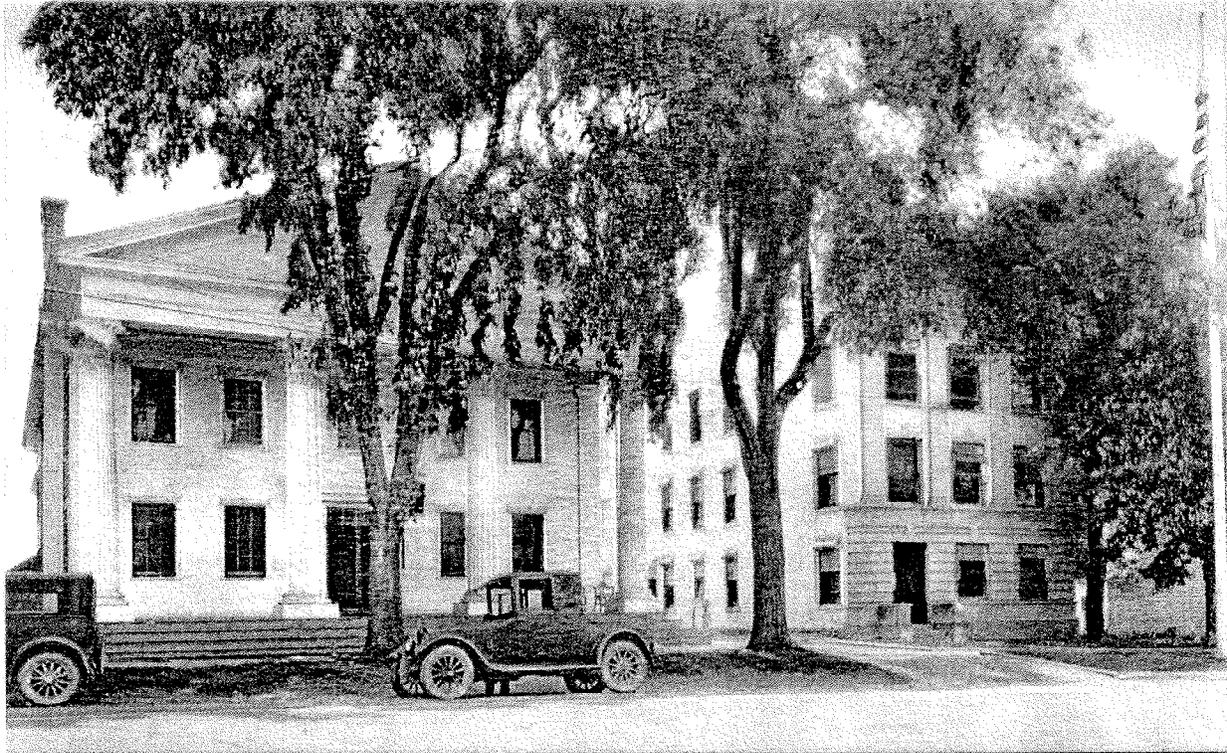
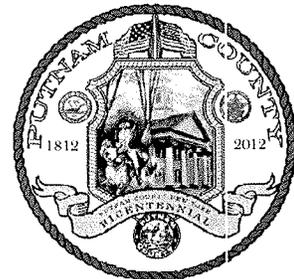


County of Putnam, New York

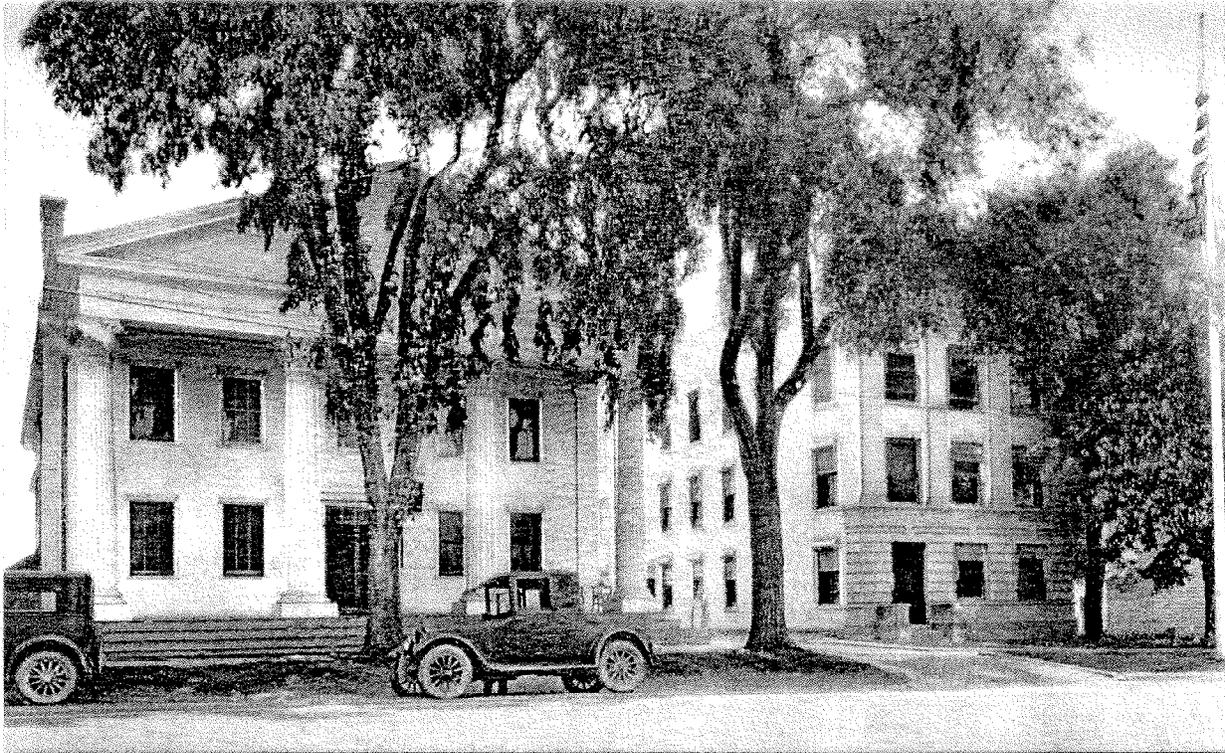


Comprehensive Annual Financial Report

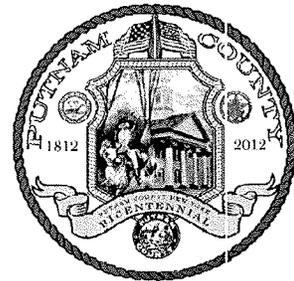


Year Ended:
December 31, 2013

County of Putnam, New York



Comprehensive Annual Financial Report



Year Ended:
December 31, 2013

Prepared by
Department of Finance
William J. Carlin, Jr. Commissioner

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**INTRODUCTORY
SECTION**

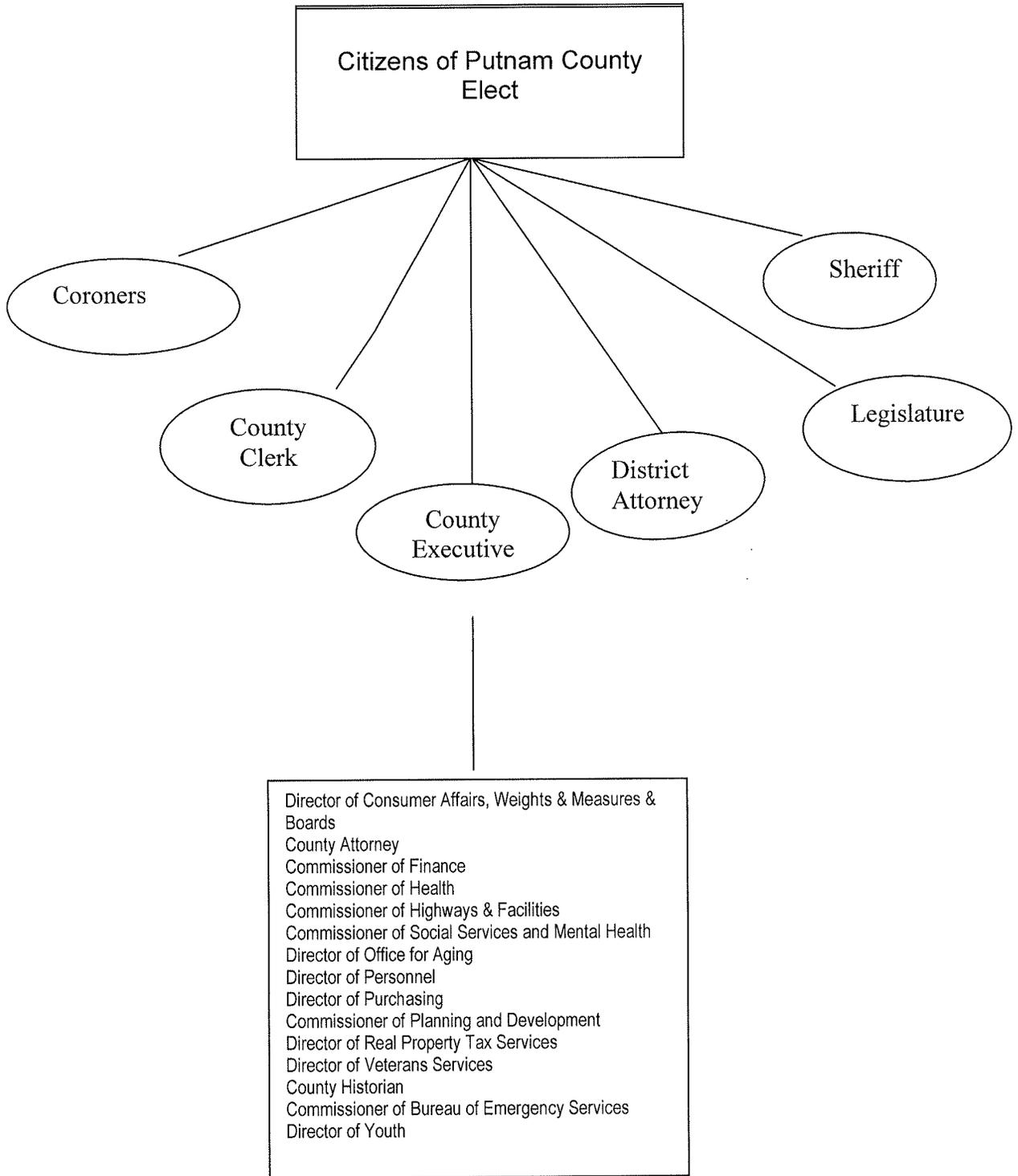
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**COUNTY OF PUTNAM,
NEW YORK
PRINCIPAL OFFICIALS**

As of December 31, 2013

<u>OFFICE</u>	<u>OFFICE HOLDER</u>	<u>TERM EXPIRES</u>
County Executive	MaryEllen Odell	12/31/14
County Legislators		
District #1	Barbara Scuccimarra	12/31/15
District #2	Sam Oliverio Jr.	12/31/14
District #3	Richard Othmer (Chairman)	12/31/14
District #4	Ginny Nacerino	12/31/15
District #5	Carl Albano	12/31/13
District #6	Roger Gross	12/31/13
District #7	Joseph Castellano	12/31/15
District #8	Dini LoBue	12/31/14
District #9	Anthony DiCarlo	12/31/13
County Clerk	Dennis J. Sant	12/31/14
District Attorney	Adam Levy	12/31/15
Sheriff	Donald B. Smith	12/31/13
County Attorney	Jennifer Bumgarner	12/31/14
Commissioner of Finance	William J. Carlin Jr.	12/31/14

ORGANIZATIONAL CHART OF PUTNAM COUNTY EXECUTIVE BRANCH



WILLIAM J. CARLIN, Jr. CPA
Commissioner Of Finance



ANITA Z. GILBERT
Chief Deputy Commissioner Of Finance

JAMES J. McCONNELL
Deputy Commissioner Of Finance

DEPARTMENT OF FINANCE

June 13, 2014

To The Honorable County Executive and County Legislature
of the County of Putnam, New York:

The Comprehensive Annual Financial Report ("CAFR") for the County of Putnam, New York for the fiscal year ended December 31, 2013 is herewith submitted. New York State requires the County to submit an annual report of the 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. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the County's 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 financial statements have been audited by O'Connor Davies, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended December 31, 2013 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 unmodified opinions that the County's basic financial statements for the fiscal year ended December 31, 2013 are fairly presented in conformity with GAAP.

In addition, the Governmental Accounting Standards Board ("GASB") requires the County's management to provide a narrative introduction, overview and analysis of the basic financial statements in the form of the Management's Discussion and Analysis ("MD&A"). This letter of transmittal complements the MD&A and should be read in conjunction with it. The County's MD&A is included in the financial section of this CAFR immediately following the independent auditor's report.

This report has also been prepared and organized to meet the requirements of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting program. In accordance with its guidelines, the report is presented as four major sections; Introductory Section, Financial Section, Statistical Section and Federal Awards Section.

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 report not only 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 included in the Federal Awards Section of this CAFR.

PROFILE OF THE COUNTY

Putnam County, established in 1812, is located approximately 56 miles north of New York City and encompasses a land area of 246 square miles. The County is bordered by the County of Dutchess on the north, the County of Westchester on the south, the State of Connecticut on the east and the Hudson River on the west. Within the County are six towns (Carmel, Kent, Patterson, Philipstown, Putnam Valley and Southeast) and three villages (Brewster, Cold Spring and Nelsonville).

Putnam County is principally residential in character and combines suburban and rural settings. A wide range of housing arrangements including country estates, one-family homes, apartment units, condominiums and seasonal dwellings are available in the County. There are 116 lakes and ponds and 8 miles of Hudson River shoreline, which provide recreational activities including boating, swimming and fishing. Businesses located in Putnam County are primarily mercantile in nature with some light manufacturing.

Putnam County is located 56 miles north of New York City with Metro North trains departing at ½ and 1 hr. intervals to Grand Central Station. The County is also located conveniently to several airports – 25 miles to Stewart Airport; 25 mile to Westchester County Airport and 45 miles to LaGuardia Airport.

The County operates under a Charter form of government that provides for separate, independent executive and legislative functions with an elected County

Executive and a 9-person County Legislature. This current form of Government was adopted to the provisions of Local Law No. 1 of 1977 and became effective on January 1, 1979.

The County Executive, elected from the County at large in an even numbered year for a term of four years, not to exceed 2 four year terms, is the chief executive officer responsible for the administration of all County affairs and also acts as the County's Budget Officer.

The County Legislature is the legislative, appropriating and policy determining body of the County. The nine members represent legislative districts of approximately equal population. Members are elected to serve three year staggered terms and are term limited to 4 three year terms. The current membership of the County Legislature is included on the list of Principal Officials. Duties of the Legislature include review and adoption of the County's annual budget; approval of budgetary modifications during the year; and authorization by resolution for the issuance of debt by the County. Legislative committees have been organized to oversee various aspects of County government. These committees are advisory in nature and formal actions must be approved by a vote of the Legislature as a whole.

The Chief Fiscal Officer of the County is the Commissioner of Finance, who is appointed by the County Executive and confirmed by the County Legislature. The Commissioner of Finance is responsible for the administration of the financial affairs of the County. Duties of this position include: tax collection, financial accounting and reporting, payroll and accounts payable disbursements functions, cash and investment management, debt management, and preparing financial statements.

Other elected officials include the County Clerk, District Attorney, Sheriff and three County Coroners, who serve four-year terms.

Offices in the Executive Department include the Division of Planning and Development as well the departments of Bureau of Emergency Services, Finance and Real Property, Health, Highways and Facilities, Historian, Law, Mental Health, Personnel, Probation, Purchasing, Social Services, Weights and Measures and Consumer Affairs, Veterans, and Office for Senior Resources formerly known as the Office For Aging. All department heads are appointed by the County Executive and most are subject to approval by the County Legislature.

The County provides a full range of services to its residents, some of which include:

- Public safety and judiciary services including criminal justice, district attorney, corrections, and probation programs.
- Transportation services, which include maintenance of 116 miles of county roads and the operation of the Putnam Area Rapid Transit (“PART”) system.
- Economic Opportunity and Development programs including Social Services programs, Office for Senior Resources, Veterans’ assistance, and Employment and Training services.
- Health services through the County Health and Mental Health Departments.
- Parks and recreation services including 11.85 miles of bikeways after the completion of .92 miles from Putnam Avenue to North Main in the Village of Brewster; a golf course, parks and numerous trails.
- The County also provides general administrative support to all departments and is guarantor of both town and school district taxes

This report includes all of the funds of the County. It includes all County organizations and activities for which the County is financially accountable. The County has considered all potential component units based on criteria set forth in GASB Statement No. 61, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

The County also maintains budgetary controls to ensure compliance with legal provisions embodied in the annual budget approved by the County Legislature. During the month of June, the various County departments are given notice to prepare their budgets. These preliminary budgets are due no later than August 15th or by a date set by the Commissioner of Finance and include the estimated revenues and expenditures for the following fiscal year. Budget meetings are scheduled with each department to occur during the month of August and September.

The County Executive prepares and submits a tentative budget for the ensuing year to the Clerk of the Legislature on or before October 1st of each year. Such budget includes an estimate of the expenditures needed to provide County services as well as the sources of revenue expected to fund these expenditures.

Within five days of submitting the tentative budget, the County Executive and Commissioner of Finance review the budget with the Budget and Finance Committee (the "Committee") of the County Legislature. The Committee subsequently holds a public hearing on the tentative budget to obtain comments from the public. The Committee files a report, which includes its recommendations, to the full Legislature on or before October 20th.

A second public hearing before all members of the County Legislature is held no later than October 25th. Taxpayers are given the opportunity to express their views on the proposed budget; however, the County is not required to submit the budget to the taxpayers for their approval. After this hearing and prior to October 28th, the Legislature as a whole meets to consider and adopt the budget. According to the County Charter, the County Executive may veto all line items changed by the Legislature with the exception of those items pertaining to the Legislature's own budget. An override of an Executive veto requires 2/3 majority vote of the County Legislature. The budget process is completed and the final budget adopted by November 15th.

Beginning with the fiscal year ending December 31, 2009, the County was required to implement GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits other than Pension*. These financial statements are issued in full compliance with these standards.

In addition, beginning with the fiscal year ending December 31, 2011, the County was required to implement GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. These financial statements are issued in full compliance with these standards.

For the year ended December 31, 2013, the County implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These financial statements are issued in full compliance with these standards.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates

Local Economy

In 2013, the County saw an all time high in the collection of sales tax revenues to \$53,236,813. This represented an increase of 3% over collections in 2012. This increase was due in part to the recovering economy and increased gasoline costs.

The County's unemployment rate (4.8%) continues to remain one of the lowest of all the counties in New York State as of April 2014 as well as to New York State (6.7%) and the Nation (6.3%). Residential home sales saw a 13.8% increase from 631 sales in 2012 to 718 sales in 2013. The median sale price of a single-family home showed an

increase of 2.8% from the 2012 median sales price of \$300,000 to a median sales price of \$308,500 for 2013. Home foreclosure filings initiated in Putnam County increased from 331 in 2012 to 551 in 2013. The actual foreclosure judgments issued were 49 in 2012 and 81 in 2013.

In 2013, the County's Net Taxable Assessments decreased from \$10,992,611,655 in 2012 to \$10,709,588,202 a decrease of \$283,023,453 or 2.6%. Since 2008, Net Taxable Assessments have decreased by \$1,860,404,889 or \$17.37%.

The New York State Property tax cap law provides that the tax levy increase is capped at 2% or the rate of inflation, whichever is less. In 2013, the County adopted a budget increasing the tax levy by 1.39%, well under the mandated tax cap.

According to Federal statistics for 2012 Putnam County had a per capita personal income of \$57,431 and a median household income of \$92,711; as compared to New York State with a per capita income of \$50,545 and a median household income of \$56,951 (2011). The Census 2010 population count was 99,718 and the Census Bureau estimates the current population of the County for 2013 at 99,645.

The following major initiatives were commenced or were in progress during calendar year 2013 by the various departments and agencies of the Putnam County government:

Managing Medicaid Applications: In 2013 the County contracted with the Bonadio Group to work with employees who review complicated Medicaid cases in terms of eligibility. As of December 31, the County saved in \$636,218 in "cost avoidance" charges as a result of these reviews.

Highway Road Plan: Working with Cornell University the County is developing an overall strategy that evaluates and prioritizes each of the 62 County roads. This strategy will identify specific remediation and maintenance opportunities for each of the roads that

make up a total of 117 miles and is designed to extend the life-span of each of our roads to 15 years avoiding unnecessary bonding and expenses.

Chapter 31 – Sale of County Owned Property Acquired by Tax Foreclosure:

In 2013 we contracted with several Realtors to sell 19 County Owned Properties. Of the 19 properties, the County has already entered into contract for the sale of 7. By placing the properties back on the tax rolls and in providing the neighbors with new owners that care, an overall increase in property values is realized.

Long-Term Financial Planning

County Bikeways: Putnam County has bid out the construction contract for Bikeway IV, which will encompass a one mile stretch from the Town of Southeast into the Village of Brewster. When completed, the County trailway system will be connected from the Hamlet of Mahopac through the Village of Brewster.

Alternative Energy: Putnam County continues to explore the establishment of alternative energy sources to reduce energy costs. For example, the County is studying the feasibility of establishing a solar energy station on landfill property to supply power which the County can purchase at a lower cost than is currently paid.

NYC Watershed: Through the East of Hudson (“EOH”) the County continues to pursue developing a comprehensive plan to maximize the utilization of financial and human resources while simultaneously ensuring the maximum benefit to the environment.

Relevant Financial Policies

The County operates under a host of comprehensive financial policies. The County maintains an investment policy which emphasizes a conservative financial approach based upon New York State Law. Available funds are invested in certificates of

deposits, money market accounts, savings accounts, U.S. Treasury obligations and municipal cooperative investments authorized under New York State General Municipal Law. The County's investment policy is adopted by the Legislature. Total investment earnings for the fiscal year ending December 31, 2013 was \$303,544 down from \$613,941 in 2012.

The County prepares its budgets, capital improvement plans and forecasts with various financials policies in mind, and operates in compliance with the policies. The County does not foresee any issues with its ability to comply with the current policies in the implementations of its near and long term initiatives.

The County maintains a procurement policy in accordance with New York State General Municipal Law and adopted by the Legislature. This policy outlines all bidding and procurement procedures that County departments must adhere to when purchasing goods and services. The Department of Purchasing is responsible for the administration of this policy.

AWARDS AND ACKNOWLEDGEMENTS

GFOA – Certificate of Achievement for Excellence in Financial Reporting

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, 2012. The County has received this prestigious award twenty of the last twenty-one years. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents must conform to GFOA standards. This report 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 comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

I would like to thank all of the personnel in the Finance Department along with the account clerks and fiscal managers throughout the County. They are a very competent group of professionals dedicated to their work and the long-term fiscal condition of the County. I would like to thank all County departments for their assistance in providing the data necessary to compile this report. In particular, I want to thank Anita Z. Gilbert, Chief Deputy Commissioner of Finance, and the accounting staff, as well as our independent auditor O'Connor Davies, LLP, who assisted in its preparation. I would also like to thank the County Executive and the members of the County Legislature for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectively Submitted,

A handwritten signature in black ink that reads "William J. Carlin, Jr." with a stylized flourish at the end.

William J. Carlin, Jr.,
Commissioner of Finance

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Putnam
New York**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

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**FINANCIAL
SECTION**

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the County of Putnam, New York ("County") as of and for the year ended December 31, 2013, 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 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows, thereof, and the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Schedule of Funding Progress – Other Post Employment Benefits 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, the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133 Audits of State, Local Governments and Non-Profit Organizations 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 and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. 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 13, 2014 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.

O'Connor Davies, LLP

O'Connor Davies, LLP

Harrison, New York

June 13, 2014

County of Putnam, New York

Management's Discussion and Analysis December 31, 2013

Introduction

As management of the County of Putnam, New York (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights for Fiscal Year 2013

Key financial highlights for fiscal year 2013 are as follows:

- The net position (assets plus deferred outflows of resources minus liabilities) of the County for fiscal year 2013 equaled \$(12,182,705). Of this amount, \$4,170,872 represents net position for governmental activities and (\$16,353,577) net position for business-type activities.
- Total General Fund revenues exceeded general fund expenditures by \$3,715,110.
- The General Fund reported an ending fund balance of \$36,525,373, which represents an increase of \$3,715,110 from fiscal year 2012. The Capital Projects Fund reported an ending fund balance of \$5,217,841, a decrease of \$935,195 from fiscal year 2012.
- The County's total outstanding bonds payable, exclusive of the business-type activities, at December 31, 2013 were \$64,759,535.

Overview of the Financial Statements

The County's financial statements are composed of 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 the financial statements. This report also contains combining and individual fund 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: statement of net position and 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 the County's total assets, liabilities and deferred inflows of resources with the balance reported as net position. Over time, increases or decreases in net position 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 financial 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, operating grants and contributions, and capital grants and contributions.

Business-type activities - The business type activities are those activities that are intended to recover all or a significant portion of their costs through user fees and charges. The business-type activities of the County consist entirely of the Putnam Tobacco Asset Securitization Corporation.

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

Because the focus of governmental funds is for the current period, it is useful to compare this information to the data presented in the governmental-wide financial statements 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, Capital Projects, County Road, Road Machinery, Transportation, Special Purpose and Debt Service Funds. Of these, the General and Capital Projects funds are reported as major funds, and are presented in separate columns on the balance sheet and the statement of revenues, expenditures and changes in fund balances. Data for the other five governmental funds are combined into a single, aggregated column on these statements. Individual fund data for these nonmajor funds can be found on the combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund, certain Special Revenue Funds and the Debt Service Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the respective budget.

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. Because 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 internal service fund.

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. The 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.

Notes to Financial Statements - The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the 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 the 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 position may serve over time as a useful indicator of the County's financial position. In the case of the County, for the fiscal year ended December 31, 2013, the County's assets plus deferred outflows of resources less liabilities equaled \$(12,182,705).

The following table reflects the condensed statement of net position:

	Governmental Activities		Business-type Activities*		Total	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$ 110,648,589	\$ 109,791,491	\$ 2,322,856	\$ 2,324,053	\$ 112,971,445	\$ 112,115,544
Capital Assets	104,707,519	106,779,846	-	-	104,707,519	106,779,846
Total Assets	215,356,108	216,571,337	2,322,856	2,324,053	217,678,964	218,895,390
Deferred Outflows of Resources	1,937,606	-	1,418,285	-	3,355,891	-
Current Liabilities	47,682,262	43,686,991	77,825	78,250	47,760,087	43,765,241
Long-term Liabilities	165,440,580	143,969,861	20,016,893	18,396,974	185,457,473	162,366,835
Total Liabilities	213,122,842	187,656,852	20,094,718	18,475,224	233,217,560	206,132,076
Deferred inflows of resources	-	7,169,510	-	-	-	7,169,510
NET ASSETS						
Net investment in capital assets	45,072,133	42,242,348	-	-	45,072,133	42,242,348
Restricted	6,463,642	8,980,231	-	2,265,065	6,463,642	11,245,296
Unrestricted	(47,364,903)	(29,477,604)	(16,353,577)	(18,416,236)	(63,718,480)	(47,893,840)
Total Net Assets	\$ 4,170,872	\$ 21,744,975	\$ (16,353,577)	\$ (16,151,171)	\$ (12,182,705)	\$ 5,593,804

The largest component of the County's net position for governmental activities \$45,072,133 is invested in capital assets, net of related debt, (e.g., land, buildings and facilities, machinery and equipment, and infrastructure), 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 a variety of 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 is restricted net position aggregating \$6,463,642 at December 31, 2013. This amount represents resources that are subject to external restrictions on how they may be used.

The restrictions are as follows:

Casualty Reserve Fund	\$ 602,742
Law Enforcement	317,492
Driving While Intoxicated Program	101,729
Retirement	3,500,000
Debt service	430,823
Special revenue funds	<u>1,510,856</u>
Total restricted net position	<u>\$ 6,463,642</u>

There was a net decrease of \$2,516,589 in restricted net position reported in connection with the County's governmental activities compared to prior years.

The remaining portion of net position, unrestricted net position, is a negative \$63,718,480 with a deficit of \$47,364,903 reported in governmental activities and a \$16,353,577 deficit 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 partly the result of having long-term commitments.

The County is able to report positive balances for its governmental activities as a whole.

The activities of the Putnam Tobacco Asset Securitization (PTASC) are reflected as a business-type blended component unit. The County has no obligation for the debt of PTASC. The business-type activity reflected a deficit balance of \$16,353,577. This represents an increase in the deficit of \$177,406.

The following table represents the statement of activities.

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
PROGRAM REVENUES						
Charges for Services	\$ 14,137,422	\$ 13,165,351	\$ 1,069,644	\$ 1,047,718	\$ 15,207,066	\$ 14,213,069
Operating Grants and Contributions	25,608,248	24,420,622	-	-	25,608,248	24,420,622
Capital Grants and Contributions	3,284,480	12,630,473	-	-	3,284,480	12,630,473
General Revenues						
Real Property Taxes	35,107,514	38,084,798	-	-	35,107,514	38,084,798
Other Tax Items	4,940,649	5,148,031	-	-	4,940,649	5,148,031
Non-Property Taxes	53,330,206	51,907,116	-	-	53,330,206	51,907,116
Unrestricted Use of Money and Property	69,557	956,416	161	185	69,718	956,601
Sale of Property and Compensation for loss	129,251	204,612	-	-	129,251	204,612
Miscellaneous	315,148	2,155,030	-	-	315,148	2,155,030
Transfers	25,000	-	(25,000)	-	-	-
Total Revenues	136,947,475	148,672,449	1,044,805	1,047,903	137,992,280	149,720,352
PROGRAM EXPENSES						
General Government Support	29,010,140	26,453,722	-	-	29,010,140	26,453,722
Education	10,201,595	10,172,476	-	-	10,201,595	10,172,476
Public Safety	39,752,916	42,845,562	-	-	39,752,916	42,845,562
Health	13,394,756	14,217,985	-	-	13,394,756	14,217,985
Transportation	17,916,455	14,786,291	-	-	17,916,455	14,786,291
Economic Opportunity and Development	37,271,454	35,270,894	-	-	37,271,454	35,270,894
Culture and Recreation	4,275,442	3,759,514	-	-	4,275,442	3,759,514
Home and Community Services	4,352,084	10,533,633	-	-	4,352,084	10,533,633
Interest	2,703,395	3,249,964	-	-	2,703,395	3,249,964
Putnam Tobacco Asset Securitization Corp.	-	-	1,247,211	1,262,446	1,247,211	1,262,446
Total Expenses	158,878,237	161,290,041	1,247,211	1,262,446	160,125,448	162,552,487
Change in Net Assets	(21,930,762)	(12,617,592)	(202,406)	(214,543)	(22,133,168)	(12,832,135)
NET ASSETS						
Beginning as reported	26,101,634	34,362,567	(16,151,171)	(15,936,628)	9,950,463	18,425,939
Ending	\$ 4,170,872	\$ 21,744,975	\$ (16,353,577)	\$ (16,151,171)	\$ (12,182,705)	\$ 5,593,804

Governmental activities - Governmental activities decreased the County's net position by \$21,930,762 from the prior fiscal year.

For the fiscal year ended December 31, 2013, revenues from governmental activities totaled \$137 million. Tax revenues (\$93.4 million), comprised of real property taxes, other tax items and sales tax; represent the largest revenue source 68.1%. Sales tax yielded \$53.3 million, an increase of \$1.4 million in comparison with fiscal year 2012. This increase was attributed to the local and national economy recovery that occurred during the course of the fiscal year and to the increase of gasoline prices. Collections of the current tax levy remains very strong at 91.87% while averaging 94.81% over the last 10 years.

Business-type activities - Business-type activities decreased the County's net position by \$202,406.

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 discretionary use, as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the County itself, or an individual that has been delegated authority to assign resources for use for particular purposes by the County Legislature.

As of the end of the current fiscal year, the County's governmental funds reported combined fund balances of \$45.2 million, an increase of \$3.4 million in comparison with the prior year. Of the total combined fund balance, \$18.8 million constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$2.4 million), 2) restricted for particular purposes (\$10.3 million), and 3) assigned for a particular purpose (\$13.6 million).

General Fund

The County's primary operating fund is the general fund and the majority of the County's programs and activities are supported by this fund. At the end of the current fiscal year, the general fund's unassigned fund balance was \$18,825,288 representing 52% of the total General Fund balance of \$36,525,373. 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 healthy 15.8% unassigned fund balance to total expenditures, while total fund balance represents 30.7% of that same amount.

When the fiscal 2013 budget was adopted, it anticipated the use of \$3.976 million of general fund balance. However, actual results of operations resulted in a surplus of \$3.71 million in fund balance. After accounting for specific reserves and \$3.75 million of fund balance to balance the 2014 budget, the unassigned general fund balance increased from \$18.7 million in 2012 (exclusive of the prior period adjustment) to \$18.8 million in 2013. Refer to the next section, General Fund Budgetary Highlights, for detailed analysis.

Capital Projects Fund

The Capital Projects Fund is used to account for capital project activity throughout the County. The Capital Projects Fund ending balance is \$5.2 million for fiscal year 2013. This represents a decrease of \$935,195 due to the closing out of various projects.

Non-Major Governmental Funds

The 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 Fund, Road Machinery Fund, Transportation Fund, and Special Purpose Fund. For fiscal year ended December 31, 2013, the combined fund balance of these funds totaled \$3.4 million. This represents an increase of \$607,163 for the fiscal year 2013. This increase was due to a bequest in the Special Purpose fund.

The Debt Service Fund reported a fund balance of \$430,823 at December 31, 2013, a decrease of \$199,610 from 2012 due to an uncollectible receivable.

General Fund Budgetary Highlights

During the year, there was a \$1.77 million increase in appropriations between the original and final amended budget, exclusive of other financing uses. The principal drivers of the increase to the budget were 1) \$936 thousand in 2012 approved grants that were carried forward into 2013; 2) \$356 thousand in the Safety Net program due to an increase in the caseload; and 3) \$285 thousand in various Homeland Security, Peer to Peer and E911 grants.

Overall, actual General Fund expenditures, exclusive of other financing uses, were \$118.6 million, which was \$8.9 million less than the final budget. General government support (\$2.3 million) was the major area where spending was less than budget primarily as a result of savings in personnel and fringes (\$1.26 million) and a decrease in various contractual lines including electric, fuel and gasoline (\$735 thousand). Public Safety's variance of \$2.2 million was a result of contractual savings in various lines (\$996 thousand); savings achieved in personnel and fringes (\$628 thousand); and unspent grant funds (\$575 thousand). Economic Opportunity and Development showed a savings of \$1.92 million as a result of savings in certain social services programs and administrative costs. Health's primary savings (\$976 thousand) were due to various health and mental health programs as well as a decrease in the Early Intervention program. An additional \$672 thousand dollars in savings was realized from the 3-5 Program (\$408 thousand) and Community College tuition (\$264 thousand) due to a decrease in tuition rates. Both Employee Benefits and Home and Community Services had savings of \$405 thousand and \$330 thousand, respectively. Employee Benefits was a result of savings in Retiree Health insurance costs and Home and Community Services was a result from savings realized from vacant positions from within the Planning department.

Actual General Fund revenues, exclusive of other financing sources, were \$122.6 million, which was \$2.3 million less than the final budget. The revenue categories that reflected positive variances as compared to the final budget were Licenses and Permits (\$113 thousand) which was due in part to Putnam's adoption of an Item Pricing Law that went into effect as of 2013. This was offset by shortfalls in State Aid (\$843 thousand); Real Property Taxes (\$527 thousand); Federal Aid (\$361 thousand); Non-Property Taxes (\$278 thousand); Departmental Income (\$266 thousand) and Miscellaneous (\$174 thousand).

State Aid's negative variance was mainly a result of under spending in the 3-5 and the Early Intervention Programs (\$554 thousand) due to a decline in enrollment and a decrease in services provided and in Public Safety (\$188 thousand) which was the result of recording grants for the Local Enhanced Wireless programs and not having expenditures in 2013. Real Property Tax collections were up from 2012 actuals, but collections were not as high as anticipated which resulted in a variance of \$527 thousand dollars. Federal Aid's variance of \$361 thousand was due to the Homeland Security grants that were approved in 2013 but had not yet been expended. Non-Property Tax (\$278 thousand) and Departmental Income (\$266 thousand) variances were due to a year-end adjustment for sales tax and a decrease in internal chargebacks respectively. The balance of the variance in Miscellaneous (\$174 thousand) was a result of Refunds of Prior years' expenditures.

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2013, amounts to \$104,707,519 (net of accumulated depreciation), a decrease of \$2,072,327. This reflects the County's investment in all of its capital assets including land, building and improvements, machinery and equipment, infrastructure and construction-in-progress.

Putnam County Capital Assets (Net of Depreciation) (in thousands)		
	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Land	\$ 6,558	\$ 6,473
Buildings and Improvements	56,234	59,155
Machinery and Equipment	4,804	4,622
Infrastructure	37,111	33,661
Construction-in-Progress	-	2,868
Total (Net of Depreciation)	<u>\$ 104,707</u>	<u>\$ 106,779</u>

Major capital activities during the current fiscal year included the following:

- Various projects for construction and reconstruction where completed this year for a total cost of \$5,634,330.
- Improvement of various County facilities at a cost of \$226,852.
- The purchase of various vehicles and equipment totaling \$3,278,851.

Additional information on the County's capital assets can be found in note 3,D of this report.

Long-Term debt

At the end of the current fiscal year, the County had total debt outstanding of \$64,759,535 exclusive of the Tobacco Securitization Corporation. The County issued \$3,113,000 in new debt as well as \$19,965,000 of bonds issued to refinance higher interest rate debt. The County redeemed \$21,915,181 in outstanding bonded indebtedness, including \$19,965,000 of refinance obligations. All of this debt is backed by the full faith and credit of the County.

Outstanding Debt General Obligations Bonds (in thousands)

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Total general obligation bonds	<u>\$ 64,760</u>	<u>\$ 63,597</u>

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 had enjoyed a very favorable bond rating of AA² for over ten years. In 2007 the County was downgraded to AA³ by Moody's "based upon deterioration of the County's cash position and fund balance following two consecutive years of operating deficits." However, in April 2010, the County was upgraded to AA² as a result of Moody's recalibration of all municipal ratings.

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, 2013, the County of Putnam had used \$61,646,535 or 5.98% of the constitutional debt limit leaving \$969,595,567 remaining to be used.

Additional information on the County's long-term debt can be found in note 3,H of this report.

Economic Factors and Next Year's Budget

According to the United States Bureau of Labor Statistics, the unemployment rate for Putnam County 4.8% in April 2014 down from 5.8% in April 2013. The County's unemployment rate compared favorably to the State-wide rate of 6.7%.

Labor Department data also indicated that the number of people employed in the County remained the same between 2012 and 2013.

Data compiled by the U.S. Census Bureau shows that the wealth indicators for County residents generally compare favorably to State and national indicators.

The County's estimated median household income for 2012 was \$95,711, while New York State's median household income was \$57,683. The median income for the nation as a whole was \$53,046.

The net taxable assessed value of real property in Putnam County decreased from \$10,992,611,655 in 2012 to \$10,709,588,202 in 2013, a decrease of 2.6%. The median sale price of a single-family home increased from \$300,000 in 2012 to \$308,500 in 2013, an increase of 2.8%. The median sale price of a single-family home for New York State as a whole increased from \$213,105 in 2012 to \$230,000 in 2013, an increase of 7.9%. Single-family houses sold were 718 in 2013 as compared to 631 in 2012, an increase of 13.8%.

Rising Medicaid, Early Intervention/Preschool Programs, health insurance costs, sharp increases in pension costs, and State budget cutbacks will all continue to have a profound effect on the County's future budgets.

Declines in the State equalization rate and resulting decrease in property assessments will continue to affect the County's real property tax base.

All of these factors were taken into consideration in developing the fiscal 2014 budget.

The County has appropriated \$3,750,000 million of the fund balance of the general fund for spending in the 2014 fiscal year. The 2013 County budget increased the real property tax levy by \$640,967 for a tax levy of \$39,253,434 or 1.66% keeping under the real property tax cap authorized by the State of New York.

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 William J. Carlin, Jr., Commissioner of Finance, Putnam County 40 Gleneida Avenue, Carmel, New York 10512, telephone (845) 808-1075, or visit the County's web site at www.putnamcountyny.gov.

**BASIC
FINANCIAL STATEMENTS**

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County of Putnam, New York

Statement of Net Position
December 31, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents	\$ 41,983,620	\$ 46,796	\$ 42,030,416
Investments	877,643	-	877,643
Receivables			
Taxes, net	41,877,012	-	41,877,012
Accounts	10,117,130	1,059,588	11,176,718
State and Federal aid	14,966,181	-	14,966,181
Due from other governments	826,882	-	826,882
Prepaid expenses	121	7,288	7,409
Restricted investments	-	1,209,184	1,209,184
Capital assets			
Not being depreciated	6,558,531	-	6,558,531
Being depreciated, net	98,148,988	-	98,148,988
Total Assets	215,356,108	2,322,856	217,678,964
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts on refunding bonds	1,937,606	1,418,285	3,355,891
LIABILITIES			
Accounts payable	5,991,920	-	5,991,920
Accrued liabilities	1,902,038	77,825	1,979,863
Retainage payable	234,087	-	234,087
Unearned revenues	5,356,996	-	5,356,996
Due to other governments	12,483,919	-	12,483,919
Due to retirement system	4,579,445	-	4,579,445
Tax anticipation notes payable	16,000,000	-	16,000,000
Accrued interest payable	1,133,857	-	1,133,857
Non-current liabilities			
Due within one year	5,243,803	160,000	5,403,803
Due in more than one year	160,196,777	19,856,893	180,053,670
Total Liabilities	213,122,842	20,094,718	233,217,560
NET POSITION			
Net investment in capital assets	45,072,133	-	45,072,133
Restricted for			
Casualty reserve benefits	602,742	-	602,742
Law enforcement	317,492	-	317,492
Driving while intoxicated program	101,729	-	101,729
Retirement	3,500,000	-	3,500,000
Debt service	430,823	-	430,823
Special Revenue Funds			
Transportation	782,751	-	782,751
Trusts	728,105	-	728,105
Unrestricted	(47,364,903)	(16,353,577)	(63,718,480)
Total Net Position	\$ 4,170,872	\$ (16,353,577)	\$ (12,182,705)

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

County of Putnam, New York

Statement of Activities
Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government support	\$ 29,010,140	\$ 6,228,521	\$ 292,308	\$ -
Education	10,201,595	-	3,782,831	-
Public safety	39,752,916	1,886,017	1,089,269	-
Health	13,394,756	1,059,363	5,597,139	-
Transportation	17,916,455	1,160,914	1,008,147	1,332,528
Economic opportunity and development	37,271,454	1,866,177	13,387,406	-
Culture and recreation	4,275,442	1,767,649	156,149	-
Home and community services	4,352,084	168,781	294,999	1,637,925
Interest	2,703,395	-	-	314,027
Total Governmental Activities	158,878,237	14,137,422	25,608,248	3,284,480
Business-type activities				
Putnam Tobacco Asset Securitization Corporation	1,247,211	1,069,644	-	-
Total	\$ 160,125,448	\$ 15,207,066	\$ 25,608,248	\$ 3,284,480

General revenues

- Real property taxes
- Other tax items
 - Taxes on property stricken from roll
 - Gain from sale of tax acquired property
 - Interest and penalties on real property taxes
 - Payments in lieu of taxes
- Non-property taxes
 - Sales taxes
 - OTB distributed earnings
 - Unrestricted use of money and property
 - Sale of property and compensation for loss
- Miscellaneous
- Transfers

Total General Revenues

Change in Net Position

Net Position - Beginning as restated

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (22,489,311)	\$ -	\$ (22,489,311)
(6,418,764)	-	(6,418,764)
(36,777,630)	-	(36,777,630)
(6,738,254)	-	(6,738,254)
(14,414,866)	-	(14,414,866)
(22,017,871)	-	(22,017,871)
(2,351,644)	-	(2,351,644)
(2,250,379)	-	(2,250,379)
(2,389,368)	-	(2,389,368)
(115,848,087)	-	(115,848,087)
-	(177,567)	(177,567)
(115,848,087)	(177,567)	(116,025,654)
35,107,514	-	35,107,514
52	-	52
103,226	-	103,226
4,762,915	-	4,762,915
74,456	-	74,456
53,236,813	-	53,236,813
93,393	-	93,393
69,557	161	69,718
129,251	-	129,251
315,148	-	315,148
25,000	(25,000)	-
93,917,325	(24,839)	93,892,486
(21,930,762)	(202,406)	(22,133,168)
26,101,634	(16,151,171)	9,950,463
<u>\$ 4,170,872</u>	<u>\$ (16,353,577)</u>	<u>\$ (12,182,705)</u>

County of Putnam, New York

Balance Sheet
 Governmental Funds
 December 31, 2013

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 27,133,357	\$ 9,331,583	\$ 728,405	\$ 37,193,345
Investments	877,643	-	-	877,643
Taxes receivable, net	41,877,012	-	-	41,877,012
Other receivables				
Accounts	9,701,633	-	415,497	10,117,130
State and Federal aid	10,561,458	4,176,200	228,523	14,966,181
Due from other governments	826,882	-	-	826,882
Due from other funds	3,906,724	-	3,586,655	7,493,379
	<u>24,996,697</u>	<u>4,176,200</u>	<u>4,230,675</u>	<u>33,403,572</u>
Prepaid expenditures	121	-	-	121
Total Assets	<u>\$ 94,884,830</u>	<u>\$ 13,507,783</u>	<u>\$ 4,959,080</u>	<u>\$ 113,351,693</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 4,981,431	\$ 482,203	\$ 528,286	\$ 5,991,920
Accrued liabilities	1,902,038	-	-	1,902,038
Retainage payable	-	234,087	-	234,087
Unearned revenues	1,071,532	4,062,231	223,233	5,356,996
Due to other governments	12,483,919	-	-	12,483,919
Due to other funds	3,537,942	3,511,421	498,316	7,547,679
Due to retirement system	4,304,558	-	274,887	4,579,445
Tax anticipation notes payable	16,000,000	-	-	16,000,000
Total Liabilities	44,281,420	8,289,942	1,524,722	54,096,084
Deferred inflows of resources				
Deferred tax revenues	14,078,037	-	-	14,078,037
Total Liabilities and Deferred Inflows of Resources	<u>58,359,457</u>	<u>8,289,942</u>	<u>1,524,722</u>	<u>68,174,121</u>
Fund balances				
Nonspendable	2,415,521	-	-	2,415,521
Restricted	3,919,221	5,217,841	1,158,928	10,295,990
Assigned	11,365,343	-	2,275,430	13,640,773
Unassigned	18,825,288	-	-	18,825,288
Total Fund Balances	<u>36,525,373</u>	<u>5,217,841</u>	<u>3,434,358</u>	<u>45,177,572</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 94,884,830</u>	<u>\$ 13,507,783</u>	<u>\$ 4,959,080</u>	<u>\$ 113,351,693</u>

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

County of Putnam, New York

Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position - Governmental Activities December 31, 2013

Fund Balances - Total Governmental Funds	\$ 45,177,572
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	104,707,519
Governmental funds report the effects of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Deferred charges	1,937,606
Internal service funds are used by management to charge insurance and dental benefits to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	602,742
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. Real property taxes	14,078,037
Long-term liabilities that are not due and payable in the current period and are not reported in the funds.	
Accrued interest payable	(1,133,857)
Bonds payable	(66,790,833)
Compensated absences	(3,666,406)
Retirement incentives and other pension obligations	(7,404,355)
Other post employment benefit obligations payable	(82,172,153)
Postclosure care costs	(1,165,000)
Net Position of Governmental Activities	<u>\$ 4,170,872</u>

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

County of Putnam, New York

Statement of Revenues, Expenditures and Changes
in Fund Balances
Governmental Funds
Year Ended December 31, 2013

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Real property taxes	\$ 26,792,202	\$ -	\$ 11,835,127	\$ 38,627,329
Other tax items	4,940,649	-	-	4,940,649
Non-property taxes	53,330,206	-	-	53,330,206
Departmental income	11,413,705	-	348,983	11,762,688
Intergovernmental charges	-	-	816,455	816,455
Use of money and property	310,503	-	314,027	624,530
Licenses and permits	845,309	-	-	845,309
Fines and forfeitures	218,880	-	-	218,880
Sale of property and compensation for loss	129,251	-	-	129,251
Interfund revenues	-	-	306,735	306,735
State aid	14,913,724	824,575	703,430	16,441,729
Federal aid	9,080,824	425,534	70,600	9,576,958
Miscellaneous	626,865	1,637,925	862,232	3,127,022
Total Revenues	122,602,118	2,888,034	15,257,589	140,747,741
EXPENDITURES				
Current				
General government support	22,480,066	-	-	22,480,066
Education	10,196,769	-	-	10,196,769
Public safety	32,525,027	-	279,538	32,804,565
Health	10,500,899	-	37,886	10,538,785
Transportation	1,308,105	-	9,163,044	10,471,149
Economic opportunity and development	32,665,550	-	-	32,665,550
Culture and recreation	3,140,717	-	-	3,140,717
Home and community services	1,753,532	-	-	1,753,532
Employee benefits - Undistributed	3,855,901	-	-	3,855,901
Debt service				
Principal	-	-	2,910,181	2,910,181
Interest	157,722	-	2,305,035	2,462,757
Refunding bond issuance costs	-	-	145,747	145,747
Capital outlay	-	7,266,229	-	7,266,229
Total Expenditures	118,584,288	7,266,229	14,841,431	140,691,948
Excess (Deficiency) of Revenues Over Expenditures	4,017,830	(4,378,195)	416,158	55,793
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	3,113,000	-	3,113,000
Refunding bonds issued	-	-	19,965,000	19,965,000
Issuance premium	-	-	1,419,607	1,419,607
Payment to refunded bond escrow agent	-	-	(21,191,322)	(21,191,322)
Transfers in	82,280	330,000	75,000	487,280
Transfers out	(385,000)	-	(77,280)	(462,280)
Total Other Financing Sources (Uses)	(302,720)	3,443,000	191,005	3,331,285
Net Change in Fund Balances	3,715,110	(935,195)	607,163	3,387,078
FUND BALANCES				
Beginning of Year	32,810,263	6,153,036	2,827,195	41,790,494
End of Year	\$ 36,525,373	\$ 5,217,841	\$ 3,434,358	\$ 45,177,572

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

County of Putnam, 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, 2013

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

Net Change in Fund Balances - Total Governmental Funds	\$ 3,387,078
<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. This is the amount by which depreciation expense exceeded capital outlays in the current period. This amount is less than the total capital outlay since capital outlay includes amounts that are under the capitalization threshold and therefore, were not capitalized.</p>	
Capital outlay expenditures	6,358,443
Depreciation expense	<u>(8,430,770)</u>
	<u>(2,072,327)</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	<u>(3,519,815)</u>
<p>Bond 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, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized on the statement of activities.</p>	
Refunding bonds issued	(19,965,000)
Bonds issued	(3,113,000)
Issuance premium	(1,419,607)
Principal paid on bonds	2,910,181
Payment to refunded bond escrow agent	21,191,322
Amortization of loss on refunding bonds and issuance premium	<u>80,375</u>
	<u>(315,729)</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	(321,013)
Retirement incentives and other pension obligations	(3,876,767)
Compensated absences	63,182
Other post employment benefit obligations	(14,547,373)
Postclosure care costs	<u>(729,000)</u>
	<u>(19,410,971)</u>
<p>Internal service funds are used by management to charge the costs of risk to individual funds. The net revenue of the internal service funds are reported within governmental activities.</p>	
	<u>1,002</u>
Change in Net Position of Governmental Activities	<u>\$ (21,930,762)</u>

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

County of Putnam, New York

General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 26,777,340	\$ 27,318,840	\$ 26,792,202	\$ (526,638)
Other tax items	5,371,400	4,941,950	4,940,649	(1,301)
Non-property taxes	51,280,763	53,608,535	53,330,206	(278,329)
Departmental income	11,546,070	11,680,057	11,413,705	(266,352)
Use of money and property	352,412	312,412	310,503	(1,909)
Licenses and permits	731,900	731,900	845,309	113,409
Fines and forfeitures	180,550	180,825	218,880	38,055
Sale of property and compensation for loss	53,600	127,937	129,251	1,314
State aid	15,410,210	15,757,030	14,913,724	(843,306)
Federal aid	8,466,118	9,442,058	9,080,824	(361,234)
Miscellaneous	594,373	801,218	626,865	(174,353)
Total Revenues	120,764,736	124,902,762	122,602,118	(2,300,644)
EXPENDITURES				
Current				
General government support	25,622,141	24,765,651	22,480,066	2,285,585
Education	10,868,331	10,868,979	10,196,769	672,210
Public safety	32,756,855	34,725,411	32,525,027	2,200,384
Health	11,603,026	11,476,914	10,500,899	976,015
Transportation	1,333,227	1,308,105	1,308,105	-
Economic opportunity and development	34,228,779	34,583,308	32,665,550	1,917,758
Culture and recreation	2,698,512	3,258,494	3,140,717	117,777
Home and community services	2,095,889	2,083,843	1,753,532	330,311
Employee benefits - Undistributed	4,259,124	4,261,364	3,855,901	405,463
Debt service				
Interest	255,000	157,723	157,722	1
Total Expenditures	125,720,884	127,489,792	118,584,288	8,905,504
Excess (Deficiency) of Revenues Over Expenditures	(4,956,148)	(2,587,030)	4,017,830	6,604,860
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	82,280	82,280	-
Transfers out	-	(385,000)	(385,000)	-
Total Other Financing Sources (Uses)	20,000	(302,720)	(302,720)	-
Net Change in Fund Balance	(4,936,148)	(2,889,750)	3,715,110	6,604,860
FUND BALANCE				
Beginning of Year	4,936,148	2,889,750	32,810,263	29,920,513
End of Year	\$ -	\$ -	\$ 36,525,373	\$ 36,525,373

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

County of Putnam, New York

Statement of Net Position
 Proprietary Funds
 December 31, 2013

	Business -type Activities Enterprise Fund	Governmental Activities Internal Service Funds
	Putnam Tobacco Asset Securitization Corporation	
ASSETS		
Current assets		
Cash and equivalents	\$ 46,796	\$ 4,790,275
Accounts receivable	1,059,588	-
Due from other funds	-	54,300
Prepaid expenses	7,288	-
Total Current Assets	1,113,672	4,844,575
Noncurrent assets		
Restricted investments	1,209,184	-
Total Assets	2,322,856	4,844,575
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts on refunding bonds	1,418,285	-
LIABILITIES		
Current liabilities		
Claims payable	-	424,183
Accrued liabilities	77,825	-
Current maturities of bonds payable	160,000	-
Total Current Liabilities	237,825	424,183
Noncurrent Liabilities		
Claims payable	-	3,817,650
Bonds payable, less current maturities	19,856,893	-
Total Noncurrent Liabilities	19,856,893	3,817,650
Total Liabilities	20,094,718	4,241,833
NET POSITION		
Unrestricted	<u>\$ (16,353,577)</u>	<u>\$ 602,742</u>

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

County of Putnam, New York

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds
 Year Ended December 31, 2013

	Business -type Activities Enterprise Fund	Governmental Activities Internal Service Funds
	Putnam Tobacco Asset Securitization Corporation	
OPERATING REVENUES		
Tobacco settlement revenues	\$ 1,069,644	\$ -
Charges for services	-	1,423,560
Miscellaneous	-	2,409
	<u>1,069,644</u>	<u>1,425,969</u>
OPERATING EXPENSES		
Administration	-	407,143
Professional fees	14,483	-
Insurance	10,068	-
Employee benefits	-	1,019,108
	<u>24,551</u>	<u>1,426,251</u>
Total Operating Expenses	<u>24,551</u>	<u>1,426,251</u>
Income (Loss) from Operations	<u>1,045,093</u>	<u>(282)</u>
NON-OPERATING REVENUES (EXPENSES)		
Earnings on investments	161	1,284
Interest expense	(1,222,660)	-
	<u>(1,222,499)</u>	<u>1,284</u>
Total Non-Operating Revenues (Expenses)	<u>(1,222,499)</u>	<u>1,284</u>
Income (Loss) Before Transfers	(177,406)	1,002
Transfers Out	(25,000)	-
Change in Net Position	(202,406)	1,002
NET POSITION		
Beginning of Year	<u>(16,151,171)</u>	<u>601,740</u>
End of Year	<u>\$ (16,353,577)</u>	<u>\$ 602,742</u>

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

County of Putnam, New York

Statement of Cash Flows
 Proprietary Funds
 Year Ended December 31, 2013

	Business -type Activities Enterprise Fund	Governmental Activities Internal Service Funds
	Putnam Tobacco Asset Securitization Corporation	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from charges for services	\$ -	\$ 1,812,504
Cash received from tobacco settlement revenues	1,066,056	-
Cash payments to insurance carriers and claimants	-	(1,066,682)
Cash payments to vendors	(22,434)	(407,143)
Net Cash From Operating Activities	<u>1,043,622</u>	<u>338,679</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in restricted cash and equivalents	(120)	-
Earnings on investments	161	1,284
Net Cash From Investing Activities	<u>41</u>	<u>1,284</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Repayment of bonds	(85,000)	-
Transfer to County of Putnam	(25,000)	-
Interest paid	(936,450)	-
Net Cash From Non-Capital Financing Activities	<u>(1,046,450)</u>	<u>-</u>
Net Change in Cash and Equivalents	(2,787)	339,963
CASH AND EQUIVALENTS		
Beginning of Year	<u>49,583</u>	<u>4,450,312</u>
End of Year	<u>\$ 46,796</u>	<u>\$ 4,790,275</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income (loss) from operations	\$ 1,045,093	\$ (282)
Adjustments to reconcile income (loss) from operations to net cash from operating activities		
Changes in assets and liabilities		
Accounts receivable	(3,588)	-
Due from other funds	-	386,535
Prepaid expenses	2,117	-
Claims payable	-	(47,574)
Net Cash From Operating Activities	<u>\$ 1,043,622</u>	<u>\$ 338,679</u>
NONCASH INVESTING ACTIVITIES		
Increase in bonds payable from amortization of original issue and underwriters discounts	\$ 25,565	\$ -
Increase in bonds payable from accreted interest on Series 2005 capital appreciation bonds	170,411	-
Decrease in deferred outflows of resources from amortization of loss on refunding bonds	90,658	-

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

County of Putnam, New York

Statement of Assets and Liabilities

Fiduciary Fund

December 31, 2013

	<u>Agency</u>
ASSETS	
Cash and equivalents	<u>\$ 1,957,614</u>
LIABILITIES	
Accounts payable	\$ 535,349
Employee payroll deductions	189,709
Due to other governments	326,578
Deposits	<u>905,978</u>
Total Liabilities	<u>\$ 1,957,614</u>

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

Note 1 - Summary of Significant Accounting Policies

The County of Putnam, New York was established pursuant to an act of the New York State Legislature on June 12, 1812. The County operates under a Legislature/County Executive form of government in accordance with its Charter approved by the voters on November 8, 1977. The County Legislature is the legislative body responsible for overall operation. The County Executive serves as the chief executive officer and the Commissioner of Finance 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 of Putnam, New York 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 of Putnam, 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 entity is included in the financial statements as a blended component unit.

The Putnam Tobacco Asset Securitization Corporation (PTASC) is a not-for-profit local development corporation organized pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York. The sole member of the PTASC is the County Executive of Putnam County, New York. That member shall appoint the Board of Directors of the PTASC. The Board of Directors have complete responsibility for management of the PTASC and accountability for fiscal matters. The County is not liable for any deficits or PTASC bonds or notes. GASB, in April 2004, issued a technical bulletin which clarified the financial reporting of Tobacco Settlement Authorities (TSA). This bulletin, which was effective for fiscal years ending after June 15, 2004, provided that when TSA's, are entitled to future tobacco settlement resources and have a majority of the governing board appointed by the government, the financial accountability criteria are met and the TSA should be reported as a component unit of the government. Consequently, the PTASC has been reflected as a blended component unit in the financial statements as a proprietary fund.

Note 1 - Summary of Significant Accounting Policies (Continued)

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. 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 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.

The Statement of Net Position presents the financial position of the County 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.

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 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 Fund is Tobacco Settlement Revenues and the principal operating expenses are administrative expenses, professional fees and insurance. The principal operating revenues of the Internal Service Funds are charges to customers for services and operating expenses include administrative expenses and employee benefits. All revenues and expenses not meeting the 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 assets, 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

Note 1 - Summary of Significant Accounting Policies (Continued)

is presented on the pages following, which briefly explain 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 in that it includes all revenues and expenditures not required by law to be accounted for in other funds.

Capital Projects Fund - The Capital Projects Fund is utilized to account for financial resources that are restricted, committed or assigned for expenditures for capital outlays, 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 - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The non-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.

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.

Transportation Fund - The Transportation Fund is used to account for the activities of a County-wide bus system, which is funded in part under the auspices of the Urban Mass Transportation Administration and the New York State Department of Transportation.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the County in accordance with terms of a trust agreement.

Debt Service Fund - The Debt Service Fund is provided to account for and report financial resources that are restricted, committed or assigned to

Note 1 - Summary of Significant Accounting Policies (Continued)

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 Putnam Tobacco Asset Securitization Corporation are recorded as a major enterprise fund. The County has established its Workers' Compensation Benefits fund and Casualty Reserve benefits as internal service funds. The County applies all applicable Financial Accounting Standards Board ("FASB") guidance issued after November 30, 1989 in accounting and reporting for its enterprise operations.
- c. Fiduciary Fund (Not included in Government-Wide Financial Statements) - The Fiduciary Fund is 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 used for revenue recognition for all 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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 compensated absences, certain claims, postclosure care costs, other post employment benefit obligations and certain pension costs, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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 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. The objective of these investments is to preserve capital and mitigate credit and interest rate risk.

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, 2013.

Investments - All investments are stated at fair value, which is based on quoted market prices.

Note 1 - Summary of Significant Accounting Policies (Continued)

Investment Pool - The County participates in a joint municipal cooperative investment pool established pursuant to New York State General Municipal Law Article 3-A that meets the definition of a 2a7-like pool as defined by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The sponsoring agency of the pool is another governmental unit which, acting through its chief fiscal officer, is primarily responsible for executing the provisions of the cooperative agreement. This pool is authorized to invest in various securities issued by the United States and its agencies. The amount reported represents the amortized cost of the cooperative shares and is considered to approximate fair value. The fair value of the City's position in the cooperative is the same as the value of the pool's shares. Additional information concerning the cooperative investment pool is presented in the annual report of the New York Liquid Asset Fund (NYLAF), which may be obtained from Bankers Trust Company, N.A., 453 7th Street, P.O. Box 897, Des Moines, IA 50304.

NYLAF is rated AAAM by Standard & Poor's Financial Services. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. The cooperative invests in a high quality portfolio of investments legally permissible for municipalities and school districts pursuant to New York State General Municipal Law.

The County was invested only in the above mentioned obligations and, accordingly, was not exposed to any interest rate risk or credit risk.

Taxes Receivable - The County levies property taxes for both the County and towns on January 1st, based on an enforceable lien date established November 1st. These taxes are due in March and/or July depending upon the taxpayer's election. These taxes are collected initially by the various towns, and the uncollected taxes are returned to the County on April 1st and/or August 1st depending upon the taxpayer's election to make payment either in full or in two installments. School districts taxes are levied by the school districts, with all uncollected taxes returned to the County on November 1st. Village taxes are levied by the Villages, with all uncollected taxes returned to the County on February 1st. The County guarantees the collection of town, school districts and village taxes and assumes responsibility for the ultimate collection of these receivables. Taxes receivable are reported net of an allowance for uncollectible amounts.

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, 2013, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Prepaid Expenses/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, 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.

Restricted Investments - The terms of the blended component unit's bond indenture provide for the establishment of a liquidity reserve. The reserve was initially funded from the proceeds of the issuance of the Series 2005 bonds in an amount equal to \$1,208,857, the maximum annual debt service requirement based on planned structured principal payments. The balance as of December 31, 2013 is \$1,209,184.

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	5-10
Infrastructure	30-50

Note 1 - Summary of Significant Accounting Policies (Continued)

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 government-wide financial statements, unearned revenues consist of amounts received in advance and/or revenue from grants received before the eligibility requirements have been met.

Unearned revenues in 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 \$1,071,532 for State aid and other items received in advance in the General Fund. The County has also reported unearned revenues of \$4,062,231 for water shed aid received in advance in the Capital Projects Fund and \$223,233 in the County Road Fund 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 reported deferred inflows of resources of \$14,078,037 for real property taxes in the General Fund. This amount is deferred and recognized as an inflow in the period that the amounts become available.

The County reported deferred outflows of resources of \$1,937,606 for a deferred loss on refunding bonds in the government-wide Statement of Net Position. This amount results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Long-Term Liabilities - In the government-wide 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 the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Debt Service or Capital Projects funds expenditures.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 Assets 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 represent the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its 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 includes, net investment in capital assets, restricted for law enforcement, driving while intoxicated program, retirement, debt service and special revenue funds. The balance is classified as unrestricted.

Fund Balance - 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 is 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 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 the County Commissioner of Finance for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that

Note 1 - Summary of Significant Accounting Policies (Continued)

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 other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

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, Road Machinery and Transportation 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.

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 13, 2014.

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 October 1st, the County Executive 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 Executive and Commissioner of Finance meet with the Budget and Finance Committee of the Legislature within five days after transmittal of the tentative budget to review the budget document.
- c) The Committee conducts a public hearing on the tentative budget to obtain taxpayer comments.
- d) A report of the Committee must be filed by October 20th, which includes the Committee's recommendations.
- e) On or before October 25th, the Legislature conducts a public hearing on the tentative budget.
- f) After the public hearing and prior to October 28th, the Legislature meets to consider and adopt the budget.
- g) All line item changes with the exception of the Legislature's own budget are subject to Executive veto and such vetoes require two thirds majority by the Legislature to override. This process is completed and the final budget is adopted by November 15th.
- h) Formal budgetary integration is employed during the year as a management control device for General, County Road, Road Machinery, Transportation and Debt Service funds.
- i) Budgets for General, County Road, Road Machinery, Transportation 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. Annual budgets are not legally adopted for the Proprietary or Special Purpose funds.
- j) The County Legislature has established legal control of the budget at the function level of expenditures. The County Auditor, who must approve all expenditures from General, County Road, Road Machinery, Transportation and Capital Projects funds, may not authorize the disbursement of funds by the Commissioner of Finance unless the necessary funds have been appropriated. All functional transfers shall be subject to the following authorization:
 - (1) Transfers not in excess of \$5,000 may be authorized by the Commissioner of Finance.
 - (2) Transfers between \$5,000 and \$10,000 may be authorized by the County Executive.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- (3) Transfers not in excess of \$10,000 must be approved by the Chairperson of Audit or his/her designee.
 - (4) Transfers between \$10,000 and \$25,000 must be approved by the Audit and Administrative Committee.
 - (5) Transfers over \$25,000 shall require approval of the Legislature.
 - (6) Amendments which increase total fund appropriations require approval by the Legislature.
- k) Appropriations in General, County Road, Road Machinery, Transportation 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.

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 2013 was \$220,411,163, which exceeded the actual levy by \$181,798,696.

On June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This law 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, beginning with the 2012 year. It expires on June 16, 2016.

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 20 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

Note 2 - Stewardship, Compliance and Accountability (Continued)

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. Application of Accounting Standards

For the year ended December 31, 2013, the County implemented GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities". This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows/inflows of resources, certain items that were previously reported as assets and liabilities. This statement also recognizes as outflows of resources (expenses or expenditures) or inflows of resources (revenues), certain items that were previously reported as assets and liabilities.

D. Proprietary Fund Deficit

The Putnam Tobacco Asset Securitization Corporation reflects a deficit at December 31, 2013 of \$16,353,577. This deficit will be reduced annually with the receipt of tobacco revenues.

E. Prior Period Adjustment

In 2013 the County restated its opening fund balance to properly reflect the prior year transfer of \$600,000 from the General Fund to the Casualty Reserve Benefits Fund. To transfer the fund balance of \$1,740 from the combined Workers' Compensation and Casualty Reserve Fund to a separately reported Casualty Reserve Fund as these funds were reported as individual funds in 2013. The fund balance in the General Fund was increased as a Tax Anticipation premium of \$298,183 was incorrectly reported as a liability in the prior year. A mathematical error in calculating the deferred tax revenue of \$4,058,476 in the prior year was corrected which increased the fund balance in the General Fund. The above adjustments were made to the beginning fund balances as follows:

	Statement of Activities	General Fund	Workers ' Compensation Fund	Casualty Reserve Fund
Net Position / Fund Balance Beginning	\$ 21,744,975	\$ 29,053,604	\$ 1,740	\$ -
Adjustments				
Prior year transfer	-	(600,000)	-	600,000
To report as separate funds	-	-	(1,740)	1,740
To restate Tax Anticipation Note Premium	298,183	298,183	-	-
To correct prior year deferred taxes	4,058,476	4,058,476	-	-
Net Position / Fund Balance Beginning as restated	<u>\$ 26,101,634</u>	<u>\$ 32,810,263</u>	<u>\$ -</u>	<u>\$ 601,740</u>

County of Putnam, New York

Notes to Financial Statements (Continued)
December 31, 2013

Note 3 - Detailed Notes on All Funds

A. Restricted Investments

Restricted investments at December 31, 2013 consisted of the following:

US Treasury Money Market	<u>\$ 1,209,184</u>
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These investments are not subject to risk categorization.

B. Taxes Receivable

Taxes receivable at December 31, 2013 consisted of the following:

Returned school and village taxes	\$ 26,153,227
Tax liens	16,157,636
Taxes receivable - Pending	2,172,811
Property acquired for taxes	<u>2,673,633</u>
	47,157,307
Allowance for uncollectible taxes	<u>(5,280,295)</u>
	<u>\$ 41,877,012</u>

Returned school and village taxes have been relieved in the subsequent year as County taxes. Taxes receivable are also partially offset by deferred tax revenues of \$14,078,037, which represents an estimate of the receivable which will not be collected within the first sixty days of the subsequent year.

C. Due From/To Other Funds

The balances reflected as due from/to other funds at December 31, 2013 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 3,906,724	\$ 3,537,942
Capital Projects	-	3,511,421
Non-Major Governmental	3,586,655	498,316
Internal Service	<u>54,300</u>	<u>-</u>
	<u>\$ 7,547,679</u>	<u>\$ 7,547,679</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 occurred, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

County of Putnam, New York

Notes to Financial Statements (Continued)
December 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

D. Capital Assets

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

	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
Capital Assets, not being depreciated				
Land	\$ 6,472,531	\$ 86,000	\$ -	\$ 6,558,531
Construction-in-Progress	2,867,590	-	2,867,590	-
Total Capital Assets, not being depreciated	\$ 9,340,121	\$ 86,000	\$ 2,867,590	\$ 6,558,531
Capital Assets, being depreciated				
Buildings and Improvements	\$ 103,035,336	\$ 226,852	\$ -	\$ 103,262,188
Machinery and Equipment	24,559,882	3,278,851	1,151,317	26,687,416
Infrastructure	56,780,057	5,634,330	-	62,414,387
Total Capital Assets, being depreciated	184,375,275	9,140,033	1,151,317	192,363,991
Less Accumulated Depreciation for				
Buildings and Improvements	43,880,008	3,147,994	-	47,028,002
Machinery and Equipment	19,937,051	1,946,266	-	21,883,317
Infrastructure	23,118,491	3,336,510	1,151,317	25,303,684
Total Accumulated Depreciation	86,935,550	8,430,770	1,151,317	94,215,003
Capital Assets, being depreciated, net	\$ 97,439,725	\$ 709,263	\$ -	\$ 98,148,988
Capital Assets, net	\$ 106,779,846	\$ 795,263	\$ 2,867,590	\$ 104,707,519

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

Governmental Activities	
General Government Support	\$ 1,201,622
Public Safety	1,393,367
Health	172,905
Transportation	4,338,486
Economic Opportunity and Development	508,802
Culture and Recreation	690,991
Home and Community Services	124,597
Total Depreciation Expense	\$ 8,430,770

County of Putnam, New York

Notes to Financial Statements (Continued)
December 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

E. Accrued Liabilities

Accrued Liabilities at December 31, 2013 were as follows:

	Governmental Activities	Business - Type Activities	Total
Payroll and employee benefits	\$ 1,186,808	\$ -	\$ 1,186,808
Other	715,230	77,825	793,055
Total Accrued Liabilities	<u>\$ 1,902,038</u>	<u>\$ 77,825</u>	<u>\$ 1,979,863</u>

F. 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.

	Balance January 1, 2013	New Issues	Redemptions	Balance December 31, 2013
Tax Anticipation Note - A	\$ 17,000,000	\$ -	\$ 17,000,000	\$ -
Tax Anticipation Note - B	-	16,000,000	-	16,000,000
	<u>\$ 17,000,000</u>	<u>\$ 16,000,000</u>	<u>\$ 17,000,000</u>	<u>\$ 16,000,000</u>

The tax anticipation note - A, was issued on November 21, 2012 and matured on October 25, 2013, with interest at 1.00%. Interest expenditures of \$157,722 was recorded in the General Fund and interest expense of \$143,555 was recorded in the government-wide financial statements for governmental activities.

The tax anticipation note B, was issued on November 15, 2013 and will mature on October 24, 2014 with interest at .75%. Interest expense of \$20,000 was recorded in the government-wide financial statements for governmental activities.

G. Pension Plans

The County of Putnam participates in the New York State and Local Employees' Retirement System (ERS) (System). This System is a cost-sharing multiple-employer defined benefit pension plan. The System provides retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, New York 12224.

County of Putnam, New York

Notes to Financial Statements (Continued)
 December 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

Funding Policy - The System is non-contributory except for employees in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary, employees in tier 5 who also contribute 3% of their salary without regard to their years of service and employees in tier 6 who contribute between 3% and 6% depending on salary levels and also without regard to years of service. Contributions are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion and regular pension contributions. Contribution rates for the plan year ended March 31, 2014 are as follows:

<u>Tier/Plan</u>	<u>Rate</u>
1 75I	28.8 %
2 75I	26.2
3 553	33.2
3 A14	21.0
4 553	33.2
4 89PBE	22.4
4 A15	21.0
5 553	29.9
5 89PBE	19.6
5 A15	16.9
6 89PBE	13.2
6 A15	11.4

Contributions made to the System for the current and two preceding years were as follows:

2013	\$ 5,836,144
2012	5,440,609
2011	6,548,435

These contributions were equal to 100% of the actuarially required contributions for each respective fiscal year.

The current contribution for the County was charged to the funds identified below.

<u>Fund</u>	<u>Amount</u>
General	\$ 5,488,511
County Road	287,365
Capital	3,388
Road Machinery	<u>56,880</u>
	<u>\$ 5,836,144</u>

County of Putnam, New York

Notes to Financial Statements (Continued)
December 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

H. Long-Term Liabilities

The changes in the County's long-term indebtedness for the year ended December 31, 2013 is as follows:

	Balance January 1, 2013	New Issues and/or Additions	Maturities and/or Payments	Balance December 31, 2013	Due Within One Year
Governmental Activities					
Bonds Payable	\$ 63,596,716	\$ 23,078,000	\$ 21,915,181	\$ 64,759,535	\$ 3,396,535
Plus					
Unamortized premium on bonds	765,782	1,419,607	154,091	2,031,298	157,558
	<u>64,362,498</u>	<u>24,497,607</u>	<u>22,069,272</u>	<u>66,790,833</u>	<u>3,554,093</u>
Other Non-current Liabilities					
Compensated Absences	3,729,588	309,776	372,958	3,666,406	367,000
Retirement Incentives and Other Pension Obligations	3,527,588	4,340,115	463,348	7,404,355	858,527
Claims Payable	4,289,407	1,019,108	1,066,682	4,241,833	424,183
Other Post Employment Benefit Obligations Payable	67,624,780	18,402,250	3,854,877	82,172,153	-
Postclosure Care Costs	436,000	764,000	35,000	1,165,000	40,000
	<u>79,607,363</u>	<u>24,835,249</u>	<u>5,792,865</u>	<u>98,649,747</u>	<u>1,689,710</u>
Total Other Non - Current Liabilities					
	<u>79,607,363</u>	<u>24,835,249</u>	<u>5,792,865</u>	<u>98,649,747</u>	<u>1,689,710</u>
Governmental Activities Long-Term Liabilities	<u>\$ 143,969,861</u>	<u>\$ 49,332,856</u>	<u>\$ 27,862,137</u>	<u>\$ 165,440,580</u>	<u>\$ 5,243,803</u>
Business - Type Activities					
Bonds Payable	<u>\$ 24,220,423</u>	<u>\$ -</u>	<u>\$ 85,000</u>	<u>\$ 24,135,423</u>	<u>\$ 160,000</u>

Governmental fund liabilities for bonds are liquidated by the Debt Service Fund, which is funded by other governmental funds and property taxes. The liability for compensated absences, retirement incentives and other pension obligations, claims payable, other post employment benefit obligations and postclosure care costs are liquidated by the respective fund.

County of Putnam, New York

Notes to Financial Statements (Continued)
December 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

Bonds Payable

Bonds payable at December 31, 2013 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2013
Public improvement	2005	\$ 7,018,000	January, 2015	4.00 - 4.25 %	\$ 675,000
Public improvement	2006	18,000,000	January, 2016	4.375 - 4.50	1,260,000
Public improvement	2007	16,208,000	January, 2031	4.25	13,865,000
Public improvement	2007	1,384,900	November, 2018	4.00	760,000
Public improvement	2008	4,180,000	November, 2021	4.125 - 4.50	3,030,000
Public improvement	2009	2,595,401	November, 2025	2.50 - 4.00	2,160,000
Public improvement	2010	4,740,000	November, 2028	3.00 - 7.213	4,325,000
Public improvement	2011	3,680,181	November, 2023	2.00 - 2.75	3,380,000
Refunding	2012	6,446,535	November, 2026	2.00 - 2.375	6,446,535
Public improvement	2012	5,905,000	December, 2023	2.00 - 4.00	5,885,000
Public improvement	2013	3,113,000	November, 2024	2.00 - 3.00	3,113,000
Refunding	2013	19,965,000	January, 2036	2.00 - 5.00	19,860,000
					\$ 64,759,535

Interest expenditures of \$2,305,035 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$2,620,215 was recorded in the government-wide financial statements for governmental activities.

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of December 31, 2013 including interest payments of \$21,557,512 are as follows:

Year Ended December 31,	Principal	Interest	Total
2014	\$ 3,396,535	\$ 2,343,044	\$ 5,739,579
2015	3,768,000	2,227,565	5,995,565
2016	3,880,000	2,099,870	5,979,870
2017	4,020,000	1,963,110	5,983,110
2018	4,160,000	1,819,010	5,979,010
2019-2023	21,300,000	6,753,503	28,053,503
2024-2028	13,520,000	3,160,245	16,680,245
2029-2033	7,615,000	1,040,494	8,655,494
2034-2036	3,100,000	150,671	3,250,671
	\$ 64,759,535	\$ 21,557,512	\$ 86,317,047

County of Putnam, New York

Notes to Financial Statements (Continued)
December 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

The above general obligation bonds are direct obligations 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.

Advance Refunding

During the 2013 fiscal year, the County issued \$19,965,000 in serial bonds with interest rates ranging from 2.0% to 5.0%, depending on maturity. The proceeds were used to advance refund \$4,345,000 of outstanding 2005 serial bonds bearing interest at rates ranging from 4.0% to 4.25% and \$14,660,000 of outstanding 2006 serial bonds bearing interest at rates ranging from 4.375% to 4.50%. The net proceeds of \$21,191,322 (net of a \$1,372,069 re-offering premium and after payment of \$145,747 in underwriting fees and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2005 and 2006 serial bonds. As a result, the 2005 and 2006 serial bonds are considered defeased and the liability for those serial bonds has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$2,186,322 and the premium received was \$1,372,069. These amounts are being netted against the new debt and amortized over the remaining life of the refunded debt.

The County advance refunded the 2005 and 2006 serial bonds to reduce its total debt service payments over twenty three years by \$1,503,789 and to obtain a net present value economic gain of \$1,148,343.

As of December 31, 2013, the balance outstanding of the defeased 2005 and 2006 bonds was \$4,345,000 and \$14,660,000. These bonds have call dates of January 15, 2015 and January 15, 2016.

	Balance January 1, 2013	Maturities and/or Payments	Balance December 31, 2013	Due Within One Year
Blended Component Unit Bonds Payable	\$ 24,220,423	\$ (85,000)	\$ 24,135,423	\$ 160,000
Less:				
Unamortized Original Issue Discount on Term Bonds	(227,548)	13,668	(213,880)	-
Unamortized Underwriters Discount	(197,958)	11,898	(186,060)	-
Unaccreted amounts on Turbo Capital Appreciation Bonds	(3,889,001)	170,411	(3,718,590)	-
Business-Type Activities Long-Term Liabilities	<u>\$ 19,905,916</u>	<u>\$ 110,977</u>	<u>\$ 20,016,893</u>	<u>\$ 160,000</u>

County of Putnam, New York

Notes to Financial Statements (Continued)
December 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

PTASC issued bonds on August 25, 2005 and June 1, 2010 as follows:

\$2,915,000 of Turbo Term Bonds due June 1, 2027 with interest at 6.0% and a projected final Turbo Redemption date of June 1, 2014.* Balance due at December 31, 2013 is \$1,615,000.

\$3,400,000 of Turbo Term Bonds due June 1, 2041 with interest at 6.25% and a projected final Turbo Redemption date of June 1, 2017.* Balance due at December 31, 2013 is \$3,400,000.

\$9,165,000 of Turbo Term Bonds due June 1, 2042 with interest at 5.0% and a projected final Turbo Redemption date of June 1, 2024.* Balance due at December 31, 2013 is \$9,165,000.

\$3,325,000 of Turbo Term Bonds due June 1, 2045 with interest at 5.0% and a projected final Turbo Redemption date of June 1, 2026.* Balance due at December 31, 2013 is \$3,325,000.

\$1,488,797 (net of unaccreted amounts of \$1,622,196) of Turbo Capital Appreciation Bonds due June 1, 2050 with a yield of 5.875% and a projected final Turbo Redemption date of June 1, 2027.*

\$1,423,035 (net of unaccreted amounts of \$2,096,395) of Turbo Capital Appreciation Bonds due June 1, 2055 with a yield of 6.375% and a projected final Turbo Redemption date of June 1, 2029.*

*Assumes Turbo Redemption payments are made based on the receipt of surplus pledged TSR's in accordance with the Global Insight Base Case Forecast of future tobacco consumption.

A payment schedule, based upon planned structured principal maturities, is as follows:

Year Ended December 31,	Principal	Interest	Total
2014	\$ 2,915,000 *	\$ 844,825	\$ 3,759,825
2015	700,000	733,875	1,433,875
2016	800,000	687,000	1,487,000
2017	960,000	634,250	1,594,250
2018	1,115,000	578,625	1,693,625
2019 through 2029	17,645,423	2,228,875	19,874,298
	<u>24,135,423</u>	<u>\$ 5,707,450</u>	<u>\$ 29,842,873</u>
Unamortized Original Issue Discount on Term Bonds	(213,880)		
Unamortized Underwriters Discount	(186,060)		
Unaccreted amounts on Capital Appreciation Bonds	<u>(3,718,590)</u>		
	<u>\$ 20,016,893</u>		

* Principal payment assumes "catch up" payment is made June 1, 2014.

County of Putnam, New York

Notes to Financial Statements (Continued)
December 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

The required plan structured principal payments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2014	\$ 160,000
2015	165,000
2016	175,000
2017	175,000
2018	285,000
2019 through 2045	<u>23,175,423</u>
	<u>\$ 24,135,423</u>

Compensated Absences

County employees who are members of a labor union earn vacation leave based upon the terms of their particular collective bargaining agreement. Vacation leave is accumulated on a monthly basis up to a maximum of forty days and is payable upon termination. The maximum sick leave accumulation is 180 days. Sick leave accumulates on a monthly basis with all union employees earning twelve days per year. Accumulated sick leave lapses when employees leave the service of the County, with the exception of Deputy Sheriff's Benevolent Association employees. These employees, upon retirement from the County, are entitled to a sick leave buyout at daily rates ranging from \$40 to \$70 per day, depending on the number of days accumulated. The value of compensated absences has been reflected in the government-wide financial statements.

Retirement Incentives and Other Pension Obligations

The County, pursuant to Article 14-B of the Retirement and Social Security Law, elected to participate in a retirement option, which provides for special retirement benefits for sheriffs and deputy sheriffs engaged in criminal law enforcement activities. The aggregate cost of the plan was \$1,099,324. The payment terms provide for repayment over a ten year period, with interest. Expenditures for the current year were \$111,501 and were charged to the General Fund. The balance due at December 31, 2013 was \$390,935.

New York State Loan Payable - Retirement

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 installments over a ten year period, although amounts may be prepaid at any time. Interest will be charged at annual 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 amount allowable, which aggregated \$8,475,843. The additional amounts that the County elected to amortize in 2013 were \$3,331,731 of the 2014 retirement bill and the remaining \$1,008,384 from the 2013 retirement bill. The balance due at December 31, 2013 was \$7,013,420.

Note 3 - Detailed Notes on All Funds (Continued)

Unpaid Claim Liabilities

The Internal Service Funds reflect workers' compensation claim liabilities which 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. Claim 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:

	<u>2013</u>	<u>2012</u>
Balance - Beginning of Year	\$ 4,289,407	\$ 3,893,610
Provision for Claims and Claims Adjustment Expenses	1,019,108	1,063,090
Claims and Claims Adjustment Expenses Paid	<u>(1,066,682)</u>	<u>(667,293)</u>
Balance - End of Year	<u>\$ 4,241,833</u>	<u>\$ 4,289,407</u>
Due Within One Year	<u>\$ 424,183</u>	<u>\$ 428,941</u>

Other Post-Employment Benefit Obligations

In addition to providing pension benefits, the County provides certain health care benefits for retired employees. 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. 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/expense as claims are paid.

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.

County of Putnam, New York

Notes to Financial Statements (Continued)
December 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

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 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 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:

<u>Year Ended December 31,</u>	<u>Medical/RxBledned Trend Rates</u>
2014	6.70 %
2015	6.60
2016	6.10
2017	6.07
2018	6.03
2023	5.89
2028	6.03
2033	5.90
2043	5.20
2053	4.97
2063	4.83
2073	4.73
2083	4.29

The amortization basis is the level dollar method with an open amortization approach with 25 years remaining in the amortization period. The actuarial assumptions include a 3% investment rate of return. 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.

The number of participants as of December 31, 2013 was as follows:

	<u>Governmental Activities</u>
Active Employees	627
Retired Employees	355
	<u>982</u>

County of Putnam, New York

Notes to Financial Statements (Continued)
December 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

Amortization Component:	
Actuarial Accrued Liability as of January 1, 2013	\$ 197,963,786
Assets at Market Value	-
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 197,963,786</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 43,665,566</u>
UAAL as a Percentage of Covered Payroll	<u>453.36%</u>
Annual Required Contribution	\$ 20,143,941
Interest on Net OPEB Obligation	2,028,743
Adjustment to Annual Required Contribution	<u>(3,770,434)</u>
Annual OPEB Cost	18,402,250
Contributions Made	<u>(3,854,877)</u>
Increase in Net OPEB Obligation	14,547,373
Net OPEB Obligation - Beginning of Year	<u>67,624,780</u>
Net OPEB Obligation - End of Year	<u>\$ 82,172,153</u>

The County'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
2013	\$ 18,402,250	20.9 %	\$ 82,172,153
2012	17,708,608	21.4	67,624,780
2011	18,177,473	20.1	53,709,092

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.

Postclosure Care Costs

In 2008, the County recognized a pollution remediation expense amounting to \$650,000 and a corresponding liability was recorded in the statement of net position. The liability related to future remediation activities associated with the removal of materials and soil contamination of a landfill. The expense provision was measured at its current value utilizing the prescribed expected cash flow method. The pollution remediation obligation is an estimate and is subject to revision due to price increases or reductions, change in technology, or change in applicable laws or regulations and estimated recoveries reducing the liability. In 2009, the liability was decreased to \$265,000 based on the County's intention to move the waste and reclaim and sell the land. In 2010, the liability was increased to \$1,200,000 based on the County's revised plan to continue operating

County of Putnam, New York

Notes to Financial Statements (Continued)
December 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

the landfill and capping it. In 2012 the landfill was capped. The remaining liability of \$1,165,000 at December 31, 2013 is the estimated postclosure care costs that will be paid in the future for certain maintenance and monitoring costs at the site for the next 30 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

I. Significant Commitments - Encumbrances

As discussed in Note 1, F, Budgetary Data, encumbrance 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, 2013, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

<u>Fund</u>	<u>Amount</u>
General	\$ 1,069,574
County Road	595,485
Road Machinery	64,429
Transportation	<u>19,110</u>
Total	<u>\$ 1,748,598</u>

J. 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:

<u>Transfers Out</u>	<u>Transfers In</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	
General Fund	\$ -	\$ 310,000	\$ 75,000	\$ 385,000
Non-Major Governmental Funds	57,280	20,000	-	77,280
Proprietary Funds - Putnam Tobacco Asset Securitization Corporation	25,000	-	-	25,000
	<u>\$ 82,280</u>	<u>\$ 330,000</u>	<u>\$ 75,000</u>	<u>\$ 487,280</u>

Transfers are used to 1) move amounts earmarked in the operating funds to fulfill commitments for Capital Projects Fund expenditures and other fund expenditures, 2) move unexpended Capital Projects Fund balances to the operating funds that originally provided the funding and 3) to reflect amounts received from the Proprietary Funds.

Note 3 - Detailed Notes on All Funds (Continued)

J. 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 Casualty Reserve Benefits - the component of net position that have been established to set aside funds to be used for a specific purpose in accordance with Section 6n of General Municipal Law.

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

Restricted for Driving While Intoxicated Program - the component of net position that represents State revenues that are limited by State directive to be used in accordance with the parameters of the Driving While Intoxicated Program.

Restricted for Retirement - the component of net position restricted by General Municipal Law for the purpose of financing retirement contributions to the New York State and Local Employees' Retirement System.

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

Restricted for Special Revenue Funds - the component of net position that represents funds restricted for specific purposes under New York State law or by external parties and/or statutes.

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

County of Putnam, New York

Notes to Financial Statements (Continued)
December 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

K. Fund Balances

	General Fund	Capital Projects Fund	Non-Major Governmental	Total
Nonspendable				
Prepaid expenditures	\$ 121	\$ -	\$ -	\$ 121
Long-term receivables	2,415,400	-	-	2,415,400
Total Nonspendable	2,415,521	-	-	2,415,521
Restricted				
Law enforcement	317,492	-	-	317,492
Driving while intoxicated	101,729	-	-	101,729
Retirement	3,500,000	-	-	3,500,000
Capital projects	-	5,217,841	-	5,217,841
Debt service	-	-	430,823	430,823
Trusts	-	-	728,105	728,105
Total Restricted	3,919,221	5,217,841	1,158,928	10,295,990
Assigned				
Purchases on order:				
General government support	333,613	-	-	333,613
Education	110	-	-	110
Public safety	310,387	-	59,545	369,932
Health	13,425	-	-	13,425
Transportation	172,380	-	619,479	791,859
Economic opportunity	185,205	-	-	185,205
Culture and recreation	37,161	-	-	37,161
Home and community services	17,293	-	-	17,293
	1,069,574	-	679,024	1,748,598
For subsequent year's expenditures				
General Fund	3,750,000	-	-	3,750,000
County Road Fund	-	-	400,000	400,000
Transportation Fund	-	-	280,000	280,000
Grants	908,086	-	-	908,086
6N insurance	1,000,000	-	-	1,000,000
Capital projects	1,100,000	-	-	1,100,000
Tax stabilization	3,537,683	-	-	3,537,683
County Road Fund	-	-	414,152	414,152
Road Machinery Fund	-	-	18,613	18,613
Transportation Fund	-	-	483,641	483,641
Total Assigned	11,365,343	-	2,275,430	13,640,773
Unassigned	18,825,288	-	-	18,825,288
Total Fund Balances	\$ 36,525,373	\$ 5,217,841	\$ 3,434,358	\$ 45,177,572

L. Fund Balances

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.

Note 3 - Detailed Notes on All Funds (Continued)

Prepaid Expenditures has been established to account for retirement and health insurance payments made in advance. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Long-Term Receivables represents funds set aside to indicate that certain receivables will not be collected in sufficient time to use the funds to satisfy liabilities of the period. A reserve has been established to indicate that the funds are not "available" for appropriation or expenditure even though the amounts are a component of current assets.

Capital Projects represents the unexpended balance of the Capital Projects Fund restricted for capital projects.

Trusts has been established to set aside funds in accordance with the terms of the grants.

Purchases on order are assigned and represent the County's intention to honor the 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, 2013, the County Legislature has assigned the above amounts to be appropriated for the ensuing year's budget.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted or assigned.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The County receives numerous notices of claims for damages arising generally from false arrest, negligence, bodily injury, breach of contract, defamation of character and invasion of privacy. The County currently carries conventional general liability insurance to cover possible losses arising from these actions. In the opinion of the County Attorney, any exposure resulting from outstanding claims is not anticipated to exceed the insurance coverage in effect at the time of the claim.

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.

The County is a defendant where the plaintiff alleges a violation of Civil Rights as a result of a wrongful conviction for rape and murder. The case is scheduled for trial on June 30, 2014 in the Federal District Court for the Southern District of New York. The plaintiff has proposed a trial stipulation in which the County would pay him \$6 million if there is a defense verdict, (regardless of the amount of the damage award) or \$10 million if there is a verdict in favor of the Plaintiff. Should the County agree to this stipulation, the County's insurer would pay the first \$6 million and the County would be responsible for the remaining \$4 million.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

B. Contingencies

The County participates in various Federal grant programs, principal of which are programs of the Department of Health and Human Services. These programs are subject to program compliance audits pursuant to the Single Audit Act. This audit is currently in progress and the report will be issued under separate cover. Accordingly, the County's compliance with applicable grant requirements will be established at a future date. 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.

C. Significant Contingencies - Putnam County Tobacco Asset Securitization Corporation

The enforceability of the rights and remedies of the State (and thus the bondholders) and of the obligations of a participating manufacturer under the MSA are subject to the Bankruptcy Code and the other applicable insolvency, moratorium or similar laws relating to or affecting the enforcement of creditors' rights. Some of the risks include risks of delay in or reduction of amounts of payment or of non-payment under the MSA and the risk that the State (and thus the County and/or PTASC) 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 PTASC to pay bondholders may be reduced or eliminated.

The bonds are payable only from the assets of PTASC. 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. PTASC's only source of funds for payments on the bonds is the collections and amounts on deposit in pledged accounts pursuant to the indenture. PTASC has no taxing power and no significant assets other than the rights to receive tobacco settlement revenues.

D. Risk Management

The County and other villages, counties, towns, cities and district corporations within the State have formed a reciprocal insurance company to be owned by these municipalities. This reciprocal operates under an agreement effective September 1, 1993. The purpose of this reciprocal is to provide local governments with the opportunity to gain control over their insurance programs and bring stability to their insurance costs. The reciprocal provides general liability, automobile, property, umbrella and police and public officials liability coverage. The reciprocal retains a management company, which is responsible for the overall supervision and management of the reciprocal. The reciprocal is managed by a Board of Governors and an Attorney-in-fact. The Board of Governors is comprised of employees of the subscribers. The subscribers have elected those who sit on the board and each subscriber has a single vote. The Attorney-in-fact derives all of its authority from the Board of Governors and New York State Insurance Laws, and is the entity which enters into contracts on behalf of the reciprocal. The reciprocal is an "assessable" insurance company, in that, the subscribers are severally liable for any financial shortfall of the reciprocal and can be assessed their proportionate share by the State Insurance Department if the funds of the reciprocal are less than what is required to satisfy its liabilities. The subscribers are required to pay premiums as well as a minimal capital contribution.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

The County purchases various insurance coverages from the reciprocal to reduce its exposure to loss. The County maintains general liability and automobile liability policies with coverage of \$1 million per occurrence and \$2 million in the aggregate, bodily injury and property damage are subject to a \$100,000 deductible. The County maintains public officials and law enforcement liability policies with coverage of \$1 million per occurrence and \$2 million in the aggregate. The County also maintains an umbrella policy with coverage up to \$10 million per occurrence and \$20 million in the aggregate. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

The County is self-insured for workers' compensation. The County purchases a stop loss policy which limits the County's exposure to \$700,000 per occurrence and \$800,000 for sheriff officers with additional limits on payments per annum. The stop loss policy limits are \$1 million for workers' compensation and an additional \$1 million for employer's liability. The liabilities reflected in the Internal Service Funds include a provision for incurred by not reported (IBNR) claims. Health benefits are provided by commercial carriers including health maintenance organizations.

County of Putnam, New York

Required Supplementary Information - Schedule of Funding Progress
Other Post Employment 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, 2011	\$ -	\$ 178,473,917	\$ 178,473,917	- %	\$ 42,605,790	418.90 %
January 1, 2012	-	187,608,732	187,608,732	-	45,479,935	412.51
January 1, 2013	-	197,963,786	197,963,786	-	43,665,566	453.36

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund constitutes the primary operating fund of the County in that it includes all revenues and expenditures not required by law to be accounted for in other funds.

CAPITAL PROJECTS FUND

The Capital Projects Fund is utilized to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

County of Putnam, New York

General Fund
Balance Sheet
December 31, 2013

ASSETS

Cash and equivalents	\$ 27,133,357
Investments	877,643
Taxes receivable, net	
Returned school and village taxes	26,153,227
Tax liens	16,157,636
Taxes receivable - Pending	2,172,811
Property acquired for taxes	2,673,633
	47,157,307
Allowance for uncollectible taxes	(5,280,295)
	41,877,012
Other receivables	
Accounts	9,701,633
State and Federal aid	10,561,458
Due from other governments	826,882
Due from other funds	3,906,724
	24,996,697
Prepaid expenditures	121
Total Assets	\$ 94,884,830

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES
AND FUND BALANCE**

Liabilities	
Accounts payable	\$ 4,981,431
Accrued liabilities	1,902,038
Unearned revenues	1,071,532
Due to other governments	12,483,919
Due to other funds	3,537,942
Due to retirement system	4,304,558
Tax anticipation notes payable	16,000,000
Total Liabilities	44,281,420
Deferred inflows of resources	
Deferred tax revenues	14,078,037
Total Liabilities and Deferred Inflows of Resources	58,359,457
Fund balance	
Nonspendable	2,415,521
Restricted	3,919,221
Assigned	11,365,343
Unassigned	18,825,288
Total Fund Balance	36,525,373
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 94,884,830

County of Putnam, New York

General Fund

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 26,777,340	\$ 27,318,840	\$ 26,792,202	\$ (526,638)
Other tax items	5,371,400	4,941,950	4,940,649	(1,301)
Non-property taxes	51,280,763	53,608,535	53,330,206	(278,329)
Departmental income	11,546,070	11,680,057	11,413,705	(266,352)
Use of money and property	352,412	312,412	310,503	(1,909)
Licenses and permits	731,900	731,900	845,309	113,409
Fines and forfeitures	180,550	180,825	218,880	38,055
Sale of property and compensation for loss	53,600	127,937	129,251	1,314
State aid	15,410,210	15,757,030	14,913,724	(843,306)
Federal aid	8,466,118	9,442,058	9,080,824	(361,234)
Miscellaneous	594,373	801,218	626,865	(174,353)
Total Revenues	120,764,736	124,902,762	122,602,118	(2,300,644)
EXPENDITURES				
Current				
General government support	25,622,141	24,765,651	22,480,066	2,285,585
Education	10,868,331	10,868,979	10,196,769	672,210
Public safety	32,756,855	34,725,411	32,525,027	2,200,384
Health	11,603,026	11,476,914	10,500,899	976,015
Transportation	1,333,227	1,308,105	1,308,105	-
Economic opportunity and development	34,228,779	34,583,308	32,665,550	1,917,758
Culture and recreation	2,698,512	3,258,494	3,140,717	117,777
Home and community services	2,095,889	2,083,843	1,753,532	330,311
Employee benefits - Undistributed	4,259,124	4,261,364	3,855,901	405,463
Debt service - Interest	255,000	157,723	157,722	1
Total Expenditures	125,720,884	127,489,792	118,584,288	8,905,504
Excess (Deficiency) of Revenues Over Expenditures	(4,956,148)	(2,587,030)	4,017,830	6,604,860
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	82,280	82,280	-
Transfers out	-	(385,000)	(385,000)	-
Total Other Financing Sources (Uses)	20,000	(302,720)	(302,720)	-
Net Change in Fund Balance	(4,936,148)	(2,889,750)	3,715,110	6,604,860
FUND BALANCE				
Beginning of Year, as restated	4,936,148	2,889,750	32,810,263	29,920,513
End of Year	\$ -	\$ -	\$ 36,525,373	\$ 36,525,373

County of Putnam, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget
Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REAL PROPERTY TAXES	\$ 26,777,340	\$ 27,318,840	\$ 26,792,202	\$ (526,638)
OTHER TAX ITEMS	-	10	52	42
Taxes on property stricken from roll			103,226	(4,399)
Gain from sale of tax acquired property	600,000	107,625		
Interest and penalties on real property taxes	4,700,000	4,762,915	4,762,915	-
Payments in lieu of taxes	71,400	71,400	74,456	3,056
Total Other Tax Items	5,371,400	4,941,950	4,940,649	(1,301)
NON-PROPERTY TAXES	51,050,763	53,515,142	53,236,813	(278,329)
Sales taxes	230,000	93,393	93,393	-
OTB distributed earnings				
Total Non-Property Taxes	51,280,763	53,608,535	53,330,206	(278,329)
DEPARTMENTAL INCOME				
General				
Clerk fees	1,101,500	1,242,713	1,243,348	635
Board of elections	31,000	31,000	34,866	3,866
Planning Board Fees	100	100	142	42
District attorney fees	14,438	14,438	-	(14,438)
Motor vehicle fees	1,475,000	1,435,065	1,435,065	-
Vehicle registration fees	633,000	654,725	654,725	-
Real property tax services - Computer	46,500	46,500	44,034	(2,466)
Emergency 911	440,000	469,190	450,360	(18,830)
Commissioner of Finance fees	9,000	3,000	2,629	(371)
County share - Examination fees	10,000	10,000	16,620	6,620
Soil and water fees	38,000	38,000	59,523	21,523
Department fees - Other	167,000	167,414	115,910	(51,504)
Charges for tax advertising	97,000	77,500	77,500	-
Central services chargebacks	1,213,744	1,224,437	945,853	(278,584)
Mortgage tax fees	318,430	318,430	318,430	-
	5,594,712	5,732,512	5,399,005	(333,507)

Public safety					
Sheriff fees	105,000	106,543	91,933	(14,610)	
Prisoner board	217,000	237,788	266,728	28,940	
Vacancy factor	350,000	-	-	10,654	
Restitution surcharge	33,000	33,000	43,654	-	
Carmel/Mahopac Cops	413,390	527,852	527,852	11,038	
Brewster contract - patrols	24,000	127,491	138,529	(29,600)	
Court protection	11,760	102,585	72,985	-	
Commissions	121,488	16,049	16,049	(38,765)	
DWI fees	85,288	93,288	54,523	(32,343)	
	<u>1,360,926</u>	<u>1,244,596</u>	<u>1,212,253</u>	<u>(32,343)</u>	

Health				
Public health fees	353,814	353,814	393,408	39,594
Rabies vaccine fees	39,831	39,831	28,390	(11,441)
Home nursing charges	-	-	9,040	9,040
Driving while intoxicated program	90,500	90,500	90,500	-
Contribution from Agency	118,293	118,293	108,383	(9,910)
Health services	200,000	205,000	188,779	(16,221)
Civil defense	200,000	180,000	180,000	-
Health - Other	2,500	2,500	1,340	(1,160)
	<u>1,004,938</u>	<u>989,938</u>	<u>999,840</u>	<u>9,902</u>

Economic Opportunity and Development				
Medical assistance	400,000	400,000	379,241	(20,759)
Aid to dependent children	-	-	1,740	1,740
Child support	44,784	44,784	65,659	20,875
Child care	10,000	10,000	61,761	51,761
Home relief	75,000	75,000	78,232	3,232
HEAP	13,236	13,236	40,222	26,986
Contribution from schools	847,104	847,104	877,251	30,147
Services for recipients	8,000	8,000	6,638	(1,362)
TANF	100,000	100,000	91,723	(8,277)
EI fees for service	-	50,000	64,162	14,162
Outreach	45,000	45,000	45,000	-
Nutrition	161,250	161,250	154,548	(6,702)
	<u>1,704,374</u>	<u>1,754,374</u>	<u>1,866,177</u>	<u>111,803</u>

Culture and Recreation				
Parks and recreation	25,000	25,000	24,930	(70)
Tree program	16,000	16,000	15,202	(798)
Concession income	1,120	1,120	-	(1,120)
Putnam National	1,650,000	1,727,517	1,727,517	-
	<u>1,692,120</u>	<u>1,769,637</u>	<u>1,767,649</u>	<u>(1,988)</u>

(Continued)

County of Putnam, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget (Continued)
Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Home and Community Services				
Inspection fees	\$ 25,000	\$ 25,000	\$ 30,350	\$ 5,350
Local conservation grant	164,000	164,000	138,300	(25,700)
Recycling	-	-	131	131
	<u>189,000</u>	<u>189,000</u>	<u>168,781</u>	<u>(20,219)</u>
Total Departmental Income	<u>11,546,070</u>	<u>11,680,057</u>	<u>11,413,705</u>	<u>(266,352)</u>
USE OF MONEY AND PROPERTY				
Earnings on investments	111,500	71,500	69,557	(1,943)
Rental income - Co-op extension	55,200	55,200	45,600	(9,600)
Rental income - County facilities	185,712	185,712	191,583	5,871
Commissions	-	-	3,763	3,763
	<u>352,412</u>	<u>312,412</u>	<u>310,503</u>	<u>(1,909)</u>
Total Use of Money and Property				
LICENSES AND PERMITS				
Business and occupational licenses	39,000	39,000	34,002	(4,998)
Home improvements and alteration permits	692,900	692,900	811,307	118,407
	<u>731,900</u>	<u>731,900</u>	<u>845,309</u>	<u>113,409</u>
Total Licenses and Permits				
FINES AND FORFEITURES				
Fines and forfeited bail	8,000	8,000	12,218	4,218
Fines and Penalties- Dog Cases	7,550	7,825	16,375	8,550
Forfeited of deposits	-	-	1,338	1,338
Stop DWI fines	165,000	165,000	188,949	23,949
	<u>180,550</u>	<u>180,825</u>	<u>218,880</u>	<u>38,055</u>
Total Fines and Forfeitures				
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Minor sales	3,600	106,054	108,877	2,823
Insurance recoveries	50,000	21,883	20,374	(1,509)
	<u>53,600</u>	<u>127,937</u>	<u>129,251</u>	<u>1,314</u>
Total Sale of Property and Compensation for Loss				

STATE AID

General					
Environmental conservation	14,000	14,000	-	-	(14,000)
Records management	-	-	1,653	1,653	1,653
	<u>14,000</u>	<u>14,000</u>	<u>1,653</u>	<u>1,653</u>	<u>(12,347)</u>
Education					
Education and transportation of handicapped children	3,885,000	3,885,000	3,375,027	3,375,027	(509,973)
Early intervention	622,000	452,000	407,804	407,804	(44,196)
	<u>4,507,000</u>	<u>4,337,000</u>	<u>3,782,831</u>	<u>3,782,831</u>	<u>(554,169)</u>
Public safety					
Probation services	206,462	206,462	206,462	206,462	-
Court facilities	270,000	270,000	265,394	265,394	(4,606)
District attorney salary	64,434	64,434	71,234	71,234	6,800
Criminal justice grant	72,339	72,339	29,200	29,200	(43,139)
Alternatives to incarceration	14,297	14,297	22,718	22,718	8,421
Miscellaneous	30,000	218,374	82,448	82,448	(135,926)
	<u>657,532</u>	<u>845,906</u>	<u>677,456</u>	<u>677,456</u>	<u>(168,450)</u>
Health					
Public health	1,405,427	1,404,383	1,352,670	1,352,670	(51,713)
Civil defense	294,000	294,000	294,000	294,000	-
DAAA - Talbot House	125,220	125,220	125,220	125,220	-
Mental health administration	113,600	113,600	183,836	183,836	70,236
Environmental conservation	37,529	38,979	25,542	25,542	(13,437)
PARC	313,844	313,844	313,844	313,844	-
Communicable diseases	-	-	45,574	45,574	45,574
Mental health - Clinic	852,140	852,140	823,154	823,154	(28,986)
Mental health - Eliot House	190,068	190,068	119,831	119,831	(70,237)
Mental health - Commissioner's performance	970,669	970,669	892,105	892,105	(78,564)
Home Health Grant - Office of the Aging	433,804	433,804	495,336	495,336	61,532
Drinking supply	209,997	209,997	206,027	206,027	(3,970)
	<u>4,946,298</u>	<u>4,946,704</u>	<u>4,877,139</u>	<u>4,877,139</u>	<u>(69,565)</u>
Transportation					
Transportation grants	24,005	24,005	26,831	26,831	2,826
	<u>24,005</u>	<u>24,005</u>	<u>26,831</u>	<u>26,831</u>	<u>2,826</u>

(Continued)

County of Putnam, New York

General Fund
 Schedule of Revenues and Other Financing Sources Compared to Budget (Continued)
 Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Economic Opportunity and Development				
Unicorn	\$ 4,080	\$ 4,080	\$ 4,080	\$ -
Youth suicide prevention	2,070	2,070	2,070	-
Social Services administration	2,719,493	2,719,493	2,171,431	(548,062)
Youth Court Coordinator	31,258	31,258	31,258	-
Child care	754,815	754,815	781,662	26,847
Child advocacy center	186,805	213,220	201,007	(12,213)
Day care	57,375	57,375	62,071	4,696
Juvenile delinquents	52,250	148,928	36,071	(112,857)
Home relief	17,545	17,545	23,293	5,748
Emergency aid for adults	5,000	5,000	7,871	2,871
Soil and water	6,000	6,000	-	(6,000)
Veterans' service agency	4,700	30,083	8,670	(21,413)
Caregiver's grants	19,611	19,611	18,038	(1,573)
Office for the Aging Grant	111,369	111,369	111,814	445
Runaways	32,015	32,015	32,333	318
Indigent Legal Services	141,565	169,146	211,951	42,805
Local administrative fund	78,211	78,211	79,835	1,624
TANF	303,320	303,320	256,777	(46,543)
Safety Net	110,000	110,000	177,693	67,693
Waste water DEP grant	-	114,320	114,320	-
Refund prior year's expenditures	-	38,306	437,244	398,938
Early Intervention	-	-	90,365	90,365
WIC	34,030	29,526	40,482	10,956
Medical assistance	(105,012)	(105,012)	(134,555)	(29,543)
Tobacco awareness	130,920	131,108	141,290	10,182
Long term care	48,293	48,293	47,596	(697)
Expanded services	253,519	253,519	285,404	31,885
County planning	10,000	10,000	2,629	(7,371)
Services to the elderly	66,000	66,000	66,546	546
	5,075,232	5,399,599	5,309,246	(90,353)

Culture and Recreation Programs for the aging	143,780	143,780	147,388	3,608
RSVP grant	5,697	5,697	6,525	828
Youth programs	36,666	40,339	84,655	44,316
	<u>186,143</u>	<u>189,816</u>	<u>238,568</u>	<u>48,752</u>
Total State Aid	<u>15,410,210</u>	<u>15,757,030</u>	<u>14,913,724</u>	<u>(843,306)</u>

FEDERAL AID

General				
Home America Voting Act	-	14,095	96,220	82,125
Criminal justice grant	-	-	43,534	43,534
Miscellaneous	102,550	133,853	91,044	(42,809)
	<u>102,550</u>	<u>147,948</u>	<u>230,798</u>	<u>82,850</u>
Public Safety				
Homeland security grant	-	666,090	267,986	(398,104)
Public safety other	23,374	79,351	-	(79,351)
Immigration grant	-	73,680	143,827	70,147
	<u>23,374</u>	<u>819,121</u>	<u>411,813</u>	<u>(407,308)</u>

Transportation				
Transportation grants	84,000	84,000	65,054	(18,946)

Economic Opportunity and Development

Social Services administration	2,631,717	2,631,717	2,566,415	(65,302)
Food stamp program administration	494,338	494,338	497,747	3,409
Services for recipients	71,126	71,126	85,149	14,023
Early intervention	190,000	70,000	13,256	(56,744)
Child care	179,938	179,938	76,985	(102,953)
Medicaid 3-5	30,000	30,000	59,559	29,559
Home health grant - WIC	385,498	385,498	359,143	(26,355)
Safety net	-	-	39,662	39,662
Day care	729,897	729,897	727,629	(2,268)
National Children Alliance	5,240	19,219	14,099	(5,120)
Nutrition	152,076	152,076	151,859	(217)
Fuel crisis - HEAP	-	39,204	17,303	(21,901)
Title IV D	98,540	98,540	98,540	-
Council on Alcohol	408,280	408,280	408,280	-
Community service elderly	34,568	34,568	29,841	(4,727)

(Continued)

County of Putnam, New York

General Fund
 Schedule of Revenues and Other Financing Sources Compared to Budget (Continued)
 Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Economic Opportunity and Development (Continued)				
Workforce Investment Act	\$ 420,344	484,624	\$ 446,157	\$(38,467)
Incentive program	1,303,920	1,303,920	1,411,888	107,968
TANF	599,290	649,099	780,235	131,136
Refund of prior year's expenditures	-	-	123,124	123,124
Caregiver grant	30,086	30,086	28,300	(1,786)
Grant	128,433	156,419	114,725	(41,694)
Medical assistance	(67,512)	(67,512)	(136,677)	(69,165)
Crime victims	91,747	91,747	89,292	(2,455)
SNAP	27,000	27,000	33,509	6,509
RSVP	41,015	41,015	42,140	1,125
	<u>7,985,541</u>	<u>8,060,799</u>	<u>8,078,160</u>	<u>17,361</u>
Home and Community Services				
Planning Board	110,000	110,000	86,939	(23,061)
Bio Terrorism grant	156,991	216,528	204,624	(11,904)
Wellness grant	3,662	3,662	3,436	(226)
	<u>270,653</u>	<u>330,190</u>	<u>294,999</u>	<u>(35,191)</u>
Total Federal Aid	<u>8,466,118</u>	<u>9,442,058</u>	<u>9,080,824</u>	<u>(361,234)</u>
MISCELLANEOUS				
Refund of prior year's expenditures	-	211,633	3,214	(208,419)
Gift and Donations	100	70,472	59,857	(10,615)
Medicare Part D reimbursement	183,350	-	-	-
Other	5,295	110,486	194,491	84,005
Retiree health contribution	296,021	296,021	251,860	(44,161)
Proceeds of seized property	109,607	112,606	117,443	4,837
	<u>594,373</u>	<u>801,218</u>	<u>626,865</u>	<u>(174,353)</u>
Total Miscellaneous				
TOTAL REVENUES	<u>120,764,736</u>	<u>124,902,762</u>	<u>122,602,118</u>	<u>(2,300,644)</u>

OTHER FINANCING SOURCES

Transfers in
County Road Fund
Putnam Tobacco Asset Securitization Corporation

-	57,280	57,280	-
<u>20,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
<u>20,000</u>	<u>82,280</u>	<u>82,280</u>	<u>-</u>

TOTAL OTHER FINANCING SOURCES

**TOTAL REVENUES AND OTHER
FINANCING SOURCES**

<u>\$ 120,784,736</u>	<u>\$ 124,985,042</u>	<u>\$ 122,684,398</u>	<u>\$ (2,300,644)</u>
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County of Putnam, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget
Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
GENERAL GOVERNMENT SUPPORT				
County Legislature	\$ 1,077,536	\$ 1,063,587	\$ 960,542	\$ 103,045
County share of judicial expenditures	344,880	368,370	287,409	80,961
District Attorney	1,928,857	1,926,724	1,817,643	109,081
Legal Aid Society	663,559	691,140	672,455	18,685
Audit	457,834	477,703	471,519	6,184
Court appointed legal defense of indigents	450,000	450,000	372,524	77,476
Justice of the Peace and Constables	4,250	4,250	3,550	700
Coroners	253,024	303,138	285,068	18,070
County Executive	623,328	651,399	627,476	23,923
Department of Finance	1,745,248	1,904,164	1,837,487	66,677
Division of Purchasing - Central services	363,651	385,135	369,459	15,676
Real property tax services	324,938	287,972	240,427	47,545
Tax advertising and expense	70,000	70,000	57,492	12,508
Expenditures on property acquired for taxes	130,000	194,708	194,378	330
County Clerk as Registrar	1,654,305	1,656,521	1,548,510	108,011
County Clerk as Motor Vehicles Commissioner	1,077,691	1,083,070	1,016,332	66,738
Department of Law	1,316,638	1,469,644	1,409,292	60,352
Personnel Department	979,724	991,216	919,195	72,021
Board of Elections	1,610,665	1,643,710	1,476,898	166,812
Records management	255,423	256,951	245,465	11,486
Department of Highway and Facilities	5,007,525	4,883,664	4,082,914	800,750
Central services administration	378,783	378,783	302,599	76,184
Insurance	600,250	582,664	579,624	3,040
Dues	27,000	27,000	26,459	541
Taxes on County property	310,000	292,968	292,949	19
Judgments and claims	261,300	236,300	234,968	1,332
Metropolitan Commuter Transportation Mobility Tax	164,002	162,702	151,187	11,515
Information Technology DGIS	1,114,800	1,113,763	886,591	227,172
Department of Highway Parks and Recreation	1,167,771	1,208,405	1,109,654	98,751
Contingency fund	1,259,159	-	-	-
Total General Government Support	25,622,141	24,765,651	22,480,066	2,285,585

EDUCATION					
Community college tuition	3,200,000	3,200,000	2,936,059	263,941	
Education of handicapped children	7,668,331	7,668,979	7,260,710	408,269	
Total Education	10,868,331	10,868,979	10,196,769	672,210	
PUBLIC SAFETY					
Bureau of Emergency Services	5,222,217	6,166,793	5,338,289	828,504	
Sheriff	15,291,992	15,725,030	14,867,265	857,765	
Probation Department	2,038,833	2,086,614	2,033,559	53,055	
Jail	9,963,777	10,498,931	10,053,490	445,441	
Stop DWI	198,667	206,674	193,518	13,156	
Homeland Security Grant	2,169	2,169	1,288	881	
Probation Division -Domestic Violence Department	39,200	39,200	37,618	1,582	
Total Public Safety	32,756,855	34,725,411	32,525,027	2,200,384	
HEALTH					
Public health	5,061,632	5,140,563	4,972,798	167,765	
Early Intervention Program	2,158,637	1,885,408	1,781,809	103,599	
Communicable disease treatment	27,000	23,900	21,670	2,230	
Substance abuse	339,482	339,482	339,482	-	
Alcoholism	254,467	254,467	233,461	21,006	
Mental health administration	538,736	600,446	540,234	60,212	
Mental health - Clinic	467,536	542,536	510,902	31,634	
Mental health - Eliot House	837,496	837,396	322,080	515,316	
Family Support Services	408,555	418,231	354,063	64,168	
Mental health - PARC	376,344	376,344	376,344	-	
Mental health - Reinvestment	689,661	614,661	604,579	10,082	
Mental health - County Contribution	443,480	443,480	443,477	3	
Total Health	11,603,026	11,476,914	10,500,899	976,015	
TRANSPORTATION					
MTA subsidy	380,276	380,276	380,276	-	
MTA station maintenance	952,951	927,829	927,829	-	
Total Transportation	1,333,227	1,308,105	1,308,105	-	

(Continued)

County of Putnam, New York

**General Fund
Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)
Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ECONOMIC OPPORTUNITY AND DEVELOPMENT				
Social services administration	\$ 8,611,068	\$ 8,621,330	7,713,714	\$ 907,616
Purchase of services	1,145,000	976,579	903,673	72,906
Medical assistance	189,976	189,976	70,574	119,402
Medical assistance - MMIS	9,807,873	9,896,302	9,896,302	-
Aid to dependent children	2,580,000	2,145,501	2,141,611	3,890
Child care	2,895,050	3,054,750	3,018,301	36,449
Juvenile delinquents	129,516	80,694	74,667	6,027
Safety net	650,000	1,006,100	1,005,643	457
State fuel assistance	-	47,695	45,816	1,879
Emergency aid for adults	25,000	25,000	17,765	7,235
Grants	15,000	64,809	34,976	29,833
Child advocacy center	168,510	166,555	158,751	7,804
Day care	850,000	925,700	925,659	41
Putnam workforce partnership	416,450	482,187	422,984	59,203
Putnam tourism promotional agency	321,845	344,984	344,929	55
SNAP program	587,684	587,111	511,447	75,664
Veterans' Service Agency	121,738	162,120	125,463	36,657
Veterans' Home	50,150	50,150	30,322	19,828
Consumer affairs and weights and measures	605,736	606,341	456,921	149,420
Office of the Aging - Title III	1,033,844	1,131,502	1,026,043	105,459
Office of the Aging - RSVP	447,178	452,953	439,982	12,971
Nutrition for the elderly	1,617,362	1,587,003	1,425,221	161,782
In-Home Service Program	264,809	265,031	261,160	3,871
Workforce Partnership	2,502	1,600	1,145	455
Community services for the elderly	1,173,884	1,153,966	1,087,697	66,269
WIC	377,645	378,616	351,542	27,074
Victim of crimes	101,660	101,952	101,911	41
Child fatality review	39,299	67,801	62,331	5,470
National Child Alliance	-	9,000	9,000	-
Total Economic Opportunity and Development	34,228,779	34,583,308	32,665,550	1,917,758

County of Putnam, New York

Schedule of Findings and Questioned Costs
Year Ended December 31, 2013

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None