



COUNTY OF SULLIVAN

NEW YORK



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
DECEMBER 31, 2017

COUNTY OF SULLIVAN, NEW YORK
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

PREPARED BY:
COUNTY OF SULLIVAN
TREASURER'S OFFICE
NANCY BUCK, TREASURER

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INTRODUCTORY SECTION

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June 18, 2018

To The Legislature of the
County of Sullivan, New York

The Comprehensive Annual Financial Report (“CAFR”) for the County of Sullivan, New York for the fiscal year ended December 31, 2017 is submitted herewith. New York State requires the County to submit an annual report of our financial records and transactions presented in conformity with generally accepted accounting principles (“GAAP”) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This CAFR is issued pursuant to that requirement.

This report consists of management's representations concerning the finances of the County of Sullivan. 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, the management of the County has established a comprehensive internal control framework that is designed to both protect the County's assets 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. Management asserts that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's basic financial statements have been audited by Drescher & Malecki, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic 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 basic 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 of Sullivan's basic financial statements for the fiscal year ended December 31, 2017, are fairly presented in conformity with GAAP. The independent

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auditor's report is presented as the first component of the financial section of this report. The financial section also includes a narrative introduction, overview and analysis of the December 31, 2017 financial statements to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). The letter of transmittal was designed to complement the 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 auditor.

The independent audit of the basic financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to not only report on the fair presentation of the basic 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.

GOVERNMENTAL STRUCTURE

The County operates under a Charter form of government, which allows the local community to have greater control over certain governmental issues. The Charter provides for a County Legislature form of government with nine members. Each Legislator has one vote representing a separate legislative district. Districts were determined by dividing the County on the basis of population. Each Legislator is elected to a four year term. An appointed County Manager is the Chief Executive Officer of the County. The County Treasurer is the Chief Fiscal Officer of the County, and is elected for a four year term.

In accordance with the Laws of the State of New York, the County has formally established budgetary accounting control for its operating funds. Budgetary control is maintained at the department or function level by the encumbrance of estimated purchase amounts before the release of purchase orders to vendors. Purchase orders that result in an overrun of division balances are not released until additional appropriations are made available through transfer from other accounts, either by approval of budget modifications by the County Legislature or by administrative transfer.

The charter mandates a review every 10 years, by a Charter Review Commission appointed to research and assess issues affecting the effectiveness of the County's government. This entity submits recommendations for change to the County Legislature and if the legislature approves the recommendations, it adopts a local law(s) some of which may be subject to a public referendum, presented to the voters to accept or reject proposed changes to the County's form of government.

GENERAL INFORMATION

Sullivan County, formerly a part of Ulster County, was created by a special act of the New York State Legislature in 1809. The County's geographic location and economic history make it very unique in terms of its population trends and economic transition. Located approximately 85 miles northwest of the New York City metropolitan area, the County is experiencing steady growth as a result of the emigration of individuals from the New York City metropolitan area, Orange and Ulster counties, and an influx of second home owners. Much of this growth is driven by lower median sale prices of homes compared to other neighboring counties in the Hudson-Delaware Region (i.e. Orange, Putnam, Rockland), and the County's desirability as a place to live.

The year-round population of the County has remained relatively stable for the last four years. According to the US Census Bureau, between 2010 and 2017 Sullivan County experienced a 3% decrease in population while New York State exhibited a 1.2% growth. Although Sullivan County is fairly large in terms of area, approximately 968 square miles, the average population density is 78 persons per square mile. Indeed this number is higher in the County's larger towns and villages, which has implications for added infrastructure, water quality, and attention to long-term capital planning.

It is important to note that the County's population size is more than just year-round residents: second home owners and seasonal populations have implications for County development as well. The County's Division of Planning and Economic Development released a study of Second Home Owners in 2008 which stated that the County has over 10,000 second home owners spending between two weeks to four months a year here. In addition to homeowners, the County still has several facilities that attract visitors for seasonal, weekly, or daily stays.

In February 2018, Empire Resorts opened Resorts World Catskills, a \$920 million, 1.6-million-square-foot hotel and casino on the grounds of the legendary Concord Hotel in the Town of Thompson. The 1,400-employee entertainment complex features more than 150 table games, 2,150 slot machines and 10 different restaurants and bars. The casino and hotel are the anchors of a \$1.2 billion development project that, once completed, will also include additional hotels, a waterpark and golf course.

Driven by Resorts World Catskills' casino, Sullivan County's employment tally rose to 27,400 jobs in February 2018, up 1,900 jobs (7.5%) from February 2017. This is the highest number of non-farm jobs in February than in any off-season month since the State began using its current tracking method in 1990, according to the NYS Department of Labor.

According to the Sullivan County Partnership, a nonprofit promoting economic growth in Sullivan County, by the end of the 2019, Sullivan County will have added at least 3,000 new jobs and \$2 billion in commercial development. This increase in jobs has also

brought a surge in the County's housing market and several large housing developments are currently in the planning stages.

With the gaming facility now constructed, the County's population growth rate over the next ten years could range between a minimum of 12% to a maximum of 28%.

The net effect of this development could yield a total year-round population ranging from 101,767 persons to 129,284 by the year 2020. These unique fluctuations and nuances in population have significant benefits and implications for sales tax revenues. For instance, given these trends, the tourism industry will be able to capture over \$4.5 million in County sales tax and employ more than 4,000 people with an estimated payroll of over \$50 million. While tourism remains an important aspect of the economy of the County, the tourism industry has changed to attract and accommodate the outdoor adventurer. The County has actively pursued a comprehensive strategy to diversify the economic base. In addition, through natural changes in the regional economy, Sullivan County has also experienced a gradual metamorphosis in its economic base which the County seeks to preserve and build on.

ECONOMIC CONDITION AND OUTLOOK

Historically, the economy of Sullivan County relied heavily on resort hotel based tourism. Sullivan County tourism has reinvented itself in the form of eco-tourism activities, sightseeing, second homes, and arts and cultural industries spearheaded by the opening of the Bethel Woods Performing Arts Center (BPAC) located at the historic site of the 1969 Woodstock Music Festival on Hurd Road in the Town of Bethel. BPAC commenced its thirteenth concert season with scheduled performances by Roger Daltrey, Steve Miller Band, Jason Aldean, Steely Dan, The Doobie Brothers, Lady Antebellum and Darius Rucker, and together with many other exciting performances.

The summer of 2018 marks another significant milestone for BPAC in that the organization will feature the eleventh year of the 40,000 square foot Museum and Interpretive Center. The facility offers a permanent exhibition depicting the political, social, and cultural transformation of the 1960's that led to the famous 1969 rock festival that took place on that very site, and impacted the world. In its 2008 opening season, thousands of visitors enjoyed the Museum's many attractions and found that more than one visit was necessary in order to fully enjoy the experience. This year the Museum is featuring a special exhibit of the early paintings of Peter Max. The art of Peter Max helped define the psychedelic 1960s, with its colorful imagery of gurus, sages, runners, flyers, Zen boats, snow-capped mountains, planets, stars, and sunbeams. His Cosmic posters were found in every college dorm room and in major museums across the globe.

The second major addition to the Resorts World Catskills campus is the \$150 million Kartrite Hotel and Indoor Waterpark, which is currently under construction and expected to be open in early 2019. The Kartrite Waterpark will feature two acres of four-season

indoor waterpark space and a luxury hotel with 324 guest suites. The Kartrite will feature multiple innovative restaurants, a relaxing spa, a ropes course and an arcade. This added attraction will add employment for an additional 600 people. The new project is owned by the owners of the Poconos' award winning Camelback Lodge & Aquatopia Indoor Waterpark located in Tannersville, Pa.

Among other projects driving Sullivan County's growth is the planned \$90 million, 290,000-square-foot Yo1 Wellness Center, which is scheduled to open in the summer of 2018. Yo1 (or Yauvan) means 'youth' in Sanskrit. The concept of the wellness center is to take their guests back to their youthful self, regardless of age. The Wellness Center overlooking Bailey Lake boasts 131 guest rooms and many other features which occupy the six-story structure, including 36 massage rooms, a grand yoga room and separate yoga rooms, an outdoor amphitheater. The amphitheater will include a place for outdoor yoga, meditation or exercises in natural surroundings. One of the main tenets they will use is 'Ayurveda,' a 5,000-year-old system of holistic healing.

The Monticello Motor Club is now enjoying its tenth successful season featuring fast, expensive sports cars and a state of the art 4.1 mile race track. The Motor Club has recently added a 40 bay garage and a professional starting stand to their already impressive site in the Town of Thompson. The Karting Track opened at the start of the 2014 season giving families an alternative to racing cars. Future plans include developing an additional 400 acres, off road courses, a winter driving series, year-round trails, on-site overnight accommodations and private residences. Recent approvals and construction of housing opportunities will increase the use and foster further development of this County asset. In addition, adjacent to the Monticello Motor Club is a residential gated community of 34 homes and a 17,000 square foot club house which is presently under construction. Recent approvals and construction of housing opportunities will increase the use and foster further development of this County asset.

Sullivan County launched a land use and economic development plan, in conjunction with the Village of Monticello and the Town of Thompson, for the area surrounding the Montreign-Adelaar casino resort project. Funded by United States Department of Agriculture ("USDA") as "The Monticello-Thompson Gateway Corridor Strategic Plan," the effort has been dubbed the "Grow the Gateways (GTG)" project by its steering committee to reflect its focus on revitalizing the major County "gateways" to new resort development and existing attractions such as Bethel Woods. The project study area covers the Route 17 corridor extending from Exit 107 to Exit 104, including East Broadway, Broadway, Jefferson Street, and NYS Route 42 and 17B. The Grow the Gateways plan is being developed by Sullivan County in partnership with Town of Thompson, Village of Monticello, Sullivan Renaissance and the Partnership for Economic Development. It is expected to result in an implementable plan for activating the underutilized land in the study area.

The Commission on Cancer (CoC), a quality program of the American College of Surgeons (ACS), has given accreditation to the cancer program at Catskill Regional

Medical Center (CRMC). To earn voluntary CoC accreditation, a cancer program must meet or exceed the CoC quality care standards, be evaluated every three years through a survey process, and maintain levels of excellence in the delivery of comprehensive patient-centered care. Patients who receive care at CRMC may access information on clinical trials and new treatments, counseling, and services that include individually focused patient navigators. Like all CoC-accredited facilities, CRMC maintains a cancer registry and contributes data to the National Cancer Data Base (NCDB), a joint program of the CoC and American Cancer Society. This nationwide oncology outcomes database is the largest clinical disease registry in the world. Data on all types of cancer are tracked and analyzed through the NCDB and used to explore trends in cancer care. CoC-accredited cancer centers, in turn, have access to information derived from this type of data analysis, which is used to create national, regional, and state benchmark reports, which help CoC facilities with their quality improvement efforts.

Catskill Regional Medical Center has also opened a new Urgent Care Facility at 38 Concord Road in Monticello. The facility, which is staffed by 15 healthcare professionals on a busy day, offers urgent care, x-ray services, and lab services, in addition to being able to provide standard services to healthcare providers. The building was built to also be able to add a CatScan machine.

Funding allocated through the United States Department of Agriculture's (USDA) Rural Business Development Grant program in the amount of \$509,642 has been awarded to the County of Sullivan Industrial Development Agency (IDA). Specifically, \$314,420 will go to Catskill Brewery to help them further their expansion, creating seven jobs and growing the demand for locally sourced hops and grains. The remaining \$195,222 will be used for improvements at the Goodness Grainless Bakery, which produces gluten-free, nut-free, and allergen-free products, growing the demand for locally sourced produce and creating five new jobs.

The State of New York recently awarded Sullivan County \$5.9 million in Empire State Development funding. Some of the larger projects receiving funding are:

Antrim Lodge in Roscoe received the most money – \$1.6 million in total – as Antrim LLC restores the historic Antrim Lodge with 14 guest rooms, event space and the construction of the Stone Hall building at Antrim Streamside which will accommodate 18 additional guests along the Willowemoc River. The Antrim was closed in 1994 and was a renowned country inn, restaurant and bar.

The Town of Delaware is getting \$393,995 to build a new salt storage shed at its town highway barn together with a \$100,000 grant the Town secured from NYS Senator John Bonacic.

Seminary Hill Ciders in Callicoon is receiving two grants totaling \$900,000 to build its new location on Wagner Lane. These grants will allow the company to construct an eco-friendly building to house its manufacturing operations and

tasting room and will become a part of a growing number of craft beverage businesses that are creating a critical mass of destinations attracting visitors to the region.

Bethel Woods Center for the Arts received two grants, totaling over \$700,000 to help in the planning of its 50th Anniversary of Woodstock Special Event.

Sullivan County received \$300,000 in grants for the Broadway Revitalization Initiative, which will assist in the renovation of mixed-use buildings in Monticello.

Sullivan County also received \$77,500 in grants for the Sullivan County Organic Waste Management Plan. The County will use these funds to conduct an organics composting feasibility study with preliminary siting and conceptual design. The resulting Organics Management Plan will outline the best method and means for the County to implement organics waste management, and will also be a component of the County's required Solid Waste Management Plan.

The County remains in the New York State Empire Zone program to assist with the development of retail businesses and shovel-ready sites for business attraction. The Sullivan County Partnership for Economic Development has intensified its business relocation and outreach efforts, and the incentives of the Empire Zone have been an important tool to attract new companies to Sullivan County.

MAJOR INITIATIVES AND THE FUTURE

The prediction for the County's future is steady, planned growth. There exists solid support for a diversified economic base that fits the County's location within the Hudson-Delaware region. The economic diversification promotes business clusters that include healthcare, food processing and agricultural technology, building trade and green technology, ecotourism, arts and culture, light assembly and light manufacturing.

- Sullivan County has established the Sullivan County Land Bank Corporation, a County-wide, not-for-profit corporation established to acquire and stabilize vacant, abandoned and derelict properties. After eliminating barriers to redevelopment, land banks transfer properties to responsible ownership and productive use in accordance with local land use goals and priorities. The Sullivan County Land Bank Corporation will be a tool to help correct market deficiencies and encourage neighborhood reinvestment, complementing other strategies and activities such as code enforcement, zoning updates, planning and community. The Sullivan County Land Bank Corporation was awarded a grant from the New York State Attorney General's Office in the sum of \$920,000 which will help the land bank quickly start its operations, including developing policies and procedures, creating a web site and marketing materials and drafting a strategic plan.

- SUNY Sullivan, which is part of the State University of New York (SUNY) system, has been awarded a \$1.4 million Liberty Partnerships Program grant from the New York State Education Department. The five-award will provide approximately \$281,000 per year to the college to serve 255 students annually from the Fallsburg, Liberty and Monticello School Districts in the seventh through twelfth grades.
- The farm Brewing Law was put in to effect January 1, 2013. It was designed to increase demand for locally grown products to further increase economic impact and create new businesses surrounding the brewing industry. In addition to producing some of the finest beer in the world, New York's craft breweries are creating jobs, supporting our state's farmers and hops growers, as well as bringing in tourism dollars in local communities across New York. The number of farm breweries in New York leaped from 45 in 2014 to 168 in 2017 and the overall number of breweries (which includes farm brewers, micro brewers and restaurant brewers) more than doubled since 2014. Sullivan County has become a destination for artisanal food and beverages. Establishments such as Callicoon Brewing Company, Catskill Brewery, Roscoe Brewery, Catskill Distilling Company, Prohibition Distillery, Bashakill Vineyards & Winery and Eminence Road Farm Winery are attracting visitors at increasing rates. Coupled with the County's numerous "farm to table restaurants" including The Heron Restaurant in Narrowsburg, the Arnold House in Shandeelee, and Northern Farmhouse Pasta in Roscoe, Sullivan County is becoming a "foodie's" ultimate destination.
- Farmers' markets in Sullivan County have formed a collective with the Sullivan County Planning Department, Cornell Cooperative Extension Sullivan County and other community stakeholders with a shared goal: to promote and improve local farmers' markets. The collective began in late 2015 with a USDA Farmers' Market Promotion grant and will be implemented now, through November 2017. After surveying hundreds of residents and visitors at the start of the project, another strong "theme" took shape for Sullivan Catskills Farmers' Markets: the public values their connection with local farmers; 78% of people who don't currently shop at markets are interested in meeting the farmers who grow their food, and 92% of market customers say that they like meeting their local farmers. Farmers value markets because they can sell directly to the consumer – without a middleman. In fact, the collective built their new "homegrown with heart" identity around this special, direct relationship between producer and consumer: Sullivan County farmers are proud to bring products that are "homegrown with heart" directly to the consumer. Another misconception that the collective hopes to overcome is the myth that market products are too expensive. This was the number one reason why people do not shop at farmers' markets. Four of the seven markets accept SNAP/EBT/Food Stamp benefits and many farmers also accept WIC and Senior FMNP checks to further promote healthy eating habits for Sullivan County Residents.
- The Upper Delaware Corridor Plan has been instituted to provide access projects to the Delaware River. It is an important site for fishermen, fishing guides, river outfitters, boaters, and other river users. The Plan has already prepared six schematic designs along the River for parking, access and picnicking areas. Work is currently

being performed on the Long Eddy access site with the Delaware Highland Conservancy and the NYS DEC to obtain additional lands. The Sullivan County Division of Planning has identified the need to improve this access as part of their Local Waterfront Revitalization Program. It is an important site for fishermen, fishing guides, river outfitters, boaters, and other river users. Purchasing and improving this parcel would give residents and visitors to our region much-needed improved access and easier parking, and would bring positive economic benefits to Long Eddy, the Town of Fremont, and the whole river corridor. Open Space Institute is helping with a zero interest loan for a portion of the purchase.

- The Department of Environmental Conservation (DEC) and New York State Energy Research and Development Authority (NYSERDA) recognized Sullivan County as a model municipality for its actions to strengthen resiliency and reduce greenhouse gas emissions. In recognition of this achievement, DEC designated Sullivan County as the 15th Certified Climate Smart Community in New York. In addition, NYSERDA recently designated the County as a Clean Energy Community. These achievements support the State's aggressive goals to reduce statewide greenhouse gas emissions 40 percent by 2030 and reduce emissions 80 percent by 2050.

- Sullivan County's Plans & Progress Small Grant Program provides up to \$10,000 in matching funds to assist local municipalities and community and not-for-profit organizations throughout Sullivan County with projects related to tourism, community and economic development, image enhancement, trails development, health improvement, agricultural and farmland protection, and other County goals. Awards made in 2017 have supported capital improvements to municipal parks and trails, local museums, and facilities serving veterans and households in need.

- For more than 60 years, The Center for Discovery has offered services to children and adults with disabilities. One of the newest additions to the Center is the two-story, 25,000 square foot Hurleyville Arts Center, which is home to a 130 seat movie theater, multiple dance studios, 466 person ball room and support spaces. The Center, whose core mission is operating homes, schools and clinics that provide care for children and adults with developmental disabilities, began investing in Hurleyville nearly a decade ago and has breathed new life into the hamlet with the addition of the Arts Center and other businesses, such as Pickled Owl Gastropub and The Wild Turkey Bakery and Market, which sells baked goods and products such as teas, herbs and honey from the nonprofit's two farms, Thanksgiving Farm in Monticello and Stonewall Preserve in Hurleyville.

- Founded in 1947, the Forestburgh Playhouse is the oldest continuously operating professional summer theatre in New York State. Under an agreement with the Actors' Equity Association, the union of professional actors and stage managers, the Playhouse employs professional actors, often with Broadway or other major credits, as well as a company of non-union professionals who earn credit toward their own eventual membership in the Actors' Equity Association. The Forestburgh Playhouse is ushering

in its 72nd anniversary season with a variety of musicals, dramas and cabarets, featuring many hit shows, including Fiddler on the Roof, Mamma Mia, Annie and Steel Magnolias.

- The Sullivan County Industrial Development Agency recently announced their assistance to Amytra LLC for the twelve million dollar project of a 37.93 acre parcel located in the Town of Highland to redevelop the former Eldred Preserve, including the reconstruction of a former restaurant facility and a 28-room inn and event space. Once constructed, the project will boast 3064 square feet of event space, 6953 square feet of office space and 29,536 square feet of accommodations. The facility will create 24 new jobs and is expected to open in 2019.

In summary, Sullivan County remains well prepared for population growth, both anticipated and actual, together with proactive steps to diversify the County's economic base. Sullivan County is earning a reputation as one of the busiest counties in the State and on an upward trajectory.

FINANCIAL POLICIES

Over the last few years the County has implemented or modified several policies, including Capital Planning, Strategic Planning, the Delinquent Tax Installment Program, a Debt Management Plan, and a Fund Balance Policy.

The Capital Planning Program requires the preparation of a plan listing proposed capital projects to be undertaken during the succeeding six-year period. The plan includes a description of the project, total cost, method of financing, along with other pertinent information.

The Strategic Plan is similar to Capital Planning in that it outlines, in order of priority, the programs and fiscal priorities set by and for each department for the succeeding two years. In both programs, the Legislature has the authority to adopt and amend the plans as needed. These plans provide information necessary to prioritize departmental goals and prepare the County budget.

The County continues to offer an installment payment option to delinquent taxpayers. The program allows all property owners to enter into agreements which, after an initial down payment, converts the delinquent tax balance into 24 equal monthly payments and stays tax foreclosure proceedings. During the contract term, the property owner is required to pay any subsequent taxes when due in addition to the installment payments. Failure to do so results in a default of the agreement, forfeiture of payments made and eventual tax foreclosure.

The County also adopted a Debt Management Policy in 2013 in an effort to standardize and support the issuance and management of debt. This policy will help to establish conditions for the use of debt and create procedures and policies that minimize debt

service and issuance costs, maintain the highest practical credit rating, and provide full and complete financial disclosure and reporting.

A Fund Balance Policy was created to establish clear policies and procedures for developing, appropriating, and managing the County's operating budget and capital program. This includes a policy for establishing year-end fund balances that meet specific targets for ensuring accounting and fiscal stability.

AWARDS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2016.

In order to award a Certificate of Excellence, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

CONCLUSION

The County, in anticipation of future expenses, has a restricted fund balance for various purposes such as capital projects, debt service and grant programs of approximately \$36.5 million and committed fund balance for landfill construction/post-closure cost in excess of \$6 million. The assigned fund balance for various specific uses is approximately \$17.6 million and the unassigned fund balance for 2017 is approximately \$13.5 million.

In the County's 2018 budget, we have continued to project our revenues at reasonable levels. The County's financial outlook continues to be optimistic; however, in the present economy we are carefully monitoring expenses and capital commitments in light of revenues that are holding their own. We will continue to monitor as well as cut expenditures in the future as necessary, pending an upswing in the economy locally, statewide and nationally.

ACKNOWLEDGMENTS

Preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Treasurer's Office to whom I would like to express my deep felt appreciation. My thanks are directed as well to our independent auditors, Drescher Malecki LLP, who assisted and contributed to its preparation. I would also like to thank the County Legislature and the Commissioner of Management and Budget for their interest and support in the financial operations of the County.

Respectfully submitted,

Nancy Buck

Nancy Buck
Sullivan County Treasurer

COUNTY OF SULLIVAN, NEW YORK
List of Elected and Appointed Officials
Year Ended December 31, 2017

Elected Officials:

County Treasurer Nancy Buck
County Clerk Daniel L. Briggs
District Attorney..... James R. Farrell
Sheriff.....Michael A. Schiff

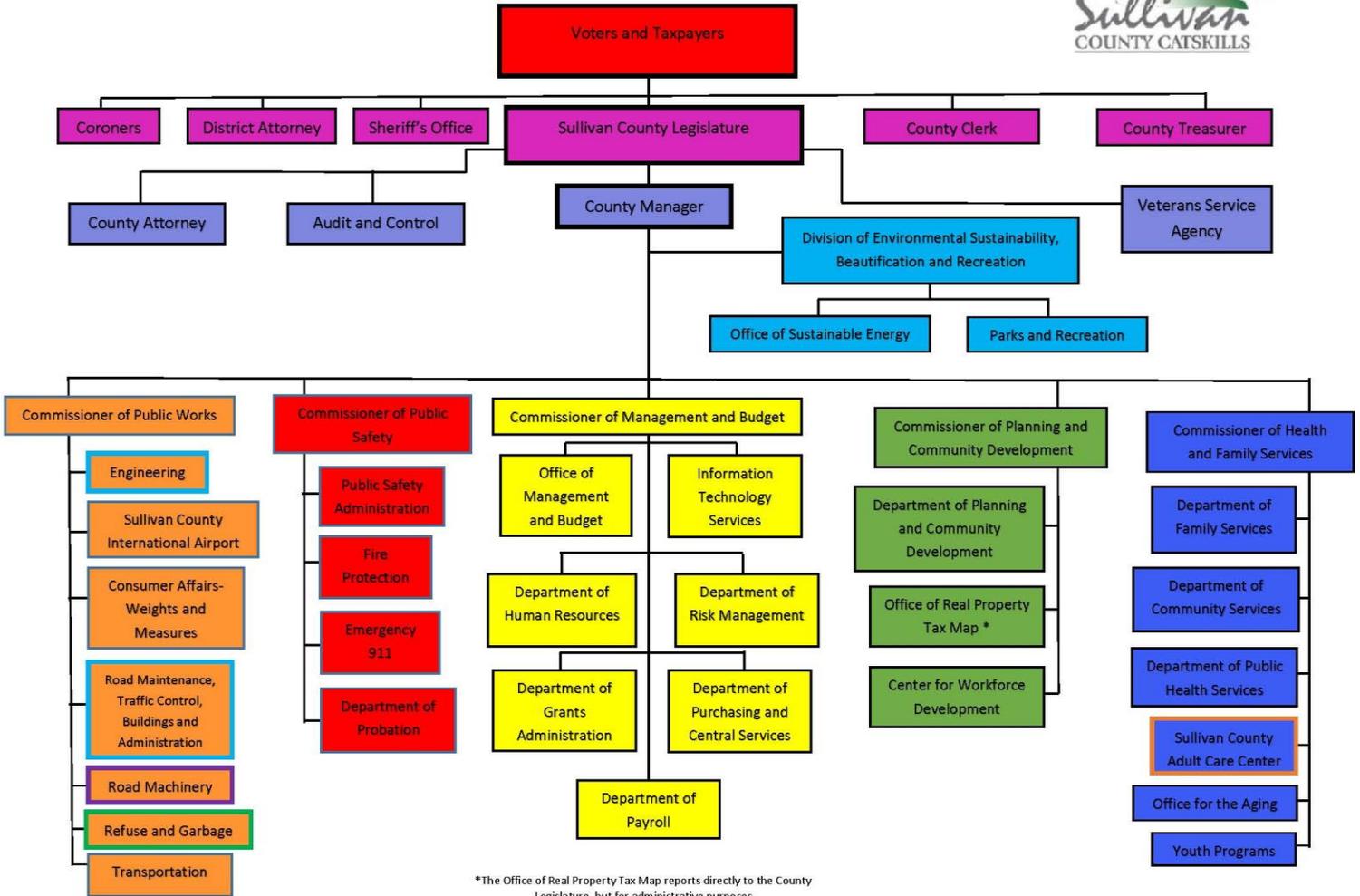
Legislature:

District 1.....Scott B. Samuelson
District 2..... Nadia Rajsz
District 3..... Mark McCarthy
District 4..... Catherine Owens
District 5..... Terri Ward
District 6..... Luis Alvarez
District 7..... Joseph Perrello
District 8..... Ira Steingart
District 9..... Alan J. Sorensen

Appointed Officials:

County Manager Joshua Potosek
Deputy County Manager Daniel Depew
Deputy County Treasurer Kathleen Lara

SULLIVAN COUNTY, NEW YORK GOVERNMENT: ORGANIZATIONAL CHART



*The Office of Real Property Tax Map reports directly to the County Legislature, but for administrative purposes is included within the Division of Planning and Environmental Management



Government Finance Officers Association

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New York**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morrell

Executive Director/CEO

FINANCIAL SECTION

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Honorable County Legislature of the
County of Sullivan, 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 Sullivan, New York (the "County"), as of and for the year ended December 31, 2017 (with the Sullivan County Community College for the fiscal 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 Sullivan Tobacco Asset Securitization Corporation, the Sullivan County Funding Corporation, or the Sullivan County Infrastructure Local Development Corporation, which represent 1.9 percent, 1.3 percent and 90.9 percent, respectively, of the assets, and 0.7 percent, 0.3 percent, and 0.0 percent, respectively, of the revenues of the business-type activities. We did not audit the financial statements of the Sullivan County Community College, Sullivan County Industrial Development Agency, the Emerald Corporate Center Economic Development Corporation, or the Sullivan County Land Bank Corporation, which represent 65.4 percent, 23.8 percent, 4.2 percent and 0.3 percent, respectively, of the assets, and 84.0 percent, 11.1 percent, 0.3 percent, and 0.4 percent, 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 the Sullivan Tobacco Asset Securitization Corporation, the Sullivan County Funding Corporation, the Sullivan County Infrastructure Local Development Corporation, Sullivan County Community College, Sullivan County Industrial Development Agency, the Emerald Corporate Center Economic Development Corporation, and the Sullivan County Land Bank Corporation, is based solely on the reports of the 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 2 to the financial statements, during the year ended December 31, 2017 the County implemented Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 80, *Blending Requirements for Certain Component Units—and amendment of GASB Statement No. 14*. Our opinion is not modified with respect to these matters.

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 purposes 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. 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 & Malecki LLP

June 15, 2018

COUNTY OF SULLIVAN, NEW YORK
Management's Discussion and Analysis
Year Ended December 31, 2017

As management of the County of Sullivan, New York (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2017. This document should be read in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative. For comparative purposes, certain items from the prior year have been reclassified to conform with the current year presentation.

Financial Highlights

- The liabilities and deferred inflows of resources of the County's primary government exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$(152,509,950) (*net position*). Of this amount \$(123,049,668) represents governmental activities net position and \$(29,460,282) represents business-type activities net position.
- The County's primary government total net position decreased \$6,080,382 during the year ended December 31, 2017. Net position decreased \$6,761,138 for governmental activities and increased \$680,756 for business-type activities.
- At the end of the current fiscal year, the County's governmental funds reported a combined ending fund balance of \$73,727,411, a decrease of \$57,649,844 in comparison with the prior year's fund balance of \$131,377,255. This decrease is primarily due to increased Capital Projects Fund spending.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$13,507,895, or 7.6 percent of total General Fund expenditures and transfers out. This amount constitutes approximately 40.9 percent of the General Fund's total fund balance of \$32,997,997 at December 31, 2017, and is available for spending per the County's policy on fund balance.
- The County's serial bonds for governmental activities decreased by scheduled principal payments of \$7,615,861.

Overview of the Financial Statements

This discussion and analysis provided here are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements—The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the County’s assets, liabilities and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government support, education, public safety, health, transportation, economic assistance and opportunity, culture and recreation, and home and community services. The business-type activities of the County include the Sullivan County Adult Care Center, a skilled nursing facility, the Sullivan County Tobacco Asset Securitization Corporation (“STASC”), the Sullivan County Funding Corporation (“SCFC”), and the Sullivan County Infrastructure Local Development Corporation (“ILDC”).

The government-wide financial statements include not only the County itself (known as the *primary government*), but also legally separate entities, reported as discretely presented component units (the Sullivan County Community College, the Sullivan County Soil and Water Conservation District, the Sullivan County Industrial Development Agency, the Emerald Corporate Center Economic Development Corporation, and the Sullivan County Land Bank Corporation) for which the County is financially accountable. Financial information for the County’s component units are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 29-30 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund 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 fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, County Road, Refuse and Garbage, and Capital Projects Funds, which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor funds is provided in the form of the combining statements in the Supplementary Information section of this report.

The basic governmental fund financial statements can be found on pages 31-34 of this report.

Proprietary funds—The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the Adult Care Center, the STASC, the SCFC and the ILDC. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for the operation of the workers' compensation and dental benefits self-insurance programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Adult Care Center, the STASC, the SCFC and the ILDC, all of which are considered to be major funds of the County. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The proprietary fund financial statements can be found on pages 35-38 of this report.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fiduciary funds are not reflected in the government-wide financial statements because the resources of the funds are not available to support the County's own programs. The County maintains one fiduciary fund, the Agency Fund.

The Agency Fund reports resources held by the County in a custodial capacity for individuals, private organizations and other governments.

The Agency Fund financial statement can be found on page 39 of this report.

Component Units—As discussed above, component units are legally separate entities for which the County is financially accountable. The component units addressed above are reported in the aggregate in the government-wide financial statements. The combining statements can be found on pages 40-41 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 42-98 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the County's other post-employment benefits, the County's net pension liability/(asset), and the County's budgetary comparisons for the General, County Road, and Refuse and Garbage funds. Required supplementary information and a related note to the required supplementary information can be found on pages 99-108 of this report.

Detail schedules in connection with major governmental funds, combining statements referred to earlier in connection with nonmajor governmental funds, combining statements for internal service funds, and a statement of changes in assets and liabilities of the Agency Fund are presented immediately following the Required Supplementary Information in the Supplementary Information—Combining and Individual Fund Financial Statements and Schedules section of this report on pages 109-129.

Finally, the Statistical Section can be found on pages 130-149 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government’s financial position. In the case of the County’s primary government, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$(152,509,950) at the close of the most recent fiscal year, as compared to \$(146,429,568), as restated, at the close of the fiscal year ended December 31, 2016.

Table 1—Condensed Statements of Net Position—Primary Government

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|----------------------------------|-------------------------|-------------------------|--------------------------|------------------------|--------------------------|-------------------------|
| | December 31, | | December 31, | | December 31, | |
| | 2017 | 2016 (as restated) | 2017 | 2016 (as restated) | 2017 | 2016 (as restated) |
| Current and other assets | \$ 148,100,114 | \$ 214,116,784 | \$ 40,244,977 | \$ 32,819,094 | \$ 188,345,091 | \$ 246,935,878 |
| Capital assets | 229,451,659 | 175,785,787 | 86,158,899 | 71,923,713 | 315,610,558 | 247,709,500 |
| Total assets | <u>377,551,773</u> | <u>389,902,571</u> | <u>126,403,876</u> | <u>104,742,807</u> | <u>503,955,649</u> | <u>494,645,378</u> |
| Deferred outflows of resources | 19,878,179 | 32,376,090 | 2,284,555 | 4,566,794 | 22,162,734 | 36,942,884 |
| Current liabilities | 47,116,166 | 55,201,952 | 9,788,782 | 26,641,839 | 56,904,948 | 81,843,791 |
| Noncurrent liabilities | 468,983,464 | 478,265,477 | 147,368,073 | 112,107,346 | 616,351,537 | 590,372,823 |
| Total liabilities | <u>516,099,630</u> | <u>533,467,429</u> | <u>157,156,855</u> | <u>138,749,185</u> | <u>673,256,485</u> | <u>672,216,614</u> |
| Deferred inflows of resources | 4,379,990 | 5,099,762 | 991,858 | 701,454 | 5,371,848 | 5,801,216 |
| Net position: | | | | | | |
| Net investment in capital assets | 128,836,832 | 115,374,686 | 8,998,212 | 25,010,932 | 137,835,044 | 140,385,618 |
| Restricted | 2,115,629 | 2,220,351 | 203,094 | 202,718 | 2,318,723 | 2,423,069 |
| Unrestricted | (254,002,129) | (233,883,567) | (38,661,588) | (55,354,688) | (292,663,717) | (289,238,255) |
| Total net position | <u>\$ (123,049,668)</u> | <u>\$ (116,288,530)</u> | <u>\$ (29,460,282)</u> | <u>\$ (30,141,038)</u> | <u>\$ (152,509,950)</u> | <u>\$ (146,429,568)</u> |

The largest portion of the County’s primary government net position, \$137,835,044, reflects its net investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens. Accordingly, these assets are not available for future spending. Although the County’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$2,318,723, represents resources that are subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The remaining component of the County’s net position, \$(292,663,717), represents unrestricted net position. This deficit does not mean that the County does not have resources available to meet its obligations in the ensuing year. Rather it reflects liabilities not related to the County’s capital assets and are not expected to be repaid from current resources. These long-term liabilities, including landfill post-

closure costs, compensated absences, retirement incentives, other post-employment benefits (“OPEB”) obligations, claims payable, and net pension liability, are funded annually within the funds.

Table 2, as presented below, shows the changes in net position for the years ended December 31, 2017 and December 31, 2016.

Table 2—Condensed Statements of Changes in Net Position—Primary Government

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|-------------------------|-------------------------|--------------------------|------------------------|--------------------------|-------------------------|
| | Year Ended December 31, | | Year Ended December 31, | | Year Ended December 31, | |
| | 2017 | 2016 (as restated) | 2017 | 2016 (as restated) | 2017 | 2016 (as restated) |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 34,171,995 | \$ 40,758,449 | \$ 12,717,794 | \$ 11,967,585 | \$ 46,889,789 | \$ 52,726,034 |
| Operating grants and contributions | 38,487,037 | 35,877,893 | 6,804,913 | 10,804,326 | 45,291,950 | 46,682,219 |
| Capital grants and contributions | 5,590,759 | 5,487,781 | - | - | 5,590,759 | 5,487,781 |
| General revenues: | | | | | | |
| Property taxes | 60,879,911 | 56,874,718 | - | - | 60,879,911 | 56,874,718 |
| Other taxes | 8,138,632 | 8,403,849 | - | - | 8,138,632 | 8,403,849 |
| Sales tax | 39,990,156 | 39,296,629 | - | - | 39,990,156 | 39,296,629 |
| Other nonproperty tax items | 2,519,882 | 2,362,894 | - | - | 2,519,882 | 2,362,894 |
| Use of money and property | 677,800 | 220,060 | 16,203 | 1,019,048 | 694,003 | 1,239,108 |
| Sale of property and compensation for loss | 1,566,166 | 1,212,261 | - | - | 1,566,166 | 1,212,261 |
| Miscellaneous | 3,253,317 | 8,660,361 | - | 14,026 | 3,253,317 | 8,674,387 |
| Total revenues | <u>195,275,655</u> | <u>199,154,895</u> | <u>19,538,910</u> | <u>23,804,985</u> | <u>214,814,565</u> | <u>222,959,880</u> |
| Expenses: | | | | | | |
| General government support | 28,593,054 | 29,873,350 | - | - | 28,593,054 | 29,873,350 |
| Education | 5,936,169 | 5,975,783 | - | - | 5,936,169 | 5,975,783 |
| Public safety | 31,261,509 | 29,407,686 | - | - | 31,261,509 | 29,407,686 |
| Health | 24,847,995 | 24,825,500 | - | - | 24,847,995 | 24,825,500 |
| Transportation | 25,677,043 | 22,258,819 | - | - | 25,677,043 | 22,258,819 |
| Economic assistance and opportunity | 63,173,476 | 65,156,303 | - | - | 63,173,476 | 65,156,303 |
| Culture and recreation | 3,831,391 | 3,909,500 | - | - | 3,831,391 | 3,909,500 |
| Home and community services | 12,381,033 | 12,723,655 | - | - | 12,381,033 | 12,723,655 |
| Interest and other fiscal charges | 5,761,373 | 2,732,282 | - | - | 5,761,373 | 2,732,282 |
| Adult Care Center | - | - | 18,456,483 | 19,012,834 | 18,456,483 | 19,012,834 |
| STASC | - | - | 695,551 | 9,184,711 | 695,551 | 9,184,711 |
| Funding Corporation | - | - | 198,759 | - | 198,759 | - |
| ILDC | - | - | 81,111 | - | 81,111 | - |
| Total expenses | <u>201,463,043</u> | <u>196,862,878</u> | <u>19,431,904</u> | <u>28,197,545</u> | <u>220,894,947</u> | <u>225,060,423</u> |
| Excess (deficiency) of revenues over expenses | (6,187,388) | 2,292,017 | 107,006 | (4,392,560) | (6,080,382) | (2,100,543) |
| Transfers | (573,750) | - | 573,750 | - | - | - |
| Change in net position | (6,761,138) | 2,292,017 | 680,756 | (4,392,560) | (6,080,382) | (2,100,543) |
| Net position—beginning, as restated | (116,288,530) | 45,240,786 | (30,141,038) | (23,092,241) | (146,429,568) | 22,148,545 |
| Restatement | - | (163,821,333) | - | (2,656,237) | - | (166,477,570) |
| Net position—ending | <u>\$ (123,049,668)</u> | <u>\$ (116,288,530)</u> | <u>\$ (29,460,282)</u> | <u>\$ (30,141,038)</u> | <u>\$ (152,509,950)</u> | <u>\$ (146,429,568)</u> |

Governmental activities—Governmental activities decreased the County’s net position by \$(6,761,138). The largest funding sources for the County’s governmental activities, as a percent of total revenues, are property taxes which comprised 31.4 percent, sales tax which comprised 20.6 percent, and operating grants and contributions which comprised 19.8 percent.

The largest expense categories as a percent of total expenses and transfers for the County’s governmental activities are economic assistance and opportunity which comprised 31.3 percent, public safety which comprised 15.5 percent, and general governmental support which comprised 14.2 percent.

Significant changes from 2016 to 2017 in revenues and expenses for the County include the following:

- Total revenues decreased \$3,879,240 primarily due to the non-reoccurring refinancing of STASC bonds that occurs in the prior year. Additionally, charges for services decreased by \$6,586,454 mainly due to unfavorable health services collections compared to the prior year.
- Total expenses increased \$4,600,165. Transportation expenses increased by \$3,519,328 primarily due to a rise in paving and road maintenance projects in 2017. Additionally, interest and other fiscal charges increased by \$2,229,771 due to an increase in interest due related to long term debt during 2017.

Business-type activities—Business-type activities increased the County’s net position by \$680,756. The majority of the change can be attributed to the one-time transfer between the County and the Adult Care Center for the repayment of short-term debt. The Adult Care Center, STASC, and SCFC net position increased by \$466,509, \$168,303, and \$127,055 respectively. Net position of the ILDC decreased by \$81,111.

Financial Analysis of Governmental Funds

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

Governmental funds—The focus of the County’s *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County’s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the County itself, or a group or individual that has been delegated authority to assign resources for particular purposes by the County Legislature.

At December 31, 2017, the County’s governmental funds reported combined ending fund balances of \$73,727,411, a decrease of \$57,649,844 in comparison with the prior year. Approximately 18.3 percent of this amount, \$13,507,895, constitutes *unassigned fund balance*, which is available for spending per the County’s fund balance policy. The remainder of fund balance is either *restricted*, *committed*, or *assigned* to indicate that it is: (1) restricted for particular purposes, \$36,488,209, (2) committed for particular purposes, \$6,098,969, or (3) assigned for particular purposes, \$17,632,338.

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 \$13,507,895, while total fund balance decreased to \$32,997,997. As a measure of the General Fund’s liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to the total General Fund expenditures and transfers out. Unassigned fund balance represents approximately 7.6 percent of the total General Fund expenditures and transfers out, while total fund balance represents approximately 18.6 percent of that same amount.

The fund balance in the County Road Fund decreased \$1,396,936 from December 31, 2016, primarily due to transportation costs increasing. The ending fund balance in the County Road Fund was \$1,173,630, of which \$145,440 represents assigned for specific use and is available for spending towards this fund's activities.

The fund balance in the Refuse and Garbage Fund increased \$515,893 from December 31, 2016, primarily due to an increase in transfers. The ending fund balance in the Refuse and Garbage Fund was \$2,110,189, of which \$1,543,442 represents amounts assigned for specific use and is available for spending towards this fund's activities.

The fund balance in the Capital Projects Fund decreased \$51,484,079 from December 31, 2016, due to capital outlay expenditures totaling \$55,391,677. The ending fund balance in the Capital Projects Fund was \$34,923,634, which is entirely restricted for use on capital projects.

Proprietary funds—The County's proprietary funds provide the same type of information found in the government-wide financials statements, but in more detail.

Factors concerning the finances of the enterprise funds have already been addressed in the aforementioned discussion of the County's business-type activities.

The Internal Service Fund is used to account for the County's self-insurance programs, including workers' compensation benefits and dental. The total net position at the end of the fiscal year was \$500,168. This represents an increase of \$853,361 due to a decrease in employee benefit expenses in 2017.

General Fund Budgetary Highlights

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

A summary of the General Fund results of operations for the year ended December 31, 2017 is presented in Table 3 below:

Table 3—General Fund Budget

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|-----------------|----------------|---------------|
| | Original | Final | | Final Budget |
| Revenues and other financing sources | \$ 173,258,233 | \$ 172,592,133 | \$ 172,102,875 | \$ (489,258) |
| Expenditures and other financing uses | 180,429,648 | 182,927,495 | 177,445,843 | 5,481,652 |
| Excess (deficiency) of revenues over expenditures and other financing uses | \$ (7,171,415) | \$ (10,335,362) | \$ (5,342,968) | \$ 4,992,394 |

Original budget compared to final budget—No significant adjustments were noted between the original and final budget.

Final budget compared to actual results—The General Fund had a favorable variance from final budget of \$4,992,394. The primary positive variances were realized in real property tax revenues \$3,735,903, due primarily to an unanticipated increase in the County’s tax levy. In addition, health expenditures were less than the final budget by \$2,079,123. This positive variance was primarily a result of lower than anticipated cost related to CHHA and Early Care programs.

Capital Assets and Debt Administration

Capital assets—The County’s investment in capital assets for its governmental and business-type activities as of December 31, 2017 amounts to \$315,610,558 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and building improvements, infrastructure, and machinery and equipment. All depreciable capital assets were depreciated from acquisition date to the end of the current year as outlined in the County’s capital asset policy.

Capital assets net of depreciation for the governmental activities and business-type activities at December 31, 2017 and December 31, 2016 are presented in Table 4 below:

Table 4—Summary of Capital Assets (Net of Accumulated Depreciation)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|----------------------------|-------------------------|-----------------------|--------------------------|-----------------------|--------------------------|-----------------------|
| | December 31, | | December 31, | | December 31, | |
| | 2017 | 2016 | 2017 | 2016 (as restated) | 2017 | 2016 (as restated) |
| Land | \$ 8,725,687 | \$ 8,725,687 | \$ 44,800 | \$ 44,800 | \$ 8,770,487 | \$ 8,770,487 |
| Construction in progress | 60,871,032 | 15,260,860 | 83,934,927 | 69,333,924 | 144,805,959 | 84,594,784 |
| Land improvements | 2,609,153 | 2,996,479 | - | - | 2,609,153 | 2,996,479 |
| Buildings and improvements | 25,909,609 | 26,704,800 | 1,873,704 | 2,202,289 | 27,783,313 | 28,907,089 |
| Machinery and equipment | 7,920,526 | 7,447,864 | 305,468 | 342,700 | 8,225,994 | 7,790,564 |
| Infrastructure | 123,415,652 | 114,650,097 | - | - | 123,415,652 | 114,650,097 |
| Total | \$ 229,451,659 | \$ 175,785,787 | \$ 86,158,899 | \$ 71,923,713 | \$ 315,610,558 | \$ 247,709,500 |

Significant changes in capital assets from 2016 to 2017 include:

- Infrastructure increased \$8,765,555 largely due to the completion of various projects including road/bridge construction and radio communication upgrades.
- Construction in progress increased \$45,610,172 for governmental activities, which primarily represents the jail construction project that will be completed and depreciated in future years. Construction in progress increased \$14,601,003 for business-type activities, which represents ongoing activity of the ILDC.

The County’s infrastructure assets are recorded at historical cost in the government-wide financial statements. The County has elected to depreciate its infrastructure assets. Additional information on County’s capital assets can be found in Note 5 of this report.

Long-term debt—At December 31, 2017, The County has approximately \$271.8 million in net bonded debt for functions of the primary government. This includes serial bonds of the Sullivan Adult Care Center, bonds issued by the Sullivan Tobacco Asset Securitization Corporation (“STASC”), and bonds issued for the ILDC.

A summary of the County’s long-term liabilities at December 31, 2017 and December 31, 2016 is presented in Table 8 below:

Table 8—Summary of Long-Term Liabilities

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|-------------------------------|-------------------------|-----------------------|--------------------------|-----------------------|--------------------------|-----------------------|
| | December 31, | | December 31, | | December 31, | |
| | 2017 | 2016 (as restated) | 2017 | 2016 (as restated) | 2017 | 2016 (as restated) |
| General obligation bonds | \$ 141,090,000 | \$ 148,705,861 | \$ - | \$ 16,139 | \$ 141,090,000 | \$ 148,722,000 |
| Premium on bonds | 3,969,234 | 4,391,882 | - | - | 3,969,234 | 4,391,882 |
| Revenue bonds | - | - | 110,075,000 | 73,340,000 | 110,075,000 | 73,340,000 |
| Discount on bonds | - | - | (1,062,564) | (1,104,591) | (1,062,564) | (1,104,591) |
| Tobacco settlement bonds | - | - | 16,360,000 | 16,685,000 | 16,360,000 | 16,685,000 |
| Premium on bonds - STASC | - | - | 1,390,363 | 1,448,294 | 1,390,363 | 1,448,294 |
| Capital leases | 799,320 | - | - | - | 799,320 | - |
| Landfill post-closure costs | 15,303,388 | 14,551,240 | - | - | 15,303,388 | 14,551,240 |
| Compensated absences | 3,405,961 | 3,285,512 | 355,252 | 351,639 | 3,761,213 | 3,637,151 |
| Retirement incentives | 6,819,666 | 7,657,733 | 832,350 | 948,560 | 7,652,016 | 8,606,293 |
| Other postemployment benefits | 262,112,339 | 250,216,410 | 17,000,050 | 16,228,506 | 279,112,389 | 266,444,916 |
| Claims payable | 18,087,495 | 18,966,797 | - | - | 18,087,495 | 18,966,797 |
| Net pension liability | 17,396,061 | 30,490,042 | 2,417,622 | 4,193,799 | 19,813,683 | 34,683,841 |
| Total | \$ 468,983,464 | \$ 478,265,477 | \$ 147,368,073 | \$ 112,107,346 | \$ 616,351,537 | \$ 590,372,823 |

Through sound financial management and manageable debt levels, the County has been successful in maintaining its high-grade rating for its general obligation bonds. The County has enjoyed a favorable Moody’s Investors Service bond rating of AA with the most current rating by Moody’s in November 2016.

The New York State Constitution limits the amount of indebtedness, both long-term and short-term which the County may incur. The State Constitution provide that the County may not contract indebtedness in an amount greater than seven percent of the average full value of taxable real property in the County for the most recent five years. Certain indebtedness is excluded in ascertaining the County’s authority to contract indebtedness with the constitutional limits; accordingly, debt of this kind, commonly referred to as “excluded debt”, may be issued without regard to the constitutional limits and without affecting the County’s authority to issue debt subject to the limit. At December 31, 2017, the County of Sullivan had used \$141,889,320 or 26.11% of the constitutional debt limit leaving \$401,545,900 remaining to be used.

For additional information on the County’s long-term debt, refer to Note 12 of this report.

Economic Factors and Next Year’s Budget

According to the New York State Department of Labor, the unemployment rate for the County of Sullivan was 5.4 percent in December 31, 2017, up from 4.9 percent in 2016. The County’s December 2017 unemployment rate exceeded the State-wide rate of 4.7 percent.

Labor Department data also indicates that the number of people employed in the County increased by 2.61 percent, from 31,400 to 32,220 between April 2016 and April 2017.

The County's 2017 per capita income of \$42,528 is 69.7% of the State's \$60,991. The taxable assessed value of real property in the County increased from \$5,472,194,014 in 2016 to \$5,573,277,783 in 2017, with the median sales price of residential properties increasing from \$128,000 in 2016 to \$135,000 in 2017.

Increased salary and wage costs, along with rising employee and retiree health care costs will continue to have a profound effect on the County's future budgets.

All of these factors were taken into consideration in developing the fiscal 2017 budget.

Requests for Information

This 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 financial information should be addressed to Nancy Buck, County Treasurer, Sullivan County Government Center, P.O. Box 5012, 100 North Street, Monticello, New York, 12701, telephone (845) 807-0210, or visit the County's web site at www.co.Sullivan.ny.us.

BASIC FINANCIAL STATEMENTS

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COUNTY OF SULLIVAN, NEW YORK

Statement of Net Position

December 31, 2017

| | Primary Government | | | Total Discretely Presented Component Units |
|---|----------------------------|-----------------------------|-------------------------|--|
| | Governmental Activities | Business-type Activities | Total | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 35,519,491 | \$ 3,582,077 | \$ 39,101,568 | \$ 6,901,927 |
| Restricted cash and cash equivalents | 36,747,388 | 1,727,348 | 38,474,736 | 1,639,229 |
| Resident trust cash | - | 127,644 | 127,644 | - |
| Investments | 9,992,724 | 31,851,749 | 41,844,473 | 1,606,620 |
| Receivables (net of allowances): | | | | |
| Taxes | 26,952,666 | - | 26,952,666 | - |
| Accounts receivable | 18,040,068 | 2,078,481 | 20,118,549 | 1,860,906 |
| Tobacco settlement | - | 1,090,714 | 1,090,714 | - |
| Notes receivable | - | 252,313 | 252,313 | 399,867 |
| Loans receivable | 220,802 | - | 220,802 | 792,383 |
| Intergovernmental receivables | 19,079,543 | 979,200 | 20,058,743 | 549,451 |
| Internal balances | 1,547,432 | (1,547,432) | - | - |
| Inventories | - | 68,296 | 68,296 | - |
| Prepaid items | - | 34,587 | 34,587 | 146,548 |
| Net pension asset | - | - | - | 56,285 |
| Capital assets, not being depreciated | 69,596,719 | 83,979,727 | 153,576,446 | 1,632,461 |
| Capital assets, net of accumulated depreciation | 159,854,940 | 2,179,172 | 162,034,112 | 20,003,788 |
| Total assets | <u>377,551,773</u> | <u>126,403,876</u> | <u>503,955,649</u> | <u>35,589,465</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred charge on refunding | 650,029 | 226,569 | 876,598 | - |
| Deferred outflows—relating to OPEB | 4,419,853 | - | 4,419,853 | - |
| Deferred outflows—relating to pensions | 14,808,297 | 2,057,986 | 16,866,283 | 1,558,095 |
| Total deferred outflows of resources | <u>19,878,179</u> | <u>2,284,555</u> | <u>22,162,734</u> | <u>1,558,095</u> |
| LIABILITIES | | | | |
| Accounts payable | 19,377,292 | 478,948 | 19,856,240 | 1,310,815 |
| Accrued liabilities | 4,131,221 | 9,078,892 | 13,210,113 | 1,322,728 |
| Intergovernmental payables | 17,373,695 | - | 17,373,695 | 932,826 |
| Due to retirement system | 5,875,209 | - | 5,875,209 | 39,878 |
| Due to Agency Fund | 4,574 | - | 4,574 | - |
| Unearned revenue | 346,784 | 3,309 | 350,093 | 3,069,093 |
| Deposits payable | - | 227,633 | 227,633 | 218,729 |
| Other liabilities | 7,391 | - | 7,391 | 615,228 |
| Noncurrent liabilities: | | | | |
| Due within one year | 14,157,081 | 700,564 | 14,857,645 | 634,998 |
| Due in more than one year | 454,826,383 | 146,667,509 | 601,493,892 | 27,925,483 |
| Total liabilities | <u>516,099,630</u> | <u>157,156,855</u> | <u>673,256,485</u> | <u>36,069,778</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows—relating to tuition | - | - | - | 523,578 |
| Deferred inflows—relating to OPEB | - | 383,147 | 383,147 | - |
| Deferred inflows—relating to pensions | 4,379,990 | 608,711 | 4,988,701 | 465,267 |
| Total deferred inflows of resources | <u>4,379,990</u> | <u>991,858</u> | <u>5,371,848</u> | <u>988,845</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 128,836,832 | 8,998,212 | 137,835,044 | 13,487,969 |
| Restricted for: | | | | |
| Grants | - | 203,094 | 203,094 | - |
| Law enforcement | 349,287 | - | 349,287 | - |
| Stop DWI | 142,887 | - | 142,887 | - |
| Debt service | 37,606 | - | 37,606 | - |
| Loans | - | - | - | 2,284,305 |
| Dental benefits | 551,054 | - | 551,054 | - |
| Community development | 1,034,795 | - | 1,034,795 | - |
| Unrestricted | (254,002,129) | (38,661,588) | (292,663,717) | (15,683,337) |
| Total net position | <u>\$ (123,049,668)</u> | <u>\$ (29,460,282)</u> | <u>\$ (152,509,950)</u> | <u>\$ 88,937</u> |

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

COUNTY OF SULLIVAN, NEW YORK
Statement of Activities
Year Ended December 31, 2017

| Functions/Programs | Expenses | Net (Expense) Revenue and Changes in Net Position | | | | | | Total Discretely Presented Component Units |
|--|-----------------------|---|--|--|----------------------------|-----------------------------|-------------------------|--|
| | | Program Revenues | | | Primary Government | | | |
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total | |
| Primary government: | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government support | \$ 29,115,461 | \$ 8,682,448 | \$ 642,366 | \$ - | \$ (19,790,647) | \$ - | \$ (19,790,647) | \$ - |
| Education | 5,936,169 | - | - | - | (5,936,169) | - | (5,936,169) | - |
| Public safety | 31,261,509 | 1,515,057 | 578,991 | 91,608 | (29,075,853) | - | (29,075,853) | - |
| Health | 24,935,401 | 3,644,505 | 10,973,171 | - | (10,317,725) | - | (10,317,725) | - |
| Transportation | 25,778,147 | 5,642,509 | - | 5,499,151 | (14,636,487) | - | (14,636,487) | - |
| Economic assistance and opportunity | 63,261,879 | 2,473,064 | 24,098,112 | - | (36,690,703) | - | (36,690,703) | - |
| Culture and recreation | 3,831,391 | 125,490 | 1,660,110 | - | (2,045,791) | - | (2,045,791) | - |
| Home and community services | 12,381,033 | 12,088,922 | 534,287 | - | 242,176 | - | 242,176 | - |
| Interest and other fiscal charges | 4,962,053 | - | - | - | (4,962,053) | - | (4,962,053) | - |
| Total governmental activities | <u>201,463,043</u> | <u>34,171,995</u> | <u>38,487,037</u> | <u>5,590,759</u> | <u>(123,213,252)</u> | <u>-</u> | <u>(123,213,252)</u> | <u>-</u> |
| Business-type activities: | | | | | | | | |
| Adult Care Center | 18,456,483 | 11,542,085 | 6,804,913 | - | - | (109,485) | (109,485) | - |
| STASC | 695,551 | 851,806 | - | - | - | 156,255 | 156,255 | - |
| SCFC | 198,759 | 323,903 | - | - | - | 125,144 | 125,144 | - |
| ILDC | 81,111 | - | - | - | - | (81,111) | (81,111) | - |
| Total business-type activities | <u>19,431,904</u> | <u>12,717,794</u> | <u>6,804,913</u> | <u>-</u> | <u>-</u> | <u>90,803</u> | <u>90,803</u> | <u>-</u> |
| Total primary government | <u>\$ 220,894,947</u> | <u>\$ 46,889,789</u> | <u>\$ 45,291,950</u> | <u>\$ 5,590,759</u> | <u>(123,213,252)</u> | <u>90,803</u> | <u>(123,122,449)</u> | <u>-</u> |
| Component units: | | | | | | | | |
| Total component units | <u>\$ 24,674,694</u> | <u>\$ 7,704,938</u> | <u>\$ 15,899,447</u> | <u>\$ 261,092</u> | | | | <u>(809,217)</u> |
| General revenues: | | | | | | | | |
| Property taxes | | | | | 60,879,911 | - | 60,879,911 | - |
| Property tax items | | | | | 8,138,632 | - | 8,138,632 | - |
| Sales tax | | | | | 39,990,156 | - | 39,990,156 | - |
| Other nonproperty tax items | | | | | 2,519,882 | - | 2,519,882 | - |
| Use of money and property | | | | | 677,800 | 16,203 | 694,003 | 192,657 |
| Sale of property and compensation for loss | | | | | 1,566,166 | - | 1,566,166 | - |
| Miscellaneous | | | | | 3,253,317 | - | 3,253,317 | 295,632 |
| Transfers | | | | | (573,750) | 573,750 | - | - |
| Total general revenues and transfers | | | | | <u>116,452,114</u> | <u>589,953</u> | <u>117,042,067</u> | <u>488,289</u> |
| Change in net position | | | | | (6,761,138) | 680,756 | (6,080,382) | (320,928) |
| Net position—beginning, as restated | | | | | <u>(116,288,530)</u> | <u>(30,141,038)</u> | <u>(146,429,568)</u> | <u>409,865</u> |
| Net position—ending | | | | | <u>\$ (123,049,668)</u> | <u>\$ (29,460,282)</u> | <u>\$ (152,509,950)</u> | <u>\$ 88,937</u> |

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

COUNTY OF SULLIVAN, NEW YORK
Balance Sheet—Governmental Funds
December 31, 2017

| | <u>General</u> | <u>County Road</u> | <u>Refuse and Garbage</u> | <u>Capital Projects</u> | <u>Total Nonmajor Funds</u> | <u>Total Governmental Funds</u> |
|--|----------------------|------------------------|-------------------------------|-----------------------------|-------------------------------------|---|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 33,354,399 | \$ 566,605 | \$ 1,210,450 | \$ - | \$ 63,058 | \$ 35,194,512 |
| Restricted cash and cash equivalents | 570,228 | 1,108 | 2,359 | 34,847,209 | 775,430 | 36,196,334 |
| Investments | - | - | - | 9,992,724 | - | 9,992,724 |
| Receivables (net of allowances): | | | | | | |
| Taxes | 26,952,666 | - | - | - | - | 26,952,666 |
| Accounts receivable | 9,258,630 | 195,353 | 525,391 | 30,206 | 525 | 10,010,105 |
| Loans receivable | - | - | - | - | 220,802 | 220,802 |
| Intergovernmental receivables | 16,517,134 | 1,910,537 | 64,761 | 498,664 | 88,447 | 19,079,543 |
| Due from other funds | 2,545,933 | 1,108 | 1,125,864 | - | 1,783,610 | 5,456,515 |
| Total assets | <u>\$ 89,198,990</u> | <u>\$ 2,674,711</u> | <u>\$ 2,928,825</u> | <u>\$ 45,368,803</u> | <u>\$ 2,931,872</u> | <u>\$ 143,103,201</u> |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 7,722,728 | \$ 536,734 | \$ 741,179 | \$ 10,109,530 | \$ 267,121 | \$ 19,377,292 |
| Accrued liabilities | 2,416,316 | 340,711 | 77,437 | - | 99,924 | 2,934,388 |
| Intergovernmental payables | 17,373,695 | - | - | - | - | 17,373,695 |
| Due to retirement system | 5,875,209 | - | - | - | - | 5,875,209 |
| Due to other funds | 12,902,045 | 623,636 | 20 | 335,639 | 42,866 | 13,904,206 |
| Unearned revenue | 47,327 | - | - | - | - | 47,327 |
| Other liabilities | 7,391 | - | - | - | - | 7,391 |
| Total liabilities | <u>46,344,711</u> | <u>1,501,081</u> | <u>818,636</u> | <u>10,445,169</u> | <u>409,911</u> | <u>59,519,508</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue—property taxes | 9,856,282 | - | - | - | - | 9,856,282 |
| Total deferred inflows of resources | <u>9,856,282</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>9,856,282</u> |
| FUND BALANCES | | | | | | |
| Restricted | 522,901 | 1,108 | 2,359 | 34,923,634 | 1,038,207 | 36,488,209 |
| Committed | 6,098,969 | - | - | - | - | 6,098,969 |
| Assigned | 12,868,232 | 1,172,522 | 2,107,830 | - | 1,483,754 | 17,632,338 |
| Unassigned | 13,507,895 | - | - | - | - | 13,507,895 |
| Total fund balances | <u>32,997,997</u> | <u>1,173,630</u> | <u>2,110,189</u> | <u>34,923,634</u> | <u>2,521,961</u> | <u>73,727,411</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 89,198,990</u> | <u>\$ 2,674,711</u> | <u>\$ 2,928,825</u> | <u>\$ 45,368,803</u> | <u>\$ 2,931,872</u> | <u>\$ 143,103,201</u> |

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

COUNTY OF SULLIVAN, NEW YORK

**Reconciliation of the Balance Sheet—Governmental Funds to the Government-wide Statement of Net Position
December 31, 2017**

Amounts reported for governmental activities in the statement of net position (page 29) are different because:

| | | |
|---|---------------------|-------------------------|
| Total fund balances—governmental funds (page 31) | | \$ 73,727,411 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. The cost of the assets is \$438,466,314 and the accumulated depreciation is \$209,014,655. | | 229,451,659 |
| Real property taxes not collected within 60 days of year end are reported as deferred inflows of resources in the fund statements, but are recognized on the accrual basis for government-wide statements. | | 9,856,282 |
| Internal service funds are used by the County to charge the costs of workers' compensation and dental benefits to individual funds. Assets in excess of liabilities of the internal service funds are included within governmental activities on the statement of net position. | | 500,168 |
| For refunding bonds, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred charge and recognized as a component of interest expense over either the lesser of the life of the debt issuance or the bonds refunded for the government-wide statements. | | 650,029 |
| Deferred outflows of resources related to OPEB related to experience are applicable to future periods and, therefore, are not reported in the fund statements. | | 4,419,853 |
| Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund statements. | | |
| Deferred outflows related to employer contributions | \$ 4,894,579 | |
| Deferred outflows related to experience, changes in assumptions, and investment earnings | 9,913,718 | |
| Deferred inflows related to pension plans | <u>(4,379,990)</u> | 10,428,307 |
| Net accrued interest expense for general obligation bonds is not reported in the funds. | | (930,936) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. The effects of these items are: | | |
| General obligation bonds | \$ (141,090,000) | |
| Premiums on bonds | (3,969,234) | |
| Capital leases | (799,320) | |
| Landfill post-closure costs | (15,303,388) | |
| Compensated absences | (3,405,961) | |
| Retirement incentives | (6,819,666) | |
| OPEB obligation | (262,112,339) | |
| Claims payable | (256,472) | |
| Net pension liability | <u>(17,396,061)</u> | <u>(451,152,441)</u> |
| Net position of governmental activities | | <u>\$ (123,049,668)</u> |

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

COUNTY OF SULLIVAN, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds
Year Ended December 31, 2017

| | <u>General</u> | <u>County Road</u> | <u>Refuse and Garbage</u> | <u>Capital Projects</u> | <u>Total Nonmajor Funds</u> | <u>Total Governmental Funds</u> |
|---|----------------------|---------------------|---------------------------|-------------------------|-----------------------------|---------------------------------|
| REVENUES | | | | | | |
| Real property taxes | \$ 62,000,021 | \$ - | \$ - | \$ - | \$ - | \$ 62,000,021 |
| Other property tax items | 8,138,632 | - | - | - | - | 8,138,632 |
| Non property tax items | 42,510,038 | - | - | - | - | 42,510,038 |
| Departmental income | 15,908,517 | - | 11,899,174 | - | 815,413 | 28,623,104 |
| Intergovernmental charges | 451,158 | 814,892 | - | - | - | 1,266,050 |
| Licenses and permits | 58,940 | 5,892 | - | - | - | 64,832 |
| Fines and forfeitures | 193,011 | - | - | - | - | 193,011 |
| Use of money and property | 277,846 | 341 | 582 | 366,928 | 31,678 | 677,375 |
| Sale of property and compensation for loss | 722,354 | 241 | 295,580 | - | 354,313 | 1,372,488 |
| Miscellaneous | 3,677,071 | 27,321 | - | - | 3,688 | 3,708,080 |
| State aid | 19,019,314 | 4,272,297 | 73,912 | 133,881 | 650 | 23,500,054 |
| Federal aid | 18,539,375 | 245,650 | - | 760,932 | 613,398 | 20,159,355 |
| Total revenues | <u>171,496,277</u> | <u>5,366,634</u> | <u>12,269,248</u> | <u>1,261,741</u> | <u>1,819,140</u> | <u>192,213,040</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government support | 27,021,787 | - | - | - | 14,341 | 27,036,128 |
| Education | 5,604,562 | - | - | - | - | 5,604,562 |
| Public safety | 25,665,158 | 746,711 | - | - | - | 26,411,869 |
| Health | 23,325,203 | - | - | - | - | 23,325,203 |
| Transportation | 1,276,917 | 19,368,668 | - | - | 3,492,617 | 24,138,202 |
| Economic assistance and opportunity | 60,227,151 | - | - | - | - | 60,227,151 |
| Culture and recreation | 3,367,706 | - | - | - | - | 3,367,706 |
| Home and community service | 1,878,350 | - | 7,960,820 | - | 604,886 | 10,444,056 |
| Debt service: | | | | | | |
| Principal | 224,918 | - | - | - | 7,615,861 | 7,840,779 |
| Interest and other fiscal charges | 130,000 | 36,000 | 7,552 | - | 5,328,249 | 5,501,801 |
| Capital outlay | - | - | - | 56,415,915 | - | 56,415,915 |
| Total expenditures | <u>148,721,752</u> | <u>20,151,379</u> | <u>7,968,372</u> | <u>56,415,915</u> | <u>17,055,954</u> | <u>250,313,372</u> |
| Excess (deficiency) of revenues over expenditures | 22,774,525 | (14,784,745) | 4,300,876 | (55,154,174) | (15,236,814) | (58,100,332) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Proceeds of capital leases | - | - | - | 1,024,238 | - | 1,024,238 |
| Transfers in | 606,598 | 18,690,114 | 1,045,065 | 2,646,206 | 16,613,846 | 39,601,829 |
| Transfers out | (28,724,091) | (5,302,305) | (4,830,048) | (349) | (1,318,786) | (40,175,579) |
| Total other financing sources (uses) | <u>(28,117,493)</u> | <u>13,387,809</u> | <u>(3,784,983)</u> | <u>3,670,095</u> | <u>15,295,060</u> | <u>450,488</u> |
| Net change in fund balances | (5,342,968) | (1,396,936) | 515,893 | (51,484,079) | 58,246 | (57,649,844) |
| Fund balances—beginning | 38,340,965 | 2,570,566 | 1,594,296 | 86,407,713 | 2,463,715 | 131,377,255 |
| Fund balances—ending | <u>\$ 32,997,997</u> | <u>\$ 1,173,630</u> | <u>\$ 2,110,189</u> | <u>\$ 34,923,634</u> | <u>\$ 2,521,961</u> | <u>\$ 73,727,411</u> |

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

COUNTY OF SULLIVAN, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances—
Governmental Funds to the Government-wide Statement of Activities
Year Ended December 31, 2017

Amounts reported for governmental activities in the statement of activities (page 30) are different because:

Net change in fund balances—total governmental funds (page 33) \$ (57,649,844)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

| | | |
|-------------------------|-----------------|------------|
| Capital asset additions | \$ 66,164,756 | |
| Depreciation expense | (12,463,345) | |
| Loss on disposition | <u>(35,539)</u> | 53,665,872 |

Governmental funds recognize real property taxes only if collected within 60 days after the end of the fiscal year; however, the government-wide statements recognize revenue on a full accrual basis. (1,120,110)

Internal services funds are used by management to charge the costs of workers' compensation and dental benefits to individual funds. The change in net position of the internal service funds is reported within governmental activities. 853,361

For refunding bonds, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred charge on the government-wide statements and recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. (247,432)

Deferred outflows of resources relating to OPEB result from actuarial changes in the census, changes in medical premiums that are different than expected healthcare cost trend rates, and changes in assumptions and other inputs. This amount is shown net of current year amortizations. 4,419,853

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

| | | |
|---|--------------------|-------------|
| Direct pension contributions | \$ 6,569,798 | |
| Cost of benefits earned net of employee contributions | <u>(9,426,377)</u> | (2,856,579) |

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. 364,532

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and related items is as follows:

| | | |
|---------------------------------------|----------------|-------------|
| Repayment of general obligation bonds | \$ 7,615,861 | |
| Amortization of bond premiums | 422,648 | |
| Change in capital leases | (799,320) | |
| Change in landfill post-closure costs | (752,148) | |
| Change in compensated absences | (120,449) | |
| Change in retirement incentives | 838,067 | |
| Change in OPEB obligation | (11,895,929) | |
| Change in claims payable | <u>500,479</u> | (4,190,791) |

Change in net position of governmental activities \$ (6,761,138)

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

COUNTY OF SULLIVAN, NEW YORK
Statement of Net Position—Proprietary Funds
December 31, 2017

| | Business-type Activities | | | | | Governmental Activities |
|---|--------------------------|------------------------|---------------------|-----------------------|------------------------|----------------------------|
| | Adult Care Center | STASC | SCFC | ILDC | Total | Internal Service Funds |
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 1,911,338 | \$ 237,764 | \$ 1,432,975 | \$ - | \$ 3,582,077 | \$ 324,979 |
| Restricted cash and cash equivalents | 203,094 | 1,103,852 | - | 420,402 | 1,727,348 | 551,054 |
| Resident trust cash | 127,644 | - | - | - | 127,644 | - |
| Investments | - | - | - | 31,851,749 | 31,851,749 | - |
| Accounts receivable, net of allowances | 2,001,981 | - | - | 76,500 | 2,078,481 | 8,029,963 |
| Tobacco settlement receivable | - | 1,090,714 | - | - | 1,090,714 | - |
| Notes receivable | - | - | 252,313 | - | 252,313 | - |
| Intergovernmental receivables | 979,200 | - | - | - | 979,200 | - |
| Due from other funds | - | - | - | - | - | 9,990,549 |
| Inventories | 68,296 | - | - | - | 68,296 | - |
| Prepaid items | 31,230 | 3,357 | - | - | 34,587 | - |
| Total current assets | <u>5,322,783</u> | <u>2,435,687</u> | <u>1,685,288</u> | <u>32,348,651</u> | <u>41,792,409</u> | <u>18,896,545</u> |
| Noncurrent assets: | | | | | | |
| Capital assets, not being depreciated | 44,800 | - | - | 83,934,927 | 83,979,727 | - |
| Capital assets, net of accumulated depreciation | <u>2,179,172</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,179,172</u> | <u>-</u> |
| Total noncurrent assets | <u>2,223,972</u> | <u>-</u> | <u>-</u> | <u>83,934,927</u> | <u>86,158,899</u> | <u>-</u> |
| Total assets | <u>7,546,755</u> | <u>2,435,687</u> | <u>1,685,288</u> | <u>116,283,578</u> | <u>127,951,308</u> | <u>18,896,545</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Deferred charge on refunding | - | 226,569 | - | - | 226,569 | - |
| Deferred outflows—relating to pensions | <u>2,057,986</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,057,986</u> | <u>-</u> |
| Total deferred outflows of resources | <u>2,057,986</u> | <u>226,569</u> | <u>-</u> | <u>-</u> | <u>2,284,555</u> | <u>-</u> |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | 464,738 | - | - | 14,210 | 478,948 | - |
| Accrued liabilities | 569,194 | 57,971 | - | 8,451,727 | 9,078,892 | 265,897 |
| Due to other funds | 1,547,432 | - | - | - | 1,547,432 | - |
| Unearned revenue | - | - | 3,309 | - | 3,309 | 299,457 |
| Deposits payable | 127,633 | - | 100,000 | - | 227,633 | - |
| Total current liabilities | <u>2,708,997</u> | <u>57,971</u> | <u>103,309</u> | <u>8,465,937</u> | <u>11,336,214</u> | <u>565,354</u> |
| Noncurrent liabilities: | | | | | | |
| Due within one year | 155,564 | 545,000 | - | - | 700,564 | 1,786,302 |
| Due in more than one year | <u>20,449,710</u> | <u>17,205,363</u> | <u>-</u> | <u>109,012,436</u> | <u>146,667,509</u> | <u>16,044,721</u> |
| Total noncurrent liabilities | <u>20,605,274</u> | <u>17,750,363</u> | <u>-</u> | <u>109,012,436</u> | <u>147,368,073</u> | <u>17,831,023</u> |
| Total liabilities | <u>23,314,271</u> | <u>17,808,334</u> | <u>103,309</u> | <u>117,478,373</u> | <u>158,704,287</u> | <u>18,396,377</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred inflows—relating to OPEB | 383,147 | - | - | - | 383,147 | - |
| Deferred inflows—relating to pensions | <u>608,711</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>608,711</u> | <u>-</u> |
| Total deferred inflows of resources | <u>991,858</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>991,858</u> | <u>-</u> |
| NET POSITION | | | | | | |
| Net investment in capital assets | 2,223,972 | - | - | 6,774,240 | 8,998,212 | - |
| Restricted for: | | | | | | |
| Grants | 203,094 | - | - | - | 203,094 | - |
| Dental benefits | - | - | - | - | - | 551,054 |
| Unrestricted | <u>(17,128,454)</u> | <u>(15,146,078)</u> | <u>1,581,979</u> | <u>(7,969,035)</u> | <u>(38,661,588)</u> | <u>(50,886)</u> |
| Total net position | <u>\$ (14,701,388)</u> | <u>\$ (15,146,078)</u> | <u>\$ 1,581,979</u> | <u>\$ (1,194,795)</u> | <u>\$ (29,460,282)</u> | <u>\$ 500,168</u> |

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

COUNTY OF SULLIVAN, NEW YORK
Statement of Revenues, Expenses and Changes in Net Position—Proprietary Funds
Year Ended December 31, 2017

| | Business-type Activities | | | | | Governmental Activities |
|--|---------------------------------|------------------------|---------------------|-----------------------|------------------------|------------------------------------|
| | Adult Care Center | STASC | SCFC | ILDC | Total | Internal Service Funds |
| Operating revenues: | | | | | | |
| Net patient revenue | \$ 10,910,115 | \$ - | \$ - | \$ - | \$ 10,910,115 | \$ - |
| Intergovernmental transfer revenue | 6,732,269 | - | - | - | 6,732,269 | - |
| Charges for services | 631,970 | - | 323,903 | - | 955,873 | 3,988,622 |
| Operating grants and contributions | 72,644 | - | - | - | 72,644 | - |
| Tobacco settlement revenues | - | 851,806 | - | - | 851,806 | - |
| Insurance recoveries | - | - | - | - | - | 193,678 |
| Total operating revenues | <u>18,346,998</u> | <u>851,806</u> | <u>323,903</u> | <u>-</u> | <u>19,522,707</u> | <u>4,182,300</u> |
| Operating expenses: | | | | | | |
| Professional care of residents | 6,554,279 | - | - | - | 6,554,279 | - |
| Administrative and general services | 5,188,008 | 34,073 | 198,759 | 81,111 | 5,501,951 | - |
| Employee benefits | 5,721,133 | - | - | - | 5,721,133 | 3,329,364 |
| New York State cash assessment | 600,578 | - | - | - | 600,578 | - |
| Depreciation | 380,832 | - | - | - | 380,832 | - |
| Total operating expenses | <u>18,444,830</u> | <u>34,073</u> | <u>198,759</u> | <u>81,111</u> | <u>18,758,773</u> | <u>3,329,364</u> |
| Operating (loss) income | (97,832) | 817,733 | 125,144 | (81,111) | 763,934 | 852,936 |
| Nonoperating revenues (expenses): | | | | | | |
| Interest income | 2,244 | 12,048 | 1,911 | - | 16,203 | 425 |
| Interest expense | (11,653) | (661,478) | - | - | (673,131) | - |
| Total nonoperating revenues (expenses) | <u>(9,409)</u> | <u>(649,430)</u> | <u>1,911</u> | <u>-</u> | <u>(656,928)</u> | <u>425</u> |
| Transfers in | <u>573,750</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>573,750</u> | <u>-</u> |
| Change in net position | 466,509 | 168,303 | 127,055 | (81,111) | 680,756 | 853,361 |
| Net position—beginning, as restated | <u>(15,167,897)</u> | <u>(15,314,381)</u> | <u>1,454,924</u> | <u>(1,113,684)</u> | <u>(30,141,038)</u> | <u>(353,193)</u> |
| Net position—ending | <u>\$ (14,701,388)</u> | <u>\$ (15,146,078)</u> | <u>\$ 1,581,979</u> | <u>\$ (1,194,795)</u> | <u>\$ (29,460,282)</u> | <u>\$ 500,168</u> |

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

COUNTY OF SULLIVAN, NEW YORK
Statement of Cash Flows—Proprietary Funds
Year Ended December 31, 2017

| | Business-type Activities | | | | | Governmental Activities |
|---|---------------------------------|---------------------|---------------------|--------------------|---------------------|--------------------------------|
| | Adult Care Center | STASC | SCFC | ILDC | Total | Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Receipts from services provided | \$ 10,606,958 | \$ - | \$ 374,049 | \$ - | \$ 10,981,007 | \$ 4,628,994 |
| Receipts from intergovernmental transfer | 10,681,163 | - | - | - | 10,681,163 | - |
| Receipts from tobacco settlement revenues | - | 946,321 | - | - | 946,321 | - |
| Receipts from insurance recoveries | - | - | - | - | - | 193,678 |
| Payments to suppliers of contracted services | (4,951,427) | (34,073) | (333,262) | (76,514) | (5,395,276) | - |
| Payments to employees | (11,468,605) | - | - | - | (11,468,605) | - |
| Payments to insurance carriers and claimants | - | - | - | - | - | (3,689,156) |
| Payments on behalf of other funds | - | - | - | - | - | (842,151) |
| Receipts from other operating revenue | 704,614 | - | - | - | 704,614 | - |
| Net cash provided by (used for) operating activities | <u>5,572,703</u> | <u>912,248</u> | <u>40,787</u> | <u>(76,514)</u> | <u>6,449,224</u> | <u>291,365</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Interest received | - | 12,048 | 1,911 | 420,477 | 434,436 | 425 |
| Purchase of investments | - | - | - | (5,950,582) | (5,950,582) | - |
| Net cash provided by (used for) investing activities | <u>-</u> | <u>12,048</u> | <u>1,911</u> | <u>(5,530,105)</u> | <u>(5,516,146)</u> | <u>425</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | |
| Payments to County | (7,074,663) | - | - | - | (7,074,663) | - |
| Receipts from interest income | 2,244 | - | - | - | 2,244 | - |
| Principal payments on long-term debt | - | (325,000) | - | - | (325,000) | - |
| Net cash used for noncapital financing activities | <u>(7,072,419)</u> | <u>(325,000)</u> | <u>-</u> | <u>-</u> | <u>(7,397,419)</u> | <u>-</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | |
| Capital expenses, net | (15,015) | - | - | (26,284,963) | (26,299,978) | - |
| Contribution from County General Fund | 573,750 | - | - | - | 573,750 | - |
| Interest paid | (11,653) | (834,499) | - | (4,882,771) | (5,728,923) | - |
| Proceeds from bond issuance | - | - | - | 36,735,000 | 36,735,000 | - |
| Principal payments on short-term and long-term debt | (578,639) | - | - | - | (578,639) | - |
| Net cash provided by (used for) capital and related financing activities | <u>(31,557)</u> | <u>(834,499)</u> | <u>-</u> | <u>5,567,266</u> | <u>4,701,210</u> | <u>-</u> |
| (Decrease) increase in cash and cash equivalents | (1,531,273) | (235,203) | 42,698 | (39,353) | (1,763,131) | 291,790 |
| Cash and cash equivalents—beginning (includes restricted cash and cash equivalents) | <u>3,645,705</u> | <u>1,576,819</u> | <u>1,390,277</u> | <u>459,755</u> | <u>7,072,556</u> | <u>584,243</u> |
| Cash and cash equivalents—ending (includes restricted cash and cash equivalents) | <u>\$ 2,114,432</u> | <u>\$ 1,341,616</u> | <u>\$ 1,432,975</u> | <u>\$ 420,402</u> | <u>\$ 5,309,425</u> | <u>\$ 876,033</u> |

(continued)

COUNTY OF SULLIVAN, NEW YORK
Statement of Cash Flows—Proprietary Funds
Year Ended December 31, 2017

(concluded)

| | Business-type Activities | | | | | Governmental Activities |
|--|--------------------------|-------------------|------------------|--------------------|---------------------|----------------------------|
| | Adult Care Center | STASC | SCFC | ILDC | Total | Internal Service Funds |
| Reconciliation of operating income to net cash provided by (used for) operating activities: | | | | | | |
| Operating (loss) income | \$ (97,832) | \$ 817,733 | \$ 125,144 | \$ (81,111) | \$ 763,934 | \$ 852,936 |
| Adjustments to reconcile operating income to net cash provided by (used for) operating activities: | | | | | | |
| Depreciation expense | 380,832 | - | - | - | 380,832 | - |
| Decrease in intergovernmental transfer receivable | 3,948,894 | - | - | - | 3,948,894 | - |
| (Increase) decrease in receivables | (303,157) | - | - | - | (303,157) | 439,062 |
| Decrease in tobacco settlement receivable | - | 94,515 | - | - | 94,515 | - |
| (Increase) in notes receivable | - | - | (74,854) | - | (74,854) | - |
| (Increase) in due from other funds | - | - | - | - | - | (842,151) |
| (Increase) in inventories | (3,485) | - | - | - | (3,485) | - |
| (Increase) in prepaid items | (10,773) | - | - | - | (10,773) | - |
| Decrease in deferred outflows of resources | 2,272,799 | - | - | - | 2,272,799 | - |
| Increase (decrease) in accounts payable | 179,193 | - | - | 4,597 | 183,790 | (192) |
| (Decrease) in amounts due to related parties | - | - | (10,000) | - | (10,000) | - |
| Increase in accrued liabilities | - | - | - | - | - | 19,223 |
| Increase in unearned revenue | - | - | 497 | - | 497 | 201,310 |
| Increase in compensated absences | 36,671 | - | - | - | 36,671 | - |
| (Decrease) in accrued retirement incentives | (116,210) | - | - | - | (116,210) | - |
| Increase in other post-employment benefits | 771,544 | - | - | - | 771,544 | - |
| (Decrease) in claims payable | - | - | - | - | - | (378,823) |
| (Decrease) in accrued net pension liability | (1,776,177) | - | - | - | (1,776,177) | - |
| Increase in deferred inflows of resources | 290,404 | - | - | - | 290,404 | - |
| Total adjustments | <u>5,670,535</u> | <u>94,515</u> | <u>(84,357)</u> | <u>4,597</u> | <u>5,685,290</u> | <u>(561,571)</u> |
| Net cash provided by (used for) operating activities | <u>\$ 5,572,703</u> | <u>\$ 912,248</u> | <u>\$ 40,787</u> | <u>\$ (76,514)</u> | <u>\$ 6,449,224</u> | <u>\$ 291,365</u> |
| Noncash investing activities: | | | | | | |
| Increase in tobacco settlement bonds payable from amortization of original issue discount | <u>\$ -</u> | <u>\$ 57,931</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

COUNTY OF SULLIVAN, NEW YORK
Statement of Net Position—Fiduciary Fund
December 31, 2017

| | <u>Agency</u> |
|-----------------------------|---------------------|
| ASSETS | |
| Cash and equivalents | \$ 3,166,927 |
| Due from other funds | <u>4,574</u> |
| Total assets | <u>\$ 3,171,501</u> |
| LIABILITIES | |
| Accounts payable | \$ 6,742 |
| Employee payroll deductions | 210,731 |
| Deposits | <u>2,954,028</u> |
| Total liabilities | <u>\$ 3,171,501</u> |

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

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COUNTY OF SULLIVAN, NEW YORK
Combining Statement of Net Position—Discretely Presented Component Units
December 31, 2017

| | Sullivan County Community College (8/31/2017) | Sullivan County Soil and Water Conservation District | Sullivan County Industrial Development Agency | Emerald Corporate Center Economic Development Corporation | Sullivan County Land Bank Corporation | Total Discretely Presented Component Units |
|--|---|--|---|---|--|--|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 1,218,047 | \$ 2,141,629 | \$ 3,439,232 | \$ 12,614 | \$ 90,405 | \$ 6,901,927 |
| Restricted cash and cash equivalents | - | - | 1,639,229 | - | - | 1,639,229 |
| Investments | 1,606,620 | - | - | - | - | 1,606,620 |
| Receivables (net of allowance for uncollectibles): | | | | | | |
| Accounts receivable | 1,639,652 | 11,244 | 205,528 | 4,482 | - | 1,860,906 |
| Notes receivable | - | - | 399,867 | - | - | 399,867 |
| Loans receivable | 792,383 | - | - | - | - | 792,383 |
| Intergovernmental receivables | 198,030 | - | 324,078 | 27,343 | - | 549,451 |
| Prepaid items | 114,276 | 3,528 | 17,051 | 11,693 | - | 146,548 |
| Net pension asset | 56,285 | - | - | - | - | 56,285 |
| Capital assets, not being depreciated | 190,000 | - | - | 1,442,461 | - | 1,632,461 |
| Capital assets, net of accumulated depreciation | <u>17,464,585</u> | <u>87,998</u> | <u>2,451,205</u> | <u>-</u> | <u>-</u> | <u>20,003,788</u> |
| Total assets | <u>23,279,878</u> | <u>2,244,399</u> | <u>8,476,190</u> | <u>1,498,593</u> | <u>90,405</u> | <u>35,589,465</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Deferred outflows—relating to pensions | <u>1,455,535</u> | <u>102,560</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,558,095</u> |
| Total deferred outflows of resources | <u>1,455,535</u> | <u>102,560</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,558,095</u> |
| LIABILITIES | | | | | | |
| Accounts payable | 1,226,304 | 74,326 | 4,342 | 5,843 | - | 1,310,815 |
| Accrued liabilities | 1,307,570 | 7,275 | 7,883 | - | - | 1,322,728 |
| Intergovernmental payables | - | - | 932,826 | - | - | 932,826 |
| Due to retirement system | - | 39,878 | - | - | - | 39,878 |
| Unearned revenue | 876,046 | 1,947,541 | 245,506 | - | - | 3,069,093 |
| Deposits payable | 218,729 | - | - | - | - | 218,729 |
| Other liabilities | 228,738 | - | 386,490 | - | - | 615,228 |
| Noncurrent liabilities: | | | | | | |
| Due within one year | 609,757 | 3,700 | 21,541 | - | - | 634,998 |
| Due in more than one year | <u>27,448,915</u> | <u>144,064</u> | <u>332,504</u> | <u>-</u> | <u>-</u> | <u>27,925,483</u> |
| Total liabilities | <u>31,916,059</u> | <u>2,216,784</u> | <u>1,931,092</u> | <u>5,843</u> | <u>-</u> | <u>36,069,778</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred inflows—relating to tuition | 523,578 | - | - | - | - | 523,578 |
| Deferred inflows—relating to pensions | <u>440,772</u> | <u>24,495</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>465,267</u> |
| Total deferred inflows of resources | <u>964,350</u> | <u>24,495</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>988,845</u> |
| NET POSITION | | | | | | |
| Net investment in capital assets | 9,506,305 | 87,998 | 2,451,205 | 1,442,461 | - | 13,487,969 |
| Restricted | 1,632,738 | - | 651,567 | - | - | 2,284,305 |
| Unrestricted | <u>(19,284,039)</u> | <u>17,682</u> | <u>3,442,326</u> | <u>50,289</u> | <u>90,405</u> | <u>(15,683,337)</u> |
| Total net position | <u>\$ (8,144,996)</u> | <u>\$ 105,680</u> | <u>\$ 6,545,098</u> | <u>\$ 1,492,750</u> | <u>\$ 90,405</u> | <u>\$ 88,937</u> |

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

COUNTY OF SULLIVAN, NEW YORK
Combining Statement of Activities—Discretely Presented Component Units
December 31, 2017

| | Sullivan County Community College (8/31/2017) | Sullivan County Soil and Water Conservation District | Sullivan County Industrial Development Agency | Emerald Corporate Center Economic Development Corporation | Sullivan County Land Bank Corporation | Total Discretely Presented Component Units |
|-------------------------------------|---|--|---|---|--|--|
| PROGRAM EXPENSES | \$ 22,665,145 | \$ 959,467 | \$ 514,114 | \$ 69,937 | \$ 9,595 | \$ 24,218,258 |
| PROGRAM REVENUES | | | | | | |
| Charges for services | 5,266,316 | 25,158 | 2,413,464 | - | - | 7,704,938 |
| Operating grants and contributions | 14,735,351 | 997,188 | 4,078 | 62,830 | 100,000 | 15,899,447 |
| Capital grants and contributions | - | - | 261,092 | - | - | 261,092 |
| Total program revenues | <u>20,001,667</u> | <u>1,022,346</u> | <u>2,678,634</u> | <u>62,830</u> | <u>100,000</u> | <u>23,865,477</u> |
| Net (expense) program revenues | <u>(2,663,478)</u> | <u>62,879</u> | <u>2,164,520</u> | <u>(7,107)</u> | <u>90,405</u> | <u>(352,781)</u> |
| GENERAL REVENUES (EXPENSES) | | | | | | |
| Use of money and property | 171,824 | 3,325 | 17,508 | - | - | 192,657 |
| Interest expense | (448,833) | - | (7,328) | (275) | - | (456,436) |
| Miscellaneous | 276,142 | 16,113 | 3,377 | - | - | 295,632 |
| Total general revenue | <u>(867)</u> | <u>19,438</u> | <u>13,557</u> | <u>(275)</u> | <u>-</u> | <u>31,853</u> |
| Change in net position | <u>(2,664,345)</u> | <u>82,317</u> | <u>2,178,077</u> | <u>(7,382)</u> | <u>90,405</u> | <u>(320,928)</u> |
| Net position—beginning, as restated | <u>(5,480,651)</u> | <u>23,363</u> | <u>4,367,021</u> | <u>1,500,132</u> | <u>-</u> | <u>409,865</u> |
| Net position—ending | <u>\$ (8,144,996)</u> | <u>\$ 105,680</u> | <u>\$ 6,545,098</u> | <u>\$ 1,492,750</u> | <u>\$ 90,405</u> | <u>\$ 88,937</u> |

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

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COUNTY OF SULLIVAN, NEW YORK
Notes to the Financial Statements
Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of Government-wide Financial Statements

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

Reporting Entity

The County was established in 1809. Subject to the New York State Constitution, the County operates pursuant to its Charter and Administrative Code (the “Charter”), as well as various local laws. In addition, certain New York State laws govern the County to the extent that such laws are applicable to counties operating under a charter form of government. The charter was adopted by the Board of Supervisors (now County Legislature) of the County of Sullivan on August 25, 1993 by Local Law No. 4-1993, and approved at referendum on November 2, 1993. The Administrative Code was adopted by the Board of Supervisors (now County Legislature) of the County of Sullivan on December 14, 1995 by Local Law No. 11-1995, and amended in its entirety July 17, 1997 by Local Law No. 3-1997 (subsequent amendments noted within applicable sections). The County Legislature is the legislative, appropriating, governing and policymaking body of the County and the County Manager serves as the chief executive and administrative head of the County, and the County Treasurer serves as the chief financial officer of the County.

The County provides mandated social service programs such as Medicaid, Temporary Assistance for Needy Families and Safety Net. The County also provides services and facilities in the areas of culture, recreation, education, public safety, youth, health, senior services, roads, and sanitary sewerage. These general government programs and services are financed by various taxes, state and federal aid and departmental revenue (which are primarily comprised of service fees and various types of program-related charges). Additionally, the County also operates a nursing home.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Discretely presented component units are aggregated and reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

Discretely Presented Component Units—The component unit column in the government-wide financial statements includes the financial data of the County’s discretely presented component units. These statements are presented separately from the financial data of the primary government to emphasize that they are legally separate from the County.

Sullivan County Community College—The Sullivan County Community College (the “College”) was established in 1962 under Article 126 of the Education Act of the State of New York under the sponsorship of the County and is operated by a Board of Trustees under Paragraph (c) of Subdivision 6 of Section 6304 of the Education Act of the State of New York. The College is administered by a nine member Board of Trustees. Five members are appointed by the County Legislature and four members are appointed by the New York State Governor. The College’s fiscal year-end is August 31. The Faculty Student Association of Sullivan County Community College, Inc. (the “Association”) is organized under the not-for-profit laws of New York State to supplement and conduct activities and services for the students, faculty, staff and alumni of the College. The Association is presented as a component unit of the College, and its fiscal year end is August 31. The Sullivan County Community College Foundation, Inc. (the “Foundation”) is organized under the not-for-profit laws of New York State to raise funds to provide scholarships and to provide support for initiatives that will have a significant and measurable impact on the students, faculty and staff of the College. The Foundation is a component unit of the College and its fiscal year end is August 31. The Sullivan County Community College Dormitory Corporation (the "Dormitory Corporation") is organized under the not-for-profit laws of New York State to manage the dormitory buildings of the College. The Dormitory Corporation is presented as a component unit of the College and its fiscal year end is August 31.

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

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

Separately issued financial statements for the College may be obtained by writing the Sullivan County Community College, 112 College Road, Loch Sheldrake, New York 12759.

Sullivan County Soil and Water Conservation District—The Sullivan County Soil and Water Conservation District (the "District") was established in 1966 pursuant to Chapter 727 of the Laws of the State of New York. The District is a nonprofit organization formed to coordinate state and federal conservation programs on a local level. The District is managed by a Board of Directors consisting of seven members. Members are appointed by the County Legislature and are subject to removal at the will of the County Legislature. Separately issued financial statements for the District may be obtained

by writing the Sullivan County Soil and Water Conservation District, 64 Ferndale-Loomis Road, Liberty, New York 12754.

Sullivan County Industrial Development Agency—The Sullivan County Industrial Development Agency (the “IDA”) is a public benefit corporation established in 1970 under the mandate of Article 18-A, “New York State Industrial Development Agency Act,” of New York State general municipal law. The IDA was formed to promote and assist in acquiring or constructing various business and recreational facilities and, in the process, advances the job opportunities, health, general prosperity and economic welfare of the people of Sullivan County. The IDA’s function is to authorize the issuance of industrial revenue bonds for industrial development projects. The IDA reviews and determines whether to recommend approval of those applicants wishing to obtain financing. The IDA receives application fees from applicants and closing fees from those accepted for industrial revenue financing, such fees are recorded when earned. The IDA is managed by a Board of Directors consisting of nine members. Members are appointed by the County Legislature and are subject to removal at the will of the County Legislature. Separately issued financial statements for the IDA may be obtained by writing the County of Sullivan Industrial Development Agency, at One Cablevision Center, Ferndale, NY 12734.

Emerald Corporate Center Economic Development Corporation—The Emerald Corporate Center Economic Development Corporation (the "ECCEDC") was established in 2000 pursuant to an act of the County Legislature. The ECCEDC was formed to operate and sell shovel-ready lots within the Emerald Corporate Park for commercial office uses. The County advances funds necessary to develop the park and is reimbursed upon the sale of property within the park. The ECCEDC is governed by a nine member board of directors. Members are appointed by the County Legislative Chair, confirmed by the County Legislature, and are subject to removal at the will of the County Legislature. Separately issued financial statements for the ECCEDC may be obtained by writing the Emerald Corporate Center, 198 Bridgeville Road, Monticello, NY 12701.

Sullivan County Land Bank Corporation—The Sullivan County Land Bank Corporation (the “Land Bank”) was established under Article 16 of the Not-for-Profit Corporation Law of the State of New York pursuant to a resolution adopted by County on June 16, 2016. The land bank was formed to combat community deterioration by facilitating the return of vacant, abandoned, and tax-delinquent properties to productive use in order to eliminate the harms and liabilities caused by such properties, and lessen the burden of government and act in the public interest. The Land Bank’s public objective and mission is to lessen the burdens of the government by undertaking, promoting, and facilitating the return of vacant, abandoned, and tax delinquent properties to productive use in order to eliminate the harms and liabilities caused by such properties and to combat community deterioration in the County, that will include real estate development and management, real estate project finance, and other community-based economic and human services development activities permissible under the Not-for-Profit Corporation Law. The Land Bank is governed by a nine member board of directors. Members are appointed by the County Legislative Chair, confirmed by the County Legislature, and are subject to removal at the will of the County Legislature. Separately issued financial statements for the SCFC may be obtained by writing the Sullivan County Infrastructure Local Development Corporation, 1 Cablevision Center, Ferndale, New York 12734.

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

Sullivan Tobacco Asset Securitization Corporation—The Sullivan Tobacco Asset Securitization Corporation (“STASC”) is a special purpose, bankruptcy remote, local development corporation organized under the Not-for-Profit Corporation Law of the State of New York and is an instrumentality of, but separate and apart from the County. STASC was incorporated for the sole purpose of issuing tobacco settlement asset backed bonds in order to provide funds to purchase from the County all of the County’s right, title, and interest in annual payments to be received in settlement of certain smoking-related litigation. Tobacco settlement bonds are payable only from the assets of STASC and are not legal obligations of the County. The Board of Directors of STASC consists of five members; the County Manager, the County's Commissioner of Financial Management, the Chairman of the County's Board of Legislators, the Majority Leader of the County's Board of Legislators and the Minority Leader of the County's Board of Legislators. Although legally separate and independent of the County, STASC is considered an affiliated organization under GASB and reported as a component unit of the County for financial reporting purposes and, accordingly, is included in the County’s financial statements. Separately issued financial statements for STASC may be obtained by writing the STASC, 100 North Street Monticello, New York 12701.

Sullivan County Funding Corporation—The Sullivan County Funding Corporation (the "SCFC") was incorporated in November 2010 under Section 1411 of the Not-For-Profit Corporation Law of the State of New York. The SCFC was formed to relieve and reduce unemployment, promote and provide for additional and maximum employment, improve and maintain job opportunities, and lessen the burden of government and act in the public interest. The SCFC’s public objective and mission is to lessening of the burdens of government by undertaking and promoting economic development initiatives in the County. Such initiatives include real estate leasing, acquisition, development and management, real estate project finance, and other community-based economic development activities permissible under the Not-For-Profit Corporation Law. The County is the sole appointing member of the SCFC, acting by and through the County Manager on an ex-officio basis. The SCFC is managed by a Board of Directors consisting of nine members. Members are appointed by the County Manager and are subject to removal at the will of the County Manager. The County is the sole corporate member of the SCFC. Separately issued financial statements for the SCFC may be obtained by writing the Sullivan County Funding Corporation, One Cablevision Center, Ferndale, New York 12734.

Sullivan County Infrastructure Local Development Corporation—The Sullivan County Infrastructure Local Development Corporation (the “ILDC”) was established under to section 1411 of the New York Not-For-Profit Corporation Law pursuant to a resolution adopted by the County on January 28, 2016. The ILDC was formed to develop, own, construct, maintain, certain infrastructure and related improvements located on approximately 1,700 acres of land located in the Town of Thompson exercised solely in connection with the Adelaar Resort Project and related properties. The ILDC’s public objective and mission is to lessening of the burdens of government by undertaking and promoting economic development initiatives in the County that will include real estate leasing, acquisition, development and management, real estate project finance, and other community-based economic development activities permissible under the Not-For-Profit Corporation Law. The County is initial Member of the Corporation acting by and through the County Manager on an ex-officio basis. The Corporation is managed by a Board of Directors consisting of nine members. Members are appointed by the County Manager and are subject to removal at the will of the County Manager. The County is the sole corporate member of the ILDC. Separately issued financial statements for the ILDC may be obtained by writing the Sullivan County Infrastructure Local Development Corporation, 1 Cablevision Center, Ferndale, New York 12734.

Basis of Presentation—Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the County has five discretely presented component units: the College, the District, the IDA, the ECCEDC, and the Land Bank. These are aggregately presented within a single column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and various other functions of the County. Elimination of these changes would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation—Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds and its blended component unit. 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 funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

- *General Fund*—The General Fund constitutes the primary operating fund of the County and is used to account for all operations not required to be accounted for in other funds.
- *County Road Fund*—The County Road Fund is used to record all revenues and expenditures related to road maintenance and construction throughout the County.
- *Refuse and Garbage Fund*—The Refuse and Garbage fund is used to record all revenues and expenditures related to the County's solid waste operations.
- *Capital Projects Fund*—The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

The County reports the following nonmajor governmental funds:

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

- *Special Grant Fund*—The Special Grant Fund is used to account for financial assistance from Federal and State agencies.

- *Road Machinery Fund*—The Road Machinery Fund is used to record all revenues and expenditures related to purchase, repair, maintenance, and storage of highway machinery, tools, and equipment in accordance with New York State Laws.
- *Debt Service Fund*—The Debt Service Fund is provided to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest and for financial resources that are being accumulated for principal and interest maturing in future years.

The County reports the following major enterprise funds:

- *Sullivan County Adult Care Center (the “Adult Care Center”)*—The Adult Care Center is a nursing facility delivering long-term care and short-term rehabilitation services to the citizens of Sullivan County.
- *Sullivan Tobacco Asset Securitization Corporation (“STASC”)*—STASC is used to account for the receipt and disbursement of resources related to tobacco assets and related obligations.
- *Sullivan County Funding Corporation (“SCFC”)*—SCFC is used to account for the creation, retention and expansion of jobs and economic opportunities within the County.
- *Sullivan County Infrastructure Local Development Corporation (the “ILDC”)*—The ILDC is used to account for the development, ownership, construction, and maintenance of certain infrastructure and related improvements on approximately 1,700 acres within the County, to foster the creation, retention, and expansion of jobs and economic opportunities.

Additionally, the County reports the following fund types:

Internal Service Funds—The Internal Service Funds account for the operations that provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The County has established its Workers’ Compensation Benefits Fund and Dental Fund as internal service funds.

Fiduciary Funds—These funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Trust funds account for resources received and disbursements made in accordance with trust agreements or applicable legislative enactments for each particular fund. The County’s fiduciary funds include the *Agency Fund*.

- *Agency Fund*—The Agency Fund is custodial in nature and does not involve measurement of results of operations. The Agency Fund accounts, such as payroll withholdings, are reported as liabilities.

During the course of operations the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/due to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., proprietary funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are recorded at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue sources (within 90 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue sources (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

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

Cash, Cash Equivalents and Investments—Cash and cash equivalents include cash on hand, demand deposits, time deposits, and short-term, highly liquid investments which are readily convertible to known amounts of cash and have a maturity date of 90 days or less from the date of acquisition. State statutes and various resolutions of the County Legislature govern the County’s investment policies. Permissible investments include obligations of the U.S. Treasury and U.S. Government agencies, repurchase agreements and obligations of New York State or its localities. Investments are stated at fair value based on quoted market prices. The County’s governmental activities and business-type activities reported investments of \$9,992,724 and \$31,851,749, respectively, at December 31, 2017.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represent amounts to support restricted fund balance, amounts with constraints placed on their use by either external parties and/or statute, and for unearned revenues.

Restricted Trust Cash—Restricted trust cash represents deposits held in custody for patients and as such represent fiduciary responsibilities of the Adult Care Center rather than present or future interest.

Receivables—Receivables are stated net of allowances for estimated uncollectible amounts. Amounts due from state and federal governments represent amounts owed to the County to reimburse it for expenditures incurred pursuant to state and federally funded programs.

Inventories—Inventories are recorded at the lower of cost (determined using first-in, first-out method) or market.

Capital Assets—Capital assets, which include property, buildings, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements, as well as within the individual proprietary funds. Capital assets are defined by the County as assets with an individual cost or fair market value of more than \$25,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at acquisition value.

The costs of normal maintenance and repair that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

The County depreciates capital assets using a straight-line method over the following estimated useful lives:

| Class of Asset | Years |
|-------------------------------------|-------|
| Buildings and building improvements | 20-50 |
| Machinery and equipment | 5-20 |
| Infrastructure | 25 |

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

Unearned Revenues—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 of \$47,327, \$3,309 and \$299,457 within the General Fund, SCFD and Internal Service Funds, respectively. The County received funds related to asset seizures, fees and workers' compensation contributions in advance but have not performed the associated services and therefore recognizes a liability.

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial 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. At December 31, 2017, the County has three items that qualify for reporting in this category. The first item is a deferred charge on refunding which the County reports within its governmental and business-type activities. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the government-wide financial statements, as well as within individual proprietary funds. This represents the effect of the net change in the County's proportion of the collective net pension liability, the difference during the measurement period between the County's contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension system made subsequent to the measurement date. The third item is related to OPEB reported in the government-wide and proprietary fund financial statements and represents the effects of the change in the County's proportion of the collective net OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At December 31, 2017, the County has three items that qualify for reporting in this category. The first item, reported within the governmental fund financial statements represents unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The second item represents the effect of the net change in the County's proportion of the collective net pension liability and the difference during the measurement periods between the County's contributions and its proportionate share of total contributions to the pension systems not included in pension expense and is reported on the government-wide financial statements. The third item represents the effects of the change in the County's proportion of the collective net OPEB liability and difference during the measurement period between certain employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability.

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

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

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

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

Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. Fund balance is assigned through recommendation by the County Manager and County Treasurer, subsequent to review and acceptance and/or modification by the appropriate committee of the Legislature. The Legislature may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenses/Expenditures

Program Revenues—Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Proprietary Funds Operating and Nonoperating Revenues and Expenses—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 Adult Care Center, STASC, SCFC, ILDC and internal service funds are charges to customers and interfund/intergovernmental entities for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Property Taxes—Real property taxes attach as an enforceable lien on real property and are levied on January 1st, payable without penalty to January 31st. The towns located within the County are responsible for the billing and collection of County taxes. The towns are responsible for collection through March 31st, at which time the collection process is transferred to the County. At that time, a 5% penalty is added to the unpaid amounts. Payments received subsequent to March 31st are also charged interest at 1 % per month on the unpaid tax. The towns retain from their gross tax collection the full amount of their respective levies and return the balance of such collections, which includes the collection of relieved school district taxes, where applicable, to the County.

The County is also responsible for collecting and enforcing delinquent school taxes. Such taxes are collected by the school districts located within the County between September 1st and November 15th. On or about November 15th, the tax receivers of the school districts transmit the school tax rolls together with a listing of unpaid taxes to the appropriate school authorities. The school districts must certify such listing of unpaid taxes and transmit said listing to the County. Unpaid school taxes are relieved as part of the County tax bill due on January 1st of the next calendar year and thereafter collected and enforced in the same manner as County real property taxes. The County must satisfy the full amount of the unpaid school taxes no later than April 1st of the year following the levy of such taxes.

At December 31, 2017, the total real property tax assets relating to the County of \$28,644,814 included an allowance for uncollectible taxes of \$1,692,148. Included in real property tax assets are current year returned school taxes of \$14,166,715, which are offset by liabilities to the school districts. The remaining portion of tax assets is partially offset by deferred inflows of resources—property taxes of \$9,856,282 in the General Fund and represents tax liens which were not collected within the first sixty (60) days of the subsequent year.

Compensated Absences—The County employees are entitled, with certain limitations, to accrue sick leave and vacation time. Estimated sick leave and vacation time is accumulated by governmental fund type employees and reported as a liability and expense in the government-wide financial statements under governmental activities. For proprietary fund type employees, the accumulation is recorded as a noncurrent liability of the proprietary fund type. The compensated absences liability for the County’s governmental and business-type activities at December 31, 2017 totaled \$3,405,961 and \$355,252, respectively, and are reported in the government-wide financial statements and proprietary fund financial statements.

Pensions—The County is mandated by New York State law to participate in the New York State Local Employees’ Retirement System (“ERS”). For purposes of measuring the net pension (asset)/liability, deferred outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 7.

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

Intergovernmental Transfer (“IGT”)—The County is required to advance a percentage of the total Intergovernmental Transfer payments, which is determined by the Federal Matching Rate approved by the Centers for Medicare & Medicaid Services. The qualifying nursing homes are entitled to 100% of the share amount which is allocated based upon the ratio of each facility’s reported Medicaid days divided by the total reported Medicaid days for all eligible activities.

Other

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

Adoption of New Accounting Pronouncements—During the year ended December 31, 2017, the County implemented GASB Statements No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*; 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*, effective for the year ended December 31, 2017. GASB Statement No. 74 improves 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. GASB Statement No. 75 improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). GASB Statement No. 80 improves financial reporting by clarifying the financial statement presentation requirements for certain component units. GASB Statement No. 81 improves 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. GASB Statement No. 82 addresses 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*. The implementation of GASB Statements No. 75 and No. 80 resulted in a material impact on the County’s financial position as discussed in Note 2. GASB Statements No. 74, 81, and 82 did not have a material impact on the County’s financial position or results from operations.

Future Impacts of Accounting Pronouncements—The County has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 85, *Omnibus 2017*; and No. 86, *Certain Debt Extinguishment Issues*, effective for the year ending December 31, 2018, No. 83, *Certain Asset Retirement Obligations*; No. 84, *Fiduciary Activities*; and No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for the year ending December 31, 2019, and No. 87, *Leases*, effective for the year ending December 31, 2020. The County is, therefore, unable to disclose the impact that adopting GASB Statements No. 83, 84, 85, 86, 87, and 88 will have on its financial position and results of operations.

Stewardship, Compliance and Accountability

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

- No later than November 15th, the County Manager submits a tentative budget to the County Legislature for the fiscal year commencing the following January 1st. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- After public hearings are conducted to obtain taxpayer comments, no later than December 20th, the governing board adopts the budget.
- Annual appropriations are adopted and employed for control of the General, County Road, Refuse and Garbage, Road Machinery and Debt Service Funds. These budgets are adopted on a GAAP basis under the modified accrual basis of accounting except that encumbrances if any, are reported as a budgetary expenditure in the year of incurrence of the commitment for the purchase, as well when the actual expenditure occurs in the subsequent fiscal year. All unencumbered appropriations lapse at the end of the fiscal year. At January 1st, encumbrances carried forward from the prior year are reestablished as budgeted appropriations and expenditures.
- Capital projects funds are subject to individual project expenditures determined primarily by the cost of the project together with the requirements for external borrowings used to fund a particular project rather than annual appropriations. These budgets do not lapse at year end and are carried over to the completion of the project.

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

Deficit Net Position—At December 31, 2017, the Workers’ Compensation Benefits Fund, which is reported within the Internal Service Fund, reported a deficit net position of \$50,886. This deficit results primarily from the recognition of long-term liabilities related to the workers’ compensation self-insured plan. The County anticipates that this fund deficit will be remedied through future premiums reimbursed by the appropriate County funds.

2. RESTATEMENT OF NET POSITION

The County and the Adult Care Center early implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the fiscal year ended December 31, 2017. The implementation of GASB Statement No. 75 requires the entity’s net OPEB liability to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service (total OPEB liability), less the amount of the OPEB plan’s fiduciary net position. As a result, the OPEB liability was restated from \$86,395,077 to \$250,216,410 for governmental activities and \$13,231,029 to \$16,228,506 for Adult Care Center business-type activities at December 31, 2016.

For the fiscal year ended December 31, 2017, the County implemented GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*. The implementation of GASB Statement No. 80 resulted in the Sullivan County Funding Corporation (“SCFC”) and the Sullivan County Infrastructure Local Development Corporation (“ILDC”), previously presented as discretely presented component units, to be presented as blended component units because the County serves as sole member of those entities.

For the fiscal year ended December 31, 2017, the IDA has restated beginning net position to account for receivables as of December 31, 2016 not accrued in the financial statements. As a result, net position of the IDA increased by \$77,556.

The primary government and total discretely presented component units' net position have been restated as follows:

| | Business-type Activities Adult Care Center |
|--|---|
| Net Position—December 31, 2016, as previously stated | \$ (12,170,420) |
| GASB Statement No. 75 implementation | <u>(2,997,477)</u> |
| Net Position—December 31, 2016, as restated | <u>\$ (15,167,897)</u> |

| | Primary Government | | | Total Discretely Presented Component Units |
|--|----------------------------|-----------------------------|-------------------------|--|
| | Governmental Activities | Business-type Activities | Total | |
| Net Position—December 31, 2016, as previously stated | \$ 47,532,803 | \$ (27,484,801) | \$ 20,048,002 | \$ 673,549 |
| GASB Statement No. 75 implementation | (163,821,333) | (2,997,477) | (166,818,810) | - |
| GASB Statement No. 80 implementation | - | 341,240 | 341,240 | (341,240) |
| Accounts receivable adjustment - IDA | - | - | - | 77,556 |
| Net Position—December 31, 2016, as restated | <u>\$ (116,288,530)</u> | <u>\$ (30,141,038)</u> | <u>\$ (146,429,568)</u> | <u>\$ 409,865</u> |

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The County's investment policies are governed by State statutes. In addition, the County has its own written investment policy. County monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. Collateral is required for demand deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

Cash and cash equivalents at December 31, 2017 consisted of:

| | Governmental Activities | Business-type Activities | Fiduciary Funds | Total |
|-------------------------------|----------------------------|-----------------------------|---------------------|----------------------|
| Petty cash (uncollateralized) | \$ 14,100 | \$ 2,700 | \$ - | \$ 16,800 |
| Deposits | <u>72,252,779</u> | <u>5,434,369</u> | <u>3,166,927</u> | <u>80,854,075</u> |
| Total | <u>\$ 72,266,879</u> | <u>\$ 5,437,069</u> | <u>\$ 3,166,927</u> | <u>\$ 80,870,875</u> |

Deposits—All deposits are carried at fair value, and are classified by custodial credit risk at December 31, 2017 as follows:

| | Bank Balance | Carrying Amount |
|--|----------------------|----------------------|
| FDIC insured | \$ 3,057,321 | \$ 3,057,321 |
| Uninsured: | | |
| Collateral held by pledging bank's agent in the County's name | 77,829,041 | 76,616,648 |
| Uncollateralized | 3,352,069 | 1,180,106 |
| Total | <u>\$ 84,238,431</u> | <u>\$ 80,854,075</u> |

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. As noted above, the State Statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2017, \$3,352,069 of the County’s deposits were not collateralized.

Restricted Cash and Cash Equivalents—At December 31, 2017, governmental funds reported restricted cash of \$36,196,334, of which \$47,327 is restricted for General Fund unearned revenue, \$626,165 is restricted for Special Grant Fund revolving loan programs, and \$522,901, \$1,108, \$2,359, \$34,847,209 and \$149,265 is restricted to support restricted fund balances within the General Fund, County Road Fund, Refuse and Garbage Fund, Capital Projects Fund, and nonmajor funds, respectively. Total business-type activities reported restricted cash of \$1,854,992 at December 31, 2017, of which \$203,094 is restricted for capital projects and \$127,644 represents patient deposits within the Adult Care Center Fund, \$1,103,852 is restricted for debt service requirements within the STASC fund, and \$420,402 is restricted for the ILDC.

The terms of STASCs bond indenture provide for the establishment of a liquidity reserve. The reserve has been established at the maximum annual debt service requirements for Series 2016 Serial/Term Bonds and interest on 2016C Turbo Term Bonds in the current and any future fiscal year, assuming principal is paid in accordance with the requirements of the indenture.

Investments—Investments are reported at fair value. Accounting standards provide the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include:

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

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

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

The fair value of governmental activities investments at December 31, 2017, categorized by the fair value hierarchy as Level 1, was as follows:

| | |
|----------------------------|----------------------------------|
| | <u>Capital Projects Fund</u> |
| U.S. Government Securities | \$ <u>9,992,724</u> |

Interest Rate Risk—In the case of investments, this is the risk that potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. There is the prospect of a loss should those securities be sold prior to maturity. There are no requirements limiting maturity of investments.

Custodial Credit Risk—Investments—In compliance with State law, the County’s investments are limited to special time deposit accounts in an authorized banking depository or trust company secured in the same manner prescribed by General Municipal law, Section 10; obligations of the United States of America; obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; obligations of the State of New York; obligations of other municipalities, school districts, or district corporation other than the County issued pursuant to Local Finance Law Section 24 or 25 (with approval of the State Comptroller’s Office); obligations of public benefit corporations, public housing authorities, urban renewal, agencies and industrial development agencies; certificates of deposit; and certain repurchase agreements and cooperative investments.

Sullivan County Infrastructure Local Development Corporation—Investments, which are in accordance with the provisions of the Trust Indenture, are reported at contract value, which approximates fair value and consisted of the following at December 31, 2017:

| <u>Description</u> | <u>Interest Rate (%)</u> | <u>Maturity</u> | <u>Value</u> |
|--------------------------------|------------------------------|-----------------|----------------------|
| Guaranteed Investment Contract | 1.050 | 2/1/2018 | \$ 7,657,343 |
| Guaranteed Investment Contract | 1.050 | 2/1/2018 | 2,045,908 |
| Guaranteed Investment Contract | 1.050 | 2/1/2018 | 2,612,183 |
| Guaranteed Investment Contract | 1.050 | 2/1/2018 | 1,152,813 |
| Guaranteed Investment Contract | 1.050 | 2/1/2018 | 5,402,239 |
| Guaranteed Investment Contract | 1.117 | 11/1/2019 | 9,277,460 |
| Guaranteed Investment Contract | 1.640 | 11/1/2027 | <u>3,703,803</u> |
| Total | | | <u>\$ 31,851,749</u> |

Investments consist of unspent debt proceeds and are restricted to expenses related to the debt issue. In the case of Guaranteed Investment Contracts (“GIC’s”), a potential credit risk relates to the financial health or creditworthiness of the issuer, as GIC’s are backed by the insurance company or bank issuing the contract.

Sullivan County Community College

Cash and Cash Equivalents—Deposits for the College totaled \$1,218,047 at August 31, 2017. As of August 31, 2017, none of the College’s bank balance of \$1,107,780 was exposed to custodial credit risk as they were either insured or collateralized.

Investments—Investments for the College totaled \$1,606,620 at August 31, 2017, as reported by the Association, the Foundation, and Dormitory Corporation, component units of the College. The fair value investments of the Association, at August 31, 2017 totaled \$561,158. Fair value hierarchy information for investments reported by the Foundation, at August 31, 2017 was as follows:

| | <u>Level 1</u> |
|---------------|-------------------|
| Equities: | |
| Common stock | \$ 378,713 |
| Mutual funds | 158,572 |
| Invested cash | <u>23,873</u> |
| Total | <u>\$ 561,158</u> |

Sullivan County Soil and Water Conservation District

Cash and Cash Equivalents—Deposits for the District totaled \$2,141,629 and were fully collateralized or insured at December 31, 2017.

Sullivan County Industrial Development Agency

Cash and Cash Equivalents—Cash and cash equivalents at the IDA totaled \$3,439,232 at December 31, 2017. The IDA’s aggregate bank balances included balances of \$3,543,270, which were not covered by depository insurance at year end, and collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the IDA’s name. As of December 31, 2017, \$49,380 of the IDA’s bank balance was exposed to custodial credit risk as they were uninsured and uncollateralized.

Restricted Cash and Cash Equivalents—At December 31, 2017, restricted cash and cash equivalents at the IDA totaled \$1,639,229, of which \$1,033,484 represents cash balances held in escrow accounts and \$399,867 represents cash balances associated with revolving loan accounts.

Emerald Corporate Center Economic Development Corporation

Cash and Cash Equivalents—Cash and cash equivalents at the ECCEDC totaled \$12,614 at December 31, 2017. The balance was within FDIC insurance limits at December 31, 2017.

Sullivan County Land Bank Corporation

Cash and Cash Equivalents—Cash and cash equivalents at the Land Bank totaled \$90,405 at December 31, 2017. The balance was within FDIC insurance limits at December 31, 2017.

4. RECEIVABLES

Taxes Receivable—Represents amounts due from County taxpayers that remain unpaid. At December 31, 2017 the County recorded \$26,952,666 related to taxes receivable. These amounts are reported net of an allowance for uncollectible taxes provision of \$1,692,148.

Accounts Receivable—Represents amounts due from various sources. The County’s accounts receivable and related allowances for estimated uncollectible amounts at December 31, 2017 are presented below:

| | <u>Gross Receivable</u> | <u>Allowances for Uncollectables</u> | <u>Net Receivable</u> |
|-----------------------------|-----------------------------|--|---------------------------|
| Governmental funds: | | | |
| General Fund | \$ 9,258,630 | \$ - | \$ 9,258,630 |
| County Road Fund | 195,353 | - | 195,353 |
| Refuse and Garbage Fund | 936,277 | (410,886) | 525,391 |
| Capital Projects Fund | 30,206 | - | 30,206 |
| Nonmajor governmental funds | 525 | - | 525 |
| Total governmental funds | <u>\$ 10,420,991</u> | <u>\$ (410,886)</u> | <u>\$ 10,010,105</u> |
| Proprietary funds: | | | |
| Adult Care Center | \$ 2,182,784 | \$ (180,803) | \$ 2,001,981 |
| ILDC | 76,500 | - | 76,500 |
| Internal Service Funds | 8,029,963 | - | 8,029,963 |
| Total proprietary funds | <u>\$ 10,289,247</u> | <u>\$ (180,803)</u> | <u>\$ 10,108,444</u> |

Notes Receivable—The SCFC reports notes receivable at December 31, 2017. These represent amounts due from various business entities within the County. The purpose of these notes is to help local businesses expand and develop. Interest earned on the notes is reported as operating revenue in the year it is received. Notes receivable for the SCFC at December 31, 2017 amounted to \$252,313, of which \$36,744 is collectable within one year.

Loans Receivable—The County established a home repair program to provide deferred payment loans to low and moderate-income persons for necessary rehabilitation improvements to housing units. Upon completion of a loan project, the disbursement of loan proceeds is recognized with a corresponding rehabilitation loans receivable within the Special Grants Fund. The rehabilitation loans receivable is reduced upon repayment. Undisbursed funds associated with rehabilitation loans are maintained in a separate interest bearing bank account and reported as restricted cash within the Special Grants Fund.

The loans receivable balance of disbursed rehabilitation loans and restricted cash balance of undisbursed rehabilitation loans are offset by restricted fund balance as they represent funds which are subject to externally enforceable legal restrictions.

At December 31, 2017 the County reported loans receivable of \$536,220, an allowance for uncollectable amounts of \$315,418, and restricted cash of \$626,165 related to the home repair program.

Intergovernmental Receivables—Represents amounts due from other units of government, such as Federal, New York State or other local governments. Intergovernmental receivables at December 31, 2017 are as shown on the following page.

| | |
|-----------------------------|----------------------|
| Governmental funds: | |
| General Fund | \$ 16,517,134 |
| County Road Fund | 1,910,537 |
| Refuse and Garbage Fund | 64,761 |
| Capital Projects Fund | 498,664 |
| Nonmajor governmental Funds | <u>88,447</u> |
| Total | <u>\$ 19,079,543</u> |
| Proprietary funds: | |
| Adult Care Center | <u>\$ 979,200</u> |

Sullivan County Community College

Accounts Receivable—Accounts receivable at the College are shown net of allowance for doubtful accounts and consist of the following at August 31, 2017:

| | Gross Receivable | Allowances for Uncollectables | Net Receivable |
|-----------------------|---------------------|----------------------------------|---------------------|
| Primary institution | \$ 1,768,999 | \$ (445,175) | \$ 1,323,824 |
| Association | 101,762 | - | 101,762 |
| Dormitory Corporation | <u>214,066</u> | <u>-</u> | <u>214,066</u> |
| Total | <u>\$ 2,084,827</u> | <u>\$ (445,175)</u> | <u>\$ 1,639,652</u> |

Intergovernmental Receivables—The majority of the funds reflected in this account for the College consist of appropriations from various government levels and other sponsorships of academic and other programs for student aid.

Loans Receivable—Represents funds due from students advanced to the College by the Federal government under the Federal Perkins Loans Program.

Sullivan County Soil and Water Conservation District

Accounts Receivable—Accounts receivable for the District at December 31, 2017 amounted to \$11,244.

Sullivan County Industrial Development Agency

Accounts Receivable—Accounts receivable for the IDA at December 31, 2017 amounted to \$205,528.

Intergovernmental Receivables—Represents amounts due from other units of government, such as Federal, New York State or other local governments. Intergovernmental receivables for the IDA at December 31, 2017 for the IDA amounted to \$324,078.

Notes Receivable—Notes receivable consists of amounts due from various business entities within Sullivan County. The purpose of these notes is to help local businesses expand and develop. Notes receivable for IDA at December 31, 2017 amounted to \$399,867.

Leases Receivable—The IDA entered into an agreement to lease equipment to a company at a rate of \$482 per month over 84 months. The lease matures in October 2023, at which time the company has the option of purchasing the equipment for \$4,345. Since the present value of the minimum lease payments

are at least 90% of the value of the equipment, the transaction is being treated as a direct financing lease, which means the IDA is financing the in-substance purchase of the property by the lessee. During the year ended December 31, 2017, the agreement was terminated for non-payment and the leased equipment was returned to the IDA.

Emerald Corporate Center Economic Development Corporation

Accounts Receivable—Accounts receivable for the ECCEDC at December 31, 2017 amounted to \$4,482.

Intergovernmental Receivable—Intergovernmental receivables for the ECCEDC at December 31, 2017 amounted to \$27,343.

5. CAPITAL ASSETS

Governmental activities—Capital asset activity for the primary government’s governmental activities for the year ended December 31, 2017 was as follows:

| | Balance 1/1/2017 | Increases | Decreases | Balance 12/31/2017 |
|--|-----------------------|----------------------|---------------------|-----------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 8,725,687 | \$ 1,987,676 | \$ 1,987,676 | \$ 8,725,687 |
| Construction in progress | <u>15,260,860</u> | <u>52,203,066</u> | <u>6,592,894</u> | <u>60,871,032</u> |
| Total capital assets, not being depreciated | <u>23,986,547</u> | <u>54,190,742</u> | <u>8,580,570</u> | <u>69,596,719</u> |
| Capital assets, being depreciated: | | | | |
| Land improvements | 18,108,897 | - | - | 18,108,897 |
| Buildings and building improvements | 46,350,278 | 120,000 | - | 46,470,278 |
| Machinery and equipment | 33,097,973 | 2,152,259 | 2,635,379 | 32,614,853 |
| Infrastructure | <u>253,393,242</u> | <u>18,282,325</u> | <u>-</u> | <u>271,675,567</u> |
| Total capital assets, being depreciated | <u>350,950,390</u> | <u>20,554,584</u> | <u>2,635,379</u> | <u>368,869,595</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | 15,112,418 | 387,326 | - | 15,499,744 |
| Buildings and building improvements | 19,645,478 | 915,191 | - | 20,560,669 |
| Machinery and equipment | 25,650,109 | 1,644,058 | 2,599,840 | 24,694,327 |
| Infrastructure | <u>138,743,145</u> | <u>9,516,770</u> | <u>-</u> | <u>148,259,915</u> |
| Total accumulated depreciation | <u>199,151,150</u> | <u>12,463,345</u> | <u>2,599,840</u> | <u>209,014,655</u> |
| Total capital assets, being depreciated, net | <u>151,799,240</u> | <u>8,091,239</u> | <u>35,539</u> | <u>159,854,940</u> |
| Governmental activities capital assets, net | <u>\$ 175,785,787</u> | <u>\$ 62,281,981</u> | <u>\$ 8,616,109</u> | <u>\$ 229,451,659</u> |

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

| | |
|-------------------------------------|----------------------|
| General government support | \$ 919,955 |
| Education | 326,423 |
| Public safety | 415,814 |
| Public health | 115,041 |
| Transportation | 9,112,801 |
| Economic assistance and opportunity | 39,733 |
| Culture and recreation | 88,932 |
| Home and community services | <u>1,444,646</u> |
| Total governmental activities | <u>\$ 12,463,345</u> |

Business-type activities—Capital asset activity for the primary government's business-type activities for the year ended December 31, 2017, was as follows:

| | Balance 1/1/2017 (as restated) | Increases | Decreases | Balance 12/31/2017 |
|--|--------------------------------------|----------------------|-------------|-----------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 44,800 | \$ - | \$ - | \$ 44,800 |
| Construction in progress | <u>69,333,924</u> | <u>14,601,003</u> | <u>-</u> | <u>83,934,927</u> |
| Total capital assets, not being depreciated | <u>69,378,724</u> | <u>14,601,003</u> | <u>-</u> | <u>83,979,727</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 12,249,367 | - | - | 12,249,367 |
| Land improvements | 87,600 | - | - | 87,600 |
| Machinery and equipment | <u>815,511</u> | <u>15,015</u> | <u>-</u> | <u>830,526</u> |
| Total capital assets, being depreciated | <u>13,152,478</u> | <u>15,015</u> | <u>-</u> | <u>13,167,493</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 10,047,078 | 328,585 | - | 10,375,663 |
| Land improvements | 87,600 | - | - | 87,600 |
| Machinery and equipment | <u>472,811</u> | <u>52,247</u> | <u>-</u> | <u>525,058</u> |
| Total accumulated depreciation | <u>10,607,489</u> | <u>380,832</u> | <u>-</u> | <u>10,988,321</u> |
| Total capital assets, being depreciated, net | <u>2,544,989</u> | <u>(365,817)</u> | <u>-</u> | <u>2,179,172</u> |
| Business-type activities capital assets, net | <u>\$ 71,923,713</u> | <u>\$ 14,235,186</u> | <u>\$ -</u> | <u>\$ 86,158,899</u> |

Construction in progress of \$83,934,927 at December 31, 2017 comprised ongoing capital projects reported by the ILDC.

Sullivan County Community College

Capital asset activity for the College, for the year ended August 31, 2017, was as follows:

| | Balance 9/1/2016 | Increases | Decreases | Balance 8/31/2017 |
|--|----------------------|-----------------------|-------------|----------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 277,445 | \$ - | \$ - | \$ 277,445 |
| Total capital assets, not being depreciated | <u>277,445</u> | <u>-</u> | <u>-</u> | <u>277,445</u> |
| Capital assets, being depreciated: | | | | |
| Building and improvements | 46,039,281 | 386,501 | - | 46,425,782 |
| Furniture and equipment | <u>5,197,193</u> | <u>217,163</u> | <u>-</u> | <u>5,414,356</u> |
| Total capital assets, being depreciated | <u>51,236,474</u> | <u>603,664</u> | <u>-</u> | <u>51,840,138</u> |
| Less accumulated depreciation for: | | | | |
| Building and improvements | 28,756,317 | 1,333,955 | - | 30,090,272 |
| Furniture and equipment | <u>4,075,978</u> | <u>296,748</u> | <u>-</u> | <u>4,372,726</u> |
| Total accumulated depreciation | <u>32,832,295</u> | <u>1,630,703</u> | <u>-</u> | <u>34,462,998</u> |
| Total capital assets, being depreciated, net | <u>18,404,179</u> | <u>(1,027,039)</u> | <u>-</u> | <u>17,377,140</u> |
| Total capital assets, net | <u>\$ 18,681,624</u> | <u>\$ (1,027,039)</u> | <u>\$ -</u> | <u>\$ 17,654,585</u> |

Sullivan County Soil and Water Conservation District

Capital asset activity for the District, for the year ended December 31, 2017, was as follows:

| | Balance 1/1/2017 | Increases | Decreases | Balance 12/31/2017 |
|---|---------------------|------------------|---------------|-----------------------|
| Capital assets, being depreciated: | | | | |
| Buildings | \$ 55,197 | \$ - | \$ - | \$ 55,197 |
| Machinery and equipment | <u>173,252</u> | <u>62,560</u> | <u>24,618</u> | <u>211,194</u> |
| Total capital assets, being depreciated | <u>228,449</u> | <u>62,560</u> | <u>24,618</u> | <u>266,391</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 38,640 | 1,380 | - | 40,020 |
| Machinery and equipment | <u>126,133</u> | <u>36,858</u> | <u>24,618</u> | <u>138,373</u> |
| Total accumulated depreciation | <u>164,773</u> | <u>38,238</u> | <u>24,618</u> | <u>178,393</u> |
| Total capital assets, net | <u>\$ 63,676</u> | <u>\$ 24,322</u> | <u>\$ -</u> | <u>\$ 87,998</u> |

Sullivan County Industrial Development Agency

Capital asset activity for the IDA, for the year ended December 31, 2017, was as follows:

| | Balance 1/1/2017 | Increases | Decreases | Balance 12/31/2017 |
|------------------------------------|---------------------|-------------------|-------------|-----------------------|
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | \$ 1,590,086 | \$ - | \$ - | \$ 1,590,086 |
| Equipment | 831,088 | 168,025 | - | 999,113 |
| Less: accumulated depreciation | <u>(101,139)</u> | <u>(36,855)</u> | <u>-</u> | <u>(137,994)</u> |
| Total capital assets, net | <u>\$ 2,320,035</u> | <u>\$ 131,170</u> | <u>\$ -</u> | <u>\$ 2,451,205</u> |

Emerald Corporate Center Economic Development Corporation

Capital asset activity for the ECCEDC, for the year ended December 31, 2017, was as follows:

| | Balance 1/1/2017 | Increases | Decreases | Balance 12/31/2017 |
|--|---------------------|-------------|-------------|-----------------------|
| Capital assets, not being depreciated: | | | | |
| Buildings and improvements | <u>\$ 1,442,461</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,442,461</u> |

During 2002, ECCEDC acquired land and existing infrastructure from the County of Sullivan for the purpose of constructing a corporate center. All expenditures related to the architectural, engineering, legal matters and construction of infrastructure are being capitalized.

6. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at December 31, 2017, were as follows:

| | General Fund | County Road Fund | Refused and Garbage Fund | Other Nonmajor Funds | Total Governmental Funds |
|--------------------------------|---------------------|---------------------|-----------------------------|----------------------------|--------------------------------|
| Salaries and employee benefits | <u>\$ 2,416,316</u> | <u>\$ 340,711</u> | <u>\$ 77,437</u> | <u>\$ 99,924</u> | <u>\$ 2,934,388</u> |

7. PENSION OBLIGATIONS

Plan Descriptions and Benefits Provided

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

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

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions—At December 31, 2017, the County reported the following liabilities for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2017. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of April 1, 2016, with update procedures used to roll forward the total net pension liabilities to the measurement date. The County's proportion of the net pension liabilities were based on projections of the County's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the County.

| | ERS | |
|---|----------------------------|-----------------------------|
| | Governmental Activities | Business-type Activities |
| Measurement date | March 31, 2017 | |
| Net pension liability | \$ 17,396,061 | \$ 2,417,622 |
| County's portion of the Plan's total net pension liability | 0.1851387% | 0.0257297% |

For the year ended December 31, 2017, the County recognized pension expense of \$9,375,824 and \$1,303,007 for governmental activities and business-type activities, respectively. At December 31, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown on the following page.

| | ERS | | | |
|---|-----------------------------------|-----------------------------|----------------------------------|-----------------------------|
| | Deferred Outflows of Resources | | Deferred Inflows of Resources | |
| | Governmental Activities | Business-type Activities | Governmental Activities | Business-type Activities |
| | Governmental Activities | Business-type Activities | Governmental Activities | Business-type Activities |
| Differences between expected and actual experiences | \$ 435,929 | \$ 60,583 | \$ 2,641,690 | \$ 367,130 |
| Changes of assumptions | 5,943,132 | 825,948 | - | - |
| Net difference between projected and actual earnings on pension plan investments | 3,474,698 | 482,897 | - | - |
| Changes in proportion and differences between the County's contributions and proportionate share of contributions | 59,959 | 8,333 | 1,738,300 | 241,581 |
| County contributions subsequent to the measurement date | <u>4,894,579</u> | <u>680,225</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 14,808,297</u> | <u>\$ 2,057,986</u> | <u>\$ 4,379,990</u> | <u>\$ 608,711</u> |

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

| Year Ending December 31, | ERS | |
|--------------------------|----------------------------|-----------------------------|
| | Governmental Activities | Business-type Activities |
| 2018 | \$ 2,887,168 | \$ 192,263 |
| 2019 | 2,887,168 | 192,263 |
| 2020 | 2,806,885 | 192,263 |
| 2021 | (3,047,493) | 192,261 |

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

| | ERS |
|--------------------------|-----------------------------------|
| Measurement date | March 31, 2017 |
| Actuarial valuation date | April 1, 2016 |
| Interest rate | 7.00% |
| Salary scale | 3.80% |
| Decrement tables | April 1, 2010 - March 31, 2015 |
| Inflation date | 2.50% |

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2014. The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

| Measurement date Asset class: | ERS | |
|----------------------------------|-------------------|---|
| | Target Allocation | Long-Term Expected Real Rate of Return |
| | March 31, 2017 | |
| Domestic equities | 36.0 % | 4.6 % |
| International equities | 14.0 | 6.4 |
| Private equity | 10.0 | 7.8 |
| Real estate | 10.0 | 5.8 |
| Absolute return strategies | 2.0 | 4.0 |
| Opportunistic portfolio | 3.0 | 5.9 |
| Real assets | 3.0 | 5.5 |
| Bonds and mortgages | 17.0 | 1.3 |
| Cash | 1.0 | (0.3) |
| Inflation-indexed bonds | 4.0 | 1.5 |
| Total | <u>100.0 %</u> | |

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

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

| | 1% Decrease (6.0%) | Current Assumption (7.0%) | 1% Increase (8.0%) |
|--|--------------------------|---------------------------------|--------------------------|
| Governmental activities: | | | |
| Employer's proportionate share of the net pension liability/(asset) | \$ 55,559,573 | \$ 17,396,061 | \$ (14,871,116) |
| Business-type activities: | | | |
| Employer's proportionate share of the net pension liability/(asset) | \$ 7,721,405 | \$ 2,417,622 | \$ (2,066,717) |

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

| | (Dollars in Thousands) |
|---|------------------------|
| | ERS |
| Valuation date | April 1, 2016 |
| Employers' total pension liability | \$ 177,400,586 |
| Plan fiduciary net position | <u>168,004,363</u> |
| Employers' net pension liability | <u>\$ 9,396,223</u> |
| System fiduciary net position as a percentage of total pension liability | 94.7% |

Sullivan County Community College

The College participates in the ERS and the Teachers' Retirement System ("TRS").

Plan Description and Benefits Provided

Teachers' Retirement System—The College participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law ("NYSRSSL"). TRS is governed by a 10 member Board of Trustees. 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 NYSTRS 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 3.0% to 3.5% of their annual salary. Employees in the System more than ten years are no longer required to contribute. Pursuant to Article 11 of the Education Law, rates are established annually by the New York State Teachers' Retirement Board.

Employees' Retirement System—The plan description is the same as disclosed within the County's footnote.

Pension Liabilities/(Assets), Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions—At August 31, 2017, the College reported the following liability/(asset) for its proportionate share of the net pension liability/(asset) for each of the Systems. The net pension liability/(asset) was measured as of June 30, 2017 for TRS and March 31, 2017 for ERS. The total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by actuarial valuations as of June 30, 2016 for TRS and April 1, 2016 for ERS. The College's proportion of the net pension liability/(asset) 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 TRS and ERS in reports provided to the College.

| | TRS | ERS |
|---|---------------|----------------|
| Measurement date | June 30, 2017 | March 31, 2017 |
| Net pension liability/(asset) | \$ (56,285) | \$ 1,062,603 |
| College's portion of the Plan's total net pension liability/(asset) | 0.0074050% | 0.0113090% |

For the year ended August 31, 2017, the College recognized pension expense \$148,549 for the TRS and \$572,703 for ERS. At August 31, 2017, the College 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 | |
|--|-----------------------------------|-------------------|----------------------------------|-------------------|
| | TRS | ERS | TRS | ERS |
| Differences between expected and actual experiences | \$ 46,309 | \$ 26,628 | \$ 21,945 | \$ 161,362 |
| Changes of assumptions | 572,713 | 363,024 | - | - |
| Net difference between projected and actual earnings on pension plan investments | - | 212,245 | 132,568 | - |
| Changes in proportion and differences between the College's contributions and proportionate share of contributions | 63,033 | 3,662 | 18,717 | 106,180 |
| College contributions subsequent to the measurement date | 22,921 | 145,000 | - | - |
| Total | <u>\$ 704,976</u> | <u>\$ 750,559</u> | <u>\$ 173,230</u> | <u>\$ 267,542</u> |

Amounts reported as deferred inflows of resources and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending August 31, | TRS | ERS |
|------------------------|-----------|------------|
| 2018 | \$ 20,067 | \$ 165,149 |
| 2019 | 158,564 | 165,149 |
| 2020 | 115,473 | 160,844 |
| 2021 | 33,960 | (153,125) |
| 2022 | 115,158 | - |
| Thereafter | 65,603 | - |

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

| | TRS | ERS |
|--------------------------|---------------------------------|-----------------------------------|
| Measurement date | June 30, 2017 | March 31, 2017 |
| Actuarial valuation date | June 30, 2016 | April 1, 2016 |
| Interest rate | 7.25% | 7.00% |
| Salary scale | 1.90%-4.72% | 3.80% |
| Decrement tables | July 1, 2009 - June 30, 2014 | April 1, 2010 - March 31, 2015 |
| Inflation rate | 2.5% | 2.5% |

For ERS, the long-term rate of return on pension plan investments is the same as disclosed within the County’s footnote.

For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2014 System experience with adjustments for mortality improvements based on Society of Actuaries Scale MP2014, applied on a generational basis. The actuarial assumptions used in the June 30, 2016 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

| | Target Allocation | | Long-Term Expected Real Rate of Return | |
|----------------------------|-------------------|---------|---|----------------|
| | TRS | ERS | TRS | ERS |
| | | | June 30, 2017 | March 31, 2017 |
| Measurement date | | | | |
| Asset class: | | | | |
| Domestic equities | 35.0 % | 36.0 % | 5.9 % | 4.6 % |
| International equities | 18.0 | 14.0 | 7.4 | 6.3 |
| Private equity | 8.0 | 10.0 | 9.0 | 7.8 |
| Real estate | 11.0 | 10.0 | 4.3 | 5.8 |
| Absolute return strategies | 19.0 | 2.0 | 6.8 | 4.0 |
| Opportunistic portfolio | 0.0 | 3.0 | 0.0 | 5.9 |
| Real assets | 0.0 | 3.0 | 0.0 | 5.5 |
| Bonds and mortgages | 8.0 | 17.0 | 2.8 | 1.3 |
| Cash | 1.0 | 1.0 | 6.0 | -0.3 |
| Inflation-indexed bonds | 0.0 | 4.0 | 0.0 | 1.5 |
| Total | 100.0 % | 100.0 % | | |

Discount Rate—The discount rate used to calculate the total pension liabilities was 7.25% for TRS and 7.0% for ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability/(asset).

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to the Discount Rate Assumption—The following chart presents the College’s proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.25% for TRS and 7.0% for ERS, as well as what the College’s proportionate share of the net pension liability/(asset) would be if they were calculated using a discount rate that is one percentage-point lower (6.25% for TRS and 6.0% for ERS) or one percentage-point higher (8.25% for TRS and 8.0% for ERS) than the current assumption.

| | 1% Decrease (6.25%) | Current Assumption (7.25%) | 1% Increase (8.25%) |
|--|---------------------------|----------------------------------|---------------------------|
| TRS | | | |
| Employer's proportionate share of the net pension liability/(asset) | \$ 969,627 | \$ (56,285) | \$ (915,435) |
| ERS | | | |
| Employer's proportionate share of the net pension liability/(asset) | \$ 3,393,743 | \$ 1,062,603 | \$ (908,372) |

Pension Plan Fiduciary Net Position—The components of the current-year net pension liability/(asset) of the employers as of the valuation dates were as follows:

| | (Dollars in Thousands) | | |
|---|------------------------|----------------|----------------|
| | TRS | ERS | Total |
| Measurement date | June 30, 2017 | March 31, 2017 | |
| Employers' total pension liability | \$ 114,708,261 | \$ 177,400,586 | \$ 292,108,847 |
| Plan fiduciary net position | 115,468,360 | 168,004,363 | 283,472,723 |
| Employers' net pension liability/(asset) | \$ (760,099) | \$ 9,396,223 | \$ 8,636,124 |
| System fiduciary net position as a percentage of total pension liability | 100.7% | 94.7% | 97.0% |

Voluntary Defined Contribution Plan—The College also offers a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending on salary and the College will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

Teachers' Insurance and Annuity Association College Retirement Equities Fund—The College participates in the Teachers' Insurance and Annuity Association College Retirement Equities Fund ("TIAA-CREF"). TIAA-CREF is a cost sharing multiple-employer defined contribution pension plan.

The System provides retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by the NYSRSSL. TIAA-CREF issues publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by writing the Teacher's Insurance and Annuity Association - College Retirement Equities Fund, 730 Third Avenue, New York, New York 10017.

TIAA-CREF is a privately operated defined contribution retirement plan which provides benefits to certain employees of the College. Under the plan, the College is required to make contributions based on gross salaries of the participants as follows:

| Tier | Dates | Contribution |
|--------|-----------------------------------|---|
| Tier 1 | Membership prior to July 1, 1973 | 12% of the first \$16,500 of salary per calendar year, and 15% of all salary above \$16,500 |
| Tier 2 | July 1, 1973 - July 26 1976 | 12% of the first \$16,500 of salary per calendar year, and 15% of all salary above \$16,500 |
| Tier 3 | July 27, 1976 - August 31, 1983 | 9% of the first \$16,500 of salary per calendar year, and 12% of all salary above \$16,500 |
| Tier 4 | September 1, 1983 - July 16, 1992 | 12% of the first \$16,500 of salary per calendar year, and 15% of all salary above \$16,500 |
| Tier 5 | July 17, 1992 - March 31, 2012 | 8% of the first seven years of service, and 10% thereafter |
| Tier 6 | April 1, 2012 and thereafter | 8% of the first seven years of service, and 10% thereafter |

Upon the completion of 366 days of service a lump sum contribution is made by the College for this initial vesting period and each pay period thereafter. An employee contribution of 3% of pay is required for Tiers 3, 4 and 5 which is eliminated after 10 years of service when the College will make an additional 3% contribution for these employees. The Tier 6 employee contribution is required for the duration of their membership as follows:

| | |
|----------------------------------|-------|
| Wages of \$45,000 or less | 3.00% |
| Wages of \$45,000.01 - \$55,000 | 3.50% |
| Wages of \$55,000.01 - \$75,000 | 4.50% |
| Wages of \$75,000.01 - \$100,000 | 5.75% |
| Wages greater than \$100,000 | 6.00% |

For the year ended August 31, 2017, employee contributions totaled \$33,243 and the College recognized pension expense of \$355,303.

At August 31, 2017, the College reported payables to the defined contribution pension plan of \$9,422 for legally required employer contributions and \$3,439 for legally required employee contributions which had been withheld from employee wages but not yet remitted to TIAA-CREF.

Sullivan County Soil and Water Conservation District

Plan Descriptions and Benefits Provided

Employees' Retirement System—The plan description is the same as disclosed within the County's footnote.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At December 31, 2017, the District reported the following liability for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to the measurement date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the District.

| | |
|--|----------------|
| | <u>ERS</u> |
| Measurement date | March 31, 2017 |
| Net pension liability | \$ 110,602 |
| District's portion of the Plan's total | |
| Net pension liability | 0.001177% |

For the year ended December 31, 2017, the District recognized pension expense of \$60,869. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | | |
|---|---|--|
| | <u>ERS</u> | |
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between expected and actual experiences | \$ 2,772 | \$ 16,795 |
| Changes of assumptions | 37,786 | - |
| Net difference between projected and actual earnings on pension plan investments | 22,092 | - |
| Changes in proportion and differences between the District's contributions and proportionate share of contributions | 32 | 7,700 |
| District contributions subsequent to the measurement date | 39,878 | - |
| Total | <u>\$ 102,560</u> | <u>\$ 24,495</u> |

The District's contributions subsequent to the measurement date 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 stated on the following page.

| <u>Year Ending December 31,</u> | <u>ERS</u> |
|---------------------------------|------------|
| 2018 | \$ 18,448 |
| 2019 | 18,448 |
| 2020 | 16,389 |
| 2021 | (15,098) |

Actuarial Assumptions—The total pension liability as of the measurement date was determined by using the same actuarial valuation as disclosed within the County’s footnote.

Discount Rate—The discount rate used to calculate the total pension liability was the same as disclosed within the County’s footnote.

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to the Discount Rate Assumption—The chart below presents the District’s proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.0%, as well as what the District’s proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage-point lower (6.0%) or one percentage-point higher (8.0%) than the current assumption.

| <u>ERS</u> | <u>1% Decrease (6.0%)</u> | <u>Current Assumption (7.0%)</u> | <u>1% Increase (8.0%)</u> |
|--|-----------------------------------|--|-----------------------------------|
| Employer's proportionate share of the net pension liability/(asset) | \$ 353,240 | \$ 110,602 | \$ (94,548) |

Pension Plan Fiduciary Net Position—The components of the current-year net pension liability of the employers as of the valuation date, was the same as disclosed within the County’s footnote.

8. OTHER POST-EMPLOYMENT BENEFITS (“OPEB”) OBLIGATION

Plan Description—In addition to providing pension benefits, the County provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees' covered and the percentage of contribution.

Employees Covered by Benefit Terms—At December 31, 2017, the following employees were covered by the benefit terms:

| | |
|-------------------|---------------------|
| Active employees | 842 |
| Retired employees | <u>503</u> |
| Total | <u><u>1,345</u></u> |

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

Total OPEB Liability

The County’s total OPEB liability for governmental and business-type activities of \$262,112,339 and \$17,000,050, respectively, was measured as of December 31, 2017, and was determined by an actuarial valuation as of January 1, 2017.

Actuarial Methods and Assumptions—Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the January 1, 2017 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate is 3.16% effective December 31, 2017. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 8.0%, while the ultimate healthcare cost trend rate is 5.0% for years after 2023.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2017.

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

| | Total OPEB Liability | |
|--|----------------------------|-----------------------------|
| | Governmental Activities | Business-type Activities |
| Balances at December 31, 2016, as restated: | \$ 250,216,410 | \$ 16,228,506 |
| Changes for the year: | | |
| Service cost | 4,993,306 | 940,216 |
| Interest | 7,906,838 | 512,821 |
| Differences between expected and actual experience | 4,419,853 | (383,147) |
| Contributions—employer | (5,424,068) | (298,346) |
| Net changes | 11,895,929 | 771,544 |
| Balances at December 31, 2017 | \$ 262,112,339 | \$ 17,000,050 |

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

| | 1% Decrease (2.16%) | Current Discount Rate (3.16%) | 1% Increase (4.16%) |
|---------------------------|---------------------------|-------------------------------------|---------------------------|
| Governmental activities: | | | |
| Net OPEB liability | \$ 301,581,849 | \$ 262,112,339 | \$ 218,707,871 |
| Business-type activities: | | | |
| Net OPEB liability | \$ 19,559,959 | \$ 17,000,050 | \$ 14,184,928 |

Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the net OPEB liability of a 1% change in the initial (8.0%) and ultimate (5.0%) healthcare cost trend rates.

| | 1% Decrease (7.0% / 4.0%) | Healthcare Cost Trend Rates (8.0% / 5.0%) | 1% Increase (9.0% / 6.0%) |
|---------------------------|---------------------------------|--|---------------------------------|
| Governmental activities: | | | |
| Net OPEB liability | \$ 215,972,087 | \$ 262,112,339 | \$ 317,477,411 |
| Business-type activities: | | | |
| Net OPEB liability | \$ 14,007,491 | \$ 17,000,050 | \$ 20,590,911 |

Funding Policy—Contributions by the primary government may vary according to length of service. The cost of providing post-employment health care benefits is shared between the County and the retired employee. Substantially all employees may become eligible for those benefits if they reach normal retirement age and length of service requirement while working for these entities. The cost of retiree health care benefits is recognized as an expenditure as premiums are paid within the governmental funds. For the year ended December 31, 2017, the County’s governmental and business-type activities recognized OPEB expense of \$176,721,477 and \$4,450,514, respectively.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The County reports deferred outflows of resources and deferred inflows of resources due to differences during the measurement period between the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability. At December 31, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the sources shown below.

| | Deferred Outflows of Resources | | Deferred Inflows of Resources | |
|--|-----------------------------------|-----------------------------|----------------------------------|-----------------------------|
| | Governmental Activities | Business-type Activities | Governmental Activities | Business-type Activities |
| Differences between expected and actual experience | \$ 4,419,853 | \$ - | \$ - | \$ 383,147 |
| Changes of assumptions | - | - | - | - |
| Total | <u>\$ 4,419,853</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 383,147</u> |

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ending December 31, | Governmental Activities | Business-type Activities |
|-----------------------------|----------------------------|-----------------------------|
| 2018 | \$ 490,522 | \$ (42,522) |
| 2019 | 490,522 | (42,522) |
| 2020 | 490,522 | (42,522) |
| 2021 | 490,522 | (42,522) |
| 2022 | 490,522 | (42,522) |
| Thereafter | 1,967,243 | (170,537) |

Sullivan County Community College

Plan Description—In addition to providing pension benefits, the College provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution.

Funding Policy—Contributions by the College may vary according to length of services. The cost of providing post-employment health care benefits is shared between the College and the retired employee. Substantially all of the College’s employees may become eligible for those benefits if they reach normal retirement age while working for the College.

Annual OPEB Cost and Net OPEB Obligation—The College’s annual other post-employment benefit (“OPEB”) cost (expense) is calculated based on the annual required contribution, (“ARC”), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees’ medical insurance. As a result, reporting of expenses and liabilities will no longer be accounted for under the “pay-as-you-go” approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a “normal cost”, an “actuarial accrued liability”, and ultimately the annual required contribution ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The following table shows the components of the College’s annual OPEB cost for the years ended August 31, 2017, August 31, 2016 and August 31, 2015, the amount actually contributed to the Plan, and changes in the College’s net OPEB obligation.

| | Year Ended August 31, | | |
|--------------------------------------|-----------------------|----------------------|----------------------|
| | 2017 | 2016 | 2015 |
| Annual required contribution ("ARC") | \$ 2,981,137 | \$ 2,981,137 | \$ 2,566,422 |
| Interest on net OPEB Obligation | 684,086 | 605,523 | 535,860 |
| Adjustment to ARC | <u>(567,236)</u> | <u>(502,044)</u> | <u>(444,328)</u> |
| Annual OPEB cost (expense) | 3,097,987 | 3,084,616 | 2,657,954 |
| Contributions made | <u>(1,428,825)</u> | <u>(1,338,773)</u> | <u>(1,109,875)</u> |
| Increase in net OPEB obligation | 1,669,162 | 1,745,843 | 1,548,079 |
| Net OPEB obligation—beginning | <u>15,201,919</u> | <u>13,456,076</u> | <u>11,907,997</u> |
| Net OPEB obligation—ending | <u>\$ 16,871,081</u> | <u>\$ 15,201,919</u> | <u>\$ 13,456,076</u> |
| Percentage of ARC contributed | 47.9% | 44.9% | 43.2% |

The College’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and two preceding years are as follows:

| Fiscal Year Ended August 31, | Annual OPEB Cost | Contributions Made | Percentage Contributed | Net OPEB Obligation |
|---------------------------------|---------------------|-----------------------|---------------------------|------------------------|
| 2017 | \$ 3,097,987 | \$ 1,428,825 | 46.12% | \$ 16,871,081 |
| 2016 | 3,084,616 | 1,338,773 | 43.40% | 15,201,919 |
| 2015 | 2,657,954 | 1,109,875 | 41.76% | 13,456,076 |

Funding Status and Funding Progress—As of August 31, 2017, the plan was not funded. The annual required contribution for 2017 was determined based on an actuarial valuation performed as of September 1, 2015. The actuarial accrued liability for benefits was \$43,384,872. There were no assets legally segregated for the Plan. The covered payroll (annual payroll of active employees covered by the Plan) was \$5,584,546 and the ratio of the Unfunded Actuarial Liability (UAAL) to the covered payroll is 776.9 percent.

Actuarial Methods and Assumptions—Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan member to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The College is required to accrue on the statement of revenues, expenses and changes in net position the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis.

The actuarial methods and assumptions are presented below:

| | |
|-----------------------------|---|
| Measurement date | 8/31/2016 |
| Discount date | 4.50% |
| Salary scale | 4.00% |
| Inflation rate | 3.00% |
| Valuation method | Entry age normal |
| Amortization period | 30 years |
| Amortization method | Level percent of pay |
| Amortization basis | Open group |
| Healthcare trend rate | Initial rate of 8.5% in 2018 decreasing .5% a year through 2026 to an ultimate rate of 4.5% |
| Number of active employees | 125 |
| Number of retired employees | 100 |

9. RISK MANAGEMENT

The County assumes liability for some risk including, but not limited to, workers' compensation. Asserted and incurred but not reported claims and judgments are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Such recording is consistent with the requirements of GASB.

Governmental fund type estimated current contingent liabilities (i.e., those to be liquidated with available financial resources in the ensuing year) for property damage and personal injury liabilities are recorded in the General Fund. The long-term portion (i.e., liabilities to be paid from future resources) is recorded within long-term debt in the government-wide financial statements.

The County is exposed to various risks of loss related to property damage and destruction of assets, vehicle liability, injuries to employees, and unemployment insurance. The County purchases commercial insurance to cover such potential risks. The County holds various insurance policies including package,

excess property, excess liability, boiler and machinery, excess employers, accidental death and dismemberment (“AD&A”) volunteers, and AD&D workforce development. In addition, the County held builders risk and pollution liability policies related to the County’s jail project. The County’s package policy provides coverage for property, general liability, automobile liability, employee benefits liability, public officials liability, and law enforcement liability. Liability coverage under the package policy contains a \$75,000 self-insured retention and property coverage under the package policy contains a \$100,000 self-insured retention. The excess property policy provides flood, earthquake, business income, vehicle, and mobile equipment coverage ranging from \$1,000,000 to \$2,500,000 with blanket coverage of \$131,163,040 per occurrence. The general liability policy provides coverage up to \$9,000,000 per claim and in the aggregate. The County has not incurred claims over the respective coverage limits in any of the last three fiscal years.

The County adopted a self-insured workers' compensation program under the provisions of Local Law No. 1 of 1967. 15 towns and 5 villages located within the geographical boundaries of the County have elected to become participants in the self-insurance plan. As provided by Local Law No. 5-1979, the plan is operated on an accrued liability basis whereby the amounts charged to participants are based on the estimated total liability of participants actuarially computed, arising each year. The apportionment of costs among participants is determined on the basis of two elements: (1) claims incurred within the preceding three-year period and (2) total assessed valuation, in the manner provided in §67 of the Workers' Compensation Law.

The County reports workers' compensation and dental benefits liabilities within the Internal Service Fund and governmental activities. Additionally, the County reports general liability and assessment claim liabilities within the General Fund and governmental activities. These liabilities are based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. As actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and other factors that are considered to be appropriate modifiers of past experience. The changes in reported workers' compensation, dental benefits, and general liability claims since January 1, 2016 were as follows:

| | <u>Balance</u> <u>1/1/2017</u> | <u>Claims and</u> <u>Adjustments</u> | <u>Claim</u> <u>Payments</u> | <u>Balance</u> <u>12/31/2017</u> | <u>Due Within</u> <u>One Year</u> |
|-----------------------|-----------------------------------|---|---------------------------------|-------------------------------------|--------------------------------------|
| Workers' compensation | \$ 18,206,401 | \$ 1,915,455 | \$ 2,294,388 | \$ 17,827,468 | \$ 1,782,747 |
| Dental benefits | 3,445 | 383,253 | 383,143 | 3,555 | 3,555 |
| General liability | 456,887 | 103,305 | 303,720 | 256,472 | 170,492 |
| Assessments | 300,064 | - | 300,064 | - | - |
| Total | <u>\$ 18,966,797</u> | <u>\$ 2,402,013</u> | <u>\$ 3,281,315</u> | <u>\$ 18,087,495</u> | <u>\$ 1,956,794</u> |
| | <u>Balance</u> <u>1/1/2016</u> | <u>Claims and</u> <u>Adjustments</u> | <u>Claim</u> <u>Payments</u> | <u>Balance</u> <u>12/31/2016</u> | <u>Due Within</u> <u>One Year</u> |
| Workers' compensation | \$ 17,752,405 | \$ 4,236,095 | \$ 3,782,099 | \$ 18,206,401 | \$ 1,820,640 |
| Dental benefits | 3,263 | 383,253 | 383,071 | 3,445 | 3,445 |
| General liability | 385,286 | 125,174 | 53,573 | 456,887 | 63,529 |
| Assessments | - | 342,930 | 42,866 | 300,064 | 42,866 |
| Total | <u>\$ 18,140,954</u> | <u>\$ 5,087,452</u> | <u>\$ 4,261,609</u> | <u>\$ 18,966,797</u> | <u>\$ 1,930,480</u> |

Sullivan County Community College

The College is one of 22 participants in the Sullivan County Workers' Compensation Self Insurance Plan, a risk sharing pool, administered by Sullivan County, to insure workers' compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to workers' compensation claims.

The College is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets and natural disasters. These risks are covered by commercial insurance purchased by Sullivan County that extends coverage to the College. The self-insured retention under these policies is \$1,000,000 per claim and \$2,000,000 in the aggregate. The College also purchases an umbrella policy with coverage up to \$10,000,000.

10. LEASES

Capital Leases—The County entered into long-term capital leases related to buildings and equipment. The present value of the amended lease at December 31, 2017 is \$799,320. A \$799,320 long-term liability has been recorded within the County’s governmental activities. The asset acquired through the capital lease are as follows:

| | |
|--------------------------------|------------------------------------|
| | <u>Governmental Activities</u> |
| Assets: | |
| Buildings and equipment | \$ 1,082,534 |
| Less: Accumulated depreciation | <u>(80,790)</u> |
| Total | <u>\$ 1,001,744</u> |

Payments on the original lease are due every six months thereafter the commencement of the original lease. The obligation under the leases can be summarized as follows:

| | |
|--|---------------------------|
| <u>Year Ending December 31,</u> | <u>Capital Leases</u> |
| 2018 | \$ 204,014 |
| 2019 | 204,014 |
| 2020 | 204,014 |
| 2021 | 204,014 |
| 2022 | <u>86,931</u> |
| Total minimum lease payments | 902,987 |
| Less: Amount representing imputed interest costs | <u>(103,667)</u> |
| Present value of minimum lease payments | <u>\$ 799,320</u> |

Operating Leases—The County leases buildings and equipment. Leased property, not having elements of ownership, are classified as operating leases. Operating lease payments are recorded as expenditures when payable in the fund financial statements. Total expenditures on operating leases for the fiscal year ended December 31, 2017 were approximately \$388,633. Future minimum lease payments at December 31, 2017 are presented on the following page.

| Year Ending December 31, | Operating Leases |
|-----------------------------|---------------------|
| 2018 | \$ 309,695 |
| 2019 | 293,789 |
| 2020 and beyond | <u>248,540</u> |
| Future minimum payments | <u>\$ 852,024</u> |

Sullivan County Community College

Capital Leases—The College has entered into a capital lease to finance the construction of energy saving improvements and equipment. The lease financed \$3,662,030 for these improvements during 2010. On June 26, 2014, the College paid off its \$3,413,000 lease with BNY Mellon at a negotiated, discounted payment of \$2,153,342, representing payment in full and has refinanced with Sterling National Bank in the amount of \$2,200,000. The interest rate on the new lease is 5.49%. The College is required to maintain \$500,000 in non-interest bearing business checking accounts with Sterling Bank as part of its loan agreement with the bank. During the 2016 year, the College negotiated with Sterling Bank and Sullivan County replacing a \$500,000 restricted bank account that the College had maintained with Sterling Bank with a \$500,000 bank account by the County with Sterling Bank in the College's place. Future minimum lease payments for the College as of August 31, 2017 follow:

| Year Ending August 31, | Principal | Interest |
|---------------------------|---------------------|-------------------|
| 2018 | \$ 203,055 | \$ 86,212 |
| 2019 | 214,650 | 74,617 |
| 2020 | 226,734 | 62,533 |
| 2021 | 239,855 | 49,412 |
| 2022 | 253,552 | 35,715 |
| 2023 and beyond | <u>505,901</u> | <u>27,295</u> |
| Totals | <u>\$ 1,643,747</u> | <u>\$ 335,784</u> |

Interest expense for the College's year ended August 31, 2017 related to capital lease obligations was \$94,179.

11. SHORT-TERM DEBT

Bond Anticipation Notes—The County issues bond anticipation notes ("BANs") to finance capital purchases in anticipation of issuing long-term bonds. Liabilities for BANs are generally accounted for in the Capital Projects Fund. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the life of permanent financing, provided that annual reductions of principal are made.

The following is a summary of the County's short-term capital debt for the year ended December 31, 2017:

| | <u>Original Issue</u> | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Balance 1/1/2017</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance 12/31/2017</u> |
|--|-----------------------|----------------------|----------------------|-------------------------|------------------|---------------------|---------------------------|
| Governmental activities: | | | | | | | |
| Computer equipment 2012 | 2012 | 3/3/2017 | 2.00% | \$ 200,000 | \$ - | \$ 200,000 | \$ - |
| Road Reconstruction 2012 | 2012 | 3/3/2017 | 2.00% | 400,000 | - | 400,000 | - |
| Road Reconstruction 2013 | 2013 | 3/3/2017 | 2.00% | 1,400,000 | - | 1,400,000 | - |
| Road Reconstruction 2015 | 2015 | 3/3/2017 | 2.00% | 188,000 | - | 188,000 | - |
| Construction and Maintenance Equipment | 2015 | 3/3/2017 | 2.00% | 428,000 | - | 428,000 | - |
| Total governmental activities | | | | <u>\$ 2,616,000</u> | <u>\$ -</u> | <u>\$ 2,616,000</u> | <u>\$ -</u> |
| Business-type activities: | | | | | | | |
| Adult Care Center | | | | | | | |
| Improvements | 2013 | 3/3/2017 | 2.00% | 562,500 | - | 562,500 | - |
| Total business-type activities | | | | <u>\$ 562,500</u> | <u>\$ -</u> | <u>\$ 562,500</u> | <u>\$ -</u> |

Tax Anticipation Notes—Tax anticipation notes (“TANs”) are short-term non-capital borrowings issued in anticipation of the collection of future real property taxes and assessments.

The following is a summary of the County's short-term non-capital debt for the year ended December 31, 2017:

| | <u>Year of Issue/ Maturity</u> | <u>Interest Rate</u> | <u>Balance 1/1/2017</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance 12/31/2017</u> |
|---------------------------------|------------------------------------|----------------------|-------------------------|------------------|---------------------|---------------------------|
| Governmental activities: | | | | | | |
| Tax anticipation note | 2016/2017 | 2.00% | \$ 6,300,000 | \$ - | \$ 6,300,000 | \$ - |
| Total governmental activities | | | <u>\$ 6,300,000</u> | <u>\$ -</u> | <u>\$ 6,300,000</u> | <u>\$ -</u> |

12. LONG-TERM DEBT

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

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriations and expenditure of governmental fund financial resources.

The County's outstanding long-term liabilities include bonds payable, capital leases, landfill post-closure costs, compensated absences, retirement incentives, OPEB obligation, claims payable, and net pension liability. A summary of changes in the County's long-term liabilities for the year ended December 31, 2017 is presented on the following page.

| | Balance 1/1/2017 (as restated) | Additions | Reductions | Balance 12/31/2017 | Due Within One Year |
|----------------------------------|--------------------------------------|----------------------|----------------------|-----------------------|------------------------|
| Governmental activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 148,705,861 | \$ - | \$ 7,615,861 | \$ 141,090,000 | \$ 9,620,000 |
| Premiums on bonds | 4,391,882 | - | 422,648 | 3,969,234 | 422,648 |
| Net bonds payable | 153,097,743 | - | 8,038,509 | 145,059,234 | 10,042,648 |
| Capital leases | - | 1,024,238 | 224,918 | 799,320 | 183,281 |
| Landfill post-closure | 14,551,240 | 1,364,333 | 612,185 | 15,303,388 | 768,254 |
| Compensated absences | 3,285,512 | 449,000 | 328,551 | 3,405,961 | 340,596 |
| Retirement incentives | 7,657,733 | - | 838,067 | 6,819,666 | 865,508 |
| OPEB obligation* | 250,216,410 | 11,895,929 | - | 262,112,339 | - |
| Claims payable | 18,966,797 | 103,415 | 982,717 | 18,087,495 | 1,956,794 |
| Net pension liability* | 30,490,042 | - | 13,093,981 | 17,396,061 | - |
| Total governmental activities | <u>\$ 478,265,477</u> | <u>\$ 14,836,915</u> | <u>\$ 24,118,928</u> | <u>\$ 468,983,464</u> | <u>\$ 14,157,081</u> |
| Business-type activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 16,139 | \$ - | \$ 16,139 | \$ - | \$ - |
| Tobacco settlement bonds | 16,685,000 | - | 325,000 | 16,360,000 | 545,000 |
| Premiums on bonds | 1,448,294 | - | 57,931 | 1,390,363 | - |
| Revenue bonds | 73,340,000 | 36,735,000 | - | 110,075,000 | - |
| Discount on revenue bonds | (1,104,591) | - | (42,027) | (1,062,564) | - |
| Total bonds payable | 90,384,842 | 36,735,000 | 357,043 | 126,762,799 | 545,000 |
| Compensated absences | 351,639 | 38,777 | 35,164 | 355,252 | 35,525 |
| Retirement incentives | 948,560 | - | 116,210 | 832,350 | 120,039 |
| OPEB obligation* | 16,228,506 | 771,544 | - | 17,000,050 | - |
| Net pension liability* | 4,193,799 | - | 1,776,177 | 2,417,622 | - |
| Total business-type activities | <u>\$ 112,107,346</u> | <u>\$ 37,545,321</u> | <u>\$ 2,284,594</u> | <u>\$ 147,368,073</u> | <u>\$ 700,564</u> |

*(Additions to the OPEB obligation and reductions to the net pension liability are shown net of deletions and additions, respectively).

General Obligation Bonds—The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from 10 to 30 years.

A summary of additions and payments of general obligation bonds for the year ended December 31, 2017 is shown below:

| Description | Original Issue | Year of Issue/ Maturity | Interest Rate (%) | Balance 1/1/2017 | Increases | Decreases | Balance 12/31/2017 |
|----------------------------------|----------------|----------------------------|-------------------|-----------------------|-------------|---------------------|-----------------------|
| Governmental activities: | | | | | | | |
| Public improvements | \$ 9,976,987 | 1999/2019 | 2.66-3.38 | \$ 1,555,000 | \$ - | \$ 570,000 | \$ 985,000 |
| Refunding | 5,964,729 | 2007/2017 | 5.00 | 468,861 | - | 468,861 | - |
| Local ARRA (tax-exempt) | 8,775,000 | 2010/2021 | 3.11-5.11 | 2,575,000 | - | 1,190,000 | 1,385,000 |
| Build America | 7,600,000 | 2010/2024 | 4.93-5.93 | 7,600,000 | - | - | 7,600,000 |
| Recovery zone | 810,000 | 2010/2024 | 5.93 | 810,000 | - | - | 810,000 |
| Public improvements | 9,495,000 | 2012/2026 | 2.00-3.00 | 6,650,000 | - | 585,000 | 6,065,000 |
| Refunding | 17,880,000 | 2013/2022 | 4.00-5.00 | 10,855,000 | - | 2,515,000 | 8,340,000 |
| Public improvements | 11,315,000 | 2014/2024 | 2.00-2.25 | 9,370,000 | - | 1,070,000 | 8,300,000 |
| Public improvements | 23,822,000 | 2016/2030 | 2.00-5.00 | 23,822,000 | - | 1,217,000 | 22,605,000 |
| Public improvements | 85,000,000 | 2016/2046 | 3.00-3.25 | 85,000,000 | - | - | 85,000,000 |
| Total governmental activities | | | | <u>\$ 148,705,861</u> | <u>\$ -</u> | <u>\$ 7,615,861</u> | <u>\$ 141,090,000</u> |
| Business-type activities: | | | | | | | |
| Refunding | \$ 935,271 | 2007/2017 | 5.00 | <u>\$ 16,139</u> | <u>\$ -</u> | <u>\$ 16,139</u> | <u>\$ -</u> |

Revenue Bonds—The ILDC has been authorized to issue \$110,075,000 in revenue bonds to finance public infrastructure improvements, to fund a debt service reserve fund, to fund the payment of interest on the bonds prior to and during construction, and to pay costs of issuing the bonds. The Town of Thompson, New York, on behalf of the ILDC, will impose and collect special assessments in an amount sufficient to pay the annual Service Fee. The bonds are special limited obligations of the ILDC payable solely from and secured by a pledge of the Service Fee and certain funds held by the Trustee. As of December 31, 2017, the ILDC has issued the \$110,075,000 total authorized. The bonds were issued at a discount totaling \$1,115,750, which is being amortized using the effective interest method over the life of the bonds.

A summary of additions and payments of revenue bonds for the year ended December 31, 2017 is shown below.

| Description | Original Issue | Year of Issue/ Maturity | Interest Rate (%) | Balance 1/1/2017 | Increases | Decreases | Balance 12/31/2017 |
|--------------|----------------|----------------------------|-------------------|----------------------|----------------------|-------------|-----------------------|
| Series 2016A | \$ 64,170,000 | 2016/2049 | 4.85-5.35 | \$ 64,170,000 | \$ - | \$ - | \$ 64,170,000 |
| Series 2016B | 9,170,000 | 2016/2049 | 4.85-5.35 | 9,170,000 | - | - | 9,170,000 |
| Series 2016C | 9,035,000 | 2017/2049 | 4.85-5.35 | - | 9,035,000 | - | 9,035,000 |
| Series 2016D | 5,935,000 | 2017/2049 | 4.85-5.35 | - | 5,935,000 | - | 5,935,000 |
| Series 2016E | 21,765,000 | 2017/2049 | 4.85-5.35 | - | 21,765,000 | - | 21,765,000 |
| Total | | | | <u>\$ 73,340,000</u> | <u>\$ 36,735,000</u> | <u>\$ -</u> | <u>\$ 110,075,000</u> |

Amortization of Bond Premiums—On March 3, 2016, the County issued public improvement serial bonds totaling \$23,822,000 and received a bond premium of \$2,224,026. The premium is being amortized on a straight-line annual basis over the life of the bonds, which mature on March 1, 2030. In addition, on November 15, 2016, the County issued public improvement serial bonds totaling \$85,000,000 and received a bond premium of \$341,394. The premium is being amortized on a straight-line annual basis over the life of the bonds, which mature on November 15, 2046. Total unamortized bond premiums at December 31, 2017 are \$3,969,234 and \$1,390,363 for governmental and business-type activities, respectively.

Amortization of Bond Discounts—As noted above, the ILDC issued revenue bonds totaling \$110,075,000 and received a bond discount of \$1,115,750. The discount is being amortized using the effective interest method over the life of the bonds, which mature in 2049.

Tobacco Settlement Bonds—On August 8, 2001, STASC issued \$16,965,000 of Tobacco Settlement Asset-Backed Bonds, Series 2001 pursuant to an indenture dated as of August 1, 2001. The net proceeds of the Series 2001 Bonds were used to purchase from the County all of the County’s right, title and interest to Tobacco Settlement Revenues (“TSRs”) to which the County would otherwise be entitled under the Master Settlement Agreement (“MSA”) and Consent Decree and Final Judgment (the “Decree”). The tobacco settlement bonds were issued at a discount of \$197,383 with interest rates ranging from 5.00%-6.00%.

On September 22, 2016, STASC issued \$16,685,000 of Tobacco Settlement Asset Backed Refunding Bonds, Series 2016, pursuant to an indenture dated as of September 1, 2016. The \$16,685,000 bond issuance was comprised of \$8,100,000 Tobacco Settlement Pass-Through Bonds, Series 2016B Term Bonds and \$8,585,000 Tobacco Settlement Pass-Through Bonds, Series 2016C Turbo Term Bonds. The proceeds of the Series 2016 Bonds and the release of certain reserve funds were used to defease \$10,810,000 of the outstanding Series 2001 Bonds, make a payment to the County, fund the Series 2016B and Series 2016C Liquidity Reserve Accounts, fund the Operating Expense Reserve Account, pay a portion Series 2016B and Series 2016C interest due June 1, 2016, and pay the costs of issuance. The tobacco settlement bonds were issued at a premium of \$1,448,294 with interest rates ranging from 2.45%-5.00%. The County’s liability balance for tobacco settlement bonds amounts \$16,360,000 at December 31, 2017, for business-type activities.

A summary of tobacco settlement bonds additions and payments for the year ended December 31, 2017 is shown below.

| Description | Original Issue | Year of Issue/ Maturity | Interest Rate (%) | Balance 1/1/2017 | Increases | Decreases | Balance 12/31/2017 |
|----------------------------------|----------------|----------------------------|-------------------|----------------------|-------------|-------------------|----------------------|
| Business-type activities: | | | | | | | |
| Tobacco settlement bonds: | | | | | | | |
| Series 2016B | 8,100,000 | 2016/2041 | 5.00 | \$ 8,100,000 | \$ - | \$ - | \$ 8,100,000 |
| Series 2016C | 8,585,000 | 2016/2051 | 2.45-4.00 | 8,585,000 | - | 325,000 | 8,260,000 |
| Total | | | | <u>\$ 16,685,000</u> | <u>\$ -</u> | <u>\$ 325,000</u> | <u>\$ 16,360,000</u> |

Capital Leases—As explained in Note 10, the County has entered into lease agreements as lessee for financing options. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. At December 31, 2017, the County’s governmental activities report leases payable totaling \$799,320, of which \$183,281 is considered due within one year.

Landfill Post-Closure—State and federal laws and regulations require the County to place a final cover on a section of the landfill site when it reaches final elevation and to perform certain maintenance and monitoring functions at the site for a minimum of thirty years after closure. The \$15,303,388 landfill post-closure liability reported at December 31, 2017 represents the estimated cost of post-closure based on the use of 100 percent of the landfill capacity, less closure expenditures of \$31,947,451. These expenditures have been charged to the Capital Projects Fund, which had a total project budget of \$32,061,004. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Compensated Absences—As explained in Note 1, the County records the value of governmental fund type compensated absences in the government-wide and proprietary fund financial statements. The payment of compensated absences is dependent on many factors and, therefore, cannot be reasonably estimated as to future timing of payment. Under the terms of existing collective bargaining agreements, County employees are granted vacation and sick leave in varying amounts. Upon retirement or separation of service, employees may be compensated for unused vacation time to a maximum of 30 days at the current daily rate of pay. Employees represented by the Brotherhood of Teamsters can accumulate up to 200 days of sick leave. Upon retirement, those employees who have accumulated more than 165 sick leave days shall receive a sum equal to 25% of the employees' daily rate of pay for sick leave accumulations in excess of 165 days up to a maximum of 200 days. The other collective bargaining agreements provide that employees can accumulate up to 200 days of sick leave. Upon retirement, those employees can apply 50% for each unused sick leave day in excess of 120 days to their share of retiree medical premiums. The compensated absences liability for the County's governmental and business-type activities at December 31, 2017 totaled \$3,405,961 and \$355,252, respectively, and are reported in the government-wide and proprietary fund financial statements. The County estimates \$340,596 of governmental activities and \$35,525 of business-type activities will be due within one year which comprises accrued vacation, sick and compensatory time.

Retirement Incentives—The 2010 State-wide Retirement Incentive Program enacted under Chapter 105 of the Laws of 2010 authorized local municipalities to offer employees a retirement incentive. Under Part A of the plan, eligible employees were granted one month of additional service credit for each year of service up to 36 years. Under Part B of the plan, eligible employees retired without penalty and benefit reduction if they were under the age of 62 and had less than 30 years of credited service. The estimated cost of the program was approximately 60% of the employee's final average salary. The County had elected to pay this obligation over a five year period, with interest. The current year cost and balance due are noted in the following table.

The State Legislature enacted Chapter 57 of the Laws of 2010. This Chapter authorized local governments, at their option, to amortize a portion of their respective ERS contributions beginning in 2010. The maximum amortization amount each year going forward will be determined by the difference between each employer's effective contribution rate as compared to the System's overall graded rate. The amortized amounts are to be paid in equal annual installments over a ten year period, although amounts may be prepaid at any time. Interest will be charged at rates which approximate a market rate of return on taxable fixed rate securities of a comparable duration and will be adjusted annually. The County has elected to amortize the maximum allowable ERS contributions in each of the fiscal year as noted in the table on the following page.

| | Original Amount Amortized | Balance 1/1/2017 | Increases/ Adjustments | Decreases/ Adjustments | Balance 12/31/2017 | Due Within One Year |
|----------------------------------|---------------------------------|---------------------|---------------------------|---------------------------|-----------------------|------------------------|
| Governmental activities: | | | | | | |
| 2013 ERS | \$ 3,037,888 | \$ 2,218,811 | \$ - | \$ 289,569 | \$ 1,929,242 | \$ 298,256 |
| 2014 ERS | 2,991,890 | 2,476,532 | - | 271,949 | 2,204,583 | 281,930 |
| 2015 ERS | 1,973,605 | 1,802,632 | - | 176,358 | 1,626,274 | 181,914 |
| 2016 ERS | 1,159,759 | 1,159,758 | - | 100,191 | 1,059,567 | 103,408 |
| Total | <u>\$ 9,163,142</u> | <u>\$ 7,657,733</u> | <u>\$ -</u> | <u>\$ 838,067</u> | <u>\$ 6,819,666</u> | <u>\$ 865,508</u> |
| Business-type activities: | | | | | | |
| 2013 ERS | \$ 424,568 | \$ 267,600 | \$ - | \$ 40,470 | \$ 227,130 | \$ 41,684 |
| 2014 ERS | 463,238 | 338,773 | - | 42,106 | 296,667 | 43,652 |
| 2015 ERS | 217,739 | 178,071 | - | 19,456 | 158,615 | 20,070 |
| 2016 ERS | 164,116 | 164,116 | - | 14,178 | 149,938 | 14,633 |
| Total | <u>\$ 1,269,661</u> | <u>\$ 948,560</u> | <u>\$ -</u> | <u>\$ 116,210</u> | <u>\$ 832,350</u> | <u>\$ 120,039</u> |

OPEB Obligation—As explained in Note 8, the County provides medical, dental, and life insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. The County’s annual OPEB cost is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service (total OPEB liability), less the amount of the OPEB plan’s fiduciary net position. The County’s long-term OPEB obligation is estimated to be \$262,112,339 and \$17,000,050 at December 31, 2017, for governmental and business-type activities, respectively.

Claims Payable—As discussed in Note 9, the County reports workers' compensation and dental benefits liabilities within the Internal Service Fund and governmental activities. Additionally, the County reports general liability claims liabilities within the General Fund and governmental activities. The total claims payable liability for workers’ compensation, dental benefits, general liabilities, and assessments at December 31, 2017 is \$18,087,495, of this amount, the County estimates \$1,956,794 is due within a year.

Net Pension Liability—The County reports a liability for its proportionate share of the net pension liability for the Employees’ Retirement System. The net pension liability is estimated to be \$17,396,061 and \$2,417,622 in the governmental and business-type activities, respectively. Refer to Note 7 for additional information related to the County’s net pension liability.

A maturity schedule of the County's indebtedness is presented as follows:

| Year Ending December 31, | Governmental Activities | | | | |
|--------------------------------|-------------------------|-----------------------------|-------------------|--------------------------|-------------------------|
| | Serial Bonds | Premiums on Serial Bonds | Capital Leases | Landfill Post-Closure | Compensated Absences |
| 2018 | \$ 9,620,000 | \$ 422,648 | \$ 183,281 | \$ 768,254 | \$ 340,596 |
| 2019 | 8,960,000 | 422,648 | 183,281 | 768,254 | - |
| 2020 | 7,965,000 | 422,648 | 183,281 | 768,254 | - |
| 2021 | 8,220,000 | 422,648 | 183,281 | 768,254 | - |
| 2022 | 8,505,000 | 279,950 | 66,196 | 768,254 | - |
| 2023-2027 | 29,155,000 | 546,569 | - | 3,382,098 | - |
| 2028-2032 | 19,360,000 | 423,508 | - | 2,693,340 | - |
| 2033-2037 | 15,505,000 | 370,670 | - | 2,693,340 | - |
| 2038-2042 | 17,755,000 | 370,670 | - | 2,693,340 | - |
| 2043 - thereafter | 16,045,000 | 287,275 | - | - | 3,065,365 |
| Total | <u>\$ 141,090,000</u> | <u>\$ 3,969,234</u> | <u>\$ 799,320</u> | <u>\$ 15,303,388</u> | <u>\$ 3,405,961</u> |

(continued)

| Year Ending December 31, | Governmental Activities | | | | |
|--------------------------------|--------------------------|-----------------------|----------------------|--------------------------|-----------------------|
| | Retirement Incentives | OPEB Obligation | Claims Payable | Net Pension Liability | Total |
| 2018 | \$ 865,508 | \$ - | \$ 1,956,794 | \$ - | \$ 14,157,081 |
| 2019 | 893,853 | - | - | - | 11,228,036 |
| 2020 | 923,133 | - | - | - | 10,262,316 |
| 2021 | 953,377 | - | - | - | 10,547,560 |
| 2022 | 984,622 | - | - | - | 10,604,022 |
| 2023-2027 | 2,199,173 | - | - | - | 35,282,840 |
| 2028-2032 | - | - | - | - | 22,476,848 |
| 2033-2037 | - | - | - | - | 18,569,010 |
| 2038-2042 | - | - | - | - | 20,819,010 |
| 2043 - thereafter | - | 262,112,339 | 16,130,701 | 17,396,061 | 315,036,741 |
| Total | <u>\$ 6,819,666</u> | <u>\$ 262,112,339</u> | <u>\$ 18,087,495</u> | <u>\$ 17,396,061</u> | <u>\$ 468,983,464</u> |

(concluded)

| Year Ending December 31, | Business-type Activities | | | | | | | | |
|--------------------------------|--------------------------------|----------------------|-----------------------|---------------------------------|-------------------------|--------------------------|----------------------|-----------------------------|-----------------------|
| | Tobacco Settlement Bonds | Premiums on Bonds | Revenue Bonds | Discount on Revenue Bonds | Compensated Absences | Retirement Incentives | OPEB Obligation | Net Pension Liability | Total |
| 2018 | \$ 545,000 | \$ - | \$ - | \$ - | \$ 35,525 | \$ 120,039 | \$ - | \$ - | \$ 700,564 |
| 2019 | 455,000 | - | - | - | - | 123,993 | - | - | 578,993 |
| 2020 | 630,000 | - | 1,640,000 | - | - | 128,078 | - | - | 2,398,078 |
| 2021 | 650,000 | - | 1,725,000 | - | - | 132,300 | - | - | 2,507,300 |
| 2022 | 675,000 | - | 1,805,000 | - | - | 136,661 | - | - | 2,616,661 |
| 2023 - thereafter | 13,405,000 | 1,390,363 | 104,905,000 | (1,062,564) | 319,727 | 191,279 | 17,000,050 | 2,417,622 | 138,566,477 |
| Total | <u>\$ 16,360,000</u> | <u>\$ 1,390,363</u> | <u>\$ 110,075,000</u> | <u>\$ (1,062,564)</u> | <u>\$ 355,252</u> | <u>\$ 832,350</u> | <u>\$ 17,000,050</u> | <u>\$ 2,417,622</u> | <u>\$ 147,368,073</u> |

Interest requirements on the primary government's bonds payable are as follows:

| Year Ending December 31, | Governmental Activities | Business-type Activities |
|-----------------------------|----------------------------|-----------------------------|
| 2018 | \$ 4,632,490 | \$ 6,448,163 |
| 2019 | 4,250,314 | 6,434,036 |
| 2020 | 3,904,726 | 6,417,297 |
| 2021 | 3,598,053 | 6,316,452 |
| 2022 | 3,275,073 | 6,207,875 |
| 2023-2027 | 12,485,974 | 31,644,958 |
| 2028-2032 | 9,122,713 | 23,802,570 |
| 2033-2037 | 6,781,180 | 20,024,783 |
| 2038-2042 | 4,297,644 | 14,967,695 |
| 2043 and thereafter | 1,321,289 | 9,517,907 |
| Total | <u>\$ 53,669,456</u> | <u>\$ 131,781,736</u> |

Sullivan County Community College

The following table summarizes changes in the College's long-term liabilities for the year ended August 31, 2017:

| | Balance 9/1/2016 | Additions | Reductions | Balance 8/31/2017 | Due Within One Year |
|-----------------------------|----------------------|---------------------|---------------------|----------------------|------------------------|
| Capital leases | \$ 1,837,026 | \$ - | \$ 193,279 | \$ 1,643,747 | \$ 203,055 |
| Perkins loan fund liability | 923,675 | - | 123,418 | 800,257 | - |
| Mortgage payable | 7,545,366 | - | 676,833 | 6,868,533 | 242,000 |
| Compensated absences | 511,888 | 40,926 | 113,054 | 439,760 | 100,000 |
| Retirement incentives | 438,816 | - | 66,125 | 372,691 | 64,702 |
| OPEB obligation | 15,201,919 | 3,097,987 | 1,428,825 | 16,871,081 | - |
| Net pension liability* | 2,081,765 | - | 1,019,162 | 1,062,603 | - |
| Total | <u>\$ 28,540,455</u> | <u>\$ 3,138,913</u> | <u>\$ 3,620,696</u> | <u>\$ 28,058,672</u> | <u>\$ 609,757</u> |

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

Capital Leases—The College entered into a long-term capital lease to finance the construction of energy saving improvements and equipment. The outstanding balance at August 31, 2017 was \$1,643,747. Refer to Note 10 for additional information related to the College's capital lease.

Perkins Loans Fund Liability—Funds provided by the U.S. Department of Education under the Federal Perkins Loan Program are loaned to qualified students and may be reloaned after collection. These funds are ultimately refundable to the U.S. Department of Education and are therefore reported as liabilities. At December 31, 2017, the College reported \$800,257 as a liability related to Perkin Loans.

Mortgage Payable—Mortgage payable consists of the issuance of \$7,442,000 Sullivan County Community College Dormitory Corporation Project Series 2014A Tax-Exempt Revenue Bonds with interest at 4.30% payable in 300 monthly installments of \$40,791 with the final maturity on July 1, 2039 and \$558,000 Sullivan County Community College Dormitory Corporation Project Series 2014B Taxable Revenue Bonds with interest at 5.34% payable in 120 monthly installments of \$6,033 with the final maturity on July 1, 2024. The balances on these mortgages are \$6,456,533 and \$412,000 at August 31, 2017. The Corporation has granted a first priority mortgage lien on and security interest in the Mortgaged

Property consisting of the two buildings of dormitory housing to Sterling National Bank, as agent of the Issuer, Sullivan County Funding Corporation.

The required annual principal payments under the original terms of this mortgage for the College's years ended August 31 are as follows:

| Year Ending August 31, | Principal |
|---------------------------|---------------------|
| 2018 | \$ 242,000 |
| 2019 | 256,000 |
| 2020 | 271,000 |
| 2021 | 281,000 |
| 2022 | 291,000 |
| Thereafter | <u>5,527,533</u> |
| Total | <u>\$ 6,868,533</u> |

Interest expense related to the College's mortgage payable amounting to \$328,872 was included in student housing for the year ended August 31, 2017.

Compensated Absences—The College recognizes a liability for vested sick leave and other compensated absences with similar characteristics to the extent it is probable that the College will compensate the employees for the benefits through cash payments at retirement rather than be taken as absences due to illness or other contingencies. The collective bargaining agreement between the College and the Teamsters Local 445 Union provides that upon death, retirement or separation from the College in good standing, employees will be paid the monetary value of accumulated unused vacation and compensatory time at the employee's current pay rate. Under the terms of the other existing collective bargaining agreement, the Professional Staff Association Agreement, any employee who is eligible for retirement and retires from either the New York State Retirement System or from TIAA/CREF and who has unused days of sick leave shall be paid at the current rate of pay for each employee.

Retirement Incentives—The State Legislature enacted Chapter 57 of the Laws of 2010. This chapter authorized local governments, at their option, to amortize a portion of their respective ERS contributions beginning in 2010. The maximum amortization amount each year going forward will be determined by the difference between each employer's effective contribution rate as compared to the System's overall graded rate. The amortized amounts are to be paid in equal annual installments over a ten year period, although amounts may be prepaid at any time. Interest will be charged at rates which approximate a market rate of return on taxable fixed rate securities of a comparable duration and will be adjusted annually. The County and the College have elected to amortize the maximum allowable ERS contribution in each of the fiscal years as outlined in the table below:

| | Original Amount Amortized | Balance 9/1/2016 | Increases | Decreases | Balance 8/31/2017 | Due Within One Year |
|---------------|---------------------------------|---------------------|-------------|------------------|----------------------|------------------------|
| 2015-2016 ERS | \$ 78,532 | \$ 78,532 | \$ - | \$ 9,276 | \$ 69,256 | \$ 7,853 |
| 2014-2015 ERS | 158,670 | 118,454 | - | 15,867 | 102,587 | 15,867 |
| 2013-2014 ERS | 209,770 | 131,200 | - | 20,977 | 110,223 | 20,977 |
| 2012-2013 ERS | 200,050 | 110,630 | - | 20,005 | 90,625 | 20,005 |
| Total | <u>\$ 647,022</u> | <u>\$ 438,816</u> | <u>\$ -</u> | <u>\$ 66,125</u> | <u>\$ 372,691</u> | <u>\$ 64,702</u> |

OPEB Obligation—As explained in Note 8, the College provides medical, dental, and life insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. The College’s annual OPEB cost is calculated based on the annual required contributions of the employer, an amount actuarially determined in accordance with GASB. The College’s long-term OPEB obligation is estimated to be \$16,871,081 at August 31, 2017.

Net Pension Liability—The College reports a liability for its proportionate share of the net pension liability for the Employees’ Retirement System. The net pension liability is estimated to be \$1,062,303 at August 31, 2017. Refer to Note 7 for additional information related to the College’s net pension liability.

Sullivan County Soil and Water Conservation District

A summary of the District’s long-term debt at December 31, 2017 follows:

| | Balance 1/1/2017 | Additions | Reductions | Balance 12/31/2017 | Due Within One Year |
|------------------------|---------------------|------------------|------------------|-----------------------|------------------------|
| Compensated absences | \$ 16,155 | \$ 24,591 | \$ 3,584 | \$ 37,162 | \$ 3,700 |
| Net pension liability* | 190,018 | - | 79,416 | 110,602 | - |
| Total | <u>\$ 206,173</u> | <u>\$ 24,591</u> | <u>\$ 83,000</u> | <u>\$ 147,764</u> | <u>\$ 3,700</u> |

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

Compensated Absences—At December 31, 2017 the liability for the District’s compensated absences is \$37,162, of which \$3,700 is estimated to be due within one year.

Net Pension Liability—The District reports a liability for its proportionate share of the net pension liability for the Employees’ Retirement System. The net pension liability is estimated to be \$110,602 at December 31, 2017. Refer to Note 7 for additional information related to the District’s net pension liability.

Sullivan County Industrial Development Agency

A summary of the IDA’s long-term debt at December 31, 2017 follows:

| | Balance 1/1/2017 | Additions | Reductions | Balance 12/31/2017 | Due Within One Year |
|-------------------|---------------------|-----------|------------|-----------------------|------------------------|
| RMAP note payable | \$ 375,161 | - | \$ 21,116 | \$ 354,045 | \$ 21,541 |

RMAP Note Payable—The IDA entered into an agreement with the United States Department of Agriculture (USDA) to create a Rural Microloan Revolving Fund (RMRF), which will provide loans to local eligible businesses. The funds drawn down from the USDA, which must be used to capitalize a Rural Microentrepreneur Assistance Program (RMAP), are in the form of a loan that must be repaid to the USDA. The outstanding balance accrues interest at 2% per annum and must be repaid in equally amortized monthly payments of principal and interest over a period not to exceed 20 years. The first payment, consisting of principal and interest, was due in May 2014.

The following is a summary of the IDA’s future debt service requirements:

| Year Ending December 31, | <u>Principal</u> | <u>Interest</u> |
|-----------------------------|-------------------|------------------|
| 2018 | \$ 21,541 | \$ 6,883 |
| 2019 | 21,976 | 6,447 |
| 2020 | 22,420 | 6,004 |
| 2021 | 22,872 | 5,552 |
| 2022 | 23,334 | 5,090 |
| 2023-2027 | 123,928 | 8,189 |
| Thereafter | <u>117,974</u> | <u>5,282</u> |
| Total | <u>\$ 354,045</u> | <u>\$ 43,447</u> |

13. NET POSITION AND FUND BALANCE

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

- ***Net Investment in Capital Assets***—This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. A reconciliation of the County’s governmental and business-type activities net investment in capital assets is presented below:

Governmental activities:

| | |
|---|-----------------------|
| Capital assets, net of accumulated depreciation | \$ 229,451,659 |
| Less related debt: | |
| General obligation bonds | \$ (141,090,000) |
| Unamortized bond premiums | (3,969,234) |
| Deferred charge on refunding | 650,029 |
| Unspent debt proceeds | 44,593,698 |
| Capital leases | <u>(799,320)</u> |
| Net investment in capital assets | <u>\$ 128,836,832</u> |

Business-type activities:

| | |
|---|---------------------|
| Capital assets, net of accumulated depreciation | \$ 86,158,899 |
| Less related debt: | |
| Revenue bonds | \$ (110,075,000) |
| Unamortized bond discount | 1,062,564 |
| Unspent debt proceeds | <u>31,851,749</u> |
| Net investment in capital assets | <u>\$ 8,998,212</u> |

- **Restricted Net Position**—This category represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The total restricted component of net position for governmental activities was \$2,115,629 at December 31, 2017, of which \$349,287 is restricted for law enforcement, \$142,887 for Stop DWI, \$37,606 for debt service, \$551,054 for dental benefits, and \$1,034,795 for community development. The total restricted component of net position for business-type activities was \$203,094 at December 31, 2017, which is restricted for capital improvement grants.
- **Unrestricted Net Position**—This category represents net position of the County not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. As of December 31, 2017, the County reported no nonspendable fund balance.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as creditors, grants, contributors, or laws and regulations of other governments) through constitutional provisions or enabling legislation. As of December 31, 2017, the County reported the following restricted fund balances:

| | General Fund | County Road Fund | Refuse and Garbage Fund | Capital Projects Fund | Total Nonmajor Funds | Total |
|-----------------------|-------------------|------------------|-------------------------|-----------------------|----------------------|----------------------|
| Law enforcement | \$ 349,287 | \$ - | \$ - | \$ - | \$ - | \$ 349,287 |
| Stop DWI | 142,887 | - | - | - | - | 142,887 |
| Debt service | 30,727 | 1,108 | 2,359 | - | 3,412 | 37,606 |
| Community development | - | - | - | - | 1,034,795 | 1,034,795 |
| Capital projects | - | - | - | 34,923,634 | - | 34,923,634 |
| Total | <u>\$ 522,901</u> | <u>\$ 1,108</u> | <u>\$ 2,359</u> | <u>\$ 34,923,634</u> | <u>\$ 1,038,207</u> | <u>\$ 36,488,209</u> |

- **Restricted for Law Enforcement**—Represents the proceeds of seized funds which are restricted by New York State Law for use in law enforcement activities.
- **Restricted Stop DWI**—Represents State revenues that must be used in accordance with the parameters of the Driving While Intoxicated Program.
- **Restricted for Debt Service**—Represents reserves which will be used for the reduction of future debt service requirements.
- **Restricted for Community Development**—Represents representing amounts related to the rehabilitation loan program with constraints placed on their use by the United States Department of Housing and Urban Development.
- **Restricted for Capital Projects**—Represents funds that have been reserved to fund future capital projects and the purchase of capital assets. This amount includes commitments for the expenditures of monies within the Capital Projects Fund.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the County’s highest level of decision-making authority. As of December 31, 2017, the County Legislature had committed \$6,098,969, of which \$6,078,906 is related to landfill construction and \$20,063 to the Fort Delaware project.

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

As of December 31, 2017, the County reported the following fund balances assignments:

| | General Fund | County Road Fund | Refuse and Garbage Fund | Total Nonmajor Funds | Total |
|--------------------------------|----------------------|---------------------|----------------------------|----------------------------|----------------------|
| Encumbrances | \$ 672,573 | \$ 126,022 | \$ 201,264 | \$ 216,308 | \$ 1,216,167 |
| Building construction | 3,095,077 | - | - | - | 3,095,077 |
| Capital improvement | 1,740,000 | - | - | - | 1,740,000 |
| Casino resort mitigation | 2,291,960 | - | - | - | 2,291,960 |
| Plans and progress | 130,582 | - | - | - | 130,582 |
| Health insurance contributions | 2,000,000 | - | - | - | 2,000,000 |
| Subsequent year's expenditures | 2,938,040 | 901,060 | 363,124 | 797,948 | 5,000,172 |
| Specific use | - | 145,440 | 1,543,442 | 469,498 | 2,158,380 |
| Total | <u>\$ 12,868,232</u> | <u>\$ 1,172,522</u> | <u>\$ 2,107,830</u> | <u>\$ 1,483,754</u> | <u>\$ 17,632,338</u> |

- **Assigned to Encumbrances**—Represents commitments related to unperformed contracts or purchase orders for goods or services.
- **Assigned to Building Construction**—Represents funds transferred to the County from STASC that have been assigned to fund various building construction projects.
- **Assigned to Capital Improvement**—Represents funds set aside to purchase capital equipment and infrastructure.
- **Assigned to Casino Resort Mitigation**—Represents casino license fee proceeds that have assigned to mitigate any future county costs associated with the casino and entertainment complex project.
- **Assigned to Plans and Progress**— Represents funds set aside for a Planning Department program to enhance business in the County.
- **Assigned to Health Insurance Contributions**—Represents funds set aside relating to health insurance contributions.
- **Assigned to Subsequent Year’s Expenditures**—Represents available fund balance being appropriated to meet expenditure requirements in the 2018 fiscal year.
- **Assigned to Specific Use**—Represents fund balance within the special revenue funds that is assigned for a specific purpose. The assignments’ purpose relates to each fund’s operations and represent the remaining amounts within funds that are not restricted or committed.

It is the County's policy to expend fund balances in the following order: nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

14. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are short-term in nature and exist because of temporary advances or payments made on behalf of other funds. All interfund balances are expected to be collected/paid within the subsequent year. Interfund transfers are routine annual events for both the budget and accounting process and are necessary to present funds in their proper fund classification. The composition of interfund balances as of December 31, 2017 is shown below.

| Fund | Interfund | |
|-------------------------------------|----------------------|----------------------|
| | Receivable | Payable |
| Governmental funds: | | |
| General Fund | \$ 2,545,933 | \$ 12,902,045 |
| County Road Fund | 1,108 | 623,636 |
| Refuse and Garbage Fund | 1,125,864 | 20 |
| Capital Projects Fund | - | 335,639 |
| Nonmajor governmental funds | 1,783,610 | 42,866 |
| Proprietary funds: | | |
| Sullivan County Adult Care Center | - | 1,547,432 |
| Internal service funds: | | |
| Workers' Compensation Benefits Fund | 9,990,549 | - |
| Agency Fund | 4,574 | - |
| Total | <u>\$ 15,451,638</u> | <u>\$ 15,451,638</u> |

Transfers are used primarily to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute of budget required to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the fund making payments when due, and (3) move residual cash from closed capital projects.

The County made the following transfers during the year ended December 31, 2017:

| Transfers out: | Transfers in: | | | | | Proprietary funds | |
|-------------------------|--------------------|----------------------|-------------------------|-----------------------|----------------------|-------------------|----------------------|
| | Governmental funds | | | | | Sullivan County | Total |
| | General Fund | County Road Fund | Refuse and Garbage Fund | Capital Projects Fund | Total Nonmajor Funds | Adult Care Center | |
| Governmental funds: | | | | | | | |
| General Fund | \$ - | \$ 18,688,657 | \$ 1,043,621 | \$ 230,206 | \$ 8,187,857 | \$ 573,750 | \$ 28,724,091 |
| County Road Fund | - | - | - | 1,800,000 | 3,502,305 | - | 5,302,305 |
| Refuse and Garbage Fund | 500,000 | - | - | 377,600 | 3,952,448 | - | 4,830,048 |
| Capital Projects Fund | - | - | - | - | 349 | - | 349 |
| Nonmajor funds | <u>106,598</u> | <u>1,457</u> | <u>1,444</u> | <u>238,400</u> | <u>970,887</u> | <u>-</u> | <u>1,318,786</u> |
| Total | <u>\$ 606,598</u> | <u>\$ 18,690,114</u> | <u>\$ 1,045,065</u> | <u>\$ 2,646,206</u> | <u>\$ 16,613,846</u> | <u>\$ 573,750</u> | <u>\$ 40,175,579</u> |

15. LABOR RELATIONS

The County's employees operate under six collective bargaining units: the Teamsters Local 445, International Brotherhood of Teamsters contract; the DPW Laborers' Internal Union of North America, Local No 17 contract; the DPW Supervisory Unit Teamsters Local 445, International Brotherhood of Teamsters contract; the New York State Nurses Association contract; and the Sullivan County Patrolmen's Benevolent Association contract, which are all settled through December 31, 2017. The CSEA Sheriff Corrections contract remains unsettled at December 31, 2017.

16. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. Open encumbrances are reported as an assignment of fund balance since such commitments will be honored through budget appropriations in the subsequent year. The County considers encumbrances to be significant for amounts that are encumbered in excess of \$100,000 for all funds. As of December 31, 2017, the County had three significant encumbrances for machinery and equipment of \$126,715, \$138,434 and \$118,070 in the Capital Projects Fund, and one significant encumbrance of \$117,000 in the Refuse and Garbage Fund.

17. TAX ABATEMENTS

The County is subject to tax abatements granted by the Sullivan County Industrial Development Agency ("SCIDA"). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the SCIDA 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 SCIDA, the County collected \$1,047,560 during 2017 in payments in lieu of taxes ("PILOT"), these collections were made in lieu of \$4,292,371 in property taxes.

18. CONTINGENCIES

Litigation—The County is involved in litigation in the ordinary course of its operations. Various legal actions are pending against the County. The outcome of these matters is not presently determinable but, in the opinion of management, the ultimate liability will not have a material adverse effect on the County's financial condition or results of operation.

Grants—In the normal course of operations, the County receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. any disallowed expenditures resulting from such audits could become a liability of the governmental funds. The amount of disallowance, if any, cannot be determined at this time, although the County expects any such amounts to be immaterial.

Landfill Post-Closure—As discussed in Note 12, the County is responsible to perform specified operation and maintenance functions at a landfill sit for a period of thirty years. At December 31, 2017, the liability is \$15,303,388. The landfill post-closure liability is an estimate and is subject to changes resulting from inflation, deflation, technology or changes in applicable laws or regulations.

Adult Care Center—The Center participates in a premium based general and professional liability insurance plan. The plan assumes liability for most risks included, but not limited to, personal injury, malpractice, vehicle, and general liability. At December 31, 2017, no claims or outstanding premiums exist that meet the liability criteria.

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at the time. Recently, government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed. While no outstanding regulatory actions exist at December 31, 2017 for the Center, compliance with such laws and regulations can be subject to future government review and interpretations as well as regulatory actions unknown or unasserted at this time.

Sullivan County Tobacco Asset Securitization Corporation—The enforceability of the rights and remedies of the State (and thus the bondholders) and of the obligations of a participating manufacturer under the MSA are subject to the Bankruptcy Code and the other applicable insolvency, moratorium or similar laws relating to or affecting the enforcement of creditors' rights. Some of the risks include risks of delay in or reduction of amounts of payment or of non-payment under the MSA and the risk that the State (and thus the County and/or STASC) may be stayed for an extended time from enforcing any rights under the MSA and the Consent Decree or with respect to the payments owed by the bankrupt participating manufacturer or from commencing legal proceedings against the bankrupt participating manufacturer. As a result, if a participating manufacturer becomes a debtor in a bankruptcy case and defaults in making payment, funds available to STASC to pay bondholders may be reduced or eliminated

The bonds are payable only from the assets of STASC. The bonds are neither legal nor moral obligations of the County or the State of New York, and no recourse may be had thereto for payment of amounts owing on the bonds. STASC's only source of funds for payments on the bonds is the collections and amounts on deposit in pledged accounts pursuant to the indenture. STASC has no taxing power and no significant assets other than the rights to receive tobacco settlement revenues.

Sullivan County Community College

Litigation—The College is involved in litigation in the ordinary course of its operations. Various legal actions are pending against the College. The outcome of these matters is not presently determinable but, in the opinion of management, the ultimate liability will not have a material adverse effect on the College's financial condition or results of operation.

State and Federal Grant Programs and State Aid—The College participates in various State and Federal grant programs. These programs are subject to program compliance audits by the grantors or their representative. The audits of these programs are an ongoing process and many have not yet been conducted or completed. Accordingly, the College's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the College anticipates such amounts, if any, will not be material. The College's Federal compliance audit under OMB Circular A-133 and Uniform Guidance, as applicable, is performed in conjunction with the audit of the College and is included in the College's report.

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

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

Sullivan County Soil and Water Conservation District

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

The District is exposed to various risks of loss related to property damage and destruction of assets, vehicle liability, injuries to employees, health insurance and unemployment insurance. The District purchases commercial insurance to cover such potential risks. The general liability and auto policies provide coverage for up to a maximum of \$2,000,000. The District also purchases conventional health insurance coverage for its employees and participates in the Sullivan County Workers’ Compensation Benefits Fund, a risk sharing pool, which provides coverage at statutory levels. Settled claims have not exceed this commercial coverage in the last three fiscal years.

19. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 15, 2018, which is the date the financial statements are available for issuance, and have determined that there are no subsequent events that require disclosure under generally accepted accounting principles.

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REQUIRED SUPPLEMENTARY INFORMATION

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COUNTY OF SULLIVAN, NEW YORK
Schedule of Changes in the County's Total OPEB Liability and Related Ratios
Year Ended December 31, 2017*

Governmental activities:

Total OPEB Liability

| | |
|---|-----------------------|
| Service Cost | \$ 4,993,306 |
| Interest | 7,906,838 |
| Differences between expected and actual experience | 4,419,853 |
| Benefit payments | <u>(5,424,068)</u> |
| Net changes in total OPEB liability | <u>11,895,929</u> |
| Total OPEB liability—beginning, as restated | <u>250,216,410</u> |
| Total OPEB liability—ending | <u>\$ 262,112,339</u> |
| Covered-employee payroll | \$ 46,092,209 |
| County's net OPEB liability as a percentage of covered-employee payroll | 568.67% |

Business-type activities:

Total OPEB Liability

| | |
|---|----------------------|
| Service Cost | \$ 940,216 |
| Interest | 512,821 |
| Differences between expected and actual experience | (383,147) |
| Benefit payments | <u>(298,346)</u> |
| Net changes in total OPEB liability | <u>771,544</u> |
| Total OPEB liability—beginning, as restated | <u>16,228,506</u> |
| Total OPEB liability—ending | <u>\$ 17,000,050</u> |
| Covered-employee payroll | \$ 6,829,079 |
| County's net OPEB liability as a percentage of covered-employee payroll | 248.94% |

*Information prior to the year ended December 31, 2017 is not available.

COUNTY OF SULLIVAN, NEW YORK
Schedule of Funding Progress—Other Post-Employment Benefits Plan
Year Ended December 31, 2017

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability ("AAL")</u> | <u>Unfunded AAL ("UAAL")</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as a Percentage of Covered Payroll</u> |
|---|--|--|--------------------------------------|-------------------------|----------------------------|--|
| Sullivan County Community College: | | | | | | |
| September 1, 2015 | \$ - | \$ 43,384,872 | \$ 43,384,872 | - | \$ 5,584,546 | 776.9% |
| September 1, 2014 | - | 33,730,124 | 33,730,124 | - | 7,046,349 | 478.7% |
| September 1, 2013 | - | 33,730,124 | 33,730,124 | - | 7,197,500 | 468.6% |

COUNTY OF SULLIVAN, NEW YORK
Schedule of the Local Government's Proportionate Share of the
Net Pension Liability—Teachers' Retirement System
Last Three Years*

| | Year Ended August 31, | | |
|--|------------------------------|------------------|---------------------|
| | 2017 | 2016 | 2015 |
| Sullivan County Community College: | | | |
| Measurement date | June 30, 2017 | June 30, 2016 | June 30, 2015 |
| Plan fiduciary net position as a percentage of the total pension liability | 100.7% | 99.0% | 110.5% |
| College's proportion of the net pension liability (asset) | 0.0074050% | 0.0084310% | 0.0080760% |
| College's proportionate share of the net pension liability (asset) | <u>\$ (56,285)</u> | <u>\$ 90,296</u> | <u>\$ (838,829)</u> |
| College's covered-employee payroll | \$ 1,222,471 | \$ 1,300,935 | \$ 1,213,110 |
| College's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | (4.6)% | 6.9% | (69.2)% |

* These schedules are intended to show information for the past ten years; however information prior to the year ended August 31, 2015 was not available. Additional years will be presented as information becomes available.

COUNTY OF SULLIVAN, NEW YORK
Schedule of the Local Government's Contributions—
Teachers' Retirement System
Last Three Years*

| | Year Ended August 31, | | |
|--|------------------------------|------------------|------------------|
| | 2017 | 2016 | 2015 |
| Sullivan County Community College: | | | |
| Contractually required contributions | \$ 137,528 | \$ 172,504 | \$ 212,658 |
| Contributions in relation to the contractually required contribution | <u>(137,528)</u> | <u>(172,504)</u> | <u>(212,658)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| College's covered-employee payroll | 1,222,471 | 1,300,935 | 1,213,110 |
| Contributions as a percentage of covered-employee payroll | 11.3% | 13.3% | 17.5% |

* These schedules are intended to show information for the past ten years; however information prior to the year ended August 31, 2015 was not available. Additional years will be presented as information becomes available.

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

| | Year Ended December 31, | | |
|---|--------------------------------|----------------------|---------------------|
| | 2017 | 2016 | 2015 |
| Measurement date | March 31, 2017 | March 31, 2016 | March 31, 2015 |
| Plan fiduciary net position as a percentage of the total pension liability | 94.7% | 90.7% | 97.9% |
| Governmental activities: | | | |
| County's proportion of the net pension liability | 0.1851387% | 0.1899655% | 0.1857220% |
| County's proportionate share of the net pension liability | <u>\$ 17,396,061</u> | <u>\$ 30,490,042</u> | <u>\$ 6,274,132</u> |
| County's covered-employee payroll | \$ 44,100,576 | \$ 52,288,877 | \$ 51,515,316 |
| County's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 39.4% | 58.3% | 12.2% |
| Business-type activities: | | | |
| County's proportion of the net pension liability | 0.0257297% | 0.0261291% | 0.0262174% |
| County's proportionate share of the net pension liability | <u>\$ 2,417,622</u> | <u>\$ 4,193,799</u> | <u>\$ 885,687</u> |
| County's covered-employee payroll | \$ 6,676,520 | \$ 8,063,774 | \$ 7,844,031 |
| County's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 36.2% | 52.0% | 11.3% |
| Soil and Water Conservation District: | | | |
| District's proportion of the net pension liability | 0.0011771% | 0.0011839% | 0.0013466% |
| District's proportionate share of the net pension liability | <u>\$ 110,602</u> | <u>\$ 190,018</u> | <u>\$ 45,492</u> |
| District's covered-employee payroll | \$ 372,042 | \$ 373,268 | \$ 317,882 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 29.7% | 50.9% | 14.3% |
| | Year Ended August 31, | | |
| | 2017 | 2016 | 2015 |
| Measurement date | March 31, 2017 | March 31, 2016 | March 31, 2015 |
| Plan fiduciary net position as a percentage of the total pension liability | 94.7% | 90.7% | 97.9% |
| Sullivan County Community College: | | | |
| College's proportion of the net pension liability | 1.1309000% | 0.0124080% | 0.0120940% |
| College's proportionate share of the net pension liability | <u>\$ 1,062,603</u> | <u>\$ 1,991,469</u> | <u>\$ 408,579</u> |
| College's covered-employee payroll | \$ 2,673,112 | \$ 2,763,108 | \$ 3,027,884 |
| College's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 39.8% | 72.1% | 13.5% |

*Information prior to the years ended December 31, 2015 and August 31, 2015 was not available.

COUNTY OF SULLIVAN, NEW YORK
Schedule of the Local Government's Contributions—
Employees' Retirement System
Last Three Years*

| | Year Ended December 31, | | |
|--|--------------------------------|--------------------|--------------------|
| | 2017 | 2016 | 2015 |
| Governmental activities: | | | |
| Contractually required contributions | \$ 6,569,798 | \$ 7,341,500 | \$ 7,837,849 |
| Contributions in relation to the contractually required contribution | <u>(6,569,798)</u> | <u>(7,341,500)</u> | <u>(7,837,849)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| County's covered-employee payroll | \$ 46,070,276 | \$ 43,988,174 | \$ 44,018,400 |
| Contributions as a percentage of covered-employee payroll | 14.3% | 16.7% | 17.8% |
| Business-type activities: | | | |
| Contractually required contributions | \$ 910,645 | \$ 1,009,798 | \$ 1,106,428 |
| Contributions in relation to the contractually required contribution | <u>(910,645)</u> | <u>(1,009,798)</u> | <u>(1,106,428)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| County's covered-employee payroll | \$ 6,829,079 | \$ 6,683,257 | \$ 6,772,279 |
| Contributions as a percentage of covered-employee payroll | 13.3% | 15.1% | 16.3% |
| Soil and Water Conservation District: | | | |
| Contractually required contributions | \$ 51,260 | \$ 44,656 | \$ 65,969 |
| Contributions in relation to the contractually required contribution | <u>(51,260)</u> | <u>(44,656)</u> | <u>(65,969)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered-employee payroll | \$ 388,023 | \$ 346,261 | \$ 311,684 |
| Contributions as a percentage of covered-employee payroll | 13.2% | 12.9% | 21.2% |
| Year Ended August 31, | | | |
| | 2017 | 2016 | 2015 |
| Sullivan County Community College: | | | |
| Contractually required contributions | \$ 381,778 | \$ 479,513 | \$ 510,410 |
| Contributions in relation to the contractually required contribution | <u>(381,778)</u> | <u>(479,513)</u> | <u>(510,410)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| College's covered-employee payroll | \$ 2,673,112 | \$ 2,763,108 | \$ 3,027,884 |
| Contributions as a percentage of covered-employee payroll | 14.3% | 17.4% | 16.9% |

*Information prior to the years ended December 31, 2015 and August 31, 2015 was not available.

COUNTY OF SULLIVAN, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—General Fund
Year Ended December 31, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|----------------------|----------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Real property taxes | \$ 58,264,118 | \$ 58,264,118 | \$ 62,000,021 | \$ 3,735,903 |
| Other property tax items | 7,725,000 | 7,725,000 | 8,138,632 | 413,632 |
| Non-property tax items | 42,162,000 | 42,162,000 | 42,510,038 | 348,038 |
| Departmental income | 20,310,475 | 20,198,179 | 15,908,517 | (4,289,662) |
| Intergovernmental charges | 549,719 | 565,489 | 451,158 | (114,331) |
| Licenses and permits | 46,500 | 46,500 | 58,940 | 12,440 |
| Fines and forfeitures | 249,500 | 251,347 | 193,011 | (58,336) |
| Use of money and property | 108,870 | 108,870 | 277,846 | 168,976 |
| Sale of property and compensation for loss | 110,000 | 110,000 | 722,354 | 612,354 |
| Miscellaneous | 4,394,302 | 3,681,842 | 3,677,071 | (4,771) |
| State aid | 20,933,802 | 20,848,421 | 19,019,314 | (1,829,107) |
| Federal aid | <u>17,903,947</u> | <u>18,039,512</u> | <u>18,539,375</u> | <u>499,863</u> |
| Total revenues | <u>172,758,233</u> | <u>172,001,278</u> | <u>171,496,277</u> | <u>(505,001)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government support | 29,112,020 | 28,836,141 | 27,021,787 | 1,814,354 |
| Education | 5,800,000 | 5,800,000 | 5,604,562 | 195,438 |
| Public safety | 26,946,194 | 26,945,893 | 25,665,158 | 1,280,735 |
| Health | 26,201,103 | 25,404,326 | 23,325,203 | 2,079,123 |
| Transportation | 1,798,168 | 1,674,653 | 1,276,917 | 397,736 |
| Economic assistance and opportunity | 59,966,231 | 59,991,772 | 60,227,151 | (235,379) |
| Culture and recreation | 4,048,717 | 4,041,543 | 3,367,706 | 673,837 |
| Home and community service | 2,051,334 | 1,992,816 | 1,878,350 | 114,466 |
| Debt service: | | | | |
| Principal | 200,000 | 200,000 | 224,918 | (24,918) |
| Interest and other fiscal charges | <u>130,000</u> | <u>130,000</u> | <u>130,000</u> | <u>-</u> |
| Total expenditures | <u>156,253,767</u> | <u>155,017,144</u> | <u>148,721,752</u> | <u>6,295,392</u> |
| Excess (deficiency) of revenues over expenditures | 16,504,466 | 16,984,134 | 22,774,525 | 5,790,391 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 500,000 | 590,855 | 606,598 | 15,743 |
| Transfers out | <u>(24,175,881)</u> | <u>(27,910,351)</u> | <u>(28,724,091)</u> | <u>(813,740)</u> |
| Total other financing sources (uses) | <u>(23,675,881)</u> | <u>(27,319,496)</u> | <u>(28,117,493)</u> | <u>(797,997)</u> |
| Net change in fund balance* | (7,171,415) | (10,335,362) | (5,342,968) | 4,992,394 |
| Fund balances—beginning | <u>38,340,965</u> | <u>38,340,965</u> | <u>38,340,965</u> | <u>-</u> |
| Fund balances—ending | <u>\$ 31,169,550</u> | <u>\$ 28,005,603</u> | <u>\$ 32,997,997</u> | <u>\$ 4,992,394</u> |

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

The note to the required supplementary information is an integral part of this schedule.

COUNTY OF SULLIVAN, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—County Road Fund
Year Ended December 31, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|--------------------|---------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Intergovernmental charges | \$ 495,000 | \$ 943,817 | \$ 814,892 | \$ (128,925) |
| Licenses and permits | 7,000 | 7,000 | 5,892 | (1,108) |
| Use of money and property | - | - | 341 | 341 |
| Sale of property and compensation for loss | 100 | 100 | 241 | 141 |
| Miscellaneous | 100,000 | 100,000 | 27,321 | (72,679) |
| State aid | 5,330,410 | 4,911,085 | 4,272,297 | (638,788) |
| Federal aid | 134,375 | 396,375 | 245,650 | (150,725) |
| Total revenues | <u>6,066,885</u> | <u>6,358,377</u> | <u>5,366,634</u> | <u>(991,743)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | 814,942 | 818,236 | 746,711 | 71,525 |
| Transportation | 19,685,953 | 20,526,329 | 19,368,668 | 1,157,661 |
| Debt service: | | | | |
| Principal | 1,800,000 | - | - | 1,800,000 |
| Interest | 36,000 | 36,000 | 36,000 | - |
| Total expenditures | <u>22,336,895</u> | <u>21,380,565</u> | <u>20,151,379</u> | <u>3,029,186</u> |
| Excess (deficiency) of revenues over expenditures | (16,270,010) | (15,022,188) | (14,784,745) | 2,037,443 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 16,364,726 | 18,688,657 | 18,690,114 | 1,457 |
| Transfers out | <u>(3,600,222)</u> | <u>(5,400,222)</u> | <u>(5,302,305)</u> | <u>97,917</u> |
| Total other financing sources (uses) | <u>12,764,504</u> | <u>13,288,435</u> | <u>13,387,809</u> | <u>99,374</u> |
| Net change in fund balance* | (3,505,506) | (1,733,753) | (1,396,936) | 2,136,817 |
| Fund balances—beginning | <u>2,570,566</u> | <u>2,570,566</u> | <u>2,570,566</u> | <u>-</u> |
| Fund balances—ending | <u>\$ (934,940)</u> | <u>\$ 836,813</u> | <u>\$ 1,173,630</u> | <u>\$ 2,136,817</u> |

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

The note to the required supplementary information is an integral part of this schedule.

COUNTY OF SULLIVAN, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Refuse and Garbage Fund
Year Ended December 31, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|---------------------|---------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Departmental income | \$ 11,994,500 | \$ 11,994,500 | \$ 11,899,174 | \$ (95,326) |
| Use of money and property | - | - | 582 | 582 |
| Sale of property and compensation for loss | 230,000 | 230,000 | 295,580 | 65,580 |
| State aid | 32,500 | 32,500 | 73,912 | 41,412 |
| Total revenues | <u>12,257,000</u> | <u>12,257,000</u> | <u>12,269,248</u> | <u>12,248</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Home and community service | 8,759,793 | 8,757,387 | 7,960,820 | 796,567 |
| Debt service: | | | | |
| Interest | 385,152 | 7,552 | 7,552 | - |
| Total expenditures | <u>9,144,945</u> | <u>8,764,939</u> | <u>7,968,372</u> | <u>796,567</u> |
| Excess (deficiency) of revenues over expenditures | 3,112,055 | 3,492,061 | 4,300,876 | 808,815 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 650,000 | 1,043,621 | 1,045,065 | 1,444 |
| Transfers out | <u>(4,462,705)</u> | <u>(4,848,315)</u> | <u>(4,830,048)</u> | <u>18,267</u> |
| Total other financing sources (uses) | <u>(3,812,705)</u> | <u>(3,804,694)</u> | <u>(3,784,983)</u> | <u>19,711</u> |
| Net change in fund balance* | (700,650) | (312,633) | 515,893 | 828,526 |
| Fund balances—beginning | 1,594,296 | 1,594,296 | 1,594,296 | - |
| Fund balances—ending | <u>\$ 893,646</u> | <u>\$ 1,281,663</u> | <u>\$ 2,110,189</u> | <u>\$ 828,526</u> |

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

The note to the required supplementary information is an integral part of this schedule.

COUNTY OF SULLIVAN, NEW YORK
Note to the Required Supplementary Information
Year Ended December 31, 2017

1. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with generally accepted accounting principles in the United States of America for all governmental funds, except the Capital Projects Fund and the Special Grant Fund. These funds are appropriated on a project-length basis; appropriations are approved through a County Legislature resolution at the project/grant's inception and lapse upon termination/completion of the project/grant.

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

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

Actual results of operations presented in accordance with GAAP and the County's accounting policies do not recognize encumbrances and restricted fund balance as expenditures until the period in which the actual goods and services are received and a liability is incurred. Encumbrances are only reported on the balance sheet of the governmental funds included within restricted, committed, or assigned fund balance. Significant encumbrances are disclosed in the notes to the financial statements. The General Fund, County Road Fund, and Refuse and Garbage Fund original budgets for the year ended December 31, 2017 include encumbrances from the prior year of \$738,192, \$55,555, and \$30,897, respectively.

Excess of Expenditures over Appropriations—For the year ended December 31, 2017, the County's General Fund had expenditures in excess of the final budgeted amount within economic assistance and opportunity, debt service principal and transfers out of \$235,379, \$24,918 and \$813,740, respectively. These were caused by higher than anticipated child care costs, debt service payments and transfers out to the Debt Service Fund, respectively.

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SUPPLEMENTAL SECTION—
COMBINING AND INDIVIDUAL STATEMENTS
AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is the principal operating fund of the County and includes all operations not required to be recorded in a separate fund.

COUNTY ROAD FUND

The County Road Fund is a separate revenue fund required by Highway Law Section 114 and accounts for salaries and expenditures of the county highway superintendent's office, maintenance of county roads and bridges, snow removal and construction and reconstruction of county roads.

REFUSE AND GARBAGE FUND

The Refuse and Garbage Fund is a special revenue fund used to record all revenues and expenditures related to solid waste operations.

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of capital facilities, other than those financed by proprietary funds and equipment purchases financed in whole or in part from the proceeds of obligations.

COUNTY OF SULLIVAN, NEW YORK
Detail Schedule of Revenues and Other Financing Sources—Budget and Actual—General Fund
Year Ended December 31, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|-------------------|-------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Real property taxes | \$ 58,264,118 | \$ 58,264,118 | \$ 62,000,021 | \$ 3,735,903 |
| Other property tax items: | | | | |
| Gain from sale of tax acquired property | 1,750,000 | 1,750,000 | 2,301,852 | 551,852 |
| Other payments in lieu of taxes | 975,000 | 975,000 | 1,047,560 | 72,560 |
| Interest and penalties on real property taxes | 5,000,000 | 5,000,000 | 4,789,220 | (210,780) |
| Total other property tax items | <u>7,725,000</u> | <u>7,725,000</u> | <u>8,138,632</u> | <u>413,632</u> |
| Non-property tax items: | | | | |
| Sales and use tax | 40,000,000 | 40,000,000 | 39,990,156 | (9,844) |
| Tax on hotel room occupancy | 600,000 | 600,000 | 916,761 | 316,761 |
| Automobile use tax | 500,000 | 500,000 | 533,607 | 33,607 |
| Emergency telephone system surcharge | 280,000 | 280,000 | 266,238 | (13,762) |
| OTB surtax | 180,000 | 180,000 | 108,797 | (71,203) |
| Other non-property tax | 602,000 | 602,000 | 694,479 | 92,479 |
| Total non-property tax items | <u>42,162,000</u> | <u>42,162,000</u> | <u>42,510,038</u> | <u>348,038</u> |
| Departmental income: | | | | |
| General government support: | | | | |
| Treasurer's fees | 2,600 | 2,600 | 7,191 | 4,591 |
| Tax collector's fees | 356,500 | 609,513 | 555,594 | (53,919) |
| Charges for tax advertising and redemption | 500,000 | 500,000 | 514,493 | 14,493 |
| Assessor's fees | 5,770 | 5,934 | 6,284 | 350 |
| Clerk's fees | 1,601,396 | 1,601,396 | 1,678,259 | 76,863 |
| Personnel fees | 16,000 | 16,000 | 23,502 | 7,502 |
| Attorney's fees | 37,436 | 37,436 | 37,436 | - |
| Other general governmental income | 2,043,815 | 2,072,690 | 1,595,080 | (477,610) |
| Public safety: | | | | |
| Sheriff's fees | 980,000 | 980,000 | 1,121,170 | 141,170 |
| Alternative to incarceration fees | 94,100 | 94,100 | 116,412 | 22,312 |
| Restitution surcharge | 3,500 | 3,500 | 5,857 | 2,357 |
| Other public safety departmental income | 16,000 | 16,000 | 12,318 | (3,682) |
| Health: | | | | |
| Nursing home care | 3,716,583 | 3,300,818 | 2,399,864 | (900,954) |
| Mental health fees | 2,982,351 | 2,982,351 | 583,688 | (2,398,663) |
| Early intervention fees for services | 532,923 | 532,923 | 546,037 | 13,114 |
| Alcoholism clinic fees | 362,466 | 362,466 | (61,066) | (423,532) |
| Other health department income | - | 1,310 | 5,982 | 4,672 |

(continued)

COUNTY OF SULLIVAN, NEW YORK
Detail Schedule of Revenues and Other Financing Sources—Budget and Actual—General Fund
Year Ended December 31, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|--|-------------------------|-------------------|-------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> |
| Departmental income (continued): | | | | |
| Transportation: | | | | |
| Public works charges | 3,725,000 | 3,743,107 | 3,792,762 | 49,655 |
| Airport fees and rentals | 117,100 | 117,100 | 65,010 | (52,090) |
| Other transportation income | 294,175 | 294,175 | 278,486 | (15,689) |
| Economic assistance and opportunity: | | | | |
| Repayment of medical assistance | 540,000 | 540,000 | 300,310 | (239,690) |
| Repayment of family assistance | 575,000 | 575,000 | 464,690 | (110,310) |
| Repayment of child care | 560,000 | 560,000 | 644,086 | 84,086 |
| Repayment of juvenile delinquent care | 20,000 | 20,000 | 8,822 | (11,178) |
| Repayment of safety net assistance | 315,000 | 315,000 | 294,471 | (20,529) |
| Repayment of home energy assistance (HEAP) | 115,000 | 115,000 | 112,461 | (2,539) |
| Repayment of emergency care for adults | 50,000 | 50,000 | 59,757 | 9,757 |
| Repayment of day care | 2,500 | 2,500 | 3,516 | 1,016 |
| Social services recovery charges | 4,300 | 4,300 | 2,810 | (1,490) |
| Social services charges | 112,000 | 112,000 | 130,451 | 18,451 |
| Charges, program for the aging | 59,500 | 59,500 | 33,148 | (26,352) |
| Other economic assistance and opportunity income | 479,860 | 479,860 | 447,513 | (32,347) |
| Culture and recreation: | | | | |
| Parks and recreation charges | 59,600 | 61,600 | 65,787 | 4,187 |
| Recreation concessions | 13,500 | 13,500 | 12,000 | (1,500) |
| Museum admissions | 16,500 | 16,500 | 14,555 | (1,945) |
| Home and community services: | | | | |
| Other home and community services income | - | - | 29,781 | 29,781 |
| Total departmental income | <u>20,310,475</u> | <u>20,198,179</u> | <u>15,908,517</u> | <u>(4,289,662)</u> |
| Intergovernmental charges: | | | | |
| General government support: | | | | |
| General services, other governments | 386,219 | 388,519 | 335,034 | (53,485) |
| Election service charges | 1,000 | 1,000 | 1,501 | 501 |
| Education: | | | | |
| Jail facilities, other governments | 2,500 | 2,500 | 6,551 | 4,051 |
| Health: | | | | |
| Health services, other governments | 160,000 | 173,470 | 108,072 | (65,398) |
| Total intergovernmental charges | <u>549,719</u> | <u>565,489</u> | <u>451,158</u> | <u>(114,331)</u> |

(continued)

COUNTY OF SULLIVAN, NEW YORK
Detail Schedule of Revenues and Other Financing Sources—Budget and Actual—General Fund
Year Ended December 31, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|------------------|------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Licenses and permits: | | | | |
| Business and occupational license | 45,000 | 45,000 | 57,440 | 12,440 |
| Permits, other | 1,500 | 1,500 | 1,500 | - |
| Total licenses and permits | <u>46,500</u> | <u>46,500</u> | <u>58,940</u> | <u>12,440</u> |
| Fines and forfeitures: | | | | |
| Fines and forfeited bail | 5,000 | 5,000 | 13,599 | 8,599 |
| Stop DWI fines | 234,500 | 234,500 | 141,053 | (93,447) |
| Forfeiture of deposits | 10,000 | 10,000 | 27,114 | 17,114 |
| Forfeiture of crime proceeds, restricted | - | 1,847 | 11,245 | 9,398 |
| Total fines and forfeitures | <u>249,500</u> | <u>251,347</u> | <u>193,011</u> | <u>(58,336)</u> |
| Use of money and property: | | | | |
| Interest and earnings | 40,270 | 40,270 | 170,213 | 129,943 |
| Rental of real property | 7,800 | 7,800 | 7,800 | - |
| Commissions | 60,800 | 60,800 | 99,833 | 39,033 |
| Total use of money and property | <u>108,870</u> | <u>108,870</u> | <u>277,846</u> | <u>168,976</u> |
| Sale of property and compensation for loss: | | | | |
| Sales, other | 10,000 | 10,000 | 15,206 | 5,206 |
| Insurance recoveries | 100,000 | 100,000 | 560,096 | 460,096 |
| Compensation for loss restitution | - | - | 147,052 | 147,052 |
| Total sale of property and compensation for loss | <u>110,000</u> | <u>110,000</u> | <u>722,354</u> | <u>612,354</u> |
| Miscellaneous: | | | | |
| Gifts and donations | 89,556 | 127,096 | 109,817 | (17,279) |
| VLT/Tribal compact moneys | 308,570 | 308,570 | 308,570 | - |
| Other unclassified revenues | 3,996,176 | 3,246,176 | 3,258,684 | 12,508 |
| Total miscellaneous | <u>4,394,302</u> | <u>3,681,842</u> | <u>3,677,071</u> | <u>(4,771)</u> |
| State aid: | | | | |
| General government support: | | | | |
| State revenue sharing | 1,500 | 1,500 | 21,088 | 19,588 |
| Court facilities | 222,394 | 264,227 | 241,061 | (23,166) |
| Indigent legal services fund | - | - | 216,102 | 216,102 |
| District attorney salary | 76,176 | 76,176 | 76,176 | - |
| Medical examiner | 3,000 | 3,000 | - | (3,000) |
| Other | 78,800 | 78,800 | 57,558 | (21,242) |

(continued)

COUNTY OF SULLIVAN, NEW YORK
Detail Schedule of Revenues and Other Financing Sources—Budget and Actual—General Fund
Year Ended December 31, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|-------------------|-------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| State aid (continued): | | | | |
| Education: | | | | |
| Education of handicapped children | 3,215,047 | 3,205,546 | 1,417,527 | (1,788,019) |
| Public safety: | | | | |
| Homeland security | 34,048 | 72,048 | - | (72,048) |
| Probation services | 229,625 | 229,625 | 232,020 | 2,395 |
| Navigation law enforcement | 4,000 | 4,000 | - | (4,000) |
| Other public safety | 411,500 | 414,227 | 270,511 | (143,716) |
| Health: | | | | |
| Public health | 1,304,511 | 1,144,935 | 1,136,380 | (8,555) |
| Veterans services | 8,529 | 8,529 | 8,529 | - |
| Early intervention | 105,490 | 99,725 | 186,839 | 87,114 |
| Public health, other | 153,484 | 154,727 | 88,912 | (65,815) |
| Narcotics addiction control | 257,718 | 257,718 | 294,884 | 37,166 |
| Other health | 1,824,419 | 1,824,419 | 1,786,265 | (38,154) |
| Mental health | 3,273,912 | 3,273,912 | 4,252,466 | 978,554 |
| Transportation: | | | | |
| Buses and other mass transportation projects | 7,500 | 7,500 | (10,677) | (18,177) |
| Economic assistance and opportunity: | | | | |
| Medical assistance | (150,000) | (150,000) | (88,773) | 61,227 |
| Family assistance | 250,000 | 250,000 | 833,951 | 583,951 |
| Social services administration | 4,768,388 | 4,774,046 | 3,758,341 | (1,015,705) |
| Child care | 2,500,000 | 2,500,000 | 2,505,045 | 5,045 |
| Juvenile delinquent | 185,000 | 185,000 | - | (185,000) |
| Safety net | 850,000 | 850,000 | 776,833 | (73,167) |
| Emergency assistance for adults | 61,000 | 61,000 | 6,820 | (54,180) |
| Day care | 300,000 | 300,000 | 255,140 | (44,860) |
| Services for recipients | 25,000 | 25,000 | - | (25,000) |
| Program for aging | 855,839 | 855,839 | 621,104 | (234,735) |
| Other economic assistance and opportunity | 3,000 | 3,000 | 2,235 | (765) |
| Culture and recreation: | | | | |
| Youth programs | 73,922 | 73,922 | 72,977 | (945) |
| Total state aid | <u>20,933,802</u> | <u>20,848,421</u> | <u>19,019,314</u> | <u>(1,829,107)</u> |
| Federal aid: | | | | |
| Public safety: | | | | |
| Crime control | 210,000 | 210,000 | 82,463 | (127,537) |
| Other public safety | - | - | 23,378 | 23,378 |
| Health: | | | | |
| Public health | 512,968 | 569,083 | 517,586 | (51,497) |
| WIC program | 477,253 | 483,210 | 549,898 | 66,688 |
| Other health | 280,000 | 297,835 | 957,184 | 659,349 |

(continued)

COUNTY OF SULLIVAN, NEW YORK
Detail Schedule of Revenues and Other Financing Sources—Budget and Actual—General Fund
Year Ended December 31, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|-----------------------|-----------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Federal aid (continued): | | | | |
| Economic assistance and opportunity: | | | | |
| Medicaid assistance | (50,000) | (50,000) | 26,783 | 76,783 |
| Family assistance | 6,032,450 | 6,032,450 | 5,668,852 | (363,598) |
| Social services administration | 5,540,155 | 5,545,813 | 5,951,523 | 405,710 |
| Flexible funding for family services (FFFS) | 3,536,575 | 3,536,575 | 3,546,656 | 10,081 |
| Safety net | 60,000 | 60,000 | 35,914 | (24,086) |
| Home energy assistance | (60,000) | (60,000) | (131,549) | (71,549) |
| Programs for the aging | 461,961 | 461,961 | 556,481 | 94,520 |
| Other economic assistance and opportunity | 148,625 | 252,184 | 230,954 | (21,230) |
| Job training | 53,559 | - | - | - |
| Workforce investment act | 607,787 | 607,787 | 523,252 | (84,535) |
| Home and community services: | | | | |
| Other home and community services | 92,614 | 92,614 | - | (92,614) |
| Total federal aid | <u>17,903,947</u> | <u>18,039,512</u> | <u>18,539,375</u> | <u>499,863</u> |
| | | | | |
| Total revenues | <u>\$ 172,758,233</u> | <u>\$ 172,001,278</u> | <u>\$ 171,496,277</u> | <u>\$ (505,001)</u> |
| | | | | |
| OTHER FINANCING SOURCES | | | | |
| Transfers in: | | | | |
| Transfer from Road Machinery Fund | \$ - | \$ 82,845 | \$ 82,845 | \$ - |
| Transfer from Debt Service Fund | - | - | 23,753 | 23,753 |
| Transfer from Refuse and Garbage Fund | 500,000 | 508,010 | 500,000 | (8,010) |
| Total other financing sources | <u>\$ 500,000</u> | <u>\$ 590,855</u> | <u>\$ 606,598</u> | <u>\$ 15,743</u> |
| | | | | |
| Total revenues and other financing sources | <u>\$ 173,258,233</u> | <u>\$ 172,592,133</u> | <u>\$ 172,102,875</u> | <u>\$ (489,258)</u> |

(concluded)

COUNTY OF SULLIVAN, NEW YORK
Detail Schedule of Expenditures and Other Financing Uses—Budget and Actual—General Fund
Year Ended December 31, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|-----------------------------------|-------------------------|-------------------|-------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| EXPENDITURES | | | | |
| General government support: | | | | |
| Legislative board | \$ 625,838 | \$ 624,088 | \$ 589,263 | \$ 34,825 |
| Municipal court | 7,000 | 7,000 | 4,810 | 2,190 |
| District attorney | 2,004,850 | 2,058,609 | 1,770,548 | 288,061 |
| Public defender | 1,382,757 | 1,382,757 | 1,695,814 | (313,057) |
| Medical examiner and coroner | 388,609 | 388,609 | 373,565 | 15,044 |
| Municipal executive | 583,261 | 663,244 | 627,146 | 36,098 |
| Auditor | 765,994 | 740,139 | 705,080 | 35,059 |
| Treasurer | 565,602 | 565,143 | 543,651 | 21,492 |
| Tax collector | 1,075,232 | 1,327,988 | 1,295,731 | 32,257 |
| Budget | 1,733,309 | 1,576,208 | 1,457,912 | 118,296 |
| Purchasing | 480,267 | 400,267 | 350,191 | 50,076 |
| Assessment | 658,096 | 658,260 | 634,500 | 23,760 |
| Clerk | 2,136,365 | 2,135,946 | 2,109,254 | 26,692 |
| Law | 1,007,203 | 1,151,003 | 1,110,669 | 40,334 |
| Personnel | 569,731 | 572,521 | 593,936 | (21,415) |
| Elections | 640,415 | 635,139 | 620,521 | 14,618 |
| Records management | 152,816 | 142,816 | 141,758 | 1,058 |
| Public works administration | 829,085 | 881,212 | 766,492 | 114,720 |
| Central services administration | 252,035 | 252,035 | 248,659 | 3,376 |
| Operation of plant | 5,302,778 | 5,315,283 | 4,687,568 | 627,715 |
| Central data processing | 4,536,775 | 4,611,407 | 4,052,983 | 558,424 |
| Unallocated insurance | 751,000 | 751,000 | 877,667 | (126,667) |
| Municipal association dues | 35,150 | 35,477 | 35,477 | - |
| Judgments and claims | 150,000 | 150,000 | 431,608 | (281,608) |
| Other general government support | 2,477,852 | 1,809,990 | 1,296,984 | 513,006 |
| Total general government support | <u>29,112,020</u> | <u>28,836,141</u> | <u>27,021,787</u> | <u>1,814,354</u> |
| Education: | | | | |
| Community college tuition | 1,500,000 | 1,500,000 | 1,304,562 | 195,438 |
| Contribution to community college | 4,300,000 | 4,300,000 | 4,300,000 | - |
| Total education | <u>5,800,000</u> | <u>5,800,000</u> | <u>5,604,562</u> | <u>195,438</u> |

(continued)

COUNTY OF SULLIVAN, NEW YORK
Detail Schedule of Expenditures and Other Financing Uses—Budget and Actual—General Fund
Year Ended December 31, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|--|-------------------------|-------------------|-------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> |
| Public safety: | | | | |
| Public safety administration | 258,886 | 281,720 | 203,581 | 78,139 |
| Public safety communication system (911) | 1,805,467 | 1,655,954 | 1,543,918 | 112,036 |
| Sheriff | 8,265,279 | 8,085,622 | 7,741,436 | 344,186 |
| Probation | 2,910,736 | 2,906,231 | 2,504,743 | 401,488 |
| Jail | 12,413,859 | 12,669,215 | 12,404,324 | 264,891 |
| Stop DWI | 267,316 | 267,166 | 221,586 | 45,580 |
| Fire protection | 119,616 | 134,350 | 118,120 | 16,230 |
| Other animal controls | 3,000 | 3,000 | - | 3,000 |
| Safety inspection | 18,000 | 18,000 | 3,198 | 14,802 |
| Other public safety | 884,035 | 924,635 | 924,252 | 383 |
| Total public safety | <u>26,946,194</u> | <u>26,945,893</u> | <u>25,665,158</u> | <u>1,280,735</u> |
| Health: | | | | |
| Public health | 6,704,325 | 6,101,373 | 5,768,542 | 332,831 |
| Physically handicapped | 4,525 | 4,525 | 2,738 | 1,787 |
| Public health, other | 930,980 | 932,543 | 881,948 | 50,595 |
| Early intervention program | 6,603,936 | 6,581,318 | 5,549,645 | 1,031,673 |
| WIC program | 690,615 | 662,815 | 628,762 | 34,053 |
| Narcotics addiction control | 718,948 | 718,946 | 551,048 | 167,898 |
| Narcotics addiction control services | 1,824,419 | 1,824,419 | 1,781,454 | 42,965 |
| Alcohol addiction control | 19,714 | 19,714 | 13,394 | 6,320 |
| Mental health administration | 1,886,093 | 1,889,993 | 1,650,250 | 239,743 |
| Mental health programs | 3,872,142 | 3,755,479 | 3,542,552 | 212,927 |
| Contracted mental health services | 2,440,196 | 2,440,991 | 2,483,208 | (42,217) |
| Other health | 505,210 | 472,210 | 471,662 | 548 |
| Total health | <u>26,201,103</u> | <u>25,404,326</u> | <u>23,325,203</u> | <u>2,079,123</u> |
| Transportation: | | | | |
| Airport | 654,804 | 599,697 | 371,984 | 227,713 |
| Other transportation | 1,061,537 | 1,007,629 | 838,099 | 169,530 |
| Other transportation | 81,827 | 67,327 | 66,834 | 493 |
| Total transportation | <u>1,798,168</u> | <u>1,674,653</u> | <u>1,276,917</u> | <u>397,736</u> |

(continued)

COUNTY OF SULLIVAN, NEW YORK
Detail Schedule of Expenditures and Other Financing Uses—Budget and Actual—General Fund
Year Ended December 31, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|---|-------------------------|-------------------|-------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> |
| Economic assistance and opportunity: | | | | |
| Social services administration | 16,857,786 | 16,846,167 | 15,789,838 | 1,056,329 |
| Day care | 1,583,350 | 1,583,350 | 1,307,024 | 276,326 |
| Services for recipients | 389,800 | 389,800 | 420,028 | (30,228) |
| Medicaid | 22,513,512 | 22,513,512 | 23,095,123 | (581,611) |
| Family assistance | 5,300,000 | 5,300,000 | 5,221,827 | 78,173 |
| Child care | 5,161,895 | 5,161,895 | 6,395,080 | (1,233,185) |
| Juvenile delinquent | 130,000 | 130,000 | 118,678 | 11,322 |
| State training school | 275,000 | 275,000 | 118,468 | 156,532 |
| Safety net (formerly home relief) | 2,948,500 | 2,948,500 | 3,157,842 | (209,342) |
| Home energy assistance | 105,000 | 105,000 | 60,288 | 44,712 |
| Emergency aid for adults | 250,000 | 250,000 | 54,934 | 195,066 |
| Workforce investment act | 1,540,197 | 1,590,197 | 1,577,733 | 12,464 |
| Community action administration | 18,360 | 18,360 | - | 18,360 |
| Other economic opportunity programs | 60,000 | 60,000 | 60,000 | - |
| Publicity | 575,000 | 575,000 | 736,577 | (161,577) |
| Veterans service | 714,699 | 714,699 | 679,196 | 35,503 |
| Consumer affairs | 107,216 | 107,376 | 108,682 | (1,306) |
| Other economic development | <u>1,435,916</u> | <u>1,422,916</u> | <u>1,325,833</u> | <u>97,083</u> |
| Total economic assistance and opportunity | <u>59,966,231</u> | <u>59,991,772</u> | <u>60,227,151</u> | <u>(235,379)</u> |
| Culture and recreation: | | | | |
| Parks | 485,337 | 451,752 | 260,636 | 191,116 |
| Youth programs | 296,119 | 296,119 | 298,585 | (2,466) |
| Museum | 70,368 | 78,153 | 60,011 | 18,142 |
| Historical property | 94,465 | 88,714 | 65,807 | 22,907 |
| Other performing arts | 58,051 | 58,051 | 70,363 | (12,312) |
| Program for the aging | 2,886,014 | 2,915,791 | 2,459,356 | 456,435 |
| Other culture and recreation | <u>158,363</u> | <u>152,963</u> | <u>152,948</u> | <u>15</u> |
| Total culture and recreation | <u>4,048,717</u> | <u>4,041,543</u> | <u>3,367,706</u> | <u>673,837</u> |
| Home and community services: | | | | |
| Planning | 1,070,546 | 1,037,985 | 852,947 | 185,038 |
| Human rights commission | 50,377 | 48,670 | 42,880 | 5,790 |
| Fish and game | 184,420 | 184,020 | 179,355 | 4,665 |
| Flood and erosion control | 320,000 | 290,574 | 290,573 | 1 |
| Cemeteries | 6,895 | 7,148 | 6,628 | 520 |
| Other home and community services | <u>419,096</u> | <u>424,419</u> | <u>505,967</u> | <u>(81,548)</u> |
| Total home and community services | <u>2,051,334</u> | <u>1,992,816</u> | <u>1,878,350</u> | <u>114,466</u> |

(continued)

COUNTY OF SULLIVAN, NEW YORK
Detail Schedule of Expenditures and Other Financing Uses—Budget and Actual—General Fund
Year Ended December 31, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|-----------------------|-----------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Debt service: | | | | |
| Principal | 200,000 | 200,000 | 224,918 | (24,918) |
| Interest | 130,000 | 130,000 | 130,000 | - |
| Total debt service | <u>330,000</u> | <u>330,000</u> | <u>354,918</u> | <u>(24,918)</u> |
| | | | | |
| Total expenditures | <u>\$ 156,253,767</u> | <u>\$ 155,017,144</u> | <u>\$ 148,721,752</u> | <u>\$ 6,295,392</u> |
| | | | | |
| OTHER FINANCING USES | | | | |
| Transfers out: | | | | |
| Transfer to Capital Projects Fund | \$ - | \$ 200,000 | \$ 230,206 | \$ (30,206) |
| Transfer to County Road Fund | 16,364,726 | 18,688,657 | 18,688,657 | - |
| Transfer to Road Machinery Fund | 3,566,907 | 3,810,075 | 3,810,075 | - |
| Transfer to Debt Service Fund | 3,594,248 | 3,594,248 | 4,377,782 | (783,534) |
| Transfer to Refuse and Garbage Fund | 650,000 | 1,043,621 | 1,043,621 | - |
| Transfer to Adult Care Center | - | 573,750 | 573,750 | - |
| Total other financing uses | <u>\$ 24,175,881</u> | <u>\$ 27,910,351</u> | <u>\$ 28,724,091</u> | <u>\$ (813,740)</u> |
| | | | | |
| Total expenditures and other financing uses | <u>\$ 180,429,648</u> | <u>\$ 182,927,495</u> | <u>\$ 177,445,843</u> | <u>\$ 5,481,652</u> |

(concluded)

COUNTY OF SULLIVAN, NEW YORK
Detail Schedule of Revenue and Other Financing Sources—Budget and Actual—County Road Fund
Year Ended December 31, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|----------------------|----------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Intergovernmental charges: | | | | |
| Transportation: | | | | |
| Transportation services, other governments | \$ 40,000 | \$ 46,800 | \$ 18,085 | \$ (28,715) |
| Snow removal, other governments | <u>455,000</u> | <u>897,017</u> | <u>796,807</u> | <u>(100,210)</u> |
| Total intergovernmental charges | <u>495,000</u> | <u>943,817</u> | <u>814,892</u> | <u>(128,925)</u> |
| Licenses and permits: | | | | |
| Permits, other | <u>7,000</u> | <u>7,000</u> | <u>5,892</u> | <u>(1,108)</u> |
| Total licenses and permits | <u>7,000</u> | <u>7,000</u> | <u>5,892</u> | <u>(1,108)</u> |
| Use of money and property: | | | | |
| Interest and earnings | <u>-</u> | <u>-</u> | <u>341</u> | <u>341</u> |
| Total use of money and property | <u>-</u> | <u>-</u> | <u>341</u> | <u>341</u> |
| Sale of property and compensation for loss: | | | | |
| Sales, other | <u>100</u> | <u>100</u> | <u>241</u> | <u>141</u> |
| Total sale of property and compensation for loss | <u>100</u> | <u>100</u> | <u>241</u> | <u>141</u> |
| Miscellaneous: | | | | |
| Other unclassified revenues | <u>100,000</u> | <u>100,000</u> | <u>27,321</u> | <u>(72,679)</u> |
| Total miscellaneous | <u>100,000</u> | <u>100,000</u> | <u>27,321</u> | <u>(72,679)</u> |
| State aid: | | | | |
| Transportation: | | | | |
| Consolidated highway improvement program ("CHIPS") | 5,250,410 | 4,830,410 | 4,261,596 | (568,814) |
| Other transportation | <u>80,000</u> | <u>80,675</u> | <u>10,701</u> | <u>(69,974)</u> |
| Total state aid | <u>5,330,410</u> | <u>4,911,085</u> | <u>4,272,297</u> | <u>(638,788)</u> |
| Federal aid: | | | | |
| Transportation: | | | | |
| Other transportation | <u>134,375</u> | <u>396,375</u> | <u>245,650</u> | <u>(150,725)</u> |
| Total federal aid | <u>134,375</u> | <u>396,375</u> | <u>245,650</u> | <u>(150,725)</u> |
| Total revenues | <u>\$ 6,066,885</u> | <u>\$ 6,358,377</u> | <u>\$ 5,366,634</u> | <u>\$ (991,743)</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in: | | | | |
| Transfer from Debt Service Fund | \$ - | \$ - | \$ 1,457 | \$ 1,457 |
| Transfer from General Fund | <u>16,364,726</u> | <u>18,688,657</u> | <u>18,688,657</u> | <u>-</u> |
| Total other financing sources | <u>\$ 16,364,726</u> | <u>\$ 18,688,657</u> | <u>\$ 18,690,114</u> | <u>\$ 1,457</u> |
| Total revenues and other financing sources | <u>\$ 22,431,611</u> | <u>\$ 25,047,034</u> | <u>\$ 24,056,748</u> | <u>\$ (990,286)</u> |

COUNTY OF SULLIVAN, NEW YORK
Detail Schedule of Expenditure and Other Financing Uses—Budget and Actual—County Road Fund
Year Ended December 31, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|----------------------|----------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| EXPENDITURES | | | | |
| Public safety: | | | | |
| Traffic control | \$ 686,756 | \$ 690,050 | \$ 608,096 | \$ 81,954 |
| Other public safety | <u>128,186</u> | <u>128,186</u> | <u>138,615</u> | <u>(10,429)</u> |
| Total public safety | <u>814,942</u> | <u>818,236</u> | <u>746,711</u> | <u>71,525</u> |
| Transportation: | | | | |
| Engineering | 1,464,581 | 1,711,452 | 1,315,037 | 396,415 |
| Maintenance of roads | 15,175,780 | 15,068,636 | 14,242,238 | 826,398 |
| Snow removal | 2,214,165 | 2,914,814 | 3,006,496 | (91,682) |
| Other transportation | <u>831,427</u> | <u>831,427</u> | <u>804,897</u> | <u>26,530</u> |
| Total transportation | <u>19,685,953</u> | <u>20,526,329</u> | <u>19,368,668</u> | <u>1,157,661</u> |
| Debt service: | | | | |
| Principal | 1,800,000 | - | - | 1,800,000 |
| Interest | <u>36,000</u> | <u>36,000</u> | <u>36,000</u> | <u>-</u> |
| Total debt service | <u>1,836,000</u> | <u>36,000</u> | <u>36,000</u> | <u>1,800,000</u> |
| Total expenditures | <u>\$ 22,336,895</u> | <u>\$ 21,380,565</u> | <u>\$ 20,151,379</u> | <u>\$ 3,029,186</u> |
| OTHER FINANCING USES | | | | |
| Transfers out: | | | | |
| Transfer to Capital Projects Fund | \$ - | \$ 1,800,000 | \$ 1,800,000 | \$ - |
| Transfer to Debt Service Fund | <u>3,600,222</u> | <u>3,600,222</u> | <u>3,502,305</u> | <u>97,917</u> |
| Total other financing uses | <u>\$ 3,600,222</u> | <u>\$ 5,400,222</u> | <u>\$ 5,302,305</u> | <u>\$ 97,917</u> |
| Total expenditures and other financing uses | <u>\$ 25,937,117</u> | <u>\$ 26,780,787</u> | <u>\$ 25,453,684</u> | <u>\$ 3,127,103</u> |

COUNTY OF SULLIVAN, NEW YORK
Detail Schedule of Revenues and Other Financing Sources—
Budget and Actual—Refuse and Garbage Fund
Year Ended December 31, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|----------------------|----------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Departmental income: | | | | |
| Home and community services: | | | | |
| Refuse and garbage charges | \$ 11,994,500 | \$ 11,994,500 | \$ 11,899,174 | \$ (95,326) |
| Total departmental income | <u>11,994,500</u> | <u>11,994,500</u> | <u>11,899,174</u> | <u>(95,326)</u> |
| Use of money and property: | | | | |
| Interest and earnings | - | - | 582 | 582 |
| Total use of money and property | <u>-</u> | <u>-</u> | <u>582</u> | <u>582</u> |
| Sale of property and compensation for loss: | | | | |
| Sales of refuse for recycling | 230,000 | 230,000 | 295,580 | 65,580 |
| Total sale of property and compensation for loss | <u>230,000</u> | <u>230,000</u> | <u>295,580</u> | <u>65,580</u> |
| State aid: | | | | |
| Home and community services: | | | | |
| Other home and community service | 32,500 | 32,500 | 73,912 | 41,412 |
| Total state aid | <u>32,500</u> | <u>32,500</u> | <u>73,912</u> | <u>41,412</u> |
| Total revenues | <u>\$ 12,257,000</u> | <u>\$ 12,257,000</u> | <u>\$ 12,269,248</u> | <u>\$ 12,248</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in: | | | | |
| Transfer from Debt Service Fund | \$ - | \$ - | \$ 1,444 | \$ 1,444 |
| Transfer from General Fund | 650,000 | 1,043,621 | 1,043,621 | - |
| Total other financing sources | <u>\$ 650,000</u> | <u>\$ 1,043,621</u> | <u>\$ 1,045,065</u> | <u>\$ 1,444</u> |
| Total revenues and other financing sources | <u>\$ 12,907,000</u> | <u>\$ 13,300,621</u> | <u>\$ 13,314,313</u> | <u>\$ 13,692</u> |

COUNTY OF SULLIVAN, NEW YORK
Detail Schedule of Expenditures and Other Financing Uses—
Budget and Actual—Refuse and Garbage Fund
Year Ended December 31, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|----------------------|----------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| EXPENDITURES | | | | |
| Home and community services: | | | | |
| Refuse and garbage | \$ 8,653,841 | \$ 8,651,435 | \$ 7,856,063 | \$ 795,372 |
| Other home and community services | <u>105,952</u> | <u>105,952</u> | <u>104,757</u> | <u>1,195</u> |
| Total home and community services | <u>8,759,793</u> | <u>8,757,387</u> | <u>7,960,820</u> | <u>796,567</u> |
| Debt service: | | | | |
| Interest | <u>385,152</u> | <u>-</u> | <u>7,552</u> | <u>(7,552)</u> |
| Total debt service | <u>385,152</u> | <u>-</u> | <u>7,552</u> | <u>(7,552)</u> |
| Total expenditures | <u>\$ 9,144,945</u> | <u>\$ 8,757,387</u> | <u>\$ 7,968,372</u> | <u>\$ 789,015</u> |
| OTHER FINANCING USES | | | | |
| Transfers out: | | | | |
| Transfer to General Fund | \$ 500,000 | \$ 508,010 | \$ 500,000 | \$ 8,010 |
| Transfer to Capital Projects Fund | - | 385,152 | 377,600 | 7,552 |
| Transfer to Debt Service Fund | <u>3,962,705</u> | <u>3,962,705</u> | <u>3,952,448</u> | <u>10,257</u> |
| Total other financing uses | <u>\$ 4,462,705</u> | <u>\$ 4,855,867</u> | <u>\$ 4,830,048</u> | <u>\$ 25,819</u> |
| Total expenditures and other financing uses | <u>\$ 13,607,650</u> | <u>\$ 13,613,254</u> | <u>\$ 12,798,420</u> | <u>\$ 814,834</u> |

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NONMAJOR GOVERNMENTAL FUNDS

ROAD MACHINEY FUND

The Road Machinery Fund is a special revenue fund required by Highway Law Section 133 and accounts for purchases, repairs and maintenance of highway machinery, tools and equipment; for construction, purchase and maintenance of buildings for the storage and repair of highway machinery and equipment; and for the purchase of materials and supplies to provide an adequate central stockpile for highway, snow removal and bridge purposes.

SPECIAL GRANT FUND

The Special Grant Fund is used to account for projects financed by entitlements from the U.S. Department of Housing and Urban Development.

DEBT SERVICE FUND

The Debt Service Fund accounts for the accumulation of resources for the payment of principal and interest on long-term debt. Debt Service Funds are not required unless segregation of resources is legally mandated. Such legally mandated instances include: proceeds from the sale of property on which debt is outstanding, State and Federal Aid received for a project on which debt is outstanding, interest earned on the proceeds of long-term debt which was not budgeted as a source of financing for the project, unexpected proceeds of long-term debt, and resources for a "Reserve Fund for Payment on Bonded Indebtedness" established pursuant to General Municipal Law Section 6-h.

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COUNTY OF SULLIVAN, NEW YORK
Combining Balance Sheet—Nonmajor Governmental Funds
December 31, 2017

| | <u>Special Grant</u> | <u>Road Machinery</u> | <u>Debt Service</u> | <u>Total Nonmajor Funds</u> |
|---|--------------------------|---------------------------|-------------------------|-------------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ - | \$ 63,058 | \$ - | \$ 63,058 |
| Restricted cash and cash equivalents | 772,018 | 3,412 | - | 775,430 |
| Receivables (net of allowances): | | | | |
| Accounts receivable | 394 | 131 | - | 525 |
| Loans receivable | 220,802 | - | - | 220,802 |
| Intergovernmental receivables | 88,447 | - | - | 88,447 |
| Due from other funds | - | 1,783,610 | - | 1,783,610 |
| Total assets | <u>\$ 1,081,661</u> | <u>\$ 1,850,211</u> | <u>\$ -</u> | <u>\$ 2,931,872</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 4,000 | \$ 263,121 | \$ - | \$ 267,121 |
| Accrued liabilities | - | 99,924 | - | 99,924 |
| Due to other funds | 42,866 | - | - | 42,866 |
| Total liabilities | <u>46,866</u> | <u>363,045</u> | <u>-</u> | <u>409,911</u> |
| FUND BALANCES | | | | |
| Restricted | 1,034,795 | 3,412 | - | 1,038,207 |
| Assigned | - | 1,483,754 | - | 1,483,754 |
| Total fund balances | <u>1,034,795</u> | <u>1,487,166</u> | <u>-</u> | <u>2,521,961</u> |
| Total liabilities and fund balances | <u>\$ 1,081,661</u> | <u>\$ 1,850,211</u> | <u>\$ -</u> | <u>\$ 2,931,872</u> |

COUNTY OF SULLIVAN, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance—
Nonmajor Governmental Funds
Year Ended December 31, 2017

| | <u>Special Grant</u> | <u>Road Machinery</u> | <u>Debt Service</u> | <u>Total Nonmajor Funds</u> |
|--|--------------------------|---------------------------|-------------------------|-------------------------------------|
| REVENUES | | | | |
| Departmental income | \$ 159,802 | \$ 655,611 | \$ - | \$ 815,413 |
| Use of money and property | 1,860 | 103 | 29,715 | 31,678 |
| Sale of property and compensation for loss | - | 354,313 | - | 354,313 |
| Miscellaneous | - | 3,688 | - | 3,688 |
| State aid | 650 | - | - | 650 |
| Federal aid | 459,725 | - | 153,673 | 613,398 |
| Total revenues | <u>622,037</u> | <u>1,013,715</u> | <u>183,388</u> | <u>1,819,140</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government support | - | - | 14,341 | 14,341 |
| Transportation | - | 3,492,617 | - | 3,492,617 |
| Home and community service | 604,886 | - | - | 604,886 |
| Debt service: | | | | |
| Principal | - | - | 7,615,861 | 7,615,861 |
| Interest and other fiscal charges | - | 4,768 | 5,323,481 | 5,328,249 |
| Total expenditures | <u>604,886</u> | <u>3,497,385</u> | <u>12,953,683</u> | <u>17,055,954</u> |
| Excess (deficiency) of revenues over expenditures | 17,151 | (2,483,670) | (12,770,295) | (15,236,814) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 3,813,486 | 12,800,360 | 16,613,846 |
| Transfers out | - | (1,288,721) | (30,065) | (1,318,786) |
| Total other financing sources (uses) | <u>-</u> | <u>2,524,765</u> | <u>12,770,295</u> | <u>15,295,060</u> |
| Net change in fund balances | 17,151 | 41,095 | - | 58,246 |
| Fund balances—beginning | <u>1,017,644</u> | <u>1,446,071</u> | <u>-</u> | <u>2,463,715</u> |
| Fund balances—ending | <u>\$ 1,034,795</u> | <u>\$ 1,487,166</u> | <u>\$ -</u> | <u>\$ 2,521,961</u> |

COUNTY OF SULLIVAN, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balance—
Budget and Actual—Road Machinery Fund
Year Ended December 31, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|--------------------|---------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Departmental income | \$ 900,000 | \$ 900,000 | \$ 655,611 | \$ (244,389) |
| Use of money and property | - | - | 103 | 103 |
| Sale of property and compensation for loss | - | 150,000 | 354,313 | 204,313 |
| Miscellaneous | <u>2,000</u> | <u>2,000</u> | <u>3,688</u> | <u>1,688</u> |
| Total revenues | <u>902,000</u> | <u>1,052,000</u> | <u>1,013,715</u> | <u>(38,285)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Transportation | 4,114,135 | 4,148,539 | 3,492,617 | 655,922 |
| Debt service: | | | | |
| Principal | 238,400 | 238,400 | - | 238,400 |
| Interest | <u>4,768</u> | <u>4,768</u> | <u>4,768</u> | <u>-</u> |
| Total expenditures | <u>4,357,303</u> | <u>4,391,707</u> | <u>3,497,385</u> | <u>894,322</u> |
| Excess (deficiency) of revenues over expenditures | (3,455,303) | (3,339,707) | (2,483,670) | 856,037 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 3,566,907 | 3,810,075 | 3,813,486 | 3,411 |
| Transfers out | <u>(1,002,893)</u> | <u>(1,085,738)</u> | <u>(1,288,721)</u> | <u>(202,983)</u> |
| Total other financing sources (uses) | <u>2,564,014</u> | <u>2,724,337</u> | <u>2,524,765</u> | <u>(199,572)</u> |
| Net change in fund balance* | (891,289) | (615,370) | 41,095 | 656,465 |
| Fund balances—beginning | <u>1,446,071</u> | <u>1,446,071</u> | <u>1,446,071</u> | <u>-</u> |
| Fund balances—ending | <u>\$ 554,782</u> | <u>\$ 830,701</u> | <u>\$ 1,487,166</u> | <u>\$ 656,465</u> |

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

COUNTY OF SULLIVAN, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balance—
Budget and Actual—Debt Service Fund
Year Ended December 31, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|-------------------|-------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Use of money and property | \$ - | \$ - | \$ 29,715 | \$ 29,715 |
| Federal aid | - | - | 153,673 | 153,673 |
| Total revenues | <u>-</u> | <u>-</u> | <u>183,388</u> | <u>183,388</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government support | - | - | 14,341 | (14,341) |
| Debt service: | | | | |
| Principal | 7,615,862 | 7,615,862 | 7,615,861 | 1 |
| Interest and other fiscal charges | 4,544,206 | 4,544,206 | 5,323,481 | (779,275) |
| Total expenditures | <u>12,160,068</u> | <u>12,160,068</u> | <u>12,953,683</u> | <u>(793,615)</u> |
| Excess (deficiency) of revenues over expenditures | (12,160,068) | (12,160,068) | (12,770,295) | (610,227) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 12,160,068 | 12,160,068 | 12,800,360 | 640,292 |
| Transfers out | - | - | (30,065) | (30,065) |
| Total other financing sources (uses) | <u>12,160,068</u> | <u>12,160,068</u> | <u>12,770,295</u> | <u>610,227</u> |
| Net change in fund balances | - | - | - | - |
| Fund balances—beginning | - | - | - | - |
| Fund balances—ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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INTERNAL SERVICE FUNDS

The internal service funds account for and may be used to report any activity that provides goods or services to other funds, departments or agencies of the primary government, and its component units or to other governments on a cost reimbursement basis. These funds should only be used when the reporting government is the predominant participant in the activity.

WORKERS' COMPENSATION BENEFITS FUND

The Workers' Compensation Benefits Fund is used to account for the County's workers' compensation claims. Additionally, the fund is utilized to account for amounts due from other local governments within the County related to their workers' compensation liabilities.

SELF-INSURED DENTAL FUND

The Self-Insured Dental Fund is used to account for the County's self-insurance program for dental benefits.

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COUNTY OF SULLIVAN, NEW YORK
Combining Statement of Net Position—Internal Service Funds
December 31, 2017

| | Workers' Compensation Benefits | Self-Insured Dental | Total Internal Service Funds |
|--------------------------------------|---|--------------------------------|---|
| ASSETS | | | |
| Cash and cash equivalents | \$ 321,424 | \$ - | \$ 321,424 |
| Restricted cash and cash equivalents | - | 554,609 | 554,609 |
| Accounts receivable | 8,029,963 | - | 8,029,963 |
| Due from other funds | 9,990,549 | - | 9,990,549 |
| Total assets | 18,341,936 | 554,609 | 18,896,545 |
| LIABILITIES | | | |
| Accrued liabilities | 265,897 | - | 265,897 |
| Unearned revenue | 299,457 | - | 299,457 |
| Noncurrent liabilities: | | | |
| Due within one year | 1,782,747 | 3,555 | 1,786,302 |
| Due in more than one year | 16,044,721 | - | 16,044,721 |
| Total liabilities | 18,392,822 | 3,555 | 18,396,377 |
| NET POSITION | | | |
| Restricted for: | | | |
| Dental benefits | - | 551,054 | 551,054 |
| Unrestricted | (50,886) | - | (50,886) |
| Total net position | \$ (50,886) | \$ 551,054 | \$ 500,168 |

COUNTY OF SULLIVAN, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Net Position—
Internal Service Funds
Year Ended December 31, 2017

| | Workers' Compensation Benefits | Self-Insured Dental | Total Internal Service Funds |
|-----------------------------|---|--------------------------------|---|
| Operating revenues: | | | |
| Charges for services | \$ 3,536,524 | \$ 452,098 | \$ 3,988,622 |
| Insurance recoveries | <u>193,678</u> | <u>-</u> | <u>193,678</u> |
| Total operating revenues | <u>3,730,202</u> | <u>452,098</u> | <u>4,182,300</u> |
| Operating expenses: | | | |
| Employee benefits | <u>2,940,154</u> | <u>389,210</u> | <u>3,329,364</u> |
| Total operating expenses | <u>2,940,154</u> | <u>389,210</u> | <u>3,329,364</u> |
| Operating income | <u>790,048</u> | <u>62,888</u> | <u>852,936</u> |
| Nonoperating revenues: | | | |
| Interest income | <u>115</u> | <u>310</u> | <u>425</u> |
| Total nonoperating revenues | <u>115</u> | <u>310</u> | <u>425</u> |
| Change in net position | 790,163 | 63,198 | 853,361 |
| Net position—beginning | <u>(841,049)</u> | <u>487,856</u> | <u>(353,193)</u> |
| Net position—ending | <u>\$ (50,886)</u> | <u>\$ 551,054</u> | <u>\$ 500,168</u> |

COUNTY OF SULLIVAN, NEW YORK
Combining Statement of Cash Flows—Internal Service Funds
Year Ended December 31, 2017

| | <u>Workers'</u> <u>Compensation</u> <u>Benefits</u> | <u>Self-Insured</u> <u>Dental</u> | <u>Total</u> <u>Internal</u> <u>Service Funds</u> |
|---|---|--------------------------------------|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from services provided | \$ 4,158,222 | \$ 470,772 | \$ 4,628,994 |
| Receipts from insurance recoveries | 193,678 | - | 193,678 |
| Payments to insurance carriers and claimants | (3,300,056) | (389,100) | (3,689,156) |
| Payments on behalf of other funds | <u>(842,151)</u> | <u>-</u> | <u>(842,151)</u> |
| Net cash provided by operating activities | <u>209,693</u> | <u>81,672</u> | <u>291,365</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | <u>115</u> | <u>310</u> | <u>425</u> |
| Net cash provided by investing activities | <u>115</u> | <u>310</u> | <u>425</u> |
| | | | |
| Increase in cash and cash equivalents | 209,808 | 81,982 | 291,790 |
| | | | |
| Cash and cash equivalents—beginning | <u>111,616</u> | <u>472,627</u> | <u>584,243</u> |
| Cash and cash equivalents—ending | <u>\$ 321,424</u> | <u>\$ 554,609</u> | <u>\$ 876,033</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income | \$ 790,048 | \$ 62,888 | \$ 852,936 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Decrease in receivables | 420,388 | 18,674 | 439,062 |
| (Increase) in due from other funds | (842,151) | - | (842,151) |
| (Decrease) in accounts payable | (192) | - | (192) |
| Increase in accrued liabilities | 19,223 | - | 19,223 |
| Increase in unearned revenue | 201,310 | - | 201,310 |
| (Decrease) increase in claims payable | <u>(378,933)</u> | <u>110</u> | <u>(378,823)</u> |
| Total adjustments | <u>(580,355)</u> | <u>18,784</u> | <u>(561,571)</u> |
| Net cash provided by operating activities | <u>\$ 209,693</u> | <u>\$ 81,672</u> | <u>\$ 291,365</u> |

FIDUCIARY FUNDS

Fiduciary Funds account for assets held by a government unit in a trustee or agency capacity.

AGENCY FUND

The Agency Fund accounts for assets held by the County as an agent for individuals, private organizations or other governments and/or other funds.

COUNTY OF SULLIVAN, NEW YORK
Statement of Changes in Assets and Liabilities—Agency Fund
Year Ended December 31, 2017

| ASSETS | Balance | | | Balance |
|-----------------------------|---------------------|-----------------------|-----------------------|---------------------|
| | <u>1/1/2017</u> | <u>Additions</u> | <u>Deductions</u> | <u>12/31/2017</u> |
| Cash and equivalents | \$ 2,634,131 | \$ 107,527,049 | \$ 106,994,253 | \$ 3,166,927 |
| Accounts receivable | 5,494 | - | 5,494 | - |
| Due from other funds | - | 67,493,632 | 67,489,058 | 4,574 |
| Total assets | <u>\$ 2,639,625</u> | <u>\$ 175,020,681</u> | <u>\$ 174,488,805</u> | <u>\$ 3,171,501</u> |
| | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 35,035 | \$ 30,618,984 | \$ 30,647,277 | \$ 6,742 |
| Employee payroll deductions | 184,181 | 22,497,930 | 22,471,380 | 210,731 |
| Deposits | <u>2,420,409</u> | <u>37,143,548</u> | <u>36,609,929</u> | <u>2,954,028</u> |
| Total liabilities | <u>\$ 2,639,625</u> | <u>\$ 90,260,462</u> | <u>\$ 89,728,586</u> | <u>\$ 3,171,501</u> |

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STATISTICAL SECTION

This part of the County’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

| Contents: | <u>Page</u> |
|---|-------------|
| Financial Trends | 130 |
| <i>These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.</i> | |
| Revenue Capacity | 137 |
| <i>These schedules contain information to help the reader assess the County’s most significant local revenue source, the property tax.</i> | |
| Debt Capacity | 141 |
| <i>These schedules present information to help the reader assess the affordability of the County’s current level of outstanding debt and the County’s ability to issue additional debt in the future.</i> | |
| Demographic and Economic Information | 145 |
| <i>These schedules offer demographic and economic indications to help the reader understand the environment within which the County’s financial activities take place.</i> | |
| Operating Information | 147 |
| <i>These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.</i> | |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

COUNTY OF SULLIVAN, NEW YORK
Schedule I—Net Position by Component
Last Ten Fiscal Years
(Unaudited, accrual basis of accounting)

| | 2008 ¹ | 2009 | 2010 | 2011 | 2012 ² | 2013 | 2014 | 2015 | 2016 | 2017 ³ |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|--------------------------------|
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 61,589,988 | \$ 69,015,657 | \$ 70,516,266 | \$ 76,768,306 | \$ 81,670,910 | \$ 85,262,582 | \$ 88,651,807 | \$ 101,642,615 | \$ 115,374,686 | \$ 128,836,832 |
| Restricted | 11,771,895 | 8,500,676 | 8,517,769 | 8,270,567 | 4,500,821 | 1,758,414 | 4,887,153 | 5,931,828 | 2,220,351 | 2,115,629 |
| Unrestricted | <u>(11,622,787)</u> | <u>(19,618,689)</u> | <u>(20,556,594)</u> | <u>(27,051,908)</u> | <u>(33,799,457)</u> | <u>(38,231,820)</u> | <u>(46,016,248)</u> | <u>(62,333,657)</u> | <u>(70,062,234)</u> | <u>(254,002,129)</u> |
| Total net position—governmental activities | <u>\$ 61,739,096</u> | <u>\$ 57,897,644</u> | <u>\$ 58,477,441</u> | <u>\$ 57,986,965</u> | <u>\$ 52,372,274</u> | <u>\$ 48,789,176</u> | <u>\$ 47,522,712</u> | <u>\$ 45,240,786</u> | <u>\$ 47,532,803</u> | <u>\$ (123,049,668)</u> |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 2,076,502 | \$ 2,124,380 | \$ 1,883,587 | \$ 1,643,913 | \$ 1,413,451 | \$ 1,298,706 | \$ 1,613,933 | \$ 2,696,176 | \$ 2,011,150 | \$ 8,998,212 |
| Restricted | - | - | - | - | - | 850,579 | 715,891 | - | 202,718 | 203,094 |
| Unrestricted | <u>(14,098,396)</u> | <u>(13,457,345)</u> | <u>(18,121,973)</u> | <u>(20,823,848)</u> | <u>(22,543,688)</u> | <u>(25,885,338)</u> | <u>(21,264,110)</u> | <u>(25,788,417)</u> | <u>(29,698,669)</u> | <u>(38,661,588)</u> |
| Total net position—business-type activities | <u>\$ (12,021,894)</u> | <u>\$ (11,332,965)</u> | <u>\$ (16,238,386)</u> | <u>\$ (19,179,935)</u> | <u>\$ (21,130,237)</u> | <u>\$ (23,736,053)</u> | <u>\$ (18,934,286)</u> | <u>\$ (23,092,241)</u> | <u>\$ (27,484,801)</u> | <u>\$ (29,460,282)</u> |
| Primary government: | | | | | | | | | | |
| Net investment in capital assets | \$ 63,666,490 | \$ 71,140,037 | \$ 72,399,853 | \$ 78,412,219 | \$ 83,084,361 | \$ 86,861,288 | \$ 90,265,740 | \$ 104,338,791 | \$ 117,385,836 | \$ 137,835,044 |
| Restricted | 11,771,895 | 8,500,676 | 8,517,769 | 8,270,567 | 4,500,821 | 2,608,993 | 5,603,044 | 5,931,828 | 2,423,069 | 2,318,723 |
| Unrestricted | <u>(25,721,183)</u> | <u>(33,076,034)</u> | <u>(38,678,567)</u> | <u>(47,875,756)</u> | <u>(56,343,145)</u> | <u>(64,117,158)</u> | <u>(67,280,358)</u> | <u>(88,122,074)</u> | <u>(99,760,903)</u> | <u>(292,663,717)</u> |
| Total net position—primary government | <u>\$ 49,717,202</u> | <u>\$ 46,564,679</u> | <u>\$ 42,239,055</u> | <u>\$ 38,807,030</u> | <u>\$ 31,242,037</u> | <u>\$ 25,353,123</u> | <u>\$ 28,588,426</u> | <u>\$ 22,148,545</u> | <u>\$ 20,048,002</u> | <u>\$ (152,509,950)</u> |

¹ The activities of the Sullivan Tobacco Asset Securitization Corporation that had previously been accounted for under governmental activities have been reclassified and presented under the business-type activities.

² Governmental Accounting Standards Board Statement No. 63-"Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources and Net Position" renamed net assets to net position effective for the year ended December 31, 2012.

³ Governmental Accounting Standards Board Statement No. 80, "Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14" required the Sullivan County Funding Corporation and Sullivan County Infrastructure Local Development Corporation to be presented as blended component units of the County's primary government.

COUNTY OF SULLIVAN, NEW YORK
Schedule II—Changes in Net Position
Last Ten Fiscal Years
(Unaudited, accrual basis of accounting)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 ¹ |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Primary government: | | | | | | | | | | |
| Expenses: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government support | \$ 17,114,529 | \$ 17,432,319 | \$ 20,573,018 | \$ 18,610,178 | \$ 23,222,974 | \$ 22,299,150 | \$ 22,867,189 | \$ 25,299,974 | \$ 29,873,350 | \$ 29,115,461 |
| Education | 6,622,720 | 6,771,949 | 6,011,024 | 5,800,343 | 5,775,448 | 6,499,480 | 6,272,866 | 5,885,213 | 5,975,783 | 5,936,169 |
| Public safety | 23,456,337 | 23,927,441 | 24,460,208 | 24,267,723 | 26,070,999 | 26,924,495 | 26,718,049 | 26,658,920 | 29,407,686 | 31,261,509 |
| Health | 25,389,140 | 23,906,533 | 23,818,137 | 24,063,061 | 25,388,743 | 24,293,812 | 23,145,341 | 23,707,230 | 24,825,500 | 24,935,401 |
| Transportation | 15,723,127 | 18,423,675 | 21,447,683 | 19,677,365 | 19,581,033 | 20,593,635 | 22,164,720 | 25,323,854 | 22,258,819 | 25,778,147 |
| Economic assistance and opportunity | 54,082,395 | 59,353,745 | 56,207,703 | 57,259,852 | 58,836,611 | 56,813,202 | 60,484,322 | 52,313,394 | 65,156,303 | 63,261,879 |
| Culture and recreation | 3,187,191 | 3,088,411 | 3,038,366 | 3,231,074 | 3,545,385 | 3,463,248 | 3,355,192 | 3,162,612 | 3,909,500 | 3,831,391 |
| Home and community services | 8,859,856 | 9,470,621 | 7,114,794 | 9,743,923 | 10,530,023 | 13,221,737 | 7,309,555 | 10,431,878 | 12,723,655 | 12,381,033 |
| Interest and other fiscal charges | 2,491,364 | 2,334,358 | 2,350,765 | 2,863,482 | 2,472,088 | 2,096,007 | 1,895,292 | 1,870,859 | 2,732,282 | 4,962,053 |
| Total governmental activities | <u>156,926,659</u> | <u>164,709,052</u> | <u>165,021,698</u> | <u>165,517,001</u> | <u>175,423,304</u> | <u>176,204,766</u> | <u>174,212,526</u> | <u>174,653,934</u> | <u>196,862,878</u> | <u>201,463,043</u> |
| Business-type activities: | | | | | | | | | | |
| Adult Care Center | 14,907,433 | 17,212,907 | 16,228,151 | 16,827,634 | 17,447,113 | 16,165,086 | 16,886,860 | 17,935,927 | 19,012,834 | 18,456,483 |
| Sullivan County TASC | 903,018 | 882,994 | 860,655 | 839,981 | 818,639 | 782,343 | 754,869 | 729,676 | 9,184,711 | 695,551 |
| SCFC | - | - | - | - | - | - | - | - | - | 198,759 |
| ILDC | - | - | - | - | - | - | - | - | - | 81,111 |
| Total business-type activities | <u>15,810,451</u> | <u>18,095,901</u> | <u>17,088,806</u> | <u>17,667,615</u> | <u>18,265,752</u> | <u>16,947,429</u> | <u>17,641,729</u> | <u>18,665,603</u> | <u>28,197,545</u> | <u>19,431,904</u> |
| Total expenses | <u>172,737,110</u> | <u>182,804,953</u> | <u>182,110,504</u> | <u>183,184,616</u> | <u>193,689,056</u> | <u>193,152,195</u> | <u>191,854,255</u> | <u>193,319,537</u> | <u>225,060,423</u> | <u>220,894,947</u> |
| Program revenues: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government support | 2,433,889 | 2,524,940 | 2,573,330 | 2,520,630 | 8,386,063 | 8,440,597 | 8,538,626 | 3,788,188 | 6,588,102 | 8,682,448 |
| Education | 67,120 | 52,644 | 42,553 | 235,678 | 462,102 | - | - | 257,293 | - | - |
| Public safety | 1,450,584 | 1,574,307 | 1,578,510 | 1,881,807 | 1,559,469 | 1,298,078 | 1,399,463 | 2,125,579 | 3,611,717 | 1,515,057 |
| Health | 7,679,516 | 10,680,595 | 9,505,384 | 8,628,023 | 8,775,797 | 7,525,923 | 6,572,292 | 6,303,080 | 7,444,976 | 3,644,505 |
| Transportation | 1,908,668 | 1,373,681 | 964,553 | 1,509,166 | 1,200,844 | 1,272,124 | 1,242,440 | 5,538,814 | 6,032,541 | 5,642,509 |
| Economic assistance and opportunity | 2,328,255 | 2,461,848 | 2,733,305 | 3,040,513 | 2,538,179 | 3,175,957 | 2,963,563 | 2,395,739 | 4,323,812 | 2,473,064 |
| Culture and recreation | 200,230 | 153,442 | 148,258 | 188,196 | 221,139 | 213,173 | 189,508 | 91,864 | 618,995 | 125,490 |
| Home and community services | 6,175,827 | 5,109,884 | 9,241,673 | 11,587,218 | 11,535,541 | 11,715,220 | 11,179,889 | 11,478,802 | 12,138,306 | 12,088,922 |
| Operating grants and contributions | 40,874,585 | 45,604,484 | 45,364,696 | 42,207,077 | 38,601,375 | 37,409,612 | 38,906,382 | 37,865,882 | 35,877,893 | 38,487,037 |
| Capital grants and contributions | 6,446,290 | 2,026,614 | 2,471,353 | 1,620,224 | 1,712,392 | 2,210,020 | 1,807,953 | 2,934,391 | 5,487,781 | 5,590,759 |
| Total governmental activities | <u>69,564,964</u> | <u>71,562,439</u> | <u>74,623,615</u> | <u>73,418,532</u> | <u>74,992,901</u> | <u>73,260,704</u> | <u>72,800,116</u> | <u>72,779,632</u> | <u>82,124,123</u> | <u>78,249,791</u> |

(continued)

COUNTY OF SULLIVAN, NEW YORK
Schedule II—Changes in Net Position
Last Ten Fiscal Years
(Unaudited, accrual basis of accounting)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 ¹ |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|-----------------------|-----------------------|-----------------------|
| Business-type activities: | | | | | | | | | | |
| Adult Care Center: | | | | | | | | | | |
| Charges for services | 12,455,417 | 11,090,401 | 10,977,303 | 11,460,580 | 11,766,216 | 9,241,119 | 9,856,047 | 12,966,995 | 10,632,154 | 11,542,085 |
| Operating grants and contributions | 5,792 | - | - | 2,626,286 | 3,125,999 | 2,555,973 | 10,064,732 | - | 10,804,326 | 6,804,913 |
| Capital grants and contributions | 20,000 | - | - | - | - | - | - | - | - | - |
| Sullivan County TASC | 1,334,160 | 1,373,566 | 1,106,106 | 1,034,231 | 993,587 | 1,075,121 | 1,284,271 | 1,893,210 | 1,335,431 | 851,806 |
| Funding Corporation | - | - | - | - | - | - | - | - | - | 323,903 |
| Total business-type activities | <u>13,815,369</u> | <u>12,463,967</u> | <u>12,083,409</u> | <u>15,121,097</u> | <u>15,885,802</u> | <u>12,872,213</u> | <u>21,205,050</u> | <u>14,860,205</u> | <u>22,771,911</u> | <u>19,522,707</u> |
| Total program revenues | <u>83,380,333</u> | <u>84,026,406</u> | <u>86,707,024</u> | <u>88,539,629</u> | <u>90,878,703</u> | <u>86,132,917</u> | <u>94,005,166</u> | <u>87,639,837</u> | <u>104,896,034</u> | <u>97,772,498</u> |
| Net revenue (expense): | | | | | | | | | | |
| Governmental activities | (87,361,695) | (93,146,613) | (90,398,083) | (92,098,469) | (100,430,403) | (102,944,062) | (101,412,410) | (101,874,302) | (114,738,755) | (123,213,252) |
| Business-type activities | <u>(1,995,082)</u> | <u>(5,631,934)</u> | <u>(5,005,397)</u> | <u>(2,546,518)</u> | <u>(2,379,950)</u> | <u>(4,075,216)</u> | <u>3,563,321</u> | <u>(3,805,398)</u> | <u>(5,425,634)</u> | <u>90,803</u> |
| Total net (expense) revenue | <u>(89,356,777)</u> | <u>(98,778,547)</u> | <u>(95,403,480)</u> | <u>(94,644,987)</u> | <u>(102,810,353)</u> | <u>(107,019,278)</u> | <u>(97,849,089)</u> | <u>(105,679,700)</u> | <u>(120,164,389)</u> | <u>(123,122,449)</u> |
| General revenues and transfers: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes | 41,809,497 | 46,790,101 | 48,690,132 | 48,065,549 | 49,824,079 | 53,982,110 | 54,940,465 | 55,805,788 | 56,874,718 | 60,879,911 |
| Other property tax items | 5,252,252 | 6,318,080 | 6,633,477 | 7,606,522 | 8,463,919 | 9,313,959 | 7,522,050 | 8,431,127 | 8,403,849 | 8,138,632 |
| Non-property taxes | 39,691,935 | 35,766,177 | 35,304,348 | 35,103,619 | 36,226,594 | 36,206,602 | 38,064,659 | 38,813,293 | 41,659,523 | 42,510,038 |
| Use of money and property | 504,051 | 158,195 | 112,113 | 75,953 | 79,860 | 74,090 | 69,755 | 44,922 | 220,060 | 677,800 |
| Sale of property and compensation for loss | - | - | - | 263,115 | 521,881 | 589,724 | 293,579 | 402,891 | 1,212,261 | 1,566,166 |
| Miscellaneous | 315,280 | 272,608 | 237,810 | - | - | 48,241 | 105,205 | 82,760 | 8,660,361 | 3,253,317 |
| Transfers | - | - | - | 493,235 | (300,621) | (553,762) | (1,149,767) | (74,405) | - | (573,750) |
| Total governmental activities | <u>87,573,015</u> | <u>89,305,161</u> | <u>90,977,880</u> | <u>91,607,993</u> | <u>94,815,712</u> | <u>99,660,964</u> | <u>99,845,946</u> | <u>103,506,376</u> | <u>117,030,772</u> | <u>116,452,114</u> |
| Business-type activities: | | | | | | | | | | |
| Use of money and property | - | 112,476 | 68,968 | 95,154 | 95,094 | 91,838 | 87,427 | 86,706 | 1,019,048 | 16,203 |
| Unrestricted grants and contributions | - | 6,192,294 | - | - | - | - | - | - | - | - |
| Miscellaneous | 7,590 | 16,093 | 31,008 | 3,050 | 33,933 | 1,064,864 | 1,252 | 5,437 | 14,026 | - |
| Transfers | - | - | - | (493,235) | 300,621 | 553,762 | 1,149,767 | 74,405 | - | 573,750 |
| Total business-type activities | <u>7,590</u> | <u>6,320,863</u> | <u>99,976</u> | <u>(395,031)</u> | <u>429,648</u> | <u>1,710,464</u> | <u>1,238,446</u> | <u>166,548</u> | <u>1,033,074</u> | <u>589,953</u> |
| Total primary government | <u>87,580,605</u> | <u>95,626,024</u> | <u>91,077,856</u> | <u>91,212,962</u> | <u>95,245,360</u> | <u>101,371,428</u> | <u>101,084,392</u> | <u>103,672,924</u> | <u>118,063,846</u> | <u>117,042,067</u> |
| Change in net position: | | | | | | | | | | |
| Governmental activities | 211,320 | (3,841,452) | 579,797 | (490,476) | (5,614,691) | (3,283,098) | (1,566,464) | 1,632,074 | 2,292,017 | (6,761,138) |
| Business-type activities | <u>(1,987,492)</u> | <u>688,929</u> | <u>(4,905,421)</u> | <u>(2,941,549)</u> | <u>(1,950,302)</u> | <u>(2,364,752)</u> | <u>4,801,767</u> | <u>(3,638,850)</u> | <u>(4,392,560)</u> | <u>680,756</u> |
| Total change in net position | <u>\$ (1,776,172)</u> | <u>\$ (3,152,523)</u> | <u>\$ (4,325,624)</u> | <u>\$ (3,432,025)</u> | <u>\$ (7,564,993)</u> | <u>\$ (5,647,850)</u> | <u>\$ 3,235,303</u> | <u>\$ (2,006,776)</u> | <u>\$ (2,100,543)</u> | <u>\$ (6,080,382)</u> |

(concluded)

¹ Governmental Accounting Standards Board Statement No. 80, "Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14" required the Sullivan County Funding Corporation and Sullivan County Infrastructure Local Development Corporation to be presented as blended component units of the County's primary government.

COUNTY OF SULLIVAN, NEW YORK
Schedule III—Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Unaudited, modified accrual basis of accounting)

| | 2008 ¹ | 2009 | 2010 | 2011 ² | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund: | | | | | | | | | | |
| Reserved | \$ 1,066,049 | \$ 1,983,965 | \$ 1,164,799 | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Unreserved | <u>19,802,670</u> | <u>17,870,045</u> | <u>23,297,252</u> | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Total General Fund | <u>\$ 20,868,719</u> | <u>\$ 19,854,010</u> | <u>\$ 24,462,051</u> | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| All other governmental funds: | | | | | | | | | | |
| Reserved | \$ 883,358 | \$ 1,160,991 | \$ 976,711 | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 2,683,499 | 2,406,397 | 3,741,696 | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Capital Projects Fund | <u>1,314,486</u> | <u>(6,246,400)</u> | <u>(5,805,546)</u> | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Total all other governmental funds | <u>\$ 4,881,343</u> | <u>\$ (2,679,012)</u> | <u>\$ (1,087,139)</u> | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| General Fund: | | | | | | | | | | |
| Nonspendable | n/a | n/a | n/a | \$ - | \$ - | \$ 4,865,391 | \$ 397,864 | \$ 3,119,167 | \$ - | \$ - |
| Restricted | n/a | n/a | n/a | 554,732 | 775,058 | 773,434 | 1,914,665 | 596,633 | 636,878 | 522,901 |
| Committed | n/a | n/a | n/a | 11,914,377 | 9,694,504 | 13,503,770 | 14,250,044 | 7,604,102 | 6,718,564 | 6,098,969 |
| Assigned | n/a | n/a | n/a | 7,925,968 | 1,116,190 | 1,349,150 | 236,404 | 7,370,106 | 19,123,085 | 12,868,232 |
| Unassigned | n/a | n/a | n/a | <u>2,737,515</u> | <u>12,837,110</u> | <u>7,017,360</u> | <u>7,389,166</u> | <u>8,211,445</u> | <u>11,862,438</u> | <u>13,507,895</u> |
| Total General Fund | | | | <u>\$ 23,132,592</u> | <u>\$ 24,422,862</u> | <u>\$ 27,509,105</u> | <u>\$ 24,188,143</u> | <u>\$ 26,901,453</u> | <u>\$ 38,340,965</u> | <u>\$ 32,997,997</u> |
| All other governmental funds: | | | | | | | | | | |
| Nonspendable | n/a | n/a | n/a | \$ 675,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | n/a | n/a | n/a | 691,527 | 926,902 | 849,658 | 2,815,531 | 740,454 | 87,503,330 | 35,965,308 |
| Assigned | n/a | n/a | n/a | 3,123,551 | 2,833,070 | 3,569,924 | 5,084,728 | 3,385,393 | 5,532,960 | 4,764,106 |
| Unassigned | n/a | n/a | n/a | <u>(9,282,628)</u> | <u>(2,287,518)</u> | <u>(4,258,647)</u> | - | <u>(3,262,553)</u> | - | - |
| Total all other governmental funds | | | | <u>\$ (4,792,550)</u> | <u>\$ 1,472,454</u> | <u>\$ 160,935</u> | <u>\$ 7,900,259</u> | <u>\$ 863,294</u> | <u>\$ 93,036,290</u> | <u>\$ 40,729,414</u> |

¹ The activities of the Sullivan County Tobacco Asset Securitization Corporation that had previously been accounted for as a special revenue fund have been reclassified and presented as an enterprise fund.

² During the fiscal year ended December 31, 2011, the County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

COUNTY OF SULLIVAN, NEW YORK
Schedule IV—Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Unaudited, modified accrual basis of accounting)

| | <u>2008¹</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|---|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenues: | | | | | | | | | | |
| Real property taxes | \$ 39,863,381 | \$ 42,132,012 | \$ 49,825,309 | \$ 47,403,913 | \$ 51,466,856 | \$ 53,786,165 | \$ 55,763,769 | \$ 55,328,648 | \$ 57,546,461 | \$ 62,000,021 |
| Other property tax items | 5,252,252 | 6,318,080 | 6,633,477 | 7,606,522 | 8,463,919 | 9,313,959 | 7,522,050 | 8,431,127 | 8,403,849 | 8,138,632 |
| Non property tax items | 39,691,935 | 35,766,177 | 35,304,348 | 35,103,619 | 36,226,594 | 36,206,602 | 38,064,659 | 38,813,293 | 41,659,523 | 42,510,038 |
| Departmental income | 24,753,634 | 26,319,095 | 30,944,301 | 32,498,904 | 32,633,592 | 31,608,948 | 29,951,852 | 29,612,294 | 30,740,210 | 28,623,104 |
| Intergovernmental charges | 2,162,156 | 2,274,525 | 1,966,413 | 1,900,270 | 1,741,864 | 1,948,855 | 2,167,520 | 1,984,646 | 711,042 | 1,266,050 |
| Licenses and permit | 44,590 | 29,860 | 25,910 | 33,600 | 30,541 | 25,467 | 62,900 | 56,420 | 63,920 | 64,832 |
| Fines and forfeitures | 217,220 | 336,312 | 313,712 | 253,020 | 497,936 | 322,034 | 283,928 | 258,877 | 345,342 | 193,011 |
| Use of money and property | 956,458 | 418,700 | 347,208 | 267,747 | 176,224 | 180,743 | 156,672 | 157,513 | 219,709 | 677,375 |
| Sale of property and compensation for loss | 1,180,834 | 397,610 | 177,224 | 49,790 | 573,178 | 610,247 | 315,710 | 638,062 | 1,078,866 | 1,372,488 |
| Miscellaneous | 3,288,754 | 5,722,219 | 3,301,136 | 3,360,287 | 20,569,698 | 18,420,941 | 18,284,784 | 3,657,270 | 11,951,802 | 3,708,080 |
| Interfund revenues | 1,782,203 | 1,667,981 | 11,083 | 12,801 | 13,264 | 2,810 | - | - | - | - |
| State aid | 28,109,378 | 22,501,577 | 19,793,237 | 19,532,927 | 3,405,574 | 3,505,962 | 3,641,418 | 23,266,268 | 24,480,445 | 23,500,054 |
| Federal aid | 17,981,659 | 21,700,290 | 24,573,646 | 20,841,709 | 18,631,685 | 20,360,548 | 21,455,917 | 16,672,007 | 16,493,632 | 20,159,355 |
| Total revenues | <u>165,284,454</u> | <u>165,584,438</u> | <u>173,217,004</u> | <u>168,865,109</u> | <u>174,430,925</u> | <u>176,293,281</u> | <u>177,671,179</u> | <u>178,876,425</u> | <u>193,694,801</u> | <u>192,213,040</u> |
| Expenditures: | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government support | 23,139,969 | 22,964,458 | 23,021,148 | 23,091,977 | 23,036,459 | 23,002,054 | 23,398,007 | 24,139,888 | 25,812,349 | 27,036,128 |
| Education | 5,267,829 | 5,534,473 | 5,509,250 | 5,317,421 | 5,297,188 | 5,547,733 | 5,457,556 | 5,314,383 | 5,654,545 | 5,604,562 |
| Public safety | 21,521,334 | 20,924,956 | 22,490,855 | 22,739,389 | 22,979,002 | 23,788,104 | 24,785,241 | 25,528,334 | 25,713,246 | 26,411,869 |
| Health | 24,627,930 | 23,238,111 | 22,938,752 | 23,447,003 | 23,150,414 | 23,063,706 | 21,926,234 | 23,849,742 | 22,800,971 | 23,325,203 |
| Transportation | 21,254,149 | 16,913,655 | 17,717,903 | 17,221,839 | 16,992,170 | 16,132,885 | 18,288,145 | 19,700,202 | 19,731,940 | 24,138,202 |
| Economic assistance and opportunity | 52,378,731 | 57,380,014 | 53,135,382 | 55,167,983 | 56,711,538 | 55,052,400 | 58,931,619 | 51,877,834 | 60,597,993 | 60,227,151 |
| Culture and recreation | 3,112,943 | 3,097,943 | 3,108,254 | 3,194,231 | 3,289,795 | 3,129,855 | 3,171,942 | 3,317,680 | 3,397,302 | 3,367,706 |
| Home and community services | 6,057,828 | 7,744,566 | 8,615,212 | 8,758,568 | 8,575,046 | 8,828,785 | 8,509,310 | 8,398,457 | 8,562,276 | 10,444,056 |
| Debt service: | | | | | | | | | | |
| Principal | 4,880,524 | 5,016,457 | 5,089,763 | 6,163,806 | 8,988,877 | 9,332,285 | 9,417,516 | 6,728,109 | 7,018,541 | 7,840,779 |
| Interest | 2,474,081 | 2,361,233 | 2,238,712 | 3,194,187 | 2,557,391 | 2,179,008 | 2,080,666 | 2,190,079 | 1,913,945 | 5,501,801 |
| Capital outlay | 7,756,734 | 8,983,636 | 20,831,316 | 6,096,810 | 6,651,897 | 6,297,006 | 9,957,018 | 12,080,967 | 22,265,807 | 56,415,915 |
| Total expenditures | <u>172,472,052</u> | <u>174,159,502</u> | <u>184,696,547</u> | <u>174,393,214</u> | <u>178,229,777</u> | <u>176,353,821</u> | <u>185,923,254</u> | <u>183,125,675</u> | <u>203,468,915</u> | <u>250,313,372</u> |

(continued)

COUNTY OF SULLIVAN, NEW YORK
Schedule IV—Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Unaudited, modified accrual basis of accounting)

| | <u>2008¹</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|---|-------------------------|-----------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|------------------------|
| Other financing sources (uses) | | | | | | | | | | |
| Transfers in | 18,056,305 | 20,887,654 | 24,388,607 | 27,835,452 | 26,002,934 | 24,558,828 | 25,030,396 | 29,675,955 | 32,084,354 | 39,601,829 |
| Transfers out | (18,056,305) | (20,887,654) | (24,388,607) | (27,342,217) | (26,303,555) | (25,112,590) | (26,180,163) | (29,750,360) | (32,084,354) | (40,175,579) |
| Other financing sources ² | - | - | 17,679,457 | - | 11,654,747 | 22,719,088 | 13,820,204 | - | 111,387,420 | 1,024,238 |
| Other financing uses | - | - | - | - | - | (20,330,062) | - | - | - | - |
| Total other financing sources (uses) | - | - | 17,679,457 | 493,235 | 11,354,126 | 1,835,264 | 12,670,437 | (74,405) | 111,387,420 | 450,488 |
| Net change in fund balances | <u>\$ (7,187,598)</u> | <u>\$ (8,575,064)</u> | <u>\$ 6,199,914</u> | <u>\$ (5,034,870)</u> | <u>\$ 7,555,274</u> | <u>\$ 1,774,724</u> | <u>\$ 4,418,362</u> | <u>\$ (4,323,655)</u> | <u>\$ 101,613,306</u> | <u>\$ (57,649,844)</u> |
| Debt service as a percentage of noncapital expenditures | 4.47% | 4.47% | 4.47% | 5.56% | 6.73% | 6.77% | 6.53% | 5.21% | 5.19% | 7.14% |

¹ The activities of the Sullivan County Tobacco Asset Securitization Corporation that had previously been accounted for as a special revenue fund have been reclassified and presented as an enterprise fund.

² Includes debt issuance proceeds and premiums.

(concluded)

COUNTY OF SULLIVAN, NEW YORK
Schedule V—Governmental Funds Tax Revenues by Source
Last Ten Fiscal Years
(Unaudited, modified accrual basis of accounting)

| Year | Non-Property Taxes | | | | | | | | Total |
|------|------------------------------|---------------------------|----------------------------|----------------|-------------------------------|-------------------|----------------------------|-------------------|---------------|
| | General Property Taxes | General Sales Taxes | Room Occupancy Taxes | E-911 Taxes | Off-Track Betting Taxes | Mortgage Taxes | Automobile Use Taxes | Stumpage Taxes | |
| 2008 | \$ 39,863,381 | \$ 36,412,777 | \$ 635,613 | \$ 313,009 | \$ 697,269 | \$ 1,102,903 | \$ 528,838 | \$ 1,526 | \$ 79,555,316 |
| 2009 | 42,132,012 | 33,133,253 | 599,376 | 303,821 | 518,746 | 711,371 | 497,179 | 2,431 | 77,898,189 |
| 2010 | 49,825,309 | 32,605,248 | 749,105 | 282,018 | 576,753 | 533,659 | 553,875 | 3,691 | 85,129,658 |
| 2011 | 47,403,913 | 32,911,401 | 558,728 | 310,179 | 325,031 | 476,223 | 517,795 | 4,262 | 82,507,532 |
| 2012 | 51,466,856 | 34,034,864 | 629,009 | 291,465 | 323,316 | 469,369 | 473,315 | 5,256 | 87,693,450 |
| 2013 | 53,786,165 | 33,793,427 | 619,352 | 286,122 | 265,550 | 689,150 | 548,403 | 4,599 | 89,992,768 |
| 2014 | 55,763,769 | 35,960,305 | 538,021 | 277,083 | 207,963 | 569,181 | 507,281 | 4,825 | 93,828,428 |
| 2015 | 55,328,648 | 36,463,665 | 700,401 | 284,418 | 199,444 | 641,039 | 519,858 | 4,469 | 94,141,942 |
| 2016 | 57,546,461 | 39,296,629 | 809,462 | 283,076 | 167,899 | 584,996 | 512,916 | 4,575 | 99,206,014 |
| 2017 | 62,000,021 | 39,990,156 | 916,761 | 266,238 | 108,797 | 690,853 | 533,607 | 3,626 | 104,510,059 |

COUNTY OF SULLIVAN, NEW YORK
Schedule VI—Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

| Year ¹ | Real Property | | | | | | Total Taxable Assessed Value ² | Estimated Actual Value ³ | Ratio of Assessed Value to Estimated Actual Value | Total Effective Rate ⁴ |
|-------------------|-------------------------|---------------|--------------------|----------------|-------------------|----------------------|---|-------------------------------------|---|-----------------------------------|
| | Residential/ Commercial | State Lands | Special Franchises | Utilities | Railroad Property | Less Exempt Property | | | | |
| 2008 | \$ 5,910,095,084 | \$ 25,588,520 | \$ 53,071,515 | \$ 126,864,212 | \$ - | \$ 1,144,119,965 | \$ 4,971,499,366 | \$ 9,318,389,821 | 53.35% | \$ 18.68 |
| 2009 | 6,261,297,574 | 25,681,290 | 53,082,965 | 119,912,271 | - | 1,146,947,631 | 5,313,026,469 | 9,804,980,597 | 54.19% | 20.02 |
| 2010 | 6,433,054,934 | 25,236,574 | 60,821,640 | 114,378,957 | - | 1,308,569,208 | 5,324,922,897 | 11,041,711,351 | 48.23% | 21.08 |
| 2011 | 6,617,749,695 | 25,273,775 | 66,046,153 | 115,187,844 | - | 1,391,241,016 | 5,433,016,451 | 9,087,396,624 | 59.79% | 21.73 |
| 2012 | 6,627,350,429 | 25,382,375 | 72,095,385 | 114,300,718 | - | 1,403,003,715 | 5,436,125,192 | 8,423,392,565 | 64.54% | 22.34 |
| 2013 | 6,642,143,138 | 25,557,665 | 74,964,935 | 112,393,145 | - | 1,419,105,652 | 5,435,953,231 | 8,120,649,757 | 66.94% | 25.27 |
| 2014 | 6,628,056,033 | 25,541,375 | 79,082,515 | 110,948,188 | - | 1,416,147,732 | 5,427,480,379 | 7,693,733,110 | 70.54% | 26.66 |
| 2015 | 6,255,700,726 | 25,503,795 | 73,691,087 | 109,454,436 | - | 1,111,587,549 | 5,352,762,495 | 7,571,719,348 | 70.69% | 27.33 |
| 2016 | 6,639,053,293 | 25,753,365 | 86,390,807 | 108,947,813 | 15,643,730 | 1,403,594,994 | 5,472,194,014 | 7,661,276,567 | 71.43% | 28.37 |
| 2017 | 6,792,060,647 | 25,533,245 | 91,227,929 | 107,750,039 | 17,625,430 | 1,460,919,507 | 5,573,277,783 | 7,769,422,629 | 71.73% | 30.29 |

¹ The years indicated relate to the tax levy year. Assessments are compiled from the County's tax rolls for the preceding year and the equalization rate (see 2 and 3 below) shown relates to such.

² The taxable assessed values are determined by the various Town governments located within the County.

³ The estimated actual values represent the weighted average New York State equalization rate established for each Town within the County.

⁴ The total effective rate represents the average of all county tax rates per \$1,000 of assessed property value of the County of Sullivan.

Source: Sullivan County tax rolls for assessed values by type, County Legislature resolution for estimated actual full value, and County tax abstracts for direct tax rates

COUNTY OF SULLIVAN, NEW YORK
Schedule VII—Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Unaudited)

| Year | County Effective Rates ¹ | County Direct Rates ² | Overlapping Rates ³ | | | | |
|------|-------------------------------------|----------------------------------|--------------------------------|------------------|----------------|-----------------|-------------------------|
| | | | Cities, Towns & Villages | School Districts | Fire Districts | Sewer Districts | Other Special Districts |
| 2008 | \$ 18.68 | \$4.73-117.19 | \$ 15.50 | \$12.39-533.26 | \$0.29-33.44 | \$2.99-1,152.36 | \$0.02-10.91 |
| 2009 | 20.02 | 4.92-125.12 | 15.08 | 12.82-578.94 | 0.29-34.41 | 2.95-1,183.51 | 0.06-12.12 |
| 2010 | 21.08 | 5.08-141.64 | 15.48 | 13.44-610.26 | 0.32-39.35 | 2.89-1,535.74 | 0.01-12.05 |
| 2011 | 21.73 | 5.47-148.45 | 15.90 | 13.01-661.01 | 0.31-41.95 | 0.12-1,255.65 | 0.03-11.56 |
| 2012 | 22.34 | 6.06-160.96 | 16.20 | 13.44-610.26 | 0.19-41.63 | 0.36-1,273.04 | 0.04-10.15 |
| 2013 | 25.27 | 6.83-179.40 | 16.51 | 13.77-743.28 | 0.30-41.69 | 0.35-1,311.48 | 0.04-267.68 |
| 2014 | 26.66 | 7.37-186.98 | 16.81 | 14.02-787.65 | 0.30-36.47 | 0.35-1,213.28 | 0.04-8.20 |
| 2015 | 27.33 | 7.60-198.50 | 17.10 | 14.36-777.92 | 0.52-33.24 | 0.71-1,213.84 | 0.06-414.58 |
| 2016 | 28.37 | 7.60-199.03 | 17.38 | 14.85-722.60 | 0.31-33.29 | 1.04-1,214.30 | 0.06-414.84 |
| 2017 | 30.29 | 8.00-209.38 | 17.73 | 15.00-723.67 | 0.53-30.90 | 0.75-1990.52 | 0.04-422.74 |

¹ The County has a complex rate structure that would make the calculation of a direct rate extremely difficult, since its revenue base cannot be sufficiently disaggregated for each applicable rate. The County substituted an effective rate instead.

² Equalization rates vary by town making it necessary to present the County tax rate as a range

³ Overlapping rates are those of local governments that apply to property owners within the County of Sullivan. Not all overlapping rates apply to all the County's property owners.

Source: Annual Report of the Division of Real Property Tax, Department of Finance, County of Sullivan, New York and various Village Treasurers.

COUNTY OF SULLIVAN, NEW YORK
Schedule VIII—Principal Taxpayers
Current Year and Nine Years Ago
(Unaudited)

| Taxpayer | Type of Business | 2017 | | | 2008 | | |
|----------------------|---------------------|-----------------------|------|--|-----------------------|------|--|
| | | Assessed Valuation | Rank | Percentage of Total Assessed Valuation | Assessed Valuation | Rank | Percentage of Total Assessed Valuation |
| NYSEG | Utility Company | \$ 107,914,711 | 1 | 2.07% | \$ 88,173,950 | 1 | 1.77% |
| Orange & Rockland | Utility Company | 31,328,867 | 2 | 0.60% | - | - | n/a |
| State of NY | State Government | 24,563,975 | 3 | 0.47% | 25,626,640 | 3 | 0.52% |
| Catskill Development | Housing Development | 20,449,200 | 4 | 0.39% | - | - | n/a |
| City of NY | Local Government | 17,526,350 | 5 | 0.34% | 18,326,350 | 6 | 0.37% |
| Verizon | Mobile | 17,498,854 | 6 | 0.34% | 40,593,445 | 2 | 0.82% |
| Wal-Mart Real | Commercial | 10,000,000 | 7 | 0.19% | 13,400,000 | 7 | 0.27% |
| Eagle Creek | Water Company | 9,986,869 | 8 | 0.19% | - | - | n/a |
| Time Warner | Utility Company | 8,170,998 | 9 | 0.16% | - | - | n/a |
| Citizens | Bank | 6,892,051 | 10 | 0.13% | 7,569,736 | 10 | 0.15% |
| Mirant | Utility Company | - | - | n/a | 22,065,365 | 4 | 0.44% |
| Monicello Raceway | Recreation | - | - | n/a | 20,449,200 | 5 | 0.41% |
| Kiam. Concord | Hotel | - | - | n/a | 11,100,000 | 8 | 0.22% |
| Kutshers's | Hotel | - | - | n/a | 11,000,000 | 9 | 0.22% |
| Total | | \$ 254,331,875 | | 4.88% | \$ 193,690,121 | | 3.90% |

Source: Sullivan County Treasurer's Office

COUNTY OF SULLIVAN, NEW YORK
Schedule IX—Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year Ended December 31, | County Taxes Levied for the Fiscal Year ¹ | Collected within the Fiscal Year of the Levy | | Delinquent Collections in Subsequent Periods | Total Collections to Date | |
|--------------------------------|--|--|--------------------------|--|---------------------------|--------------------|
| | | Amount | Percentage of Total Levy | | Amount | Percentage of Levy |
| 2008 | \$ 107,755,568 | \$ 89,587,757 | 83.14% | \$ 17,277,597 | \$106,865,354 | 99.17% |
| 2009 | 116,465,759 | 96,579,088 | 82.92% | 18,819,973 | 115,399,061 | 99.08% |
| 2010 | 127,025,621 | 103,981,298 | 81.86% | 22,022,338 | 126,003,636 | 99.20% |
| 2011 | 128,522,636 | 105,162,255 | 81.82% | 22,369,915 | 127,532,170 | 99.23% |
| 2012 | 131,802,271 | 108,719,407 | 82.49% | 22,403,920 | 131,123,327 | 99.48% |
| 2013 | 138,206,973 | 114,812,766 | 83.07% | 22,657,371 | 137,470,137 | 99.47% |
| 2014 | 140,067,028 | 117,745,523 | 84.06% | 20,692,241 | 138,437,764 | 98.84% |
| 2015 | 143,146,268 | 121,508,141 | 84.88% | 17,917,061 | 139,425,202 | 97.40% |
| 2016 | 145,006,335 | 123,298,082 | 85.03% | 15,486,515 | 138,784,597 | 95.71% |
| 2017 | 149,103,138 | 128,771,216 | 86.36% | 10,005,346 | 138,776,562 | 93.07% |

¹ Town receivers of taxes collect real property taxes for the respective town and County. The respective town receivers distribute the collected tax monies to the towns prior to distributing the balance collected to the County. The towns, thereby, are assured of full collections. Each year, the town receivers turn over uncollected items to the County. The County satisfies the full of the unpaid school taxes. Responsibility for the unpaid taxes rests with the County.

Source: County of Sullivan Treasurer's Office

COUNTY OF SULLIVAN, NEW YORK
Schedule X—Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | Governmental Activities | | Business-type Activities | | | Total Primary Government | Percentage of Personal Income ⁴ | Debt per Capita ⁴ |
|-------------|---------------------------------------|-----------------------|--------------------------|---|---|--------------------------|--|------------------------------|
| | General Obligation Bonds ¹ | Installment Purchases | Adult Care Center Bonds | Sullivan County TASC Bonds ² | Sullivan County ILDC Bonds ³ | | | |
| 2008 | \$ 53,612,617 | \$ 485,749 | \$ 462,383 | \$ 14,687,289 | \$ - | \$ 69,248,038 | 0.05% | \$ 908.90 |
| 2009 | 48,685,843 | 396,066 | 139,158 | 14,302,312 | - | 63,523,379 | 0.05% | 837.73 |
| 2010 | 61,344,459 | 302,796 | 120,650 | 13,887,318 | - | 75,655,223 | 0.05% | 975.60 |
| 2011 | 55,232,702 | 205,796 | 102,456 | 13,616,593 | - | 69,157,547 | 0.06% | 899.32 |
| 2012 | 57,840,604 | 104,916 | 84,603 | 13,229,185 | - | 71,259,308 | 0.06% | 927.64 |
| 2013 | 52,094,158 | - | 66,973 | 12,841,774 | - | 65,002,905 | 0.06% | 847.88 |
| 2014 | 56,137,663 | - | 49,489 | 12,294,366 | - | 68,481,518 | 0.06% | 893.26 |
| 2015 | 49,082,581 | - | 32,598 | 11,906,958 | - | 61,022,137 | 0.06% | 803.53 |
| 2016 | 153,097,743 | - | 16,139 | 18,133,294 | - | 171,247,176 | 0.02% | 2,254.94 |
| 2017 | 145,059,234 | 799,320 | - | 17,750,363 | 109,012,436 | 272,621,353 | 0.02% | 3,611.60 |

¹ Serial bonds are presented net of related premiums or discounts.

² The activities of the Sullivan County Tobacco Asset Securitization Corporation that had previously been accounted for under governmental activities have been reclassified and presented under business-type activities beginning in 2008. Sullivan County TASC Bonds are presented net of related premiums or discounts.

³ The activities of the Sullivan County Infrastructure Local Development Corporation (ILDC) that had previously been accounted for under discretely presented component units have been reclassified and presented under business-type activities of the County's primary government. The Sullivan County ILDC Bonds are presented net of related discounts.

⁴ See Schedule XIV for personal income and population data.

COUNTY OF SULLIVAN, NEW YORK
Schedule XI—Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

| Year | Population | General Bonded Debt Outstanding | | | | Percentage of | |
|------|------------|------------------------------------|--------------------------------|---------------------------------------|-----------------|--|---|
| | | Estimated Actual Value of Property | Gross Bonded Debt ¹ | Less: Debt Service Funds ² | Net Bonded Debt | Net Bonded Debt to Estimated Actual Value ³ | Net Bonded Debt per Capita ⁴ |
| 2008 | 76,189 | \$ 9,318,389,821 | \$ 54,075,000 | \$ 112,060 | \$ 53,962,940 | 0.58% | \$ 708.28 |
| 2009 | 75,828 | 9,804,980,597 | 48,825,001 | 100,894 | 48,724,107 | 0.50% | 642.56 |
| 2010 | 77,547 | 11,041,711,351 | 61,465,109 | 27,962 | 61,437,147 | 0.56% | 792.26 |
| 2011 | 76,900 | 9,087,396,624 | 55,335,158 | 20,551 | 55,314,607 | 0.61% | 719.31 |
| 2012 | 76,818 | 8,423,392,565 | 57,925,207 | 13,702 | 57,911,505 | 0.69% | 753.88 |
| 2013 | 76,665 | 8,120,649,757 | 52,161,131 | 3,580 | 52,157,551 | 0.64% | 680.33 |
| 2014 | 76,665 | 7,693,733,110 | 56,187,152 | 2,731 | 56,184,421 | 0.73% | 732.86 |
| 2015 | 75,943 | 7,571,719,348 | 49,115,179 | 3,481 | 49,111,698 | 0.65% | 646.69 |
| 2016 | 74,877 | 7,661,276,567 | 153,113,882 | 8,015 | 153,105,867 | 2.00% | 2,044.76 |
| 2017 | 75,485 | 7,769,422,629 | 145,059,234 | 29,717 | 145,029,517 | 1.87% | 1,921.30 |

Notes: Detail regarding the County's outstanding debt can be found in the notes to the financial statements.

¹ General bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums excluding amounts for Tobacco Settlement and ILDC Bonds.

² Amount restricted for debt service principal payments.

³ See Schedule VI for property value data.

⁴ See Schedule XIV for personal income and population data.

Source: County of Sullivan Annual Financial Report to the State of New York, Office of the State Comptroller and US Bureau of the Census, and Trial Balance

COUNTY OF SULLIVAN, NEW YORK
Schedule XII—Computation of Estimated Direct and Overlapping Debt
As of December 31, 2017
(Unaudited)

| Governmental Unit | Gross Indebtedness ¹ | Estimated Exclusions ² | Net Indebtedness | Percentage Applicable ³ | County of Sullivan Portion |
|---|------------------------------------|--------------------------------------|-----------------------|---------------------------------------|----------------------------------|
| Estimated direct debt: | | | | | |
| County of Sullivan | \$ 145,858,554 | \$ - | \$ 145,858,554 | 51.81% | \$ 75,567,329 |
| Estimated overlapping debt: | | | | | |
| Towns: | | | | | |
| Bethel | 5,710,020 | - | 5,710,020 | 2.03% | 115,810 |
| Callicoon | 612,634 | 85,547 | 527,087 | 0.22% | 1,147 |
| Cochecton | - | - | - | 0.00% | - |
| Delaware | 243,000 | 215,200 | 27,800 | 0.09% | 24 |
| Fallsburg | 19,507,264 | 3,354,200 | 16,153,064 | 6.93% | 1,119,236 |
| Forestburgh | 93,000 | - | 93,000 | 0.03% | 31 |
| Fremont | - | - | - | 0.00% | - |
| Highland | - | - | - | 0.00% | - |
| Liberty | 3,659,965 | 1,166,005 | 2,493,960 | 1.30% | 32,422 |
| Lumberland | 200,000 | - | 200,000 | 0.07% | 142 |
| Mamakating | 1,000,000 | - | 1,000,000 | 0.36% | 3,552 |
| Neversink | 300,000 | - | 300,000 | 0.11% | 320 |
| Rockland | 5,576,511 | 5,351,511 | 225,000 | 1.98% | 4,457 |
| Thompson | 5,627,950 | 5,006,772 | 621,178 | 2.00% | 12,418 |
| Tusten | - | - | - | 0.00% | - |
| Villages: | | | | | |
| Bloomingburg | - | - | - | 0.00% | - |
| Jeffersonville | 33,000 | - | 33,000.00 | 0.01% | 4 |
| Liberty | 6,201,967 | 5,960,000 | 241,967.00 | 2.20% | 5,330 |
| Monticello | 9,015,971 | 1,234,000 | 7,781,971 | 3.20% | 249,214 |
| Woodridge | 6,470,000 | 6,470,000 | - | 2.30% | - |
| Wurtsboro | 1,289,100 | - | 1,289,100 | 0.46% | 5,903 |
| School districts: | | | | | |
| Eldred | - | - | - | 0.00% | - |
| Fallsburg | 24,517,125 | - | 24,517,125 | 8.71% | 2,135,056 |
| Liberty | 20,792,254 | - | 20,792,254 | 7.39% | 1,535,583 |
| Livingston Manor | 60,000 | - | 60,000 | 0.02% | 13 |
| Monticello | 11,735,271 | - | 11,735,271 | 4.17% | 489,166 |
| Roscoe | 4,220,000 | - | 4,220,000 | 1.50% | 63,255 |
| Sullivan West | 19,690 | - | 19,690 | 0.01% | 1 |
| Tri-Valley | 8,790,000 | - | 8,790,000 | 3.12% | 274,440 |
| Total estimated overlapping debt | <u>135,674,722</u> | <u>28,843,235</u> | <u>106,831,487</u> | | <u>4,757,966</u> |
| Total estimated direct and overlapping debt | <u>\$ 281,533,276</u> | <u>\$ 28,843,235</u> | <u>\$ 252,690,041</u> | | <u>\$ 81,614,853</u> |

¹ Excludes enterprise fund bonds. Direct debt includes the full amount of outstanding long-term debt instruments—including bonds, certificates of participation, loans, and capital leases—of the government.

² Exclusions reflect the amount available for repayment in debt service reserves.

³ Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Sullivan County. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: Debt information is obtained from the towns, villages and school districts within the County. County debt information is provided by the County's Treasurer's Office.

COUNTY OF SULLIVAN, NEW YORK
Schedule XIII—Legal Debt Margin Information
As of December 31, 2017
(Unaudited)

| Legal Debt Margin Calculation for Fiscal Year 2017 | |
|---|-----------------------|
| Estimated Actual Value of Real Property (After Exemptions): | |
| 2013 | \$ 8,120,649,757 |
| 2014 | 7,693,733,110 |
| 2015 | 7,571,719,348 |
| 2016 | 7,661,276,567 |
| 2017 | 7,769,422,629 |
| Total five-year valuation | <u>38,816,801,411</u> |
| Average full valuation | <u>7,763,360,282</u> |
| Debt limit - 7% of average full valuation ¹ | <u>\$ 543,435,220</u> |
| Debt applicable to limit: | |
| Governmental activities - general obligation bonds | 141,090,000 |
| Governmental activities - capital leases | <u>799,320</u> |
| Net indebtedness subject to debt limit | <u>141,889,320</u> |
| Less other deductions allowed by law ² | |
| Cash on hand - earnings on investments and premiums | <u>-</u> |
| Total amount of net indebtedness applicable to debt limit | <u>141,889,320</u> |
| Legal debt margin ³ | <u>\$ 401,545,900</u> |
| Percentage of debt contracting power exhausted | 26.11% |

| | Fiscal Year | | | | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Debt limit | \$ 478,441,119 | \$ 569,605,057 | \$ 600,291,330 | \$ 629,359,407 | \$ 635,250,346 | \$ 592,419,257 | \$ 592,419,257 | \$ 563,964,754 | \$ 552,590,799 | \$ 543,435,220 |
| Total net debt applicable to limit | <u>65,662,940</u> | <u>62,419,106</u> | <u>80,847,038</u> | <u>70,574,449</u> | <u>64,331,298</u> | <u>57,496,420</u> | <u>60,127,269</u> | <u>66,551,519</u> | <u>151,900,500</u> | <u>141,889,320</u> |
| Legal debt margin | <u>\$ 412,778,179</u> | <u>\$ 507,185,951</u> | <u>\$ 519,444,292</u> | <u>\$ 558,784,958</u> | <u>\$ 570,919,048</u> | <u>\$ 534,922,837</u> | <u>\$ 532,291,988</u> | <u>\$ 497,413,235</u> | <u>\$ 400,690,299</u> | <u>\$ 401,545,900</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 13.72% | 10.96% | 13.47% | 11.21% | 10.13% | 9.71% | 10.15% | 11.80% | 27.49% | 26.11% |

¹ The provisions of Section 104 of the Local Finance Law specifies debt limits of Counties of New York State.

² Under the State Constitution, indebtedness contracted for the construction of sewer facilities may be excluded, in ascertaining the debt incurring power of the County upon application to and the technical approval of the State Comptroller. The County has not submitted such application, so it cannot formally exclude such indebtedness.

³ There is no constitutional limitation of the amount that may be raised by the County by tax on real estate in any fiscal year to pay interest and principal on all indebtedness.

Sources: County of Sullivan Annual Financial Report to the State of New York, and Office of the State Comptroller.

COUNTY OF SULLIVAN, NEW YORK
Schedule XIV—Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

| Calendar Year | Population | Per Capita Personal Income ¹ | Personal Income ² | Unemployment Rate ³ |
|------------------|------------|---|---------------------------------|-----------------------------------|
| 2008 | 76,189 | \$ 35,007 | \$ 2,667,148 | 6.6% |
| 2009 | 75,828 | 34,613 | 2,624,635 | 8.8% |
| 2010 | 77,547 | 37,416 | 2,901,499 | 9.3% |
| 2011 | 76,900 | 39,038 | 3,002,022 | 9.2% |
| 2012 | 76,818 | 40,863 | 3,139,014 | 9.6% |
| 2013 | 76,665 | 41,197 | 3,158,368 | 8.8% |
| 2014 | 76,665 | 41,197 | 3,158,368 | 6.8% |
| 2015 | 75,943 | 39,368 | 2,989,724 | 5.2% |
| 2016 | 74,877 | 42,053 | 3,148,802 | 4.8% |
| 2017 | 75,485 | 42,528 | 3,210,226 | 5.4% |

¹ Data represents per capita income for Sullivan County.

² Estimated, in thousands.

³ Unemployment rates obtained from the New York State Department of Labor.

Sources: U.S. Bureau of the Census, New York State Department of Labor/Empire State Development, U.S. Department of Labor—Bureau of Labor Statistics and the Bureau of Economic Analysis.

COUNTY OF SULLIVAN, NEW YORK
Schedule XV—Principal Employers—Current Year and Nine Years Ago
Current Year and Nine Years Ago
(Unaudited)

| Employer | Type | 2017 | | | 2008 | | |
|------------------------------------|-----------------------|--------------------------|------|--|--------------------------|------|---------------------------------------|
| | | Approx. No. of Employees | Rank | Percentage of Labor Force ¹ | Approx. No. of Employees | Rank | Percentage of Total County Employment |
| SDTC the Center for Discovery | Retail | 1608 | 1 | 4.99% | 1,200 | 2 | 3.48% |
| Sullivan County Government | Local Government | 1044 | 2 | 3.24% | 1,212 | 1 | 3.51% |
| Catskill Regional Medical Center | Medical Center | 766 | 3 | 2.38% | 760 | 4 | 2.20% |
| Monticello Central School District | Public Schools | 694 | 4 | 2.16% | 758 | 5 | 2.20% |
| NYSARC Inc. | Non-profit | 550 | 5 | 1.71% | 510 | 6 | 1.48% |
| New Hope Community Inc. | Non-profit | 528 | 6 | 1.64% | 505 | 7 | 1.46% |
| Sullivan Correctional Facility | Correctional Facility | 434 | 7 | 1.35% | 452 | 9 | 1.31% |
| Bethel Woods Center for Arts | Non-profit | 428 | 8 | 1.33% | - | n/a | 0.00% |
| Woodbourne Correctional Facility | Correctional Facility | 427 | 9 | 1.33% | 463 | 8 | 1.34% |
| Rolling V Bus Corp | Transportation | 389 | 10 | 1.21% | - | n/a | n/a |
| United States Postal Service | Federal Government | - | - | n/a | 800 | 3 | 2.32% |
| Walmart | Retail | - | - | n/a | 450 | 10 | 1.30% |

¹ Estimated.

Sources: Sullivan County Partnership for Economic Development and New York State Department of Labor.

COUNTY OF SULLIVAN, NEW YORK
Schedule XVI—Full-time Equivalent County Government Employees by Function/Program
Last Ten Fiscal Years
(Unaudited)

| Function/Program: | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|-------------------------------------|--------------|--------------|--------------|-------------|--------------|-------------|--------------|--------------|--------------|--------------|
| General government support | 221 | 187 | 180 | 175 | 177 | 175 | 182 | 182 | 181 | 187 |
| Public safety | 222 | 228 | 211 | 212 | 212 | 216 | 215 | 215 | 218 | 228 |
| Health/Adult Care Center | 326 | 331 | 296 | 291 | 304 | 279 | 284 | 289 | 283 | 278 |
| Transportation | 124 | 113 | 94 | 96 | 94 | 94 | 922 | 92 | 84 | 94 |
| Economic assistance and opportunity | 212 | 212 | 179 | 169 | 168 | 175 | 171 | 184 | 196 | 195 |
| Culture and recreation | 35 | 35 | 32 | 32 | 31 | 34 | 34 | 33 | 33 | 34 |
| Home and community services | 46 | 29 | 24 | 23 | 24 | 22 | 24 | 23 | 26 | 28 |
| Total | <u>1,186</u> | <u>1,135</u> | <u>1,016</u> | <u>998</u> | <u>1,010</u> | <u>995</u> | <u>1,832</u> | <u>1,018</u> | <u>1,021</u> | <u>1,044</u> |

Source: Annual Sullivan County Budgets.

COUNTY OF SULLIVAN, NEW YORK
Schedule XVII—Operating Indicators
Last Ten Fiscal Years
(Unaudited)

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Sheriff: | | | | | | | | | | |
| Arrests | 1,535 | 1,332 | 1,511 | 1,473 | 1,130 | 1,163 | 1,139 | 1,146 | 1,290 | 1,171 |
| Traffic summons | 2,621 | 2,629 | 3,552 | 2,405 | 1,716 | 1,224 | 1,187 | 1,213 | 2,249 | 2,003 |
| DWI summons | 81 | 102 | 110 | 83 | 49 | 54 | 70 | 73 | 44 | 65 |
| Jail: | | | | | | | | | | |
| Inmates | 1,722 | 1,630 | 1,664 | 1,616 | 1,472 | 1,475 | 1,387 | 1,251 | 1,249 | 1,152 |
| Public Works: | | | | | | | | | | |
| Road paving (miles) | 19.40 | 26.60 | 37.20 | 14.90 | 12.80 | 14.70 | 25.50 | 30.70 | 31.90 | 25.40 |
| Road chip seal (miles) | - | - | 38.50 | 29.00 | 22.30 | - | - | - | 45.00 | 24.80 |
| Bridge replacement | 2 | 1 | 2 | 2 | 1 | 1 | 1 | 4 | 4 | 3 |
| Bridge rehabilitation | 3 | 6 | 4 | 1 | 3 | 8 | 5 | 2 | - | - |
| Parks and Recreation: | | | | | | | | | | |
| Park and pavilion permits | 85 | 89 | 80 | 74 | 58 | 36 | 73 | 81 | 32 | 56 |
| Lake Superior attendance | 17,827 | 14,300 | 16,788 | 14,634 | 13,714 | 12,266 | 11,225 | 12,653 | 14,183 | 10,037 |
| Fort Delaware attendance | 3,878 | 3,832 | 3,463 | 3,449 | 3,062 | 2,843 | 2,848 | 2,870 | 2,708 | 3,529 |
| Refuse Collection: | | | | | | | | | | |
| Refuse collected (tons per day) | 209.30 | 238.30 | 195.00 | 153.00 | 156.00 | 150.00 | 149.00 | 147.00 | 173.00 | 206.00 |
| Recyclables collected (tons per day) | 16.76 | 21.37 | 17.95 | 13.78 | 14.50 | 15.00 | 16.00 | 17.00 | 17.50 | 20.30 |

Source: Various County Departments.

COUNTY OF SULLIVAN, NEW YORK
Schedule XVIII—Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
(Unaudited)

| Function/Program: | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Sheriff: | | | | | | | | | | |
| Jail | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Vans | 2 | 2 | 2 | 2 | 2 | 3 | 2 | 2 | 5 | 5 |
| Cars | 28 | 30 | 27 | 21 | 21 | 27 | 26 | 29 | 32 | 32 |
| SUVs | 9 | 8 | 7 | 8 | 6 | 6 | 11 | 11 | 12 | 12 |
| Pickups | - | 2 | 2 | 1 | 2 | 2 | 2 | 2 | 2 | 2 |
| Electric cars | - | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| ATVs | - | 3 | 3 | 3 | 3 | 3 | 5 | 5 | 5 | 5 |
| Boats | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Tactical vehicle | - | - | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Humvee | - | - | - | - | 1 | 1 | 1 | 1 | 1 | 1 |
| Jet ski | - | - | - | - | - | - | - | 1 | 1 | 1 |
| Transportation: | | | | | | | | | | |
| Roads (miles) | 386.80 | 385.60 | 385.40 | 385.40 | 385.40 | 385.20 | 385.20 | 385.20 | 385.20 | 385.20 |
| Traffic signals | 8 | 8 | 9 | 9 | 10 | 10 | 10 | 10 | 10 | 10 |
| Flashing beacons | 26 | 26 | 25 | 25 | 25 | 25 | 25 | 26 | 26 | 26 |
| Bridges | 400 | 400 | 400 | 398 | 401 | 401 | 401 | 400 | 400 | 398 |
| Culture and Recreation: | | | | | | | | | | |
| Parks acreage | 1,550 | 1,550 | 1,550 | 1,572 | 1,572 | 1,572 | 1,572 | 1,572 | 1,572 | 1,572 |
| Playgrounds | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Home and Community Services: | | | | | | | | | | |
| Landfill acres | 45.8 | 45.8 | 45.8 | 45.8 | 45.8 | 45.8 | 45.8 | 45.8 | 45.8 | 45.8 |
| Transfer stations | 5 | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Haul trucks | 4 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |

Source: Various County Departments.