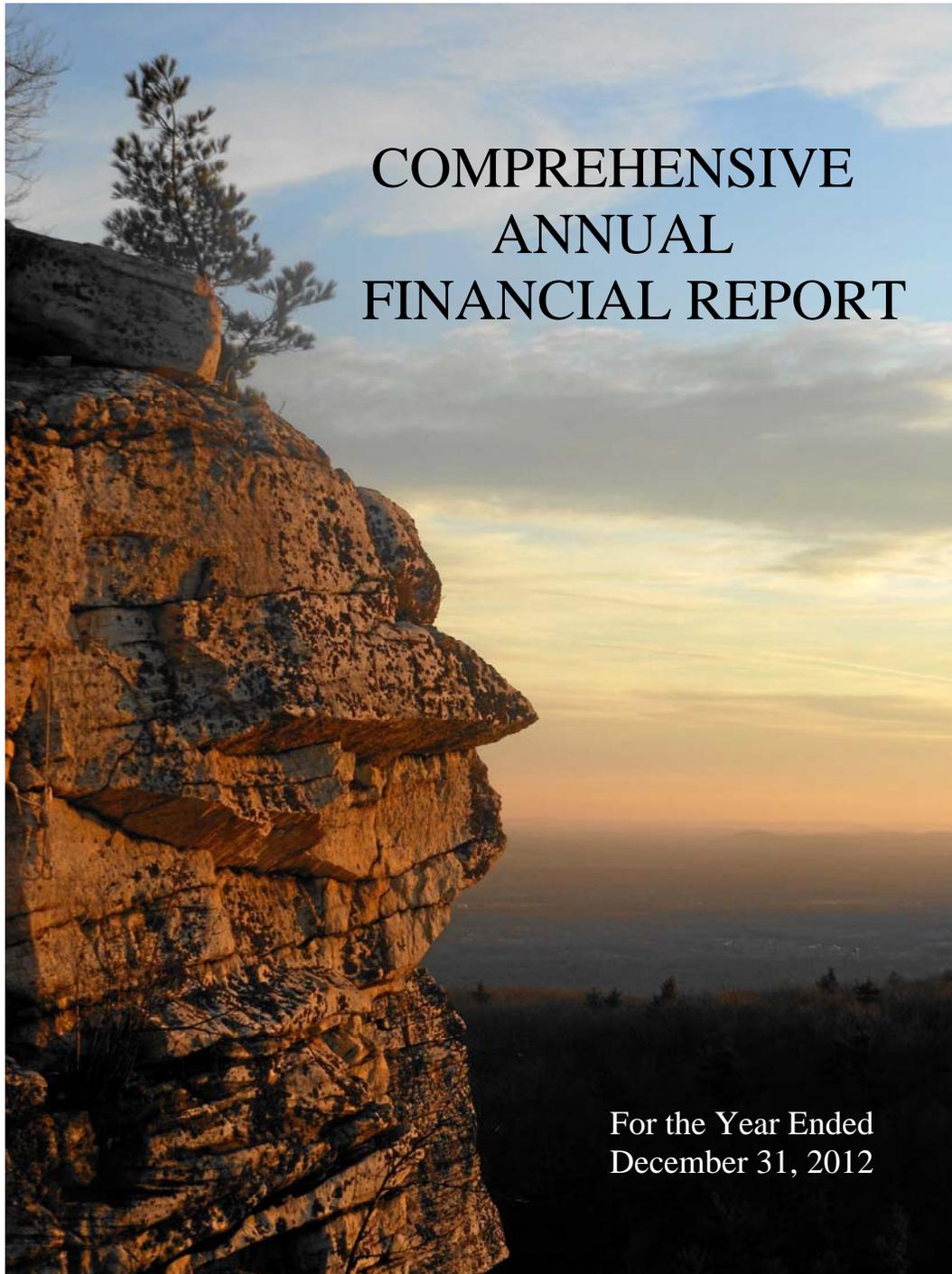


# COUNTY OF ULSTER, NEW YORK



Michael P. Hein  
County Executive



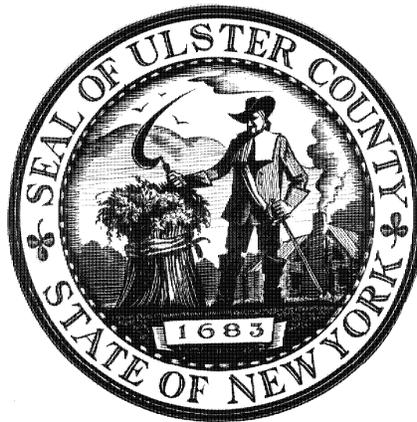
Burton Gulnick, Jr.  
Commissioner of Finance



**COUNTY OF ULSTER, NEW YORK**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For the Year Ended  
December 31, 2012**



***PREPARED BY:***

**THE DEPARTMENT OF FINANCE  
Burton Gulnick, Jr., Commissioner**

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**Comprehensive Annual Financial Report**  
**For the Year Ended December 31, 2012**

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**Introductory Section (Unaudited)**

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**Burton Gulnick Jr.**  
*Commissioner of Finance*



**C. J. Rioux, CPA**  
*Deputy Commissioner of Finance*

**Kenneth J. Juras**  
*Deputy Commissioner of Finance*

**Thomas Jackson**  
*Deputy Commissioner of Finance /  
Director of Real Property Tax Service*

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

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the County of Ulster (County) for the fiscal year ended December 31, 2012. The CAFR is presented in accordance with generally accepted accounting principles (GAAP).

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

The County's basic financial statements have been audited by independent auditors. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended December 31, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended December 31, 2012, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

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

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

## **Profile of the County**

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

The communities of the County reflect its variety: Kingston, which was the first capital of New York State, is the County seat and service center, and is located on the Hudson River; Woodstock is an art colony and a cultural center in a deeply wooded area 10 miles northwest of Kingston; New Paltz is the location of a State University of New York liberal arts college and is situated on the Wallkill River 12 miles south of Kingston. The seventeenth century homes and churches along Huguenot Street in New Paltz comprise a national historic site; Saugerties, a Hudson River town is 8 miles north of Kingston. Originally famous for its brickyards and quarries, it has also become a residential center for people engaged in local industries. In the October, 2009 issue of Budget Travel Magazine, Saugerties was cited as one of the 10 coolest small towns in America. Saugerties now is the summer home of Horse Shows in the Sun (HITS). HITS-On-The-Hudson converted a former 200 acre golf course into a world class facility designed to meet the highest standards of equestrian competition. The facility has 14 permanent barns, over 1,100 horse stalls, a permanent food service facility with a dining courtyard and RV sites with full hook up. Located 20 miles southwest in the Rondout Valley, Ellenville is a vacation and recreation center with hiking in the Shawangunk Ridge which is listed by the Nature Conservancy as one of the "75 Last Great Places on Earth". Phoenicia is a hunting and fishing center 24 miles northwest of Kingston in the Catskill Mountains and is a year round resort and residential area; Hurley, one of the oldest communities in the County a few miles to the west, is dotted with rugged, seventeenth century stone homes, and is an agricultural and residential center; Highland, 12 miles south on the banks of the Hudson River, provides access to the Walkway Over the Hudson, the longest elevated pedestrian bridge in the world. In its first year of operation, the Walkway received over 780,000 visitors which far exceeded the original estimate for the entire year (267,700). Highland is the center of the Hudson Valley wine industry and home to many apple, peach, and grape orchards. The Solar Energy Consortium (TSEC), located in Ulster County, since June, 2007 is an industry-led not-for-profit organization whose mission is to double the efficiency of photovoltaic systems, to decrease the cost of solar energy systems, to simplify the installation of solar energy systems, and to develop unique photovoltaic forms for use in urban environments.

The County provides a full range of services including law enforcement; educational assistance; construction and maintenance of highways; public health; public transportation; environmental protection; recreational facilities and programs; economic assistance; economic opportunity and development; and community development. The County also is financially accountable for several separate entities or component units. They include the Ulster Tobacco Asset Securitization Corporation (UTASC), a blended component unit, which is included in the financial statements as a governmental activity, the Ulster County Community College (UCCC), the Ulster County Resource Recovery Agency (UCRRA), the Ulster County Industrial Development Agency (UCIDA), the Ulster County Capital Resource Corporation (UCCRC), and the Golden Hill Local Development Corporation (GHLDC), all of which are

reported as discretely presented component units. Additional information on all five of these legally separate entities can be found in Note 1A in the notes to the financial statements.

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

## **Factors Affecting Financial Condition**

### Local Economy

At the end of 2012, the County's labor force was 87,100. The 2012 unemployment rate at 8.8% is .3% more the 2012 State average. According to the New York State Department of Labor (NYSDOL), the average number of people employed in private sector jobs from 2011 to 2012 has increased 200.

The most recent data shows that the County per capita personal income grew 4.90% from 2010 to 2011. The current median family income as estimated by the United States Department of Housing and Urban Development (HUD) for 2012 is \$73,870, up from \$72,900 for 2011.

Population growth in the County remains strong. The 2010 Census reports a total population of 182,493, a 2.7% increase from 177,749 as reported in the 2000 Census. Prior projections for the future place the population at 187,097 by 2015 and 190,123 by 2025.

The most recent figures from the New York State Association of Realtors has the County's 2012 median sale price for residential properties at \$ 195,000, down from \$ 197,000 in 2011. The New York State Department of Taxation and Finance has residential median sale price of \$ 200,000 for 2012, down from \$ 215,000 in 2011. Rental housing data collected by the County Planning Department for 2011 has a vacancy rate of 3.08%. In 2012, the number of residential units associated with major projects increased by 120 to 3,886 units, pending site plan approval. In addition, the County Health Department issued 207 new permits for single family housing septic systems for units not on central sewers, a 9.7% decrease from 2011.

### For the Year

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

- 1) Personnel Attrition - During 2012, the County has managed a work force reduction program, resulting in budgetary savings of \$2,708,613.
- 2) Tax Overlay - The County has provided \$750,000 of accumulated fund balance in the 2013 tax levy for debt reduction and cash flow purposes.
- 3) Real Property Tax Levy - In 2012, the County Executive delivered a County Operating Budget for 2013 with a 0.16% tax decrease to protect the taxpayer from the skyrocketing cost of government.

### For the Future

In 2011, the County Legislature resolved to continue the additional 1% County sales tax rate commencing December 31, 2011 and continuing until at least November 30, 2013. In June of 2013, the New York State Senate adopted the continuation of the additional 1% County sales tax. Unfortunately at this time, the New York State Assembly has not passed a resolution authorizing the continuation of the additional 1%.

### Debt Administration

Of the County's \$146.0 million of outstanding obligations, \$77.5 million of serial bonds and \$17.5 million of bond anticipation notes were issued for general purposes, \$45.5 million was issued for the Ulster Tobacco Asset Securitization Corporation (UTASC), a blended component unit of the County, \$865 thousand was issued for the Golden Hill Health Care Center (GHHCC), and \$4.7 million was issued on behalf of the Ulster County Community College (UCCC). Currently the County has a Standard and Poor's bond rating of AA- on general obligation bond issues and a Fitch rating of AA-. Under current statutes, the County's general obligation bonded debt issuance's are subject to a legal limitation based on 7% of the average full valuation of taxable real property. As of December 31, 2012, the County's general obligation bonded debt of \$100.5 million was well below the legal limit of approximately \$1.430 billion.

### Cash Management

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

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

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

Interest income helps to reduce the tax burden to the taxpayers. The County's effective interest rate on investments for 2012 was 0.25%, which led to interest earnings of \$398 thousand.

### Risk Management

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

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

### Retirement and Other Postemployment Benefits

The County participates in the New York State and Local Employees' Retirement System (ERS). The ERS provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the ERS. The ERS is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 and have less than ten years credited service, who contribute 3% of their salary for the first ten years of membership, employees who joined on or after January 1, 2010 who contribute 3% of their salary for the entire length of service, and employees who joined on or after April 1, 2012 who generally contribute 3% of their salary for the first year of service, and a percentage of their salary for the remainder of their service. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

In addition to providing pension benefits, the County provides various health insurance benefits for County retirees. The County pays at least 50 percent of the retirees' health insurance premium in accordance with their respective collective bargaining agreement and/or resolution adopted by the Ulster County Legislature. The County also provides a credit for Medicare eligible retirees to subsidize Medicare Part B and Medicare Part D requirements. The total employer costs are appropriated annually and funded by current local government resources. The County provided these benefits to approximately 768 retired persons in 2012.

Additional information on the County's retirement and post-employment benefits can be found in Note 1K and Note 3C of the financial statements.

### **Acknowledgements**

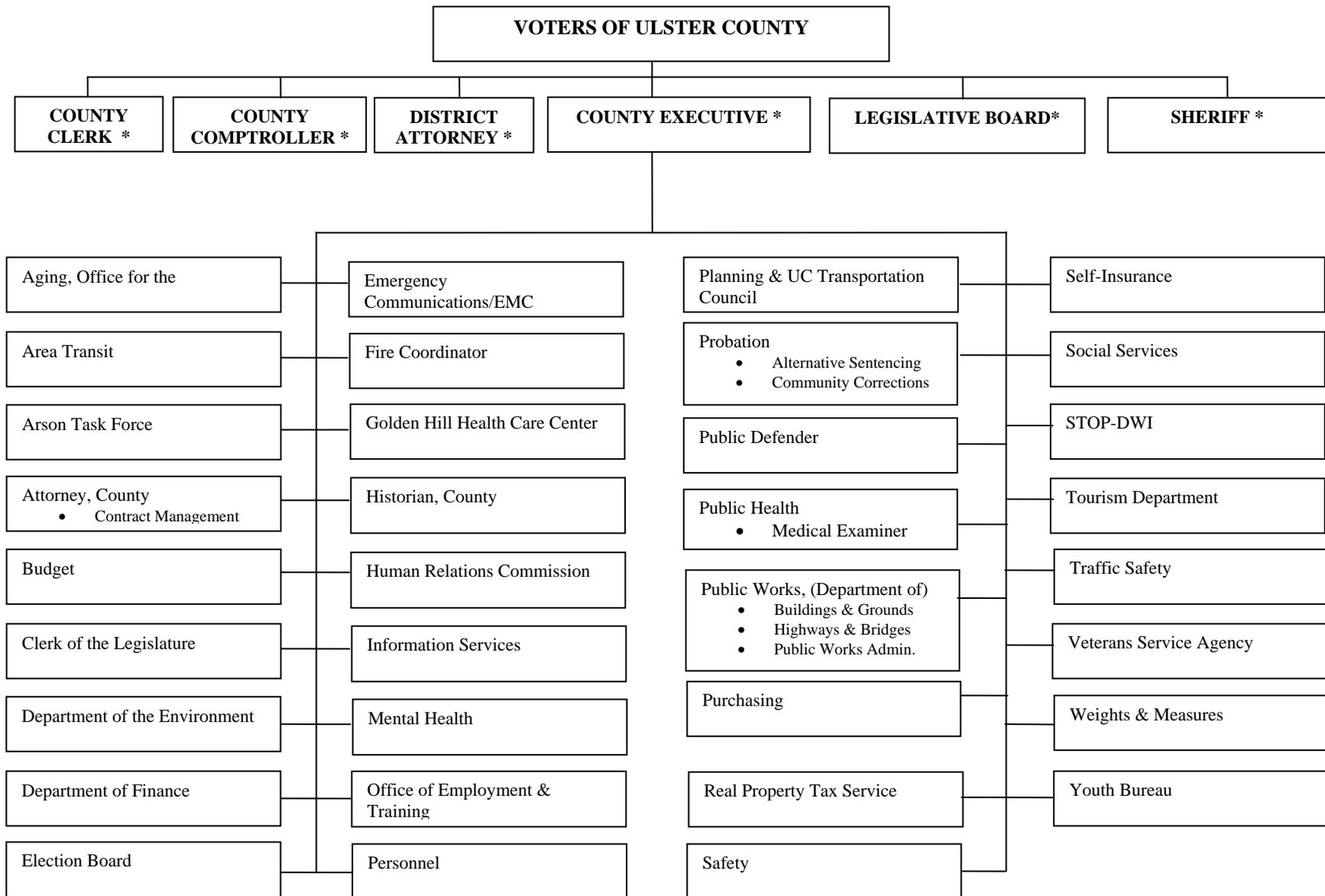
Preparation of this Comprehensive Annual Financial Report could not have been accomplished without the efficient and dedicated services of the entire staff of the Department of Finance. I would like to express my appreciation to all members of the department and to our independent auditor, Toski & Co.,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

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

Respectfully submitted,

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

Burton Gulnick, Jr.  
Commissioner of Finance



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

Terry L. Bernardo – Chairman

Kenneth J. Ronk, Jr. - Majority Leader

David B. Donaldson - Minority Leader

District No. 1 – Town of Saugerties  
Mary Wawro

District No. 2 – Town of Saugerties, Village of Saugerties  
Robert T. Aiello

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

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

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

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

District No. 7 – City of Kingston  
Jeanette Provenzano

District No. 8 – Town of Esopus  
Carl Belfiglio

District No. 9 – Town of Lloyd, Town of Platekill  
Wayne Harris

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

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

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

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

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

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

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

District No. 17 – Town of Esopus, Town of New Paltz  
Kenneth Wishnick

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

District No. 19 – Town of Marbletown,  
Town of Rosendale  
Robert S. Parete

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

District No. 21 – Town of Rochester,  
Town of Wawarsing  
Terry L. Bernardo

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

District No. 23 – Town of Hurley, Town of Woodstock  
Donald J. Gregorious

## COUNTY OF ULSTER, NEW YORK

### List of County Departments

Executive .....	Michael P. Hein
Aging, Office for the.....	Anne Cardinale
Arson Task Force.....	Wayne Freer
Attorney .....	Beatrice Havranek
Budget Office .....	James J. Hanson
Clerk .....	Nina Postupack
Comptroller.....	Elliott Auerbach
County Court .....	Hon. Donald Williams
District Attorney .....	D. Holley Carnright
Election Board .....	Charles V. Work, Thomas F. Turco
Emergency Management .....	Arthur R. Snyder
Department of the Environment .....	Amanda LaValle
Family Court.....	Hon. Marianne O. Mizel, Hon. A. McGinty
Finance.....	Burton Gulnick, Jr.
Fire Coordinator.....	Charles Mutz
Health Department.....	Carol Smith, MD, MPH
Human Relations Commission .....	Evelyn Clarke
Information Services.....	Sylvia Wohlfahrt
Insurance Department .....	Bonnie M. Szpulecki
Office of Employment and Training.....	Nancy Schaeff
Legislature (Clerk of the).....	Victoria Fabella
Mental Health .....	Carol Smith, MD, MPH
Personnel .....	Brenda Bartholomew
Planning .....	Dennis Doyle
Probation.....	Melanie Mullins
Public Defender .....	Andrew Kossover
Public Works .....	David Sheeley
Purchasing .....	Robin Peruso
Real Property Tax Service Agency.....	Burton Gulnick, Jr.
Residential Health Care Facility .....	Sheree Cross
Safety .....	Diane Beitel
Sheriff .....	Paul Van Blarcum
Social Services.....	Michael Iapoce
Soil and Water Conservation District .....	Leonard Tantillo
Stop DWI.....	Melanie Mullins
Supreme Court .....	Hon. Karen Peters
Surrogate's Court .....	Hon. Mary M. Work
Tourism.....	Richard Remsnyder
Traffic Safety Board .....	Diane Beitel
Ulster County Community College .....	Donald C. Kaat
Ulster County Resource Recovery Agency ....	Timothy P. Rose
Ulster County Area Transportation.....	Robert DiBella
Veterans' Service Agency .....	Steven Masseur
Weights and Measures .....	James DeGasperi
Youth Bureau.....	Evelyn Clarke

**Financial Section**

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## INDEPENDENT AUDITOR'S REPORT

Members of the Ulster County Legislature  
County of Ulster, New York:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Ulster, New York as of and for the year ended December 31, 2012, 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

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Ulster County Industrial Development Agency and the Ulster County Capital Resource Corporation, which represents .6% and .03%, respectively, of the assets and .2% and 0% 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 Ulster County Industrial Development Agency and the Ulster County Capital Resource Corporation is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Ulster, New York, as of December 31, 2012, 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.

### Other Matters

As described in note 2 to the financial statements, the County of Ulster, New York adopted the provisions of GASB Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements," GASB Statement No. 63 - "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position."

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 13, the schedule of funding progress - other postemployment benefits on page 52, and the budgetary comparison schedule - general fund on pages 53 - 54 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 of Ulster, New York's basic financial statements. The introductory section, combining and individual fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements.

The combining financial statements and budgetary comparison schedules and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on the audit, the procedures performed as described above, and the reports of the other auditors, the combining financial statements and budgetary comparison schedules and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections 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.

Toski & Co., CPAs, P.C.

Williamsville, New York  
September 27, 2013

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## County of Ulster, New York

### Management's Discussion and Analysis

This section of the County of Ulster's (County) comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the fiscal year ended December 31, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section.

#### Financial Highlights

- The assets of the County exceeded liabilities at the close of the fiscal year by \$6,815,782 (*net position*). An (*unrestricted net deficit*) of \$25,657,211 may not be used to meet ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$5,557,907. The County recognized \$18,177,956 of its long-term liability of other postemployment benefits in compliance with Governmental Accounting Standards Board Statement No. 45 (GASB 45), Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB). This expense represents the fifth year for the recognition of this liability.
- At year end, the County governmental funds reported combined fund balances of \$54,105,929, an increase of \$12,883,451 in comparison with the fund balances in the prior year of \$41,222,478.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$20,186,316, or 7.1% of total general fund expenditures. An appropriation from the fund balance of \$10,000,000 was budgeted to be used in the next fiscal year.

#### Overview of the Financial Statements

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

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

The *statement of net position* presents information on all County assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The *statement of activities* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, education, public safety, public health, transportation, economic assistance and opportunity, culture and recreation, and home and community services. The business-type activities of the County include the Golden Hill Health Care Center and the Workers' Compensation Pool.

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

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

**The combining financial statements of these component units can be found on pages 23-24 of this report.**

## County of Ulster, New York

### Management's Discussion and Analysis (*Continued*)

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

**Governmental funds** are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds 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 county's near-term financing requirements.

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

The County maintains seven individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund, capital projects fund and the Ulster Tobacco Asset Securitization Corporation. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the supplementary information section of this report.

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

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

**Proprietary funds** of the County are enterprise funds. The County uses enterprise funds to account for the Golden Hill Health Care Center and the Workers' Compensation Pool.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Golden Hill Health Care Center and the Workers' Compensation Pool operations are considered to be major funds of the County and are presented separately in the proprietary fund financial statements.

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

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

**The statement of fiduciary assets and liabilities can be found on page 22 of this report.**

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

**The notes can be found on pages 25-51 of this report.**

## County of Ulster, New York

### Management's Discussion and Analysis (Continued)

*Required and other supplementary information* is presented in addition to the basic financial statements and accompanying notes. This presentation provides information concerning the combining and individual fund statements and schedules to provide information for the debt service fund and nonmajor governmental funds.

**Required supplementary information can be found on pages 52-54 of this report.**

#### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$6,815,782 at fiscal year-end.

#### County of Ulster's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$133,553,114	\$127,217,439	\$61,384,152	\$62,420,100	\$194,937,266	\$189,637,539
Capital assets	167,916,029	173,339,895	3,451,064	4,002,614	171,367,093	177,342,509
Total assets	<u>301,469,143</u>	<u>300,557,334</u>	<u>64,835,216</u>	<u>66,422,714</u>	<u>366,304,359</u>	<u>366,980,048</u>
Current and other liabilities	82,887,858	86,392,263	37,860,095	37,366,049	120,747,953	123,758,312
Long-term liabilities	208,962,925	195,552,642	29,777,699	30,927,775	238,740,624	226,480,417
Total liabilities	<u>291,850,783</u>	<u>281,944,905</u>	<u>67,637,794</u>	<u>68,293,824</u>	<u>359,488,577</u>	<u>350,238,729</u>
Net position:						
Net investment in capital assets	19,831,489	20,864,249	2,586,359	3,024,756	22,417,848	23,889,005
Restricted net position	10,016,115	9,009,628	39,030	39,030	10,055,145	9,048,658
Unrestricted net position (deficit)	(20,229,244)	(11,261,448)	(5,427,967)	(4,934,896)	(25,657,211)	(16,196,344)
Total net position	<u>\$ 9,618,360</u>	<u>\$ 18,612,429</u>	<u>(\$ 2,802,578)</u>	<u>(\$ 1,871,110)</u>	<u>\$ 6,815,782</u>	<u>\$ 16,741,319</u>

A large portion of the County's net assets in the amount of \$22,417,848 represents its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets in the amount of \$10,055,145 represent resources that are subject to external restrictions on how they may be used. The unrestricted net deficit of \$25,657,211 may not be used to meet the County's ongoing obligations to citizens and creditors.

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

## County of Ulster, New York

### Management's Discussion and Analysis (Continued)

The County's net position decreased by \$5,557,907 during the current fiscal year. This decrease is primarily due to the escalating costs of retirement benefits, health insurance costs, operating costs at the GHHCC and the decrease in state aid and medicaid funding.

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

#### County of Ulster's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$30,485,132	\$25,962,150	\$30,079,937	\$35,880,294	\$60,565,069	\$61,842,444
Operating grants and contributions	87,945,815	77,940,934	714,491	738,367	88,660,306	78,679,301
Capital grants and contributions	5,420,598	2,288,331	-	-	5,420,598	2,288,331
General revenues:						
Property taxes	84,650,275	81,738,478	-	-	84,650,275	81,738,478
Other taxes	103,582,388	100,922,906	-	-	103,582,388	100,922,906
Other	4,884,673	4,357,680	2,287,856	394,267	7,172,529	4,751,947
Total revenues	316,968,881	293,210,479	33,082,284	37,012,928	350,051,165	330,223,407
Expenses:						
General government	64,452,481	64,421,405	-	-	64,452,481	64,421,405
Education	9,598,123	10,449,170	-	-	9,598,123	10,449,170
Public safety	47,566,433	46,596,897	-	-	47,566,433	46,596,897
Public health	25,578,995	28,088,636	-	-	25,578,995	28,088,636
Transportation	22,963,323	26,973,401	-	-	22,963,323	26,973,401
Economic assistance and opportunity	129,609,798	120,653,740	-	-	129,609,798	120,653,740
Culture and recreation	993,089	1,040,315	-	-	993,089	1,040,315
Home and community services	5,883,149	4,190,840	-	-	5,883,149	4,190,840
Interest on long-term debt	6,778,572	6,884,754	-	-	6,778,572	6,884,754
Golden Hill Health Care Center	-	-	33,247,837	32,906,238	33,247,837	32,906,238
Workers' Compensation Pool	-	-	10,283,758	14,795,165	10,283,758	14,795,165
Total expenses	313,423,963	309,299,158	43,531,595	47,701,403	356,955,558	357,000,561
Excess/(Deficiency) before transfers	3,544,918	(16,088,679)	(10,449,311)	(10,688,475)	(6,904,393)	(26,777,154)
Loss on disposals	(2,612,324)	(1,654,937)	(422)	(1,537)	(2,612,746)	(1,656,474)
County contribution	(5,559,033)	(1,037,668)	9,518,265	4,682,239	3,959,232	3,644,571
Changes in net assets	(4,626,439)	(18,781,284)	(931,468)	(6,007,773)	(5,557,907)	(24,789,057)
Net position - January 1	18,612,429	37,393,713	(1,871,110)	4,136,663	16,741,319	41,530,376
Change in accounting principle	(4,367,630)	-	-	-	(4,367,630)	-
Net position, restated - January 1	14,244,799	37,393,713	(1,871,110)	4,136,663	12,373,689	41,530,376
Net position - December 31	\$ 9,618,360	\$18,612,429	(\$ 2,802,578)	(\$1,871,110)	\$ 6,815,782	\$16,741,319

## County of Ulster, New York

### Management's Discussion and Analysis (*Continued*)

Key elements of the Primary Government's decrease in net position of \$5,557,907 are as follows:

**Governmental Activities:** Governmental activities decreased the County's net assets by \$4,626,439. This decrease was primarily attributed to an increase in overall expenses of approximately \$4.1 million in 2012.

**Business-type Activities:** Business-type activities decreased the County's net assets by \$931,468. This decrease was primarily due to the decrease in participant assessments for the Workers' Compensation Pool of approximately \$4.5 million in 2012.

#### Financial Analysis of the County's Funds

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

**Governmental funds.** The general government functions are contained in the General, Special Revenue, Debt Service and Capital Project 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 spending at the end of the fiscal year.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$20,186,316, while total fund balance was \$45,635,996. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 7.1 percent of total fund expenditures, while total fund balance represents 16.1 percent of that same amount.

## County of Ulster, New York

### Management's Discussion and Analysis (Continued)

Revenues for governmental functions totaled approximately \$331,413,243 in the current fiscal year, which represents an increase of 9.4 percent from the previous fiscal year.

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

#### Revenues Classified by Source Governmental Funds

Revenues by Source	FY 2012 Amount	FY 2012 % of Total	FY 2011 Amount	FY 2011 % of Total	Increase (Decrease) Amount	Increase (Decrease) % Change
Taxes	\$190,407,462	57.5%	\$181,736,481	60.0%	\$8,670,981	4.8%
State and federal aid	93,366,413	28.2%	80,229,265	26.5%	13,137,148	16.4%
Departmental income	17,169,138	5.2%	17,685,371	5.8%	(516,233)	(2.9)%
Intergovernmental	9,304,585	2.8%	4,903,658	1.6%	4,400,927	89.7%
Use of money and property	1,519,776	0.5%	1,429,721	0.5%	90,055	6.3%
Tobacco settlement proceeds	2,343,973	0.7%	2,298,424	0.8%	45,549	2.0%
Miscellaneous local sources	814,418	0.2%	253,340	0.1%	561,078	221.5%
Interfund revenues	14,465,749	4.4%	12,569,586	4.1%	1,896,163	15.1%
Other	2,021,729	0.6%	1,951,414	0.6%	70,315	3.6%
Total	\$331,413,243	100%	\$303,057,260	100%	\$28,355,983	9.4%

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

- Taxes - the increase was due primarily to an increase in sales tax revenues of approximately \$2.7 million and an increase in property tax revenues of approximately \$5.4 million.
- State and federal aid - the increase is mainly due to increased federal aid and state aid in 2012 for social services administration of approximately \$1.1 million and 1.8 million, respectively, and an increase in state aid received in 2012 for child care of approximately \$2.7 million.

## County of Ulster, New York

### Management's Discussion and Analysis (Continued)

The following table presents expenditures by function compared to prior year amounts.

Expenditures by Function	<b>Expenditures by Function</b>					
	<b>Governmental Funds</b>					
	FY 2012 Amount	FY 2012 % of Total	FY 2011 Amount	FY 2011 % of Total	Increase (Decrease) Amount	Increase (Decrease) % Change
General government support	\$51,488,843	16.3%	\$50,173,121	16.3%	1,315,722	2.6%
Education	9,598,123	3.0%	9,312,835	3.0%	285,288	3.1%
Public safety	27,712,159	8.7%	27,496,698	8.9%	215,461	0.8%
Public health	18,217,111	5.7%	19,923,701	6.5%	(1,706,590)	(8.6)%
Transportation	26,165,483	8.2%	32,099,024	10.4%	(5,933,541)	(18.5)%
Economic assistance and opportunity	119,678,854	37.4%	109,659,229	35.6%	10,019,625	9.1%
Culture and recreation	685,188	0.2%	752,001	0.3%	(66,813)	(8.9)%
Home and community services	5,289,708	1.7%	3,630,917	1.2%	1,658,791	45.7%
Employee benefits	45,749,685	14.3%	40,102,026	13.0%	5,647,659	14.1%
Debt (principal and interest)	15,247,718	4.8%	14,768,593	4.8%	479,125	3.2%
<b>Total</b>	<b>\$319,832,872</b>	<b>100%</b>	<b>\$307,918,145</b>	<b>100%</b>	<b>\$11,914,727</b>	<b>3.9%</b>

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

- Transportation – the decrease is due primarily to road and bridge reconstruction in 2011 of approximately \$5.4 million.
- Economic assistance and opportunity – the increase is due primarily to increased medical assistance payments of approximately \$3.9 million, increased family services and child care costs of \$3.2 million.
- Employee benefits - the increase is due primarily to an increase in pension costs in 2012 of approximately \$3.4 million.

## County of Ulster, New York

### Management's Discussion and Analysis (Continued)

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

#### Summary of Revenues, Expenditures and Changes in Fund Balances

	Governmental Funds					Total
	General Fund	Debt Service Fund	Capital Projects Fund	UTASC	Special Revenue Funds	
Revenues	\$298,972,938	\$107,667	\$8,926,652	\$2,576,010	\$20,829,976	\$331,413,243
Expenditures	283,793,490	10,254,213	5,059,664	2,560,539	18,164,966	319,832,872
Other financing sources (uses), net	(14,997,537)	12,790,411	3,510,206	-	-	1,303,080
Excess of revenues (deficiencies) and other sources over expenditures and other financing uses	181,911	2,643,865	7,377,194	15,471	2,665,010	12,883,451
Fund balances - January 1	45,454,085	1,296,889	(11,651,393)	2,820,867	3,302,030	41,222,478
Fund balances - December 31	<u>\$ 45,635,996</u>	<u>\$ 3,940,754</u>	<u>\$ (4,274,199)</u>	<u>\$ 2,836,338</u>	<u>\$ 5,967,040</u>	<u>\$ 54,105,929</u>

The fund balance of the County's general fund increased by \$181,911 during the fiscal year.

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

The Golden Hill Health Care Center at the end of the year had unrestricted net assets of \$(5,427,967). The decrease in net assets for the Golden Hill Health Care Center amounted to \$931,468. Other factors concerning the finances of the County's proprietary funds have already been addressed in the discussion of the County's business-type activities.

#### General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in an \$11.9 million increase in appropriations and can be briefly summarized as follows:

- \$1.2 million to fund increases for computer equipment purchases.
- \$2.0 million to fund increases to public safety programs.
- \$2.4 million to fund increases in public health programs.
- \$2.7 million in increases to social service programs such as day care, family assistance, and other programs.
- \$1.1 million in increases to solid waste management

These increases were to be primarily funded out of additional state and federal grants of \$4.7 million, additional miscellaneous increases of approximately \$800 thousand, with the remaining \$6.4 million being funded from available fund balance.

## County of Ulster, New York

### Management's Discussion and Analysis (*Continued*)

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

- Sales tax revenues came in ahead of projections by approximately \$3.3 million.
- State aid revenues were less than budgeted due to less public safety aid being received in the amount of \$1.0 million, less aid to early intervention programs of nearly \$2.0 million.
- Federal aid revenues came in ahead of projections due primarily to increases in early intervention revenues and child care revenues of nearly \$1.3 million.
- Intergovernmental income was greater than estimated due to decreases in state aid for safety net costs being passed on to the Towns and the City of Kingston.
- Sale of property and compensation for loss was less than estimated due to the proceeds from the sale of the Golden Hill Health Care Center not being received until 2013.
- General government expense savings resulted from computer equipment and contractual savings of approximately \$2.4 million, and general savings across all county departments.
- Public safety expense savings resulted from contractual savings on emergency communications of approximately \$2.3 million.
- Public health expense savings resulted from contractual savings on mental health programs of approximately \$2.0 million.
- Economic assistance expense savings resulted from contractual savings on social services administration of nearly \$1.7 million and medical assistance of approximately \$2.8 million.
- Employee benefits expense savings resulted from increased chargebacks for hospital and medical insurance of approximately \$1.8 million.

#### **Capital Assets and Debt Administration**

**Capital assets.** The County's investment in capital assets for its governmental and business-type activities as of fiscal year end, amounts to \$171,367,093 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, infrastructure and construction in progress. The total decrease in the County's investment in capital assets for the current fiscal year was 3.4 percent. For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures.

## County of Ulster, New York

### Management's Discussion and Analysis (Continued)

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

	<u>Government activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	2012	2011	2012	2011	2012	2011
Land and land Improvements	\$4,595,001	\$4,758,841	\$ -	\$ -	\$4,595,001	\$4,758,841
Buildings and Improvements	98,918,980	103,778,010	1,464,426	1,774,245	100,383,406	105,552,255
Machinery and Equipment	9,223,861	9,625,060	1,986,638	2,228,369	11,210,499	11,853,429
Infrastructure Construction in Progress	42,531,947	41,141,974	-	-	42,531,947	41,141,974
	12,646,240	14,036,010	-	-	12,646,240	14,036,010
<b>Total</b>	<b>\$167,916,029</b>	<b>\$173,339,895</b>	<b>\$3,451,064</b>	<b>\$4,002,614</b>	<b>\$171,367,093</b>	<b>\$177,342,509</b>

Additional information on the County's capital assets can be found in note 2D on pages 37-39 of this report.

**Long-term debt.** At the end of the current fiscal year, the County had total serial bonded debt outstanding of \$127,723,251. Of this amount, \$82,178,868 comprises debt backed by full faith and credit of the government and \$45,544,383 is backed by the tobacco settlement revenues per the Master Settlement Agreement.

	<u>Governmental Activities</u>		Increase (Decrease)
	2012	2011	
General obligation bonds	\$85,029,338	\$82,789,397	\$ 2,239,941
Tobacco asset backed bonds	45,544,383	44,896,489	647,894
<b>Total outstanding debt</b>	<b>\$130,573,721</b>	<b>\$127,685,886</b>	<b>\$ 2,887,835</b>

The County maintains a "AA-" rating from Standard & Poor's, a rating of "AA-" from Fitch and an "Aa3" rating from Moody's for general obligation debt. State statutes limit the amount of general obligation debt a governmental entity may issue to 7% of its five-year average full valuation of taxable real property. The County has utilized 7.03% of its statutory debt limit at fiscal year end.

#### Economic Factors and Next Year's Budget and Rates

- Although the State mandated cost of the Medical Assistance Program has instituted a cap of 3% in 2008 this still results in an annual cost of approximately \$39.5 million in 2013.
- Pension rates are estimated to increase and have a major impact on the budget. In 2013, this represents a cost of \$19.5 million.
- The Public Nursing Home Medicaid Upper Payment Limit (UPL) will provide a total of \$4.4 million to the Golden Hill Health Care Center (GHHCC). \$2.1 million will be used to offset the local MMIS share cost in DSS, realizing a net revenue to the GHHCC of \$2.3 million.
- The Golden Hill Health Care Center was sold to a private party on June 26, 2013.

All of these factors were considered in preparing the County's budget for fiscal year 2013.

During the current fiscal year, fund balance in the general fund increased to \$45,635,996. The County elected to appropriate \$10,000,000 of the fund balance in the general fund for spending in the 2013 fiscal year budget.

#### Request for Information

The financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Ulster County Department of Finance, 244 Fair Street, Kingston, New York, 12401.

# **Basic Financial Statements**

**Government-wide**  
**Financial Statements**

**County of Ulster, New York**  
**Statement of Net Position (Deficit)**  
**December 31, 2012**

	Primary Government			Aggregate Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 42,899,410	\$ 24,195,710	\$ 67,095,120	\$ 6,444,150
Investments	2,637,421	-	2,637,421	8,593,927
Funds held by escrow agent	-	-	-	150,000
Receivables	88,984,315	7,217,414	96,201,729	6,303,405
Internal balances	2,250,876	(2,250,876)	-	-
Due from component unit/primary government	740,552	-	740,552	2,511,323
Due from fiduciary fund	4,894	-	4,894	-
Due from related party	-	-	-	126,016
Inventories	92,272	147,720	239,992	-
Prepaid items	7,075,181	674,415	7,749,596	2,097,893
Deferred charges	850,753	-	850,753	-
Patient funds	-	110,736	110,736	-
Interfund claims receivable/payable	(11,982,560)	11,982,560	-	-
Assessment receivables	-	19,306,473	19,306,473	-
Capital assets (net of accumulated depreciation)	167,916,029	3,451,064	171,367,093	24,451,757
Total assets	301,469,143	64,835,216	366,304,359	50,678,471
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	-	-	-	187,915
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	14,748,669	3,189,286	17,937,955	4,616,515
Accrued interest payable	624,421	-	624,421	-
Due to other governments	34,932,863	-	34,932,863	76,704
Due to fiduciary fund	265	-	265	-
Due to component unit/primary government	2,474,330	-	2,474,330	-
Other liabilities	-	-	-	219,864
Unearned revenue	36,245	3,062,342	3,098,587	5,810,079
Patient funds	-	110,736	110,736	-
Due to third-party payors	-	48,676	48,676	-
Noncurrent liabilities:				
Due within one year	30,071,065	31,449,055	61,520,120	3,679,229
Due in more than one year	208,962,925	29,777,699	238,740,624	30,385,660
Total liabilities	291,850,783	67,637,794	359,488,577	44,788,051
<b>NET POSITION</b>				
Net investment in capital assets	19,831,489	2,586,359	22,417,848	22,472,823
Restricted for:				
Loans and scholarships	-	-	-	5,207,829
Debt service	6,777,092	-	6,777,092	3,208,757
Capital Projects	400,779	-	400,779	-
Landfill closure	-	-	-	96,135
Other purposes	2,838,244	39,030	2,877,274	2,474,330
Unrestricted (deficit)	(20,229,244)	(5,427,967)	(25,657,211)	(27,381,539)
Total net position (deficit)	\$ 9,618,360	\$ (2,802,578)	\$ 6,815,782	\$ 6,078,335

See accompanying notes to the financial statements.

**County of Ulster, New York**  
**Statement of Activities**  
**For the Year Ended December 31, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
<b>Primary Government:</b>								
Governmental activities:								
General government	\$ 64,452,481	\$ 8,122,012	\$ 1,333,766	\$ -	\$ (54,996,703)	\$ -	\$ (54,996,703)	\$ -
Education	9,598,123	80,996	404,693	-	(9,112,434)	-	(9,112,434)	-
Public safety	47,566,433	2,981,076	1,589,612	-	(42,995,745)	-	(42,995,745)	-
Public health	25,578,995	4,623,652	9,754,393	-	(11,200,950)	-	(11,200,950)	-
Transportation	22,963,323	1,236,969	11,932,909	5,420,598	(4,372,847)	-	(4,372,847)	-
Economic assistance	129,609,798	13,251,138	61,360,171	-	(54,998,489)	-	(54,998,489)	-
Culture and recreation	993,089	129,530	171,389	-	(692,170)	-	(692,170)	-
Home and community	5,883,149	59,759	1,398,882	-	(4,424,508)	-	(4,424,508)	-
Interest on long-term debt	6,778,572	-	-	-	(6,778,572)	-	(6,778,572)	-
Total governmental activities	<u>313,423,963</u>	<u>30,485,132</u>	<u>87,945,815</u>	<u>5,420,598</u>	<u>(189,572,418)</u>	<u>-</u>	<u>(189,572,418)</u>	<u>-</u>
Business-type activities:								
Long-Term Care	33,247,837	20,604,780	28,486	-	-	(12,614,571)	(12,614,571)	-
Workers' Compensation Pool	10,283,758	9,475,157	686,005	-	-	(122,596)	(122,596)	-
Total business-type activities	<u>43,531,595</u>	<u>30,079,937</u>	<u>714,491</u>	<u>-</u>	<u>-</u>	<u>(12,737,167)</u>	<u>(12,737,167)</u>	<u>-</u>
Total primary government	<u>\$ 356,955,558</u>	<u>\$ 60,565,069</u>	<u>\$ 88,660,306</u>	<u>\$ 5,420,598</u>	<u>(189,572,418)</u>	<u>(12,737,167)</u>	<u>(202,309,585)</u>	<u>-</u>
<b>Component units:</b>								
Community College	\$ 33,835,140	\$ 8,583,120	\$ 13,111,696	\$ -	-	-	-	(12,140,324)
Resource Recovery Agency	12,424,690	13,131,870	32,228	-	-	-	-	739,408
Industrial Development Agency	181,956	129,000	-	-	-	-	-	(52,956)
Capital Resource Corporation	6,772	-	-	-	-	-	-	(6,772)
Golden Hill Local Development Corporation	96,273	-	-	-	-	-	-	(96,273)
Total component units	<u>\$ 46,544,831</u>	<u>\$ 21,843,990</u>	<u>\$ 13,143,924</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,556,917)</u>
General revenues (expenses):								
					84,650,275	-	84,650,275	-
					103,582,388	-	103,582,388	-
					246,798	-	246,798	-
					1,126,428	-	1,126,428	-
					694,797	-	694,797	-
					344,514	53,378	397,892	40,304
					2,282,617	-	2,282,617	-
					189,519	54,641	244,160	-
					-	2,179,837	2,179,837	5,115,196
					(2,612,324)	(422)	(2,612,746)	(14,935)
					(5,559,033)	9,518,265	3,959,232	8,851,466
					<u>184,945,979</u>	<u>11,805,699</u>	<u>196,751,678</u>	<u>13,992,031</u>
					(4,626,439)	(931,468)	(5,557,907)	2,435,114
					18,612,429	(1,871,110)	16,741,319	(12,705,698)
					(4,367,630)	-	(4,367,630)	17,307,079
					-	-	-	(958,160)
					<u>14,244,799</u>	<u>(1,871,110)</u>	<u>12,373,689</u>	<u>3,643,221</u>
					<u>\$ 9,618,360</u>	<u>\$ (2,802,578)</u>	<u>\$ 6,815,782</u>	<u>\$ 6,078,335</u>

See accompanying notes to the financial statements.

**Fund Financial**  
**Statements**

**County of Ulster, New York**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2012**

<b>ASSETS</b>	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>UTASC</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash, cash equivalents and investments	\$ 19,914,286	\$ 3,947,240	\$ 14,145,369	\$ 2,842,546	\$ 4,687,390	\$ 45,536,831
Receivables	84,070,917	-	-	-	2,613,398	86,684,315
Due from other funds	2,325,849	-	-	-	-	2,325,849
Due from fiduciary fund	4,894	-	-	-	-	4,894
Due from component units - UCCC	740,552	-	-	-	-	740,552
Inventories	92,272	-	-	-	-	92,272
Prepaid items	7,075,181	-	-	-	-	7,075,181
Total assets	<u>\$ 114,223,951</u>	<u>\$ 3,947,240</u>	<u>\$ 14,145,369</u>	<u>\$ 2,842,546</u>	<u>\$ 7,300,788</u>	<u>\$ 142,459,894</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and other current liabilities	\$ 13,038,632	\$ -	\$ 932,289	\$ -	\$ 777,748	\$ 14,748,669
Due to other funds	-	6,486	7,279	6,208	55,000	74,973
Due to fiduciary fund	265	-	-	-	-	265
Due to other governments	34,431,863	-	-	-	501,000	34,932,863
Due to component unit - UCRRA	2,474,330	-	-	-	-	2,474,330
Notes payable	-	-	17,480,000	-	-	17,480,000
Unearned property tax revenues	18,606,620	-	-	-	-	18,606,620
Other unearned revenues	36,245	-	-	-	-	36,245
Total liabilities	<u>68,587,955</u>	<u>6,486</u>	<u>18,419,568</u>	<u>6,208</u>	<u>1,333,748</u>	<u>88,353,965</u>
<b>Fund balances:</b>						
Nonspendable:						
Inventories	92,272	-	-	-	-	92,272
Prepays	7,075,181	-	-	-	-	7,075,181
Restricted for:						
Debt Service	-	1,590,754	-	2,727,864	-	4,318,618
Risk Retention	125,245	-	-	-	-	125,245
Other purposes	2,712,999	-	-	-	-	2,712,999
Assigned to:						
Encumbrances	4,625,947	-	400,779	-	395,796	5,422,522
Subsequent years' expenditures	10,000,000	2,350,000	-	108,474	900,000	13,358,474
Special revenue funds	-	-	-	-	4,671,244	4,671,244
Other purposes	818,036	-	-	-	-	818,036
Unassigned:	20,186,316	-	(4,674,978)	-	-	15,511,338
Total fund balances	<u>45,635,996</u>	<u>3,940,754</u>	<u>(4,274,199)</u>	<u>2,836,338</u>	<u>5,967,040</u>	<u>54,105,929</u>
Total liabilities and fund balances	<u>\$ 114,223,951</u>	<u>\$ 3,947,240</u>	<u>\$ 14,145,369</u>	<u>\$ 2,842,546</u>	<u>\$ 7,300,788</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	167,916,029
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,300,000
Deferred property tax revenue not available to pay for current-period expenditures and are therefore, deferred in the funds.	18,606,620
Debt issuance costs expensed as incurred in the funds.	850,753
Debt premiums earned as incurred in the funds.	(87,300)
Accrued interest on bonds payable are not due and payable in the current period and therefore are not reported in the funds.	(624,421)
Long-term liabilities for claims and judgments are not due and payable in the current period and therefore are not reported in the funds.	(12,597,560)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(220,851,690)</u>
Net assets of governmental activities	<u>\$ 9,618,360</u>

See accompanying notes to the financial statements.

**County of Ulster, New York**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2012**

	General	Debt Service	Capital Projects	UTASC	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes:						
Property	\$ 68,465,042	\$ -	\$ -	\$ -	\$ 10,457,754	\$ 78,922,796
Other real property tax items	5,834,255	-	-	-	-	5,834,255
Sales	103,582,388	-	-	-	-	103,582,388
Tax on Hotel Room Occupancy	1,126,428	-	-	-	-	1,126,428
Off track betting	246,798	-	-	-	-	246,798
E-911 surcharge	694,797	-	-	-	-	694,797
State aid	38,878,703	-	1,268,486	-	4,652,542	44,799,731
Federal aid	39,544,339	-	6,647,692	-	2,374,651	48,566,682
Departmental income	17,169,138	-	-	-	-	17,169,138
Intergovernmental	8,223,963	-	1,010,474	-	70,148	9,304,585
Use of money and property	1,269,622	13,620	-	232,037	4,497	1,519,776
Licenses and permits	29,320	-	-	-	-	29,320
Fines and forfeitures	783,664	-	-	-	-	783,664
Sale of property and compensation for loss	743,170	-	-	-	465,575	1,208,745
Tobacco settlement proceeds	-	-	-	2,343,973	-	2,343,973
Miscellaneous local sources	778,670	-	-	-	35,748	814,418
Interfund revenues	11,602,641	94,047	-	-	2,769,061	14,465,749
Total revenues	<u>298,972,938</u>	<u>107,667</u>	<u>8,926,652</u>	<u>2,576,010</u>	<u>20,829,976</u>	<u>331,413,243</u>
<b>EXPENDITURES</b>						
Current:						
General government	50,543,870	425,109	402,018	117,846	-	51,488,843
Education	9,490,787	-	107,336	-	-	9,598,123
Public safety	27,712,159	-	-	-	-	27,712,159
Public health	18,217,111	-	-	-	-	18,217,111
Transportation	6,367,512	-	3,665,564	-	16,132,407	26,165,483
Economic assistance	118,054,355	-	243,821	-	1,380,678	119,678,854
Culture and recreation	685,188	-	-	-	-	685,188
Home and community	4,137,624	-	567,298	-	584,786	5,289,708
Employee benefits	45,749,685	-	-	-	-	45,749,685
Debt service:						
Principal	2,585,938	6,284,885	73,627	480,000	-	9,424,450
Interest	249,261	3,544,219	-	1,962,693	67,095	5,823,268
Total expenditures	<u>283,793,490</u>	<u>10,254,213</u>	<u>5,059,664</u>	<u>2,560,539</u>	<u>18,164,966</u>	<u>319,832,872</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,179,448</u>	<u>(10,146,546)</u>	<u>3,866,988</u>	<u>15,471</u>	<u>2,665,010</u>	<u>11,580,371</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	3,770	12,365,303	28,318	-	-	12,397,391
Transfers out to general fund	-	-	(3,770)	-	-	(3,770)
Transfers out to debt service fund	(9,596,450)	-	(2,768,853)	-	-	(12,365,303)
Transfers out to capital projects	(28,318)	-	-	-	-	(28,318)
Transfers out to GHCC	(5,559,033)	-	-	-	-	(5,559,033)
Transfers out to escrow agent	-	(58,430,447)	-	-	-	(58,430,447)
Proceeds of obligations	-	50,434,377	6,254,511	-	-	56,688,888
Premium on obligations	182,494	8,421,178	-	-	-	8,603,672
Total other financing sources (uses)	<u>(14,997,537)</u>	<u>12,790,411</u>	<u>3,510,206</u>	<u>-</u>	<u>-</u>	<u>1,303,080</u>
Net change in fund balances	181,911	2,643,865	7,377,194	15,471	2,665,010	12,883,451
Fund balances - January 1	45,454,085	1,296,889	(11,651,393)	2,820,867	3,302,030	41,222,478
Fund balances - December 31	<u>\$ 45,635,996</u>	<u>\$ 3,940,754</u>	<u>\$ (4,274,199)</u>	<u>\$ 2,836,338</u>	<u>\$ 5,967,040</u>	<u>\$ 54,105,929</u>

See accompanying notes to the financial statements.

**County of Ulster, New York**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended December 31, 2012**

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

Net change in fund balances - total governmental funds (page 17).	\$	12,883,451
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		(5,423,866)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(106,776)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		1,562,275
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(13,541,523)</u>
Change in net assets of governmental activities (page 15).	\$	<u><u>(4,626,439)</u></u>

See accompanying notes to the financial statements.

**County of Ulster, New York**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**December 31, 2012**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Golden Hill Health Care Center</b>	<b>Workers' Compensation Pool</b>	<b>Eliminations</b>	<b>Total</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 3,783,998	\$ 20,411,712	\$ -	\$ 24,195,710
Accounts receivables (net of allowance for uncollectibles)	2,827,740	30,000	-	2,857,740
Due from other funds	6,486	-	-	6,486
Intergovernmental transfer receivable	4,359,674	-	-	4,359,674
Inventories	147,720	-	-	147,720
Prepaid items	674,415	-	-	674,415
Total current assets	<u>11,800,033</u>	<u>20,441,712</u>	<u>-</u>	<u>32,241,745</u>
Noncurrent assets:				
Patient funds	110,736	-	-	110,736
Interfund claims receivable	-	21,662,509	(9,679,949)	11,982,560
Assessment receivables	-	19,306,473	-	19,306,473
Capital assets (net of accumulated depreciation)	3,451,064	-	-	3,451,064
Total noncurrent assets	<u>3,561,800</u>	<u>40,968,982</u>	<u>(9,679,949)</u>	<u>34,850,833</u>
Total assets	<u>15,361,833</u>	<u>61,410,694</u>	<u>(9,679,949)</u>	<u>67,092,578</u>
<b>LIABILITIES</b>				
Current liabilities:				
Bonds payable	60,789	-	-	60,789
Accounts payable and accrued expenses	506,008	149,935	-	655,943
Accrued salaries and benefits	2,513,403	19,940	-	2,533,343
Due to general fund - Accrued IGT payable	2,179,837	-	-	2,179,837
Due to other funds	77,525	-	-	77,525
Due to third-party payors, net	48,676	-	-	48,676
Unearned revenue	2,183,572	878,770	-	3,062,342
Workers' compensation claims payable	702,676	31,388,266	(702,676)	31,388,266
Total current liabilities	<u>8,272,486</u>	<u>32,436,911</u>	<u>(702,676)</u>	<u>40,006,721</u>
Noncurrent liabilities:				
Bonds payable	803,916	-	-	803,916
Workers' compensation claims payable	8,977,273	28,973,783	(8,977,273)	28,973,783
Patient funds	110,736	-	-	110,736
Total noncurrent liabilities	<u>9,891,925</u>	<u>28,973,783</u>	<u>(8,977,273)</u>	<u>29,888,435</u>
Total liabilities	<u>18,164,411</u>	<u>61,410,694</u>	<u>(9,679,949)</u>	<u>69,895,156</u>
<b>FUND NET POSITION</b>				
Invested in capital assets	2,586,359	-	-	2,586,359
Restricted	39,030	-	-	39,030
Unrestricted	(5,427,967)	-	-	(5,427,967)
Total fund net position	<u>\$ (2,802,578)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,802,578)</u>

See accompanying notes to the financial statements.

**County of Ulster, New York**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2012**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Golden Hill</b>	<b>Workers'</b>	<b>Total</b>
	<b>Health Care</b>	<b>Compensation</b>	
	<b>Center</b>	<b>Pool</b>	
<b>OPERATING REVENUES</b>			
Charges for services	\$ 20,604,780	\$ 9,475,157	\$ 30,079,937
Other operating revenue	46,981	686,005	732,986
Bad debt expense	(505,988)	-	(505,988)
Total operating revenues	<u>20,145,773</u>	<u>10,161,162</u>	<u>30,306,935</u>
<b>OPERATING EXPENSES</b>			
Nursing administration	2,133,417	-	2,133,417
Nursing	14,833,054	-	14,833,054
Central supply	415,982	-	415,982
Pharmacy	247,648	-	247,648
Medical and dental	120,448	-	120,448
Therapy	540,004	-	540,004
Dietary	3,413,186	-	3,413,186
Social services and activities	1,521,718	-	1,521,718
Buildings and grounds	1,821,856	-	1,821,856
Housekeeping	2,005,227	-	2,005,227
Laundry	800,443	-	800,443
Administrative	3,013,594	2,561,455	5,575,049
Claimants	-	7,722,303	7,722,303
Property related	640,701	-	640,701
Cost allocation from the County of Ulster	1,234,571	-	1,234,571
Total operating expenses	<u>32,741,849</u>	<u>10,283,758</u>	<u>43,025,607</u>
Operating loss	<u>(12,596,076)</u>	<u>(122,596)</u>	<u>(12,718,672)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Cash contribution from Ulster County	6,793,604	-	6,793,604
Intergovernmental transfer, net	2,179,837	-	2,179,837
On behalf contribution from Ulster County for other postemployment benefits	2,655,443	69,218	2,724,661
Interest earnings	-	53,378	53,378
Donations income (expense)	(18,495)	-	(18,495)
Gain on bond refinancing	54,641	-	54,641
Loss on disposal of property and equipment	(422)	-	(422)
Total nonoperating revenues	<u>11,664,608</u>	<u>122,596</u>	<u>11,787,204</u>
Change in net position	(931,468)	-	(931,468)
Total fund net position - January 1	<u>(1,871,110)</u>	<u>-</u>	<u>(1,871,110)</u>
Total fund net position - December 31	<u>\$ (2,802,578)</u>	<u>\$ -</u>	<u>\$ (2,802,578)</u>

See accompanying notes to the financial statements.

**County of Ulster, New York**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2012**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Golden Hill Health Care Center</b>	<b>Workers' Compensation Pool</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 19,683,846	\$ 10,161,162	\$ 29,845,008
Payments to suppliers and service providers	(6,461,558)	(1,840,201)	(8,301,759)
Payments to employees	(22,403,401)	(721,254)	(23,124,655)
Payments to claimants	-	(7,039,009)	(7,039,009)
Net cash provided by (used in) operating activities	<u>(9,181,113)</u>	<u>560,698</u>	<u>(8,620,415)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash contributions from Ulster County	6,793,604	69,218	6,862,822
Intergovernmental transfer, net	3,041,166	-	3,041,166
Donations	(18,495)	-	(18,495)
Net cash provided by noncapital financing activities	<u>9,816,275</u>	<u>69,218</u>	<u>9,885,493</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Interest expense	(38,837)	-	(38,837)
Purchases of capital assets	(60,826)	-	(60,826)
Payments to Ulster County for bonds payable	(58,512)	-	(58,512)
Net cash used in capital and related financing activities	<u>(158,175)</u>	<u>-</u>	<u>(158,175)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest earnings	-	53,378	53,378
Net cash provided by investing activities	<u>-</u>	<u>53,378</u>	<u>53,378</u>
Net increase (decrease) in cash and cash equivalents	476,987	683,294	1,160,281
Total cash and cash equivalents, January 1	3,307,011	19,728,418	23,035,429
Total cash and cash equivalents, December 31	<u>\$ 3,783,998</u>	<u>\$ 20,411,712</u>	<u>\$ 24,195,710</u>
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities:</b>			
Operating loss	\$ (12,596,076)	\$ (122,596)	\$ (12,718,672)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation expense	611,954	-	611,954
Provision for doubtful accounts	505,988	-	505,988
Interest expense	32,351	-	32,351
Other postemployment benefits	2,655,443	-	2,655,443
Decrease (increase) in:			
Accounts receivable	(570,800)	(926,946)	(1,497,746)
Inventories	(4,870)	-	(4,870)
Prepaid items	(83,693)	-	(83,693)
Increase (decrease) in:			
Due from third-party payors	(543,552)	-	(543,552)
Accounts payable	136,958	(47,878)	89,080
Accrued salaries and benefits	(65,215)	2,812	(62,403)
Workers' compensation claims	702,676	1,521,997	2,224,673
Due to other funds	(108,714)	-	(108,714)
Deferred revenue	-	133,309	133,309
Due to third-party payors	146,437	-	146,437
Total adjustments	<u>3,414,963</u>	<u>683,294</u>	<u>4,098,257</u>
Net cash used in operating activities	<u>\$ (9,181,113)</u>	<u>\$ 560,698</u>	<u>\$ (8,620,415)</u>

See accompanying notes to the financial statements.

**County of Ulster, New York**  
**Statement of Fiduciary Assets and Liabilities**  
**December 31, 2012**

	<b>Agency</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 10,989,369
Accounts receivable	15,250
Due from other funds	265
Total assets	11,004,884
 <b>LIABILITIES</b>	
Due to other funds	4,894
Liabilities-agency fund liabilities	10,999,990
Total liabilities	\$ 11,004,884

See accompanying notes to the financial statements.

**County of Ulster, New York**  
**Combining Statement of Net Position**  
**Component Units**  
**December 31, 2012**

	Component Units					Total
	Community College August 31, 2011	Resource Recovery Agency	Industrial Development Agency	Capital Resource Corporation	Golden Hill Local Development Corporation	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 3,399,533	\$ 2,957,934	\$ 69,711	\$ 16,972	\$ -	\$ 6,444,150
Investments	6,050,978	2,542,949	-	-	-	8,593,927
Funds held by escrow agent	-	-	-	-	150,000	150,000
Receivables	4,965,342	1,210,923	127,000	140	-	6,303,405
Prepaid expenses	1,712,566	384,796	531	-	-	2,097,893
Due from related party	-	-	126,016	-	-	126,016
Due from primary government	-	2,474,330	-	-	36,993	2,511,323
Capital assets, net of accumulated depreciation	14,709,695	9,742,062	-	-	-	24,451,757
Total assets	<u>30,838,114</u>	<u>19,312,994</u>	<u>323,258</u>	<u>17,112</u>	<u>186,993</u>	<u>50,678,471</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	-	187,915	-	-	-	187,915
<b>LIABILITIES</b>						
Accounts payable and other current liabilities	3,637,318	937,995	2,500	1,709	36,993	4,616,515
Due to other governments	76,704	-	-	-	-	76,704
Other liabilities	-	69,864	-	-	150,000	219,864
Unearned revenue	5,792,167	17,912	-	-	-	5,810,079
Noncurrent liabilities:						
Due within one year	534,918	3,144,311	-	-	-	3,679,229
Due in more than one year	10,099,380	20,286,280	-	-	-	30,385,660
Total liabilities	<u>20,140,487</u>	<u>24,456,362</u>	<u>2,500</u>	<u>1,709</u>	<u>186,993</u>	<u>44,788,051</u>
<b>NET POSITION</b>						
Invested in capital assets, net of related debt	12,730,761	9,742,062	-	-	-	22,472,823
Restricted for:						
Loans and scholarships	5,207,829	-	-	-	-	5,207,829
Debt service	-	3,208,757	-	-	-	3,208,757
Landfill closure	-	96,135	-	-	-	96,135
Other purposes	-	2,474,330	-	-	-	2,474,330
Unrestricted (deficit)	(7,240,963)	(20,476,737)	320,758	15,403	-	(27,381,539)
Total net position (deficit)	<u>\$ 10,697,627</u>	<u>\$ (4,955,453)</u>	<u>\$ 320,758</u>	<u>\$ 15,403</u>	<u>\$ -</u>	<u>\$ 6,078,335</u>

See accompanying notes to the financial statements

**County of Ulster, New York**  
**Combining Statement of Activities**  
**Component Units**  
**For the Year Ended December 31, 2012**

	Component Units					Total
	Community College August 31, 2011	Resource Recovery Agency	Industrial Development Agency	Capital Resource Corporation	Golden Hill Local Development Corporation	
<b>OPERATING EXPENSES</b>						
Instruction	\$ 13,109,322	\$ -	\$ -	\$ -	\$ -	\$ 13,109,322
Public service	643,759	-	-	-	-	643,759
Academic support	3,606,834	-	-	-	-	3,606,834
Student services	2,597,909	-	-	-	-	2,597,909
General administration	2,434,111	520,608	-	-	96,273	3,050,992
General institution	1,996,771	-	-	-	-	1,996,771
Operation and maintenance of plant	2,891,454	-	-	-	-	2,891,454
Student aid	4,332,643	-	-	-	-	4,332,643
Auxiliary	168,341	-	-	-	-	168,341
Day care	312,227	-	-	-	-	312,227
Costs of sales and service	-	8,761,567	-	-	-	8,761,567
Salaries and wages	-	1,636,740	-	-	-	1,636,740
Benefits	-	925,119	-	-	-	925,119
Landfill post closure care costs	-	(635,477)	-	-	-	(635,477)
Grant expense	-	-	65,000	-	-	65,000
Contractual expenses	-	-	116,956	-	-	116,956
Professional fees	-	-	-	6,300	-	6,300
Office expense	-	-	-	472	-	472
Depreciation	1,245,206	449,056	-	-	-	1,694,262
Amortization	-	6,712	-	-	-	6,712
Interest Expense	-	660,926	-	-	-	660,926
Bond issuance costs	-	99,439	-	-	-	99,439
Other operating expenses	496,563	-	-	-	-	496,563
Total operating expenses	33,835,140	12,424,690	181,956	6,772	96,273	46,544,831
<b>PROGRAM REVENUES</b>						
Student tuition and fees	6,349,775	-	-	-	-	6,349,775
Auxiliary	256,128	-	-	-	-	256,128
Day care	279,507	-	-	-	-	279,507
Chargeback revenue	695,084	-	-	-	-	695,084
Sale of recyclable materials	-	999,478	-	-	-	999,478
Solid waste service fees	-	12,073,009	-	-	-	12,073,009
Fees	-	-	129,000	-	-	129,000
Operating grants and contributions	13,111,696	32,228	-	-	-	13,143,924
Capital grants and contributions	-	-	-	-	-	-
Other operating revenue	1,002,626	59,383	-	-	-	1,062,009
Total program revenues	21,694,816	13,164,098	129,000	-	-	34,987,914
Net program expense	(12,140,324)	739,408	(52,956)	(6,772)	(96,273)	(11,556,917)
<b>GENERAL REVENUES</b>						
State appropriations	5,115,196	-	-	-	-	5,115,196
County appropriations	6,280,863	2,474,330	-	-	96,273	8,851,466
Investment income (loss)	(75,956)	115,813	447	-	-	40,304
Gain (loss) on disposal of assets	(14,935)	-	-	-	-	(14,935)
Total general revenues	11,305,168	2,590,143	447	-	96,273	13,992,031
Net change in net assets	(835,156)	3,329,551	(52,509)	(6,772)	-	2,435,114
Net position - January 1	(5,896,141)	(7,204,999)	373,267	22,175	-	(12,705,698)
Change in accounting principle	17,428,924	(121,845)	-	-	-	17,307,079
Prior period adjustment	-	(958,160)	-	-	-	(958,160)
Net position - January 1 - restated	11,532,783	(8,285,004)	373,267	22,175	-	3,643,221
Net position - December 31	\$ 10,697,627	\$ (4,955,453)	\$ 320,758	\$ 15,403	\$ -	\$ 6,078,335

See accompanying notes to the financial statements

**Notes to the Financial**  
**Statements**

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2012

### 1. Summary of Significant Accounting Policies

#### A. Financial Reporting Entity

The County of Ulster, New York (County) is one of the original twelve counties of New York State, founded on November 1, 1683. The County is governed by a twenty-three member Legislature consisting of members elected from twenty-three legislative districts for two-year terms. The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (GASB).

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

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

#### *Blended Component Unit*

##### *Ulster Tobacco Asset Securitization Corporation (UTASC)*

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

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

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

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

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2012

### *Discretely Presented Component Units*

#### *Ulster County Community College (UCCC)*

The Ulster County Community College (UCCC) was established in 1963 with the County as the local sponsor under the provisions of Article 126 of the Education Law. A board of trustees consisting of nine voting members administers the UCCC; five are appointed by the County Legislature and four by the governor. The UCCC budget is subject to approval of the County Legislature. The County provides approximately one-half of the capital costs and one-third of the operating costs for UCCC. Real property of UCCC vests with the County. Certain bonds and notes for UCCC capital costs are issued and guaranteed by the County. The County, beginning in 2012, has recorded general obligation bonds issued on behalf of UCCC previously recorded on UCCC's financial statements. (See note 2G). These bonds are considered to be debt of the County. The County also pays a portion of tuition and capital costs charges for County residents attending other Community Colleges. The UCCC financial statements include two discretely reported component units; the Ulster Community College Foundation and the Ulster Community College Association, Inc. The UCCC has a fiscal year ending August 31.

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

#### *Ulster County Resource Recovery Agency (UCRRA)*

The Ulster County Resource Recovery Agency (UCRRA) was created on December 31, 1986 by State Legislation (Chapter 936, Laws of New York), which amended the Public Authorities Law. The County entered into an agreement on January 26, 1988 with UCRRA to develop a plan and manage solid waste and recovery systems within the County. The County agreed to finance and fund UCRRA until a solid waste management plan was developed and implemented. The County approved a solid waste management plan on December 30, 1991, which was subsequently approved by the NYS Department of Environmental Conservation in April 1993. This plan enabled UCRRA to issue revenue bonds, to repay the County and finance the operating and capital expenditures for a solid waste management system. The County entered into a service agreement with UCRRA; whereby UCRRA will construct, maintain and operate the system. In exchange the County has guaranteed to fund any operating, capital or debt service deficits with the payment to UCRRA of a net service fee pursuant to the terms set forth in the service agreement. A net service fee of \$2,474,330 resulting from deficits incurred in 2012 is owed by the County to UCRRA and is due and payable in 2013. The financial statements of UCRRA reflect the net service fee in Due From Other Governments.

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

#### *Ulster County Industrial Development Agency (UCIDA)*

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

Separate financial statements may be obtained from the Ulster County Industrial Development Agency, 5 Development Court, Kingston, N.Y. 12401.

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2012

### *Ulster County Capital Resource Corporation (UCCRC)*

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

Separate financial statements may be obtained from the Ulster County Capital Resource Corporation, 5 Development Court, Kingston, N.Y. 12401.

### *Golden Hill Local Development Corporation (GHLDC)*

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

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

## **B. Basis of Presentation**

Beginning in 2012, the County adopted the provisions of GASB Statement No. 62 – “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 GASB and AICPA Pronouncements.” This statement codifies all sources of accounting principles generally accepted in the United States of America into the GASB's authoritative literature.

For the year ended December 31, 2012, the County implemented GASB Statement No. 63 – “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” This statement amends the net asset reporting requirements in GASB Statement No. 34 – “Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments” and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

### *Government – wide Financial Statements*

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

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

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2012

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

### *Fund Financial Statements*

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

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

The County reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It is used to account for and report all financial resources of the general government, except those required to be accounted for and reported in another fund. For the County, the general fund includes such activities as public safety, public health, transportation, public assistance, education and culture and recreation services.
- The *Debt Service Fund* is used to account for and report the financial resources that are restricted, committed or assigned to expenditures for principal and interest on long-term general obligation debt of governmental funds not accounted for in the general fund, capital projects fund and the component units.
- The *Capital Projects Fund* is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition, construction or improvement of capital facilities and other capital assets, other than those financed by proprietary funds or assets held in trust.
- The *Ulster Tobacco Asset Securitization Corporation (UTASC)* accounts for and reports the tobacco settlement revenues received from the Master Settlement Agreement and the repayment of the tobacco settlement asset-backed bonds whose proceeds were used to defease County debt.

The County reports the following major enterprise funds:

- The *Golden Hill Health Care Center (GHHCC)* accounts for and reports the operations of a residential health care facility. Revenues are principally fees for patient services, payments from Federal and State programs such as Medicare and subsidies from the general fund. The assets of the GHHCC were sold to a private owner on June 26, 2013.
- The *Workers' Compensation Pool* accounts for and reports a workers' compensation claims-servicing pool, which was created in 1979 under Article 5 of the NYS Workers' Compensation Law. Each of the approximately 62 participants in the pool is responsible for their share of the liabilities of the pool and risk is not shared among the members.

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2012

The County reports the following additional fund types:

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

The County utilizes the following non-major special revenue funds:

- a. The *Special Grant Fund* accounts for and reports the proceeds received under the Workforce Investment Act and Community Development Block Grant Funds.
  - b. The *County Road Fund* and the *Road Machinery Fund* account for and report the acquisition and maintenance of roads, bridges, road machinery and equipment pursuant to Sections 114 and 133 of Highway Laws, respectfully.
- The *Agency Fund* accounts for and reports assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Available means collectible within the current period or soon enough thereafter, 60 days for property taxes and 365 days for most other revenue, to be used to pay liabilities of the current period. Expenditures are generally recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

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

### D. Cash, Cash Equivalents and Investments

For the purposes of the accompanying statement of cash flows, the enterprise funds consider all highly liquid investments with a maturity of three months or less when purchased, and their equity in the Finance Department's investment pool, to be cash equivalents.

Statutes authorize the County to invest its surplus cash in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, public authorities, public housing authorities, urban renewal agencies, and industrial development agencies where the general State statutes governing such entities or whose specific enabling legislation authorizes such investments. The UTASC is authorized to invest its surplus cash in the same manner as the County as well as short-term commercial paper. Investments for the County, as well as for its component units, are reported at fair value.

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2012

### E. Receivables and Payables

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

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

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

The portion of the receivable that represents taxes relieved for schools is also reported as a payable in due to other governments in the amount of \$22,821,280. The County settles with the various towns and schools, and pays out the full amount of delinquents to the respective tax jurisdictions. Three years after the lien date, properties with unredeemed taxes are eligible for public auction. The County enforces unpaid real property tax liens pursuant to Article 11 of the New York State Real Property Tax Laws, which is commonly referred to as In Rem Foreclosure, or Judicial Statement.

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

A law was enacted (Chapter 58 of the Laws of 2005) to cap Medicaid costs at calendar 2005 levels and limit growth rates to 3 percent into the future.

### F. Inventories and Prepaid Items

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

### G. Capital Assets

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

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

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

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

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

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

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

### H. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt when the costs for an individual issuance exceed \$50,000.

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

### I. Patient Service Revenues – Enterprise Fund

The Golden Hill Health Care Center (GHHCC) has agreements with third-party payers that provide for payments to the GHHCC at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and other services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

### J. Compensated Absences

It is the County's policy to permit employees to accumulate vacation, sick leave and compensatory absences in varying amounts as services are provided. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave and unused compensatory absences at various rates subject to certain maximum limitations. The cost of these unused benefits for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentation.

### K. Postemployment Benefits

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

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

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

(a) Plan description

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

(b) Funding policy

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

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

(c) Accounting policy

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

(d) Other disclosure information

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

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

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	2012
<u>(e) Annual OPEB cost at December 31, 2012</u>	
Normal Cost	\$ 9,854,900
Amortization of unamortized actuarial liability (UAL)	9,261,930
Annual required contribution (ARC)	19,116,830
Interest on OPEB obligation	2,406,467
Adjustment to ARC	(3,345,341)
OPEB expense	\$18,177,956
 <u>(f) Reconciliation of Net OPEB obligation at December 31, 2012</u>	
Net OPEB obligation at the beginning of the year	\$60,161,666
OPEB expense	18,177,956
Net OPEB contributions made during the fiscal year	(3,774,379)
Net OPEB obligation at the end of the year	\$74,565,243
Percentage of expense contributed	20.76%
 <u>(g) Schedule of funding process</u>	
Currently retired liability	\$ 41,391,800
Actives	118,765,795
Total actuarial accrued liability	160,157,595
Additional obligation attributable to future service	116,798,912
Present value of total future liability	\$276,956,507
Actuarial value of assets	\$ -
Unfunded actuarial liability	\$160,157,595
Funded Ratio	0.00%

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

- Golden Hill Health Care Center - \$2,655,443
- Workers Compensation Pool - \$69,218

### L. Inter-governmental Transfer

The State of New York's inter-governmental transfer (IGT) program whereby Medicaid funds are redirected to health care facilities was distributed in 2012 in the amount of \$4.7 million. Of this amount the health care facility retained \$2.9 million and transferred \$1.8 million to the County to cover the County's portion of the medicaid cost in the department of social services.

### M. Interfund Transactions

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

### N. Fund Equity

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

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2012

The Capital Projects Fund had a deficit fund balance of \$4,274,199 resultant from expenditures made for the reconstruction of roads and bridges from the aftermath of Tropical Storms Irene and Lee and various other projects with the financing coming from bond anticipation notes. This deficit is expected to be eliminated in future years through the issuance of serial bonds.

### O. Use of Estimates

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

## 2. Detailed Notes on All Funds

### A. Cash, Cash Equivalents and Investments

At year end, the County's carrying amount of deposits was \$69,732,541, which included \$2,842,546 of UTASC cash and cash equivalent balances, and the bank balance was \$80,779,646. Of the bank balance, \$5,245,296 was covered by federal depository insurance or by collateral held by the County's agent in the County's name. Of the remaining balance, \$75,534,350 was collateralized with securities held by the pledging financial institution's trust department or agent in the County's name. At year end all deposits and investments for the component units were covered by federal depository insurance or by collateral held by the component unit's agent in the component unit's name.

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

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

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

	Category		Reported Amount/ Fair Value
	1	2	
<b>Governmental activities</b>			
Cash and cash equivalents	\$42,899,410	\$ -	\$42,899,410
Commercial paper	2,637,421	-	2,637,421
Total governmental activities	45,536,831	-	45,536,831
<b>Business-type activities</b>			
Cash and cash equivalents	24,195,710	-	24,195,710
Total primary government	69,732,541	-	69,732,541
<b>Component units</b>			
UCCC-Cash and cash equivalents	3,399,533	-	3,399,533
UCCC-New York State Dormitory Authority	6,050,978	-	6,050,978
UCRRA-Cash and cash equivalents	1,417,656	1,540,278	2,957,934
UCRRA-U.S. Government securities	-	2,542,949	2,542,949
UCIDA-Cash and cash equivalents	69,711	-	69,711
UCCRC-Cash and cash equivalents	16,972	-	16,972
GHLDC-Held by escrow agent	-	150,000	150,000
Total component units	10,954,850	4,233,227	15,188,077
<b>Total cash, cash equivalents and investments</b>	<b>\$80,687,391</b>	<b>\$4,233,227</b>	<b>\$84,920,618</b>

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2012

### B. Receivables

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

	Major				Non-Major Special Revenue	Total Governmental Funds
	General	Debt Service	Capital Projects	UTASC		
<b>Receivables - Governmental Activities:</b>						
Taxes	\$40,277,554	\$ -	\$ -	\$ -	\$ -	\$40,277,554
Accounts	5,696,924	-	-	2,300,000	566,219	8,563,143
State and federal	26,923,203	-	-	-	2,047,179	28,970,382
Due from other governments	13,377,722	-	-	-	-	13,377,722
Gross receivables	86,275,403	-	-	2,300,000	2,613,398	91,188,801
Less: allowance for uncollectibles	(2,204,486)	-	-	-	-	(2,204,486)
Net receivables	\$84,070,917	\$ -	\$ -	\$ 2,300,000	\$2,613,398	\$88,984,315

### Receivables - Business-type Activities:

Accounts receivable	\$7,549,414
Less: allowance for uncollectibles	(332,000)
Net receivables	<u>\$7,217,414</u>

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

	Unavailable	Unearned
<b>Governmental Activities:</b>		
Deferred property taxes receivable	\$18,606,620	\$ -
Other deferred revenues	-	36,245
Total governmental activities	<u>\$18,606,620</u>	<u>\$ 36,245</u>

**COUNTY OF ULSTER, NEW YORK**

**Notes to the Financial Statements**

December 31, 2012

**C. Interfund Transactions**

***Interfund Receivables/Payables***

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

Receivable Fund	Payable Fund	Amount
General fund	Capital fund	\$ 7,279
	UTASC	6,208
	Nonmajor governmental funds	55,000
	GHHCC	2,257,362
	Agency	4,894
GHHCC	Debt service fund	6486
Agency	General fund	<u>265</u>
Total		<u><u>\$2,337,494</u></u>

***Interfund Transfers In/Out***

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

Transfer From	Transfer To	Amount
General fund	GHHCC	\$5,559,033
	Debt service fund	9,596,450
	Capital projects fund	28,318
Capital fund	General fund	3,770
	Debt service fund	<u>2,768,853</u>
Total		<u><u>\$17,956,424</u></u>

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2012

### D. Capital Assets

Capital asset activity for the fiscal year end was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,701,397	\$ -	\$ -	\$ 3,701,397
Construction in progress	14,036,010	4,296,044	5,685,814	12,646,240
Total capital assets, not being depreciated	17,737,407	4,296,044	5,685,814	16,347,637
Capital assets, being depreciated:				
Land improvements	4,256,801	-	-	4,256,801
Buildings and improvements	157,388,880	-	-	157,388,880
Machinery and equipment	32,701,119	2,311,308	-	35,012,427
Infrastructure	83,888,971	8,339,911	7,861,390	84,367,492
Total capital assets, being depreciated	278,235,771	10,651,219	7,861,390	281,025,600
Less accumulated depreciation for:				
Land improvements	3,199,357	163,840	-	3,363,197
Buildings and improvements	53,610,870	4,859,030	-	58,469,900
Machinery and equipment	23,076,059	2,712,507	-	25,788,566
Infrastructure	42,746,997	4,337,614	5,249,066	41,835,545
Total accumulated depreciation	122,633,283	12,072,991	5,249,066	129,457,208
Total capital assets, being depreciated, net	155,602,488	(1,421,772)	2,612,324	151,568,392
Governmental activities capital assets, net	\$173,339,895	\$2,874,272	\$8,298,138	\$167,916,029
<b>Primary Government</b>				
<b>Business-type Activities –</b>				
<b>Golden Hill Health Care Center:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 11,594,164	\$ -	\$ -	\$ 11,594,164
Machinery and equipment	9,231,645	60,826	10,640	9,281,831
Total capital assets, being depreciated	20,825,809	60,826	10,640	20,875,995
Less accumulated depreciation for:				
Buildings and improvements	9,819,919	309,819	-	10,129,738
Machinery and equipment	7,003,276	302,135	10,218	7,295,193
Total accumulated depreciation	16,823,195	611,954	10,218	17,424,931
Total capital assets, being depreciated, net	4,002,614	(551,128)	422	3,451,064
Business-type activities capital assets, net	4,002,614	(551,128)	422	3,451,064
Total primary government	\$177,342,509	\$2,323,144	\$8,298,560	\$171,367,093

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2012

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Component Units</b>				
<b>Ulster County Community College:</b>				
Capital assets, not being depreciated:				
Land	\$ 744,174	\$ -	\$ -	\$ 744,174
Works of art/historical treasures	66,500	-	-	66,500
Total capital assets, not being depreciated	810,674	-	-	810,674
Capital assets, being depreciated:				
Buildings and improvements	31,188,689	495,000	-	31,683,689
Machinery and equipment	3,862,259	687,372	665,126	3,884,505
Total capital assets, being depreciated	35,050,948	1,182,372	665,126	35,568,194
Less accumulated depreciation	20,538,874	1,245,206	114,907	21,669,173
Total capital assets, being depreciated, net	14,512,074	(62,834)	550,219	13,899,021
Total capital assets, net	\$15,322,748	\$ (62,834)	\$ 550,219	\$14,709,695
<b>Component Units</b>				
<b>Ulster County Resource Recovery Agency:</b>				
Capital assets, not being depreciated:				
Land	\$ 683,172	\$ -	\$ -	\$ 683,172
Construction in progress	252,346	73,338	251,493	74,191
Total capital assets, not being depreciated	935,518	73,338	251,493	757,363
Capital assets, being depreciated:				
Buildings and improvements	10,205,776	310,640	-	10,516,416
Machinery and equipment	5,033,046	41,554	12,380	5,062,220
Infrastructure	6,046	7,750	-	13,796
Bond issuance costs	569,722	-	569,722	-
Total capital assets, being depreciated	15,814,590	359,944	582,102	15,592,432
Less accumulated depreciation and amortization for:				
Buildings and improvements	2,090,873	273,850	-	2,364,723
Machinery and equipment	4,080,033	174,710	12,380	4,242,363
Infrastructure	151	496	-	647
Bond issuance costs	447,877	-	447,877	-
Total accumulated depreciation and amortization	6,618,934	449,056	460,257	6,607,733
Total capital assets, being depreciated, net	9,195,656	(89,112)	121,845	8,984,699
Total capital assets, net	\$10,131,174	\$ (15,774)	\$ 373,338	\$9,742,062

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2012

### *Depreciation*

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

	Amount
<b>Governmental activities:</b>	
General government	\$ 628,308
Public safety	4,266,125
Public health	405,383
Transportation, including depreciation of general infrastructure assets	6,437,277
Economic assistance	202,976
Culture and recreation	132,922
Total depreciation expense – governmental activities	12,072,991
<b>Business-type activities:</b>	
Golden Hill Health Care Center	611,954
Total primary government	\$12,684,945

### *Construction Commitments*

The County had active construction projects at year end. The projects include roads and bridges, roof reconstructions, upgrades to campus facilities, and repairs to infrastructure due to Tropical Storm Irene. At year end the County had \$28,373,619 in construction commitments with contractors. These commitments are being financed by serial bonds, state and federal aid, donations and current appropriations.

### **E. Leases**

#### *Operating Leases*

The County leases building and office facilities and other equipment under noncancelable operating leases. Total costs for such leases were \$1,042,221 at fiscal year-end. The future minimum lease payments for these leases are as follows:

	Amount
<b>Year ending December 31:</b>	
2013	\$717,448
2014	393,150
2015	141,983
2016	68,656
2017	15,659
Total	\$1,336,896

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2012

### *Capital Leases*

The County has entered into certain capital lease agreements under which the related equipment will become the property of the County when all terms of the lease agreements are met. Amortization expense of these capital assets is included in depreciation expense in the government-wide financial statements.

	Governmental Activities
<b>Assets:</b>	
Machinery and equipment	\$2,072,741
Vehicles	154,025
Subtotal	2,226,766
Accumulated depreciation	2,190,297
Total	\$ 36,469

The future minimum lease obligations and the net present value of these minimum payments at year end were as follows:

	Amount
<b>Year ending December 31:</b>	
2012	\$ 18,971
2013	11,562
2014	286
2015	-
2016	-
Subtotal	30,819
Less: amount representing interest	(6,790)
Total	\$ 24,029

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2012

### F. Short-Term Debt

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

Short-term obligation activity at fiscal year end was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
<b>Governmental Activities:</b>				
UCCC Phase I	\$1,344,938	\$ 525,000	\$1,519,938	\$ 350,000
Route 213 box culvert	200,000	-	200,000	-
Zena box culvert	200,000	-	200,000	-
Ulsterville county line bridge	300,000	-	300,000	-
Oliveria bridge	350,000	-	350,000	-
Reconstruction of roads	350,000	-	350,000	-
Highway equipment > \$30,000	-	525,000	-	525,000
Law enforcement center	2,140,000	-	2,140,000	-
Saugerties sewer	495,000	-	495,000	-
Town of Lloyd bridge	2,600,000	-	600,000	2,000,000
South Putt Corners road	178,000	-	178,000	-
ADA Compliance – Mental Health	165,000	-	-	165,000
ADA Compliance – UC Fairgrounds	95,000	-	-	95,000
ADA Compliance – Trudy Resnick	48,000	-	-	48,000
ADA Compliance – PW Admin	125,000	-	-	125,000
ADA Compliance – UC Court Exterior	60,000	-	-	60,000
ADA Compliance – UC Office Building	140,000	-	-	140,000
ADA Compliance – 911 Emerg Mgt	22,000	-	-	22,000
Pool bathhouse roof	123,365	-	-	123,365
Courthouse roof Repair	126,635	-	-	126,635
Highway equipment > \$30,000	622,376	-	622,376	-
Tropical Storm Irene reconstruction	15,000,000	-	7,900,000	7,100,000
Highway equipment > \$30,000	-	620,000	-	620,000
Land for flood remediation	-	2,500,000	-	2,500,000
Town of Marlborough road improvements	-	71,197	71,197	-
Police Vehicles	-	206,000	206,000	-
Reconstruction of roads	-	400,000	-	400,000
County-wide financial system	-	750,000	-	750,000
Turnwood box culvert	-	110,000	-	110,000
Wynkoop box culvert	-	95,000	-	95,000
UCCC – HVAC, generator	-	680,000	-	680,000
Ulster Heights Road	-	380,000	-	380,000
Salt storage facilities	-	745,000	-	745,000
Salt spreaders	-	320,000	-	320,000
<b>Total governmental activities short-term debt</b>	<b>\$24,685,314</b>	<b>\$ 7,927,197</b>	<b>\$15,132,511</b>	<b>\$17,480,000</b>

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2012

### G. General Long-Term Obligations

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

Details relating to bonds payable outstanding at fiscal year end are as follows:

	Maturity Date	Interest Rate	Amount
<b>Governmental Activities:</b>			
General obligation:			
Public improvements, 1994	10/15/13	4.0 - 5.0%	\$ 105,500
Public improvements, 2000, refunded 2009	04/15/14	2.5 - 5.0%	1,279,643
Public improvements, 2001, refunded 2009	04/15/17	2.5 - 5.0%	3,820,798
Public improvements, 2005	11/15/24	4.5 - 5.0%	2,600,918
Public improvements, 2006	11/15/29	4.4 - 4.5%	3,250,000
Public improvements, 2006	11/15/21	3.6 - 4.0%	2,750,757
Public improvements, 2007	11/15/22	3.9 - 4.0%	2,159,500
Public improvements, 2008	11/15/23	4.3 - 5.0%	2,269,500
Public improvements, 2009	11/15/24	2.0 - 4.0%	2,950,000
Public improvements, 2010	11/15/25	3.0 - 3.5%	2,735,000
Public improvements, 2011	11/15/22	2.0 - 2.8%	950,000
Public improvements, refunded 2012	11/15/24	2.0 - 5.0%	15,524,377
Public improvements, refunded 2012	11/15/29	2.0 - 5.0%	37,760,470
Public improvements, 2012	11/15/27	2.0 - 3.0%	2,193,573
Total general			<u>80,350,036</u>
Debt issued for UCCC:			
Public improvements, 1994	10/15/13	4.0 - 5.0%	24,500
Public improvements, 2000, refunded 2009	4/15/14	2.5 - 5.0%	1,190,357
Public improvements, 2001, refunded 2009	4/15/17	2.5 - 5.0%	414,202
Public improvements, 2006	11/15/21	3.6 - 4.0%	399,243
Public improvements, 2007	11/15/22	3.8 - 4.0%	1,100,500
Public improvements, 2008	11/15/23	4.3 - 5.0%	75,500
Public improvements, 2012	11/15/27	2.0 - 3.0%	1,475,000
Total UCCC			<u>4,679,302</u>
UTASC:			
Tobacco settlement asset-backed bonds, 2001	06/01/40	6.12 - 6.45%	30,495,000
Tobacco settlement asset-backed bonds, 2005	06/01/60	6.00 - 7.85%	15,049,383
Total UTASC			<u>45,544,383</u>
Total governmental activities			<u>\$130,573,721</u>
<b>Business Type Activities:</b>			
GHHCC improvements, 2005	11/15/24	4.0 - 4.5%	\$ 124,082
GHHCC improvements, 2012 refunded	11/15/24	2.0 - 5.0%	740,623
Total business type activities			<u>\$ 864,705</u>

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2012

### Component Units:

	Maturity Date	Interest Rate	Amount
UCRRA:			
Serial bonds	03/01/18	3.75 - 5.25%	\$ 6,581,760
Capital appreciation bonds	03/01/25	4.96 - 5.00%	8,363,755
Serial bonds	03/01/21	4.50 - 5.00%	1,460,000
Term bonds	03/01/14	2.20%	889,990
Term bonds	03/01/17	2.20%	975,000
Term note	03/01/17	2.82%	665,000
Term bonds	08/01/16	2.23%	295,000
Total UCRRA			<u>\$ 19,230,505</u>

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

Year	General Obligations	UCCC	UTASC	GHHCC	UCRRA	Total
Principal:						
2013	\$ 5,489,136	\$ 898,420	\$ 805,000	\$ 61,017	\$ 2,425,000	\$ 9,678,573
2014	5,612,430	914,049	885,000	63,521	2,454,990	9,929,990
2015	5,022,697	315,603	965,000	61,700	2,070,000	8,435,000
2016	5,194,563	326,916	1,055,000	63,521	2,130,000	8,770,000
2017	5,405,146	338,829	1,155,000	66,025	2,130,000	9,095,000
2018-2022	25,387,758	1,324,085	12,572,340	373,157	5,355,541	45,012,881
2023-2027	19,237,836	561,400	16,694,530	175,764	2,493,214	39,162,744
2028-2032	6,150,000	-	25,136,397	-	-	31,286,397
2033-2037	-	-	21,441,684	-	-	21,441,684
2038-2041	-	-	7,168,260	-	-	7,168,260
Less unamortized accretion	-	-	(42,421,128)	-	-	(42,421,128)
Less unamortized loss	(5,570,708)	-	-	-	-	(5,570,708)
Plus deferred premium	8,421,178	-	87,300	-	171,760	8,680,238
Total principal	<u>80,350,036</u>	<u>4,679,302</u>	<u>45,544,383</u>	<u>864,705</u>	<u>19,230,505</u>	<u>150,668,931</u>
Interest:						
2013	3,237,037	159,985	1,978,468	38,368	442,200	5,856,058
2014	3,001,224	118,184	1,973,574	35,780	345,222	5,473,984
2015	2,776,623	92,651	1,955,880	33,085	276,628	5,134,867
2016	2,606,829	79,906	1,925,818	31,234	210,184	4,853,971
2017	2,404,795	68,351	1,889,643	28,693	137,892	4,529,374
2018-2022	9,061,607	205,335	8,522,228	99,493	4,312,834	22,201,497
2023-2027	3,437,384	45,942	6,092,803	13,295	5,131,785	14,721,209
2028-2032	346,938	-	3,536,139	-	-	3,883,077
2033-2037	-	-	1,680,450	-	-	1,680,450
2038-2041	-	-	280,050	-	-	280,050
Total interest	<u>26,872,437</u>	<u>770,354</u>	<u>29,835,053</u>	<u>279,948</u>	<u>10,856,745</u>	<u>68,614,537</u>
Total principal and interest	<u>\$104,372,003</u>	<u>\$5,449,656</u>	<u>\$75,379,436</u>	<u>\$1,144,653</u>	<u>\$30,087,250</u>	<u>\$219,283,468</u>

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2012

### Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
BANS payable	\$ 24,685,314	\$ 7,927,197	\$ 15,132,511	\$ 17,480,000	\$17,480,000
Bonds payable	127,685,886	56,606,314	58,397,781	125,894,419	6,294,136
Bonds payable – Community College	***4,367,630	1,475,000	1,163,328	4,679,302	898,420
Capital lease obligations	104,447	-	73,628	30,819	18,971
Claims and judgements	1,100,000	-	485,000	615,000	171,583
Retirement payable	943,160	-	235,790	707,370	235,790
OPEB liability	60,161,666	18,177,956	3,774,379	74,565,243	3,465,981
Compensated absences	15,547,055	-	485,218	15,061,837	1,506,184
Total governmental activities	<u>\$234,595,158</u>	<u>\$84,186,467</u>	<u>\$79,747,635</u>	<u>\$239,033,990</u>	<u>\$30,071,065</u>
<b>Business-type activities:</b>					
<b>Golden Hill Health Care Center:</b>					
Bonds payable	\$ 977,858	\$ 740,623	\$ 853,776	\$ 864,705	\$ 60,789
Workers' compensation pool claims	8,977,273	1,411,484	708,808	9,679,949	702,676
<b>Workers' Compensation Pool:</b>					
Workers' compensation pool claims	49,862,779	819,321	-	50,682,100	30,685,590
Total business-type activities	<u>\$59,817,910</u>	<u>\$2,971,428</u>	<u>\$1,562,584</u>	<u>\$61,226,754</u>	<u>\$31,449,055</u>
<b>Component Units:</b>					
<b>UCCC:</b>					
Capital lease obligations	\$ 2,158,431	\$ -	\$ 197,630	\$ 1,960,801	\$ 167,478
OPEB liability	7,764,266	909,231	-	8,673,497	367,440
Total UCCC	<u>\$ 9,922,697</u>	<u>\$ 909,231</u>	<u>\$ 197,630</u>	<u>\$ 10,634,298</u>	<u>\$ 534,918</u>
<b>UCRRA:</b>					
Bonds payable	\$21,103,745	\$ 6,581,760	\$ 8,455,000	\$19,230,505	\$ 2,456,230
Workers compensation	46,400	-	29,600	16,800	16,800
Compensated absences	419,329	50,517	-	469,846	469,846
Landfill post-closure liability	3,590,145	-	809,281	2,780,864	173,804
Long term pension	-	932,576	-	932,576	27,631
Total UCRRA	<u>\$25,159,619</u>	<u>\$ 7,535,253</u>	<u>\$ 9,264,281</u>	<u>\$23,430,591</u>	<u>\$ 3,144,311</u>

### Advance Refunding

As discussed in Note 1, the County sold to UTASC all of its future right, title and interest in the Tobacco Settlement Revenues in 2001. In consideration for the sale of these revenues, the County received the net proceeds (after deduction of the financing costs, liquidity reserve requirement, capital interest and UTASC operating expenses) of the Tobacco Settlement Asset-Backed Bonds, Series 2001 that were issued by UTASC.

The proceeds from this sale (\$25.2 million) was placed in an irrevocable escrow account maintained by a party independent of the County, and subsequently used to purchase securities to provide debt service payments for bonds that were removed from the County's and the UCCC's long-term debt. As a result, the escrow account and the defeased bonds are not included in the County's or the UCCC financial statements.

\*\*\* Due to a change in accounting policy, the County's serial bonds related to UCCC are now reflected as a debt of the County effective August 31, 2012. (See note 3M)

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

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The advance refunding of these bonds resulted in an increase to its total debt service payments over the next 19 years by approximately \$46.3 million and to obtain an economic gain of approximately \$1.5 million.

On May 26, 2009 the County refunded two outstanding serial bonds from 2000 and 2001 that resulted in a decrease in its total debt service over the next 5 years by approximately \$10 thousand and to obtain an economic gain of approximately \$17 thousand.

On June 7, 2012 the County refunded two outstanding serial bonds from 2005 and 2006 that resulted in a decrease in its total debt service over the next 17 years by approximately \$3.5 million and to obtain an economic gain of approximately \$202 thousand.

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

Issue	Amount Outstanding
<b>Governmental Activities:</b>	
Public Improvements, 1995	\$ 900,000
Public Improvements, 1997	1,500,000
Public Improvements, 1999	1,735,000
Public Improvements, 2000	2,470,000
Public Improvements, 2001	4,195,000
Public Improvements, 2005	16,669,736
Public Improvements, 2006	36,190,000
Total governmental activities refunded	\$63,659,736
 <b>UCCC:</b>	
Public Improvements, 1999	\$ 795,264

### *Legal Debt Limit*

The County's general obligation bonded debt of \$100,523,573 as of fiscal year end, was below the legal limit of approximately \$1,329,734,999. This amount represents approximately 7.03% of the constitutional debt limit.

### **3. Other Information**

#### **A. Net Position/Fund Balances**

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- *Invested in Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. 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.
- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. "Other" restricted net assets include drug forfeiture reserves of \$127,819, E-911 emergency telephone reserves of \$1,525,414, Stop DWI reserves of \$357,538, probation reserves of \$666,594, risk retention reserves of \$125,245, child safety seat reserves of \$5,860, traffic safety board reserves of \$3,598 and handicapped parking education reserves of \$26,176.
- *Unrestricted Net Assets* – This category represents net assets of the County, not restricted for any project or other purpose.

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2012

In the fund financial statements, governmental fund equity is classified as fund balance. Beginning with the fiscal year ended December 31, 2012, the County implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement requires local governments to focus on the constraints imposed upon resources when reporting fund balance in governmental funds. The new fund balance classifications indicate the level of constraints placed upon how resources can be spent and identify the sources of those constraints. Constraints are broken down into five different classifications: nonspendable, restricted, committed, assigned and unassigned. The classifications describe the relative strength of the spending constraints on the specific purposes for which resources in a fund can be spent.

### Fund Balance Classifications

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

- *Inventories* – to reflect the resources that were committed for the purchase of inventories and supplies.
- *Prepays* – to reflect the portion of assets which do not represent available spendable resources.

Restricted – consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or through constitutional provisions, charter requirements or enabling legislation.

- *Debt service* – to reflect the funds held by trustees or fiscal agents for future payment of bond principal and interest. These funds are not available for general operations.
- *Risk retention* – to reflect funds established to provide for costs of settlement of various claims against the County in excess of amounts appropriated each year for such purpose.
- *Civil and DA forfeitures* – to reflect unused portions of forfeited crime proceeds that must be spent on law enforcement in the amount of \$127,819.
- *Emergency telephone (E-911)* – to reflect unused portions of telephone surcharges that must be spent on the emergency telephone system in the amount of \$1,525,414.
- *Stop DWI* – to reflect unused portions of DWI fines that must be spent on Stop DWI programs in the amount of \$357,538.
- *Probation administration fees* – to reflect unused portions of probation fees that must be spent on probation programs in the amount of \$666,594.
- *Child safety seats* – to provide child safety seats to those in need in the amount of \$5,860.
- *Traffic safety board* – to provide funds to promote traffic safety in the amount of \$3,598.
- *Handicapped parking education* – to provide funds to promote education regarding handicapped parking in the amount of \$26,176.

Committed – consists of amounts that are subject to a purpose constraint imposed by a formal action of the County Legislature before the end of the fiscal year. The County Legislature is the highest level of decision making authority for the County. Commitments may be established, modified, or rescinded only through resolutions approved by the County Legislature. The County has no committed fund balances as of December 31, 2012.

Assigned – consists of amounts that are subject to a purpose constraint that represents an intended use established by the Legislature, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance.

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2012

- *Encumbrances* – to reflect the outstanding contractual obligations for which goods and services have not been received.
- *Subsequent years' expenditures* – to reflect the portion of fund balance designated for resource utilization in a future period, such as for general contingencies, reduction of tax levy, or capital projects. Such plans or intent are subject to change and have not been legally authorized or may not result in expenditures. The County elected to designate \$10,000,000 of the general fund balance, \$2,350,000 of the debt service fund balance, \$900,000 of the county road fund balance, and \$108,474 of the UTASC fund balance in the 2013 Budget.
- *Special Revenue Funds* – to reflect the residual amount of fund balance not already restricted, committed or assigned in the special revenue funds.
- *Jail telephone commissions* – to reflect the unused portions of jail telephone commissions that must be spent on inmate programs in the amount of \$277,779.
- *Tourism* – to promote tourism in Ulster County in the amount of \$150,000.
- *Social Services donations* – to reflect the unused portions of donations to Social Services that must be spent on Social Services programs in the amount of \$1,335.
- *Social Services restitution* – to reflect the unused portions of Social Services restitution that must be spent on Social Services in the amount of \$160,157.
- *URGENT forfeitures* – to reflect unused portions of forfeited crime proceeds that must be spent on law enforcement in the amount of \$228,765.

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

When fund balance resources are available for a specific purpose in multiple classifications, the County would use the most restrictive funds first in the following order: nonspendable, restricted, committed, assigned and unassigned as they are needed. However, the County reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

### **B. Risk Management**

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

The County established a workers' compensation claims-processing pool (Pool) under Local Law No. 1 in 1979, pursuant to Article 5 of the Workers' Compensation law to administer the payment of worker compensation claims of pool participants.

The pool is open to participation by any eligible municipality or any public entity. Under local law participants are responsible for their share of total pool liabilities. All funds of the County, including the Golden Hill Health Care Center, and 61 other public entities, participate in the program and make payments to the Pool based on a computation of the necessary funds to cover the participants' annual claims.

The County's claims liability of \$60,362,049 is recorded in the workers' compensation pool (which includes the Golden Hill Health Care Center) at fiscal year end and is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities are partially offset by assessment receivables recorded in accordance with Article 5 in the amount of \$40,968,982.

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2012

Changes in the County's workers' compensation claims liability at fiscal year end were:

Balance at January 1	Current Year Claims & Changes in Estimates	Claims Payments	Balance at December 31
\$58,840,052	\$13,570,037	\$12,048,040	\$60,362,049

The County has been named as a defendant in several personal injury claims resulting from incidents occurring in the County. Although the ultimate outcome of these claims is not certain, County officials believe that none of these claims will expose the County to amounts to exceed the insurance coverage applicable to the date of such incidents. The County has recorded liabilities related to the deductibles for these claims in the amount of \$615,000. The County has not had significant reductions in insurance coverage from the provider in all categories of risk. Settled claims have not exceeded insurance coverage in the past three fiscal years.

### C. Employee Retirement Plan

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

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

The County is required to contribute at an actuarially determined rate. The required contributions at December 15 for the years 2012, 2011 and 2010 were \$16,940,613, \$13,494,253, and \$10,254,823 respectively. The County's contributions made to the ERS were equal to 100 percent of the contributions required for each year.

### D. Deferred Compensation Plan

Employees of the County may elect to participate in the New York State Deferred Compensation Plan created in accordance with Internal Revenue Service Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until the age of 59 and 1/2 years, without penalty, or at termination, retirement, death, or unforeseeable emergency.

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

### E. Commitments

On September 19, 2012, the County was authorized to enter into an agreement with the Ulster County Civil Service Employees Association, providing no increases in 2011 and 2012, and increases of 1.75% in 2013, and 2% in 2014. All other labor contracts have expired and are being renegotiated. The financial impact of these negotiations cannot be determined at this time.

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2012

### F. Contingencies

The County has received grants in excess of \$93.3 million, which are subject to audit by agencies of the State and Federal governments. Such audits may result in a request for a return of funds to the State and Federal governments. Based on past audits, the County management believes any disallowance will be immaterial.

### G. Federal Grant-Revolving Loan Fund

During 2012 the County contracted with Rural Ulster Preservation Company (RUPCO) as sub-recipient for a \$750,000 Community Development Block Grant financed by the United States Department of Housing and Urban Development and administered through the New York State Office of Homes and Community Renewal. The purpose of this grant is to assist low to moderate Ulster County residents to rehabilitate owner-occupied housing. Total monies received in 2012 were \$155,320. A copy of RUPCO's certified financial report may be obtained from RUPCO at 289 Fair Street Kingston, NY 12401.

During 2012 the County contracted with New York State Housing Trust Fund Corporation for a \$67,937 Community Development Block Grant financed by the United States Department of Housing and Urban Development. Budget modifications were done in 2012 increasing the total grant to \$198,464. The purpose of this grant is to reimburse farmers for animal feed and produce purchased as a result of losses due to Hurricane Irene. Total monies received in 2012 were \$169,880.

During 2012 the County contracted with Rural Ulster Preservation Company (RUPCO) as sub-recipient for a \$293,112 Community Development Block Grant financed by the United States Department of Housing and Urban Development and administered through the New York State Housing Trust Fund Corporation. The purpose of this grant is to assist Ulster County businesses recover from losses due to Hurricane Irene. Total monies received in 2012 were \$259,186. A copy of RUPCO's certified financial report may be obtained from RUPCO at 289 Fair Street Kingston, NY 12401.

During 2012 the County contracted with Fairweather Consulting as a sub-recipient for a \$40,000 Community Development Block Grant financed by the United States Department of Housing and Urban Development and administered through the New York State Housing Trust Fund Corporation. The purpose of this grant is to assist Ulster County with technical assistance to conduct an analysis of the County's Shovel Ready Program. The study included criteria for future public infrastructure projects. There were no monies received in 2012. Fairweather Consulting is located at 124 Main Street, Suite 2, New Paltz, NY 12561.

The activity for this loan fund is accounted for in the Special Revenue Fund. This fund is reported in the Special Grant Fund in the County's financial statements.

### H. Resource Recovery Agency

Under the terms of a solid waste service agreement dated January 1, 1992, between the County and the Ulster County Resource Recovery Agency (UCRRA), the County is liable for a service fee payable to the UCRRA. The intent of the net service fee agreement is to provide assurance that the UCRRA has the financial resources to meet all debt service obligations and debt service requirements. The net service fee for the fiscal year ended is \$2,474,330 and is due and payable by the County to the UCRRA in 2013. Payments totaling \$2,474,330 have been made by the County as of February 8, 2013. The net service fee for 2013 cannot be determined at this time. The UCRRA's debt service reserve at fiscal year-end is \$3,208,757. The UCRRA has \$19,230,505 in bonds outstanding as of fiscal year end.

State and Federal laws require UCRRA to place a final cover on its landfill sites when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. UCRRA is currently in the post closure phase at each of the landfills. The post closure period goes throughout the year 2028. Current projections prepared by the Agency of annual post closure monitoring and maintenance costs for all 3 landfills are \$173,804 for each of the remaining 16 years.

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2012

### I. Tobacco Settlement

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

During 2012 a Consumption Decline Trapping Event occurred. This means that shipments of cigarettes in or to the 50 United States, the District of Columbia and Puerto Rico as measured under the MSA, are less in any year preceding a Deposit Date than the amount opposite such year under the "Consumption Decline Trapping Event" definition. According to the MSA Report, the amount shown as relevant shipments was less, and therefore a Consumption Decline Trapping Event has occurred. The trapping requirement for this event as of December 31, 2012 is \$7.624 million. As of year end this trapping requirement was funded at \$1,829.

### J. Golden Hill Health Care Center

The Golden Hill Health Care Center (GHHCC) is a County owned 280 bed nursing home facility. The original construction was completed in 1969 with a capacity to care for 200 adult residents. In 1978, an eighty bed addition was constructed. Over the past forty years, the infrastructure has deteriorated and needs several building upgrades. Regular maintenance and some minimum capital expenses have kept the facility open. The County continues to provide excellent quality of care to nursing home residents. However, the New York State Department of Health has maintained Medicaid reimbursements for cost of care in the facility at 1983 rate levels. During the past few years, the operating costs have gradually increased far beyond the available federal and state financial incentives, which subsequently increased unsustainable local property tax subsidies. In December 2011, the County Legislature authorized the creation of the Ulster County Local Development Corporation (LDC) to facilitate the sale or lease of the nursing home to a private enterprise, in order to lessen the financial burden for local tax payers. It is anticipated that this venture will be completed by the end of 2013.

### K. Accounting Standards Issued But Not Yet Implemented

#### ***GASB Statement No. 61 – The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and 34***

This Statement is designed to improve financial reporting for governmental entities by amending the requirements of Statement No. 14, *The Financial Reporting Entity*, and Statement No. 34, *Basic Financial Statements - and Management Discussion and Analysis - for Statement and Local Governments*. This statement amends the criteria for including component units by only including those component units for which the elected officials are financially accountable or that the government determines would be misleading to exclude. This statement also amends the criteria for blending of component units to include to include only those component units that are so intertwined with the primary government that they are essentially the same as the primary government. The requirements of this statement are effective for periods beginning after June 15, 2012, which is the fiscal year beginning January 1, 2013 for Ulster County. This statement is not expected to have a material effect on the future financial statements of the County.

#### ***GASB Statement No. 65 – Items Previously Reported as Assets and Liabilities***

This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this statement are effective for periods beginning after December 15, 2012, which is the fiscal year beginning January 1, 2013 for Ulster County. This statement is not expected to have a material effect on the future financial statements of the County.

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2012

### **GASB Statement No. 66 – Technical Corrections - 2012 – an amendment of GASB Statements No. 10 and No. 62**

This Statement is intended to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 20, 1989 FASB and AICPA Pronouncements*. The requirements of this statement are effective for periods beginning after December 15, 2012, which is the fiscal year beginning January 1, 2013 for Ulster County. This statement is not expected to have a material effect on the future financial statements of the County.

### **L. Subsequent Events**

#### **Countywide New Financial Management System**

In March of 2013, the County entered into an agreement with New World Systems to purchase and implement an integrated Financial Management System. The County expects to be fully operational with the system by the first quarter of 2014.

#### **Ulster County Staff Association Agreement**

On April 16, 2013 the County was authorized to enter into an agreement with the Ulster County Staff Association, providing no increases in 2011 and 2012, and increases in 2013 of 1.75% and 2014 of 2.0%.

#### **Sale of Golden Hill Health Care Center**

On June 26, 2013, the County completed the sale of the Golden Hill Health Care Center's assets utilized in the business for \$11,250,000 to a private owner.

#### **Ulster County Sales Tax Extension**

In June 2013, the New York State Senate passed legislation to continue the County's 1% sales tax extension. The New York Assembly was scheduled to pass the extension but the legislation was never moved for a vote. To date, there is no scheduled special Assembly session to pass the 1% extension.

### **M. Change in Accounting Principle**

In fiscal year 2012, Ulster County Community College changed its policy for revenue recognition for capital assets contributed by the State and County. Contribution of capital assets are now recognized when the assets are purchased by the State and County, as opposed to when the State and County make debt service payments on related borrowings. The College believes that this is a preferable method of revenue recognition and is consistent with accounting for capital grants. The methodology is most appropriate under the circumstances to fairly present this activity and will represent a more accurate and proper treatment of the transactions in the College's financial statements as it relates to the purpose and receipt (commitment) of State and County funds for capital projects. The impact of this change in the year of implementation on the College's financial statements will result in the elimination of debt and related assets that are supported and paid by the State and County. The impact on the County's financial statements will result in the addition of debt supporting the College. The change in accounting principle on the County will result in an increase to bonds payable and a decrease in net position in the amount of \$4,367,630.

**Required Supplementary**  
**Information**

**County of Ulster, New York  
Schedule of Funding Progress  
Other Post Employment Benefits  
For the Year Ended December 31, 2012**

<b>Year Ended</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
12/31/2012	1/1/2011	\$ -	\$ 160,157,595	\$ 160,157,595	0.0%	\$ 89,715,884	178.5%
12/31/2011	1/1/2011	-	148,050,262	148,050,262	0.0%	90,985,203	162.7%
12/31/2010	1/1/2009	-	139,094,811	139,094,811	0.0%	94,008,977	148.0%
12/31/2009	1/1/2009	-	129,357,830	129,357,830	0.0%	94,553,139	136.8%
12/31/2008	1/1/2007	-	114,094,603	114,094,603	0.0%	89,784,582	127.1%
12/31/2007	1/1/2007	-	104,934,917	104,934,917	0.0%	86,381,036	121.5%

See accompanying notes to required supplementary information  
See independent auditors' report

**County of Ulster, New York**  
**Budgetary Comparison Schedule**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2012**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 68,402,635	\$ 68,402,635	\$ 68,465,042	\$ 62,407
Other real property tax items	4,620,000	4,620,000	5,834,255	1,214,255
Sales	99,667,652	100,237,652	103,582,388	3,344,736
Tax on Hotel Room Occupancy	1,000,000	1,000,000	1,126,428	126,428
Off track betting taxes	350,000	350,000	246,798	(103,202)
E-911 emergency telephone surcharge	676,200	676,200	694,797	18,597
State aid	39,329,805	41,865,174	38,878,703	(2,986,471)
Federal aid	35,705,780	37,947,942	39,544,339	1,596,397
Departmental income	17,046,191	17,051,191	17,169,138	117,947
Intergovernmental	5,789,446	5,789,446	8,223,963	2,434,517
Use of money and property	1,383,660	1,383,660	1,269,622	(114,038)
Licenses and permits	18,500	18,500	29,320	10,820
Fines and forfeitures	874,707	1,056,847	783,664	(273,183)
Sale of property and compensation for loss	9,717,750	9,717,750	743,170	(8,974,580)
Miscellaneous local sources	1,171,100	1,171,100	778,670	(392,430)
Interfund revenues	9,434,897	9,434,897	11,602,641	2,167,744
Total revenues	295,188,323	300,722,994	298,972,938	(1,750,056)
<b>EXPENDITURES</b>				
Current:				
General government	54,623,229	57,054,602	50,543,870	6,510,732
Education	9,590,863	9,598,342	9,490,787	107,555
Public safety	28,942,316	30,955,881	27,712,159	3,243,722
Public health	19,178,331	21,620,685	18,217,111	3,403,574
Transportation	6,038,640	7,032,551	6,367,512	665,039
Economic assistance	119,513,334	122,262,954	118,054,355	4,208,599
Culture and recreation	804,658	850,082	685,188	164,894
Home and community	2,985,016	4,879,614	4,137,624	741,990
Employee benefits	49,412,246	48,282,269	45,749,685	2,532,584
Debt service:				
Principal	1,950,000	2,586,000	2,585,938	62
Interest	400,000	249,456	249,261	195
Total expenditures	293,438,633	305,372,436	283,793,490	21,578,946
Excess (deficiency) of revenues over (under) expenditures	1,749,690	(4,649,442)	15,179,448	19,828,890
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,305,793	3,305,793	3,770	(3,302,023)
Transfers out	(15,155,483)	(15,183,801)	(15,183,801)	-
Premium on obligations	-	-	182,494	182,494
Total other financing sources (uses)	(11,849,690)	(11,878,008)	(14,997,537)	(3,119,529)
Net change in fund balances	(10,100,000)	(16,527,450)	181,911	16,709,361
Fund balances - January 1	45,454,085	45,454,085	45,454,085	-
Fund balances - December 31	\$ 35,354,085	\$ 28,926,635	\$ 45,635,996	\$ 16,709,361

See accompanying notes to required supplementary information.  
See independent auditors' report.

**COUNTY OF ULSTER, NEW YORK**  
**Notes to the Required Supplementary Information**  
December 31, 2012

**Budgetary Information**

Annual budgets are legally required and adopted for the general fund, special revenue funds and the debt service fund on a basis consistent with generally accepted accounting principles. Project-length financial plans are adopted for the capital projects fund. All annual appropriations lapse at year end.

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

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

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

**Supplementary**  
**Information**

**Combining Financial**  
**Statements and Budgetary**  
**Comparison Schedules**

# **Nonmajor Governmental Funds**

## **Special Revenue Funds**

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

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

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

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

**County of Ulster, New York  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2012**

	<b>Special Revenue Funds</b>			<b>Total Nonmajor Governmental Funds</b>
	<b>Special Grant</b>	<b>County Road</b>	<b>Road Machinery</b>	
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 489,211	\$ 3,062,096	\$ 1,136,083	\$ 4,687,390
Receivables	637,228	1,914,615	61,555	2,613,398
Due from other funds	-	-	-	-
Total assets	<u>\$ 1,126,439</u>	<u>\$ 4,976,711</u>	<u>\$ 1,197,638</u>	<u>\$ 7,300,788</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and other current liabilities	\$ 77,111	\$ 314,386	\$ 386,251	\$ 777,748
Due to other governments	501,000	-	-	501,000
Due to other funds	55,000	-	-	55,000
Total liabilities	<u>633,111</u>	<u>314,386</u>	<u>386,251</u>	<u>1,333,748</u>
<b>Fund balances:</b>				
Assigned to:				
Encumbrances	16,399	354,392	25,005	395,796
Special revenue funds	476,929	4,307,933	786,382	5,571,244
Total fund balances	<u>493,328</u>	<u>4,662,325</u>	<u>811,387</u>	<u>5,967,040</u>
Total liabilities and fund balances	<u>\$ 1,126,439</u>	<u>\$ 4,976,711</u>	<u>\$ 1,197,638</u>	<u>\$ 7,300,788</u>

See independent auditors' report.

**County of Ulster, New York**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2012**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Special Grant	County Road	Road Machinery	
<b>REVENUES</b>				
Real property taxes	\$ -	\$ 10,288,216	\$ 169,538	\$ 10,457,754
State aid	188,924	4,463,618	-	4,652,542
Federal aid	1,775,071	599,580	-	2,374,651
Intergovernmental	-	54,969	15,179	70,148
Use of money and property	4,497	-	-	4,497
Sale of property and compensation for loss	-	56,046	409,529	465,575
Miscellaneous local sources	-	35,748	-	35,748
Interfund revenues	-	66,572	2,702,489	2,769,061
Total revenues	1,968,492	15,564,749	3,296,735	20,829,976
<b>EXPENDITURES</b>				
Current:				
Transportation	-	12,660,565	3,471,842	16,132,407
Economic assistance	1,380,678	-	-	1,380,678
Home and community	584,786	-	-	584,786
Debt service:				
Interest	67,095	-	-	67,095
Total expenditures	2,032,559	12,660,565	3,471,842	18,164,966
Excess (deficiency) of revenues over (under) expenditures	(64,067)	2,904,184	(175,107)	2,665,010
Net change in fund balances	(64,067)	2,904,184	(175,107)	2,665,010
Fund balances, restated - January 1	557,395	1,758,141	986,494	3,302,030
Fund balances - December 31	\$ 493,328	\$ 4,662,325	\$ 811,387	\$ 5,967,040

See independent auditors' report.

**County of Ulster, New York**  
**Budgetary Comparison Schedule**  
**Budget and Actual**  
**Special Grant Fund**  
**For the Year Ended December 31, 2012**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
State aid	\$ -	\$ -	\$ 188,924	\$ 188,924
Federal aid	1,630,858	2,280,658	1,775,071	(505,587)
Departmental income	77,100	77,100	-	(77,100)
Use of money and property	4,300	4,300	4,497	197
Total revenues	1,712,258	2,362,058	1,968,492	(393,566)
<b>EXPENDITURES</b>				
Current:				
Economic assistance	1,400,858	1,508,247	1,380,678	127,569
Home and community	230,400	721,981	584,786	137,195
Debt service:				
Principal	-	60,000	60,000	-
Interest	81,000	81,000	7,095	73,905
Total expenditures	1,712,258	2,371,228	2,032,559	338,669
Excess (deficiency) of revenues over (under) expenditures	-	(9,170)	(64,067)	(54,897)
Net change in fund balances	-	(9,170)	(64,067)	(54,897)
Fund balances - January 1	557,395	557,395	557,395	-
Fund balances - December 31	\$ 557,395	\$ 548,225	\$ 493,328	\$ (54,897)

See independent auditors' report.

**County of Ulster, New York**  
**Budgetary Comparison Schedule**  
**Budget and Actual**  
**County Road Fund**  
**For the Year Ended December 31, 2012**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 10,288,216	\$ 10,288,216	\$ 10,288,216	\$ -
State aid	2,553,261	3,150,196	4,463,618	1,313,422
Federal aid	-	-	599,580	599,580
Intergovernmental	125,000	125,000	54,969	(70,031)
Use of money and property	7,000	7,000	-	(7,000)
Sale of property and compensation for loss	30,500	30,500	56,046	25,546
Miscellaneous local sources	-	-	35,748	35,748
Interfund revenues	135,000	135,000	66,572	(68,428)
Total revenues	13,138,977	13,735,912	15,564,749	1,828,837
<b>EXPENDITURES</b>				
Current:				
Transportation	13,138,977	13,774,131	12,660,565	1,113,566
Total expenditures	13,138,977	13,774,131	12,660,565	1,113,566
Excess (deficiency) of revenues over (under) expenditures	-	(38,219)	2,904,184	2,942,403
Net change in fund balances	-	(38,219)	2,904,184	2,942,403
Fund balances, restated - January 1	1,758,141	1,758,141	1,758,141	-
Fund balances - December 31	\$ 1,758,141	\$ 1,719,922	\$ 4,662,325	\$ 2,942,403

See independent auditors' report.

**County of Ulster, New York**  
**Budgetary Comparison Schedule**  
**Budget and Actual**  
**Road Machinery Fund**  
**For the Year Ended December 31, 2012**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Real property taxes	\$ 169,538	\$ 169,538	\$ 169,538	-
Intergovernmental	-	-	15,179	15,179
Use of money and property	6,000	6,000	-	(6,000)
Sale of property and compensation for loss	447,500	447,500	409,529	(37,971)
Interfund revenues	2,783,000	2,783,000	2,702,489	(80,511)
Total revenues	3,406,038	3,406,038	3,296,735	(109,303)
<b>EXPENDITURES</b>				
Current:				
Transportation	3,406,038	3,501,555	3,471,842	29,713
Total expenditures	3,406,038	3,501,555	3,471,842	29,713
Excess (deficiency) of revenues over (under) expenditures	-	(95,517)	(175,107)	(79,590)
Net change in fund balances	-	(95,517)	(175,107)	(79,590)
Fund balances - January 1	986,494	986,494	986,494	-
Fund balances - December 31	\$ 986,494	\$ 890,977	\$ 811,387	\$ (79,590)

See independent auditors' report.

**County of Ulster, New York**  
**Budgetary Comparison Schedule**  
**Budget and Actual**  
**Debt Service Fund**  
**For the Year Ended December 31, 2012**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Use of money and property	\$ 20,000	\$ 20,000	\$ 13,620	\$ (6,380)
Interfund revenues	-	-	94,047	94,047
Total revenues	20,000	20,000	107,667	87,667
<b>EXPENDITURES</b>				
General government	-	425,108	425,109	(1)
Debt service:				
Principal	6,420,000	6,420,000	6,284,885	135,115
Interest	3,846,450	3,846,450	3,544,219	302,231
Total expenditures	10,266,450	10,691,558	10,254,213	437,345
Excess (deficiency) of revenues over (under) expenditures	(10,246,450)	(10,671,558)	(10,146,546)	525,012
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	9,596,450	12,365,303	2,768,853
Transfer out to escrow agent	-	-	(58,430,447)	(58,430,447)
Proceeds of obligations	-	-	50,434,377	50,434,377
Premium on obligations	-	8,421,178	8,421,178	-
Total other financing sources (uses)	-	18,017,628	12,790,411	(5,227,217)
Net change in fund balances	(10,246,450)	7,346,070	2,643,865	(4,702,205)
Fund balances - January 1	1,296,889	1,296,889	1,296,889	-
Fund balances - December 31	\$ (8,949,561)	\$ 8,642,959	\$ 3,940,754	\$ (4,702,205)

See independent auditors' report.

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**Statistical Section (Unaudited)**

Table 1

**COUNTY OF ULSTER, NEW YORK**  
**Net Position - Comparison**  
**As of December 31, 2012**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Governmental Activities:</b>								
Invested in capital assets, net of related debt	\$ 32,905,031	\$ 40,827,163	\$ 37,988,577	\$ 32,239,663	\$ 31,715,641	\$ 37,390,565	\$ 20,864,249	\$ 19,831,489
Restricted	9,415,932	14,134,906	17,200,974	17,164,056	12,715,012	9,603,188	9,009,628	10,016,115
Unrestricted	36,206,914	19,036,640	15,627,851	9,616,987	2,302,802	(9,600,040)	(11,261,448)	(20,229,244)
Total governmental activities net position	<u>\$ 78,527,877</u>	<u>\$ 73,998,709</u>	<u>\$ 70,817,402</u>	<u>\$ 59,020,706</u>	<u>\$ 46,733,455</u>	<u>\$ 37,393,713</u>	<u>\$ 18,612,429</u>	<u>\$ 9,618,360</u>
<b>Business-type Activities:</b>								
Invested in capital assets, net of related debt	\$ 6,041,099	\$ 5,527,546	\$ 4,991,929	\$ 4,518,472	\$ 3,955,646	\$ 3,580,827	\$ 3,024,756	\$ 2,586,359
Restricted	-	-	-	-	-	-	39,030	39,030
Unrestricted	(2,072,544)	(329,207)	41,734	2,164,989	2,829,444	555,836	(4,934,896)	(5,427,967)
Total business-type activities net position	<u>\$ 3,968,555</u>	<u>\$ 5,198,339</u>	<u>\$ 5,033,663</u>	<u>\$ 6,683,461</u>	<u>\$ 6,785,090</u>	<u>\$ 4,136,663</u>	<u>\$ (1,871,110)</u>	<u>\$ (2,802,578)</u>
<b>Total Primary Government:</b>								
Invested in capital assets, net of related debt	\$ 38,946,130	\$ 46,354,709	\$ 42,980,506	\$ 36,758,135	\$ 35,671,287	\$ 40,971,392	\$ 23,889,005	\$ 22,417,848
Restricted	9,415,932	14,134,906	17,200,974	17,164,056	12,715,012	9,603,188	9,048,658	10,055,145
Unrestricted	34,134,370	18,707,433	15,669,585	11,781,976	5,132,246	(9,044,204)	(16,196,344)	(25,657,211)
Total primary government net position	<u>\$ 82,496,432</u>	<u>\$ 79,197,048</u>	<u>\$ 75,851,065</u>	<u>\$ 65,704,167</u>	<u>\$ 53,518,545</u>	<u>\$ 41,530,376</u>	<u>\$ 16,741,319</u>	<u>\$ 6,815,782</u>

Ulster County implemented GASB 34 for the fiscal year ended December 31, 2002. Information prior to the implementation of GASB 34 is not available.

Table 2

**COUNTY OF ULSTER, NEW YORK**  
**Changes in Net Position**  
**For the Year Ended December 31, 2012**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Expenses</b>								
<b>Governmental activities</b>								
General Government	\$ 33,456,337	\$ 36,066,868	\$ 54,726,317	\$ 57,795,151	\$ 58,327,082	\$ 60,836,813	\$ 64,421,405	\$ 64,452,481
Education	9,692,401	11,014,596	11,312,002	11,594,288	14,630,803	10,734,010	10,449,170	9,598,123
Public Safety	33,268,845	33,626,890	36,779,963	41,821,492	43,423,235	43,177,212	46,596,897	47,566,433
Public Health	29,521,457	29,804,117	31,026,811	31,360,625	31,360,469	29,495,696	28,088,636	25,578,995
Transportation	22,646,580	21,741,022	21,791,121	23,873,111	22,436,100	22,616,510	26,973,401	22,963,323
Economic assistance	107,860,841	109,020,428	105,092,967	120,893,695	121,241,346	117,923,542	120,653,740	129,609,798
Culture and recreation	1,376,028	1,155,945	946,894	1,508,943	1,289,205	1,122,212	1,040,315	993,089
Home and community	4,859,404	5,246,274	5,120,378	3,967,149	5,005,546	5,689,953	4,190,840	5,883,149
Interest on long-term deb	6,343,854	8,863,372	8,395,558	8,373,081	6,695,993	7,180,086	6,884,754	6,778,572
Total governmental activities expense	249,025,747	256,539,512	275,192,011	301,187,535	304,409,779	298,776,034	309,299,158	313,423,963
<b>Business-type activities</b>								
Long-Term Care	28,368,171	26,802,079	29,719,099	31,368,337	28,995,372	31,782,832	32,906,238	33,247,837
Workers' Compensation Pool	7,250,168	15,942,383	8,640,289	13,636,831	7,710,107	6,040,004	14,795,165	10,283,758
Total business-type activities expense:	35,618,339	42,744,462	38,359,388	45,005,168	36,705,479	37,822,836	47,701,403	43,531,595
Total primary government expense	284,644,086	299,283,974	313,551,399	346,192,703	341,115,258	336,598,870	357,000,561	356,955,558
<b>Program Revenues</b>								
<b>Governmental activities</b>								
<b>Charges for Services</b>								
General Government	5,838,576	5,214,450	5,444,510	5,245,458	8,758,831	6,813,541	6,222,816	8,122,012
Education	54,140	82,132	65,263	1,665,975	3,386,000	148,108	83,195	80,996
Public Safety	1,632,957	1,957,754	2,737,430	3,398,790	3,957,333	3,245,780	3,177,387	2,981,076
Public Health	11,393,797	11,245,180	10,697,384	9,904,260	10,002,413	6,451,909	6,419,484	4,623,652
Transportation	982,247	924,771	841,017	1,058,360	971,219	1,022,546	1,389,205	1,236,969
Economic assistance	5,120,703	5,629,965	5,981,969	11,347,145	7,188,227	7,579,039	8,536,093	13,251,138
Culture and recreation	99,440	117,620	127,729	120,274	163,410	133,422	129,181	129,530
Home and community	225,428	152,000	546	254,703	581	241	4,789	59,759
Operating Grants and Contributions	75,541,924	75,548,717	73,983,304	77,365,503	83,623,613	79,767,515	77,940,934	87,945,815
Capital Grants and Contributions	2,373,454	1,516,918	1,710,255	2,308,376	2,591,900	4,004,267	2,288,331	5,420,598
Total governmental activities program revenue	103,262,666	102,389,507	101,589,407	112,668,844	120,643,527	109,166,368	106,191,415	123,851,545
<b>Business-type activities:</b>								
<b>Charges for Services</b>								
Long-Term Care	19,801,574	20,391,670	21,114,745	22,815,253	23,253,216	22,830,322	21,911,315	20,604,780
Workers' Compensation Pool	10,978,686	14,768,650	7,258,583	12,637,989	6,870,549	5,055,842	13,968,979	9,475,157
Operating Grants and Contribution:	923,398	918,470	670,329	664,252	656,661	794,848	738,367	714,491
Total business-type activities program revenue	31,703,658	36,078,790	29,043,657	36,117,494	30,780,426	28,681,012	36,618,661	30,794,428
Total primary government program revenue	134,966,324	138,468,297	130,633,064	148,786,338	151,423,953	137,847,380	142,810,076	154,645,973
<b>Net revenues (expenses)</b>								
Governmental activities	(145,763,081)	(154,150,005)	(173,602,604)	(188,518,691)	(183,766,252)	(189,609,666)	(203,107,743)	(189,572,418)
Business-type activities	(3,914,681)	(6,665,672)	(9,315,731)	(8,887,674)	(5,925,053)	(9,141,824)	(11,082,742)	(12,737,167)
Total net revenues (expenses)	(149,677,762)	(160,815,677)	(182,918,335)	(197,406,365)	(189,691,305)	(198,751,490)	(214,190,485)	(202,309,585)
<b>General revenues and other changes in net assets</b>								
<b>Governmental activities</b>								
Real property taxes and tax items	53,769,575	69,148,028	73,787,164	76,245,122	78,116,082	81,904,942	81,738,478	84,650,275
Sales Tax	81,338,215	83,450,734	97,322,733	98,941,156	90,966,778	96,799,073	100,922,906	103,582,388
Other Nonproperty tax items	2,211,598	2,374,211	2,245,745	2,177,438	1,909,465	1,999,120	1,965,232	2,068,023
Investment earnings	2,009,237	3,616,265	3,031,652	1,607,710	496,097	356,297	261,354	344,514
Tobacco settlement proceeds	2,493,837	2,584,016	2,626,275	2,741,654	3,396,692	1,840,699	2,059,780	2,282,617
Proceeds of obligations	-	-	-	-	-	-	-	-
Premium on sale of obligations	1,035,319	784,855	46,477	59,205	83,519	211,012	71,314	189,519
Gain (loss) on dispositions of assets	(2,593,772)	(4,246,176)	(3,554,733)	(3,106,174)	(2,969,363)	(1,641,219)	(1,654,937)	(2,612,324)
Transfers/county contribution to GHHC	(5,186,063)	(5,766,376)	(5,087,895)	(1,944,116)	(520,269)	(1,200,000)	(1,037,668)	(5,559,033)
Total governmental activities general revenue	135,077,946	151,945,557	170,417,418	176,721,995	171,479,001	180,269,924	184,326,459	184,945,979
<b>Business-type activities:</b>								
Interest and earnings	518,893	861,361	988,990	497,986	192,814	172,134	48,793	53,378
Premium on sale of obligations	-	-	-	-	-	-	-	54,641
Contribution from other governments	-	-	-	4,762,422	2,613,398	2,022,033	345,474	2,179,837
Public facility grant program	-	74,582	247,611	256,769	56,612	-	-	-
Transfers	-	-	-	(17,093)	(1,552)	(363)	(1,537)	(422)
County contributor	6,395,684	6,959,513	8,480,294	5,037,388	3,165,410	4,299,593	4,682,239	9,518,265
Total business-type activities general revenue	6,914,577	7,895,456	9,716,895	10,537,472	6,026,682	6,493,397	5,074,969	11,805,699
Total primary government general revenue	141,992,523	159,841,013	180,134,313	187,259,467	177,505,683	186,763,321	189,401,428	196,751,678
<b>Change in Net Position</b>								
Governmental activities	(10,685,135)	(2,204,448)	(3,185,186)	(11,796,696)	(12,287,251)	(9,339,742)	(18,781,284)	(4,626,439)
Business-type activities	2,999,896	1,229,784	401,164	1,649,798	101,629	(2,648,427)	(6,007,773)	(931,468)
<b>Total primary government change in Net Position</b>	<b>\$ (7,685,239)</b>	<b>\$ (974,664)</b>	<b>\$ (2,784,022)</b>	<b>\$ (10,146,898)</b>	<b>\$ (12,185,622)</b>	<b>\$ (11,988,169)</b>	<b>\$ (24,789,057)</b>	<b>\$ (5,557,907)</b>

Notes: Ulster County implemented GASB 34 for the fiscal year ended December 31, 2002. Information prior to the implementation of GASB 34 is not available.

Table 3

**COUNTY OF ULSTER, NEW YORK**  
**Fund Balances of Governmental Funds**  
**As of December 31, 2012**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>General Fund</b>					
Nonspendable	\$ 4,747,638	\$ 4,618,090	\$ 5,512,141	\$ 6,250,783	\$ 7,167,453
Restricted	3,615,204	3,889,971	3,784,434	4,071,687	2,838,244
Assigned	7,189,675	10,562,428	17,770,023	17,648,319	15,443,983
Unassigned	<u>23,806,387</u>	<u>19,652,833</u>	<u>14,838,296</u>	<u>17,483,296</u>	<u>20,186,316</u>
Total General Fund	<u>\$ 39,358,904</u>	<u>\$ 38,723,322</u>	<u>\$ 41,904,894</u>	<u>\$ 45,454,085</u>	<u>\$ 45,635,996</u>
<b>All Other Governmental Funds</b>					
Nonspendable	\$ -	\$ -	\$ 12,000	\$ -	\$ -
Restricted	11,253,436	3,316,099	3,941,832	3,341,582	4,318,618
Assigned	5,987,794	8,652,209	4,450,274	4,898,389	8,826,293
Unassigned	<u>(8,358,663)</u>	<u>(7,049,220)</u>	<u>(6,309,594)</u>	<u>(12,471,578)</u>	<u>(4,674,978)</u>
Total all Other Governmental Funds	<u>\$ 8,882,567</u>	<u>\$ 4,919,088</u>	<u>\$ 2,094,512</u>	<u>\$ (4,231,607)</u>	<u>\$ 8,469,933</u>
<b>Total Fund Balances</b>	<b><u>\$ 48,241,471</u></b>	<b><u>\$ 43,642,410</u></b>	<b><u>\$ 43,999,406</u></b>	<b><u>\$ 41,222,478</u></b>	<b><u>\$ 54,105,929</u></b>

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

Note: The County implemented GASB 54 for the fiscal year ended December 31, 2011. Information prior to the implementation of GASB 54 has been restated for comparative purposes only.

Table 4

**COUNTY OF ULSTER, NEW YORK**  
**Changes in Fund Balances of Governmental Funds**  
**For the Year Ended December 31, 2012**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Revenues:</b>								
Real property taxes	\$ 53,223,307	\$ 65,311,461	\$ 67,523,671	\$ 70,139,384	\$ 71,398,228	\$ 75,200,899	\$ 73,478,690	\$ 78,922,796
Real property tax items	3,811,962	3,825,110	3,497,344	4,305,615	4,332,223	5,009,619	5,369,653	5,834,255
Non-property taxes	83,549,813	85,824,945	99,568,479	101,118,594	92,876,243	98,798,193	102,888,138	105,650,411
Departmental Income	19,991,171	20,359,631	19,528,892	19,963,605	20,351,962	17,527,001	17,685,371	17,169,138
Intergovernmental revenue	1,805,110	2,115,031	2,329,517	4,249,736	5,248,585	4,617,934	4,903,658	9,304,585
Use of money and property	3,115,226	4,230,682	4,273,204	2,639,687	1,577,817	1,487,138	1,429,721	1,519,776
Licenses and permits	11,862	12,720	11,068	24,480	23,020	25,080	1,569	29,320
Fines and forfeitures	535,175	519,884	488,588	447,367	519,512	730,193	812,708	783,664
Sale of property and compensation for losses	812,856	2,566,049	619,354	674,209	2,273,710	1,136,334	1,137,137	1,208,745
Tobacco settlement proceeds	2,717,362	2,486,193	2,587,417	2,641,654	2,913,103	2,424,288	2,298,424	2,343,973
Miscellaneous	1,338,879	1,380,514	2,054,800	421,048	1,647,627	350,357	253,340	814,418
Interfund revenues	9,751,192	9,923,823	9,666,438	10,094,829	9,707,316	10,808,054	12,569,586	14,465,749
State aid	44,131,173	41,611,993	43,035,196	46,591,664	43,082,799	40,595,774	39,964,640	44,799,731
Federal Aid	33,530,451	35,279,268	32,280,439	32,907,336	43,029,364	43,052,854	40,264,625	48,566,682
<b>Total revenues</b>	<b>258,325,539</b>	<b>275,447,304</b>	<b>287,464,407</b>	<b>296,219,208</b>	<b>298,981,509</b>	<b>301,763,718</b>	<b>303,057,260</b>	<b>331,413,243</b>
<b>Expenditures:</b>								
Current:								
General Government	29,649,035	27,855,335	44,525,780	47,777,639	48,267,003	50,274,131	50,173,121	51,488,843
Education	8,902,552	10,231,066	10,562,077	10,677,957	10,293,320	9,811,874	9,312,835	9,598,123
Public Safety	39,264,601	38,943,525	24,966,437	26,648,593	27,249,930	27,061,892	27,496,698	27,712,159
Public Health	23,117,636	23,481,931	23,271,329	23,389,171	23,393,390	21,796,446	19,923,701	18,217,111
Transportation	23,106,668	22,898,213	23,612,997	26,868,648	25,101,511	27,987,144	32,099,024	26,165,483
Economic Assistance	101,659,196	102,549,686	97,078,952	107,157,667	111,864,712	108,154,316	109,659,229	119,678,854
Culture and Recreation	1,207,672	877,416	914,196	1,092,001	967,224	850,271	752,001	685,188
Home and Community	4,544,582	4,932,367	4,790,300	3,546,208	4,487,977	5,219,808	3,630,917	5,289,708
Employee Benefits	33,009,335	33,936,514	33,131,311	34,434,331	34,087,256	39,806,712	40,102,026	45,749,685
Debt Service:								
Principal	5,399,544	8,804,094	5,722,005	6,190,817	26,689,198	8,179,900	8,607,904	9,424,450
Interest	6,255,246	6,813,573	6,640,071	6,607,206	7,913,159	6,345,977	6,160,689	5,823,268
<b>Total expenditures</b>	<b>276,116,067</b>	<b>281,323,720</b>	<b>275,215,455</b>	<b>294,390,238</b>	<b>320,314,680</b>	<b>305,488,471</b>	<b>307,918,145</b>	<b>319,832,872</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(17,790,528)</b>	<b>(5,876,416)</b>	<b>12,248,952</b>	<b>1,828,970</b>	<b>(21,333,171)</b>	<b>(3,724,753)</b>	<b>(4,860,885)</b>	<b>11,580,371</b>
<b>Other financing sources (uses):</b>								
Proceeds of obligations	48,861,458	54,799,108	4,438,340	2,954,923	17,185,434	5,027,500	3,064,885	56,688,888
Premium on obligations	1,018,889	770,281	31,903	44,631	68,945	196,438	56,740	8,603,672
Capital leases	48,097	-	39,939	443,254	-	57,811	-	-
Transfers in	16,093,985	11,540,326	9,965,298	10,358,296	9,701,178	7,035,991	9,969,136	12,397,391
Transfers out	(21,280,048)	(17,306,702)	(15,053,193)	(12,302,412)	(10,221,447)	(8,235,991)	(11,006,804)	(76,386,871)
<b>Total other financing sources (uses)</b>	<b>44,742,381</b>	<b>49,803,013</b>	<b>(577,713)</b>	<b>1,498,692</b>	<b>16,734,110</b>	<b>4,081,749</b>	<b>2,083,957</b>	<b>1,303,080</b>
<b>Net change in fund balance</b>	<b>\$ 26,951,853</b>	<b>\$ 43,926,597</b>	<b>\$ 11,671,239</b>	<b>\$ 3,327,662</b>	<b>\$ (4,599,061)</b>	<b>\$ 356,996</b>	<b>\$ (2,776,928)</b>	<b>\$ 12,883,451</b>
Debt Service as a percentage of noncapital expenditures	4.56%	5.93%	4.59%	4.44%	11.00%	4.90%	4.98%	4.84%

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

Year	General Government Support	Education	Public Safety	Health	Transportation	Economic Assistance & Opportunity	Culture and Recreation
2003	28,690,011	7,914,194	57,425,211	23,216,252	18,804,208	102,997,926	1,261,973
2004	34,212,944	8,014,490	40,133,507	24,442,100	22,016,555	105,289,213	1,219,403
2005	29,649,035	8,902,552	39,264,601	23,117,636	23,106,668	101,659,196	1,207,672
2006	27,855,335	10,231,066	38,943,525	23,481,931	22,898,213	102,549,686	877,416
2007	44,525,780	10,562,077	24,966,437	23,271,329	23,612,997	97,078,952	914,196
2008	47,777,639	10,677,957	26,648,593	23,389,171	26,868,648	107,157,667	1,092,001
2009	48,267,003	10,293,320	27,249,930	23,393,390	25,101,511	111,864,712	967,224
2010	50,274,131	9,811,874	27,061,892	21,796,446	27,987,144	108,154,316	850,271
2011	50,173,121	9,312,835	27,496,698	19,923,701	32,099,024	109,659,229	752,001
2012	51,488,843	9,598,123	27,712,159	18,217,111	26,165,483	119,678,854	685,188

(1) Includes general, special revenue, debt service, UTASC and capital projects funds.

\* Starting in 2002 the County adopted GASB#34 and so Capital expenditures are recorded in the functional category that they relate to.

Source: Ulster County Annual Financial Reports

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

Year	Real Property Taxes	Other Tax Items	Non-Property Tax Items	State Aid	Federal Aid	Departmental Income	Inter-Governmental Charges
2003	38,526,505	5,476,440	78,500,439	40,245,654	35,484,848	19,618,580	1,487,859
2004	44,189,014	4,431,094	79,758,779	47,513,527	36,703,326	20,249,901	1,393,192
2005	53,223,307	3,811,962	83,549,813	44,131,173	33,530,451	19,991,171	1,805,110
2006	65,311,461	3,825,110	85,824,945	41,611,993	35,279,268	20,359,631	2,115,031
2007	67,523,671	3,497,344	99,568,479	43,035,196	32,280,439	19,528,892	2,329,517
2008	70,139,384	4,305,615	101,118,594	46,591,664	32,907,336	19,963,605	4,249,736
2009	71,398,228	4,332,223	92,876,243	43,082,799	43,029,364	20,351,962	5,248,585
2010	75,200,899	5,009,619	98,798,193	40,595,774	43,052,854	17,527,001	4,617,934
2011	73,478,690	5,369,653	102,888,138	39,964,640	40,264,625	17,685,371	4,903,658
2012	78,922,796	5,834,255	105,650,411	44,799,731	48,566,682	17,169,138	9,304,585

(1) Includes general, special revenue, debt service, UTASC and capital projects funds.

Source: Ulster County Annual Financial Reports

Table 5

Home and Community Services	Employee Benefits	Debt Service (Principal & Interest)	Total
4,957,098	24,149,016	6,141,886	\$ 275,557,775
5,621,334	30,490,019	9,112,485	\$ 280,552,050
4,544,582	33,009,335	11,654,790	\$ 276,116,067
4,932,367	33,936,514	15,617,667	\$ 281,323,720
4,790,300	33,131,311	12,362,076	\$ 275,215,455
3,546,208	34,434,331	12,798,023	\$ 294,390,238
4,487,977	34,087,256	34,602,357	\$ 320,314,680
5,219,808	39,806,712	14,525,877	\$ 305,488,471
3,630,917	40,102,026	14,768,593	\$ 307,918,145
5,289,708	45,749,685	15,247,718	\$ 319,832,872

Table 6

Use of Money and Property	Licenses and Permits	Fines and Forfeitures	Sale of Property and Compensation for Loss	Tobacco Settlement	Miscellaneous	Interfund Revenues	Total
4,741,278	11,912	425,801	377,230	2,509,302	3,521,319	6,523,819	\$ 237,450,986
4,765,356	13,117	514,296	439,529	2,679,548	2,114,538	7,685,604	\$ 252,450,821
3,115,226	11,862	535,175	812,856	2,717,362	1,338,879	9,751,192	\$ 258,325,539
4,230,682	12,720	519,884	2,566,049	2,486,193	1,380,514	9,923,823	\$ 275,447,304
4,273,204	11,068	488,588	619,354	2,587,417	2,054,800	9,666,438	\$ 287,464,407
2,639,687	24,480	447,367	674,209	2,641,654	421,048	10,094,829	\$ 296,219,208
1,577,817	23,020	519,512	2,273,710	2,913,103	1,647,627	9,707,316	\$ 298,981,509
1,487,138	25,080	730,193	1,136,334	2,424,288	350,357	10,808,054	\$ 301,763,718
1,429,721	1,569	812,708	1,137,137	2,298,424	253,340	12,569,586	\$ 303,057,260
1,519,776	29,320	783,664	1,208,745	2,343,973	814,418	14,465,749	\$ 331,413,243

Table 7

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

Year	Taxes on Roll (2)	Home Relief (2)	Other Adjustments (2)	Net Taxes	Collections During Year	Uncollected Taxes (1)	Percent of levy Collected (1)
2003	113,176,034	(357,524)	(224,171)	112,594,339	107,834,354	5,341,680	95.28%
2004	121,326,970	(514,132)	(225,612)	120,587,226	116,406,428	4,920,542	95.94%
2005	132,241,924	(676,006)	(310,935)	131,254,983	127,855,265	4,386,659	96.68%
2006	156,341,726	(616,372)	(174,095)	155,551,259	151,565,098	4,776,628	96.94%
2007	166,199,430	(844,495)	(148,731)	165,206,204	160,722,398	5,477,032	96.70%
2008	172,212,848	(962,981)	(159,997)	171,089,870	165,852,760	6,360,088	96.31%
2009	180,342,958	(1,010,018)	(132,658)	179,200,282	172,391,436	7,951,522	95.59%
2010	188,232,693	(1,278,961)	(109,274)	186,844,458	179,323,504	8,909,189	95.27%
2011	193,884,236	(1,360,336)	(58,059)	192,465,841	184,571,901	9,312,335	95.20%
2012	198,801,463	(1,569,819)	(126,960)	197,104,684	190,384,670	8,416,793	95.77%

Note: Taxes on Roll includes relieved school taxes.

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

Table 8

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

Year	Assessed Value	Estimated Actual Value	Ratio of Total Assessed Value to Total Estimated Actual Value
2003	7,154,426,806	10,356,115,419	69.08%
2004	9,130,079,900	13,761,135,352	66.35%
2005	9,105,245,785	13,708,993,530	66.42%
2006	11,192,165,536	16,583,471,592	67.49%
2007	13,599,852,966	18,988,287,662	71.62%
2008	14,042,946,120	20,935,729,372	67.08%
2009	16,341,240,966	21,484,261,701	76.06%
2010	16,246,087,904	20,945,147,626	77.56%
2011	16,335,383,709	19,938,963,280	81.93%
2012	15,755,567,732	18,857,224,609	83.55%

Source: Ulster County Real Property Tax Service Agency Annual Reports

Table 9

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

Fiscal Year	County Millage	Town Millage	School District Millage	Total
2003	34.14	45.61	168.42	\$ 248.17
2004	34.44	49.01	175.18	\$ 258.63
2005	49.60	51.33	213.59	\$ 314.52
2006	42.30	36.15	146.38	\$ 224.83
2007	16.11	20.88	73.12	\$ 110.11
2008	16.48	19.60	72.47	\$ 108.55
2009	16.88	20.32	72.81	\$ 110.01
2010	17.63	19.29	75.03	\$ 111.95
2011	17.60	22.54	77.94	\$ 118.08
2012	18.90	23.02	82.09	\$ 124.01

Rates are per thousand dollars of assessed valuation.

Source: Ulster County Real Property Tax Service Agency Annual Reports

Table 10

**COUNTY OF ULSTER, NEW YORK**  
**Principal Taxpayers (1)**  
**December 31, 2012**

Taxpayer	Type of Business	Full Valuation (2)	Percentage of Total Full Valuation
City of New York	Water Supply Facilities	\$ 1,262,644,148	7.9%
New York State	State Properties	347,107,954	2.2%
Central Hudson Gas & Electric	Public Utility	333,227,745	2.1%
PCK Enterprises	Shopping Mall	94,225,109	0.6%
Tech City	Business Park	67,794,984	0.4%
Verizon	Public Utility	65,694,781	0.4%
Hudson Valley New Co, LLC	Manufacturer	55,055,721	0.3%
Smiley Brothers, Inc.	Hotel Resort Complex	27,876,000	0.2%
Criterion Atlantic	Warehouse	17,743,000	0.1%
Stony Run	Apartments	17,348,000	0.1%
		\$ 2,288,717,442	14.3%

Estimated 2012 Full Valuation (1) = \$ 15,978,332,129

Source: (1) Ulster County Real Property Tax Service Agency Annual Reports  
(2) Ulster County Real Property Tax Service Agency Principal Taxpayer Compiler

Table 11

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

Year	Population (1)	Assessed Value (2)	Net Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2003	177,749	7,154,426,806	111,313,616	1.5559%	626.24
2004	177,749	9,130,079,900	123,839,375	1.3564%	696.71
2005	177,749	9,105,245,785	122,927,632	1.3501%	691.58
2006	177,749	11,192,165,536	110,780,127	0.9898%	623.24
2007	177,749	13,599,852,966	113,187,622	0.8323%	636.78
2008	177,749	14,042,946,120	110,475,359	0.7867%	621.52
2009	177,749	16,341,240,966	109,664,734	0.6711%	616.96
2010	182,493	16,246,087,904	100,597,500	0.6192%	551.24
2011	182,493	16,335,383,709	112,820,199	0.6906%	618.22
2012	182,493	15,755,567,732	100,523,573	0.6380%	550.84

Source: (1) Ulster County Planning Board Data Book - Schedule of Persons by Age and Sex

Accumulated from the Bureau of Census STF-1

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

(3) Ulster County Annual Financial Reports

Table 12

**COUNTY OF ULSTER, NEW YORK**  
**Computation of Legal Debt Margin**  
**December 31, 2012**

Year	Full Valuation of Real Property
2008	20,935,729,372
2009	21,484,261,701
2010	20,945,147,626
2011	19,938,963,280
2012	18,857,224,609
<b>Total</b>	<u>\$ 102,161,326,588</u>

Average full valuation of taxable real property \$ 20,432,265,318

Debt Limit - 7% thereof \$ 1,430,258,572

Net Bonded Debt \$ 100,523,573

Percentage of debt - contracting power exhausted 7.03%

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

Source: Ulster County Real Property Tax Service Agency Annual Reports

**COUNTY OF ULSTER, NEW YORK**  
**Computation of Direct and Overlapping Bonded Debt**  
**General Obligation Bonds and Bond Anticipation Notes**  
**December 31, 2012**

Jurisdiction	Outstanding Indebtedness	Exclusions	Net Indebtedness
<b>Direct:</b>			
County of Ulster	\$ 145,980,656	45,457,083	\$ 100,523,573
<b>Overlapping:</b>			
Towns	49,583,587	12,474,124	37,109,463
Villages	21,210,027	11,886,595	9,323,432
City	32,068,879	9,510,066	22,558,813
School Districts	225,510,464	132,374,417	93,136,047
Fire Districts	7,134,836	608,352	6,526,484
<b>Total Overlapping</b>	<b>335,507,793</b>	<b>166,853,554</b>	<b>168,654,239</b>
<b>Total</b>	<b>\$ 481,488,449</b>	<b>\$ 212,310,637</b>	<b>\$ 269,177,812</b>

Source: Fiscal Advisors & Marketing, Inc. (Bond & BAN issuance statement 11/15/12)  
and Latest New York State Comptroller's Report on Municipal Affairs.

Table 14

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

Year	Debt Service (Principal & Interest)	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2003	\$ 6,141,886	\$ 275,557,775	2.23%
2004	\$ 9,112,485	\$ 280,552,050	3.25%
2005	\$ 11,654,790	\$ 276,116,067	4.22%
2006	\$ 15,617,667	\$ 281,323,720	5.55%
2007	\$ 12,362,076	\$ 275,215,455	4.49%
2008	\$ 12,798,023	\$ 294,390,238	4.35%
2009	\$ 34,602,357	\$ 320,314,680	10.80%
2010	\$ 14,525,877	\$ 305,488,471	4.75%
2011	\$ 14,768,593	\$ 307,918,145	4.80%
2012	\$ 15,247,718	\$ 319,832,872	4.77%

Source: Ulster County Annual Financial Reports

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

Year	Population (1)	Per		
		Capita Income (2)	School Enrollment (3)	Unemployment Rate (4)
2003	177,749	27,025	28,006	4.6%
2004	177,749	28,667	28,278	4.9%
2005	177,749	30,373	28,174	4.4%
2006	177,749	32,570	27,667	4.2%
2007	177,749	34,051	27,001	4.3%
2008	177,749	36,521	26,591	5.5%
2009	177,749	36,519	26,053	7.7%
2010	182,493	37,741	25,643	8.2%
2011	182,493	39,589	24,901	8.2%
2012	182,493	N/A	24,332	8.8%

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

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

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

Year	Assessed Value (1)	Exemptions (1)	Total	Units of Construction (2)	Average Value (3)	Construction Value
2003	7,154,426,806	136,189,592	7,290,616,398	694	164,439	114,120,666
2004	9,130,079,900	143,325,329	9,273,405,229	807	202,416	163,349,712
2005	9,105,245,785	129,776,073	9,235,021,858	767	199,678	153,153,026
2006	11,192,165,536	190,692,399	11,382,857,935	530	203,408	107,806,240
2007	13,599,852,966	197,345,307	13,797,198,273	418	215,469	90,066,042
2008	14,042,946,120	188,283,589	14,231,229,709	270	206,055	55,634,850
2009	16,341,240,966	219,156,780	16,560,397,746	171	237,692	40,645,332
2010	16,246,087,904	219,107,591	16,465,195,495	168	257,775	43,306,200
2011	16,335,383,709	225,560,778	16,560,944,487	146	319,017	46,576,536
2012	15,755,567,732	222,764,397	15,978,332,129	156	223,896	34,927,735

Note: Assessed Values includes all classifications of taxable real property

Source: (1) Ulster County Real Property Tax Service Agency Annual Reports  
(2) Schedule of Total Residential Building Permits 2002 - 2011 per the Bureau of Census Residential Construction Branch.  
(3) Schedule of Average Value of Construction 2002 - 2011 per the Bureau of Census Building Permits Annual Summary

*Table 17*

**COUNTY OF ULSTER, NEW YORK**  
**Miscellaneous Statistics**  
**December 31, 2012**

Date Founded	November 1, 1683
Form of Government	Charter
Area in Square Miles	1,127
Miles of County Roads	425
Taxable Parcels of Property	84,888
Facilities & Services Not Included in the Reporting Entity	
Number of Cities	1
Number of School Districts	15
Number of Towns	20
Number of Villages	3
Number of Fire Districts	56
Number of Hospitals	3