

COUNTY OF SULLIVAN, NEW YORK



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
DECEMBER 31, 2015

COUNTY OF SULLIVAN, NEW YORK



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DECEMBER 31, 2015

Joshua Potosek – County Manager
Janet Young – Commissioner of Management and Budget
Nancy Buck – County Treasurer

County of Sullivan, New York

Comprehensive Annual Financial Report
Year Ended December 31, 2015
Table of Contents

Page

INTRODUCTORY SECTION

Principal Officials	i
Organizational Chart	ii
Letter of Transmittal	iii
Certificate of Achievement for Excellence in Financial Reporting	xiii

FINANCIAL SECTION

Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet - Governmental Funds	17
Reconciliation of Governmental Funds Balance Sheet to the Government- Wide Statement of Net Position - Governmental Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General, County Road and Refuse and Garbage Funds	23
Proprietary Funds	
Statement of Net Position	25
Statement of Revenues, Expenses and Changes in Net Position	26
Statement of Cash Flows	27
Statement of Assets and Liabilities - Fiduciary Fund	28
Component Units	
Statement of Net Position	29
Statement of Activities	31
Notes to Financial Statements	33
Required Supplementary Information	
Other Postemployment Benefits	
Schedule of Funding Progress - Last Three Fiscal Years	77
New York State and Local Employees' Retirement System	
Schedule of Contributions	78
Schedule of the County's Proportionate Share of the Net Pension Liability	79

County of Sullivan, New York

Comprehensive Annual Financial Report
Year Ended December 31, 2015
Table of Contents (Continued)

	<u>Page</u>
New York State Teachers' Retirement System	
Schedule of Contributions	80
Schedule of the County's Proportionate Share of the Net Pension Liability	81
Combining and Individual Fund Financial Statements and Schedules	
Major Governmental Funds	
General Fund	
Schedule of Revenues and Other Financing Sources Compared to Budget	82
Schedule of Expenditures and Other Financing Uses Compared to Budget	88
Capital Projects Fund	
Project-Length Schedule	92
Non-Major Governmental Funds	
Combining Balance Sheet	94
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	95
Road Machinery Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	96
Debt Service Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	97
Proprietary Funds	
Internal Service Funds	
Combining Statement of Net Position	98
Combining Statement of Revenues, Expenses and Changes in Net Position	99
Combining Statement of Cash Flows	100
Fiduciary Funds - Statement of Changes in Assets and Liabilities	101

STATISTICAL SECTION (Unaudited)
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This part of the County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information reveals about the County's overall financial health.

This section includes the following schedules:

Financial Trends	
Net Position by Component – Last Ten Fiscal Years	102
Changes in Net Position – Last Ten Fiscal Years	104
Fund Balances, Governmental Funds – Last Ten Fiscal Years	108
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	110

County of Sullivan, New York

Comprehensive Annual Financial Report
Year Ended December 31, 2015
Table of Contents (Concluded)

	<u>Page</u>
Revenue Capacity	
Tax Revenues by Source, Governmental Funds – Last Ten Fiscal Years	112
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	114
Direct and Underlying Property Tax Rates, Per \$1,000 of Assessed Valuation – Last Ten Fiscal Years	116
Principal Taxpayers – Current Year and Nine Years Ago	118
Property Tax Levies and Collections – Last Ten Fiscal Years	119
Debt Capacity	
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	120
Ratios of Net General Bonded Debt Outstanding – Last Ten Fiscal Years	122
Direct and Underlying Governmental Activities Debt	123
Legal Debt Margin Information – Last Ten Fiscal Years	124
Demographic and Economic Information	
Demographic Statistics – Last Ten Fiscal Years	126
Principal Employers – Current Year and Nine Years Ago	127
Operating Information	
Full-Time Equivalent County Government Employees by Function – Last Ten Fiscal Years	128
Operating Indicators by Function – Last Ten Fiscal Years	130
Capital Asset Statistics by Function – Last Ten Fiscal Years	132
<p>Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.</p>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	134

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**INTRODUCTORY
SECTION**

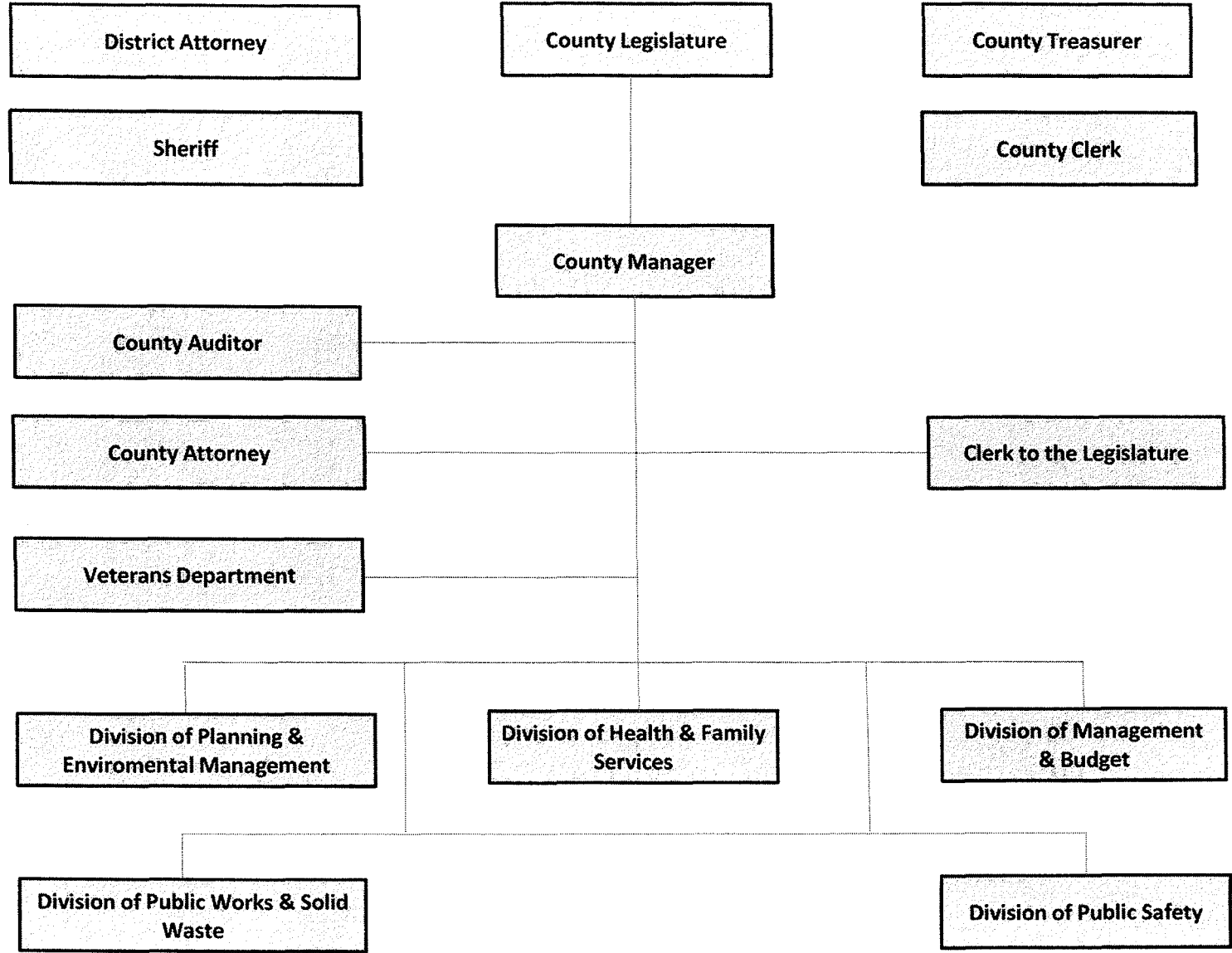
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**COUNTY OF SULLIVAN,
NEW YORK
PRINCIPAL OFFICIALS**

As of December 31, 2015

<u>OFFICE</u>	<u>OFFICE HOLDER</u>	<u>TERM EXPIRES</u>
County Legislators		
District #1, Chairman	Scott B. Samuelson	12/31/2015
District #2, Majority Leader	Kathleen Labuda	12/31/2015
District #3	Kathleen M. Vetter	12/31/2015
District #4	Jonathan F. Rouis	12/31/2015
District #5	Cindy Kurpil Gieger	12/31/2015
District #6	Cora A. Edwards	12/31/2015
District #7, Vice Chairman	Eugene L. Benson	12/31/2015
District #8	Ira M. Steingart	12/31/2015
District #9, Minority Leader	Alan J. Sorenson	12/31/2015
County Clerk	Daniel L. Briggs	12/31/2015
District Attorney	James R. Farrell	12/31/2015
Sheriff	Michael A. Schiff	12/31/2015
County Treasurer	Nancy Buck	12/31/2015
Deputy County Treasurer	Kathleen Brawley	12/31/2015
County Manager	Joshua Potosek	Appointed

Sullivan County Organizational Chart



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NANCY BUCK
COUNTY TREASURER
Nancy.Buck@co.sullivan.ny.us

KATHLEEN BRAWLEY
DEPUTY TREASURER
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MONTICELLO, NY 12701

June 29, 2016

To The Taxpayers of the County of
Sullivan, New York and Members
of the County Board of Legislature

The Comprehensive Annual Financial Report ("CAFR") for the County of Sullivan, New York for the fiscal year ended December 31, 2015 is submitted herewith. New York State requires the County to submit an annual report of our financial records and transactions presented in conformity with generally accepted accounting principles ("GAAP") and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This CAFR is issued pursuant to that requirement.

This report consists of management's representations concerning the finances of the County of Sullivan. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the management of the County has established a comprehensive internal control framework that is designed to both protect the County's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. Management asserts that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's basic financial statements have been audited by PKF O'Connor Davies, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the County for the fiscal year ended December 31, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County of Sullivan's basic financial statements for the fiscal year ended December 31, 2015, are fairly presented in conformity with GAAP.

The independent auditor's report is presented as the first component of the financial section of this report. The financial section also includes a narrative introduction, overview and analysis of the December 31, 2015 financial statements to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). The letter of transmittal was designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditor.

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

GOVERNMENTAL STRUCTURE

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

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

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

GENERAL INFORMATION

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

The year-round population of the County has remained relatively stable for the last four years. According to the US Census Bureau, between 2010 and 2014 Sullivan County experienced a 2.1% decrease in population while New York State exhibited a 1.9% growth. Although Sullivan County is fairly large in terms of area, approximately 968 square miles, the average population density is 79 persons per square mile. Indeed this number is higher in the County's larger towns and villages, which has implications for added infrastructure, water quality, and attention to long-term capital planning.

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

The New York State Gaming Commission awarded Montreign Resort Casino a gaming license in December 2015. The casino is anticipated to open in late 2017 and is estimated to bring 4 million new visitors annually to the County of Sullivan. State gaming officials estimate the casino will create 1,209 full-time and 96 part-time permanent jobs and hundreds of additional construction jobs to the region. An estimated \$10.3 million in casino revenue will be split annually between Orange, Ulster, Dutchess, Greene and Columbia counties - along with another \$10.3 split between Sullivan and the host Town of Thompson.

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

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

ECONOMIC CONDITION AND OUTLOOK

Historically, the economy of Sullivan County relied heavily on resort hotel based tourism. With the decline in this industry, tourism has reinvented itself in the form of eco-tourism activities, sightseeing, second homes, and arts and cultural industries spearheaded by the opening of the Bethel Woods Performing Arts Center (BPAC) located at the historic site of the 1969 Woodstock Music Festival on Hurd Road in the Town of Bethel. BPAC commenced its eleventh concert season which performances by Miranda Lambert, Hall & Oates, Journey, Doobie Brothers, Steely Dan, Steve Winwood, Jason Aldean, The Beach Boys, Zac Brown Band, Don Henley and many other notable performances. In addition, New York's Music, Culture & Arts Festival, MYSTERYLAND USA, is returning for its third edition at BPAC, offering camping options and musical programming to give visitors to MYSTERYLAND USA a full three-day festival experience.

The summer of 2016 marks another significant milestone for BPAC in that the organization will feature the ninth year of the 40,000 square foot Museum and Interpretive Center. The facility offers a permanent exhibition depicting the political, social, and cultural transformation of the 1960's that led to the famous 1969 rock festival that took place on that very site, and impacted the world. In its 2008 opening season, thousands of visitors enjoyed the Museum's many attractions and found that more than one visit was necessary in order to fully enjoy the experience. This year the Museum is featuring RIGHTS, RACE & REVOLUTIONS: A Portrait of LIFE in 1960s America by Grey Villet, which studies the American scene of the 1950s and '60s, an era that shaped the present.

Since the New York State Gaming Commission awarded Montreign Resort Casino awarded a gaming license in December 2015, significant work has been done on the site, including the construction of roads and installation of infrastructure. The developer's overall investment in the property is approximated at \$1.3 billion. The property will be divided between four main features: a casino, entertainment village, the golf course and indoor water park. The \$750 million casino and resort will be known as Adelaar. The proposed casino and resort will sit on 1,700 wooded acres near the location of the old Concord hotel. The proposal includes an 18-story casino, hotel and entertainment complex with 80,000 square feet of gaming space. In addition, plans for the casino and resort include shopping, an 18-hole golf course, spa and indoor water park.

The Town of Thompson Planning Board approved the Developer's plans in January 2014 and additional revisions were approved in June 2014. Construction for the casino and resort began in March 2015. To add to its already impressive portfolio, the Developer has already started the process of obtaining site plan approval from the Town of Thompson Planning board for the indoor waterpark and revamped golf courses.

With the approval of casino gaming, the County, with the assistance of the Partnership for Economic Development in Sullivan County, Inc., is investing in our residents and preparing for an influx of new opportunities by forming the Catskill Hospitality Workforce Alliance, where they will provide training and certification for these specialized jobs such as cashiers, dealers and security.

It is anticipated that the expected revenue from this project would certainly translate to better overall fiscal conditions, cash flow, debt reduction, and an improved bond rating from rating agencies. These monies would most likely be used for economic and community development, infrastructure improvements, jail and landfill construction as well as monies for school districts and other local governments.

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

Sullivan Renaissance is a beautification and community development program that provides communities in Sullivan County with seed money for beautification projects. The mission of Sullivan Renaissance is to enhance the appearance of Sullivan County while building a sense of pride and community spirit. Over the last 15 years, Sullivan County community volunteer organizations have received over 3 million dollars in grants. These grants have leveraged nearly 9.5 million dollars in beautification and community development throughout Sullivan County.

Thanks to a USDA Rural Business Opportunity Grant the County is in the process of finalizing a Comprehensive Economic Development Strategy. This Plan will outline priorities for the various economic development agencies and community partners operating in the County to create economic opportunity.

The draft plan notes three main areas of economic activity in the County — agriculture, tourism and healthcare. Within this last category, the Center for Discovery and Catskill Regional Medical Center (CRMC) have been two of the County's larger employers. The Center for Discovery is a world-class facility and practice focused on the delivery of educational and support services for developmentally disabled adults and children. The Center for Discovery received \$2.5 million through the 2012 round of the Mid-Hudson Regional Council CFA funding, in order to expand its capabilities through the creation of an assessment center and integrated specialty hospital for children with autism, severe developmental disabilities, and medical complexities in Harris, Sullivan County. The project is on schedule, construction is slated to begin in 2015. CRMC is a regional hospital and medical facility emphasizing a Planetree model of patient care. In July 2014, CRMC's laboratories in Harris and Callicoon, NY were awarded national accreditation by the College of American Pathologists. In addition, in September 2014, the New York State Department of Health specified CRMC's Harris Campus as a designated Stroke Center. The Grover Hermann Division of CRMC in Callicoon was recently awarded a three year accreditation in mammography services by the American College of Radiology.

The Sullivan County Industrial Development Agency (IDA) started an initiative to fund a Food Hub within the County. In October 2014, the IDA and Ginsberg's Foods announced plans to lease a 13,500-square foot warehouse at the Bridgeville Office Centre, located just east of Monticello and the site plan for the same is presently being reviewed by the Town of Thompson Planning Board. This project will improve the efficiency of the regional food distribution network and increase the value of local food transactions by taking advantage of opportunities to sell locally grown food to downstate customers. This network is expected to meet the need for less-than-trailer-load freight service and facilitate transactions between farmers and wholesalers locally while also giving farmers access to the larger New York City market. Funds from the USDA Rural Business Enterprise Grant program, the Rural Business Opportunity Grant program and the Consolidated Funding program were obtained in 2014. A second food hub project has been proposed for the western end of Sullivan County. Led by The Solution Project, this project is centered on the former Narrowsburg School and is a project in the early stages of planning.

In June 2004, Crystal Run Health Care, a major medical service facility focusing on quality primary care, arrived at the Emerald Corporate Center. The Emerald Corporate Center is one of several shovel-ready parks within the County in various stages of development. The Airport Industrial Park, Glen Wild Industrial Park, Liberty Business Park and the Sullivan County Community College Start Up New York have been designed to accommodate differing business needs.

Although agriculture comprises less than 2% of the County's employment, this sector yields a significant economic impact in cash receipts. This impact is a major multiplier in supporting equipment sales and services, as well as professional services in the County that include veterinary clinics.

The County is now playing a pro-active role in promoting new agricultural ventures and retention of farmland. The County recently prepared a Farmland Protection Plan which is essentially a road map for agricultural development within the County over the next ten years. An Agricultural Task Force will be instituted to implement the plan.

The County, in collaboration with the Sullivan County Industrial Development Agency, is in the process of developing a dairy processing facility that utilizing local dairy to offer value-added opportunities for our struggling dairy farmers. The red meat processing facility planned in Liberty has recently moved ahead with the site clearing and an architectural firm was hired to design the facility. Five grants have been approved for the financing of the proposed facility, these funds coming from the US Department of Agriculture, the New York State Empire State Development Corporation, and the US Department of Commerce through the Economic Development Assistance Program. Site plan approval for the project was received from the Village of Liberty Planning Board and excavating work started on the facility site in 2014.

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

MAJOR INITIATIVES AND THE FUTURE

The prediction for the County's future is steady, planned growth. Through the establishment of a County-wide strategic plan, known as Sullivan 2020, there exists solid support for a diversified economic base that fits the County's location within the Hudson-Delaware Region. The economic diversification promotes business clusters that include healthcare, food processing and agricultural technology, building trade and green technology, ecotourism, arts and culture, light assembly and light manufacturing.

- SUNY Sullivan is also seeking eligible START-UP NY businesses to transition their 18 acre SUNY Sullivan Commerce Park. Space will be provided for food and beverage manufacturers to pilot products and to develop new technologies that build capacity, knowledge sharing and innovation. Technology transfer will provide a focus on how to bring new products to NYC, the region, and the world marketplace.
- The Sullivan County Adult Care Center (ACC) was recently awarded funds to help implement and enhance the Music and Memory program. The Music and Memory Program assists residents of the Memory Care Unit and residents struggling with cognitive loss. The Music & Memory Program has shown success in reaching and engaging individuals who are suffering from dementia by producing music-triggered memories. The program serves not only those struggling with Alzheimer's and Dementia, but those who may have other cognitive and physical challenges. The ACC seeks to expand the program in the future to include other residents outside the Memory Care unit.

- NY-Sun, a \$1 billion initiative of Governor Cuomo to advance the scale-up of solar and move the State closer to having a sustainable, self-sufficient solar industry, gives awards for large solar electric projects that will increase the solar capacity in New York State. The Sullivan County Adult Care Center was chosen as one of the sites and through a partnership with SolarCity Corporation the County will develop a 2,405.40 kW solar electric system capable of meeting 100% of the electrical needs of the facility. There will be no upfront expenses to the County for this project.
- The County of Sullivan, in conjunction with the Office of Sustainability Energy (OSE), have been working to support local farmers and have moved to adopt a plan for addressing climate change in a practical and holistic fashion. The strategies reflect a deep understanding of the interconnected issues of climate change, energy efficiency, renewable energy, agriculture, public health, economic development and environmental stewardship. In 2014, Sullivan County has moved to adopt the SC Climate Action Plan, with greenhouse gas reduction goals and other specific measures in the areas of energy, transportation, waste management, recycling, green purchasing and operations, land and water use, public health, and emergency management. The County has further implemented critically needed infrastructure upgrades at key County facilities through funding strategies that ensure significant energy savings.
- Several town planning boards have numerous proposed projects actively being reviewed. Many of the small hamlets in the County are thriving with new businesses, eateries and lodging facilities.
- The Sullivan County Division of Planning, along with the Partnership for Economic Development and the IDA continue to administer several revolving loan funds to help new and expanding businesses throughout the County.
- Sullivan County has become a destination for fine dining with restaurants such as Girard's and The Heron in Narrowsburg, Café Adella Dori, Matthews on Main and Ba & Me in Callicoon, The Arnold House and Brandenburg Pastry Bakery in Livingston Manor and Prohibition Distillery and Roscoe Beer Co. in Roscoe.
- When completed, the 2000 acre Lost Lake Resort in the Town of Forestburgh, New York is anticipated to bring almost 2,700 new homes and millions in tax revenue to the Town of Forestburgh and the County. The first phase includes 400 housing units, many of which have already been sold to people seeking vacation homes. The golf course, clubhouse, restaurant, fitness center, spa and more homes will be built later. It is estimated that the County, Town and School District will receive get an additional combined \$35 million a year in tax revenue when the Resort is completely built.
- Construction has commenced for Golden Ridge Apartments on Route 42 in the Town of Thompson which will feature 104 units of workforce housing and 200 units of housing for senior citizens.
- In addition to being Sullivan County's first commercial winery, Bashakill Vineyard has received approval to construct a farm brewery and serve New York State craft beers.
- The Upper Delaware Corridor Plan has been instituted to provide access projects to the Delaware River. It is an important site for fishermen, fishing guides, river

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

- Sullivan County projects have been awarded \$5,643,443 in New York State grants through the 2015 Consolidated Funding Application (CFA) process. This is more than three times the \$1,513,950 in funding secured in 2014, and six times the 2013 award figure of \$899,834. Including a \$1,000,000 award to Empire State Cooperage, LLC to support its development of a new stave mill and cooperage to satisfy the increasing demand for oak barrels from new craft distillers and wineries. The project is expected to generate dozens of jobs and stimulate the local timber industry.
- Sullivan County is part of the seven-county Mid-Hudson Region, which was awarded \$90.4 million for 109 projects. Of the total, more than half of the CFA funding is allocated to support tax exempt bonds for eligible projects, tax credits for job creation, and region-wide energy efficiency programs. Sullivan county communities may access these benefits along with the project specific grant awards.
- The Sullivan County Legislature appropriated \$100,000 in the 2015 Adopted Budget to fund the newly created Plans and Progress Small Grant Program. The Plans and Progress Small Grant Program is designed to assist local municipalities, and community and not-for-profit groups throughout Sullivan County with capital projects related to tourism, economic development, image enhancement, and other county goals. These guidelines are intended to promote use of the program countywide through an initial allocation of funding to all legislative districts, foster projects that have county-wide or regional significance, by tying applications to county goals established in comprehensive or strategic plans, and increase the impact of the grants and accountability of the program through enhanced project tracking.
- Founded in 1947, the Forestburgh Playhouse is the oldest continuously operating professional summer theatre in New York State. Under an agreement with the Actors' Equity Association, the union of professional actors and stage managers, the Playhouse employs professional actors, often with Broadway or other major credits, as well as a company of non-union professionals who earn credit toward their own eventual membership in the Actors' Equity Association. The Forestburgh Playhouse is ushering in its 70th anniversary season with a variety of musicals, dramas and cabarets, featuring many hit shows, including Anything Goes, The Who's Tommy, Rock of Ages and To Kill a Mockingbird.

In summary Sullivan County remains well prepared for population growth, both anticipated and actual, together with proactive steps to diversify the County's economic base.

FINANCIAL POLICIES

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

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

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

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

The County also adopted a Debt Management Policy in 2013 in an effort to standardize and support the issuance and management of debt. This policy will help to establish conditions for the use of debt and create procedures and policies that minimize debt service and issuance costs, maintain the highest practical credit rating, and provide full and complete financial disclosure and reporting.

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

AWARDS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2014.

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

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

CONCLUSION

The County, in anticipation of future expenses, has a designated fund balance for landfill construction/closure cost. The total is in excess of \$7 million. The undesignated, unreserved and unappropriated fund balance for 2015 is \$19.5 million.

In the County's 2016 budget, we have continued to project our revenues at reasonable levels. The County's financial outlook continues to be optimistic, however, in the present economy we are carefully monitoring expenses and capital commitments in light of revenues that are holding their own. We will continue to monitor as well as cut expenditures in the future as necessary, pending an upswing in the economy locally, statewide and nationally.

ACKNOWLEDGMENTS

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

Respectfully submitted,

A handwritten signature in black ink that reads "Nancy Buck". The signature is written in a cursive style with a large, looping initial "N".

Nancy Buck
Sullivan County Treasurer



Government Finance Officers Association

**Certificate of
Achievement
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Reporting**

Presented to

**County of Sullivan
New York**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

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**FINANCIAL
SECTION**

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Independent Auditors' Report

**The Honorable Legislature of the
County of Sullivan, New York**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Sullivan, New York ("County") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Sullivan County Industrial Development Agency, the Emerald Corporate Center Economic Development Corporation and the Sullivan County Funding Corporation which collectively represent 20.3%, 108.2% and 4.3%, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for such component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, County Road and Refuse and Garbage funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note 2,C and Note 3,I in the notes to financial statements which disclose the effects of the County's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement Nos. 68 "*Accounting and Financial Reporting for Pensions*" and 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date*". 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 Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying 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.

Supplementary and 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 combining and individual fund financial statements and schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules 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. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2016 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

June 28, 2016

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County of Sullivan, New York

Management's Discussion and Analysis December 31, 2015

Introduction

As management of the County of Sullivan, New York, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Before getting into this discussion, it is important to note for this year's financial statement presentation reflects the implementation of Governmental Accounting Standards Board ("GASB") Statement No. 68, "*Accounting and Financial Reporting for Pensions*" and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*".

Financial Highlights for Fiscal Year 2015

Key financial highlights for fiscal year 2015 are as follows:

- The net position (assets minus liabilities) of the primary government for fiscal year 2015 were \$22,148,545. Of this amount, \$45,240,786 represents governmental net position and (\$23,092,241) is business-type net position.
- The General Fund reported an ending fund balance of \$26,901,453, which represents an increase of \$2,713,310 from fiscal year 2014. The unassigned fund balance was \$8,211,445, which represents an increase of \$822,279 from fiscal year 2014. The Road Machinery assigned fund balances increased by \$471,708 and County Road assigned decreased by \$709,559 from 2014 to 2015. The Capital Projects Fund reported an ending fund balance of (\$3,262,553) which represents a decrease of \$5,892,349 from fiscal year 2014. The Adult Care Center, an enterprise fund, experienced a decrease in the fund balance in excess of \$4,886,688.
- The primary government's total outstanding bonds payable for December 31, 2015 were \$58,930,000, inclusive of \$11,995,000 of tobacco asset securitization bonds.

Overview of the Financial Statements

The County's financial statements are comprised of the Management's Discussion and Analysis ("MD&A") and the basic financial statements. This discussion and analysis serves as an introduction to the basic financial statements. The MD&A provides analysis and overview of the County's financial activities. The basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains combining and individual fund financial statements and schedules, in addition to the basic financial statements, along with statistical tables.

Government-Wide Financial Statements

The government-wide financial statements are presented in a manner similar to private-sector business financial statements. The statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The government-wide financial statements include two statements: a Statement of Net Position and a Statement of Activities. Fiduciary activities, whose resources are not available to finance County programs, are excluded from these statements.

The Statement of Net Position presents information on all of the County's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator as to whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing the change in the County's net position during the current fiscal year. All revenues and expenses are reported in this statement, regardless of the timing of cash flows. The focus of this statement is on the net cost of providing various activities to the citizens of the County.

Both of the above statements have separate sections for the two different types of activities. These two types of activities are:

Governmental Activities - The activities reflected in this section are general government support, education, public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and interest. These activities are mostly supported by taxes, charges for services, and operating grants and contributions.

Business-type Activities - These activities consist of the Adult Care Center, a skilled nursing facility and the Sullivan Tobacco Asset Securitization Corporation. These activities are intended to recover their costs of operation, including depreciation, primarily through user charges and/or tobacco settlement revenues from participating manufacturers of cigarettes.

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

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A fund is an entity with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The County divides its funds into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - Most of the basic services provided by the County are financed and accounted for through governmental funds. Governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as the available balances of these resources at the end of the fiscal year. This information is useful in determining the County's

financing requirements for the subsequent fiscal period. Governmental funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

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

The County has seven individual governmental funds: General, Refuse & Garbage, County Road, Road Machinery, Community Development, Debt Service and Capital Projects funds. Of these, the General, Refuse & Garbage, County Road and Capital Projects funds are reported as major funds, and are presented in separate columns on the statement of revenues, expenditures, and changes in fund balance. Data for the other three governmental funds are combined into a single, aggregated column on these statements. Individual fund data for these non-major funds can be found on the combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund, all Special Revenue Funds (except the Community Development Fund) and the Debt Service Fund. A budgetary comparison statement has been provided for the General and County Road funds (major funds) to demonstrate compliance with the budgets.

The governmental fund financial statements can be found in the basic financial statements section of this report.

Proprietary Funds - These funds are used to show activities that operate similar to private business enterprises. Since these funds charge fees for services provided, they are known as proprietary funds. Proprietary fund financial statements use the economic resources measurement focus and the accrual basis of accounting, like the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Adult Care Center and the Sullivan Tobacco Asset Securitization Corporation (enterprise funds). In addition, the internal service fund (for workers' compensation benefits) is presented in the proprietary fund financial statements.

The proprietary fund financial statements can be found in the basic financial statement section of this report.

Fiduciary Funds - These funds are used to account for resources held for the benefit of parties outside of the County. Fiduciary funds are not reflected in the government-wide financial statements, because the assets of these funds are not available to support the activities of the County.

The financial statements for the fiduciary funds can be found in the basic financial statement section of this report.

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

Notes to Financial Statements

The notes to 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 to financial statements are located following the basic financial statements section of this report.

Other Information

Additional statements and schedules can be found immediately following the notes to financial statements. These include the combining statements for the nonmajor governmental funds, schedules of budget to actual comparisons, and the statistical tables.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the County's financial position. In the case of the County, assets exceeded liabilities by \$22,148,545 for fiscal year 2015.

The following table reflects the condensed Statement of Net Assets:

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 113,628,777	\$ 127,229,804	\$ 1,033,338	\$ 6,598,973	\$ 114,662,115	\$ 133,828,777
Capital Assets	156,099,390	150,489,470	2,728,774	2,413,422	158,828,164	152,902,892
Total Assets	269,728,167	277,719,274	3,762,112	9,012,395	273,490,279	286,731,669
Deferred Outflows	6,855,685	1,223,811	888,198	26,936	7,743,883	1,250,747
Current Liabilities	56,466,528	66,713,575	1,473,945	4,838,622	57,940,473	71,552,197
Long-term Liabilities	173,877,137	163,424,419	26,127,526	23,134,995	200,004,663	186,559,414
Total Liabilities	230,343,665	230,137,994	27,601,471	27,973,617	257,945,136	258,111,611
Deferred Inflows	999,401	1,282,379	141,080	-	1,140,481	1,282,379
Net Position						
Net investment in capital assets	101,642,615	88,651,807	2,696,176	1,613,933	104,338,791	90,265,740
Restricted	4,980,874	4,887,153	-	715,891	4,980,874	5,603,044
Unrestricted	(61,382,703)	(46,016,248)	(25,788,417)	(21,264,110)	(87,171,120)	(67,280,358)
Total Net Position	\$ 45,240,786	\$ 47,522,712	\$ (23,092,241)	\$ (18,934,286)	\$ 22,148,545	\$ 28,588,426

The largest component of the County's net position is net investment in Capital Assets (e.g., land, buildings and improvements, machinery and equipment, infrastructure and construction-in-progress), which reflects its investment in capital assets, less any related debt used to acquire those assets that are still outstanding. The County uses these assets to provide services to its citizens and consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The next largest component of the County's net position is restricted of \$4,980,874. This represents resources that are subject to external restrictions on how they may be used. The restrictions are as follows:

Capital Projects	\$ 3,172,277
Law Enforcement	325,745
Stop DWI Program	269,240
Community Development	788,459
Debt Service	3,481
Benefits	421,672

The remaining portion of net position, unrestricted net position, is a negative \$87,171,120, with a deficit of \$61,382,703 reported in governmental activities and a deficit \$25,788,417 reported in business-type activities. This deficit does not mean that the County does not have resources available to meet its obligations in the ensuing year. Rather, it is the result of having long-term commitments, including retirement incentives, claims payable, compensated absences, and landfill closure costs that are greater than currently available resources. Additionally, beginning in 2007, the County adopted Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* ("OPEB"). This statement requires municipalities to begin recognizing an actuarial determined liability for benefits provided to retirees. The liability will be amortized into the County's entity-wide operations over a period of 30 years. The liability reflected in 2015 for the primary government was \$87,851,384. Additional information on all of these long-term liabilities can be found in Note 3.I.

The following table reflects the Statement of Activities:

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program Revenues						
Charges for Services	\$ 31,979,359	\$ 32,085,781	\$ 12,966,995	\$ 9,856,047	\$ 44,946,354	\$ 41,941,828
Operating Grants and Contributions	37,865,882	38,906,382	1,893,210	11,349,003	39,759,092	50,255,385
Capital Grants and Contributions	2,934,391	1,807,953	-	-	2,934,391	1,807,953
General Revenues						
Real Property Taxes	55,805,788	54,940,465	-	-	55,805,788	54,940,465
Other Tax Items	8,431,127	7,522,050	-	-	8,431,127	7,522,050
Non-Property Taxes	38,813,293	38,064,659	-	-	38,813,293	38,064,659
Unrestricted Use of Money and Property	447,813	363,334	86,706	87,427	534,519	450,761
Miscellaneous	82,760	3,148,984	5,437	1,252	88,197	3,150,236
Total Revenues	176,360,413	176,839,608	14,952,348	21,293,729	191,312,761	198,133,337
Program Expenses						
General Government Support	25,299,974	25,910,968	-	-	25,299,974	25,910,968
Education	5,885,213	6,272,866	-	-	5,885,213	6,272,866
Public Safety	26,658,920	26,718,049	-	-	26,658,920	26,718,049
Health	23,707,230	23,145,341	-	-	23,707,230	23,145,341
Transportation	25,323,854	22,164,720	-	-	25,323,854	22,164,720
Economic Opportunity and Development	52,313,394	60,484,322	-	-	52,313,394	60,484,322
Culture and Recreation	3,162,612	3,355,192	-	-	3,162,612	3,355,192
Home and Community Services	10,431,878	7,309,555	-	-	10,431,878	7,309,555
Interest	1,870,859	1,895,292	-	-	1,870,859	1,895,292
Adult Care Center	-	-	17,935,927	16,886,860	17,935,927	16,886,860
Sullivan Tobacco Asset Securitization Corporation	-	-	729,676	754,869	729,676	754,869
Total Expenses	174,653,934	177,256,305	18,665,603	17,641,729	193,319,537	194,898,034
Excess (deficiency) in net position before transfers	1,706,479	(416,697)	(3,713,255)	3,652,000	(2,006,776)	3,235,303
Transfers	(74,405)	(1,149,767)	74,405	1,149,767	-	-
Change in Net Position	1,632,074	(1,566,464)	(3,638,850)	4,801,767	(2,006,776)	3,235,303
Net Position						
Beginning, as reported	47,522,712	49,089,176	(18,934,286)	(23,736,053)	28,588,426	25,353,123
Cummulative Effect of Change in Accounting Principle	(3,914,000)	-	(519,105)	-	(4,433,105)	-
Beginning, as restated	43,608,712	49,089,176	(19,453,391)	(23,736,053)	24,155,321	25,353,123
Ending	\$ 45,240,786	\$ 47,522,712	\$ (23,092,241)	\$ (18,934,286)	\$ 22,148,545	\$ 28,588,426

Governmental activities - Governmental activities increased the County's net position by \$1,632,074 exclusive of the effect of the implementation of GASB Statement No. 68. The total County governmental activities revenues were \$176,360,413 for the year ended December 31, 2015, a decrease of \$479,195 over the prior year. Real property taxes comprised 31.64% while non-property taxes (i.e. sales taxes) comprised 22.0% and operating grants and contributions (primarily state and federal aid) provided an additional 23.13% of the overall revenue stream. Governmental activities expenses of the County for the year ended December 31, 2015 totaled \$174,653,934, a decrease of \$2,602,371 over the prior year. Economic opportunity and development expenses (for social services type programs) accounted for the largest portion (\$52,313,394 or 29.95%), followed by public safety (\$26,658,920 or 15.26%) and transportation spending (\$25,323,854 or 14.50%).

The major changes are as follows:

Revenues:

- There were no major variances in Revenues as compared to 2014.

Expenses:

- Economic Opportunity and Development expenses decreased by \$8,000,000 in part due to the lack of having to make an IGT/Medicaid payment in 2015.
- Home & Community Services increased by \$3,000,000 due to a reconstruction at our County Landfill.

Business-type activities Business-type activities decreased the County's net position by \$23,092,241. The majority of the change can be attributed to the decrease in IGT/Medicaid Upper Payment Limit monies from New York State not paid to the Adult Care Center in 2015. In 2014 the Adult Care Center received \$10,064,732, and did not receive any IGT payments in 2015. The Sullivan Tobacco Asset Securitization Corporation's net position increased in 2015 by \$1,247,838. This increase was due to the receipt of tobacco settlement funds that were being held while a legal dispute with the participating agencies was resolved.

Financial Analysis of the Government's Funds

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

Governmental funds - The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined fund balances of \$27,764,747, a decrease of \$4,323,655 in comparison with the prior year. Of the total combined fund balance, \$4,948,892 constitutes unassigned fund balance, \$10,755,499 is assigned fund balance, \$7,604,102 is committed fund balance, \$1,337,087 is restricted, and \$3,119,167 is nonspendable.

The General Fund is the primary operating fund of the County. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$8,211,445, representing 30.52% of the total General Fund balance of \$26,901,453. One major factor that contributed to the increase in the fund balance was the savings the County achieved by having not been required to make the matching payment of approximately \$4 million for the IGT/Medicaid. Two useful measures of liquidity are the percentage of unassigned fund balance to total expenditures, and total fund balance to total expenditures. At the end of the current fiscal year, the General Fund showed a 6.04% unassigned fund balance to total expenditures, while total fund balance represents 19.79% of that same amount.

Revenues and other financing sources were \$158,575,570, which was \$3,977,449 less than the original budget and \$6,832,206 less than the final budget. Expenditures and other financing uses were \$155,864,260, which was \$8,368,521 less than the original budget and \$12,141,877 less than the final budget. Major changes in specific revenues and expenditures in comparison to the prior year were as follows:

- State Aid increased in 2015 by \$4,903,879 whereas Federal Aid decreased by \$2,765,879.

The Capital Projects Fund is used to account for capital project activity throughout the County. The Capital Projects Fund total fund balance at year end was (\$3,262,553). This is a decrease of \$5,892,348 and is partially attributable to the issuance of a Bond Anticipation Notes in the amount of \$10.3 million. The majority of these Notes were for road & bridge reconstruction and equipment.

Non-major Governmental Funds consist of the Special Revenue Funds and the Debt Service Fund. The Special Revenue Funds are made up of the following individual funds: County Road, Road Machinery, Community Development, and Refuse and Garbage funds. For the fiscal year ending December 31, 2015, the combined fund balances of these Special Revenue funds totaled \$4,125,847, which represents a decrease of \$1,144,617 for the fiscal year 2015. The decrease was due to the planned use of fund balance when the budget for the County Road fund was adopted. \$1,179,466 was appropriated during the budget process.

The Debt Service Fund is maintained with no fund balance. Interest earned on bonded indebtedness is transferred out of the Debt Service Fund to one of the other operating funds as revenue to offset debt service expenditures.

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

Factors concerning the finances of the Enterprise Fund have already been addressed in the discussion of the County's business-type activities above.

During 2015, the unrestricted net assets of the Internal Service Fund increased by \$565,925. This resulted in net position of \$421,672 at December 31, 2015.

General Fund Budgetary Highlights

During the year adjustments to both revenues and expense budgets were less than \$54,257 in the aggregate.

Overall, actual General Fund expenditures, exclusive of transfers, were \$136 million, which was \$12.3 million less than the final budget. The major areas where spending was less than budgeted were economic opportunity and development (\$5.5 million), general government support (\$2.7 million) and health (\$1.9).

Actual General Fund revenues, exclusive of transfers, were \$158 million, which was \$6.3 million less than the final budget. The major areas where revenues were less than budgeted were Federal Aid (\$3.9 million) and Departmental Income (\$3.6 million).

Capital Asset and Debt Administration

Capital Assets - The County's investment in capital assets for its governmental and business-type activities as of December 31, 2015 amounts to \$158,828,164 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, infrastructure, and construction-in-progress.

Sullivan County Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 8,659,087	\$ 8,659,087	\$ 132,400	\$ 132,400	\$ 8,791,487	\$ 8,791,487
Buildings and improvements	30,745,452	31,658,617	2,372,819	2,070,532	33,118,271	33,729,149
Machinery and equipment	6,989,854	6,919,304	145,455	185,081	7,135,309	7,104,385
Infrastructure	99,350,405	98,300,654	-	-	99,350,405	98,300,654
Construction-in-progress	10,354,592	4,951,808	78,100	25,409	10,432,692	4,977,217
Total (Net of Depreciation)	\$ 156,099,390	\$ 150,489,470	\$ 2,728,774	\$ 2,413,422	\$ 158,828,164	\$ 152,902,892

The following highlights the amounts expended during the current fiscal year on major capital assets:

• Airport Construction	\$ 1,750,000
• DPW/Transportation Equipment	4,000,000
• ACC Building and Improvements	480,000
• Road/Bridge Construction	6,000,000
• Radio Communications	1,200,000
• Jail Planning	1,360,000

Additional information on the County's capital assets can be found in Note 3,E in the notes to financial statements.

Long-term Debt At the end of the current fiscal year, the County had total debt outstanding of \$58,930,000. The change in the County's total debt was decreased by \$7,140,000. All of this debt is backed by the full faith and credit of the County, exclusive of the Tobacco Asset bonds.

Sullivan County Outstanding Debt General Obligations Bonds

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 46,902,402	\$ 53,630,510	\$ 32,598	\$ 49,490	\$ 46,935,000	\$ 53,680,000
Tobacco Asset Bonds-	-	-	11,995,000	12,390,000	11,995,000	12,390,000
Total	\$ 46,902,402	\$ 53,630,510	\$ 12,027,598	\$ 12,439,490	\$ 58,930,000	\$ 66,070,000

Through sound financial management and manageable debt levels, the County has been successful in maintaining its high-grade rating for its general obligation bonds. The County has enjoyed a very favorable Moody's Investors Service bond rating of AA3 since 2001 with our most current rating by Moody's in April 2015. In 2013, S&P upgraded the County's bond rating AA, a rate we have maintained in 2016.

The State Constitution limits the amount of indebtedness, both long-term and short-term, which the County may incur. The State Constitution provides that the County may not contract indebtedness in an amount greater than seven percent of the average full value of taxable real property in the County for the most recent five years. Certain indebtedness is excluded in ascertaining the County's authority to contract indebtedness within the constitutional limits; accordingly, debt of this kind, commonly referred to as "excluded debt," may be issued without regard to the constitutional limits and without affecting the County's authority to issue debt subject to the limit. At December 31, 2015, the County of Sullivan had used \$50,982,407 or 9.04% of the constitutional debt limit leaving \$512,982,347 remaining to be used.

Additional information on the County's long-term debt can be found in Note 3,1 in the notes to financial statements.

Economic Factors and Next Year's Budget

According to the New York State Department of Labor, the unemployment rate for Sullivan County was 5.0% in April 2016, down from 6.75% in 2014. The County's April 2016 unemployment rate exceeded the State-wide rate of 4.9%.

Labor Department data also indicates that the number of people employed in the County increased by 0.30%, from 31,200 to 31,400 between April 2015 and April 2016.

The County's 2015 per capita income of \$23,422 is 76% of the State's \$30,948. The taxable assessed value of real property in the County decreased from \$5,427,480,379 in 2014 to \$5,352,762,495 in 2015, with the median sales price of residential properties declining from \$120,000 in 2014 to \$117,250 in 2015.

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

All of these factors were taken into consideration in developing the fiscal 2015 budget.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Nancy Buck, County Treasurer, Sullivan County Government Center, P.O. Box 5012, 100 North Street, Monticello, New York, 12701, telephone (845) 807-0210, or visit the County's web site at www.co.Sullivan.ny.us.

**BASIC
FINANCIAL STATEMENTS**

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County of Sullivan, New York

Statement of Net Position
December 31, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and equivalents	\$ 37,769,329	\$ 1,241,697	\$ 39,011,026	\$ 5,355,131
Restricted cash and equivalents	-	385,167	385,167	-
Investments	-	-	-	1,019,958
Restricted investments	-	1,242,547	1,242,547	-
Receivables				
Taxes, net	29,777,790	-	29,777,790	-
Accounts, net	20,158,519	4,314,547	24,473,066	979,067
Loans, net	212,332	-	212,332	-
Notes	-	-	-	1,530,444
State and Federal aid	18,468,914	-	18,468,914	-
Due from other governments	321,262	-	321,262	1,047,933
Due from component units	675,000	-	675,000	110,000
Internal balances	6,245,631	(6,245,631)	-	-
Prepaid expenses	-	95,011	95,011	32,279
Net pension asset	-	-	-	838,829
Other	-	-	-	316,437
Capital assets				
Not being depreciated	19,013,680	210,500	19,224,180	1,871,431
Being depreciated, net	137,085,710	2,518,274	139,603,984	21,855,657
Total Assets	<u>269,728,167</u>	<u>3,762,112</u>	<u>273,490,279</u>	<u>34,957,166</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>6,855,685</u>	<u>888,198</u>	<u>7,743,883</u>	<u>1,570,344</u>
LIABILITIES				
Accounts payable	8,103,407	379,551	8,482,958	458,294
Accrued interest payable	640,306	-	640,306	-
Accrued liabilities	2,954,914	202,857	3,157,771	2,263,945
Margin loan payable	-	-	-	209,152
Due to other governments	372,739	-	372,739	375,487
Due to primary government	-	-	-	675,000
Due to component units	-	-	-	110,000
Due to school districts	18,665,017	-	18,665,017	-
Due to retirement system	5,918,201	-	5,918,201	31,286
Unearned revenues	941,944	-	941,944	1,213,729
Tax anticipation notes payable	8,500,000	-	8,500,000	-
Bond anticipation notes payable	10,370,000	750,000	11,120,000	-
Deposits payable	-	-	-	599,014
Other	-	141,537	141,537	253,283
Noncurrent liabilities				
Due within one year	11,140,968	441,300	11,582,268	485,539
Due in more than one year	162,736,169	25,686,226	188,422,395	24,148,969
Total Liabilities	<u>230,343,665</u>	<u>27,601,471</u>	<u>257,945,136</u>	<u>30,823,698</u>
DEFERRED INFLOWS OF RESOURCES	<u>999,401</u>	<u>141,080</u>	<u>1,140,481</u>	<u>887,113</u>
NET POSITION				
Net investment in capital assets	101,642,615	2,696,176	104,338,791	14,428,819
Restricted for				
Capital projects	3,910,898	-	3,910,898	-
Law enforcement	325,745	-	325,745	-
Stop DWI program	269,240	-	269,240	-
Debt service	3,481	-	3,481	-
Workers' compensation benefits	24,853	-	24,853	-
Dental benefits	396,819	-	396,819	-
Community development	1,000,792	-	1,000,792	-
Loans	-	-	-	2,373,267
Unrestricted	<u>(62,333,657)</u>	<u>(25,788,417)</u>	<u>(88,122,074)</u>	<u>(11,985,387)</u>
Total Net Position	<u>\$ 45,240,786</u>	<u>\$ (23,092,241)</u>	<u>\$ 22,148,545</u>	<u>\$ 4,816,699</u>

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

County of Sullivan, New York

Statement of Activities
Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government support	\$ 25,299,974	\$ 3,788,188	\$ 1,207,846	\$ 714,302
Education	5,885,213	257,293	-	-
Public safety	26,658,920	2,125,579	431,068	704,265
Health	23,707,230	6,303,080	7,307,183	-
Transportation	25,323,854	5,538,814	4,555,994	1,333,709
Economic opportunity and development	52,313,394	2,395,739	22,606,222	-
Culture and recreation	3,162,612	91,864	1,453,343	-
Home and community services	10,431,878	11,478,802	304,226	26,097
Interest	1,870,859	-	-	156,018
Total Governmental Activities	174,653,934	31,979,359	37,865,882	2,934,391
Business-type activities				
Adult Care Center	17,935,927	12,966,995	-	-
Sullivan Tobacco Asset Securitization Corporation	729,676	-	1,893,210	-
Total Business-type Activities	18,665,603	12,966,995	1,893,210	-
Total Primary Government	\$ 193,319,537	\$ 44,946,354	\$ 39,759,092	\$ 2,934,391
Component Units				
Sullivan County Community College	\$ 23,906,186	\$ 3,963,844	\$ 13,799,004	\$ -
Sullivan County Soil and Water Conservation District	884,066	53,623	767,298	-
Sullivan County Industrial Development Agency	573,889	470,793	116,722	181,411
Emerald Corporate Center Economic Development Corporation	57,292	-	-	58,244
Sullivan County Funding Corporation	131,534	167,829	-	-
Total Component Units	\$ 25,552,967	\$ 4,656,089	\$ 14,683,024	\$ 239,655
General Revenues				
Real property taxes				
Other tax items				
Gain on sale of tax acquired property				
Interest and penalties on real property taxes				
Payments in lieu of taxes				
Non-property taxes				
Sales and use tax				
Hotel room occupancy tax				
Off-track betting surcharge				
E-911 surcharge				
Automobile use tax				
Mortgage tax				
Other taxes				
Sale of property and compensation of loss				
Unrestricted use of money and property				
Grants and contributions not restricted to specific programs				
Miscellaneous				
Transfers				
Total General Revenues				
Change in Net Position				
NET POSITION				
Beginning, as reported				
Cumulative Effect of Change in Accounting Principle				
Prior Period Adjustment				
Beginning, as restated				
Ending				

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (19,589,638)	\$ -	\$ (19,589,638)	\$ -
(5,627,920)	-	(5,627,920)	-
(23,398,008)	-	(23,398,008)	-
(10,096,967)	-	(10,096,967)	-
(13,895,337)	-	(13,895,337)	-
(27,311,433)	-	(27,311,433)	-
(1,617,405)	-	(1,617,405)	-
1,377,247	-	1,377,247	-
(1,714,841)	-	(1,714,841)	-
<u>(101,874,302)</u>	<u>-</u>	<u>(101,874,302)</u>	<u>-</u>
-	(4,968,932)	(4,968,932)	-
-	1,163,534	1,163,534	-
-	<u>(3,805,398)</u>	<u>(3,805,398)</u>	<u>-</u>
<u>(101,874,302)</u>	<u>(3,805,398)</u>	<u>(105,679,700)</u>	<u>-</u>
-	-	-	(6,143,338)
-	-	-	(63,145)
-	-	-	195,037
-	-	-	952
-	-	-	36,295
-	-	-	<u>(5,974,199)</u>
55,805,788	-	55,805,788	-
2,176,703	-	2,176,703	-
5,310,873	-	5,310,873	-
943,551	-	943,551	-
36,463,665	-	36,463,665	-
700,401	-	700,401	-
199,444	-	199,444	-
284,417	-	284,417	-
519,858	-	519,858	-
641,039	-	641,039	-
4,469	-	4,469	-
402,891	-	402,891	-
44,922	86,706	131,628	1,981,314
-	-	-	1,097,336
82,760	5,437	88,197	1,777,226
(74,405)	74,405	-	-
<u>103,506,376</u>	<u>166,548</u>	<u>103,672,924</u>	<u>4,855,876</u>
<u>1,632,074</u>	<u>(3,638,850)</u>	<u>(2,006,776)</u>	<u>(1,118,323)</u>
47,522,712	(18,934,286)	28,588,426	5,409,951
(3,914,000)	(519,105)	(4,433,105)	498,137
-	-	-	26,934
<u>43,608,712</u>	<u>(19,453,391)</u>	<u>24,155,321</u>	<u>5,935,022</u>
<u>\$ 45,240,786</u>	<u>\$ (23,092,241)</u>	<u>\$ 22,148,545</u>	<u>\$ 4,816,699</u>

County of Sullivan, New York

Balance Sheet
 Governmental Funds
 December 31, 2015

	General	County Road	Refuse and Garbage
ASSETS			
Cash and equivalents	\$ 28,652,592	\$ 1,001,386	\$ 857,662
Taxes Receivable, net of allowance for uncollectible amounts	29,777,790	-	-
Other receivables			
Accounts, net	11,195,078	25,109	665,081
Loans, net	-	-	-
State and Federal aid, net	14,866,915	1,430,584	15,259
Due from other governments	321,262	-	-
Due from component unit	-	-	-
Due from other funds	3,406,578	-	-
Advances to other funds	3,119,167	-	-
	<u>32,909,000</u>	<u>1,455,693</u>	<u>680,340</u>
Total Assets	<u>\$ 91,339,382</u>	<u>\$ 2,457,079</u>	<u>\$ 1,538,002</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 5,888,499	\$ 353,201	\$ 402,381
Accrued liabilities	2,111,671	351,851	71,485
Due to other governments	372,739	-	-
Due to school districts	18,665,017	-	-
Due to other funds	10,412,112	234,947	1,813
Due to retirement system	5,918,201	-	-
Unearned revenues	921,555	-	-
Tax anticipation notes payable	8,500,000	-	-
Bond anticipation notes payable	-	-	-
Total Liabilities	<u>52,789,794</u>	<u>939,999</u>	<u>475,679</u>
Deferred inflows of resources			
Deferred tax revenues	11,648,135	-	-
Total Liabilities and Deferred Inflows of Resources	<u>64,437,929</u>	<u>939,999</u>	<u>475,679</u>
Fund balances (deficits)			
Nonspendable	3,119,167	-	-
Restricted	596,633	739,373	350
Committed	7,604,102	-	-
Assigned	7,370,106	777,707	1,061,973
Unassigned	8,211,445	-	-
Total Fund Balances (Deficits)	<u>26,901,453</u>	<u>1,517,080</u>	<u>1,062,323</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 91,339,382</u>	<u>\$ 2,457,079</u>	<u>\$ 1,538,002</u>

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

<u>Capital Projects</u>	<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ 5,712,626	\$ 973,282	\$ 37,197,548
-	-	29,777,790
140,000	628	12,025,896
-	212,332	212,332
2,096,991	59,165	18,468,914
-	-	321,262
675,000	-	675,000
-	915,009	4,321,587
-	-	3,119,167
2,911,991	1,187,134	39,144,158
<u>\$ 8,624,617</u>	<u>\$ 2,160,416</u>	<u>\$ 106,119,496</u>
\$ 1,235,246	\$ 224,080	\$ 8,103,407
-	98,250	2,633,257
-	-	372,739
-	-	18,665,017
281,924	79,309	11,010,105
-	-	5,918,201
-	212,333	1,133,888
-	-	8,500,000
10,370,000	-	10,370,000
11,887,170	613,972	66,706,614
-	-	11,648,135
11,887,170	613,972	78,354,749
-	-	3,119,167
-	731	1,337,087
-	-	7,604,102
-	1,545,713	10,755,499
(3,262,553)	-	4,948,892
(3,262,553)	1,546,444	27,764,747
<u>\$ 8,624,617</u>	<u>\$ 2,160,416</u>	<u>\$ 106,119,496</u>

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County of Sullivan, New York

Reconciliation of Governmental Funds Balance Sheet to
the Government-Wide Statement of Net Position - Governmental Activities
December 31, 2015

Fund Balances - Total Governmental Funds	<u>\$ 27,764,747</u>
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	<u>156,099,390</u>
Governmental funds do not report the effect of losses on refunding bonds and assets or liabilities related to net pension liabilities whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amounts on net pension liabilities	4,795,648
Deferred amounts on refunding bonds	<u>1,060,636</u>
	5,856,284
Internal service funds are used by management to charge insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	<u>421,672</u>
Other long-term assets that are not available to pay for current period expenditures are reported as unearned in the funds	
Real property taxes	11,648,135
Departmental income	<u>212,333</u>
	<u>11,860,468</u>
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds	
Accrued interest payable	(640,306)
Bonds payable	(49,082,581)
Claims payable	(385,286)
Retirement incentives and other pension obligations	(8,035,657)
Compensated absences	(3,360,858)
Net pension liability	(6,274,132)
Other post employment benefit obligations payable	(76,420,772)
Landfill closure costs	<u>(12,562,183)</u>
	<u>(156,761,775)</u>
Net Position of Governmental Activities	<u>\$ 45,240,786</u>

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

County of Sullivan, New York

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2015

	General	County Road	Refuse and Garbage
REVENUES			
Real property taxes	\$ 55,328,648	\$ -	\$ -
Other tax items	8,431,127	-	-
Non-property taxes	38,813,293	-	-
Departmental income	18,459,272	-	11,062,600
Intergovernmental charges	576,134	643,736	-
Use of money and property	153,211	595	397
Licenses and permits	51,090	5,330	-
Fines and forfeitures	258,877	-	-
Sale of property and compensation for loss	415,224	1,419	221,419
State aid	18,418,756	2,717,492	136,109
Federal aid	13,775,237	1,705,582	-
Miscellaneous	3,532,184	117,870	3,687
Total Revenues	158,213,053	5,192,024	11,424,212
EXPENDITURES			
Current			
General government support	24,120,228	-	-
Education	5,314,383	-	-
Public safety	24,848,849	679,485	-
Health	23,849,742	-	-
Transportation	1,172,115	15,083,078	-
Economic opportunity and development	51,877,834	-	-
Culture and recreation	3,317,680	-	-
Home and community services	1,335,829	-	6,714,448
Debt service			
Principal	-	-	-
Interest	96,000	40,000	11,000
Capital outlay	-	-	-
Total Expenditures	135,932,660	15,802,563	6,725,448
Excess (Deficiency) of Revenues Over Expenditures	22,280,393	(10,610,539)	4,698,764
OTHER FINANCING SOURCES (USES)			
Transfers in	364,517	11,805,640	1,100,350
Transfers out	(19,931,600)	(3,115,287)	(5,491,314)
Total Other Financing Sources (Uses)	(19,567,083)	8,690,353	(4,390,964)
Net Change in Fund Balances	2,713,310	(1,920,186)	307,800
FUND BALANCES (DEFICITS)			
Beginning of Year	24,188,143	3,437,266	754,523
End of Year	\$ 26,901,453	\$ 1,517,080	\$ 1,062,323

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

Capital Projects	Non-Major Governmental	Total Governmental Funds
\$ -	\$ -	\$ 55,328,648
-	-	8,431,127
-	-	38,813,293
-	90,422	29,612,294
-	764,776	1,984,646
150	3,160	157,513
-	-	56,420
-	-	258,877
-	-	638,062
1,966,125	27,786	23,266,268
812,098	379,090	16,672,007
-	3,529	3,657,270
<u>2,778,373</u>	<u>1,268,763</u>	<u>178,876,425</u>
-	19,660	24,139,888
-	-	5,314,383
-	-	25,528,334
-	-	23,849,742
-	3,445,009	19,700,202
-	-	51,877,834
-	-	3,317,680
-	348,180	8,398,457
-	6,728,109	6,728,109
-	2,043,079	2,190,079
12,080,967	-	12,080,967
<u>12,080,967</u>	<u>12,584,037</u>	<u>183,125,675</u>
<u>(9,302,594)</u>	<u>(11,315,274)</u>	<u>(4,249,250)</u>
3,774,000	12,631,448	29,675,955
(363,754)	(848,405)	(29,750,360)
<u>3,410,246</u>	<u>11,783,043</u>	<u>(74,405)</u>
(5,892,348)	467,769	(4,323,655)
<u>2,629,795</u>	<u>1,078,675</u>	<u>32,088,402</u>
<u>\$ (3,262,553)</u>	<u>\$ 1,546,444</u>	<u>\$ 27,764,747</u>

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County of Sullivan, New York

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Year Ended December 31, 2015

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (4,323,655)</u>
<p>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.</p>	
Capital outlay expenditures	16,235,668
Depreciation expense	<u>(10,625,748)</u>
	<u>5,609,920</u>
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Real property taxes	477,140
Departmental income	<u>88,863</u>
	<u>566,003</u>
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position. Also, the governmental funds report the effect of issuance premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Principal paid on bonds	6,728,109
Amortization of loss on refunding bonds and issuance premium	<u>163,798</u>
	<u>6,891,907</u>
<p>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.</p>	
Accrued interest	155,422
Claims payable	39,888
Retirement incentives and other pension obligations	(71,610)
Pension obligations	2,435,516
Compensated absences	565
Other post employment benefit obligations payable	(9,811,674)
Landfill closure costs	<u>(426,133)</u>
	<u>(7,678,026)</u>
<p>Internal service funds are used by management to charge the cost of workers' compensation and dental benefits to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.</p>	
	<u>565,925</u>
Change in Net Position of Governmental Activities	<u>\$ 1,632,074</u>

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

County of Sullivan, New York

Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
 General, County Road and Refuse and Garbage Funds
 Year Ended December 31, 2015

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 55,827,766	\$ 55,827,766	\$ 55,328,648	\$ (499,118)
Other tax items	6,832,163	6,832,163	8,431,127	1,598,964
Non-property taxes	37,267,000	37,267,000	38,813,293	1,546,293
Departmental income	21,627,189	22,018,462	18,459,272	(3,559,190)
Intergovernmental charges	665,433	666,433	576,134	(90,299)
Use of money and property	133,900	133,900	153,211	19,311
Licenses and permits	26,500	26,500	51,090	24,590
Fines and forfeitures	266,308	290,299	258,877	(31,422)
Sale of property and compensation for loss	110,040	485,040	415,224	(69,816)
State aid	16,902,769	19,029,505	18,418,756	(610,749)
Federal aid	17,784,181	17,719,688	13,775,237	(3,944,451)
Miscellaneous	4,203,455	4,204,705	3,532,184	(672,521)
Total Revenues	161,646,704	164,501,461	158,213,053	(6,288,408)
EXPENDITURES				
Current				
General government support	26,368,841	26,918,330	24,120,228	2,798,102
Education	5,500,000	5,500,000	5,314,383	185,617
Public safety	25,021,828	25,465,542	24,848,849	616,693
Health	24,097,916	25,815,516	23,849,742	1,965,774
Transportation	1,876,176	1,851,992	1,172,115	679,877
Economic opportunity and development	57,387,099	57,460,698	51,877,834	5,582,864
Culture and recreation	3,519,126	3,555,078	3,317,680	237,398
Home and community services	1,623,128	1,627,448	1,335,829	291,619
Debt service				
Interest	96,000	96,000	96,000	-
Total Expenditures	145,490,114	148,290,604	135,932,660	12,357,944
Excess (Deficiency) of Revenues Over Expenditures	16,156,590	16,210,857	22,280,393	6,069,536
OTHER FINANCING SOURCES (USES)				
Transfers in	908,315	908,315	364,517	(543,798)
Transfers out	(18,742,667)	(20,147,667)	(19,931,600)	216,067
Total Other Financing Sources (Uses)	(17,834,352)	(19,239,352)	(19,567,083)	(327,731)
Net Change in Fund Balances	(1,677,762)	(3,028,495)	2,713,310	5,741,805
FUND BALANCES				
Beginning of Year	1,677,762	3,028,495	24,188,143	21,159,648
End of Year	\$ -	\$ -	\$ 26,901,453	\$ 26,901,453

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

County Road Fund				Refuse and Garbage Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	11,528,600	11,528,600	11,062,600	(466,000)
424,614	708,029	643,736	(64,293)	-	-	-	-
-	-	595	595	-	-	397	397
4,000	4,150	5,330	1,180	-	-	-	-
-	-	-	-	-	-	-	-
3,650	3,650	1,419	(2,231)	354,000	354,000	221,419	(132,581)
3,435,500	3,435,500	2,717,492	(718,008)	32,500	32,500	136,109	103,609
2,856,000	2,856,000	1,705,582	(1,150,418)	-	-	-	-
169	169	117,870	117,701	-	-	3,687	3,687
<u>6,723,933</u>	<u>7,007,498</u>	<u>5,192,024</u>	<u>(1,815,474)</u>	<u>11,915,100</u>	<u>11,915,100</u>	<u>11,424,212</u>	<u>(490,888)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
764,571	764,385	679,485	84,900	-	-	-	-
15,690,671	18,244,800	15,083,078	3,161,722	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	7,611,124	7,608,411	6,714,448	893,963
40,000	40,000	40,000	-	11,000	11,000	11,000	-
<u>16,495,242</u>	<u>19,049,185</u>	<u>15,802,563</u>	<u>3,246,622</u>	<u>7,622,124</u>	<u>7,619,411</u>	<u>6,725,448</u>	<u>893,963</u>
<u>(9,771,309)</u>	<u>(12,041,687)</u>	<u>(10,610,539)</u>	<u>1,431,148</u>	<u>4,292,976</u>	<u>4,295,689</u>	<u>4,698,764</u>	<u>403,075</u>
11,804,889	12,125,889	11,805,640	(320,249)	1,275,000	1,275,000	1,100,350	(174,650)
<u>(3,213,046)</u>	<u>(3,213,046)</u>	<u>(3,115,287)</u>	<u>97,759</u>	<u>(6,001,554)</u>	<u>(6,001,554)</u>	<u>(5,491,314)</u>	<u>510,240</u>
<u>8,591,843</u>	<u>8,912,843</u>	<u>8,690,353</u>	<u>(222,490)</u>	<u>(4,726,554)</u>	<u>(4,726,554)</u>	<u>(4,390,964)</u>	<u>335,590</u>
<u>(1,179,466)</u>	<u>(3,128,844)</u>	<u>(1,920,186)</u>	<u>1,208,658</u>	<u>(433,578)</u>	<u>(430,865)</u>	<u>307,800</u>	<u>738,665</u>
<u>1,179,466</u>	<u>3,128,844</u>	<u>3,437,266</u>	<u>308,422</u>	<u>433,578</u>	<u>430,865</u>	<u>754,523</u>	<u>323,658</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,517,080</u>	<u>\$ 1,517,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,062,323</u>	<u>\$ 1,062,323</u>

County of Sullivan, New York

Statement of Net Position
 Proprietary Funds
 December 31, 2015

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Adult Care Center	Sullivan Tobacco Asset Securitization Corporation	Totals	
ASSETS				
Current assets				
Cash and equivalents	\$ 980,713	\$ 260,984	\$ 1,241,697	\$ 571,781
Restricted cash and equivalents - capital projects	243,521	-	243,521	-
Accounts receivable, net	2,338,902	1,975,645	4,314,547	8,132,623
Due from other funds	-	-	-	9,814,982
Prepaid expenses	91,654	3,357	95,011	-
Total Current Assets	3,654,790	2,239,986	5,894,776	18,519,386
Noncurrent assets				
Restricted cash and equivalents - patient funds	141,537	109	141,646	-
Restricted investments	-	1,242,547	1,242,547	-
Capital assets				
Not being depreciated	210,500	-	210,500	-
Being depreciated, net	2,518,274	-	2,518,274	-
Total Noncurrent Assets	2,870,311	1,242,656	4,112,967	-
Total Assets	6,525,101	3,482,642	10,007,743	18,519,386
DEFERRED OUTFLOWS OF RESOURCES				
	888,198	-	888,198	-
LIABILITIES				
Current liabilities				
Accounts payable	379,551	-	379,551	-
Accrued liabilities	145,893	56,964	202,857	321,657
Bond anticipation note payable	750,000	-	750,000	-
Due to other funds	3,126,464	-	3,126,464	-
Advances from other funds	3,119,167	-	3,119,167	-
Unearned revenues	-	-	-	20,389
Patient funds held in trust	141,537	-	141,537	-
Current portion of claims payable	-	-	-	1,778,263
Current maturities of bonds payable	16,459	190,000	206,459	-
Compensated absences	76,475	-	76,475	-
Retirement incentives and other pension obligations	158,366	-	158,366	-
Total Current Liabilities	7,913,912	246,964	8,160,876	2,120,309
Noncurrent liabilities				
Claims payable, less current portion	-	-	-	15,977,405
Bonds payable, less current maturities	16,139	11,716,958	11,733,097	-
Compensated absences	688,270	-	688,270	-
Retirement incentives and other pension obligations	948,560	-	948,560	-
Net pension liability	885,687	-	885,687	-
Other postemployment benefit obligations payable	11,430,612	-	11,430,612	-
Total Noncurrent Liabilities	13,969,268	11,716,958	25,686,226	15,977,405
Total Liabilities	21,883,180	11,963,922	33,847,102	18,097,714
DEFERRED INFLOWS OF RESOURCES				
	141,080	-	141,080	-
NET POSITION				
Net investment in capital assets	2,696,176	-	2,696,176	-
Unrestricted	(17,307,137)	(8,481,280)	(25,788,417)	421,672
Total Net Position	\$ (14,610,961)	\$ (8,481,280)	\$ (23,092,241)	\$ 421,672

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

County of Sullivan, New York

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds
 Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Adult Care Center	Sullivan Tobacco Asset Securitization Corporation	Totals	
OPERATING REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ 5,770,425
Departmental charges	12,681,566	-	12,681,566	-
Tobacco settlement revenues	-	1,893,210	1,893,210	-
Insurance recoveries	-	-	-	223,165
Miscellaneous	285,429	-	285,429	-
Total Operating Revenues	12,966,995	1,893,210	14,860,205	5,993,590
OPERATING EXPENSES				
Professional care of residents	6,312,727	-	6,312,727	-
General services	3,973,095	-	3,973,095	-
Administrative services	1,282,045	-	1,282,045	-
Employee benefits	5,551,581	-	5,551,581	5,427,955
Assessments	575,706	-	575,706	-
Professional fees	-	25,216	25,216	-
Insurance expense	-	4,034	4,034	-
Depreciation and amortization	218,873	-	218,873	-
Total Operating Expenses	17,914,027	29,250	17,943,277	5,427,955
Income (Loss) from Operations	(4,947,032)	1,863,960	(3,083,072)	565,635
NON-OPERATING REVENUES (EXPENSES)				
Interest income	2,402	84,304	86,706	290
Interest expense	(21,900)	(700,426)	(722,326)	-
Miscellaneous income	5,437	-	5,437	-
Total Non-Operating Revenues (Expenses)	(14,061)	(616,122)	(630,183)	290
Income (Loss) before Transfers	(4,961,093)	1,247,838	(3,713,255)	565,925
Transfers in	74,405	-	74,405	-
Change in Net Position	(4,886,688)	1,247,838	(3,638,850)	565,925
NET POSITION				
Beginning of Year, as reported	(9,205,168)	(9,729,118)	(18,934,286)	(144,253)
Cumulative Effect of Change in Accounting Principle	(519,105)	-	(519,105)	-
Beginning of Year, as restated	(9,724,273)	(9,729,118)	(19,453,391)	(144,253)
End of Year	<u>\$ (14,610,961)</u>	<u>\$ (8,481,280)</u>	<u>\$ (23,092,241)</u>	<u>\$ 421,672</u>

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

County of Sullivan, New York

Statement of Cash Flows
 Proprietary Funds
 Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Adult Care Center	Sullivan Tobacco Asset Securitization Corporation	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from charges for services	\$ 9,746,985	\$ -	\$ 9,746,985	\$ 4,102,059
Cash received from tobacco settlement revenues	-	1,052,475	1,052,475	-
Cash received from insurance recoveries	-	-	-	223,165
Cash payments to vendors for good and services	(3,646,890)	(29,250)	(3,676,140)	-
Cash payments to employees for services	(7,034,186)	-	(7,034,186)	-
Cash payments to insurance carriers and claimants	-	-	-	(4,143,223)
Miscellaneous	285,429	-	285,429	-
Net Cash from Operating Activities	(648,662)	1,023,225	374,563	182,001
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of restricted investments	-	(1,242,547)	(1,242,547)	-
Sale of restricted investments	-	1,242,547	1,242,547	-
Interest and miscellaneous income	-	84,304	84,304	290
Net Cash from Investing Activities	-	84,304	84,304	290
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Cash received from non-operating activities	82,244	-	82,244	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on bonds	(16,891)	(395,000)	(411,891)	-
Interest paid on bonds	(9,468)	(694,687)	(704,155)	-
Acquisition of capital assets	(546,657)	-	(546,657)	-
Net Cash from Capital and Related Financing Activities	(573,016)	(1,089,687)	(1,662,703)	-
Net Change in Cash and Equivalents	(1,139,434)	17,842	(1,121,592)	182,291
CASH AND EQUIVALENTS				
Beginning of Year	2,363,668	243,251	2,606,919	389,490
End of Year	\$ 1,224,234	\$ 261,093	\$ 1,485,327	\$ 571,781
Cash and equivalents	\$ 1,224,234	\$ 260,984	\$ 1,485,218	\$ 571,781
Restricted cash and equivalents	-	109	109	-
Total Cash and Equivalents	\$ 1,224,234	\$ 261,093	\$ 1,485,327	\$ 571,781
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES				
Income (loss) from operations	\$ (4,947,032)	\$ 1,863,960	\$ (3,083,072)	\$ 565,635
Adjustments to reconcile income (loss) from operations to net cash from operating activities				
Depreciation and amortization expense	218,873	-	218,873	-
Bad debt expense	264,074	-	264,074	-
Changes in assets and liabilities				
Accounts receivable	(1,180,516)	(840,735)	(2,021,251)	(286,184)
Supplies	(37)	-	(37)	-
Due from other funds	-	-	-	(1,295,416)
Accounts payable	74,073	-	74,073	-
Accrued interest payable	(1,175)	-	(1,175)	-
Accrued liabilities	(2,018,139)	-	(2,018,139)	320,028
Due to other funds	2,728,954	-	2,728,954	-
Advances from other funds	3,119,167	-	3,119,167	-
Unearned revenues	-	-	-	(86,766)
Claims payable	-	-	-	964,704
Compensated absences	(299,702)	-	(299,702)	-
Retirement incentive and other pension obligations	26,145	-	26,145	-
Net pension liability	(353,600)	-	(353,600)	-
Other postemployment benefits obligations	1,720,253	-	1,720,253	-
Net Cash from Operating Activities	\$ (648,662)	\$ 1,023,225	\$ 374,563	\$ 182,001
Noncash Investing Activities				
Increase in bonds payable from amortization of original issue discount	\$ -	\$ 7,592	\$ 7,592	\$ -

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

County of Sullivan, New York

Statement of Assets and Liabilities
Fiduciary Fund
December 31, 2015

	<u>Agency</u>
ASSETS	
Cash and equivalents	\$ 2,696,313
Accounts receivable	<u>8,970</u>
 Total Assets	 <u><u>\$ 2,705,283</u></u>
 LIABILITIES	
Accounts payable	\$ 42,452
Employee payroll deductions	189,781
Deposits	<u>2,473,050</u>
 Total Liabilities	 <u><u>\$ 2,705,283</u></u>

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

County of Sullivan, New York

Statement of Net Position

Component Units

December 31, 2015

	Sullivan County Community College	Sullivan County Soil and Water Conservation District	Sullivan County Industrial Development Agency
ASSETS			
Cash and equivalents	\$ 2,243,909	\$ 708,531	\$ 1,734,198
Investments	1,019,958	-	-
Receivables			
Accounts, net of allowance for uncollectible amounts	908,306	48,541	11,858
Notes	915,159	-	403,020
Due from other governments	697,466	-	320,000
Due from component units	-	-	10,000
Prepaid expenses	-	3,250	17,694
Net pension asset	838,829	-	-
Other	316,437	-	-
Capital assets			
Not being depreciated	428,970	-	-
Being depreciated, net	19,695,824	49,570	2,110,263
Total Assets	<u>27,064,858</u>	<u>809,892</u>	<u>4,607,033</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,529,637</u>	<u>40,707</u>	<u>-</u>
LIABILITIES			
Accounts payable	448,463	-	6,647
Accrued liabilities	2,179,570	48,291	36,084
Margin loan payable	209,152	-	-
Due to other governments	51,688	-	323,799
Due to primary government	-	-	-
Due to component units	-	-	100,000
Due to retirement systems	-	31,286	-
Unearned revenues	483,332	661,626	65,462
Deposits payable	599,014	-	-
Other	-	-	203,283
Noncurrent liabilities			
Due within one year	463,341	1,500	20,698
Due in more than one year	23,714,586	59,033	375,350
Total Liabilities	<u>28,149,146</u>	<u>801,736</u>	<u>1,131,323</u>
DEFERRED INFLOWS OF RESOURCES	<u>887,113</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	10,826,525	49,570	2,110,263
Restricted	1,803,582	-	569,685
Unrestricted	(13,071,871)	(707)	795,762
Total Net Position	<u>\$ (441,764)</u>	<u>\$ 48,863</u>	<u>\$ 3,475,710</u>

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

Emerald Corporate Center Economic Development Corporation	Sullivan County Funding Corporation	Total
\$ 8,027	\$ 660,466	\$ 5,355,131
-	-	1,019,958
3,699	6,663	979,067
-	212,265	1,530,444
30,467	-	1,047,933
-	100,000	110,000
11,335	-	32,279
-	-	838,829
-	-	316,437
1,442,461	-	1,871,431
-	-	21,855,657
<u>1,495,989</u>	<u>979,394</u>	<u>34,957,166</u>
-	-	<u>1,570,344</u>
3,184	-	458,294
-	-	2,263,945
-	-	209,152
-	-	375,487
675,000	-	675,000
-	10,000	110,000
-	-	31,286
-	3,309	1,213,729
-	-	599,014
-	50,000	253,283
-	-	485,539
-	-	24,148,969
<u>678,184</u>	<u>63,309</u>	<u>30,823,698</u>
-	-	<u>887,113</u>
1,442,461	-	14,428,819
-	-	2,373,267
(624,656)	916,085	(11,985,387)
<u>\$ 817,805</u>	<u>\$ 916,085</u>	<u>\$ 4,816,699</u>

County of Sullivan, New York

Statement of Activities

Component Units

Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Sullivan County Community College	\$ 23,906,186	\$ 3,963,844	\$ 13,799,004	\$ -
Sullivan County Soil and Water Conservation District	884,066	53,623	767,298	-
Sullivan County Industrial Development Agency	573,889	470,793	116,722	181,411
Emerald Corporate Center Economic Development Corporation	57,292	-	-	58,244
Sullivan County Funding Corporation	131,534	167,829	-	-
Total Component Units	\$ 25,552,967	\$ 4,656,089	\$ 14,683,024	\$ 239,655

General revenues

Unrestricted use of money and property

Grants and contributions not restricted to specific programs

Miscellaneous

Total General Revenues

Change in Net Position

NET POSITION

Beginning of Year, as reported

Cumulative Effect of Change in Accounting Principle

Prior Period Adjustment

Beginning of Year, as restated

End of Year

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

Net (Expense) Revenue and Changes in Net Position					
Sullivan County Community College	Sullivan County Soil and Water Conservation District	Sullivan County Industrial Development Agency	Emerald Corporate Center Economic Development Corporation	Sullivan County Funding Corporation	Total
\$ (6,143,338)	\$ -	\$ -	\$ -	\$ -	\$ (6,143,338)
-	(63,145)	-	-	-	(63,145)
-	-	195,037	-	-	195,037
-	-	-	952	-	952
-	-	-	-	36,295	36,295
<u>(6,143,338)</u>	<u>(63,145)</u>	<u>195,037</u>	<u>952</u>	<u>36,295</u>	<u>(5,974,199)</u>
1,958,457	641	15,896	-	6,320	1,981,314
1,079,942	17,394	-	-	-	1,097,336
<u>1,752,383</u>	<u>930</u>	<u>23,913</u>	<u>-</u>	<u>-</u>	<u>1,777,226</u>
<u>4,790,782</u>	<u>18,965</u>	<u>39,809</u>	<u>-</u>	<u>6,320</u>	<u>4,855,876</u>
<u>(1,352,556)</u>	<u>(44,180)</u>	<u>234,846</u>	<u>952</u>	<u>42,615</u>	<u>(1,118,323)</u>
417,772	60,992	3,240,864	816,853	873,470	5,409,951
493,020	5,117	-	-	-	498,137
-	26,934	-	-	-	26,934
<u>910,792</u>	<u>93,043</u>	<u>3,240,864</u>	<u>816,853</u>	<u>873,470</u>	<u>5,935,022</u>
<u>\$ (441,764)</u>	<u>\$ 48,863</u>	<u>\$ 3,475,710</u>	<u>\$ 817,805</u>	<u>\$ 916,085</u>	<u>\$ 4,816,699</u>

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County of Sullivan, New York

Notes to Financial Statements
December 31, 2015

Note 1 - Summary of Significant Accounting Policies

The County of Sullivan, New York ("County") was established in 1809 and operates in accordance with County Law and the various other applicable laws of the State of New York. The County functions under a County Manager form of government. The County Legislature is the legislative body responsible for overall operation. The County Manager serves as the chief executive officer and the County Treasurer serves as the chief financial officer. The County provides the following services to its residents: education, public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and general and administrative support.

The accounting policies of the County conform to generally accepted accounting principles as applicable to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the County's more significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of a) the primary government, which is the County, b) organizations for which the County is financially accountable and c) other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the County, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the County's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, the following individual component units are included in the County's reporting entity because of their operational relationship with the County.

The Sullivan County Community College ("College") was established in 1963 with the County as the local sponsor under provisions of Article 126 of the Education Law of the State of New York. The College is administered by a Board of Trustees consisting of nine voting members; five are appointed by the County Legislature and four by the Governor. The College budget is subject to approval by the County Legislature. The County generally provides one half of the capital costs and one third of the operating costs for the College. Title to real property of the College vests with the County and bonds and notes for College capital costs are issued by the County and are County debt. A fiscal year ending August 31st is mandated by State Law for the College. The College is included in the County's reporting entity since the primary government is able to impose its will, as demonstrated through the ability to approve budgets. The College may also result in a financial burden to the primary government since the County is obligated for the debt of the College. Since the College does not provide services entirely or almost entirely to the County, the College has been reflected as a discretely presented component unit.

The Sullivan County Soil and Water Conservation District ("District") was established in 1966 pursuant to Chapter 727 of the Laws of the State of New York. The District provides for the conservation of soil and soil resources of the State and the County. The Board of Directors is appointed by the County Legislature. The Board of Directors serve at the pleasure of the County Legislature and therefore, the primary government is able to impose its will on the District. Since the District is also dependent on the financial support provided by the County, the financial statements of the District have been reflected as a discretely presented component unit.

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

The Sullivan County Industrial Development Agency ("Agency") is a public benefit corporation created by State legislation to promote the economic welfare, recreation opportunities and prosperity of the County's inhabitants. Members of the Agency are appointed by the County Legislature. Agency members have complete responsibility for management of the Agency and accountability for fiscal matters. The County is not liable for Agency bonds or notes. The governing board of the Agency serves at the pleasure of the County Legislature and therefore, the primary government is able to impose its will on the Agency. Since the Agency does not provide services entirely or almost entirely to the County, the financial statements of the Agency have been reflected as a discretely presented component unit.

The Emerald Corporate Center Economic Development Corporation ("Corporation") was established by the County Legislature in 2000 to assist in the commercial rehabilitation of the County. The nine member board is appointed by the County Legislature. The County advances funds necessary to develop the park and is reimbursed upon the sale of property within the park. Since the Corporation is dependent on the financial support provided by the County, the financial statements of the Corporation have been reflected as a discretely presented component unit.

The Sullivan County Funding Corporation ("SCFC") was incorporated in November 2010 under Section 1411 of the Not-For-Profit Corporation Law of the State of New York. The mission of the SCFC is to foster the creation, retention and expansion of jobs and economic opportunities within the County. The sole member of the SCFC shall be the County acting by and through its County Manager, ex officio. The SCFC is managed by a Board of Directors consisting of nine Directors that serves at the pleasure of the sole member and, therefore, the County is considered able to impose its will on the SCFC. The County is not liable for SCFC's bonds or notes. Since the SCFC does not provide services entirely or almost entirely to the County, the financial statements of the SCFC have been reflected as a discretely presented component unit.

The Sullivan Tobacco Asset Securitization Corporation ("STASC") is a special purpose, bankruptcy-remote local development corporation. STASC was organized under the provisions of Section 1411 of the New York State Not-For-Profit Corporation Law and pursuant to the Public Authorities Law of the State of New York. The Board of Directors of STASC consists of five members; the County Manager, the County's Commissioner of Financial Management, the Chairman of the County's Board of Legislators, the Majority Leader of the County's Board of Legislators and the Minority Leader of the County's Board of Legislators. The Board of Directors has complete responsibility for management of the STASC and accountability for fiscal matters. The County is not liable for any deficits or STASC bonds or notes. Based on the guidance provided by GASB Technical Bulletin No. 2004-1 "*Tobacco Settlement Recognition and Financial Reporting Entity Issues*", as amended and/or superseded by GASB Statement No. 48, "*Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*", the STASC is reported as a blended component unit of the County in its financial statements.

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

Sullivan County Community College
112 College Road
Loch Sheldrake, New York 12759

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

Sullivan County Soil and Water Conservation District
69 Ferndale-Loomis Road
Liberty, New York 12754

Sullivan County Industrial Development Agency
One Cablevision Center
Ferndale, New York 12734

Emerald Corporate Center
Economic Development Corporation
100 North Street, P.O. Box 5012
Monticello, New York 12701

Sullivan County Funding Corporation
One Cablevision Center
Ferndale, New York 12734

Sullivan Tobacco Asset
Securitization Corporation
Sullivan County Government Center
100 North Street P.O. Box 5012
Monticello, New York 12701

B. Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole and its component units. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. 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 and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The Statement of Net Position presents the financial position of the County and its component units at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The County does not allocate indirect expenses to functions in the Statement of Activities.

Note 1 - Summary of Significant Accounting Policies (Continued)

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Enterprise Funds are charges to customers for services and tobacco settlement revenues and the principal operating expenses are the cost of services, administrative expenses, professional and director's fees, insurance, depreciation costs and benefit costs. The principal operating revenues of the Internal Service Fund is charges for services, and operating expenses are for workers' compensation and dental costs. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Fund Financial Statements

The accounts of the County are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The County maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Proprietary and Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The County's resources are reflected in the financial statements in three broad fund categories in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the County's major governmental funds:

General Fund - The General Fund constitutes the primary operating fund of the County and is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

to expenditures for specified purposes other than debt service or capital projects. The major special revenue funds of the County are as follows:

County Road Fund - The County Road Fund is used to account for the maintenance and repair of County roads and bridges and snow removal costs, as defined in New York State Highway Law. The major revenues of this fund are state and federal aid.

Refuse and Garbage Fund – The Refuse and Garbage Fund is used to account for the activity of the County's solid waste operations. The major revenues of this fund are departmental income.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlay, including the acquisition or construction of major capital facilities and other capital assets, other than those financed by proprietary funds.

The County also reports the following non-major governmental funds:

Special Revenue Funds:

Road Machinery Fund - The Road Machinery Fund is used to account for the purchase, repair and maintenance of highway machinery, tools and equipment and for the construction, purchase and maintenance of buildings for the storage and repair of highway machinery and equipment.

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

Debt Service Fund - The Debt Service Fund is provided to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest and for financial resources that are being accumulated for principal and interest maturing in future years.

- b. Proprietary Funds - Proprietary funds include enterprise and internal service funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private enterprises or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability. Enterprise funds are used to account for those operations that provide services to the public. Internal service funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The operations of the Sullivan County Adult Care Center ("ACC") and the STASC are recorded as major enterprise funds. The ACC is a skilled nursing facility established and operated under provisions of Article 6 of the General Municipal Law of the State of New York. The County has established its Workers' Compensation Benefits and Self-Insured Dental funds as internal service funds.

Note 1 - Summary of Significant Accounting Policies (Continued)

- c. Fiduciary Funds (Not included in Government-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the County in an agency capacity on behalf of others. The Agency Fund is used to account for employee payroll tax withholdings and various other deposits that are payable to other jurisdictions or individuals.

D. 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 being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain claims, pension costs, compensated absences, net pension liability, post-employment benefit obligations and landfill closure costs are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Net patient service revenues in the Enterprise Fund are recorded on the gross charge basis. Contractual adjustments are deducted to arrive at net patient service revenue. Revenues received under cost reimbursement agreements and prospective contractual agreements represent a substantial portion of the ACC's revenue and are subject to subsequent adjustment either by audit of third-party payors or appeals by the ACC. Retroactively calculated third-party contractual adjustments are accrued on an estimated basis in the period the services are rendered and

Note 1 - Summary of Significant Accounting Policies (Continued)

adjusted in future periods as required. Final settlements of retroactive cost reimbursements are recorded as retroactive adjustments.

Component Units

Component units are presented on the basis of accounting that most accurately reflect their activities. The District is accounted for on the modified accrual basis and is converted to the accrual basis for the government-wide statements. The College, the Agency, the Corporation and the SCFC are accounted for on the accrual basis.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Deposits, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

The County's deposits and investment policies are governed by State statutes. The County has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The County is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions, and accordingly, the County's policy provides for no credit risk on investments.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The County has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the County's name. The County's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2015.

The County was invested only in demand deposit accounts, time deposit accounts and money market accounts and, accordingly, was not exposed to any interest rate risk or credit risk.

Investments - All investments are stated at fair value and/or amortized cost, which approximates fair value.

Note 1 - Summary of Significant Accounting Policies (Continued)

Restricted Cash and Equivalents and Investments - The terms of the bond indenture of the STASC provide for the establishment of a liquidity reserve. The reserve has been established at the maximum annual debt service requirements in the current and any future fiscal year, assuming principal is paid in accordance with the requirements of the indenture.

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

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

Loans Receivable - Loans receivable consist of residential and commercial loans made by the County. The loans have various interest rates and maturities.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the County. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the County has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of December 31, 2015, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Advances To/From Other Funds - Advances to/from other funds represent loans to other funds, which are not expected to be repaid within the subsequent annual operating cycle. The advances are offset by nonspendable fund balance in the fund financial statements which indicates that the funds are not "available" for appropriation and are not expendable available financial resources.

Prepaid Expense/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Prepaid expenses/expenditures consist of employee retirement and other costs which have been satisfied prior to the end of the fiscal year,

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

but represent items which have been provided for in the subsequent year's budget and/or will benefit such periods. Reported amounts in governmental funds are equally offset by nonspendable fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Inventory - There are no inventory values presented in the balance sheets of the respective funds of the County. Purchases of inventoriable items at various locations are recorded as expenditures at the time of purchase and year-end balances at these locations are not material.

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the County chose to include all such items regardless of their acquisition date or amount. The County was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and used an appropriate price level index to deflate the cost to the acquisition year or estimated acquisition year).

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant, equipment and infrastructure of the County are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings and improvements	20-50
Machinery and equipment	5-20
Infrastructure	25

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental funds balance sheet.

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In the government-wide financial statements, unearned revenues consist of revenues received in advance and/or amounts from grants received before the eligibility requirements have been met.

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The County has reported unearned revenues of \$921,555 for various departmental income received in advance in the General Fund. The County has also reported unearned revenues of \$212,333 for loans receivable in the Community Development Fund, \$20,389 for premiums received in advance in the Workers' Compensation Benefits Fund, \$483,332 in the College (component unit) for tuition and other fees, \$661,626 in the District (component unit) for State aid received in advance, \$3,309 in the Corporation (component unit) for administrative fees received in advance and \$65,462 in the Agency (component unit) for State Aid received in advance. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The County has reported deferred outflows of resources of \$1,060,636 and \$13,440 for a deferred loss on refunding bonds in the government-wide and proprietary funds Statements of Net Position, respectively. These amounts result from the difference in the carrying value of the refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt.

The County has reported deferred inflows of resources of \$11,648,135 for real property taxes in the General Fund. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

The College (component unit) reported deferred outflows of resources of \$482,307 for deferred bond closing costs and deferred inflows of resources of \$531,922 for tuition assistance payments received in advance in the Statement of Net Position. These amounts are deferred and recognized as an outflow or inflow of resources in the period that the amounts become available.

The County, the College (component unit) and the District (component unit) also reported deferred outflows and deferred inflows of resources in relation to its pension obligations. These amounts are detailed in the discussion of the County's pension plans in Note 3, I.

Long-Term Liabilities - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expended as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is

Note 1 - Summary of Significant Accounting Policies (Continued)

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 General or Capital Projects funds expenditures.

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation from service. The liability for such accumulated leave is reflected in the government-wide Statement of Net Position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Position - Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net Position on the Statement of Net Position include, net investment in capital assets, restricted for capital projects, law enforcement, Stop DWI program, debt service, workers' compensation benefits, dental benefits, community development and loans. The balance is classified as unrestricted.

Fund Balances - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables, advances) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in the General Municipal Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The County Legislature is the highest level of decision making authority for the County that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the County removes or changes the purpose by taking the same action that was

Note 1 - Summary of Significant Accounting Policies (Continued)

used to establish the commitment. This classification includes certain amounts established and approved by the County Legislature.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the County Legislature for amounts assigned for balancing the subsequent year's budget or delegated to the County Treasurer for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General, County Road, Refuse and Garbage and Road Machinery funds. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

The preparation of the 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 and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is June 28, 2016.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The County generally follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) On or before November 15th, the County Manager submits to the County Legislature a tentative operating budget for the fiscal year commencing the following January 1st. The tentative budget includes proposed expenditures and the means of financing.
- b) The County Manager meets with the Management and Budget Committee of the Legislature after transmittal of the tentative budget to review the budget document.
- c) The County Legislature conducts two public hearings on the tentative budget to obtain taxpayer comments.
- d) After the public hearing and prior to December 20th, the Legislature meets to consider and adopt the budget.
- e) All line item changes are made through majority vote by the County Legislature. This process is completed and the final budget is adopted by December 20th.
- f) Formal budgetary integration is employed during the year as a management control device for General, County Road, Refuse and Garbage, Road Machinery and Debt Service funds.
- g) Budgets for General, County Road, Refuse and Garbage, Road Machinery and Debt Service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. An annual budget is not adopted for the Community Development Fund.
- h) The County Legislature has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the County Legislature. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the County Legislature.
- i) Appropriations in General, County Road, Refuse and Garbage, Road Machinery and Debt Service funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 2 - Stewardship, Compliance and Accountability (Continued)

B. Property Tax Limitation

The County is permitted by the Constitution of the State of New York to levy taxes for purposes other than debt service up to 1-1/2% of the five-year average full valuation of taxable real estate located within the County. In accordance with this provision, the maximum amount of the tax levy for 2015 was \$120,849,590, which exceeded the actual levy by \$76,778,006.

On June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This applies to all local governments.

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a County in a particular year. The original legislation that established the Tax levy Limitation Law was set to expire on June 16, 2016. Chapter 20 of the Laws of 2015 extends the Tax Levy Limitation Law through June 2020.

The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the County to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States with the result expressed as a decimal to four places. The County is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the County, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the County. The County Legislature may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the County Legislature first enacts, by a vote of at least sixty percent of the total voting power of the County Legislature, a local law to override such limit for such coming fiscal year.

C. Cumulative Effect of Change in Accounting Principle

For the year ended December 31, 2015, the County implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". These statements seek to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expenses/expenditures. These statements also require the identification of the

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 2 - Stewardship, Compliance and Accountability (Continued)

methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to the periods of employee service. As a result of adopting these standards, the government-wide financial statements reflect a cumulative effect for the change in accounting principle of \$(3,914,000) for governmental activities, \$(519,105) for business-type activities, \$493,020 for the College (component unit) and \$5,117 for the District (component unit).

D. Prior Period Adjustment

In the prior year, the District (component unit) had recorded a liability for amounts due to the retirement system even though payment had been made prior to the end of the fiscal year. Accordingly, the amount recorded as a liability of \$26,934 was corrected and as a result an increase to the net position reported at January 1, 2015 was required.

E. Capital Projects Fund Deficits

The unassigned deficit in the Capital Projects Fund of \$3,262,553 arises because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes payable are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. The deficit will be reduced and eliminated as bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

F. Fund Deficits

The ACC and STASC reflect unrestricted deficits at December 31, 2015 of \$17,307,137 and \$8,481,280, respectively. These deficits will be reduced annually with the receipt of patient service fees and tobacco revenues, respectively.

Note 3 - Detailed Notes on All Funds

A. Investments

Investments of the College (component unit) of \$1,019,958 are stated at fair value and consist of mutual funds and U.S. Government Securities. The securities are insured and registered and are held by the College's agent, a third party financial institution, in the College's name.

B. Restricted Investments

Restricted investments at December 31, 2015 consisted of the following:

STASC – Commercial paper, at cost, which approximates fair value, due in June 2016.

\$1,242,547

Investments of the STASC are not subject to risk categorization.

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

C. Taxes Receivable

Taxes receivable at December 31, 2015 consisted of the following:

Taxes receivable - overdue	\$ 16,039,482
Returned school district taxes	<u>15,306,791</u>
	31,346,273
Allowance for uncollectible taxes	<u>(1,568,483)</u>
	<u>\$ 29,777,790</u>

School district taxes are offset by liabilities to the school districts. Taxes receivable and tax liens are also partially offset by deferred tax revenues of \$11,648,135, which represents an estimate of the receivable which will not be collected within the first sixty days of the subsequent year.

D. Due From/To and Advances To/From Other Funds

The composition of interfund balances at December 31, 2015 were as follows:

Fund	Due From	Due To
General	\$ 3,406,578	\$ 10,412,112
County Road	-	234,947
Refuse and Garbage	-	1,813
Capital Projects	-	281,924
Non-Major Governmental	915,009	79,309
Enterprise Fund - Adult Care Center	-	3,126,464
Internal Service Fund - Workers' Compensation Benefits	<u>9,814,982</u>	<u>-</u>
	<u>\$ 14,136,569</u>	<u>\$ 14,136,569</u>

Fund	Advances To	Advances From
General	\$ 3,119,167	\$ -
Enterprise Fund - Adult Care Center	<u>-</u>	<u>3,119,167</u>
	<u>\$ 3,119,167</u>	<u>\$ 3,119,167</u>

The outstanding balances between funds results mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

E. Capital Assets

Changes in the County's capital assets are as follows:

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$ 8,659,087	\$ -	\$ -	\$ 8,659,087
Construction-in-progress	4,951,808	5,979,541	576,756	10,354,593
Total Capital Assets, not being depreciated	\$ 13,610,895	\$ 5,979,541	\$ 576,756	\$ 19,013,680
Capital Assets, being depreciated:				
Buildings and improvements	\$ 63,818,568	\$ 386,389	\$ -	\$ 64,204,957
Machinery and equipment	30,824,894	1,690,810	-	32,515,704
Infrastructure	220,733,384	8,755,684	5,334	229,483,734
Total Capital Assets, being depreciated	315,376,846	10,832,883	5,334	326,204,395
Less Accumulated Depreciation for:				
Buildings and improvements	32,159,951	1,299,555	-	33,459,506
Machinery and equipment	23,905,590	1,620,259	-	25,525,849
Infrastructure	122,432,730	7,705,934	5,334	130,133,330
Total Accumulated Depreciation	178,498,271	10,625,748	5,334	189,118,685
Capital Assets, being depreciated, net	\$ 136,878,575	\$ 207,135	\$ -	\$ 137,085,710
Governmental Activities Capital Assets, net	\$ 150,489,470	\$ 6,186,676	\$ 576,756	\$ 156,099,390
Business-type Activities				
Capital Assets, not being depreciated:				
Land	\$ 132,400	\$ -	\$ -	\$ 132,400
Construction-in-progress	25,409	52,691	-	78,100
Total Capital Assets, not being depreciated	\$ 157,809	\$ 52,691	\$ -	\$ 210,500
Capital Assets, being depreciated:				
Buildings and improvements	\$ 11,727,024	\$ 481,534	\$ -	\$ 12,208,558
Machinery and equipment	596,602	-	-	596,602
Total Capital Assets, being depreciated	12,323,626	481,534	-	12,805,160
Less Accumulated Depreciation for:				
Buildings and improvements	9,656,492	179,247	-	9,835,739
Machinery and equipment	411,521	39,626	-	451,147
Total Accumulated Depreciation	10,068,013	218,873	-	10,286,886
Capital Assets, being depreciated, net	\$ 2,255,613	\$ 262,661	\$ -	\$ 2,518,274
Business-type Activities Capital Assets, net	\$ 2,413,422	\$ 315,352	\$ -	\$ 2,728,774

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

Depreciation expense was charged to the County's functions and programs as follows:

Governmental Activities:	
General Government Support	\$ 714,966
Education	345,044
Public Safety	354,562
Health	145,277
Transportation	7,278,803
Economic Opportunity and Development	49,542
Culture and Recreation	97,525
Home and Community Services	<u>1,640,029</u>
Total Depreciation Expense Governmental Activities	<u>\$ 10,625,748</u>
Business-type Activities - Adult Care Center	<u>\$ 218,873</u>

Capital Assets - Component Units

Changes in the College's (component unit) capital assets are as follows:

	Balance at September 1, 2015	Additions	Disposals	Balance at August 31, 2015
Capital Assets, not being depreciated:				
Land	\$ 277,445	\$ -	\$ -	\$ 277,445
Construction-in-progress	<u>151,824</u>	<u>151,525</u>	<u>151,824</u>	<u>151,525</u>
Total Capital Assets, not being depreciated	<u>\$ 429,269</u>	<u>\$ 151,525</u>	<u>\$ 151,824</u>	<u>\$ 428,970</u>
Capital Assets, being depreciated:				
Building and improvements	\$ 44,757,677	\$ 720,945	\$ -	\$ 45,478,622
Furniture and equipment	<u>4,953,959</u>	<u>133,061</u>	<u>34,379</u>	<u>5,052,641</u>
Total Capital Assets, being depreciated	<u>49,711,636</u>	<u>854,006</u>	<u>34,379</u>	<u>50,531,263</u>
Less accumulated depreciation:				
Building and improvements	25,693,635	1,520,807	-	27,214,442
Furniture and equipment	<u>3,624,402</u>	<u>30,974</u>	<u>34,379</u>	<u>3,620,997</u>
Total Accumulated Depreciation	<u>29,318,037</u>	<u>1,551,781</u>	<u>34,379</u>	<u>30,835,439</u>
Total Capital Assets, being depreciated, net	<u>\$ 20,393,599</u>	<u>\$ (697,775)</u>	<u>\$ -</u>	<u>\$ 19,695,824</u>
Capital Assets, net	<u>\$ 20,822,868</u>	<u>\$ (546,250)</u>	<u>\$ 151,824</u>	<u>\$ 20,124,794</u>

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

Changes in the District's (component unit) capital assets are as follows:

	Balance January 1, 2015	Additions	Balance December 31, 2015
Capital Assets, being depreciated:			
Buildings	\$ 55,197	\$ -	\$ 55,197
Machinery and equipment	111,167	33,453	144,620
Total Capital Assets, being depreciated	<u>166,364</u>	<u>33,453</u>	<u>199,817</u>
Less Accumulated Depreciation for:			
Buildings	35,880	1,380	37,260
Machinery and equipment	107,231	5,756	112,987
Total Accumulated Depreciation	<u>143,111</u>	<u>7,136</u>	<u>150,247</u>
Soil and Water Conservation District Capital Assets, net	<u>\$ 23,253</u>	<u>\$ 26,317</u>	<u>\$ 49,570</u>

Changes in the Agency's (component unit) capital assets are as follows:

	Balance January 1, 2015	Additions	Balance December 31, 2015
Capital Assets, not being depreciated - Construction-in-progress	<u>\$ 1,387,012</u>	<u>\$ 334,845</u>	<u>\$ 1,721,857</u>
Capital Assets, being depreciated:			
Machinery and equipment	\$ 300,968	\$ 165,315	\$ 466,283
Less Accumulated Depreciation	<u>61,810</u>	<u>16,067</u>	<u>77,877</u>
Capital Assets, being depreciated, net	<u>\$ 239,158</u>	<u>\$ 149,248</u>	<u>\$ 388,406</u>
Industrial Development Agency Capital Assets, net	<u>\$ 1,626,170</u>	<u>\$ 484,093</u>	<u>\$ 2,110,263</u>

Changes in the Corporation's (component unit) capital assets are as follows:

	Balance January 1, 2015	Additions	Balance December 31, 2015
Capital Assets, not being depreciated - Construction-in-progress	<u>\$ 1,442,461</u>	<u>\$ -</u>	<u>\$ 1,442,461</u>

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

F. Accrued Liabilities

Accrued liabilities at December 31, 2015 were as follows:

	Fund				Total
	General	County Road	Refuse and Garbage	Non-Major Governmental	
Payroll and employee benefits	\$ 2,111,671	\$ 351,851	\$ 71,485	\$ 98,250	\$ 2,633,257

G. Short-Term Capital Borrowings

The schedule below details the changes in short-term capital borrowings.

Purpose	Year of Original Issue	Maturity Date	Interest Rate	Balance January 1, 2015	New Issues	Redemptions	Balance December 31, 2015
Governmental activities:							
Computer Equipment	2012	3/4/2016	1.00 %	\$ 600,000	\$ -	\$ 200,000	\$ 400,000
Road Reconstruction 2012	2012	3/4/2016	1.00	1,200,000	-	400,000	800,000
Road Reconstruction 2013	2013	3/4/2016	1.00	2,800,000	-	700,000	2,100,000
Landfill Cap	2010	-	-	1,100,000	-	1,100,000	-
Road Reconstruction 2015	2015	3/4/2016	1.25	-	235,000	-	235,000
Highway and Bridge Reconstruction	2015	3/4/2016	1.25	-	6,300,000	-	6,300,000
Construction and Maintenance Equipment	2015	3/4/2016	1.25	-	535,000	-	535,000
				<u>\$ 5,700,000</u>	<u>\$ 7,070,000</u>	<u>\$ 2,400,000</u>	<u>\$ 10,370,000</u>
Business-type activities -							
ACC Construction	2013	3/4/2016	1.00	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 750,000</u>

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Bond anticipation notes issued for judgments or settled claims are recorded in the fund paying the claim. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes or judgments be converted to long-term obligations generally within five years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Interest expenditures of \$6,000, \$40,000 and \$11,000 were recorded in the fund financial statements in the General, County Road and Refuse and Garbage funds, respectively. Interest expense of \$100,447 was recorded in the government-wide financial statements for governmental activities.

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

H. Short-Term Non-Capital Borrowings

The schedule below details the changes in short-term non-capital borrowings. These borrowings consisted of notes issued in anticipation of the collection of real property taxes.

	Year of Original Issue	Maturity Date	Rate of Interest	Balance January 1, 2015	New Issues	Redemptions	Balance December 31, 2015
Tax Anticipation Note	2014	3/6/2015	1.00 %	\$ 9,000,000	\$ -	\$ 9,000,000	\$ -
Tax Anticipation Note	2015	3/4/2016	1.25	-	8,500,000	-	8,500,000
				<u>\$ 9,000,000</u>	<u>\$ 8,500,000</u>	<u>\$ 9,000,000</u>	<u>\$ 8,500,000</u>

The tax anticipation note of \$8,500,000 was issued on March 6, 2015 and matures on March 4, 2016, with interest at 1.25%. Interest expenditures of \$90,000 were recorded in the fund financial statements in the General Fund. Interest expense of \$79,684 was recorded in the government-wide financial statements for governmental activities.

I. Long-Term Liabilities

The changes in the County's long-term indebtedness for the year ended December 31, 2015 is as follows:

	Balance January 1, 2015 As Reported	Cumulative Effect of Change in Accounting Principle	Balance January 1, 2015 As Restated	New Issues and/or Additions	Maturities and/or Payments	Balance December 31, 2015	Due Within One Year
Governmental Activities:							
Bonds Payable	\$ 53,630,511	\$ -	\$ 53,630,511	\$ -	\$ 6,728,109	\$ 46,902,402	\$ 7,018,541
Plus unamortized premium	2,507,152	-	2,507,152	-	326,973	2,180,179	-
	<u>56,137,663</u>	<u>-</u>	<u>56,137,663</u>	<u>-</u>	<u>7,055,082</u>	<u>49,082,581</u>	<u>7,018,541</u>
Other Non-Current Liabilities:							
Claims Payable	17,216,138	-	17,216,138	5,499,747	4,574,931	18,140,954	2,048,263
Retirement Incentives and Other Pension Obligations	7,964,047	-	7,964,047	1,159,757	1,088,147	8,035,657	1,210,475
Compensated Absences	3,361,423	-	3,361,423	330,858	331,423	3,360,858	336,000
Net Pension Liability	-	8,392,502	8,392,502	-	2,118,370	6,274,132	-
Other Post Employment Benefit Obligations Payable	66,609,098	-	66,609,098	14,250,161	4,438,487	76,420,772	-
Landfill Closure Costs	12,136,050	-	12,136,050	426,133	-	12,562,183	527,689
Total Other Non-Current Liabilities	<u>107,286,756</u>	<u>8,392,502</u>	<u>115,679,258</u>	<u>21,666,656</u>	<u>12,551,358</u>	<u>124,794,556</u>	<u>4,122,427</u>
Governmental Activities Long-Term Liabilities	<u>\$ 163,424,419</u>	<u>\$ 8,392,502</u>	<u>\$ 171,816,921</u>	<u>\$ 21,666,656</u>	<u>\$ 19,606,440</u>	<u>\$ 173,877,137</u>	<u>\$ 11,140,968</u>

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

	Balance January 1, 2015 As Reported	Cumulative Effect of Change in Accounting Principle	Balance January 1, 2015 As Restated	New Issues and/or Additions	Maturities and/or Payments	Balance December 31, 2015	Due Within One Year
Business-type Activities:							
Bonds Payable	\$ 12,439,489	\$ -	\$ 12,439,489	\$ -	\$ 411,891	\$ 12,027,598	\$ 206,459
Less unamortized original issue discount	(95,634)	-	(95,634)	7,592	-	(88,042)	-
	<u>12,343,855</u>	<u>-</u>	<u>12,343,855</u>	<u>7,592</u>	<u>411,891</u>	<u>11,939,556</u>	<u>206,459</u>
Other Non-Current Liabilities:							
Compensated Absences	1,064,446	-	1,064,446	-	299,701	764,745	76,475
Retirement Incentives and Other Pension Obligations	1,080,781	-	1,080,781	164,116	137,971	1,106,926	158,366
Net Pension Liability	-	1,184,726	1,184,726	-	299,039	885,687	-
Other Post Employment Benefit Obligations Payable	9,710,359	-	9,710,359	1,974,611	254,358	11,430,612	-
Total Other Non-Current Liabilities	<u>11,855,586</u>	<u>1,184,726</u>	<u>13,040,312</u>	<u>2,138,727</u>	<u>991,069</u>	<u>14,187,970</u>	<u>234,841</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 24,199,441</u>	<u>\$ 1,184,726</u>	<u>\$ 25,384,167</u>	<u>\$ 2,146,319</u>	<u>\$ 1,402,960</u>	<u>\$ 26,127,526</u>	<u>\$ 441,300</u>
Components Units:							
Mortgage Payable	\$ 8,263,156	\$ -	\$ 8,263,156	\$ -	\$ 499,022	\$ 7,764,134	\$ 228,853
Note Payable	372,843	-	372,843	42,577	19,372	396,048	20,698
	<u>8,635,999</u>	<u>-</u>	<u>8,635,999</u>	<u>42,577</u>	<u>518,394</u>	<u>8,160,182</u>	<u>249,551</u>
Capital Lease Obligations	2,188,123	-	2,188,123	-	171,681	2,016,442	181,218
Other Non-Current Liabilities:							
Compensated Absences	567,363	-	567,363	37,110	56,736	547,737	54,770
Net Pension Liability	-	607,382	607,382	-	153,311	454,071	-
Other Post Employment Benefit Obligations Payable	11,907,997	-	11,907,997	2,657,954	1,109,875	13,456,076	-
Total Other Non-Current Liabilities	<u>12,475,360</u>	<u>607,382</u>	<u>13,082,742</u>	<u>2,695,064</u>	<u>1,319,922</u>	<u>14,457,884</u>	<u>54,770</u>
Component Units Long-Term Liabilities	<u>\$ 23,299,482</u>	<u>\$ 607,382</u>	<u>\$ 23,906,864</u>	<u>\$ 2,737,641</u>	<u>\$ 2,009,997</u>	<u>\$ 24,634,508</u>	<u>\$ 485,539</u>

Governmental fund liabilities for bonds are liquidated by the Debt Service Fund, which is primarily funded by the General Fund. Each governmental fund's liability for retirement incentives and other pension obligations, compensated absences, net pension liability, other post employment benefit obligations and landfill closure costs are liquidated by the respective fund, primarily the General Fund. Claims liabilities are liquidated by the Workers' Compensation Benefits Fund and the Self-Insured Dental Fund, which are funded primarily by the General Fund.

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

Bonds Payable

Bonds payable at December 31, 2015 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2015
Landfill Projects	1999	\$ 9,976,987	April, 2019	2.662 - 3.382 %	\$ 2,120,000
Tobacco Asset					
Securitization	2001	16,965,000	June, 2027	5.000 - 6.000	11,995,000
Public Improvements	2007	15,515,000	July, 2016	4.250	1,060,000
Refunding Bonds	2007	6,900,000	March, 2017	5.000	980,000
Public Improvements - Tax Exempt Bonds	2010	8,775,000	May, 2021	5.110	3,705,000
Public Improvements - Build America Bonds	2010	7,600,000	May, 2024	4.932 - 5.932	7,600,000
Public Improvements - Recovery Zone Economic Development Bonds	2010	810,000	May, 2024	5.932	810,000
Public Improvements	2012	9,495,000	October, 2026	2.000 - 3.000	7,225,000
Refunding Bonds	2013	17,880,000	July, 2022	4.000 - 5.000	13,020,000
Public Improvements	2014	11,315,000	June, 2024	2.000 - 2.250	10,415,000
					<u>\$ 58,930,000</u>

Interest expenditures of \$2,043,079 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$1,690,728 was recorded in the government-wide financial statements for governmental activities. Interest expense of \$21,900 and \$700,426 were recorded in the fund and government-wide financial statements for the business-type activities in the ACC Fund and the STASC, respectively.

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of December 31, 2015 including interest payments of \$11,950,064 are as follows:

Year Ended December 31,	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 7,018,541	\$ 1,683,575	\$ 1,201,459	* \$ 651,102	\$ 8,220,000	\$ 2,334,677
2017	6,398,861	1,421,674	661,139	598,462	7,060,000	2,020,136
2018	6,150,000	1,223,965	820,000	556,856	6,970,000	1,780,821
2019	5,400,000	991,421	865,000	509,466	6,265,000	1,500,887
2020	4,315,000	795,178	915,000	459,403	5,230,000	1,254,581
2021-2025	16,875,000	1,497,677	7,565,000	1,538,934	24,440,000	3,036,611
2026-2027	745,000	22,350	-	-	745,000	22,350
	<u>\$ 46,902,402</u>	<u>\$ 7,635,840</u>	<u>\$ 12,027,598</u>	<u>\$ 4,314,223</u>	<u>\$ 58,930,000</u>	<u>\$ 11,950,064</u>

*Principal payment assumes "catch-up" of STASC turbo payments of \$995,000 are made June 1, 2016.

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

The above general obligation bonds are a direct obligation of the County for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the County, except for the 2001 STASC bonds. These bonds are obligations of STASC, and will be repaid from future tobacco revenues.

Claims Payable

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

An analysis of the activity of unpaid claim liabilities is as follows:

	Year Ended December 31, 2015			Year Ended December 31, 2014		
	Dental	Workers' Compensation	General Liability	Dental	Workers' Compensation	General Liability
Balance - Beginning of Year	\$ -	\$ 16,790,964	\$ 425,174	\$ 7,874	\$ 14,602,508	\$ 302,036
Provision for Claims and Claims Adjustment Expenses/Expenditures	387,863	4,720,064	391,820	372,507	6,284,134	300,000
Claims and Claims Adjustment Expenses/Expenditures Paid	(384,600)	(3,758,623)	(431,708)	(380,381)	(4,095,678)	(176,862)
Balance - End of Year	<u>\$ 3,263</u>	<u>\$ 17,752,405</u>	<u>\$ 385,286</u>	<u>\$ -</u>	<u>\$ 16,790,964</u>	<u>\$ 425,174</u>
Due Within One Year	<u>\$ 3,263</u>	<u>\$ 1,775,000</u>	<u>\$ 270,000</u>	<u>\$ -</u>	<u>\$ 1,690,964</u>	<u>\$ 85,174</u>

Retirement Incentives and Other Pension Obligations

Legislation approved by the State and adopted by the County in 2006 permitted correction officers to avail themselves of Section 443-f of the Retirement and Social Security Law. This section provided that the retirement calculation for these employees would be based on the regular compensation earned during the last year of credited service immediately preceding the member's effective date of retirement. Enactment of this provision resulted in a liability for past service costs estimated at \$48,800. Payments are being made over a ten year period, with interest at 8% per annum. The current year cost of the program was \$6,733 and was charged to General Fund expenditures in the fund financial statements. The balance due at December 31, 2015 is noted in the table below.

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

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

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

	Original Amount Amortized	Current Year Payments	Balance Due	Due Within One Year
Governmental Activities:				
2015 ERS	\$ 1,159,758	\$ -	\$ 1,159,758	\$ 100,470
2014 ERS	1,967,942	170,482	1,797,460	175,852
2013 ERS	3,006,089	263,567	2,488,285	273,240
2012 ERS	3,037,888	306,837	2,218,810	289,569
2006 Correction Officers Incentive	48,800	6,733	5,276	5,276
2010 ERS Incentive	1,711,560	340,528	366,068	366,068
	<u>\$ 10,932,037</u>	<u>\$ 1,088,147</u>	<u>\$ 8,035,657</u>	<u>\$ 1,210,475</u>
Business Type Activities:				
2015 ERS	\$ 164,116	\$ -	\$ 164,116	\$ 14,217
2014 ERS	223,402	19,353	204,049	19,963
2013 ERS	464,603	40,735	384,574	42,231
2012 ERS	424,568	39,291	312,701	40,469
2010 ERS Incentive	193,970	38,592	41,486	41,486
	<u>\$ 1,470,659</u>	<u>\$ 137,971</u>	<u>\$ 1,106,926</u>	<u>\$ 158,366</u>

Compensated Absences

Under the terms of existing collective bargaining agreements, County employees are granted vacation and sick leave in varying amounts. Upon retirement or separation of service, employees may be compensated for unused vacation time to a maximum of 30 days at the current daily rate of pay. Employees represented by the Brotherhood of Teamsters can accumulate up to 200 days of sick leave. Upon retirement, those employees who have accumulated more than 165 sick leave days shall receive a sum equal to 25% of the employees' daily rate of pay for sick leave

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

accumulations in excess of 165 days up to a maximum of 200 days. The other collective bargaining agreements provide that employees can accumulate up to 200 days of sick leave. Upon retirement, those employees can apply 50% for each unused sick leave day in excess of 120 days to their share of retiree medical premiums. The value of these compensated absences has been reflected in the government-wide financial statements.

The College (component unit) and the District (component unit) employees may accumulate vacation leave. Upon termination, they are compensated for this leave at their current rate of pay. The liability at December 31, 2015 was \$532,696 and \$15,041, respectively.

The Agency (component unit), the Corporation (component unit) and the SCFC (component unit) have no full time employees and therefore do not require policies with respect to compensated absences.

Pension Plans

Employees' Retirement System

The County and certain of its component units participate in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all net assets and record changes in plan net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The County also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The ERS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% depending on salary levels for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2016 are as follows:

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

<u>Tier/Plan</u>	<u>Option</u>	<u>Rate</u>
1 75i	41J	25.2 %
2 75i	41J cc	23.2
2 75i	41J	23.1
3 551		22.4
3 A14	41J cc	18.9
3 A14	41J	18.8
4 551		22.4
4 89PAF		20.0
4 89TT4		20.0
4 A15	41J cc	18.9
4 A15	41J	18.8
5 551		20.2
5 89PAF		17.7
5 89TT4		17.7
5 A15	41J cc	15.6
5 A15	41J	15.5
6 551		14.2
6 89PAF		12.0
6 89TT4		12.0
6 A15	41J1 cc	10.6
6 A15	41J1	10.5
6 A15	41J2 cc	10.7
6 A15	41J2	10.6

At December 31, 2015, the County and its component units reported liabilities as follows for their proportionate share of the net pension liability:

Primary Government:	
Governmental Activities	\$ 6,274,132
Business-type Activities	885,687
Component Units:	
College	408,579
District	45,492

The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County and its component units proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. At December 31, 2015, the County and its component unit's proportions were as follows:

Primary Government:	
Governmental Activities	0.1857220 %
Business-type Activities	0.0262174
Component Units:	
College	0.0120940
District	0.0013466

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

For this first year of implementation, the System reported no change in the allocation percentage measured as of March 31, 2014.

For the year ended December 31, 2015, the County recognized pension expense in the government-wide financial statements of \$5,428,301 for governmental activities and \$739,332 for business-type activities. Pension expenditures of \$7,863,817 were recorded in the fund financial statements and were charged to the following funds:

	ERS
General Fund	\$ 6,862,850
County Road Fund	694,972
Refuse and Garbage Fund	123,629
Road Machinery Fund	182,366
Total	\$ 7,863,817

For the year ended December 31, 2015, the College (component unit) and District (component unit) recognized pension expense of \$243,087 and \$41,188, respectively.

At December 31, 2015, the County and its component units reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities		Business-type Activities		Component Units			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	College		District	
					Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 200,842	\$ -	\$ 28,352	\$ -	\$ 13,079	\$ -	\$ 1,456	\$ -
Changes of assumptions	-	-	-	-	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	1,089,737	-	153,833	-	70,965	-	7,901	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	999,401	-	141,080	-	65,082	64	-
Contributions subsequent to the measurement date	4,504,470	-	692,573	-	721,158	-	31,286	-
	\$ 5,795,049	\$ 999,401	\$ 874,758	\$ 141,080	\$ 805,202	\$ 65,082	\$ 40,707	\$ -

The amounts reported as deferred outflows of resources related to ERS resulting from accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

Year Ended March 31,	Governmental Activities	Business-Type Activities	Component Units	
			College	District
2016	\$ 72,795	\$ 10,276	\$ 4,740	\$ 2,356
2017	72,795	10,276	4,740	2,356
2018	72,795	10,276	4,740	2,356
2019	72,793	10,277	4,742	2,353
Thereafter	-	-	-	-

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

The total pension liability for the March 31, 2015 measurement date was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liabilities to March 31, 2015. The total pension liabilities for the March 31, 2014 measurement date were determined by using an actuarial valuation as of April 1, 2014. Significant actuarial assumptions used in the April 1, 2014 valuation were as follows:

Actuarial cost method	Entry age normal
Inflation	2.7%
Salary scale	4.9% indexed by service
Investment rate of return	7.5% compounded annually, net of investment expenses, including inflation
Cost of living adjustments	1.4% annually

Annuitant mortality rates are based on the April 1, 2005 – March 31, 2010 ERS's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 - March 31, 2010.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard 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 equities and fixed income as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 and 2014 are summarized below.

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38 %	7.30 %
International Equity	13	8.55
Private Equity	10	11.00
Real Estate	8	8.25
Absolute Return Strategies	3	6.75
Opportunistic Portfolio	3	8.60
Real Assets	3	8.65
Bonds and Mortgages	18	4.00
Cash	2	2.25
Inflation Indexed Bonds	2	4.00
	<u>100 %</u>	

The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the ERS'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.

The following presents the County and its component units proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the County and its component units proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Governmental Activities proportionate share of the net pension liability (asset)	\$ 41,819,806	\$ 6,274,132	\$ (23,735,230)
Business-type Activities proportionate share of the net pension liability (asset)	\$ 5,903,484	\$ 885,687	\$ (3,350,579)
College (component unit) proportionate share of the net pension liability (asset)	\$ 2,723,356	\$ 408,579	\$ (1,545,667)
District (component unit) proportionate share of the net pension liability (asset)	\$ 303,226	\$ 45,492	\$ (172,099)

The components of the collective net pension liability of ERS as of the March 31, 2015 measurement date were as follows:

Total pension liability	\$ 164,591,504,000
Fiduciary net position	161,213,259,000
Employers' net pension liability	\$ 3,378,245,000
ERS fiduciary net position as a percentage of total pension liability	97.9%

Employer contributions to ERS are paid annually and cover the period through the end of the ERS's fiscal year, which is March 31st. Retirement contributions as of December 31, 2015 represent the employer contribution for the period of April 1, 2015 through December 31, 2015 based on prior year ERS wages multiplied by the employers' contribution rate, by tier. Retirement contributions to ERS for the nine months ended December 31, 2015 were \$4,504,470 for governmental activities and \$692,573 for business-type activities.

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

Pension Plans - Component Units

Teachers' Retirement System

The College (component unit) participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the 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. The TRS issues a stand-alone financial report which may be found at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

The TRS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% depending on salary levels for their entire length of service. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rate for the plan's year ending in 2015 was 17.53%.

At August 31, 2015, the College reported an asset of \$838,829 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The College's proportion of the net pension asset was based on its contributions to the pension plan relative to the contributions of all participating members. At June 30, 2015, the College's proportion was .008076%, which was a decrease of .000023% from its proportion measured as of June 30, 2014.

For the year ended August 31, 2015, the College recognized pension expense/expenditure of \$(74,001). At August 31, 2015, the College reported deferred outflows of resources and deferred inflows of resources related to TRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 23,248
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	265,158
Changes in proportion and differences between College contributions and proportionate share of contributions	721	1,703
College contributions subsequent to the measurement date	241,407	-
	<u>\$ 242,128</u>	<u>\$ 290,109</u>

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

\$241,407 reported as deferred outflows of resources related to TRS resulting from the College's contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended August 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to TRS will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2016	\$ 107,102
2017	107,102
2018	107,102
2019	(43,943)
2020	3,051
Thereafter	8,974

The total pension liability for the June 30, 2015 measurement date was determined by using an actuarial valuation as of June 30, 2014, with update procedures used to roll forward the total pension liability to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by using an actuarial valuation as of June 30, 2013, with update procedures used to roll forward the total pension liability to June 30, 2014. These actuarial valuations used the following actuarial assumptions:

Inflation	3.0%
Projected salary increases	Rates of increase differ based on age and gender. They have been calculated based upon recent TRS member experience.

<u>Age</u>	<u>Female</u>	<u>Male</u>
25	10.35 %	10.91 %
35	6.26	6.27
45	5.39	5.04
55	4.42	4.01

Projected COLAs	1.625% compounded annually
Investment rate of return	8.0% compounded annually, net of pension plan investment expense, including inflation

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale AA.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard 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

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

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. Best estimates of arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of the valuation dates of June 30, 2014 and 2013 are summarized in the following table:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return*	
	2014	2013	2014	2013
Equities				
Domestic equities	37 %	37 %	6.5 %	7.3 %
International equities	18	18	7.7	8.5
Real estate	10	10	4.6	5.0
Alternative investments	7	7	9.9	11.0
Total Equities	72	72		
Fixed Income				
Domestic fixed income securities	17	18	2.1	1.5
Global fixed income securities	2	2	1.9	1.4
Mortgages	8	8	3.4	3.4
Short-term	1	-	1.2	0.8
Total Fixed Income	28	28		
Total	100 %	100 %		

* Real rates of return are net of the long-term inflation assumption of 2.3% for 2015 and 2014.

The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, TRS'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.

The following presents the College's proportionate share of the net pension asset calculated using the discount rate of 8.0%, as well as what the College's proportionate share of the net pension asset would be if it were calculated using a discount rate that is one percentage point lower (7.0%) or one percentage point higher (9.0%) than the current rate:

	1% Decrease (7.0%)	Current Assumption (8.0%)	1% Increase (9.0%)
College's proportionate share of the net pension liability (asset)	\$ 57,219	\$ (838,829)	\$ (1,602,969)

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

The components of the collective net pension asset of TRS as of the June 30, 2015 measurement date were as follows:

Total pension liability	\$ 99,332,103,743
TRS fiduciary net position	<u>109,718,916,659</u>
Employers' net pension asset	<u>\$ 10,386,812,916</u>
TRS fiduciary net position as a percentage of total pension liability	<u>110.46%</u>

Teachers' Insurance and Annuity Association College Retirement Equities Fund

The College participates in the Teachers' Insurance and Annuity Association College Retirement Equities Fund ("TIAA-CREF"). TIAA-CREF is a privately operated defined contribution retirement plan which provides benefits to certain employees of the College. Under the plan, the College is required to make contributions based on gross salaries of the participants as follows:

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

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

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

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

For the year ended August 31, 2015, employee contributions totaled \$30,288 and the College recognized pension expense of \$410,180.

At August 31, 2015, the College reported payables to the defined contribution pension plan of \$6,370 for legally required employer contributions and \$2,325 for legally required employee contributions which had been withheld from employee wages but not yet remitted to TIAA-CREF.

Other Post Employment Benefit Obligations Payable

In addition to providing pension benefits, the County provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees' covered and the percentage of contribution. Contributions by the County may vary according to length of service. The cost of providing post-employment health care benefits is shared between the County and the retired employee. Substantially all of the County's employees may become eligible for those benefits if they reach normal retirement age while working for the County. The cost of retiree health care benefits is recognized as an expenditure as claims are paid in the governmental funds.

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

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

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The County is required to accrue on the government-wide and proprietary fund financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rates of increase in postretirement benefits are as follows:

Healthcare Cost Trend Rate Assumption			
Year Ended December 31,	Pre-65 Medical	Post-65 Medical	Prescription Drug
2016	7.750 %	6.750 %	11.000 %
2017	7.500	6.500	10.500
2018	7.250	6.250	10.000
2019	7.000	6.000	9.500
2020	6.723	5.890	8.807
2021+	3.886-6.447	3.886-5.780	3.886-8.113

The amortization basis is the level dollar method with an open amortization approach with 21 years remaining in the amortization period. The actuarial assumptions include a 4.2% investment rate of return and a 3.0% inflation rate. The County currently has no assets set aside for the purpose of paying postemployment benefits. The actuarial cost method utilized was the projected unit credit method. Separate financial statements are not available.

The number of participants as of December 31, 2015 was as follows:

	Primary Government	College (Component Unit)	Total
Active Employees	796	139	935
Retired Employees	457	99	556
	<u>1,253</u>	<u>238</u>	<u>1,491</u>

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

	Primary Government		Component Unit
	Governmental Activities	Business-Type Activity	College
Amortization Component			
Actuarial Accrued Liability as of January 1, 2015	\$ 169,736,130	\$ 18,130,674	\$ 33,730,124
Assets at Market Value	-	-	-
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 169,736,130</u>	<u>\$ 18,130,674</u>	<u>\$ 33,730,124</u>
Funded Ratio	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 41,515,754</u>	<u>\$ 5,535,020</u>	<u>\$ 7,046,349</u>
UAAL as a Percentage of Covered Payroll	<u>408.85%</u>	<u>327.56%</u>	<u>478.69%</u>
Annual Required Contribution	\$ 15,407,385	\$ 2,143,313	\$ 2,566,422
Interest on Net OPEB Obligation	2,767,608	403,465	535,860
Adjustment to Annual Required Contribution	<u>(3,924,832)</u>	<u>(572,167)</u>	<u>(444,328)</u>
Annual OPEB Cost	14,250,161	1,974,611	2,657,954
Contributions Made	<u>(4,438,487)</u>	<u>(254,358)</u>	<u>(1,109,875)</u>
Increase in Net OPEB Obligation	9,811,674	1,720,253	1,548,079
Net OPEB Obligation - Beginning of Year	<u>66,609,098</u>	<u>9,710,359</u>	<u>11,907,997</u>
Net OPEB Obligation - End of Year	<u>\$ 76,420,772</u>	<u>\$ 11,430,612</u>	<u>\$ 13,456,076</u>

The primary government's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and two preceding years is as follows:

Fiscal Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 16,224,772	28.92 %	\$ 87,851,384
2014	13,323,116	37.00	76,319,457
2013	12,818,523	36.03	67,926,352

The schedule of funding progress for the OPEB plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

Landfill Closure Costs

State and Federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The amount of \$12,562,183 reported as a landfill closure costs liability in the government-wide financial statements, at December 31, 2015, represents an estimated amount based on the use of 100 percent of the landfill capacity less the actual expenditures to date of \$31,947,451. These expenditures have been charged to the Capital Projects Fund, which had a total project budget of \$32,061,004. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Mortgage Payable - Component Unit

The College (component unit) has a mortgage payable consisting of the issuance of \$7,442,000 Sullivan County Community College Dormitory Corporation Project Series 2014A Tax-Exempt Revenue Bonds with interest at 4.30% payable in 300 monthly installments of \$40,791 with the final maturity on July 1, 2039 and \$558,000 Sullivan County Community College Dormitory Corporation Project Series 2014B Taxable Revenue Bonds with interest at 5.34% payable in 120 monthly installments of \$6,033 with the final maturity on July 1, 2024. The balances on these mortgages are \$7,255,768 and \$508,366 at August 31, 2015.

The required annual principal payments for the years ended August 31 are as follows:

<u>Year Ending August 31,</u>	<u>Principal</u>
2016	\$ 228,853
2017	236,785
2018	245,065
2019	259,708
2020	274,729
2021-2025	1,473,814
2026-2030	1,516,324
2031-2035	1,879,308
2036-2039	<u>1,649,548</u>
	<u>\$ 7,764,134</u>

Note Payable - Component Unit

The Agency has entered into an agreement with the United States Department of Agriculture ("USDA") to create a Rural Microloan Revolving Fund, which will provide loans to local eligible businesses. The funds drawn down from the USDA, which must be used to capitalize a Rural Microentrepreneur Assistance Program, are in the form of a loan that must be re-paid to the USDA. The outstanding amount will accrue interest at 2% per annum throughout the term of the loan. The Agency must repay the loan in equally amortized monthly payments of principal and interest over a period not to exceed 20 years.

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

The future debt service requirements as of December 31, 2015 were as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 20,698	\$ 7,726
2017	21,115	7,308
2018	21,541	6,883
2019	21,976	6,447
2020	22,420	6,004
2021-2025	119,072	23,046
2026-2030	131,585	10,534
2031-2032	37,641	533
	<u>\$ 396,048</u>	<u>\$ 68,481</u>

Capital Lease Obligations - Component Unit

The College (component unit) has entered into a capital lease to finance the construction of energy saving improvements and equipment.

The future minimum lease obligations as of August 31, 2015 were as follows:

<u>Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 181,218	\$ 106,243
2017	191,477	95,983
2018	202,258	85,203
2019	213,645	73,815
2020	225,674	61,786
2021-2024	1,002,170	112,777
	<u>\$ 2,016,442</u>	<u>\$ 535,807</u>

J. Significant Commitments – Encumbrances

As discussed in Note 2,A Budgetary Data, encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At December 31, 2015, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$ 344,106
County Road Fund	7,397
Refuse and Garbage Fund	6,315
Non-Major Governmental Funds	<u>167,354</u>
	<u>\$ 525,172</u>

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

K. Revenues and Expenditures

Interfund Transfers

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without the equivalent flow of assets in return. The interfund transfers reflected below have been reflected as transfers:

Transfers Out	Transfers In						Total
	General Fund	County Road Fund	Refuse and Garbage Fund	Capital Projects Fund	Non-Major Governmental Funds	Enterprise Fund	
General Fund	\$ -	\$ 11,804,889	\$ 1,100,000	\$ 1,574,000	\$ 5,378,306	\$ 74,405	\$ 19,931,600
County Road Fund	-	-	-	1,100,000	2,015,287	-	3,115,287
Refuse and Garbage Fund	-	-	-	1,100,000	4,391,314	-	5,491,314
Capital Projects Fund	363,754	-	-	-	-	-	363,754
Non-Major Governmental Funds	763	751	350	-	846,541	-	848,405
	<u>\$ 364,517</u>	<u>\$ 11,805,640</u>	<u>\$ 1,100,350</u>	<u>\$ 3,774,000</u>	<u>\$ 12,631,448</u>	<u>\$ 74,405</u>	<u>\$ 29,750,360</u>

Transfers are used to 1) move amounts earmarked in the operating funds to fulfill commitments for Capital Projects Fund expenditures, 2) move unexpended Capital Projects Fund balances to the operating funds that originally provided the funding, 3) move amounts earmarked in the operating funds to fulfill commitments for Debt Service Fund expenditures and 4) move amounts in the General Fund that are associated with the Refuse and Garbage Fund.

L. Net Position

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted for Capital Projects - the component of net position that reports the amounts restricted for capital projects, exclusive of unexpended bond proceeds and unrestricted interest earnings.

Restricted for Law Enforcement - the component of net position that represents the proceeds of seized funds which are restricted by New York State Law for use in law enforcement activities.

Restricted for Stop DWI Program - the component of net position that represents State revenues that must be used in accordance with the parameters of the Driving While Intoxicated Program.

Restricted for Debt Service - the component of net position that reports the difference between assets and liabilities with constraints placed on their use by Local Finance Law.

Restricted for Workers' Compensation Benefits and Dental Benefits - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Sections 6j and 6n of the General Municipal Law of the State of New York.

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

Restricted for Community Development - the component of net position that reports the difference between assets and liabilities of the Community Development Fund with constraints placed on their use by the United States Department of Housing and Urban Development.

Restricted for Loans - the component of net position that has been established to set aside funds to provide loans to students within the County.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

M. Fund Balances

	General Fund	County Road Fund	Refuse and Garbage Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable -						
Long-term receivable	\$ 3,119,167	\$ -	\$ -	\$ -	\$ -	\$ 3,119,167
Restricted:						
Law enforcement	325,745	-	-	-	-	325,745
Stop DWI Program	269,240	-	-	-	-	269,240
Capital projects	-	738,621	-	-	-	738,621
Debt service	1,648	752	350	-	731	3,481
Total Restricted	596,633	739,373	350	-	731	1,337,087
Committed:						
Landfill construction/closure	7,591,396	-	-	-	-	7,591,396
Fort Delaware Project	12,706	-	-	-	-	12,706
Total Committed	7,604,102	-	-	-	-	7,604,102
Assigned:						
Purchases on order:						
General government support	121,270	-	-	-	-	121,270
Public safety	99,756	-	-	-	-	99,756
Health	2,495	-	-	-	-	2,495
Transportation	72,744	7,397	-	-	167,354	247,495
Economic opportunity and development	32,940	-	-	-	-	32,940
Culture and recreation	12,261	-	-	-	-	12,261
Home and community services	2,640	-	6,315	-	-	8,955
	344,106	7,397	6,315	-	167,354	525,172
Subsequent year's expenditures	3,750,000	718,876	645,890	-	94,873	5,209,639
Capital improvements and repairs	3,276,000	-	-	-	-	3,276,000
Major funds	-	51,434	409,768	-	-	461,202
Road Machinery Fund	-	-	-	-	495,027	495,027
Community Development Fund	-	-	-	-	788,459	788,459
Total Assigned	7,370,106	777,707	1,061,973	-	1,545,713	10,755,499
Unassigned	8,211,445	-	-	(3,262,553)	-	4,948,892
Total Fund Balances	\$ 26,901,453	\$ 1,517,080	\$ 1,062,323	\$ (3,262,553)	\$ 1,546,444	\$ 27,764,747

County of Sullivan, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of fund balance are described above. Those additional elements which are not reflected in the statement of net position but are reported in the governmental funds balance sheet are described below.

Long-Term Receivables is used to indicate that certain receivables will not be collected in sufficient time to use the funds to satisfy liabilities of the period. The amount is classified as nonspendable to indicate that the funds are not "available" for appropriation or expenditure even though the amounts are a component of current assets.

Amounts committed for Landfill Construction/Closure represent funds of \$7,591,396 that have been set aside by the County Legislature to fund the closure and post closure care costs of the County's land fill site.

Amounts committed for the Fort Delaware Project represent funds of \$12,706 that have been set aside by the County Legislature to fund costs associated with the project.

Purchases on order are assigned and represent the County's intention to honor contracts in process at year end. The subsequent year's appropriations will be amended to provide authority to complete the transactions.

Subsequent year's expenditures represent that at December 31, 2015, the County Legislature/County Manager has assigned the above amounts to be appropriated for the ensuing year's budget.

Amounts for \$3,276,000 represent that at December 31, 2015, the County Legislature/County Manager has assigned the above amounts to be used for capital improvements and repairs.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned. Unassigned fund balance in the Capital Projects Fund represents the deficit balances in the capital projects.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The County receives numerous notices of claims for damages arising generally from alleged negligence, false arrest, bodily injury, breach of contract and civil rights violations. The County is self-insured for general liability claims to the extent disclosed below. The County attorney has indicated that he is not aware of any such action which would have a significant adverse impact on the County's financial condition.

The County is also a defendant in numerous pending tax certiorari proceedings, the results of which cannot be determined at this time. Any future refunds resulting from adverse settlements will be funded in the year in which the payments are made.

B. Contingencies

The County participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to Uniform Guidance. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County anticipates such amounts, if any, to be immaterial.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

The County has been made aware of a possible Medicaid recoupment of \$1,051,229 from the Sullivan County Adult Care Center, the provider, for the disallowance of a federal payment from the Centers for Medicare and Medicaid Services ("CMS") for the New York State fiscal year 2006/07 intergovernmental transfer payment. CMS is basing this possible recoupment on the claim that payment was made outside the 2-year claiming window and, as such, is an overpayment to the health care provider. The County is of the opinion that its original request for payment was made within the 2-year claiming window, but later changed as directed by the New York State Department of Health ("NYS DOH"). Subsequent to the change in the requested payment date, CMS informed NYS DOH that supplemental Medicaid payments are based on "date of service" rather than "date of payment". This was contrary to how NYS DOH had interpreted the methodology for supplemental Medicaid payments since inception of the program in New York. This difference of opinion regarding payment methodology between CMS and NYS DOH should not result in a recoupment of Medicaid payments from the County. Due to these circumstances, a Congressional letter has been sent to CMS requesting a "good cause" waiver be granted to the counties affected. The outcome of this request is still pending and the County has not yet received official notification from NYS DOH regarding the recoupment. The County is of the opinion that since it originally requested payment within the 2-year claiming window and modified its payment request based on the directions received from NYS DOH, that the County should be held harmless from any recoupment. The potential recoupment reflects the actual amount due to the County from CMS, under the accepted guidelines that have been followed for more than two decades. Therefore, the only portion of any recoupment that should be subject of discussion are those enhanced funds that were awarded as part of the federal American Reinvestment and Recovery Act program, which are wholly outside of this \$1,051,229 that was properly and timely claimed by the County. The County may consider legal action to ensure that NYS DOH is held responsible for any recoupment, as opposed to funds from the County.

C. Significant Contingencies - Sullivan County Tobacco Asset Securitization Corporation

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

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

County of Sullivan, New York

Notes to Financial Statements (Concluded)
December 31, 2015

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

D. Risk Management

The County purchases various insurance coverages to reduce its exposure to loss. The County maintains a primary package policy with excess coverage. There is a \$75,000 self-insured retention per claim (liability) and \$100,000 per claim (property). The excess liability policy has coverage up to \$9 million per claim and in the aggregate. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

In addition, the County purchases conventional health insurance coverage.

The County adopted a self-insured workers' compensation program under the provisions of Local Law No. 1 of 1967. The County, as well as other participants in the program (15 towns and 5 villages within the County), are assessed premiums which are based on a formula involving assessed value and the actual historical claims experience of such participant.

Note 5 - Subsequent Events

The County issued \$6,300,000 of tax anticipation notes on March 3, 2016 in anticipation of real property tax collections. The notes mature on March 3, 2017 and bear interest at the rate of 2.0%.

The County issued bond anticipation notes (renewals) of \$3,178,500 for various capital projects on March 3, 2016. The notes mature on March 3, 2017 and bear interest at the rate of 2.0%.

The County issued \$23,822,000 of public improvement serial bonds on March 3, 2016. The bonds mature annually through March 1, 2030 at interest rates ranging from 2.0% to 5.0% depending on maturity.

County of Sullivan, New York

Required Supplementary Information - Schedule of Funding Progress
 Other Postemployment Benefits
 Last Three Fiscal Years

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
January 1, 2013	\$ -	\$ 154,875,543	\$ 154,875,543	- %	\$ 44,710,078	346.40 %
January 1, 2014	-	211,447,679	211,447,679	-	45,985,981	459.81
January 1, 2015	-	187,866,804	187,866,804	-	47,050,774	419.47

County of Sullivan, New York

Required Supplementary Information - Schedule of Contributions
 New York State and Local Employees' Retirement System
 Last Ten Fiscal Years (1)

	2015			
	Governmental Activities	Business- Type Activities (A)	Component Units	
			College	District
Contractually required contribution	\$ 7,837,849	\$ 1,106,428	\$ 510,410	\$ 65,969
Contributions in relation to the contractually required contribution	<u>(7,837,849)</u>	<u>(1,106,428)</u>	<u>(510,410)</u>	<u>(65,969)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ 44,018,400</u>	<u>\$ 7,703,754</u>	<u>\$ 2,886,993</u>	<u>\$ 311,684</u>
Contributions as a percentage of covered-employee payroll	<u>17.81%</u>	<u>14.36%</u>	<u>17.68%</u>	<u>21.17%</u>

(A) Sullivan County Adult Care Center (Enterprise Fund)

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

County of Sullivan, New York

Required Supplementary Information - Schedule of the
 County's Proportionate Share of the Net Pension Liability
 New York State and Local Employees' Retirement System
 Last Ten Fiscal Years (1)

	2015			
	Governmental Activities	Business- Type Activities (A)	Component Units	
			College	District
Proportion of the net pension liability (asset)	<u>0.1857220%</u>	<u>0.0262174%</u>	<u>0.0120940%</u>	<u>0.1346600%</u>
Proportionate share of the net pension liability (asset)	<u>\$ 6,274,132</u>	<u>\$ 885,687</u>	<u>\$ 408,579</u>	<u>\$ 45,492</u>
Covered-employee payroll	<u>\$ 41,075,166</u>	<u>\$ 5,826,481</u>	<u>\$ 2,886,993</u>	<u>\$ 317,882</u>
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	<u>15.27%</u>	<u>15.20%</u>	<u>14.15%</u>	<u>14.31%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>97.90%</u>	<u>97.90%</u>	<u>97.90%</u>	<u>97.90%</u>

(A) Sullivan County Adult Care Center (Enterprise Fund)

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

County of Sullivan, New York

Required Supplementary Information - Schedule of Contributions
New York State Teachers' Retirement System
Last Ten Fiscal Years (1)

	<u>2015</u>
Contractually required contribution	\$ 241,407
Contributions in relation to the contractually required contribution	<u>(241,407)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	<u>\$ 1,360,344</u>
Contributions as a percentage of covered-employee payroll	<u>17.75%</u>

Note - The amounts presented in this table are for the College (component unit).

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

County of Sullivan, New York

Required Supplementary Information - Schedule of the
County's Proportionate Share of the Net Pension Liability
New York State Teachers' Retirement System
Last Ten Fiscal Years (1)

	<u>2015</u>
Proportion of the net pension liability (asset)	<u>0.008076%</u>
Proportionate share of the net pension liability (asset)	<u>\$ (838,829)</u>
Covered-employee payroll	<u>\$ 1,360,344</u>
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	<u>(61.66)%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>110.46%</u>

Note - The amounts presented in this table are for the College (component unit). The amounts presented for each fiscal year were determined as of the June 30 measurement date of the prior fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

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MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund constitutes the primary operating fund of the County and is used to account for and report all financial resources not accounted for and reported in another fund.

COUNTY ROAD FUND

The County Road Fund is established pursuant to New York State Highway Law and is used to account for the maintenance and repair of County roads and bridges and snow removal costs.

REFUSE AND GARBAGE FUND

The Refuse and Garbage Fund is used to account for the activity of the County's solid waste operations.

CAPITAL PROJECTS FUND

The Capital Projects Fund is utilized to account for and report financial resources that are restricted, committed or assigned for capital outlay, including the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

County of Sullivan, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REAL PROPERTY TAXES	\$ 55,827,766	\$ 55,827,766	\$ 55,328,648	\$ (499,118)
OTHER TAX ITEMS				
Gain on sale of tax acquired property	750,000	750,000	2,176,703	1,426,703
Interest and penalties on real property taxes	5,000,000	5,000,000	5,310,873	310,873
Payments in lieu of taxes	1,082,163	1,082,163	943,551	(138,612)
	<u>6,832,163</u>	<u>6,832,163</u>	<u>8,431,127</u>	<u>1,598,964</u>
NON-PROPERTY TAXES				
Sales and use tax	35,200,000	35,200,000	36,463,665	1,263,665
Hotel room occupancy tax	600,000	600,000	700,401	100,401
Off-track betting surcharge	200,000	200,000	199,444	(556)
E-911 surcharge	290,000	290,000	284,417	(5,583)
Automobile use tax	475,000	475,000	519,858	44,858
Mortgage tax	500,000	500,000	641,039	141,039
Other taxes	2,000	2,000	4,469	2,469
	<u>37,267,000</u>	<u>37,267,000</u>	<u>38,813,293</u>	<u>1,546,293</u>
DEPARTMENTAL INCOME				
General Government Support				
County treasurer fees	4,350	4,350	7,985	3,635
Tax map fees	3,100	3,100	3,553	453
Tax collection fees	856,500	968,355	1,026,640	58,285
Clerk fees	1,478,500	1,478,500	1,618,713	140,213
Charges for tax advertising	1,500	15,139	12,975	(2,164)
Civil service examination fees	10,000	10,000	8,350	(1,650)
Attorney fees	115,348	115,348	30,416	(84,932)
Public works charges	3,724,075	3,724,075	3,702,111	(21,964)
Management information fees	1,729,521	1,930,205	1,304,511	(625,694)
Stop-DWI reimbursement	80,850	80,850	67,856	(12,994)
Central services chargebacks	210,688	210,688	213,819	3,131
	<u>8,214,432</u>	<u>8,540,610</u>	<u>7,996,929</u>	<u>(543,681)</u>

Public Safety					
	Sheriff fees	864,187	875,187	1,007,486	132,299
	Probation fees	106,000	106,000	124,766	18,766
	Public safety fees	126,787	166,707	104,189	(62,518)
		<u>1,096,974</u>	<u>1,147,894</u>	<u>1,236,441</u>	<u>88,547</u>
Health					
	Home nursing charges	4,821,257	4,821,257	3,059,635	(1,761,622)
	Mental health fees	3,463,516	3,463,516	2,304,292	(1,159,224)
	Early intervention child care services	396,900	396,900	586,013	189,113
	Narcotics, DWI and alcoholism programs	317,936	336,036	384,938	48,902
		<u>8,999,609</u>	<u>9,017,709</u>	<u>6,334,878</u>	<u>(2,682,831)</u>
Transportation					
	Airport rentals and fees	124,300	119,675	73,192	(46,483)
	Public transportation fees	294,175	294,175	280,302	(13,873)
		<u>418,475</u>	<u>413,850</u>	<u>353,494</u>	<u>(60,356)</u>
Economic Opportunity and Development					
	Medical assistance	1,150,226	1,150,226	980,367	(169,859)
	Child care	470,296	470,296	508,174	37,878
	Juvenile delinquency	7,500	7,500	16,347	8,847
	Safety net	315,000	315,000	297,816	(17,184)
	Home energy assistance program repayments	95,000	95,000	115,190	20,190
	Emergency aid to adults	25,000	25,000	44,964	19,964
	Family services - chargebacks	477,042	477,042	204,042	(273,000)
	Other	92,350	92,350	175,311	82,961
		<u>2,632,414</u>	<u>2,632,414</u>	<u>2,342,211</u>	<u>(290,203)</u>
Culture and Recreation					
	Parks and recreation	66,560	66,760	61,393	(5,367)
	Recreation concessions	14,000	14,000	10,285	(3,715)
	Contributions - Office for the Aging	159,675	159,675	98,806	(60,869)
	Fort Delaware admissions fees	16,500	16,500	11,796	(4,704)
	Other	8,550	9,050	8,775	(275)
		<u>265,285</u>	<u>265,985</u>	<u>191,055</u>	<u>(74,930)</u>
Home and Community Services					
	Community development administration reimbursement	-	-	4,264	4,264
	Total Departmental Income	<u>21,627,189</u>	<u>22,018,462</u>	<u>18,459,272</u>	<u>(3,559,190)</u>

(Continued)

County of Sullivan, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget (Continued)

Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
INTERGOVERNMENTAL CHARGES				
General services	\$ 466,232	\$ 467,232	\$ 410,538	\$ (56,694)
Election service charges	1,000	1,000	380	(620)
Public safety	4,000	4,000	5,075	1,075
Health services	85,000	85,000	48,052	(36,948)
Economic assistance	109,201	109,201	112,089	2,888
	<u>665,433</u>	<u>666,433</u>	<u>576,134</u>	<u>(90,299)</u>
USE OF MONEY AND PROPERTY				
Earnings on investments	40,300	40,300	44,922	4,622
Rental of property	7,800	7,800	10,800	3,000
Commissions	85,800	85,800	97,489	11,689
	<u>133,900</u>	<u>133,900</u>	<u>153,211</u>	<u>19,311</u>
LICENSES AND PERMITS				
Business and occupational licenses	25,000	25,000	49,590	24,590
Other licenses and permits	1,500	1,500	1,500	-
	<u>26,500</u>	<u>26,500</u>	<u>51,090</u>	<u>24,590</u>
FINES AND FORFEITURES				
Fines and forfeited bail	2,000	2,000	10,805	8,805
Forfeitures of deposits	10,000	10,000	20,990	10,990
Forfeitures of crime proceeds	-	23,991	85,659	61,668
Stop DWI fines	254,308	254,308	141,423	(112,885)
	<u>266,308</u>	<u>290,299</u>	<u>258,877</u>	<u>(31,422)</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Minor sales	10,040	10,040	12,333	2,293
Other compensation for loss	-	-	7,847	7,847
Insurance recoveries	100,000	475,000	395,044	(79,956)
	<u>110,040</u>	<u>485,040</u>	<u>415,224</u>	<u>(69,816)</u>

STATE AID

General Government Support

Court facilities	223,500	223,500	198,541	(24,959)
District attorney	77,676	77,676	86,966	9,290
Indigent legal services	-	-	239,947	239,947
Other	-	-	1,250	1,250
	<u>301,176</u>	<u>301,176</u>	<u>526,704</u>	<u>225,528</u>

Public Safety

Homeland security	33,328	34,314	-	(34,314)
Probation services	244,284	244,284	234,975	(9,309)
Navigation aid	4,000	4,000	2,339	(1,661)
Coroners reimbursement	3,000	3,000	2,028	(972)
Other	11,500	265,859	290,541	24,682
	<u>296,112</u>	<u>551,457</u>	<u>529,883</u>	<u>(21,574)</u>

Health

Public health	1,401,977	1,413,432	1,110,209	(303,223)
Education and care of handicapped children	2,500	2,500	319	(2,181)
Addiction control	583,531	1,759,409	1,759,408	(1)
Mental health	3,165,187	3,800,783	3,618,459	(182,324)
Education and transportation of handicapped children	15,000	15,000	65,796	50,796
Early intervention program	3,019,025	3,019,025	1,931,579	(1,087,446)
	<u>8,187,220</u>	<u>10,010,149</u>	<u>8,485,770</u>	<u>(1,524,379)</u>

Transportation - Bus subsidies

	<u>6,000</u>	<u>6,000</u>	<u>9,508</u>	<u>3,508</u>
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Economic Opportunity and Development

Medical assistance	(200,779)	(200,779)	(143,043)	57,736
Aid to dependent children	-	-	90,410	90,410
Family services administration	3,544,199	3,544,199	4,661,908	1,117,709
Child care	2,356,449	2,356,449	2,139,013	(217,436)
Juvenile delinquency	180,024	180,024	211,163	31,139
Home relief	972,000	972,000	699,410	(272,590)
Emergency aid for adults	90,750	90,750	57,560	(33,190)
Day care	257,919	257,919	299,743	41,824
Veterans' service agency	8,529	8,529	8,529	-
Economic assistance	5,000	5,000	2,706	(2,294)
Services for recipients	87,000	87,000	(16,313)	(103,313)
	<u>7,301,091</u>	<u>7,301,091</u>	<u>8,011,086</u>	<u>709,995</u>

(Continued)

County of Sullivan, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget (Continued)

Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Culture and Recreation				
Programs for the aging	\$ 620,021	\$ 622,121	\$ 706,230	\$ 84,109
Youth programs	71,931	118,293	118,293	-
	<u>691,952</u>	<u>740,414</u>	<u>824,523</u>	<u>84,109</u>
Home and Community Services				
Refuse, garbage and recycling charges	119,218	119,218	31,282	(87,936)
Total State Aid	<u>16,902,769</u>	<u>19,029,505</u>	<u>18,418,756</u>	<u>(610,749)</u>
FEDERAL AID				
Public Safety				
Sheriff's department	177,450	92,450	59,549	(32,901)
Sheriff - other	68,300	68,300	79,585	11,285
Other	-	-	40,193	40,193
	<u>245,750</u>	<u>160,750</u>	<u>179,327</u>	<u>18,577</u>
Health				
Public health	272,640	272,640	295,447	22,807
W.I.C. program	544,324	564,831	476,033	(88,798)
Other	240,000	240,000	286,346	46,346
	<u>1,056,964</u>	<u>1,077,471</u>	<u>1,057,826</u>	<u>(19,645)</u>

Economic Opportunity and Development

Medical assistance	(228,442)	(228,442)	(28,419)	200,023
Aid to dependent children	3,885,151	3,885,151	2,557,097	(1,328,054)
Family services administration	7,988,693	7,988,693	5,939,348	(2,049,345)
Food stamps	743,938	743,938	1,010,546	266,608
Child care	1,440,946	1,440,946	1,264,240	(176,706)
Home relief	97,125	97,125	(88,241)	(185,366)
Workforce development	736,449	736,449	519,150	(217,299)
Day care	1,187,513	1,187,513	826,988	(360,525)

	<u>15,851,373</u>	<u>15,851,373</u>	<u>12,000,709</u>	<u>(3,850,664)</u>
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Culture and Recreation

Programs for the aging	<u>480,249</u>	<u>480,249</u>	<u>537,375</u>	<u>57,126</u>
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Home and Community Services

Planning	<u>149,845</u>	<u>149,845</u>	<u>-</u>	<u>(149,845)</u>
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Total Federal Aid

	<u>17,784,181</u>	<u>17,719,688</u>	<u>13,775,237</u>	<u>(3,944,451)</u>
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MISCELLANEOUS

Gifts and donations	108,750	110,000	91,445	(18,555)
Video lottery terminals	308,570	308,570	308,570	-
Indirect cost chargebacks	3,036,135	3,036,135	3,036,135	-
Other	750,000	750,000	96,034	(653,966)

	<u>4,203,455</u>	<u>4,204,705</u>	<u>3,532,184</u>	<u>(672,521)</u>
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TOTAL REVENUES

	<u>161,646,704</u>	<u>164,501,461</u>	<u>158,213,053</u>	<u>(6,288,408)</u>
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OTHER FINANCING SOURCES

Transfers in

Capital Projects Fund	408,315	408,315	363,754	(44,561)
Debt Service Fund	-	-	763	763
Refuse and Garbage Fund	500,000	500,000	-	(500,000)

	<u>908,315</u>	<u>908,315</u>	<u>364,517</u>	<u>(543,798)</u>
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TOTAL OTHER FINANCING SOURCES

**TOTAL REVENUES AND OTHER
FINANCING SOURCES**

	<u>\$ 162,555,019</u>	<u>\$ 165,409,776</u>	<u>\$ 158,577,570</u>	<u>\$ (6,832,206)</u>
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County of Sullivan, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
GENERAL GOVERNMENT SUPPORT				
County Legislature	\$ 617,511	\$ 619,550	\$ 618,647	\$ 903
Municipal Court	8,000	8,000	4,640	3,360
District Attorney	1,895,309	1,915,954	1,616,639	299,315
Public Defense	1,382,757	1,647,927	1,647,924	3
Coroners	386,307	386,307	272,394	113,913
County Manager	304,533	304,533	303,335	1,198
County Treasurer	508,541	531,137	531,047	90
Audit and Control	514,132	558,497	544,897	13,600
Management and Budget	484,009	485,009	425,016	59,993
Grants Administration	254,989	254,989	245,921	9,068
Purchasing	427,435	427,655	354,993	72,662
Real Property Tax Map	621,830	621,830	574,229	47,601
Tax Collection	1,073,458	1,201,189	1,196,189	5,000
County Clerk	2,121,116	2,119,547	1,983,489	136,058
County Attorney	984,567	1,260,420	1,181,814	78,606
Personnel	531,226	541,023	480,514	60,509
Elections	684,225	683,970	588,167	95,803
Records Management	142,231	151,808	151,805	3
Public Works Administration	573,936	591,288	591,251	37
Central Services Administration	242,404	242,404	241,693	711
Buildings	4,764,461	4,831,836	4,363,343	468,493
Management Information Systems	3,498,271	3,697,173	3,243,574	453,599
Risk Management	337,030	339,530	339,353	177
Payroll	249,366	249,366	204,005	45,361
Health Finance	207,445	213,945	213,923	22
Unallocated Insurance	829,060	829,060	758,326	70,734
Municipal Association Dues	35,000	35,000	34,833	167
Judgments and Claims	150,000	525,000	391,820	133,180
Post Employment Benefits	644,692	814,427	814,425	2
Other	1,895,000	829,956	202,022	627,934
Total General Government Support	26,368,841	26,918,330	24,120,228	2,798,102

EDUCATION

Community College - Non-resident Tuition	1,500,000	1,500,000	1,314,383	185,617
Contribution to Community College	4,000,000	4,000,000	4,000,000	-
Total Education	5,500,000	5,500,000	5,314,383	185,617

PUBLIC SAFETY

Administration	211,449	212,417	198,558	13,859
E-911	1,683,187	1,975,963	1,689,254	286,709
Sheriff	7,482,552	7,426,856	7,361,869	64,987
Probation	2,379,787	2,416,510	2,416,130	380
Jail	12,021,992	12,166,855	11,993,555	173,300
Stop DWI	282,188	281,708	233,959	47,749
Fire Protection	101,963	101,963	89,945	12,018
Animal Control	2,500	7,060	6,885	175
Safety Inspection	19,000	19,000	1,761	17,239
Post Employment Benefits	837,210	857,210	856,933	277
Total Public Safety	25,021,828	25,465,542	24,848,849	616,693

HEALTH

Public Health	7,164,426	6,875,779	6,021,855	853,924
Handicapped Children	15,186	15,186	9,833	5,353
Diagnostic and Treatment Programs	723,021	722,600	662,873	59,727
Early Intervention Program	5,923,304	5,919,029	5,353,393	565,636
Addiction Control	698,531	723,300	644,687	78,613
Community Services Administration	1,105,403	2,298,292	2,146,438	151,854
Mental Health Programs	1,857,832	1,840,488	1,671,496	168,992
Contracted Mental Health Services	6,190,999	6,975,628	6,894,008	81,620
Post Employment Benefits	419,214	445,214	445,159	55
Total Health	24,097,916	25,815,516	23,849,742	1,965,774

TRANSPORTATION

Airport	772,078	775,361	420,561	354,800
Public Transportation	1,021,446	993,979	675,772	318,207
Post Employment Benefits	82,652	82,652	75,782	6,870
Total Transportation	1,876,176	1,851,992	1,172,115	679,877

(Continued)

County of Sullivan, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended December 31, 2015

06

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ECONOMIC OPPORTUNITY AND DEVELOPMENT				
Family Services Administration	\$ 15,007,288	\$ 15,054,485	\$ 14,271,208	\$ 783,277
Day Care	1,343,350	1,434,175	1,434,174	1
Services for Recipients	710,238	700,000	382,269	317,731
Medical Assistance	145,492	149,562	149,561	1
Medical Assistance - MMIS	22,436,651	22,436,651	18,962,580	3,474,071
Family Assistance	5,045,650	5,245,325	5,245,321	4
Child Care	4,502,957	4,586,987	4,586,983	4
Juvenile Delinquent Care	310,387	310,387	77,236	233,151
State Training Schools	285,275	285,275	40,203	245,072
Safety Net	3,473,131	3,074,531	2,698,360	376,171
Home Energy Assistance Program	84,125	104,125	101,527	2,598
Emergency Aid for Adults	250,000	250,000	233,137	16,863
Center for Workforce Development	1,072,873	1,072,571	980,574	91,997
Community Action Commission	18,360	18,360	14,144	4,216
Other Economic Opportunity Programs	31,396	31,396	31,396	-
Veterans' Services	617,185	617,185	598,174	19,011
Public Information	568,000	582,516	582,516	-
Consumer Affairs - Weights and Measures	80,879	95,104	94,890	214
Economic and Community Development	243,911	252,112	252,015	97
Post Employment Benefits	1,159,951	1,159,951	1,141,566	18,385
	<u>57,387,099</u>	<u>57,460,698</u>	<u>51,877,834</u>	<u>5,582,864</u>
CULTURE AND RECREATION				
Parks and Recreation	430,810	421,193	330,529	90,664
Youth Programs	193,345	239,707	226,335	13,372
County Museum	80,805	82,295	56,809	25,486
Historical Property - Fort Delaware	94,138	90,455	60,950	29,505
Cultural Affairs	42,803	42,803	38,341	4,462
Aging Programs	2,547,111	2,548,511	2,475,085	73,426
Post Employment Benefits	130,114	130,114	129,631	483
	<u>3,519,126</u>	<u>3,555,078</u>	<u>3,317,680</u>	<u>237,398</u>
Total Economic Opportunity and Development				
Total Culture and Recreation				

HOME AND COMMUNITY SERVICES

Planning	841,861	833,781	612,792	220,989
Human Rights Commission	44,012	44,012	39,092	4,920
Fish and Game	13,600	13,600	12,240	1,360
DPW Flood and Erosion Control	298,535	298,535	236,762	61,773
Veterans' Cemetery	6,205	6,105	3,773	2,332
Post Employment Benefits	3,915	3,915	3,670	245
Other	415,000	427,500	427,500	-
Total Home and Community Services	1,623,128	1,627,448	1,335,829	291,619

DEBT SERVICE

Interest				
Bond anticipation notes	6,000	6,000	6,000	-
Tax anticipation notes	90,000	90,000	90,000	-
Total Debt Service	96,000	96,000	96,000	-

TOTAL EXPENDITURES

145,490,114	148,290,604	135,932,660	12,357,944
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OTHER FINANCING USES

Transfers out				
Adult Care Center	74,405	74,405	74,405	-
County Road Fund	11,804,889	11,804,889	11,804,889	-
Refuse and Garbage Fund	1,275,000	1,275,000	1,100,000	175,000
Capital Projects Fund	210,067	1,615,067	1,574,000	41,067
Road Machinery Fund	3,993,296	3,993,296	3,993,296	-
Debt Service Fund	1,385,010	1,385,010	1,385,010	-

TOTAL OTHER FINANCING USES

18,742,667	20,147,667	19,931,600	216,067
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TOTAL EXPENDITURES AND OTHER FINANCING USES

\$ 164,232,781	\$ 168,438,271	\$ 155,864,260	\$ 12,574,011
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County of Sullivan, New York

Capital Projects Fund
 Project-Length Schedule
 Inception of Project through December 31, 2015

PROJECT	Appropriation	Expenditures and Transfers	Unexpended Balance
General Government Support			
Computer equipment	\$ 1,000,000	\$ 969,823	\$ 30,177
Government center	658,646	30,066	628,580
Records retention building	150,004	3,721	146,283
	<u>1,808,650</u>	<u>1,003,610</u>	<u>805,040</u>
Education			
SCCC pass thru improvement	1,980,363	1,980,349	14
Public Safety			
Fire training center	2,970,560	2,926,353	44,207
Jail planning	3,724,000	3,085,544	638,456
Public safety improvements	5,313,917	3,576,192	1,737,725
Total Public Safety	<u>12,008,477</u>	<u>9,588,089</u>	<u>2,420,388</u>
Transportation			
Airport construction	20,246,893	20,125,071	121,822
Right of way	2,488,084	2,326,927	161,157
Bridge reconstruction 2010	800,000	664,854	135,146
DPW equipment 2010	1,874,700	1,419,497	455,203
Road reconstruction 2012	2,000,000	2,000,000	-
Road reconstruction 2013	3,500,000	3,500,000	-
Road reconstruction 2014	6,165,495	6,089,357	76,138
Transport equipment	2,560,060	1,025,411	1,534,649
Road reconstruction 2015	235,000	-	235,000
Highway and bridge reconstruction	6,300,000	6,000,000	300,000
Construction and maintenance equipment	535,000	-	535,000
Total Transportation	<u>46,705,232</u>	<u>43,151,117</u>	<u>3,554,115</u>
Economic Opportunity and Development			
Emerald Corporate Park	4,825,168	4,138,881	686,287
Culture and Recreation			
D and H canal park	769,858	693,613	76,245
Park improvements	139,301	139,301	-
Total Culture and Recreation	<u>909,159</u>	<u>832,914</u>	<u>76,245</u>
Home and Community Services			
Landfill cap	5,500,000	5,386,447	113,553
Totals	<u>\$ 73,737,049</u>	<u>\$ 66,081,407</u>	<u>\$ 7,655,642</u>

State and Federal Aid	Methods of Financing				Fund Balance (Deficit) at December 31, 2015	Bond Anticipation Notes Outstanding at December 31, 2015
	Interfund Transfers	Proceeds of Obligations	Other	Totals		
\$ -	\$ -	\$ 600,000	\$ -	\$ 600,000	\$ (369,823)	\$ 400,000
-	-	654,000	4,646	658,646	628,580	-
-	-	150,004	-	150,004	146,283	-
-	-	1,404,004	4,646	1,408,650	405,040	400,000
1,980,349	-	-	14	1,980,363	14	-
1,445,560	550,000	975,000	-	2,970,560	44,207	-
-	3,224,000	-	81	3,224,081	138,537	-
2,855,632	114,400	1,920,000	423,885	5,313,917	1,737,725	-
4,301,192	3,888,400	2,895,000	423,966	11,508,558	1,920,469	-
19,212,587	933,693	77,000	23,613	20,246,893	121,822	-
19,834	2,124,195	-	344,055	2,488,084	161,157	-
-	-	777,626	22,374	800,000	135,146	-
-	-	1,822,269	52,431	1,874,700	455,203	-
-	-	1,200,000	-	1,200,000	(800,000)	800,000
-	-	1,400,000	-	1,400,000	(2,100,000)	2,100,000
-	-	6,122,000	43,495	6,165,495	76,138	-
-	-	2,542,000	18,060	2,560,060	1,534,649	-
-	-	-	-	-	-	235,000
-	-	-	-	-	(6,000,000)	6,300,000
-	-	-	-	-	-	535,000
19,232,421	3,057,888	13,940,895	504,028	36,735,232	(6,415,885)	9,970,000
1,831,762	1,225,000	-	1,768,406	4,825,168	686,287	-
601,904	114,700	4,978	-	721,582	27,969	-
133,846	-	5,455	-	139,301	-	-
735,750	114,700	10,433	-	860,883	27,969	-
-	-	3,300,000	2,200,000	5,500,000	113,553	-
<u>\$ 28,081,474</u>	<u>\$ 8,285,988</u>	<u>\$ 21,550,332</u>	<u>\$ 4,901,060</u>	<u>\$ 62,818,854</u>	<u>\$ (3,262,553)</u>	<u>\$ 10,370,000</u>

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

- **Road Machinery Fund** - The Road Machinery Fund is used to account for the purchase, repair and maintenance of highway machinery, tools and equipment and for the purchase, construction and maintenance of buildings for the storage and repair of highway machinery and equipment.
- **Community Development Fund** – The Community Development Fund is used to account for projects financed by entitlements from the U.S. Department of Housing and Urban Development.

DEBT SERVICE FUND

- The Debt Service Fund is provided to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest and for financial resources that are being accumulated for principal and interest maturing in future years.

County of Sullivan, New York

Non-Major Governmental Funds
 Combining Balance Sheet
 December 31, 2015

	Road Machinery	Community Development	Total Non-Major Governmental Funds
ASSETS			
Cash and equivalents	\$ 164,678	\$ 808,604	\$ 973,282
Receivables			
Accounts	628	-	628
Loans, net	-	212,332	212,332
State and Federal aid	-	59,165	59,165
Due from other funds	915,009	-	915,009
	<u>915,637</u>	<u>271,497</u>	<u>1,187,134</u>
Total Assets	<u>\$ 1,080,315</u>	<u>\$ 1,080,101</u>	<u>\$ 2,160,416</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 224,080	\$ -	\$ 224,080
Accrued liabilities	98,250	-	98,250
Due to other funds	-	79,309	79,309
Unearned revenues	-	212,333	212,333
Total Liabilities	<u>322,330</u>	<u>291,642</u>	<u>613,972</u>
Fund balances			
Restricted	731	-	731
Assigned	757,254	788,459	1,545,713
Total Fund Balances	<u>757,985</u>	<u>788,459</u>	<u>1,546,444</u>
Total Liabilities and Fund Balances	<u>\$ 1,080,315</u>	<u>\$ 1,080,101</u>	<u>\$ 2,160,416</u>

County of Sullivan, New York

Non-Major Governmental Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 Year Ended December 31, 2015

	Road Machinery	Community Development	Debt Service	Total Non-Major Governmental Funds
REVENUES				
Departmental income	\$ -	\$ 90,422	\$ -	\$ 90,422
Intergovernmental charges	764,776	-	-	764,776
Use of money and property	199	368	2,593	3,160
State aid	-	27,786	-	27,786
Federal aid	-	225,665	153,425	379,090
Miscellaneous	3,529	-	-	3,529
Total Revenues	768,504	344,241	156,018	1,268,763
EXPENDITURES				
Current				
General government support	-	-	19,660	19,660
Transportation	3,445,009	-	-	3,445,009
Home and community services	-	348,180	-	348,180
Debt service				
Principal	-	-	6,728,109	6,728,109
Interest	-	-	2,043,079	2,043,079
Total Expenditures	3,445,009	348,180	8,790,848	12,584,037
Deficiency of Revenues Over Expenditures	(2,676,505)	(3,939)	(8,634,830)	(11,315,274)
OTHER FINANCING SOURCES (USES)				
Transfers in	3,994,025	-	8,637,423	12,631,448
Transfers out	(845,812)	-	(2,593)	(848,405)
Total Other Financing Sources	3,148,213	-	8,634,830	11,783,043
Net Change in Fund Balances	471,708	(3,939)	-	467,769
FUND BALANCES				
Beginning of Year	286,277	792,398	-	1,078,675
End of Year	\$ 757,985	\$ 788,459	\$ -	\$ 1,546,444

County of Sullivan, New York

Road Machinery Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental charges	\$ 900,000	\$ 900,000	\$ 764,776	\$ (135,224)
Use of money and property	-	-	199	199
Miscellaneous	2,000	2,000	3,529	1,529
Total Revenues	902,000	902,000	768,504	(133,496)
EXPENDITURES				
Current				
Transportation	4,226,582	4,217,316	3,445,009	772,307
Deficiency of Revenues Over Expenditures	(3,324,582)	(3,315,316)	(2,676,505)	638,811
OTHER FINANCING SOURCES (USES)				
Transfers in	3,997,796	3,997,796	3,994,025	(3,771)
Transfers out	(881,172)	(881,172)	(845,812)	35,360
Total Other Financing Sources	3,116,624	3,116,624	3,148,213	31,589
Net Change in Fund Balance	(207,958)	(198,692)	471,708	670,400
FUND BALANCE				
Beginning of Year	207,958	198,692	286,277	87,585
End of Year	\$ -	\$ -	\$ 757,985	\$ 757,985

County of Sullivan, New York

Debt Service Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	\$ -	\$ -	\$ 2,593	\$ 2,593
Federal aid	165,063	165,063	153,425	(11,638)
Total Revenues	165,063	165,063	156,018	(9,045)
EXPENDITURES				
Current				
General government support	5,737	19,660	19,660	-
Debt service				
Serial bonds				
Principal	6,728,109	6,728,109	6,728,109	-
Interest	2,222,066	2,205,550	2,043,079	162,471
	8,950,175	8,933,659	8,771,188	162,471
Total Expenditures	8,955,912	8,953,319	8,790,848	162,471
Deficiency of Revenues Over Expenditures	(8,790,849)	(8,788,256)	(8,634,830)	153,426
OTHER FINANCING SOURCES (USES)				
Transfers in	8,790,849	8,790,849	8,637,423	(153,426)
Transfers out	-	(2,593)	(2,593)	-
Total Other Financing Sources	8,790,849	8,788,256	8,634,830	(153,426)
Net Change in Fund Balance	-	-	-	-
FUND BALANCE				
Beginning of Year	-	-	-	-
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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INTERNAL SERVICE FUND

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

County of Sullivan, New York

Internal Service Funds
 Combining Statement of Net Position
 December 31, 2015

	Workers' Compensation Benefits Fund	Self-Insured Dental Fund	Totals
ASSETS			
Cash and equivalents	\$ 171,699	\$ 400,082	\$ 571,781
Receivables			
Accounts	8,132,623	-	8,132,623
Due from other funds	9,814,982	-	9,814,982
	<u>17,947,605</u>	<u>-</u>	<u>17,947,605</u>
Total Assets	<u>18,119,304</u>	<u>400,082</u>	<u>18,519,386</u>
LIABILITIES			
Current liabilities			
Accrued liabilities	321,657	-	321,657
Unearned revenues	20,389	-	20,389
Current portion of claims payable	1,775,000	3,263	1,778,263
Total Current Liabilities	<u>2,117,046</u>	<u>3,263</u>	<u>2,120,309</u>
Claims payable, less current portion	<u>15,977,405</u>	<u>-</u>	<u>15,977,405</u>
Total Liabilities	<u>18,094,451</u>	<u>3,263</u>	<u>18,097,714</u>
NET POSITION			
Unrestricted	<u>\$ 24,853</u>	<u>\$ 396,819</u>	<u>\$ 421,672</u>

County of Sullivan, New York

Internal Service Funds
Combining Statement of Revenues, Expenses and
Changes in Net Position
Year Ended December 31, 2015

	Workers' Compensation Benefits Fund	Self-Insured Dental Fund	Totals
OPERATING REVENUES			
Charges for services	\$ 5,307,761	\$ 462,664	\$ 5,770,425
Insurance recoveries	223,165	-	223,165
Total Operating Revenues	5,530,926	462,664	5,993,590
OPERATING EXPENSES			
Employee benefits	5,040,092	387,863	5,427,955
Income from Operations	490,834	74,801	565,635
NON-OPERATING REVENUES			
Interest income	76	214	290
Change in Net Position	490,910	75,015	565,925
NET POSITION			
Beginning of Year	(466,057)	321,804	(144,253)
End of Year	\$ 24,853	\$ 396,819	\$ 421,672

County of Sullivan, New York

Internal Service Funds
 Combining Statement of Cash Flows
 Year Ended December 31, 2015

	Workers' Compensation Benefits Fund	Self-Insured Dental Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from charges for services	\$ 3,639,395	\$ 462,664	\$ 4,102,059
Cash received from insurance recoveries	223,165	-	223,165
Cash payments to insurance carriers and claimants	<u>(3,758,623)</u>	<u>(384,600)</u>	<u>(4,143,223)</u>
Net Cash from Operating Activities	103,937	78,064	182,001
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	<u>76</u>	<u>214</u>	<u>290</u>
Net Change in Cash and Equivalents	104,013	78,278	182,291
CASH AND EQUIVALENTS			
Beginning of Year	<u>67,686</u>	<u>321,804</u>	<u>389,490</u>
End of Year	<u>\$ 171,699</u>	<u>\$ 400,082</u>	<u>\$ 571,781</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES			
Income from operations	\$ 490,834	\$ 74,801	\$ 565,635
Adjustments to reconcile income from operations to net cash from operating activities			
Changes in assets and liabilities			
Accounts receivable	(286,184)	-	(286,184)
Due from other funds	(1,295,416)	-	(1,295,416)
Accrued liabilities	320,028	-	320,028
Unearned revenues	(86,766)	-	(86,766)
Claims payable	<u>961,441</u>	<u>3,263</u>	<u>964,704</u>
Net Cash from Operating Activities	<u>\$ 103,937</u>	<u>\$ 78,064</u>	<u>\$ 182,001</u>

County of Sullivan, New York

Fiduciary Fund - Agency Fund
Statement of Changes in Assets and Liabilities
Year Ended December 31, 2015

	<u>Balance January 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2015</u>
ASSETS				
Cash and equivalents	\$ 6,581,589	\$ 95,794,559	\$ 99,679,835	\$ 2,696,313
Accounts receivable	14,036	83,276,488	83,281,554	8,970
 Total Assets	<u>\$ 6,595,625</u>	<u>\$ 179,071,047</u>	<u>\$ 182,961,389</u>	<u>\$ 2,705,283</u>
 LIABILITIES				
Accounts payable	\$ 3,794,019	\$ 28,444,440	\$ 32,196,007	\$ 42,452
Employee payroll deductions	143,612	90,257,750	90,211,581	189,781
Deposits	2,657,994	28,879,672	29,064,616	2,473,050
 Total Liabilities	<u>\$ 6,595,625</u>	<u>\$ 147,581,862</u>	<u>\$ 151,472,204</u>	<u>\$ 2,705,283</u>

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**STATISTICAL
SECTION**

(Unaudited)

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Financial Trends

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time. These schedules include:

Net Position by Component

Changes in Net Position

Fund Balances of Governmental Funds

Changes in Fund Balances of Governmental Funds

County of Sullivan, New York

**Net Position By Component
Last Ten Fiscal Years**

	<u>2006</u>	<u>2007</u>	<u>2008 (1)</u>	<u>2009</u>
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$ 45,700,511	\$ 38,417,445	\$ 61,589,988	\$ 69,015,657
Restricted	2,118,289	1,014,666	11,771,895	8,500,676
Unrestricted	<u>2,623,869</u>	<u>9,607,692</u>	<u>(11,622,787)</u>	<u>(19,618,689)</u>
Total Governmental Activities Net Position	<u>\$ 50,442,669</u>	<u>\$ 49,039,803</u>	<u>\$ 61,739,096</u>	<u>\$ 57,897,644</u>
Business - Type Activities				
Invested in Capital Assets, Net of Related Debt	\$ 1,937,042	\$ 2,025,110	\$ 2,076,502	\$ 2,124,380
Restricted	-	-	-	-
Unrestricted	<u>1,239,256</u>	<u>(208,507)</u>	<u>(14,098,396)</u>	<u>(13,457,345)</u>
Total Business-Type Activities Net Position	<u>\$ 3,176,298</u>	<u>\$ 1,816,603</u>	<u>\$ (12,021,894)</u>	<u>\$ (11,332,965)</u>
Primary Government				
Invested in Capital Assets, Net of Related Debt	\$ 47,637,553	\$ 40,442,555	\$ 63,666,490	\$ 71,140,037
Restricted	2,118,289	1,014,666	11,771,895	8,500,676
Unrestricted	<u>3,863,125</u>	<u>9,399,185</u>	<u>(25,721,183)</u>	<u>(33,076,034)</u>
Total Primary Government Net Position	<u>\$ 53,618,967</u>	<u>\$ 50,856,406</u>	<u>\$ 49,717,202</u>	<u>\$ 46,564,679</u>

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

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

2010	2011	2012 (2)	2013	2014	2015
\$ 70,516,266	\$ 76,768,306	\$ 81,670,910	\$ 85,562,582	\$ 88,651,807	\$ 101,642,615
8,517,769	8,270,567	4,500,821	1,758,414	4,887,153	5,931,828
<u>(20,556,594)</u>	<u>(27,051,908)</u>	<u>(33,799,457)</u>	<u>(38,231,820)</u>	<u>(46,016,248)</u>	<u>(62,333,657)</u>
<u>\$ 58,477,441</u>	<u>\$ 57,986,965</u>	<u>\$ 52,372,274</u>	<u>\$ 49,089,176</u>	<u>\$ 47,522,712</u>	<u>\$ 45,240,786</u>
\$ 1,883,587	\$ 1,643,913	\$ 1,413,451	\$ 1,298,706	\$ 1,613,933	\$ 2,696,176
-	-	-	850,579	715,891	-
<u>(18,121,973)</u>	<u>(20,823,848)</u>	<u>(22,543,688)</u>	<u>(25,885,338)</u>	<u>(21,264,110)</u>	<u>(25,788,417)</u>
<u>\$ (16,238,386)</u>	<u>\$ (19,179,935)</u>	<u>\$ (21,130,237)</u>	<u>\$ (23,736,053)</u>	<u>\$ (18,934,286)</u>	<u>\$ (23,092,241)</u>
\$ 72,399,853	\$ 78,412,219	\$ 83,084,361	\$ 86,861,288	\$ 90,265,740	\$ 104,338,791
8,517,769	8,270,567	4,500,821	2,608,993	5,603,044	5,931,828
<u>(38,678,567)</u>	<u>(47,875,756)</u>	<u>(56,343,145)</u>	<u>(64,117,158)</u>	<u>(67,280,358)</u>	<u>(88,122,074)</u>
<u>\$ 42,239,055</u>	<u>\$ 38,807,030</u>	<u>\$ 31,242,037</u>	<u>\$ 25,353,123</u>	<u>\$ 28,588,426</u>	<u>\$ 22,148,545</u>

County of Sullivan, New York

**Changes in Net Position
Last Ten Fiscal Years**

	2006	2007	2008 (1)	2009
Expenses				
Governmental Activities				
General government support	\$ 20,393,273	\$ 24,516,886	\$ 17,114,529	\$ 17,432,319
Education	5,341,804	5,489,354	6,622,720	6,771,949
Public safety	18,409,153	22,486,088	23,456,337	23,927,441
Health	20,826,613	23,526,196	25,389,140	23,906,533
Transportation	18,753,073	20,910,476	15,723,127	18,423,675
Economic opportunity and development	49,349,886	50,064,825	54,082,395	59,353,745
Culture and recreation	2,147,178	2,294,525	3,187,191	3,088,411
Home and community services	5,933,563	631,759	8,859,856	9,470,621
Interest	3,439,780	3,265,875	2,491,364	2,334,358
Total Governmental Activities Expenses	144,594,323	153,185,984	156,926,659	164,709,052
Business-type Activities				
Adult Care Center	13,078,760	14,427,641	14,907,433	17,212,907
Sullivan Tobacco Asset Securitization Corporation	-	-	903,018	882,994
Total Business-type Activities Expenses	13,078,760	14,427,641	15,810,451	18,095,901
Total Primary Government Expenses	\$ 157,673,083	\$ 167,613,625	\$ 172,737,110	\$ 182,804,953
Program Revenues				
Governmental Activities				
Charges for Services				
General government support	\$ 2,426,989	\$ 2,317,104	\$ 2,433,889	\$ 2,524,940
Education	-	-	67,120	52,644
Public safety	1,022,160	580,086	1,450,584	1,574,307
Health	10,453,604	10,021,037	7,679,516	10,680,595
Transportation	949,373	1,890,474	1,908,668	1,373,681
Economic opportunity and development	2,554,493	2,796,860	2,328,255	2,461,848
Culture and recreation	176,387	169,138	200,230	153,442
Home and community services	6,981,774	7,032,512	6,175,827	5,109,884
Operating Grants and Contributions	40,422,191	39,935,423	40,874,585	45,604,484
Capital Grants and Contributions	262,266	938,606	6,446,290	2,026,614
Total Governmental Activities Program Revenues	65,249,237	65,681,240	69,564,964	71,562,439
Business-type Activities				
Adult Care Center:				
Charges for Services	11,413,535	11,009,162	12,455,417	11,090,401
Operating Grants and Contributions	-	-	5,792	-
Capital Grants and Contributions	-	-	20,000	-
Sullivan Tobacco Asset Securitization Corporation - Operating Grants and Contributions	-	-	1,334,160	1,373,566
Total Business-type Activities Program Revenues	11,413,535	11,009,162	13,815,369	12,463,967
Total Primary Government Program Revenues	\$ 76,662,772	\$ 76,690,402	\$ 83,380,333	\$ 84,026,406

2010	2011	2012 (2)	2013	2014	2015
\$ 20,573,018	\$ 18,610,178	\$ 23,222,974	\$ 22,299,150	\$ 22,867,189	\$ 25,299,974
6,011,024	5,800,343	5,775,448	6,499,480	6,272,866	5,885,213
24,460,208	24,267,723	26,070,999	26,924,495	26,718,049	26,658,920
23,818,137	24,063,061	25,388,743	24,293,812	23,145,341	23,707,230
21,447,683	19,677,365	19,581,033	20,593,635	22,164,720	25,323,854
56,207,703	57,259,852	58,836,611	56,813,202	60,484,322	52,313,394
3,038,366	3,231,074	3,545,385	3,463,248	3,355,192	3,162,612
7,114,794	9,743,923	10,530,023	13,221,737	7,309,555	10,431,878
2,350,765	2,863,482	2,472,088	2,096,007	1,895,292	1,870,859
<u>165,021,698</u>	<u>165,517,001</u>	<u>175,423,304</u>	<u>176,204,766</u>	<u>174,212,526</u>	<u>174,653,934</u>
16,228,151	16,827,634	17,447,113	16,165,086	16,886,860	17,935,927
860,655	839,981	818,639	782,343	754,869	729,676
<u>17,088,806</u>	<u>17,667,615</u>	<u>18,265,752</u>	<u>16,947,429</u>	<u>17,641,729</u>	<u>18,665,603</u>
<u>\$ 182,110,504</u>	<u>\$ 183,184,616</u>	<u>\$ 193,689,056</u>	<u>\$ 193,152,195</u>	<u>\$ 191,854,255</u>	<u>\$ 193,319,537</u>
\$ 2,573,330	\$ 2,520,630	\$ 8,386,063	\$ 8,440,597	\$ 8,538,626	\$ 3,788,188
42,553	235,678	462,102	-	-	257,293
1,578,510	1,881,807	1,559,469	1,298,078	1,399,463	2,125,579
9,505,384	8,628,023	8,775,797	7,525,923	6,572,292	6,303,080
964,553	1,509,166	1,200,844	1,272,124	1,242,440	5,538,814
2,733,305	3,040,513	2,538,179	3,175,957	2,963,563	2,395,739
148,258	188,196	221,139	213,173	189,508	91,864
9,241,673	11,587,218	11,535,541	11,715,220	11,179,889	11,478,802
45,364,696	42,207,077	38,601,375	37,409,612	38,906,382	37,865,882
2,471,353	1,620,224	1,712,392	2,210,020	1,807,953	2,934,391
<u>74,623,615</u>	<u>73,418,532</u>	<u>74,992,901</u>	<u>73,260,704</u>	<u>72,800,116</u>	<u>72,779,632</u>
10,977,303	11,460,580	11,766,216	9,241,119	9,856,047	12,966,995
-	2,626,286	3,125,999	2,555,973	10,064,732	-
-	-	-	-	-	-
<u>1,106,106</u>	<u>1,034,231</u>	<u>993,587</u>	<u>1,075,121</u>	<u>1,284,271</u>	<u>1,893,210</u>
<u>12,083,409</u>	<u>15,121,097</u>	<u>15,885,802</u>	<u>12,872,213</u>	<u>21,205,050</u>	<u>14,860,205</u>
<u>\$ 86,707,024</u>	<u>\$ 88,539,629</u>	<u>\$ 90,878,703</u>	<u>\$ 86,132,917</u>	<u>\$ 94,005,166</u>	<u>\$ 87,639,837</u>

(Continued)

County of Sullivan, New York

**Changes In Net Position (Continued)
Last Ten Fiscal Years**

	<u>2006</u>	<u>2007</u>	<u>2008 (1)</u>	<u>2009</u>
Net Expense/Revenue				
Governmental Activities	\$ (79,345,086)	\$ (87,504,744)	\$ (87,361,695)	\$ (93,146,613)
Business-type Activities	<u>(1,665,225)</u>	<u>(3,418,479)</u>	<u>(1,995,082)</u>	<u>(5,631,934)</u>
Total Primary Government Net Expense	<u>\$ (81,010,311)</u>	<u>\$ (90,923,223)</u>	<u>\$ (89,356,777)</u>	<u>\$ (98,778,547)</u>
Governmental Activities				
General Revenues				
Taxes:				
Real Property Taxes	\$ 44,422,184	\$ 47,854,011	\$ 41,809,497	\$ 46,790,101
Other Tax Items	-	-	5,252,252	6,318,080
Non-Property Taxes	35,490,723	38,931,199	39,691,935	35,766,177
Sale of Property and Compensation for Loss	-	-	-	-
Unrestricted Use of Money and Property	1,697,405	1,579,506	504,051	158,195
Miscellaneous	3,109,057	3,197,737	315,280	272,608
Transfers	<u>(2,717,623)</u>	<u>(2,046,700)</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>82,001,746</u>	<u>89,515,753</u>	<u>87,573,015</u>	<u>89,305,161</u>
Business-type Activities				
General Revenues				
Unrestricted Use of Money and Property	7,309	6,684	-	112,476
Grants and Contributions Not Restricted to Specific Programs	-	-	-	6,192,294
Miscellaneous	-	5,400	7,590	16,093
Transfers	<u>2,717,623</u>	<u>2,046,700</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>2,724,932</u>	<u>2,058,784</u>	<u>7,590</u>	<u>6,320,863</u>
Total Primary Government General Revenues	<u>\$ 84,726,678</u>	<u>\$ 91,574,537</u>	<u>\$ 87,580,605</u>	<u>\$ 95,626,024</u>
Change in Net Position				
Governmental Activities	\$ 2,656,660	\$ 2,011,009	\$ 211,320	\$ (3,841,452)
Business-type Activities	<u>1,059,707</u>	<u>(1,359,695)</u>	<u>(1,987,492)</u>	<u>688,929</u>
Total Primary Government	<u>\$ 3,716,367</u>	<u>\$ 651,314</u>	<u>\$ (1,776,172)</u>	<u>\$ (3,152,523)</u>

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

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

2010	2011	2012 (2)	2013	2014	2015
\$ (90,398,083)	\$ (92,098,469)	\$ (100,430,403)	\$ (102,944,062)	\$ (101,412,410)	\$ (101,874,302)
(5,005,397)	(2,546,518)	(2,379,950)	(4,075,216)	3,563,321	(3,805,398)
<u>\$ (95,403,480)</u>	<u>\$ (94,644,987)</u>	<u>\$ (102,810,353)</u>	<u>\$ (107,019,278)</u>	<u>\$ (97,849,089)</u>	<u>\$ (105,679,700)</u>
\$ 48,690,132	\$ 48,065,549	\$ 49,824,079	\$ 53,982,110	\$ 54,940,465	\$ 55,805,788
6,633,477	7,606,522	8,463,919	9,313,959	7,522,050	8,431,127
35,304,348	35,103,619	36,226,594	36,206,602	38,064,659	38,813,293
-	263,115	521,881	589,724	293,579	402,891
112,113	75,953	79,860	74,090	69,755	44,922
237,810	-	-	48,241	105,205	82,760
-	493,235	(300,621)	(553,762)	(1,149,767)	(74,405)
<u>90,977,880</u>	<u>91,607,993</u>	<u>94,815,712</u>	<u>99,660,964</u>	<u>99,845,946</u>	<u>103,506,376</u>
68,968	95,154	95,094	91,838	87,427	86,706
-	-	-	-	-	-
31,008	3,050	33,933	1,064,864	1,252	5,437
-	(493,235)	300,621	553,762	1,149,767	74,405
<u>99,976</u>	<u>(395,031)</u>	<u>429,648</u>	<u>1,710,464</u>	<u>1,238,446</u>	<u>166,548</u>
<u>\$ 91,077,856</u>	<u>\$ 91,212,962</u>	<u>\$ 95,245,360</u>	<u>\$ 101,371,428</u>	<u>\$ 101,084,392</u>	<u>\$ 103,672,924</u>
\$ 579,797	\$ (490,476)	\$ (5,614,691)	\$ (3,283,098)	\$ (1,566,464)	\$ 1,632,074
(4,905,421)	(2,941,549)	(1,950,302)	(2,364,752)	4,801,767	(3,638,850)
<u>\$ (4,325,624)</u>	<u>\$ (3,432,025)</u>	<u>\$ (7,564,993)</u>	<u>\$ (5,647,850)</u>	<u>\$ 3,235,303</u>	<u>\$ (2,006,776)</u>

County of Sullivan, New York

**Fund Balances of Governmental Funds
Last Ten Fiscal Years**

	<u>2006</u>	<u>2007</u>	<u>2008 (1)</u>	<u>2009</u>
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	1,656,142	2,264,316	1,066,049	1,983,965
Unreserved	<u>23,743,431</u>	<u>22,114,837</u>	<u>19,802,670</u>	<u>17,870,045</u>
Total General Fund	<u>\$ 25,399,573</u>	<u>\$ 24,379,153</u>	<u>\$ 20,868,719</u>	<u>\$ 19,854,010</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	462,147	1,295,563	883,358	1,160,991
Unreserved, Reported In				
Special Revenue Funds	7,207,642	7,794,061	2,683,499	2,406,397
Capital Projects Fund	<u>(4,252,474)</u>	<u>3,051,398</u>	<u>1,314,486</u>	<u>(6,246,400)</u>
Total All Other Governmental Funds	<u>\$ 3,417,315</u>	<u>\$ 12,141,022</u>	<u>\$ 4,881,343</u>	<u>\$ (2,679,012)</u>
Total Governmental Funds	<u>\$ 28,816,888</u>	<u>\$ 36,520,175</u>	<u>\$ 25,750,062</u>	<u>\$ 17,174,998</u>

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

(2) Components of fund balance were reclassified with the December 31, 2011 implementation of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

2010	2011 (2)	2012	2013	2014	2015
\$ -	\$ -	\$ -	\$ 4,865,391	\$ 397,864	\$ 3,119,167
-	554,732	775,058	773,434	1,914,665	596,633
-	11,914,377	9,694,504	13,503,770	14,250,044	7,604,102
-	7,925,968	1,116,190	1,349,150	236,404	7,370,106
-	2,737,515	12,837,110	7,017,360	7,389,166	8,211,445
1,164,799	-	-	-	-	-
23,297,252	-	-	-	-	-
<u>\$ 24,462,051</u>	<u>\$ 23,132,592</u>	<u>\$ 24,422,862</u>	<u>\$ 27,509,105</u>	<u>\$ 24,188,143</u>	<u>\$ 26,901,453</u>
\$ -	\$ 675,000	\$ -	\$ -	\$ -	\$ -
-	691,527	926,902	849,658	2,815,531	740,454
-	3,123,551	2,833,070	3,569,924	5,084,728	3,385,393
-	(9,282,628)	(2,287,518)	(4,258,647)	-	(3,262,553)
976,711	-	-	-	-	-
3,741,696	-	-	-	-	-
(5,805,546)	-	-	-	-	-
<u>\$ (1,087,139)</u>	<u>\$ (4,792,550)</u>	<u>\$ 1,472,454</u>	<u>\$ 160,935</u>	<u>\$ 7,900,259</u>	<u>\$ 863,294</u>
<u>\$ 23,374,912</u>	<u>\$ 18,340,042</u>	<u>\$ 25,895,316</u>	<u>\$ 27,670,040</u>	<u>\$ 32,088,402</u>	<u>\$ 27,764,747</u>

County of Sullivan, New York

**Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years**

	2006	2007	2008 (1)	2009
Revenues				
Real property taxes	\$ 39,239,740	\$ 41,745,084	\$ 39,863,381	\$ 42,132,012
Other tax items	5,542,254	5,366,993	5,252,252	6,318,080
Non-property taxes	35,795,876	38,934,175	39,691,935	35,766,177
Departmental income	27,309,505	26,880,981	24,753,634	26,319,095
Intergovernmental charges	2,052,047	3,272,524	2,162,156	2,274,525
Use of money and property	2,021,199	2,099,706	956,458	418,700
Licenses and permits	37,795	32,645	44,590	29,860
Fines and forfeitures	306,064	282,150	217,220	336,312
Sale of property and compensation for loss	2,122,255	1,327,946	1,180,834	397,610
Interfund revenues	1,803,156	1,876,365	1,782,203	1,667,981
State aid	21,853,625	21,753,982	28,109,378	22,501,577
Federal aid	18,830,831	19,120,046	17,981,659	21,700,290
Miscellaneous	3,925,315	4,379,722	3,288,754	5,722,219
Total Revenues	160,839,662	167,072,319	165,284,454	165,584,438
Expenditures				
Current				
General government support	21,408,614	22,513,936	23,139,969	22,964,458
Education	4,984,706	5,125,716	5,267,829	5,534,473
Public safety	20,244,415	21,656,492	21,521,334	20,924,956
Health	22,565,624	23,787,895	24,627,930	23,238,111
Transportation	19,166,587	23,687,474	21,254,149	16,913,655
Economic opportunity and development	52,402,446	51,207,103	52,378,731	57,380,014
Culture and recreation	3,095,789	2,923,233	3,112,943	3,097,943
Home and community services	6,863,167	6,139,977	6,057,828	7,744,566
Debt Service				
Principal	3,680,155	4,933,700	4,880,524	5,016,457
Interest	3,320,171	3,247,355	2,474,081	2,361,233
Capital Outlay	6,802,923	7,189,972	7,756,734	8,983,636
Total Expenditures	164,534,597	172,412,853	172,472,052	174,159,502
Deficiency of Revenues				
Over Expenditures	(3,694,935)	(5,340,534)	(7,187,598)	(8,575,064)
Other Financing Sources (Uses)				
Bond anticipation notes				
redeemed from appropriations	-	612,000	-	-
Bonds issued	5,055,000	15,515,000	-	-
Issuance premium	-	-	-	-
Refunding bonds issued	-	6,106,908	-	-
Payment to refunded bond escrow agent	-	(6,303,197)	-	-
Transfers in	20,125,302	27,179,038	18,056,305	20,887,654
Transfers out	(22,534,864)	(27,946,338)	(18,056,305)	(20,887,654)
Total Other Financing Sources	2,645,438	15,163,411	-	-
Net Change in Fund Balances	\$ (1,049,497)	\$ 9,822,877	\$ (7,187,598)	\$ (8,575,064)
Debt Service as a Percentage				
of Non-Capital Expenditures	4.4%	5.0%	4.5%	4.5%

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

	2010	2011	2012	2013	2014	2015
\$	49,825,309	\$ 47,403,913	\$ 51,466,856	\$ 53,786,165	\$ 55,763,769	\$ 55,328,648
	6,633,477	7,606,522	8,463,919	9,313,959	7,522,050	8,431,127
	35,304,348	35,103,619	36,226,594	36,206,602	38,064,659	38,813,293
	30,944,301	32,498,904	32,633,592	31,608,948	29,951,852	29,612,294
	1,966,413	1,900,270	1,741,864	1,948,855	2,167,520	1,984,646
	347,208	267,747	176,224	180,743	156,672	157,513
	25,910	33,600	30,541	25,467	62,900	56,420
	313,712	253,020	497,936	322,034	283,928	258,877
	177,224	49,790	573,178	610,247	315,710	638,062
	11,083	12,801	13,264	2,810	-	-
	19,793,237	19,532,927	3,405,574	3,505,962	3,641,418	23,266,268
	24,573,646	20,841,709	18,631,685	20,360,548	21,455,917	16,672,007
	3,301,136	3,360,287	20,569,698	18,420,941	18,284,784	3,657,270
	<u>173,217,004</u>	<u>168,865,109</u>	<u>174,430,925</u>	<u>176,293,281</u>	<u>177,671,179</u>	<u>178,876,425</u>
	23,021,148	23,091,977	23,036,459	23,002,054	23,398,007	24,139,888
	5,509,250	5,317,421	5,297,188	5,547,733	5,457,556	5,314,383
	22,490,855	22,739,389	22,979,002	23,788,104	24,785,241	25,528,334
	22,938,752	23,447,003	23,150,414	23,063,706	21,926,234	23,849,742
	17,717,903	17,221,839	16,992,170	16,132,885	18,288,145	19,700,202
	53,135,382	55,167,983	56,711,538	55,052,400	58,931,619	51,877,834
	3,108,254	3,194,231	3,289,795	3,129,855	3,171,942	3,317,680
	8,615,212	8,758,568	8,575,046	8,828,785	8,509,310	8,398,457
	5,089,763	6,163,806	8,988,877	9,332,285	9,417,516	6,728,109
	2,238,712	3,194,187	2,557,391	2,179,008	2,080,666	2,190,079
	20,831,316	6,096,810	6,651,897	6,297,006	9,957,018	12,080,967
	<u>184,696,547</u>	<u>174,393,214</u>	<u>178,229,777</u>	<u>176,353,821</u>	<u>185,923,254</u>	<u>183,125,675</u>
	<u>(11,479,543)</u>	<u>(5,528,105)</u>	<u>(3,798,852)</u>	<u>(60,540)</u>	<u>(8,252,075)</u>	<u>(4,249,250)</u>
	-	-	2,045,850	2,200,000	2,400,000	-
	17,185,000	-	9,495,000	-	11,315,000	-
	494,457	-	113,897	2,639,088	105,204	-
	-	-	-	17,880,000	-	-
	-	-	-	(20,330,062)	-	-
	24,388,607	27,835,452	26,002,934	24,558,828	25,030,396	29,675,955
	<u>(24,388,607)</u>	<u>(27,342,217)</u>	<u>(26,303,555)</u>	<u>(25,112,590)</u>	<u>(26,180,163)</u>	<u>(29,750,360)</u>
	<u>17,679,457</u>	<u>493,235</u>	<u>11,354,126</u>	<u>1,835,264</u>	<u>12,670,437</u>	<u>(74,405)</u>
\$	<u>6,199,914</u>	<u>\$ (5,034,870)</u>	<u>\$ 7,555,274</u>	<u>\$ 1,774,724</u>	<u>\$ 4,418,362</u>	<u>\$ (4,323,655)</u>
	4.5%	5.6%	6.9%	6.9%	6.7%	5.3%

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Revenue Capacity

These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax. These schedules include:

Tax Revenues by Source, Governmental Funds

Assessed Value and Estimated Actual Value
of Taxable Property

Direct and Underlying Property Tax Rates,
Per \$1,000 of Assessed Valuation

Principal Taxpayers

Property Tax Levies and Collections

County of Sullivan, New York

**Tax Revenues By Source, Governmental Funds
Last Ten Fiscal Years**

Fiscal Year	Real Property Taxes	Non-Property Taxes		
		Sales and Use Taxes (1)	Hotel Room Occupancy Tax (2)	Off-Track Betting Surcharge
2006	\$ 39,239,740	\$ 32,317,343	\$ 305,244	\$ 981,924
2007	41,745,084	34,955,732	549,668	761,338
2008	39,863,381	36,412,777	635,613	697,269
2009	42,132,012	33,133,253	599,376	518,746
2010	49,825,309	32,605,248	749,105	576,753
2011	47,403,913	32,911,401	558,728	325,031
2012	51,466,856	34,034,864	629,009	323,316
2013	53,786,165	33,793,427	619,352	265,550
2014	55,763,769	35,960,305	538,021	207,963
2015	55,328,648	36,463,665	700,401	199,444

(1) Effective June 1, 2007 local sales tax rate increased by 1/2% from 3.5% to 4.0%

(2) Effective June 1, 2007 hotel room occupancy tax rate increased by 3% from 2% to 5% of taxable room rentals

911 Emergency Surcharge	Mortgage Tax	Total
\$ 305,153	\$ 1,886,212	\$ 75,035,616
308,767	1,827,296	80,147,885
313,009	1,102,903	79,024,952
303,821	711,371	77,398,579
282,018	533,659	84,572,092
310,179	476,223	81,985,475
291,465	469,369	87,214,879
286,122	689,150	89,439,766
277,083	569,181	93,316,322
284,418	641,039	93,617,615

County of Sullivan, New York

**Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

Year	Property Type			
	Residential/ Commercial	State Lands	Special Franchises	Utilities
2006	\$ 5,463,541,501	\$ 25,889,077	\$ 77,490,984	\$ 131,202,671
2007	5,688,459,405	25,713,850	57,381,750	130,804,208
2008	5,910,095,084	25,588,520	53,071,515	126,864,212
2009	6,261,297,574	25,681,290	53,082,965	119,912,271
2010	6,433,054,934	25,236,574	60,821,640	114,378,957
2011	6,617,749,695	25,273,775	66,046,153	115,187,844
2012	6,627,350,429	25,382,375	72,095,385	114,300,718
2013	6,642,143,138	25,557,665	74,964,935	112,393,145
2014	6,628,056,033	25,541,375	79,082,515	110,948,188
2015	6,255,700,726	25,503,795	73,691,087	109,454,436

Sources: Sullivan County tax rolls for assessed values by type
Sullivan County Legislative resolution for estimated actual full value
Sullivan County tax abstracts for direct tax rates.

Note: Taxable assessed values are determined by the various Town governments located within the County. The estimated actual taxable values represent the weighted average New York State equalization rate established for each Town within the County.

<u>Less Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Effective Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ 1,088,399,418	\$ 4,609,724,815	\$ 22.26	\$ 6,339,748,599	72.71 %
1,131,444,333	4,770,914,880	18.36	7,991,235,969	59.70
1,144,119,965	4,971,499,366	18.68	9,318,389,821	53.35
1,146,947,631	5,313,026,469	20.02	9,804,980,597	54.19
1,308,569,208	5,324,922,897	21.08	11,041,711,351	48.23
1,391,241,016	5,433,016,451	21.73	9,087,396,624	59.79
1,403,003,715	5,436,125,192	22.34	8,423,392,565	64.54
1,419,105,652	5,435,953,231	25.27	8,120,649,757	66.94
1,416,147,732	5,427,480,379	26.66	7,693,733,110	70.54
1,111,587,549	5,352,762,495	27.33	7,571,719,348	70.69

County of Sullivan, New York

Direct and Underlying Property Tax Rates,
Per \$1,000 of Assessed Valuation
Last Ten Fiscal Years

	2006	2007	2008	2009
County Effective Rate (1)	\$ 22.26	\$ 18.36	\$ 18.68	\$ 20.02
County Direct Rates (2)	5.84-188.93	5.32-118.70	4.73-117.19	4.92 - 125.12
Town Rates	2.18-94.02	2.22-99.37	2.29-103.23	1.81 - 103.57
Village Rates	4.40-20.63	4.65-20.35	5.39-20.35	5.82 - 20.64
School Districts	14.71-544.76	12.44-527.08	12.39-533.26	12.82 - 578.94
Fire Districts	.31-54.19	.26-53.60	.29-33.44	.29 - 34.41
Sewer Districts	4.25-1,047.23	3.84-1,181.33	2.99-1,152.36	2.95 - 1,183.51
Other Special Districts	.06-11.01	.02-4.84	.02-10.91	.06 - 12.12

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

Sources: Village rates supplied by appropriate Village
All other rates provided by the Sullivan County Treasurer

- (1) The County has a complex rate structure that would make the calculation of a direct rate extremely difficult, since its revenue base cannot be sufficiently disaggregated for each applicable rate. The County substituted an effective rate instead.
- (2) Equalization rates vary by Town. Therefore, in addition to the effective rate noted above, we have also presented the County rate by range, depending on the individual Town's levy.

2010	2011	2012	2013	2014	2015
\$ 21.08	\$ 21.73	\$ 22.34	\$ 25.27	\$ 26.66	\$ 27.33
5.08 - 141.64	5.47 - 148.45	6.06-160.96	6.83-179.40	7.37-186.98	7.60-198.50
1.85 - 105.27	1.75 - 109.03	2.68-110.65	3.24-114.42	3.15-119.32	2.96-120.74
5.95 - 21.27	5.99 - 21.27	6.14-21.66	5.99-22.08	5.99-22.79	6.12-23.59
13.44 - 610.26	13.01 - 661.01	13.44-610.26	13.77-743.28	14.02-787.65	14.52-33.24
.32 - 39.35	.31 - 41.95	.19-41.63	.30-41.69	.30-36.47	0.52-33.24
2.89 - 1,535.74	.12 - 1,255.65	.36-1,273.04	.35-1,311.48	.35-1,123.28	.71-1,213.84
.01 - 12.05	.03 - 11.56	.04-10.15	.04-267.68	.04-8.20	0.06-414.58

County of Sullivan, New York

Principal Taxpayers
Current Year and Nine Years Ago

2015				
Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Taxable Assessed Valuation
1	NYSEG	Utility	\$ 105,732,674	1.98 %
2	Orange & Rockland	Utility	31,656,417	0.59
3	State of NY	Government Office	24,796,865	0.46
4	Verizon	Utility	23,038,428	0.43
5	Catskill Devel	Park	20,449,200	0.38
6	City of NY	Government Office	17,926,350	0.33
7	Thompson Station, Inc.	Government Office	10,312,000	0.19
8	Wal-Mart Real	Retail	10,000,000	0.19
9	Eagle Creek	Manufacturing	8,687,201	0.16
10	Citizens	Bank	7,180,409	0.13
	Total		<u>\$ 259,779,544</u>	<u>4.85 %</u>

2006				
Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Taxable Assessed Valuation
1	NYSEG	Utility	\$ 96,532,579	2.09 %
2	Verizon	Utility	67,166,518	1.46
3	State of New York	Government Office	24,958,003	0.54
4	Mirant	Utility	21,332,050	0.46
5	City of New York	Government Office	18,326,350	0.40
6	Wal-Mart Realty	Real Estate	13,400,000	0.29
7	Kutcher's	Hotel	8,500,000	0.18
8	Catskill Development	Housing Development	7,111,100	0.15
9	Central Hudson	Utility	738,812	0.02
	Total		<u>\$ 258,065,412</u>	<u>5.60 %</u>

Source: Sullivan County Treasurer's Office

County of Sullivan, New York

Property Tax Levies and Collections
Last Ten Fiscal Years

Year	County Taxes Levied for the Fiscal Year (1)	Collected within the Current Period of the Levy		Delinquent Collections in Subsequent Periods	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 96,941,417	\$ 82,407,487	85.01 %	\$ 13,838,145	\$ 96,245,632	99.28 %
2007	103,343,814	87,265,798	84.44	15,390,939	102,656,737	99.34
2008	107,755,568	89,587,757	83.14	16,426,414	106,014,171	98.38
2009	116,465,759	96,579,088	82.92	16,346,161	112,925,249	96.96
2010	127,025,621	103,981,298	81.86	15,753,484	119,734,782	94.26
2011	128,522,636	105,162,255	81.82	10,332,550	115,494,805	89.86
2012	131,802,271	108,719,407	82.49	11,512,868	120,232,275	91.22
2013	138,206,973	114,812,766	83.07	11,440,877	126,253,643	91.35
2014	140,067,028	117,745,523	84.06	10,750,635	128,496,158	91.74
2015	143,146,268	121,508,141	84.88	9,172,113	130,680,254	91.29

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

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Debt Capacity

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future. These schedules include:

Ratios of Outstanding Debt by Type

Ratios of Net General Bonded Debt Outstanding

Direct and Underlying Governmental Activities Debt

Legal Debt Margin Information

County of Sullivan, New York

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-type Activities	
	General Obligation Bonds	Installment Purchase	ACC Bonds	Tobacco Securitization Bonds (2)
2006	\$ 46,819,195	\$ 654,898	\$ 1,110,805	\$ -
2007	73,568,133	571,982	793,092	-
2008	53,612,617	485,749	462,383	14,687,289
2009	48,685,843	396,066	139,158	14,302,312
2010	61,344,459	302,796	120,650	13,887,318
2011	55,232,702	205,796	102,456	13,616,593
2012	57,840,604	104,916	84,603	13,229,185
2013	52,094,158	-	66,973	12,841,774
2014	56,137,663	-	49,489	12,294,366
2015	49,082,581	-	32,598	11,906,958

- (1) - Population and per capita income data can be found in the schedule of demographic and economic statistics
- (2) The activities of the Sullivan Tobacco Asset Securitization Corporation that had previously been accounted for under governmental activities have been reclassified and presented under the business-type activities beginning in 2008.

<u>Total Primary Government</u>	<u>Percentage of Per Capita Income (1)</u>	<u>Per Capita (1)</u>
\$ 48,584,898	0.063 %	\$ 634
74,933,207	0.042	978
69,248,038	0.045	909
63,523,379	0.054	838
75,655,223	0.049	976
69,157,547	0.056	899
71,259,308	0.056	928
65,002,905	0.062	848
68,481,518	0.060	893
61,022,137	2.04	804

County of Sullivan, New York

**Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available for Debt Service</u>	<u>Total</u>	<u>Percentage of Per Capita Income (1)</u>	<u>Percentage of Estimated Actual Taxable Value of Property (2)</u>	<u>Per Capita (1)</u>
<u>Governmental Activities:</u>						
2006	\$ 46,819,195	\$ 415,494	\$ 46,403,701	2.01 %	0.73 %	\$ 605.89
2007	73,568,133	421,271	73,146,862	2.87	0.92	955.07
2008	53,612,617	112,060	53,500,557	2.01	0.57	702.21
2009	48,685,843	100,894	48,584,949	1.81	0.50	640.73
2010	61,344,459	27,962	61,316,497	2.12	0.56	790.70
2011	55,232,702	20,551	55,212,151	1.83	0.61	717.97
2012	57,840,604	13,702	57,826,902	1.87	0.69	752.78
2013	52,094,158	3,580	52,090,578	1.68	0.64	679.46
2014	56,137,663	2,731	56,134,932	1.78	0.73	732.21
2015	49,082,581	3,481	49,079,100	1.64	0.65	646.26
<u>Business-Type Activities:</u>						
2006	1,110,805	-	1,110,805	0.05	0.02	14.50
2007	793,092	-	793,092	0.03	0.01	10.36
2008	462,383	-	462,383	0.02	0.00	6.07
2009	139,158	-	139,158	0.01	0.00	1.84
2010	120,650	-	120,650	0.00	0.00	1.56
2011	102,456	-	102,456	0.00	0.00	1.33
2012	84,603	-	84,603	0.00	0.00	1.10
2013	66,973	-	66,973	0.00	0.00	0.87
2014	49,489	-	49,489	0.00	0.00	0.65
2015	32,598	-	32,598	0.00	0.00	0.43
<u>Total Primary Government:</u>						
2006	47,930,000	415,494	47,514,506	2.06	0.75	620.39
2007	74,361,225	421,271	73,939,954	2.90	0.93	965.42
2008	54,075,000	112,060	53,962,940	2.03	0.58	708.28
2009	48,825,001	100,894	48,724,107	1.81	0.50	642.56
2010	61,465,109	27,962	61,437,147	2.12	0.56	792.26
2011	55,335,158	20,551	55,314,607	1.84	0.61	719.31
2012	57,925,207	13,702	57,911,505	1.87	0.69	753.88
2013	52,161,131	3,580	52,157,551	1.69	0.64	680.331
2014	56,187,152	2,731	56,184,421	1.78	0.73	732.86
2015	49,115,179	3,481	49,111,698	1.64	0.65	646.69

(1) - Population and personal income data can be found in the schedule of demographic and economic statistics

(2) - Based on values presented in the schedule of assessed value and estimated actual value of taxable property

County of Sullivan, New York

Direct and Underlying Governmental Activities Debt
As of December 31, 2015

	Gross Long-Term Debt (1)	Exclusions (2)	Amount Applicable to County
Towns (as of December 31, 2015)			
Bethel	\$ 6,056,957	5,409,957	647,000
Callicoon	611,769	109,989	501,780
Cochecton	-	-	-
Delaware	285,600	230,000	55,600
Fallsburg	11,204,691	3,633,600	7,571,091
Forestburgh	130,000	-	130,000
Fremont	-	-	-
Highland	\$265,000	-	265,000
Liberty	\$3,090,676	\$1,480,676	1,610,000
Lumberland	\$575,000	-	575,000
Mamakating	-	-	-
Neversink	\$500,000	-	500,000
Rockland	\$1,180,000	\$315,000	865,000
Thompson	\$8,954,722	\$8,315,909	638,813
Tusten	-	-	-
Villages (as of May 31, 2015)			
Bloomingsburg	195,000	195,000	-
Jeffersonville	105,000	50,000	55,000
Liberty	5,993,273	3,755,000	2,238,273
Monticello	9,728,289	9,573,365	154,924
Woodridge	6,396,002	6,396,002	-
Wurtsboro	1,486,400	-	1,486,400
School Districts (as of June 30, 2015)			
Eldred	11,235,494	-	11,235,494
Fallsburg	17,756,245	-	17,756,245
Liberty	20,077,436	-	20,077,436
Livingston Manor	310,000	-	310,000
Monticello	19,497,200	-	19,497,200
Roscoe	4,575,000	-	4,575,000
Sullivan West	24,360,000	-	24,360,000
Tri-Valley	10,910,000	-	10,910,000
Total Underlying Debt	165,479,754	39,464,498	126,015,256
Direct Bonded Debt of the County	49,082,581	-	49,082,581
Direct and Underlying Debt	\$ 214,562,335	\$ 39,464,498	\$ 175,097,837

(1) Excludes enterprise fund bonds.

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

(3) County percentage is 100% since all of the above municipalities and School Districts fall within the boundaries of the County.

County of Sullivan, New York

Legal Debt Margin Information
Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt Limit	\$ 369,480,284	\$ 418,676,264	\$ 478,441,119	\$ 569,605,057
Total Net Debt Applicable to Limit	<u>64,239,506</u>	<u>63,503,729</u>	<u>65,662,940</u>	<u>62,419,106</u>
Legal Debt Margin	<u>\$ 305,240,778</u>	<u>\$ 355,172,535</u>	<u>\$ 412,778,179</u>	<u>\$ 507,185,951</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	17.39%	15.17%	13.72%	10.96%

Legal Debt Margin Calculation for Fiscal Year 2015

Five Year Full Valuation of Taxable Real Property	<u>\$ 40,283,196,730</u>
Five Year Average Full Valuation of Taxable Real Property	<u>\$ 8,056,639,346</u>
Debt Limit - 7% of Five Year Average Full Valuation	<u>\$ 563,964,754</u>
Outstanding Indebtedness:	
Serial Bonds (1)	46,935,000
Bond Anticipation Notes	<u>19,620,000</u>
	66,555,000
Less Exclusions	<u>3,481</u>
Net Indebtedness Subject to Debt Limit	<u>66,551,519</u>
Net Debt Contracting Margin	<u>\$ 497,413,235</u>
Percentage of Debt Contracting Power Exhausted as of December 31, 2015	11.80 %

(1) Excludes serial bonds for the Sullivan Tobacco Asset Securitization Corporation

Note - State Finance Law limits the County's outstanding net general obligation long-term debt to no more than 7% of the five year average full valuation of taxable real property. The legal debt margin is the difference between the debt limit and the County's net debt outstanding applicable to the limit, and represents the County's legal borrowing authority.

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 600,291,330	\$ 629,359,407	\$ 635,250,346	\$ 592,419,257	\$ 592,419,257	\$ 563,964,754
<u>80,847,038</u>	<u>70,574,449</u>	<u>64,331,298</u>	<u>57,496,420</u>	<u>60,127,269</u>	<u>66,551,519</u>
<u>\$ 519,444,292</u>	<u>\$ 558,784,958</u>	<u>\$ 570,919,048</u>	<u>\$ 534,922,837</u>	<u>\$ 532,291,988</u>	<u>\$ 497,413,235</u>
13.47%	11.21%	10.13%	9.71%	10.15%	11.80%

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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place. These schedules include:

Demographic Statistics

Principal Employers

County of Sullivan, New York

Demographic Statistics Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income(3) (000's)</u>	<u>Per Capita Income (3)</u>	<u>Unemployment Rate (1)</u>
2006	76,588 (3)	\$ 2,308,579	\$ 30,412	4.9 %
2007	76,588 (2)	2,547,655	31,490	5.2
2008	76,189 (2)	2,659,432	31,490	6.6
2009	75,828 (2)	2,687,619	34,613	8.8
2010	77,547 (2)	2,897,028	37,416	9.3
2011	76,900 (5)	3,008,994	39,038 (4)	9.2
2012	76,818 (5)	3,091,551	40,258	9.6
2013	76,665 (5)	3,091,551	40,258	8.8
2014	76,665 (6)	3,158,339	41,197	6.8
2015	75,943 (6)	2,989,749	39,368 (4)	5.2

Sources:

- (1) - NYS Department of Labor/Empire State Development
- (2) - U.S. Census Bureau
- (3) - US Bureau of Economic Analysis
- (4) - Personal income and per capita income data for 2015 is not currently available

County of Sullivan, New York

Principal Employers
Current Year And Nine Years Ago

<u>EMPLOYER</u>	2015	
	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL EMPLOYMENT</u>
SDTC THE CENTER FOR DISCOVERY	1,442	4.77 %
SULLIVAN COUNTY GOVERNMENT	1,051	3.48
CATSKILL REGIONAL MEDICAL CTR	700	2.32
MONTICELLO CENTRAL SCHOOL DIST	704	2.33
NEW HOPE COMMUNITY INC	672	2.23
BETHEL WOODS CENTER FOR ARTS	445	1.47
NYSARC INC/COMMUNITY RSRCE CTR	510	1.69
IDEAL SNACKS	241	0.80
VILLA ROMA RESORT	384	1.27
SULLIVAN CORRECTIONAL FACILITY	431	1.43
WOODBOURNE CORRECTIONAL FACILITY	431	1.43
MONTICELLO GAMING & RACEWAY	278	0.92
KOHL'S CORP	347	1.15
ROLLING V BUS CORP	360	1.19
WALMART	283	0.94
MURRAY BRESKY CONSULTANTS	357	1.18
	<u>8,636</u>	<u>28.60 %</u>

<u>EMPLOYER</u>	2006	
	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL EMPLOYMENT</u>
SDTC THE CENTER FOR DISCOVERY	1,200	4.76 %
SULLIVAN COUNTY GOVERNMENT	1,247	4.95
UNITED STATES POSTAL SERVICE	800	3.17
CATSKILL REGIONAL MEDICAL CTR	760	3.02
MONTICELLO CENTRAL SCHOOL DIST	758	3.01
NEW HOPE COMMUNITY INC	505	2.00
NYSARC INC/COMMUNITY RSRCE CTR	467	1.85
SULLIVAN CORRECTIONAL FACILITY	460	1.83
WOODBOURNE CORRECTIONAL FACILITY	435	1.73
MONTICELLO GAMING & RACEWAY	386	1.53
KOHL'S CORP	328	1.30
WALMART	519	2.06
	<u>7,865</u>	<u>31.21 %</u>

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

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Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs. These schedules include:

Full-Time Equivalent County Government Employees by Program

Operating Indicators by Function

Capital Asset Statistics by Function

County of Sullivan, New York

Full-Time Equivalent County Government Employees By Function
Last Ten Fiscal Years

<u>Function</u>	<u>Full-time Equivalent Employees as of December 31,</u>			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Government	174	171	221	187
Public Safety	191	185	222	228
Health/Adult Care Center	283	280	326	331
Transportation	126	127	124	113
Economic Opportunity and Development	214	194	212	212
Culture and Recreation	19	18	35	35
Home and Community Services	<u>42</u>	<u>40</u>	<u>46</u>	<u>29</u>
Total	<u><u>1,049</u></u>	<u><u>1,015</u></u>	<u><u>1,186</u></u>	<u><u>1,135</u></u>

Source - Annual County Budget

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
180	175	177	175	182	182
211	212	212	216	215	215
296	291	304	279	284	289
94	96	94	94	92	92
179	169	168	175	171	184
32	32	31	34	34	33
<u>24</u>	<u>23</u>	<u>24</u>	<u>22</u>	<u>24</u>	<u>23</u>
<u><u>1,016</u></u>	<u><u>998</u></u>	<u><u>1,010</u></u>	<u><u>995</u></u>	<u><u>1,002</u></u>	<u><u>1,018</u></u>

County of Sullivan, New York

Operating Indicators By Function
Last Ten Fiscal Years

FUNCTION	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Public Safety				
Sheriff:				
Arrests	1,434	1,537	1,535	1,332
Traffic summonses	2,169	1,737	2,621	2,629
DWI summonses	80	80	81	102
Jail				
Inmates	1,714	1,873	1,722	1,630
Transportation				
Road paving (miles)	34.9	22.9	19.4	26.6
Road chip seal (miles)	7.0	57.4	-	-
Bridge replacement	2	6	2	1
Bridge rehabilitation	1	-	3	6
Culture and Recreation				
Park and pavilion permits	59	57	85	89
Lake Superior attendance	16,647	17,426	17,827	14,300
Fort Delaware attendance	2,977	4,523	3,878	3,832
Home and Community Services				
Refuse collection (tons per day)(1)	234.02	219.29	209.30	238.30
Recyclables collected (tons per day)	14.02	16.86	16.76	21.37

Source: Various County Departments

2010	2011	2012	2013	2014	2015
1,511	1,473	1,130	1,163	1,139	1,146
3,552	2,405	1,716	1,224	1,187	1,213
110	83	49	54	70	73
1,664	1,616	1,472	1,475	1,387	1,251
37.2	14.9	12.8	14.7	25.5	30.7
38.5	29.0	22.3	-	-	-
2	2	1	1	1	4
4	1	3	8	5	2
80	74	58	36	73	81
16,788	14,634	13,714	12,266	11,225	12,653
3,463	3,449	3,062	2,843	2,848	2,870
195.00	153.00	156.00	150.00	149.00	147.00
17.95	13.78	14.50	15.00	16.00	17.00

County of Sullivan, New York

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2006	2007	2008	2009
Public Safety				
Sheriff:				
Jail	1	1	1	1
Prisoner transportation vans	4	2	2	2
Cars	21	32	28	30
SUVs	5	10	9	8
Pickups	-	-	-	2
Electric cars	-	-	-	3
ATVs	-	-	-	3
Boats	1	1	2	2
Tactical Vehicle	-	-	-	-
Humvee	-	-	-	-
Jet Ski	-	-	-	-
Transportation				
Roads (miles)	386.7	386.7	386.8	385.6
Traffic signals	8	8	8	8
Flashing beacons	26	26	26	26
Bridges	400	400	400	400
Culture and Recreation				
Parks acreage	1,550	1,550	1,550	1,550
Playgrounds	2	2	2	2
Home and Community Services				
Landfill acres	45.8	45.8	45.8	45.8
Transfer stations	5	5	5	5
Haul trucks	4	4	4	6

Source - Various County Departments

2010	2011	2012	2013	2014	2015
1	1	1	1	3	3
2	2	2	3	2	2
27	21	21	27	26	29
7	8	6	6	11	11
2	1	2	2	2	2
3	3	3	3	3	3
3	3	3	3	5	5
2	2	2	2	2	2
-	1	1	1	1	1
-	-	1	1	1	1
-	-	-	-	-	1
385.4	385.4	385.4	385.2	385.2	385.2
9	9	10	10	10	10
25	25	25	25	25	26
400	398	401	401	401	400
1,550	1,572	1,572	1,572	1,572	1,572
2	2	2	2	2	2
45.8	45.8	45.8	45.8	45.8	45.8
6	6	6	6	6	6
6	6	6	6	6	6

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**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With *Government
Auditing Standards***

Independent Auditors' Report

**The Honorable Legislature
of the County of Sullivan, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Sullivan, New York ("County") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 28, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the County in a separate letter dated June 28, 2016.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP
Harrison, New York
June 28, 2016