

COUNTY OF ULSTER, NEW YORK



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended
December 31, 2017

Michael P. Hein
County Executive



Burton Gulnick, Jr.
Commissioner of Finance

COUNTY OF ULSTER, NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended
December 31, 2017



PREPARED BY:

THE ULSTER COUNTY DEPARTMENT OF FINANCE
Burton Gulnick, Jr., Commissioner

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Introductory Section (Unaudited)

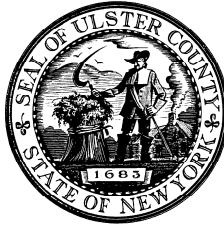
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ULSTER COUNTY DEPARTMENT OF FINANCE

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Burton Gulnick, Jr.
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Director of Real Property Tax Service

Lisa Cutten, CPA
Director of ACE
Accountability, Compliance and Efficiency

September 20, 2018

To the Honorable County Executive, Members of the Legislative Board and Citizens of the County of Ulster:

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the County of Ulster, New York (County) for the fiscal year ended December 31, 2017. The CAFR is presented in accordance with generally accepted accounting principles (GAAP).

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the County's net position from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe the data, as presented, is accurate in all material aspects and presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds and the overall entity, and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial activities have been included.

The County's basic financial statements have been audited by independent auditors. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended December 31, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended December 31, 2017, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a federally mandated "Single Audit" designed to meet the special needs of federal and New York State grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis, as required supplementary information, to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

The CAFR represents the culmination of all budgeting and accounting activities engaged in by management during the year, covering all funds of the County, its component units and its financial transactions. The CAFR is organized into three sections: introductory, financial, and statistical.

- The *Introductory Section*, which includes this letter of transmittal, is intended to familiarize the reader with the organizational structure of the County, the nature and scope of the services it provides, and the specifics of its legal operating environment.
- The *Financial Section* includes the audited basic financial statements, required supplementary information, supporting statements and schedules necessary to fairly present the financial position and the results of operations of the County in conformity with GAAP, and the independent auditors' report on the basic financial statements.
- The *Statistical Section* contains comprehensive statistical data on the County's financial, physical, economic, social and political characteristics.

Profile of the County

Ulster County is located in the east central portion of the State on the west side of the Hudson River between New York City and Albany. Founded on November 1, 1683, it is one of New York State's original twelve counties. The County currently occupies 1,127 square miles that make up a large part of the Catskill and Shawangunk mountains and serves a population of 182,493. The County is empowered to levy a real property tax on properties within its boundaries.

The communities of the County reflect its variety: Kingston, which was the first capital of New York State, is the County seat and service center, and is located on the Hudson River; Woodstock is an art colony and a cultural center in a deeply wooded area 10 miles northwest of Kingston; New Paltz is the location of a State University of New York liberal arts college and is situated on the Wallkill River 12 miles south of Kingston. The seventeenth century homes and churches along Huguenot Street in New Paltz comprise a national historic site; Saugerties, a Hudson River town, is 8 miles north of Kingston. Originally famous for its brickyards and quarries, it has also become a residential center for people engaged in local industries. Saugerties now is the summer home of Horse Shows in the Sun (HITS). HITS-On-The-Hudson converted a former 200 acre golf course into a world class facility designed to meet the highest standards of equestrian competition. The facility has 14 permanent barns, over 1,100 horse stalls, a permanent food service facility with a dining courtyard and RV sites with full hook up. Located 20 miles southwest in the Rondout Valley, Ellenville is a vacation and recreation center with hiking in the Shawangunk Ridge which is listed by the Nature Conservancy as one of the "75 Last Great Places on Earth". Phoenicia is a hunting and fishing center 24 miles northwest of Kingston in the Catskill Mountains and is a year round resort and residential area; Hurley, one of the oldest communities in the County a few miles to the west, is dotted with rugged, seventeenth century stone homes, and is an agricultural and residential center; Highland, 12 miles south on the banks of the Hudson River, provides access to the Walkway Over the Hudson, the longest elevated pedestrian bridge in the world, and continues to attract on average over 700,000 visitors per year. Highland is the center of the Hudson Valley wine industry and home to many apple, peach, and grape orchards. The Solar Energy Consortium (TSEC), located in Ulster County since June 2007, is an industry-led not-for-profit organization whose mission is to double the efficiency of photovoltaic systems, to decrease the cost of solar energy systems, to simplify the installation of solar energy systems, and to develop unique photovoltaic forms for use in urban environments.

The County provides a full range of services including law enforcement; educational assistance; construction and maintenance of highways; public health; public transportation; environmental protection; recreational facilities and programs; economic assistance; economic opportunity and development; and community development. The County also is financially accountable for several separate entities or component units. They include the Ulster Tobacco Asset Securitization Corporation (UTASC), the Ulster County Economic Development Alliance (UCEDA), the Ulster County Capital Resource Corporation (UCCRC), and the Golden Hill Local Development Corporation (GHLDC), all blended component units, which are included in the financial statements as governmental activities, the Ulster County Community College (UCCC), the Ulster County Resource Recovery Agency (UCRRA), and the Ulster County Industrial Development Agency (UCIDA), all of which are reported as discretely presented component units. Additional information on all seven of these legally separate entities can be found in Note 1A in the notes to the financial statements.

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County's governing body. Budgets are adopted on a basis consistent with generally accepted accounting principles. Included in the annual budget are the activities of the General, Special Revenue, and Debt Service Funds. Project-length financial plans are adopted for the Capital Projects Fund. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is exercised at the department and object level within individual funds except for capital projects and agency funds. The County also maintains an encumbrance accounting system under which the dollar values of purchase orders are recorded as reservations against budget appropriations. Encumbrance amounts are not considered expenditures; however, they are reappropriated as part of the following year's budget.

Factors Affecting Financial Condition

Local Economy

The average annual unemployment rate for Ulster County in 2017 was 4.6% and has remained under 5.0% since 2015.

The annual labor force figure increased from 2016 into 2017, going from 88,300 to 88,900. The 2017 figure is approaching the 90,100 person labor force seen in 2013. After a decrease in 2014, the labor force in Ulster County has been increasing.

Figures from the New York State Department of Labor (NYSDOL) show the average number of people employed in private sector jobs in Ulster County increased steadily from 2012 to 2016, when average unemployment went from 43,705 to 47,156. Data for 2017 is preliminary, but does not suggest average employment is decreasing. Preliminary monthly data in 2017 for average employment ranges from 45,359 to 48,847. The most recent data from the U.S Census Bureau's Longitudinal Employer-Household Dynamics shows the trend of Ulster County residents finding employment in other areas reversing. By 2015, 55.6% of Ulster County residents commuted outside of the County for employment, which is a decrease from 56.7% in 2014. This is the second consecutive year the percentage of residents employed outside the County decreased, and the lowest since 2009.

Recently revised per capita personal income data for the County shows an increase of 3.9% from 2014 to 2015, rising from \$42,594 to \$44,255. The current median family income as estimated by the United States Department of Housing and Urban Development (HUD) increased to \$79,200 for 2018 from \$78,500 in 2017.

The 2010 Census reports a total population of 182,493, a 2.7% increase from 177,749 as reported in the 2000 Census. The most recent Census estimates have the County's population at 179,417 for 2017.

The most recent figures from the New York State Association of Realtors has the County's 2017 median sale price for residential properties at \$216,748, up from \$200,000 in 2016. The New York State Department of Taxation and Finance has a residential median sale price of \$215,000 for 2016, up from \$200,000 in 2015; data for 2017 is not yet available. Rental housing data collected by the County Planning Department for 2017 has a vacancy rate of 2.65%.

For the Year

To stimulate economic recovery, the County instituted a deficit reduction program featuring expenditure controls and revenue enhancements. Some of these controls and enhancements are as follows:

- 1) Personnel Attrition - During 2017, the County was aggressive with vacancy budget savings of \$2,536,528.
- 2) Tax Overlay - The County provided \$1,000,000 of accumulated fund balance in the 2017 tax levy for debt reduction and cash flow purposes.
- 3) Real Property Tax Levy - In 2017, the County Executive delivered a County Operating Budget for 2018 with a 0.25% tax decrease to protect the taxpayers from the increasing cost of government.

For the Future

In 2018, Ulster County continued the “Building a Better Ulster County” infrastructure improvement program designed to repair, upgrade, and replace county roads and bridges.

Debt Administration

Of the County’s \$128.5 million of outstanding obligations, \$81.0 million of serial bonds and \$10.6 million of bond anticipation notes were issued for general purposes, \$34.9 million was issued for the Ulster Tobacco Asset Securitization Corporation (UTASC), a blended component unit of the County, and \$2.0 million was issued on behalf of the Ulster County Community College (UCCC). Currently, the County has a Standard and Poor's bond rating of AA on general obligation bond issues. Under current statutes, the County's general obligation bonded debt issuances are subject to a legal limitation based on 7% of the average full valuation of taxable real property. As of December 31, 2017, the County's general obligation bonded debt of \$93.7 million was well below the legal limit of approximately \$1.264 billion.

Cash Management

The County has a formal investment policy that is in conformance with all applicable Federal, State and other legal requirements. The general objectives, as set forth in the policy, are focused to provide for financial security and optimum liquidity of County funds while achieving a reasonable rate of return consistent with prevailing market conditions. State law requires that County funds must be deposited in banks or trust companies located and authorized to do business within New York State. The County is authorized to use demand accounts, savings accounts, and certificates of deposit. Permissible investments include guaranteed obligations of the U.S. Treasury and Federal Agencies, obligations of New York State, or its municipalities.

The County's policy provides that all investments are insured by federal depository insurance or collateralized. All collateral on deposits was held in the County's name by a third party financial institution.

The County is also authorized to contract for the purchases of investments through repurchase agreements. All repurchase agreements entered into are subject to a Master Repurchase Agreement.

Interest income helps to reduce the tax burden to the taxpayers. The County's effective interest rate on investments for 2017 was 0.80%, which led to interest earnings of \$472 thousand.

Risk Management

The County is exposed to various risks of loss related to unemployment, general liability, and workers' compensation. The County uses the proprietary fund to account for and finance, in the case of workers' compensation, its uninsured risks of loss. The County is also exposed to risk of loss for deductibles of varying amounts under several liability insurance policies.

The County maintains a workers' compensation claims-servicing pool to administer the payment of workers' compensation claims of pool participants. The pool is open to participation by any eligible municipality or any public entity. Under local law, participants are responsible for their proportionate share of total pool liabilities.

Acknowledgements

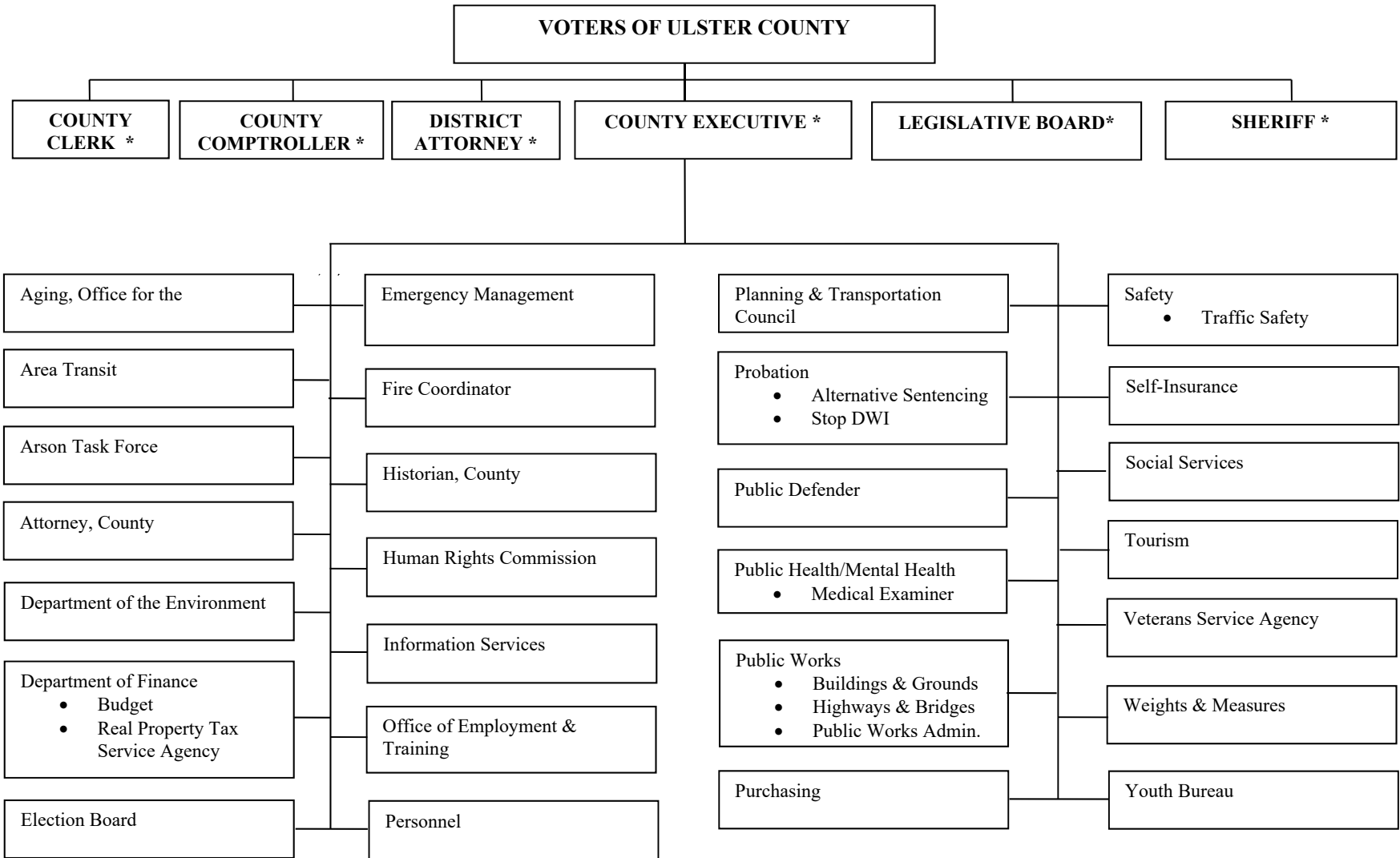
Preparation of this Comprehensive Annual Financial Report could not have been accomplished without the efficient and dedicated services of the entire staff of the Department of Finance. I would like to express my appreciation to all members of the department and to our independent auditor, Drescher & Malecki LLP, who assisted in its preparation.

In closing, I wish to thank our County Executive, County Legislators, and department heads and their staffs for their contributions to the preparation of this report.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "B. Gulnick, Jr.", with a stylized flourish at the end.

Burton Gulnick, Jr.
Commissioner of Finance



* Elected official

COUNTY OF ULSTER, NEW YORK
LIST OF PRINCIPAL OFFICIALS, ULSTER COUNTY LEGISLATURE

Kenneth J. Ronk, Jr.– Chairman

Mary Beth Maio - Majority Leader
Hector S. Rodriguez - Minority Leader

District No. 1 – Town of Saugerties
Mary Wawro

District No. 2 – Town of Saugerties, Village of Saugerties
Chris Allen

District No. 3 – Town of Saugerties, Town of Ulster
Dean Fabiano

District No. 4 – Town of Ulster, Town of Kingston
James F. Maloney

District No. 5 – City of Kingston
Peter M. Loughran

District No. 6 – City of Kingston
David B. Donaldson

District No. 7 – City of Kingston
Jennifer Schwartz Berky

District No. 8 – Town of Esopus
Carl Belfiglio

District No. 9 – Town of Lloyd, Town of Plattekill
Herbert Litts, III

District No. 10 – Town of Lloyd, Town of Marlborough
Mary Beth Maio

District No. 11 – Town of Marlborough
Richard A. Gerentine

District No. 12 – Town of Plattekill
Kevin A. Roberts

District No. 13 – Town of Shawangunk
Kenneth J. Ronk, Jr.

District No. 14 – Town of Shawangunk, Town of Wawarsing
Craig V. Lopez

District No. 15 – Town of Wawarsing,
Village of Ellenville
Thomas J. Briggs

District No. 16 – Town of Gardiner,
Town of Shawangunk
Tracey A. Bartels

District No. 17 – Town of Esopus, Town of New Paltz
James H. Delaune

District No. 18 – Town of Hurley, Town of Marbletown
Richard A. Parete

District No. 19 – Town of Marbletown,
Town of Rosendale
Manna Jo Greene

District No. 20 – Town of New Paltz,
Village of New Paltz
Hector S. Rodriguez

District No. 21 – Town of Rochester,
Town of Wawarsing
Ronald G. Lapp, Jr.

District No. 22 – Town of Denning, Town of Hardenburgh,
Town of Olive, Town of Shandaken
John R. Parete

District No. 23 – Town of Hurley, Town of Woodstock
Jonathan R. Heppner

COUNTY OF ULSTER, NEW YORK
List of County Departments

Executive Michael P. Hein
Aging, Office for the..... Shelly Wagar
Arson Task Force..... Wayne Freer
Attorney Beatrice Havranek
Budget Office Burton Gulnick, Jr.
Clerk Nina Postupack
Comptroller..... Elliott Auerbach
County Court Hon. Donald Williams
District Attorney D. Holley Carnright
Election Board Ashley E. Dittus, Thomas F. Turco
Emergency Management Steven Peterson
Department of the Environment Amanda LaValle
Family Court..... Hon.Marianne O. Mizel,
..... Hon, A. McGinty, Hon Keri Savona
Finance..... Burton Gulnick, Jr.
Fire Coordinator..... Steven Peterson
Health Department.....Carol Smith, MD, MPH
Human Rights Commission Evelyn Clarke
Information Services..... Jose M. DeLeon
Insurance Department Dorraine Whitney
Office of Employment and Training..... Lisa Berger
Legislature (Clerk of the)..... Victoria Fabella
Mental HealthCarol Smith, MD, MPH
Personnel Sheree Cross
Planning..... Dennis Doyle
Probation.....Melanie Mullins
Public Defender Andrew Kossover
Public Works Thomas H. Jackson
Purchasing Marc Rider
Real Property Tax Service Agency..... Burton Gulnick, Jr.
Safety Diane Beitel
Sheriff..... Paul Van Blarcum
Social Services..... Michael Iapoco
Soil and Water Conservation District Leonard Tantillo
Stop DWI..... Melanie Mullins
Supreme Court Hon. Karen Peters
Surrogate's Court Hon. Sara W. McGinty
Tourism..... Richard Remsnyder
Traffic Safety Board Diane Beitel
Ulster County Community College Alan P. Roberts
Ulster County Resource Recovery Agency Timothy P. Rose
Ulster County Area Transportation..... Carol Hargrove
Veterans Service Agency..... Steven Masee
Weights and Measures James DeGasperis
Youth Bureau..... Evelyn Clarke

Financial Section

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Honorable County Legislature
County of Ulster, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Ulster, New York (the "County"), as of and for the year ended December 31, 2017 (with the Ulster County Community College for the year ended August 31, 2017), and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Ulster County Economic Development Alliance, Ulster County Capital Resource Corporation, and Golden Hill Local Development Corporation, which represent 72.65%, 27.35%, and 0.00%, respectively, of the assets and 32.40%, 67.42%, and 0.18%, respectively of the revenues of the nonmajor proprietary funds. We also did not audit the financial statements of Ulster County Community College, Ulster County Resource Recovery Agency and Ulster County Industrial Development Agency, which are shown as aggregate discretely presented component units, and represent 62.05%, 37.21% and 0.74%, respectively, of the assets and 68.04%, 31.72% and 0.24%, respectively, of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based solely on the reports of such other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3N to the financial statements, during the year ended December 31, 2017, the County implemented Government Accounting Standards Board ("GASB") Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Introductory Section, Supplementary Information, and Statistical Section, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, the Supplementary Information, as listed in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Section, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Drescher & Malinski LLP

September 20, 2018

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County of Ulster, New York Management's Discussion and Analysis December 31, 2017

This section of the County of Ulster, New York's (County) comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the fiscal year ended December 31, 2017. For comparative purposes, certain data from the prior year has been reclassified to conform with the current year presentation. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section.

Financial Highlights

- The liabilities and deferred inflows of resources of the primary government of the County exceeded assets and deferred outflows of resources at the close of the fiscal year by \$20,666,593 (*net position deficit*). An unrestricted net position deficit of \$80,726,228 exists.
- The primary government's total net position decreased by \$9,051,137. The County recognized \$13,349,467 of its long-term liability of other postemployment benefits in compliance with Governmental Accounting Standards Board Statement No. 45 (GASB 45), Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB). This represents the ninth year for the recognition of this expense and related liability.
- At year end, the County governmental funds reported combined fund balances of \$54,937,508, a decrease of \$5,721,219 in comparison with the fund balances in the prior year of \$60,658,727 (as restated).
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$27,001,859, or 9.95% of total General Fund expenditures and operating transfers out. An assignment from the fund balance of \$11,946,784 was budgeted for appropriation in the next fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) **government-wide** financial statements; 2) **fund** financial statements and 3) **notes** to the basic financial statements. Required and other Supplementary Information are included in addition to the basic financial statements.

Government-wide Financial Statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all County assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The *statement of activities* presents information showing how 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 the related cash flows*. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or in part a portion, of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, education, public safety, public health, transportation, economic assistance, culture and recreation, home and community, and interest on long-term debt. The business-type activities of the County include the Workers' Compensation Pool, and three blended component units the Ulster County Economic Development Alliance (UCEDA), the Ulster County Capital Resource Corporation (UCCRC), and the Golden Hill Local Development Corporation (GHLDC).

The government-wide financial statements can be found on pages 14-15 of this report.

Component units are included in the government-wide financial statements and consist of legally separate entities for which the County is financially accountable or provide services entirely to the County. The aggregate discretely presented component units of the County include the Ulster County Community College (UCCC), the Ulster County Resource Recovery Agency (UCRRA), and the Ulster County Industrial Development Agency (UCIDA). The Ulster Tobacco Asset Securitization Corporation (UTASC), the Ulster County Economic Development Alliance (UCEDA), the Ulster County Capital Resource Corporation (UCCRC), and the Golden Hill Local Development Corporation (GHLDC), although legally separate, function solely for the benefit of the County, and therefore have been included, or blended, as an integral part of the primary government.

County of Ulster, New York
Management's Discussion and Analysis (Continued)
December 31, 2017

The combining financial statements of the aggregate discretely presented component units can be found on pages 76-77 of this report.

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains seven individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Capital Projects Fund and the Ulster Tobacco Asset Securitization Corporation (UTASC), which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* in the Supplementary Information section of this report.

The County adopts an annual appropriated budget for its governmental funds with the exception of the Capital Projects Fund and UTASC. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with the established budgets.

The governmental fund financial statements can be found on pages 16-18 of this report.

Proprietary funds of the County are enterprise funds. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses an enterprise funds to account for the Workers' Compensation Pool, UCEDA, UCCRC, and GHLDC.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Workers' Compensation Pool is considered to be a major fund of the County and is presented separately in the proprietary fund financial statements. Data from the other three proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor proprietary funds is provided in the form of *combining statements* in the Supplementary Information section of this report.

The proprietary fund financial statements can be found on pages 19-21 of this report.

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.

The statement of fiduciary net position can be found on page 22 of this report.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes can be found on pages 23-59 of this report.

County of Ulster, New York
Management's Discussion and Analysis (Continued)
December 31, 2017

Required and Other Supplementary Information is presented in addition to the basic financial statements and accompanying notes. This presentation provides information concerning the County's progress in funding its obligation to provide post-employment benefits to its employees, the County's net pension liability, the County's budgetary comparison schedules, and combining and individual fund statements and schedules to provide information for the nonmajor governmental funds.

Required supplementary information can be found on pages 60-66 of this report.

Other supplementary information can be found on pages 67-77 of this report.

Finally, the statistical section can be found on pages 78-89 of this report.

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 the County primary government, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$20,666,593 at fiscal year-end.

County of Ulster's Net Position – Primary Government

	Governmental Activities		Business-type Activities		Total	
	2017	2016 (as restated)	2017	2016 (as restated)	2017	2016 (as restated)
Current and other assets	\$ 121,880,360	\$ 125,399,620	\$ 40,301,113	\$ 39,621,927	\$162,181,473	\$165,021,547
Capital assets	186,379,066	180,043,973	-	-	186,379,066	180,043,973
Total assets	308,259,426	305,443,593	40,301,113	39,621,927	348,560,539	345,065,520
Deferred outflows of resources	29,684,535	56,785,219	-	-	29,684,535	56,785,219
Current and other liabilities	64,817,975	65,470,277	25,439,136	25,379,999	90,257,111	90,850,276
Long-term liabilities	281,589,015	292,949,042	12,369,570	12,595,325	293,958,585	305,544,367
Total liabilities	346,406,990	358,419,319	37,808,706	37,975,324	384,215,696	396,394,643
Deferred inflows of resources	14,695,971	17,071,552	-	-	14,695,971	17,071,552
Net position:						
Net investment in capital assets	48,855,391	41,545,997	-	-	48,855,391	41,545,997
Restricted net position	11,004,588	11,870,195	199,656	198,969	11,204,244	12,069,164
Unrestricted net position	(83,018,979)	(66,678,251)	2,292,751	1,447,634	(80,726,228)	(65,230,617)
Total net position	\$(23,159,000)	\$(13,262,059)	\$ 2,492,407	\$ 1,646,603	\$(20,666,593)	\$(11,615,456)

A large portion of the County's net position, in the amount of \$48,855,391, represents its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. 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 capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position, in the amount of \$11,204,244, represents resources that are subject to external restrictions on how they may be used. The unrestricted net position is in a deficit position of \$80,726,228.

At the end of the current fiscal year, the County reported positive balances in the net investment in capital assets and restricted categories of net position, and a net deficit in the unrestricted category for the primary government as a whole.

County of Ulster, New York
Management's Discussion and Analysis (Continued)
December 31, 2017

The County's primary government net position decreased by \$9,051,137 as a result of operations during the current fiscal year.

The following table indicates the changes in net position for governmental and business-type activities:

County of Ulster's Changes in Net Position – Primary Government

	Governmental Activities		Business-type Activities		Total	
	2017	2016 (as restated)	2017	2016 (as restated)	2017	2016 (as restated)
Revenues:						
Program revenues:						
Charges for services	\$16,777,357	\$16,876,379	\$ 10,496,699	\$ 9,802,888	\$27,274,056	\$26,679,267
Operating grants and contributions	77,044,272	84,679,415	567,380	709,360	77,611,652	85,388,775
Capital grants and contributions	9,777,416	13,118,913	-	-	9,777,416	13,118,913
General revenues:						
Property taxes	81,509,742	83,532,726	-	-	81,509,742	83,532,726
Sales taxes	115,339,913	112,184,274	-	-	115,339,913	112,184,274
County contribution	-	-	21,007	26,554	21,007	26,554
Other	5,828,843	7,441,991	77,436	18,787	5,906,279	7,460,778
Total revenues	306,277,543	317,833,698	11,162,522	10,557,589	317,440,065	328,391,287
Expenses:						
General government	65,270,653	66,427,340	-	-	65,270,653	66,427,340
Education	11,376,376	10,082,920	-	-	11,376,376	10,082,920
Public safety	53,384,200	52,982,354	-	-	53,384,200	52,982,354
Public health	19,555,576	19,705,379	-	-	19,555,576	19,705,379
Transportation	29,398,429	28,852,350	-	-	29,398,429	28,852,350
Economic assistance	126,979,436	129,622,664	-	-	126,979,436	129,622,664
Culture and recreation	1,324,144	1,362,615	-	-	1,324,144	1,362,615
Home and community	4,013,375	3,474,579	-	-	4,013,375	3,474,579
Interest on long-term debt	4,872,295	6,635,851	-	-	4,872,295	6,635,851
Workers' Compensation Pool	-	-	10,007,661	10,058,153	10,007,661	10,058,153
UCEDA	-	-	297,719	431,159	297,719	431,159
UCCRC	-	-	9,238	48,992	9,238	48,992
GHLDC	-	-	2,100	2,100	2,100	2,100
Total expenses	316,174,484	319,146,052	10,316,718	10,540,404	326,491,202	329,686,456
Changes in net position	(9,896,941)	(1,312,354)	845,804	17,185	(9,051,137)	(1,295,169)
Net position, restated – beginning (see Note 3M)	(13,262,059)	(11,949,705)	1,646,603	1,629,418	(11,615,456)	(10,320,287)
Net position – ending	\$(23,159,000)	\$(13,262,059)	\$ 2,492,407	\$ 1,646,603	\$(20,666,593)	\$(11,615,456)

County of Ulster, New York
Management's Discussion and Analysis (Continued)
December 31, 2017

Key elements of the Primary Government's decrease in net position during the year ended December 31, 2017 of \$9,051,137 are as follows:

Governmental Activities: Governmental activities decreased the County's net position by \$9,896,941 mostly due to the effects of other post-employment benefit liabilities, compensated absence liabilities, an increase in net pension expense, and a decrease in state and federal funding in 2017.

Business-type Activities: Business-type activities increased the County's net position by \$845,804 mostly due to administrative fees received by the Ulster County Capital Resource Corporation.

Financial Analysis of the County's Funds

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

Governmental funds. The general government functions are contained in the General, Special Revenue, Debt Service, Capital Project Funds, and the Ulster Tobacco Asset Securitization Corporation (UTASC). The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$27,001,859, while total fund balance was \$55,801,240. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and operating transfers out. Unassigned fund balance represents 9.95 percent of total fund expenditures and operating transfers out, while total fund balance represents 20.57 percent of that same amount.

County of Ulster, New York
Management's Discussion and Analysis (Continued)
December 31, 2017

Revenues for governmental funds totaled \$306,900,518 in the current fiscal year, which represents a decrease of 4.8 percent from the previous fiscal year.

The following table presents the amount of revenues from various sources as well as increases or decreases from the prior year.

Revenues Classified by Source
Governmental Funds

Revenues by Source	FY 2017 Amount	FY 2017 % of Total	FY 2016 (as restated) Amount	FY 2016 % of Total	Increase (Decrease) Amount	Increase (Decrease) % Change
Taxes	\$ 199,088,725	64.9%	\$ 196,702,705	61.0%	\$ 2,386,020	1.2%
State and federal aid	86,624,736	28.2%	97,792,707	30.3%	(11,167,971)	(11.4)%
Departmental income	10,038,653	3.3%	9,930,170	3.1%	108,483	1.1%
Intergovernmental	2,003,130	0.6%	1,944,375	0.6%	58,755	3.0%
Use of money and property	1,073,943	0.3%	1,038,297	0.3%	35,646	3.4%
Tobacco settlement proceeds	2,005,770	0.7%	4,580,857	1.4%	(2,575,087)	(56.2)%
Miscellaneous local sources	1,514,070	0.5%	695,677	0.2%	818,393	117.6%
Interfund revenues	1,525,191	0.5%	5,936,246	1.9%	(4,411,055)	(74.3)%
Other	3,026,300	1.0%	3,866,518	1.2%	(840,218)	(21.7)%
Total	\$ 306,900,518	100%	\$ 322,487,552	100%	\$ (15,587,034)	(4.8)%

The following provides an explanation of revenues by source that changed significantly over the prior year.

- **State and federal aid** – the significant decrease is primarily due to decreased funding for family assistance programs, as well as decreased transportation funding in 2017.
- **Tobacco settlement proceeds** – the significant decrease is primarily due to an additional tobacco settlement received in 2016.
- **Miscellaneous local sources** – the significant increase is primarily due to prior year rate reconciliations for various special education providers.
- **Interfund revenues** – the significant decrease is primarily due to the elimination of the rental of machinery and equipment from the Road Machinery Fund to the County Road Fund.
- **Other** – The significant decrease is primarily due to increased insurance recoveries in 2016.

County of Ulster, New York
Management's Discussion and Analysis (Continued)
December 31, 2017

Expenditures for governmental funds totaled \$320,483,289 in the current fiscal year, which represents a decrease of 2.3 percent from the previous year.

The following table presents the amount of expenditures by function as well as increases or decreases from the prior year.

Expenditures by Function	Expenditures by Function					
	Governmental Funds					
	FY 2017	FY 2017	FY 2016	FY 2016	Increase	Increase
	Amount	% of	(as restated)	% of	(Decrease)	(Decrease)
		Total	Amount	Total	Amount	% Change
General government	\$60,713,941	18.9%	\$59,771,958	18.2%	\$ 941,983	1.6%
Education	9,942,883	3.1%	9,556,194	2.9%	386,689	4.0%
Public safety	42,769,080	13.3%	42,525,224	13.0%	243,856	0.6%
Public health	17,836,415	5.6%	17,841,740	5.4%	(5,325)	0.0%
Transportation	25,020,587	7.8%	29,039,645	8.8%	(4,019,058)	(13.8)%
Economic assistance	118,542,971	37.0%	120,904,057	37.0%	(2,361,086)	(2.0)%
Culture and recreation	971,737	0.3%	973,225	0.3%	(1,488)	(0.2)%
Home and community	3,671,222	1.1%	3,155,312	1.0%	515,910	16.4%
Employee benefits	9,512,926	3.0%	9,647,270	2.9%	(134,344)	(1.4)%
Debt (principal, interest, and issuance costs)	13,638,666	4.3%	14,108,274	4.3%	(469,608)	(3.3)%
Capital outlay	17,862,861	5.6%	20,343,360	6.2%	(2,480,499)	(12.2)%
Total	\$320,483,289	100%	\$327,866,259	100%	\$ (7,382,970)	(2.3)%

The following provides an explanation of the expenditures by function that changed significantly over the prior year.

- **Transportation** – The significant decrease is primarily due to the elimination of the rental of machinery and equipment from the Road Machinery Fund to the County Road Fund.
- **Economic assistance** – the significant decrease is primarily due to decreased spending on family assistance programs in 2017.
- **Home and community services** – the significant increase is primarily due to an increase in planning studies in 2017.
- **Capital outlay** – the significant decrease is primarily due to a major bridge reconstruction in 2016.

County of Ulster, New York
Management's Discussion and Analysis (Continued)
December 31, 2017

The current year overall deficiency of revenues and other financing sources over expenditures and other financing uses is presented below:

Summary of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

	General Fund	Debt Service Fund	Capital Projects Fund	UTASC	Nonmajor Special Revenue Funds	Total
Revenues	\$267,955,967	\$10,539,588	\$6,126,174	\$2,032,997	\$20,245,792	\$306,900,518
Expenditures	269,252,190	10,408,788	17,862,861	3,004,972	19,954,478	320,483,289
Other financing sources (uses), net	(2,077,106)	-	9,905,719	-	32,939	7,861,552
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(3,373,329)	130,800	(1,830,968)	(971,975)	324,253	(5,721,219)
Fund balances (deficit), restated – beginning	59,174,569	1,220,851	(9,089,740)	3,353,032	6,000,015	60,658,727
Fund balances (deficit) – ending	<u>\$ 55,801,240</u>	<u>\$ 1,351,651</u>	<u>(\$10,920,708)</u>	<u>\$ 2,381,057</u>	<u>\$ 6,324,268</u>	<u>\$ 54,937,508</u>

The fund balance of the County's General Fund decreased by \$3,373,329 during the fiscal year.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Other factors concerning the finances of the County's proprietary funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in a \$7.2 million increase in appropriations and transfers out, and a \$2.2 million increase in revenues and can be briefly summarized as follows:

- \$700 thousand to fund increases in sales tax distribution in the general government.
- \$300 thousand to fund increases in education.
- \$1.5 million to fund increases in public safety programs.
- \$700 thousand to fund increases in public health programs.
- \$1.2 million to fund increases in transportation.
- \$100 thousand to fund increases to economic assistance.
- \$1.5 million to fund increases to planning and conservation studies in home and community services.
- \$100 thousand to fund increases in interest expense.
- \$1.8 million to fund increases in transfer out for principal payments on bond anticipation notes.

These increases were to be primarily funded out of decreases in appropriations of employee benefits \$700 thousand, as well as additional state and federal grants of \$1.6 million, additional insurance recoveries of \$100 thousand, and additional sales tax revenue of \$500 thousand, with the remaining \$5.0 million being funded from available fund balance assigned for prior year encumbrances.

In comparing the final budget to actual, the primary variances were as follows:

- Sales tax revenue was \$3.1 million higher than budgeted due to increased consumer spending in 2017.
- General government expense savings resulted primarily from property related contractual savings of approximately \$1.2 million, and general savings across all county departments.
- Economic assistance expense savings resulted primarily from contractual savings on social services administration of over \$1.7 million, family assistance of \$2.7 million, and safety net of \$1.5 million.

County of Ulster, New York
Management's Discussion and Analysis (Continued)
December 31, 2017

Capital Assets and Debt Administration

Capital assets. The County's investment in capital assets for its governmental activities as of fiscal year end amounted to \$186,379,066 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and improvements, machinery and equipment, infrastructure and construction in progress. For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Governmental fund financial statements record capital asset purchases as expenditures.

Capital assets for the governmental activities are presented below to illustrate changes from the prior year:

	<u>Governmental Activities</u>	
	2017	2016
Land and land improvements	\$ 4,867,956	\$ 5,150,567
Buildings and improvements	89,642,026	94,754,941
Machinery and equipment	17,637,731	14,710,250
Infrastructure	60,311,378	53,755,521
Construction in progress	13,919,975	11,672,694
Total	\$186,379,066	\$180,043,973

Additional information on the County's capital assets can be found in Note 2E on pages 36-37 of this report.

County of Ulster, New York
Management’s Discussion and Analysis (Continued)
December 31, 2017

Long-term debt. At the end of the current fiscal year, the primary government of the County had total serial bonded debt outstanding of \$125,786,524, net of unamortized bond premiums. Of this amount, \$89,474,665 comprises debt backed by full faith and credit of the County and \$36,311,859 is backed by the tobacco settlement revenues per the Master Settlement Agreement.

	<u>Governmental Activities</u>		Increase
	2017	2016	(Decrease)
General obligation bonds	\$ 89,474,665	\$ 89,581,185	(\$ 106,520)
Tobacco asset backed bonds	36,311,859	37,149,643	(837,784)
Total outstanding bonded debt	\$ 125,786,524	\$ 126,730,828	(\$ 944,304)

The County maintains a “AA” rating from Standard & Poor’s for general obligation debt. State statutes limit the amount of general obligation debt a governmental entity may issue to 7% of its five-year average full valuation of taxable real property. The County has utilized 7.41% of its statutory debt limit at fiscal year end.

Additional information on the County’s long-term debt can be found in Note 2I on pages 40-42 of this report.

Economic Factors and Next Year’s Budget and Rates

- The property tax levy was reduced by 0.25% in 2018.
- The County continued an infrastructure improvement program and invested an additional \$15 million in critical road and bridge improvements.

All of these factors were considered in preparing the County’s budget for fiscal year 2018.

During the current fiscal year, fund balance in the General Fund decreased to \$55,801,240. The County elected to appropriate \$11,946,784 of the fund balance in the General Fund for spending in the 2018 fiscal year budget.

Request for Information

The financial report is designed to provide a general overview of the County’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Ulster County Department of Finance, P.O. Box 1800, Kingston, New York, 12402.

Basic Financial Statements

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Government-wide
Financial Statements

County of Ulster, New York
Statement of Net Position
December 31, 2017

	Primary Government			Aggregate Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 34,661,500	\$ 25,506,436	\$ 60,167,936	\$ 11,449,156
Restricted cash and cash equivalents	12,155,473	1,101,536	13,257,009	-
Investments	-	-	-	11,392,975
Receivables	78,295,687	562,169	78,857,856	6,874,727
Internal balances	(9,769,457)	9,769,457	-	-
Due from component unit	590,280	-	590,280	-
Due from Agency Fund	4,266	-	4,266	-
Inventories	30,062	-	30,062	-
Prepaid items	5,912,549	-	5,912,549	381,073
Other assets	-	-	-	1,593,469
Deposit on sale of property	-	25,000	25,000	-
Assessment receivables	-	2,136,515	2,136,515	-
Deposit with third party administrator	-	1,200,000	1,200,000	-
Capital assets (net of accumulated depreciation)	186,379,066	-	186,379,066	23,378,262
Total assets	308,259,426	40,301,113	348,560,539	55,069,662
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - pensions	25,421,755	-	25,421,755	3,274,863
Deferred charge on refunding	4,262,780	-	4,262,780	17,085
Total deferred outflows of resources	29,684,535	-	29,684,535	3,291,948
LIABILITIES				
Accounts payable and other accrued liabilities	12,536,434	1,260,517	13,796,951	3,334,321
Intergovernmental payables	30,669,028	45,429	30,714,457	140
Other liabilities	-	-	-	60,170
Unearned revenue	128,094	1,335,099	1,463,193	5,131,751
Bond anticipation notes payable	10,629,965	-	10,629,965	-
Noncurrent liabilities:				
Due within one year	10,854,454	22,798,091	33,652,545	4,221,297
Due in more than one year	281,589,015	12,369,570	293,958,585	24,290,704
Total liabilities	346,406,990	37,808,706	384,215,696	37,038,383
DEFERRED INFLOWS OF RESOURCES				
Deferred tuition received	-	-	-	503,405
Deferred inflows of resources - pensions	5,924,129	-	5,924,129	646,938
Deferred gain on refunding	8,758,842	-	8,758,842	-
Unavailable revenue - loans	13,000	-	13,000	-
Total deferred inflows of resources	14,695,971	-	14,695,971	1,150,343
NET POSITION				
Net investment in capital assets	48,855,391	-	48,855,391	22,115,720
Restricted for:				
Board designated, scholarships, and grants	-	-	-	5,454,585
Nonexpendable	-	-	-	2,797,946
Debt service	3,732,708	-	3,732,708	3,742,549
Other purposes	7,271,880	199,656	7,471,536	-
Unrestricted	(83,018,979)	2,292,751	(80,726,228)	(13,937,916)
Total net position	\$ (23,159,000)	\$ 2,492,407	\$ (20,666,593)	\$ 20,172,884

See accompanying notes to the financial statements.

County of Ulster, New York
Statement of Activities
For the Year Ended December 31, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Aggregate Discretely Presented Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 65,270,653	\$ 6,390,684	\$ 1,374,934	\$ 15,000	\$ (57,490,035)	\$ -	\$ (57,490,035)	\$ -
Education	11,376,376	70,898	-	736,426	(10,569,052)	-	(10,569,052)	-
Public safety	53,384,200	1,783,591	1,652,546	-	(49,948,063)	-	(49,948,063)	-
Public health	19,555,576	509,169	11,502,483	-	(7,543,924)	-	(7,543,924)	-
Transportation	29,398,429	834,542	5,170,722	6,104,244	(17,288,921)	-	(17,288,921)	-
Economic assistance	126,979,436	6,357,893	55,784,113	2,803,589	(62,033,841)	-	(62,033,841)	-
Culture and recreation	1,324,144	628,620	259,736	118,157	(317,631)	-	(317,631)	-
Home and community	4,013,375	201,960	1,299,738	-	(2,511,677)	-	(2,511,677)	-
Interest on long-term debt	4,872,295	-	-	-	(4,872,295)	-	(4,872,295)	-
Total governmental activities	<u>316,174,484</u>	<u>16,777,357</u>	<u>77,044,272</u>	<u>9,777,416</u>	<u>(212,575,439)</u>	<u>-</u>	<u>(212,575,439)</u>	<u>-</u>
Business-type activities:								
Workers' Compensation Pool	10,007,661	9,344,917	565,280	-	-	(97,464)	(97,464)	-
Economic Development Alliance	297,719	373,287	-	-	-	75,568	75,568	-
Capital Resource Corporation	9,238	778,495	-	-	-	769,257	769,257	-
Golden Hill Local Development Corporation	2,100	-	2,100	-	-	-	-	-
Total business-type activities	<u>10,316,718</u>	<u>10,496,699</u>	<u>567,380</u>	<u>-</u>	<u>-</u>	<u>747,361</u>	<u>747,361</u>	<u>-</u>
Total primary government	<u>\$ 326,491,202</u>	<u>\$ 27,274,056</u>	<u>\$ 77,611,652</u>	<u>\$ 9,777,416</u>	<u>(212,575,439)</u>	<u>747,361</u>	<u>(211,828,078)</u>	<u>-</u>
Component units:								
Community College	\$ 32,752,033	\$ 8,132,268	\$ 7,065,717	\$ -				(17,554,048)
Resource Recovery Agency	12,107,195	15,289,882	40,813	-				3,223,500
Industrial Development Agency	156,922	117,075	-	-				(39,847)
Total component units	<u>\$ 45,016,150</u>	<u>\$ 23,539,225</u>	<u>\$ 7,106,530</u>	<u>\$ -</u>				<u>(14,370,395)</u>
General revenues:								
Real property taxes and tax items					81,509,742	-	81,509,742	-
Sales taxes					115,339,913	-	115,339,913	-
Off-track betting distribution					85,709	-	85,709	-
Hotel room occupancy tax					1,530,160	-	1,530,160	-
Emergency telephone E-911 surcharge					692,730	-	692,730	-
Automobile use tax					1,180,432	-	1,180,432	-
Investment earnings					372,598	77,436	450,034	133,530
Tobacco settlement proceeds					1,970,014	-	1,970,014	-
Premium on sale of obligations					378,192	-	378,192	-
Contribution from other governments					-	-	-	5,892,667
County contribution					-	21,007	21,007	6,400,863
Chargeback revenue					-	-	-	797,286
Federal and state nonoperating revenues					-	-	-	4,914,392
Gain/(loss) on disposals					(380,992)	-	(380,992)	6,255
Total general revenues					<u>202,678,498</u>	<u>98,443</u>	<u>202,776,941</u>	<u>18,144,993</u>
Change in net position					(9,896,941)	845,804	(9,051,137)	3,774,598
Net position - beginning, as restated (Note 3N)					(13,262,059)	1,646,603	(11,615,456)	16,398,286
Net position - ending					<u>\$ (23,159,000)</u>	<u>\$ 2,492,407</u>	<u>\$ (20,666,593)</u>	<u>\$ 20,172,884</u>

See accompanying notes to the financial statements.

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Fund Financial
Statements

County of Ulster, New York
Balance Sheet
Governmental Funds
December 31, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>UTASC</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash, cash equivalents and investments	\$ 27,810,625	\$ -	\$ -	\$ -	\$ 6,850,875	\$ 34,661,500
Restricted cash, cash equivalents and investments	7,399,974	1,351,651	1,008,742	2,395,106	-	12,155,473
Receivables	74,781,644	-	1,049,051	-	264,992	76,095,687
Due from other funds	20,061	-	-	-	13,205	33,266
Due from component units - UCCC	590,280	-	-	-	-	590,280
Inventories	30,062	-	-	-	-	30,062
Prepaid items	5,912,549	-	-	-	-	5,912,549
Total assets	<u>\$ 116,545,195</u>	<u>\$ 1,351,651</u>	<u>\$ 2,057,793</u>	<u>\$ 2,395,106</u>	<u>\$ 7,129,072</u>	<u>\$ 129,478,817</u>
LIABILITIES						
Accounts payable and other accrued liabilities	\$ 8,806,702	\$ -	\$ 2,348,040	\$ -	\$ 791,804	\$ 11,946,546
Intergovernmental payables	30,669,028	-	-	-	-	30,669,028
Due to other funds	161,505	-	496	14,049	-	176,050
Bond anticipation notes payable	-	-	10,629,965	-	-	10,629,965
Other unearned revenues	128,094	-	-	-	-	128,094
Total liabilities	<u>39,765,329</u>	<u>-</u>	<u>12,978,501</u>	<u>14,049</u>	<u>791,804</u>	<u>53,549,683</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	20,978,626	-	-	-	-	20,978,626
Unavailable revenue - loans	-	-	-	-	13,000	13,000
Total deferred inflows of resources	<u>20,978,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,000</u>	<u>20,991,626</u>
FUND BALANCES (DEFICIT)						
Nonspendable:						
Inventories	30,062	-	-	-	-	30,062
Prepaid items	5,912,549	-	-	-	-	5,912,549
Restricted for:						
Debt service	-	1,351,651	-	2,381,057	-	3,732,708
Future capital projects	3,100,000	-	-	-	-	3,100,000
Risk retention	126,629	-	-	-	-	126,629
Tax stabilization	2,023,201	-	-	-	-	2,023,201
Other purposes	2,022,050	-	-	-	-	2,022,050
Assigned to:						
Encumbrances	2,945,974	-	-	-	16,071	2,962,045
Subsequent years' expenditures	11,946,784	-	-	-	800,000	12,746,784
Specific use	-	-	-	-	5,508,197	5,508,197
Other purposes	692,132	-	-	-	-	692,132
Unassigned	27,001,859	-	(10,920,708)	-	-	16,081,151
Total fund balances (deficit)	<u>55,801,240</u>	<u>1,351,651</u>	<u>(10,920,708)</u>	<u>2,381,057</u>	<u>6,324,268</u>	<u>54,937,508</u>
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<u>\$ 116,545,195</u>	<u>\$ 1,351,651</u>	<u>\$ 2,057,793</u>	<u>\$ 2,395,106</u>	<u>\$ 7,129,072</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	186,379,066
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,200,000
Deferred outflows of resources represent a consumption of net position in the future period and, therefore, are not reported in the funds.	4,262,780
Deferred property tax revenue is not available to pay for current-period expenditures and, therefore, are deferred in the funds.	20,978,626
Retainage payable is not due and payable in the current period and, therefore, is not reported in the funds.	(73,269)
Pension related deferred outflows of resources represent a consumption of net position in the future period and, therefore, are not reported in the funds.	25,421,755
Pension related deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	(5,924,129)
Tobacco refunding related deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	(8,758,842)
Accrued interest on bonds payable is not due and payable in the current period and, therefore, is not reported in the funds.	(516,619)
Claims and judgments for workers' compensation liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(9,622,407)
Long-term liabilities, including bonds payable, claims and judgments, retirement, OPEB, net pension liability, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(292,443,469)

Net position of governmental activities	<u>\$ (23,159,000)</u>
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See accompanying notes to the financial statements.

County of Ulster, New York
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)
Governmental Funds
For the Year Ended December 31, 2017

	General	Debt Service	Capital Projects	UTASC	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 51,419,587	\$ 9,846,685	\$ -	\$ -	\$ 13,710,785	\$ 74,977,057
Other real property tax items	5,282,724	-	-	-	-	5,282,724
Sales	115,339,913	-	-	-	-	115,339,913
Tax on hotel room occupancy	1,530,160	-	-	-	-	1,530,160
Off track betting	85,709	-	-	-	-	85,709
E-911 surcharge	692,730	-	-	-	-	692,730
Automobile use tax	1,180,432	-	-	-	-	1,180,432
State aid	39,664,837	675,522	1,496,074	-	4,392,523	46,228,956
Federal aid	34,562,886	-	3,978,039	-	1,854,855	40,395,780
Departmental income	10,038,653	-	-	-	-	10,038,653
Intergovernmental	1,459,610	-	458,802	-	84,718	2,003,130
Use of money and property	1,012,101	17,381	-	27,227	17,234	1,073,943
Licenses and permits	464,984	-	-	-	-	464,984
Fines and forfeitures	418,646	-	-	-	-	418,646
Sale of property and compensation for loss	1,957,590	-	-	-	185,080	2,142,670
Tobacco settlement proceeds	-	-	-	2,005,770	-	2,005,770
Miscellaneous local sources	1,320,811	-	193,259	-	-	1,514,070
Interfund revenues	1,524,594	-	-	-	597	1,525,191
Total revenues	<u>267,955,967</u>	<u>10,539,588</u>	<u>6,126,174</u>	<u>2,032,997</u>	<u>20,245,792</u>	<u>306,900,518</u>
EXPENDITURES						
Current:						
General government	60,659,994	-	-	53,947	-	60,713,941
Education	9,942,883	-	-	-	-	9,942,883
Public safety	42,769,080	-	-	-	-	42,769,080
Public health	17,836,415	-	-	-	-	17,836,415
Transportation	7,217,137	-	-	-	17,803,450	25,020,587
Economic assistance	117,160,785	-	-	-	1,382,186	118,542,971
Culture and recreation	971,737	-	-	-	-	971,737
Home and community	2,903,574	-	-	-	767,648	3,671,222
Employee benefits	9,512,926	-	-	-	-	9,512,926
Debt service:						
Principal	-	7,388,750	-	1,010,000	-	8,398,750
Interest	277,659	3,020,038	-	1,941,025	1,194	5,239,916
Capital outlay	-	-	17,862,861	-	-	17,862,861
Total expenditures	<u>269,252,190</u>	<u>10,408,788</u>	<u>17,862,861</u>	<u>3,004,972</u>	<u>19,954,478</u>	<u>320,483,289</u>
Excess (deficiency) of revenues over expenditures	<u>(1,296,223)</u>	<u>130,800</u>	<u>(11,736,687)</u>	<u>(971,975)</u>	<u>291,314</u>	<u>(13,582,771)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	2,077,106	-	32,939	2,110,045
Transfers out	(2,077,106)	-	(32,939)	-	-	(2,110,045)
Issuance of bonds	-	-	7,861,552	-	-	7,861,552
Total other financing sources (uses)	<u>(2,077,106)</u>	<u>-</u>	<u>9,905,719</u>	<u>-</u>	<u>32,939</u>	<u>7,861,552</u>
Net change in fund balances	<u>(3,373,329)</u>	<u>130,800</u>	<u>(1,830,968)</u>	<u>(971,975)</u>	<u>324,253</u>	<u>(5,721,219)</u>
Fund balances (deficit), restated - beginning (see Note 3N)	59,174,569	1,220,851	(9,089,740)	3,353,032	6,000,015	60,658,727
Fund balances (deficit) - ending	<u>\$ 55,801,240</u>	<u>\$ 1,351,651</u>	<u>\$ (10,920,708)</u>	<u>\$ 2,381,057</u>	<u>\$ 6,324,268</u>	<u>\$ 54,937,508</u>

See accompanying notes to the financial statements.

County of Ulster, New York
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances (Deficit) - Governmental Funds
To the Government-wide Statement of Activities
For the Year Ended December 31, 2017

Amounts reported for governmental activities in the statement of activities (page 15) are different because:

Net change in fund balances - total governmental funds (page 17)	\$	(5,721,219)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays, net of disposals, exceeded depreciation expense, in the current period.		6,335,093
Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:		
Direct pension contributions	8,937,310	
Cost of benefits earned, net of employee contributions	<u>(13,004,073)</u>	(4,066,763)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		1,214,205
Accrued bond interest is not due and payable in the current period and, therefore, is not reported in the funds.		24,013
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(9,163,303)
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 governmental funds.		<u>1,481,033</u>
Change in net position of governmental activities	\$	<u><u>(9,896,941)</u></u>

See accompanying notes to the financial statements.

County of Ulster, New York
Statement of Net Position
Proprietary Funds
December 31, 2017

	Business-Type Activities		Total Proprietary Funds
	Workers' Compensation Pool	Total Nonmajor Funds	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 23,402,334	\$ 2,104,102	\$ 25,506,436
Restricted cash	1,101,536	-	1,101,536
Receivables	-	357,894	357,894
Due from other funds	9,622,407	161,300	9,783,707
Deposit on sale of property	-	25,000	25,000
Total current assets	<u>34,126,277</u>	<u>2,648,296</u>	<u>36,774,573</u>
Noncurrent assets:			
Receivables	2,136,515	204,275	2,340,790
Deposit with third party administrator	1,200,000	-	1,200,000
Total noncurrent assets	<u>3,336,515</u>	<u>204,275</u>	<u>3,540,790</u>
Total assets	<u>37,462,792</u>	<u>2,852,571</u>	<u>40,315,363</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	1,188,868	66,922	1,255,790
Accrued salaries and benefits	4,727	-	4,727
Intergovernmental payables	-	25,016	25,016
Unearned revenue	1,101,536	48,750	1,150,286
Due to other funds	-	14,250	14,250
Workers' compensation claims payable	22,798,091	-	22,798,091
Total current liabilities	<u>25,093,222</u>	<u>154,938</u>	<u>25,248,160</u>
Noncurrent liabilities:			
Intergovernmental payables	-	20,413	20,413
Unearned revenue	-	184,813	184,813
Workers' compensation claims payable	12,369,570	-	12,369,570
Total noncurrent liabilities	<u>12,369,570</u>	<u>205,226</u>	<u>12,574,796</u>
Total liabilities	<u>37,462,792</u>	<u>360,164</u>	<u>37,822,956</u>
NET POSITION			
Restricted	-	199,656	199,656
Unrestricted	-	2,292,751	2,292,751
Total net position	<u>\$ -</u>	<u>\$ 2,492,407</u>	<u>\$ 2,492,407</u>

See accompanying notes to the financial statements.

County of Ulster, New York
Statement of Revenues, Expenses, and Change in Net Position
Proprietary Funds
For the Year Ended December 31, 2017

	<u>Business-Type Activities</u>		Total Proprietary Funds
	Workers' Compensation Pool	Total Nonmajor Funds	
OPERATING REVENUES			
Charges for services	\$ 9,344,917	\$ 1,116,755	\$ 10,461,672
Other operating revenue	565,280	37,127	602,407
Total operating revenues	<u>9,910,197</u>	<u>1,153,882</u>	<u>11,064,079</u>
OPERATING EXPENSES			
Administrative	2,277,643	42,706	2,320,349
Contractual	-	281,931	281,931
Claimants	7,730,018	-	7,730,018
Provision for loan recoveries	-	(17,475)	(17,475)
Total operating expenses	<u>10,007,661</u>	<u>307,162</u>	<u>10,314,823</u>
Operating income (loss)	<u>(97,464)</u>	<u>846,720</u>	<u>749,256</u>
NONOPERATING REVENUES			
Contribution from Ulster County for other post-employment benefits	21,007	-	21,007
Interest earnings	76,457	979	77,436
Interest expense	-	(1,895)	(1,895)
Total nonoperating revenues	<u>97,464</u>	<u>(916)</u>	<u>96,548</u>
Change in net position	-	845,804	845,804
Total net position, restated - beginning (see Note 3N)	-	1,646,603	1,646,603
Total net position - ending	<u>\$ -</u>	<u>\$ 2,492,407</u>	<u>\$ 2,492,407</u>

See accompanying notes to the financial statements.

County of Ulster, New York
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017

	<u>Business-Type Activities</u>		Total Proprietary Funds
	Workers' Compensation Pool	Total Nonmajor Funds	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from services provided	\$ 9,910,197	\$ 1,022,274	\$ 10,932,471
Payments to suppliers and service providers	(2,038,937)	(230,551)	(2,269,488)
Payments to employees	(238,706)	-	(238,706)
Payments to claimants	(5,925,278)	-	(5,925,278)
Net cash provided by operating activities	<u>1,707,276</u>	<u>791,723</u>	<u>2,498,999</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash contributions from Ulster County	21,007	-	21,007
Interest expense	-	(1,895)	(1,895)
Payments on long-term debt	-	(37,768)	(37,768)
Net cash provided (used) by noncapital financing activities	<u>21,007</u>	<u>(39,663)</u>	<u>(18,656)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earnings	76,457	979	77,436
Net cash provided by investing activities	<u>76,457</u>	<u>979</u>	<u>77,436</u>
Net increase in cash and cash equivalents	1,804,740	753,039	2,557,779
Total cash and cash equivalents - beginning	22,699,130	1,351,063	24,050,193
Total cash and cash equivalents - ending	<u>\$ 24,503,870</u>	<u>\$ 2,104,102</u>	<u>\$ 26,607,972</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (97,464)	\$ 846,720	\$ 749,256
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Provision for loan recoveries	-	(17,475)	(17,475)
Decrease (increase) in:			
Assessment receivables	643,868	(44,378)	599,490
Due from other funds	1,378,837	(67,655)	1,311,182
Increase (decrease) in:			
Accounts payable	430,856	40,902	471,758
Accrued salaries and benefits	1,244	-	1,244
Due to other funds	-	(28,854)	(28,854)
Workers' compensation claims	(677,742)	-	(677,742)
Unearned revenue	27,677	62,463	90,140
Net cash provided by operating activities	<u>\$ 1,707,276</u>	<u>\$ 791,723</u>	<u>\$ 2,498,999</u>

See accompanying notes to the financial statements.

County of Ulster, New York
Statement of Fiduciary Net Position
Agency Fund
December 31, 2017

	Agency
ASSETS	
Cash and cash equivalents	\$ 13,377,799
Receivables	15,501
Total assets	\$ 13,393,300
 LIABILITIES	
Due to other funds	\$ 4,266
Agency fund liabilities	13,389,034
Total liabilities	\$ 13,393,300

See accompanying notes to the financial statements.

Notes to the Financial
Statements

COUNTY OF ULSTER, NEW YORK
Notes to the Financial Statements
December 31, 2017

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The County of Ulster, New York (County) is one of the original twelve counties of New York State, founded on November 1, 1683. In 2009, a charter form of government was formed. The County is governed by a twenty-three member Legislature consisting of members elected from twenty-three legislative districts for two-year terms. The chief executive officer is an elected County Executive who oversees the day to day operations of the County, and is elected for a four-year term. The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (GASB).

The governmental reporting entity consists of the County (Primary Government) and its component units. Component units are legally separate organizations for which the County is financially accountable or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a majority of the component unit's board, and (i) either the County's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the County.

The basic financial statements include both blended and discretely presented component units. The blended component units, although legally separate entities, are in substance part of the County's operations and so financial results from these units are combined with financial results of the primary government. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County.

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

Ulster Tobacco Asset Securitization Corporation (UTASC)

The Ulster Tobacco Asset Securitization Corporation (UTASC) is a special purpose, bankruptcy-remote local development corporation established by the County under the Not-For-Profit Corporation Law of the State of New York on January 12, 2001. UTASC is an instrumentality of, but separate and apart from the County. UTASC has a board of directors comprised of nine directors, all but one of whom shall be one or more of the following: an employee of the County, an elected official of the County or a member of the County Legislature; and one director who shall be independent.

On February 1, 2001, pursuant to a Purchase and Sale Agreement with the County, the County sold to the UTASC all of its future right, title and interest (that the market would allow) in the Tobacco Settlement Revenues (TSRs) under the Master Settlement Agreement (MSA) and the Decree and Final Judgment (the Decree). On November 29, 2005, the County participated in the New York Counties Tobacco Trust V (NYCTT V) whereby the County sold all of its future right, title and interest (that the present market would allow) in the TSRs under the MSA. The MSA resolved cigarette smoking-related litigation between the settling states and the Participating Manufacturers (PMs), released the PMs from past and present smoking-related claims, and provides for a continuing release of future smoking-related claims, in exchange for certain payments to be made to the settling states, as well as certain tobacco advertising and marketing restrictions, among other things. The Decree, which was entered by the Supreme Court of the State, allocated to the County a share of the TSRs under the MSA. The future rights, title and interest of the County's share were sold to UTASC.

The purchase price of the County's future right, title and interest in the TSRs has been financed by the issuance of serial bonds. A Residual Certificate exists which represents the entitlement to receive all amounts required to be distributed after payment of debt service, operating expenses, and certain other costs as set forth in the indenture. Payments on the Residual Certificate from TSR collections are subordinate to payments on the bonds and payment of certain other costs specified in the indenture. Excess TSRs not required by UTASC to pay various expenses, debt service or required reserves with respect to the bonds are transferred to the UTASC Residual Trust (the Trust). The County is the beneficial owner of the Trust and thus the funds received by the Trust will ultimately transfer to the County.

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In September 2016, the County and UTASC participated in the New York Counties Tobacco Trust VI (NYCTT VI) whereby the Corporation issued new Series 2016 bonds.

The UTASC is shown as a major governmental fund. Separate financial statements may be obtained from the Ulster Tobacco Asset Securitization Corporation, P.O. Box 1800, Kingston, N.Y. 12402.

Ulster County Economic Development Alliance (UCEDA)

The Ulster County Economic Development Alliance (UCEDA), formerly known as the Ulster County Development Corporation, promotes job growth, economic development and community revitalization for Ulster County by unified regional and national marketing and provides business financing through a variety of countywide and municipal revolving loan funds. UCEDA's sole Member is the County of Ulster, New York acting by and through the County Executive, ex officio. The number of Directors of the Corporation is seven, established by resolution adopted by the member. UCEDA has a fiscal year that ends December 31. UCEDA is presented as a nonmajor proprietary fund of the County.

Separate financial statements may be obtained from the Ulster County Economic Development Alliance, P.O. Box 1800, Kingston, N.Y. 12402.

Ulster County Capital Resource Corporation (UCCRC)

The Ulster County Capital Resource Corporation (UCCRC) was formed on May 11, 2010 to promote community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of Ulster County by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses, and other entities to access low interest tax-exempt and non-tax-exempt financing for their eligible projects. The County Legislature appoints the entire governing board and is therefore able to impose its will over the organization. UCCRC has a fiscal year that ends December 31. UCCRC is presented as a nonmajor proprietary fund of the County.

Separate financial statements may be obtained from the Ulster County Capital Resource Corporation, P.O. Box 4265, Kingston, N.Y. 12402.

Golden Hill Local Development Corporation (GHLDC)

The Golden Hill Local Development Corporation (GHLDC) was formed on October 7, 2011 with a mission to seek and transfer the land and the facilities of the Golden Hill Health Care Center to the highest qualified bidder. In doing so, the GHLDC shall examine and consider, where applicable, the bidders' competency and character, history of employee relations and practices, quality of care of residents, record of retaining facilities subsequent to acquisition, willingness to agree to build a new facility at the site, willingness to continue to care for all existing residents at the time of acquisition (unless otherwise indicated by the New York State Department of Health criteria), financial stability, and willingness to consider existing staff as potential employees. The GHLDC has a board of directors appointed by the County Executive and the County Legislature. GHLDC has a fiscal year that ends December 31. GHLDC is presented as a nonmajor proprietary fund of the County.

Separate financial statements may be obtained from the Golden Hill Local Development Corporation, P.O. Box 1800, Kingston, N.Y. 12402.

Discretely Presented Component Units – The following discretely presented component units are reported, in aggregate, in a separate column to emphasize that they are legally separate from the County.

Ulster County Community College (UCCC)

The Ulster County Community College (UCCC) was established in 1963 with the County as the local sponsor under the provisions of Article 126 of the Education Law. A board of trustees consisting of nine voting members administers the UCCC; five are appointed by the County Legislature and four by the governor. The UCCC budget is subject to approval of the County Legislature. The County provides approximately one-half of the capital costs and one-third of the operating costs for UCCC. Real property of UCCC vests with the County. Certain bonds and notes for UCCC capital costs are issued and guaranteed by

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the County. The County, beginning in 2012, has recorded general obligation bonds issued on behalf of UCCC previously recorded on UCCC's financial statements. (See Note 21). These bonds are considered to be debt of the County. The County also pays a portion of tuition and capital cost charges for County residents attending other community colleges. The UCCC financial statements include two discretely reported component units; the Ulster Community College Foundation and the Ulster Community College Association, Inc. The UCCC has a fiscal year ending August 31.

Separate financial statements may be obtained from the Ulster County Community College, P.O. Box 557, Stone Ridge, N.Y. 12484-0557.

Ulster County Resource Recovery Agency (UCRRA)

The Ulster County Resource Recovery Agency (UCRRA) was created on December 31, 1986 by State Legislation (Chapter 936, Laws of New York), which amended the Public Authorities Law. The County entered into an agreement on January 26, 1988 with UCRRA to develop a plan and manage solid waste and recovery systems within the County. The County agreed to finance and fund UCRRA until a solid waste management plan was developed and implemented. The County approved a solid waste management plan on December 30, 1991, which was subsequently approved by the NYS Department of Environmental Conservation in April 1993. This plan enabled UCRRA to issue revenue bonds, to repay the County and finance the operating and capital expenditures for a solid waste management system. The County entered into a service agreement with UCRRA; whereby UCRRA will construct, maintain and operate the system. In exchange, the County has guaranteed to fund any operating, capital or debt service deficits with the payment to UCRRA of a net service fee pursuant to the terms set forth in the service agreement. In December of 2012 a countywide Flow Control Law was passed by the Ulster County Legislature and signed into law by the Ulster County Executive. The Flow Control Law mandates that all municipal solid waste generated within the County of Ulster must be brought to the UCRRA. The major financial impacts of this new law resulted in an increase in solid waste service fees, the elimination of County net service fees, and the ability of UCRRA to be self-sustaining. The UCRRA met all of its obligations for fiscal year 2017 without the assistance of a County subsidy.

Separate financial statements may be obtained from the Ulster County Resource Recovery Agency, P.O. Box 6219, 999 Flatbush Road, Kingston, N.Y. 12402.

Ulster County Industrial Development Agency (UCIDA)

The Ulster County Industrial Development Agency (UCIDA) is a quasi-governmental agency which has the authority to issue tax exempt and taxable industrial revenue bonds for eligible projects in Ulster County. UCIDA was formed to promote and develop the economic growth of Ulster County and to assist in attracting industry to the County. The County Legislature appoints the entire governing board and is therefore able to impose its will over the UCIDA. UCIDA has a fiscal year that ends December 31. UCIDA is presented discretely as a component unit of the County.

Separate financial statements may be obtained from the Ulster County Industrial Development Agency, P.O. Box 4265, Kingston, N.Y. 12402.

Excluded from the Financial Reporting Entity – Although the following are related to the County, they are not included in the County reporting entity for the reasons noted.

Ulster County Soil and Water Conservation District (UCSWCD)

The County Legislature has declared the County to be a Soil and Water Conservation District in accordance with the provisions of the Soil and Water Conservation District Law. Members of the Board of Directors have been appointed by the County governing body and the District is allotted County appropriations to administer various projects. However, the County cannot impose will upon the District nor is there a financial benefit/burden relationship with the County to require it to be presented as a component unit.

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B. Basis of Presentation

Beginning in 2017, the County adopted the provisions of GASB Statements No. 74, *Financial Reporting for Postemployment Benefits Other Than Pension Plans*, No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*, No. 81, *Irrevocable Split-Interest Agreements*, and No. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of GASB Statement No. 74 is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The objective of GASB Statement No. 80 is to improve financial reporting by clarifying the financial statement presentation requirements for component units. The objective of GASB Statement No. 81 is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The objective of GASB Statement No. 82 is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Other than as discussed in Note 3N, GASB Statements No. 74, 80, 81, and 82 did not have a material impact on the County's financial position or results from operations.

Government – wide Financial Statements

The statement of net position and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities.

The effect of interfund activity has been eliminated from the government-wide financial statements. These statements distinguish between the *governmental* and *business-type activities* of the County, and between the County and its discretely presented component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues. When both restricted and unrestricted assets are available, unrestricted resources are used only after the restricted resources are depleted.

Fund Financial Statements

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

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The County reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It is used to account for and report all financial resources of the general government, except those required to be accounted for and reported in another fund. For the County, the General Fund includes such activities as public safety, public health, transportation, public assistance, education and culture and recreation services. The major revenue sources of the General Fund are real property taxes, sales tax, and State and Federal aid.

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- The *Debt Service Fund* is used to account for and report the financial resources that are restricted, committed or assigned to expenditures for principal and interest on long-term general obligation debt of governmental funds not accounted for in the General Fund, Capital Projects Fund and the component units. The major revenue source of the Debt Service Fund is real property taxes.
- The *Capital Projects Fund* is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition, construction or improvement of capital facilities and other capital assets, other than those financed by proprietary funds or assets held in trust. The major revenue sources of the Capital Projects Fund are State and Federal Aid, and proceeds of obligations.
- The *Ulster Tobacco Asset Securitization Corporation (UTASC)* accounts for and reports the tobacco settlement revenues received from the Master Settlement Agreement and the repayment of the tobacco settlement asset-backed bonds whose proceeds were used to defease County debt. The major revenue source of UTASC is tobacco settlement proceeds.

The County reports the following additional governmental funds:

- The *Special Revenue Funds* account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for specified purposes other than debt service or capital projects. Each fund is established on a functional basis and may include one or more grants or other funding sources.

The County utilizes the following nonmajor special revenue funds:

- a. The *Special Grant Fund* accounts for and reports the proceeds received under the Workforce Investment Act and Community Development Block Grant Funds.
- b. The *County Road Fund* and the *Road Machinery Fund* account for and report the acquisition and maintenance of roads, bridges, road machinery and equipment pursuant to Sections 114 and 133 of Highway Laws, respectively.

The County reports the following major proprietary fund:

- The *Workers' Compensation Pool* accounts for and reports a workers' compensation claims-servicing pool, which was created in 1979 under Article 5 of the NYS Workers' Compensation Law. Each of the approximately 63 participants in the pool is responsible for their share of the liabilities of the pool and risk is not shared among the members.

The County reports the following additional proprietary funds:

- The *Ulster County Economic Development Alliance (UCEDA)* accounts for and reports on the financial activity related to job growth, economic development, and community revitalization for Ulster County.
- The *Ulster County Capital Resource Corporation (UCCRC)* accounts for and reports on the financial activity related to the promotion of community and economic development and the creation of jobs in the non-profit sector.
- The *Golden Hill Local Development Corporation (GHLDC)* accounts for and reports on the financial activity on the sale and transfer of the Golden Hill Health Care Center.

The County reports the following additional fund types:

- The *Fiduciary Funds* account for and report assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. Fiduciary Funds include the *Agency Fund*.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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The government-wide financial statements are reported using the economic measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from sales tax is recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Available means collectible within the current period or soon enough thereafter, sixty days for property taxes and other revenue, to pay liabilities of the current period. Expenditures are generally recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, and net pension liability are recorded only when payment is due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Agency Fund has no measurement focus, but utilizes the accrual basis of accounting for reporting its assets and liabilities.

D. Cash, Cash Equivalents, and Investments

For the purposes of the accompanying statement of cash flows, the proprietary funds consider all highly liquid investments with a maturity of three months or less when purchased, and their equity in the Finance Department's investment pool, 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. The UTASC is authorized to invest its surplus cash in the same manner as the County as well as short-term commercial paper. Investments for the County, as well as for its component units, are reported at fair value.

E. Restricted Cash, Cash Equivalents, and Investments

Restricted cash, cash equivalents, and investments represent restricted fund balance, unspent proceeds of debt, and unearned revenues.

F. Receivables, Payables, and Property Taxes

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Real property taxes are levied as of January 1 on property values assessed in the prior year. Along with the current year's property taxes, the prior year's unpaid school taxes are levied to make up the total tax warrant. This warrant enables the County to collect taxes based on the full assessed value of the real property within the County. The property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within sixty days after fiscal year end. Property taxes are recorded as a deferred inflow of resources when not received within sixty days of fiscal year end in the fund financial statements. Taxes are considered past due after January 31, at which time the applicable property is subject to lien, and interest and penalties are assessed. The twenty towns are responsible for collection of the tax warrant until June 1. At that time settlement proceedings take place wherein the County becomes the tax collecting agent and the towns receive full

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credit for their entire levy. The City of Kingston remits the County tax levy on City property in full by September 1. The legislature has provided for installment payment of real property taxes within the twenty towns. The County becomes the enforcing agent for tax liens on all County real property, except property within the City of Kingston.

Uncollected property taxes assumed by the County as a result of the settlement proceedings are reported as receivables in the General Fund to maintain central control and provide for tax settlement and enforcement proceedings. Real property tax receivables are reported net of an allowance for uncollectible taxes. The County calculates its allowances for uncollectible real property taxes using historical data, specific account analysis and management's judgement.

The portion of the receivable that represents taxes relieved for schools is also reported as a payable in intergovernmental payables in the amount of \$17,772,260. The County settles with the various towns and schools, and pays out the full amount of delinquents to the respective tax jurisdictions. Three years after the lien date, properties with unredeemed taxes are eligible for public auction. The County enforces unpaid real property tax liens pursuant to Article 11 of the New York State Real Property Tax Laws, which is commonly referred to as In Rem Foreclosure, or Judicial Statement.

Other receivables are comprised primarily of sales tax and claims for reimbursement of expenditures in administering various mental health and social service programs in accordance with New York State and Federal laws and regulations. These receivables are reported net of related advances received from the State.

G. Inventories and Prepaid Items

Inventories in the General Fund represent supplies and are stated at the lower of cost, first-in/first-out (FIFO) method, or market. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$25,000 for governmental activities and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

Maintenance and repairs are recorded as expenses when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

The County has historical treasures, works of art, and several collections. Acquisitions of these assets are expensed at the time of purchase. These assets are not held for financial gain. They are kept protected, unencumbered, and preserved. Any proceeds from the sale of these assets will be used to acquire other items for the collections.

Major outlays for capital assets and improvements are capitalized as projects are completed.

Capital assets used in operations are depreciated using the straight-line method over their estimated useful lives in the government-wide statements as follows:

<u>Assets</u>	<u>Years</u>
Land improvements	10-20
Buildings and improvements	20-30
Major machinery and equipment	10-15
Minor machinery and equipment	5
Infrastructure	20

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

I. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category. The first item is related to pensions reported in the government-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, difference between expected and actual experience, net difference between projected and actual investment earnings on pension plan investments, and the County contributions to the pension system subsequent to the measurement date. The second represents deferred charges on refunding bonds that are being amortized over the life of the refunded debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has five items, three of which are reported under the accrual basis of accounting, and two of which arise under the modified accrual basis of accounting, that qualify for reporting in this category. The County reports pensions in the government-wide statement of net position, and this represents the effect of the net change in the County's proportion of the collective net pension liability and the difference during the measurement periods between the County's contributions and its proportionate share of total contributions to the pension system not included in pension expense. The UTASC reports a deferred inflow of resources related to a deferred gain on refunding which will be amortized over the life of the UTASC bonds. The UCCC reports a deferred inflow of resources for tuition payments which will not be considered available within one year. Accordingly, the item, deferred tuition received, is reported as a deferred inflow of resources in the statement of net position. The governmental funds report unavailable revenue from two sources: property taxes that will more than likely not be realized within sixty days, and loans that will more than likely not be realized within one year. These amounts are deferred and recognized in the period that the amounts become available.

J. Net Position Flow Assumption

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

K. Unearned Revenue

Certain cash receipts have not met the revenue recognition criteria for government-wide or fund financial purposes. At December 31, 2017, the County reported unearned revenues within the General Fund in the amount of \$128,094. The County recorded tax overpayments, and grant money received in advance but has not performed the services, and therefore recognizes a liability.

L. Pensions

The County is mandated by New York State law to participate in the New York State Local Employees' Retirement System and New York State Teachers' Retirement System. For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 3C.

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M. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Compensated Absences

It is the County's policy to permit employees to accumulate vacation, sick leave and compensatory absences in varying amounts as services are provided. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave and unused compensatory absences at various rates subject to certain maximum limitations. The cost of these unused benefits for governmental funds is maintained separately and represents a reconciling item between the government-wide and fund financial statements presentation. The value recorded in the government-wide financial statements for compensated absences is \$17,995,094 classified as a long-term liability in the accompanying financial statements, which includes \$1,799,500 due within one year.

O. Judgments and Claims

As explained further in Note 3B, the County is exposed to various risks of loss related to unemployment, general liability, and workers' compensation. General liability arises when the County is named as a defendant in a personal injury claim occurring in the County, and liabilities are recorded to the extent of the insurance deductibles related to each claim. As of December 31, 2017, Ulster County has recorded \$1,272,000 as a general liability within governmental activities. The County is also exposed to risk related to workers' compensation. The total amount of workers' compensation liability recorded in the Workers' Compensation Pool as of December 31, 2017, was \$35,167,661, of which \$9.6 million is due and payable from governmental activities for the County's portion of the liability.

P. Other Post-employment Benefits ("OPEB")

In addition to providing retirement benefits, the County provides certain health insurance benefits to retired employees and their families. Substantially all of the County's employees may become eligible for these benefits if they reach normal retirement age while working for the County. The County and employee each pay 50% of the premium. The County's policy has been to account for and fund these benefits on a pay as you go basis.

The Government Accounting Standard Board has issued Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions" which requires the accrual of these liabilities. The County implemented this statement as of January 1, 2007.

(a) Plan description

Ulster County administers the Ulster County Retiree Health Insurance Plan (the Plan) as a single-employer defined benefit OPEB plan, in which the County is a participant. The Plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the County subject to the applicable collective bargaining and employment agreements. The Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

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(b) Funding policy

The obligation of the plan members, employers and other entities, are established by action of the County pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement. The employer currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the County.

The County's policy is to fund the pay as you go insurance premiums in its governmental funds. In accordance with the cost sharing requirements of GASB Statement No. 45, the participating enterprise funds have applied the requirements of GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, related to on-behalf payments for fringe benefits and salaries. This statement requires an employer (the enterprise funds) to recognize revenue equal to the amount of expense for the OPEB amounts associated with the enterprise funds.

(c) Accounting policy

The accrual basis of accounting is used. The fair market value of assets is determined by the market value of assets paid by the willing buyer to a willing seller.

(d) Other disclosure information

The schedule of funding progress, presented as required supplementary information, presents multiyear trend information that is useful in determining whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability. The projections of benefits are based on the types of benefits provided under the substantive plan at the time of the valuation date and on the pattern of cost-sharing between the employer and plan members. In addition, the projections do not explicitly incorporate the potential effects of legal or contractual funding limitation of the pattern of cost-sharing between the employer and plan members in the future. The actuarial calculations reflect a long-term perspective; actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

	2017	2016	2015
<u>(e) Annual OPEB cost at December 31,</u>			
Normal Cost	\$ 6,622,133	\$ 6,569,311	\$ 6,316,645
Amortization of unamortized actuarial liability (UAL)	8,655,567	7,447,296	6,993,999
Annual required contribution (ARC)	15,277,700	14,016,607	13,310,644
Interest on OPEB obligation	3,849,275	4,040,691	3,698,618
Adjustment to ARC	(5,777,508)	(5,617,152)	(5,141,621)
OPEB expense	\$ 13,349,467	\$ 12,440,146	\$ 11,867,641
 <u>(f) Reconciliation of Net OPEB obligation at December 31,</u>			
Net OPEB obligation at the beginning of the year	\$109,979,300	\$101,017,264	\$ 92,465,449
OPEB expense	13,349,467	12,440,146	11,867,641
Net OPEB contributions made during the fiscal year	(5,040,949)	(3,478,110)	(3,315,826)
Net OPEB obligation at the end of the year	118,287,818	109,979,300	101,017,264
Percentage of expense contributed	37.76%	27.96%	27.94%
 <u>(g) Schedule of funding process</u>			
Currently retired liability	\$ 65,996,498	\$ 37,313,868	\$ 38,824,216
Actives	93,197,098	91,465,036	82,116,250
Total actuarial accrued liability	159,193,596	128,778,904	120,940,466
Additional obligation attributable to future service	86,349,865	67,646,884	71,118,778
Present value of total future liability	\$245,543,461	\$196,425,788	\$192,059,244
Actuarial value of assets	\$ -	\$ -	\$ -
Unfunded actuarial liability	\$159,193,596	\$128,778,904	\$120,940,466
Funded Ratio	0.00%	0.00%	0.00%

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(h) The County will make the on-behalf payments for the enterprise funds, recorded as expense and revenue in their respective financial statements, as follows:

Workers Compensation Pool - \$21,008

(i) In addition to the County, UCCC provides retirement benefits and certain health insurance benefits to retired employees and their families. As of August 31, 2017, UCCC's liability for postemployment benefits was \$13,248,972.

	2017	2016	2015
<u>(e) Annual OPEB cost at August 31,</u>			
Normal Cost	\$ 668,717	\$ 465,414	\$ 519,754
Amortization of unamortized actuarial liability (UAL)	1,031,848	993,228	979,985
Interest	33,678	28,887	29,701
Annual required contribution (ARC)	1,734,243	1,487,529	1,529,440
Interest on OPEB obligation	485,663	449,871	410,189
Adjustment to ARC	(688,514)	(637,771)	(581,515)
OPEB expense	\$ 1,531,392	\$ 1,299,629	\$ 1,358,114
 <u>(f) Reconciliation of Net OPEB obligation at August 31,</u>			
Net OPEB obligation at the beginning of the year	\$ 12,141,586	\$ 11,246,768	\$ 10,254,721
OPEB expense	1,531,392	1,299,629	1,358,114
Net OPEB contributions made during the fiscal year	(424,006)	(404,811)	(366,067)
Net OPEB obligation at the end of the year	\$ 13,248,972	\$ 12,141,586	\$ 11,246,768
Percentage of expense contributed	27.69%	31.15%	26.95%
 <u>(g) Schedule of funding process</u>			
Currently retired liability	\$ 6,914,213	\$ 5,687,629	\$ 5,926,191
Actives	11,642,255	12,174,297	11,697,573
Total actuarial accrued liability	18,556,468	17,861,926	17,623,764
Actuarial value of assets	-	-	-
Unfunded actuarial liability	\$ 18,556,468	\$ 17,861,926	\$ 17,623,764
Funded Ratio	0.00%	0.00%	0.00%

Q. Interfund Transactions

Short-term advances between funds are accounted for in the appropriate due from (to) other funds accounts. Transactions between funds that would be treated as revenues or expenditures if they involved organizations external to the governmental unit are accounted for as revenues or expenditures in the funds involved. Transactions that constitute reimbursements of a fund for expenditures initially made from that fund which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of the expenditure in the fund that is reimbursed. All other legally authorized transfers are treated as operating transfers and are included in the results of operations of both governmental and proprietary funds.

R. Fund Balance

In the fund financial statements, governmental funds report classifications of fund balance (see Note 3A) indicating the level of constraints placed upon how those resources can be spent and identifying the sources of those constraints, such as amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

The Capital Projects Fund had a deficit fund balance of \$10,920,708 resultant from expenditures made for the reconstruction of roads and bridges from the Building a Better Ulster Infrastructure Program, and various other projects with the financing coming from bond anticipation notes. This deficit is expected to be eliminated in future years through the issuance of serial bonds.

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S. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. Detailed Notes on All Funds

A. Cash, Cash Equivalents and Investments

At year end, the County's primary government and Agency Fund carrying amount of deposits and investments was \$86,802,744, which included \$2,395,106 of UTASC cash and cash equivalents, \$1,324,033 of UCEDA cash and cash equivalents, and \$780,069 of UCCRC cash and cash equivalents, and the bank balance was \$93,186,736. Of the bank balance, \$2,908,332 was covered by federal depository insurance with the remaining balance, \$90,278,404, collateralized with securities held by the pledging financial institution's trust department or agent in the County's name. At year end all deposits and investments for the component units were covered by federal depository insurance or by collateral held by the component unit's agent in the component unit's name.

Cash equivalents and investments are categorized into these three categories of custodial credit risk:

- (1) Insured or registered, or securities held by the County or its agent in the County's name.
- (2) Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the County's name.
- (3) Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent, but not in the County's name.

The County reports restricted cash, cash equivalents, and investments for unspent proceeds of debt and amounts to support restricted fund balances.

At year end, the County's cash, cash equivalents and investment balances were as follows:

	Category		Reported Amount/ Fair Value
	1	2	
<u>Governmental activities</u>			
Cash and cash equivalents	\$46,816,973	\$ -	\$46,816,973
Total governmental activities	46,816,973	-	46,816,973
<u>Business-type activities</u>			
Cash and cash equivalents	26,607,972	-	26,607,972
Total business-type activities	26,607,972	-	26,607,972
Total primary government	73,424,945	-	73,424,945
<u>Component units</u>			
UCCC-Cash and cash equivalents	4,538,915	-	4,538,915
UCCC-Commercial paper	8,850,026	-	8,850,026
UCRRA-Cash and cash equivalents	4,770,301	1,764,904	6,535,205
UCRRA-U.S. Government securities	-	2,542,949	2,542,949
UCIDA-Cash and cash equivalents	375,036	-	375,036
Total component units	18,534,278	4,307,853	22,842,131
<u>Agency Fund</u>			
Cash and cash equivalents	13,377,799	-	13,377,799
Total agency fund	13,377,799	-	13,377,799
Total cash, cash equivalents and investments	\$105,337,022	\$4,307,853	\$109,644,875

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B. Receivables

Receivables and amounts due from other governments at year end of the County's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Major		Nonmajor Special Revenue	Total Governmental Activities
	General	Capital Projects		
Receivables - Governmental Activities:				
Taxes	\$ 48,744,553	\$ -	\$ -	\$ 48,744,553
Accounts	762,861	-	65,815	828,676
State and federal	32,626,240	1,049,051	77,624	33,752,915
Due from other governments	987,902	-	121,553	1,109,455
Gross receivables	83,121,556	1,049,051	264,992	84,435,599
Less: allowance for uncollectibles	(8,339,912)	-	-	(8,339,912)
Net receivables	\$ 74,781,644	\$ 1,049,051	\$ 264,992	\$ 76,095,687

C. Deferred Inflows of Resources / Unearned Revenues

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental and proprietary funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources and unearned revenue reported were as follows:

	Deferred Inflows	Unearned
Governmental Funds:		
Deferred property taxes receivable	\$20,978,626	\$ -
Deferred community development loan receivable	13,000	-
Other unearned revenues	-	128,094
Total governmental funds	\$20,991,626	\$ 128,094

D. Interfund Transactions

Interfund Receivables/Payables

Interfund receivables/payables exist for cash flow purposes. These are short-term in nature and are repaid within the next fiscal year. The compositions of interfund balances at year end are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Projects Fund	\$ 496
	UTASC	14,049
	Nonmajor proprietary funds	1,250
	Agency	4,266
Nonmajor governmental funds	General Fund	205
	Nonmajor proprietary funds	13,000
Nonmajor proprietary funds	General Fund	161,300
Total		\$ 194,566

In addition, as of December 31, 2017, UCCC's liability for retirement owed to the County was \$590,280. This receivable is recorded as a due from component unit on the County's financial statements, and a related expense and payable on UCCC's financial statements.

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Interfund Transfers In/Out

Operating transfers among funds are provided as part of the annual budget. The General Fund provides operating support from the property tax levy and other resources to certain special revenue funds, capital projects, enterprise funds, and to the debt service fund in support of the funds' specified purpose. Upon completion of a capital project, any excess funds are transferred back to the fund that generated the original funding of the project.

Transfer From	Transfer To	Amount
General Fund	Capital Projects Fund	\$ 2,077,106
Capital Projects Fund	Nonmajor governmental funds	32,939
		<u>\$ 2,110,045</u>

E. Capital Assets

Capital asset activity for the fiscal year was as follows:

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets:				
Land and land improvements	\$ 9,330,339	\$ -	\$ -	\$ 9,330,339
Buildings and improvements	173,843,196	4,528	-	173,847,724
Machinery and equipment	50,419,569	6,505,410	1,134,157	55,790,822
Infrastructure	91,805,957	10,954,497	3,081,105	99,679,349
Construction in progress	11,672,694	8,216,409	5,969,128	13,919,975
Total capital assets	<u>337,071,755</u>	<u>25,680,844</u>	<u>10,184,390</u>	<u>352,568,209</u>
Less accumulated depreciation for:				
Land and land improvements	4,179,772	282,611	-	4,462,383
Buildings and improvements	79,088,255	5,117,443	-	84,205,698
Machinery and equipment	35,709,319	3,511,672	1,067,900	38,153,091
Infrastructure	38,050,436	3,956,325	2,638,790	39,367,971
Total accumulated depreciation	<u>157,027,782</u>	<u>12,868,051</u>	<u>3,706,690</u>	<u>166,189,143</u>
Total governmental activities capital assets, net	<u>180,043,973</u>	<u>12,812,793</u>	<u>6,477,700</u>	<u>186,379,066</u>
Total primary government	<u>\$180,043,973</u>	<u>\$12,812,793</u>	<u>\$ 6,477,700</u>	<u>\$186,379,066</u>

Depreciation

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

	Amount
Governmental activities:	
General government	\$ 874,264
Education	607,102
Public safety	3,941,485
Public health	99,798
Transportation	6,706,265
Economic assistance	320,180
Culture and recreation	316,027
Home and community services	2,930
Total governmental activities	<u>\$ 12,868,051</u>

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Component Units	Beginning Balance	Increases	Decreases	Ending Balance
Ulster County Community College:				
Capital assets, not being depreciated:				
Land	\$ 744,174	\$ -	\$ -	\$ 744,174
Works of art/historical treasures	66,500	24,000	-	90,500
Total capital assets, not being depreciated	810,674	24,000	-	834,674
Capital assets, being depreciated:				
Buildings and improvements	32,499,634	1,297,355	-	33,796,989
Machinery and equipment	5,336,705	592,830	840,657	5,088,878
Total capital assets, being depreciated	37,836,339	1,890,185	840,657	38,885,867
Less accumulated depreciation	24,965,648	1,127,373	320,687	25,772,334
Total capital assets, being depreciated, net	12,870,691	762,812	519,970	13,113,533
Total Ulster County Community College capital assets, net	13,681,365	786,812	519,970	13,948,207
Ulster County Resource Recovery Agency:				
Capital assets, not being depreciated:				
Land	683,172	-	-	683,172
Construction in progress	39,128	-	39,128	-
Total capital assets, not being depreciated	722,300	-	39,128	683,172
Capital assets, being depreciated:				
Buildings and improvements	10,632,161	108,685	26,000	10,714,846
Machinery and equipment	6,196,608	228,045	44,319	6,380,334
Infrastructure	53,761	4,609	-	58,370
Total capital assets, being depreciated	16,882,530	341,339	70,319	17,153,550
Less accumulated depreciation and amortization for:				
Buildings and improvements	3,425,806	278,822	26,000	3,678,628
Machinery and equipment	4,431,943	332,248	44,319	4,719,872
Infrastructure	5,364	2,803	-	8,167
Total accumulated depreciation and amortization	7,863,113	613,873	70,319	8,406,667
Total capital assets, being depreciated, net	9,019,417	(272,534)	-	8,746,883
Total Ulster County Resource Recovery Agency capital assets, net	9,741,717	(272,534)	39,128	9,430,055
Total component units	\$ 23,423,082	\$ 514,278	\$ 559,098	\$ 23,378,262

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F. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are reported on the government-wide financial statements in their entirety. Business-type activities and proprietary fund accounts payable and accrued liabilities are recognized when incurred and payable. Governmental fund payables and accrued liabilities are recognized as fund liabilities when incurred, if measurable.

G. Leases

Operating Leases

The County leases building and office facilities and other equipment under noncancelable operating leases. Total costs for such leases were \$1,471,404 at fiscal year-end. The future minimum lease payments for these leases are as follows:

Year ending December 31:	Amount
2018	\$1,506,058
2019	809,828
2020	692,028
2021	557,826
2022	219,573
Thereafter	76,776
Total	\$3,862,089

COUNTY OF ULSTER, NEW YORK

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H. Short-Term Debt

Short-term debt such as bond anticipation notes (BAN's), are generally accounted for in the Capital Projects Fund. State law requires that BAN's issued for capital purposes are converted to long-term obligations within five years after the original issue date. However, BAN's issued for assessable improvement projects may be renewed for period's equivalent to the maximum useful life of permanent financing, provided that stipulated annual reductions of principal are made.

The County has BAN's outstanding of \$10,629,965, maturing on November 21, 2018 with an interest rate of 2.5%. Short-term obligation activity during the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Governmental Activities:				
Bailey Bridge	\$ 1,200,000	\$ -	\$ 1,200,000	\$ -
Sawkill School Bridge engineering	134,217	-	134,217	-
Sawkill School Bridge replacement	500,000	-	500,000	-
South Putt Corners Road	155,000	-	155,000	-
UCCC – HVAC, generator	480,000	-	480,000	-
Roofs – various county facilities	675,000	675,000	675,000	675,000
HVAC – various county facilities	-	172,000	-	172,000
Reconstruction of roads	260,000	240,000	260,000	240,000
VOIP telephone system	671,959	-	671,959	-
New Paltz Pool repairs	500,000	1,100,000	500,000	1,100,000
Various bridges	370,000	-	370,000	-
Wallkill Bridge	-	250,000	-	250,000
Alligerville Bridge & Leggs Mills Bridge	1,125,000	-	1,125,000	-
Additional for Leggs Mills Bridge	65,000	-	65,000	-
Aegis Mobile Software System – Sheriff	312,970	312,970	312,970	312,970
UCLEC Data Center HVAC	-	229,000	-	229,000
Carmine Liberta Bridge replacement	1,907,000	-	1,907,000	-
Pick-up truck maintenance	25,904	-	25,904	-
Passenger vehicles	144,000	-	144,000	-
Police vehicles	200,000	-	200,000	-
Cargo passenger vans	104,000	-	104,000	-
Cargo vans & pick-up trucks	175,000	-	175,000	-
Sheriff's Office vehicle	50,000	-	50,000	-
Highway equipment	3,160,406	-	3,160,406	-
DPW fuel tank replacement	-	425,500	-	425,500
Road reconstruction	425,000	425,000	425,000	425,000
Western Avenue stormwater	-	267,495	-	267,495
Various shoulders	-	195,000	-	195,000
Various parking lots	-	300,000	-	300,000
Bridge replacement	673,000	673,000	673,000	673,000
Slope stabilization – various roads	600,000	600,000	600,000	600,000
BRC renovation for Family Court	-	460,000	-	460,000
Springtown Road culvert	-	105,000	-	105,000
Road reconstruction	-	425,000	-	425,000
Fleet vehicles	-	675,000	-	675,000
Highway equipment	-	3,100,000	-	3,100,000
Total governmental activities short-term debt	\$13,913,456	\$10,629,965	\$13,913,456	\$10,629,965

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I. General Long-Term Obligations

The County generally borrows funds on a long-term basis for the purpose of financing the acquisition of land, equipment, construction of buildings and improvements, and infrastructure. This policy enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized by the County Legislature to be collected in future years from taxpayers and others for liquidation of the long-term liabilities. Interest associated with long-term debt is recorded as expenditures when such amounts are due.

Details relating to bonds payable outstanding, net of deferred charges, deferred gains, premiums, and unamortized accretion at fiscal year end are as follows:

Governmental Activities:	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
General obligation:			
Public improvements, 2009	11/15/24	2.0 - 4.0%	\$ 1,860,000
Public improvements, 2010	11/15/25	3.0 - 3.5%	1,810,000
Public improvements, 2011	11/15/22	2.0 - 2.8%	505,000
Public improvements, refunded 2012	11/15/24	2.0 - 5.0%	12,055,000
Public improvements, refunded 2012	11/15/29	2.0 - 5.0%	31,647,000
Public improvements, 2012	11/15/27	2.0 - 3.0%	1,542,700
Public improvements, 2013	11/15/28	2.0 - 3.3%	2,390,000
Public improvements, 2014	11/15/27	1.5 - 2.8%	3,045,000
Public improvements, refunded 2015	11/15/23	2.0 - 4.5%	3,883,422
Public improvements, 2015	11/15/28	2.0 - 2.5%	4,795,000
Public improvements, 2016	11/1/26	1.0 - 2.0%	839,500
Public improvements, 2016	11/15/31	2.0 - 3.0%	10,980,000
Public improvements, 2017	11/15/28	2.0 - 2.1%	7,861,552
Total general obligation			<u>83,214,174</u>
Debt issued for UCCC:			
Public improvements, 2012	11/15/27	2.0 - 3.0%	1,037,300
Public improvements, refunded 2015	11/15/23	2.0 - 4.5%	799,911
Public improvements, 2016	11/1/26	1.0 - 2.0%	160,500
Total debt issued for UCCC			<u>1,997,711</u>
UTASC:			
Subordinate capital appreciation bonds	06/01/39	6.00 - 7.85%	3,919,495
Tobacco settlement asset-backed bonds, 2016	6/1/34	2.0 - 6.75%	41,151,206
Total UTASC			<u>45,070,701</u>
Total governmental activities			<u>\$130,282,586</u>
Component Units:			
	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
UCRRA:			
Serial bonds	03/01/18	2.00 - 3.00%	\$ 1,355,610
Capital appreciation bonds	03/01/25	4.96 - 5.29%	5,448,755
Serial bonds	03/01/21	4.50 - 5.00%	720,000
Serial bond	03/01/18	3.75-5.25%	340,000
Total UCRRA			<u>\$ 7,864,365</u>

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The annual debt service requirements to maturity for bonds are as follows:

Year	General Obligations	UCCC	UTASC	UCRRA	Total
Principal:					
2018	\$ 7,017,426	\$ 264,126	\$ 945,000	\$ 2,400,000	\$ 10,626,552
2019	7,257,706	272,294	755,000	810,566	9,095,566
2020	7,490,438	279,562	1,145,000	761,537	9,676,537
2021	7,796,971	293,029	1,230,000	714,371	10,034,371
2022	7,746,900	253,100	1,305,000	669,066	9,974,066
2023-2027	32,514,400	635,600	8,085,000	2,493,215	43,728,215
2028-2032	11,205,000	-	11,240,000	-	22,445,000
2033-2037	-	-	16,413,689	-	16,413,689
2038-2039	-	-	3,702,898	-	3,702,898
Less unamortized accretion	-	-	(9,922,092)	-	(9,922,092)
Less net deferred charge	(4,262,780)	-	-	-	(4,262,780)
Plus deferred gain	-	-	8,758,842	-	8,758,842
Plus deferred premium	6,448,113	-	1,412,364	15,610	7,876,087
Total	<u>83,214,174</u>	<u>1,997,711</u>	<u>45,070,701</u>	<u>7,864,365</u>	<u>138,146,951</u>
Interest:					
2018	2,895,389	61,986	1,755,064	59,825	4,772,264
2019	2,671,910	53,610	1,725,989	979,434	5,430,943
2020	2,435,850	44,944	1,664,889	1,028,463	5,174,146
2021	2,150,108	35,192	1,585,870	1,075,629	4,846,799
2022	1,849,330	24,909	1,500,314	1,120,934	4,495,487
2023-2027	5,036,240	49,633	6,003,106	5,131,785	16,220,764
2028-2032	650,645	-	3,085,346	-	3,735,991
2033-2034	-	-	338,125	-	338,125
Total interest	<u>17,689,472</u>	<u>270,274</u>	<u>17,658,703</u>	<u>9,396,070</u>	<u>45,014,519</u>
Total requirements	<u>\$ 100,903,646</u>	<u>\$2,267,985</u>	<u>\$62,729,404</u>	<u>\$17,260,435</u>	<u>\$183,161,470</u>

On November 21, 2017, Ulster County issued serial bonds totaling \$7,861,552, for various public improvement projects. These bonds will mature in 2028, and bear interest of 2.0 – 2.125%.

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year end was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable	\$115,863,310	\$ 8,116,848	\$ 8,051,822	\$115,928,336	\$ 7,962,426
Bonds payable – UCCC	2,344,639	-	346,928	1,997,711	264,126
Bond premiums and discounts	8,522,879	-	662,402	7,860,477	662,402
Claims and judgments*	1,080,000	192,000	-	1,272,000	166,000
OPEB liability	109,979,300	13,349,467	5,040,949	118,287,818	-
Net pension liability*	49,905,861	-	20,803,828	29,102,033	-
Compensated absences*	16,388,005	1,607,089	-	17,995,094	1,799,500
Total governmental activities	<u>\$304,083,994</u>	<u>\$ 23,265,404</u>	<u>\$ 34,905,929</u>	<u>\$292,443,469</u>	<u>\$10,854,454</u>
Business-type Activities:					
Workers' compensation pool claims	\$ 35,845,403	\$ 17,663,612	\$ 18,341,354	\$ 35,167,661	\$22,798,091
Total business-type activities	<u>\$ 35,845,403</u>	<u>\$ 17,663,612</u>	<u>\$ 18,341,354</u>	<u>\$ 35,167,661</u>	<u>\$22,798,091</u>

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	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Component Units:					
UCCC:					
Capital lease obligations	\$ 1,396,096	\$ 23,700	\$ 183,776	\$ 1,236,020	\$ 190,120
OPEB liability	12,141,586	1,531,392	424,006	13,248,972	724,358
Compensated absences*	1,053,141	-	61,589	991,552	-
Net pension liability*	2,477,745	-	913,610	1,564,135	-
Total UCCC	<u>\$ 17,068,568</u>	<u>\$ 1,555,092</u>	<u>\$ 1,582,981</u>	<u>\$ 17,040,679</u>	<u>\$ 914,478</u>
UCRRA:					
Bonds payable	\$ 9,978,745	\$ -	\$ 2,129,990	\$ 7,848,755	\$ 2,400,000
Bond premiums	46,840	-	31,230	15,610	15,610
Capital lease obligations	370,562	-	133,735	236,827	92,889
Compensated absences*	585,836	25,576	-	611,412	611,412
Landfill post-closure liability	2,081,052	-	25,064	2,055,988	186,908
Long-term pension	808,067	-	808,067	-	-
Net pension liability*	1,285,934	-	583,204	702,730	-
Total UCRRA	<u>15,157,036</u>	<u>25,576</u>	<u>3,711,290</u>	<u>11,471,322</u>	<u>3,306,819</u>
Total component units	<u>\$32,225,604</u>	<u>\$ 1,580,668</u>	<u>\$ 5,294,271</u>	<u>\$28,512,001</u>	<u>\$ 4,221,297</u>

* Additions and deletions to the claims and judgments liability, net pension liability, and compensated absences are shown net of additions and deletions.

Advance Refunding

On May 26, 2009 the County refunded two outstanding serial bonds from 2000 and 2001 that resulted in an economic gain of approximately \$2 thousand in 2017.

On June 7, 2012 the County refunded two outstanding serial bonds from 2005 and 2006 that resulted in a decrease in its total debt service over the next 12 years by approximately \$2.5 million and to obtain an economic gain of approximately \$257 thousand.

On March 1, 2015 the County issued a refunding bond in the amount of \$5.5 million refunding three outstanding serial bonds from 2007, 2008, and 2009 with outstanding principal totaling \$5.8 million. The refunding obtained a gain of \$260 thousand and a deferred charge of \$756 thousand, resulting in a net deferred charge of \$496 thousand to be amortized over the life of the new bond. The refunding also resulted in a decrease in total debt service over the next 6 years by approximately \$272 thousand and obtaining an economic gain of approximately \$253 thousand.

A breakdown of the principal defeased by purpose is shown as follows:

Issue	Amount Outstanding
Governmental Activities:	
Public Improvements, 2005	\$ 12,960,000
Public Improvements, 2006	30,745,000
Public Improvements, 2006	1,540,000
Public Improvements, 2007	1,800,000
Public Improvements, 2008	1,425,000
Total governmental activities refunded	<u>\$ 48,470,000</u>

Legal Debt Limit

The County's general obligation bonded debt, inclusive of Bond Anticipation Notes, of \$93,656,517 as of fiscal year end, was below the legal limit of approximately \$1,264,165,438. This amount represents approximately 7.41% of the constitutional debt limit.

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3. Other Information

A. Net Position/Fund Balances

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

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. Net investment in capital assets is calculated as follows:

Capital assets (net of accumulated depreciation)	\$ 186,379,066
Less related debt:	
Bond anticipation notes	(10,629,965)
Serial bonds – general obligations, net	(83,214,174)
Tobacco asset backed bonds	(44,688,278)
Plus unspent debt proceeds	1,008,742
Total net investment in capital assets	\$ 48,855,391

- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. “Other purposes” restricted net position include future capital projects reserves of \$3,100,000, risk retention reserves of \$126,629, tax stabilization reserves of \$2,023,201, drug forfeiture reserves of \$43,372, E-911 emergency telephone reserves of \$937,503, Stop DWI reserves of \$151,382, probation reserves of \$869,569, child safety seat reserves of \$5,860, traffic safety board reserves of \$3,598, handicapped parking education reserves of \$10,766, and community development of \$199,656.
- *Unrestricted Net Position* – This category represents net position of the County, not restricted for any project or other purpose.

In the fund financial statements, governmental fund equity is classified as fund balance. Beginning with the fiscal year ended December 31, 2011, the County implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement requires local governments to focus on the constraints imposed upon resources when reporting fund balance in governmental funds. The new fund balance classifications indicate the level of constraints placed upon how resources can be spent and identify the sources of those constraints. Constraints are broken down into five different classifications: nonspendable, restricted, committed, assigned and unassigned. The classifications describe the relative strength of the spending constraints on the specific purposes for which resources in a fund can be spent.

Fund Balance Classifications

Nonspendable – consists of assets that are inherently nonspendable in the current period either because of their form or because they are legally or contractually required to be maintained intact.

- *Inventories* – to reflect the assets, \$30,062, that were committed for the purchase of inventories and supplies.
- *Prepaid items* – to reflect the portion of assets, \$5,912,549, which do not represent available spendable resources.

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, charter requirements or enabling legislation.

- *Debt service* – to reflect the funds held by trustees or fiscal agents for future payment of bond principal and interest in the amount of \$3,732,708. These funds are not available for general operations.

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- *Future capital projects* – to reflect funds established for future capital projects in the amount of \$3,100,000.
- *Risk retention* – to reflect funds established to provide for costs of settlement of various claims against the County in excess of amounts appropriated each year for such purpose in the amount of \$126,629.
- *Tax stabilization* – to reflect funds to finance certain unanticipated revenue losses or unanticipated expenditures and to lessen or prevent excessive increases of the real property tax levy in the amount of \$2,023,201.
- *Civil and DA forfeitures* – to reflect unused portions of forfeited crime proceeds that must be spent on law enforcement in the amount of \$43,372.
- *Emergency telephone (E-911)* – to reflect unused portions of telephone surcharges that must be spent on the emergency telephone system in the amount of \$937,503.
- *Stop DWI* – to reflect unused portions of DWI fines that must be spent on Stop DWI programs in the amount of \$151,382.
- *Probation administration fees* – to reflect unused portions of probation fees that must be spent on probation programs in the amount of \$869,569.
- *Child safety seats* – to provide child safety seats to those in need in the amount of \$5,860.
- *Traffic safety board* – to provide funds to promote traffic safety in the amount of \$3,598.
- *Handicapped parking education* – to provide funds to promote education regarding handicapped parking in the amount of \$10,766.

Committed – consists of amounts that are subject to a purpose constraint imposed by a formal action of the County Legislature before the end of the fiscal year. The County Legislature is the highest level of decision making authority for the County. Commitments may be established, modified, or rescinded only through resolutions approved by the County Legislature. The County has no committed fund balances as of December 31, 2017.

Assigned – consists of amounts that are subject to a purpose constraint that represents an intended use established by the Legislature, 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.

- *Encumbrances* – to reflect the outstanding contractual obligations for which goods and services have not been received in the amounts of \$2,945,974 in the General Fund, \$7,950 in the Special Grant Fund, \$220 in the County Road Fund, and \$7,901 in the Road Machinery Fund.
- *Subsequent years' expenditures* – to reflect the portion of fund balance designated for resource utilization in a future period, such as for general contingencies, reduction of tax levy, or capital projects. Such plans or intent are subject to change and have not been legally authorized or may not result in expenditures. The County elected to designate \$11,946,784 of the General Fund fund balance, and \$800,000 of the Road Machinery Fund fund balance.
- *Specific Use* – to reflect the residual amount of fund balance not already restricted, committed or assigned in the special revenue funds in the amounts of \$107,623 in the Special Grant Fund, \$2,031,239 in the County Road Fund, and \$3,369,335 in the Road Machinery Fund.
- *Jail telephone commissions* – to reflect the unused portions of jail telephone commissions that will be spent on inmate programs in the amount of \$329,021.
- *Tourism* – to promote tourism in Ulster County in the amount of \$150,000.

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- *Social Services restitution* – to reflect the unused portions of Social Services restitution that will be spent on Social Services in the amount of \$119,127.
- *URGENT forfeitures* – to reflect unused portions of forfeited crime proceeds that will be spent on law enforcement in the amount of \$93,984.

Unassigned – represents the residual classification for the County’s General Fund, and includes all other General Fund assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the County. In funds other than the General Fund, the unassigned classification is used to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed or assigned.

When fund balance resources are available for a specific purpose in multiple classifications, the County would use the most restrictive funds first in the following order: nonspendable, restricted, committed, assigned and unassigned as they are needed.

However, the County reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

B. Risk Management

The County is exposed to various risks of loss related to unemployment, general liability, and workers’ compensation. The County uses the General Fund to account for and finance, in the case of workers’ compensation, its uninsured risks of loss. The County is also exposed to risk of loss for deductibles of varying amounts under several liability insurance policies.

The County established a workers’ compensation claims-processing pool (Pool) under Local Law No. 1 in 1979, pursuant to Article 5 of the Workers’ Compensation law to administer the payment of worker compensation claims of pool participants. The pool is open to participation by any eligible municipality or any public entity. Under local law participants are responsible for their share of total pool liabilities. All funds of the County, and sixty two other public entities, participate in the program and make payments to the Pool based on a computation of the necessary funds to cover the participants’ annual claims.

The County’s claims liability of \$35,167,661 is recorded in the workers’ compensation pool at fiscal year end and is based on the requirements of GASB, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities are partially offset by assessment receivables recorded in accordance with Article 5 in the amount of \$11,758,922, of which \$9,622,407 is due and payable by the County of Ulster to the workers’ compensation claims-processing pool.

Changes in the County’s workers’ compensation claims liability for the last three years were:

Year	Balance at January 1	Current Year Claims & Changes in Estimates	Claims Payments	Balance at December 31
2017	\$35,845,403	\$17,663,612	(\$18,341,354)	\$35,167,661
2016	38,382,000	15,057,557	(17,594,154)	35,845,403
2015	39,880,640	15,091,242	(16,589,882)	38,382,000

The County has been named as a defendant in several personal injury claims resulting from incidents occurring in the County. Although the ultimate outcome of these claims is not certain, County officials believe that none of these claims will expose the County to amounts to exceed the insurance coverage applicable to the date of such incidents. The County has recorded liabilities related to the deductibles for these claims in the amount of \$1,272,000. The County has not had significant reductions in insurance coverage from the provider in all categories of risk. Settled claims have not exceeded insurance coverage in the past three fiscal years.

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Changes in the County’s claims and judgments liability for the last three years were:

Year	Balance at January 1	Current Year Claims & Changes in Estimates	Balance at December 31
2017	\$1,080,000	\$ 192,000	\$1,272,000
2016	730,000	350,000	1,080,000
2015	775,000	(45,000)	730,000

C. Pension Plans

New York State and Local Employee’s Retirement System

The County, and the County’s discretely presented component units, the Ulster County Community College, and the Ulster County Resource Recovery Agency, participate in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. ERS provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the ERS. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the ERS and for the custody and control of these funds. The ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12236.

The ERS is noncontributory, except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 and have less than ten years credited service, who contribute 3% of their salary for the first ten years of membership, employees who joined on or after January 1, 2010 who generally contribute 3-3.5% of their salary for the entire length of service, and employees who joined on or after April 1, 2012 who generally contribute 3% of their salary for the first year of service, and a percentage of their salary for the remainder of their service. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The County is required to contribute at an actuarially determined rate. The required contributions at December 15 for the years 2017, 2016, and 2015 were \$12,534,454, \$12,866,091, and \$13,733,997, respectively. The County’s contributions made to the ERS were equal to 100 percent of the contributions required for each year.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2017, the County reported a liability of \$29,102,033 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2016. The County’s proportion of the net pension liability was based on a projection of the County’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2017, the County’s proportion was 0.3097205%.

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For the year ended December 31, 2017, the County recognized pension expense of \$16,601,217. At December 31, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 729,270	\$ 4,419,308
Changes of assumptions	9,942,320	-
Net difference between projected and actual investment earnings on pension plan investments	5,812,855	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,504,821
County contributions subsequent to the measurement date	8,937,310	-
Total	\$ 25,421,755	\$ 5,924,129

The County reported \$8,937,310 as deferred outflows of resources related to pensions resulting from the County's contributions made subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending December 31,	
2018	\$4,880,674
2019	4,880,674
2020	4,760,645
2021	(3,961,677)

Actuarial Assumptions

The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. The actuarial valuation used the following actuarial assumptions:

Actuarial cost method – Entry age normal

Inflation – 2.5%

Salary scale – 3.8%

Cost of living adjustments – 1.3%, annually

Decrements – Developed from the Plan's experience study of the period April 1, 2010 – March 31, 2015

Investment rate of return (including inflation) – 7.0%, compounded annually, net of investment expenses

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

The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long term expected 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 return, net of investment expenses 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.

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Investment Asset Allocation

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2017 are summarized below:

Asset Type	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	36%	4.55%
International equity	14	6.35
Private equity	10	7.75
Real estate	10	5.80
Absolute return strategies	2	4.00
Opportunistic portfolio	3	5.89
Real assets	3	5.54
Bonds and mortgages	17	1.31
Cash	1	(0.25)
Inflation-indexed bonds	4	1.50
Total	100%	

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% at December 31, 2017. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Assumption

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% point lower (6.0%), or 1% point higher (8.0%) than the current rate.

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
County's proportionate share of the net pension liability	\$ 92,946,127	\$ 29,102,033	\$ (24,878,029)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the valuation date were as follows:

Valuation date	April 1, 2016
Employers' total pension liability	\$ 177,400,586,000
Plan fiduciary net position	168,004,363,000
Employers' net pension liability	<u>\$ 9,396,223,000</u>
System fiduciary net position as a percentage of total pension liability	94.70%

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Ulster County Community College

The UCCC participates in the ERS and the Teachers' Retirement System (TRS)

Plan Descriptions and Benefits Provided

Teachers' Retirement System – UCCC participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. TRS provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and Retirement and the New York State Retirement and Social Security Law (NYSRSSL). TRS is governed by a 10 member Board of Trustees. TRS benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York State Public Schools and BOCES who elect to participate in TRS. Once a public employer elects to participate in TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding TRS may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial Report which can be found on TRS' website at www.nystrs.org. Plan members who joined the TRS before July 27, 1976, are not required to make contributions. Those joining after July 27, 1976 are required to contribute between 0% and 6% of their annual salary depending on their tier. Pursuant to Article 11 of the Education Law, rates are established annually by the New York State Teachers' Retirement Board.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At August 31, 2017, the College reported the following liability for its proportionate share of the net pension liability (asset) for each of the Systems. The net pension liability was measured as of March 31, 2017 for ERS and June 30, 2016 for TRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The College's proportionate share of the net pension liability was based on a projection of the College's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the College.

	ERS	TRS
Actuarial valuation date	April 1, 2016	June 30, 2015
Net proportionate pension liability	\$ 1,425,642	\$ 138,493
College's proportion of the Plan's net Pension liability	0.0151725%	0.012931%

For the year ended August 31, 2017, the College recognized pension expense of \$820,236 for ERS and \$254,077 for TRS. At August 31, 2017 the College's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 35,725	\$ -	\$ 216,492	\$ 44,990
Changes of assumptions	487,052	788,947	-	-
Net difference between projected and actual earnings on pension plan investments	284,759	311,406	-	-
Changes in proportion and differences between the College's contributions and proportionate share of contributions	-	-	73,718	69,577
Payments and accruals subsequent to the measurement date	444,975	284,780	-	-
Total	\$ 1,252,511	\$ 1,385,133	\$ 290,210	\$ 114,567

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College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending August 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending August 31,	ERS	TRS
2018	\$ 239,093	\$ 85,590
2019	239,093	85,590
2020	233,213	327,437
2021	(194,073)	252,191
2022	-	109,851
Thereafter	-	125,127

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	March 31, 2017	June 30, 2016
Actuarial valuation date	April 1, 2016	June 30, 2015
Interest rate	7.0%	7.5%
Salary scale	3.8% Average	1.90% - 4.72%
Decrement tables	April 1, 2010 – March 31, 2015	July 1, 2009 – August 31, 2014
Inflation rate	System’s Experience 2.5%	System’s Experience 2.5%

For ERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

For ERS, the actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2015 valuation are based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014.

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

The long term expected rate of return on TRS pension plan investments was determined in accordance with Actuarial Standards of Practice (ASOP) No. 27 – “Selection of Economic Assumptions for Measuring Pension Obligations.” ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

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Measurement date	<u>ERS</u> March 31, 2017	<u>TRS</u> June 30, 2016
Asset type:		
Domestic equity	4.55%	6.10%
International equity	6.35	7.30
Real estate	5.80	5.40
Domestic fixed income securities	-	1.00
Global fixed income securities	-	0.80
Mortgages	-	3.10
Short-term	-	0.10
Private equity	7.75	9.20
Absolute return strategies	4.00	-
Opportunistic portfolio	5.89	-
Real assets	5.54	-
Bonds and mortgages	1.31	-
Cash	(0.25)	-
Inflation-indexed bonds	1.50	-

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.5% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Assumption

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.0% for ERS and 7.5% for TRS, as well as what the College's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1% lower (6.0% for ERS and 6.5% for TRS) or 1% higher (8.0% for ERS and 8.5% for TRS) than the current rate:

ERS:	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability (asset)	\$ 4,553,220	\$ 1,425,642	\$ (1,218,718)
TRS:	1% Decrease (6.5%)	Current Discount (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension liability (asset)	\$ 1,806,962	\$ 138,493	\$ (1,260,930)

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Pension Plan Fiduciary Net Position

The components of the current-year net pension liability (asset) of the employers, as of the respective valuation dates, were as follows:

	(Dollars in Millions)		
Valuation date	ERS	TRS	Total
	April 1, 2016	June 30, 2015	
Employers' total pension liability	\$ 177,400	\$108,577	\$285,977
Plan fiduciary net position	168,004	107,506	275,510
Employers' net pension liability (asset)	\$ 9,396	\$ 1,071	\$ 10,467
System fiduciary net position as a percentage of total pension liability (asset)	94.70%	99.01%	96.34%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of August 31, 2017 represent the projected employer contribution for the period of April 1, 2016 through August 31, 2017 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of August 31, 2017 amounted to \$444,975. This amount has been recorded as a deferred cost in accordance with the guidance contained in GASB Statement No. 71.

For TRS, employer and employee contributions for the fiscal year ended August 31, 2017 are paid to the System in September, October, and November 2017. Accrued retirement contributions as of August 31, 2017 represent employee and employer contributions for the fiscal year ended August 31, 2017 based on paid TRS wages multiplied by the employer's contribution rate, by tier, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of August 31, 2017 amounted to \$284,780. This amount has been recorded as a deferred outflow in accordance with the guidance contained in GASB Statement No. 71.

Ulster County Resource Recovery Agency

The UCRRA also participates in the ERS.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2017, the Agency reported a liability of \$702,730 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2017, the Agency's proportion was 0.0074789 percent.

COUNTY OF ULSTER, NEW YORK
Notes to the Financial Statements
December 31, 2017

For the year ended December 31, 2017, the Agency recognized pension expense of \$356,824. At December 31, 2017, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,610	\$ 106,714
Changes of assumption	240,078	-
Net difference between projected and actual investment earnings on pension plan investments	140,364	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	898	135,447
Agency contributions subsequent to the measurement date	238,269	-
Total	\$ 637,219	\$ 242,161

Agency contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending December 31,	
2018	\$ 86,270
2019	86,270
2020	93,569
2021	(109,320)

Actuarial Assumptions

The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. The actuarial valuation used the following actuarial assumptions:

- Inflation*** – 2.5%
- Salary scale*** – 3.8%
- Cost of living adjustments*** – 1.3%, annually
- Decrement*** – Developed from the Plan’s experience study of the period April 1, 2010 – March 31, 2015
- Investment rate of return (including inflation)*** – 7.0%, compounded annually, net of investment expenses

The long term expected 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 return, net of investment expenses 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 in the table on the following page.

COUNTY OF ULSTER, NEW YORK
Notes to the Financial Statements
December 31, 2017

<u>Asset Type</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic equity	4.55%
International equity	6.35
Private equity	7.75
Real estate	5.80
Absolute return strategies	4.00
Opportunistic portfolio	5.89
Real assets	5.54
Bonds and mortgages	1.31
Cash	(0.25)
Inflation-indexed bonds	1.50

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. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Assumption

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

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability (asset)	\$ 2,244,381	\$ 702,730	(\$ 600,733)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2017 were as follows:

	(Dollars in Millions)
Valuation date	April 1, 2016
Employers' total pension liability	\$ 177,400
Plan fiduciary net position	168,004
Employers' net pension liability	\$ 9,396
System fiduciary net position as a percentage of total pension liability	94.70%

COUNTY OF ULSTER, NEW YORK
Notes to the Financial Statements
December 31, 2017

D. Deferred Compensation Plan

Employees of the County may elect to participate in the New York State Deferred Compensation Plan created in accordance with Internal Revenue Service 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 the age of 59 and 1/2 years, without penalty, or at termination, retirement, death, or unforeseeable emergency.

Effective October 1, 1997, the New York State Deferred Compensation Board (Board) created a Trust and Custody agreement making Chase Manhattan Bank the Trustee and Custodian of the Plan in accordance with GASB Statement No. 32 "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans". Since the Board is no longer the trustee of the plan, the County no longer is required to record the value of the plan assets.

E. Commitments

The County had active construction projects at year end. The projects include roads and bridges, roof reconstructions, upgrades to campus facilities, and repairs to infrastructure. At year end the County had \$26,057,228 in construction commitments with contractors. These commitments are being financed by serial bonds, state and federal aid, donations and current appropriations.

On December 6, 2017 the County was authorized to enter into an agreement with the Ulster County Staff Association, providing retroactive 2% wage increases for 2017 and 2% increases for 2018 and 2019. The financial impact of these negotiations amounted to approximately \$159 thousand.

F. Contingencies

The County has received grants in excess of \$86.6 million, which are subject to audit by agencies of the State and Federal governments. Such audits may result in a request for a return of funds to the State and Federal governments. Based on past audits, the County management believes any disallowance will be immaterial.

G. Federal Grant-Revolving Loan Fund

During 2017, the County participated with Rural Ulster Preservation Company (RUPCO) as sub-recipient for two Community Development Block Grants financed by the United States Department of Housing and Urban Development and administered through the New York State Housing Trust Fund Corporation totaling \$1,250,000. A \$500,000 grant was to assist low to moderate income Ulster County households with home repairs that emphasize energy-efficient upgrades, and total monies received in 2017 were \$181,548. A \$750,000 grant was to assist low to moderate Ulster County residents to purchase and rehabilitate owner occupied housing, and the total monies received in 2017 were \$594,100.

A copy of RUPCO's certified financial report may be obtained from RUPCO at 289 Fair Street Kingston, NY 12401.

The activity for this loan fund is accounted for in the Special Grant Fund, a nonmajor fund in the County's financial statements.

COUNTY OF ULSTER, NEW YORK
Notes to the Financial Statements
December 31, 2017

H. Agency Fund

An agency fund exists to account for money and property received and held in the capacity of custodian or agent. The following is a summary of changes in assets and liabilities for the fiscal year ended December 31, 2017:

	Balance at 1/1/2017	Increases	Decreases	Balance at 12/31/17
ASSETS				
Cash and cash equivalents	\$ 13,580,495	\$ 134,281,229	\$ 134,483,925	\$ 13,377,799
Receivables	16,321	501,630	502,450	15,501
Due from other funds	-	406,976	406,976	-
Total assets	<u>13,596,816</u>	<u>135,189,835</u>	<u>135,393,351</u>	<u>13,393,300</u>
LIABILITIES				
Due to other funds	-	15,051	10,785	4,266
Agency fund liabilities	13,596,816	92,403,245	92,611,027	13,389,034
Total liabilities	<u>\$ 13,596,816</u>	<u>\$ 92,418,296</u>	<u>\$ 92,621,812</u>	<u>\$ 13,393,300</u>

I. Resource Recovery Agency

Under the terms of a solid waste service agreement dated January 1, 1992, between the County and the Ulster County Resource Recovery Agency (UCRRA), the County is liable for a service fee payable to the UCRRA. The intent of the net service fee agreement is to provide assurance that the UCRRA has the financial resources to meet all debt service obligations and debt service requirements. In December 2012 a countywide Flow Control Law was passed by the Ulster County Legislature and signed into law by the Ulster County Executive. The Flow Control Law mandates that all Municipal Solid Waste generated within the County of Ulster must be brought to the UCRRA. The major financial impacts of this new law resulted in an increase in solid waste service fees, the elimination of County net service fees, and the ability of UCRRA to be self-sustaining. UCRRA met all of its obligations for fiscal year 2017 without the assistance of a County subsidy.

State and Federal laws required UCRRA to place a final cover on its landfill sites when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. UCRRA is currently in the post closure phase at each of the landfills. The post closure period goes throughout the year 2028. Current projections prepared by UCRRA of annual post closure monitoring and maintenance costs for all three landfills are \$186,908 for each of the remaining 11 years.

J. Tobacco Settlement

In January 1997, the State of New York filed a lawsuit against the tobacco industry, seeking to recover the costs that the State and its local governments had incurred under the Medicaid program in treating smoking related illnesses. As part of a comprehensive settlement reached in November 1998 among 46 states and U.S. territories and all major tobacco companies, the State of New York and its counties will share in an estimated \$25 billion over the next 25 years. As discussed in Note 1, in February 2001, the County sold to UTASC all of its future right, title and interest in the tobacco revenues under the agreement.

K. Tax Abatements

The County is subject to tax abatements granted by the Ulster County Industrial Development Agency (UCIDA). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the UCIDA and include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the County, the abatements have resulted in reductions of property taxes, which the County administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by UCIDA, the County collected \$293,489 during 2017 in payments in lieu of taxes ("PILOT"); these collections were made in lieu of \$649,959 in property taxes.

COUNTY OF ULSTER, NEW YORK
Notes to the Financial Statements
December 31, 2017

L. Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. The requirements of this Statement are effective for periods beginning after June 15, 2017, which is the fiscal year beginning January 1, 2018 for Ulster County. The net effect of this Statement has not yet been determined.

GASB Statement No. 83 – Certain Asset Retirement Obligations

The objective of this Statement is to address accounting and financial reporting for certain asset retirement obligations (ARO's). The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, which is the fiscal year beginning January 1, 2019. This Statement is not expected to have a material effect on the future financial statements of the County.

GASB Statement No. 84 – Fiduciary Activities

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, which is the fiscal year beginning January 1, 2019. This Statement is not expected to have a material effect on the future financial statements of the County.

GASB Statement No. 85 – Omnibus 2017

The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017, which is the fiscal year beginning January 1, 2018. This Statement is not expected to have a material effect on the future financial statements of the County.

GASB Statement No. 86 – Certain Debt Extinguishment Issues

The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017, which is the fiscal year beginning January 1, 2018. This Statement is not expected to have a material effect on the future financial statements of the County.

GASB Statement No. 87 – Leases

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, which is the fiscal year beginning January 1, 2020. The net effect of this Statement has not yet been determined.

COUNTY OF ULSTER, NEW YORK
Notes to the Financial Statements
December 31, 2017

GASB Statement No. 88 – *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*

The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, which is the fiscal year beginning January 1, 2019. This Statement is not expected to have a material effect on the future financial statements of the County.

GASB Statement No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, which is the fiscal year beginning January 1, 2020. This Statement is not expected to have a material effect on the future financial statements of the County.

GASB Statement No. 90 – *Majority Equity Interest – An Amendment of GASB Statements No. 14 and No. 61*

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, which is the fiscal year beginning January 1, 2019. This Statement is not expected to have a material effect on the future financial statements of the County.

M. Subsequent Events

Management has evaluated subsequent events through September 20, 2018, which is the date the financial statements are available for issuance, and have determined that there are no subsequent events, except as noted below, that require disclosure under generally accepted accounting principles.

CSEA Contract

On March 20, 2018, the County was authorized to enter into an agreement with the County's Civil Service Employees' Association (CSEA) providing increases of 2% for 2017 to be paid retroactively, and 2% increases for 2018 and 2019. The financial impact of these negotiations amounted to approximately \$3.5 million.

Ellenville Million

In early 2015, Ulster County announced the formation of the Ellenville Million Task Force and the plans to help the residents of Ellenville and Wawarsing by allocating \$1 million from the County budget to projects designated by the community designed for relief and economic assistance. The recommendations of the Task Force were formally adopted by the Legislature on August 18, 2015. The program is ongoing and continues in 2018.

Family Court

In 2016 the taxpayers of Ulster County voted to move Ulster County Family Court from the City of Kingston to the Town of Ulster and provide a new court facility to meet the County's growing needs and address longstanding safety, security, staff, and client needs per mandated requirements of the New York State Office of Court Administration. With the adoption of the 2017 Ulster County Capital Improvement Program, \$10.8 million was designated for the design and renovation for a new court facility at the County owned Development Court Complex. On January 10, 2017, the County Legislature approved the funding for the engineering and design of the Family Court Renovation Project in the amount of \$1.26 million. The project is ongoing and continues in 2018.

COUNTY OF ULSTER, NEW YORK
Notes to the Financial Statements
December 31, 2017

N. Restatement of Net Position and Fund Balance

During the year ended December 31, 2017, the County adopted the provisions of GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. Statement No. 80. requires a component unit to be included in the financial statements of a reporting entity using the blended method if the component unit is organized as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement 80. resulted in the UCEDA, the UCCRC, and the GHLDC presented as business-type activity blended component units. As a result, beginning net position of business-type activities has been restated to include the net positions of UCEDA (\$1,637,115), UCCRC (\$9,488), and GHLDC (\$0). In addition, this Statement clarifies the financial statement presentation requirements for certain component units of the County, and as such the UCEDA has been reclassified to a business-type activity from its previous presentation as a governmental fund, resulting in a decrease to the beginning governmental activity net position and governmental fund balance by \$1,637,115.

In order to properly present these component units as blended component units, it was necessary to increase the business-type net position by \$1,646,603, and decrease total governmental net position and total governmental fund balance at December 31, 2016 by \$1,637,115, as noted in the following table.

	Total Governmental Net Position	Total Business-Type Net Position	Total Governmental Fund Balance
Net position/ fund balance – December 31, 2016, as previously stated	\$ (11,624,944)	\$ -	\$ 62,295,842
Ulster County Economic Development Alliance net position – December 31, 2016	(1,637,115)	1,637,115	(1,637,115)
Ulster County Capital Resource Corporation net position – December 31, 2016	-	9,488	-
Golden Hill Local Development Corporation net position – December 31, 2016	-	-	-
Net position/ total governmental fund balance – December 31, 2016, as restated	\$ (13,262,059)	\$ 1,646,603	\$ 60,658,727

Required Supplementary
Information

**County of Ulster, New York
Schedule of Funding Progress
Other Post-Employment Benefits Plan
Last Ten Fiscal Years**

Governmental Activities:

Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2017	1/1/2017	\$ -	\$ 159,193,596	\$ 159,193,596	0.0%	\$ 78,545,595	202.7%
12/31/2016	1/1/2015	-	128,778,904	128,778,904	0.0%	77,006,238	167.2%
12/31/2015	1/1/2015	-	120,940,466	120,940,466	0.0%	76,560,260	158.0%
12/31/2014	1/1/2013	-	127,927,667	127,927,667	0.0%	74,717,951	171.2%
12/31/2013	1/1/2013	-	120,596,532	120,596,532	0.0%	81,702,100	147.6%
12/31/2012	1/1/2011	-	160,157,595	160,157,595	0.0%	89,720,808	178.5%
12/31/2011	1/1/2011	-	148,050,262	148,050,262	0.0%	90,999,885	162.7%
12/31/2010	1/1/2009	-	139,094,811	139,094,811	0.0%	94,008,977	148.0%
12/31/2009	1/1/2009	-	129,357,830	129,357,830	0.0%	94,553,139	136.8%
12/31/2008	1/1/2007	-	114,094,603	114,094,603	0.0%	89,698,748	127.2%

Component Units - UCCC:

Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
8/31/2017	9/1/2016	\$ -	\$ 18,556,468	\$ 18,556,468	0.0%	\$ 9,939,155 *	186.7%
8/31/2016	9/1/2015	-	17,861,926	17,861,926	0.0%	10,138,245 *	176.2%
8/31/2015	9/1/2014	-	17,623,764	17,623,764	0.0%	9,939,456 *	177.3%
8/31/2014	9/1/2013	-	15,232,998	15,232,998	0.0%	9,855,469 *	154.6%
8/31/2013	9/1/2012	-	13,895,409	13,895,409	0.0%	9,522,192 *	145.9%
8/31/2012	3/1/2012	-	14,687,420	14,687,420	0.0%	10,237,938 *	143.5%
8/31/2011	3/1/2011	-	14,675,216	14,675,216	0.0%	9,891,728 *	148.4%

* - estimated

See accompanying notes to the required supplementary information.

County of Ulster, New York
Schedule of Local Government's Proportionate Share of the Net Pension Liability
Employees' Retirement System
Last Four Fiscal Years*

Governmental Activities	Year Ended			
	2017	2016	2015	2014
Measurement date	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
County's proportion of net pension liability	0.3097205%	0.3109345%	0.3104617%	0.3104617%
County's proportionate share of the net pension liability	\$ 29,102,033	\$ 49,905,861	\$ 10,488,153	\$ 14,029,326
County's covered payroll	\$ 77,391,077	\$ 76,671,755	\$ 75,178,528	\$ 79,956,063
County's proportionate share of the net pension liability as a percentage of its covered payroll	37.60%	65.09%	13.95%	17.55%
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.70%	97.90%	97.20%

Component Units:	Year Ended			
	2017	2016	2015	2014
UCCC - ERS System (August 31)				
Measurement date	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
UCCC's proportion of net pension liability	0.0151725%	0.0154374%	0.0161338%	0.0161338%
UCCC's proportionate share of the net pension liability	\$ 1,425,642	\$ 2,477,745	\$ 545,040	\$ 729,065
UCCC's covered payroll	\$ 4,055,915	\$ 3,926,685	\$ 4,029,055	\$ 3,668,663
UCCC's proportionate share of the net pension liability as a percentage of its covered payroll	35.15%	63.10%	13.53%	19.87%
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.70%	97.90%	97.20%

UCRRA				
Measurement date	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
UCRRA's proportion of net pension liability	0.0074789%	0.0080119%	0.0079561%	0.0079561%
UCRRA's proportionate share of the net pension liability	\$ 702,730	\$ 1,285,934	\$ 268,777	\$ 359,526
UCRRA's covered payroll	\$ 1,530,091	\$ 1,553,441	\$ 1,512,837	N/A
UCRRA's proportionate share of the net pension liability as a percentage of its covered payroll	45.93%	82.78%	17.77%	N/A
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.70%	97.90%	97.20%

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

See accompanying notes to the required supplementary information.

County of Ulster, New York
Schedule of Local Government's Contributions
Employees' Retirement System
Last Ten Fiscal Years

Year Ended December 31,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities:										
Contractually required contribution	\$ 12,534,454	\$ 12,866,091	\$ 13,733,997	\$ 14,740,535	\$ 17,132,581	\$ 16,940,612	\$ 13,494,253	\$ 10,254,823	\$ 7,545,002	\$ 7,746,831
Contribution in relation to the contractually required contribution	<u>(12,534,454)</u>	<u>(12,866,091)</u>	<u>(13,733,997)</u>	<u>(14,740,535)</u>	<u>(17,132,581)</u>	<u>(16,940,612)</u>	<u>(13,494,253)</u>	<u>(10,254,823)</u>	<u>(7,545,002)</u>	<u>(7,746,831)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County covered payroll	78,545,595	77,006,238	76,560,260	74,717,951	81,702,100	89,720,808	90,999,885	94,008,977	94,553,139	89,698,748
Contributions as a percentage of covered payroll	<u>15.96%</u>	<u>16.71%</u>	<u>17.94%</u>	<u>19.73%</u>	<u>20.97%</u>	<u>18.88%</u>	<u>14.83%</u>	<u>10.91%</u>	<u>7.98%</u>	<u>8.64%</u>
Component Units:										
UCCC - ERS System (August 31):										
Contractually required contribution	\$ 600,941	\$ 695,269	\$ 765,058	\$ 739,188	\$ 655,866	\$ 518,256	\$ 405,890	\$ 232,987	\$ 233,086	\$ 265,300
Contribution in relation to the contractually required contribution	<u>(600,941)</u>	<u>(695,269)</u>	<u>(765,058)</u>	<u>(739,188)</u>	<u>(655,866)</u>	<u>(518,256)</u>	<u>(405,890)</u>	<u>(232,987)</u>	<u>(233,086)</u>	<u>(265,300)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College covered payroll	4,055,915	3,926,685	4,029,055	3,668,663	3,666,104	3,320,026	3,614,337	3,213,614	2,798,151	2,937,984
Contributions as a percentage of covered payroll	<u>14.82%</u>	<u>17.71%</u>	<u>18.99%</u>	<u>20.15%</u>	<u>17.89%</u>	<u>15.61%</u>	<u>11.23%</u>	<u>7.25%</u>	<u>8.33%</u>	<u>9.03%</u>
UCRRA:										
Contractually required contribution	\$ 238,269	\$ 242,378	\$ 288,993	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution in relation to the contractually required contribution	<u>(238,269)</u>	<u>(242,378)</u>	<u>(288,993)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Agency covered payroll	1,530,091	1,553,441	1,512,837	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	<u>15.57%</u>	<u>15.60%</u>	<u>19.10%</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

See accompanying notes to the required supplementary information.

County of Ulster, New York
Schedule of Local Government's Proportionate Share of the Net Pension Liability
Teachers' Retirement System
Last Four Fiscal Years*

Component Units:	Year Ended			
	2017	2016	2015	2014
UCCC - TRS System				
Measurement date	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
UCCC's proportion of net pension asset	0.0129310%	0.0121190%	0.0115010%	0.0104130%
UCCC's proportionate share of the net pension asset/(liability)	\$ (138,493)	\$ 1,258,757	\$ 1,281,129	\$ 1,281,129
UCCC's covered payroll	\$ 2,105,776	\$ 1,995,340	\$ 1,820,408	\$ 1,698,862
UCCC's proportionate share of the net pension liability				
as a percentage of its covered payroll	(6.58%)	63.08%	70.38%	75.41%
Plan fiduciary net position as a percentage of the total pension liability	(99.01%)	110.46%	111.48%	100.70%

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

See accompanying notes to the required supplementary information.

County of Ulster, New York
Schedule of Local Government's Contributions
Teachers' Retirement System
Last Ten Fiscal Years

Year Ended August 31,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Component Units										
UCCC - TRS System:										
Contractually required contribution	\$ 246,797	\$ 264,582	\$ 319,118	\$ 276,065	\$ 180,595	\$ 140,854	\$ 109,819	\$ 74,927	\$ 73,745	\$ 95,800
Contribution in relation to the contractually required contribution	(246,797)	(264,582)	(319,118)	(276,065)	(180,595)	(140,854)	(109,819)	(74,927)	(73,745)	(95,800)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College covered payroll	2,105,776	1,995,340	1,820,408	1,698,862	1,525,296	1,267,813	1,274,002	1,210,452	966,514	1,097,365
Contributions as a percentage of covered payroll	<u>11.72%</u>	<u>13.26%</u>	<u>17.53%</u>	<u>16.25%</u>	<u>11.84%</u>	<u>11.11%</u>	<u>8.62%</u>	<u>6.19%</u>	<u>7.63%</u>	<u>8.73%</u>

See accompanying notes to the required supplementary information.

County of Ulster, New York
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Adopted	Final		
REVENUES				
Taxes:				
Property	\$ 52,335,546	\$ 52,335,546	\$ 51,419,587	\$ (915,959)
Other real property tax items	5,925,000	5,925,000	5,282,724	(642,276)
Sales	111,672,331	112,197,331	115,339,913	3,142,582
Tax on Hotel Room Occupancy	1,350,000	1,350,000	1,530,160	180,160
Off track betting taxes	75,000	75,000	85,709	10,709
E-911 emergency telephone surcharge	694,000	694,000	692,730	(1,270)
Automobile use tax	1,225,000	1,225,000	1,180,432	(44,568)
State aid	42,094,032	43,323,805	39,664,837	(3,658,968)
Federal aid	36,408,459	36,738,380	34,562,886	(2,175,494)
Departmental income	9,010,216	9,010,216	10,038,653	1,028,437
Intergovernmental	840,407	850,667	1,459,610	608,943
Use of money and property	802,249	802,249	1,012,101	209,852
Licenses and permits	464,400	464,400	464,984	584
Fines and forfeitures	492,000	492,000	418,646	(73,354)
Sale of property and compensation for loss	2,605,775	2,681,571	1,957,590	(723,981)
Miscellaneous local sources	238,100	238,100	1,320,811	1,082,711
Interfund revenues	2,175,754	2,175,754	1,524,594	(651,160)
Total revenues	268,408,269	270,579,019	267,955,967	(2,623,052)
EXPENDITURES				
Current:				
General government	64,480,863	65,153,353	60,659,994	4,493,359
Education	9,710,863	10,010,863	9,942,883	67,980
Public safety	43,878,832	45,403,311	42,769,080	2,634,231
Public health	19,393,188	20,100,506	17,836,415	2,264,091
Transportation	6,906,416	8,089,259	7,217,137	872,122
Economic assistance	125,189,895	125,326,505	117,160,785	8,165,720
Culture and recreation	1,018,856	1,078,941	971,737	107,204
Home and community	2,555,981	4,009,922	2,903,574	1,106,348
Employee benefits	10,388,166	9,612,016	9,512,926	99,090
Debt service:				
Interest	145,000	277,660	277,659	1
Total expenditures	283,668,060	289,062,336	269,252,190	19,810,146
Excess (deficiency) of revenues over expenditures	(15,259,791)	(18,483,317)	(1,296,223)	17,187,094
OTHER FINANCING SOURCES (USES)				
Transfers out	(300,000)	(2,077,150)	(2,077,106)	44
Total other financing sources (uses)	(300,000)	(2,077,150)	(2,077,106)	44
Net change in fund balances *	(15,559,791)	(20,560,467)	(3,373,329)	17,187,138
Fund balances - beginning	59,174,569	59,174,569	59,174,569	-
Fund balances - ending	\$ 43,614,778	\$ 38,614,102	\$ 55,801,240	\$ 17,187,138

* The net change in fund balances was included in the budget as an appropriation (i.e., spenddown) of fund balance and appropriated reserves.

See accompanying notes to the required supplementary information.

COUNTY OF ULSTER, NEW YORK
Note to the Required Supplementary Information
December 31, 2017

Budgetary Information

Budgetary Basis of Accounting – Annual budgets are legally required and adopted for the General Fund, Special Revenue Funds and the Debt Service Fund on a basis consistent with generally accepted accounting principles. Project-length financial plans are adopted for the capital projects fund. All annual appropriations lapse at year end.

On or before the first Friday of October, the County Executive submits to the County Legislature a proposed budget for the fiscal year commencing the following January 1. The Legislature holds public hearings and a final budget is prepared and adopted no later than the second Thursday of December.

The appropriated budget is prepared by fund, function, department and division. The County Executive is authorized to make transfers of appropriations within and across departments. Transfers of appropriations that alter the total appropriation of any department or agency must be approved by the Legislature. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the department and object of expense level within the fund. The supplementary budgetary appropriations made were not material.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as assignments of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. Actual results of operations presented in accordance with GAAP and the County’s accounting policies do not recognize encumbrances and assigned fund balance as expenditures until the period in which actual goods and services are received and a liability is incurred.

The County considers encumbrances to be significant for amounts in excess of \$500,000. The County has a total of \$18,077,592 of encumbrances outstanding at December 31, 2017. In the General Fund and Special Revenue Funds, encumbrances of \$2,945,974 and \$16,071, respectively, are supported by assigned fund balance. The Capital Projects Fund has \$15,115,547 of outstanding encumbrances. As of December 31, 2017, the County had the following significant encumbrances:

Description	Capital Projects Fund
General government support	\$ 6,601,221
Public Safety	865,635
Transportation	4,458,299
Total	\$ 11,925,155

Supplementary
Information

County of Ulster, New York
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Adopted	Final		
REVENUES				
Real property taxes	\$ 9,846,685	\$ 9,846,685	\$ 9,846,685	\$ -
State aid	-	-	675,522	675,522
Use of money and property	-	-	17,381	17,381
Total revenues	9,846,685	9,846,685	10,539,588	692,903
EXPENDITURES				
Debt service:				
Principal	6,990,000	7,388,750	7,388,750	-
Interest	2,856,685	3,020,685	3,020,038	647
Total expenditures	9,846,685	10,409,435	10,408,788	647
Net change in fund balances	-	(562,750)	130,800	693,550
Fund balances - beginning	1,220,851	1,220,851	1,220,851	-
Fund balances - ending	\$ 1,220,851	\$ 658,101	\$ 1,351,651	\$ 693,550

Combining Financial
Statements, Budgetary
Comparison Schedules, and
Discretely Presented
Component Units

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

A) **Special Grant Fund** - accounts for and reports the proceeds received under the Workforce Investment Act and Community Development Block Grant programs.

B) **County Road Fund** - required by Sec 114 of the Highway Law. Its purpose is for maintenance of county roads and bridges, snow removal and construction and reconstruction of county roads.

C) **Road Machinery Fund** - required by Sec 133 of the Highway Law. It's used for the purchase, repair and maintenance of highway machinery, tools and equipment; for the construction, purchase and maintenance of buildings for the storage and repair of highway machinery and equipment; for the purchase of materials and supplies to provide an adequate central stockpile for highway, snow removal and bridge purposes.

County of Ulster, New York
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017

	Special Revenue Funds			
	Special Grant	County Road	Road Machinery	Total Nonmajor Funds
ASSETS				
Cash, cash equivalents and investments	\$ 79,486	\$ 2,381,304	\$ 4,390,085	\$ 6,850,875
Receivables	128,099	136,893	-	264,992
Due from other funds	205	-	-	205
Due from proprietary funds	13,000	-	-	13,000
Total assets	\$ 220,790	\$ 2,518,197	\$ 4,390,085	\$ 7,129,072
LIABILITIES				
Accounts payable and other current liabilities	\$ 92,217	\$ 486,738	\$ 212,849	\$ 791,804
Total liabilities	92,217	486,738	212,849	791,804
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - loans	13,000	-	-	13,000
Total deferred inflows of resources	13,000	-	-	13,000
FUND BALANCES				
Assigned to:				
Encumbrances	7,950	220	7,901	16,071
Subsequent years' expenditures	-	-	800,000	800,000
Specific use	107,623	2,031,239	3,369,335	5,508,197
Total fund balances	115,573	2,031,459	4,177,236	6,324,268
Total liabilities, deferred inflows of resources, and fund balances	\$ 220,790	\$ 2,518,197	\$ 4,390,085	\$ 7,129,072

County of Ulster, New York
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

Special Revenue Funds

	<u>Special Grant</u>	<u>County Road</u>	<u>Road Machinery</u>	<u>Total Nonmajor Funds</u>
REVENUES				
Real property taxes	\$ -	\$ 10,833,964	\$ 2,876,821	\$ 13,710,785
State aid	282,478	4,110,045	-	4,392,523
Federal aid	1,854,855	-	-	1,854,855
Intergovernmental	-	84,718	-	84,718
Use of money and property	1,202	3,799	12,233	17,234
Sale of property and compensation for loss	-	109,397	75,683	185,080
Interfund revenues	597	-	-	597
Total revenues	<u>2,139,132</u>	<u>15,141,923</u>	<u>2,964,737</u>	<u>20,245,792</u>
EXPENDITURES				
Current:				
Transportation	-	14,268,061	3,535,389	17,803,450
Economic assistance	1,382,186	-	-	1,382,186
Home and community	767,648	-	-	767,648
Debt service:				
Interest	1,194	-	-	1,194
Total expenditures	<u>2,151,028</u>	<u>14,268,061</u>	<u>3,535,389</u>	<u>19,954,478</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	32,939	-	32,939
Total other financing sources (uses)	<u>-</u>	<u>32,939</u>	<u>-</u>	<u>32,939</u>
Net change in fund balances	(11,896)	906,801	(570,652)	324,253
Fund balances, restated - beginning (see Note 3N)	127,469	1,124,658	4,747,888	6,000,015
Fund balances - ending	<u>\$ 115,573</u>	<u>\$ 2,031,459</u>	<u>\$ 4,177,236</u>	<u>\$ 6,324,268</u>

County of Ulster, New York
Combining Statement of Net Position
Nonmajor Proprietary Funds
December 31, 2017

	Component Units			Total Nonmajor Proprietary Funds
	Ulster County Economic Development Alliance	Ulster County Capital Resource Corporation	Golden Hill Local Development Corporation	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,324,033	\$ 780,069	\$ -	\$ 2,104,102
Receivables	357,894	-	-	357,894
Due from other funds	161,300	-	-	161,300
Deposit on sale of property	25,000	-	-	25,000
Total current assets	1,868,227	780,069	-	2,648,296
Noncurrent assets:				
Receivables	204,275	-	-	204,275
Total noncurrent assets	204,275	-	-	204,275
Total assets	\$ 2,072,502	\$ 780,069	\$ -	\$ 2,852,571
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 66,922	\$ -	\$ -	\$ 66,922
Intergovernmental payables	25,016	-	-	25,016
Unearned revenue	48,750	-	-	48,750
Due to other funds	13,000	1,250	-	14,250
Total current liabilities	153,688	1,250	-	154,938
Noncurrent liabilities:				
Intergovernmental payables	20,413	-	-	20,413
Unearned revenue	184,813	-	-	184,813
Total noncurrent liabilities	205,226	-	-	205,226
Total liabilities	358,914	1,250	-	360,164
NET POSITION				
Restricted	199,656	-	-	199,656
Unrestricted	1,513,932	778,819	-	2,292,751
Total net position	\$ 1,713,588	\$ 778,819	\$ -	\$ 2,492,407

County of Ulster, New York
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Proprietary Funds
For the Year Ended December 31, 2017

	Component Units			Total Nonmajor Proprietary Funds
	Ulster County Economic Development Alliance	Ulster County Capital Resource Corporation	Golden Hill Local Development Corporation	
OPERATING REVENUES				
Charges for services	\$ 338,755	\$ 778,000	\$ -	\$ 1,116,755
Other operating revenues	34,532	495	2,100	37,127
Total operating revenues	<u>373,287</u>	<u>778,495</u>	<u>2,100</u>	<u>1,153,882</u>
OPERATING EXPENSES				
Administrative	31,368	9,238	2,100	42,706
Contractual	281,931	-	-	281,931
Provision for loan recoveries	(17,475)	-	-	(17,475)
Total operating expenses	<u>295,824</u>	<u>9,238</u>	<u>2,100</u>	<u>307,162</u>
Operating income	77,463	769,257	-	846,720
NONOPERATING REVENUES (EXPENSES)				
Interest earnings	905	74	-	979
Interest expense	(1,895)	-	-	(1,895)
Total nonoperating revenues (expenses)	<u>(990)</u>	<u>74</u>	<u>-</u>	<u>(916)</u>
Change in net position	76,473	769,331	-	845,804
Net position, restated - beginning (see Note 3N)	1,637,115	9,488	-	1,646,603
Net position - ending	<u>\$ 1,713,588</u>	<u>\$ 778,819</u>	<u>\$ -</u>	<u>\$ 2,492,407</u>

County of Ulster, New York
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended December 31, 2017

	Component Units			Total Nonmajor Proprietary Funds
	Ulster County Economic Development Alliance	Ulster County Capital Resource Corporation	Golden Hill Local Development Corporation	
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts from services provided	\$ 243,779	\$ 778,495	\$ -	\$ 1,022,274
Payments to suppliers and service providers	(192,459)	(9,238)	(28,854)	(230,551)
Net cash provided (used) by operating activities	51,320	769,257	(28,854)	791,723
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interest expense	(1,895)	-	-	(1,895)
Payments on long-term debt	(37,768)	-	-	(37,768)
Net cash used by noncapital financing activities	(39,663)	-	-	(39,663)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest earnings	905	74	-	979
Net cash provided by investing activities	905	74	-	979
Net increase (decrease) in cash and cash equivalents	12,562	769,331	(28,854)	753,039
Total cash and cash equivalents - beginning	1,311,471	10,738	28,854	1,351,063
Total cash and cash equivalents - ending	\$ 1,324,033	\$ 780,069	\$ -	\$ 2,104,102
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ 77,463	\$ 769,257	\$ -	\$ 846,720
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Provision for loan losses	(17,475)	-	-	(17,475)
Increase in:				
Receivables	(44,378)	-	-	(44,378)
Due from other funds	(67,655)	-	-	(67,655)
Increase (decrease) in:				
Accounts payable	40,902	-	-	40,902
Due to other funds	-	-	(28,854)	(28,854)
Unearned revenue	62,463	-	-	62,463
Net cash provided (used) by operating activities	\$ 51,320	\$ 769,257	\$ (28,854)	\$ 791,723

County of Ulster, New York
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Special Grant Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Adopted	Final		
REVENUES				
State aid	\$ 250,819	\$ 250,819	\$ 282,478	\$ 31,659
Federal aid	2,044,167	2,393,551	1,854,855	(538,696)
Use of money and property	4,200	4,200	1,202	(2,998)
Interfund revenues	-	-	597	597
Total revenues	2,299,186	2,648,570	2,139,132	(509,438)
EXPENDITURES				
Current:				
Economic assistance	1,844,986	1,844,786	1,382,186	462,600
Home and community	450,400	799,784	767,648	32,136
Debt service:				
Interest	3,800	3,800	1,194	2,606
Total expenditures	2,299,186	2,648,370	2,151,028	497,342
Net change in fund balances	-	200	(11,896)	(12,096)
Fund balances - beginning	127,469	127,469	127,469	-
Fund balances - ending	\$ 127,469	\$ 127,669	\$ 115,573	\$ (12,096)

County of Ulster, New York
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
County Road Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Adopted	Final		
REVENUES				
Real property taxes	\$ 10,833,964	\$ 10,833,964	\$ 10,833,964	\$ -
State aid	3,698,411	4,472,556	4,110,045	(362,511)
Intergovernmental	207,500	207,500	84,718	(122,782)
Use of money and property	-	-	3,799	3,799
Sale of property and compensation for loss	50,100	50,100	109,397	59,297
Miscellaneous local sources	1,000	1,000	-	(1,000)
Total revenues	14,790,975	15,565,120	15,141,923	(423,197)
EXPENDITURES				
Current:				
Transportation	14,790,975	15,640,293	14,268,061	1,372,232
Total expenditures	14,790,975	15,640,293	14,268,061	1,372,232
Excess (deficiency) of revenues over expenditures	-	(75,173)	873,862	949,035
OTHER FINANCING SOURCES				
Transfers in	-	-	32,939	32,939
Total financing sources	-	-	32,939	32,939
Net change in fund balances	-	(75,173)	906,801	981,974
Fund balances - beginning	1,124,658	1,124,658	1,124,658	-
Fund balances - ending	\$ 1,124,658	\$ 1,049,485	\$ 2,031,459	\$ 981,974

County of Ulster, New York
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Road Machinery Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Adopted	Final		
REVENUES				
Real property taxes	\$ 2,876,821	\$ 2,876,821	\$ 2,876,821	\$ -
Use of money and property	-	-	12,233	12,233
Sale of property and compensation for loss	28,500	28,500	75,683	47,183
Total revenues	2,905,321	2,905,321	2,964,737	59,416
EXPENDITURES				
Current:				
Transportation	3,905,321	3,972,853	3,535,389	437,464
Total expenditures	3,905,321	3,972,853	3,535,389	437,464
Excess (deficiency) of revenues over expenditures	(1,000,000)	(1,067,532)	(570,652)	496,880
OTHER FINANCING SOURCES				
Transfers out	-	-	-	-
Total financing sources	-	-	-	-
Net change in fund balances *	(1,000,000)	(1,067,532)	(570,652)	496,880
Fund balances - beginning	4,747,888	4,747,888	4,747,888	-
Fund balances - ending	\$ 3,747,888	\$ 3,680,356	\$ 4,177,236	\$ 496,880

* The net change in fund balances was included in the budget as an appropriation (i.e., spenddown) of fund balance.

County of Ulster, New York
Combining Statement of Net Position
Discretely Presented Component Units
December 31, 2017

	Component Units			Total Discretely Presented Component Units
	Community College (August 31, 2017)	Resource Recovery Agency	Industrial Development Agency	
ASSETS				
Cash and cash equivalents	\$ 4,538,915	\$ 6,535,205	\$ 375,036	\$ 11,449,156
Investments	8,850,026	2,542,949	-	11,392,975
Receivables	5,280,577	1,562,734	31,416	6,874,727
Prepaid items	-	381,073	-	381,073
Other assets	1,554,156	39,313	-	1,593,469
Capital assets, net of accumulated depreciation	13,948,207	9,430,055	-	23,378,262
Total assets	34,171,881	20,491,329	406,452	55,069,662
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - pensions	2,637,644	637,219	-	3,274,863
Deferred charge on refunding	-	17,085	-	17,085
Total deferred outflows of resources	2,637,644	654,304	-	3,291,948
LIABILITIES				
Accounts payable and other current liabilities	2,806,751	525,904	1,666	3,334,321
Intergovernmental payables	140	-	-	140
Due to primary government	-	-	12,500	12,500
Other liabilities	550	47,120	-	47,670
Unearned revenue	5,126,651	5,100	-	5,131,751
Noncurrent liabilities:				
Due within one year	914,478	3,306,819	-	4,221,297
Due in more than one year	16,126,201	8,164,503	-	24,290,704
Total liabilities	24,974,771	12,049,446	14,166	37,038,383
DEFERRED INFLOWS OF RESOURCES				
Deferred tuition received	503,405	-	-	503,405
Deferred pensions	404,777	242,161	-	646,938
Total deferred inflows of resources	908,182	242,161	-	1,150,343
NET POSITION				
Net investment in capital assets	12,685,665	9,430,055	-	22,115,720
Restricted for:				
Board designated	200,000	-	-	200,000
Scholarships and grants	5,254,585	-	-	5,254,585
Nonexpendable	2,797,946	-	-	2,797,946
Debt service	-	3,742,549	-	3,742,549
Unrestricted	(10,011,624)	(4,318,578)	392,286	(13,937,916)
Total net position	\$ 10,926,572	\$ 8,854,026	\$ 392,286	\$ 20,172,884

County of Ulster, New York
Combining Statement of Activities
Discretely Presented Component Units
For the Year Ended December 31, 2017

	Component Units			Total Discretely Presented Component Units
	Community College (August 31, 2017)	Resource Recovery Agency	Industrial Development Agency	
OPERATING EXPENSES				
Instruction	\$ 14,391,165	\$ -	\$ -	\$ 14,391,165
Public service	562,978	-	-	562,978
Academic support	708,063	-	-	708,063
Student services	2,904,485	-	-	2,904,485
General administration	2,886,317	654,073	53,760	3,594,150
General institution	1,762,570	-	-	1,762,570
Operation and maintenance of plant	3,116,382	-	-	3,116,382
Student aid	3,417,726	-	-	3,417,726
Auxiliary	384,236	-	-	384,236
Day care	343,409	-	-	343,409
Costs of sales and services	-	7,729,966	-	7,729,966
Salaries and wages	-	1,719,900	-	1,719,900
Benefits	-	1,046,782	-	1,046,782
Professional fees	-	-	92,507	92,507
Landfill post closure care	-	161,844	-	161,844
Depreciation	1,130,146	612,373	-	1,742,519
Interest expense	-	182,257	-	182,257
Other operating expenses	1,144,556	-	10,655	1,155,211
Total operating expenses	32,752,033	12,107,195	156,922	45,016,150
PROGRAM REVENUES				
Student tuition and fees	6,214,704	-	-	6,214,704
Auxiliary	288,604	-	-	288,604
Sale of recyclable materials	-	842,399	-	842,399
Solid waste service fees	-	14,368,753	-	14,368,753
Fees	-	-	113,075	113,075
Operating grants and contributions	7,065,717	40,813	-	7,106,530
Other operating revenue	1,628,960	78,730	4,000	1,711,690
Total program revenues	15,197,985	15,330,695	117,075	30,645,755
Net program revenue (expense)	(17,554,048)	3,223,500	(39,847)	(14,370,395)
GENERAL REVENUES				
Contribution from other governments	5,892,667	-	-	5,892,667
County contribution	6,400,863	-	-	6,400,863
Chargeback revenue	797,286	-	-	797,286
Federal and state nonoperating grants	4,914,392	-	-	4,914,392
Investment income	1,661	131,285	584	133,530
Gain/(Loss) on disposals	(7,265)	13,520	-	6,255
Total general revenues	17,999,604	144,805	584	18,144,993
Net change in net position	445,556	3,368,305	(39,263)	3,774,598
Net position - restated, beginning	10,481,016	5,485,721	431,549	16,398,286
Net position - ending	\$ 10,926,572	\$ 8,854,026	\$ 392,286	\$ 20,172,884

Statistical Section (Unaudited)

COUNTY OF ULSTER, NEW YORK
Net Position - Comparison
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016*	2017
Governmental Activities:										
Net investment in capital assets	\$ 32,239,663	\$ 31,715,641	\$ 37,390,565	\$ 20,864,249	\$ 65,377,760	\$ 67,892,165	\$ 82,086,962	\$ 53,684,436	\$ 41,545,997	\$ 48,855,391
Restricted	17,164,056	12,715,012	9,603,188	9,009,628	10,016,115	6,978,332	6,397,859	11,163,006	11,870,195	11,004,588
Unrestricted	9,616,987	2,302,802	(9,600,040)	(11,261,448)	(65,430,305)	(64,672,740)	(94,196,105)	(75,226,163)	(66,678,251)	(83,018,979)
Total governmental activities net position	\$ 59,020,706	\$ 46,733,455	\$ 37,393,713	\$ 18,612,429	\$ 9,963,570	\$ 10,197,757	\$ (5,711,284)	\$ (10,378,721)	\$ (13,262,059)	\$ (23,159,000)
Business-type Activities:										
Net investment in capital assets	\$ 4,518,472	\$ 3,955,646	\$ 3,580,827	\$ 3,024,756	\$ 2,586,359	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	39,030	39,030	-	-	-	198,969	199,656
Unrestricted	2,164,989	2,829,444	555,836	(4,934,896)	(5,427,967)	-	-	-	1,447,634	2,292,751
Total business-type activities net position	\$ 6,683,461	\$ 6,785,090	\$ 4,136,663	\$ (1,871,110)	\$ (2,802,578)	\$ -	\$ -	\$ -	\$ 1,646,603	\$ 2,492,407
Total Primary Government:										
Net investment in capital assets	\$ 36,758,135	\$ 35,671,287	\$ 40,971,392	\$ 23,889,005	\$ 67,964,119	\$ 67,892,165	\$ 82,086,962	\$ 53,684,436	\$ 41,545,997	\$ 48,855,391
Restricted	17,164,056	12,715,012	9,603,188	9,048,658	10,055,145	6,978,332	6,397,859	11,163,006	12,069,164	11,204,244
Unrestricted	11,781,976	5,132,246	(9,044,204)	(16,196,344)	(70,858,272)	(64,672,740)	(94,196,105)	(75,226,163)	(65,230,617)	(80,726,228)
Total primary government net position	\$ 65,704,167	\$ 53,518,545	\$ 41,530,376	\$ 16,741,319	\$ 7,160,992	\$ 10,197,757	\$ (5,711,284)	\$ (10,378,721)	\$ (11,615,456)	\$ (20,666,593)

Source: Ulster County Annual Financial Reports

* The County implemented GASB Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*. As a result, net position has been restated at December 31, 2016.

Table 2

COUNTY OF ULSTER, NEW YORK
Changes in Net Position
Last Eight Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017*
Expenses								
Governmental activities:								
General government	\$ 60,836,813	\$ 64,421,405	\$ 64,452,481	\$ 58,018,900	\$ 69,544,611	\$ 58,892,138	\$ 66,427,340	\$ 65,270,653
Education	10,734,010	10,449,170	9,598,123	10,127,951	8,533,495	9,823,272	10,082,920	11,376,376
Public safety	43,177,212	46,596,897	47,566,433	51,988,875	50,016,317	49,239,187	52,982,354	53,384,200
Public health	29,495,696	28,088,636	25,578,995	20,982,356	19,262,838	18,967,235	19,705,379	19,555,576
Transportation	22,616,510	26,973,401	22,963,323	24,670,675	25,423,875	28,915,480	28,852,350	29,398,429
Economic assistance	117,923,542	120,653,740	129,609,798	133,857,675	128,723,809	124,925,171	130,053,823	126,979,436
Culture and recreation	1,122,212	1,040,315	993,089	962,783	1,127,564	1,271,955	1,362,615	1,324,144
Home and community	5,689,953	4,190,840	5,883,149	2,878,042	2,793,990	3,096,083	3,474,579	4,013,375
Interest on long-term debt	7,180,086	6,884,754	6,778,572	6,575,763	6,431,867	6,236,915	6,635,851	4,872,295
Total governmental activities expenses	298,776,034	309,299,158	313,423,963	310,063,020	311,858,366	301,367,436	319,577,211	316,174,484
Business-type activities:								
Long-Term Care	31,782,832	32,906,238	33,247,837	13,047,766	-	-	-	-
Workers' Compensation Pool	6,040,004	14,795,165	10,283,758	9,508,560	9,333,330	9,603,353	10,058,153	10,007,661
Blended Component Units (UCEDA, UCCRC, GHLDC)	-	-	-	-	-	-	-	309,057
Total business-type activities expenses	37,822,836	47,701,403	43,531,595	22,556,326	9,333,330	9,603,353	10,058,153	10,316,718
Total primary government expenses	336,598,870	357,000,561	356,955,558	332,619,346	321,191,696	310,970,789	329,635,364	326,491,202
Program Revenues								
Governmental activities:								
Charges for services:								
General government	6,813,541	6,222,816	8,122,012	20,681,114	5,964,237	6,034,364	7,969,859	6,390,684
Education	148,108	83,195	80,996	78,916	90,158	180,326	217,740	70,898
Public safety	3,245,780	3,177,387	2,981,076	3,512,981	3,306,178	2,440,549	1,751,699	1,783,591
Public health	6,451,909	6,419,484	4,623,652	3,061,771	618,318	481,024	476,736	509,169
Transportation	1,022,546	1,389,205	1,236,969	1,037,490	861,642	820,054	750,115	834,542
Economic assistance	7,579,039	8,536,093	13,251,138	9,294,951	7,531,266	4,694,142	5,873,659	6,357,893
Culture and recreation	133,422	129,181	129,530	109,553	113,547	118,588	170,686	628,620
Home and community	241	4,789	59,759	4,228	6,019	169,734	137,571	201,960
Operating grants and contributions	79,767,515	77,940,934	87,945,815	76,283,382	74,399,760	76,303,293	84,679,415	77,044,272
Capital grants and contributions	4,004,267	2,288,331	5,420,598	1,450,701	7,420,320	9,640,072	13,118,913	9,777,416
Total governmental activities program revenues	109,166,368	106,191,415	123,851,545	115,515,087	100,311,445	100,882,146	115,146,393	103,599,045
Business-type activities:								
Charges for services:								
Long-Term Care	22,830,322	21,911,315	20,604,780	9,032,186	-	-	-	-
Workers' Compensation Pool	5,055,842	13,968,979	9,475,157	8,785,686	8,631,330	8,917,057	9,306,239	9,344,917
Blended Component Units (UCEDA, UCCRC, GHLDC)	-	-	-	-	-	-	-	1,151,782
Operating grants and contributions	2,816,881	1,083,841	2,894,328	10,506,554	655,347	646,916	707,260	567,380
Total business-type activities program revenues	30,703,045	36,964,135	32,974,265	28,324,426	9,286,677	9,563,973	10,013,499	11,064,079
Total primary government program revenues	139,869,413	143,155,550	156,825,810	143,839,513	109,598,122	110,446,119	125,159,892	114,663,124
Net revenues (expenses)								
Governmental activities	(189,609,666)	(203,107,743)	(189,572,418)	(194,547,933)	(211,546,921)	(200,485,290)	(204,430,818)	(212,575,439)
Business-type activities	(7,119,791)	(10,737,268)	(10,557,330)	5,768,100	(46,653)	(39,380)	(44,654)	747,361
Total net revenues (expenses)	(196,729,457)	(213,845,011)	(200,129,748)	(188,779,833)	(211,593,574)	(200,524,670)	(204,475,472)	(211,828,078)
General revenues and other changes in net position								
Governmental activities:								
Real property taxes and tax items	81,904,942	81,738,478	84,650,275	83,438,006	82,839,933	79,898,277	83,532,726	81,509,742
Sales tax	96,799,073	100,922,906	103,582,388	102,010,008	104,667,661	107,996,028	112,184,274	115,339,913
Other nonproperty tax items	1,999,120	1,965,232	2,068,023	2,868,519	2,969,834	3,220,565	3,319,055	3,489,031
Investment earnings	356,297	261,354	344,514	303,376	271,701	272,410	324,541	372,598
Tobacco settlement proceeds	1,840,699	2,059,780	2,282,617	2,342,517	2,991,903	4,113,420	2,329,361	1,970,014
Premium on sale of obligations	211,012	71,314	189,519	265,025	253,771	317,153	490,683	378,192
Gain (loss) on dispositions of assets	(1,641,219)	(1,654,937)	(2,612,324)	(1,678,114)	-	-	-	(380,992)
Transfers/county contribution to GHHCC	(1,200,000)	(1,037,668)	(5,559,033)	(2,954,856)	-	-	-	-
Residual equity transfer	-	-	-	8,187,639	-	-	-	-
Exchange fee	-	-	-	-	-	-	53,955	-
Liquidity reserve termination payment	-	-	-	-	-	-	950,000	-
Total governmental activities general revenues	180,269,924	184,326,459	184,945,979	194,782,120	193,994,803	195,817,853	203,184,595	202,678,498
Business-type activities:								
Interest and earnings	172,134	48,793	53,378	36,799	19,099	14,041	18,100	77,436
Premium on sale of obligations	-	-	54,641	-	-	-	-	-
Gain (loss) on dispositions of assets	-	-	(422)	(696,757)	-	-	-	-
Transfers	(363)	(1,537)	-	-	-	-	-	-
County contribution	4,299,593	4,682,239	9,518,265	5,882,075	27,554	25,339	26,554	21,007
Residual equity transfer	-	-	-	(8,187,639)	-	-	-	-
Total business-type activities general revenues	4,471,364	4,729,495	9,625,862	(2,965,522)	46,653	39,380	44,654	98,443
Total primary government general revenues	184,741,288	189,055,954	194,571,841	191,816,598	194,041,456	195,857,233	203,229,249	202,776,941
Change in Net Position								
Governmental activities	(9,339,742)	(18,781,284)	(4,626,439)	234,187	(17,552,118)	(4,667,437)	(1,246,223)	(9,896,941)
Business-type activities	(2,648,427)	(6,007,773)	(931,468)	2,802,578	-	-	-	845,804
Total primary government change in net position	\$ (11,988,169)	\$ (24,789,057)	\$ (5,557,907)	\$ 3,036,765	\$ (17,552,118)	\$ (4,667,437)	\$ (1,246,223)	\$ (9,051,137)

Note: The County has opted to present only eight years of data for this supplementary schedule.

* The County implemented GASB Statement No. 80, Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14 during the year ended December 31, 2017.

Source: Ulster County Annual Financial Reports

COUNTY OF ULSTER, NEW YORK
Fund Balances of Governmental Funds
Last Five Fiscal Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016*</u>	<u>2017</u>
General Fund					
Nonspendable	\$ 6,898,517	\$ 6,212,276	\$ 6,246,619	\$ 5,941,493	\$ 5,942,611
Restricted	1,528,356	1,687,044	6,892,034	7,296,312	7,271,880
Assigned	18,693,928	22,645,622	20,146,027	20,436,691	15,584,890
Unassigned	35,634,611	27,822,963	21,005,861	25,500,073	27,001,859
Total General Fund	<u>\$ 62,755,412</u>	<u>\$ 58,367,905</u>	<u>\$ 54,290,541</u>	<u>\$ 59,174,569</u>	<u>\$ 55,801,240</u>
All Other Governmental Funds					
Nonspendable	\$ 1,827	\$ -	\$ 20,000	\$ -	\$ -
Restricted	5,449,976	4,710,815	4,270,972	4,573,883	3,732,708
Assigned	6,605,331	5,317,936	6,411,869	7,438,161	6,324,268
Unassigned	(4,180,095)	(3,653,748)	(11,313,822)	(10,527,886)	(10,920,708)
Total all Other Governmental Funds	<u>\$ 7,877,039</u>	<u>\$ 6,375,003</u>	<u>\$ (610,981)</u>	<u>\$ 1,484,158</u>	<u>\$ (863,732)</u>
Total Fund Balances	<u>\$ 70,632,451</u>	<u>\$ 64,742,908</u>	<u>\$ 53,679,560</u>	<u>\$ 60,658,727</u>	<u>\$ 54,937,508</u>

Note: The County has opted to present only five years of data for this supplementary schedule.

Source: Ulster County Annual Financial Reports

* The County implemented GASB Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*. As a result, fund balance has been restated at December 31, 2016.

Table 4

COUNTY OF ULSTER, NEW YORK
Changes in Fund Balances of Governmental Funds
Last Eight Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:								
Real property taxes	\$ 75,200,899	\$ 73,478,690	\$ 78,922,796	\$ 76,543,789	\$ 76,324,942	\$ 76,834,769	\$ 75,151,112	\$ 74,977,057
Real property tax items	5,009,619	5,369,653	5,834,255	5,472,943	6,333,802	5,877,276	6,048,264	5,282,724
Non-property taxes	98,798,193	102,888,138	105,650,411	104,878,527	107,637,495	111,216,593	115,503,329	118,828,944
State aid	40,595,774	39,964,640	44,799,731	37,183,391	44,533,486	44,183,793	57,016,650	46,228,956
Federal aid	43,052,854	40,264,625	48,566,682	40,530,616	37,210,280	41,717,649	40,776,057	40,395,780
Departmental income	17,527,001	17,685,371	17,169,138	14,818,894	10,904,121	9,347,446	10,386,132	10,038,653
Intergovernmental revenue	4,617,934	4,903,658	9,304,585	7,835,410	4,280,472	2,666,666	1,944,375	2,003,130
Use of money and property	1,487,138	1,429,721	1,519,776	1,985,925	1,488,067	853,208	1,063,901	1,073,943
Licenses and permits	25,080	1,569	29,320	43,314	25,607	122,283	460,267	464,984
Fines and forfeitures	730,193	812,708	783,664	477,741	455,829	502,427	471,617	418,646
Sale of property and compensation for loss	1,136,334	1,137,137	1,208,745	12,014,790	935,428	1,148,569	2,934,634	2,142,670
Tobacco settlement proceeds	2,424,288	2,298,424	2,343,973	2,342,517	2,650,159	2,267,912	4,580,857	2,005,770
Miscellaneous local sources	350,357	253,340	814,418	928,382	749,856	612,515	711,401	1,514,070
Interfund revenues	10,808,054	12,569,586	14,465,749	15,018,861	8,779,374	7,271,741	5,936,246	1,525,191
Total revenues	301,763,718	303,057,260	331,413,243	320,075,100	302,308,918	304,622,847	322,984,842	306,900,518
Expenditures:								
Current:								
General government	48,323,781	49,143,957	51,086,825	46,705,234	57,228,476	57,867,723	59,771,958	60,713,941
Education	9,435,733	9,151,931	9,490,787	9,830,905	9,795,066	9,485,726	9,556,194	9,942,883
Public safety	26,930,573	27,420,300	27,712,159	29,127,814	41,832,133	41,663,640	42,525,224	42,769,080
Public health	21,796,446	19,923,701	18,217,111	14,744,280	17,551,254	17,714,972	17,841,740	17,836,415
Transportation	23,704,699	22,358,390	22,499,919	21,656,690	27,588,082	28,912,405	29,039,645	25,020,587
Economic assistance	107,704,316	109,343,898	119,435,033	125,254,103	124,724,630	121,141,435	121,335,216	118,542,971
Culture and recreation	850,271	752,001	685,188	750,097	777,611	873,728	973,225	971,737
Home and community	3,404,346	3,452,833	4,722,410	2,121,429	2,851,490	2,910,671	3,155,312	3,671,222
Employee benefits	39,806,712	40,102,026	45,749,685	49,251,747	8,894,445	8,905,861	9,647,270	9,512,926
Debt service:								
Principal	8,057,730	8,517,500	9,350,823	7,019,392	7,753,500	6,491,300	8,758,290	8,398,750
Interest and fiscal charges	6,345,977	6,160,689	5,823,268	5,506,138	5,236,401	4,953,537	5,349,984	5,239,916
Capital outlay	9,127,887	11,590,919	5,059,664	7,930,651	7,894,983	20,425,980	20,343,360	17,862,861
Total expenditures	305,488,471	307,918,145	319,832,872	319,898,480	312,128,071	321,346,978	328,297,418	320,483,289
Excess (deficiency) of revenues over expenditures	(3,724,753)	(4,860,885)	11,580,371	176,620	(9,819,153)	(16,724,131)	(5,312,576)	(13,582,771)
Other financing sources (uses):								
Transfers in	7,035,991	9,969,136	12,397,391	7,703,535	98,483	311,300	1,178,000	2,110,045
Transfers out	(8,235,991)	(11,006,804)	(17,956,424)	(10,658,391)	(98,483)	(311,300)	(1,178,000)	(2,110,045)
Payments to refunded bond escrow agent	-	-	(58,430,447)	-	-	(6,260,627)	(32,384,291)	-
Issuance of obligations	5,027,500	3,064,885	56,688,888	3,318,500	3,851,300	11,053,290	43,813,750	7,861,552
Premium on obligations	196,438	56,740	8,603,672	89,998	78,310	868,120	1,495,444	-
Capital leases	57,811	-	-	-	-	-	-	-
Residual equity transfer	-	-	-	14,702,185	-	-	-	-
Exchange fee	-	-	-	-	-	-	53,955	-
Liquidity reserve termination payment	-	-	-	-	-	-	950,000	-
Total other financing sources (uses)	4,081,749	2,083,957	1,303,080	15,155,827	3,929,610	5,660,783	13,928,858	7,861,552
Net change in fund balance	\$ 356,996	\$ (2,776,928)	\$ 12,883,451	\$ 15,332,447	\$ (5,889,543)	\$ (11,063,348)	\$ 8,616,282	\$ (5,721,219)
Debt Service as a percentage of noncapital expenditures	4.86%	4.95%	4.82%	4.02%	4.27%	3.80%	4.58%	4.51%

Note: The County has opted to present only eight years of data for this supplementary schedule.

Source: Ulster County Annual Financial Reports

COUNTY OF ULSTER, NEW YORK
General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Year	General Government	Education	Public Safety	Public Health	Transportation	Economic Assistance	Culture and Recreation
2008	\$ 47,678,129	\$ 9,183,868	\$ 26,193,824	\$ 23,389,171	\$ 23,244,021	\$ 106,807,024	\$ 1,092,001
2009	47,809,479	9,566,195	27,227,620	23,393,390	21,912,699	111,864,712	967,224
2010	48,323,781	9,435,733	26,930,573	21,796,446	23,704,699	107,704,316	850,271
2011	49,143,957	9,151,931	27,420,300	19,923,701	22,358,390	109,343,898	752,001
2012	51,086,825	9,490,787	27,712,159	18,217,111	22,499,919	119,435,033	685,188
2013	46,705,234	9,830,905	29,127,814	14,744,280	21,656,690	125,254,103	750,097
2014	57,228,476	9,795,066	41,832,133	17,551,254	27,588,082	124,724,630	777,611
2015	57,867,723	9,485,726	41,663,640	17,714,972	28,912,405	121,141,435	873,728
2016	59,771,958	9,556,194	42,525,224	17,841,740	29,039,645	121,335,216	973,225
2017	60,713,941	9,942,883	42,769,080	17,836,415	25,020,587	118,542,971	971,737

(1) Includes General, Special Revenue, Debt Service, UTASC, and Capital Projects Funds.

Source: Ulster County Annual Financial Reports

COUNTY OF ULSTER, NEW YORK
General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Year	Real Property Taxes	Other Tax Items	Non-Property Tax Items	State Aid	Federal Aid	Departmental Income	Inter-Governmental
2008	\$ 70,139,384	\$ 4,305,615	\$ 101,118,594	\$ 46,591,664	\$ 32,907,336	\$ 19,963,605	\$ 4,249,736
2009	71,398,228	4,332,223	92,876,243	43,082,799	43,029,364	20,351,962	5,248,585
2010	75,200,899	5,009,619	98,798,193	40,595,774	43,052,854	17,527,001	4,617,934
2011	73,478,690	5,369,653	102,888,138	39,964,640	40,264,625	17,685,371	4,903,658
2012	78,922,796	5,834,255	105,650,411	44,799,731	48,566,682	17,169,138	9,304,585
2013	76,543,789	5,472,943	104,878,527	37,183,391	40,530,616	14,818,894	7,835,410
2014	76,324,942	6,333,802	107,637,495	44,533,486	37,210,280	10,904,121	4,280,472
2015	76,834,769	5,877,276	111,216,593	44,183,793	41,717,649	9,347,446	2,666,666
2016	75,151,112	6,048,264	115,503,329	57,016,650	40,776,057	10,386,132	1,944,375
2017	74,977,057	5,282,724	118,828,944	46,228,956	40,395,780	10,038,653	2,003,130

(1) Includes General, Special Revenue, Debt Service, UTASC, and Capital Projects Funds.

Source: Ulster County Annual Financial Reports

Table 5

	Home and Community Services	Employee Benefits	Debt Service (Principal & Interest)	Capital Outlay	Total
\$	3,543,871	\$ 34,434,331	\$ 12,798,023	\$ 6,025,975	\$ 294,390,238
	3,257,691	34,087,256	34,602,357	5,626,057	320,314,680
	3,404,346	39,806,712	14,525,877	9,005,717	305,488,471
	3,452,833	40,102,026	14,768,593	11,500,515	307,918,145
	4,722,410	45,749,685	15,247,718	4,986,037	319,832,872
	2,121,429	49,251,747	12,525,530	7,930,651	319,898,480
	2,851,490	8,894,445	12,989,901	7,894,983	312,128,071
	2,910,671	8,905,861	11,444,837	20,425,980	321,346,978
	3,155,312	9,647,270	14,108,274	20,343,360	328,297,418
	3,671,222	9,512,926	13,638,666	17,862,861	320,483,289

Table 6

	Use of Money and Property	Licenses and Permits	Fines and Forfeitures	Sale of Property and Compensation for Loss	Tobacco Settlement	Miscel- laneous	Interfund Revenues	Total
\$	2,639,687	\$ 24,480	\$ 447,367	\$ 674,209	\$ 2,641,654	\$ 421,048	\$ 10,094,829	\$ 296,219,208
	1,577,817	23,020	519,512	2,273,710	2,913,103	1,647,627	9,707,316	298,981,509
	1,487,138	25,080	730,193	1,136,334	2,424,288	350,357	10,808,054	301,763,718
	1,429,721	1,569	812,708	1,137,137	2,298,424	253,340	12,569,586	303,057,260
	1,519,776	29,320	783,664	1,208,745	2,343,973	814,418	14,465,749	331,413,243
	1,985,925	43,314	477,741	12,014,790	2,342,517	928,382	15,018,861	320,075,100
	1,488,067	25,607	455,829	935,428	2,650,159	749,856	8,779,374	302,308,918
	853,208	122,283	502,427	1,148,569	2,267,912	612,515	7,271,741	304,622,847
	1,063,901	460,267	471,617	2,934,634	4,580,857	711,401	5,936,246	322,984,842
	1,073,943	464,984	418,646	2,142,670	2,005,770	1,514,070	1,525,191	306,900,518

Table 7

COUNTY OF ULSTER, NEW YORK
Property Tax Levies and Collections
Last Ten Fiscal Years

Year	Taxes on Roll (2)	Home Relief (2)	Other Adjustments (2)	Net Taxes	Collections During Year	Uncollected Taxes (1)	Percent of Levy Collected (1)
2008	\$ 172,212,848	\$ (962,981)	\$ (159,997)	\$ 171,089,870	\$ 165,852,760	\$ 6,360,088	96.31%
2009	180,342,958	(1,010,018)	(132,658)	179,200,282	172,391,436	7,951,522	95.59%
2010	188,232,693	(1,278,961)	(109,274)	186,844,458	179,323,504	8,909,189	95.27%
2011	193,884,236	(1,360,336)	(58,059)	192,465,841	184,571,901	9,312,335	95.20%
2012	198,801,463	(1,569,819)	(126,960)	197,104,684	190,384,670	8,416,793	95.77%
2013	201,070,446	(2,154,871)	(113,934)	198,801,641	191,841,338	9,229,108	95.41%
2014	200,809,358	(1,440,684)	144,000	199,512,674	191,615,198	9,194,160	95.42%
2015	201,629,920	(913,403)	104,008	200,820,525	192,854,252	8,775,668	95.65%
2016	201,809,150	-	171,885	201,981,035	193,173,257	8,635,893	95.72%
2017	203,286,944	-	109,525	203,396,469	195,229,130	8,057,814	96.04%

Note: Taxes on Roll includes relieved school taxes.

Source: (1) Ulster County Annual Update Document Supplemental Section
(2) Ulster County Real Property Tax Service Agency Tax Warrant Calculation

Table 8

COUNTY OF ULSTER, NEW YORK
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Year	County Taxable Value	Equalized Apportionment Value	Ratio of Total County Taxable Value to Total Equalized Apportionment Value
2008	\$ 14,042,946,120	\$ 20,935,729,372	67.08%
2009	16,341,240,966	21,484,261,701	76.06%
2010	16,246,087,904	20,945,147,626	77.56%
2011	16,335,383,709	19,938,963,280	81.93%
2012	15,755,567,732	18,857,224,609	83.55%
2013	15,522,809,385	18,509,048,159	83.87%
2014	15,097,755,694	17,974,374,613	84.00%
2015	15,034,766,917	17,879,387,278	84.09%
2016	16,210,513,184	17,919,334,296	90.46%
2017	16,268,511,109	18,015,386,964	90.30%

Source: Ulster County Real Property Tax Service Agency Annual Reports

Table 9

COUNTY OF ULSTER, NEW YORK
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	County Millage	Town Millage	School District Millage	Total
2008	\$ 16.48	\$ 19.60	\$ 72.47	\$ 108.55
2009	16.88	20.32	72.81	110.01
2010	17.63	19.29	75.03	111.95
2011	17.60	22.54	77.94	118.08
2012	18.90	23.02	82.09	124.01
2013	18.78	23.78	84.56	127.12
2014	18.78	24.77	87.92	131.47
2015	18.65	24.76	90.59	134.00
2016	6.80	7.73	30.68	45.21
2017	6.82	7.90	31.08	45.80

Rates are per thousand dollars of assessed valuation.

Source: Ulster County Real Property Tax Service Agency Annual Report

Table 10

COUNTY OF ULSTER, NEW YORK
Principal Taxpayers
December 31, 2017

Taxpayer	Type of Business	Equalized Taxable Value	Percentage of Total Equalized Taxable Value
City of New York	Water Supply Facilities	\$ 1,212,861,429	6.7%
New York State	State Properties	347,874,503	1.9%
Central Hudson Gas & Electric	Public Utility	344,068,380	1.9%
PCK Enterprises	Shopping Mall	89,693,252	0.5%
Hudson Valley 2011, LLC	Retail	51,988,393	0.3%
Tech City	Business Park	48,094,479	0.3%
Verizon	Public Utility	42,279,015	0.2%
Smiley Brothers, Inc.	Hotel Resort Complex	30,060,000	0.2%
CSX Transportation, Inc.	Railroad	21,990,526	0.1%
Criterion Atlantic	Warehouse	17,029,800	0.1%
		\$ 2,205,939,777	12.3%

Equalized 2017 Full Valuation = \$ 18,015,386,964

Source: Ulster County Real Property Tax Service Agency Annual Report

Table 11

COUNTY OF ULSTER, NEW YORK
Ratio of Net General Obligation Bonded Debt to Assessed Value and
Net General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years

Year	Population (1)	Equalized Apportionment Value (2)	Net Bonded Debt (3)	Ratio of Net Bonded Debt to Equalized Apportionment Value	Net Bonded Debt Per Capita
2008	177,749	\$ 20,935,729,372	\$ 110,475,359	0.5277%	\$ 621.52
2009	177,749	21,484,261,701	109,664,734	0.5104%	616.96
2010	182,493	20,945,147,626	100,597,500	0.4803%	551.24
2011	182,493	19,938,963,280	112,820,199	0.5658%	618.22
2012	182,493	18,857,224,609	100,523,573	0.5331%	550.84
2013	182,493	18,509,048,159	93,464,059	0.5050%	512.15
2014	182,493	17,974,374,613	91,537,122	0.5093%	501.59
2015	182,493	17,879,387,278	95,030,074	0.5315%	520.73
2016	182,493	17,919,334,296	96,467,206	0.5383%	528.61
2017	182,493	18,015,386,964	93,656,517	0.5199%	513.21

Source: (1) Ulster County Planning Board Data Book - Schedule of Persons by Age and Sex
Accumulated from the Bureau of Census STF-1

(2) Ulster County Real Property Tax Service Agency Annual Reports

(3) Ulster County Annual Financial Reports

Table 12

COUNTY OF ULSTER, NEW YORK
Computation of Legal Debt Margin
December 31, 2017

Year	Equalized Value of Real Property
2013	\$ 18,509,048,159
2014	17,974,374,613
2015	17,879,387,278
2016	17,919,334,296
2017	18,015,386,964
Total	<u><u>\$ 90,297,531,310</u></u>

Average equalized value of taxable real property	\$ 18,059,506,262
Debt Limit - 7% thereof	\$ 1,264,165,438
Net Bonded Debt	\$ 93,656,517
Percentage of debt - contracting power exhausted	7.41%

Note: New York State imposes a limit on a municipality's authority to incur debt. This limit is derived by taking the average full valuation of taxable real property multiplied by 7%.

Source: Ulster County Real Property Tax Service Agency Annual Reports

COUNTY OF ULSTER, NEW YORK
Computation of Direct and Overlapping Bonded Debt
General Obligation Bonds and Bond Anticipation Notes
December 31, 2017

Jurisdiction	Outstanding Indebtedness	Exclusions (1)	Net Indebtedness
Direct:			
County of Ulster	\$ 128,556,012	\$ 34,899,495	\$ 93,656,517
Overlapping:			
Towns	49,454,380	17,814,183	31,640,197
Villages	17,448,564	6,134,625	11,313,939
City	37,246,723	13,645,127	23,601,596
School Districts	195,537,229	132,205,955	63,331,274
Fire Districts	4,542,092	484,310	4,057,782
Total Overlapping	304,228,988	170,284,200	133,944,788
Total	\$ 432,785,000	\$ 205,183,695	\$ 227,601,305

(1) County exclusions include the obligations of UTASC. Overlapping exclusions include water and/or sewer debt and estimated State Building aid.

Source: Fiscal Advisors & Marketing, Inc. (Bond & BAN issuance statement 11/21/17)
and Latest New York State Comptroller's Report on Municipal Affairs.

Table 14

COUNTY OF ULSTER, NEW YORK
Ratio of Annual Debt Service Expenditures for
General Obligation Bonded Debt to Total General Governmental Expenditures
Last Ten Fiscal Years

Year	Debt Service (Principal & Interest)	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2007	\$ 12,798,023	\$ 294,390,238	4.35%
2009	34,602,357	320,314,680	10.80%
2010	14,525,877	305,488,471	4.75%
2011	14,768,593	307,918,145	4.80%
2012	15,247,718	319,832,872	4.77%
2013	12,525,530	319,898,480	3.92%
2014	12,989,901	312,128,071	4.16%
2015	11,444,837	321,346,978	3.56%
2016	14,108,274	328,297,418	4.30%
2017	13,638,666	320,483,289	4.26%

*Total general governmental expenditures does not include transfers out.

Source: Ulster County Annual Financial Reports

COUNTY OF ULSTER, NEW YORK
Demographic Statistics
Last Ten Fiscal Years

Year	Population (1)	Per		
		Capita Income (2)	School Enrollment (3)	Unemployment Rate (4)
2008	177,749	\$ 37,553	26,591	5.5%
2009	177,749	37,026	26,053	7.7%
2010	182,493	37,900	25,643	7.8%
2011	182,493	39,287	24,901	7.8%
2012	182,493	40,643	24,332	8.3%
2013	182,493	41,147	23,878	7.1%
2014	182,493	42,485	23,372	5.7%
2015	182,493	44,212	22,871	4.8%
2016	182,493	45,030	22,577	4.4%
2017	182,493	N/A	22,363	4.6%

Source: (1) US Census Bureau - 2010 Decennial US Census
(2) US Bureau of Economic Analysis. Regional Economic Accounts
(3) NYS Education Department - Student Repository Information System
(4) NYS Department of Labor - Local Area Unemployment Statistics Program

N/A - Information not available at time of printing.

COUNTY OF ULSTER, NEW YORK
Taxable Property Values and Residential Construction
Last Ten Fiscal Years

Year	County Taxable			Units of	Average	Construction
	Value (1)	Exemptions (1)	Total	Construction (2)	Value	Value (2)
2008	\$ 14,042,946,120	\$ 188,283,589	\$ 14,231,229,709	518	\$ 153,176	\$ 79,345,000
2009	16,341,240,966	219,156,780	16,560,397,746	287	168,118	48,250,000
2010	16,246,087,904	219,107,591	16,465,195,495	334	129,659	43,306,000
2011	16,335,383,709	225,560,778	16,560,944,487	230	202,504	46,576,000
2012	15,755,567,732	222,764,397	15,978,332,129	214	163,215	34,928,000
2013	15,522,809,385	216,961,169	15,739,770,554	151	250,967	37,896,000
2014	15,097,755,694	245,043,338	15,342,799,032	285	238,740	68,041,000
2015	15,034,766,917	238,129,112	15,272,896,029	307	235,046	72,159,000
2016	16,210,513,184	242,326,827	16,452,840,011	252	213,492	53,800,000
2017	16,268,511,109	240,270,180	16,508,781,289	138	222,471	30,701,000

Note: County Taxable Values includes all classifications of taxable real property

Source: (1) Ulster County Real Property Tax Service Agency Annual Reports
(2) US Census Bureau - Building Permits Survey, Permits by Metropolitan Area (Kingston, NY MSA)

Table 17

COUNTY OF ULSTER, NEW YORK
Miscellaneous Statistics
December 31, 2017

Date Founded	November 1, 1683
Form of Government	Charter
Area in Square Miles	1,127
Miles of County Roads	425
Taxable Parcels of Property	84,725
Facilities and Services Not Included in the Reporting Entity:	
Number of Cities	1
Number of School Districts	15
Number of Towns	20
Number of Villages	3
Number of Fire Districts	56
Number of Hospitals	3