriations from any unencumbered balances in appropriations, contingent funds or unanticipated revenue.

Page 64 outlines the variance from 2019 budget to actual. General Fund revenue was greater than the final budget by \$2,797,941. Expenditures were lower than the final budget by \$4,898,636. The actual net increase in fund balance was \$5,164,335. Overall the County saw a increase in real property taxes of \$7,174,013, has realized the savings from the divestiture of the County Nursing Home and Home Care programs, and costs are trending back up with increases in personal services and fringe benefits, especially in health care. It is estimated that the funds reserved for Enterprise Fund legacy costs will cover 100% of these costs through 2021.

COUNTY OF WASHINGTON, NEW YORK
Management's Discussion and Analysis, Continued

CAPITAL ASSETS

At the end of 2019, the County had \$99,153,145 invested in a broad range of capital assets, including the County Municipal Center, highway infrastructures and equipment (see table below). This amount represents a net increase of \$4,099,606 over last year.

Capital Assets, Net of Depreciation

		<u>Governmental Activities</u>	
		<u>2019</u>	<u>2018</u>
Land and improvements	\$	766,574	777,631
Construction in progress		8,073,324	7,628,399
Buildings		16,527,034	18,032,872
Improvements		1,923,513	1,526,664
Bridges		37,493,942	32,739,684
Roads		19,564,647	19,511,923
Infrastructure		6,627,507	6,944,361
Machinery and equipment		8,146,412	7,869,233
Right to use lease asset		<u>30,192</u>	<u>22,772</u>
Total capital assets, net	\$	<u>99,153,145</u>	<u>95,053,539</u>

LONG-TERM DEBT

Bonds and Other Long Term Liabilities

		<u>Governmental Activities</u>	
		<u>2019</u>	<u>2018</u>
General obligation bonds, premium, and notes	\$	973,634	1,223,852
Bond anticipation notes		15,243,628	10,428,128
WTASC bonds		12,155,000	12,225,000
Capital leases		30,192	22,772
Landfill closing costs		165,258	174,301
Total OPEB liability		102,246,027	93,806,259
Net pension liability		7,920,179	3,522,754
Workers' compensation		3,229,734	3,281,939
Compensated absences		<u>988,256</u>	<u>977,158</u>
Total	\$	<u>142,951,908</u>	<u>125,662,163</u>

The New York State Constitution limits the taxing power for counties to 1.5% of the five-year average full valuation. A county has the authority to increase its tax limit to a maximum rate of 2% by a resolution adopted by the legislative body by two-thirds of its membership. Washington County is subject to the 2% factor. The limitation allows for the exclusion of taxes in the amount of certain debt service. The amount of taxes for this purpose is a deduction from the tax levy resulting in a lower tax levy subject to the tax limit.

COUNTY OF WASHINGTON, NEW YORK
Management's Discussion and Analysis, Continued

The State Constitution also limits the power of counties to issue debt. The County has the power to contract indebtedness for any County purpose so long as the principal amount, thereof, subject to certain limited exceptions, shall not exceed seven (7) per cent of the five-year average full valuation of taxable real estate of the County and subject to certain exclusions and deductions such as water and certain sewer facilities. The average full valuation, in both the Tax Limit and Debt Limit is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and, dividing the sum by five.

The five-year average full valuation for the 2019 computation was \$4,809,752,670. The Constitutional Tax Limit is \$96,195,053.

The constitutional tax margin for year ended December 31, 2019, is \$62,851,841 (\$96,195,053 tax limit less \$33,343,212 the 2019 tax levy).

The debt limit for year ended December 31, 2019, is \$336,682,687 (five year average full valuation of \$4,809,752,670 x 7%). As of the end of 2019, Washington County is in compliance with the debt limit.

TAX CAP

The State Legislature and the Governor enacted legislation that establishes a “property tax cap” which limits the growth of the property tax levy. Under the tax cap law, the total amount to be raised through property taxes charged on the municipality’s taxable assessed value is capped at 2%, or the rate of inflation, whichever is less. There are some exceptions and local communities have the ability to override the cap. The 2019 Washington County tax levy was within the property tax cap limit.

ECONOMIC FACTORS

The trend of declining revenue that began in mid-2008 leveled off in 2015. The County’s 2019 real property tax revenue increased \$7,174,013 over 2018, representing an increase of 23.6%. This is the result of an increase in tax levy as well as a material litigation settlement in 2019. As a result of this settlement there was a substantial restoration of General Fund fund balance in 2019.

The County has continued to look for ways to reduce costs and increase revenue over the past few years. The County workforce has been reduced and benefits have been reduced for new hires. The County is facing higher costs in health insurance and expects additional increases for the foreseeable future.

It must be noted that the County’s overall property value has declined for the seventh year in a row. Property value is down by 6% from its highest level in 2010. This is a direct factor of the slowdown in the real estate market. Small decreases are likely to continue for the next few years.

The County has adopted a two-year budgeting practice, along with a direct cost review of all County operations, to better enable the Board of Supervisors and individual County departments to set both short and long-term goals. In response to the current economic climate, the County is reducing its workforce and making cuts to current and future programs. The County’s goal is to maintain a stable tax rate while at the same time managing a stable fund balance.

COUNTY OF WASHINGTON, NEW YORK
Management's Discussion and Analysis, Continued

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the County and its future results and financial position is not presently determinable.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Washington County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Daniel Shaw, Budget Officer, Washington County Board of Supervisors, 383 Broadway, Fort Edward, New York, 12828.

COUNTY OF WASHINGTON, NEW YORK
Statement of Net Position
December 31, 2019

		<u>Component Unit</u>	
	<u>Primary Government</u>	Washington County Local	Soil and Water Conservation
	<u>Governmental</u>	<u>Development</u>	<u>District</u>
	<u>Activities</u>	<u>Corporation</u>	<u>District</u>
Assets:			
Current assets:			
Cash and equivalents	\$ 27,256,625	1,508,534	2,762,819
Taxes receivable, net	10,156,399	-	-
Accounts receivable, net	2,397,276	624	-
Due from other funds	49,900	-	-
Due from State and Federal governments	11,477,445	-	173,879
Due from other governments	2,173,410	-	-
Interest receivable	-	14,904	-
Loans receivable, current portion	-	412,171	-
Lease payments receivable, current portion	-	5,155	-
Inventory	1,118,311	-	-
Prepaid expenses	1,151,828	4,324	-
Total current assets	55,781,194	1,945,712	2,936,698
Noncurrent assets:			
Restricted cash and equivalents	4,412,580	-	34,500
Loans receivable, net of current portion and allowance	-	2,623,008	-
Lease payments receivable, net of current portion	-	8,159	-
Land	766,574	-	-
Construction in progress	8,073,324	-	-
Right to use lease asset	30,192	-	-
Capital assets, net of accumulated depreciation	90,283,055	-	-
Total noncurrent assets	103,565,725	2,631,167	34,500
Total assets	159,346,919	4,576,879	2,971,198
Deferred outflows of resources:			
Tobacco settlement receivable	21,586,737	-	-
Debt refunding	22,856	-	-
OPEB	6,773,824	-	-
Pensions	6,639,214	-	54,707
Total deferred outflows of resources	35,022,631	-	54,707
Liabilities:			
Current liabilities:			
Accounts payable	4,499,838	-	-
Accrued liabilities	1,378,577	-	-
Accrued interest	57,556	-	-
Due to other governments	6,695,643	-	41
Due to employees' retirement system	-	-	25,781
Bond anticipation notes	15,243,628	-	-
Other liabilities	1,291,684	-	-
Long-term obligations due within one year - bonds payable and unamortized premiums	230,218	-	-
Long-term obligations due within one year - WTASC bonds payable	250,000	-	-
Long-term obligations due within one year - state loans payable	25,000	-	-
Long-term obligations due within one year - lease liabilities	8,292	-	-
Long-term obligations due within one year - loan payable	-	11,286	-
Total current liabilities	29,680,436	11,286	25,822
Noncurrent liabilities:			
Bonds payable and unamortized premiums	688,416	-	-
WTASC bonds payable	11,905,000	-	-
State loans payable	30,000	-	-
Lease liabilities	21,900	-	-
Loan payable	-	93,944	-
Claims and judgments payable	3,229,734	-	-
Landfill closure and postclosure costs	165,258	-	-
Total OPEB Liability	102,246,027	-	-
Compensated absences	988,256	-	-
Net pension liability - proportionate share	7,920,179	-	50,538
Total noncurrent liabilities	127,194,770	93,944	50,538
Total liabilities	156,875,206	105,230	76,360
Deferred inflows of resources:			
Revenue - tobacco settlement	21,586,737	-	2,635,252
OPEB	5,862,049	-	-
Pensions	4,097,395	-	19,414
Total deferred inflows of resources	31,546,181	-	2,654,666
Net position:			
Net investment in capital assets	70,773,547	-	-
Restricted	11,670,590	411,679	34,500
Unrestricted (deficit)	(76,495,974)	4,059,970	260,379
Total net position	\$ 5,948,163	4,471,649	294,879

See accompanying notes to financial statements.

COUNTY OF WASHINGTON, NEW YORK
Statement of Activities
Year ended December 31, 2019

Functions/Programs	<u>Expenses</u>	Program revenue		Net (expense) revenue and changes in net position			
		Charges for <u>Services</u>	Operating Grants and <u>Contributions</u>	Capital Grants and <u>Contributions</u>	Primary Government	Component Unit	
					Total Governmental <u>Activities</u>	Local Development <u>Corporation</u>	Soil and <u>Water</u>
Primary government:							
Governmental activities:							
General government support	\$ 18,113,238	1,752,088	2,281,014	-	(14,080,136)	-	-
Education	5,881,744	669,894	1,895,818	24,453	(3,291,579)	-	-
Public safety	17,561,950	702,550	877,057	1,351,717	(14,630,626)	-	-
Health	4,965,853	18,776	3,572,711	-	(1,374,366)	-	-
Transportation	16,242,416	933,594	4,338,049	5,191,489	(5,779,284)	-	-
Economic assistance and opportunity	32,666,604	772,392	14,002,493	(52,222)	(17,943,941)	-	-
Culture and recreation	1,177,897	74,029	110,520	-	(993,348)	-	-
Home and community	3,493,389	1,868,767	-	-	(1,624,622)	-	-
Interest	799,495	-	-	-	(799,495)	-	-
Total governmental activities	<u>\$ 100,902,586</u>	<u>6,792,090</u>	<u>27,077,662</u>	<u>6,515,437</u>	<u>(60,517,397)</u>	-	-
Component units:							
Local Development Corporation	\$ 104,992	202,139	80,000	-	-	177,147	-
Soil and Water	915,641	9,605	869,668	-	-	-	(36,368)
Total component units	<u>\$ 1,020,633</u>	<u>211,744</u>	<u>949,668</u>	<u>-</u>	<u>-</u>	<u>177,147</u>	<u>(36,368)</u>
General revenue:							
Taxes:							
Real property taxes					33,282,554	-	-
Real property tax items					1,622,169	-	-
Nonproperty tax items					22,780,946	-	-
Use of money and property					792,534	11,549	6,762
Sale of property and compensation for loss					887,389	-	-
Miscellaneous					1,516,344	-	214,975
Total general revenue					<u>60,881,936</u>	<u>11,549</u>	<u>221,737</u>
Change in net position					364,539	188,696	185,369
Net position at beginning of year					5,583,624	4,282,953	109,510
Net position at end of year					<u>\$ 5,948,163</u>	<u>4,471,649</u>	<u>294,879</u>

See accompanying notes to financial statements.

COUNTY OF WASHINGTON, NEW YORK
Balance Sheet - Governmental Funds
December 31, 2019

	General Fund	County Road Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and equivalents - unrestricted	\$ 10,269,404	2,059,879	7,045,762	2,708,050	22,083,095
Taxes receivable, net	10,156,399	-	-	-	10,156,399
Accounts receivable	477,050	623	558	759,678	1,237,909
Due from other funds	1,465,471	5,465	1,310,630	272,771	3,054,337
Due from State and Federal governments	8,986,606	692,272	1,714,002	13,000	11,405,880
Due from other governments	2,104,135	15,166	-	54,109	2,173,410
Inventory	5,047	280,961	-	832,303	1,118,311
Prepaid expenditures	891,759	111,681	-	40,565	1,044,005
Restricted assets - cash	955,210	-	-	1,667,950	2,623,160
Total assets	<u>35,311,081</u>	<u>3,166,047</u>	<u>10,070,952</u>	<u>6,348,426</u>	<u>54,896,506</u>
Deferred outflows of resources - tobacco settlement receivable	-	-	-	21,586,737	21,586,737
Total assets and deferred outflows of resources	<u>\$ 35,311,081</u>	<u>3,166,047</u>	<u>10,070,952</u>	<u>27,935,163</u>	<u>76,483,243</u>
Liabilities, deferred inflows and fund balances:					
Liabilities:					
Accounts payable	2,814,898	278,696	649,477	259,583	4,002,654
Accrued liabilities	456,033	169,941	-	36,305	662,279
Due to other funds	1,377,212	187,207	1,302,299	45,635	2,912,353
Due to other governments	6,668,751	15,570	-	11,322	6,695,643
Bond anticipation notes	-	1,000,000	13,284,623	959,005	15,243,628
Other liabilities	845,934	255,390	-	189,315	1,290,639
Total liabilities	<u>12,162,828</u>	<u>1,906,804</u>	<u>15,236,399</u>	<u>1,501,165</u>	<u>30,807,196</u>
Deferred inflows of resources - revenue	3,983,972	-	-	21,982,870	25,966,842
Fund balances:					
Nonspendable	896,806	392,642	-	872,868	2,162,316
Restricted	2,341,088	-	-	1,773,650	4,114,738
Assigned - appropriated	3,800,959	200,576	-	220,908	4,222,443
Assigned - unappropriated	-	666,025	-	1,437,473	2,103,498
Unassigned (deficit)	12,125,428	-	(5,165,447)	146,229	7,106,210
Total fund balances (deficit)	<u>19,164,281</u>	<u>1,259,243</u>	<u>(5,165,447)</u>	<u>4,451,128</u>	<u>19,709,205</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 35,311,081</u>	<u>3,166,047</u>	<u>10,070,952</u>	<u>27,935,163</u>	<u>76,483,243</u>

See accompanying notes to financial statements.

COUNTY OF WASHINGTON, NEW YORK
Reconciliation of Balance Sheet - Governmental Funds
to the Statement of Net Position
December 31, 2019

Total Governmental Fund Balances		\$ 19,709,205
Amounts reported for Governmental Activities in the Statement of Net position are different because:		
Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$ 766,574	
Construction in progress	8,073,324	
Right to use lease asset	30,192	
Capital assets, net of accumulated depreciation	90,283,055	99,153,145
Deferred property tax revenue not available to pay for current period expenditures and is therefore deferred in the funds.		4,380,105
Net position of internal service funds not reported in governmental funds but included in government-wide net position.		3,765,360
Premiums received on debt issuance, are recorded as revenue in the government funds but included in long-term debt in the government-wide financial statements, to be recognized over the life of the bonds.		(33,634)
Some deferred inflows and outflows are not reported in the government funds. These consist of the following:		
Deferred outflows of resources - pensions		6,639,214
Deferred inflows of resources - pensions		(4,097,395)
Deferred outflows of resources - other postemployment benefits		6,773,824
Deferred inflows of resources - other postemployment benefits		(5,862,049)
Deferred loss on refunding on bonds payable is not reported in the governmental funds but is reported in the government-wide net position.		22,856
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds payable	(885,000)	
TASC bonds payable	(12,155,000)	
State loans payable	(55,000)	
Capital leases	(30,192)	
Accrued interest	(57,556)	
Total OPEB liability	(102,246,027)	
Landfill closure and postclosure care costs	(165,258)	
Compensated absences	(988,256)	
Net pension liability - proportionate share	(7,920,179)	(124,502,468)
Net position of Governmental Activities		\$ 5,948,163

See accompanying notes to financial statements.

COUNTY OF WASHINGTON, NEW YORK
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended December 31, 2019

	General Fund	County Road Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenue:					
Real property taxes	\$ 37,548,256	-	-	521,540	38,069,796
Real property tax items	1,622,169	-	-	-	1,622,169
Nonproperty tax items	22,780,946	-	-	-	22,780,946
Departmental income	3,489,977	-	-	1,824,022	5,313,999
Intergovernmental charges	394,591	933,594	-	2,000	1,330,185
Use of money and property	487,387	2,671	101,109	81,477	672,644
Licenses and permits	-	-	-	8,125	8,125
Fines and forfeitures	139,781	-	-	-	139,781
Sale of property and compensation for loss	61,650	3,488	-	796,259	861,397
Interfund revenue	793,122	-	-	3,597,475	4,390,597
State sources	13,828,801	3,609,209	2,246,949	22,441	19,707,400
Federal sources	8,733,818	715,929	4,268,488	167,464	13,885,699
Miscellaneous local sources	311,636	8,740	565,570	610,211	1,496,157
Total revenue	<u>90,192,134</u>	<u>5,273,631</u>	<u>7,182,116</u>	<u>7,631,014</u>	<u>110,278,895</u>
Expenditures:					
General government support	14,696,969	-	1,032,686	23,270	15,752,925
Education	5,765,643	-	48,906	-	5,814,549
Public safety	15,029,763	497,732	903,774	41,280	16,472,549
Health	4,641,997	-	-	-	4,641,997
Transportation	-	12,486,219	5,233,340	4,688,427	22,407,986
Economic assistance and opportunity	30,761,727	-	-	114,952	30,876,679
Culture and recreation	1,196,271	-	-	-	1,196,271
Home and community	1,070,585	-	101,455	1,686,705	2,858,745
Employee benefits	1,375,767	1,819,804	-	633,106	3,828,677
Debt service - principal	224,086	-	-	280,334	504,420
Debt service - interest	70,925	104,522	-	629,470	804,917
Total expenditures	<u>74,833,733</u>	<u>14,908,277</u>	<u>7,320,161</u>	<u>8,097,544</u>	<u>105,159,715</u>
Excess (deficiency) of revenue over expenditures	<u>15,358,401</u>	<u>(9,634,646)</u>	<u>(138,045)</u>	<u>(466,530)</u>	<u>5,119,180</u>
Other financing sources (uses):					
BANS redeemed from appropriations	-	-	184,500	-	184,500
Proceeds from capital leases	-	-	17,340	-	17,340
Interfund transfers in	12,331	9,489,166	363,510	443,749	10,308,756
Interfund transfers out	<u>(10,206,397)</u>	<u>(49,850)</u>	<u>(52,509)</u>	-	<u>(10,308,756)</u>
Total other financing sources (uses)	<u>(10,194,066)</u>	<u>9,439,316</u>	<u>512,841</u>	<u>443,749</u>	<u>201,840</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	5,164,335	(195,330)	374,796	(22,781)	5,321,020
Fund balances (deficit) at beginning of year	13,999,946	1,454,573	(5,540,243)	4,473,909	14,388,185
Fund balances (deficit) at end of year	<u>\$ 19,164,281</u>	<u>1,259,243</u>	<u>(5,165,447)</u>	<u>4,451,128</u>	<u>19,709,205</u>

See accompanying notes to financial statements.

COUNTY OF WASHINGTON, NEW YORK
Reconciliation of Statement of Revenue, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities
Year ended December 31, 2019

Net change in fund balances - total Governmental Funds		\$ 5,321,020
Amounts reported for Governmental Activities in the statement of activities are different because:		
Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital outlay	\$14,397,547	
Addition of right to use lease asset	17,340	
Disposal of capital assets	(223,994)	
Depreciation expense	<u>(10,091,287)</u>	4,099,606
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds.		
Change in deferred taxes		(4,787,242)
Proceeds from lease liabilities is a financing sources in the governmental funds, but increases long-term liabilities in the Statement of Net Position.		
		(17,340)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Bonds payable	215,000	
TASC bonds payable	70,000	
State loans payable	25,000	
Leases	<u>9,920</u>	319,920
Unamortized bond premiums are recorded as revenue in the government funds but are deferred in the government-wide financial statements, to be recognized over the life of the bonds. This is the amount of the premium amortized in the current year.		
		10,218
Deferred loss from refunding on bonds payable that was reported as expenditures in the governmental funds are deferred on the government-wide statements.		
		(6,943)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the Governmental Funds.		
Increase/decrease:		
Landfill closure and postclosure costs	9,043	
Total OPEB liability	(8,439,768)	
Accrued payable	2,147	
Net pension liability	(4,397,425)	
Compensated absences	<u>(11,098)</u>	(12,837,101)
Certain items related to changes in long-term liabilities are reflected in the statement of net position.		
Deferred outflows of resources - pensions	(4,952,777)	
Deferred inflows of resources - pensions	9,091,745	
Deferred outflows of resources - other postemployment benefits	6,773,824	
Deferred inflows of resources - other postemployment benefits	<u>(3,365,529)</u>	7,547,263
Change in net position of the internal service funds are not reported in governmental funds but included in government-wide Statement of Activities.		
		<u>715,138</u>
Change in net position of Governmental Activities		<u>\$ 364,539</u>

See accompanying notes to financial statements.

COUNTY OF WASHINGTON, NEW YORK
Statement of Net Position
Proprietary Funds
December 31, 2019

	<u>Internal Service Funds</u>		
	Workers' Compensation <u>Fund</u>	Self Insured Health Benefits <u>Fund</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and equivalents	\$ 437,596	4,735,934	5,173,530
Accounts receivable	1,158,898	469	1,159,367
Due from State and Federal governments	71,565	-	71,565
Prepaid expenses	<u>-</u>	<u>107,823</u>	<u>107,823</u>
Total current assets	1,668,059	4,844,226	6,512,285
Restricted assets - cash and equivalents	<u>1,789,420</u>	<u>-</u>	<u>1,789,420</u>
Total assets	<u>3,457,479</u>	<u>4,844,226</u>	<u>8,301,705</u>
Liabilities:			
Current liabilities:			
Accounts payable	142,119	355,065	497,184
Accrued liabilities	-	716,298	716,298
Other liabilities	1,045	-	1,045
Due to governmental funds	<u>84,581</u>	<u>7,503</u>	<u>92,084</u>
Total current liabilities	227,745	1,078,866	1,306,611
Noncurrent liabilities - judgements and claims	<u>3,229,734</u>	<u>-</u>	<u>3,229,734</u>
Total liabilities	<u>3,457,479</u>	<u>1,078,866</u>	<u>4,536,345</u>
Net position - restricted	<u>\$ -</u>	<u>3,765,360</u>	<u>3,765,360</u>

See accompanying notes to financial statements.

COUNTY OF WASHINGTON, NEW YORK
 Statement of Revenue, Expenses
 and Changes in Net Position
 Proprietary Funds
 Year ended December 31, 2019

	<u>Internal Service Funds</u>		
	Workers'	Self Insured	
	Compensation	Health Benefits	
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
Operating revenue:			
Charges for services	\$ 1,038,515	8,398,755	9,437,270
Sale of property and compensation for loss	249,986	-	249,986
Miscellaneous	20,187	-	20,187
Total operating revenue	<u>1,308,688</u>	<u>8,398,755</u>	<u>9,707,443</u>
Operating expenses - employee benefits	<u>1,358,702</u>	<u>7,753,493</u>	<u>9,112,195</u>
Gain (loss) from operations	(50,014)	645,262	595,248
Non-operating revenue - interest income	<u>50,014</u>	<u>69,876</u>	<u>119,890</u>
Change in net position	-	715,138	715,138
Net position at beginning of year	<u>-</u>	<u>3,050,222</u>	<u>3,050,222</u>
Net position at end of year	<u>\$ -</u>	<u>3,765,360</u>	<u>3,765,360</u>

See accompanying notes to financial statements.

COUNTY OF WASHINGTON, NEW YORK
Statement of Cash Flows
Proprietary Funds
Year ended December 31, 2019

	<u>Internal Service Funds</u>		
	Workers' Compensation <u>Fund</u>	Self Insured Health Benefits <u>Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from governmental funds	\$ 1,056,273	8,405,789	9,462,062
Cash payments for services and payables	(1,304,699)	(7,659,943)	(8,964,642)
Cash paid to employees and benefits	<u>(52,205)</u>	<u>-</u>	<u>(52,205)</u>
Net cash provided by (used in) operating activities	<u>(300,631)</u>	<u>745,846</u>	<u>445,215</u>
Cash flows from investing activities - interest income	<u>50,014</u>	<u>69,876</u>	<u>119,890</u>
Change in cash and equivalents	(250,617)	815,722	565,105
Cash and equivalents at beginning of year	<u>2,477,633</u>	<u>3,920,212</u>	<u>6,397,845</u>
Cash and equivalents at end of year	<u>\$ 2,227,016</u>	<u>4,735,934</u>	<u>6,962,950</u>
Reconciliation of cash and equivalents to the balance sheet:			
Current	\$ 437,596	4,735,934	5,173,530
Non-current	<u>1,789,420</u>	<u>-</u>	<u>1,789,420</u>
	<u>\$ 2,227,016</u>	<u>4,735,934</u>	<u>6,962,950</u>
Reconciliation of gain (loss) from operations to net cash provided by (used in) operating activities:			
Gain (loss) from operations	\$ (50,014)	645,262	595,248
Adjustments to reconcile gain (loss) from operations to net cash provided by (used in) operating activities:			
Changes in:			
Accounts receivables	(124,988)	(469)	(125,457)
Due from State and Federal governments	(71,565)	-	(71,565)
Prepaid expenses	-	1,885	1,885
Accounts payable	54,234	130,203	184,437
Accrued expenses	-	(38,538)	(38,538)
Judgements and claims	(52,205)	-	(52,205)
Due to other governments	(231)	-	(231)
Due to other funds	<u>(55,862)</u>	<u>7,503</u>	<u>(48,359)</u>
Net cash provided by (used in) operating activities	<u>\$ (300,631)</u>	<u>745,846</u>	<u>445,215</u>

See accompanying notes to financial statements.

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

	<u>Agency Fund</u>	<u>Private Purpose Trust Funds</u>	<u>Total</u>
Assets:			
Cash and equivalents	\$1,018,028	-	1,018,028
Accounts receivable	17,198	-	17,198
Due from other funds	21,100	-	21,100
Restricted assets - cash and equivalents	<u>8,796</u>	<u>2,598</u>	<u>11,394</u>
Total assets	<u>1,065,122</u>	<u>2,598</u>	<u>1,067,720</u>
Liabilities:			
Agency liabilities	993,451	-	993,451
Due to other governments	671	-	671
Due to other funds	<u>71,000</u>	<u>-</u>	<u>71,000</u>
Total liabilities	<u>1,065,122</u>	<u>-</u>	<u>1,065,122</u>
Net position:	<u>\$ -</u>	<u>2,598</u>	<u>2,598</u>

See accompanying notes to financial statements.

COUNTY OF WASHINGTON, NEW YORK
 Statement of Changes in Net Position
 Fiduciary Fund
 Year ended December 31, 2019

	Private Purpose Trust <u>Funds</u>
Revenue - interest income	\$ 1
Expense - miscellaneous	<u>(1)</u>
Change in net position	-
Net position at beginning of year	<u>2,598</u>
Net position at end of year	<u><u>\$ 2,598</u></u>

See accompanying notes to financial statements.

COUNTY OF WASHINGTON, NEW YORK

Notes to Financial Statements

December 31, 2019

(1) Summary of Significant Accounting Policies

The financial statements of the County of Washington, New York (the County) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

(a) Financial Reporting Entity

Washington County, New York, which was established in 1784, is governed by the general laws of the State of New York and various local laws and ordinances. The County Board of Supervisors, which is the legislative body responsible for the overall operation of the County, consists of the Town Supervisors representing the seventeen towns within the County. The Chairman of the Board, elected by the Board each year, is the chief executive officer of the County. The Board of Supervisors also appoints a County Administrator and a Clerk of the Board. The Chairman of the Finance Committee has been appointed as the Budget Officer. The County Treasurer, elected at large to a four year term, is the chief fiscal officer of the County. The County Clerk, Sheriff, and District Attorney are constitutional officials and are elected in accordance with constitutional provisions.

The County provides the following basic services: general government, education, public safety, social services, recreation, health and nursing services, road maintenance, public improvements, home and community services, general administrative services, and solid waste management services. The County participates in the Workforce Investment Act for Saratoga, Warren and Washington Counties as administered by Saratoga County.

All Governmental Activities and functions performed for the County are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of (a) the primary government which is the County of Washington, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement No. 14 - "The Financial Reporting Entity," as amended by GASB Statement No. 39 - "Determining Whether Certain Organizations are Component Units," as amended by GASB Statement No. 80 - "Blending Requirements for Certain Component Units."

The decision to include a potential component unit in the County's reporting entity is based on several criteria set forth in GASB Statement No. 14 as amended by GASB Statements No. 39 and No. 80, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following are included as a discretely presented component units:

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(a) Financial Reporting Entity, Continued

The Washington County Soil and Water Conservation District is administered by a Board of Directors, of which 40% are members of the Washington County Board of Supervisors. Approximately 8% of the District's revenues are generated by a transfer from the Washington County General Fund. The District is considered a component unit and is discretely presented.

The Washington County Local Development Corporation (LDC) was incorporated in 1985 under the Not-For-Profit Law of the State of New York. Ten County Board Supervisors serve on the seventeen person board of the LDC. The LDC is considered a component unit of the County and is discretely presented.

Washington Tobacco Asset Securitization Corporation (WTASC) was incorporated in 2000 under the Not-For-Profit Law of the State of New York for the purpose of bonding the value of future receipts due to Washington County, New York under the New York State Tobacco Settlement Agreement. WTASC sold bonds on December 7, 2000 and paid over the proceeds net of issuance costs to Washington County who used the funds to build a county jail. These bonds were subsequently defeased as described in the accompanying note regarding indebtedness. WTASC is a blended component unit of the County.

Complete financial statements of individual component units can be obtained from their respective administrative offices as follows:

Washington County Soil and Water Conservation
District USDA Service Center
2530 State Route 40
Greenwich, New York 12834

Washington County Local Development Corporation
County Office Complex
383 Upper Broadway
Fort Edward, New York 12828

Washington Tobacco Asset Securitization Corporation
County Office Complex
383 Upper Broadway
Fort Edward, New York 12828

(b) Basic Financial Statements

The County's basic financial statements include both Government-wide (reporting the County as a whole) and Governmental Funds financial statements (reporting the County's funds). Both the Government-wide and Governmental Funds financial statements categorize primary activities as either Governmental or Business-type. The County's general governmental support, education, public safety, health, transportation, economic assistance and opportunity, culture and recreation, and home and community services are classified as Governmental Activities.

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Basic Financial Statements, Continued

(1) Government-wide Financial Statements

The Government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of activities for the primary government and for the County's discretely presented component units. Government-wide financial statements do not include the activities reported in the Fiduciary Funds. This Government-wide focus is more on the sustainability of the County as an entity and the change in the County's net position resulting from the current year's activities.

The Government-wide statements of net position and activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets, receivables, and deferred outflows of resources as well as long-term debt, obligations and deferred inflows of resources. The County's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost for each of the County's functions or programs. Gross expenses are direct expenses, including depreciation, that are specifically associated with a service, program or department and, therefore, are clearly identifiable to a particular function. These expenses are offset by program revenue - charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the program or capital requirements of a particular program. Revenue which is not classified as program revenue, is presented as general revenue of the County, with certain limited exceptions. The net cost represents the extent to which each function or program is self-financing or draws from the general revenue of the County.

(2) Fund Financial Statements

The financial transactions of the County are reported in individual funds in the funds financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund balance or net position, revenue, and expenditures or expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The County records its transactions in the fund types and account groups described below:

Governmental Funds - Governmental Funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources, and the related liabilities are accounted for through Governmental Funds. The measurement focus of the Governmental Funds is based upon determination of financial position and changes in financial position. The following are the County's Governmental Funds:

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Basic Financial Statements, Continued

(2) Fund Financial Statements, Continued

Major Funds:

General Fund - Principal operating fund; includes all operations not required to be recorded in other funds.

County Road Fund - This fund is used to account for expenditures for highway purposes authorized by Section 114 of the Highway Law.

Capital Projects Funds - Used to account for the financial resources to be used for the acquisition or construction of major capital facilities and equipment.

Nonmajor Funds:

Special Revenue Funds - Used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following Special Revenue Fund is reported as a major fund:

Road Machinery Fund - Used to account for the purchase, repair, maintenance, and storage of highway machinery, tools, and equipment pursuant to Section 133 of Highway Law.

Sewer Fund - Two funds used to account for taxes and other revenues which are raised or received to provide related services to an area which encompasses less than the whole county.

Community Development Fund - Used to account for the use of federal monies received under the Workforce Investment Act.

Car Pool Fund - Used to account for the purchase, repair, maintenance, and fuel used for the County vehicles.

Federal Forfeitures Fund - Used to account for moneys received from the Federal Equitable Sharing Program involving the proceeds from Drug Enforcement Agency cases and certain moneys confiscated during police actions. The money is restricted to certain law enforcement activities.

Washington Tobacco Asset Securitization Corporation - Used to bond the value of future receipts due to the County under the New York State Tobacco Settlement Agreement.

COUNTY OF WASHINGTON, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Basic Financial Statements, Continued

(2) Fund Financial Statements, Continued

Proprietary Funds - Used to account for the County's ongoing activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income. The County the following proprietary funds that are internal service funds.

Internal Service Funds - Used to account for operations that provide a service and are financed primarily by a user charge for the provision of that service or the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The following are the County's Enterprise Funds:

Self-Insured Health Benefits Fund - Used to account for the administration and obligations of the County's self-insured health plan for the benefit of county employees and its retirees.

Workers' Compensation Fund - Used to account for the administration, compensation, and other obligations of the County's self-insurance program under the Workers' Compensation Law, Article 5.

Fiduciary Funds - Used to account for assets held by the County in a trustee or custodial capacity, which therefore, are not available to support the County's programs. The following comprise the County's Fiduciary Funds:

Agency Fund - Is custodial in nature and does not present results of operations or have a measurement focus. The Agency Fund is accounted for using the cash basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

Private Purpose Trust Funds - Is custodial in nature and presents all other trust arrangements where principal and income benefit individuals, private organizations and other governments. The Private Purpose Trust Funds are accounted for using the cash basis of accounting.

Component Units - Used to report the activities of the following entities:

Washington County Soil and Water Conservation District

Washington County Local Development Corporation

Washington Tobacco Asset Securitization Corporation (blended component unit)

(c) Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenue and expenditures/expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures or expenses.

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Basis of Accounting/Measurement Focus, Continued

(1) Accrual Basis - The Government-wide financial statements and the Fiduciary Fund financial statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the County’s assets, deferred outflows of resources, liabilities and deferred inflows of resources, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenue is recognized when earned and expenses are recognized when incurred.

(2) Modified Accrual Basis - Under this basis of accounting, revenue is recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenue that is accrued includes: real property taxes, State and Federal aid, sales tax, and certain user charges. The County considers property tax receivables collected within 60 days after year-end to be available and recognizes them as revenue of the current year. All other revenue deemed collectible within one year after year-end is recognized as revenue in the current year. If expenditures are the prime factor for determining eligibility, revenue from Federal and State grants is accrued when the related expenditures are made.

Expenditures are recorded when incurred. The cost of capital assets is recognized as an expenditure when received. Exceptions to this general rule are that (1) principal and interest on indebtedness are not recognized as an expenditure until due, and (2) compensated absences, such as vacation and sick leave which vests or accumulates, are charged as an expenditure when paid.

(d) Cash and Equivalents

For financial statement purposes, the County considers all highly-liquid investments with original maturities of three months or less to be cash equivalents.

Statutes authorize the County to invest its surplus cash in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, public authorities, public housing authorities urban renewal agencies, and industrial development agencies where the general State statutes governing such entities or whose specific enabling legislation authorizes such investments.

(e) Budget Policies

The County employs the following budgetary procedures:

- In September, department heads receive budget forms and submit their requests to the budget officer.
- No later than November 15, the budget officer submits a tentative budget to the Clerk of the Board of Supervisors for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for the following funds: general, sewer, self-insurance, county road, road machinery, solid waste management, and solid waste.

COUNTY OF WASHINGTON, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(e) Budget Policies, Continued

- After public hearings are conducted to obtain taxpayer comments, but no later than December 20, the Board of Supervisors adopts the County budget.
- Any revisions that alter total appropriations of any department or fund must be approved by the Board of Supervisors.
- Budgetary controls are established for the capital projects fund through resolutions authorizing individual projects that remain in effect for the life of the project. Budgets are prepared for the proprietary fund primarily to establish any estimated contributions required from other funds.

(f) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances at year-end are reported as assigned-appropriated fund balance since the commitments do not constitute expenditures or liabilities.

(g) Inventories

Inventories are comprised of paper and supplies (general fund) and fuel oil, parts, sand and salt (special revenue funds), and are valued at the lower of cost or market. The expenditure is recognized when the inventory is purchased, but for governmental fund financial statement purposes, the year-end balance on hand is reported as an asset in the balance sheet with an offsetting nonspendable fund balance.

(h) Real Property Taxes

Property taxes are levied annually on January 1. The principal components are as follows:

- (1) Taxes for county purposes are based on county budgetary requirements. Such taxes are apportioned to the towns on the basis of full valuation of taxable properties and assessed through use of an ad valorem tax rate.
- (2) Town and special district taxes are based on their budgetary requirements. These taxes are levied on properties within the appropriate town or district and assessed by use of an ad valorem tax rate or benefit basis.
- (3) Unpaid school district taxes on town properties and unpaid village taxes are turned over to the County for collection. Any remaining unpaid taxes at year end are re-levied as county taxes against the individual properties.

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(h) Real Property Taxes, Continued

Collection of county property taxes are as follows:

All property taxes are the enforcement responsibility of the County. The town and special districts receive the full amount of their levies annually. School districts and villages are paid by the County for the full amount of delinquent taxes turned over to the County for enforcement.

County taxes receivable as described above consist in part of direct county tax revenues and in part of taxes initially levied for the purpose of other local governments over which the County exercises no fiscal control. Therefore, the deferred inflows of resources on the County General Fund balance sheet at December 31, 2019 include total taxes receivable owned by the County, less the amount estimated to be available within the first 60 days of the subsequent year.

(i) Non-Property Taxes

The primary non-property tax item is sales tax. The County has enacted a 3% County wide sales tax. Sales tax is recorded as revenue in the general fund when it is received and is adjusted for year-end accruals. As of 2006, a flat \$1,000,000 of sales tax revenue is distributed to the towns and villages based on 50% population and 50% assessed valuation for each municipality.

(j) Receivables

Receivables are stated net of estimated allowances for uncollectible amounts. Amounts due from State and Federal governments represent amounts owed to the County for reimbursement of expenditures incurred pursuant to State and Federally funded programs.

(k) Capital Assets

Capital assets include property, plant and equipment, and infrastructure assets with an estimated useful life in excess of two years and a cost of at least \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value as of the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(k) Capital Assets, Continued

Capital assets, which include property, plant and equipment of the County are depreciated using the straight-line method over the following useful lives.

Assets

Buildings	40 Years
Road improvements	12 Years
Bridges	50 Years
Sewer lines	50 Years
Equipment	5-15 Years
Vehicles	3-13 Years

(l) Self-Insurance

(1) General Liability - The County assumes the liability for most risk including comprehensive general liability, auto liability, and law enforcement liability. 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 liability is funded by annual budget appropriations. It is management's belief that any estimated current contingent loss liabilities (i.e., those to be liquidated with available financial resources in the ensuing fiscal year), of Governmental Fund types are not significant. All revenue and expenditures related to the County's general liability self-insurance plan are recorded in the General Fund.

(2) Workers' Compensation - The County participates in a self-insurance plan (the Plan) established to pay claims and judgments for workers' compensation. The guidance provided by GASB Statement No. 10 - "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," indicates that these activities should be accounted for in an Internal Service Fund. Accordingly, the County accounts for the activities of this pool in its Workers' Compensation Internal Service Fund.

(3) Health Insurance - The County is self-insured for its health care benefits and accounts for this activity in the County's Self Insured Health Benefits Internal Service Fund.

(m) Compensated Absences

Under the terms of a resolution of the Board of Supervisors and contractual agreements, employees are entitled to vacation leave, personal leave, and sick leave in varying amounts depending upon years of service. Upon termination of employment, employees are entitled to payment for all accumulated vacation leave and personal leave, but they are not entitled to payment for accumulated sick leave. Year-end estimated liabilities of \$988,256 (includes FICA and Medicare) for compensated absences were determined based upon a survey of each department made by the County Administrator and were not deemed material to be reflected as a liability in the financial statements of the individual funds.

COUNTY OF WASHINGTON, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(n) Postemployment Benefits

The County provides health insurance coverage and survivor benefits for 434 retired employees and their spouses. Substantially all of the County's employees may become eligible for these benefits if they reach normal retirement age while working for the County after 20 years of service. The health care benefits and survivors benefits are provided through an insurance company whose premiums are based on the benefits paid during the year.

(o) Retirement Plans

The County provides retirement benefits for substantially all of its full-time and those part-time employees who elect to participate, through contributions to the New York State and Local Employees' Retirement System. This retirement system is noncontributory except for employees who joined their respective systems after July 27, 1976 and must contribute a percentage of their annual salary.

The member contributions are deducted by the County from the employees' paychecks and are sent currently to the system. The retirement system computes the cost of retirement benefits based on their respective fiscal years - April 1 - March 31.

(p) Net Position and Fund Balance Classifications

In the Government-wide statements equity is classified as net position and displayed in three components:

- i) Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- ii) Restricted net position - consists of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Additionally, the positive fund balances from special revenue funds are included as restricted net position.
- iii) Unrestricted net position - consists of net position without constraints.

Fund balance is reported in five different classifications: nonspendable, restricted, committed, assigned, and unassigned.

- i) Nonspendable consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.
- ii) Restricted consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

COUNTY OF WASHINGTON, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(p) Net Position and Fund Balance Classifications, Continued

- iii) Committed consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The County Board of Supervisors is the decision-making authority that can, by Board resolution, commit fund balance.
- iv) Assigned consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance.
- v) Unassigned represents the residual classification for the government's general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When resources are available from multiple classifications, the County spends funds in the following order: restricted, committed, assigned, unassigned.

(q) Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, it is the County's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

The County records reserves to indicate the portion of the fund balance that is legally segregated for a specific future use or not available for current appropriation. The reserve for DWI program is established to indicate a portion of fund balance is restricted for expenditures under the STOP - DWI program. The balance as of December 31, 2019 was \$283,379.

Board of Supervisors' Resolution No. 355 dated December 17, 2004 established a General Liability and Property Reserve to help self-insure certain county properties which were removed from the county's insurance policies. The balance as of December 31, 2019 was \$902,113.

Board of Supervisors' Resolution No. 287 dated October 19, 2012 established a reserve for tax foreclosure liability abatement to be funded up to \$50,000 per year with a maximum reserve of \$1,000,000. The balance as of December 31, 2019 was \$301,020.

Board of Supervisors Resolution No. 89 dated April 17, 2015 established a reserve effective December 31, 2014 for the residual Intergovernmental Transfer Monies from the Enterprise Fund. These monies are restricted to legacy costs of the former Nursing Home, which was sold in January of 2014. The balance as of December 31, 2019 was \$445,516.

Board of Supervisors Resolution No. 286 dated December 18, 2015 established a reserve for tax litigations, in the amount of \$1,000,000. The balance as of December 31, 2019 was \$300,000.

COUNTY OF WASHINGTON, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(q) Restricted Resources, Continued

The reserve for occupancy tax represents remaining proceeds earned on occupancy tax collections. The balance as of December 31, 2019 was \$49,264.

The reserve for debt represents remaining debt proceeds and interest earned on deposits of debt proceeds which will be used to offset future debt service payments. The balance as of December 31, 2019 was \$59,796.

Board of Supervisors' Resolution No. 392 of December 15, 2000, amended the Local Law for Washington County Sewer District No. 2 to allow the creation of a Capital Reserve pursuant to General Municipal Law Section 6c. Annual levy charges are paid annually in advance by each property in the Washington County Sewer District #2, which is a part County benefit. The method of benefit determination and cost apportionment of these charges are based on an ad valorem tax system whereby each property in the district is billed in proportion to its assessed value. The annual levy consists of those costs attributable to debt service and capital costs. Capital Costs as defined in Local Law means that amount appropriated by the Washington County Board of Supervisors to fund the district's Capital Reserve Fund established pursuant to General Municipal Law, Section 6c. The balance as of December 31, 2019 was \$676,493.

Local Law D of 2013 adopted via Board of Supervisors' Resolution No. 278 dated November 15, 2013 created a reserve for repairs in the Sewer District O&M fund funded by new in district connection fees, in the amount of \$1,000, and out of district connection fees, in the amount of \$2,500. The balance as of December 31, 2019 were \$25,800 and \$57,825, respectively.

The reserve from Crime Proceeds is established to indicate a portion of the fund balance reserved for the County's share of federally forfeited property restricted to Law Enforcement expenditures. The balance as of December 31, 2019 was \$105,700.

The WTASC establishes a reserve for debt payments required by the bond indenture. The balance at December 31, 2019 was \$907,832.

The reserve for Workers' Compensation has been established to indicate a portion of fund balance is restricted for the payment of future claims. The balance as of December 31, 2019 was \$1,789,420.

(r) Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenue and expenditures/expenses. Reimbursements arise when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between Governmental or Proprietary Funds are netted as part of the reconciliation to the Government-wide financial statements.

COUNTY OF WASHINGTON, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(s) Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Actual results could differ from these estimates.

(t) Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has four items that qualify for reporting in this category. The first item is related to pensions reported in the County-wide statement of net position. This represents the effect of the net change in the County's proportion of the collective net pension asset or liability and difference during the measurement period between the County's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the County contributions to the pension system subsequent to the measurement date. The third item is the deferred loss the County incurred on its debt refunding transaction. The fourth item is tobacco settlement receivables.

Deferred inflows of resources reflects an increase in net position that applies to future periods. The County will not recognize the related revenues until a future event occurs. The County has four types of items that qualify for reporting in this category. The first item occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the fiscal year) under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, deferred property taxes and unbilled server receivables are reported in the governmental funds balance sheet. The second item is related to pensions reported in the County's statement of net position, and represents the change in the proportion between the County's contributions and proportionate share of contributions. The third item is related to the tobacco settlement, which offsets the deferred outflow in the same account. The fourth item is related to the total OPEB liability in the County's statement of net position, and represents the difference between expected and actual experience.

(u) Concentrations of Credit Risk

Financial instruments which potentially expose the primary government to concentrations of credit risk consist primarily of taxes receivable and tax sale certificates which are secured by property values throughout the County.

Included in accounts receivable in the general fund are accounts receivable in the amount of \$84,128 related to the Pleasant Valley Infirmary. The Infirmary granted credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements. Management considers the receivable from Pleasant Valley Infirmary to be collectible at December 31, 2019.

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(u) Concentrations of Credit Risk

Financial instruments which potentially expose the County's component units to concentrations of credit risk consist primarily of loans receivable of the Local Development Corporation. Management considers all loans net of allowance to be collectible at December 31, 2019.

(v) Expenditures in Excess of Budget

Certain individual budgetary expenditures exceeded their budgetary authorizations in the general fund.

(w) Subsequent Events

Management has evaluated subsequent events through the date of the report, which is the date the financial statements were available to be issued and have determined there are no subsequent events that require disclosure under generally accepted accounting principles except as indicated below.

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the County and its future results and financial position is not presently determinable.

GASB issued Statement No. 95 - "Postponement of the Effective Dates of Certain Authoritative Guidance" in May 2020. This Statement has the primary objective of providing temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued. Disclosures in note 8 have been updated accordingly.

(2) Detail Notes

(a) Assets

(1) Cash and Cash Equivalents

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 FDIC-insured commercial banks or trust companies located within the State. The County Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit 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 municipalities and school districts.

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(a) Assets, Continued

(1) Cash and Cash Equivalents, Continued

Custodial credit risk is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. While the County does not have a specific policy for custodial credit risk, State statutes govern the County’s investment policies, as discussed previously in these notes.

GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the County’s name.

Deposits and investments at year-end were entirely covered by Federal depository insurance or by collateral held by the County’s custodial banks in the County’s name. All deposits, including certificates of deposit, are carried at cost. The table below describes cash and investment balances and related collateralization:

<u>Fund Type</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Governmental activities	\$ 31,669,205	31,624,093
Fiduciary funds	<u>1,029,422</u>	<u>2,345,536</u>
Total cash balances	\$ <u>32,698,627</u>	<u>33,969,629</u>
Insured (FDIC)		17,279,674
Insured - collateral held in the County’s name		<u>16,689,955</u>
Total cash balances		\$ <u>33,969,629</u>

(2) Property Taxes

At December 31, 2019, the total real property taxes receivable of \$10,156,399 are net of an allowance for uncollectible taxes of \$250,000.

Current year returned school taxes of \$4,811,961 are offset by liabilities to the school districts, which will be paid no later than April 15, 2020. The remaining portion of taxes receivable is partially offset in the Governmental Fund financial statements by deferred inflows of resources of \$3,983,972 (which represents an estimate of the taxes which will not be collected within the first sixty (60) days of the subsequent year).

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(a) Assets, Continued

(3) Capital Asset Activity

Capital asset activity for the year ended December 31, 2019 was as follows:

	<u>Balance at</u> <u>12/31/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12/31/19</u>
Governmental Activities:				
Non-depreciable capital assets:				
Land	\$ 777,631	68,917	79,974	766,574
Construction in progress	<u>7,628,399</u>	<u>444,925</u>	<u>-</u>	<u>8,073,324</u>
Total non-depreciable capital assets	<u>8,406,030</u>	<u>513,842</u>	<u>79,974</u>	<u>8,839,898</u>
Depreciable assets:				
Buildings	40,199,654	206,751	17,500	40,388,905
Improvements	2,064,268	598,200	-	2,662,468
Bridges	41,878,874	5,830,042	-	47,708,916
Roads	54,597,954	4,187,741	-	58,785,695
Infrastructure	14,688,659	-	-	14,688,659
Machinery and equipment	26,876,520	3,060,971	1,508,269	28,429,222
Right to use lease asset	<u>22,772</u>	<u>17,340</u>	<u>2,158</u>	<u>37,954</u>
Total depreciable capital assets	<u>180,328,701</u>	<u>13,901,045</u>	<u>1,527,927</u>	<u>192,701,819</u>
Total cost	<u>188,734,731</u>	<u>14,415,887</u>	<u>1,607,901</u>	<u>201,541,717</u>
Less accumulated depreciation:				
Buildings	22,166,782	1,712,115	17,026	23,861,871
Improvements	537,604	201,351	-	738,955
Bridges	9,139,190	1,075,784	-	10,214,974
Roads	35,086,031	4,135,017	-	39,221,048
Infrastructure	7,744,298	316,854	-	8,061,152
Machinery and equipment	19,007,287	2,642,404	1,366,881	20,282,810
Right to use lease asset	<u>-</u>	<u>7,762</u>	<u>-</u>	<u>7,762</u>
Total accumulated depreciation	<u>93,681,192</u>	<u>10,091,287</u>	<u>1,383,907</u>	<u>102,388,572</u>
Governmental Activities capital assets, net	\$ <u>95,053,539</u>	<u>4,323,600</u>	<u>223,994</u>	<u>99,153,145</u>

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(a) Assets, Continued

(3) Capital Asset Activity, Continued

Depreciation expense was charged to functions as follows:

General government support	\$ 1,692,406
Education	1,388
Public safety	752,801
Health	10,657
Transportation	6,975,240
Economic assistance and opportunity	44,753
Culture and recreation	672
Home and community	<u>613,370</u>
Total	<u>\$ 10,091,287</u>

(b) Loans and Lease Receivable

Washington County Local Development Corporation

Loans receivable includes various amounts loaned to local businesses through its revolving loan program. Of the gross receivables of \$3,348,332, there is an allowance for doubtful accounts of \$313,153, making the net receivables of \$3,035,179. Of this net receivables balance, \$412,171 are due within one year and \$2,623,008 are due thereafter through 2036.

In addition, the Washington County Local Development Corporation entered into a Rural Business Enterprise Grant agreement with the U.S. Department of Agriculture for the purpose of purchasing equipment. During 2015, the LDC purchased equipment in the amount of \$95,220 which it then leased to a local business. The total amount of the lease payment will be equal to 40% of the purchase price of the equipment, \$38,088. The business will make monthly lease payments of \$430 through June 1, 2022, the expected life of the equipment. The title to the equipment is to be held in the name of the LDC during the lease period. At the end of the lease period, the equipment is to be conveyed to the business for the sum of \$1. The balance due as of December 31, 2019, was \$13,314.

Lease payments receivable consisted of the following at December 31, 2019:

Years ending December 31,

2020	\$ 5,155
2021	5,155
2022	<u>3,004</u>
Total	<u>\$ 13,314</u>

Upon receipt of the lease proceeds, the LDC is required to use the funds to provide term loans for specific purposes that support local farm and/or agricultural related business.

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(c) Liabilities

(1) Pension Plans

(a) Plan Descriptions and Benefits Provided

Employees' Retirement System (ERS)

The County participates in the New York State and Local Employees' Retirement System. This is 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 net assets and record changes in plan 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 provision of the New York State Retirement and Social Security Law (RSSL). 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 County also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard 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, New York 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 and before April 1, 2012 who generally contribute 3.0 percent of their salary for their entire length of service. Those joining on or after April 21, 2012 are required to contribute between 3 and 6 percent, dependent on salary, throughout their working careers. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems fiscal year ending March 31.

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(c) Liabilities, Continued

(1) Pension Plans, Continued

(b) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the County reported the following liability for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The County's proportionate share of the net pension liability was based on a projection 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 ERS in reports provided to the County.

	<u>Governmental Activities</u>	<u>Soil and Water Conservation District</u>
Measurement date	3/31/2019	3/31/2019
Net pension liability	\$ 7,920,179	50,538
County's proportion of the Plan's net pension liability	0.1117832%	0.0007133%
Change in proportionate share from prior year	0.0026333	0.0000183

For the year ended December 31, 2019, the County recognized pension expense of \$4,127,587 and \$35,909 for governmental activities and the Soil and Water Conservation District, respectively, in the Statement of Activities. At December 31, 2019 the County's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Washington County</u>		<u>Soil and Water Conservation District</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,559,649	531,667	9,952	3,393
Changes of assumptions	1,990,809	-	12,703	-
Net difference between projected and actual investment earnings on pension plan investments	-	2,032,756	-	12,971
Changes in proportion and differences between the County's contributions and proportionate share of contributions	159,087	1,532,972	6,271	3,050
County's contributions subsequent to the measurement date	<u>2,929,669</u>	<u>-</u>	<u>25,781</u>	<u>-</u>
Total	\$ <u>6,639,214</u>	<u>4,097,395</u>	<u>54,707</u>	<u>19,414</u>

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(c) Liabilities, Continued

(1) Pension Plans, Continued

(b) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

County contributions subsequent to the December 31, 2019 measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending</u>	<u>Washington County</u>	<u>Soil and Water Conservation District</u>
2020	\$ 893,916	11,053
2021	(1,881,649)	(7,848)
2022	(372,183)	(840)
2023	972,066	7,147
2024	-	-
Thereafter	-	-

(c) Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuation used the following actuarial assumptions:

Measurement date	March 31, 2019
Actuarial valuation date	April 1, 2018
Investment rate of return (net of investment expense, including inflation)	7.0%
Salary increases	4.2%
Inflation rate	2.5%
Cost-of-living adjustments	1.3%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(c) Liabilities, Continued

(1) Pension Plans, Continued

(c) Actuarial Assumptions, Continued

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 the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
Asset class:		
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.50%
Real estate	10.00%	5.55%
Absolute return strategies (1)	2.00%	3.75%
Opportunistic portfolio	3.00%	5.68%
Real assets	3.00%	5.29%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	(0.25%)
Inflation - indexed bonds	<u>4.00%</u>	1.25%
	<u>100.00%</u>	

*The real rate of return is net of the long-term inflation assumption of 2.5%.

(1) Excludes equity oriented and long-only funds. For investment management purposes, these funds are included in domestic equity and international equity.

(d) Discount Rate

The discount rate used to calculate the total pension liability 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 determined. 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.

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(c) Liabilities, Continued

(1) Pension Plans, Continued

(e) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

<u>Governmental Activities</u>	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
County's proportionate share of the net pension asset (liability)	\$ <u>(34,628,285)</u>	<u>(7,920,179)</u>	<u>14,516,525</u>
<u>Soil and Water Conservation District</u>	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
District's proportionate share of the net pension asset (liability)	\$ <u>(220,960)</u>	<u>(50,538)</u>	<u>92,628</u>

(f) Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of all participating employers as of the respective measurement dates, were as follows:

	(Dollars in Millions)
Measurement date	3/31/2019
Employers' total pension liability	\$ (189,803)
Plan fiduciary net position	<u>182,718</u>
Employers' net pension liability	\$ <u>(7,085)</u>
Ratio of plan fiduciary net position to the Employers' total pension liability	96.27%

(g) Contributions to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Retirement contributions as of December 31, 2019 represent the projected employer contribution for the period of April 1, 2019 through March 31, 2020, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Retirement contributions paid to ERS for the year ended December 31, 2019 for governmental activities and the Soil and Water Conservation District were \$3,869,131 and \$32,970, respectively.

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(c) Liabilities, Continued

(2) Other Postemployment Benefits Other than Pensions

(a) Plan Description and Benefits

The OPEB Plan is a single-employer, defined benefit healthcare plan administered by the County which provides medical, dental, and vision benefits to four grandfathered retirees. Benefit provisions were established through negotiations between the County and bargaining units.

The contribution requirements of OPEB Plan members and the County are established and may be amended by the County Board of Supervisors. The County Board of Supervisors has negotiated several collective bargaining agreements, which include obligations of participants and the County. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2019, the County contributed \$2,472,810 to the OPEB Plan for current premiums. Participants receiving benefits may be required to contribute to the OPEB Plan depending on their collective bargaining unit.

The County assigns the authority to establish and amend benefit provisions to the County Board of Supervisors for non-bargaining unit employees. The OPEB Plan does not issue a stand-alone financial report.

(b) Employees covered by benefit terms

At December 31, 2018, the following employees were covered by the benefit terms:

Current retirees	434
Active employees	<u>572</u>
	<u>1,006</u>

(c) Total OPEB Liability

The County's total OPEB liability of \$102,246,027 was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2019.

(d) Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary scale	3.00%
Discount rate	3.26%
Inflation	3.00%
Healthcare cost trend rates	8.00% for 2019, decreasing to an ultimate rate of 5.00%

Mortality rates were based on the SOA RP-2014 with MP-2016 projection.

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(c) Liabilities, Continued

(2) Other Postemployment Benefits Other than Pensions, Continued

(e) Changes in the Total OPEB Liability

Total OPEB liability as of January 1, 2019	\$ 93,806,259
Changes for the year:	
Service cost	4,055,436
Interest	3,369,543
Differences between actual and expected experience	(4,253,914)
Changes in assumptions	7,741,513
Benefit payments	<u>(2,472,810)</u>
Total changes	<u>8,439,768</u>
Total OPEB liability as of December 31, 2019	\$ <u>102,246,027</u>

(f) Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26%) or 1-percentage-point higher (4.26%) than the current discount rate:

		Current Discount Rate		1% Increase
	1% Decrease	(2.26%)	(3.26%)	(4.26%)
Total OPEB liability	\$ <u>122,630,071</u>	<u>102,246,027</u>		<u>81,861,982</u>

(g) Sensitivity of the total OPEB liability to changes in the healthcare costs trend rates

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current trend rate:

		Current Trend Rate		1% Increase
	1% Decrease	(1.00%)	(1.00%)	(1.00%)
Total OPEB liability	\$ <u>81,686,645</u>	<u>102,246,027</u>		<u>127,563,878</u>

(h) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the County recognized OPEB expense of \$7,504,283. At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(c) Liabilities, Continued

(2) Other Postemployment Benefits Other than Pensions, Continued

(h) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, Continued

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	5,862,049
Changes of assumptions	<u>6,773,824</u>	<u>-</u>
	<u>\$ 6,773,824</u>	<u>5,862,049</u>

Town contributions subsequent to the measurement date will be recognized as a reduction of the other postemployment benefit liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources related to other postemployment benefits will be recognized as follows:

<u>Year ending</u>	
2020	\$ 79,304
2021	79,304
2022	79,304
2023	79,304
2024	79,304
Thereafter	515,255

(3) Short-Term Debt

Bond Anticipation Notes

Bond anticipation notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as long-term debt when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

The following is an analysis of bond anticipation notes at December 31, 2019:

<u>Description of Issue</u>	<u>Interest Rate</u>	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Balance at December 31, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 2019</u>
Capital projects	1.50%	3/29/2018	3/29/2019	\$ 2,965,000	-	2,965,000	-
Capital projects	2.75%	3/28/2019	3/30/2020	-	7,930,000	-	7,930,000
Sewer capital project	0.00%	3/30/2017	12/22/2021	<u>7,463,128</u>	<u>-</u>	<u>149,500</u>	<u>7,313,628</u>
				<u>\$10,428,128</u>	<u>7,930,000</u>	<u>3,114,500</u>	<u>15,243,628</u>

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(c) Liabilities, Continued

(4) Long-Term Debt

Long-term liability activity for the year ended December 31, 2019 was as follows:

	Balance at <u>12/31/18</u>	<u>Additions</u>	<u>Decreases</u>	Balance at <u>12/31/19</u>	Amount Due Within <u>One Year</u>
Governmental Activities:					
Compensated absences	\$ 977,158	11,098	-	988,256	-
Claims and judgments payable - Workers' Compensation	3,281,939	949,829	1,002,034	3,229,734	-
Total OPEB liability	93,806,259	10,912,578	2,472,810	102,246,027	-
Net pension liability - proportionate share	3,522,754	4,397,425	-	7,920,179	-
Landfill closure and postclosure costs	174,301	-	9,043	165,258	-
State loans payable	80,000	-	25,000	55,000	25,000
Bonds payable	1,100,000	-	215,000	885,000	220,000
Bond premium	43,852	-	10,218	33,634	10,218
WTASC bonds payable	12,225,000	-	70,000	12,155,000	250,000
Lease liabilities	<u>22,772</u>	<u>17,340</u>	<u>9,920</u>	<u>30,192</u>	<u>8,292</u>
Total Governmental Activities	\$ <u>115,234,035</u>	<u>16,288,270</u>	<u>3,814,025</u>	<u>127,708,280</u>	<u>513,510</u>

Long-term debt was comprised of the following:

State Loans Payable

\$500,000 in revenue bonds issued by New York State Environmental Facilities Corporation for the State Clean Water and Drinking Water Revolving Fund, payable in annual principal payments ranging from \$25,000 to \$30,000 on April 15 of each year through 2021 with semi-annual interest payments ranging from 1.85% - 5.00% due on April 15 and October 15 of each year.

\$ 55,000

Bonds Payable

\$2,795,000 Public Improvement serial bonds, due in annual installments ranging from \$5,000 to \$350,000 through 2023 with interest ranging from 2.00% to 3.00%. These bonds were used to refund 2003 public improvement bonds totaling \$3,060,000.

885,000

Total bonds payable and state loans payable

\$ 940,000

Total interest expense for Washington County was \$694,973 for the year ended December 31, 2019. The aggregate maturities of long-term bonds and State loans payable are as follows:

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(c) Liabilities, Continued

(4) Long-Term Debt, Continued

<u>Years ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2020	\$ 245,000	20,095	265,095
2021	250,000	14,329	264,329
2022	220,000	9,181	229,181
2023	<u>225,000</u>	<u>4,781</u>	<u>229,781</u>
Total	\$ <u>940,000</u>	<u>48,386</u>	<u>988,386</u>

The premium on a 2013 bond refunding of \$102,174 is being amortized over ten years at \$10,218 per year. The balance at December 31, 2019, was \$33,634.

Lease Liabilities

Five copiers were leased and capitalized in 2018 and 2019 totaling \$30,192 due in monthly installments ranging from \$125 to \$308. All five leases are interest free.

<u>Years ending December 31,</u>	<u>Principal</u>
2020	\$ 8,292
2021	8,292
2022	6,333
2023	4,096
2024	<u>3,179</u>
Total	\$ <u>30,192</u>

Washington Tobacco Asset Securitization Corporation (WTASC)

In December 2000, WTASC issued \$11,160,000 in serial and term bonds for the purpose of funding the building of a county jail. These bonds would have been paid off with receipts from the New York Tobacco Settlement Agreement. On August 25, 2005, WTASC issued \$14,690,000 in bonds to refund the balance of the 2000 Bonds. The remaining balance of the defeased 2000 Bonds of \$9,050,000 was paid in full in June 2010.

Term bonds totaling \$14,690,000 were issued on August 25, 2005. The interest rates vary from 4.25% to 5%. The total debt service has been projected assuming that the tobacco settlement revenues will be at a level that allows the flexible amortization term bonds to be repaid by June 1, 2045. A summary of the future debt maturities follows:

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(c) Liabilities, Continued

(4) Long-Term Debt, Continued

<u>Years ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2020	\$ 250,000	631,263	881,263
2021	265,000	620,319	885,319
2022	275,000	608,156	883,156
2023	295,000	594,619	889,619
2024	300,000	580,488	880,488
2025-2029	1,765,000	2,661,469	4,426,469
2030-2034	2,265,000	2,161,875	4,426,875
2035-2039	2,905,000	1,518,875	4,423,875
2040-2044	3,725,000	693,125	4,418,125
2045	<u>110,000</u>	<u>21,000</u>	<u>131,000</u>
Total	\$ <u>12,155,000</u>	<u>10,091,189</u>	<u>22,246,189</u>

WTASC has pledged, as security for the above bonds, its future tobacco settlement revenues pursuant to the New York State Tobacco Settlement Agreement. For the current year, principal and interest paid by WTASC totaled \$70,000 and \$606,137, respectively, as compared to its tobacco settlement revenues of \$696,249. To estimate the present value of the receivable for future tobacco settlement revenues, an average bond interest rate of 4.625% was used, compounded annually through the year 2042.

Washington County Local Development Corporation (LDC)

Intermediary Relending Program Loan Payable - Washington County Local Development Corporation entered into a loan agreement on November 25, 1998 with the U.S. Department of Agriculture for \$300,000 to be paid back over 30 years at a fixed rate of 1%. Interest only was paid for the first two years. Principal and interest payments are made in 28 equal annual installments with any remaining balance being paid 30 years from the date of the note. A stipulation of this program is that the Washington County Local Development Corporation must match a portion of the loan. The Corporation's matching requirement was \$75,000, making the program funds total \$375,000. As of December 31, 2019, the Corporation has drawn down \$450,000 and made nine loans. The terms are as follows:

Installment contract to the U.S. Department of Agriculture payable in annual installments of \$12,339, including interest at 1%, through November 2028.	\$ 105,230
Less current portion	<u>(11,286)</u>
Long-term debt, net of current portion	\$ <u>93,944</u>

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(c) Liabilities, Continued

(4) Long-Term Debt, Continued

Maturities of long-term debt are as follows:

<u>Years ending December 31,</u>	<u>Principal</u>
2020	\$ 11,171
2021	11,283
2022	11,301
2023	11,324
Thereafter	<u>60,151</u>
Total	\$ <u>105,230</u>

(5) Due to Other Governments

The liability for due to other governments represents amounts owed at December 31, 2019 as follows:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Trust and Agency Fund</u>
Due to other counties	\$ 442,151	-	-
Due to New York State	31,099	-	671
Due to special districts	17,700	-	-
Due to school districts	5,189,708	-	-
Due to villages and towns	<u>988,093</u>	<u>26,892</u>	<u>-</u>
Total	\$ <u>6,668,751</u>	<u>26,892</u>	<u>671</u>

(d) Deferred Inflows of Resources

Aggregated Deferred Inflows of Resources - Unearned Revenue - Certain revenues have been deferred in the fund and/or Government-wide statements as the revenue relates to future reporting periods:

	<u>Statement of Net Position</u>	<u>Governmental Funds</u>
Tax revenue	\$ -	3,983,972
Tobacco settlements	21,586,737	21,586,737
Unbilled sewer receivables	-	396,133
Other postemployment benefits	5,862,049	-
Pensions	<u>4,097,395</u>	<u>-</u>
	\$ <u>31,546,181</u>	<u>25,966,842</u>

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(e) Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The Governmental Funds financial statements generally reflect such transactions as transfers whereas the Proprietary Funds record such transactions as non-operating revenue or expenses.

Interfund transactions for the year ended December 31, 2019 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Transfers in</u>	<u>Interfund Transfers out</u>
<u>Governmental Funds:</u>				
General Fund	\$ 1,465,471	1,377,212	12,331	10,206,397
County Road Fund	5,465	187,207	9,489,166	49,850
Capital Projects Fund	1,310,630	1,302,299	363,510	52,509
<u>Special Revenue Funds:</u>				
Car Pool Fund	66,173	34,213	-	-
Road Machinery Fund	204,598	6,605	331,607	-
Sewer Fund	2,000	4,817	40,178	-
Federal Forfeitures Fund	-	-	71,964	-
<u>Internal Service Funds:</u>				
Workers' Compensation Fund	-	84,581	-	-
Self-Insured Health Insurance Fund	-	7,503	-	-
Agency Fund	<u>21,100</u>	<u>71,000</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 3,075,437</u>	<u>3,075,437</u>	<u>10,308,756</u>	<u>10,308,756</u>

(f) Fund Balances

Designation of fund balances at December 31, 2019 is as follows:

<u>Fund</u>	<u>Non- Spendable</u>	<u>Restricted</u>	<u>Fund Balance Assigned</u>			<u>Total Fund Balance</u>
			<u>Appropriated for Subsequent Year's Budget</u>	<u>Other Assigned Fund Balance</u>	<u>Unassigned</u>	
<u>Major Governmental Funds:</u>						
General fund	\$ 896,806	2,341,088	2,600,000	1,200,959	12,125,428	19,164,281
County road fund	392,642	-	200,000	666,601	-	1,259,243
Capital projects fund	-	-	-	-	(5,165,447)	(5,165,447)
Total major funds	1,289,448	2,341,088	2,800,000	1,867,560	6,959,981	15,258,077
Nonmajor Funds	<u>872,868</u>	<u>1,773,650</u>	<u>109,025</u>	<u>1,549,356</u>	<u>146,229</u>	<u>4,451,128</u>
Total governmental activities	<u>\$ 2,162,316</u>	<u>4,114,738</u>	<u>2,909,025</u>	<u>3,416,916</u>	<u>7,106,210</u>	<u>19,709,205</u>

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(f) Fund Balances, Continued

The deficits in individual capital projects fund arise, in-part, because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an “other financing source.” Liabilities for bond anticipation notes are accounted for in the capital project fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. These deficits will be reduced and eliminated as bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing. Other deficits, where no bond anticipation notes were issued or outstanding to the extent of the project deficits, arise because of expenditures exceeding current financing on the projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

(3) Contingent Liabilities

In June of 2006, the County modified its agreement with the County’s health insurance provider, Blue Shield, to pay claims only, plus administrative expenses for health insurance benefits for its employees and qualified retirees. The County changed providers to Empire Blue Cross in June of 2009, however the procedure remained the same. The plan has a stop loss insurance coverage that pays all individual claims over \$100,000 on an annual basis. The County’s broker tracks all claims to insure the County receives proper credit from the health insurance provider.

Should the County change providers or plans, the fund will be responsible for all claims incurred during the effective date of the plan. As of December 31, 2019, the amount required to terminate the current contract is \$716,298 and is recorded in accrued liabilities. This represents claims incurred but not yet reported to the health insurance provider.

A health insurance rate is established for the employee’s and employer’s portion of the monthly premium to provide for the budgeted/projected annual expense for the administrative costs plus claims. The employee’s share of the monthly premium is withheld from the employee’s first pay of the month and recorded within the County’s Agency Fund. The employer’s share of the monthly premiums is recorded as a liability within the fund that the employee’s personal service expense/payroll expense is charged.

The administrative costs are invoiced on a monthly basis to the County by the County’s health insurance provider. The monthly invoice is reconciled to the health insurance payroll deductions and withdrawn monthly on a date scheduled by the County’s health insurance carrier from the account previously established for the health insurance administrative costs and claims.

The employer’s share of the monthly premiums is also reconciled to the provider’s monthly invoice on a biweekly basis at the same time as the employee’s share reconciliation. Once reconciled, the employer’s and employees’ shares of the monthly premium are transferred to the bank account previously established for the health insurance administrative costs and claims. These transactions are recorded in the Self-insured Health Benefits Fund, accordingly.

COUNTY OF WASHINGTON, NEW YORK

Notes to Financial Statements, Continued

(3) Contingent Liabilities, Continued

Claim disbursements to the provider are processed at least bi-monthly to maintain the escrow account held at JP Morgan Chase Bank for the benefit of Empire Blue Cross at a balance of \$210,000. The ACH transfers to Blue Cross are journalized as they occur within the Self-insurance Fund for Health Insurance.

Per the New York State Comptroller's accounting bulletin of May 2006, "the Medicare Prescription Drug, Improvement and Modernization Act of 2003" established prescription drug coverage for Medicare-eligible beneficiaries under Medicare Part D. Provisions of Medicare Part D address employers who provided prescription drug benefits to retirees. If an employer provides to its Medicare-eligible retirees prescription drug benefits that are at least actuarially equivalent to those that otherwise would be provided by Medicare, the federal government will make subsidy assistance payments either directly to or on behalf of the employer. It is expected that these federal subsidy payments will equal 28% of allowable retiree costs (about \$600 per participant) for each Part D eligible retiree enrolled in the employer's prescription drug plan and not enrolled in Part D. The provisions of Medicare Part D became effective January 1, 2006.

The federal subsidy offered under this program is intended to provide a financial incentive or assistance to employers to continue providing prescription drug benefits to its Medicare-eligible retirees, thereby relieving the Medicare program of coverage responsibility. Generally, federal subsidy payments will be made directly to the local government employer although there may be situations when payments are made to the prescription drug plan provider on behalf of the local government employer. For the purposes of the Medicare Part D program, Federal subsidies or "reimbursements" to or on behalf of the employer are not considered Federal Aid.

A revenue account, Reimbursement of Medicare Part D Expenditures, is used to record the amount of the Medicare Part D federal subsidy. Revenue is recorded in the fund from which prescription drug expenditures were charged.

Medicare Part D subsidy payments are made to the County's prescription drug plan provider on behalf of Washington County and are credited to revenue within the Self-insured Health Benefits Fund.

In 1994 the County joined NYMIR (New York Municipal Insurance Reciprocal) for its municipal property and casualty insurance. NYMIR is a consortium whose members are all municipalities. The subscribers pay a 25% capitalization fee that is based on each subscriber's annual premium and is paid over a five year period. This capitalization fee amounts to approximately \$24,000 per year. The County may be eligible for future dividends if the consortium does well or may be liable for its share of ownership if a major loss occurs. NYMIR does carry re-insurance with other companies.

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(3) Contingent Liabilities, Continued

The County established its own self-insurance plan for Workers' Compensation under Local Law Nos. 1 and 2, 1956, pursuant to Article 5 of the Workers' Compensation Law. The plan is open to any eligible municipality for participation. There were 61 participants at December 31, 2019, including the County. The County is responsible for administration of the plan and its reserves. This self-insurance plan is managed by a third party administrator selected by the County. This administrator has actuarially computed the liability for reported cases to date at \$3,229,734, which includes amounts owed for prior employees of the Pleasant Valley Infirmary. The plan purchases commercial insurance for claims in excess of \$1,000,000 (each occurrence) involving "third party over actions." All funds of the County participate in the program and make payments to the Workers' Compensation Fund based on actual claims paid in the previous completed fiscal year and their portion of the administrative and pooled costs. The County is responsible for 100% of all EMS and Fire claims. Each of the plan's participants are responsible for the first \$20,000 of any individual claim. All paid claims over \$20,000 per occurrence will be shared by all plan participants based on an allocation of 90% of the total payroll and 10% of the full assessed real property of the participant. The plan has an established reserve to accommodate the County's deductible for catastrophic claims. Local Law 4 of 2015 set a reserve for this fund at \$1,750,000. Claims paid in 2019 totaled \$1,002,034.

Changes in the Workers' Compensation aggregate claims liabilities for the year ended December 31, 2019 are as follows:

Liability Beginning of Year	Claims and Changes in Estimates	Claim Payments	Liability End of Year
\$ <u>3,281,939</u>	<u>949,829</u>	<u>1,002,034</u>	<u>3,229,734</u>

Contingent Liabilities Related to the Former Pleasant Valley Enterprise Fund

Net patient service revenue was reported at estimated net realizable amounts from residents, third-party payers, and others for services rendered and included estimated retroactive revenue adjustments due to future audits, reviews and investigations. Retroactive adjustments were considered in the recognition of revenue on an estimated basis in the period the related services were rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews and investigations. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation.

In addition, the former Nursing Home was involved in various litigations arising in the normal course of business. After conversation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the County's future financial position or results from operations.

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(3) Contingent Liabilities, Continued

Uninsured Liabilities

As of this date, the County has no uninsured contingent liabilities that would significantly affect the County. The County is involved in many claims and suits, all of which are defended and indemnified by its insurers and which present no material adverse situations to the County.

Federal Award Programs

At present, there are no outstanding civil rights complaints involving the County with the New York state Division of Human rights and no outstanding complaints with either the Federal Equal Employment Opportunity Commission or Attorney General's Office.

The County is subject to several outstanding lawsuits which allege violations of civil rights which are defended and indemnified by its insurers.

At this time, the County is unaware of any violations of federal grants agreements and/or regulations relating to federally funded programs administrated by the County.

County Medicaid Cap

In 2005, New York State passed legislation (Chapter 58 of the Laws of 2005) to cap Medicaid at the 2005 calendar year level and limit the growth rate of county Medicaid costs to 3.5% in 2006, 3.25% in 2007. Future county Medicaid growth rates will be permanently capped at 3% starting in 2008. The 2005 cap started January 1, 2006, with an estimate provided to New York State counties by the State Department of Budget and Department of Health.

Due to the fact that the State capped Medicaid for all county expenses effective December 31, 2005, New York State has relieved the county requirement to post Medicaid year-end accrued liabilities associated with various Medicaid expenditures where cash reimbursement has been lagged. There is also an offsetting reduction in accrued revenues receivables, which would typically be paid to counties after year-end.

Remedies for Default

There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness."

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(4) Joint Venture

The Adirondack Community College (the College) is jointly sponsored by Washington and Warren Counties under provisions of Article 126 of the Education Law. As a joint venture, separate financial statements are issued by the College.

The following is a summary of financial information included in the financial statements of the joint venture:

Adirondack Community College financial statement dated August 31, 2019:

Total assets	\$ 70,733,059
Total deferred outflows of resources	7,697,467
Total liabilities	50,663,177
Total deferred inflows of resources	3,878,086
Net position	23,889,263
Total revenue	37,243,213
Total expenditures	40,434,181

Joint Venture Net Position consists of the following:

Net investment in capital assets	\$ 54,774,023
Restricted	780,000
Unrestricted (deficit)	<u>(31,664,760)</u>
Total	\$ <u>23,889,263</u>

The County contributed \$1,490,453 to the College for operating expenses.

The above financial information does not include any component units included in the College's financial statements because the County has no responsibility for the component units. Complete financial statements of the College can be obtained from their Administrative Office at 640 Bay Road, Queensbury, New York 12804.

(5) Commitments

Deferred Compensation Plan

In October 1993 the County established for its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all 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. The County will fund all amounts of compensation deferred under the Plan, at the direction of the covered employee. The County has no liability for losses under the Plan but does have the duty of due care that would be required of an ordinary prudent investor. The County made no contributions to the deferred compensation plan for the year ended December 31, 2019.

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(5) Commitments, Continued

Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the two closed County owned landfills for thirty years after closure.

NYSDEC approved the closure certification reports for the two facilities in late 1999 and early 2000. As a result, the postclosure monitoring commenced in the year 2000 and will continue until 2029 (30 years total).

\$89,328 is reported as landfill closure and postclosure care in accrued liabilities at the Easton Landfill at December 31, 2019 and represents the estimated costs of future monitoring for 11 years. These amounts are based on past expenditures and an annual escalation of 3.5% for each of the following 10 years.

\$75,930 is reported as postclosure care in accrued liabilities for the Fort Ann Landfill on December 31, 2019 and represents the estimated costs of future monitoring for 12 years. These amounts are based on past expenditures and an annual escalation of 3.5% for each of the following 10 years.

In both cases, actual costs may be higher due to inflation, changes in technology, changes in regulations, or an inflation rate different than assumed.

(6) Tax Abatement Agreements

GASB Statement No. 77 - "Tax Abatement Disclosures" requires governments that enter into tax abatement agreements to disclose certain information relating to those agreements.

During the year ended December 31, 2019, Washington County had 18 real property tax abatement agreements related to their economic development programs which provide incentive packages to attract new business to the County, as follows:

<u>Party to Agreement</u>	<u>Number of Agreements</u>	<u>Maturity Dates of Agreements</u>	<u>Real Property Taxes Abated in 2019</u>
Warren Washington County Industrial Development Agency	9	2020 - 2026	\$ 161,186
Town and Village of Greenwich, New York	1	2044	5,100
Village of Hudson Falls, New York	1	2031	5,794
Town of Whitehall, New York	2	2032	1,052
Village of Cambridge, New York	<u>2</u>	2020	<u>3,265</u>
Totals	<u>15</u>		\$ <u>176,397</u>

COUNTY OF WASHINGTON, NEW YORK

Notes to Financial Statements, Continued

(6) Tax Abatement Agreements, Continued

The basis for each tax abatement varies according to the specific details of each agreement. Most are based upon a percentage of the value assigned to the land or improvement associated with the agreement.

As part of these agreements the County received \$178,682 in payments in lieu of taxes (PILOT). The PILOT agreements were made to support the tourism and housing industries.

(7) Related Party Transactions

The Washington County Local Development Corporation (LDC) is provided rental space, use of equipment and certain personnel for its operations by the County at no cost to the organization. Also, federal funds received by the County under the Community Development Block Grant Program are transferred to the LDC for administration of the Revolving Loan and Micro-Enterprise Programs.

(8) Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 83 - "Certain Asset Retirement Obligations." This Statement, issued in November 2016, addresses accounting and financial reporting for certain asset retirement obligations (AROs). Governments that have legal obligations to perform certain future asset retirement activities related to tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021, which is the fiscal year beginning January 1, 2022 for the County. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the County.

GASB Statement No. 84 - "Fiduciary Activities." This Statement, issued in January 2017, established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement is effective for reporting periods beginning after December 15, 2019, which is the fiscal year beginning January 1, 2020 for the County. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the County.

GASB Statement No. 89 - "Accounting for Interest Cost Incurred before the End of a Construction Period." This Statement, issued in June 2018, establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statements are effective for reporting periods beginning after December 15, 2020 which is the fiscal year beginning January 1, 2021 for the County. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the County.

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(8) Accounting Standards Issued But Not Yet Implemented, Continued

GASB Statement No. 91 - "Conduit Debt Obligations." This Statement, issued in May of 2019, requires a single method be used for the reporting of conduit debt obligations. The focus of the Statement is to improve financial reporting by eliminating diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021, which is the fiscal year beginning January 1, 2022 for the County. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the County.

GASB Statement No. 92 - "Omnibus 2020." This Statement, issued in January 2020, clarifies implementation of GASB Statements No. 73, 74, 84 and 87, generally effective for fiscal years beginning after June 15, 2021, which is the fiscal year beginning January 1, 2022 for the County. Management is in the process of evaluating the potential impact of this Statement on the financial statements of the County.

GASB Statement No. 93 - "Replacement of Interbank Offered Rates." This Statement, issued in March 2020, addresses the accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) - most notably, the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021. The requirements of this Statement are effective for reporting periods after June 15, 2021, which is the fiscal year beginning January 1, 2022 for the County. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the County.

GASB Statement No. 94 - "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." This Statement, issued in March 2020, addresses issues related to public-private and public-public partnerships (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which is the fiscal year beginning January 1, 2023 for the County. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the County.

GASB Statement No. 96 - "Subscription-Based Information Technology Arrangements." This Statement, issued in May 2020, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. To the extent relevant, the standard for SBITAs are based on the standards established in Statement No. 87 - "Leases," as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, which is the fiscal year beginning January 1, 2023 for the County. Management is in the process of evaluating the potential impact of implementation on the financial statements of the County.

COUNTY OF WASHINGTON, NEW YORK
Notes to Financial Statements, Continued

(8) Accounting Standards Issued But Not Yet Implemented, Continued

GASB Statement No. 97 - "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32." This Statement, issued in June 2020, sets requirements for a primary government's determination of component units which do not have governing boards; amends the financial burden criterion in paragraph 7 of Statement No. 84; sets required classifications for Section 457 plans and applies Statement No. 84, as amended, to IRC Section 457 arrangements; and supersedes remaining provisions of Statement No. 32, as amended, regarding investment valuation requirements for Section 457 plans. The requirements of this Statement in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021 which is the fiscal year beginning January 1, 2022 for the County. Management is in the process of evaluating the potential impact of implementation on the financial statements of the County.

COUNTY OF WASHINGTON, NEW YORK
 Required Supplementary Information
 Schedule of Revenue and Expenditures - Budget to Actual - General Fund
 Year ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenue:				
Real property taxes	\$ 33,343,212	33,343,212	37,548,256	4,205,044
Real property tax items	2,116,192	2,116,192	1,622,169	(494,023)
Nonproperty tax items	20,978,000	20,950,573	22,780,946	1,830,373
Departmental income	3,276,890	3,292,767	3,489,977	197,210
Intergovernmental charges	570,058	572,858	394,591	(178,267)
Use of money and property	733,427	733,427	487,387	(246,040)
Fines and forfeitures	100,000	100,000	139,781	39,781
Sale of property and compensation for loss	14,050	14,050	61,650	47,600
Interfund revenue	771,358	771,358	793,122	21,764
State sources	14,030,667	15,453,446	13,828,801	(1,624,645)
Federal sources	9,607,063	9,968,968	8,733,818	(1,235,150)
Miscellaneous local sources	30,500	77,342	311,636	234,294
Total revenue	<u>85,571,417</u>	<u>87,394,193</u>	<u>90,192,134</u>	<u>2,797,941</u>
Expenditures:				
General government support	15,722,970	12,906,555	14,696,969	(1,790,414)
Education	4,873,082	5,534,082	5,765,643	(231,561)
Public safety	12,059,569	12,177,786	15,029,763	(2,851,977)
Health	4,290,650	4,701,351	4,641,997	59,354
Economic assistance and opportunity	29,243,205	29,543,709	30,761,727	(1,218,018)
Culture and recreation	1,021,862	1,057,330	1,196,271	(138,941)
Home and community	979,592	1,433,592	1,070,585	363,007
Employee benefits	8,788,505	12,112,755	1,375,767	10,736,988
Debt service - principal	51,043	214,166	224,086	(9,920)
Debt service - interest	214,166	51,043	70,925	(19,882)
Total expenditures	<u>77,244,644</u>	<u>79,732,369</u>	<u>74,833,733</u>	<u>4,898,636</u>
Excess of revenue over expenditures	<u>8,326,773</u>	<u>7,661,824</u>	<u>15,358,401</u>	<u>7,696,577</u>
Other financing sources (uses):				
Interfund transfers in	-	12,426	12,331	(95)
Interfund transfers out	(10,326,773)	(10,323,804)	(10,206,397)	117,407
Total other financing sources (uses)	<u>(10,326,773)</u>	<u>(10,311,378)</u>	<u>(10,194,066)</u>	<u>117,312</u>
Excess (deficiency) of revenue or appropriated fund balance, over expenditures and other financing uses	<u>\$ (2,000,000)</u>	<u>(2,649,554)</u>	<u>5,164,335</u>	<u>7,813,889</u>

COUNTY OF WASHINGTON, NEW YORK
Required Supplementary Information
Schedule of Revenue and Expenditures - Budget to Actual - County Road Fund
Year ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenue:				
Intergovernmental charges	\$ 943,500	943,500	933,594	(9,906)
Use of money and property	1,500	1,500	2,671	1,171
Sale of property and compensation for loss	500	500	3,488	2,988
State sources	2,724,726	4,081,840	3,609,209	(472,631)
Federal sources	-	1,410,707	715,929	(694,778)
Miscellaneous local sources	<u>3,500</u>	<u>3,500</u>	<u>8,740</u>	<u>5,240</u>
Total revenue	<u>3,673,726</u>	<u>6,441,547</u>	<u>5,273,631</u>	<u>(1,167,916)</u>
Expenditures:				
Public safety	657,589	780,089	497,732	282,357
Transportation	11,194,743	14,067,622	12,486,219	1,581,403
Employee benefits	1,816,560	1,816,560	1,819,804	(3,244)
Debt service - interest	<u>-</u>	<u>-</u>	<u>104,522</u>	<u>(104,522)</u>
Total expenditures	<u>13,668,892</u>	<u>16,664,271</u>	<u>14,908,277</u>	<u>1,755,994</u>
Excess of revenue over expenditures	<u>(9,995,166)</u>	<u>(10,222,724)</u>	<u>(9,634,646)</u>	<u>588,078</u>
Other financing sources (uses):				
Interfund transfers in	9,495,166	9,489,166	9,489,166	-
Interfund transfers out	<u>-</u>	<u>(49,850)</u>	<u>(49,850)</u>	<u>-</u>
Total other financing sources (uses)	<u>9,495,166</u>	<u>9,439,316</u>	<u>9,439,316</u>	<u>-</u>
Excess (deficiency) of revenue or appropriated fund balance, over expenditures and other financing uses	<u>\$ (500,000)</u>	<u>(783,408)</u>	<u>(195,330)</u>	<u>588,078</u>

COUNTY OF WASHINGTON, NEW YORK
 Required Supplementary Information
 Schedule of Changes in the County's
 Total OPEB Liability and Related Ratios
 Year ended December 31, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB liability:		
Service cost	\$ 4,055,436	4,109,465
Interest	3,369,543	3,296,951
Differences between expected and actual experience	(4,253,914)	(2,853,166)
Changes in assumptions	7,741,513	-
Benefit payments	<u>(2,472,810)</u>	<u>(2,645,133)</u>
Net change in total OPEB liability	8,439,768	1,908,117
Total OPEB liability - beginning	<u>93,806,259</u>	<u>91,898,142</u>
Total OPEB liability- ending	<u>\$ 102,246,027</u>	<u>93,806,259</u>
Covered payroll	\$ 29,857,000	27,493,000
Total OPEB liability as a percentage of covered payroll	342.45%	341.20%

Notes to schedule:

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

	<u>2019</u>	<u>2018</u>
	3.26%	3.64%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information is presented for those years that are available.

COUNTY OF WASHINGTON, NEW YORK
 Required Supplementary Information
 Schedule of County's Proportionate Share of the Net Pension Liability
 Year ended December 31, 2019

	NYSERS Pension Plan				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Washington County</u>					
County's proportion of the net pension liability	0.1117832%	0.1091499%	0.1088635%	0.1067278%	0.1277452%
County's proportionate share of the net pension liability	\$ 7,920,179	3,522,754	10,229,059	17,130,112	4,315,547
County's covered payroll	\$27,338,061	26,073,920	24,484,283	22,411,473	26,603,829
County's proportionate share of the net pension liability as a percentage of its covered payroll	28.97%	13.51%	41.78%	76.43%	16.22%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.70%	97.90%
<u>Soil and Water Conservation District</u>					
District's proportion of the net pension liability	0.0007133%	0.0006950%	0.0007032%	0.0004122%	0.0004062%
District's proportionate share of the net pension liability	\$ 50,538	22,430	66,007	66,153	13,723
District's covered payroll	\$ 206,347	174,601	161,006	104,744	159,953
District's proportionate share of the net pension liability as a percentage of its covered payroll.	24.49%	12.85%	41.00%	63.16%	8.58%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.70%	97.90%

* This schedule is presented to illustrate the requirement for 10 years. However, until a full 10 year trend is compiled, the County is presenting information for those years for which information is available from the NYS Retirement System

COUNTY OF WASHINGTON, NEW YORK
 Required Supplementary Information
 Schedule of County's Pension Contributions
 Year ended December 31, 2019

NYSERS Pension Plan					
	2019	2018	2017	2016	2015
<u>Washington County</u>					
Contractually required contribution	\$ 3,869,131	3,729,310	3,643,913	3,717,054	3,069,714
Contributions in relation to the contractually required contributor	3,869,131	3,729,310	3,643,913	3,717,054	3,069,714
Contribution deficiency (excess)	-	-	-	-	-
County's covered payroll	\$27,338,061	26,073,920	24,484,283	22,411,473	26,603,829
Contributions as a percentage of covered payroll	14.15%	14.30%	14.88%	16.59%	11.54%
<u>Soil and Water Conservation District</u>					
Contractually required contribution	\$ 32,970	28,240	26,690	25,885	10,094
Contributions in relation to the contractually required contributor	32,970	28,240	26,690	25,885	10,094
Contribution deficiency (excess)	-	-	-	-	-
District's covered payroll	\$ 206,347	174,601	161,006	104,744	159,953
Contributions as a percentage of covered payroll	15.98%	16.17%	16.58%	24.71%	6.31%

* This schedule is presented to illustrate the requirement for 10 years. However, until a full 10 year trend is compiled, the County is presenting information for those years for which information is available from the NYS

COUNTY OF WASHINGTON, NEW YORK
Other Supplementary Information
Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2019

	Special Revenue Funds					Washington	Total
	Road Machinery Fund	Sewer Fund	Community Development Fund	Car Pool Fund	Federal Forfeitures	Tobacco Asset Securitization Corporation	Nonmajor Governmental Funds
Assets:							
Cash and equivalents - unrestricted	\$ 784,588	1,539,233	-	131,100	106,900	146,229	2,708,050
Accounts receivable	28,402	728,913	-	2,105	258	-	759,678
Due from other funds	204,598	2,000	-	66,173	-	-	272,771
Due from State and Federal governments	-	13,000	-	-	-	-	13,000
Due from other governments	41,681	12,428	-	-	-	-	54,109
Inventory	813,710	-	-	18,593	-	-	832,303
Prepaid expenses	13,384	24,414	-	2,767	-	-	40,565
Restricted assets - cash	-	760,118	-	-	-	907,832	1,667,950
Total assets	<u>1,886,363</u>	<u>3,080,106</u>	<u>-</u>	<u>220,738</u>	<u>107,158</u>	<u>1,054,061</u>	<u>6,348,426</u>
Deferred outflows of resources - tobacco settlement receivable	-	-	-	-	-	21,586,737	21,586,737
Total assets and deferred outflows of resources	<u>\$ 1,886,363</u>	<u>3,080,106</u>	<u>-</u>	<u>220,738</u>	<u>107,158</u>	<u>22,640,798</u>	<u>27,935,163</u>
Liabilities:							
Accounts payable	162,582	80,628	-	14,915	1,458	-	259,583
Accrued liabilities	6,544	28,270	-	1,491	-	-	36,305
Due to other funds	6,605	4,817	-	34,213	-	-	45,635
Due to other governments	3,095	8,227	-	-	-	-	11,322
Bond anticipation notes	-	959,005	-	-	-	-	959,005
Other liabilities	-	189,315	-	-	-	-	189,315
Total liabilities	<u>178,826</u>	<u>1,270,262</u>	<u>-</u>	<u>50,619</u>	<u>1,458</u>	<u>-</u>	<u>1,501,165</u>
Deferred inflows of resources - revenue	-	396,133	-	-	-	21,586,737	21,982,870
Fund balances:							
Nonspendable	827,094	24,414	-	21,360	-	-	872,868
Restricted	-	760,118	-	-	105,700	907,832	1,773,650
Assigned - appropriated	193,434	22,749	-	4,725	-	-	220,908
Assigned - unappropriated	687,009	606,430	-	144,034	-	-	1,437,473
Unassigned	-	-	-	-	-	146,229	146,229
Total fund balances	<u>1,707,537</u>	<u>1,413,711</u>	<u>-</u>	<u>170,119</u>	<u>105,700</u>	<u>1,054,061</u>	<u>4,451,128</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,886,363</u>	<u>3,080,106</u>	<u>-</u>	<u>220,738</u>	<u>107,158</u>	<u>22,640,798</u>	<u>27,935,163</u>

COUNTY OF WASHINGTON, NEW YORK
Other Supplementary Information
Combining Statement of Revenue, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
Year ended December 31, 2019

	Special Revenue Funds					Washington Tobacco Asset Securitization Corporation	Total Nonmajor Governmental Funds
	Road Machinery Fund	Sewer Fund	Community Development Fund	Car Pool Fund	Federal Forfeitures		
Revenue:							
Real property taxes	\$ -	521,540	-	-	-	-	521,540
Departmental income	-	1,824,022	-	-	-	-	1,824,022
Intergovernmental charges	-	2,000	-	-	-	-	2,000
Use of money and property	17,011	34,830	-	1,153	63	28,420	81,477
Licenses and permits	-	8,125	-	-	-	-	8,125
Sale of property and compensation for loss	80,050	6,769	-	13,191	-	696,249	796,259
Interfund revenue	2,722,432	59,758	-	815,285	-	-	3,597,475
State sources	-	-	-	-	22,441	-	22,441
Federal sources	-	-	114,952	-	52,512	-	167,464
Miscellaneous local sources	592,116	16,744	-	1,351	-	-	610,211
Total revenue	3,411,609	2,473,788	114,952	830,980	75,016	724,669	7,631,014
Expenditures:							
General government support	-	-	-	-	-	23,270	23,270
Public safety	-	-	-	-	41,280	-	41,280
Transportation	3,701,739	-	-	986,688	-	-	4,688,427
Economic assistance and opportunity	-	-	114,952	-	-	-	114,952
Home and community	-	1,686,705	-	-	-	-	1,686,705
Employee benefits	248,233	357,790	-	27,083	-	-	633,106
Debt service - principal	-	210,334	-	-	-	70,000	280,334
Debt service - interest	-	23,333	-	-	-	606,137	629,470
Total expenditures	3,949,972	2,278,162	114,952	1,013,771	41,280	699,407	8,097,544
Excess (deficiency) of revenue over expenditures	(538,363)	195,626	-	(182,791)	33,736	25,262	(466,530)
Other financing sources (uses) - interfund transfers in	331,607	40,178	-	-	71,964	-	443,749
Excess (deficiency) over expenditures and other sources (uses)	(206,756)	235,804	-	(182,791)	105,700	25,262	(22,781)
Fund balances at beginning of year	1,914,293	1,177,907	-	352,910	-	1,028,799	4,473,909
Fund balances at end of year	<u>\$ 1,707,537</u>	<u>1,413,711</u>	<u>-</u>	<u>170,119</u>	<u>105,700</u>	<u>1,054,061</u>	<u>4,451,128</u>