

**NEW ISSUE  
STANDARD & POOR'S: "AA/STABLE OUTLOOK"****SERIAL BOND  
See "BOND RATING" herein**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

The Bonds will NOT be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

**\$1,610,000\*****COUNTY OF ULSTER, NEW YORK****GENERAL OBLIGATIONS****CUSIP BASE #: 903766****\$1,610,000\* Public Improvement Refunding (Serial) Bonds, 2020****(referred to herein as the "Bonds")****Dated: Date of Delivery****Due: November 15, 2020-2028****MATURITIES\***

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>
2020	\$ 5,000	%	%		2023	\$ 185,000	%	%		2026	\$ 215,000	%	%	
2021	170,000				2024	195,000				2027	225,000			
2022	180,000				2025	205,000				2028	230,000			

The Bonds are not subject to redemption prior to maturity, as described herein under the heading "THE BONDS – No Optional Redemption".

The Bonds are general obligations of the County of Ulster, New York (the "County"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, subject to applicable statutory limitations. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein.

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 each or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM").

Interest on the Bonds will be payable on May 15 and November 15 in each year until maturity commencing November 15, 2020. Principal and interest will be paid by the County to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds, as described herein.

The Bonds are offered when, as and if issued and received by the Underwriter and subject to the receipt of the approving legal opinion as to the validity of the Bonds of Orrick, Herrington & Sutcliffe, LLP, Bond Counsel, New York, New York. Certain legal matters will be passed on for the Underwriter by its Counsel, Hawkins Delafield & Wood LLP, New York, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC located in Jersey City, New Jersey on or about October 6, 2020.

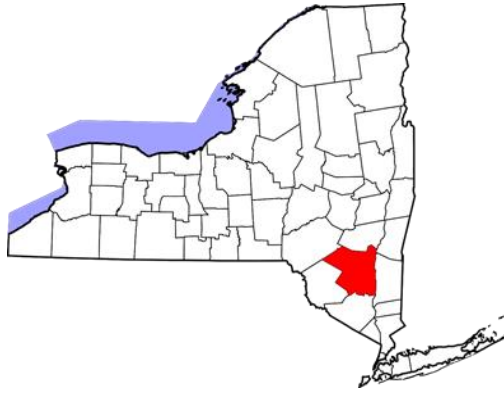
THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE COUNTY FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"). FOR A DESCRIPTION OF THE COUNTY'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS AS DESCRIBED IN THE RULE, SEE "CONTINUING DISCLOSURE" HEREIN.

**ROOSEVELT & CROSS INCORPORATED**

September \_\_, 2020

\* Preliminary, subject to change.

# COUNTY of ULSTER, NEW YORK



## COUNTY LEGISLATURE

DAVID B. DONALDSON

Chairman

LYNN ARCHER  
TRACEY A. BARTELS  
AL BRUNO  
BRIAN CAHILL  
THOMAS CORCORAN, JR.  
PETER CRISWELL  
JAMES H. DELAUNE  
DEAN FABIANO  
JOHN GAVARIS  
MANNA JO GREENE  
HEIDI HAYNES

JONATHAN R. HEPPNER  
HERBERT LITTS, III  
CRAIG V. LOPEZ  
MARY BETH MAIO  
JOHN R. PARETE  
LAURA PETIT  
KEVIN A. ROBERTS  
KENNETH J. RONK, JR.  
ABE UCHITELLE  
EVE WALTER  
MARY WAWRO

## COUNTY ADMINISTRATION

PATRICK K. RYAN

County Executive

BURTON GULNICK, JR.

Commissioner of Finance

NINA POSTUPACK

County Clerk

CLINTON JOHNSON, ESQ.

County Attorney



ORRICK, HERRINGTON & SUTCLIFFE LLP

Bond Counsel



FISCAL ADVISORS & MARKETING, INC.

Municipal Advisor

No dealer, broker, salesman or other person has been authorized by the County to give any information or to make any representations other than those contained in this Official Statement; and if given or made, such other information or representations must not be relied upon as having been authorized by the County. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the County from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date thereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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PREPARED WITH THE ASSISTANCE OF



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**OFFICIAL STATEMENT**  
**of the**  
**COUNTY OF ULSTER, NEW YORK**  
**Relating to**  
**\$1,610,000\* Public Improvement Refunding (Serial) Bonds, 2020**

This Official Statement, which includes the cover page and appendices, has been prepared by the County of Ulster, New York (the "County," "County," and "State," respectively), in connection with the sale by the County of its aggregate principal amount of \$1,610,000\* Public Improvement Refunding (Serial) Bonds, 2020 (referred to herein as the "Bonds").

The factors affecting the County's financial condition and the Bonds are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the County's tax base, revenues, and expenditures, this Official Statement should be read in its entirety.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State of New York, and acts and proceedings of the County contained herein do not purport to be complete, and are qualified in their entirety by reference to the official compilations thereof, and all references to the Bonds and the proceedings of the County relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

**This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the County's overall economic situation and outlook (and all of the specific County related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify.**

**NATURE OF OBLIGATION**

Each of the Bonds when duly issued and paid for will constitute a contract between the County and the holder thereof.

Holders of any series of notes or bonds of the County may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of notes or bonds.

The Bonds will be general obligations of the County and will contain a pledge of the faith and credit of the County for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the County has power and statutory authorization to levy ad valorem taxes on all real property within the County subject to such taxation by the County, subject to applicable statutory limitations.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay "interest on or principal of indebtedness theretofore contracted" prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limitation Law") applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the County is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the County's power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. (See "TAX LEVY LIMITATION LAW," herein.)

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State's highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

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\* Preliminary, subject to change

“A pledge of the City’s faith and credit is both a commitment to pay and a commitment of the City’s revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City’s “faith and credit” is secured by a promise both to pay and to use in good faith the City’s general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit” are used and they are not tautological. That is what the words say and this is what the courts have held they mean...So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City’s power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted...While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

In addition, the Court of Appeals in the Flushing National Bank (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term “faith and credit” in its context is “not qualified in any way”. Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, “with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations.” According to the Court in Quirk, the State Constitution “requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness.”

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a “first lien” on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

While the courts in New York State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

## **THE BONDS**

### **Description of the Bonds**

The Bonds will be dated the date of delivery and will mature in the principal amounts as set forth on the cover page. The “Record Date” of the Bonds will be the last business day of the calendar month preceding each such interest payment date.

The Bonds will be issued as registered bonds and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository for the Bonds in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable semi-annually on May 15 and November 15 in each year until maturity commencing November 15, 2020. Principal and interest will be paid by the County to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds. See “BOOK-ENTRY-ONLY SYSTEM” herein. The Bonds may not be converted into coupon bonds or be registered to bearer.

## No Optional Redemption

The Bonds are not subject to redemption prior to maturity.

## BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the County, on payable dates in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the

responsibility of such Participant and not of DTC or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE COUNTY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE COUNTY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE COUNTY MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

### **Certificated Bonds**

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the County and discharging its responsibilities with respect thereto under applicable law. In the event that such book-entry-only system is discontinued, the following provisions will apply: The Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof for any single maturity. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State as a fiscal agent to be named by the County upon termination of the book-entry-only system. Interest on the Bonds will be payable on November 15, 2020 and semi-annually thereafter on May 15 and November 15. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owners of the Bonds, on each interest payment date at the address as shown on the registration books of the fiscal agent as of the last business day of the calendar month preceding each such interest payment date. The Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Certificate of Determination of the Commissioner of Finance authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the last business day of the calendar month preceding an interest payment date and such interest payment date.

## AUTHORIZATION AND PLAN OF REFUNDING

### Authorization and Purpose

The Bonds are being issued pursuant to the Constitution and statutes of the State, including particularly section 90.10 or 90.00 of the Local Finance Law, a refunding bond resolution adopted by the County Legislature on August 18, 2020 (the “Refunding Bond Resolution”) and other proceedings and determinations related thereto. The Refunding Bond Resolution authorizes the refunding of all or a portion of the \$2,015,000 outstanding principal amount of the Public Improvement (Serial) Bonds, 2013 originally issued by the County in the aggregate principal amount of \$3,318,500 (the “Refunded Bonds”) and authorizes issuance of the Bonds to provide the funds necessary to effect the refunding of the Refunded Bonds.

The Refunded Bonds were issued pursuant to the Constitution and statutes of the State, including among others, the County Law, the Local Finance Law and various bond ordinances for the following purposes and amounts:

#### **\$3,318,500 Public Improvement (Serial) Bonds, 2013 – Dated November 15, 2013**

<u>Purpose</u>	<u>Amount Originally Issued</u>
Various capital improvement projects	\$ 3,318,500

The proceeds of the Bonds are intended to be used to purchase a portfolio of non-callable direct obligations of the United States of America (the “Government Obligations”) and pay certain costs of issuance related to the Bonds. The principal of and investment income on the portfolio of Government Obligations together with other available cash on deposit in the Escrow Deposit Fund (as hereinafter defined) are expected to be sufficient to pay the maturing principal of and interest on the Refunded Bonds.

All proceeds of the Refunded Bonds have been heretofore expended.

### The Refunding Financial Plan

The Bonds are being issued to effect the refunding of the Refunded Bonds pursuant to the County’s refunding financial plan (the “Refunding Financial Plan”). The Refunding Financial Plan provides that the proceeds of the Bonds (after payment of the underwriting fee and other costs of issuance related to the Bonds) are to be applied to the purchase of the Government Obligations. The Government Obligations are to be placed in an irrevocable escrow fund (the “Escrow Deposit Fund”) with Wilmington Trust, N.A., an affiliate of M&T Bank Corporation, (the “Escrow Holder”), pursuant to the terms of an escrow contract (the “Escrow Contract”) by and between the County and the Escrow Holder. The Refunding Financial Plan further provides that the Government Obligations so deposited will mature in amounts and bear interest sufficient, together with any un-invested cash deposited into the Escrow Deposit Fund from proceeds of the Bonds, to meet principal and interest payments with respect to the Refunded Bonds on the dates such payments are due or, in the case of Refunded Bonds subject to redemption prior to maturity, upon their earliest redemption dates (the “Payment Dates”). The Refunding Financial Plan calls for the Escrow Holder, pursuant to the Refunding Bond Resolution and the Escrow Contract, to call for redemption all the then outstanding Refunded Bonds on the first permitted redemption date. The owners of the Refunded Bonds will have a first lien on all of the respective cash and Government Obligations necessary for the refunding in the Escrow Deposit Fund into which are required to be deposited all investment income on and maturing principal of the Government Obligations, together with the un-invested cash deposit, until the Refunded Bonds have been paid, whereupon the Escrow Contract, given certain conditions precedent, shall terminate.

The County is expected to realize, as a result of the issuance of the Bonds, and in accordance with the Refunding Financial Plan, cumulative dollar and present value debt service savings.

Under the Refunding Financial Plan, the Refunded Bonds will continue to be general obligations of the County and will continue to be payable from County sources legally available therefore. However, inasmuch as the Government Obligations and cash held in the Escrow Deposit Fund will have been verified to be sufficient to meet all required payments of principal and interest on the Refunded Bonds, it is not anticipated that such County sources of payment will be used.

The list of Refunded Bond maturities set forth on the following page below may be changed by the County in its sole discretion due to market or other factors considered relevant by the County at the time of pricing of the Bonds and no assurance can be given that any particular maturity thereof will be refunded:



**\$3,318,500 Public Improvement (Serial) Bonds, 2013 – Dated November 15, 2013**  
**CUSIP BASE: 903766**

<u>Due November 15<sup>th</sup></u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CSP</u>
2021	\$ 205,000	2.500%	11/9/2020	100.00%	A37
2022	210,000	3.000	11/9/2020	100.00	A45
2023	215,000	3.000	11/9/2020	100.00	A52
2024	225,000	3.000	11/9/2020	100.00	A60
2025	230,000	3.000	11/9/2020	100.00	A78
2026	240,000	3.000	11/9/2020	100.00	A86
2027	245,000	3.125	11/9/2020	100.00	A94
2028	<u>250,000</u>	3.250	11/9/2020	100.00	B28
	<u>\$ 1,820,000</u>				

The New York Local Finance Law provides that upon placement in escrow of proceeds of refunding bonds sufficient to provide for the payment of the principal of and interest on the bonds to be refunded by such refunding Bonds, such bonds are no longer counted in computing the County's debt for statutory debt limitation purposes.

**Verification of Mathematical Computations**

Causey Demgen & Moore P.C., a firm of independent public accountants, will deliver to the County, on or before the settlement date of the Bonds, its attestation report indicating that it has verified, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the County and its representatives. Included in the scope of its engagement will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on, the Government Obligations listed in the underwriter's schedules, used to fund the Escrow Deposit Fund to be established by the Escrow Holder to pay, when due, the maturing principal and redemption premium of and interest on the Refunded Bonds; and (b) the mathematical computations supporting the conclusion of Bond Counsel that the Bonds are not "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated thereunder.

The verification performed by Causey Demgen & Moore P.C. will be solely based upon data, information and documents provided to Causey Demgen & Moore P.C. by the County and its representatives. The Causey Demgen & Moore P.C. verification report will state Causey Demgen & Moore P.C. has no obligations to update the report because of events occurring, or data or information coming to their attention, subsequent to the date of the report.

**Sources and Uses of Bond Proceeds**

Proceeds of the Bonds are to be applied as follows:

<b>Sources:</b>	Par Amount of the Bonds	
	Original Issue Premium	
		Total
<b>Uses:</b>	Deposit to Escrow Fund	
	Underwriter's Discount	
	Costs of Issuance and Contingency	
		Total

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## **THE COUNTY**

### **General Information**

The 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. It is one of the original twelve counties of the State, founded on November 1, 1683. The County covers an area of 1,142.8 square miles. The southern border of the County is 70 miles north of New York City. Within the County are a variety of recreational, commercial, educational, residential and cultural facilities. The County includes a large part of the Catskill and Shawangunk Mountains.

The communities of the County reflect great diversity: Kingston is the County seat and service center, and is located on the Hudson River; immediately north of Kingston is the Town of Ulster, the retail/commercial center of the County; Woodstock is an art colony and cultural center located in the deeply wooded area slightly 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, 20 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 10 miles north of Kingston. Phoenicia is a hunting and fishing center 24 miles northwest of Kingston in the Catskill Mountains and is a year-round resort and second home residential area; Hurley, one of the oldest communities in the County, is dotted with rugged, seventeenth-century stone homes, and is an agricultural and residential center; Highland is the center of the Hudson Valley wine industry with apple, peach and grape orchards and a growing manufacturing and retail base tied closely with the Poughkeepsie urbanized area on the east side of the Hudson. The southern tier of the County is experiencing residential growth pressure from neighboring Orange County. Ellenville is a vacation center and home of several resort hotels and is a recreational and trading center for several counties.

Source: County officials.

### **Education**

Elementary and secondary education facilities are provided by 15 school districts. Seven of the districts are completely within the County and an additional eight are partially within the County. Higher education facilities are available at the State University of New York at New Paltz offering undergraduate and graduate degree programs in the liberal arts, business administration, and sciences, the fine and performing arts and education. The 257-acre campus has an enrollment of approximately 8,250. Ulster County Community College at Stone Ridge is a two-year college offering programs in liberal arts and sciences, nursing, fire protection technology, water quality monitoring, GIS and Computer Technology and business and secretarial courses.

Source: County officials.

### **Recreation**

The County's Catskill and Minnewaska Mountains provide access to numerous scenic trails and form a natural backdrop to its many vacationers. Visitors may avail themselves of many recreational opportunities, historical sites or antique hunting. Many communities have their own swimming pools and numerous private/public golf courses are easily accessed. The County maintains town major parks with swimming facilities and campgrounds, resorts, dude ranches and ski facilities offer private recreational facilities. The County's Esopus Creek offers world-class trout fishing, the Hudson River offers access to sturgeon, with other lakes and streams offer freshwater fishing opportunities. Areas along the Hudson River now host glamping during the summer. The County also has about 50 miles of rail trails. The County is looking to expand on this network by among other things connecting the Ashokan Reservoir to the Walkway over the Hudson. The Walkway provides convenient access to the nearby Metro-North Station in Poughkeepsie with its trains to New York City. As of 2018, the Hudson Valley Rail Trail now extends past Highland and into the Town of New Paltz. Construction of this trail has begun in the Village of New Paltz, and will connect with the Wallkill Valley Rail Trail using on- and off-road facilities. The Midtown Linear Park in Kingston is a third complete. Both the Midtown Linear Park and the Hudson Valley Rail Trail will form segments of the future Empire State Rail Trail. The Kingston Rail Trail is having its construction plans and easement acquisitions finalized. It will connect Kingston to the O&W Rail Trail and towns in the Rondout Valley. The Ashokan Rail Trail continues to make progress with large segments of its surface completed.

Source: County officials.

### **Health Care**

There are three voluntary, non-profit hospitals located in the County. In 2013, the Health Alliance of the Hudson Valley which was created in 2006, combined the functions of two hospitals, Benedictine Hospital (renamed Mary's Ave Campus), in the City of Kingston, which has a 222-bed capacity and Kingston Hospital (renamed Broadway Campus), also in Kingston, which has a 160- bed capacity. The third hospital is Ellenville Regional Hospital, a 25-bed facility serving the southwestern portion of the County. The Ellenville Regional Hospital offers rooms to patients on an individual basis. Both hospitals with the Health Alliance

have postgraduate and continuing education affiliation with Albany Medical Center and Albany Medical College. Ellenville is also affiliated with the Westchester County Health Care Corporation. Health Quest opened small healthcare facilities in Kingston during the last few years, and last year opened a multispecialty center in Highland. Health Quest has another center under construction in Lake Katrine in a previously vacant area of the Hudson Valley Mall.

Source: County officials.

## **Transportation**

The County stands between the nation's two most populous markets: New York and New England. Both can be reached via the New York State Thruway. The Thruway interconnects with other major roads: The Northway, the Massachusetts Turnpike, the New Jersey Turnpike and Interstates 84 and 95. In the early days the Hudson River was an inducement to industry, and it still carries river shipping south to New York City and north to Albany.

The Thruway has three exits serving the County for New Paltz, Kingston, and Saugerties, which connect with the roads that interlace the County. Route 28 heads northwest toward Woodstock, Shokan and Phoenicia. Route 209 heads southwest toward Ellenville. Route 52 bisects Ellenville and connects with Route 17. Routes 9W and 32 provide north-south travel. Access to the east bank of the Hudson River is available across the Kingston-Rhinecliff Bridge or Mid-Hudson Bridge. Albany Airport, about one hour north by auto, is served by American, Boutique Air, Cape Air, Delta, JetBlue, Southwest and United. Stewart Airport, just south of the County border, is served by five (5) airlines: Allegiant, American, Delta, JetBlue and Norwegian Air. Domestic passenger traffic increased from 366,130 in 2018 to 369,954 in 2019. International passenger traffic at Stewart accounted for 159,591 individuals in 2019. Norwegian Air currently concentrates its service between Stewart and Dublin, Ireland. Stewart is also the home of an active air freight terminal which houses Airborne, Emery and Federal Express. The National Guard uses the airport for a variety of flights, including transporting of supplies. Three private airports are located within the County. The airport complex of New York City - New Jersey is an hour and one-half south. The County is served by four bus systems - Adirondack Trailways, Short Line, Kingston CitiBus and Ulster County Area Transportation (UCAT).

Adirondack Trailways provides most of the regular inter-city bus service to and from points in Ulster County to New York City. In addition to relatively frequent service to New York City's Port Authority Bus Terminal, there is direct service to Long Island, Westchester County, Albany, Oneonta and intermediate points. New Paltz sees a lot of this inter-city bus service because it is a tourist destination and has a campus the State University of New York. From New Paltz, there are generally 20 departures to New York on weekdays, 14 Saturday departures, and 18 Sunday departures. Returning to New Paltz, there are up to 22 trips on weekdays, 17 on Saturdays, and 18 trips on Sundays. Some additional trips are added during peak travel periods, such as Friday afternoons. The fare between New York and New Paltz is \$23 for a one-way ticket. Trailways' bus terminal in Kingston is currently being renovated, and will be able to accommodate more bus traffic. Trailways service was suspended because of the COVID-19 pandemic, but modified service began on June 1<sup>st</sup>.

The Ulster-Poughkeepsie LINK is a Federal and State funded project which provides a regional public transit shuttle linking Ulster County and Poughkeepsie. The service reduces the number of single occupancy vehicles (SOV) crossing the bridge between Ulster County and Dutchess County, improves air quality and reduces the need for parking at the Poughkeepsie Train Station. UCAT extends this service into Kingston, giving residents of Ulster County's largest municipality direct public transit access to the Metro North Station in Poughkeepsie.

Source: County officials.

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

The Ulster County Capital Resource Corporation ("UCCRC") was formed on May 11, 2010 to promote community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of Ulster County by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses, and other entities to access low interest tax-exempt and non-tax-exempt financing for their eligible projects. The County Legislature appoints the entire governing board and is therefore exercises control over the organization. UCCRC has a fiscal year that ends December 31. UCCRC is presented discretely as a component unit of the County. UCCRC debt is not guaranteed or otherwise payable by the County. Separate financial statements may be obtained from the Ulster County Capital Resource Corporation, P.O. Box 4265, Kingston, N.Y. 12402.

## **Ulster County Economic Development Alliance (UCEDA)**

The Ulster County Economic Development Alliance (“UCEDA”), formerly known as the Ulster County Development Corporation, promotes job growth, economic development and community revitalization for Ulster County by unified regional and national marketing and provides business financing through a variety of countywide and municipal revolving loan funds. UCEDA’s sole Member is the County of Ulster, New York acting by and through the County Executive, ex officio. The number of Directors of the Corporation is seven, established by resolution adopted by the member. UCEDA has a fiscal year that ends December 31. UCEDA is presented as a nonmajor governmental special revenue fund of the County. UCEDA debt is not guaranteed or otherwise payable by the County. Separate financial statements may be obtained from the Ulster County Economic Development Alliance, P.O. Box 1800, Kingston, N.Y. 12402.

## **Ulster County 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 the County. UCIDA debt is not guaranteed or otherwise payable by the County. UCIDA was formed to promote and develop the economic growth of Ulster County and assist in attracting industry to the County. The County Legislature appoints the entire governing board and therefore exercises control over the agency. UCIDA has a fiscal year that ends December 31, and is presented discretely as a component unit of the County. Separate financial statements may be obtained from the Ulster County Industrial Development Agency, P.O. Box 4265, Kingston, NY 12402.

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

The Ulster County Resource Recovery Agency (“UCRRA”) was created on December 31, 1986 by State Legislation (Chapter 936, Laws of New York), which amended the Public Authorities Law. The County entered into an agreement on January 26, 1988 with UCRRA to develop a plan and manage solid waste and recovery systems within the County. The County agreed to finance and fund UCRRA until a solid waste management plan was developed and implemented. The County approved a solid waste management plan on December 30, 1991, which was subsequently approved by the NYS Department of Environmental Conservation in April 1993. This plan enabled UCRRA to issue revenue bonds, to repay the County and finance the operating and capital expenditures for a solid waste management system. The County entered into a service agreement with UCRRA; whereby UCRRA will construct, maintain and operate the system. In exchange, the County has guaranteed to fund any operating, capital or debt service deficits with the payment to UCRRA of a net service fee pursuant to the terms set forth in the service agreement. In December of 2012 a countywide Flow Control Law was passed by the Ulster County Legislature and signed into law by the Ulster County Executive. The Flow Control Law mandates that all municipal solid waste generated within the County of Ulster must be brought to the UCRRA. The major financial impacts of this new law resulted in an increase in solid waste service fees, the elimination of County net service fees, and the ability of UCRRA to be self-sustaining. The UCRRA met all of its obligations for fiscal year 2016 without the assistance of a County subsidy.

## **Population Trends**

The County’s population is as follows:

U.S. Census 1960 .....	118,804
U.S. Census 1970 .....	141,241
U.S. Census 1980 .....	158,158
U.S. Census 1990 .....	165,304
U.S. Census 2000 .....	177,749
U.S. Census 2010 .....	182,493
U.S. Census 2019 (estimated) .	177,573

Source: U.S. Census Bureau, Population Division.

## Selected Wealth and Income Indicators

Per capita income statistics are available for the County and State. Listed below are select figures from the 2000, 2006-2010 and 2014-2018 American Community Survey 5-Year Estimates reports.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2014-18</u>	<u>2000</u>	<u>2006-2010</u>	<u>2014-18</u>
County of:						
Ulster	\$ 20,846	\$ 28,954	\$ 33,879	\$ 51,708	\$ 70,513	\$ 79,640
State of:						
New York	23,389	30,948	37,470	51,691	67,405	80,419

Note: 2015-2019 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2014-2018 American Community Survey data.

## Unemployment Rate Statistics

Unemployment statistics are available for the County as such. The information set forth below with respect to the County is included for informational purposes only.

	<u>Annual Average</u>							
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Ulster County	8.3%	7.1%	5.7%	4.8%	4.4%	4.5%	3.9%	3.8%
New York State	8.5%	7.7%	6.3%	5.3%	4.9%	4.7%	4.1%	4.0%

	<u>2020 Monthly Figures</u>								
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>June</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>
Ulster County	4.2%	4.1%	4.1%	14.9%	10.8%	11.2%	12.4%	N/A	N/A
New York State	4.1%	3.9%	4.2%	15.1%	14.2%	15.6%	16.0%	N/A	N/A

Note: Unemployment rates for August and September 2020 are unavailable as of the date of this Official Statement. Unemployment rates for the foreseeable future are expected to increase substantially over prior periods as a result of the COVID-19 pandemic. (See “MARKET AND RISK FACTORS -COVID-19” herein).

Source: Department of Labor, State of New York. Figures not seasonally adjusted.

## Local Economy

Tourism and agriculture are important contributors to the economy of the County. The County offers easy accessibility from the New York City Metropolitan area and a variety of seasonal activities, including skiing, hiking, wine tours and trout fishing. Major hotels include Mohonk Mountain House, Hudson Valley Resort Spa & Conference Center, Super 8, Holiday Inn, Courtyard by Marriott, Rocking Horse Ranch, Quality Inn, Comfort Inn, Pine Grove and Emerson Inn and Spa. Additional hotels include the Hampton Inn, Minnewaska Lodge, Howard Johnson Hotel and Ramada Inn. New hotels opened recently, namely the Holiday Inn Express and Residence Inn by Marriott in the Town of Ulster and Esopus Farms (hotel and campground) in the Town of Esopus. Construction on Star Vodka, which is a distillery with a hotel and restaurant, continues in Esopus. Visitor spending in Ulster County for 2018, the most recent year available, was approximately \$651,530,000, an increase from \$586,983,000 in 2017. Ulster County composes a large portion of the tourism revenues in the region.

Ulster County has a number of very large proposed destination resort projects such as Bellayre Resort by Crossroads Ventures and the redevelopment of the Williams Lake Hotel. Between the two projects, \$450 million of investment is anticipated, with the accompanying creation of 700 jobs. Some internal infrastructure has been completed for the Williams Lake project in Rosendale with the subdivision municipal approvals for the residential phase. The Williams Lake project is currently in the process of obtaining approvals from the county health department and New York State Department of Environmental Conservation for the water and sewer treatment plant, ahead of the hotel and resort phase. Ulster County has welcomed a new tourism destination, Diamond Mills, a resort and conference center in Saugerties, that used \$11 million in recovery zone facility bonds issued through the Ulster County Industrial Development Agency and are not debt to the County. The Walkway Over the Hudson has attracted well over a million visitors in its few years of operation and a major branding effort is now underway. The County is working with

NYS Parks to connect the Walkway to other trails and to enhance the impact of this attraction on local business. Finally, there are upgrades to resort properties, such as the former Granit to the Hudson Valley Spa and Conference Center and the former Fallsview to Honor's Haven Resort and Spa.

Race horse breeding has become a major industry as the County is host to over 50 horse facilities of which 10 are used for breeding race horses (Source: Ulster County Horse Facilities). The County is among State's largest producer of fresh market apples and sweet corn. Agricultural sales have been steadily increasing with a total now estimated in excess of \$50 million. The County has around 71,000 acres within State Certified Agricultural Districts to help protect this valuable industry. Ulster County is now home to the Local Economies Project (LEP) whose major initiatives revolve around food hubs (infrastructure and marketing), farm hubs (farmer training and services), and education (farm-to-school and community). The LEP has already created a Farm Hub that serves as a regional center for farmer training, agricultural research and demonstration of innovative farm technologies at Gill Farms in Hurley, NY. Gill Farms, in operation since 1937, is located on 1,255 acres of highly productive prime farmland in one of the most scenic and productive agricultural regions in the Hudson Valley. An increasing number of landowners with forested land are renting to producers of maple products, converting large tracts of underutilized land into income producing properties.

New York State and institutional employers are also major components of the County's economic base. The State University of New York at New Paltz currently employs around 1,500 persons. New Paltz, with its proximity to New York City and Long Island, is steadily increasing in prestige, particularly its art programs. Ulster County Community College currently employs about 300 persons. It continues to see enrollment increases, opposite the statewide trend with community colleges.

The State Correctional Department operates four major detention facilities in the County, none of which are slated for closure. There are two such facilities located in Napanoch. One is the Eastern Correction Facility (maximum security), which employs approximately 650 people; the other is the Ulster Correctional Facility (medium security) which employs approximately 420 persons. The State Correctional Facility (Shawangunk, mixed security) presently employs approximately 400 persons and the Wallkill Correctional Facility presently employs approximately 280 persons. In addition, the New York State Unified Court System employs approximately 50 judiciary employees within Ulster County. The State also operates a youth residential facility in Highland that employs approximately 220 persons.

The hospitals in the County are also major employers as well as providing important services. The Health Alliance of the Hudson Valley bought the two large hospitals in Kingston and merged them into one hospital with two campuses a few years ago. Together, the Broadway and Mary's Ave Campuses have approximately 1,700 employees, with certain employees travelling between both campuses. Another hospital, the Ellenville Regional Hospital located in southwestern Ulster County has approximately 215 employees. Skilled nursing facilities are also located in the County. The life-cycle community of Woodland Pond in New Paltz represents an investment of over \$94 million and has approximately 335 employees.

The County is a retail center, not only for its own residents but also for sections of neighboring counties. Large shopping centers serve the area; five in the Greater Kingston - Ulster area ; two in New Paltz; one in Saugerties; one in Highland, three in rural areas of Ulster County and two near Ellenville. Major chains such as Aeropostale, Dick's Sporting Goods, Wal-Mart, Sam's Club, Lowes, Home Depot, Target, Best Buy, Barnes & Noble, H & M, Old Navy, Kohl's, Marshalls, DSW, Tractor Supply Company, Men's Warehouse and Gander Outdoors are represented as are a wide range of specialty shops and restaurants (Chipotle, Starbucks, Ninety-Nines, Texas Roadhouse, Applebee's, etc.) Retail chains continue to open operations in a variety of towns throughout the County. DSW opened a store in Lake Katrine in 2018. Tractor Supply operates an established store in Highland, and it opened new locations in Lake Katrine in 2017 and another in Napanoch in 2018.

A September 20, 2013 article in the *Wall Street Journal* profiled the City of Kingston and its "burgeoning small-business and dining scene." The County's main streets are enjoying a resurgence attributed to increased tourism, local entrepreneurs, advantageous use of social media and internet sales, and increasing sentiments to buy local. The feature article in the April 27, 2017 edition of the Kingston Times discussed the "agricultural renaissance" taking place in Ulster County because of the increased farming activity across the area. The feature article in following edition of the Kingston Times on May 4, 2017, discussed the film industry's presence in the County with this area becoming increasingly popular as a location for filming movies. New York State extended its film tax credits to Ulster County in 2016, with films in production here on a regular basis. A new, multiplex movie theater opened in Lake Katrine in 2019, refurbishing and using the same space as the theater that closed in late 2018.

Finally, the County has been able to utilize its geographic location, cost advantages, quality of life, and abundant recreational opportunities to attract a solid base of small, highly successful knowledge based companies, the so called "creative economy" and "green economy". These are exemplified by companies like Applestone Meat Company, DragonSearch, Sono-Tek, Se'lux, Fala Technologies, Hudson Valley Harvest, Farm to Table Co-Packers, Elna Magnetics, Visco, Zumtobel and 721 Media Center. DragonSearch is based out a newly renovated building called the Senate Garage. The Senate Garage rents "creative co-working space", and is located on the grounds of the Senate House State Historic Site.

Source: County officials.

## Recent Economic Developments

The average annual unemployment rate for Ulster County in 2019 was 3.8%, decreasing from 3.9% in 2018. The most recently available unemployment rate from April 2020 is 14.6%. In March 2020, it had been 4.1%. This sharp monthly increase is due to the COVID-19 pandemic. The annual labor force figure decreased from 2018 to 2019, going from 88,300 to 87,700, respectively. Since 2014, the average labor force has been around 88,000 people. Through 2019, Ulster County saw decreasing annual unemployment rates with roughly the same number of people in the labor force.

Figures from the New York State Department of Labor (NYSDOL) show the average number of people employed in private-sector jobs in Ulster County increased steadily from 2012 to 2018, when average employment went from 43,705 to 47,901. Data for 2019 is preliminary, but with average annual employment at 47,635 for private-sector jobs. The most recent data from the U.S. Census Bureau's American Community Survey shows the trend of Ulster County residents finding employment in other areas reversing, albeit slightly. An estimated 64.8% of Ulster County workers remained in the County for employment in 2018, up slightly from 64.3% in 2017.

Per capita personal income data for the County shows an increase of 4.0% from 2017 to 2018, rising from \$48,508 to \$50,462, respectively. The median family income as calculated by the United States Department of Housing and Urban Development (HUD) went from \$83,300 for 2019 to \$83,700 in 2020.

The 2010 Census reports a total population of 182,493, a 2.7% increase from 177,749 as reported in the 2000 Census. The most recent Census estimates have the County's population at 177,573 for 2019. The most recent figures from the New York State Association of Realtors has the County's 2019 median sale price for residential properties at \$248,000, up from \$230,00 in 2018. The New York State Department of Taxation and Finance has a residential median sale price of \$218,250 for 2017 and \$228,000 for 2018. Another sizable increase came last year in 2019 when the median sale price was \$245,000. Rental housing data collected by the County Planning Department for 2019 has a vacancy rate of 3.51%.

Source: County officials.

## Larger Employers

In addition to the larger employers previously discussed, the following business concerns, each with approximately 100 or more employees, are located in the County.

### Non-Retail Businesses

<u>Name</u>	<u>Employees</u>	<u>Product</u>	<u>City</u>
County of Ulster	A	Government	Kingston
Health Alliance of the Hudson Valley	A	Health Services	Kingston/New Paltz
State Correctional Facilities	A	Correctional Services	Wallkill/Napanoch
SUNY New Paltz	A	Educational Services	New Paltz
Bank of America, N.A.	B	Finance	Kingston
Mohonk Mountain House	B	Resort/Hotel	New Paltz
SUNY Ulster	B	Educational Services	Stone Ridge
BOCES	C	Educational Services	New Paltz/Port Ewen
City of Kingston	C	Government	Kingston
Hudson Valley Resort & Spa	C	Resort/Hotel	Kerhonkson
Kingston Consolidated School District	C	Educational Services	Kingston
Northeast Center for Special Care	C	Health Services	Lake Katrine
Ten Broeck Commons	C	Health Services	Lake Katrine
Honor's Haven	C	Resort/Hotel	Ellenville
Ulster Savings	C	Finance/Insurance	Kingston
Ametek Rotron	D	Electrical Manufacturing	Woodstock
Brooklyn Bottling Company	D	Food Manufacturing	Milton
CH Energy Group	D	Utility	Kingston
Ellenville Central School District	D	Educational Services	Ellenville
Ellenville Regional Hospital	D	Health Services	Ellenville
Elna Magnetics	D	Electrical Manufacturing	Saugerties
Fair Rite Products	D	Electronic Manufacturing	Wallkill
Fala Technologies	D	Electronic Manufacturing	Kingston
Full Moon Resort	D	Resort/Hotel	Shandaken
Gateway Community Industries	D	Miscellaneous Manufacturing	Kingston
GHI Insurance	D	Insurance	Lake Katrine
HUCK International	D	Metal Manufacturing	Kingston

## **Retail Businesses**

<u>Name</u>	<u>Employees</u>	<u>Product</u>	<u>City</u>
Wal-Mart	B	Retail – All	Kingston
Hannaford	C	Retail - Grocery	Kingston (2)/Highland / Plattekill
Adams Fairacre Farms	D	Retail – Grocery/Garden	Kingston
Home Depot	D	Retail – Home Supply	Kingston
Kohl's	D	Retail – Department Store	Kingston
Lowe's	D	Retail – Home Supply	Kingston/Highland
Price Chopper	D	Retail – Grocery	Saugerties
Sam's Club	D	Retail – All	Kingston
Shop Rite	D	Retail – Grocery	Kingston/New Paltz
Target	D	Retail – Department Store	Kingston

### Key

A Greater than 1,000 employees	C 250-499 employees
B 500-999 employees	D 100-249 employees

Source: County officials.

Note: Numbers predate the emergence of the COVID-19 pandemic.

## **Building Projects**

Below are some of the larger building projects currently being undertaken within the County along with the status and unit of square foot impact.

<u>Project and Municipality</u>	<u>Type</u>	<u>Status</u>	<u>Impact</u>
850 Route 28 LLC	Industrial	Pending	Steel and concrete manufacturing
RT 209 Community Solar - Rochester	Solar	Completed	1.98 MW Large Scale Solar Facility
A.Montano Company Inc.	Commercial	Pending	30,000 SF large scale equipment retail
Amtek-Rotron	Industrial	Approved	Expansion of existing manufacturing
Arizona Hudson Valley	Commercial	Approved	Expansion of Existing Hotel/resort
Bayside Mixed-Use - Marlborough	Mixed Use	Approved	Residential/Commercial
Bellayre Resort - Shandaken	Commercial	Approved	2 Hotels, condos, ski resort
Bluestone Solar/Saugerties	Commercial	Approved	19.9 MW Solar Farm
Borrego Solar – Off Airport Rd - Rochester	Solar	Completed	Large Scale Solar Facility
Brohead Solar – Plattekill 1970-1976 St Rte 32	Solar	Pending	2 MW Community Solar
Brooklyn Bottling – Milton, NY	Commercial	Approved	53,300 expansion to existing distribution
Central Hudson Electric and Gas – Ulster – RT 9W	Commercial	Approved	40,351 training academy and 31,358 sf indoor training and outdoor gas “village”
CES Marbletown Solar	Solar	Approved	5 MW community solar
Country Meadows – V/Saugerties	Residential	Approved	53, 2-bedroom apartments
Church Communities - Esopus	Mixed-Use	Under Construction	Industrial, residential, religious use
CVS/Five Guys Burgers- New Paltz – NYS 299	Commercial	Pending	CVS Pharmacy and Fast Food



E2 Squared – C/Kingston	Mixed Use	Under Construction	Commercial w/60 apartments
E&L Farms LLC Photovoltaic Shawangunk Rt 52	Solar	Approved	2.5 MW Solar Farm
Feeney’s Shipyard – C/Kingston	Industrial	Completed	Shipyard for building barges
Fortune 488 - Rosendale	Residential	Approved	48 apartments
Greenfield Resorts LLC - Wawarsing	Residential	Under Construction	93-unit single family
The Greenhouse Hotel - Shawangunk	Commercial	Approved	boutique hotel/conference center
Health Alliance Hospital – C/Kingston	Services	Approved	110k sf addition to hospital
Healthquest - Lloyd	Services	Completed	15,000 sf medical office building
Healthquest - Ulster	Services	Completed	81,000 sf medical office building
Heartwood - Gardiner	Commercial	Approved	Resort – 70 cabins, restaurant, lodge
Hudson R.V. Resorts - Rosendale	Commercial	Pending	290 Units
Hudson River Brickyard Trail	Public	Approved	1.3-mile portion of Empire State Trail
Hudson Valley Wine Village - Lloyd	Mixed Use	Pending	1200 Units
Hutton Brickyard- C/Kingston	Commercial	Completed	Glamping/Events Facility
Kamback Solar - Wawarsing	Commercial	Pending	3 MW Solar Farm
The Kingstonian – C/Kingston	Mixed-Use	Pending	Hotel, commercial plaza, apartments
Kingston Commons - Ulster	Commercial	Under Construction	Multi-building commercial plaza
Kingston Waterfront Plaza – C/Kingston	Mixed-Use	Approved	12k sq. ft. commercial, 18 apartments
Kingwood Park Plaza - Ulster	Commercial	Under Construction	14,400 sf commercial 2-story bldg.
Landau Landau Solar - Ulster	Solar	Under Construction	2 MW and 4 MW Solar Facilities
Lia Honda of Kingston - Ulster	Commercial	Completed	Show room and dealership
Marlboro Dstr Rte 9W - Marlborough	Industrial	Approved	40,000 sf warehousing operation
MCBS Highland, LLC - Lloyd	Mixed-Use	Under Construction	Retail and 72 Unit Multifamily
Milton Turnpike Solar – Marlborough	Commercial	Pending	2.6 MW Solar array
Resort @ Rondout Golf - Rochester	Commercial	Approved	Resort and Golf Course
Royal Energy – 1666 Rt 9W	Commercial	Approved	53,200 sq. ft. warehouse
Shop Rite Plaza - Ulster	Commercial	Completed	10k sf addition and 47k sf new
Star Vodka - Esopus	Mixed-Use	Under Construction	Distillery/Hotel Use/Restaurant
Tractor Supply Store-Wawarsing	Commercial	Completed	19,000 sq. ft. retail store
Truss Manufacturing Plant	Industrial	Approved	53,000 square foot industrial use

Ulster Hospitality, LLC - Ulster RT 9W	Commercial	Approved	100-room hotel
Wildberry Lodge Resort – T/New Paltz	Commercial	Pending	150-room hotel/resort
Woodstock Way - Woodstock	Commercial	Completed	Boutique Hotel
Wyldwyck River Camp – T/Saugerties	Commercial	Approved	72-bedroom resort/inn with restaurant
Zero Place – V/New Paltz	Mixed-Use	Under Construction	4-story apartment building with commercial

Source: County Planning Department.

## Building Permits

Listed below are the residential single-family housing unit permits for the years 2015 through 2019 (most recent available).

<u>Year</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Number of Permits	148	148	201	193	188

Source: County Planning Board.

## Form of County Government

Effective January 1, 2009, the County moved from a legislative form of government to a charter form of government pursuant to Article 4 of Municipal Home Rule. An election was held in November of 2008 that elected the offices of County Executive and County Comptroller, thereby replacing the County Administrator and the County Auditor respectively. The position of County Treasurer was abolished and replaced with the Commissioner of Finance. The County Executive is the chief executive officer, the County Comptroller is the chief accounting and auditing officer and the Commissioner of Finance is the chief fiscal officer. The County Legislature is the legislative, appropriating and policy-determining body. The Legislature consists of twenty-three members elected from legislative districts for two-year terms. The entire Legislature runs for election every other year.

## Financial Organization

The Commissioner of Finance is the chief fiscal officer of the County. He is also the chief accounting officer. The County Executive is elected. The Commissioner of Finance is appointed by the County Executive and serves as the Budget Officer.

## Budgetary Procedures

Preparation and final adoption of the County Budget is governed by Article 7 of the County Law. Budget forms are sent to appropriate department heads in May. Department heads must submit their departmental budget to the Budget Officer in July. Budget hearings are then held by the Budget Officer with the Budget and Operations Committee of the County Legislature. Hearing dates are set and published inviting the public to attend as non-participating guests. The 2019 budget was finalized and adopted in December 2018.

The Budget Officer reviews the tentative budget with the Budget and Operations Committee and files the tentative budget with the Clerk of the County Legislature during October of each year. The County Legislature reviews the tentative budget, revisions (if any) are made and a public hearing is scheduled before final adoption. The tentative budget as changed, altered or revised is adopted by resolution of the County Legislature not later than December 20<sup>th</sup>. The budget is not subject to referendum.

The County's 2019 budget, adopted in December 2018, included a 0.25% decrease in the property tax levy, which was below the County's tax cap levy limit of 4.16%. The County did not vote to exceed its Tax Levy Limit for the 2019 fiscal year.

The County's 2020 budget, adopted in December 2019, included a 0.25% decrease in the property tax levy, which was below the County's tax cap levy limit of 2.7%. The County did not vote to exceed its Tax Levy Limit for the 2020 fiscal year.

## Investment Policy

Pursuant to the statutes of the State of New York, the County is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the County; (6) obligations of a New York public corporation which are made lawful investments by the County pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of County moneys held in certain reserve funds established pursuant to law, obligations issued by the County. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the County's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the County may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third party custodian.

The County's investment policy also authorizes the County to enter into repurchase agreements, subject to the following restrictions: (a) All repurchase agreements must be entered into subject to a master repurchase agreement; (b) Obligations shall be limited to obligations of the United States of America and obligations of agencies of the United States of America where principal and interest are guaranteed by the United States of America; (c) No substitution of securities will be allowed; (d) The custodian shall be a party other than the trading partner, and (e) Repurchase agreements shall be for periods of 30 days or less.

The State law does not permit the County to invest in reverse repurchase agreements or other derivative-type investments and the County does not invest in reverse repurchase agreements, or other derivative-type investments.

## State Aid

The County receives financial assistance from the State. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the County, in any year, the County may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner as occurred this year, municipalities and school districts in the State, including the County, may be affected by a delay in the payment of State aid.

### State Aid as a Percent of General Fund Revenues

	<u>General Fund Revenues</u>	<u>State Aid</u>	<u>State Aid % of General Fund Revenues</u>
2014	\$263,170,346	\$37,408,695	14.21%
2015	261,579,442	36,874,139	14.10%
2016	275,225,536	49,080,010	17.83%
2017	267,955,967	39,664,837	14.80%
2018	274,844,593	45,173,062	16.44%
2019 (unaudited)	276,810,518	45,697,227	16.51%
2020 (budgeted)	298,265,169 <sup>(1)</sup>	50,144,942	16.81%

<sup>(1)</sup> Includes \$10,296,477 appropriated reserves.

Source: Audited Financial Statements of the County. The table itself is not audited. The 2019 figures are based upon certain current assumptions and estimates and the audited results may vary therefrom

The State is not constitutionally obligated to maintain or continue State aid to the County. No assurance can be given that present State aid levels will be maintained in the future. In view of the State's continuing budget problems, future State aid reductions are likely. State budgetary restrictions that eliminate or substantially reduce State aid could have a material adverse effect upon the County requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

As part of the State's 2019-2020 budget an internet sales tax was authorized and was implemented. In addition, Aid and Incentives to Municipalities ("AIM"), which was originally scheduled to be cut by approximately \$60 million, was restored; however counties are now required to remit to towns and villages a portion of the new internet sales tax. See "County Sales Tax" herein.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy. The federal government may enact budgetary changes or take other actions that adversely affect State finances. State legislation adopted with the State's 2019-2020 Enacted Budget continues authorization for a process by which the State would manage significant reductions in federal aid during Federal fiscal year 2020 should they arise. Specifically, the legislation allows the State Budget Director to prepare a plan for consideration by the State Legislature in the event that the federal government (i) reduces federal financial participation in Medicaid funding to the State or its subdivisions by \$850 million or more; or (ii) reduces federal financial participation of other federal aid funding to the State that affects the State Operating Funds financial plan by \$850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately. The plan prepared by the State Budget Director must equally and proportionately reduce appropriations and cash disbursements in the State's General Fund and State Special Revenue Funds. Upon receipt of the plan, the State Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the State Budget Director takes effect automatically.

Currently, due the outbreak of COVID-19 the State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will experience budgetary restrictions which will require certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including municipalities and school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State, including the County. The State's 2020-2021 Adopted Budget authorizes the State's Budget Director to make periodic adjustments to nearly all State spending, including State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Specifically, the legislation provides that the State Budget Director will determine whether the State's 2020-2021 budget is balanced during three "measurement periods": April 1 to April 30, May 1 to June 30, and July 1 to December 31. According to the legislation, if "a General Fund imbalance has occurred during any Measurement Period," the State's Budget Director will be empowered to "adjust or reduce any general fund and/or state special revenue fund appropriation ... and related cash disbursement by any amount needed to maintain a balanced budget," and "such adjustments or reductions shall be done uniformly across the board to the extent practicably or by specific appropriations as needed." The legislation further provides that prior to making any adjustments or reductions, the State's Budget Director must notify the Legislature in writing and the Legislature has 10 days following receipt of such notice to prepare and approve its own plan. If the Legislature fails to approve its own plan, the Budget Director's reductions take effect automatically. On August 13, 2020, the New York State Division of the Budget released the fiscal year ending 2021 First Quarterly State Budget Financial Plan Update, which projects a \$14.5 billion General Fund revenue decline and a 15.3% decline in tax receipts from prior budget forecasts. The State further projects a total revenue loss of \$62 billion through the State's fiscal year ending 2024 as a direct consequence of the COVID-19 pandemic. The State has announced that in the absence of Federal funding to offset this revenue loss, the State has begun to take steps to reduce spending, including but not limited to, temporarily holding back aid payments to local governments and school districts. According to the State, all or a portion of such temporary reductions in aid payments may be converted to permanent reductions, depending on the size and timing of any new Federal aid. Such reductions or delays in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State. (See "MARKET AND RISK FACTORS – COVID-19" herein).

As a result of the COVID-19 pandemic, the heads of each County department have cut departmental expenditures by 10% for 2020 and cuts could continue if necessary. The County also offered a retirement incentive as described under the heading "Status and Financing of Employee Pension Benefits" herein, which the County expects to reduce the need for further operational cuts. Sales tax losses for the County have been less than originally projected and with expenditures cut across the board, the County maintains strong liquidity. The County is still developing the 2021 budget and is doing so with possible state aid cuts of 20%. The County implemented budget cuts across multiple departments totaling approximately \$2 million as well as position freezing on a case-by-case basis. The County anticipates that its reserves and fund balance position will withstand any potential future State aid cuts.

## Employees

The County provides services through approximately 1,238 full-time and 127 part-time employees. Some of these employees are represented by the following units:

<u>Approximate Number of Employees</u>	<u>Union</u>	<u>Contract Expiration Date</u>
867 (808 FT and 75 PT)	Civil Service Employees' Association	December 31, 2019 <sup>(1)</sup>
176 (165 FT and 11 PT)	Ulster County Sheriff's Association	December 31, 2019 <sup>(1)</sup>
81 (56 FT and 25 PT)	P.B.A.	December 31, 2019 <sup>(1)</sup>
41 (41 FT and 0 PT)	NYSUT / Ulster County Staff Association	December 31, 2020
4 (4 FT and 0 PT)	Superior Officers' Unit	December 31, 2019 <sup>(1)</sup>
<u>Ulster County Community College</u>		
88 (63 FT and 25 PT)	Ulster County Community College – OPAP	August 31, 2018 <sup>(1)</sup>
188 (64 FT and 124 PT)	Ulster County Community College – Faculty	August 31, 2018 <sup>(1)</sup>

<sup>(1)</sup> Currently under negotiation.

Source: County officials.

## Status and Financing of Employee Pension Benefits

Substantially all employees of the County are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"; with ERS, the "Retirement Systems"). The ERS is generally also known as the "Common Retirement Fund". The Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems.

The ERS is non- contributory with respect to members hired prior to July 27, 1976 (Tier 1 & 2); members hired from July 27, 1976 through December 31, 2009 (Tier 3 & 4) contribute 3% for the first 10 years of service and then become non-contributory; members hired from January 1, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

The PFRS is non- contributory with respect to members hired prior to January 8, 2010 (Tier 1, 2 & 3); members hired from January 9, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

For both ERS & PFRS, Tier 5 provides for:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police & firefighters at 15% of non-overtime wages.

For both ERS & PFRS, Tier 6 provides for:

- Increase contribution rates of between 3% and 6% base on annual wage
- Increase in the retirement age from 62 years to 63 years
- A readjustment of the pension multiplier
- A change in the period for final average salary calculation from 3 years to 5 years

The County's contributions to ERS since 2015 and the 2020 budgeted payment are as follows:

<u>Year</u>	<u>Budgeted Contribution</u>	<u>Actual Contribution</u>
2015	\$ 14,568,567	\$ 13,733,997
2016	12,891,677	12,866,091
2017	12,899,551	12,543,389
2018	12,478,005	12,304,270
2019	12,541,917	12,551,264
2020 (Budgeted)	12,999,667	N/A

Source: County officials. Table itself is not audited.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The County offered a retirement incentive in 2020 to County employees that approximately 125 employees have accepted. The savings of this have not been determined as of the date of this Official Statement but are expected to be approximately \$5 million.

Historical Trends and Contribution Rates: Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS rates (2017 to 2021) is shown below:

<u>Year</u>	<u>ERS</u>
2017	15.5%
2018	15.3
2019	14.9
2020	14.6
2021	14.6

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program that establishes a minimum contribution for any employer equal to 4.5% of pensionable salaries for required contributions due December 15, 2003 and for all years thereafter where the actual rate would otherwise be 4.5% or less. In addition, it instituted a billing system that will advise employers over one year in advance concerning actual pension contribution rates.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to both ERS and PFRS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

Stable Rate Pension Contribution Option: The 2013-14 Adopted State Budget included a provision that authorized local governments, including the County, with the option to "lock-in" long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and PFRS. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years.

The County is not amortizing or smoothing any pension payments nor does it intend to do so in the foreseeable future.

The investment of monies and assumptions underlying same, of the Retirement Systems covering the County's employees is not subject to the direction of the County. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to

retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the County which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

## Other Post-Employment Benefits

Healthcare Benefits. It should also be noted that the County provides post-retirement healthcare benefits to various categories of former employees. These costs may rise substantially in the future. Accounting rule, GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), requires governmental entities, such as the County, to account for post-retirement healthcare benefits with respect to vested pension benefits. GASB 45 is now fully implemented for all government entities.

OPEB. Other Post-Employment Benefits ("OPEB") refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 75. In 2015, the GASB released new accounting standards for public other postemployment benefits (OPEB) plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. For the fiscal year ended December 31, 2018, the County implemented GASB 75. The implementation of this statement requires municipalities to report Other Post-Employment Benefits ("OPEB") liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required municipalities to calculate and report a net other postemployment benefit obligation. However, under GASB 45 municipalities could amortize the OPEB liability over a period of years, whereas GASB 75 requires municipalities to report the entire OPEB liability on the statement of net position.

Summary of Changes from the Last Valuation. The County contracted with an actuarial firm to calculate its OPEB liability under GASB 75. Prior valuations performed under GASB 45 guidelines have not been restated and are not reflected in historic exhibits.

The following outlines the changes to the Total OPEB Liability during the 2018 and 2019 fiscal years, by source.

Balance beginning at:	<u>January 1, 2018</u>	<u>January 1, 2019</u>
	<u>\$ 163,348,113</u>	<u>\$ 176,083,339</u>
<u>Changes for the year:</u>		
Service cost	5,271,940	5,564,559
Interest	6,278,693	6,156,773
Differences between expected and actual experience	-	(35,295,340)
Changes in benefit terms	-	-
Changes in assumptions or other inputs	6,218,737	(11,662,152)
Benefit payments	<u>(5,034,144)</u>	<u>(5,343,888)</u>
Net Changes	<u>\$ 12,735,226</u>	<u>\$ (40,580,048)</u>
Balance ending at:	<u>December 31, 2018</u>	<u>December 31, 2019</u>
	<u><b>\$ 176,083,339</b></u>	<u><b>\$ 135,503,291</b></u>

Source: Annual Financial Reports of the County. Table itself is not audited.

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are fewer than 200 members.

The County's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the County's finances and could force the County to reduce services, raise taxes or both.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The County has reserved \$0 towards its OPEB liability. The County funds this liability on a pay-as-you-go basis.

In April 2015, the State Comptroller proposed legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would have allowed the following:

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- Establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the state and participating eligible local governments;
- Designate the president of the Civil Service Commission as the trustee of the state's OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

Under the State Comptroller's proposal, there are no restrictions on the amount a government can deposit into the trust. The proposed legislation has not been enacted into law. It is not possible to predict whether the Comptroller's proposed legislation will be reintroduced or enacted if introduced.

## Other Information

The statutory authority for the power to spend money for the objects or purposes, or to accomplish the objects or purposes for which the Bonds are to be issued, is the County Law and the Local Finance Law.

No principal or interest upon any obligation of this County is past due.

The fiscal year of the County is the calendar year.

Other than as shown under the heading "Estimated Overlapping Indebtedness", this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the County.

## Financial Statements

The County retains an independent certified public accounting firm for a continuous independent audit of all financial transactions of the County. The last completed audit was for the fiscal year ended December 31, 2018 and has been filed with the Electronic Municipal Market Access Website ("EMMA") and is also attached hereto as "APPENDIX – E". The Annual Financial Report Update Document ("AUD") for fiscal year ending December 31, 2019, which is not prepared in accordance with GAAP and is not audited, is available and has been filed with EMMA. The County's audited financial statement for fiscal year ended 2019 is not complete as of the date of this Official Statement. Certain summary financial information may also be found in the Appendices to this Official Statement.

The County complies with the Uniform System of Accounts as prescribed for counties in New York State by the State Comptroller. This System differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Changes to the Uniform System of Accounts as prescribed for counties have been made by the State Comptroller in order to conform the Uniform System of Accounts to certain of these principles. These changes require the County to maintain a record of fixed assets to be recorded at cost or at estimated historical cost.

Beginning with the fiscal year ending December 31, 2002 the County was required to issue its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis. The County is currently in full compliance with GASB Statement No. 34.

### *Unaudited Results for Fiscal Year Ending December 31, 2019*

The County expects to end the fiscal year ending December 31, 2019 with an unappropriated unreserved fund balance of \$24,053,917. Summary unaudited information for the General Fund for the period ending December 31, 2019 is as follows:

Revenues:	\$ 276,829,618
Expenditures:	<u>284,256,468</u>
Excess (Deficit) Revenues Over Expenditures:	<u>\$ (7,426,850)</u>
Total Fund Balance:	\$ 50,563,158

Note: These projections are based upon certain current assumptions and estimates and the audited results may vary therefrom.

Source: District officials.



## **New York State Comptroller Report of Examination**

The State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the County has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

The State Comptroller's office released its most recent audit report of the County on January 26, 2018. The purpose of the audit was to determine whether claims were properly authorized, supported, audited and paid in accordance with contracts for the period January 1, 2016 through July 24, 2017.

### Key Findings:

- The Department has adopted a multi-level claims approval process.
- Payments to vendors generally were made in accordance with contracts and represented actual documented expenditures.

### Key Recommendations:

- There were no recommendations as a result of the audit.

The County provided a complete response to the State Comptroller's office on January 18, 2018. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

The State Comptroller's office released an audit report of the County on December 2, 2016. The purpose of the audit was to assess the County's procedures for handling property tax exemptions for the period January 1, 2015 through July 22, 2016.

### Key Findings:

- The County Department of Finance's procedures for prorating property tax exemptions on transfers of property, correcting property tax exemption errors and inputting tax exemption income limits were effective.

### Key Recommendations:

- There were no recommendations as a result of the audit.

The County provided a complete response to the State Comptroller's office on November 28, 2016. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

There are no other State Comptrollers audits of the County that are currently in progress or pending release.

Source: Website of the Office of the New York State Comptroller. References to website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

## **The State Comptroller's Fiscal Stress Monitoring System**

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The reports of the State Comptroller for the past three years for the County are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2018	No Designation	6.7%
2017	No Designation	10.0%
2016	No Designation	6.7%

Source: Website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein, nor incorporation herein by reference.

## TAX INFORMATION

### Taxable Assessed Valuations <sup>(1)</sup>

<u>Year of County Tax Roll:</u>	<u>Taxable Assessed Valuation</u>	<u>State Equalization Rate</u>	<u>Equalized Valuation</u>
2016	\$ 16,452,840,011	91.82%	\$ 17,919,334,296
2017	16,508,781,289	91.64%	18,015,386,964
2018	16,660,032,897	91.60%	18,187,934,571
2019	16,904,827,451	90.46%	18,686,763,165
2020	17,311,004,748	88.88%	19,476,128,883

<sup>(1)</sup> Please refer to APPENDIX – C attached hereto for greater detail regarding the assessed and full values for the towns and city located within the County.

### County Tax Rates Per \$1,000 (Assessed)

<u>Year of County Tax Roll:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Towns of:					
Denning	\$ 23.96	\$ 25.16	\$ 24.88	\$ 25.67	\$ 24.57
Esopus	4.37	4.34	4.29	4.16	4.19
Gardiner	4.67	4.64	4.27	4.14	3.96
Hardenburgh	6.94	6.89	6.81	6.72	6.76
Hurley	4.38	4.34	4.29	4.16	3.99
Kingston	4.49	4.67	4.71	4.65	4.58
Kingston (City)	4.36	4.33	4.27	4.14	3.96
Lloyd	4.37	4.33	4.28	4.16	3.98
Marbletown	4.35	4.32	4.27	4.15	3.97
Marlborough	4.41	4.37	4.32	4.19	4.22
New Paltz	4.31	4.32	4.27	4.14	4.17
Olive	4.33	4.30	4.25	4.16	3.94
Plattekill	4.40	4.37	4.32	4.20	4.18
Rochester	4.36	4.32	4.40	4.43	3.96
Rosendale	4.38	4.35	4.29	4.16	3.98
Saugerties	4.39	4.36	4.30	4.18	4.00
Shandaken	16.97	16.84	16.65	16.16	15.46
Shawangunk	19.87	19.50	19.91	20.03	20.75
Ulster	5.25	5.30	5.27	5.28	5.43
Wawarsing	3.91	3.88	3.84	3.91	3.95
Woodstock	4.33	4.30	4.29	4.36	4.28

Source: County officials.

## Constitutional Tax Margin

Computation of Constitutional Tax Margin for fiscal years ending December 31, 2018 through December 31, 2020:

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Five-Year Average Full Valuation.....	\$ 17,833,568,917	\$ 18,137,761,255	\$18,185,607,399
Tax Limit - 1.5% .....	267,503,534	272,066,419	272,784,111
Add: Exclusions From Limit .....	10,646,777	11,213,025	11,704,060
Total Taxing Power .....	278,150,311	283,279,444	284,488,171
Less Total Levy .....	76,777,320	76,563,320	76,369,742
Tax Margin .....	\$ 201,372,991	\$ 206,716,124	\$ 208,118,429

Source: County officials.

## Tax Collection Procedure

County and town taxes are payable in full to the Town Collectors during January, each year, without penalty. The penalty added to delinquent taxes is one-twelfth the rate of interest determined by the State Commissioner of Taxation and Finance. This rate is determined each year by July 15th based on the one-year constant maturity yield index for United States Treasury securities for the quarter-year ending on the immediately preceding June 30th. The rate is effective for a twelve-month period commencing August 1 each year and in no event will be less than ten per centum per annum. In June all unpaid taxes are returned to the chief fiscal officer. As an alternative, the first installment (1/2 of tax due) can be paid during January without penalty, and if not paid in January it can be paid at any time until the expiration of the Collectors' warrant with a penalty computed as above. The balance can be paid with a penalty computed as above, commencing with the month of February, through May 31. Public auctions are held annually by the County.

The County is responsible for uncollected town and school district taxes. The County is not responsible for uncollected city, city school district or village taxes.

## Tax Collection Record

<u>Years Ending December 31:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total Tax Levy <sup>(1)</sup>	\$ 201,629,920	\$ 201,812,150	\$ 203,286,944	\$ 206,036,494	\$ 209,375,419
<u>Uncollected</u>					
As of December 31, 2019 <sup>(2)</sup>	815,878	1,430,061	1,966,720	4,022,531	7,306,564
% Uncollected	0.40%	0.71%	0.97%	1.951%	3.49%

<sup>(1)</sup> Includes State, County, town, school district and special district taxes.

<sup>(2)</sup> Represents uncollected taxes at December 31, 2019.

The County's property tax collections and percentage of general fund revenues since 2015 are shown below:

<u>Year</u>	<u>Property Taxes</u>	<u>% of General Fund</u>
2015	\$ 62,608,758	23.92%
2016	60,999,658	22.16%
2017	61,266,272	22.86%
2018	61,158,995	22.25%
2019	47,501,991	17.16%
2020 (budgeted)	51,415,137	17.24%

Source: County officials.

## Additional Tax Information

Real property subject to County taxes is assessed by the component towns and city.

Veterans' and Senior Citizens' exemptions are offered to those who qualify.

## Larger Taxpayers – 2019 Assessment Roll for 2020 County Tax Roll

<u>Name</u>	<u>Type</u>	<u>Equalized Value<sup>(1)</sup></u>
City of New York	Water Supply Facilities	\$ 1,239,388,185
Central Hudson Gas & Electric Company	Public Utility	409,009,859
New York State	State Properties	363,439,335
Hudson Valley 2011 LLC	Retail	58,041,836
Tech City	Business Park	49,032,263
Verizon	Public Utility	35,780,316
Smiley Brothers Inc.	Hotel Resort Complex	31,269,474
CSX Transportation Inc.	Railroad	22,488,631
Kingston Mall LLC	Shopping Mall	18,724,795
Stoney Run Co LLC	Housing Complex	17,970,000

<sup>(1)</sup> The larger taxpayers listed above have an estimated total full valuation of \$2,245,144,694 that represents 11.5% of the tax base of the County.

The County is subject to a number of tax certiorari cases particularly in relation to the utility companies. The ultimate result of these cases is not expected to have a significant impact on the finances of the County. As of the date of this Official Statement; the County does not currently have any pending or outstanding tax certioraris that are known, or reasonably expected to have a material impact on the County.

Source: County officials

## County Sales Tax

The County levies a sales and use tax computed at 4.00%. The County retains 85.5% of the tax receipts with 11.5% distributed to the City of Kingston and 3% distributed to the towns in the County on a full valuation basis. In August 2005, the County received approval from New York State to continue the additional sales tax rate of one percent (above the base rate) previously authorized by Chapter 200 of the Laws of 2002 for an additional period of twenty-four months to expire November 2009. This was extended to November 30, 2013.

On November 30, 2013 the 1% expired for a period of two months. The one percent was reinstated on February 1, 2014. The County estimates that due to lapse in the 1% for December 2013 and January 2014 that \$3 million and \$2.4 million of revenue was lost, respectively. While developing the 2014 budget the County did not budget for the 1% for three months.

On February 1, 2014 the State Legislature passed legislation which reinstated the 1%. NYS legislation in 2020, extended the additional 1% to November 30, 2023.

For the past five-year period, sales tax proceeds have been distributed to the jurisdictions by the County in the following amounts:

<u>Year</u>	<u>County Share</u>	<u>% of General Fund Revenues</u>	<u>City Share</u>	<u>Town/Village Share</u>
2015	\$ 92,337,715	35.28%	\$ 12,418,662	\$ 3,239,651
2016	95,920,903	34.85%	12,898,536	3,364,835
2017	98,622,748	36.81%	13,258,441	3,458,724
2018	103,088,793	37.4%	13,626,623	3,606,652
2019	109,566,008	39.6%	13,837,038	3,812,891
2020 (budgeted)	110,137,092	36.9%	14,567,488	3,856,843

Note: The County has collected \$67,572,599 to date for sales tax. The County expects sales tax to be lower than budgeted for 2020 due to the COVID-19 pandemic, however, the County is expecting higher sales tax revenues than originally expected at the beginning of the pandemic.

Reductions in the receipt of sales tax receipts due to the COVID-19 pandemic could adversely affect the financial condition of municipalities in the State, including the County. (See “MARKET AND RISK FACTORS – COVID-19” herein).

Source: County officials. This table itself is not audited.

## Hotel / Motel Occupancy Tax

In January 2005, the County authorized the reinstitution of the collection of a hotel and motel room occupancy tax of 2% effective March 1, 2005. The tax is collected quarterly. Collections since 2013 are shown below.

<u>Year</u>	<u>Amount Collected</u>
2013 .....	\$ 1,182,179
2014 .....	1,196,771
2015 .....	1,310,887
2016 .....	1,404,744
2017 .....	1,530,160
2018 .....	1,805,747
2019 .....	2,032,778
2020 (budgeted) .....	2,185,000

Note: The County has collected \$2,922,548 to date for mortgage tax collections.

Reductions in the receipt of hotel and motel room occupancy taxes are expected for the foreseeable future due to the COVID-19 pandemic. (See “MARKET AND RISK FACTORS -COVID-19” herein).

Source: County officials. Table itself is not audited.

## TAX LEVY LIMITATION LAW

Chapter 97 of the Laws of 2011, as amended (the “Tax Levy Limitation Law”) applies to virtually all local governments, including school districts (with the exception of New York City, Yonkers, Syracuse, Rochester and Buffalo, the latter four of which are indirectly affected by applicability to their respective city). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It was set to expire on June 15, 2020; however, recent legislation has made it permanent. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index (“CPI”), over the amount of the prior year’s tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees’ Retirement System, the Police and Fire Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

The Tax Levy Limitation Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the Tax Levy Limitation Law (June 24, 2011).

While the Tax Levy Limitation Law may constrict an issuer’s power to levy real property taxes for the payment of debt service on debt contracted after the effective date of said Tax Levy Limitation Law, it is clear that no statute is able (1) to limit an issuer’s pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit an issuer’s levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Levy Limitation Law. Whether the Constitution grants a municipality authority to treat debt service payments as a constitutional exception to such statutory tax levy limitation outside of any statutorily determined tax levy amount is not clear.

Real Property Tax Rebate. Chapter 59 of the Laws of 2014 (“Chapter 59”), included provisions which provided a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts were eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real property taxpayers in certain other municipal units of government were eligible for this credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction’s compliance with the provisions of the Tax Levy Limitation Law. School districts budgets were required to comply in their 2014-

2015 and 2015-2016 fiscal years. Other municipal units of government were required to have their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets were required to be within the tax cap limits set by the Tax Levy Limitation Law for the real property taxpayers to be eligible for this personal income tax credit. The affected jurisdictions included counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

Certain additional restrictions on the amount of the personal income tax credit were set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers was additionally contingent upon adoption by the school district or municipal unit of a state approved "government efficiency plan" which demonstrates "three year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies".

Municipalities, school districts and independent special districts were required to provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 did not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law. The implications of this for future tax levies and for operations and services of the County are uncertain at this time.

## **COUNTY INDEBTEDNESS**

### **Constitutional Requirements**

The State Constitution limits the power of the County (and other municipalities and certain counties of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional limitations in summary form, and as generally applicable to the County and the Bonds include the following:

Purpose and Pledge. Subject to certain enumerated exceptions, the County shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The County may contract indebtedness only for a County purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute, or in the alternative, the weighted average maturity of the several objects or purposes for which it has contracted; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the Board of Legislators authorizes the issuance of bonds with substantially level or declining annual debt service. The County is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

Debt Limit. The County has the power to contract indebtedness for any County purpose so long as the principal amount thereof, subject to certain limited exceptions, shall not exceed seven per centum of the average full valuation of taxable real estate of the County and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

## Statutory Procedure

In general, the State Legislature has authorized the power and procedure for the County to borrow and incur indebtedness by the enactment of the Local Finance Law subject, of course, to the provisions set forth above. The power to spend money, however, generally derives from other law, including specifically the County Law and the General Municipal Law.

Pursuant to the Local Finance Law, the County authorizes the issuance of bonds by the adoption of a bond resolution approved by at least two-thirds of the members of the Board of Legislators, the finance board of the County. Customarily, the Board of Legislators has delegated to the County Treasurer, as chief fiscal officer of the County, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- (1) Such obligations are authorized for a purpose for which the County is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations

and an action contesting such validity is commenced within twenty days after the date of such publication, or,

- (3) Such obligations are authorized in violation of the provisions of the Constitution.

Except on rare occasions the County complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

The Board of Legislators, as the finance board of the County, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may, and generally does, delegate the power to sell the obligations to the County Treasurer, the chief fiscal officer of the County, pursuant to the Local Finance Law.

Statutory law in the State permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first of such notes and provided that such renewals do not exceed five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein, and "Details of Outstanding Indebtedness" herein.)

In general, the Local Finance Law contains provisions providing the County with power to issue certain other short-term general obligation indebtedness including revenue and bond anticipation notes and budget notes. (See "Details of Outstanding Indebtedness" herein.)

## Debt Outstanding End of Fiscal Year

<u>Years Ending December 31<sup>st</sup>:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Bonds	\$ 76,263,290	\$ 82,553,750	\$ 83,026,552	\$ 82,739,000	\$ 97,328,235
Bond Anticipation Notes	18,766,784	13,913,456	10,629,965	32,113,976	29,430,855
Revenue Anticipation Notes	0	0	0	0	0
Tax Anticipation Notes	0	0	0	0	0
Lease Obligations	<u>3,531,369</u>	<u>3,387,740</u>	<u>3,862,089</u>	<u>3,890,619</u>	<u>2,587,312</u>
Total Debt Outstanding	<u>\$ 98,561,443</u>	<u>\$ 99,854,946</u>	<u>\$ 97,518,606</u>	<u>\$ 118,743,595</u>	<u>\$ 129,346,402</u>

Note: A portion of the County's outstanding long-term bonded debt was economically defeased through the use of tobacco payment securitization monies and is not included in the totals above. See "Tobacco Settlement Securitization" herein.

## Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the County evidenced by bonds and notes as of September 11, 2020.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
Bonds	2020-2037	\$ 97,328,235
Bond Anticipation Notes Various Projects	November 19, 2020	<u>29,430,855</u> <sup>(1)</sup>
Total Indebtedness		<u>\$ 126,759,090</u>

<sup>(1)</sup> Expected to be partially redeemed, renewed, and permanently financed at maturity with serial bonds, bond anticipation notes and available funds of the County.

## Debt Statement Summary

Statement of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of September 11, 2020:

Five-Year Average Full Valuation of Taxable Real Property .....	\$ 18,457,109,576
Debt Limit - 7% thereof .....	1,291,997,670

### Inclusions:

Bonds.....	\$ 97,328,235	
Bond Anticipation Notes .....	<u>29,430,855</u>	
Total Inclusions .....		<u>\$ 126,759,090</u>

### Exclusions:

Appropriations – Bonds.....	\$ 9,118,235	
Sewer Debt <sup>(1)</sup> .....	0	
Water Debt <sup>(2)</sup> .....	0	
Total Exclusions .....		<u>\$ 9,118,235</u>

Total Net Indebtedness Subject to Debt Limit .....	<u>\$ 117,640,855</u>
Net Debt-Contracting Margin .....	<u>\$ 1,174,356,815</u>
Percent of Debt Contracting Power Exhausted .....	9.11%

<sup>(1)</sup> Sewer Debt is excluded pursuant to Section 124.10 of the Local Finance Law.

<sup>(2)</sup> Water Debt is excluded pursuant to Article VIII, Section 5B of the New York State Constitution.

Note: The issuance of the Bonds will advance refund \$1,820,000\* outstanding callable principal balance of the County's 2013 serial bonds.

## Bonded Debt Service

A schedule of Bonded Debt Service, including the principal of the Bonds, may be found attached hereto as "APPENDIX – B" of this Official Statement.

## Cash Flow Borrowing

The County has not found it necessary to borrow tax or revenue anticipation or budget notes or deficiency notes since 1998. The County has revenue anticipation note (\$15,000,000) and tax anticipation note (\$20,000,000) authorizations in place should such borrowings be necessary in the foreseeable future. The County is currently monitoring its cash flow needs in light of the COVID-19 pandemic and there may be a potential need for a cash flow borrowing in 2020. (See "MARKET AND RISK FACTORS – COVID-19" herein).

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\* Preliminary, subject to change.



## Lease Obligations

The County has entered into several non-cancelable property leases primarily for office space to expand social services, mental health, and family court facilities. Rental expenditures reported for the current year under such leases totaled \$608,488 and equipment operating leases totaled \$598,793 which are included in the expenditures of the general fund. These are not lease purchase obligations. The future minimum lease payments for these leases are as follows:

<u>Years Ending December 31:</u>	<u>Amount</u>
2020	\$ 1,164,457
2021	677,540
2022	441,593
2023	206,944
2024	74,278
Thereafter	<u>22,500</u>
Total	<u>\$ 2,587,312</u>

Source: Comprehensive Annual Financial Reports of the County. This table itself is not audited.

## Tobacco Settlement 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 governmental fund. Separate financial statements may be obtained from the Ulster Tobacco Asset Securitization Corporation, P.O. Box 1800, Kingston, N.Y. 12402.

The UTASC has the following long-term obligations outstanding as of December 31, 2019:

<u>Bond Issues:</u>	<u>Amount Outstanding</u>
Tobacco settlement asset-backed bonds, 2005	\$ 4,484,688
Tobacco settlement asset-backed bonds, 2016	<u>30,255,000</u>
Total:	<u>\$ 34,739,688</u>

## 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. These bonds are considered to be debt of the County. The County also pays a portion of tuition and capital cost charges for County residents attending other community colleges. The UCCC financial statements include two discretely reported component units; the Ulster Community College Foundation and the Ulster Community College Association, Inc. The UCCC has a fiscal year ending August 31. Separate financial statements may be obtained from the Ulster County Community College, P.O. Box 557, Stone Ridge, NY 12484.

The UCCC has the following long-term obligations outstanding as of December 31, 2019:

<u>Bond Issues:</u>	<u>Amount Outstanding</u>
Public Improvements, 2012	\$ 484,191
Public Improvements, 2015	126,900
Public Improvements, 2016	<u>743,817</u>
Total:	<u>\$ 1,354,908</u>

### Capital Planning and Budgeting

Pursuant to Section 99-g of the General Municipal Law, the County has undertaken the planning and execution of a capital program in accordance with the provisions of such section. The adoption of such program is not, in the case of the County, subject to referendum. At any time after the adoption thereof the County Legislature, by the affirmative vote of two-thirds of its total membership, may amend such program by adding, modifying or abandoning the projects, or by modifying the methods of financing.

The following sets forth a summary of the 2020-2025 County Capital Program. It is noted that each planned project must be duly authorized before being undertaken, and that such programs may be modified by application of State and/or Federal aid.

<u>Year Ending December 31:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General Government	\$ 15,898,435	\$ 12,187,748	\$ 8,753,409	\$ 5,996,820	\$ 5,100,000	\$ -
Education	17,040,546	8,799,280	6,643,323	1,250,000	900,000	700,000
Public Safety	2,744,489	3,000,000	10,640,000	3,000,000	-	-
Transportation	18,991,183	22,614,520	15,183,250	4,535,762	10,188,199	3,493,299
Economic Opportunity & Culture & Recreation	6,169,000	1,820,000	1,750,000	1,750,000	1,750,000	1,650,000
Total:	<u>\$ 60,843,653</u>	<u>\$ 48,421,548</u>	<u>\$ 42,969,982</u>	<u>\$ 16,532,582</u>	<u>\$ 17,938,199</u>	<u>\$ 5,843,299</u>

Note: Of the capital projects listed above, the County receives significant State and Federal Aid for Education, Public Health and Transportation and Community Services. Additional information on the extent of aid can be obtained by contacting the County.

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## Authorized and Unissued Debt

The County typically issues on an annual basis short-term bond anticipation notes to initiate capital projects and bonds to permanently finance various projects once they reach the construction phase.

The County has the following authorized but unissued bond authorizations outstanding:

<b>Purpose</b>	<b>Amount Authorized and Unissued</b>
Tongore Bridge	\$ 7,777
Rail Trail Connector	44,144
ADA Compliance Projects	378,555
Sundown Bridge	970,000
Fleet Service Bay Expansion	550,000
New Paltz Pool Repairs	688,000
Perrine's Bridge Restoration	350,000
Building Security Improvements	150,000
Varous County Buildings - HVAC Weatherization	2,500,000
Ashokan Rail Trail Project	6,046,191
DPW Fuel Tank Replacement	192,000
SUNY Ulster Furniture	55,090
SUNY Ulster Gym Wall Replacement	405,807
SUNY Ulster Vanerlyn Pedestrian Bridge Construction	266,290
SUNY Ulster Water Supply Extension Project	521,699
Slope Analysis & Stabilization	883,730
Midtown Linear Park	142,040
UCCC Technology Facility Upgrades	115,334
Countywide Radio System	9,467,721
Fire Training Center	6,877,855
Poorhouse Memorial	100,000
UCCC Water Storage Tank Replacement	515,226
UCCC Window Replacement Project	1,120,000
Public Safety Enterprise Software	3,000,000
UCCC Dewitt Library Roof Replacement	1,753,125
UCCC Facility Master Plan	285,000
UCCC Door Replacement Plan	612,000
Golden Hill Water Tower	640,640
New Paltz Road Realignment	320,000
Public Works Admin. Building Renovations	148,000
Wolven Bridge	222,781
Horsenden Pavement Overlay	93,400
Fantinekill Bridge Replacement	223,556
Roof Replacement Program	1,580,000
Rehabilitation of Donahue Bridge	236,930
UCAT Equipment & Facility Upgrades	935,944
Mass Transit Buses	1,142,081
UCLEC Energy Upgrades	455,500
Highway Safety Program	400,000
UCCC Burroughs Renovations	440,178
Reconstruction of Various Roads	425,000
Construction of Various Shoulders	250,000
UCCC Classroom Renovations	435,284

<b>Purpose</b>	<b>Amount Authorized and Unissued</b>
Veterans' Cemetery	\$ 152,000
Mass Transit Buses	2,508,939
Stone House Bridge	235,000
Stone Arch Bridge	242,000
Enderly Bridge	108,000
Maltby Hollow Bridge Replacement	40,000
Reconstruction of Various Roads	425,000
Body Camera Purchase	251,076
Purchase of County Fleet Vehicles	805,000
Highway and Bridge Equipment Purchase	2,545,000
Shawangunk Kill Bridge Rehab	595,000
Samsonville Road Culvert	550,000
UCCC Facilities Equipment	11,344
UCCC HVAC Upgrades	200,000
Old Tongore Rd. Slope Stabilization	532,000
UC Fairgrounds ADA Parking	55,200
UCCC Furniture Replacement	300,000
UCCC Technology Upgrades	250,009
Bushkill Bridge Improvement	200,000
DSS Basement Restoration	31,000
HVAC Replacment - IS	74,600
County Fairgrounds Improvements	90,000
Creekside Drive Road Settlement	360,000
UCCC-KCSU Roof Safety Improvement	90,000
River Road Drainage Project	560,000
<b>Total Authorizations:</b>	<b><u>\$ 57,158,046</u></b>

The County also has outstanding Revenue Anticipation Note (\$15,000,000) and Tax Anticipation Note (\$20,000,000) authorizations; however, the County does not anticipate issuing either in the foreseeable future. However, see "Cash Flow Borrowings" herein as to potential COVID-19 impact.

### Estimated Overlapping Indebtedness

In addition to the County, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the County. Bonded indebtedness, including bond anticipation notes, is estimated as of the close of the fiscal year of the respective municipalities, not adjusted to include subsequent bond issues, if any.

<b>Units</b>	<b><u>Indebtedness</u> <sup>(1)</sup></b>	<b><u>Exclusions</u> <sup>(2)</sup></b>	<b><u>Net Indebtedness</u></b>
Towns (20)	\$ 48,988,820	\$ 18,706,780 <sup>(3)</sup>	\$ 30,282,041
Villages (3)	16,491,548	11,203,232 <sup>(3)</sup>	5,288,316
City (1)	40,507,667	15,934,116 <sup>(3)</sup>	24,573,551
Fire Districts (42)	9,817,220	34,154 <sup>(3)</sup>	9,783,066
School Districts (9)	236,528,006	165,364,437 <sup>(4)</sup>	<u>71,163,569</u>
		<b>Total</b>	<b><u>\$ 141,090,543</u></b>

(1) Outstanding bonds and bond anticipation notes. Not adjusted to include subsequent bond or note sales, if any.

(2) Pursuant to applicable constitutional and statutory provisions, this indebtedness is deductible from gross indebtedness for debt limit purposes.

(3) Sewer and water debt, appropriations and cash on hand for debts.

(4) Estimated State Building aid.

Source: State Comptroller's reports for fiscal year ending 2018 for towns and fire districts and fiscal year ending 2019 for school districts and villages.

## Debt Ratios

The following table sets forth certain ratios relating to the County's indebtedness, without giving effect to this financing, as of September 11, 2020:

	Amount of Indebtedness	Per Capita <sup>(a)</sup>	Percentage of Full Valuation <sup>(b)</sup>
Gross Direct Indebtedness <sup>(c)</sup>	\$ 126,759,090	\$ 713.84	0.65%
Net Direct Indebtedness <sup>(c)</sup>	117,640,855	662.49	0.60%
Gross Direct Plus Net Overlapping Indebtedness <sup>(d)</sup>	267,849,633	1,508.39	1.38%
Net Direct Plus Net Overlapping Indebtedness <sup>(d)</sup>	150,208,778	845.90	0.77%

Note: <sup>(a)</sup> The County's 2019 estimated population is 177,573. (See "Population Trends" herein.)

<sup>(b)</sup> The County's full valuation of taxable real estate for the 2020 County tax roll is \$19,476,128,883. (See "Valuations, Rates and Tax Levies" herein.)

<sup>(c)</sup> See "Calculation of Net Direct Indebtedness" herein.

<sup>(d)</sup> The County's estimated applicable share of net underlying indebtedness is \$141,090,543. (See "Estimated Overlapping Indebtedness" herein).

## SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

**General Municipal Law Contract Creditors' Provision.** Each Bond when duly issued and paid for will constitute a contract between the County and the holder thereof. Under current law, provision is made for contract creditors of the County to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the County upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

**Execution/Attachment of Municipal Property.** As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the County may not be enforced by levy and execution against property owned by the County.

**Authority to File For Municipal Bankruptcy.** The Federal Bankruptcy Code allows public bodies, such as the County, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

The State has consented that any municipality in the State may file a petition with the United States District Court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. Subject to such State consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, being Chapter 9 thereof, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debt including judicial control over identifiable and unidentifiable creditors.

No current state law purports to create any priority for holders of the Bonds should the County be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness.

The rights of the owners of Bonds to receive interest and principal from the County could be adversely affected by the restructuring of the County's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of debt obligations issued by the County (including the Bonds) to payment from monies retained in any debt service fund or from other cash resources would be recognized if a petition were filed by or on behalf of the County under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors' rights; such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite number of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

**State Debt Moratorium Law.** There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of obligations.

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law, described below, enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the County.

Right of Municipality or State to Declare a Municipal Financial Emergency and Stay Claims Under State Debt Moratorium Law. The State Legislature is authorized to declare by special act that a state of financial emergency exists in any county, city, town or village. (The provision does not by its terms apply to school districts or fire districts.) In addition, the State Legislature may authorize by special act establishment of an "emergency financial control board" for any county, city, town or village upon determination that such a state of financial emergency exists. Thereafter, unless such special act provides otherwise, a voluntary petition to stay claims may be filed by any such municipality (or by its emergency financial control board in the event said board requests the municipality to petition and the municipality fails to do so within five days thereafter). A petition filed in supreme court in county in which the municipality is located in accordance with the requirements of Title 6-A of the Local Finance Law ("Title 6-A") effectively prohibits the doing of any act for ninety days in the payment of claims, against the municipality including payment of debt service on outstanding indebtedness.

This includes staying the commencement or continuation of any court proceedings seeking payment of debt service due, the assessment, levy or collection of taxes by or for the municipality or the application of any funds, property, receivables or revenues of the municipality to the payment of debt service. The stay can be vacated under certain circumstances with provisions for the payment of amounts due or overdue upon a demand for payment in accordance with the statutory provisions set forth therein. The filing of a petition may be accompanied with a proposed repayment plan which upon court order approving the plan, may extend any stay in the payment of claims against the municipality for such "additional period of time as is required to carry out fully all the terms and provisions of the plan with respect to those creditors who accept the plan or any benefits thereunder." Court approval is conditioned, after a hearing, upon certain findings as provided in Title 6-A.

A proposed plan can be modified prior to court approval or disapproval. After approval, modification is not permissible without court order after a hearing. If not approved, the proposed plan must be amended within ten days or else the stay is vacated and claims including debt service due or overdue must be paid. It is at the discretion of the court to permit additional filings of amended plans and continuation of any stay during such time. A stay may be vacated or modified by the court upon motion of any creditor if the court finds after a hearing, that the municipality has failed to comply with a material provision of an accepted repayment plan or that due to a "material change in circumstances" the repayment plan is no longer in compliance with statutory requirements.

Once an approved repayment plan has been completed, the court, after a hearing upon motion of any creditor, or a motion of the municipality or its emergency financial control board, will enter an order vacating any stay then in effect and enjoining of creditors who accepted the plan or any benefits thereunder from commencing or continuing any court action, proceeding or other act described in Title 6-A relating to any debt included in the plan.

Title 6-A requires notice to all creditors of each material step in the proceedings. Court determinations adverse to the municipality or its financial emergency control board are appealable as of right to the appellate division in the judicial department in which the court is located and thereafter, if necessary, to the Court of Appeals. Such appeals stay the judgment or appealed from and all other actions, special proceedings or acts within the scope of Section 85.30 of Title 6-A pending the hearing and determination of the appeals.

Whether Title 6-A is valid under the Constitutional provisions regarding the payment of debt service is not known. However, based upon the decision in the Flushing National Bank case described above, its validity is subject to doubt.

While the State Legislature has from time to time adopted legislation in response to a municipal fiscal emergency and established public benefit corporations with a broad range of financial control and oversight powers to oversee such municipalities, generally such legislation has provided that the provisions of Title 6-A are not applicable during any period of time that such a public benefit corporation has outstanding indebtedness issued on behalf of such municipality.

**Fiscal Stress and State Emergency Financial Control Boards.** Pursuant to Article IX Section 2(b)(2) of the State Constitution, any local government in the State may request the intervention of the State in its “property, affairs and government” by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the cities of Buffalo, Troy and Yonkers and the County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and approve collective bargaining agreements in certain cases. Implementation is left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In addition, on a certificate of necessity of the governor reciting facts which in the judgment of governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature the State is authorized to intervene in the “property, affairs and governments” of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict, subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

In 2013, the State established a new state advisory board to assist counties, cities, towns and villages in financial distress. The Financial Restructuring Board for Local Governments (the “FRB”), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability, management and delivery of municipal services, including shared services opportunities and is authorized to offer grants and/or loans of up to \$5,000,000 through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid.

The FRB is also authorized to serve as an alternative arbitration panel for binding arbitration.

Although from time to time, there have been proposals for the creation of a statewide financial control board with broad authority over local governments in the State, the FRB does not have emergency financial control board powers to intervene such as the public benefit corporations established by special acts as described above.

Several municipalities in the State are presently working with the FRB. The County has not requested FRB assistance nor does it reasonably expect to do so in the foreseeable future. School districts and fire districts are not eligible for FRB assistance.

**Constitutional Non-Appropriation Provision.** There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: “If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness.” This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See “General Municipal Law Contract Creditors’ Provision” herein.

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

**Default Litigation.** In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service. See "THE BONDS - Nature of the Obligation" and "State Debt Moratorium Law" herein.

**No Past Due Debt.** No principal of or interest on County indebtedness is past due. The County has never defaulted in the payment of the principal of and interest on any indebtedness.

## **MARKET AND RISK FACTORS**

The financial condition of the County as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the County's control. There can be no assurance that adverse events in the State or in other jurisdictions of the country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Bonds. If a significant default or other financial crisis should occur in the affairs of the State or in other jurisdictions of the country or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the County to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

The County is dependent in significant part on financial assistance from the State. In several recent years, the County has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "THE COUNTY – State Aid" herein).

### COVID -19

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the County's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses for an extended period. Non-essential businesses in the State have begun to reopen under strict guidelines imposed by the State. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the County's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The COVID-19 pandemic could have a material adverse effect on the State and municipalities and school districts located in the State, including the County. The County is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "State Aid" and "Cash Flow Borrowing" herein).

### Cybersecurity

The County, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the County will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant. The County carries insurance against cyber attacks.



## **TAX MATTERS**

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in “APPENDIX – F”.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The City has covenanted to comply with certain restrictions designed to ensure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) or any other matters coming to the attention of Bond Counsel after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to and may not be relied upon in connection with any such actions, events or matters.

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds may otherwise affect an Owner’s federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Owner or the Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, legislative proposals have been made in recent years that would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

## **LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel’s opinion will be in substantially the form attached hereto as “APPENDIX – F”.

Certain legal matters will be passed on for the Underwriter by its Counsel, Hawkins Delafield & Wood LLP, New York, New York.

Certain legal matters will be passed on for the County by the County Attorney.

## **LITIGATION**

The County is subject to a number of lawsuits in the ordinary conduct of its affairs. The County does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the County.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the County, threatened against or affecting the County to restrain or enjoin the issuance, sale or delivery of the Bonds or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Bonds or any proceedings or authority of the County taken with respect to the authorization, issuance or sale of the Bonds or contesting the corporate existence or boundaries of the County.

## **CONTINUING DISCLOSURE**

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the County will enter into a Continuing Disclosure Undertaking, substantially the description of which can be found in "APPENDIX – D".

### **Historical Compliance**

The County is in compliance in all material respects within the last five years with all previous undertakings made pursuant to the Rule 15c2-12, however; the County failed to file a timely material event notice due to an upgrade in their general obligation bond rating as assigned by Fitch Ratings on December 15, 2017 within 10 business days as required by its outstanding undertaking agreements. A material event notice was filed to the Municipal Securities Rulemaking Board Electronic Municipal Market Access website on January 4, 2018 which was 12 business days after the event occurred. The County filed a failure to provide event filing information notice on July 10, 2019 relating to the abovementioned material event notice.

## **UNDERWRITING**

The Bonds are being purchased by Roosevelt & Cross, Incorporated, (the "Underwriter") for reoffering to the public. The purchase contract for the Bonds provides that the Underwriter will purchase all of the Bonds, if any are purchased, at a purchase price equal to \$\_\_\_\_\_ (being the par amount of the Bonds plus a net original issue premium of \$\_\_\_\_\_, less an underwriter's fee for the transaction of \$\_\_\_\_\_). The Underwriter is initially offering the Bonds to the public at the public offering yields indicated on the cover page but the Underwriter may offer and sell the Bonds to certain dealers, institutional investors and others (including sales for deposit into investment trusts, certain of which may be sponsored or managed by the Underwriter) at yields higher than the public offering yields stated on the cover page and the public offering yields may be changed from time to time by the Underwriter.

## **MUNICIPAL ADVISOR**

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor"), is a municipal advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the County on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Bonds. The advice on the plan of financing and the structuring of the Bonds was based on materials provided by the County and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the County or the information set forth in this Official Statement or any other information available to the County with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the County to the Municipal Advisor may be partially contingent on the successful closing of the Bonds.

## **BOND RATING**

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its rating of "AA" with a stable outlook to the Bonds. A rating reflects only the view of the rating agency assigning such rating and any desired explanation of the significance of such rating should be obtained from S&P, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 553-0038, Fax: (212) 553-1390.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the rating of the Bonds may have an adverse effect on the market price of the Bonds.

## MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates in good faith, no assurance can be given that the facts will materialize as so opined or estimated. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the holders of the Bonds.

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the County management's beliefs as well as assumptions made by, and information currently available to, the County's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the County's files with the repositories. When used in County documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the County, expressed no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the County for use in connection with the offer and sale of the Bonds, including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Bonds, the County will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the County.

The Official Statement is submitted only in connection with the sale of the Bonds by the County and may not be reproduced or used in whole or in part for any other purpose.

The Financial Advisor may place a copy of this Official Statement on its website at [www.fiscaladvisors.com](http://www.fiscaladvisors.com). Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. The Financial Advisor has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the County nor the Financial Advisor assumes any liability or responsibility for errors or omissions on such website. Further, the Financial Advisor and the County disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. The Financial Advisor and the County also assumes no liability or responsibility for any errors or omissions or for any updates to dated website information.

The County's contact information is as follows: Mr. Burton Gulnick Jr., Commissioner of Finance, 244 Fair Street – 4<sup>th</sup> Floor, P.O. Box 1800 telephone (845) 340-3460, fax (845) 340-3430, email [bgul@co.ulster.ny.us](mailto:bgul@co.ulster.ny.us).

**COUNTY OF ULSTER**

**Dated: September \_\_, 2020**

**/s/ BURTON GULNICK, JR.**  
**Commissioner of Finance**

GENERAL FUND

Balance Sheets

Fiscal Years Ending December 31:	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u> (unaudited)
<b>ASSETS</b>					
Cash, Cash Equivalents and Investments	\$ 27,124,634	\$ 30,950,840	\$ 27,810,625	\$ 24,944,772	\$ 26,712,900
Restricted Cash	7,218,583	7,441,594	7,399,974	7,939,146	-
Receivables	65,045,073	71,767,029	74,781,644	76,161,231	75,087,834
Due from Other Funds	8,508,941	80,301	20,061	23,343	32,557
Due from Other Governments	-	-	-	-	1,736,342
Due from Fiduciary Funds	47,037	-	-	-	-
Due from Component Units - UCCC	712,716	600,898	590,280	464,984	382,953
Inventories	90,009	38,524	30,062	70,553	105,204
Prepaid Items	6,156,610	5,902,969	5,912,549	5,840,051	5,945,905
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL ASSETS	<u>\$ 114,903,603</u>	<u>\$ 116,782,155</u>	<u>\$ 116,545,195</u>	<u>\$ 115,444,080</u>	<u>\$ 110,003,695</u>
<b>LIABILITIES</b>					
Accounts Payable & Accrued Liabilities	\$ 7,233,497	\$ 8,035,042	\$ 8,806,702	\$ 10,803,681	\$ 12,419,067
Intergovernmental payables	35,610,924	29,604,952	30,669,028	31,713,611	32,690,431
Due to Other Funds	37,500	93,645	161,505	52,124	2,000,000
Due to Fiduciary Fund	9,277	-	-	-	-
Due to UCRRA	-	-	-	-	-
Deferred Property Tax Revenues	17,395,315	19,728,665	20,978,626	14,504,505	169,702
Other Unearned Revenue	326,549	145,282	128,094	380,151	-
Other Deferred Revenues	-	-	-	-	12,161,337
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL LIABILITIES	<u>\$ 60,613,062</u>	<u>\$ 57,607,586</u>	<u>\$ 60,743,955</u>	<u>\$ 57,454,072</u>	<u>\$ 59,440,537</u>
<b>FUND EQUITY</b>					
Nonspendable	\$ 6,246,619	\$ 5,941,493	\$ 5,942,611	\$ 5,910,604	\$ 6,051,109
Restricted	6,892,034	7,296,312	7,271,880	7,558,995	7,638,388
Assigned	20,146,027	19,689,010	15,584,890	10,066,374	12,819,744
Unassigned	21,005,861	26,247,754	27,001,859	34,454,035	24,053,917
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL FUND EQUITY	<u>\$ 54,290,541</u>	<u>\$ 59,174,569</u>	<u>\$ 55,801,240</u>	<u>\$ 57,990,008</u>	<u>\$ 50,563,158</u>
<b>TOTAL LIABILITIES, DEFERRED REVENUES AND FUND EQUITY</b>					
	<u>\$ 114,903,603</u>	<u>\$ 116,782,155</u>	<u>\$ 116,545,195</u>	<u>\$ 115,444,080</u>	<u>\$ 110,003,695</u>

Source: 2015-2018 audited financial statements and 2019 annual financial report (unaudited) of the County.  
This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending December 31:	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>REVENUES</b>					
Real Property Taxes	\$ 55,787,406	\$ 54,146,794	\$ 51,619,725	\$ 51,419,587	\$ 51,046,118
Real Property Tax Items	6,333,802	5,877,276	6,048,264	5,282,724	5,624,634
Non-Property Tax Items	104,667,661	107,996,028	112,184,274	115,339,913	120,322,069
Hotel Room Occupancy Room Tax	1,197,439	1,310,887	1,404,744	1,530,160	1,805,747
Off Track Betting	106,107	76,761	83,559	85,709	22,146
E-911 Surcharge	633,037	688,810	693,688	692,730	666,659
Automobile Use Tax	1,033,251	1,144,107	1,137,064	1,180,432	1,174,680
Revenues from State Sources	37,408,695	36,874,139	49,080,010	39,664,837	45,173,062
Revenues from Federal Sources	34,350,938	37,266,038	33,309,006	34,562,886	30,666,130
Departmental Income	10,749,619	9,196,246	9,930,170	10,038,653	9,688,696
Intergovernmental Charges	4,177,722	2,460,468	1,693,434	1,459,610	2,367,475
Use of Money and Property	1,295,843	667,768	888,529	1,012,101	1,365,373
Licenses & Permits	25,607	122,283	460,267	464,984	463,119
Fines & Forfeitures	455,829	502,427	471,617	418,646	469,645
Sale of Property and					
Compensation for Loss	806,072	1,059,625	2,864,580	1,957,590	1,825,463
Miscellaneous Local Sources	609,943	568,654	692,615	1,320,811	692,518
Interfund Revenues	3,531,375	1,621,131	1,663,990	1,524,594	1,471,059
Total Revenues	<u>\$ 263,170,346</u>	<u>\$ 261,579,442</u>	<u>\$ 274,225,536</u>	<u>\$ 267,955,967</u>	<u>\$ 274,844,593</u>
<b>EXPENDITURES</b>					
General Government Support	\$ 57,189,572	\$ 57,837,857	\$ 59,727,255	\$ 60,659,994	\$ 62,694,042
Education	9,795,066	9,485,726	9,556,194	9,942,883	10,116,863
Public Safety	41,832,133	41,663,640	42,525,224	42,769,080	44,280,976
Health	17,551,254	17,714,972	17,841,740	17,836,415	18,151,961
Transportation	6,278,687	6,973,593	7,632,152	7,217,137	5,331,484
Economic Assistance &					
Opportunity	122,906,243	119,528,822	119,319,007	117,160,785	120,542,481
Culture & Recreation	777,611	873,728	973,225	971,737	1,105,000
Home & Community Services	2,202,536	2,326,408	2,576,216	2,903,574	2,681,488
Employee Benefits	8,894,445	8,905,861	9,647,270	9,512,926	7,831,406
Debt Service	110,133	147,392	365,225	277,659	353,864
Total Expenditures	<u>\$ 267,537,680</u>	<u>\$ 265,457,999</u>	<u>\$ 270,163,508</u>	<u>\$ 269,252,190</u>	<u>\$ 273,089,565</u>
Excess of Revenues Over (Under)					
Expenditures	<u>(4,367,334)</u>	<u>(3,878,557)</u>	<u>4,062,028</u>	<u>(1,296,223)</u>	<u>1,755,028</u>
Other Financing Sources (Uses):					
Operating Transfers In	-	-	1,000,000	-	963,240
Operating Transfers Out	(98,483)	(311,300)	(178,000)	(2,077,106)	(529,500)
Appropriated Reserves	-	-	-	-	-
Transfer to Debt Service Reserve Fund	-	-	-	-	-
Transfers to GHHC	-	-	-	-	-
Premium on Obligations	78,310	112,493	-	-	-
Residual Equity Transfer	-	-	-	-	-
Total Other Financing	<u>(20,173)</u>	<u>(198,807)</u>	<u>822,000</u>	<u>(2,077,106)</u>	<u>433,740</u>
Excess of Revenues and Other					
Sources Over (Under) Expenditures					
and Other Uses	<u>(4,387,507)</u>	<u>(4,077,364)</u>	<u>4,884,028</u>	<u>(3,373,329)</u>	<u>2,188,768</u>
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	\$ 62,755,412	\$ 58,367,905	\$ 54,290,541	\$ 59,174,569	\$ 55,801,240
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 58,367,905</u>	<u>\$ 54,290,541</u>	<u>\$ 59,174,569</u>	<u>\$ 55,801,240</u>	<u>\$ 57,990,008</u>

Source: Audited Comprehensive Annual Financial Reports County. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending December 31:

	<b>2019</b>		<b>2020</b>
	Adopted <u>Budget</u>	Unaudited <u>Actual</u>	Adopted <u>Budget</u>
<b>REVENUES</b>			
Real Property Taxes	\$ 50,943,308	\$ 47,501,991	\$ 50,665,137
Real Property Tax Items	5,440,000	5,078,862	5,435,000
Non-Property Tax Items	122,435,116	131,215,584	128,561,423
Hotel Room Occupancy Room Tax	1,700,342	-	2,185,000
Off Track Betting	75,000	-	-
E-911 Surcharge	791,000	-	805,000
Automobile use Tax	1,225,000	-	1,200,000
Revenues from State Sources	43,643,381	45,697,227	50,144,942
Revenues from Federal Sources	34,679,734	28,819,324	31,263,312
Departmental Income	10,388,551	9,240,832	9,923,745
Intergovernmental Charges	2,451,476	1,603,533	1,492,368
Use of Money and Property	1,330,470	1,547,436	1,700,789
Licenses & Permits	-	470,167	489,000
Fines & Forfeitures	493,968	403,147	531,894
Sale of Property and	-	-	-
Compensation for Loss	1,390,500	2,029,879	1,130,250
Miscellaneous Local Sources	402,100	1,377,461	419,400
Interfund Revenues	1,948,617	1,825,075	2,021,432
Total Revenues	<u>\$ 279,338,563</u>	<u>\$ 276,810,518</u>	<u>\$ 287,968,692</u>
<b>EXPENDITURES</b>			
General Government Support	\$ 56,228,385	\$ 64,577,655	\$ 58,289,225
Education	10,310,863	10,194,615	10,360,863
Public Safety	34,887,263	46,782,728	37,397,035
Health	16,794,196	18,388,896	17,198,541
Transportation	4,259,288	5,771,738	5,068,347
Economic Assistance & Opportunity	112,713,614	125,596,266	114,860,838
Culture & Recreation	1,023,213	1,040,629	1,218,668
Home & Community Services	2,794,524	2,704,943	3,080,966
Employee Benefits	46,737,778	7,617,517	49,840,686
Debt Service	950,000	1,568,181	950,000
Total Expenditures	<u>\$ 286,699,124</u>	<u>\$ 284,243,168</u>	<u>\$ 298,265,169</u>
Excess of Revenues Over (Under) Expenditures	<u>(7,360,561)</u>	<u>(7,432,650)</u>	<u>(10,296,477)</u>
Other Financing Sources (Uses):			
Operating Transfers In	-	19,100	-
Operating Transfers Out	-	(13,300)	-
Appropriated Reserves	7,360,561	-	10,296,477
Transfer to Debt Service Reserve Fund	-	-	-
Transfers to GHHCC	-	-	-
Premium on Obligations	-	-	-
Residual Equity Transfer	-	-	-
Total Other Financing	<u>7,360,561</u>	<u>5,800</u>	<u>10,296,477</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>-</u>	<u>(7,426,850)</u>	<u>-</u>
<b>FUND BALANCE</b>			
Fund Balance - Beginning of Year	\$ -	\$ 57,990,008	\$ -
Prior Period Adjustments (net)	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 50,563,158</u>	<u>\$ -</u>

Source: 2019 annual financial report (unaudited) and 2020 Budget (unaudited) of the County. This Appendix is not itself audited.

**CHANGES IN FUND EQUITY**

Fiscal Years Ending December 31:	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u> (unaudited)
<b><u>DEBT SERVICE FUND</u></b>					
Fund Equity - Beginning of Year	\$ 1,724,945	\$ 1,263,682	\$ 1,220,851	\$ 1,351,651	\$ 6,864,652
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	8,462,325	9,380,296	10,539,588	13,335,237	18,785,931
Expenditures & Other Uses	8,923,588	9,423,127	10,408,788	10,238,927	18,849,135
Fund Equity - End of Year	\$ 1,263,682	\$ 1,220,851	\$ 1,351,651	\$ 4,447,961	\$ 6,801,448
<b><u>SPECIAL GRANT FUND</u></b>					
Fund Equity - Beginning of Year	\$ 40,563	\$ 116,323	\$ 127,469	\$ 115,573	\$ 191,099
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	2,130,042	2,179,310	2,139,132	2,023,099	1,655,650
Expenditures & Other Uses	2,054,282	2,168,164	2,151,028	2,105,049	1,614,955
Fund Equity - End of Year	\$ 116,323	\$ 127,469	\$ 115,573	\$ 33,623	\$ 231,794
<b><u>COUNTY ROAD FUND</u></b>					
Fund Equity - Beginning of Year	\$ 1,885,930	\$ 1,300,746	\$ 1,124,658	\$ 2,031,459	\$ 2,824,502
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	17,622,669	18,030,071	15,174,862	15,558,870	15,664,088
Expenditures & Other Uses	18,207,853	18,206,159	14,268,061	15,559,090	15,166,621
Fund Equity - End of Year	\$ 1,300,746	\$ 1,124,658	\$ 2,031,459	\$ 2,031,239	\$ 3,321,969
<b><u>ROAD MACHINERY FUND</u></b>					
Fund Equity - Beginning of Year	\$ 2,062,698	\$ 3,642,005	\$ 4,747,888	\$ 4,177,236	\$ 3,509,764
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	5,310,266	4,307,217	2,964,737	3,054,377	3,267,512
Expenditures & Other Uses	3,730,959	3,201,334	3,535,389	3,862,057	3,571,738
Fund Equity - End of Year	\$ 3,642,005	\$ 4,747,888	\$ 4,177,236	\$ 3,369,556	\$ 3,205,538

Source: 2015-2018 audited financial statements and 2019 annual financial report (unaudited) of the County.  
This Appendix is not itself audited.

BONDED DEBT SERVICE

Fiscal Year Ending December 31st	PRIOR TO REFUNDING BONDS			REFUNDED BONDS DEBT SERVICE	REFUNDING BONDS			TOTAL NEW DEBT SERVICE
	Principal	Interest	Total		Principal	Interest	Total	
2020	\$ 9,118,235	\$ 3,266,532	\$ 12,384,767	\$ -	\$ -	\$ -	\$ -	\$ -
2021	9,475,000	2,938,500	12,413,500	-	-	-	-	-
2022	9,430,000	2,586,125	12,016,125	-	-	-	-	-
2023	9,285,000	2,235,763	11,520,763	-	-	-	-	-
2024	9,400,000	1,885,600	11,285,600	-	-	-	-	-
2025	7,380,000	1,541,863	8,921,863	-	-	-	-	-
2026	7,400,000	1,289,775	8,689,775	-	-	-	-	-
2027	7,535,000	1,038,100	8,573,100	-	-	-	-	-
2028	7,125,000	835,431	7,960,431	-	-	-	-	-
2029	5,800,000	580,013	6,380,013	-	-	-	-	-
2030	2,710,000	410,369	3,120,369	-	-	-	-	-
2031	2,785,000	336,906	3,121,906	-	-	-	-	-
2032	1,925,000	260,731	2,185,731	-	-	-	-	-
2033	1,980,000	208,769	2,188,769	-	-	-	-	-
2034	1,440,000	155,275	1,595,275	-	-	-	-	-
2035	1,475,000	119,275	1,594,275	-	-	-	-	-
2036	1,510,000	82,400	1,592,400	-	-	-	-	-
2037	1,555,000	42,763	1,597,763	-	-	-	-	-
TOTALS	\$ 97,328,235	\$ 19,814,188	\$ 117,142,423	\$ -	\$ -	\$ -	\$ -	\$ -



CURRENT BONDS OUTSTANDING

Fiscal Year Ending Dec 31st	2012			2013			2014		
	Refunding of 2006 Bonds			Public Improvements			Public Improvements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 3,680,000	\$ 1,621,094	\$ 5,301,094	\$ 195,000	\$ 58,406	\$ 253,406	\$ 285,000	\$ 56,788	\$ 341,788
2021	3,860,000	1,437,094	5,297,094	205,000	54,506	259,506	295,000	51,088	346,088
2022	4,055,000	1,244,094	5,299,094	210,000	49,381	259,381	300,000	45,188	345,188
2023	4,260,000	1,041,344	5,301,344	215,000	43,081	258,081	305,000	39,188	344,188
2024	4,475,000	828,344	5,303,344	225,000	36,631	261,631	315,000	33,088	348,088
2025	2,625,000	604,594	3,229,594	230,000	29,881	259,881	325,000	26,000	351,000
2026	2,760,000	473,344	3,233,344	240,000	22,981	262,981	330,000	17,875	347,875
2027	2,900,000	335,344	3,235,344	245,000	15,781	260,781	335,000	9,213	344,213
2028	2,995,000	248,344	3,243,344	250,000	8,125	258,125	-	-	-
2029	3,155,000	98,594	3,253,594	-	-	-	-	-	-
TOTALS	\$ 34,765,000	\$ 7,932,188	\$ 42,697,188	\$ 2,015,000	\$ 318,775	\$ 2,333,775	\$ 2,490,000	\$ 278,425	\$ 2,768,425

Fiscal Year Ending Dec 31st	2015			2015		
	Refunding of 2006, 2007 and 2008 Bonds			Public Improvements		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 920,000	\$ 124,425	\$ 1,044,425	\$ 400,000	\$ 85,750	\$ 485,750
2021	975,000	83,025	1,058,025	410,000	77,750	487,750
2022	615,000	39,150	654,150	420,000	69,550	489,550
2023	255,000	11,475	266,475	435,000	61,150	496,150
2024	-	-	-	445,000	52,450	497,450
2025	-	-	-	460,000	43,550	503,550
2026	-	-	-	470,000	34,350	504,350
2027	-	-	-	480,000	23,775	503,775
2028	-	-	-	495,000	12,375	507,375
TOTALS	\$ 2,765,000	\$ 258,075	\$ 3,023,075	\$ 4,015,000	\$ 460,700	\$ 4,475,700

CURRENT BONDS OUTSTANDING

Fiscal Year Ending Dec 31st	2016A			2016B			2017		
	Public Improvements			Public Improvements			Public Improvements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 105,000	\$ 15,800	\$ 120,800	\$ 710,000	\$ 227,150	\$ 937,150	\$ 665,000	\$ 132,506	\$ 797,506
2021	110,000	13,700	123,700	720,000	212,950	932,950	680,000	119,206	799,206
2022	110,000	11,500	121,500	735,000	198,550	933,550	690,000	105,606	795,606
2023	115,000	9,300	124,300	750,000	183,850	933,850	710,000	91,806	801,806
2024	115,000	7,000	122,000	770,000	168,850	938,850	730,000	77,606	807,606
2025	115,000	4,700	119,700	785,000	153,450	938,450	745,000	63,006	808,006
2026	120,000	2,400	122,400	805,000	137,750	942,750	765,000	48,106	813,106
2027	-	-	-	825,000	121,650	946,650	785,000	32,806	817,806
2028	-	-	-	845,000	105,150	950,150	805,000	17,106	822,106
2029	-	-	-	865,000	79,800	944,800	-	-	-
2030	-	-	-	885,000	53,850	938,850	-	-	-
2031	-	-	-	910,000	27,300	937,300	-	-	-
TOTALS	\$ 790,000	\$ 64,400	\$ 854,400	\$ 9,605,000	\$ 1,670,300	\$ 11,275,300	\$ 6,575,000	\$ 687,756	\$ 7,262,756

Fiscal Year Ending Dec 31st	2018			2019			2019		
	Public Improvements			Refunding Bonds			Public Improvements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 385,000	\$ 209,988	\$ 594,988	\$ 720,000	\$ 202,150	\$ 922,150	\$ 1,053,235	\$ 532,476	\$ 1,585,711
2021	400,000	198,438	598,438	750,000	173,350	923,350	1,070,000	517,394	1,587,394
2022	410,000	186,438	596,438	790,000	143,350	933,350	1,095,000	493,319	1,588,319
2023	420,000	174,138	594,138	705,000	111,750	816,750	1,115,000	468,681	1,583,681
2024	435,000	161,538	596,538	750,000	76,500	826,500	1,140,000	443,594	1,583,594
2025	450,000	148,488	598,488	480,000	50,250	530,250	1,165,000	417,944	1,582,944
2026	460,000	134,988	594,988	255,000	26,250	281,250	1,195,000	391,731	1,586,731
2027	475,000	121,188	596,188	270,000	13,500	283,500	1,220,000	364,844	1,584,844
2028	490,000	106,938	596,938	-	-	-	1,245,000	337,394	1,582,394
2029	505,000	92,238	597,238	-	-	-	1,275,000	309,381	1,584,381
2030	520,000	75,825	595,825	-	-	-	1,305,000	280,694	1,585,694
2031	535,000	58,275	593,275	-	-	-	1,340,000	251,331	1,591,331
2032	555,000	39,550	594,550	-	-	-	1,370,000	221,181	1,591,181
2033	575,000	20,125	595,125	-	-	-	1,405,000	188,644	1,593,644
2034	-	-	-	-	-	-	1,440,000	155,275	-
2035	-	-	-	-	-	-	1,475,000	119,275	-
2036	-	-	-	-	-	-	1,510,000	82,400	-
2037	-	-	-	-	-	-	1,555,000	42,763	-
TOTALS	\$ 6,615,000	\$ 1,728,150	\$ 8,343,150	\$ 4,720,000	\$ 797,100	\$ 5,517,100	\$ 22,973,235	\$ 5,618,319	\$ 22,211,842

**COMPUTATION OF FULL VALUATION**  
**Using State Equalization Rates**

<u>Fiscal Year Ending June 30:</u>		<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Year of Assessment Roll:</u>		<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b><u>Assessed Valuation</u></b>						
City of:	Kingston	\$ 1,392,015,431	\$ 1,402,880,315	\$ 1,437,000,148	\$ 1,514,289,120	\$ 1,638,230,882
Towns of:	Denning	27,389,307	27,398,262	27,599,605	27,731,183	27,729,403
	Esopus	807,307,089	803,773,189	803,809,284	806,835,298	807,027,562
	Gardiner	735,551,110	742,733,324	829,801,991	840,657,729	878,471,503
	Hardenburgh	104,100,617	104,469,943	104,269,968	104,079,545	103,495,539
	Hurley	816,971,829	818,707,995	827,112,954	830,360,429	831,151,289
	Kingston	78,541,972	78,009,506	78,101,692	78,513,656	78,629,102
	Lloyd	1,025,399,681	1,030,727,422	1,032,249,593	1,045,969,575	1,078,231,885
	Marbletown	928,148,338	931,440,782	938,137,736	934,114,288	942,165,659
	Marlborough	732,060,360	734,249,834	736,736,012	742,764,525	748,772,790
	New Paltz	1,146,601,204	1,151,565,622	1,155,166,155	1,156,946,326	1,161,919,785
	Olive	1,202,275,719	1,210,198,112	1,210,999,002	1,213,678,866	1,218,333,341
	Plattekill	662,237,077	659,166,994	659,534,430	665,185,356	671,069,664
	Rochester	773,046,418	779,042,149	789,648,208	803,130,838	878,307,968
	Rosendale	483,856,808	482,127,392	489,892,959	503,778,205	524,575,937
	Saugerties	1,674,699,971	1,696,480,589	1,719,954,593	1,789,349,863	1,842,855,607
	Shandaken	166,490,082	167,024,027	170,189,192	170,928,519	171,193,969
	Shawangunk	185,190,922	185,415,718	186,291,602	187,402,169	188,195,066
	Ulster	1,028,355,819	1,021,956,579	971,031,899	977,481,653	981,592,548
	Wawarsing	1,163,543,445	1,148,894,271	1,145,783,033	1,147,132,451	1,152,345,479
	Woodstock	1,319,056,812	1,332,519,264	1,346,722,841	1,364,497,857	1,386,709,770
<b>Total Assessed Valuation</b>		<b>\$ 16,452,840,011</b>	<b>\$ 16,508,781,289</b>	<b>\$ 16,660,032,897</b>	<b>\$ 16,904,827,451</b>	<b>\$ 17,311,004,748</b>
<b><u>State Equalization Rates</u></b>						
City of:	Kingston	100.00%	100.00%	100.00%	100.00%	100.00%
Towns of:	Denning	18.00%	17.00%	17.00%	16.00%	16.00%
	Esopus	100.00%	100.00%	100.00%	100.00%	95.00%
	Gardiner	93.00%	93.00%	100.00%	100.00%	100.00%
	Hardenburgh	62.00%	62.00%	62.00%	61.00%	58.00%
	Hurley	100.00%	100.00%	100.00%	100.00%	100.00%
	Kingston	97.50%	92.75%	90.90%	89.25%	86.75%
	Lloyd	100.00%	100.00%	100.00%	100.00%	100.00%
	Marbletown	100.00%	100.00%	100.00%	100.00%	100.00%
	Marlborough	100.00%	100.00%	100.00%	100.00%	95.00%
	New Paltz	101.00%	100.00%	100.00%	100.00%	95.00%
	Olive	100.00%	100.00%	100.00%	99.03%	100.00%
	Plattekill	100.00%	100.00%	100.00%	100.00%	96.00%
	Rochester	100.00%	100.00%	97.00%	93.50%	100.00%
	Rosendale	100.00%	100.00%	100.00%	100.00%	100.00%
	Saugerties	100.00%	100.00%	100.00%	100.00%	100.00%
	Shandaken	25.50%	25.50%	25.50%	25.50%	25.50%
	Shawangunk	22.25%	22.50%	21.78%	21.00%	19.40%
	Ulster	83.00%	81.50%	81.10%	78.50%	73.00%
	Wawarsing	110.68%	110.78%	110.53%	105.41%	100.00%
	Woodstock	100.00%	100.00%	99.00%	94.50%	92.25%
<b><u>Full Valuation</u></b>						
City of:	Kingston	\$ 1,392,015,431	\$ 1,402,880,315	\$ 1,437,000,148	\$ 1,514,289,120	\$ 1,638,230,882
Towns of:	Denning	152,162,817	161,166,247	162,350,618	173,319,894	173,308,769
	Esopus	807,307,089	803,773,189	803,809,284	806,835,298	849,502,697
	Gardiner	790,915,172	798,637,983	829,801,991	840,657,729	878,471,503
	Hardenburgh	167,904,221	168,499,908	168,177,368	170,622,205	178,440,584
	Hurley	816,971,829	818,707,995	827,112,954	830,360,429	831,151,289
	Kingston	80,555,869	84,107,284	85,920,453	87,970,483	90,638,734
	Lloyd	1,025,399,681	1,030,727,422	1,032,249,593	1,045,969,575	1,078,231,885
	Marbletown	928,148,338	931,440,782	938,137,736	934,114,288	942,165,659
	Marlborough	732,060,360	734,249,834	736,736,012	742,764,525	788,181,884
	New Paltz	1,135,248,717	1,151,565,622	1,155,166,155	1,156,946,326	1,223,073,458
	Olive	1,202,275,719	1,210,198,112	1,210,999,002	1,225,566,865	1,218,333,341
	Plattekill	662,237,077	659,166,994	659,534,430	665,185,356	699,030,900
	Rochester	773,046,418	779,042,149	814,070,318	858,963,463	878,307,968
	Rosendale	483,856,808	482,127,392	489,892,959	503,778,205	524,575,937
	Saugerties	1,674,699,971	1,696,480,589	1,719,954,593	1,789,349,863	1,842,855,607
	Shandaken	652,902,282	654,996,184	667,408,596	670,307,918	671,348,898
	Shawangunk	832,318,751	824,069,858	855,333,343	892,391,281	970,077,660
	Ulster	1,238,982,914	1,253,934,453	1,197,326,633	1,245,199,558	1,344,647,326
	Wawarsing	1,051,268,020	1,037,095,388	1,036,626,285	1,088,257,709	1,152,345,479
	Woodstock	1,319,056,812	1,332,519,264	1,360,326,102	1,443,913,076	1,503,208,423
<b>Total Full Valuation</b>		<b>\$ 17,919,334,296</b>	<b>\$ 18,015,386,964</b>	<b>\$ 18,187,934,571</b>	<b>\$ 18,686,763,165</b>	<b>\$ 19,476,128,883</b>

## CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), the County has agreed to provide, or cause to be provided,

- (i) to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the Final Official Statement dated September 16, 2020 of the County relating to the Bonds under the headings "THE COUNTY", "TAX INFORMATION", "STATUS OF INDEBTEDNESS", "LITIGATION" and all Appendices (other than "APPENDIX – D & F" and other than any related to bond insurance) by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending December 31, 2020, and (ii) a copy of the audited financial statements, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending December 31, 2020; such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time or, within sixty days following receipt by the County of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the County of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;
- (ii) within 10 business days after the occurrence of such event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:
  - (a) principal and interest payment delinquencies
  - (b) non-payment related defaults; if material
  - (c) unscheduled draws on debt service reserves reflecting financial difficulties
  - (d) unscheduled draws on credit enhancements reflecting financial difficulties
  - (e) substitution of credit or liquidity providers, or their failure to perform
  - (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
  - (g) modifications to rights of Bondholders; if material
  - (h) bond calls, if material, and tender offers
  - (i) defeasances
  - (j) release, substitution, or sale of property securing repayment of the Bonds; if material
  - (k) rating changes
  - (l) bankruptcy, insolvency, receivership or similar event of the County;

- (m) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (o) incurrence of a “financial obligation” (as defined in the Rule) of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect Bond holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the County, any of which reflect financial difficulties.

Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no “debt service reserves” will be established for the Bonds.

With respect to event (d) the County does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds.

For the purposes of the event identified in (l) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

With respect to events (o) and (p), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

The County may from time to time choose to provide notice of the occurrence of certain other events in addition to those listed above, if the County determines that any such other event is material with respect to the Bonds; but the County does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

- (iii) in a timely manner, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of its failure to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

The County reserves the right to terminate its obligations to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, and notices of material events, as set forth above, if and when the County no longer remains an obligated person with respect to the Bonds within the meaning of the Rule. The County acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds (including holders of beneficial interests in the Bonds). The right of holders of the Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the County’s obligations under its continuing disclosure undertaking and any failure by the County to comply with the provisions of the undertaking will neither be a default with respect to the Bonds nor entitle any holder of the Bonds to recover monetary damages.

The County reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the County, provided that, the County agrees that any such modification will be done in a manner consistent with the Rule.

A Continuing Disclosure Undertaking Certificate to this effect shall be provided to the purchaser at closing.

**COUNTY OF ULSTER, NEW YORK**

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2018**

**Such Audited Financial Statement and opinion were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Preliminary Official Statement.**

# COUNTY OF ULSTER, NEW YORK



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended  
December 31, 2018

Patrick K. Ryan  
County Executive  
(As of September 24, 2019)

Michael P. Hein  
County Executive  
(As of December 31, 2018)



Burton Gulnick, Jr.  
Commissioner of Finance

# COUNTY OF ULSTER, NEW YORK

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended  
December 31, 2018



*PREPARED BY:*

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



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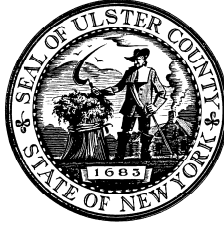
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# ULSTER COUNTY DEPARTMENT OF FINANCE

PO Box 1800, 244 Fair Street, Kingston, New York 12402

Telephone (845) 340-3460 Fax (845) 340-3430

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



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

**Lena Serrano**  
Deputy Commissioner of Finance

**Tracey Williams**  
Deputy Commissioner of Finance  
Director of Real Property Tax Service

September 24, 2019

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

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the County of Ulster, New York (County) for the fiscal year ended December 31, 2018. The CAFR is presented in accordance with generally accepted accounting principles (GAAP).

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

The County's basic financial statements have been audited by independent auditors. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended December 31, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended December 31, 2018, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

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

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

## **Profile of the County**

Ulster County is located in the east central portion of the State on the west side of the Hudson River between New York City and Albany. Founded on November 1, 1683, it is one of New York State's original twelve counties. The County currently occupies 1,161 square miles that make up a large part of the Catskill and Shawangunk mountains and serves a population of 182,493. The County is empowered to levy a real property tax on properties within its boundaries.

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

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

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

## **Factors Affecting Financial Condition**

### Local Economy

The average annual unemployment rate for Ulster County in 2018 was 3.9% and has remained under 5.0% since 2015.

The annual labor force figure increased from 2017 into 2018, going from 87,900 to 88,700. Since 2014, the average labor force has been around 88,000 people. Ulster County is seeing a smaller unemployment rate with roughly the same number of people in the labor force.

Figures from the New York State Department of Labor (NYSDOL) show the average number of people employed in private sector jobs in Ulster County increased steadily from 2012 to 2017, when average unemployment went from 43,705 to 47,619. Data for 2018 is preliminary, but with average annual employment at 48,052, this shows private sector pay rolls in Ulster County continue to increase. The most recent data from the U.S Census Bureau's American Community Survey shows the trend of Ulster County residents finding employment in other areas reversing. For the five-year period from 2013 to 2017, 67% of Ulster County workers remained in the County for employment, with 66% for the next comparable period from 2008 to 2012. A larger share of Ulster county residents can find employment in the County than in the past.

Per capita personal income data for the County shows an increase of 5.6% from 2016 to 2017, rising from \$46,225 to \$48,811, respectively. The current median family income as estimated by the United States Department of Housing and Urban Development (HUD) increased to \$83,300 for 2019 from \$79,200 in 2018. The 2010 Census reports a total population of 182,493, a 2.7% increase from 177,749 as reported in the 2000 Census.

The most recent figures from the New York State Association of Realtors has the County's 2018 median sale price for residential properties at \$230,000, up from \$216,748 in 2017. The New York State Department of Taxation and Finance has a residential median sale price of \$215,000 for 2016, and \$218,000 in 2017. Rental housing data collected by the County Planning Department for 2018 has a vacancy rate of 3.16%.



### 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 2018, the County was aggressive with vacancy budget savings of \$1,643,455.
- 2) Tax Overlay - The County provided \$1,000,000 of accumulated fund balance in the 2018 tax levy for debt reduction and cash flow purposes.
- 3) Real Property Tax Levy - In 2018, the County Executive delivered a County Operating Budget for 2019 with a 0.25% tax decrease to protect the taxpayers from the increasing cost of government.

### For the Future

In 2019, Ulster County continued the “Building a Better Ulster County” infrastructure improvement program designed to repair, upgrade, and replace county roads and bridges.

### Debt Administration

Of the County’s \$149.6 million of outstanding obligations, \$81.0 million of serial bonds and \$32.1 million of bond anticipation notes were issued for general purposes, \$34.8 million was issued for the Ulster Tobacco Asset Securitization Corporation (UTASC), a blended component unit of the County, and \$1.7 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. Under current statutes, the County's general obligation bonded debt issuances are subject to a legal limitation based on 7% of the average full valuation of taxable real property. As of December 31, 2018, the County's general obligation bonded debt of \$114.9 million was well below the legal limit of approximately \$1.260 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 2018 was 0.97%, which led to interest earnings of \$1.1 million.

### Risk Management

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

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

### **Acknowledgements**

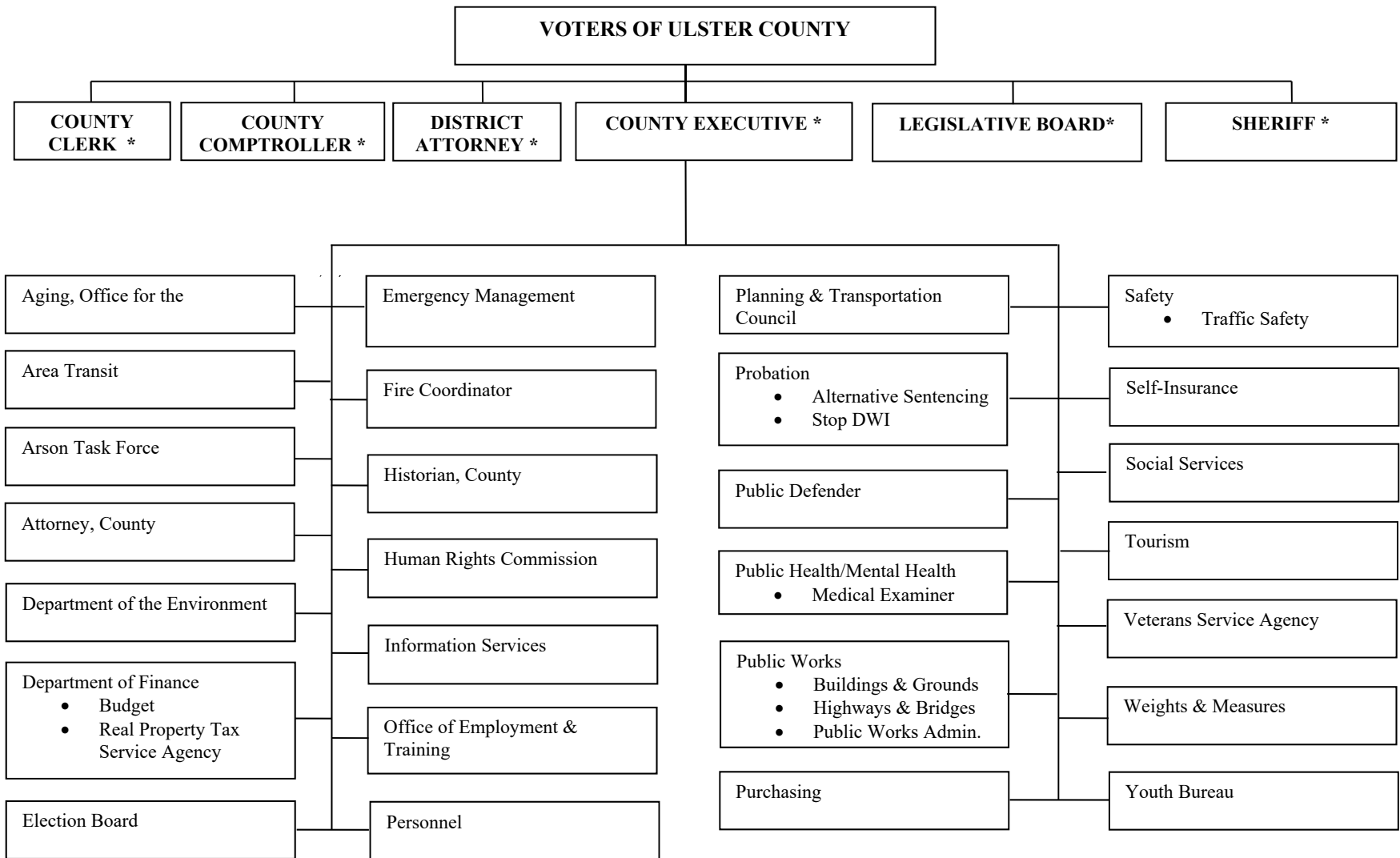
Preparation of this Comprehensive Annual Financial Report could not have been accomplished without the efficient and dedicated services of the entire staff of the Department of Finance. I would like to express my appreciation to all members of the department and to our independent auditor, Drescher &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

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

Respectfully submitted,

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

Burton Gulnick, Jr.  
Commissioner of Finance



\* Elected official

**COUNTY OF ULSTER, NEW YORK**  
**LIST OF PRINCIPAL OFFICIALS, ULSTER COUNTY LEGISLATURE**  
**AS OF DECEMBER 31, 2018**

Kenneth J. Ronk, Jr.– Chairman

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

District No. 1 – Town of Saugerties  
Mary Wawro

District No. 2 – Town of Saugerties, Village of Saugerties  
Joseph K. Maloney

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  
Lynn M. Eckert

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

District No. 7 – City of Kingston  
Brian J. Woltman

District No. 8 – Town of Esopus  
Laura Petit

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

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

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

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

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

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

District No. 15 – Town of Wawarsing,  
Village of Ellenville  
Julius A. Collins

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

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

District No. 18 – Town of Hurley, Town of Marbletown  
Heidi L. Haynes

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

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

District No. 21 – Town of Rochester,  
Town of Wawarsing  
Lynn M. Archer

District No. 22 – Town of Denning, Town of Hardenburgh,  
Town of Olive, Town of Shandaken  
Kathy Nolan

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

**COUNTY OF ULSTER, NEW YORK**  
**List of County Departments**  
**As of December 31, 2018**

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

## **Financial Section**

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*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

Honorable County Legislature  
County of Ulster, New York:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Ulster, New York (the "County"), as of and for the year ended December 31, 2018 (with the Ulster County Community College for the fiscal year ended August 31, 2018), and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Ulster County Economic Development Alliance ("UCEDA"), or the Ulster County Capital Resource Corporation ("UCCRC"), which represent 5.37 percent and 1.78 percent, respectively, of the assets, and 11.05 percent and 0.05 percent, respectively, of the revenues of the business-type activities. We also did not audit the financial statements of Ulster County Community College ("UCCC"), the Ulster County Resource Recovery Agency ("UCRRA"), or the Ulster County Industrial Development Agency ("UCIDA"), which represent 61.16 percent, 37.50 percent and 1.34 percent, respectively, of the assets, and 66.39 percent, 32.55 percent and 1.06 percent, respectively, of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the UCEDA, UCCRC, UCCC, UCRRA, and UCIDA, is based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



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

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

### ***Opinions***

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 3M to the financial statements, the County has restated net position of governmental activities as of December 31, 2017. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

### *Other Information*

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

The Supplementary Information—Combining Financial Statements and Discretely Presented Component Units, as listed in the table of contents, 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 the other auditors. In our opinion, the Supplementary Information—Combining Financial Statements and Discretely Presented Component Units, as listed in the table of contents, are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

*Drescher & Malecki LLP*

September 24, 2019

## County of Ulster, New York Management's Discussion and Analysis December 31, 2018

This section of the County of Ulster, New York's (County) comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the fiscal year ended December 31, 2018. For comparative purposes, certain data from the prior year has been reclassified to conform with the current year presentation. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section.

### Financial Highlights

- The liabilities and deferred inflows of resources of the primary government of the County exceeded assets and deferred outflows of resources at the close of the fiscal year by \$52,937,586 (*net position deficit*). This consists of \$57,245,671 net investment in capital assets, and restricted net position of \$10,154,601, offset by an unrestricted net position deficit of \$120,337,858.
- The primary government's total net position increased by \$6,384,315.
- At year end, the County governmental funds reported combined fund balances of \$42,685,614, a decrease of \$12,251,894 in comparison with the fund balances in the prior year of \$54,937,508.
- At the end of the fiscal year, the General Fund fund balance increased by \$2,188,768 to a total fund balance of \$57,990,008. Unassigned fund balance for the General Fund was \$34,454,035, or 12.59% of total General Fund expenditures and operating transfers out. An assignment from the fund balance of \$7,082,711 was budgeted for appropriation in the next fiscal year.

### Overview of the Financial Statements

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

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

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

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

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

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

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

**County of Ulster, New York**  
**Management's Discussion and Analysis (*Continued*)**  
**December 31, 2018**

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

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

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

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

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

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

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

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

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

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

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

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

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

**County of Ulster, New York**  
**Management's Discussion and Analysis (Continued)**  
**December 31, 2018**

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

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

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

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

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County primary government, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$52,937,586 at fiscal year-end.

**County of Ulster's Net Position – Primary Government**

	Governmental Activities		Business-type Activities		Total	
	2018	2017 (as restated)	2018	2017	2018	2017 (as restated)
Current and other assets	\$ 135,792,850	\$ 128,285,347	\$ 36,654,974	\$ 40,301,113	\$172,447,824	\$168,586,460
Capital assets	210,363,206	186,379,066	-	-	210,363,206	186,379,066
Total assets	346,156,056	314,664,413	36,654,974	40,301,113	382,811,030	354,965,526
Deferred outflows of resources	47,462,321	29,684,535	-	-	47,462,321	29,684,535
Current and other liabilities	79,291,953	53,963,521	1,782,320	2,641,045	81,074,273	56,604,566
Long-term liabilities	329,124,758	337,503,764	32,488,811	35,167,661	361,613,569	372,671,425
Total liabilities	408,416,711	391,467,285	34,271,131	37,808,706	442,687,842	429,275,991
Deferred inflows of resources	40,523,095	14,695,971	-	-	40,523,095	14,695,971
Net position:						
Net investment in						
capital assets	57,245,671	48,855,391	-	-	57,245,671	48,855,391
Restricted	9,955,686	11,004,588	198,915	199,656	10,154,601	11,204,244
Unrestricted	(122,522,786)	(121,674,287)	2,184,928	2,292,751	(120,337,858)	(119,381,536)
Total net position	\$(55,321,429)	\$(61,814,308)	\$ 2,383,843	\$ 2,492,407	\$(52,937,586)	\$(59,321,901)

A large portion of the County's net position, in the amount of \$57,245,671, represents its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position, in the amount of \$10,154,601, represents resources that are subject to external restrictions on how they may be used.

The remaining balance of the County's net position, \$(120,337,858), is considered to be an unrestricted deficit. This deficit does not mean that the County does not have resources available to meet its obligations in the ensuing year. Rather, it reflects liabilities not related to the County's capital assets and are not expected to be repaid from current resources. These long-term liabilities including compensated absences, other post-employment benefits ("OPEB") obligations, claims payable, and net pension liability are funded annually within the funds.

**County of Ulster, New York**  
**Management's Discussion and Analysis (Continued)**  
**December 31, 2018**

The County's primary government net position increased by \$6,384,315 as a result of operations during the current fiscal year.

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

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$16,448,289	\$16,777,357	\$ 10,001,371	\$ 10,496,699	\$26,449,660	\$27,274,056
Operating grants and contributions	78,071,951	77,044,272	335,960	567,380	78,407,911	77,611,652
Capital grants and contributions	14,453,570	9,777,416	-	-	14,453,570	9,777,416
General revenues:						
Property taxes	74,232,712	81,509,742	-	-	74,232,712	81,509,742
Sales taxes	120,322,069	115,339,913	-	-	120,322,069	115,339,913
County contribution	-	-	32,200	21,007	32,200	21,007
Other	7,905,671	5,828,843	236,710	77,436	8,142,381	5,906,279
Total revenues	311,434,262	306,277,543	10,606,241	11,162,522	322,040,503	317,440,065
Expenses:						
General government	64,380,838	65,270,653	-	-	64,380,838	65,270,653
Education	10,774,993	11,376,376	-	-	10,774,993	11,376,376
Public safety	49,661,770	53,384,200	-	-	49,661,770	53,384,200
Public health	18,773,270	19,555,576	-	-	18,773,270	19,555,576
Transportation	26,465,766	29,398,429	-	-	26,465,766	29,398,429
Economic assistance	124,214,173	126,979,436	-	-	124,214,173	126,979,436
Culture and recreation	2,973,672	1,324,144	-	-	2,973,672	1,324,144
Home and community	2,976,740	4,013,375	-	-	2,976,740	4,013,375
Interest on long-term debt	4,720,161	4,872,295	-	-	4,720,161	4,872,295
Workers' Compensation Pool	-	-	10,219,727	10,007,661	10,219,727	10,007,661
UCEDA	-	-	360,401	297,719	360,401	297,719
UCCRC	-	-	134,677	9,238	134,677	9,238
GHLDC	-	-	-	2,100	-	2,100
Total expenses	304,941,383	316,174,484	10,714,805	10,316,718	315,656,188	326,491,202
Changes in net position	6,492,879	(9,896,941)	(108,564)	845,804	6,384,315	(9,051,137)
Net position, restated – beginning (see Note 3M)	(61,814,308)	(51,917,367)	2,492,407	1,646,603	(59,321,901)	(50,270,764)
Net position – ending	<u>\$(55,321,429)</u>	<u>\$(61,814,308)</u>	<u>\$ 2,383,843</u>	<u>\$ 2,492,407</u>	<u>\$(52,937,586)</u>	<u>\$(59,321,901)</u>

**County of Ulster, New York**  
**Management's Discussion and Analysis (*Continued*)**  
**December 31, 2018**

Key elements of the primary government's increase in net position during the year ended December 31, 2018 of \$6,384,315 are as follows:

**Governmental Activities:** Governmental activities increased the County's net position by \$6,492,879 primarily due to decreases in allocable employee benefit costs related to pension, compensated absences, and other postemployment benefits, and an increase in sales tax and state and federal funding in 2018.

**Business-type Activities:** Business-type activities decreased the County's net position by \$108,564 primarily due to increased contractual expenses of the Ulster County Capital Resource Corporation.

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

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

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

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$34,454,035, while total fund balance was \$57,990,008. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and operating transfers out. Unassigned fund balance represents 12.59 percent of total fund expenditures and operating transfers out, while total fund balance represents 21.19 percent of that same amount.

**County of Ulster, New York**  
**Management's Discussion and Analysis (Continued)**  
**December 31, 2018**

Revenues for governmental funds totaled \$318,337,385 in the current fiscal year, which represents an increase of 3.7 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 2018 Amount	FY 2018 % of Total	FY 2017 Amount	FY 2017 % of Total	Increase (Decrease) Amount	Increase (Decrease) % Change
Taxes	\$ 204,698,134	64.3%	\$ 199,088,725	64.9%	\$ 5,609,409	2.8%
State and federal aid	91,059,072	28.6%	86,624,736	28.2%	4,434,336	5.1%
Departmental income	9,688,696	3.0%	10,038,653	3.3%	(349,957)	(3.5)%
Intergovernmental	3,926,621	1.2%	2,003,130	0.6%	1,923,491	96.0%
Use of money and property	1,542,283	0.5%	1,073,943	0.3%	468,340	43.6%
Tobacco settlement proceeds	2,172,027	0.7%	2,005,770	0.7%	166,257	8.3%
Miscellaneous local sources	762,745	0.2%	1,514,070	0.5%	(751,325)	(49.6)%
Interfund revenues	1,471,659	0.5%	1,525,191	0.5%	(53,532)	(3.5)%
Other	3,016,148	1.0%	3,026,300	1.0%	(10,152)	(0.3)%
Total	\$ 318,337,385	100%	\$ 306,900,518	100%	\$ 11,436,867	3.7%

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

- **Taxes** – the significant increase is primarily due to increased sales tax revenue received in 2018.
- **State and federal aid** – the significant increase is due to funding for rail trail and other culture and recreation projects.
- **Intergovernmental** – the significant increase is primarily due to funding for the Ashokan Rail Trail project from the New York City Department of Environmental Protection in 2018.
- **Use of money and property** – the significant increase is primarily due to an additional investment income earned on County deposits in 2018.
- **Miscellaneous local sources** – the significant decrease is primarily due to funds received in 2017 for prior year rate reconciliations for various special education providers.



**County of Ulster, New York**  
**Management's Discussion and Analysis (Continued)**  
**December 31, 2018**

Expenditures for governmental funds totaled \$338,472,792 in the current fiscal year, which represents an increase of 5.6 percent from the previous year.

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

**Expenditures by Function**  
**Governmental Funds**

Expenditures by Function	FY 2018 Amount	FY 2018 % of Total	FY 2017 Amount	FY 2017 % of Total	Increase (Decrease) Amount	Increase (Decrease) % Change
General government	\$62,737,612	18.5%	\$60,713,941	18.9%	\$ 2,023,671	3.3%
Education	10,116,863	3.0%	9,942,883	3.1%	173,980	1.7%
Public safety	44,280,976	13.1%	42,769,080	13.3%	1,511,896	3.5%
Public health	18,151,961	5.4%	17,836,415	5.6%	315,546	1.8%
Transportation	23,610,117	7.0%	25,020,587	7.8%	(1,410,470)	(5.6)%
Economic assistance	121,840,980	36.0%	118,542,971	37.0%	3,298,009	2.8%
Culture and recreation	1,105,000	0.3%	971,737	0.3%	133,263	13.7%
Home and community	2,910,415	0.8%	3,671,222	1.1%	(760,807)	(20.7)%
Employee benefits	7,831,406	2.3%	9,512,926	3.0%	(1,681,520)	(17.7)%
Debt (principal, interest, and issuance costs)	12,763,887	3.8%	13,638,666	4.3%	(874,779)	(6.4)%
Capital outlay	33,123,575	9.8%	17,862,861	5.6%	15,260,714	85.4%
Total	\$338,472,792	100%	\$320,483,289	100%	\$ 17,989,503	5.6%

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

- **General government** – the significant increase is due to increased sales tax distribution in 2018.
- **Public safety** – the significant increase is due to increased spending on emergency communications equipment in 2018.
- **Transportation** – the significant decrease is due to bus purchases in 2017 not purchased in 2018.
- **Economic assistance and opportunity** – the significant increase is due to increased spending on preschool and child care.
- **Home and community services** – the significant decrease is primarily due to a decrease in assistance to residents purchasing and rehabilitating owner occupied housing in 2018.
- **Employee benefits** – the significant decrease is primarily due to a decrease in the cost of retiree health insurance premiums in 2018.
- **Capital outlay** – the significant increase is primarily due to the construction of a new Family Court facility, as well as a new Restorative Justice Center in 2018.

**County of Ulster, New York**  
**Management's Discussion and Analysis (Continued)**  
**December 31, 2018**

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

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

	General Fund	Debt Service Fund	Capital Projects Fund	UTASC	Nonmajor Special Revenue Funds	Total
Revenues	\$274,844,593	\$10,446,760	\$10,738,991	\$2,229,699	\$20,077,342	\$318,337,385
Expenditures	273,089,565	10,238,927	33,123,575	2,214,065	19,806,660	338,472,792
Other financing sources (uses), net	433,740	2,908,477	4,610,881	-	(69,585)	7,883,513
Net change in fund balances (deficit)	2,188,768	3,116,310	(17,773,703)	15,634	201,097	(12,251,894)
Fund balances (deficit) – beginning	55,801,240	1,351,651	(10,920,708)	2,381,057	6,324,268	54,937,508
Fund balances (deficit) – ending	\$ 57,990,008	\$ 4,467,961	(\$28,694,411)	\$ 2,396,691	\$ 6,525,365	\$ 42,685,614

The fund balance of the County's General Fund increased by \$2,188,768 during the fiscal year.

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

**General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget resulted in a \$4.2 million increase in appropriations and transfers out, and a \$1.6 million increase in revenues and can be briefly summarized as follows:

- \$1.0 million to fund increases in sales tax distribution, legal expenses, and medical expenses in the general government.
- \$1.0 million to fund increases in public safety programs.
- \$500 thousand to fund increases in public health programs.
- \$800 thousand to fund increases to economic assistance.
- \$200 thousand to fund increases in culture and recreational programs.
- \$1.0 million to fund increases to planning and conservation studies in home and community services.
- \$100 thousand to fund increases in interest expense.
- \$300 thousand to fund increases in transfer out for principal payments on bond anticipation notes.

These increases were to be primarily funded out of decreases in appropriations of employee benefits \$700 thousand, as well as additional state and federal grants of \$1.1 million, additional sales tax revenue of \$400 thousand, and sale of property and additional miscellaneous funding of \$100 thousand, with the remaining \$2.6 million being funded from available fund balance assigned for prior year encumbrances.

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

- Sales tax revenue was \$2.3 million higher than budgeted due to increased consumer spending in 2018.
- State aid was \$2.4 million higher than budgeted due to a funding change from federal to state aid in 2018.
- Federal aid was \$4.0 million lower than budgeted due to a funding change from federal to state aid in 2018.
- Sale of property and compensation for loss was higher than budgeted primarily due to a \$900 thousand sale of County owned real estate.
- General government expense savings resulted primarily from property related contractual savings of approximately \$700 thousand, and general savings across all county departments.
- Public safety expense savings resulted primarily from less than expected emergency communications equipment spending of \$950 thousand, and general savings across all public safety departments.

**County of Ulster, New York**  
**Management's Discussion and Analysis (Continued)**  
**December 31, 2018**

**Capital Assets and Debt Administration**

**Capital assets.** The County's investment in capital assets for its governmental activities as of fiscal year end amounted to \$210,363,206 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and improvements, machinery and equipment, infrastructure and construction in progress. For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year.

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

	<u>Governmental Activities</u>	
	2018	2017
Land and land improvements	\$ 6,094,889	\$ 4,867,956
Buildings and improvements	84,562,089	89,642,026
Machinery and equipment	17,842,290	17,637,731
Infrastructure	74,302,557	60,311,378
Construction in progress	27,561,381	13,919,975
Total	<u>\$210,363,206</u>	<u>\$186,379,066</u>

Additional information on the County's capital assets can be found in Note 2E on pages 34-35 of this report.

**County of Ulster, New York**  
**Management's Discussion and Analysis (Continued)**  
**December 31, 2018**

**Long-term debt.** At the end of the current fiscal year, the primary government of the County had total serial bonded debt outstanding of \$124,704,653, net of unamortized bond premiums. Of this amount, \$88,607,791 comprises debt backed by full faith and credit of the County and \$36,096,862 is backed by the tobacco settlement revenues per the Master Settlement Agreement.

	Governmental Activities		Increase
	2018	2017	(Decrease)
General obligation bonds	\$ 86,874,206	\$ 87,476,954	(\$ 602,748)
Bonds issued on behalf of UCCC	1,733,585	1,997,711	(264,126)
Tobacco asset backed bonds	36,096,862	36,311,859	(214,997)
Total outstanding bonded debt	\$ 124,704,653	\$ 125,786,524	(\$ 1,081,871)

The County maintains a "AA" rating from Standard & Poor's for general obligation debt. State statutes limit the amount of general obligation debt a governmental entity may issue to 7% of its five-year average full valuation of taxable real property. The County has utilized 9.12% of its statutory debt limit at fiscal year end.

Additional information on the County's long-term debt can be found in Note 2I on pages 37-40 of this report.

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

- The property tax levy was reduced by 0.25% in 2019.
- The County continued an infrastructure improvement program and invested an additional \$25 million in critical road and bridge improvements, which also included the County's Rail Trail network.

All of these factors were considered in preparing the County's budget for fiscal year 2019.

During the current fiscal year, fund balance in the General Fund increased to \$57,990,008. The County elected to appropriate \$7,082,711 of the fund balance in the General Fund for spending in the 2019 fiscal year budget.

**Request for Information**

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

# **Basic Financial Statements**

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

**County of Ulster, New York**  
**Statement of Net Position**  
**December 31, 2018**

	Primary Government			Aggregate Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 31,841,846	\$ 27,277,402	\$ 59,119,248	\$ 12,303,288
Restricted cash and cash equivalents	16,025,648	1,300,451	17,326,099	-
Investments	-	-	-	11,525,790
Receivables	83,362,057	788,923	84,150,980	7,298,504
Internal balances	(1,945,628)	1,945,628	-	-
Due from Agency Fund	6,143	-	6,143	-
Due from component units	477,484	-	477,484	-
Inventories	70,553	-	70,553	-
Prepaid items	5,954,747	-	5,954,747	375,909
Other assets	-	-	-	1,495,468
Assessment receivables	-	4,142,570	4,142,570	-
Deposit with third party administrator	-	1,200,000	1,200,000	-
Net pension asset - proportionate share	-	-	-	100,998
Capital assets (net of accumulated depreciation)	210,363,206	-	210,363,206	23,399,244
Total assets	346,156,056	36,654,974	382,811,030	56,499,201
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources - pensions	33,050,955	-	33,050,955	3,705,936
Deferred outflows of resources - OPEB	10,531,325	-	10,531,325	4,513,961
Deferred charge on refunding	3,880,041	-	3,880,041	-
Total deferred outflows of resources	47,462,321	-	47,462,321	8,219,897
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	15,084,215	479,617	15,563,832	3,262,671
Intergovernmental payables	31,713,611	20,413	31,734,024	430
Due to primary government	-	-	-	477,484
Unearned revenue	380,151	1,282,290	1,662,441	4,883,637
Bond anticipation notes payable	32,113,976	-	32,113,976	-
Noncurrent liabilities:				
Due within one year	11,762,532	22,516,819	34,279,351	2,837,485
Due in more than one year	317,362,226	9,971,992	327,334,218	33,456,490
Total liabilities	408,416,711	34,271,131	442,687,842	44,918,197
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred tuition received	-	-	-	710,927
Deferred inflows of resources - pensions	32,279,478	-	32,279,478	2,710,000
Deferred gain on refunding	8,243,617	-	8,243,617	-
Total deferred inflows of resources	40,523,095	-	40,523,095	3,420,927
<b>NET POSITION</b>				
Net investment in capital assets	57,245,671	-	57,245,671	22,294,968
Restricted for:				
Board designated, scholarships, and grants	-	-	-	6,076,150
Nonexpendable	-	-	-	2,862,085
Debt service	2,396,691	-	2,396,691	2,704,900
Other purposes	7,558,995	198,915	7,757,910	-
Unrestricted	(122,522,786)	2,184,928	(120,337,858)	(17,558,129)
Total net position	\$ (55,321,429)	\$ 2,383,843	\$ (52,937,586)	\$ 16,379,974

See accompanying notes to the financial statements.



**County of Ulster, New York**  
**Statement of Activities**  
**For the Year Ended December 31, 2018**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			Aggregate Discretely Presented Component Units	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government				
					Governmental Activities	Business-type Activities	Total		
Primary government:									
Governmental activities:									
General government	\$ 64,380,838	\$ 6,451,107	\$ 1,855,522	\$ 110,370	\$ (55,963,839)	\$ -	\$ (55,963,839)	\$ -	
Education	10,774,993	81,518	-	629,758	(10,063,717)	-	(10,063,717)	-	
Public safety	49,661,770	2,707,737	2,284,538	-	(44,669,495)	-	(44,669,495)	-	
Public health	18,773,270	572,909	11,867,761	-	(6,332,600)	-	(6,332,600)	-	
Transportation	26,465,766	1,032,547	4,744,241	8,682,031	(12,006,947)	-	(12,006,947)	-	
Economic assistance	124,214,173	5,274,861	56,423,382	528,599	(61,987,331)	-	(61,987,331)	-	
Culture and recreation	2,973,672	190,153	232,307	4,502,812	1,951,600	-	1,951,600	-	
Home and community	2,976,740	137,457	664,200	-	(2,175,083)	-	(2,175,083)	-	
Interest	4,720,161	-	-	-	(4,720,161)	-	(4,720,161)	-	
Total governmental activities	304,941,383	16,448,289	78,071,951	14,453,570	(195,967,573)	-	(195,967,573)	-	
Business-type activities:									
Workers' Compensation Pool	10,219,727	9,621,224	335,960	-	-	(262,543)	(262,543)	-	
Economic Development Alliance	360,401	380,147	-	-	-	19,746	19,746	-	
Capital Resource Corporation	134,677	-	-	-	-	(134,677)	(134,677)	-	
Total business-type activities	10,714,805	10,001,371	335,960	-	-	(377,474)	(377,474)	-	
15 Total primary government	\$ 315,656,188	\$ 26,449,660	\$ 78,407,911	\$ 14,453,570	(195,967,573)	(377,474)	(196,345,047)	-	
Component units:									
Community College	\$ 35,018,580	\$ 8,343,862	\$ 6,406,680	\$ -				(20,268,038)	
Resource Recovery Agency	14,181,578	15,984,910	45,558	-				1,848,890	
Industrial Development Agency	171,855	522,749	-	-				350,894	
Total component units	\$ 49,372,013	\$ 24,851,521	\$ 6,452,238	\$ -				(18,068,254)	
General revenues:									
Taxes:									
					Property and other real property tax items	74,232,712	-	74,232,712	-
					Sales	120,322,069	-	120,322,069	-
					Tax on hotel room occupancy	1,805,747	-	1,805,747	-
					Off track betting	22,146	-	22,146	-
					E-911 surcharge	666,659	-	666,659	-
					Automobile use tax	1,174,680	-	1,174,680	-
					Use of money and property	1,189,899	236,710	1,426,609	148,755
					Tobacco settlement proceeds	2,157,027	-	2,157,027	-
					Contribution from other governments	-	-	-	5,826,978
					County contribution	-	32,200	32,200	6,400,863
					Chargeback revenue	-	-	-	942,400
					Federal and state nonoperating revenues	-	-	-	5,105,846
					Sale of property	-	889,513	889,513	-
					Transfers	889,513	(889,513)	-	-
					Total general revenues	202,460,452	268,910	202,729,362	18,424,842
					Change in net position	6,492,879	(108,564)	6,384,315	356,588
					Net position - beginning, as restated (Note 3M)	(61,814,308)	2,492,407	(59,321,901)	16,023,386
					Net position - ending	\$ (55,321,429)	\$ 2,383,843	\$ (52,937,586)	\$ 16,379,974

See accompanying notes to the financial statements.

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**Fund Financial**  
**Statements**

**County of Ulster, New York**  
**Balance Sheet - Governmental Funds and Reconciliation of the Balance Sheet - Governmental Funds**  
**To the Government-wide Statement of Net Position**  
**December 31, 2018**

	General	Debt Service	Capital Projects	UTASC	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash, cash equivalents and investments	\$ 24,944,772	\$ -	\$ -	\$ -	\$ 6,897,074	\$ 31,841,846
Restricted cash, cash equivalents and investments	7,939,146	4,467,961	1,207,618	2,410,923	-	16,025,648
Receivables	76,161,231	-	4,870,606	-	157,720	81,189,557
Due from other funds	23,343	-	-	-	-	23,343
Due from component units - UCCC	464,984	-	-	-	-	464,984
Inventories	70,553	-	-	-	-	70,553
Prepaid items	5,840,051	-	114,696	-	-	5,954,747
Total assets	<u>\$ 115,444,080</u>	<u>\$ 4,467,961</u>	<u>\$ 6,192,920</u>	<u>\$ 2,410,923</u>	<u>\$ 7,054,794</u>	<u>\$ 135,570,678</u>
<b>LIABILITIES</b>						
Accounts payable and other accrued liabilities	\$ 10,803,681	\$ -	\$ 2,771,637	\$ -	\$ 529,429	\$ 14,104,747
Intergovernmental payables	31,713,611	-	-	-	-	31,713,611
Due to other funds	52,124	-	1,718	14,232	-	68,074
Bond anticipation notes payable	-	-	32,113,976	-	-	32,113,976
Unearned revenues	380,151	-	-	-	-	380,151
Total liabilities	<u>42,949,567</u>	<u>-</u>	<u>34,887,331</u>	<u>14,232</u>	<u>529,429</u>	<u>78,380,559</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	14,504,505	-	-	-	-	14,504,505
Total deferred inflows of resources	<u>14,504,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,504,505</u>
<b>FUND BALANCES (DEFICIT)</b>						
Nonspendable:						
Inventories	70,553	-	-	-	-	70,553
Prepaid items	5,840,051	-	114,696	-	-	5,954,747
Restricted for:						
Debt service	-	4,467,961	-	2,396,691	-	6,864,652
Future capital projects	2,900,000	-	-	-	-	2,900,000
Risk retention	127,857	-	-	-	-	127,857
Tax stabilization	2,547,827	-	-	-	-	2,547,827
Other purposes	1,983,311	-	-	-	-	1,983,311
Assigned to:						
Encumbrances	2,365,074	-	-	-	14,943	2,380,017
Subsequent years' expenditures	7,082,711	-	-	-	850,000	7,932,711
Specific use	-	-	-	-	5,660,422	5,660,422
Other purposes	618,589	-	-	-	-	618,589
Unassigned	34,454,035	-	(28,809,107)	-	-	5,644,928
Total fund balances (deficit)	<u>57,990,008</u>	<u>4,467,961</u>	<u>(28,694,411)</u>	<u>2,396,691</u>	<u>6,525,365</u>	<u>42,685,614</u>
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<u>\$ 115,444,080</u>	<u>\$ 4,467,961</u>	<u>\$ 6,192,920</u>	<u>\$ 2,410,923</u>	<u>\$ 7,054,794</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	210,363,206
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,185,000
Pension related deferred outflows of resources represent a consumption of net position in the future period and, therefore, are not reported in the funds.	33,050,955
OPEB related deferred outflows represent a consumption of net position in the future period and, therefore, are not reported in the funds.	10,531,325
Deferred charge on bond refunding represent a consumption of net position in the future period and, therefore, are not reported in the funds.	3,880,041
Deferred property tax revenue is not available to pay for current-period expenditures and, therefore, are deferred in the funds.	14,504,505
Retainage payable is not due and payable in the current period and, therefore, is not reported in the funds.	(494,200)
Pension related deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	(32,279,478)
Tobacco refunding related deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	(8,243,617)
Accrued interest on bonds payable is not due and payable in the current period and, therefore, is not reported in the funds.	(485,268)
Claims and judgments for workers' compensation liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(1,894,754)
Long-term liabilities, including bonds payable, claims and judgments, retirement, OPEB, net pension liability, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(329,124,758)
Net position of governmental activities	<u>\$ (55,321,429)</u>

See accompanying notes to the financial statements.

**County of Ulster, New York**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)**  
**Governmental Funds**  
**For the Year Ended December 31, 2018**

	General	Debt Service	Capital Projects	UTASC	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes:						
Property	\$ 51,046,118	\$ 10,112,877	\$ -	\$ -	\$ 13,923,204	\$ 75,082,199
Other real property tax items	5,624,634	-	-	-	-	5,624,634
Sales	120,322,069	-	-	-	-	120,322,069
Tax on hotel room occupancy	1,805,747	-	-	-	-	1,805,747
Off track betting	22,146	-	-	-	-	22,146
E-911 surcharge	666,659	-	-	-	-	666,659
Automobile use tax	1,174,680	-	-	-	-	1,174,680
State aid	45,173,062	281,619	4,055,970	-	4,261,515	53,772,166
Federal aid	30,666,130	-	5,051,154	-	1,569,622	37,286,906
Departmental income	9,688,696	-	-	-	-	9,688,696
Intergovernmental	2,367,475	-	1,399,928	-	159,218	3,926,621
Use of money and property	1,365,373	52,264	-	57,672	66,974	1,542,283
Licenses and permits	463,119	-	-	-	-	463,119
Fines and forfeitures	469,645	-	-	-	-	469,645
Sale of property and compensation for loss	1,825,463	-	205,000	-	52,921	2,083,384
Tobacco settlement proceeds	-	-	-	2,172,027	-	2,172,027
Miscellaneous local sources	692,518	-	26,939	-	43,288	762,745
Interfund revenues	1,471,059	-	-	-	600	1,471,659
Total revenues	<u>274,844,593</u>	<u>10,446,760</u>	<u>10,738,991</u>	<u>2,229,699</u>	<u>20,077,342</u>	<u>318,337,385</u>
<b>EXPENDITURES</b>						
Current:						
General government	62,694,042	-	-	43,570	-	62,737,612
Education	10,116,863	-	-	-	-	10,116,863
Public safety	44,280,976	-	-	-	-	44,280,976
Public health	18,151,961	-	-	-	-	18,151,961
Transportation	5,331,484	-	-	-	18,278,633	23,610,117
Economic assistance	120,542,481	-	-	-	1,298,499	121,840,980
Culture and recreation	1,105,000	-	-	-	-	1,105,000
Home and community	2,681,488	-	-	-	228,927	2,910,415
Employee benefits	7,831,406	-	-	-	-	7,831,406
Debt service:						
Principal	-	7,281,552	-	405,000	-	7,686,552
Interest	353,864	2,957,375	-	1,765,495	601	5,077,335
Capital outlay	-	-	33,123,575	-	-	33,123,575
Total expenditures	<u>273,089,565</u>	<u>10,238,927</u>	<u>33,123,575</u>	<u>2,214,065</u>	<u>19,806,660</u>	<u>338,472,792</u>
Excess (deficiency) of revenues over expenditures	<u>1,755,028</u>	<u>207,833</u>	<u>(22,384,584)</u>	<u>15,634</u>	<u>270,682</u>	<u>(20,135,407)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	73,727	2,908,477	529,500	-	4,142	3,515,846
Transfers from proprietary funds	889,513	-	-	-	-	889,513
Transfers out	(529,500)	-	(2,912,619)	-	(73,727)	(3,515,846)
Issuance of bonds	-	-	6,994,000	-	-	6,994,000
Total other financing sources (uses)	<u>433,740</u>	<u>2,908,477</u>	<u>4,610,881</u>	<u>-</u>	<u>(69,585)</u>	<u>7,883,513</u>
Net change in fund balances (deficit)	2,188,768	3,116,310	(17,773,703)	15,634	201,097	(12,251,894)
Fund balances (deficit) - beginning	55,801,240	1,351,651	(10,920,708)	2,381,057	6,324,268	54,937,508
Fund balances (deficit) - ending	<u>\$ 57,990,008</u>	<u>\$ 4,467,961</u>	<u>\$ (28,694,411)</u>	<u>\$ 2,396,691</u>	<u>\$ 6,525,365</u>	<u>\$ 42,685,614</u>

See accompanying notes to the financial statements.

**County of Ulster, New York**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances (Deficit) - Governmental Funds**  
**To the Government-wide Statement of Activities**  
**For the Year Ended December 31, 2018**

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

Net change in fund balances (deficit) - total governmental funds (page 17)	\$	(12,251,894)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays, net of disposals, exceeded depreciation expense, in the current period.		23,984,140
Deferred outflows of resources relating to OPEB result from actuarial changes in the census, changes in medical premiums that are different than expected healthcare cost trend rates, and changes in assumptions and other inputs. This amount is shown net of current year amortizations.		10,531,325
Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:		
Direct pension contributions	\$ 12,304,270	
Cost of benefits earned, net of employee contributions	<u>(11,755,848)</u>	548,422
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(6,489,121)
Accrued bond interest is not due and payable in the current period and, therefore, is not reported in the funds.		31,351
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(10,895,565)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>1,034,221</u>
Change in net position of governmental activities	<u>\$</u>	<u>6,492,879</u>

See accompanying notes to the financial statements.

**County of Ulster, New York**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2018**

	<b>Business-Type Activities</b>		
	<b>Workers' Compensation Pool</b>	<b>Total Nonmajor Proprietary Funds</b>	<b>Total Proprietary Funds</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 25,696,416	\$ 1,580,986	\$ 27,277,402
Restricted cash	1,101,536	198,915	1,300,451
Receivables	-	95,230	95,230
Due from other funds	1,894,754	52,124	1,946,878
Total current assets	28,692,706	1,927,255	30,619,961
Noncurrent assets:			
Receivables	4,142,570	693,693	4,836,263
Deposit with third party administrator	1,200,000	-	1,200,000
Total noncurrent assets	5,342,570	693,693	6,036,263
Total assets	34,035,276	2,620,948	36,656,224
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	441,332	34,688	476,020
Accrued salaries and benefits	3,597	-	3,597
Intergovernmental payables	-	20,413	20,413
Due to other funds	-	1,250	1,250
Workers' compensation claims payable	22,516,819	-	22,516,819
Total current liabilities	22,961,748	56,351	23,018,099
Noncurrent liabilities:			
Unearned revenue	1,101,536	180,754	1,282,290
Workers' compensation claims payable	9,971,992	-	9,971,992
Total noncurrent liabilities	11,073,528	180,754	11,254,282
Total liabilities	34,035,276	237,105	34,272,381
<b>NET POSITION</b>			
Restricted	-	198,915	198,915
Unrestricted	-	2,184,928	2,184,928
Total net position	\$ -	\$ 2,383,843	\$ 2,383,843

See accompanying notes to the financial statements.

**County of Ulster, New York**  
**Statement of Revenues, Expenses, and Change in Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2018**

	<b>Business-Type Activities</b>		
	<b>Workers' Compensation Pool</b>	<b>Total Nonmajor Proprietary Funds</b>	<b>Total Proprietary Funds</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 9,621,224	\$ 336,860	\$ 9,958,084
Other operating revenue	335,960	43,287	379,247
Total operating revenues	9,957,184	380,147	10,337,331
<b>OPERATING EXPENSES</b>			
Administrative	2,219,539	36,931	2,256,470
Contractual	-	453,744	453,744
Claimants	8,000,188	-	8,000,188
Provision for loan recoveries	-	3,348	3,348
Total operating expenses	10,219,727	494,023	10,713,750
Operating income (loss)	(262,543)	(113,876)	(376,419)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Contribution from General Fund for other postemployment benefits	32,200	-	32,200
Interest earnings	230,343	6,367	236,710
Sale of property	-	889,513	889,513
Transfer to General Fund	-	(889,513)	(889,513)
Interest expense	-	(1,055)	(1,055)
Total nonoperating revenues	262,543	5,312	267,855
Change in net position	-	(108,564)	(108,564)
Total net position - beginning	-	2,492,407	2,492,407
Total net position - ending	\$ -	\$ 2,383,843	\$ 2,383,843

See accompanying notes to the financial statements.



**County of Ulster, New York**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2018**

	<b>Business-Type Activities</b>		
	<b>Workers' Compensation Pool</b>	<b>Total Nonmajor Proprietary Funds</b>	<b>Total Proprietary Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from services provided	\$ 9,957,184	\$ 262,569	\$ 10,219,753
Payments to suppliers and service providers	(1,974,932)	(530,316)	(2,505,248)
Payments to employees	(244,607)	-	(244,607)
Payments to claimants	(5,706,106)	-	(5,706,106)
Net cash provided (used) by operating activities	2,031,539	(267,747)	1,763,792
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash contributions from General Fund	32,200	-	32,200
Interest expense	-	(1,055)	(1,055)
Payments on long-term debt	-	(38,016)	(38,016)
Net cash provided (used) by noncapital financing activities	32,200	(39,071)	(6,871)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest earnings	230,343	6,367	236,710
Sale of property	-	840,763	840,763
Transfer to General Fund	-	(864,513)	(864,513)
Net cash provided (used) by investing activities	230,343	(17,383)	212,960
Net increase (decrease) in cash and cash equivalents	2,294,082	(324,201)	1,969,881
Total cash and cash equivalents - beginning	24,503,870	2,104,102	26,607,972
Total cash and cash equivalents - ending	\$ 26,797,952	\$ 1,779,901	\$ 28,577,853
<b>Reconciliation of operating (loss) to net cash provided by (used) operating activities:</b>			
Operating (loss)	\$ (262,543)	\$ (113,876)	\$ (376,419)
Adjustments to reconcile operating loss to net cash provided by (used) operating activities:			
Provision for loan recoveries	-	3,348	3,348
Decrease (increase) in:			
Receivables	(2,006,055)	(230,102)	(2,236,157)
Due from other funds	7,727,653	109,176	7,836,829
Increase (decrease) in:			
Accounts payable and accrued expenses	(747,536)	(32,234)	(779,770)
Accrued salaries and benefits	(1,130)	-	(1,130)
Workers' compensation claims payable	(2,678,850)	-	(2,678,850)
Unearned revenue	-	(4,059)	(4,059)
Net cash provided (used) by operating activities	\$ 2,031,539	\$ (267,747)	\$ 1,763,792

See accompanying notes to the financial statements.

**County of Ulster, New York**  
**Statement of Fiduciary Net Position**  
**Agency Fund**  
**December 31, 2018**

	<u>Agency</u>
<b>ASSETS</b>	
Restricted cash and cash equivalents	\$ 12,221,248
Receivables	<u>266,508</u>
Total assets	<u><u>\$ 12,487,756</u></u>
 <b>LIABILITIES</b>	
Due to other funds	\$ 6,143
Agency fund liabilities	<u>12,481,613</u>
Total liabilities	<u><u>\$ 12,487,756</u></u>

See accompanying notes to the financial statements.

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

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2018

### 1. Summary of Significant Accounting Policies

#### A. Financial Reporting Entity

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

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

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

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

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

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

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

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

# **COUNTY OF ULSTER, NEW YORK**

## **Notes to the Financial Statements**

**December 31, 2018**

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

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

### ***Ulster County Economic Development Alliance (UCEDA)***

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

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

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

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

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

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

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

The Ulster County Community College (UCCC) was established in 1963 with the County as the local sponsor under the provisions of Article 126 of the Education Law. A board of trustees consisting of nine voting members administers the UCCC; five are appointed by the County Legislature and four by the governor. The UCCC budget is subject to approval of the County Legislature. The County provides approximately one-half of the capital costs and one-third of the operating costs for UCCC. Real property of UCCC vests with the County. Certain bonds and notes for UCCC capital costs are issued and guaranteed by the County. The County, beginning in 2012, has recorded general obligation bonds issued on behalf of UCCC previously recorded on UCCC's financial statements. (See Note 21). These bonds are considered to be debt of the County. The County also pays a portion of tuition and capital cost charges for County residents attending other community colleges. The UCCC financial statements include two discretely reported component units; the Ulster Community College Foundation and the Ulster Community College Association, Inc. The UCCC has a fiscal year ending August 31.

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

# **COUNTY OF ULSTER, NEW YORK**

## **Notes to the Financial Statements**

**December 31, 2018**

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

The Ulster County Resource Recovery Agency (UCRRA) was created on December 31, 1986 by State Legislation (Chapter 936, Laws of New York), which amended the Public Authorities Law. The County entered into an agreement on January 26, 1988 with UCRRA to develop a plan and manage solid waste and recovery systems within the County. The County agreed to finance and fund UCRRA until a solid waste management plan was developed and implemented. The County approved a solid waste management plan on December 30, 1991, which was subsequently approved by the NYS Department of Environmental Conservation in April 1993. This plan enabled UCRRA to issue revenue bonds, to repay the County and finance the operating and capital expenditures for a solid waste management system. The County entered into a service agreement with UCRRA; whereby UCRRA will construct, maintain and operate the system. In exchange, the County has guaranteed to fund any operating, capital or debt service deficits with the payment to UCRRA of a net service fee pursuant to the terms set forth in the service agreement. In December of 2012 a countywide Flow Control Law was passed by the Ulster County Legislature and signed into law by the Ulster County Executive. The Flow Control Law mandates that all municipal solid waste generated within the County of Ulster must be brought to the UCRRA. The major financial impacts of this new law resulted in an increase in solid waste service fees, the elimination of County net service fees, and the ability of UCRRA to be self-sustaining. The UCRRA met all of its obligations for fiscal year 2018 without the assistance of a County subsidy.

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

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

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

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

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

### ***Ulster County Soil and Water Conservation District (UCSWCD)***

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

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

The Golden Hill Local Development Corporation (GHLDC) was formed on October 7, 2011 with a mission to seek and transfer the land and the facilities of the Golden Hill Health Care Center to the highest qualified bidder. In doing so, the GHLDC shall examine and consider, where applicable, the bidders' competency and character, history of employee relations and practices, quality of care of residents, record of retaining facilities subsequent to acquisition, willingness to agree to build a new facility at the site, willingness to continue to care for all existing residents at the time of acquisition (unless otherwise indicated by the New York State Department of Health criteria), financial stability, and willingness to consider existing staff as potential employees. The GHLDC has a board of directors appointed by the County Executive and the County Legislature. GHLDC has a fiscal year that ends December 31. GHLDC is excluded from the financial reporting entity due to a lack of activity for the year ended December 31, 2018. Had GHLDC had activity, it would be presented as a proprietary fund of the County.

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2018

### B. Basis of Presentation

Beginning in 2018, the County adopted the provisions of GASB Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, No. 85, *Omnibus 2017*, and No. 86, *Certain Debt Extinguishment Issues*. The objective of GASB Statement No. 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The objective of GASB Statement No. 85 is to address issues that have been identified during implementation and application of certain GASB Statements. The objective of GASB Statement No. 86 is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. Other than as discussed in Note 3M, the implementation of GASB Statements No. 75, 85, and 86 did not have a material impact on the County's financial position or results from operations.

### Government-wide Financial Statements

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

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

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

### Fund Financial Statements

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

The County reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It is used to account for and report all financial resources of the general government, except those required to be accounted for and reported in another fund. For the County, the General Fund includes such activities as public safety, public health, transportation, public assistance, education, and culture and recreation services. The major revenue sources of the General Fund are real property taxes, sales tax, and State and Federal aid.
- The *Debt Service Fund* is used to account for and report the financial resources that are restricted, committed or assigned to expenditures for principal and interest on long-term general obligation debt of governmental funds not accounted for in the General Fund, Capital Projects Fund and the component units. The major revenue source of the Debt Service Fund is real property taxes.
- The *Capital Projects Fund* is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition, construction or improvement of capital facilities and other capital assets, other than those financed by proprietary funds or assets held in trust. The major revenue sources of the Capital Projects Fund are State and Federal Aid, and proceeds of obligations.

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2018

- The *Ulster Tobacco Asset Securitization Corporation* (UTASC) accounts for and reports the tobacco settlement revenues received from the Master Settlement Agreement and the repayment of the tobacco settlement asset-backed bonds whose proceeds were used to defease County debt. The major revenue source of UTASC is tobacco settlement proceeds.

The County reports the following additional governmental funds:

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

The County utilizes the following nonmajor special revenue funds:

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

The County reports the following major proprietary fund:

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

The County reports the following additional proprietary funds:

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

The County reports the following additional fund types:

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

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

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

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.



# **COUNTY OF ULSTER, NEW YORK**

## **Notes to the Financial Statements**

**December 31, 2018**

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

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

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

### **D. Cash, Cash Equivalents, and Investments**

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

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

### **E. Restricted Cash, Cash Equivalents, and Investments**

Restricted cash, cash equivalents, and investments represent restricted fund balance, unspent proceeds of debt, unearned revenues, and amounts held on behalf of others.

### **F. Receivables, Payables, and Property Taxes**

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

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

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2018

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

The portion of the receivable that represents taxes relieved for schools is also reported as a payable in intergovernmental payables in the amount of \$17,913,737. The County settles with the various towns and schools, and pays out the full amount of delinquents to the respective tax jurisdictions. Three years after the lien date, properties with unredeemed taxes are eligible for public auction. The County enforces unpaid real property tax liens pursuant to Article 11 of the New York State Real Property Tax Laws, which is commonly referred to as In Rem Foreclosure, or Judicial Statement.

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

### G. Inventories and Prepaid Items

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

### H. Capital Assets

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

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

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

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

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

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

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

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2018

### I. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County has three items that qualify for reporting in this category, and are reported in the government-wide statement of net position. The first item is related to pensions and represents the effect of the net change in the County's proportion of the collective net pension asset or liability, difference between expected and actual experience, net difference between projected and actual investment earnings on pension plan investments, and the County contributions to the pension system subsequent to the measurement date. The second represents the effects of the change in the County's proportion of the collective net OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability. The third represents deferred charges on refunding bonds that are being amortized over the life of the refunded debt.

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

### J. Net Position Flow Assumption

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

### K. Unearned Revenue

Certain cash receipts have not met the revenue recognition criteria for government-wide or fund financial purposes. At December 31, 2018, the County reported unearned revenues within the General Fund of \$380,151, the Worker's Compensation Fund in the amount of \$1,101,536, and the Ulster County Economic Development Alliance in the amount of \$180,754. The County recorded in the General Fund tax overpayments, and grant money received in advance but has not performed the services, and therefore recognizes a liability. The County recorded in the Worker's Compensation Fund advance payments from participants for future workers' compensation claims in which a liability has not yet been incurred, and in the Ulster County Economic Development Alliance recorded advances for program initiatives in which services have not yet been performed, therefore recognizing liabilities.

### L. Pensions

The County and its component units are mandated by New York State law to participate in the New York State Local Employees' Retirement System and New York State Teachers' Retirement System. For purposes of measuring the net pension liability/(asset), deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 2J.

**COUNTY OF ULSTER, NEW YORK**  
**Notes to the Financial Statements**  
**December 31, 2018**

**M. Long-Term Obligations**

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

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

**N. Compensated Absences**

It is the County's policy to permit employees to accumulate vacation, sick leave and compensatory absences in varying amounts as services are provided. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave and unused compensatory absences at various rates subject to certain maximum limitations. The cost of these unused benefits for governmental funds is maintained separately and represents a reconciling item between the government-wide and fund financial statements presentation. The value recorded in the government-wide financial statements for compensated absences at December 31, 2018 is \$17,271,304 classified as a long-term liability in the governmental activities, which includes \$1,727,130 estimated to be due within one year.

**O. Judgments and Claims**

As explained further in Note 3B, the County is exposed to various risks of loss related to unemployment, general liability, and workers' compensation. General liability arises when the County is named as a defendant in a personal injury claim occurring in the County, and liabilities are recorded to the extent of the insurance deductibles related to each claim. As of December 31, 2018, Ulster County has recorded \$1,238,000 as a general liability within governmental activities. The County is also exposed to risk related to workers' compensation. The total amount of workers' compensation liability recorded in the Workers' Compensation Pool as of December 31, 2018, was \$32,488,811, of which \$1.9 million is due and payable from governmental activities for the County's portion of the liability.

**P. 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.

**Q. Fund Balance**

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

The Capital Projects Fund had a deficit fund balance of \$28,694,411 resultant from expenditures made for the reconstruction of roads and bridges from the Building a Better Ulster Infrastructure Program, and various other projects with the financing coming from bond anticipation notes. This deficit is expected to be eliminated in future years through the issuance of serial bonds.

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2018

### R. 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, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingencies. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### 2. Detailed Notes on All Funds

#### A. Cash, Cash Equivalents and Investments

At year end, the County's primary government and Agency Fund total carrying amount of deposits and investments was \$88,666,595, which included \$2,410,923 of UTASC cash and cash equivalents, \$1,128,667 of UCEDA cash and cash equivalents, and \$651,234 of UCCRC cash and cash equivalents, while the total bank balance was \$92,739,678. Of the bank balance, \$3,280,634 was covered by federal depository insurance with the remaining balance, \$89,459,044, collateralized with securities held by the pledging financial institution's trust department or agent in the County's name. At year end all deposits and investments for the component units were covered by federal depository insurance or by collateral held by the component unit's agent in the component unit's name.

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

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

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

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

	Category		Reported Amount/ Fair Value
	1	2	
<b>Governmental activities</b>			
Cash and cash equivalents	\$47,867,494	\$ -	\$47,867,494
Total governmental activities	47,867,494	-	47,867,494
<b>Business-type activities</b>			
Cash and cash equivalents	28,577,853	-	28,577,853
Total business-type activities	28,577,853	-	28,577,853
Total primary government	76,445,347	-	76,445,347
<b>Discretely presented component units</b>			
UCCC-Cash and cash equivalents	5,099,149	-	5,099,149
UCCC-Commercial paper	8,982,841	-	8,982,841
UCRRA-Cash and cash equivalents	5,119,967	1,346,560	6,466,527
UCRRA-U.S. Government securities	-	2,542,949	2,542,949
UCIDA-Cash and cash equivalents	737,612	-	737,612
Total discretely presented component units	19,939,569	3,889,509	23,829,078
<b>Agency Fund</b>			
Cash and cash equivalents	12,221,248	-	12,221,248
Total agency fund	12,221,248	-	12,221,248
Total cash, cash equivalents and investments	\$108,606,164	\$3,889,509	\$112,495,673

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2018

### B. Receivables

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

	Major		Nonmajor	Total
	General	Capital Projects	Special Revenue	Governmental Funds
<b>Receivables -</b>				
Taxes	\$ 51,096,675	\$ -	\$ -	\$ 51,096,675
Accounts	804,884	-	54,766	859,650
State and federal	39,612,744	4,870,606	72,444	44,555,794
Due from other governments	1,025,668	-	30,510	1,056,178
Gross receivables	92,539,971	4,870,606	157,720	97,568,297
Less: allowance for uncollectibles	(16,378,740)	-	-	(16,378,740)
Net receivables	\$ 76,161,231	\$ 4,870,606	\$ 157,720	\$ 81,189,557

### C. Deferred Inflows of Resources / Unearned Revenues

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

	Deferred Inflows	Unearned Revenue
<b>Governmental Funds:</b>		
Deferred property taxes receivable	\$14,504,505	\$ -
Other unearned revenues	-	380,151
Total governmental funds	\$14,504,505	\$ 380,151

### D. Interfund Transactions

#### *Interfund Receivables/Payables*

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

Receivable Fund	Payable Fund	Amount
General Fund	Capital Projects Fund	\$ 1,718
	UTASC	14,232
	Nonmajor proprietary funds	1,250
	Agency	6,143
Nonmajor proprietary funds	General Fund	52,124
Total		\$ 75,467

As of December 31, 2018, the Workers' Compensation Fund had a receivable from the governmental activities of the County in the amount of \$1,894,754, which represents the actuarially calculated liability of the County for workers' compensation.

In addition, as of December 31, 2018, UCCC had a liability for retirement owed to the County of \$464,984, and UCIDA had a liability for administrative services owed to the County of \$12,500. These receivables are recorded as receivables on the County's financial statements, and a related expense and payable on UCCC's and UCIDA's financial statements.

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2018

### *Interfund Transfers In/Out*

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

Transfer From	Transfer To	Amount
General Fund	Capital Projects Fund	\$ 529,500
Capital Projects Fund	Debt Service Fund	2,908,477
Capital Projects Fund	Nonmajor governmental funds	4,142
Nonmajor governmental funds	General Fund	73,727
Proprietary funds	General Fund	889,513
Total		<u>\$ 4,405,359</u>

### **E. Capital Assets**

Capital asset activity for the fiscal year was as follows:

<b>Primary Government</b>	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets:				
Land and land improvements	\$ 9,330,339	\$ 1,499,170	\$ 369,344	\$ 10,460,165
Buildings and improvements	173,847,724	-	-	173,847,724
Machinery and equipment	55,790,822	3,953,143	937,619	58,806,346
Infrastructure	99,679,349	19,000,488	2,207,945	116,471,892
Construction in progress	13,919,975	21,202,870	7,561,464	27,561,381
Total capital assets	<u>352,568,209</u>	<u>45,655,671</u>	<u>11,076,372</u>	<u>387,147,508</u>
Less accumulated depreciation for:				
Land and land improvements	4,462,383	272,237	369,344	4,365,276
Buildings and improvements	84,205,698	5,079,937	-	89,285,635
Machinery and equipment	38,153,091	3,735,724	924,759	40,964,056
Infrastructure	39,367,971	4,537,212	1,735,848	42,169,335
Total accumulated depreciation	<u>166,189,143</u>	<u>13,625,110</u>	<u>3,029,951</u>	<u>176,784,302</u>
Total governmental activities capital assets, net	<u>\$186,379,066</u>	<u>\$ 32,030,561</u>	<u>\$ 8,046,421</u>	<u>\$210,363,206</u>

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

	Amount
<b>Governmental activities:</b>	
General government	\$ 833,766
Education	598,674
Public safety	4,054,440
Public health	75,245
Transportation	7,337,062
Economic assistance	349,166
Culture and recreation	368,550
Home and community services	8,207
Total governmental activities	<u>\$ 13,625,110</u>

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2018

Component Units	Beginning Balance	Increases	Decreases	Ending Balance
<b>Ulster County Community College:</b>				
Capital assets, not being depreciated:				
Land	\$ 744,174	\$ -	\$ -	\$ 744,174
Works of art/historical treasures	90,500	-	-	90,500
Total capital assets, not being depreciated	834,674	-	-	834,674
Capital assets, being depreciated:				
Buildings and improvements	33,796,989	122,069	-	33,919,058
Machinery and equipment	5,088,878	659,745	284,501	5,464,122
Total capital assets, being depreciated	38,885,867	781,814	284,501	39,383,180
Less accumulated depreciation	25,772,334	1,207,269	267,390	26,712,213
Total capital assets, being depreciated, net	13,113,533	(425,455)	17,111	12,670,967
Total Ulster County Community College capital assets, net	13,948,207	(425,455)	17,111	13,505,641
<b>Ulster County Resource Recovery Agency:</b>				
Capital assets, not being depreciated:				
Land	683,172	555,000	-	1,238,172
Construction in progress	-	78,938	-	78,938
Total capital assets, not being depreciated	683,172	633,938	-	1,317,110
Capital assets, being depreciated:				
Buildings and improvements	10,714,846	90,110	-	10,804,956
Machinery and equipment	6,380,334	447,283	328,965	6,498,652
Infrastructure	58,370	3,394	-	61,764
Total capital assets, being depreciated	17,153,550	540,787	328,965	17,365,372
Less accumulated depreciation and amortization for:				
Buildings and improvements	3,678,628	286,539	-	3,965,167
Machinery and equipment	4,719,872	342,601	249,931	4,812,542
Infrastructure	8,167	3,003	-	11,170
Total accumulated depreciation and amortization	8,406,667	632,143	249,931	8,788,879
Total capital assets, being depreciated, net	8,746,883	(91,356)	79,034	8,576,493
Total Ulster County Resource Recovery Agency capital assets, net	9,430,055	542,582	79,034	9,893,603
Total component units	\$ 23,378,262	\$ 117,127	\$ 96,145	\$ 23,399,244

### F. Accounts Payable and Accrued Liabilities

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



# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2018

### G. Leases

#### Operating Leases

The County leases building and office facilities and other equipment under noncancelable operating leases. Total costs for such leases were \$1,341,257 at fiscal year-end. The future minimum lease payments for these leases are as follows:

Year ending December 31:	Amount
2019	\$1,769,153
2020	1,160,120
2021	530,874
2022	302,204
2023	79,701
Thereafter	48,567
Total	<u>\$3,890,619</u>

### H. Short-Term Debt

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

The County has BAN's outstanding of \$32,113,976, maturing on November 20, 2019 with an interest rate of 3.25%. Short-term obligation activity during the year ended December 31, 2018, was as follows:

	Beginning Balance	Issues	Redemptions	Ending Balance
<b>Governmental Activities:</b>				
Roofs – various county facilities	\$ 675,000	\$ -	\$ 675,000	\$ -
HVAC – various county facilities	172,000	626,000	172,000	626,000
Reconstruction of roads	240,000	120,000	240,000	120,000
New Paltz Pool repairs	1,100,000	658,000	1,100,000	658,000
Wallkill Bridge	250,000	2,150,000	250,000	2,150,000
Aegis Mobile Software System – Sheriff	312,970	-	312,970	-
HV Rail Trail West	-	375,000	-	375,000
UCLEC Data Center HVAC	229,000	-	229,000	-
DPW fuel tank replacement	425,500	-	425,500	-
Road reconstruction	425,000	320,000	425,000	320,000
Western Avenue stormwater	267,495	-	267,495	-
Various shoulders	195,000	-	195,000	-
Various parking lots	300,000	-	300,000	-
Bridge replacement	673,000	-	673,000	-
Slope stabilization – various roads	600,000	1,000,000	600,000	1,000,000
UCCC technology upgrade	-	50,000	-	50,000
Public Safety Training Center	-	250,000	-	250,000
Public Safety enterprise software	-	3,000,000	-	3,000,000
BRC renovation for Family Court	460,000	8,000,000	460,000	8,000,000
Springtown Road culvert	105,000	-	105,000	-
Road reconstruction	425,000	390,000	425,000	390,000
Fleet vehicles	675,000	-	675,000	-
Highway equipment	3,100,000	-	3,100,000	-

(continued)

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2018

	Beginning Balance	Issues	Redemptions	Ending Balance
<b>Governmental Activities: (continued)</b>				
New Paltz Road realignment	-	320,000	-	320,000
DPW Admin Building renovations	-	148,000	-	148,000
Frost Valley S-Turn	-	750,000	-	750,000
Roof replacements	-	1,250,000	-	1,250,000
Watson Hollow slope stabilization	-	593,976	-	593,976
Restorative Justice Center	-	3,262,000	-	3,262,000
Fleet Vehicles	-	717,000	-	717,000
Highway equipment	-	2,424,000	-	2,424,000
Highway safety program	-	400,000	-	400,000
Asphalt overlay – various roads	-	4,685,000	-	4,685,000
Port Jackson Bridge	-	100,000	-	100,000
Mundy Bridge	-	100,000	-	100,000
Various road reconstruction	-	425,000	-	425,000
Total governmental activities short-term debt	\$10,629,965	\$32,113,976	\$10,629,965	\$32,113,976

### I. General Long-Term Obligations

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

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

<b>Governmental Activities:</b>	Maturity Date	Interest Rate	Amount
General obligation:			
Public improvements, 2009	11/15/24	2.0 - 4.0%	\$ 1,620,000
Public improvements, 2010	11/15/25	3.0 - 3.5%	1,610,000
Public improvements, 2011	11/15/22	2.0 – 2.8%	410,000
Public improvements, refunded 2012	11/15/24	2.0 – 5.0%	10,555,000
Public improvements, refunded 2012	11/15/29	2.0 – 5.0%	29,584,306
Public improvements, 2012	11/15/27	2.0 – 3.0%	1,405,300
Public improvements, 2013	11/15/28	2.0 – 3.3%	2,205,000
Public improvements, 2014	11/15/27	1.5 – 2.8%	2,770,000
Public improvements, refunded 2015	11/15/23	2.0 - 4.5%	3,154,259
Public improvements, 2015	11/15/28	2.0 – 2.5%	4,410,000
Public improvements, 2016	11/1/26	1.0 – 2.0%	751,300
Public improvements, 2016	11/15/31	2.0 – 3.0%	10,300,000
Public improvements, 2017	11/15/28	2.0 – 2.1%	7,225,000
Public improvements, 2018	11/15/33	3.0 – 3.5%	6,994,000
Total general obligation			<u>82,994,165</u>
Debt issued for UCCC:			
Public improvements, 2012	11/15/27	2.0 – 3.0%	944,700
Public improvements, refunded 2015	11/15/23	2.0 - 4.5%	645,185
Public improvements, 2016	11/1/26	1.0 – 2.0%	143,700
Total debt issued for UCCC			<u>1,733,585</u>

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2018

<b>Governmental Activities: (continued)</b>	Maturity Date	Interest Rate	Amount
UTASC:			
Subordinate capital appreciation bonds	6/1/39	6.00 - 7.85%	4,192,578
Tobacco settlement asset-backed bonds, 2016	6/1/34	2.0 – 6.75%	40,147,901
Total UTASC			<u>44,340,479</u>
Total governmental activities			<u>\$129,068,229</u>
<b>Component Units:</b>	Maturity Date	Interest Rate	Amount
UCRRA:			
Serial bonds	3/1/25	4.96 - 5.29%	\$ 5,448,755
Total UCRRA			<u>\$ 5,448,755</u>

On November 20, 2018, Ulster County issued serial bonds totaling \$6,994,000, for various public improvement projects. These bonds will mature in 2033, and bear interest of 3.0 – 3.5%.

### ***Advance Refunding***

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 11 years by approximately \$2.3 million and to obtain an economic gain of approximately \$256 thousand in 2018.

On March 1, 2015 the County issued a refunding bond in the amount of \$5.5 million refunding three outstanding serial bonds from 2007, 2008, and 2009 with outstanding principal totaling \$5.8 million. The refunding obtained a gain of \$260 thousand and a deferred charge of \$756 thousand, resulting in a net deferred charge of \$496 thousand to be amortized over the life of the new bond. The refunding also resulted in a decrease in total debt service over the next 5 years by approximately \$216 thousand and obtaining an economic gain of approximately \$56 thousand in 2018.

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

Issue	Amount Outstanding
<b>Governmental Activities:</b>	
Public Improvements, 2005	\$ 11,335,000
Public Improvements, 2006	28,765,000
Public Improvements, 2006	1,175,000
Public Improvements, 2007	1,470,000
Public Improvements, 2008	1,215,000
Total governmental activities refunded	<u>\$ 43,960,000</u>

### ***Legal Debt Limit***

The County's general obligation bonded debt, inclusive of Bond Anticipation Notes, of \$114,852,976 as of fiscal year end, was below the legal limit of approximately \$1,259,669,848. This amount represents approximately 9.12% of the constitutional debt limit.

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

**December 31, 2018**

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

Year	General Obligations	UCCC	UTASC	UCRRA	Total
<b>Principal:</b>					
2019	\$ 7,636,706	\$ 272,294	\$ 1,295,000	\$ 810,566	\$ 10,014,566
2020	7,875,438	279,562	1,145,000	761,537	10,061,537
2021	8,196,971	293,029	1,230,000	714,371	10,434,371
2022	8,156,900	253,100	1,305,000	669,066	10,384,066
2023	8,109,000	131,000	1,400,000	628,129	10,268,129
2024-2028	32,525,400	504,600	8,665,000	1,865,086	43,560,086
2029-2033	8,505,000	-	11,910,000	-	20,415,000
2034-2038	-	-	16,678,584	-	16,678,584
2039	-	-	788,003	-	788,003
Less unamortized accretion	-	-	(9,649,009)	-	(9,649,009)
Less net deferred charge	(3,880,041)	-	-	-	(3,880,041)
Plus deferred gain	-	-	8,243,617	-	8,243,617
Plus deferred premium	5,868,791	-	1,329,284	-	7,198,075
<b>Total</b>	<b>82,994,165</b>	<b>1,733,585</b>	<b>44,340,479</b>	<b>5,448,755</b>	<b>134,516,984</b>
<b>Interest:</b>					
2019	2,890,193	53,610	1,731,920	979,434	5,655,157
2020	2,645,838	44,944	1,664,889	1,028,463	5,384,134
2021	2,348,546	35,192	1,585,870	1,075,629	5,045,237
2022	2,035,768	24,909	1,500,314	1,120,934	4,681,925
2023	1,723,639	16,269	1,409,020	1,161,871	4,310,799
2024-2028	4,550,980	33,364	5,453,757	3,969,914	14,008,015
2029-2033	545,557	-	2,473,175	-	3,018,732
2034	-	-	90,625	-	90,625
<b>Total interest</b>	<b>16,740,521</b>	<b>208,288</b>	<b>15,909,570</b>	<b>9,336,245</b>	<b>42,194,624</b>
<b>Total requirements</b>	<b>\$ 99,734,686</b>	<b>\$1,941,873</b>	<b>\$60,250,049</b>	<b>\$14,785,000</b>	<b>\$176,711,608</b>

### ***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>					
Bonds payable	\$115,928,336	\$ 7,267,083	\$ 7,422,426	\$115,772,993	\$ 8,931,706
Bonds payable – UCCC	1,997,711	-	264,126	1,733,585	272,294
Bond premiums	7,860,477	-	662,402	7,198,075	662,402
Claims and judgments*	1,272,000	-	34,000	1,238,000	169,000
OPEB liability, as restated	163,348,113	17,769,370	5,034,144	176,083,339	-
Net pension liability*	29,102,033	-	19,274,571	9,827,462	-
Compensated absences*	17,995,094	-	723,790	17,271,304	1,727,130
<b>Total governmental activities</b>	<b>\$337,503,764</b>	<b>\$ 25,036,453</b>	<b>\$ 33,415,459</b>	<b>\$329,124,758</b>	<b>\$11,762,532</b>
<b>Business-type Activities:</b>					
Workers' compensation pool claims	\$ 35,167,661	\$ 16,611,237	\$ 19,290,087	\$ 32,488,811	\$22,516,819
<b>Total business-type activities</b>	<b>\$ 35,167,661</b>	<b>\$ 16,611,237</b>	<b>\$ 19,290,087</b>	<b>\$ 32,488,811</b>	<b>\$22,516,819</b>

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2018

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Component Units:</b>					
UCCC:					
Capital lease obligations	\$ 1,236,020	\$ 12,094	\$ 191,590	\$ 1,056,524	\$ 195,588
OPEB liability, as restated	22,711,154	2,124,884	-	24,836,038	818,927
Compensated absences*	991,552	-	28,489	963,063	-
Net pension liability*	1,564,135	-	1,113,975	450,160	-
Total UCCC	\$ 26,502,861	\$ 2,136,978	\$ 1,334,054	\$ 27,305,785	\$ 1,014,515
UCRRA:					
Bonds payable	\$ 7,848,755	\$ -	\$ 2,400,000	\$ 5,448,755	\$ 810,566
Bond premiums	15,610	-	15,610	-	-
Capital lease obligations	236,827	-	92,889	143,938	95,501
Compensated absences*	611,412	55,955	-	667,367	667,367
Landfill post-closure liability	2,055,988	439,372	-	2,495,360	249,536
Net pension liability*	702,730	-	469,960	232,770	-
Total UCRRA	11,471,322	495,327	2,978,459	8,988,190	1,822,970
Total component units	\$37,974,183	\$ 2,632,305	\$ 4,312,513	\$36,293,975	\$ 2,837,485

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

### J. Pension Plans

#### *New York State and Local Employee's Retirement System*

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

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

The County is required to contribute at an actuarially determined rate. The required contributions at December 15 for the years 2018, 2017, and 2016 were \$12,304,270 \$12,534,454, and \$12,866,091, respectively. The County's contributions made to the ERS were equal to 100 percent of the contributions required for each year.

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2018

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

At December 31, 2018, the County reported a liability of \$9,827,462 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2017. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2018, the County's proportion was 0.3044966%.

For the year ended December 31, 2018, the County recognized pension expense of \$11,755,848. At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 3,505,138	\$ 2,896,513
Changes of assumptions	6,516,420	-
Net difference between projected and actual investment earnings on pension plan investments	14,273,611	28,174,676
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,208,289
County contributions subsequent to the measurement date	8,755,786	-
<b>Total</b>	<b>\$ 33,050,955</b>	<b>\$ 32,279,478</b>

The County reported \$8,755,786 as deferred outflows of resources related to pensions resulting from the County's contributions made subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years ending December 31,</u>	
2019	\$1,398,303
2020	1,288,621
2021	(7,283,585)
2022	(3,387,648)

### *Actuarial Assumptions*

The total pension liability at March 31, 2018 was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liability to March 31, 2018. The actuarial valuation used the following actuarial assumptions:

***Inflation*** – 2.5%

***Salary scale*** – 3.8%

***Cost of living adjustments*** – 1.3%, annually

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

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

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

The actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

**COUNTY OF ULSTER, NEW YORK**  
**Notes to the Financial Statements**  
**December 31, 2018**

***Investment Asset Allocation***

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2018 are summarized below:

<b>Asset Type</b>	<b>Target Allocation</b>	<b>Long Term Expected Real Rate of Return</b>
Domestic equity	36.0%	4.6%
International equity	14.0	6.4
Private equity	10.0	7.5
Real estate	10.0	5.6
Absolute return strategies	2.0	3.8
Opportunistic portfolio	3.0	5.7
Real assets	3.0	5.3
Bonds and mortgages	17.0	1.3
Cash	1.0	(0.3)
Inflation-indexed bonds	4.0	1.3
<b>Total</b>	<b>100.0%</b>	

***Discount Rate***

The discount rate used to calculate the total pension liability was 7.0% at December 31, 2018. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<b>1% Decrease (6.0%)</b>	<b>Current Discount (7.0%)</b>	<b>1% Increase (8.0%)</b>
County's proportionate share of the net pension liability	\$ 74,357,229	\$ 9,827,462	\$ (44,756,141)

***Pension Plan Fiduciary Net Position***

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

Valuation date	April 1, 2017
Employers' total pension liability	\$ 183,400,590,000
Plan fiduciary net position	180,173,145,000
Employers' net pension liability	<u>\$ 3,227,445,000</u>
System fiduciary net position as a percentage of total pension liability	98.24%

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2018

### Ulster County Community College

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

#### *Plan Descriptions and Benefits Provided*

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

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

At August 31, 2018, the College reported the following liability for its proportionate share of the net pension liability (asset) for each of the Systems. The net pension liability was measured as of March 31, 2018 for ERS and June 30, 2017 for TRS. The total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by actuarial valuations as of April 1, 2017 for ERS, and June 30, 2016 for TRS. The College's proportionate share of the net pension liability was based on a projection of the College's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the College.

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	April 1, 2017	June 30, 2016
Net proportionate pension liability (asset)	\$ 450,160	(\$100,998)
College's proportion of the Plan's net		
Pension liability	0.0139479%	0.0132870%

For the year ended August 31, 2018, the College recognized pension expense of \$499,369 for ERS and \$236,313 for TRS. At August 31, 2018 the College's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 160,557	\$ 83,096	\$ 132,679	\$ 39,378
Changes of assumptions	298,493	1,027,671	-	-
Net difference between projected and actual earnings on pension plan investments	653,822	-	1,290,578	237,879
Changes in proportion and differences between the College's contributions and proportionate share of contributions	-	-	55,347	80,577
Payments and accruals subsequent to the measurement date	421,056	240,103	-	-
<b>Total</b>	<u>\$ 1,533,928</u>	<u>\$1,350,870</u>	<u>\$1,478,604</u>	<u>\$ 357,834</u>



# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2018

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

<u>Years ending August 31,</u>	<u>ERS</u>	<u>TRS</u>
2019	\$ 64,051	\$ 9,609
2020	59,027	258,127
2021	(333,634)	180,806
2021	(155,176)	34,539
2023	-	180,240
Thereafter	-	89,612

### Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2018	June 30, 2017
Actuarial valuation date	April 1, 2017	June 30, 2016
Interest rate	7.0%	7.25%
Salary scale	3.8% Average	1.90% - 4.72%
Decrement tables	April 1, 2010 – March 31, 2015	July 1, 2009 – June 30, 2014
	System's Experience	System's Experience
Inflation rate	2.5%	2.5%

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

For ERS, the actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2016 valuation are based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014.

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

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

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2018

	ERS		TRS	
	Target Allocation	Long Term Expected Real Rate of Return	Target Allocation	Long Term Expected Real Rate of Return
Measurement date		March 31, 2018		June 30, 2017
Asset type:				
Domestic equity	36.0%	4.6%	35.0%	5.9%
International equity	14.0	6.4	18.0	7.4
Private equity	10.0	7.5	8.0	9.0
Real estate	10.0	5.6	11.0	4.3
Absolute return strategies	2.0	3.8	-	-
Domestic fixed income securities	-	-	16.0	1.6
Global fixed income securities	-	-	2.0	1.3
High-yield fixed income securities	-	-	1.0	3.9
Opportunistic portfolio	3.0	5.7	-	-
Real assets	3.0	5.3	-	-
Bonds and mortgages	17.0	1.3	8.0	2.8
Cash/short-term	1.0	(0.3)	1.0	0.6
Inflation-indexed bonds	4.0	1.3	-	-
<b>Total</b>	<b>100.0%</b>		<b>100.0%</b>	

### *Discount Rate*

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

### *Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate Assumption*

The following presents the College's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.0% for ERS and 7.25% for TRS, as well as what the College's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1% lower (6.0% for ERS and 6.25% for TRS) or 1% higher (8.0% for ERS and 8.25% for TRS) than the current rate:

<b>ERS:</b>	<b>1% Decrease (6.0%)</b>	<b>Current Discount (7.0%)</b>	<b>1% Increase (8.0%)</b>
Employer's proportionate share of the net pension liability/(asset)	\$ 3,406,031	\$ 450,160	\$ (2,056,389)
<b>TRS:</b>	<b>1% Decrease (6.25%)</b>	<b>Current Discount (7.25%)</b>	<b>1% Increase (8.25%)</b>
Employer's proportionate share of the net pension liability/(asset)	\$ 1,739,891	\$ (100,998)	\$ (1,642,650)

**COUNTY OF ULSTER, NEW YORK**  
**Notes to the Financial Statements**  
**December 31, 2018**

***Pension Plan Fiduciary Net Position***

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

	(Dollars in Millions)		
	ERS	TRS	Total
Valuation date	April 1, 2017	June 30, 2016	
Employers' total pension liability	\$ 183,400	\$114,708	\$298,108
Plan fiduciary net position	180,173	115,468	295,641
Employers' net pension liability (asset)	\$ 3,227	\$ (760)	\$ 2,467
System fiduciary net position as a percentage of total pension liability (asset)	98.24%	100.66%	99.17%

***Payables to the Pension Plan***

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of August 31, 2018 represent the projected employer contribution for the period of April 1, 2018 through August 31, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of August 31, 2018 amounted to \$421,056. This amount has been recorded as a deferred outflow in accordance with the guidance contained in GASB Statement No. 71.

For TRS, employer and employee contributions for the fiscal year ended August 31, 2018 are paid to the System in September, October, and November 2018. Accrued retirement contributions as of August 31, 2018 represent employee and employer contributions for the fiscal year ended August 31, 2018 based on paid TRS wages multiplied by the employer's contribution rate, by tier, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of August 31, 2018 amounted to \$240,103. This amount has been recorded as a deferred outflow in accordance with the guidance contained in GASB Statement No. 71.

**Ulster County Resource Recovery Agency**

The UCRRA also participates in the ERS.

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

At December 31, 2018, the Agency reported a liability of \$232,770 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2017. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2018, the Agency's proportion was 0.0072122 percent.

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2018

For the year ended December 31, 2018, the Agency recognized pension expense of \$246,120. At December 31, 2018, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 83,021	\$ 68,606
Changes of assumption	154,345	-
Net difference between projected and actual investment earnings on pension plan investments	338,079	667,335
Changes in proportion and differences between employer contributions and proportionate share of contributions	599	137,621
Agency contributions subsequent to the measurement date	245,094	-
<b>Total</b>	<b>\$ 821,138</b>	<b>\$ 873,562</b>

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

<u>Years ending December 31,</u>	
2019	\$ (9,066)
2020	(1,303)
2021	(196,551)
2022	(90,598)

### ***Actuarial Assumptions***

The total pension liability at March 31, 2018 was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liability to March 31, 2018. The actuarial valuation used the following actuarial assumptions:

***Inflation*** – 2.5%

***Salary scale*** – 3.8%

***Cost of living adjustments*** – 1.3%, annually

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

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

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

**COUNTY OF ULSTER, NEW YORK**  
**Notes to the Financial Statements**  
**December 31, 2018**

<b>Asset Type</b>	<b>Target Allocation</b>	<b>Long Term Expected Real Rate of Return</b>
Domestic equity	36.0%	4.6%
International equity	14.0	6.4
Private equity	10.0	7.5
Real estate	10.0	5.6
Absolute return strategies	2.0	3.8
Opportunistic portfolio	3.0	5.7
Real assets	3.0	5.3
Bonds and mortgages	17.0	1.3
Cash	1.0	(0.3)
Inflation-indexed bonds	4.0	1.3
<b>Total</b>	<b>100.0%</b>	

***Discount Rate***

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

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

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

	<b>1% Decrease (6.0%)</b>	<b>Current Discount (7.0%)</b>	<b>1% Increase (8.0%)</b>
Employer's proportionate share of the net pension liability (asset)	\$ 1,761,198	\$ 232,770	(\$ 1,060,219)

***Pension Plan Fiduciary Net Position***

The components of the current-year net pension liability of the employers as of March 31, 2018 were as follows:

	<b>(Dollars in Millions)</b>
Valuation date	April 1, 2017
Employers' total pension liability	\$ 183,400
Plan fiduciary net position	180,173
Employers' net pension liability	\$ 3,227
System fiduciary net position as a percentage of total pension liability	98.24%

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2018

### K. Other Postemployment Benefits (“OPEB”)

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

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* which requires the accrual of these liabilities. The County implemented this statement during the year ended December 31, 2018.

#### (a) Plan Description

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

#### (b) Employees Covered by Benefit Terms

At January 1, 2018, the measurement date, the following employees were covered by the benefit terms:

Active employees	1,225
Retirees of beneficiaries currently receiving benefit payments	791
Total	<u>2,016</u>

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

#### (c) Total OPEB Liability

The County’s total OPEB liability for governmental activities of \$176,083,339 as of December 31, 2018 was measured as of January 1, 2018, and was determined by an actuarial valuation as of January 1, 2017.

#### (d) Actuarial Methods and Assumptions

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

The method used to calculate the costs of the Plan is known as the Entry Age Normal, Level Percent of Pay. The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary scale increases	3.0%
Discount rate	3.44%
Inflation	2.2%
Healthcare cost trend rate	SOA Long-Run Medical Cost Getzen Trend Model

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical US medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of an SOA Project Oversight Group. Trend rates are shown on the table on the following page:

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2018

<u>Fiscal Year</u>	<u>Medical Cost Trend Rate</u>	<u>Fiscal Year</u>	<u>Medical Cost Trend Rate</u>
2018	5.00%	2028-2032	5.19%
2019	5.20%	2033-2037	5.19%
2020	5.40%	2038-2047	4.92%
2021	5.60%	2048-2057	4.68%
2022	5.53%	2058-2067	4.68%
2023-2027	5.19%	Ultimate	3.84%

Mortality rates for active employees and retirees were based on the RPH-2014 Mortality Table for employees, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2017.

**(e) Changes in the Total OPEB Liability**

The following table presents the changes to the total primary government OPEB liability:

Original OPEB liability as of December 31, 2017 (under GASB 45)	\$118,287,818
Cumulative effect of change in accounting principle (required by GASB 75)	45,060,295
Total OPEB liability as of December 31, 2017, as restated	<u>163,348,113</u>
Changes for the year:	
Service cost	5,271,940
Interest cost	6,278,693
Changes in assumptions and other inputs	6,218,737
Benefit payments	<u>(5,034,144)</u>
Net changes	<u>12,735,226</u>
Total OPEB liability as of December 31, 2018	<u>\$176,083,339</u>

**(f) Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability using the discount rate of 3.44%, as well as what the OPEB liability would be if it were to be calculated using a discount rate that is 1-percentage point lower (2.44%) or 1-percentage point higher (4.44%) than the current discount rate:

	1% Decrease 2.44%	Current 3.44%	1% Increase 4.44%
Total OPEB Liability	<u>\$204,864,377</u>	<u>\$176,083,339</u>	<u>\$152,764,624</u>

**(g) Sensitivity of the Total OPEB Liability in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability using the healthcare cost trend rate of 5.00%/(ultimate rate of 3.84%), as well as what the OPEB liability would be if it were to be calculated using healthcare cost trend rates that are 1-percentage point lower (4.00%)/(ultimate rate of 2.84%) or 1-percentage point higher (6.00%)/(ultimate rate of 4.84%) than the current healthcare cost trend rates:

	1% Decrease 4.00%/2.84%	Current 5.00%/3.84%	1% Increase 6.00%/4.84%
Total OPEB Liability	<u>\$148,356,604</u>	<u>\$176,083,339</u>	<u>\$211,610,501</u>

**(h) 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 contributed \$5,034,144 for the fiscal year ended December 31, 2018.

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

**December 31, 2018**

**(i) OPEB Expense and Deferred Outflows of Resources Related to OPEB**

The County reports deferred outflows of resources due to differences during the measurement period between the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability. The table below presents the County's deferred outflows of resources at December 31, 2018.

	<b>Deferred Outflows of Resources</b>
Changes of assumptions or other inputs	\$ 5,187,437
County contributions subsequent to the measurement date	5,343,888
Total	<u>\$ 10,531,325</u>

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

<u>Years ending December 31,</u>	
2019	\$1,031,300
2020	1,031,300
2021	1,031,300
2022	1,031,300
2023 and thereafter	1,062,237

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

Workers Compensation Pool - \$32,200

**Ulster County Community College**

In addition to the County, UCCC provides retirement benefits and certain health insurance benefits to retired employees and their covered dependents. Certain classes of the College's employees may become eligible for those benefits if they reach normal retirement age while working for the College. As of August 31, 2018, UCCC's liability for postemployment benefits was \$24,836,038.

**(k) Changes in the Total OPEB Liability – UCCC**

The following table presents the changes to the total primary government OPEB liability:

Original OPEB liability as of August 31, 2017 (under GASB 45)	\$13,248,972
Cumulative effect of change in accounting principle (required by GASB 75)	<u>9,462,182</u>
Total OPEB liability as of August 31, 2017, as restated	<u>22,711,154</u>
Changes for the year:	
Service cost	1,030,867
Interest cost	782,789
Differences between actual and expected experience	311,228
Benefit payments	<u>-</u>
Net changes	<u>2,124,884</u>
Total OPEB liability as of August 31, 2018	<u>\$24,836,038</u>



# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

**December 31, 2018**

**(l) Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – UCCC**

The following presents the total OPEB liability of the College using the discount rate of 3.51%, as well as what the OPEB liability would be if it were to be calculated using a discount rate that is 1-percentage point lower (2.51%) or 1-percentage point higher (4.51%) than the current discount rate:

	1% Decrease 2.51%	Current 3.51%	1% Increase 4.51%
Total OPEB Liability	\$26,426,444	\$24,836,038	\$22,055,000

**(m) Sensitivity of the Total OPEB Liability in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the College using the healthcare cost trend rate of 10.00% (ultimate rate of 5.00%), as well as what the OPEB liability would be if it were to be calculated using healthcare cost trend rates that are 1-percentage point lower (9.00%)/(ultimate rate of 4.00%) or 1-percentage point higher (11.00%)/(ultimate rate of 6.00%) than the current healthcare cost trend rates:

	1% Decrease 9.00%/4.00%	Current 10.00%/5.00%	1% Increase 11.00%/6.00%
Total OPEB Liability	\$21,092,503	\$24,836,038	\$27,590,186

**(n) Funding Policy – UCCC**

The obligation of the plan members, employers and other entities, are established by action of the College 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 College. For 2018, the College did not contribute additional funding for current premiums.

**(o) OPEB Expense and Deferred Outflows of Resources Related to OPEB**

The College reports deferred outflows of resources due to differences during the measurement period between the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability. The table below presents the College's deferred outflows of resources at August 31, 2018.

	<b>Deferred Outflows of Resources</b>
Differences between expected and actual experience	\$ 3,695,034
College contributions subsequent to the measurement date	818,927
Total	<u>\$ 4,513,961</u>

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

<u>Years ending August 31,</u>	
2019	\$1,600,677
2020	1,600,677
2021	469,867
2022	23,813

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2018

### 3. Other Information

#### A. Net Position/Fund Balances

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

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

Capital assets (net of accumulated depreciation)	\$ 210,363,206
Less related debt:	
Bond anticipation notes	(32,113,976)
Serial bonds – general obligations, net	(82,994,165)
Tobacco asset backed bonds	(43,684,973)
Plus unspent debt proceeds	5,675,579
Total net investment in capital assets	<u>\$ 57,245,671</u>

- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. “Other purposes” restricted net position include future capital projects reserves of \$2,900,000, risk retention reserves of \$127,857, tax stabilization reserves of \$2,547,827, drug forfeiture reserves of \$21,704, E-911 emergency telephone reserves of \$963,790, Stop DWI reserves of \$100,617, probation reserves of \$881,321, child safety seat reserves of \$5,860, traffic safety board reserves of \$3,598, handicapped parking education reserves of \$6,421, and community development of \$198,915.
- *Unrestricted Net Position* – This category represents net position of the County, not restricted for any project or other purpose.

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

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

- *Inventories* – to reflect the assets, \$70,553, that were committed for the purchase of inventories and supplies.
- *Prepaid items* – to reflect the portion of assets, \$5,954,747, which do not represent available spendable resources.

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

- *Debt service* – to reflect the funds held by trustees or fiscal agents for future payment of bond principal and interest in the amount of \$6,864,652. These funds are not available for general operations. Of note, the County has appropriated \$850,000 of Debt Service Fund fund balance for use in the subsequent year’s budget.
- *Future capital projects* – to reflect funds established for future capital projects in the amount of \$2,900,000.

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2018

- *Risk retention* – to reflect funds established to provide for costs of settlement of various claims against the County in excess of amounts appropriated each year for such purpose in the amount of \$127,857.
- *Tax stabilization* – to reflect funds to finance certain unanticipated revenue losses or unanticipated expenditures and to lessen or prevent excessive increases of the real property tax levy in the amount of \$2,547,827.
- *Civil and DA forfeitures* – to reflect unused portions of forfeited crime proceeds that must be spent on law enforcement in the amount of \$21,704.
- *Emergency telephone (E-911)* – to reflect unused portions of telephone surcharges that must be spent on the emergency telephone system in the amount of \$963,790.
- *Stop DWI* – to reflect unused portions of DWI fines that must be spent on Stop DWI programs in the amount of \$100,617.
- *Probation administration fees* – to reflect unused portions of probation fees that must be spent on probation programs in the amount of \$881,321.
- *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 \$6,421.

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, 2018.

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

- *Encumbrances* – to reflect the outstanding contractual obligations for which goods and services have not been received in the amounts of \$2,365,074 in the General Fund, \$4,530 in the Special Grant Fund, \$8,297 in the County Road Fund, and \$2,116 in the Road Machinery Fund.
- *Subsequent years' expenditures* – to reflect the portion of fund balance designated for resource utilization in a future period, such as for general contingencies, reduction of tax levy, or capital projects. Such plans or intent are subject to change and have not been legally authorized or may not result in expenditures. The County elected to designate \$7,082,711 of the General Fund fund balance, \$350,000 of the County Road Fund fund balance, and \$500,000 of the Road Machinery Fund fund balance.
- *Specific use* – to reflect the residual amount of fund balance not already restricted, committed or assigned in the special revenue funds in the amounts of \$186,569 in the Special Grant Fund, \$2,466,205 in the County Road Fund, and \$3,007,648 in the Road Machinery Fund.
- *Jail telephone commissions* – to reflect the unused portions of jail telephone commissions that will be spent on inmate programs in the amount of \$312,109.
- *Tourism* – to promote tourism in Ulster County in the amount of \$150,000.

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2018

- *Social Services restitution* – to reflect the unused portions of Social Services restitution that will be spent on Social Services in the amount of \$61,756.
- *URGENT forfeitures* – to reflect unused portions of forfeited crime proceeds that will be spent on law enforcement in the amount of \$94,724.

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

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

### B. Risk Management

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

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

The County’s claims liability of \$32,488,811 is recorded in the Workers’ Compensation Pool at fiscal year end and is based on the requirements of GASB, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. This total liability is offset by cash on hand previously collected from participants’ premiums and assessment receivables recorded in accordance with Article 5 in the amount of \$6,037,324, of which \$1,894,754 is due and payable by the County of Ulster’s governmental activities to the workers’ compensation claims-processing pool.

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

Year	Balance at January 1	Current Year Claims & Changes in Estimates	Claims Payments	Balance at December 31
2018	\$35,167,661	\$16,611,237	(\$19,290,087)	\$32,488,811
2017	35,845,403	17,663,612	(18,341,354)	35,167,661
2016	38,382,000	15,057,557	(17,594,154)	35,845,403

The County has been named as a defendant in several personal injury claims resulting from incidents occurring in the County. Although the ultimate outcome of these claims is not certain, County officials believe that none of these claims will expose the County to amounts to exceed the insurance coverage applicable to the date of such incidents. The County has recorded liabilities related to the deductibles for these claims in the amount of \$1,238,000. 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.

**COUNTY OF ULSTER, NEW YORK**  
**Notes to the Financial Statements**  
**December 31, 2018**

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

Year	Balance at January 1	Current Year Claims & Changes in Estimates	Balance at December 31
2018	\$1,272,000	(\$ 34,000)	\$1,238,000
2017	1,080,000	192,000	1,272,000
2016	730,000	350,000	1,080,000

**C. 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.

**D. Commitments**

The County had active construction projects at year end. The projects include roads and bridges, roof reconstructions, upgrades to campus facilities, and repairs to infrastructure. At year end, the County had \$27,615,566 in construction commitments with contractors. These commitments are being financed by serial bonds, state and federal aid, donations and current appropriations.

On March 20, 2018 the County was authorized to enter into an agreement with the Ulster County Civil Service Employee's Association, providing 2% wage increases for 2018 and 2019. The financial impact of these negotiations amounted to approximately \$2.6 million.

**E. Contingencies**

The County has received grants in excess of \$91.1 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.

**F. Federal Grant-Revolving Loan Fund**

During 2018, the County participated with Rural Ulster Preservation Company (RUPCO) as sub-recipient for two Community Development Block Grants financed by the United States Department of Housing and Urban Development and administered through the New York State Housing Trust Fund Corporation totaling \$1,200,000.

A \$750,000 grant was to assist low to moderate income Ulster County residents purchase and rehabilitate owner-occupied housing. The Creating Opportunities for Homeownership Program completed all direct assistance to households, along with program delivery and administrative expenses to RUPCO, at the end of 2017 with \$732,500. Total monies received in 2018 was \$17,500 to cover Ulster County's administrative costs during the course of this program.

A \$450,000 grant was to assist low to moderate income Ulster County residents purchase and rehabilitate owner-occupied housing, and total monies received in 2018 was \$228,927. The Ulster County Homeownership Program started in 2018 and is on pace to complete all direct assistance to households by mid-2019.

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

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

# COUNTY OF ULSTER, NEW YORK

## Notes to the Financial Statements

December 31, 2018

### G. Agency Fund

An agency fund exists to account for money and property received and held in the capacity of custodian or agent. The following is a summary of changes in assets and liabilities for the fiscal year ended December 31, 2018:

	Balance at 1/1/2018	Increases	Decreases	Balance at 12/31/18
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,377,799	\$ 136,768,435	\$ 137,924,986	\$ 12,221,248
Receivables	15,501	1,002,450	751,443	266,508
Due from other funds	-	8,826	8,826	-
Total assets	<u>\$ 13,393,300</u>	<u>\$ 137,779,711</u>	<u>\$ 138,685,255</u>	<u>\$ 12,487,756</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 4,266	\$ 58,908	\$ 57,031	\$ 6,143
Agency fund liabilities	13,389,034	95,403,894	96,311,315	12,481,613
Total liabilities	<u>\$ 13,393,300</u>	<u>\$ 95,462,802</u>	<u>\$ 96,368,346</u>	<u>\$ 12,487,756</u>

### 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. In December 2012, a county-wide Flow Control Law was passed by the Ulster County Legislature and signed into law by the Ulster County Executive. The Flow Control Law mandates that all Municipal Solid Waste generated within the County of Ulster must be brought to the UCRRA. The major financial impacts of this new law resulted in an increase in solid waste service fees, the elimination of County net service fees, and the ability of UCRRA to be self-sustaining. UCRRA met all of its obligations for fiscal year 2018 without the assistance of a County subsidy.

State and Federal laws required UCRRA to place a final cover on its landfill sites when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. UCRRA is currently in the post closure phase at each of the landfills. The post closure period goes throughout the year 2028. Current projections prepared by UCRRA of annual post closure monitoring and maintenance costs for the two remaining landfills are \$249,536 for each of the remaining 10 years.

### 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.

### J. Tax Abatements

The County is subject to tax abatements granted by the Ulster County Industrial Development Agency (UCIDA). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the UCIDA and include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the County, the abatements have resulted in reductions of property taxes, which the County administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by UCIDA, the County collected \$255,636 during 2018 in payments in lieu of taxes ("PILOT"); these collections were made in lieu of \$668,420 in property taxes.

# **COUNTY OF ULSTER, NEW YORK**

## **Notes to the Financial Statements**

**December 31, 2018**

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

#### ***GASB Statement No. 83 – Certain Asset Retirement Obligations***

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

#### ***GASB Statement No. 84 – Fiduciary Activities***

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

#### ***GASB Statement No. 87 – Leases***

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

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

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

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

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

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

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

#### ***GASB Statement No. 91 – Conduit Debt Obligations***

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, which is the fiscal year beginning January 1, 2021. 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, 2018**

**L. Subsequent Events**

Management has evaluated subsequent events through September 24, 2019, which is the date the financial statements are available for issuance, and have determined that there are no subsequent events, except as noted below, that require disclosure under generally accepted accounting principles.

**UCSA Contract**

On April 16, 2019, the County was authorized to enter into an agreement with the County's Staff Association providing increases of 2% for 2019 and 2020. The financial impact of this settlement is expected to be approximately \$135,700.

**County Executive**

On February 10, 2019, the Ulster County Executive resigned his position and an acting County Executive was sworn in the subsequent day. A special election took place on April 30, 2019 at which time the taxpayers of Ulster County elected a new County Executive to serve until the end of 2019. The financial impact of the special election amounted to approximately \$222,000.

**M. Restatement of Net Position**

During the year ended December 31, 2018, the County and the College adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of GASB Statement 75 requires the net OPEB liability to be measured as the portion of present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. As a result, the County's and College's OPEB liabilities were restated from \$118,287,818 and \$13,248,972, to \$163,348,113 and \$22,711,154, respectively as of December 31, 2017 (August 31, 2017 for UCCC). UCCC also recorded \$5,312,684 in deferred outflows of resources related to OPEB as of August 31, 2017.

In addition, for the year ended December 31, 2018, the County reviewed its estimate of the governmental activities internal balance related to workers' compensation. As a result of this review, the governmental activities internal balance related to workers' compensation was adjusted from \$9,622,407 to \$3,217,420 at December 31, 2017.

Net position of the County and College have been restated as follows:

	<b>Total Governmental Activities</b>	<b>Aggregate Discretely Presented Component Units</b>
Net position – December 31, 2017, as previously stated	\$ (23,159,000)	\$ 20,172,884
OPEB liability adjustment	(45,060,295)	(4,149,498)
Workers' compensation adjustment	6,404,987	-
<b>Net position – December 31, 2017, as restated</b>	<b>\$ (61,814,308)</b>	<b>\$ 16,023,386</b>



**Required Supplementary**  
**Information**

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

<b>Governmental Activities:</b>	<b>Fiscal Year Ended</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Measurement date	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
County's proportion of net pension liability	0.3044966%	0.3097205%	0.3109345%	0.3104617%	0.3104617%
County's proportionate share of the net pension liability	\$ 9,827,462	\$ 29,102,033	\$ 49,905,861	\$ 10,488,153	\$ 14,029,326
County's covered payroll	\$ 79,294,326	\$ 77,391,077	\$ 76,671,755	\$ 75,178,528	\$ 79,956,063
County's proportionate share of the net pension liability as a percentage of its covered payroll	12.39%	37.60%	65.09%	13.95%	17.55%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.70%	97.90%	97.20%

<b>Component Units:</b>	<b>Fiscal Year Ended</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>UCCC - ERS System (August 31)</b>					
Measurement date	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
UCCC's proportion of net pension liability	0.0139479%	0.0151725%	0.0154374%	0.0161338%	0.0161338%
UCCC's proportionate share of the net pension liability	\$ 450,160	\$ 1,425,642	\$ 2,477,745	\$ 545,040	\$ 729,065
UCCC's covered payroll	\$ 4,018,654	\$ 4,055,915	\$ 3,926,685	\$ 4,029,055	\$ 3,668,663
UCCC's proportionate share of the net pension liability as a percentage of its covered payroll	11.20%	35.15%	63.10%	13.53%	19.87%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.70%	97.90%	97.20%

**UCRRA**

Measurement date	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
UCRRA's proportion of net pension liability	0.0072122%	0.0074789%	0.0080119%	0.0079561%	0.0079561%
UCRRA's proportionate share of the net pension liability	\$ 232,770	\$ 702,730	\$ 1,285,934	\$ 268,777	\$ 359,526
UCRRA's covered payroll	\$ 1,656,723	\$ 1,530,091	\$ 1,553,441	\$ 1,512,837	N/A
UCRRA's proportionate share of the net pension liability as a percentage of its covered payroll	14.05%	45.93%	82.78%	17.77%	N/A
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.70%	97.90%	97.20%

\* Information prior to the year ended December 31, 2014, (August 31, 2014 with respect to UCCC) is not available.

See accompanying notes to the required supplementary information.

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

Year Ended December 31,	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Governmental Activities:</b>										
Contractually required contribution	\$ 12,304,270	\$ 12,534,454	\$ 12,866,091	\$ 13,733,997	\$ 14,740,535	\$ 17,132,581	\$ 16,940,612	\$ 13,494,253	\$ 10,254,823	\$ 7,545,002
Contribution in relation to the contractually required contribution	(12,304,270)	(12,534,454)	(12,866,091)	(13,733,997)	(14,740,535)	(17,132,581)	(16,940,612)	(13,494,253)	(10,254,823)	(7,545,002)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County covered payroll	\$ 81,540,519	\$ 78,545,595	\$ 77,006,238	\$ 76,560,260	\$ 74,717,951	\$ 81,702,100	\$ 89,720,808	\$ 90,999,885	\$ 94,008,977	\$ 94,553,139
Contributions as a percentage of covered payroll	15.09%	15.96%	16.71%	17.94%	19.73%	20.97%	18.88%	14.83%	10.91%	7.98%
<b>Component Units:</b>										
<b>UCCC - ERS System (August 31):</b>										
Contractually required contribution	\$ 587,186	\$ 600,941	\$ 695,269	\$ 765,058	\$ 739,188	\$ 655,866	\$ 518,256	\$ 405,890	\$ 232,987	\$ 233,086
Contribution in relation to the contractually required contribution	(587,186)	(600,941)	(695,269)	(765,058)	(739,188)	(655,866)	(518,256)	(405,890)	(232,987)	(233,086)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
UCCC covered payroll	\$ 4,018,654	\$ 4,055,915	\$ 3,926,685	\$ 4,029,055	\$ 3,668,663	\$ 3,666,104	\$ 3,320,026	\$ 3,614,337	\$ 3,213,614	\$ 2,798,151
Contributions as a percentage of covered payroll	14.61%	14.82%	17.71%	18.99%	20.15%	17.89%	15.61%	11.23%	7.25%	8.33%
<b>UCRRA:</b>										
Contractually required contribution	\$ 245,094	\$ 238,269	\$ 242,378	\$ 288,993	N/A	N/A	N/A	N/A	N/A	N/A
Contribution in relation to the contractually required contribution	(245,094)	(238,269)	(242,378)	(288,993)	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
UCRRA covered payroll	\$ 1,656,723	\$ 1,530,091	\$ 1,553,441	\$ 1,512,837	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	14.79%	15.57%	15.60%	19.10%	N/A	N/A	N/A	N/A	N/A	N/A

See accompanying notes to the required supplementary information.

**County of Ulster, New York**  
**Schedule of Local Government's Proportionate Share of the Net Pension Asset/(Liability)**  
**Teachers' Retirement System**  
**Last Five Fiscal Years\***

<b>Component Units:</b>	<b>Fiscal Year Ended</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>UCCC - TRS System</b>					
Measurement date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
UCCC's proportion of net pension asset/(liability)	0.0132870%	0.0129310%	0.0121190%	0.0115010%	0.0104130%
UCCC's proportionate share of the net pension asset/(liability)	\$ 100,998	\$ (138,493)	\$ 1,258,757	\$ 1,281,129	\$ 1,281,129
UCCC's covered payroll	\$ 2,096,871	\$ 2,105,776	\$ 1,995,340	\$ 1,820,408	\$ 1,698,862
UCCC's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	4.82%	(6.58%)	63.08%	70.38%	75.41%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	100.66%	(99.01%)	110.46%	111.48%	100.70%

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

See accompanying notes to the required supplementary information.

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

Year Ended August 31,	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Component Units:</b>										
<b>UCCC - TRS System:</b>										
Contractually required contribution	\$ 205,493	\$ 246,797	\$ 264,582	\$ 319,118	\$ 276,065	\$ 180,595	\$ 140,854	\$ 109,819	\$ 74,927	\$ 73,745
Contribution in relation to the contractually required contribution	(205,493)	(246,797)	(264,582)	(319,118)	(276,065)	(180,595)	(140,854)	(109,819)	(74,927)	(73,745)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
UCCC covered payroll	\$ 2,096,871	\$ 2,105,776	\$ 1,995,340	\$ 1,820,408	\$ 1,698,862	\$ 1,525,296	\$ 1,267,813	\$ 1,274,002	\$ 1,210,452	\$ 966,514
Contributions as a percentage of covered payroll	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%	11.11%	8.62%	6.19%	7.63%

See accompanying notes to the required supplementary information.

**County of Ulster, New York**  
**Schedule of Local Government's Changes in Total OPEB Liabilities and Related Ratios**  
**For the Year Ended December 31, 2018 \***

<b>Governmental Activities:</b>	<b>Year Ended December 31, 2018</b>
<b>Total OPEB Liability</b>	
Service cost	\$ 5,271,940
Interest cost	6,278,693
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	6,218,737
Benefit payments	<u>(5,034,144)</u>
Net changes in total OPEB liability	12,735,226
Total OPEB liability - beginning, as restated	<u>163,348,113</u>
Total OPEB liability - ending	<u><u>\$ 176,083,339</u></u>
<b>Plan Fiduciary Net Position</b>	
Contributions - employer	\$ 5,034,144
Benefit payments	<u>(5,034,144)</u>
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	<u>-</u>
Plan fiduciary net position - ending	<u><u>-</u></u>
<b>Net OPEB Liability - Ending</b>	<u><u>\$ 176,083,339</u></u>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.00%
Annual covered-employee payroll	\$ 81,540,519
Net OPEB liability as a percentage of annual covered-employee payroll	215.95%

<b>Component Units - UCCC:</b>	<b>Year Ended August 31, 2018</b>
<b>Total OPEB Liability</b>	
Service cost	\$ 1,030,867
Interest cost	782,789
Changes in benefit terms	311,228
Differences between expected and actual experience	-
Changes of assumptions or other inputs	-
Benefit payments	<u>-</u>
Net changes in total OPEB liability	2,124,884
Total OPEB liability - beginning, as restated	<u>22,711,154</u>
Total OPEB liability - ending	<u><u>\$ 24,836,038</u></u>
<b>Plan Fiduciary Net Position</b>	
Contributions - employer	\$ -
Benefit payments	<u>-</u>
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	<u>-</u>
Plan fiduciary net position - ending	<u><u>-</u></u>
<b>Net OPEB Liability - Ending</b>	<u><u>\$ 24,836,038</u></u>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.00%
Annual covered-employee payroll	\$ 9,832,256
Net OPEB liability as a percentage of annual covered-employee payroll	252.60%

\* Information prior to the year ended December 31, 2018 (August 31, 2018 with respect to UCCC) is not available.

See accompanying notes to the required supplementary information.

**County of Ulster, New York**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Adopted</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
<b>REVENUES</b>				
Taxes:				
Property	\$ 51,664,702	\$ 51,664,702	\$ 51,046,118	\$ (618,584)
Other real property tax items	5,700,000	5,700,000	5,624,634	(75,366)
Sales	117,631,568	118,007,318	120,322,069	2,314,751
Tax on Hotel Room Occupancy	1,425,000	1,425,000	1,805,747	380,747
Off track betting taxes	75,000	75,000	22,146	(52,854)
E-911 emergency telephone surcharge	706,700	706,700	666,659	(40,041)
Automobile use tax	1,225,000	1,225,000	1,174,680	(50,320)
State aid	41,908,774	42,805,157	45,173,062	2,367,905
Federal aid	34,439,114	34,672,740	30,666,130	(4,006,610)
Departmental income	9,392,297	9,392,297	9,688,696	296,399
Intergovernmental	920,450	920,450	2,367,475	1,447,025
Use of money and property	1,214,338	1,214,338	1,365,373	151,035
Licenses and permits	469,400	469,400	463,119	(6,281)
Fines and forfeitures	519,364	519,364	469,645	(49,719)
Sale of property and compensation for loss	1,150,300	1,189,661	1,825,463	635,802
Miscellaneous local sources	391,600	426,100	692,518	266,418
Interfund revenues	2,100,024	2,100,024	1,471,059	(628,965)
Total revenues	270,933,631	272,513,251	274,844,593	2,331,342
<b>EXPENDITURES</b>				
Current:				
General government	66,070,369	67,136,568	62,694,042	4,442,526
Education	10,110,863	10,120,213	10,116,863	3,350
Public safety	45,739,786	46,704,473	44,280,976	2,423,497
Public health	19,196,921	19,675,655	18,151,961	1,523,694
Transportation	5,881,884	5,943,369	5,331,484	611,885
Economic assistance	121,758,975	122,522,088	120,542,481	1,979,607
Culture and recreation	1,080,503	1,239,293	1,105,000	134,293
Home and community	2,810,211	3,865,513	2,681,488	1,184,025
Employee benefits	9,968,398	9,234,498	7,831,406	1,403,092
Debt service:				
Interest	275,000	354,000	353,864	136
Total expenditures	282,892,910	286,795,670	273,089,565	13,706,105
Excess (deficiency) of revenues over expenditures	(11,959,279)	(14,282,419)	1,755,028	16,037,447
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	73,727	73,727
Transfers from proprietary funds	-	-	889,513	889,513
Transfers out	(250,000)	(529,500)	(529,500)	-
Total other financing sources (uses)	(250,000)	(529,500)	433,740	963,240
Net change in fund balances *	(12,209,279)	(14,811,919)	2,188,768	17,000,687
Fund balances - beginning	55,801,240	55,801,240	55,801,240	-
Fund balances - ending	\$ 43,591,961	\$ 40,989,321	\$ 57,990,008	\$ 17,000,687

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

See accompanying notes to the required supplementary information.

**COUNTY OF ULSTER, NEW YORK**  
**Notes to the Required Supplementary Information**  
**December 31, 2018**

**Pension Liability**

The schedules of local government's proportionate share of the net pension liability/(asset) and local government's contributions present trend information of the components of the net pension liability/(asset) and related ratios for each retirement system the County participates in, including the pension plan's fiduciary net position as a percentage of the total pension liability, and the contributions as a percentage of covered-employee payroll.

**OPEB Liability**

**Changes of Assumptions** – The actuarial cost method for governmental activities has been changed as of January 1, 2017 to the Entry Age Normal Level Percent of Pay method prescribed under GASB 75. Previously, when the plan was subject to GASB 45, the Projected Unit Credit cost method was utilized. The revised cost method resulted in an increase in the Total OPEB Liability and a decrease in the Service Cost.

The rate used to discount future plan cash flows was updated to 3.78% from 3.5% as of January 1, 2017 based on a review of the 20-year-tax-exempt general obligation municipal bond rated AA/Aa. Previously the discount rate had been based on the expected rate of return on the employer's general assets under GASB 45. While the total liability increased, the change in discount rate resulted in a decrease in liabilities. The rate used to discount future plan cash flows was updated from 3.78% to 3.44% as of December 31, 2017 based on a review of the 20-year-tax-exempt general obligation municipal bond rated AA/Aa. The change in discount rate resulted in an increase in liabilities.

**Budgetary Information**

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

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

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

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

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

The County considers encumbrances to be significant for amounts in excess of \$500,000. The County has a total of \$7,296,705 of encumbrances outstanding at December 31, 2018. In the General Fund and Special Revenue Funds, encumbrances of \$2,365,074 and \$14,943, respectively, are supported by assigned fund balance. The Capital Projects Fund has \$4,916,688 of outstanding encumbrances. As of December 31, 2018, the County had the following significant encumbrances:

<u>Description</u>	<u>Capital Projects Fund</u>
Transportation	<u>\$ 738,946</u>



**Supplementary**  
**Information**

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

# **Nonmajor Governmental** **Funds**

## **Special Revenue Funds**

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

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

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

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

**County of Ulster, New York**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2018**

	<u>Special Revenue Funds</u>			
	<b>Special Grant</b>	<b>County Road</b>	<b>Road Machinery</b>	<b>Total Nonmajor Funds</b>
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 172,802	\$ 2,942,613	\$ 3,781,659	\$ 6,897,074
Receivables	54,766	102,954	-	157,720
Total assets	<u>\$ 227,568</u>	<u>\$ 3,045,567</u>	<u>\$ 3,781,659</u>	<u>\$ 7,054,794</u>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	\$ 36,469	\$ 221,065	\$ 271,895	\$ 529,429
Total liabilities	<u>36,469</u>	<u>221,065</u>	<u>271,895</u>	<u>529,429</u>
<b>FUND BALANCES</b>				
Assigned to:				
Encumbrances	4,530	8,297	2,116	14,943
Subsequent years' expenditures	-	350,000	500,000	850,000
Specific use	186,569	2,466,205	3,007,648	5,660,422
Total fund balances	<u>191,099</u>	<u>2,824,502</u>	<u>3,509,764</u>	<u>6,525,365</u>
Total liabilities and fund balances	<u>\$ 227,568</u>	<u>\$ 3,045,567</u>	<u>\$ 3,781,659</u>	<u>\$ 7,054,794</u>

**County of Ulster, New York**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2018**

**Special Revenue Funds**

	<b>Special Grant</b>	<b>County Road</b>	<b>Road Machinery</b>	<b>Total Nonmajor Funds</b>
<b>REVENUES</b>				
Real property taxes	\$ -	\$ 10,936,327	\$ 2,986,877	\$ 13,923,204
State aid	308,048	3,953,467	-	4,261,515
Federal aid	1,366,293	203,329	-	1,569,622
Intergovernmental	-	159,218	-	159,218
Use of money and property	2,339	25,750	38,885	66,974
Sale of property and compensation for loss	-	37,947	14,974	52,921
Miscellaneous local sources	-	43,288	-	43,288
Interfund revenues	600	-	-	600
Total revenues	1,677,280	15,359,326	3,040,736	20,077,342
<b>EXPENDITURES</b>				
Current:				
Transportation	-	14,570,425	3,708,208	18,278,633
Economic assistance	1,298,499	-	-	1,298,499
Home and community	228,927	-	-	228,927
Debt service:				
Interest	601	-	-	601
Total expenditures	1,528,027	14,570,425	3,708,208	19,806,660
Excess (deficiency) of revenues over expenditures	149,253	788,901	(667,472)	270,682
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	4,142	-	4,142
Transfers out	(73,727)	-	-	(73,727)
Total other financing sources (uses)	(73,727)	4,142	-	(69,585)
Net change in fund balances	75,526	793,043	(667,472)	201,097
Fund balances - beginning	115,573	2,031,459	4,177,236	6,324,268
Fund balances - ending	\$ 191,099	\$ 2,824,502	\$ 3,509,764	\$ 6,525,365

**County of Ulster, New York**  
**Combining Statement of Net Position**  
**Nonmajor Proprietary Funds**  
**December 31, 2018**

	<b>Ulster County Economic Development Alliance</b>	<b>Ulster County Capital Resource Corporation</b>	<b>Total Nonmajor Proprietary Funds</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 929,752	\$ 651,234	\$ 1,580,986
Restricted cash and cash equivalents	198,915	-	198,915
Receivables	95,230	-	95,230
Due from other funds	52,124	-	52,124
Total current assets	<u>1,276,021</u>	<u>651,234</u>	<u>1,927,255</u>
Noncurrent assets:			
Receivables	693,693	-	693,693
Total noncurrent assets	<u>693,693</u>	<u>-</u>	<u>693,693</u>
Total assets	<u>1,969,714</u>	<u>651,234</u>	<u>2,620,948</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	34,688	-	34,688
Intergovernmental payables	20,413	-	20,413
Due to other funds	-	1,250	1,250
Total current liabilities	<u>55,101</u>	<u>1,250</u>	<u>56,351</u>
Noncurrent liabilities:			
Unearned revenue	180,754	-	180,754
Total noncurrent liabilities	<u>180,754</u>	<u>-</u>	<u>180,754</u>
Total liabilities	<u>235,855</u>	<u>1,250</u>	<u>237,105</u>
<b>NET POSITION</b>			
Restricted	198,915	-	198,915
Unrestricted	1,534,944	649,984	2,184,928
Total net position	<u>\$ 1,733,859</u>	<u>\$ 649,984</u>	<u>\$ 2,383,843</u>

**County of Ulster, New York**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Nonmajor Proprietary Funds**  
**For the Year Ended December 31, 2018**

	<b>Ulster County Economic Development Alliance</b>	<b>Ulster County Capital Resource Corporation</b>	<b>Total Nonmajor Proprietary Funds</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 336,860	\$ -	\$ 336,860
Other operating revenues	43,287	-	43,287
Total operating revenues	<u>380,147</u>	<u>-</u>	<u>380,147</u>
<b>OPERATING EXPENSES</b>			
Administrative	27,254	9,677	36,931
Contractual	328,744	125,000	453,744
Provision for loan recoveries	3,348	-	3,348
Total operating expenses	<u>359,346</u>	<u>134,677</u>	<u>494,023</u>
Operating income	20,801	(134,677)	(113,876)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest earnings	525	5,842	6,367
Sale of property	889,513	-	889,513
Transfer to General Fund	(889,513)	-	(889,513)
Interest expense	(1,055)	-	(1,055)
Total nonoperating revenues (expenses)	<u>(530)</u>	<u>5,842</u>	<u>5,312</u>
Change in net position	20,271	(128,835)	(108,564)
Net position - beginning	1,713,588	778,819	2,492,407
Net position - ending	<u>\$ 1,733,859</u>	<u>\$ 649,984</u>	<u>\$ 2,383,843</u>

**County of Ulster, New York**  
**Combining Statement of Cash Flows**  
**Nonmajor Proprietary Funds**  
**For the Year Ended December 31, 2018**

	<b>Ulster County Economic Development Alliance</b>	<b>Ulster County Capital Resource Corporation</b>	<b>Total Nonmajor Proprietary Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from services provided	\$ 262,569	\$ -	\$ 262,569
Payments to suppliers and service providers	(395,639)	(134,677)	(530,316)
Net cash used by operating activities	(133,070)	(134,677)	(267,747)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Interest expense	(1,055)	-	(1,055)
Payments on long-term debt	(38,016)	-	(38,016)
Net cash used by noncapital financing activities	(39,071)	-	(39,071)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest earnings	525	5,842	6,367
Sale of property	840,763	-	840,763
Transfer to General Fund	(864,513)	-	(864,513)
Net cash provided (used) by investing activities	(23,225)	5,842	(17,383)
Net decrease in cash and cash equivalents	(195,366)	(128,835)	(324,201)
Total cash and cash equivalents - beginning	1,324,033	780,069	2,104,102
Total cash and cash equivalents - ending	<u>\$ 1,128,667</u>	<u>\$ 651,234</u>	<u>\$ 1,779,901</u>
<b>Reconciliation of operating income (loss) to net cash used by operating activities:</b>			
Operating income (loss)	\$ 20,801	\$ (134,677)	\$ (113,876)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:			
Provision for loan recoveries	3,348	-	3,348
(Increase) decrease in:			
Receivables	(230,102)	-	(230,102)
Due from other funds	109,176	-	109,176
Increase (decrease) in:			
Accounts payable and accrued expenses	(32,234)	-	(32,234)
Unearned revenue	(4,059)	-	(4,059)
Net cash provided (used) by operating activities	<u>\$ (133,070)</u>	<u>\$ (134,677)</u>	<u>\$ (267,747)</u>



**County of Ulster, New York**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**Debt Service Fund**  
**For the Year Ended December 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Adopted</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
<b>REVENUES</b>				<b>Budget</b>
Real property taxes	\$ 10,112,877	\$ 10,112,877	\$ 10,112,877	\$ -
State aid	-	-	281,619	281,619
Use of money and property	8,900	8,900	52,264	43,364
Miscellaneous local sources	-	117,575	-	(117,575)
Total revenues	10,121,777	10,239,352	10,446,760	207,408
<b>EXPENDITURES</b>				
Debt service:				
Principal	7,120,000	7,281,575	7,281,552	23
Interest	3,001,777	2,957,777	2,957,375	402
Total expenditures	10,121,777	10,239,352	10,238,927	425
Excess (deficiency) of revenues over expenditures	-	-	207,833	207,833
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	2,908,477	2,908,477
Total other financing sources	-	-	2,908,477	2,908,477
Net change in fund balances	-	-	3,116,310	3,116,310
Fund balances - beginning	1,351,651	1,351,651	1,351,651	-
Fund balances - ending	\$ 1,351,651	\$ 1,351,651	\$ 4,467,961	\$ 3,116,310

**County of Ulster, New York**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**Special Grant Fund**  
**For the Year Ended December 31, 2018**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Adopted</b>	<b>Final</b>		
<b>REVENUES</b>				
State aid	\$ 282,478	\$ 282,478	\$ 308,048	\$ 25,570
Federal aid	1,284,246	1,739,021	1,366,293	(372,728)
Use of money and property	1,600	1,600	2,339	739
Interfund revenues	-	-	600	600
Total revenues	1,568,324	2,023,099	1,677,280	(345,819)
<b>EXPENDITURES</b>				
Current:				
Economic assistance	1,567,124	1,575,074	1,298,499	276,575
Home and community	-	454,775	228,927	225,848
Debt service:				
Interest	1,200	1,200	601	599
Total expenditures	1,568,324	2,031,049	1,528,027	503,022
Excess (deficiency) of revenues over expenditures	-	(7,950)	149,253	157,203
<b>OTHER FINANCING (USES)</b>				
Transfers out	-	(74,000)	(73,727)	273
Total financing (uses)	-	(74,000)	(73,727)	273
Net change in fund balances	-	(81,950)	75,526	157,476
Fund balances - beginning	115,573	115,573	115,573	-
Fund balances - ending	\$ 115,573	\$ 33,623	\$ 191,099	\$ 157,476

**County of Ulster, New York**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**County Road Fund**  
**For the Year Ended December 31, 2018**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Adopted</b>	<b>Final</b>		
<b>REVENUES</b>				
Real property taxes	\$ 10,936,327	\$ 10,936,327	\$ 10,936,327	\$ -
State aid	3,694,156	4,456,643	3,953,467	(503,176)
Federal aid	-	-	203,329	203,329
Intergovernmental	100,000	100,000	159,218	59,218
Use of money and property	5,800	5,800	25,750	19,950
Sale of property and compensation for loss	50,100	50,100	37,947	(12,153)
Miscellaneous local sources	10,000	10,000	43,288	33,288
Total revenues	14,796,383	15,558,870	15,359,326	(199,544)
<b>EXPENDITURES</b>				
Current:				
Transportation	14,796,383	15,559,090	14,570,425	988,665
Total expenditures	14,796,383	15,559,090	14,570,425	988,665
Excess (deficiency) of revenues over expenditures	-	(220)	788,901	789,121
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	4,142	4,142
Total financing sources	-	-	4,142	4,142
Net change in fund balances	-	(220)	793,043	793,263
Fund balances - beginning	2,031,459	2,031,459	2,031,459	-
Fund balances - ending	\$ 2,031,459	\$ 2,031,239	\$ 2,824,502	\$ 793,263

**County of Ulster, New York**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**Road Machinery Fund**  
**For the Year Ended December 31, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Adopted</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final Budget</b>
<b>REVENUES</b>				
Real property taxes	\$ 2,986,877	\$ 2,986,877	\$ 2,986,877	\$ -
Use of money and property	39,000	39,000	38,885	(115)
Sale of property and compensation for loss	28,500	28,500	14,974	(13,526)
Total revenues	3,054,377	3,054,377	3,040,736	(13,641)
<b>EXPENDITURES</b>				
Current:				
Transportation	3,854,377	3,862,057	3,708,208	153,849
Total expenditures	3,854,377	3,862,057	3,708,208	153,849
Net change in fund balances *	(800,000)	(807,680)	(667,472)	140,208
Fund balances - beginning	4,177,236	4,177,236	4,177,236	-
Fund balances - ending	\$ 3,377,236	\$ 3,369,556	\$ 3,509,764	\$ 140,208

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

**County of Ulster, New York**  
**Combining Statement of Net Position**  
**Discretely Presented Component Units**  
**December 31, 2018**

	Component Units			Aggregate
	Community College (August 31, 2018)	Resource Recovery Agency	Industrial Development Agency	Discretely Presented Component Units
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,099,149	\$ 6,466,527	\$ 737,612	\$ 12,303,288
Investments	8,982,841	2,542,949	-	11,525,790
Receivables	5,408,957	1,867,533	22,014	7,298,504
Prepaid items	-	375,909	-	375,909
Other assets	1,455,640	39,828	-	1,495,468
Net pension asset - proportionate share	100,998	-	-	100,998
Capital assets, net of accumulated depreciation	13,505,641	9,893,603	-	23,399,244
Total assets	34,553,226	21,186,349	759,626	56,499,201
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources - pensions	2,884,798	821,138	-	3,705,936
Deferred outflows of resources - OPEB	4,513,961	-	-	4,513,961
Total deferred outflows of resources	7,398,759	821,138	-	8,219,897
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	1,965,699	1,296,837	135	3,262,671
Intergovernmental payables	430	-	-	430
Due to primary government	464,984	-	12,500	477,484
Unearned revenue	4,880,137	3,500	-	4,883,637
Noncurrent liabilities:				
Due within one year	1,014,515	1,822,970	-	2,837,485
Due in more than one year	26,291,270	7,165,220	-	33,456,490
Total liabilities	34,617,035	10,288,527	12,635	44,918,197
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred tuition received	710,927	-	-	710,927
Deferred pensions	1,836,438	873,562	-	2,710,000
Total deferred inflows of resources	2,547,365	873,562	-	3,420,927
<b>NET POSITION</b>				
Net investment in capital assets	12,401,365	9,893,603	-	22,294,968
Restricted for:				
Board designated	200,000	-	-	200,000
Scholarships and grants	5,876,150	-	-	5,876,150
Nonexpendable	2,862,085	-	-	2,862,085
Debt service	-	2,704,900	-	2,704,900
Unrestricted	(16,552,015)	(1,753,105)	746,991	(17,558,129)
Total net position	\$ 4,787,585	\$ 10,845,398	\$ 746,991	\$ 16,379,974

**County of Ulster, New York**  
**Combining Statement of Activities**  
**Discretely Presented Component Units**  
**For the Year Ended December 31, 2018**

	Component Units			Total
	Community College (August 31, 2018)	Resource Recovery Agency	Industrial Development Agency	Discretely Presented Component Units
OPERATING EXPENSES				
Instruction	\$ 14,832,235	\$ -	\$ -	\$ 14,832,235
Public service	652,944	-	-	652,944
Academic support	735,028	-	-	735,028
Student services	3,065,452	-	-	3,065,452
General administration	3,512,996	631,348	50,545	4,194,889
General institution	2,079,201	-	-	2,079,201
Operation and maintenance of plant	3,445,455	-	-	3,445,455
Student aid	3,279,012	-	-	3,279,012
Auxiliary	369,171	-	-	369,171
Day care	331,951	-	-	331,951
Costs of sales and services	-	8,747,896	-	8,747,896
Salaries and wages	-	1,799,432	-	1,799,432
Benefits	-	998,435	-	998,435
Professional fees	-	-	112,159	112,159
Landfill post closure care	-	688,908	-	688,908
Depreciation	1,207,269	632,143	-	1,839,412
Interest expense	-	683,416	-	683,416
Other operating expenses	1,507,866	-	9,151	1,517,017
Total operating expenses	35,018,580	14,181,578	171,855	49,372,013
PROGRAM REVENUES				
Student tuition and fees	6,505,715	-	-	6,505,715
Auxiliary	317,691	-	-	317,691
Sale of recyclable materials	-	616,538	-	616,538
Solid waste service fees	-	15,299,711	-	15,299,711
Fees	-	-	522,749	522,749
Operating grants and contributions	6,406,680	45,558	-	6,452,238
Other operating revenue	1,520,456	68,661	-	1,589,117
Total program revenues	14,750,542	16,030,468	522,749	31,303,759
Net program revenue (expense)	(20,268,038)	1,848,890	350,894	(18,068,254)
GENERAL REVENUES				
Contribution from other governments	5,826,978	-	-	5,826,978
County contribution	6,400,863	-	-	6,400,863
Chargeback revenue	942,400	-	-	942,400
Federal and state nonoperating grants	5,105,846	-	-	5,105,846
Investment income	2,462	142,482	3,811	148,755
Total general revenues	18,278,549	142,482	3,811	18,424,842
Net change in net position	(1,989,489)	1,991,372	354,705	356,588
Net position - beginning, as restated	6,777,074	8,854,026	392,286	16,023,386
Net position - ending	\$ 4,787,585	\$ 10,845,398	\$ 746,991	\$ 16,379,974

**Statistical Section (Unaudited)**

**COUNTY OF ULSTER, NEW YORK**  
**Net Position by Component**  
**Last Ten Fiscal Years**

	2009	2010	2011	2012	2013	2014	2015	2016*	2017**	2018
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 31,715,641	\$ 37,390,565	\$ 20,864,249	\$ 65,377,760	\$ 67,892,165	\$ 82,086,962	\$ 53,684,436	\$ 41,545,997	\$ 48,855,391	\$ 57,245,671
Restricted	12,715,012	9,603,188	9,009,628	10,016,115	6,978,332	6,397,859	11,163,006	11,870,195	11,004,588	9,955,686
Unrestricted	<u>2,302,802</u>	<u>(9,600,040)</u>	<u>(11,261,448)</u>	<u>(65,430,305)</u>	<u>(64,672,740)</u>	<u>(94,196,105)</u>	<u>(75,226,163)</u>	<u>(66,678,251)</u>	<u>(121,674,287)</u>	<u>(122,522,786)</u>
Total governmental activities net position	<u>\$ 46,733,455</u>	<u>\$ 37,393,713</u>	<u>\$ 18,612,429</u>	<u>\$ 9,963,570</u>	<u>\$ 10,197,757</u>	<u>\$ (5,711,284)</u>	<u>\$ (10,378,721)</u>	<u>\$ (13,262,059)</u>	<u>\$ (61,814,308)</u>	<u>\$ (55,321,429)</u>
<b>Business-type Activities:</b>										
Net investment in capital assets	\$ 3,955,646	\$ 3,580,827	\$ 3,024,756	\$ 2,586,359	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	39,030	39,030	-	-	-	198,969	199,656	198,915
Unrestricted	<u>2,829,444</u>	<u>555,836</u>	<u>(4,934,896)</u>	<u>(5,427,967)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,447,634</u>	<u>2,292,751</u>	<u>2,184,928</u>
Total business-type activities net position	<u>\$ 6,785,090</u>	<u>\$ 4,136,663</u>	<u>\$ (1,871,110)</u>	<u>\$ (2,802,578)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,646,603</u>	<u>\$ 2,492,407</u>	<u>\$ 2,383,843</u>
<b>Total Primary Government:</b>										
Net investment in capital assets	\$ 35,671,287	\$ 40,971,392	\$ 23,889,005	\$ 67,964,119	\$ 67,892,165	\$ 82,086,962	\$ 53,684,436	\$ 41,545,997	\$ 48,855,391	\$ 57,245,671
Restricted	12,715,012	9,603,188	9,048,658	10,055,145	6,978,332	6,397,859	11,163,006	12,069,164	11,204,244	10,154,601
Unrestricted	<u>5,132,246</u>	<u>(9,044,204)</u>	<u>(16,196,344)</u>	<u>(70,858,272)</u>	<u>(64,672,740)</u>	<u>(94,196,105)</u>	<u>(75,226,163)</u>	<u>(65,230,617)</u>	<u>(119,381,536)</u>	<u>(120,337,858)</u>
Total primary government net position	<u>\$ 53,518,545</u>	<u>\$ 41,530,376</u>	<u>\$ 16,741,319</u>	<u>\$ 7,160,992</u>	<u>\$ 10,197,757</u>	<u>\$ (5,711,284)</u>	<u>\$ (10,378,721)</u>	<u>\$ (11,615,456)</u>	<u>\$ (59,321,901)</u>	<u>\$ (52,937,586)</u>

Source: Ulster County Annual Financial Reports

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

\*\* The County implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions - An Amendment of GASB Statement No. 45*. As a result, net position has been restated at December 31, 2017.



Table 2

## COUNTY OF ULSTER, NEW YORK

Changes in Net Position  
Last Eight Fiscal Years

	2011	2012	2013	2014	2015	2016	2017*	2018
<b>Expenses</b>								
Governmental activities:								
General government	\$ 64,421,405	\$ 64,452,481	\$ 58,018,900	\$ 69,544,611	\$ 58,892,138	\$ 66,427,340	\$ 65,270,653	\$ 64,380,838
Education	10,449,170	9,598,123	10,127,951	8,533,495	9,823,272	10,082,920	11,376,376	10,774,993
Public safety	46,596,897	47,566,433	51,988,875	50,016,317	49,239,187	52,982,354	53,384,200	49,661,770
Public health	28,088,636	25,578,995	20,982,356	19,262,838	18,967,235	19,705,379	19,555,576	18,773,270
Transportation	26,973,401	22,963,323	24,670,675	25,423,875	28,915,480	28,852,350	29,398,429	26,465,766
Economic assistance	120,653,740	129,609,798	133,857,675	128,723,809	124,925,171	130,053,823	126,979,436	124,214,173
Culture and recreation	1,040,315	993,089	962,783	1,127,564	1,271,955	1,362,615	1,324,144	2,973,672
Home and community	4,190,840	5,883,149	2,878,042	2,793,990	3,096,083	3,474,579	4,013,375	2,976,740
Interest on long-term debt	6,884,754	6,778,572	6,575,763	6,431,867	6,236,915	6,635,851	4,872,295	4,720,161
Total governmental activities expenses	309,299,158	313,423,963	310,063,020	311,858,366	301,367,436	319,577,211	316,174,484	304,941,383
Business-type activities:								
Long-Term Care	32,906,238	33,247,837	13,047,766	-	-	-	-	-
Workers' Compensation Pool	14,795,165	10,283,758	9,508,560	9,333,330	9,603,353	10,058,153	10,007,661	10,219,727
Blended Component Units (UCEDA, UCCRC, GHLDC)	-	-	-	-	-	-	309,057	495,078
Total business-type activities expenses	47,701,403	43,531,595	22,556,326	9,333,330	9,603,353	10,058,153	10,316,718	10,714,805
Total primary government expenses	357,000,561	356,955,558	332,619,346	321,191,696	310,970,789	329,635,364	326,491,202	315,656,188
<b>Program Revenues</b>								
Governmental activities:								
Charges for services:								
General government	6,222,816	8,122,012	20,681,114	5,964,237	6,034,364	7,969,859	6,390,684	6,451,107
Education	83,195	80,996	78,916	90,158	180,326	217,740	70,898	81,518
Public safety	3,177,387	2,981,076	3,512,981	3,306,178	2,440,549	1,751,699	1,783,591	2,707,737
Public health	6,419,484	4,623,652	3,061,771	618,318	481,024	476,736	509,169	572,909
Transportation	1,389,205	1,236,969	1,037,490	861,642	820,054	750,115	834,542	1,032,547
Economic assistance	8,536,093	13,251,138	9,294,951	7,531,266	4,694,142	5,873,659	6,357,893	5,274,861
Culture and recreation	129,181	129,530	109,553	113,547	118,588	170,686	628,620	190,153
Home and community	4,789	59,759	4,228	6,019	169,734	137,571	201,960	137,457
Operating grants and contributions	77,940,934	87,945,815	76,283,382	74,399,760	76,303,293	84,679,415	77,044,272	78,071,951
Capital grants and contributions	2,288,331	5,420,598	1,450,701	7,420,320	9,640,072	13,118,913	9,777,416	14,453,570
Total governmental activities program revenues	106,191,415	123,851,545	115,515,087	100,311,445	100,882,146	115,146,393	103,599,045	108,973,810
Business-type activities:								
Charges for services:								
Long-Term Care	21,911,315	20,604,780	9,032,186	-	-	-	-	-
Workers' Compensation Pool	13,968,979	9,475,157	8,785,686	8,631,330	8,917,057	9,306,239	9,344,917	9,621,224
Blended Component Units (UCEDA, UCCRC, GHLDC)	-	-	-	-	-	-	1,151,782	380,147
Operating grants and contributions	1,083,841	2,894,328	10,506,554	655,347	646,916	707,260	567,380	335,960
Total business-type activities program revenues	36,964,135	32,974,265	28,324,426	9,286,677	9,563,973	10,013,499	11,064,079	10,337,331
Total primary government program revenues	143,155,550	156,825,810	143,839,513	109,598,122	110,446,119	125,159,892	114,663,124	119,311,141
<b>Net revenues (expenses)</b>								
Governmental activities	(203,107,743)	(189,572,418)	(194,547,933)	(211,546,921)	(200,485,290)	(204,430,818)	(212,575,439)	(195,967,573)
Business-type activities	(10,737,268)	(10,557,330)	5,768,100	(46,653)	(39,380)	(44,654)	747,361	(377,474)
Total net revenues (expenses)	(213,845,011)	(200,129,748)	(188,779,833)	(211,593,574)	(200,524,670)	(204,475,472)	(211,828,078)	(196,345,047)
<b>General revenues and other changes in net position</b>								
Governmental activities:								
Real property taxes and tax items	81,738,478	84,650,275	83,438,006	82,839,933	79,898,277	83,532,726	81,509,742	74,232,712
Sales tax	100,922,906	103,582,388	102,010,008	104,667,661	107,996,028	112,184,274	115,339,913	120,322,069
Other nonproperty tax items	1,965,232	2,068,023	2,868,519	2,969,834	3,220,565	3,319,055	3,489,031	3,669,232
Use of money and property	261,354	344,514	303,376	271,701	272,410	324,541	372,598	1,189,899
Tobacco settlement proceeds	2,059,780	2,282,617	2,342,517	2,991,903	4,113,420	2,329,361	1,970,014	2,157,027
Premium on sale of obligations	71,314	189,519	265,025	253,771	317,153	490,683	378,192	-
Gain (loss) on dispositions of assets	(1,654,937)	(2,612,324)	(1,678,114)	-	-	-	(380,992)	-
Transfers	(1,037,668)	(5,559,033)	(2,954,856)	-	-	-	-	889,513
Residual equity transfer	-	-	8,187,639	-	-	-	-	-
Exchange fee	-	-	-	-	-	53,955	-	-
Liquidity reserve termination payment	-	-	-	-	-	950,000	-	-
Total governmental activities general revenues	184,326,459	184,945,979	194,782,120	193,994,803	195,817,853	203,184,595	202,678,498	202,460,452
Business-type activities:								
Interest and earnings	48,793	53,378	36,799	19,099	14,041	18,100	77,436	236,710
Premium on sale of obligations	-	54,641	-	-	-	-	-	-
Gain (loss) on dispositions of assets	-	(422)	(696,757)	-	-	-	-	-
Sale of property	-	-	-	-	-	-	-	889,513
Transfers	(1,537)	-	-	-	-	-	-	(889,513)
County contribution	4,682,239	9,518,265	5,882,075	27,554	25,339	26,554	21,007	32,200
Residual equity transfer	-	-	(8,187,639)	-	-	-	-	-
Total business-type activities general revenues	4,729,495	9,625,862	(2,965,522)	46,653	39,380	44,654	98,443	268,910
Total primary government general revenues	189,055,954	194,571,841	191,816,598	194,041,456	195,857,233	203,229,249	202,776,941	202,729,362
<b>Change in Net Position</b>								
Governmental activities	(18,781,284)	(4,626,439)	234,187	(17,552,118)	(4,667,437)	(1,246,223)	(9,896,941)	6,492,879
Business-type activities	(6,007,773)	(931,468)	2,802,578	-	-	-	845,804	(108,564)
Total primary government change in net position	\$ (24,789,057)	\$ (5,557,907)	\$ 3,036,765	\$ (17,552,118)	\$ (4,667,437)	\$ (1,246,223)	\$ (9,051,137)	\$ 6,384,315

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

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

Source: Ulster County Annual Financial Reports

Table 3

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

	<u>2014</u>	<u>2015</u>	<u>2016*</u>	<u>2017</u>	<u>2018</u>
<b>General Fund</b>					
Nonspendable	\$ 6,212,276	\$ 6,246,619	\$ 5,941,493	\$ 5,942,611	\$ 5,910,604
Restricted	1,687,044	6,892,034	7,296,312	7,271,880	7,558,995
Assigned	22,645,622	20,146,027	20,436,691	15,584,890	10,066,374
Unassigned	27,822,963	21,005,861	25,500,073	27,001,859	34,454,035
Total General Fund	<u>\$ 58,367,905</u>	<u>\$ 54,290,541</u>	<u>\$ 59,174,569</u>	<u>\$ 55,801,240</u>	<u>\$ 57,990,008</u>
 <b>All Other Governmental Funds</b>					
Nonspendable	\$ -	\$ 20,000	\$ -	\$ -	\$ 114,696
Restricted	4,710,815	4,270,972	4,573,883	3,732,708	6,864,652
Assigned	5,317,936	6,411,869	7,438,161	6,324,268	6,525,365
Unassigned	(3,653,748)	(11,313,822)	(10,527,886)	(10,920,708)	(28,809,107)
Total all Other Governmental Funds	<u>\$ 6,375,003</u>	<u>\$ (610,981)</u>	<u>\$ 1,484,158</u>	<u>\$ (863,732)</u>	<u>\$ (15,304,394)</u>
 <b>Total Fund Balances</b>	 <u><b>\$ 64,742,908</b></u>	 <u><b>\$ 53,679,560</b></u>	 <u><b>\$ 60,658,727</b></u>	 <u><b>\$ 54,937,508</b></u>	 <u><b>\$ 42,685,614</b></u>

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

Source: Ulster County Annual Financial Reports

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

Table 4

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

	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues:</b>								
Real property taxes	\$ 73,478,690	\$ 78,922,796	\$ 76,543,789	\$ 76,324,942	\$ 76,834,769	\$ 75,151,112	\$ 74,977,057	\$ 75,082,199
Real property tax items	5,369,653	5,834,255	5,472,943	6,333,802	5,877,276	6,048,264	5,282,724	5,624,634
Non-property taxes	102,888,138	105,650,411	104,878,527	107,637,495	111,216,593	115,503,329	118,828,944	123,991,301
State aid	39,964,640	44,799,731	37,183,391	44,533,486	44,183,793	57,016,650	46,228,956	53,772,166
Federal aid	40,264,625	48,566,682	40,530,616	37,210,280	41,717,649	40,776,057	40,395,780	37,286,906
Departmental income	17,685,371	17,169,138	14,818,894	10,904,121	9,347,446	10,386,132	10,038,653	9,688,696
Intergovernmental revenue	4,903,658	9,304,585	7,835,410	4,280,472	2,666,666	1,944,375	2,003,130	3,926,621
Use of money and property	1,429,721	1,519,776	1,985,925	1,488,067	853,208	1,063,901	1,073,943	1,542,283
Licenses and permits	1,569	29,320	43,314	25,607	122,283	460,267	464,984	463,119
Fines and forfeitures	812,708	783,664	477,741	455,829	502,427	471,617	418,646	469,645
Sale of property and compensation for loss	1,137,137	1,208,745	12,014,790	935,428	1,148,569	2,934,634	2,142,670	2,083,384
Tobacco settlement proceeds	2,298,424	2,343,973	2,342,517	2,650,159	2,267,912	4,580,857	2,005,770	2,172,027
Miscellaneous local sources	253,340	814,418	928,382	749,856	612,515	711,401	1,514,070	762,745
Interfund revenues	12,569,586	14,465,749	15,018,861	8,779,374	7,271,741	5,936,246	1,525,191	1,471,659
<b>Total revenues</b>	<b>303,057,260</b>	<b>331,413,243</b>	<b>320,075,100</b>	<b>302,308,918</b>	<b>304,622,847</b>	<b>322,984,842</b>	<b>306,900,518</b>	<b>318,337,385</b>
<b>Expenditures:</b>								
Current:								
General government	49,143,957	51,086,825	46,705,234	57,228,476	57,867,723	59,771,958	60,713,941	62,737,612
Education	9,151,931	9,490,787	9,830,905	9,795,066	9,485,726	9,556,194	9,942,883	10,116,863
Public safety	27,420,300	27,712,159	29,127,814	41,832,133	41,663,640	42,525,224	42,769,080	44,280,976
Public health	19,923,701	18,217,111	14,744,280	17,551,254	17,714,972	17,841,740	17,836,415	18,151,961
Transportation	22,358,390	22,499,919	21,656,690	27,588,082	28,912,405	29,039,645	25,020,587	23,610,117
Economic assistance	109,343,898	119,435,033	125,254,103	124,724,630	121,141,435	121,335,216	118,542,971	121,840,980
Culture and recreation	752,001	685,188	750,097	777,611	873,728	973,225	971,737	1,105,000
Home and community	3,452,833	4,722,410	2,121,429	2,851,490	2,910,671	3,155,312	3,671,222	2,910,415
Employee benefits	40,102,026	45,749,685	49,251,747	8,894,445	8,905,861	9,647,270	9,512,926	7,831,406
Debt service:								
Principal	8,517,500	9,350,823	7,019,392	7,753,500	6,491,300	8,758,290	8,398,750	7,686,552
Interest and fiscal charges	6,160,689	5,823,268	5,506,138	5,236,401	4,953,537	5,349,984	5,239,916	5,077,335
Capital outlay	11,590,919	5,059,664	7,930,651	7,894,983	20,425,980	20,343,360	17,862,861	33,123,575
<b>Total expenditures</b>	<b>307,918,145</b>	<b>319,832,872</b>	<b>319,898,480</b>	<b>312,128,071</b>	<b>321,346,978</b>	<b>328,297,418</b>	<b>320,483,289</b>	<b>338,472,792</b>
<b>Excess (deficiency) of revenues over expenditures</b>								
	<b>(4,860,885)</b>	<b>11,580,371</b>	<b>176,620</b>	<b>(9,819,153)</b>	<b>(16,724,131)</b>	<b>(5,312,576)</b>	<b>(13,582,771)</b>	<b>(20,135,407)</b>
<b>Other financing sources (uses):</b>								
Transfers in	9,969,136	12,397,391	7,703,535	98,483	311,300	1,178,000	2,110,045	4,405,359
Transfers out	(11,006,804)	(17,956,424)	(10,658,391)	(98,483)	(311,300)	(1,178,000)	(2,110,045)	(3,515,846)
Payments to refunded bond escrow agent	-	(58,430,447)	-	-	(6,260,627)	(32,384,291)	-	-
Issuance of obligations	3,064,885	56,688,888	3,318,500	3,851,300	11,053,290	43,813,750	7,861,552	6,994,000
Premium on obligations	56,740	8,603,672	89,998	78,310	868,120	1,495,444	-	-
Residual equity transfer	-	-	14,702,185	-	-	-	-	-
Exchange fee	-	-	-	-	-	53,955	-	-
Liquidity reserve termination payment	-	-	-	-	-	950,000	-	-
<b>Total other financing sources (uses)</b>	<b>2,083,957</b>	<b>1,303,080</b>	<b>15,155,827</b>	<b>3,929,610</b>	<b>5,660,783</b>	<b>13,928,858</b>	<b>7,861,552</b>	<b>7,883,513</b>
<b>Net change in fund balance</b>	<b>\$ (2,776,928)</b>	<b>\$ 12,883,451</b>	<b>\$ 15,332,447</b>	<b>\$ (5,889,543)</b>	<b>\$ (11,063,348)</b>	<b>\$ 8,616,282</b>	<b>\$ (5,721,219)</b>	<b>\$ (12,251,894)</b>
Debt Service as a percentage of noncapital expenditures								
	4.95%	4.82%	4.02%	4.27%	3.80%	4.58%	4.51%	4.18%

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

Source: Ulster County Annual Financial Reports

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

<b>Year</b>	<b>General Government</b>	<b>Education</b>	<b>Public Safety</b>	<b>Public Health</b>	<b>Transportation</b>	<b>Economic Assistance</b>	<b>Culture and Recreation</b>
<b>2009</b>	\$ 47,809,479	\$ 9,566,195	\$ 27,227,620	\$ 23,393,390	\$ 21,912,699	\$ 111,864,712	\$ 967,224
<b>2010</b>	48,323,781	9,435,733	26,930,573	21,796,446	23,704,699	107,704,316	850,271
<b>2011</b>	49,143,957	9,151,931	27,420,300	19,923,701	22,358,390	109,343,898	752,001
<b>2012</b>	51,086,825	9,490,787	27,712,159	18,217,111	22,499,919	119,435,033	685,188
<b>2013</b>	46,705,234	9,830,905	29,127,814	14,744,280	21,656,690	125,254,103	750,097
<b>2014</b>	57,228,476	9,795,066	41,832,133	17,551,254	27,588,082	124,724,630	777,611
<b>2015</b>	57,867,723	9,485,726	41,663,640	17,714,972	28,912,405	121,141,435	873,728
<b>2016</b>	59,771,958	9,556,194	42,525,224	17,841,740	29,039,645	121,335,216	973,225
<b>2017</b>	60,713,941	9,942,883	42,769,080	17,836,415	25,020,587	118,542,971	971,737
<b>2018</b>	62,737,612	10,116,863	44,280,976	18,151,961	23,610,117	121,840,980	1,105,000

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

Source: Ulster County Annual Financial Reports

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

<b>Year</b>	<b>Real Property Taxes</b>	<b>Other Tax Items</b>	<b>Non-Property Tax Items</b>	<b>State Aid</b>	<b>Federal Aid</b>	<b>Departmental Income</b>	<b>Inter-Governmental</b>
<b>2008</b>	\$ 71,398,228	\$ 4,332,223	\$ 92,876,243	\$ 43,082,799	\$ 43,029,364	\$ 20,351,962	\$ 5,248,585
<b>2010</b>	75,200,899	5,009,619	98,798,193	40,595,774	43,052,854	17,527,001	4,617,934
<b>2011</b>	73,478,690	5,369,653	102,888,138	39,964,640	40,264,625	17,685,371	4,903,658
<b>2012</b>	78,922,796	5,834,255	105,650,411	44,799,731	48,566,682	17,169,138	9,304,585
<b>2013</b>	76,543,789	5,472,943	104,878,527	37,183,391	40,530,616	14,818,894	7,835,410
<b>2014</b>	76,324,942	6,333,802	107,637,495	44,533,486	37,210,280	10,904,121	4,280,472
<b>2015</b>	76,834,769	5,877,276	111,216,593	44,183,793	41,717,649	9,347,446	2,666,666
<b>2016</b>	75,151,112	6,048,264	115,503,329	57,016,650	40,776,057	10,386,132	1,944,375
<b>2017</b>	74,977,057	5,282,724	118,828,944	46,228,956	40,395,780	10,038,653	2,003,130
<b>2018</b>	75,082,199	5,624,634	123,991,301	53,772,166	37,286,906	9,688,696	3,926,621

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

Source: Ulster County Annual Financial Reports

Table 5

	Home and Community Services	Employee Benefits	Debt Service (Principal & Interest)	Capital Outlay	Total
\$	3,257,691	\$ 34,087,256	\$ 34,602,357	\$ 5,626,057	\$ 320,314,680
	3,404,346	39,806,712	14,525,877	9,005,717	305,488,471
	3,452,833	40,102,026	14,768,593	11,500,515	307,918,145
	4,722,410	45,749,685	15,247,718	4,986,037	319,832,872
	2,121,429	49,251,747	12,525,530	7,930,651	319,898,480
	2,851,490	8,894,445	12,989,901	7,894,983	312,128,071
	2,910,671	8,905,861	11,444,837	20,425,980	321,346,978
	3,155,312	9,647,270	14,108,274	20,343,360	328,297,418
	3,671,222	9,512,926	13,638,666	17,862,861	320,483,289
	2,910,415	7,831,406	12,763,887	33,123,575	338,472,792

Table 6

	Use of Money and Property	Licenses and Permits	Fines and Forfeitures	Sale of Property and Compensation for Loss	Tobacco Settlement	Miscel- laneous	Interfund Revenues	Total
\$	1,577,817	\$ 23,020	\$ 519,512	\$ 2,273,710	\$ 2,913,103	\$ 1,647,627	\$ 9,707,316	\$ 298,981,509
	1,487,138	25,080	730,193	1,136,334	2,424,288	350,357	10,808,054	301,763,718
	1,429,721	1,569	812,708	1,137,137	2,298,424	253,340	12,569,586	303,057,260
	1,519,776	29,320	783,664	1,208,745	2,343,973	814,418	14,465,749	331,413,243
	1,985,925	43,314	477,741	12,014,790	2,342,517	928,382	15,018,861	320,075,100
	1,488,067	25,607	455,829	935,428	2,650,159	749,856	8,779,374	302,308,918
	853,208	122,283	502,427	1,148,569	2,267,912	612,515	7,271,741	304,622,847
	1,063,901	460,267	471,617	2,934,634	4,580,857	711,401	5,936,246	322,984,842
	1,073,943	464,984	418,646	2,142,670	2,005,770	1,514,070	1,525,191	306,900,518
	1,542,283	463,119	469,645	2,083,384	2,172,027	762,745	1,471,659	318,337,385

Table 7

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

Year	Taxes on Roll (2)	Home Relief (2)	Other Adjustments (2)	Net Taxes	Collections During Year	Uncollected Taxes (1)	Percent of Levy Collected (1)
2009	\$ 180,342,958	\$ (1,010,018)	\$ (132,658)	\$ 179,200,282	\$ 172,391,436	\$ 7,951,522	95.59%
2010	188,232,693	(1,278,961)	(109,274)	186,844,458	179,323,504	8,909,189	95.27%
2011	193,884,236	(1,360,336)	(58,059)	192,465,841	184,571,901	9,312,335	95.20%
2012	198,801,463	(1,569,819)	(126,960)	197,104,684	190,384,670	8,416,793	95.77%
2013	201,070,446	(2,154,871)	(113,934)	198,801,641	191,841,338	9,229,108	95.41%
2014	200,809,358	(1,440,684)	144,000	199,512,674	191,615,198	9,194,160	95.42%
2015	201,629,920	(913,403)	104,008	200,820,525	192,854,252	8,775,668	95.65%
2016	201,809,150	-	171,885	201,981,035	193,173,257	8,635,893	95.72%
2017	203,286,944	-	109,525	203,396,469	195,229,130	8,057,814	96.04%
2018	206,036,494	-	129,614	206,166,108	198,722,934	7,313,560	96.45%

Note: Taxes on Roll includes relieved school taxes.

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

Table 8

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

Year	County Taxable Value	Equalized Apportionment Value	Ratio of Total County Taxable Value to Total Equalized Apportionment Value
2009	\$ 16,341,240,966	\$ 21,484,261,701	76.06%
2010	16,246,087,904	20,945,147,626	77.56%
2011	16,335,383,709	19,938,963,280	81.93%
2012	15,755,567,732	18,857,224,609	83.55%
2013	15,522,809,385	18,509,048,159	83.87%
2014	15,097,755,694	17,974,374,613	84.00%
2015	15,034,766,917	17,879,387,278	84.09%
2016	16,210,513,184	17,919,334,296	90.46%
2017	16,268,511,109	18,015,386,964	90.30%
2018	16,412,833,597	18,187,934,573	90.24%

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**

<b>Fiscal Year</b>	<b>County Millage</b>	<b>Town Millage</b>	<b>School District Millage</b>	<b>Total</b>
<b>2009</b>	\$ 16.88	\$ 20.32	\$ 72.81	\$ 110.01
<b>2010</b>	17.63	19.29	75.03	111.95
<b>2011</b>	17.60	22.54	77.94	118.08
<b>2012</b>	18.90	23.02	82.09	124.01
<b>2013</b>	18.78	23.78	84.56	127.12
<b>2014</b>	18.78	24.77	87.92	131.47
<b>2015</b>	18.65	24.76	90.59	134.00
<b>2016</b>	6.80	7.73	30.68	45.21
<b>2017</b>	6.82	7.90	31.08	45.80
<b>2018</b>	6.77	8.15	31.49	46.41

Rates are per thousand dollars of assessed valuation.

Source: Ulster County Real Property Tax Service Agency Annual Report

Table 10

**COUNTY OF ULSTER, NEW YORK**  
**Principal Taxpayers**  
**December 31, 2018**

<b>Taxpayer</b>	<b>Type of Business</b>	<b>Equalized Taxable Value</b>	<b>Percentage of Total Equalized Taxable Value</b>
<b>City of New York</b>	Water Supply Facilities	\$ 1,220,218,686	6.7%
<b>Central Hudson Gas &amp; Electric</b>	Public Utility	357,939,416	2.0%
<b>New York State</b>	State Properties	350,334,162	1.9%
<b>Hudson Valley 2011, LLC</b>	Retail	52,244,809	0.3%
<b>Tech City</b>	Business Park	44,135,083	0.2%
<b>Verizon</b>	Public Utility	39,447,878	0.2%
<b>Smiley Brothers, Inc.</b>	Hotel Resort Complex	31,138,062	0.2%
<b>CSX Transportation, Inc.</b>	Railroad	20,332,183	0.1%
<b>Criterion Atlantic</b>	Warehouse	17,029,800	0.1%
<b>PCK Enterprises</b>	Shopping Mall	16,854,624	0.1%
		<u>\$ 2,149,674,703</u>	<u>11.9%</u>

Equalized 2018 Full Valuation = \$ 18,187,934,573

Source: Ulster County Real Property Tax Service Agency Annual Report

Table 11

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

Year	Population (1)	Equalized Apportionment Value (2)	Net Bonded Debt (3)	Ratio of Net Bonded Debt to Equalized Apportionment Value	Net Bonded Debt Per Capita
2009	177,749	\$ 21,484,261,701	\$ 109,664,734	0.5104%	\$ 616.96
2010	182,493	20,945,147,626	100,597,500	0.4803%	551.24
2011	182,493	19,938,963,280	112,820,199	0.5658%	618.22
2012	182,493	18,857,224,609	100,523,573	0.5331%	550.84
2013	182,493	18,509,048,159	93,464,059	0.5050%	512.15
2014	182,493	17,974,374,613	91,537,122	0.5093%	501.59
2015	182,493	17,879,387,278	95,030,074	0.5315%	520.73
2016	182,493	17,919,334,296	96,467,206	0.5383%	528.61
2017	182,493	18,015,386,964	93,656,517	0.5199%	513.21
2018	182,493	18,187,934,573	114,852,976	0.6315%	629.36

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, 2018**

Year	Equalized Value of Real Property
2014	\$ 17,974,374,613
2015	17,879,387,278
2016	17,919,334,296
2017	18,015,386,964
2018	18,187,934,573
<b>Total</b>	<u><u>\$ 89,976,417,724</u></u>

Average equalized value of taxable real property \$ 17,995,283,545

Debt Limit - 7% thereof \$ 1,259,669,848

Net Bonded Debt \$ 114,852,976

Percentage of debt - contracting power exhausted 9.12%

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



Table 13

**COUNTY OF ULSTER, NEW YORK**  
**Computation of Direct and Overlapping Bonded Debt**  
**General Obligation Bonds and Bond Anticipation Notes**  
**December 31, 2018**

<b>Jurisdiction</b>	<b>Outstanding Indebtedness</b>	<b>Exclusions (1)</b>	<b>Net Indebtedness</b>
<b>Direct:</b>			
County of Ulster	\$ 149,620,554	\$ 34,767,578	\$ 114,852,976
<b>Overlapping:</b>			
Towns	52,906,185	22,143,339	30,762,846
Villages	4,758,680	2,546,000	2,212,680
City	38,261,386	15,396,867	22,864,519
School Districts	252,238,376	171,700,476	80,537,900
Fire Districts	11,163,936	272,882	10,891,054
<b>Total Overlapping</b>	<b>359,328,563</b>	<b>212,059,564</b>	<b>147,268,999</b>
<b>Total</b>	<b>\$ 508,949,117</b>	<b>\$ 246,827,142</b>	<b>\$ 262,121,975</b>

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

Source: Fiscal Advisors & Marketing, Inc. (Bond & BAN issuance statement 11/20/18)  
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**

<b>Year</b>	<b>Debt Service (Principal &amp; Interest)</b>	<b>Total General Governmental Expenditures</b>	<b>Ratio of Debt Service to General Governmental Expenditures</b>
<b>2009</b>	\$ 34,602,357	\$ 320,314,680	10.80%
<b>2010</b>	14,525,877	305,488,471	4.75%
<b>2011</b>	14,768,593	307,918,145	4.80%
<b>2012</b>	15,247,718	319,832,872	4.77%
<b>2013</b>	12,525,530	319,898,480	3.92%
<b>2014</b>	12,989,901	312,128,071	4.16%
<b>2015</b>	11,444,837	321,346,978	3.56%
<b>2016</b>	14,108,274	328,297,418	4.30%
<b>2017</b>	13,638,666	320,483,289	4.26%
<b>2018</b>	12,763,887	338,472,792	3.77%

\*Total general governmental expenditures does not include transfers out.

Source: Ulster County Annual Financial Reports

Table 15

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

<b>Year</b>	<b>Population (1)</b>	<b>Per Capita Income (2)</b>	<b>School Enrollment (3)</b>	<b>Unemployment Rate (4)</b>
<b>2009</b>	177,749	\$ 37,171	26,053	7.7%
<b>2010</b>	182,493	38,358	25,643	7.8%
<b>2011</b>	182,493	39,740	24,901	7.8%
<b>2012</b>	182,493	41,147	24,332	8.3%
<b>2013</b>	182,493	41,525	23,878	7.1%
<b>2014</b>	182,493	43,086	23,372	5.7%
<b>2015</b>	182,493	44,775	22,871	4.8%
<b>2016</b>	182,493	46,225	22,577	4.4%
<b>2017</b>	182,493	48,811	22,363	4.6%
<b>2018</b>	182,493	N/A	22,129	3.9%

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

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

Table 16

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

<b>Year</b>	<b>County Taxable Value (1)</b>	<b>Exemptions (1)</b>	<b>Total</b>	<b>Units of Construction (2)</b>	<b>Average Value</b>	<b>Construction Value (2)</b>
<b>2009</b>	\$ 16,341,240,966	\$ 219,156,780	\$ 16,560,397,746	287	\$ 168,118	\$ 48,250,000
<b>2010</b>	16,246,087,904	219,107,591	16,465,195,495	334	129,659	43,306,000
<b>2011</b>	16,335,383,709	225,560,778	16,560,944,487	230	202,504	46,576,000
<b>2012</b>	15,755,567,732	222,764,397	15,978,332,129	214	163,215	34,928,000
<b>2013</b>	15,522,809,385	216,961,169	15,739,770,554	151	250,967	37,896,000
<b>2014</b>	15,097,755,694	245,043,338	15,342,799,032	285	238,740	68,041,000
<b>2015</b>	15,034,766,917	238,129,112	15,272,896,029	307	235,046	72,159,000
<b>2016</b>	16,210,513,184	242,326,827	16,452,840,011	252	213,492	53,800,000
<b>2017</b>	16,268,511,109	240,270,180	16,508,781,289	336	243,533	81,827,000
<b>2018</b>	16,412,833,597	247,199,300	16,660,032,897	252	280,794	70,760,000

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

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

*Table 17*

**COUNTY OF ULSTER, NEW YORK**  
**Miscellaneous Statistics**  
**December 31, 2018**

Date Founded	November 1, 1683
Form of Government	Charter
Area in Square Miles	1,161
Miles of County Roads	425
Taxable Parcels of Property	84,911
Facilities and Services Not Included in the Reporting Entity:	
Number of Cities	1
Number of School Districts	15
Number of Towns	20
Number of Villages	3
Number of Fire Districts	56
Number of Hospitals	3

## FORM OF BOND COUNSEL’S OPINION

October 6, 2020

County of Ulster,  
State of New York

Re: County of Ulster, New York  
\$1,610,000\* Public Improvement Refunding (Serial) Bonds, 2020

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$1,610,000\* Public Improvement (Serial) Bonds, 2020 (the “Obligations”), of the County of Ulster, New York (the “Obligor”), dated October 6, 2020, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of \_\_\_\_ hundredths per centum (\_\_\_\_%) per annum as to bonds maturing in \_\_\_\_, payable on November 15, 2020 and semi-annually thereafter on May 15 and November 15, and maturing in the amount of \$\_\_\_\_\_ on November 15, 2020, \$\_\_\_\_\_ on November 15, 2021, \$\_\_\_\_\_ on November 15, 2022, \$\_\_\_\_\_ on November 15, 2023, \$\_\_\_\_\_ on November 15, 2024, \$\_\_\_\_\_ on November 15, 2025, \$\_\_\_\_\_ on November 15, 2026, \$\_\_\_\_\_ on November 15, 2027 and \$\_\_\_\_\_ on November 15, 2028.

The Obligations are not subject to redemption prior to maturity.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the “Code”);
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligations and investment earnings thereon on certain specified purposes (the “Arbitrage Certificate”); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligations, including the form of the Obligations. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

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\* Preliminary, subject to change.

In our opinion:

- (a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligations has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligations, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

Orrick, Herrington & Sutcliffe LLP