

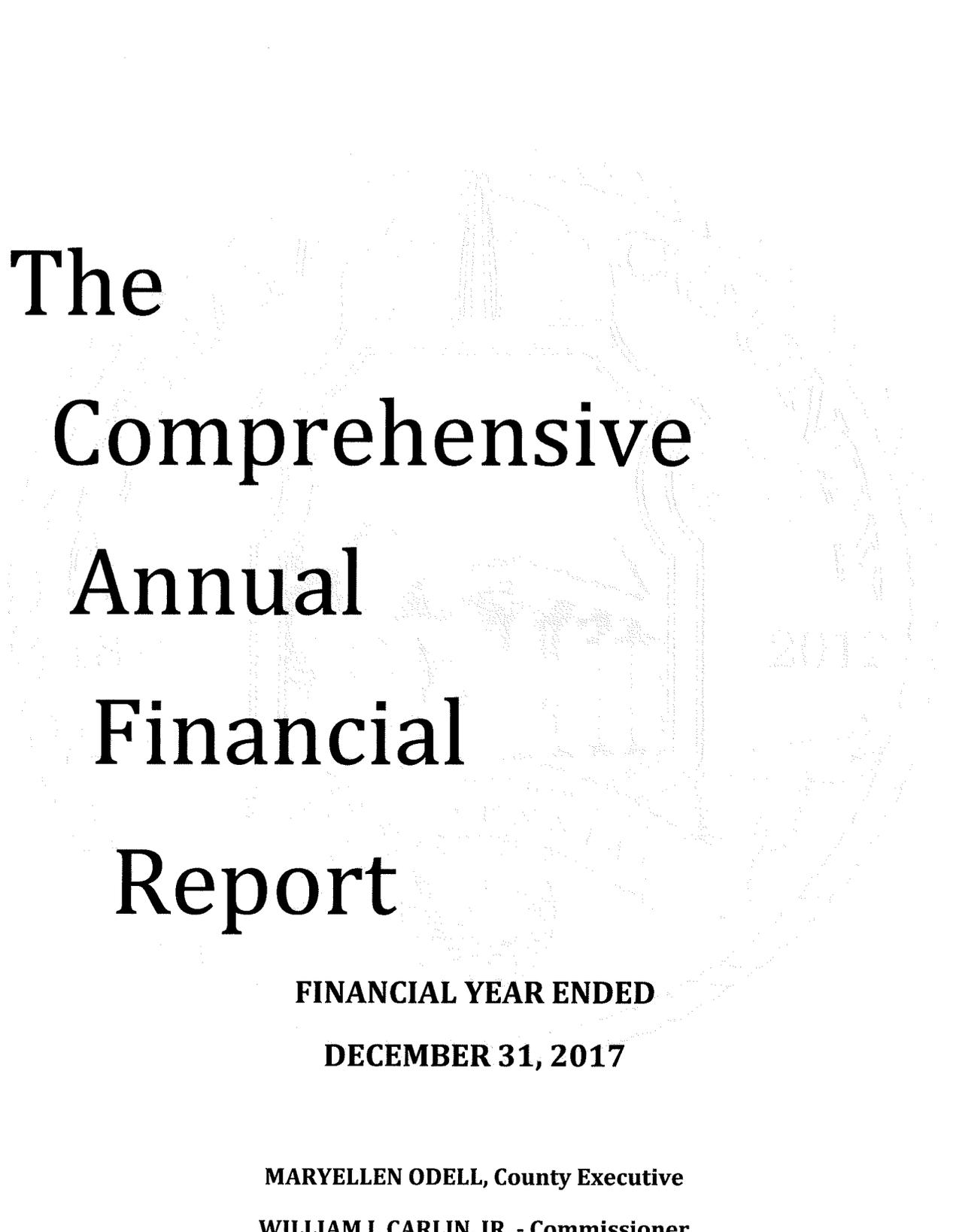
County of Putnam, New York



Comprehensive Annual Financial Report



Year Ended:
December 31, 2017



The
Comprehensive
Annual
Financial
Report

FINANCIAL YEAR ENDED

DECEMBER 31, 2017

MARYELLEN ODELL, County Executive

WILLIAM J. CARLIN, JR. - Commissioner

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

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

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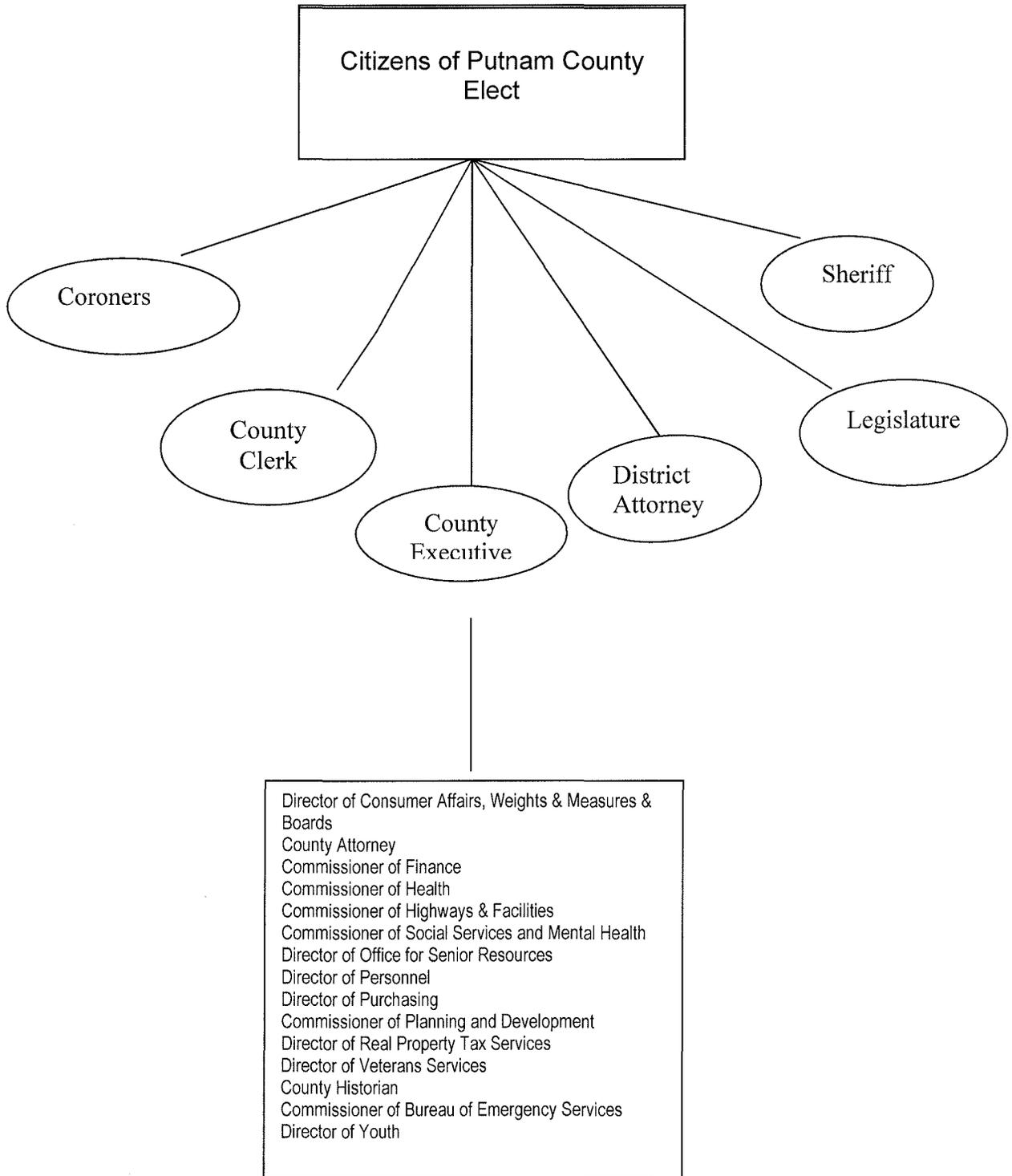
**INTRODUCTORY
SECTION**

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

<u>OFFICE</u>	<u>OFFICE HOLDER</u>	<u>TERM EXPIRES</u>
County Executive	MaryEllen Odell	12/31/18
County Legislators		
District #1	Barbara Scuccimarra	12/31/18
District #2	William Gouldman.	12/31/17
District #3	Toni Addonizio	12/31/17
District #4	Ginny Nacerino (Chairperson)	12/31/18
District #5	Carl Albano	12/31/19
District #6	Paul Jonke	12/31/19
District #7	Joseph Castellano	12/31/18
District #8	Dini LoBue	12/31/17
District #9	Neal Sullivan	12/31/19
County Clerk	Michael Bartolotti	12/31/18
District Attorney	Robert Tendy	12/31/19
Sheriff	Donald B. Smith	12/31/17
County Attorney	Jennifer Bumgarner	12/31/18
Commissioner of Finance	William J. Carlin Jr.	12/31/18

ORGANIZATIONAL CHART OF PUTNAM COUNTY EXECUTIVE BRANCH



WILLIAM J. CARLIN, Jr. CPA
Commissioner Of Finance



ANITA Z. GILBERT
Chief Deputy Commissioner Of Finance

SHEILA BARRETT
Deputy Commissioner Of Finance

DEPARTMENT OF FINANCE

June 27, 2018

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, 2017 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.

40 GLENEIDA AVENUE ~ CARMEL NEW YORK 10512 ~ Tel (845) 808-1075 ~ Fax (845) 808-1910

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 PKF O'Connor Davies, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended December 31, 2017 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the County's basic financial statements for the fiscal year ended December 31, 2017 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 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 hour intervals to Grand Central Station. The County is also located conveniently to several airports – 25 miles to Stewart Airport; 25 miles 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, the Putnam Tobacco Asset Securitization Corporation (“PTASC”) is included in the financial statements as a blended component unit.

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 months 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 (“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.

For the year ended December 31, 2015, the County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. These financial statements are issued in full compliance with these standards.

For the fiscal year ended December 31, 2016, the County implemented the provisions of GASB Statement No. 77, *Tax Abatement Disclosures*. 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 2017, the County's sales tax had a slight decrease of \$113,057. This represented a 0.19% decrease in collections over 2016. This decrease was due to general economic conditions.

The County's annual average unemployment rate (4.3%) continues to remain one of the lowest of all the counties. Single family home sales rose 9.74% from 1088 sales in

2016 to 1,194 sales in 2017. The median sale price of a single-family home increased from \$300,000 to \$315,000 a 5% increase. Home foreclosure filings initiated in Putnam County decreased from 303 in 2016 to 276 in 2017. The actual foreclosure judgments issued were 228 in 2016 and 183 in 2017.

The County's Net Taxable Assessments increased from \$10,402,431,532 in 2016 to \$10,404,388,588 in 2017 an increase of 0.02%.

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 2017 the County adopted a budget increasing the tax levy by 2.24%, well under the mandated tax cap.

According to Federal statistics Putnam County had a per capita personal income of \$59,693 (2016) and a median household income of \$97,606 (2016); as compared to New York State with a per capita income of \$59,563 (2016) and a median household income of \$60,741 (2016). The Census 2010 population count was 99,795 and the Census Bureau estimates the current population of the County for 2016 at 98,900.

The following major initiatives were commenced or were in progress during calendar year 2017 by the various departments and agencies of the Putnam County government:

Tax Cap: For the sixth consecutive year, the County adopted the 2017 budget that was within the tax cap, resulting in property tax rebate checks for Putnam County Homeowners issued by the NYS Department of Taxation and Finance over the past few months.

Amortization Payoff: The County fully paid off the 2013 NYS Employee Retirement System Amortization balance of \$2,561,537 saving approximately \$200,000 in interest on amortization payments that would have been due through 2023.

Short Term Borrowing: For the second year in a row the County did not issue a Tax Anticipation Note for cash flow purposes.

Tilly Foster Farm Educational Institute: Through a partnership with the Putnam Northern Westchester BOCES' Career and Technical Center, Tilly Foster opened its doors to the first Culinary Arts Training Center program in September for high school students interested in beginning careers in food service after graduation. Putnam County's newest restaurant, Tilly's Table is expected to open the weekend of June 3rd, 2017 and will feature farm-to-table dining experiences.

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.

Sewer Feasibility Study: The County has commissioned a sewer feasibility study in the towns of Southeast and Carmel in order to promote economic growth.

IDA Transactions: The Putnam IDA reached an agreement with Ace Endico to provide incentives for the expansion of their facilities in the Town of Southeast which is estimated to create twenty-five jobs.

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, 2017 was \$430,863 up from \$309,600 in 2016 due mainly to rising interest rates.

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, 2016. The County has received this prestigious award twenty-six of the last twenty-seven 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 auditors PKF 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." in a cursive style.

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, 2016

Christopher P. Morrill

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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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, 2017, 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 schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit for the year ended December 31, 2017 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and the introductory and statistical sections for the year ended December 31, 2017 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 for the year ended December 31, 2017 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 for the year ended December 31, 2017.

We also previously audited, 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, the basic financial statements of the County as of and for the year ended December 31, 2016 (not presented herein), and have issued our report thereon dated June 29, 2017, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and

schedules for the year ended December 31, 2016 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2016 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those 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 for the year ended December 31, 2016.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2017 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 27, 2018 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP
Harrison, New York
June 27, 2018

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County of Putnam, New York

Management's Discussion and Analysis December 31, 2017

Introduction

As management of the County of Putnam, New York ("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, 2017. 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 2017

Key financial highlights for fiscal year 2017 are as follows:

- The total net position, governmental activities and business-type activities, (assets plus deferred outflows of resources minus liabilities and deferred inflow of resources) of the County for fiscal year 2017 was (\$54,098,266). The net position of the governmental activities was (\$37,984,077) and for business-type activities (\$16,114,189). Included in this amount, a deficit of \$88,289,627 represents government's unrestricted net position while a deficit of \$16,114,189 is reflected for the business-type activities.
- Total General Fund revenues and other financing sources exceeded general fund expenditures and other financing uses by \$2,135,462.
- Government Activities expenses of \$159,775,506 reported for fiscal year ended December 31, 2017 had an increase of \$107,598 (.09%) from government expenses of \$159,667,908 reported for the year ended December 31, 2016.
- Net program expenses of \$113.7 million were reported for the governmental activities for the fiscal year ended December 31, 2017. This compares with \$111.8 million of net program expenses reported for fiscal year ended December 31, 2016
- The General Fund reported an ending total fund balance of \$39,781,534, which represents an increase of \$2,135,462 from fiscal year 2016. The Capital Projects Fund reported an ending fund balance of \$4,752,884 an increase of \$239,469 from fiscal year 2016.
- The County's total outstanding bonds payable, exclusive of the business-type activities, at December 31, 2017 were \$60,512,925. During fiscal year 2017, the County retired \$4,210,000 of general obligation debt. The County issued \$4,133,350 in Public Improvement Bonds. For the second time in over 20 years the County did not issue a Tax Anticipation Note for cash flow purposes.
- For the year ended December 31, 2015, the County implemented the provisions of the Governmental Accounting Standards Board ("GASB") Statement No. 68, "Accounting and Financial Reporting for Pensions". This pronouncement established new accounting and financial reporting requirements associated with the County's participation in the cost sharing multiple employer pension plans administered by the New York State and Local Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS"). Under the new standards, cost sharing employers are required to report in their government-wide financial statements a net

position liability (asset), pension expense and pension-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all municipalities and school districts in the plan. At December 31, 2017, the County reported in its Statement of Net Positions a liability of \$19,553,458 for its proportionate share of the ERS net pension liabilities. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. At March 31, 2017, the County's proportion was 0.2080991%, which was a decrease of 0.0035115% from its proportion measured as of March 31, 2016.

More detailed information about the County's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in the notes to financial statements.

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, deferred outflows of resources, 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 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 government-wide financial statements so readers may better understand the long-term impact of the County's current financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County 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 non-major funds can be found on the combining statements elsewhere in this report.

The County adopts an annual appropriation 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 funds and an enterprise 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 non-major governmental funds, schedules of budget to actual comparisons and the statistical tables.

Government-Wide Financial Analysis

As indicated previously, net position and changes to 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, 2017, the County's assets plus deferred outflows of resources less liabilities plus deferred inflows of resources equaled (\$54,098,266).

The largest component of the County's net position for governmental activities is its investment in capital assets, (e.g., land, buildings and facilities, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding amounted to \$44,759,518. 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.

A summary of the County's governmental net position at December 31, 2017 and 2016 is as follows:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 92,682,945	\$ 90,565,315	\$ 2,334,301	\$ 2,458,428	\$ 95,017,246	\$ 93,023,743
Capital Assets	100,865,808	99,876,542	-	-	100,865,808	99,876,542
Total Assets	193,548,753	190,441,857	2,334,301	2,458,428	195,883,054	192,900,285
Deferred Outflows of Resources	19,660,013	37,819,623	1,055,657	1,146,314	20,715,670	38,965,937
Current Liabilities	27,327,275	27,458,021	70,425	70,700	27,397,700	27,528,721
Long-term Liabilities	219,795,465	228,001,911	19,433,722	19,246,192	239,229,187	247,248,103
Total Liabilities	247,122,740	255,459,932	19,504,147	19,316,892	266,626,887	274,776,824
Deferred inflows of Resources	4,070,103	4,386,717	-	-	4,070,103	4,386,717
NET POSITION						
Net investment in capital assets	44,759,518	43,366,761	-	-	44,759,518	43,366,761
Restricted	5,546,032	4,941,107	-	-	5,546,032	4,941,107
Unrestricted	(88,289,627)	(80,343,037)	(16,114,189)	(15,712,150)	(104,403,816)	(96,055,187)
Total Net Position	\$ (37,984,077)	\$ (32,035,169)	\$ (16,114,189)	\$ (15,712,150)	\$ (54,098,266)	\$ (47,747,319)

Another portion of net position is restricted net position aggregating \$5,546,032 at December 31, 2017. This amount represents resources that are subject to external restrictions on how they may be used.

The restrictions are as follows:

Casualty Reserve Benefits	\$ 1,426,091
Workers' Compensation Benefits	735,447
Law Enforcement	358,355
Health	18,808
Driving While Intoxicated Program	38,770
Grants and Obligations	1,431,236
Debt Service	280,987
Special Revenue Funds	<u>1,256,338</u>
Total Restricted Net Position	<u>\$ 5,546,032</u>

There was a net increase of \$604,925 in restricted net position reported in connection with the County's governmental activities compared to prior years.

The Special Revenue fund decreased by \$76,072 mainly due to a decrease of \$87,730 due to an Estate distribution for the Office for Senior Resources in the Trust fund. This was offset by an increase of \$11,658 in the Transportation Fund due to lower gasoline prices for 2017. The Debt Service fund decreased by \$23,261 due to the planned use of fund balance. These factors combined for the majority of the change in the County's restricted position.

The remaining portion of net position, unrestricted net position, is a negative \$104,403,816 with a deficit of \$88,289,627 reported in governmental activities and a deficit of \$16,114,189 reported in business-type activities. The governmental activities 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, including claims payable (\$3,683,000); compensated absences (\$4,254,508). With the Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions ("OPEB")*, municipalities were required to begin recognizing an actuarial determined liability for benefits provided to retirees. The liability will be amortized into the County's entity-wide operations over a period of 30 years. The liability reflected in 2017 for the government was \$127,996,570. The recording of the current year's increase in the net OPEB obligation of \$9,541,753 was the primary reason for the overall decrease in the County's governmental activities net position of (\$6,350,947). Additional information on all of these long-term liabilities can be found in Note 3F, in the notes to financial statements.

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 \$16,114,189. This represents an increase in the deficit of \$402,039.

Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
REVENUES						
Program Revenues						
Charges for Services	\$ 14,484,531	\$ 13,692,617	\$ 815,054	\$ 1,309,584	\$ 15,299,585	\$ 15,002,201
Operating Grants and Contributions	26,756,792	27,796,595	-	-	26,756,792	27,796,595
Capital Grants and Contributions	3,670,446	5,205,333	-	-	3,670,446	5,205,333
General Revenues						
Real Property Taxes	41,792,992	35,664,434	-	-	41,792,992	35,664,434
Other Tax Items	4,692,425	5,479,429	-	-	4,692,425	5,479,429
Non-Property Taxes	60,000,569	60,120,626	-	-	60,000,569	60,120,626
Unrestricted Use of Money and Property	215,857	103,012	12,401	3,618	228,258	106,630
Sale of Property and Compensation for loss	57,812	107,346	-	-	57,812	107,346
Miscellaneous	925,680	536,640	-	-	925,680	536,640
	-	-	-	-	-	-
Total Revenues	152,597,104	148,706,032	827,455	1,313,202	153,424,559	150,019,234
PROGRAM EXPENSES						
General Government Support	27,992,898	28,652,223	-	-	27,992,898	28,652,223
Education	10,423,919	9,617,363	-	-	10,423,919	9,617,363
Public Safety	42,110,925	40,992,057	-	-	42,110,925	40,992,057
Health	14,694,859	15,173,052	-	-	14,694,859	15,173,052
Transportation	16,749,862	17,657,346	-	-	16,749,862	17,657,346
Economic Opportunity	36,666,894	36,955,938	-	-	36,666,894	36,955,938
Culture and Recreation	6,049,103	5,619,737	-	-	6,049,103	5,619,737
Home and Community Services	1,893,965	1,706,362	-	-	1,893,965	1,706,362
Interest	1,993,587	2,074,647	-	-	1,993,587	2,074,647
Putnam Tobacco Asset Securitization Corp.	-	-	1,199,494	1,219,183	1,199,494	1,219,183
Total Expenses	158,576,012	158,448,725	1,199,494	1,219,183	159,775,506	159,667,908
Change in Net Position	(5,978,908)	(9,742,693)	(372,039)	94,019	(6,350,947)	(9,648,674)
Transfers	30,000	25,000	(30,000)	(25,000)	-	-
Net Position - Beginning,	(32,035,169)	(22,317,476)	(15,712,150)	(15,781,169)	(47,747,319)	(38,098,645)
Ending	<u>\$ (37,984,077)</u>	<u>\$ (32,035,169)</u>	<u>\$ (16,114,189)</u>	<u>\$ (15,712,150)</u>	<u>\$ (54,098,266)</u>	<u>\$ (47,747,319)</u>

Governmental activities

For the fiscal year ended December 31, 2017, revenues from governmental activities totaled \$152,597,104. Tax revenues of \$106,485,986, comprised of real property taxes, other tax items and non-property taxes, represent the largest revenue source (70%). Program Revenues totaled \$44,911,769 (29%) and other general revenues totaled \$1,199,349 (1.0%). The \$3,405,325 increase in total governmental activities revenues from the prior year is the result of a combination of the following factors:

- Real property taxes had an increase of \$6.1 million due to an increase in the levy and better collections in 2017, a slight increase in charges for services, coupled with a decrease in contributions and operating grants and contributions.
- Operating Grants and Contributions decreased by \$1,039,803 mainly due to settlements in Social Services programs for 2016.

- Real Property Taxes increased by \$6,128,558 in part due to a \$1.7 million adjustment for the allowance for uncollectable taxes in 2016; a \$410,933 increase in the Real Property Tax Levy for 2017; and \$307,400 to record additional deferred tax revenues.

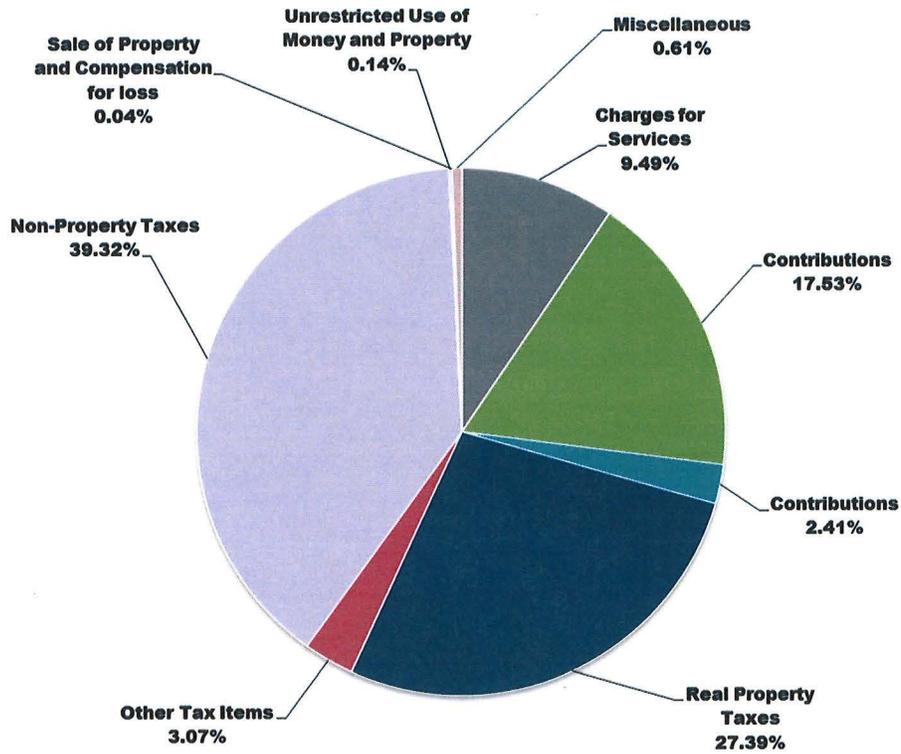
For the fiscal year ended December 31, 2017, expenses from governmental activities totaled \$158,576,012 an increase of \$127,287 over 2016. The largest components of governmental activities included Public Safety \$42,110,925 (26.56%); Economic Opportunity \$36,666,894 (23.12%); and General Government Support \$27,992,898 (17.65%). Expenses increased from the prior year by \$127,287 or 0.08 %, primarily as a result of a combination of the following factors:

- Public Safety increased by \$1,118,868 of which \$768,956 was attributable to the Sheriff's Department and \$550,126 to the Bureau of Emergency Services. In the Sheriff's Department \$288,311 was due to an increase in fringes; \$174,207 due to additional vehicles purchased and an increase in overtime costs totaling \$142,075. The Bureau of Emergency Services increases included \$224,137 in Homeland Security grants for various equipment purchases; \$118,817 for a grant received for Public Safety Answering Point (PSAP); \$86,113 due to the settlement of the PCSEA contract; and minimal increases in various contractual lines.
- In Education, the Children With Special Needs 3-5 Preschool program saw an increase of \$670,882 over the 2016 actual expenditures. This was mainly due to an increase in specialized educational services that included 6 children being transported individually down to programs in Westchester County, going as far as Yonkers on a daily basis, two round trips per day and 2 children receiving nursing services for eight hours a day. Community College costs increased by \$134,132 as a result of a rate increase for the 2017-2018 school year and a slight increase in the number of FTE's which could be attributed to the free college tuition plan implemented by the governor for the 2017-2018 school year
- Culture and Recreation increased by \$429,366 mainly due to the opening of Tilly's Table at Tilly Foster. This increase in expenditures was offset by an increase in revenues.
- Home and Community Services increased by \$187,603 with increases in Planning (\$96,133); Youth Programs (\$50,237); Recreation for the Elderly (\$30,394); and Historian's Office (\$28,024).
- Transportation decreased by \$907,484 due to adjusting journal entries in accordance with GASB 34.
- General Government Support decreased by \$659,325 and Health decreased by \$478,193. These decrease were due to adjusting journal entries in accordance with GASB 34 which included allocating employee benefits; accruing the retirement amortization for 2013 which was paid in full in 2017; allocating OPEB (Other Personnel Employee Benefits) expenses as per the 2017 actuarial report; and to record GASB 68 entries for retirement.
- Economic Opportunity decreased by \$289,044. Family Assistance saw a major decrease of \$1,172,149 due to a decrease in the number of foster care eligibility and caseloads. This was offset by increases in Child Care of \$472,538 due to an increase in caseloads. In addition, Programs for the Aging increased by \$143,583 due to the EISEP program which provides in-house service for personal care for the elderly. The balance was due to paying off the final retirement amortization payment in 2016 and various unfilled positions.
- Interest Expenses decreased by \$81,060 due to GASB 34 entries to record the adjustment for accrued interest on bonds.

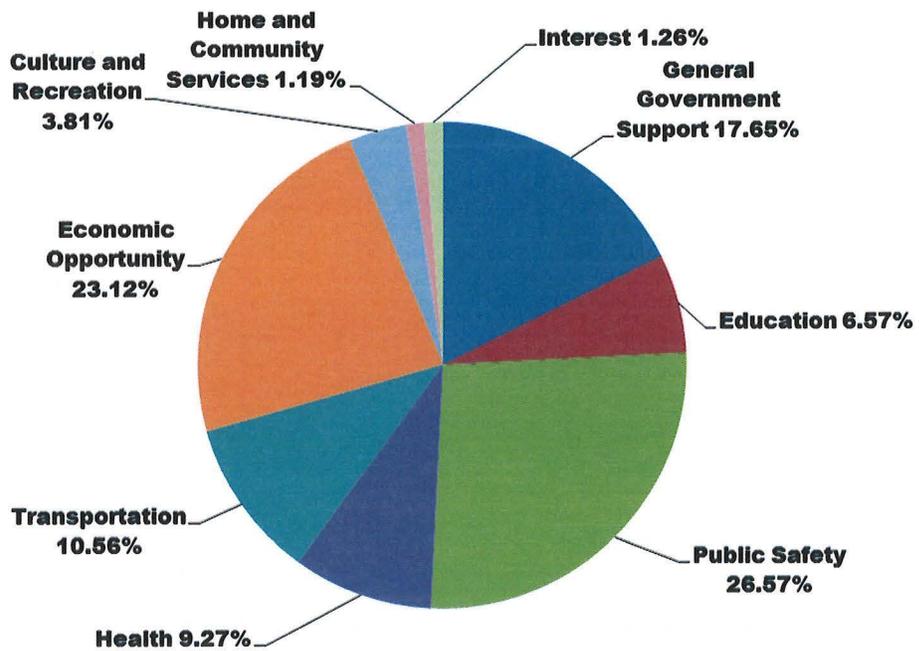
Business-type activities

Business-type activities net position decreased the County's total net position by \$402,039 mainly due to a decrease in Tobacco Settlement revenues.

Revenues Governmental Activities



Expenditures Governmental Activities



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.

Fund Balance Reporting

GASB issued Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", in February 2009. The requirements of GASB Statement No. 54 became effective for financials statements of the County for the fiscal period ending December 31, 2011. GASB Statement No. 54 abandoned the reserved and unreserved classifications of fund balance and replaced them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications is as follows:

Nonspendable - consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale and the principal of endowments.

Restricted - consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation, such as the reserve for employee benefit accrued liability.

Committed - consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint, such as the designation for tax certioraris or debt stabilization.

Assigned - consists of amounts that are subject to a purpose constraint that represents an intended use, such as encumbrances, established by the government's highest level of decision making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance,

Unassigned - represents the residual classification for the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

These changes were made to reflect spending constraints on resources, rather than availability for appropriations and to bring greater clarity and consistency to fund balance reporting. This pronouncement should result in an improvement in the usefulness of fund balance information.

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 the authority to assign resources for use for particular purposes by the County Legislature.

At the end of the current fiscal year, the County's governmental funds reported combined fund balances of \$47.9 million, an increase of \$2.2 million in comparison with the prior year. Of this amount, \$4.1 million is in nonspendable form (prepaid items and long-term receivables). The remaining \$43.8 million of fund balance is in spendable form as follows: \$7.4 million is restricted to specific uses by laws or regulations, debt covenants, grantors, contributors and/or enabling legislation; \$20.7 million has been assigned by the Legislature or Finance for purchases on orders, subsequent year's expenditures, retirement future capital projects, tax stabilization, 6N insurance, leaving \$15.8 million unassigned fund balance, which is available for spending at the County's discretion.

The **General Fund** is the County's primary operating fund and the majority of the County's programs and activities are supported by this fund.

At the end of the current fiscal year, total fund balance of the General Fund was \$39.8 million, an increase of \$2.1 million (5.7%) from the prior fiscal year. Of the \$39.8 million total fund balance, \$4.0 is in nonspendable form (prepaid items and long term receivables). The remaining \$35.8 million of fund balance is allocated as follows: \$1.8 million is restricted and includes reserves for DWI, Public Safety, Health and grants and obligations. \$18.1 million has been assigned and includes \$4.7 million assigned by the Legislature for subsequent year's expenditures as part of the 2018 adopted budget; \$4 million assigned for Insurance; \$3.6 for retirement; \$3.5 for tax stabilization; \$1.3 for capital projects and \$1 million for encumbrances. The remaining \$15.8 represents unassigned fund balance.

The general fund's unassigned fund balance of \$15,845,855 represents 39.8% of the total General Fund balance of \$39,781,534. 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 12.2% unassigned fund balance as compared to total expenditures, while total fund balance represents 30.5% of that same amount.

When the fiscal 2017 budget was adopted, it anticipated the use of \$6.03 million of general fund balance. However, actual results of operations resulted in an increase of \$2,135,462 to fund balance. After accounting for specific reserves and \$4.7 million of fund balance appropriated to balance the 2018 budget, the unassigned general fund balance increased from \$13.9 million in 2016 to \$15.8 million in 2017.

The **County Road Fund's** total fund balance at the end of the current fiscal year was \$1,581,191 an increase of \$47,192 from the previous year. This increase in fund balance was mainly due to Refund of Prior Years Expenditures (\$29,000).

The **Road Machinery Fund's** total fund balance at the end of the current fiscal year was \$327,549 a decrease of \$98,539 due mainly to increases in gasoline and diesel prices and a decrease in the levy.

The **Capital Projects Fund** is used to account for capital project activity throughout the County. The Capital Projects Fund ending fund balance was \$4,752,884 for fiscal year 2017. This represents an increase of \$239,469 due to the timing of reimbursements for long term projects and the issuance of serial bonds offset by an increase in the capital outlay for ongoing projects.

The **Transportation Fund** reflects a fund balance of \$670,693 an increase of \$11,658 over 2016. This was due to not having contractual work done on the buses which was done in 2016.

The **Debt Service Fund** reported a fund balance of \$280,987 at December 31, 2017, a decrease of \$33,261 resulting from a planned use of fund balance.

The **Causality Reserve Benefits Fund** reported a fund balance of \$1,426,091 an increase of \$2,131. This increase is due to interest earned for 2017.

General Fund Budgetary Highlights

The General Fund had an original budget for revenues and other financing sources of \$130,580,786 and a final budget of \$133,523,205 a difference of \$2,942,419 primarily as a result of the following factors:

- Sales Tax increased by \$1,521,417 due to an increase in gasoline prices and prior period adjustments.
- State Aid accounted for \$911,455 of the difference with variances found in the Children With Special Needs 3-5 Program of \$279,650 due to an increase in the number of children being served; Veteran's Program due to receipt of \$185,467 for the Peer to Peer Program; and a grant for \$147,725 for Local Government Records Management.

The difference between the original budget (\$137,952,410) for expenditures and other financing uses and the final budget (\$141,358,282) was \$3,405,872. The principal drivers of the increase to the budget were as follows:

- Public Safety increased by \$1,829,507 due \$693,092 in salary accruals and encumbrance rollovers for vehicles totaling \$127,921 in the Sheriff's Department; \$474,940 was due to a 5 year retro contract settlement for the Correction Officers through 2016 for the Jail; \$336,225 for grant rollovers, \$109,616 for encumbrance rollovers for equipment and \$86,114 for a 5 year retro contract settlement for the Dispatchers.
- Increased Other Financing Uses totaling \$1,261,130 for the Capital Projects and Transportation funds.
- Education - The Program for Children with Special Needs (3-5) increased by \$582,687 due to an increase of children in the Center-based programs, an increase in itinerant services due to increased usage and more complex diagnosis, and 6 children being transported individually down to programs in Westchester County, going as far as Yonkers on a daily basis, two round trips per day and 2 children receiving nursing services for eight hours a day.

The actual total revenues and other financing sources for December 31, 2017 exceeded the anticipated amount in the final budget by \$324,763 due to the following:

- \$564,793 positive variance in miscellaneous revenues which included \$263,476 for FMAP reconciliation for 2015/2016 and \$185,541 due to the timing of payments for CSE reimbursements.
- \$357,621 positive variance in Real Property Taxes due to an audit adjustment to deferred property taxes.
- \$188,720 for interest and penalties on real property taxes.

This was offset by a negative variance in Federal Aid of \$923,461 and State Aid of \$88,265 due to the following:

- \$884,089 in Federal Aid was seen in various Social Services Programs including \$352,894 in Flexible Funding for Family Services; \$165,102 in Services for Recipients; \$160,486 in Social Services Administration; \$133,242 for Caregiver grant and \$107,326 for Child Care all of which were offset by a decrease in expenditures
- Federal Aid for \$172,284 due to the timing of the Homeland Security grants.
- State Aid in the amount of \$42,162 in Planning due to the timing of the Mobility Grant.

Overall, actual General Fund expenditures and Other Financing Uses was \$131,712,506, which was \$9,645,776 less than the final budget.

The major areas where spending was less than final budget were (1) General Government Support (\$3. million); (2) Economic Opportunity and Development (\$2.8 million); (3) Public Safety (\$2.3 million); (4)

Health (\$748,550); (5) Culture and Recreation (\$360,707); (6) Home and Community Services (\$193,607); (7) Education (\$114,192); and (8) Employee Benefits – undistributed (\$67,090).

The County typically realizes various expenditure savings throughout the year due to its very conservative budgeting practices and its use of a vacancy control account to monitor and control personnel costs.

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2017, amounts to \$100,865,808 (net of accumulated depreciation), an increase of \$989,266. 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.

	Capital Assets (Net of Depreciation) (in thousands)	
	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Land	\$ 6,618	\$ 6,618
Buildings and Improvements	47,828	49,354
Machinery and Equipment	6,069	5,238
Infrastructure	37,599	38,532
Construction-in-Progress	2,752	134
Total (Net of Depreciation)	<u>\$ 100,866</u>	<u>\$ 99,876</u>

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

- The purchase of various vehicles and equipment totaling \$3,068,044.
- Various Construction In Progress works totaling \$2,617,937
- Numerous projects for infrastructure including bikeways were completed this year for a total cost of \$2,195,425.
- Improvement of several County facilities at a cost of \$1,634,894.

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

Long-Term debt

At the end of the current fiscal year, the County had total debt outstanding of \$60,512,925 exclusive of the Tobacco Securitization Corporation. As required by New York State Law, all bonds issued by the County are general obligation bonds backed by the full faith and credit of the County.

Outstanding Debt General Obligations Bonds (in thousands)

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Total general obligation bonds	<u>\$ 60,513</u>	<u>\$ 60,589</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, 2017, the County of Putnam had used \$60,512,925 or 6.03% of the constitutional debt limit leaving \$878,668,087 remaining to be used.

Additional information on the County's long-term debt can be found in Note 3F 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 in April 2018 was 4.0%, up from 3.8% in April 2017. The County's unemployment rate compared favorably to the State-wide rate of 4.4%.

Labor Department data also indicated that the number of people employed in the County decreased by 0.03% from 49,200 to 48,900, between April 2017 and April 2018.

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 2016 was \$97,606, while New York State's median household income was \$60,741. The median income for the nation as a whole was \$55,322.

The net taxable assessed value of real property in Putnam County increased from \$10,402,431,532 in 2016 to \$10,404,368,588 in 2017, an increase of 0.02%.

The median sales price of a single-family home increased from \$300,000 in 2016 to \$315,000 in 2017 a 5% increase. The number of Single-family houses sold in 2107 increased from 1,088 in 2016 to 1,194 in 2017, an increase of 9.74%.

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.

The budget will adhere to the requirements of the Property Tax Levy Limit ("Tax Cap") law enacted in 2011.

Declines in the State equalization rate and resulting decreases 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 2018 budget.

The County has appropriated \$4,677,000 million of the fund balance of the general fund for spending in the 2018 fiscal year. The 2018 County budget increased the real property tax levy by \$930,089 for a total tax levy of \$42,365,491 or 2.24% keeping within the real property tax cap authorized by the State of New York.

Additional information on this law can be found in Note 2B in the notes to financial statements.

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.

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**BASIC
FINANCIAL STATEMENTS**

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County of Putnam, New York

Statement of Net Position
December 31, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents	\$ 30,439,965	\$ 52,328	\$ 30,492,293
Investments	1,547,310	-	1,547,310
Receivables			
Taxes, net	39,159,275	-	39,159,275
Accounts	8,310,115	1,064,537	9,374,652
State and Federal aid	9,943,441	-	9,943,441
Due from other governments	1,186,845	-	1,186,845
Prepaid expenses	2,095,994	8,586	2,104,580
Restricted cash and equivalents	-	1,208,850	1,208,850
Capital assets			
Not being depreciated	9,369,730	-	9,369,730
Being depreciated, net	91,496,078	-	91,496,078
	<u>193,548,753</u>	<u>2,334,301</u>	<u>195,883,054</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>19,660,013</u>	<u>1,055,657</u>	<u>20,715,670</u>
LIABILITIES			
Accounts payable	6,115,678	-	6,115,678
Accrued liabilities	3,403,550	70,425	3,473,975
Unearned revenues	4,553,865	-	4,553,865
Due to other governments	12,599,952	-	12,599,952
Accrued interest payable	654,230	-	654,230
Non-current liabilities			
Due within one year	5,670,788	285,000	5,955,788
Due in more than one year	214,124,677	19,148,722	233,273,399
	<u>247,122,740</u>	<u>19,504,147</u>	<u>266,626,887</u>
DEFERRED INFLOWS OF RESOURCES	<u>4,070,103</u>	<u>-</u>	<u>4,070,103</u>
NET POSITION			
Net investment in capital assets	44,759,518	-	44,759,518
Restricted for			
Casualty reserve benefits	1,426,091	-	1,426,091
Workers' compensation benefits	735,447	-	735,447
Law enforcement	358,355	-	358,355
Health	18,808	-	18,808
Driving while intoxicated program	38,770	-	38,770
Grants and obligations	1,431,236	-	1,431,236
Debt service	280,987	-	280,987
Special Revenue Funds			
Transportation	670,693	-	670,693
Trusts	585,645	-	585,645
Unrestricted	<u>(88,289,627)</u>	<u>(16,114,189)</u>	<u>(104,403,816)</u>
Total Net Position	<u>\$ (37,984,077)</u>	<u>\$ (16,114,189)</u>	<u>\$ (54,098,266)</u>

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, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government support	\$ 27,992,898	\$ 5,614,047	\$ 703,127	\$ -
Education	10,423,919	-	3,490,179	-
Public safety	42,110,925	2,431,110	1,264,953	249,850
Health	14,694,859	860,578	6,592,072	-
Transportation	16,749,862	1,391,748	1,374,377	2,390,124
Economic opportunity and development	36,666,894	1,681,662	12,692,275	-
Culture and recreation	6,049,103	2,480,154	263,908	409,639
Home and community services	1,893,965	25,232	375,901	324,374
Interest	1,993,587	-	-	296,459
Total Governmental Activities	158,576,012	14,484,531	26,756,792	3,670,446
Business-type activities				
Putnam Tobacco Asset Securitization Corporation	1,199,494	815,054	-	-
Total	\$ 159,775,506	\$ 15,299,585	\$ 26,756,792	\$ 3,670,446

General revenues
Real property taxes
Other tax items
Loss from sale of tax acquired property
Interest and penalties on real property taxes
Payments in lieu of taxes
Non-property taxes
Sales taxes
Automobile use tax
Emergency telephone system surcharge
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

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
\$ (21,675,724)	\$ -	\$ (21,675,724)
(6,933,740)	-	(6,933,740)
(38,165,012)	-	(38,165,012)
(7,242,209)	-	(7,242,209)
(11,593,613)	-	(11,593,613)
(22,292,957)	-	(22,292,957)
(2,895,402)	-	(2,895,402)
(1,168,458)	-	(1,168,458)
(1,697,128)	-	(1,697,128)
(113,664,243)	-	(113,664,243)
-	(384,440)	(384,440)
(113,664,243)	(384,440)	(114,048,683)
41,792,992	-	41,792,992
(441,629)	-	(441,629)
5,088,720	-	5,088,720
45,334	-	45,334
58,887,700	-	58,887,700
686,416	-	686,416
426,453	-	426,453
215,857	12,401	228,258
57,812	-	57,812
925,680	-	925,680
30,000	(30,000)	-
107,715,335	(17,599)	107,697,736
(5,948,908)	(402,039)	(6,350,947)
(32,035,169)	(15,712,150)	(47,747,319)
\$ (37,984,077)	\$ (16,114,189)	\$ (54,098,266)

County of Putnam, New York

Balance Sheet
 Governmental Funds
 December 31, 2017

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 17,541,522	\$ 6,684,616	\$ 585,945	\$ 24,812,083
Investments	1,547,310	-	-	1,547,310
Taxes receivable, net	39,159,275	-	-	39,159,275
Other receivables				
Accounts	8,304,692	-	5,423	8,310,115
State and Federal aid	7,672,926	1,746,577	523,938	9,943,441
Due from other governments	1,186,845	-	-	1,186,845
Due from other funds	-	563,809	2,929,997	3,493,806
	<u>17,164,463</u>	<u>2,310,386</u>	<u>3,459,358</u>	<u>22,934,207</u>
Prepaid expenditures	1,986,893	525	108,576	2,095,994
Total Assets	<u>\$ 77,399,463</u>	<u>\$ 8,995,527</u>	<u>\$ 4,153,879</u>	<u>\$ 90,548,869</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 4,436,894	\$ 1,412,337	\$ 266,447	\$ 6,115,678
Accrued liabilities	3,223,516	-	180,034	3,403,550
Unearned revenues	1,462,226	2,830,306	261,333	4,553,865
Due to other governments	12,599,952	-	-	12,599,952
Due to other funds	3,710,462	-	-	3,710,462
Total Liabilities	25,433,050	4,242,643	707,814	30,383,507
Deferred inflows of resources				
Deferred tax revenues	12,184,879	-	-	12,184,879
Total Liabilities and Deferred Inflows of Resources	<u>37,617,929</u>	<u>4,242,643</u>	<u>707,814</u>	<u>42,568,386</u>
Fund balances				
Nonspendable	3,986,893	525	108,576	4,095,994
Restricted	1,847,169	4,752,359	753,632	7,353,160
Assigned	18,101,617	-	2,583,857	20,685,474
Unassigned	15,845,855	-	-	15,845,855
Total Fund Balances	<u>39,781,534</u>	<u>4,752,884</u>	<u>3,446,065</u>	<u>47,980,483</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 77,399,463</u>	<u>\$ 8,995,527</u>	<u>\$ 4,153,879</u>	<u>\$ 90,548,869</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, 2017

Fund Balances - Total Governmental Funds	\$ 47,980,483
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	100,865,808
Governmental funds do not report the effect of losses on refunding bonds and assets or liabilities related to net pension assets (liabilities) whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amounts on refunding bonds	2,372,338
Deferred amounts on net pension assets (liabilities)	13,217,572
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.	2,161,538
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Real property taxes	12,184,879
Long-term liabilities that are not due and payable in the current period and are not reported in the funds.	
Accrued interest payable	(654,230)
Bonds payable	(63,231,512)
Compensated absences	(4,254,508)
Net pension liability	(19,553,458)
Other post employment benefit obligations payable	(127,996,570)
Postclosure care costs	(1,076,417)
Net Position of Governmental Activities	<u>\$ (37,984,077)</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, 2017

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Real property taxes	\$ 29,041,240	\$ -	\$ 12,751,783	\$ 41,793,023
Other tax items	4,692,425	-	-	4,692,425
Non-property taxes	60,000,569	-	-	60,000,569
Departmental income	11,076,828	-	271,616	11,348,444
Intergovernmental charges	-	-	1,124,919	1,124,919
Use of money and property	575,709	-	296,459	872,168
Licenses and permits	805,881	-	-	805,881
Fines and forfeitures	201,658	-	-	201,658
Sale of property and compensation for loss	57,812	-	-	57,812
Interfund revenues	-	-	385,281	385,281
State aid	16,915,084	1,895,982	927,183	19,738,249
Federal aid	8,519,388	1,153,631	264,769	9,937,788
Miscellaneous	1,624,040	324,374	56,358	2,004,772
Total Revenues	133,510,634	3,373,987	16,078,368	152,962,989
EXPENDITURES				
Current				
General government support	23,754,954	-	-	23,754,954
Education	10,423,919	-	-	10,423,919
Public safety	36,767,396	-	-	36,767,396
Health	12,933,339	-	92,767	13,026,106
Transportation	1,346,592	-	9,543,780	10,890,372
Economic opportunity and development	33,639,289	-	-	33,639,289
Culture and recreation	4,983,259	-	-	4,983,259
Home and community services	1,742,315	-	-	1,742,315
Employee benefits Undistributed	4,750,314	-	-	4,750,314
Debt service				
Principal	-	-	4,210,000	4,210,000
Interest	-	-	2,134,655	2,134,655
Capital outlay	-	8,628,997	-	8,628,997
Total Expenditures	130,341,377	8,628,997	15,981,202	154,951,576
Excess (Deficiency) of Revenues Over Expenditures	3,169,257	(5,255,010)	97,166	(1,988,587)
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	4,133,350	-	4,133,350
Issuance premium	-	-	39,488	39,488
Transfers in	337,334	1,804,482	10,000	2,151,816
Transfers out	(1,371,129)	(443,353)	(307,334)	(2,121,816)
Total Other Financing Sources (Uses)	(1,033,795)	5,494,479	(257,846)	4,202,838
Net Change in Fund Balances	2,135,462	239,469	(160,680)	2,214,251
FUND BALANCES				
Beginning of Year	37,646,072	4,513,415	3,606,745	45,766,232
End of Year	\$ 39,781,534	\$ 4,752,884	\$ 3,446,065	\$ 47,980,483

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, 2017

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 2,214,251</u>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay expenditures	9,516,301
Depreciation expense	<u>(8,527,035)</u>
	<u>989,266</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>(31)</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>	
Bonds issued	(4,133,350)
Principal paid on bonds	4,210,000
Issuance premium	(39,488)
Amortization of loss on refunding bonds and issuance premium	<u>126,860</u>
	<u>164,022</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	14,208
Pension obligations	(2,852,707)
Retirement incentives and other pension obligations	2,561,538
Compensated absences	(244,188)
Other post employment benefit obligations	(9,541,753)
Postclosure care costs	<u>8,908</u>
	<u>(10,053,994)</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>737,578</u>
Change in Net Position of Governmental Activities	<u><u>\$ (5,948,908)</u></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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 28,683,619	\$ 28,683,619	\$ 29,041,240	\$ 357,621
Other tax items	5,052,450	4,510,820	4,692,425	181,605
Non-property taxes	58,456,282	59,977,699	60,000,569	22,870
Departmental income	11,322,496	11,027,251	11,076,828	49,577
Use of money and property	308,059	552,059	575,709	23,650
Licenses and permits	732,100	732,100	805,881	73,781
Fines and forfeitures	170,000	170,000	201,658	31,658
Sale of property and compensation for loss	9,200	26,878	57,812	30,934
State aid	16,091,894	17,003,349	16,915,084	(88,265)
Federal aid	8,810,294	9,442,849	8,519,388	(923,461)
Miscellaneous	914,392	1,059,247	1,624,040	564,793
Total Revenues	<u>130,550,786</u>	<u>133,185,871</u>	<u>133,510,634</u>	<u>324,763</u>
EXPENDITURES				
Current				
General government support	28,066,294	26,758,318	23,754,954	3,003,364
Education	9,955,424	10,538,111	10,423,919	114,192
Public safety	37,257,984	39,087,491	36,767,396	2,320,095
Health	13,506,751	13,681,889	12,933,339	748,550
Transportation	1,335,276	1,346,592	1,346,592	-
Economic opportunity and development	35,730,136	36,477,459	33,639,289	2,838,170
Culture and recreation	5,171,561	5,343,966	4,983,259	360,707
Home and community services	2,001,580	1,935,922	1,742,315	193,607
Employee benefits Undistributed	4,817,404	4,817,404	4,750,314	67,090
Total Expenditures	<u>137,842,410</u>	<u>139,987,152</u>	<u>130,341,377</u>	<u>9,645,775</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(7,291,624)</u>	<u>(6,801,281)</u>	<u>3,169,257</u>	<u>9,970,538</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	30,000	337,334	337,334	-
Transfers out	(110,000)	(1,371,130)	(1,371,129)	1
Total Other Financing Uses	<u>(80,000)</u>	<u>(1,033,796)</u>	<u>(1,033,795)</u>	<u>1</u>
Net Change in Fund Balance	<u>(7,371,624)</u>	<u>(7,835,077)</u>	<u>2,135,462</u>	<u>9,970,539</u>
FUND BALANCE				
Beginning of Year	<u>7,371,624</u>	<u>7,835,077</u>	<u>37,646,072</u>	<u>29,810,995</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,781,534</u>	<u>\$ 39,781,534</u>

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, 2017

	Business -type Activities Enterprise Fund	Governmental Activities Internal Service Funds
	Putnam Tobacco Asset Securitization Corporation	
ASSETS		
Current assets		
Cash and equivalents	\$ 52,328	\$ 5,627,882
Accounts receivable	1,064,537	-
Prepaid expenses	8,586	-
Due from other funds	-	216,656
Total Current Assets	1,125,451	5,844,538
Noncurrent assets		
Restricted cash and equivalents	1,208,850	-
Total Assets	2,334,301	5,844,538
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts on refunding bonds	1,055,657	-
LIABILITIES		
Current liabilities		
Accrued liabilities	70,425	-
Current portion of claims payable	-	368,000
Current maturities of bonds payable	285,000	-
Total Current Liabilities	355,425	368,000
Noncurrent liabilities		
Claims payable, less current portion	-	3,315,000
Bonds payable, less current maturities	19,148,722	-
Total Noncurrent Liabilities	19,148,722	3,315,000
Total Liabilities	19,504,147	3,683,000
NET POSITION		
Restricted	-	2,161,538
Unrestricted	(16,114,189)	-
Total Net Position	\$ (16,114,189)	\$ 2,161,538

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, 2017

	Business -type Activities Enterprise Fund	Governmental Activities Internal Service Funds
	Putnam Tobacco Asset Securitization Corporation	
OPERATING REVENUES		
Tobacco settlement revenues	\$ 815,054	\$ -
Charges for services	-	1,091,935
Miscellaneous	-	708,086
Total Operating Revenues	<u>815,054</u>	<u>1,800,021</u>
OPERATING EXPENSES		
Administration	-	346,501
Professional fees	10,821	-
Insurance	7,871	-
Equipment and supplies	1,140	-
Employee benefits	-	735,369
Total Operating Expenses	<u>19,832</u>	<u>1,081,870</u>
Income from Operations	<u>795,222</u>	<u>718,151</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	12,401	19,427
Interest expense	(1,179,662)	-
Total Non-Operating Revenues (Expenses)	<u>(1,167,261)</u>	<u>19,427</u>
Income (Loss) Before Transfers	<u>(372,039)</u>	<u>737,578</u>
Transfers out	(30,000)	-
Change in Net Position	<u>(402,039)</u>	<u>737,578</u>
NET POSITION		
Beginning of Year	<u>(15,712,150)</u>	<u>1,423,960</u>
End of Year	<u>\$ (16,114,189)</u>	<u>\$ 2,161,538</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, 2017

	Business -type Activities Enterprise Fund	Governmental Activities Internal Service Funds
	Putnam Tobacco Asset Securitization Corporation	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from interfund services provided	\$ -	\$ 1,055,144
Cash received from miscellaneous	-	708,086
Cash received from tobacco settlement revenues	912,806	-
Cash payments to insurance carriers and claimants	-	(1,452,999)
Cash payments to vendors	(20,547)	(346,501)
Net Cash From Operating Activities	<u>892,259</u>	<u>(36,270)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on investments	<u>12,401</u>	<u>19,427</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Repayment of bonds	(55,000)	-
Transfer to County	(30,000)	-
Interest paid	(846,750)	-
Net Cash From Non-Capital Financing Activities	<u>(961,750)</u>	<u>-</u>
Net Change in Cash and Equivalents	(57,090)	(16,843)
CASH AND EQUIVALENTS		
Beginning of Year	<u>1,288,268</u>	<u>5,644,725</u>
End of Year	<u>\$ 1,231,178</u>	<u>\$ 5,627,882</u>
RECONCILIATION OF CASH AND EQUIVALENTS TO THE COMPARATIVE STATEMENT OF NET POSITION		
Cash and equivalents	52,328	5,627,882
Restricted cash and equivalents	1,208,850	-
	<u>\$ 1,261,178</u>	<u>\$ 5,627,882</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income from operations	\$ 795,222	\$ 718,151
Adjustments to reconcile income from operations to net cash from operating activities		
Changes in assets and liabilities		
Accounts receivable	97,752	-
Due from other funds	-	(36,791)
Prepaid expenses	(715)	-
Claims payable	-	(717,630)
Net Cash From Operating Activities	<u>\$ 892,259</u>	<u>\$ (36,270)</u>
NONCASH INVESTING ACTIVITIES		
Increase in bonds payable from amortization of original issue and underwriters discounts	\$ 25,564	\$ -
Increase in bonds payable from accreted interest on Series 2005 capital appreciation bonds	216,966	-
Decrease in deferred outflows of resources from amortization of loss on refunding bonds	90,657	-

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, 2017

	<u>Agency</u>
ASSETS	
Cash and equivalents	\$ 1,529,933
LIABILITIES	
Accounts payable	\$ 16,043
Employee payroll deductions	174,615
Due to other governments	560,838
Deposits	<u>778,437</u>
Total Liabilities	<u>\$ 1,529,933</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 ("County") 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 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. Based on the guidance provided by Governmental Accounting Standards Board ("GASB") Technical Bulletin No. 2004-1, *"Tobacco Settlement Recognition and Financial Reporting Entity Issues"*, as amended and/or superseded by GASB Statement No. 48, *"Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues"*, the PTASC is reported as a blended component unit of the County in its financial statements. The guidance provided for prospective, rather than retrospective treatment, of the intra-entity sale of future revenues. The original sale of the PTASC's future revenue stream was consummated several years prior to the effective date of GASB Statement No. 48, and no additional sale of future revenues has occurred since that time. The revenue from the sale was recognized at that time based on existing guidance. Therefore, there is no deferred inflow of resources to be reported for this purpose on the County's financial statements or a deferred outflow of resources to be reported on the PTASC financial statements.

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 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 position, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The County maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Proprietary and Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide

Note 1 - Summary of Significant Accounting Policies (Continued)

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 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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 and Casualty Reserve Benefits funds as internal service funds.

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

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. 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, net pension liability, certain pension costs and claims, other post employment benefit obligations and postclosure care 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Cash and Equivalents, Investments and Risk Disclosure

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

The County's deposits and investment policies are governed by State statutes. The County has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The County is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

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.

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions, and accordingly, the County's policy provides for no credit risk on investments. The objective of these investments is to preserve capital and mitigate credit and interest rate risk.

The County follows the provisions of GASB Statement No. 72, "*Fair Value Measurements and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

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 County'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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the County does not invest in any long-term investment obligations.

Custodial Credit Risk - 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, 2017.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The County does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The County's investment policy limits the amount on deposit at each of its banking institutions.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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, 2017, 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.

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

The terms of the bond indenture also provide for the establishment of a trapping account. Following the occurrence of a trapping event, amounts that otherwise would have been paid on the residual certificate to the County will be deposited in the trapping account and will be restricted to pay interest, required planned structured principal payments and turbo redemption payments, in such order, to the extent collections or other available amounts are insufficient for such purposes.

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 acquisition 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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 \$1,462,226 for State aid and other items received in advance in the General Fund. The County has also reported unearned revenues of \$2,830,306 for water shed aid received in advance in the Capital Projects Fund and \$261,333 received in advance in the County Road Fund for intergovernmental charges. 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 \$12,184,879 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 \$2,372,338 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.

The County also deferred outflows and inflows of resources in relation to its pension obligations. These amounts are detailed in the discussion of the Town's pension plans in Note 3F.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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

Net Pension Liability - The net pension liability represents the County's proportionate share of the net pension liability of the New York State and Local Employees' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions"* and GASB Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date"*.

Net Position - Net position represent the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on 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 casualty reserve benefits, workers' compensation benefits, law enforcement, health, driving while intoxicated program, grants and obligations, 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

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

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

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General, County Road, Transportation and Road Machinery funds. Encumbrances outstanding at year-end are generally 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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 27, 2018.

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.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- 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 less than \$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.
 - (3) Transfers less than \$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 the 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 2016 was \$199,480,124, which exceeded the actual levy by \$158,044,722.

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. The original legislation that established the Tax Levy Limitation Law was set to expire on June 16, 2016. Chapter 20 of the Laws of 2015 extends the Tax Levy Limitation Law through June 2020.

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

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the County to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes

Note 2 - Stewardship, Compliance and Accountability (Continued)

determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States with the result expressed as a decimal to four places. The County is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the County, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the County. The County Legislature may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the County Legislature first enacts, by a vote of at least sixty percent of the total voting power of the County Legislature, a local law to override such limit for such coming fiscal year.

C. Fund Deficit

The Putnam Tobacco Asset Securitization Corporation Proprietary Fund reflects a deficit at December 31, 2017 of \$16,114,189. This deficit will be reduced annually with the receipt of tobacco revenues.

D. Excess of Actual Expenditures Over Budget

The following functional expenditure category exceeded its budgetary authorization by the amount indicated:

General Fund		
Health		
Mental health – LGU SPOA	\$	30

Note 3 - Detailed Notes on All Funds

A. Restricted Cash and Equivalents

Restricted cash and equivalents at December 31, 2017 consisted of the following:

US Treasury Money Market	<u>\$ 1,208,850</u>
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B. Taxes Receivable

Taxes receivable at December 31, 2017 consisted of the following:

Returned school and village taxes	\$ 24,686,579
Tax liens	20,624,922
Taxes receivable - Pending	2,072,985
Property acquired for taxes	<u>3,622,501</u>
	51,006,987
Allowance for uncollectible taxes	<u>(11,847,712)</u>
	<u>\$ 39,159,275</u>

County of Putnam, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

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 \$12,184,879, 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, 2017 were as follows:

Fund	Due From	Due To
General	\$ -	\$ 3,710,462
Capital Projects	563,809	-
Non-Major Governmental	2,929,997	-
Internal Service	216,656	-
	<u>\$ 3,710,462</u>	<u>\$ 3,710,462</u>

The outstanding balances between funds results mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made. The amounts due from other funds within the Non-Major Governmental Funds is the result of these funds not having bank accounts.

D. Capital Assets

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

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Capital Assets, not being depreciated				
Land	\$ 6,617,653	\$ -	\$ -	\$ 6,617,653
Construction-in-Progress	134,139	2,617,938	-	2,752,077
Total Capital Assets, not being depreciated	<u>\$ 6,751,792</u>	<u>\$ 2,617,938</u>	<u>\$ -</u>	<u>\$ 9,369,730</u>
Capital Assets, being depreciated				
Buildings and Improvements	\$ 105,923,797	\$ 1,634,894	\$ -	\$ 107,558,691
Machinery and Equipment	26,560,357	3,068,044	405,645	29,222,756
Infrastructure	76,416,441	2,195,425	-	78,611,866
Total Capital Assets, being depreciated	<u>208,900,595</u>	<u>6,898,363</u>	<u>405,645</u>	<u>215,393,313</u>

County of Putnam, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Less Accumulated Depreciation for				
Buildings and Improvements	\$ 56,569,599	\$ 3,160,722	\$ -	\$ 59,730,321
Machinery and Equipment	21,321,940	2,237,700	405,645	23,153,995
Infrastructure	37,884,306	3,128,613	-	41,012,919
Total Accumulated Depreciation	<u>115,775,845</u>	<u>8,527,035</u>	<u>405,645</u>	<u>123,897,235</u>
Capital Assets, being depreciated, net	<u>\$ 93,124,750</u>	<u>\$ (1,628,672)</u>	<u>\$ -</u>	<u>\$ 91,496,078</u>
Capital Assets, net	<u>\$ 99,876,542</u>	<u>\$ 989,266</u>	<u>\$ -</u>	<u>\$ 100,865,808</u>

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

Governmental Activities	
General Government Support	\$ 1,105,200
Public Safety	1,625,437
Health	127,884
Transportation	4,268,975
Economic Opportunity and Development	527,828
Culture and Recreation	865,184
Home and Community Services	<u>6,527</u>
Total Depreciation Expense	<u>\$ 8,527,035</u>

E. Accrued Liabilities

Accrued Liabilities at December 31, 2017 were as follows:

	Governmental Activities	Business - Type Activities	Total
Payroll and employee benefits	\$ 2,663,371	\$ -	\$ 2,663,371
Other	740,179	70,425	810,604
Total Accrued Liabilities	<u>\$ 3,403,550</u>	<u>\$ 70,425</u>	<u>\$ 3,473,975</u>

County of Putnam, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

F. Long-Term Liabilities

The changes in the County's long-term indebtedness for the year ended December 31, 2017 is as follows:

	Balance January 1, 2017	New Issues and/or Additions	Maturities and/or Payments	Balance December 31, 2017	Due Within One Year
Governmental Activities					
Bonds Payable	\$ 60,589,575	\$ 4,133,350	\$ 4,210,000	\$ 60,512,925	\$ 4,609,575
Plus					
Unamortized premium on bonds	2,935,619	39,488	256,520	2,718,587	259,213
	<u>63,525,194</u>	<u>4,172,838</u>	<u>4,466,520</u>	<u>63,231,512</u>	<u>4,868,788</u>
Other Non-current Liabilities					
Compensated Absences	4,010,320	645,188	401,000	4,254,508	425,000
Net Pension Liability	33,964,087	-	14,410,629	19,553,458	-
Retirement Incentives and Other Pension Obligations	2,561,538	-	2,561,538	-	-
Claims Payable	4,400,630	735,369	1,452,999	3,683,000	368,000
Other Post Employment Benefit Obligations Payable	118,454,817	13,730,996	4,189,243	127,996,570	-
Postclosure Care Costs	1,085,325	-	8,908	1,076,417	9,000
	<u>164,476,717</u>	<u>15,111,553</u>	<u>23,024,317</u>	<u>156,563,953</u>	<u>802,000</u>
Total Other Non-Current Liabilities					
	<u>164,476,717</u>	<u>15,111,553</u>	<u>23,024,317</u>	<u>156,563,953</u>	<u>802,000</u>
Governmental Activities Long-Term Liabilities	<u>\$ 228,001,911</u>	<u>\$ 19,284,391</u>	<u>\$ 27,490,837</u>	<u>\$ 219,795,465</u>	<u>\$ 5,670,788</u>
Business-Type Activities					
Bonds Payable	<u>\$ 22,710,423</u>	<u>\$ -</u>	<u>\$ 55,000</u>	<u>\$ 22,655,423</u>	<u>\$ 285,000</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, net pension liability, retirement incentives and other pension obligations, claims payable, other post employment benefit obligations and postclosure care costs are liquidated by the General, County Road, Road Machinery, and Worker Compensation funds.

County of Putnam, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

Bonds Payable

Bonds payable at December 31, 2017 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2017
Public improvement	2007	\$ 1,384,900	November, 2018	4.000 %	\$ 165,000
Public improvement	2008	4,180,000	November, 2021	4.250 - 4.500	1,660,000
Public improvement	2009	2,595,401	November, 2025	2.750 - 4.000	1,525,000
Public improvement	2010	4,740,000	November, 2028	5.000 - 7.213	3,405,000
Public improvement	2011	3,680,181	November, 2023	2.000 - 2.750	2,115,000
Refunding	2012	6,446,535	November, 2026	2.000 - 2.375	3,780,000
Public improvement	2012	5,905,000	December, 2023	2.000 - 4.000	4,640,000
Public improvement	2013	3,113,000	November, 2024	2.000 - 3.000	18,445,000
Refunding	2013	19,965,000	January, 2036	3.000 - 5.000	2,345,000
Public improvement	2014	3,478,274	November, 2031	2.125 - 3.000	3,115,000
Refunding	2015	11,060,000	January, 2031	2.750 - 5.000	10,970,000
Public improvement	2016	2,114,575	June, 2031	2.000 - 2.250	2,114,575
Public improvement	2016	2,100,000	June, 2028	2.000 - 2.500	2,100,000
Public improvement	2017	3,333,350	June, 2028	2.000	3,333,350
Public improvement	2017	800,000	June, 2027	2.500 - 2.875	800,000
					<u>\$ 60,512,925</u>

Interest expenditures of \$2,134,655 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$1,993,587 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, 2017 including interest payments of \$14,349,607 are as follows:

Year Ended December 31,	Principal	Interest	Total
2018	\$ 4,609,575	\$ 2,058,558	\$ 6,668,133
2019	4,973,350	1,881,438	6,854,788
2020	5,130,000	1,715,089	6,845,089
2021	5,320,000	1,533,279	6,853,279
2022	5,020,000	1,342,790	6,362,790
2023-2027	20,525,000	4,202,611	24,727,611
2028-2032	10,865,000	1,352,414	12,217,414
2033-2036	4,070,000	263,428	4,333,428
	<u>\$ 60,512,925</u>	<u>\$ 14,349,607</u>	<u>\$ 74,862,532</u>

County of Putnam, New York

Notes to Financial Statements (Continued)
December 31, 2017

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.

	<u>Balance January 1, 2017</u>	<u>Maturities and/or Payments</u>	<u>Balance December 31, 2017</u>	<u>Due Within One Year</u>
Blended Component Unit				
Bonds Payable	\$ 22,710,423	\$ (55,000)	\$ 22,655,423	\$ 285,000
Less:				
Unamortized Original Issue Discount on Term Bonds	(323,250)	25,564	(297,686)	-
Unaccreted amounts on Turbo Capital Appreciation Bonds	<u>(3,140,981)</u>	<u>216,966</u>	<u>(2,924,015)</u>	<u>-</u>
Business-Type Activities				
Long-Term Liabilities	<u>\$ 19,246,192</u>	<u>\$ 187,530</u>	<u>\$ 19,433,722</u>	<u>\$ 285,000</u>

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, 2017.* Balance due at December 31, 2017 is \$135,000.

\$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, 2017 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, 2017 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, 2017 is \$3,325,000.

\$1,887,002 (net of unaccreted amounts of \$1,233,989) 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.*

\$1,829,406 (net of unaccreted amounts of \$1,690,026) 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.

County of Putnam, New York

Notes to Financial Statements (Continued)
 December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

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

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 5,010,000	* \$ 697,925	\$ 5,707,925
2019	1,190,000	521,000	1,711,000
2020	1,265,000	459,625	1,724,625
2021	1,355,000	394,125	1,749,125
2022	1,440,000	324,250	1,764,250
2023 and thereafter	12,395,423	529,875	12,925,298
	<u>22,655,423</u>	<u>\$ 2,926,800</u>	<u>\$ 25,582,223</u>
Unamortized Original Issue Discount on Term Bonds	(297,686)		
Unaccreted amounts on Capital Appreciation Bonds	<u>(2,924,015)</u>		
	<u>\$ 19,433,722</u>		

* Principal payment assumes "catch up" payment is made June 1, 2018.

The required plan structured principal payments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 285,000
2019	295,000
2020	315,000
2021	340,000
2022	355,000
2023 and thereafter	<u>21,065,423</u>
	<u>\$ 22,655,423</u>

Prior Year Defeasance

In prior years, the County defeased 2007 bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. At December 31, 2017, \$11,615,000 of 2007 bonds outstanding are considered defeased.

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

Note 3 - Detailed Notes on All Funds (Continued)

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.

Pension Plans

New York State and Local Retirement System

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

The System is noncontributory except for employees who joined after July 2, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2017 are as follows:

<u>Tier/Plan</u>	<u>Rate</u>
1 75I	21.8 %
2 75I	19.8
3 553	26.1
3 A14	16.0
4 553	26.1
4 89PBE	18.3
4 A15	16.0
5 553	23.8
5 89PBE	15.7
5 A15	13.1
6 553	19.1
6 89PBE	11.0
6 A15	9.3

At December 31, 2017, the County reported a liability of \$19,553,458 for its proportionate share of the

County of Putnam, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

At December 31, 2017, the County reported a liability of \$19,553,458 for its proportionate share of the net pension liability of ERS. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. At March 31, 2017, the County's proportion was .2080991%, which was a decrease of .0035115% from its proportion measured as of March 31, 2017.

For the year ended December 31, 2017, the County recognized pension expense in the government-wide financial statements of \$10,773,633 for ERS. Pension expenditures of \$10,548,904 for ERS were recorded in the fund financial statements and were charged to the following funds:

<u>Fund</u>	<u>Amount</u>
General	\$ 9,951,192
County Road	468,789
Capital	3,120
Transportation	1,474
Road Machinery	<u>124,329</u>
	<u>\$ 10,548,904</u>

At December 31, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 489,991	\$ 2,969,303
Changes of assumptions	6,680,178	-
Net difference between projected and actual earnings on pension plan investments	3,905,618	-
Changes in proportion and differences between County contributions and proportionate share of contributions	129,493	1,100,800
County contributions subsequent to the measurement date	<u>6,082,395</u>	<u>-</u>
	<u>\$ 17,287,675</u>	<u>\$ 4,070,103</u>

Note 3 - Detailed Notes on All Funds (Continued)

\$6,082,395 reported as deferred outflows of resources related to ERS, resulting from the County's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the plan's year ended March 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

	<u>Year Ended</u> <u>March 31,</u>	
2018		\$ 3,351,290
2019		3,351,290
2020		3,193,989
2021		(2,761,392)

The total pension liability for the March 31, 2017 measurement date was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liabilities to March 31, 2017. The total pension liabilities for the March 31, 2016 measurement date were determined by using an actuarial valuation as of April 1, 2015. Significant actuarial assumptions used in the April 1, 2016 valuation were as follows:

Inflation	2.5%
Salary scale	3.8% indexed by service
Investment rate of return	7.0% compounded annually, net of investment expenses, including inflation
Cost of living adjustments	1.3% annually

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

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

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

Note 3 - Detailed Notes on All Funds (Continued)

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	36 %	4.55 %
International Equity	14	6.35
Private Equity	10	7.75
Real Estate	10	5.80
Absolute Return Strategies	2	4.00
Opportunistic Portfolio	3	5.89
Real Assets	3	5.54
Bonds and Mortgages	17	1.31
Cash	1	(0.25)
Inflation Indexed Bonds	4	1.50
	<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.50%.

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

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

	<u>1% Decrease (6.0%)</u>	<u>Current Assumption (7.0%)</u>	<u>1% Increase (8.0%)</u>
County's proportionate share of the net pension liability (asset)	<u>\$ 62,449,872</u>	<u>\$ 19,553,458</u>	<u>\$ (16,715,379)</u>

Note 3 - Detailed Notes on All Funds (Continued)

The components of the collective net pension liability as of the March 31, 2017 measurement date were as follows:

Total pension liability	\$ 177,400,586,000
Fiduciary net position	<u>168,004,363,000</u>
Employers' net pension liability	<u>\$ 9,396,223,000</u>
Fiduciary net position as a percentage of total pension liability	<u>94.7%</u>

Employer contributions to ERS are paid annually and cover the period through the end of the System's fiscal year, which is March 31st. Retirement contributions as of December 31, 2017 represent the employer contribution for the period of April 1, 2017 through December 31, 2017 based on prior year ERS wages multiplied by the employers' contribution rate, by tier. Retirement contributions to ERS for the nine months ended December 31, 2017 were \$6,082,395.

Voluntary Defined Contribution Plan

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

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.

Note 3 - Detailed Notes on All Funds (Continued)

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

	<u>2017</u>	<u>2016</u>
Balance - Beginning of Year	\$ 4,400,630	\$ 4,198,546
Provision for Claims and Claims Adjustment Expenses	735,369	883,055
Claims and Claims Adjustment Expenses Paid	<u>(1,452,999)</u>	<u>(680,971)</u>
Balance - End of Year	<u>\$ 3,683,000</u>	<u>\$ 4,400,630</u>
Due Within One Year	<u>\$ 368,000</u>	<u>\$ 440,000</u>

Other Post-Employment Benefit Obligations

In addition to providing pension benefits, the County provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the County may vary according to length of service. 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.

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.

County of Putnam, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

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/ RX Trend</u>
2018	6.20 %
2019	6.00
2020	5.80
2021	5.50
2026	5.32
2031	5.29
2036	5.29
2046	4.96
2056	4.71
2066	4.56
2076+	3.84

The amortization basis is the level dollar method with a closed amortization approach with 21 years remaining in the amortization period. The actuarial assumptions include a 3% investment rate of return and 2.9% inflation rate. The County currently has no assets set aside for the purpose of paying postemployment benefits. The actuarial cost method utilized was the projected unit credit method.

The number of participants as of December 31, 2017 was as follows:

	<u>Governmental Activities</u>
Active Employees	592
Retired Employees	372
	<u>964</u>

County of Putnam, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

Amortization Component:	
Actuarial Accrued Liability as of January 1, 2017	\$ 166,522,884
Assets at Market Value	-
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 166,522,884</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 43,752,853</u>
UAAL as a Percentage of Covered Payroll	<u>380.60%</u>
Annual Required Contribution	\$ 17,637,909
Interest on Net OPEB Obligation	3,553,645
Adjustment to Annual Required Contribution	<u>(7,460,558)</u>
Annual OPEB Cost	13,730,996
Contributions Made	<u>(4,189,243)</u>
Increase in Net OPEB Obligation	9,541,753
Net OPEB Obligation - Beginning of Year	<u>118,454,817</u>
Net OPEB Obligation - End of Year	<u>\$ 127,996,570</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
2017	\$ 13,730,996	30.5 %	\$ 127,996,570
2016	13,240,585	29.5	118,454,817
2015	18,733,749	21.6	109,125,352

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

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 the landfill and capping it. In 2012 the landfill was capped. The remaining liability of \$1,076,417

County of Putnam, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

at December 31, 2017 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.

G. Significant Commitments - Encumbrances

As discussed in Note 1F, 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, 2017, 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	\$ 1,027,842
County Road	325,742
Road Machinery	58,550
	<hr/>
Total	<u>\$ 1,412,134</u>

H. 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	\$ -	\$ 1,361,129	\$ 10,000	\$ 1,371,129
Capital Projects Fund	-	443,353	-	443,353
Non-Major Governmental Funds	307,334	-	-	307,334
Proprietary Funds - Putnam Tobacco Asset Securitization Corporation	30,000	-	-	30,000
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$ 337,334</u>	<u>\$ 1,804,482</u>	<u>\$ 10,000</u>	<u>\$ 2,151,816</u>

Transfers are used to 1) move amounts earmarked in the operating funds to fulfill commitments for Capital Projects Fund expenditures and to move funds from the fund with collection authorization to the funds where additional amounts are needed, 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)

I. 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 Workers' Compensation Benefits and 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 and 6J 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 Health - Adolescent Tobacco Use Prevention Act - the component of net position restricted by state regulations representing 50% of collections of tobacco related infractions to be used to support health education related 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 Grants and Obligations - the component of net position that represents a segregation of fund balance to fund shortfalls of outstanding grants and obligations.

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, 2017

Note 3 - Detailed Notes on All Funds (Continued)

J. Fund Balances

	2017				2016			
	General Fund	Capital Projects Fund	Non-Major Governmental	Total	General Fund	Capital Projects Fund	Non-Major Governmental	Total
Nonspendable								
Prepaid expenditures	\$ 1,986,893	\$ 525	\$ 108,576	\$ 2,095,994	\$ 1,848,189	\$ 855	\$ 126,250	\$ 1,975,294
Long-term receivables	2,000,000	-	-	2,000,000	2,000,000	-	-	2,000,000
Total Nonspendable	3,986,893	525	108,576	4,095,994	3,848,189	855	126,250	3,975,294
Restricted								
Law enforcement	358,355	-	-	358,355	349,983	-	-	349,983
Health	18,808	-	-	18,808	20,308	-	-	20,308
Driving while intoxicated program	38,770	-	-	38,770	33,586	-	-	33,586
Grants and obligations	1,431,236	-	-	1,431,236	1,466,612	-	-	1,466,612
Capital projects	-	4,752,359	-	4,752,359	-	4,512,560	-	4,512,560
Debt service	-	-	167,987	167,987	-	-	226,176	226,176
Trusts	-	-	585,645	585,645	-	-	673,375	673,375
Total Restricted	1,847,169	4,752,359	753,632	7,353,160	1,870,489	4,512,560	899,551	7,282,600
Assigned								
Purchases on order								
General government support	509,610	-	-	509,610	590,085	-	-	590,085
Public safety	339,441	-	-	339,441	568,870	-	-	568,870
Health	5,009	-	-	5,009	9,715	-	-	9,715
Transportation	-	-	384,292	384,292	-	-	422,972	422,972
Economic opportunity	29,614	-	-	29,614	29,532	-	-	29,532
Culture and recreation	60,604	-	-	60,604	84,233	-	-	84,233
Home and community services	83,564	-	-	83,564	50,387	-	-	50,387
	1,027,842	-	384,292	1,412,134	1,332,822	-	422,972	1,755,794
For subsequent year's expenditures								
General Fund	4,677,000	-	-	4,677,000	6,038,802	-	-	6,038,802
County Road Fund	-	-	350,000	350,000	-	-	250,000	250,000
Road Machinery Fund	-	-	92,000	92,000	-	-	130,000	130,000
Transportation Fund	-	-	209,000	209,000	-	-	240,000	240,000
Debt Service Fund	-	-	113,000	113,000	-	-	88,072	88,072
Retirement	3,568,196	-	-	3,568,196	3,568,196	-	-	3,568,196
Future Capital projects	1,290,896	-	-	1,290,896	1,580,488	-	-	1,580,488
Tax stabilization	3,537,683	-	-	3,537,683	3,537,683	-	-	3,537,683
Insurance	4,000,000	-	-	4,000,000	2,000,000	-	-	2,000,000
County Road Fund	-	-	820,035	820,035	-	-	847,148	847,148
Road Machinery Fund	-	-	154,079	154,079	-	-	184,148	184,148
Transportation Fund	-	-	461,451	461,451	-	-	418,604	418,604
Total Assigned	18,101,617	-	2,583,857	20,685,474	18,057,991	-	2,580,944	20,638,935
Unassigned	15,845,855	-	-	15,845,855	13,869,403	-	-	13,869,403
Total Fund Balances	\$ 39,781,534	\$ 4,752,884	\$ 3,446,065	\$ 47,980,483	\$ 37,646,072	\$ 4,513,415	\$ 3,606,745	\$ 45,766,232

Note 3 - Detailed Notes on All Funds (Continued)

K. 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.

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.

Restricted for Capital Projects represents the unexpended balance of the Capital Projects Fund.

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

Assigned

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, 2016, the County Legislature has assigned the above amounts to be appropriated for the ensuing year's budget.

Assigned for Retirement represents funds set aside for the purpose of financing retirement contributions to the New York State and Local Employees' Retirement System.

Assigned for Future Capital Projects represents funds set aside for the purpose of financing future capital projects.

Assigned for Tax Stabilization represents funds set aside for an emergency to prevent a large tax increase.

Assigned for Insurance has been established to fund uninsured losses, claims, actions, or judgments that the County is authorized or required to purchase or maintain insurance.

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 personal injury, wrongful death, 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, and apart from matters provided for by applicable insurance coverage, there are four (4) claims or actions pending which, if determined against the County, would have an adverse material effect on the financial condition of the County; (1) – a case was commenced in Federal Court for the Southern District of New York against the County of Putnam, the Putnam County District's Attorney's Office and five (5) individual District Attorney's Office employees. The complaint alleges that the defendants violated the plaintiff's right to due process under the Fourteenth Amendment. Additionally, it contains claims under New York State Law for defamation and abuse of power, malicious prosecution, failure to intercede and negligent supervision. Insurance coverage is afforded, with a reservation of rights, under the County's Municipal Public Official's Policy, which has a limit of \$1 million per occurrence and a \$250,000 deductible per claim. The case was presented to the grand jury by the Putnam County District Attorney's Office twice, and twice the indictments were thrown out by a federal court judge. Given this fact, there is a moderate level of concern that the County will be subject to significant liability in this case. (2) – a companion case to the case above (1), commenced in the Federal Court for the Southern District of New York against the County of Putnam, the Putnam County District Attorney's Office and five (5) individual employees and /or elected officials of said office. The complaint alleges that the defendants violated the plaintiff's right to due process under the Fourteenth Amendment and for malicious prosecution. Insurance coverage is afforded, with a reservation of rights, under the County's Municipal Official's (MPO) Policy. The case was presented to the grand jury by the Putman County District Attorney's Office twice, and twice the indictments were thrown out by a federal court judge. Given this fact, there is a moderate level of concern that the County will be subject to significant liability in this case. (3) – a case was commenced in Federal Court for the Southern District of New York against the County of Putnam, the Putnam County Sheriff and three individual Sheriff's Department employees. The complaint alleges that the defendants violated the plaintiff's right to due process under the Fourteenth Amendment. Insurance coverage is afforded, with a reservation of rights, under the County's Municipal Law Enforcement Policy. The County's insurer has set an indemnity reserve of \$10,000. (4) – a case was commenced in Federal Court for the Southern District of New York against the County of Putnam, Putnam County Sheriff's department, Putnam County Sheriff, Putnam County Sheriff's Department Investigators and a Putnam County Sheriff's Department officer. The complaint alleges false arrest, assault, battery, false imprisonment, malicious prosecution, defamation, conspiracy, obstruction of justice and negligent and intentional infliction of emotional distress. Insurance coverage is afforded, however, with a reservation of rights, under the County's Municipal Law Enforcement Policy. The County's insurer has set an indemnity reserve of \$100,000.

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.

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 Uniform Guidance. 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.

County of Putnam, New York

Notes to Financial Statements (Concluded)
December 31, 2017

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 \$250,000 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 \$1.5 million per occurrence.

Note 5 - Tax Abatements

The County has real property tax abatement agreements exempt under Real Property Tax Law, Section 412-a and General Municipal Law, Section 874. The total tax abatement for the year ended December 31, 2017 was determined not to be material as the total abatement was less than \$10,000.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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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, 2015	\$ -	\$ 193,585,483	\$ 193,585,483	- %	\$ 45,587,824	424.64 %
January 1, 2016 (1)	-	159,027,006	159,027,006	-	45,651,829	348.35
January 1, 2017	-	166,522,884	166,522,884	-	43,752,853	380.60

(1) The decrease in accrued liability is the result of January 1, 2016 valuation using updated long-term healthcare trend rates to the Getzen model v2014_b, updated age specific claims costs to reflect 2016 healthcare rates and changed claims costs to reflect NYSHIP's 2014 assumption report.

County of Putnam, New York

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

	<u>2017</u>	<u>2016 (2)</u>	<u>2015</u>
County's proportion of the net pension liability	<u>0.2080991%</u>	<u>0.2116106%</u>	<u>0.2035676%</u>
County's proportionate share of the net pension liability	<u>\$ 19,553,458</u>	<u>\$ 33,964,087</u>	<u>\$ 6,877,010</u>
County's covered payroll	<u>\$ 46,735,501</u>	<u>\$ 43,741,198</u>	<u>\$ 42,545,018</u>
County's proportionate share of the net pension liability as a percentage of its covered payroll	<u>41.84%</u>	<u>77.65%</u>	<u>16.16%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>

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

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

(2) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

County of Putnam, New York

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 8,573,018	\$ 7,689,383	\$ 8,952,292
Contributions in relation to the contractually required contribution	<u>(8,573,018)</u>	<u>(7,689,383)</u>	<u>(8,952,292)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	<u>\$ 46,576,602</u>	<u>\$ 44,716,201</u>	<u>\$ 43,768,828</u>
Contributions as a percentage of covered payroll	<u>18.41%</u>	<u>17.20%</u>	<u>20.45%</u>

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

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MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund constitutes the primary operating fund of the County 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.

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County of Putnam, New York

General Fund
Comparative Balance Sheet
December 31,

	2017	2016
ASSETS		
Cash and equivalents	\$ 17,541,522	\$ 16,410,017
Investments	1,547,310	887,348
Taxes receivable		
Returned school and village taxes	24,686,579	25,092,728
Tax liens	20,624,922	19,423,527
Taxes receivable - Pending	2,072,985	2,242,688
Property acquired for taxes	3,622,501	3,347,300
	51,006,987	50,106,243
Allowance for uncollectible taxes	(11,847,712)	(12,031,824)
	39,159,275	38,074,419
Other receivables		
Accounts	8,304,692	8,227,196
State and Federal aid	7,672,926	8,374,641
Due from other governments	1,186,845	990,896
Due from other funds	-	1,056,778
	17,164,463	18,649,511
Prepaid expenditures	1,986,893	1,848,189
Total Assets	<u>\$ 77,399,463</u>	<u>\$ 75,869,484</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 4,436,894	\$ 4,537,248
Accrued liabilities	3,223,516	3,482,132
Unearned revenues	1,462,226	1,657,479
Due to other governments	12,599,952	12,731,620
Due to other funds	3,710,462	3,630,023
Total Liabilities	25,433,050	26,038,502
Deferred inflows of resources		
Deferred tax revenues	12,184,879	12,184,910
Total Liabilities and Deferred Inflows of Resources	<u>37,617,929</u>	<u>38,223,412</u>
Fund balance		
Nonspendable	3,986,893	3,848,189
Restricted	1,847,169	1,870,489
Assigned	18,101,617	18,057,991
Unassigned	15,845,855	13,869,403
Total Fund Balance	<u>39,781,534</u>	<u>37,646,072</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 77,399,463</u>	<u>\$ 75,869,484</u>

See independent auditors' report.

County of Putnam, New York

General Fund
 Comparative Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Years Ended December 31,

	2017			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 28,683,619	\$ 28,683,619	\$ 29,041,240	\$ 357,621
Other tax items	5,052,450	4,510,820	4,692,425	181,605
Non-property taxes	58,456,282	59,977,699	60,000,569	22,870
Departmental income	11,322,496	11,027,251	11,076,828	49,577
Use of money and property	308,059	552,059	575,709	23,650
Licenses and permits	732,100	732,100	805,881	73,781
Fines and forfeitures	170,000	170,000	201,658	31,658
Sale of property and compensation for loss	9,200	26,878	57,812	30,934
State aid	16,091,894	17,003,349	16,915,084	(88,265)
Federal aid	8,810,294	9,442,849	8,519,388	(923,461)
Miscellaneous	914,392	1,059,247	1,624,040	564,793
Total Revenues	130,550,786	133,185,871	133,510,634	324,763
EXPENDITURES				
Current				
General government support	28,066,294	26,758,318	23,754,954	3,003,364
Education	9,955,424	10,538,111	10,423,919	114,192
Public safety	37,257,984	39,087,491	36,767,396	2,320,095
Health	13,506,751	13,681,889	12,933,339	748,550
Transportation	1,335,276	1,346,592	1,346,592	-
Economic opportunity and development	35,730,136	36,477,459	33,639,289	2,838,170
Culture and recreation	5,171,561	5,343,966	4,983,259	360,707
Home and community services	2,001,580	1,935,922	1,742,315	193,607
Employee benefits Undistributed	4,817,404	4,817,404	4,750,314	67,090
Debt service				
Interest	-	-	-	-
Total Expenditures	137,842,410	139,987,152	130,341,377	9,645,775
Excess (Deficiency) of Revenues Over Expenditures	(7,291,624)	(6,801,281)	3,169,257	9,970,538
OTHER FINANCING SOURCES (USES)				
Transfers in	30,000	337,334	337,334	-
Transfers out	(110,000)	(1,371,130)	(1,371,129)	1
Total Other Financing Uses	(80,000)	(1,033,796)	(1,033,795)	1
Net Change in Fund Balance	(7,371,624)	(7,835,077)	2,135,462	9,970,539
FUND BALANCE				
Beginning of Year	7,371,624	7,835,077	37,646,072	29,810,995
End of Year	\$ -	\$ -	\$ 39,781,534	\$ 39,781,534

See independent auditors' report.

2016

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 28,083,782	\$ 28,083,782	\$ 26,363,542	\$ (1,720,240)
5,082,000	5,402,108	5,479,429	77,321
55,814,000	55,814,000	60,120,626	4,306,626
11,740,949	11,116,448	10,808,034	(308,414)
312,395	315,395	312,191	(3,204)
792,200	792,200	861,486	69,286
190,266	190,266	249,508	59,242
187,950	86,529	107,346	20,817
15,484,881	16,263,244	17,022,342	759,098
8,374,618	9,499,370	9,367,302	(132,068)
797,384	1,106,685	1,212,576	105,891
<u>126,860,425</u>	<u>128,670,027</u>	<u>131,904,382</u>	<u>3,234,355</u>
27,454,729	27,126,498	24,070,985	3,055,513
9,494,670	9,848,810	9,618,908	229,902
36,343,712	37,655,195	36,303,280	1,351,915
13,476,552	13,687,273	12,945,287	741,986
1,334,726	1,334,726	1,311,625	23,101
35,262,715	35,633,701	34,241,746	1,391,955
5,105,550	5,071,766	4,686,558	385,208
2,268,438	2,159,107	1,640,432	518,675
4,684,584	4,696,584	4,578,254	118,330
175,000	150,401	53,773	96,628
<u>135,600,676</u>	<u>137,364,061</u>	<u>129,450,848</u>	<u>7,913,213</u>
<u>(8,740,251)</u>	<u>(8,694,034)</u>	<u>2,453,534</u>	<u>11,147,568</u>
25,000	386,372	386,372	-
(142,600)	(550,189)	(550,189)	-
<u>(117,600)</u>	<u>(163,817)</u>	<u>(163,817)</u>	<u>-</u>
(8,857,851)	(8,857,851)	2,289,717	11,147,568
<u>8,857,851</u>	<u>8,857,851</u>	<u>35,356,355</u>	<u>26,498,504</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,646,072</u>	<u>\$ 37,646,072</u>

County of Putnam, New York

General Fund
 Schedule of Revenues and Other Financing Sources Compared to Budget
 Year Ended December 31, 2017
 (With Comparative Actuals for 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2016 Actual
REAL PROPERTY TAXES	\$ 28,683,619	\$ 28,683,619	\$ 29,041,240	\$ 357,621	\$ 26,363,542
OTHER TAX ITEMS					
Gain (loss) from sale of tax acquired property	100,000	(441,630)	(441,629)	1	292,460
Interest and penalties on real property taxes	4,900,000	4,900,000	5,088,720	188,720	5,113,657
Payments in lieu of taxes	52,450	52,450	45,334	(7,116)	73,312
Total Other Tax Items	5,052,450	4,510,820	4,692,425	181,605	5,479,429
NON-PROPERTY TAXES					
Sales taxes	57,366,282	58,887,699	58,887,700	1	59,000,757
Automobile use tax	640,000	640,000	686,416	46,416	669,318
Emergency telephone system surcharge	450,000	450,000	426,453	(23,547)	450,551
Total Non-Property Taxes	58,456,282	59,977,699	60,000,569	22,870	60,120,626
DEPARTMENTAL INCOME					
General					
Clerk fees	1,001,500	1,001,500	933,556	(67,944)	921,567
Board of elections	300	300	931	631	704
Planning Board fees	100	100	60	(40)	90
District attorney fees	-	2,065	6,155	4,090	8,283
Motor vehicle fees	1,500,000	1,500,000	1,629,310	129,310	1,494,718
Vacancy factor	320,410	-	-	-	-
Real property tax services - Computer	43,000	43,000	43,548	548	43,558
Commissioner of Finance fees	3,000	3,000	6,174	3,174	4,138
County share - Examination fees	30,000	30,000	19,297	(10,703)	46,709
Department fees - Other	93,500	93,500	130,845	37,345	67,902
Charges for tax advertising	82,000	82,000	76,550	(5,450)	71,950
Central services chargebacks	790,244	790,244	606,092	(184,152)	615,943
Mortgage tax fees	352,019	352,019	352,019	-	352,019
	4,216,073	3,897,728	3,804,537	(93,191)	3,627,581

Public safety					
Sheriff fees	87,500	87,500	58,348	(29,152)	67,441
Prisoner board	459,760	459,760	673,850	214,090	512,060
Restitution surcharge	29,500	29,500	35,072	5,572	37,828
SRO/SPO program	847,993	847,993	856,807	8,814	851,384
Deputy outside services	80,000	97,000	130,995	33,995	126,868
Court protection	15,803	15,803	16,640	837	17,102
Child Advocacy Center Grant	25,247	25,247	25,247	-	25,247
Stop DWI contributions	283,596	283,596	260,556	(23,040)	262,249
Other	173,000	178,000	167,150	(10,850)	175,499
	<u>2,002,399</u>	<u>2,024,399</u>	<u>2,224,665</u>	<u>200,266</u>	<u>2,075,678</u>
Health					
Public health fees	288,150	288,150	285,230	(2,920)	311,977
EI fees for service	90,400	90,400	90,034	(366)	94,771
Mental health fees	91,849	91,849	73,189	(18,660)	70,899
Home nursing charges	7,500	7,500	5,055	(2,445)	2,860
Local conservation grant	180,000	180,000	181,833	1,833	188,319
New York City Department of Environmental Protection	150,000	150,000	200,142	50,142	189,651
Health - Other	27,050	28,150	25,095	(3,055)	31,330
	<u>834,949</u>	<u>836,049</u>	<u>860,578</u>	<u>24,529</u>	<u>889,807</u>
Economic Opportunity and Development					
Medical assistance	400,000	400,000	315,338	(84,662)	287,074
Aid to dependent children	-	-	240	240	23,528
Child support	44,904	44,904	98,379	53,475	93,951
Child care	10,000	10,000	56,418	46,418	31,129
Home relief	75,000	75,000	111,342	36,342	115,762
Home Energy Assistance Program	10,082	10,082	42,583	32,501	33,425
Contribution from schools	847,104	847,104	786,733	(60,371)	686,435
Services for recipients	-	-	338	338	-
Temporary Assistance for Needy Families	100,000	100,000	48,608	(51,392)	204,549
Juvenile Delinquent Repayments	-	-	4,852	4,852	1,617
Inspection fees	30,000	30,000	25,780	(4,220)	23,670
Outreach	45,000	45,000	45,000	-	45,000
Nutrition	140,250	140,250	146,051	5,801	148,870
	<u>1,702,340</u>	<u>1,702,340</u>	<u>1,681,662</u>	<u>(20,678)</u>	<u>1,695,010</u>
Culture and Recreation					
Parks and recreation	30,000	30,000	21,095	(8,905)	26,855
Tree program	15,000	15,000	17,094	2,094	14,732
Putnam National	2,474,000	2,474,000	2,441,965	(32,035)	2,452,166
	<u>2,519,000</u>	<u>2,519,000</u>	<u>2,480,154</u>	<u>(38,846)</u>	<u>2,493,753</u>

(Continued)

County of Putnam, New York

General Fund

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

Year Ended December 31, 2017

(With Comparative Actuals for 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2016 Actual
Home and Community Services					
Waste haulers permit fees	\$ 25,000	\$ 25,000	\$ 24,851	\$ (149)	\$ 25,850
Recycling	250	250	26	(224)	255
Other	22,485	22,485	355	(22,130)	100
	47,735	47,735	25,232	(22,503)	26,205
Total Departmental Income	11,322,496	11,027,251	11,076,828	49,577	10,808,034
USE OF MONEY AND PROPERTY					
Earnings on investments	52,500	176,500	196,430	19,930	91,085
Rental income - Co-op extension	255,559	375,559	376,713	1,154	217,871
Commissions	-	-	2,566	2,566	3,235
Total Use of Money and Property	308,059	552,059	575,709	23,650	312,191
LICENSES AND PERMITS					
Business and occupational licenses	732,100	732,100	805,881	73,781	861,486
FINES AND FORFEITURES					
Fines and forfeited bail	17,500	17,500	23,100	5,600	85,624
Fines and penalties - other	2,500	2,500	10,850	8,350	10,100
Stop DWI fines	150,000	150,000	167,708	17,708	153,784
Total Fines and Forfeitures	170,000	170,000	201,658	31,658	249,508
SALE OF PROPERTY AND COMPENSATION FOR LOSS					
Minor sales	9,200	15,275	44,577	29,302	60,485
Insurance recoveries	-	11,603	13,235	1,632	46,861
Total Sale of Property and Compensation for Loss	9,200	26,878	57,812	30,934	107,346

STATE AID

General

Records management	-	147,725	171,927	24,202	34,398
Court facilities	265,000	287,542	310,190	22,648	282,477
District attorney salary	77,934	77,934	77,934	-	77,934
Criminal justice grant	29,200	29,200	29,200	-	29,200
Miscellaneous	-	10,142	-	(10,142)	3,823
Indigent Legal Services	141,846	141,846	113,876	(27,970)	292,588
	<u>513,980</u>	<u>694,389</u>	<u>703,127</u>	<u>8,738</u>	<u>720,420</u>

Education

Education and transportation of handicapped children	<u>3,454,665</u>	<u>3,734,315</u>	<u>3,416,570</u>	<u>(317,745)</u>	<u>3,105,218</u>
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Public safety

Probation services	206,462	206,462	206,462	-	206,462
Alternatives to incarceration	13,168	13,168	10,495	(2,673)	16,679
Grants	200,061	241,255	363,627	122,372	123,260
Civil defense	294,000	294,000	294,000	-	294,000
	<u>713,691</u>	<u>754,885</u>	<u>874,584</u>	<u>119,699</u>	<u>640,401</u>

Health

Public health	1,432,614	1,432,614	1,491,479	58,865	1,501,803
Early intervention	600,000	602,524	599,258	(3,266)	582,960
Mental Health OASIS	132,235	133,047	102,229	(30,818)	132,844
Mental health administration	132,555	138,105	128,019	(10,086)	98,817
Mental health LGU SPOA	126,632	126,632	126,884	252	126,821
Environmental conservation	26,000	27,353	31,510	4,157	13,855
Mental Health - PARC	190,181	190,562	183,511	(7,051)	157,280
Rabies	25,000	25,000	28,133	3,133	19,415
Women, Infants, Children	47,241	47,241	18,957	(28,284)	33,102
Communicable diseases	38,117	38,117	38,196	79	38,196
Mental health services	892,480	977,694	729,744	(247,950)	617,260
Mental health - LGU	119,832	119,832	120,074	242	118,836
Mental health - Commissioner's performance	1,237,739	1,240,449	1,174,363	(66,086)	1,154,464
Mental Health - CSS Int case management	500,716	501,716	478,307	(23,409)	479,323
Drinking supply	194,244	247,430	229,890	(17,540)	187,635
Other	-	-	-	-	1,390
	<u>5,695,586</u>	<u>5,848,316</u>	<u>5,480,554</u>	<u>(367,762)</u>	<u>5,264,001</u>

Transportation

Transportation grants	<u>5,500</u>	<u>5,500</u>	<u>9,213</u>	<u>3,713</u>	<u>5,762</u>
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(Continued)

County of Putnam, New York

General Fund

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

Year Ended December 31, 2017

(With Comparative Actuals for 2016)

75

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2016 Actual
Economic Opportunity and Development					
Social Services administration	\$ 2,978,751	\$ 2,978,751	\$ 3,118,049	\$ 139,298	\$ 3,338,291
Child care	820,866	820,866	973,760	152,894	765,137
Child advocacy center	189,554	216,441	206,407	(10,034)	209,892
Day care	70,557	70,557	47,538	(23,019)	59,420
Juvenile delinquents	119,215	119,215	32,268	(86,947)	15,828
Emergency aid for adults	5,500	5,500	3,566	(1,934)	2,744
Petro Octane testing	1,700	1,700	2,788	1,088	2,800
Veterans' service agency	8,529	193,996	138,619	(55,377)	124,941
Caregiver's grants	19,611	19,611	22,522	2,911	55,742
Office for Senior resources	154,561	154,561	232,111	77,550	207,037
TANF	441,965	441,965	253,295	(188,670)	568,843
RSVP grant	6,368	6,368	6,188	(180)	6,180
Safety Net	209,250	209,250	154,569	(54,681)	160,833
Refund prior year's expenditures	-	-	-	-	26,921
Medical assistance	(190,000)	(190,000)	(157,938)	32,062	(142,064)
Long term care	44,685	44,685	43,345	(1,340)	46,549
Expanded services	254,046	254,046	302,978	48,932	235,387
Services to the elderly	81,205	81,205	82,682	1,477	86,799
Services for recipients	-	-	482,696	482,696	1,123,181
	<u>5,216,363</u>	<u>5,428,717</u>	<u>5,945,443</u>	<u>516,726</u>	<u>6,894,461</u>
Culture and Recreation					
Programs for the aging	143,780	143,780	139,179	(4,601)	171,530
Youth programs	115,929	128,600	124,729	(3,871)	129,375
	<u>259,709</u>	<u>272,380</u>	<u>263,908</u>	<u>(8,472)</u>	<u>300,905</u>
Home and Community Services					
Soil and water	66,000	66,000	60,000	(6,000)	66,000
County planning	56,400	56,400	14,238	(42,162)	10,000
Waste water DEP grant	50,000	50,000	55,000	5,000	-
Environmental conservation	60,000	92,447	92,447	-	15,174
	<u>232,400</u>	<u>264,847</u>	<u>221,685</u>	<u>(43,162)</u>	<u>91,174</u>
Total State Aid	<u>16,091,894</u>	<u>17,003,349</u>	<u>16,915,084</u>	<u>(88,265)</u>	<u>17,022,342</u>

FEDERAL AID

General

Miscellaneous

-	-	-	-	61,005
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Education

Medicaid 3-5

80,000	80,000	73,609	(6,391)	93,626
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Public Safety

Homeland security grant

-	437,313	265,029	(172,284)	186,020
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Public safety other

80,370	113,262	112,145	(1,117)	95,498
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80,370	550,575	377,174	(173,401)	281,518
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Health

Bio Terrorism grant

149,423	149,423	143,172	(6,251)	137,680
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Council on Alcohol

409,072	409,343	372,735	(36,608)	380,574
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Early intervention

75,000	75,000	114,327	39,327	101,105
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Women, Infants, Children

359,654	359,654	397,520	37,866	359,904
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Wellness grant

3,200	3,200	3,112	(88)	3,207
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Early intervention

63,548	63,548	62,443	(1,105)	91,521
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Mental Health - LGU

-	-	18,209	18,209	5,000
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1,059,897	1,060,168	1,111,518	51,350	1,078,991
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Transportation

Transportation grants

102,000	102,000	116,854	14,854	112,780
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Economic Opportunity and Development

Social Services administration

2,924,692	2,923,348	2,762,862	(160,486)	2,802,195
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Food stamp program administration

739,584	739,584	799,452	59,868	779,965
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Services for recipients

41,548	41,548	(123,554)	(165,102)	232,519
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Child care

175,000	175,000	67,674	(107,326)	78,341
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Safety net

-	-	7,381	7,381	26,423
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Day care

688,608	688,608	760,827	72,219	668,862
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National Children Alliance

-	7,000	7,000	-	9,000
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Nutrition

177,356	177,356	172,251	(5,105)	183,035
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Fuel crisis - Home Energy Assistance Program

-	35,441	(3,777)	(39,218)	51,796
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Community service elderly

32,983	32,983	33,031	48	33,840
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County of Putnam, New York

General Fund
 Schedule of Revenues and Other Financing Sources Compared to Budget (Continued)
 Year Ended December 31, 2017
 (With Comparative Actuals for 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2016 Actual
Economic Opportunity and Development (Continued)					
Workforce Investment Act	\$ 178,011	\$ 178,011	\$ 172,504	\$ (5,507)	\$ 235,220
Incentive program	1,310,872	1,310,872	957,978	(352,894)	1,375,548
Temporary Assistance for Needy Families	746,887	837,369	783,163	(54,206)	849,749
Caregiver grant	370,252	370,252	237,010	(133,242)	268,207
OSR - MIPPA	10,003	10,003	11,986	1,983	8,158
Medical assistance	(190,000)	(190,000)	(157,221)	32,779	(141,057)
Crime victims	131,986	162,486	131,478	(31,008)	112,546
Supplemental Nutrition Assistance Program	29,230	29,230	24,957	(4,273)	32,225
Retired Senior Volunteer Program	41,015	41,015	41,015	-	41,765
	<u>7,408,027</u>	<u>7,570,106</u>	<u>6,686,017</u>	<u>(884,089)</u>	<u>7,648,337</u>
Home and Community Services					
Planning	80,000	80,000	154,216	74,216	91,045
Total Federal Aid	<u>8,810,294</u>	<u>9,442,849</u>	<u>8,519,388</u>	<u>(923,461)</u>	<u>9,367,302</u>
MISCELLANEOUS					
Refund of prior year's expenditures	-	-	704,723	704,723	292,890
Gift and donations	67,807	135,407	60,815	(74,592)	120,550
Other	33,091	69,358	134,045	64,687	149,277
OTB distributed earnings	94,545	94,545	86,912	(7,633)	94,473
Retiree health contribution	681,949	681,949	624,350	(57,599)	495,418
Proceeds of seized property	37,000	77,988	13,195	(64,793)	59,968
Total Miscellaneous	<u>914,392</u>	<u>1,059,247</u>	<u>1,624,040</u>	<u>564,793</u>	<u>1,212,576</u>
TOTAL REVENUES	<u>130,550,786</u>	<u>133,185,871</u>	<u>133,510,634</u>	<u>324,763</u>	<u>131,904,382</u>
OTHER FINANCING SOURCES					
Transfers in					
Capital Projects Fund	-	-	-	-	301,951
County Road Fund	-	303,458	303,458	-	59,421
Road Machinery Fund	-	3,876	3,876	-	-
Putnam Tobacco Asset Securitization Corporation	30,000	30,000	30,000	-	25,000
TOTAL OTHER FINANCING SOURCES	<u>30,000</u>	<u>337,334</u>	<u>337,334</u>	<u>-</u>	<u>386,372</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 130,580,786</u>	<u>\$ 133,523,205</u>	<u>\$ 133,847,968</u>	<u>\$ 324,763</u>	<u>\$ 132,290,754</u>

County of Putnam, New York

General Fund
 Schedule of Expenditures and Other Financing Uses Compared to Budget
 Year Ended December 31, 2017
 (With Comparative Actuals for 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2016 Actual
GENERAL GOVERNMENT SUPPORT					
County Legislature	\$ 1,081,512	\$ 1,057,100	\$ 980,813	\$ 76,287	\$ 988,237
County share of judicial expenditures	348,496	371,838	296,980	74,858	295,917
District Attorney	2,314,783	2,319,854	2,249,900	69,954	2,302,459
Legal Aid Society	758,405	758,405	758,405	-	920,710
Audit	516,840	516,840	488,440	28,400	488,724
Court appointed legal defense of indigents	415,000	415,000	414,797	203	414,999
Justice of the Peace and Constables	4,000	4,000	3,880	120	3,940
Coroners	455,136	455,186	386,612	68,574	301,414
County Executive	789,075	796,298	724,854	71,444	766,251
Department of Finance	1,972,041	1,973,517	1,928,015	45,502	1,926,534
Division of Purchasing - Central services	424,373	429,997	364,594	65,403	416,442
Real property tax services	297,195	297,195	274,565	22,630	258,886
Tax advertising and expense	66,000	66,000	45,638	20,362	43,406
Expenditures on property acquired for taxes	200,000	200,000	198,269	1,731	164,599
County Clerk as Registrar	1,719,956	1,680,100	1,552,784	127,316	1,661,662
County Clerk as Motor Vehicles Commissioner	1,300,069	1,318,300	1,275,051	43,249	1,252,909
Department of Law	1,564,239	1,582,932	1,472,873	110,059	1,481,387
Personnel Department	1,100,650	1,133,812	1,043,960	89,852	1,008,019
Board of Elections	1,688,352	1,688,352	1,473,915	214,437	1,819,153
Records Management	503,442	649,417	481,333	168,084	343,246
Department of Highway and Facilities	5,095,366	5,284,875	4,539,897	744,978	4,431,668
Central services administration	265,283	265,283	184,022	81,261	195,467
Insurance	709,372	710,732	688,175	22,557	653,407
Dues	32,642	32,642	30,444	2,198	28,744
Taxes on County property	220,000	208,684	169,088	39,596	174,216
Judgments and claims	250,000	375,250	295,553	79,697	202,164
Metropolitan Commuter Transportation Mobility Tax	222,555	222,555	202,492	20,063	200,127
Information Technology and GIS	1,533,645	1,589,947	1,229,605	360,342	1,326,298
Contingency fund	2,217,867	354,207	-	354,207	-
Total General Government Support	28,066,294	26,758,318	23,754,954	3,003,364	24,070,985

EDUCATION

Community college tuition	3,150,000	3,150,000	3,046,115	103,885	2,911,983
Education of handicapped children	6,805,424	7,388,111	7,377,804	10,307	6,706,925
Total Education	9,955,424	10,538,111	10,423,919	114,192	9,618,908

PUBLIC SAFETY

Bureau of Emergency Services	4,786,249	5,254,524	4,798,657	455,867	4,245,101
Sheriff	19,265,475	19,958,567	19,160,834	797,733	18,371,251
Probation Department	2,388,964	2,417,002	2,368,747	48,255	2,383,068
Jail	10,649,410	11,167,532	10,242,837	924,695	11,044,195
Stop DWI	167,886	176,316	169,121	7,195	173,215
Homeland Security Grant	-	113,550	27,200	86,350	86,450
Total Public Safety	37,257,984	39,087,491	36,767,396	2,320,095	36,303,280

HEALTH

Public health	5,469,431	5,565,432	5,413,571	151,861	5,511,179
Early Intervention Program	2,074,700	2,027,218	2,000,713	26,505	2,044,187
Communicable disease treatment	20,000	20,000	16,939	3,061	22,585
Substance abuse	339,482	339,482	295,624	43,858	338,265
Alcoholism	270,404	270,675	241,028	29,647	239,530
WIC	541,657	553,298	528,518	24,780	521,629
Mental health administration	575,215	583,497	497,037	86,460	414,314
Mental health - Clinic	633,271	639,821	591,582	48,239	588,118
Mental health - Eliot House	892,480	977,694	744,488	233,206	594,062
Family Support Services	564,436	565,274	547,753	17,521	560,179
Mental health - PARC	252,681	253,062	253,062	-	252,681
Mental health - Reinvestment	685,303	687,175	665,565	21,610	686,568
Mental health - County Contribution	443,480	443,480	443,480	-	443,480
Mental health - LGU Services	407,668	410,093	378,839	31,254	410,078
Mental health - LGU SPOA	179,499	187,344	187,374	(30)	190,145
Litter program	157,044	158,344	127,766	30,578	128,287
Total Health	13,506,751	13,681,889	12,933,339	748,550	12,945,287

TRANSPORTATION

MTA subsidy	380,276	380,276	380,276	-	380,276
MTA station maintenance	955,000	966,316	966,316	-	931,349
Total Transportation	1,335,276	1,346,592	1,346,592	-	1,311,625

(Continued)

County of Putnam, New York

General Fund

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

Year Ended December 31, 2017

(With Comparative Actuals for 2016)

08

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2016 Actual
ECONOMIC OPPORTUNITY AND DEVELOPMENT					
Social services administration	\$ 9,414,502	\$ 9,510,253	\$ 9,143,524	\$ 366,729	\$ 9,192,677
Purchase of services	1,265,000	1,352,000	1,268,069	83,931	1,245,656
Medical assistance	20,000	20,000	145	19,855	540
Medical assistance - MMIS	9,541,093	9,541,093	9,438,351	102,742	9,445,775
Aid to dependent children	2,750,000	2,097,050	1,473,546	623,504	2,645,695
Child care	3,119,300	3,619,850	3,394,561	225,289	2,922,025
Juvenile delinquents	237,524	237,524	54,489	183,035	33,105
Safety net	850,000	850,000	677,091	172,909	680,514
State fuel assistance	-	35,441	30,303	5,138	75,344
Emergency aid for adults	25,000	25,000	11,395	13,605	18,086
Grants	104,987	201,204	181,086	20,118	161,615
Child advocacy center	150,976	181,001	168,019	12,982	177,746
Day care	885,000	950,400	942,623	7,777	901,459
Putnam Industrial Development Agency	-	65,600	65,600	-	32,000
Putnam workforce partnership	177,818	180,291	175,208	5,083	244,074
Putnam tourism promotional agency	218,502	318,502	310,224	8,278	318,246
SNAP program	667,506	663,006	493,894	169,112	536,582
Veterans' Service Agency	225,940	402,078	302,333	99,745	337,296
Veterans' Home	49,866	49,866	31,887	17,979	39,989
Consumer affairs and weights and measures	453,080	487,212	475,195	12,017	427,633
Office for Senior Resources - Title III	1,434,625	1,411,917	1,255,090	156,827	1,267,223
Office for Senior Resources - RSVP	540,409	557,797	495,343	62,454	493,206
Nutrition for the elderly	1,899,028	1,909,976	1,595,363	314,613	1,468,759
In-Home Service Program	322,860	390,158	360,977	29,181	256,844
Workforce Partnership	850	850	641	209	676
Community services for the elderly	1,170,215	1,166,865	1,078,082	88,783	1,111,800
Victim of crimes	143,369	175,918	145,178	30,740	135,576
Child fatality review	50,686	57,607	52,072	5,535	50,605
National Child Alliance	-	7,000	7,000	-	9,000
Community Action Program Cap	12,000	12,000	12,000	-	12,000
Total Economic Opportunity and Development	35,730,136	36,477,459	33,639,289	2,838,170	34,241,746

CULTURE AND RECREATION

Parks and recreation administration	2,454,876	2,604,615	2,505,331	99,284	2,336,933
Youth Bureau	620,180	635,093	591,311	43,782	541,077
Library board	435,707	435,707	435,707	-	435,707
County Historian	201,683	207,218	146,560	60,658	118,267
Arts Council	53,990	53,990	53,990	-	53,990
County Museum	53,040	53,040	53,040	-	53,040
Southeast Museum	32,640	32,640	32,640	-	32,640
Recreation for the elderly	126,111	118,064	99,229	18,835	68,837
Department of Highway Parks and Recreation	1,193,334	1,203,599	1,065,451	138,148	1,046,067
Total Culture and Recreation	5,171,561	5,343,966	4,983,259	360,707	4,686,558

HOME AND COMMUNITY SERVICES

Planning	1,271,892	1,204,217	1,046,831	157,386	950,699
Soil and water	173,158	175,471	163,520	11,951	171,799
Recycling	62,260	61,964	52,567	9,397	42,167
Humane Society	143,738	143,738	143,738	-	143,738
Fish and game	22,347	22,347	7,474	14,873	7,064
Extension	325,185	325,185	325,185	-	321,965
SPCA	3,000	3,000	3,000	-	3,000
Total Home and Community Services	2,001,580	1,935,922	1,742,315	193,607	1,640,432

**EMPLOYEE BENEFITS -
UNDISTRIBUTED**

Unemployment benefits	30,000	30,000	18,944	11,056	38,227
Disability, accident and health insurance	4,787,404	4,787,404	4,731,370	56,034	4,540,027
Total Employee Benefits - Undistributed	4,817,404	4,817,404	4,750,314	67,090	4,578,254

DEBT SERVICE

Interest					
Tax anticipation notes	-	-	-	-	53,773

TOTAL EXPENDITURES

137,842,410	139,987,152	130,341,377	9,645,775	129,450,848
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OTHER FINANCING USES

Transfers out					
Capital Projects Fund	110,000	1,361,130	1,361,129	1	414,189
Transportation Fund	-	10,000	10,000	-	136,000

TOTAL OTHER FINANCING USES

110,000	1,371,130	1,371,129	1	550,189
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**TOTAL EXPENDITURES AND OTHER
FINANCING USES**

\$ 137,952,410	\$ 141,358,282	\$ 131,712,506	\$ 9,645,776	\$ 130,001,037
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County of Putnam, New York

Capital Projects Fund
Comparative Balance Sheet
December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	\$ 6,684,616	\$ 6,798,793
State and Federal aid receivable	1,746,577	2,390,965
Due from other funds	563,809	-
Prepaid expenditures	525	855
	<hr/>	<hr/>
Total Assets	\$ 8,995,527	\$ 9,190,613
	<hr/>	<hr/>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 1,412,337	\$ 666,673
Unearned revenues	2,830,306	2,953,747
Due to other funds	-	1,056,778
	<hr/>	<hr/>
Total Liabilities	4,242,643	4,677,198
	<hr/>	<hr/>
Fund balance		
Nonspendable	525	855
Restricted	4,752,359	4,512,560
	<hr/>	<hr/>
Total Fund Balance	4,752,884	4,513,415
	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$ 8,995,527	\$ 9,190,613
	<hr/>	<hr/>

County of Putnam, New York

Capital Projects Fund
 Comparative Statement of Revenues, Expenditures and Changes
 in Fund Balance
 Years Ended December 31,

	<u>2017</u>	<u>2016</u>
REVENUES		
State aid	\$ 1,895,982	\$ 1,264,599
Federal aid	1,153,631	2,962,964
Miscellaneous	<u>324,374</u>	<u>651,669</u>
Total Revenues	3,373,987	4,879,232
EXPENDITURES		
Capital outlay	<u>8,628,997</u>	<u>7,524,553</u>
Deficiency of Revenues Over Expenditures	<u>(5,255,010)</u>	<u>(2,645,321)</u>
OTHER FINANCING SOURCES		
Bonds issued	4,133,350	4,214,575
Transfers in	1,804,482	414,189
Transfers out	<u>(443,353)</u>	<u>(301,951)</u>
Total Other Financing Sources	<u>5,494,479</u>	<u>4,326,813</u>
Net Change in Fund Balance	239,469	1,681,492
FUND BALANCE		
Beginning of Year	<u>4,513,415</u>	<u>2,831,923</u>
End of Year	<u>\$ 4,752,884</u>	<u>\$ 4,513,415</u>

County of Putnam, New York

Combining Balance Sheet
 Non-Major Governmental Funds
 Year Ended December 31, 2017
 (With Comparative Totals for 2016)

	County Road Fund	Road Machinery Fund	Transportation Fund	Special Purpose Fund
ASSETS				
Cash and equivalents	\$ 300	\$ -	\$ -	\$ 585,645
Receivables				
Accounts	360	4,242	821	-
State and Federal aid	303,458	-	220,480	-
Due from other funds	1,648,752	387,077	613,181	-
	<u>1,952,570</u>	<u>391,319</u>	<u>834,482</u>	<u>-</u>
Prepaid expenditures	<u>85,414</u>	<u>22,920</u>	<u>242</u>	<u>-</u>
Total Assets	<u>\$ 2,038,284</u>	<u>\$ 414,239</u>	<u>\$ 834,724</u>	<u>\$ 585,645</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 53,332	\$ 49,980	\$ 163,135	\$ -
Accrued liabilities	142,428	36,710	896	-
Unearned revenues	261,333	-	-	-
Total Liabilities	<u>457,093</u>	<u>86,690</u>	<u>164,031</u>	<u>-</u>
Fund balances				
Nonspendable	85,414	22,920	242	-
Restricted	-	-	-	585,645
Assigned	1,495,777	304,629	670,451	-
Total Fund Balances	<u>1,581,191</u>	<u>327,549</u>	<u>670,693</u>	<u>585,645</u>
Total Liabilities and Fund Balances	<u>\$ 2,038,284</u>	<u>\$ 414,239</u>	<u>\$ 834,724</u>	<u>\$ 585,645</u>

See independent auditors' report.

Debt Service Fund	Total Non-Major Governmental Funds	
	2017	2016
\$ -	\$ 585,945	\$ 673,675
-	5,423	4,471
-	523,938	112,875
280,987	2,929,997	3,450,158
280,987	3,459,358	3,567,504
-	108,576	126,250
\$ 280,987	\$ 4,153,879	\$ 4,367,429
\$ -	\$ 266,447	\$ 457,988
-	180,034	-
-	261,333	302,696
-	707,814	760,684
-	108,576	126,250
167,987	753,632	899,551
113,000	2,583,857	2,580,944
280,987	3,446,065	3,606,745
\$ 280,987	\$ 4,153,879	\$ 4,367,429

County of Putnam, New York

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Non-Major Governmental Funds
Year Ended December 31, 2017
(With Comparative Totals for 2016)

	County Road	Road Machinery	Transportation	Special Purpose
REVENUES				
Real property taxes	\$ 4,574,550	\$ 1,412,497	\$ 789,289	\$ -
Departmental income	-	-	266,579	5,037
Intergovernmental charges	1,124,919	-	-	-
Use of money and property	-	-	-	-
Interfund revenues	-	385,281	-	-
State aid	-	-	927,183	-
Federal aid	-	-	264,769	-
Miscellaneous	54,190	2,168	-	-
Total Revenues	5,753,659	1,799,946	2,247,820	5,037
EXPENDITURES				
Current				
Health	-	-	-	92,767
Transportation	5,403,009	1,894,609	2,246,162	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	5,403,009	1,894,609	2,246,162	92,767
Excess (Deficiency) of Revenues Over Expenditures	350,650	(94,663)	1,658	(87,730)
OTHER FINANCING SOURCES (USES)				
Issuance premium	-	-	-	-
Transfers in	-	-	10,000	-
Transfers out	(303,458)	(3,876)	-	-
Total Other Financing Sources (Uses)	(303,458)	(3,876)	10,000	-
Net Change in Fund Balances	47,192	(98,539)	11,658	(87,730)
FUND BALANCES				
Beginning of Year	1,533,999	426,088	659,035	673,375
End of Year	<u>\$ 1,581,191</u>	<u>\$ 327,549</u>	<u>\$ 670,693</u>	<u>\$ 585,645</u>

See independent auditors' report.

Debt Service	Total Non-Major Governmental Funds	
	2017	2016
\$ 5,975,447	\$ 12,751,783	\$ 12,940,687
-	271,616	303,137
-	1,124,919	753,928
296,459	296,459	326,101
-	385,281	372,217
-	927,183	1,036,184
-	264,769	88,000
-	56,358	106,401
<u>6,271,906</u>	<u>16,078,368</u>	<u>15,926,655</u>
-	92,767	-
-	9,543,780	9,330,959
4,210,000	4,210,000	4,063,274
<u>2,134,655</u>	<u>2,134,655</u>	<u>2,149,558</u>
<u>6,344,655</u>	<u>15,981,202</u>	<u>15,543,791</u>
<u>(72,749)</u>	<u>97,166</u>	<u>382,864</u>
39,488	39,488	-
-	10,000	136,000
-	(307,334)	(59,421)
<u>39,488</u>	<u>(257,846)</u>	<u>76,579</u>
(33,261)	(160,680)	459,443
<u>314,248</u>	<u>3,606,745</u>	<u>3,147,302</u>
<u>\$ 280,987</u>	<u>\$ 3,446,065</u>	<u>\$ 3,606,745</u>

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

- **County Road Fund** - The County Road Fund is established pursuant to New York State Highway Law and is used to account for the maintenance and repair of County roads and bridges and snow removal costs.
- **Road Machinery Fund** - The Road Machinery Fund is used to account for the purchase, repair and maintenance of highway machinery, tools and equipment and for the purchase, construction and maintenance of buildings for the storage and repair of highway machinery and equipment.
- **Transportation Fund** - The Transportation Fund is used to account for the activities of a County-wide bus system funded 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 the terms of a trust agreement.

DEBT SERVICE FUND

- The Debt Service Fund is provided to account for the accumulation of resources to be used for the redemption of principal and interest on long-term debt.

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County of Putnam, New York

County Road Fund
Comparative Balance Sheet
December 31,

	2017	2016
ASSETS		
Cash and equivalents	\$ 300	\$ 300
Receivables		
Accounts	360	178
State and Federal aid	303,458	-
Due from other funds	1,648,752	1,788,091
	<u>1,952,570</u>	<u>1,788,269</u>
Prepaid expenditures	85,414	100,354
Total Assets	<u>\$ 2,038,284</u>	<u>\$ 1,888,923</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 53,332	\$ 52,228
Accrued liabilities	142,428	-
Unearned revenues	261,333	302,696
Total Liabilities	<u>457,093</u>	<u>354,924</u>
Fund balance		
Nonspendable	85,414	100,354
Assigned	1,495,777	1,433,645
Total Fund Balance	<u>1,581,191</u>	<u>1,533,999</u>
Total Liabilities and Fund Balance	<u>\$ 2,038,284</u>	<u>\$ 1,888,923</u>

County of Putnam, New York

County Road Fund
 Comparative Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Years Ended December 31,

	2017			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 4,574,550	\$ 4,574,550	\$ 4,574,550	\$ -
Intergovernmental charges	780,000	1,083,458	1,124,919	41,461
Miscellaneous	34,350	34,350	54,190	19,840
Total Revenues	5,388,900	5,692,358	5,753,659	61,301
EXPENDITURES				
Current				
Transportation	5,975,397	6,151,617	5,403,009	748,608
Excess (Deficiency) of Revenues Over Expenditures	(586,497)	(459,259)	350,650	809,909
OTHER FINANCING USES				
Transfers out	-	(303,458)	(303,458)	-
Net Change in Fund Balance	(586,497)	(762,717)	47,192	809,909
FUND BALANCE				
Beginning of Year	586,497	762,717	1,533,999	771,282
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,581,191</u>	<u>\$ 1,581,191</u>

See independent auditors' report.

2016			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 4,763,967	\$ 4,763,967	\$ 4,763,967	\$ -
742,000	742,000	753,928	11,928
33,350	33,350	16,401	(16,949)
5,539,317	5,539,317	5,534,296	(5,021)
5,910,970	5,851,549	5,141,352	710,197
(371,653)	(312,232)	392,944	705,176
-	(59,421)	(59,421)	-
(371,653)	(371,653)	333,523	705,176
371,653	371,653	1,200,476	828,823
\$ -	\$ -	\$ 1,533,999	\$ 1,533,999

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County of Putnam, New York

Road Machinery Fund
Comparative Balance Sheet
December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Receivables		
Accounts	\$ 4,242	\$ -
Due from other funds	<u>387,077</u>	<u>455,649</u>
	391,319	455,649
Prepaid expenditures	<u>22,920</u>	<u>25,465</u>
Total Assets	<u>\$ 414,239</u>	<u>\$ 481,114</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 49,980	\$ 55,026
Accrued liabilities	<u>36,710</u>	<u>-</u>
Total Liabilities	<u>86,690</u>	<u>55,026</u>
Fund balance		
Nonspendable	22,920	25,465
Assigned	<u>304,629</u>	<u>400,623</u>
Total Fund Balance	<u>327,549</u>	<u>426,088</u>
Total Liabilities and Fund Balance	<u>\$ 414,239</u>	<u>\$ 481,114</u>

County of Putnam, New York

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

	2017			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 1,412,497	\$ 1,412,497	\$ 1,412,497	\$ -
Interfund revenues	450,850	450,850	385,281	(65,569)
Miscellaneous	-	-	2,168	2,168
Total Revenues	1,863,347	1,863,347	1,799,946	(63,401)
EXPENDITURES				
Current				
Transportation	<u>2,079,822</u>	<u>2,075,946</u>	<u>1,894,609</u>	<u>181,337</u>
Excess (Deficiency) of Revenues Over Expenditures	(216,475)	(212,599)	(94,663)	117,936
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>(3,876)</u>	<u>(3,876)</u>	<u>-</u>
Net Change in Fund Balance	(216,475)	(216,475)	(98,539)	117,936
FUND BALANCE				
Beginning of Year	<u>216,475</u>	<u>216,475</u>	<u>426,088</u>	<u>209,613</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 327,549</u>	<u>\$ 327,549</u>

See independent auditors' report.

2016

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 1,597,139	\$ 1,597,139	\$ 1,597,139	\$ -
455,700	455,700	372,217	(83,483)
-	-	-	-
2,052,839	2,052,839	1,969,356	(83,483)
2,139,785	2,139,785	1,884,138	255,647
(86,946)	(86,946)	85,218	172,164
-	-	-	-
(86,946)	(86,946)	85,218	172,164
86,946	86,946	340,870	253,924
\$ -	\$ -	\$ 426,088	\$ 426,088

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County of Putnam, New York

Transportation Fund
Comparative Balance Sheet
December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Receivables		
Accounts	\$ 821	\$ 4,293
State and Federal aid	220,480	112,875
Due from other funds	<u>613,181</u>	<u>892,170</u>
	834,482	1,009,338
Prepaid expenditures	<u>242</u>	<u>431</u>
Total Assets	<u><u>\$ 834,724</u></u>	<u><u>\$ 1,009,769</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 163,135	\$ 350,734
Accrued liabilities	<u>896</u>	<u>-</u>
Total Liabilities	<u>164,031</u>	<u>350,734</u>
Fund balance		
Nonspendable	242	431
Assigned	<u>670,451</u>	<u>658,604</u>
Total Fund Balance	<u>670,693</u>	<u>659,035</u>
Total Liabilities and Fund Balance	<u><u>\$ 834,724</u></u>	<u><u>\$ 1,009,769</u></u>

County of Putnam, New York

Transportation Fund
 Comparative Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Years Ended December 31,

	2017			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 789,289	\$ 789,289	\$ 789,289	\$ -
Departmental income	380,000	380,000	266,579	(113,421)
State aid	1,020,000	1,020,000	927,183	(92,817)
Federal aid	25,000	91,000	264,769	173,769
Total Revenues	2,214,289	2,280,289	2,247,820	(32,469)
EXPENDITURES				
Current				
Transportation	2,454,289	2,530,289	2,246,162	284,127
Excess (Deficiency) of Revenues Over Expenditures	(240,000)	(250,000)	1,658	251,658
OTHER FINANCING SOURCES				
Transfers in	-	10,000	10,000	-
Net Change in Fund Balance	(240,000)	(240,000)	11,658	251,658
FUND BALANCE				
Beginning of Year	240,000	240,000	659,035	419,035
End of Year	\$ -	\$ -	\$ 670,693	\$ 670,693

2016

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 815,746	\$ 815,746	\$ 815,746	\$ -
708,000	408,000	298,881	(109,119)
720,000	1,020,000	1,036,184	16,184
25,000	25,000	88,000	63,000
2,268,746	2,268,746	2,238,811	(29,935)
2,508,746	2,644,746	2,305,469	339,277
(240,000)	(376,000)	(66,658)	309,342
-	136,000	136,000	-
(240,000)	(240,000)	69,342	309,342
240,000	240,000	589,693	349,693
\$ -	\$ -	\$ 659,035	\$ 659,035

County of Putnam, New York

Special Purpose Fund
Comparative Balance Sheet
December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	<u>\$ 585,645</u>	<u>\$ 673,375</u>
FUND BALANCE		
Restricted	<u>\$ 585,645</u>	<u>\$ 673,375</u>

County of Putnam, New York

Special Purpose Fund
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balance
Years Ended December 31,

	<u>2017</u>	<u>2016</u>
REVENUES		
Departmental income	\$ 5,037	\$ 4,256
Miscellaneous	<u>-</u>	<u>90,000</u>
Total Revenues	5,037	94,256
EXPENDITURES		
Current		
Health	<u>92,767</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	(87,730)	94,256
FUND BALANCE		
Beginning of Year	<u>673,375</u>	<u>579,119</u>
End of Year	<u>\$ 585,645</u>	<u>\$ 673,375</u>

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County of Putnam, New York

Debt Service Fund
Comparative Balance Sheet
December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Due from other funds	\$ 280,987	\$ 314,248
FUND BALANCE		
Restricted	\$ 167,987	\$ 226,176
Assigned	<u>113,000</u>	<u>88,072</u>
Total Fund Balance	<u>\$ 280,987</u>	<u>\$ 314,248</u>

County of Putnam, New York

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

	2017			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 5,975,447	\$ 5,975,447	\$ 5,975,447	\$ -
Use of money and property	281,138	281,138	296,459	15,321
Total Revenues	<u>6,256,585</u>	<u>6,256,585</u>	<u>6,271,906</u>	<u>15,321</u>
EXPENDITURES				
Debt service				
Serial bonds				
Principal	4,210,000	4,210,000	4,210,000	-
Interest	<u>2,134,657</u>	<u>2,134,657</u>	<u>2,134,655</u>	<u>2</u>
Total Expenditures	<u>6,344,657</u>	<u>6,344,657</u>	<u>6,344,655</u>	<u>2</u>
Deficiency of Revenues Over Expenditures	(88,072)	(88,072)	(72,749)	15,323
OTHER FINANCING SOURCES				
Issuance premium	-	<u>39,488</u>	<u>39,488</u>	-
Net Change in Fund Balance	(88,072)	(48,584)	(33,261)	15,323
FUND BALANCE				
Beginning of Year	<u>88,072</u>	<u>48,584</u>	<u>314,248</u>	<u>265,664</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 280,987</u>	<u>\$ 280,987</u>

See independent auditors' report.

2016			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 5,763,835	\$ 5,763,835	\$ 5,763,835	\$ -
288,000	324,058	326,101	2,043
<u>6,051,835</u>	<u>6,087,893</u>	<u>6,089,936</u>	<u>2,043</u>
4,163,274	4,163,274	4,063,274	100,000
2,149,561	2,149,561	2,149,558	3
<u>6,312,835</u>	<u>6,312,835</u>	<u>6,212,832</u>	<u>100,003</u>
(261,000)	(224,942)	(122,896)	102,046
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(261,000)	(224,942)	(122,896)	102,046
<u>261,000</u>	<u>224,942</u>	<u>437,144</u>	<u>212,202</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314,248</u>	<u>\$ 314,248</u>

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ENTERPRISE FUND

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. The operations of the Putnam Tobacco Asset Securitization Corporation, a blended component unit, are recorded as an enterprise fund.

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County of Putnam, New York

Enterprise Fund -

Putnam Tobacco Asset Securitization Corporation

Comparative Statement of Net Position

December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets		
Cash and equivalents	\$ 52,328	\$ 79,418
Accounts receivable	1,064,537	1,162,289
Prepaid expenses	<u>8,586</u>	<u>7,871</u>
Total Current Assets	1,125,451	1,249,578
Noncurrent assets		
Restricted cash and equivalents	<u>1,208,850</u>	<u>1,208,850</u>
Total Assets	<u>2,334,301</u>	<u>2,458,428</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts on refunding bonds	<u>1,055,657</u>	<u>1,146,314</u>
LIABILITIES		
Current liabilities		
Accrued liabilities	70,425	70,700
Current maturities of bonds payable	<u>285,000</u>	<u>175,000</u>
Total Current Liabilities	355,425	245,700
Noncurrent liabilities		
Bonds payable, less current maturities	<u>19,148,722</u>	<u>19,071,192</u>
Total Liabilities	<u>19,504,147</u>	<u>19,316,892</u>
NET POSITION		
Unrestricted	<u>\$ (16,114,189)</u>	<u>\$ (15,712,150)</u>

County of Putnam, New York

Enterprise Fund -

Putnam Tobacco Asset Securitization Corporation

Comparative Statement of Revenues, Expenses and Changes in Net Position

Years Ended December 31,

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Tobacco settlement revenues	\$ 815,054	\$ 1,309,584
OPERATING EXPENSES		
Professional fees	10,821	13,660
Insurance	7,871	8,586
Equipment and supplies	1,140	-
Total Operating Expenses	<u>19,832</u>	<u>22,246</u>
Income from Operations	<u>795,222</u>	<u>1,287,338</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	12,401	3,618
Interest expense	<u>(1,179,662)</u>	<u>(1,196,937)</u>
Total Non-Operating Expenses	<u>(1,167,261)</u>	<u>(1,193,319)</u>
Income (Loss) Before Transfers	(372,039)	94,019
Transfers out	<u>(30,000)</u>	<u>(25,000)</u>
Change in Net Position	(402,039)	69,019
NET POSITION		
Beginning of Year	<u>(15,712,150)</u>	<u>(15,781,169)</u>
End of Year	<u>\$ (16,114,189)</u>	<u>\$ (15,712,150)</u>

County of Putnam, New York

Enterprise Fund -
Putnam Tobacco Asset Securitization Corporation
Comparative Statement of Cash Flows
Years Ended December 31,

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from tobacco settlement revenues	\$ 912,806	\$ 2,084,702
Cash payments to vendors	(20,547)	(22,246)
Net Cash From Operating Activities	<u>892,259</u>	<u>2,062,456</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>12,401</u>	<u>3,618</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Repayment of bonds	(55,000)	(1,125,000)
Transfer to County	(30,000)	(25,000)
Interest paid	(846,750)	(882,150)
Net Cash From Non-Capital Financing Activities	<u>(931,750)</u>	<u>(2,032,150)</u>
Net Change in Cash and Equivalents	(27,090)	33,924
CASH AND EQUIVALENTS		
Beginning of Year	<u>1,288,268</u>	<u>1,254,344</u>
End of Year	<u>\$ 1,261,178</u>	<u>\$ 1,288,268</u>
RECONCILIATION OF CASH AND EQUIVALENTS TO THE COMPARATIVE STATEMENT OF NET POSITION		
Cash and Equivalents	\$ 52,328	\$ 79,418
Restricted Cash and Equivalents	<u>1,208,850</u>	<u>1,208,850</u>
	<u>\$ 1,261,178</u>	<u>\$ 1,288,268</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income from operations	\$ 795,222	\$ 1,287,338
Adjustments to reconcile income from operations to net cash from operating activities		
Changes in assets and liabilities		
Accounts receivable	97,752	775,118
Prepaid expenses	(715)	-
Net Cash From Operating Activities	<u>\$ 892,259</u>	<u>\$ 2,062,456</u>
NONCASH INVESTING ACTIVITIES		
Increase in bonds payable from amortization of original issue and underwriters discounts	\$ 25,564	\$ 25,561
Increase in bonds payable from accreted interest on Series 2005 capital appreciation bonds	216,966	204,194
Decrease in deferred outflows of resources from amortization of loss on refunding bonds	90,657	90,657

See independent auditors' report.

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INTERNAL SERVICE FUNDS

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

County of Putnam, New York

Internal Service Funds
 Combining Statement of Net Position
 Year Ended December 31, 2017
 (With Comparative Totals for 2016)

	Workers' Compensation Benefits	Casualty Reserve Benefits	Totals	
			2017	2016
ASSETS				
Cash and equivalents	\$ 4,201,791	\$ 1,426,091	\$ 5,627,882	\$ 5,644,725
Due from other funds	216,656	-	216,656	179,865
Total Assets	<u>4,418,447</u>	<u>1,426,091</u>	<u>5,844,538</u>	<u>5,824,590</u>
LIABILITIES				
Current liabilities				
Current portion of claims payable	368,000	-	368,000	440,000
Noncurrent liabilities				
Claims payable, less current portion	<u>3,315,000</u>	<u>-</u>	<u>3,315,000</u>	<u>3,960,630</u>
Total Liabilities	<u>3,683,000</u>	<u>-</u>	<u>3,683,000</u>	<u>4,400,630</u>
NET POSITION				
Restricted	<u>\$ 735,447</u>	<u>\$ 1,426,091</u>	<u>\$ 2,161,538</u>	<u>\$ 1,423,960</u>

County of Putnam, New York

Internal Service Funds

Combining Statement of Revenues, Expenses and
Changes in Net Position

Year Ended December 31, 2017

(With Comparative Totals for 2016)

	Workers' Compensation Benefits	Casualty Reserve Benefits	Totals	
			2017	2016
OPERATING REVENUES				
Charges for services	\$ 1,091,935	\$ -	\$ 1,091,935	\$ 1,172,415
Miscellaneous	708,086	-	708,086	30,556
Total Operating Revenues	1,800,021	-	1,800,021	1,202,971
OPERATING EXPENSES				
Administration	346,501	-	346,501	329,709
Employee benefits	735,369	-	735,369	883,055
Total Operating Expenses	1,081,870	-	1,081,870	1,212,764
Income (Loss) from Operations	718,151	-	718,151	(9,793)
NON-OPERATING REVENUES				
Interest income	17,296	2,131	19,427	11,927
Change in Net Position	735,447	2,131	737,578	2,134
NET POSITION				
Beginning of Year	-	1,423,960	1,423,960	1,421,826
End of Year	\$ 735,447	\$ 1,426,091	\$ 2,161,538	\$ 1,423,960

County of Putnam, New York

Internal Service Funds
 Combining Statement of Cash Flows
 Year Ended December 31, 2017
 (With Comparative Totals for 2016)

	Workers' Compensation Benefits	Casualty Reserve Benefits
	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from interfund services provided	\$ 1,055,144	\$ -
Cash received from miscellaneous	708,086	-
Cash payments to insurance carriers and claimants	(1,452,999)	-
Cash payments to vendors	(346,501)	-
	<u> </u>	<u> </u>
Net Cash From Operating Activities	(36,270)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	17,296	2,131
	<u> </u>	<u> </u>
Net Change in Cash and Equivalents	(18,974)	2,131
CASH AND EQUIVALENTS		
Beginning of Year	4,220,765	1,423,960
	<u> </u>	<u> </u>
End of Year	\$ 4,201,791	\$ 1,426,091
	<u> </u>	<u> </u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income (loss) from operations	\$ 718,151	\$ -
Adjustments to reconcile income (loss) from operations to net cash from operating activities		
Changes in operating assets and liabilities		
Due from other funds	(36,791)	-
Due to other funds	-	-
Claims payable	(717,630)	-
	<u> </u>	<u> </u>
Net Cash From Operating Activities	\$ (36,270)	\$ -
	<u> </u>	<u> </u>

See independent auditors' report.

Totals	
2017	2016
\$ 1,055,144	\$ 969,627
708,086	30,556
(1,452,999)	(680,971)
(346,501)	(329,709)
<u>(36,270)</u>	<u>(10,497)</u>
19,427	11,927
(16,843)	1,430
<u>5,644,725</u>	<u>5,643,295</u>
<u>\$ 5,627,882</u>	<u>\$ 5,644,725</u>
\$ 718,151	\$ (9,793)
(36,791)	(179,865)
-	(22,923)
(717,630)	202,084
<u>\$ (36,270)</u>	<u>\$ (10,497)</u>

County of Putnam, New York

Internal Service Fund - Workers' Compensation Benefits Fund
Comparative Statement of Net Position
December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	\$ 4,201,791	\$ 4,220,765
Due from other funds	<u>216,656</u>	<u>179,865</u>
Total Assets	<u>4,418,447</u>	<u>4,400,630</u>
LIABILITIES		
Current liabilities		
Current portion of claims payable	368,000	440,000
Noncurrent liabilities		
Claims payable, less current portion	<u>3,315,000</u>	<u>3,960,630</u>
Total Liabilities	<u>3,683,000</u>	<u>4,400,630</u>
NET POSITION		
Restricted	<u>\$ 735,447</u>	<u>\$ -</u>

County of Putnam, New York

Internal Service Fund - Workers' Compensation Benefits Fund
Comparative Statement of Revenues, Expenses and Changes
in Net Position
Years Ended December 31,

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Charges for services	\$ 1,091,935	\$ 1,172,415
Miscellaneous	<u>708,086</u>	<u>30,556</u>
Total Operating Revenues	<u>1,800,021</u>	<u>1,202,971</u>
OPERATING EXPENSES		
Administration	346,501	329,709
Employee benefits	<u>735,369</u>	<u>883,055</u>
Total Operating Expenses	<u>1,081,870</u>	<u>1,212,764</u>
Income (Loss) from Operations	718,151	(9,793)
NON-OPERATING REVENUES		
Interest income	<u>17,296</u>	<u>9,793</u>
Change in Net Position	735,447	-
NET POSITION		
Beginning of Year	<u>-</u>	<u>-</u>
End of Year	<u>\$ 735,447</u>	<u>\$ -</u>

County of Putnam, New York

Internal Service Fund - Workers' Compensation Benefits Fund
 Comparative Statement of Cash Flows
 Years Ended December 31,

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from interfund services provided	\$ 1,055,144	\$ 969,627
Cash received from miscellaneous	708,086	30,556
Cash payments to insurance carriers and claimants	(1,452,999)	(680,971)
Cash payments to vendors	<u>(346,501)</u>	<u>(329,709)</u>
Net Cash From Operating Activities	<u>(36,270)</u>	<u>(10,497)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>17,296</u>	<u>9,793</u>
Net Change in Cash and Equivalents	(18,974)	(704)
CASH AND EQUIVALENTS		
Beginning of Year	<u>4,220,765</u>	<u>4,221,469</u>
End of Year	<u>\$ 4,201,791</u>	<u>\$ 4,220,765</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income (loss) from operations	\$ 718,151	\$ (9,793)
Adjustments to reconcile income (loss) from operations to net cash from operating activities		
Changes in operating assets and liabilities		
Due from other funds	(36,791)	(179,865)
Due to other funds	-	(22,923)
Claims payable	<u>(717,630)</u>	<u>202,084</u>
Net Cash From Operating Activities	<u>\$ (36,270)</u>	<u>\$ (10,497)</u>

County of Putnam, New York

Internal Service Fund - Casualty Reserve Benefits Fund
Comparative Statement of Net Position
December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	<u>\$ 1,426,091</u>	<u>\$ 1,423,960</u>
NET POSITION		
Restricted	<u>\$ 1,426,091</u>	<u>\$ 1,423,960</u>

County of Putnam, New York

Internal Service Fund - Casualty Reserve Benefits Fund
Comparative Statement of Revenues, Expenses and Changes
in Net Position
Years Ended December 31,

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES	\$ -	\$ -
OPERATING EXPENSES	<u>-</u>	<u>-</u>
Income from Operations	-	-
NON-OPERATING REVENUES		
Interest income	<u>2,131</u>	<u>2,134</u>
Change in Net Position	2,131	2,134
NET POSITION		
Beginning of Year	<u>1,423,960</u>	<u>1,421,826</u>
End of Year	<u>\$ 1,426,091</u>	<u>\$ 1,423,960</u>

County of Putnam, New York

Internal Service Fund - Casualty Reserve Benefits Fund
Comparative Statement of Cash Flows
Years Ended December 31,

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	\$ 2,131	\$ 2,134
CASH AND EQUIVALENTS		
Beginning of Year	<u>1,423,960</u>	<u>1,421,826</u>
End of Year	<u>\$ 1,426,091</u>	<u>\$ 1,423,960</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income from operations	<u>\$ -</u>	<u>\$ -</u>

County of Putnam, New York

Fiduciary Fund - Agency Fund
Statement of Changes in Assets and Liabilities
Year Ended December 31, 2017

	Balance January 1, 2017	Increases	Decreases	Balance December 31, 2017
ASSETS				
Cash and equivalents	<u>\$ 1,678,545</u>	<u>\$ 28,890,456</u>	<u>\$ 29,039,068</u>	<u>\$ 1,529,933</u>
LIABILITIES				
Accounts payable	\$ 28,355	\$ 4,678,929	\$ 4,691,241	\$ 16,043
Employee payroll deductions	159,413	20,883,503	20,868,301	174,615
Due to other governments	511,952	2,792,468	2,743,582	560,838
Deposits	<u>978,825</u>	<u>552,724</u>	<u>753,112</u>	<u>778,437</u>
Total Liabilities	<u>\$ 1,678,545</u>	<u>\$ 28,907,624</u>	<u>\$ 29,056,236</u>	<u>\$ 1,529,933</u>

**STATISTICAL
SECTION**

(Unaudited)

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Financial Trends

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

Net Position by Component

Changes in Net Position

Fund Balances of Governmental Funds

Changes in Fund Balances of Governmental Funds

County of Putnam, New York

Net Position By Component
Last Ten Fiscal Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental Activities:				
Net Investment in Capital Assets	\$ 41,371,988	\$ 45,623,536	\$ 45,318,653	\$ 45,649,962
Restricted	9,726,336	7,243,267	5,842,999	5,983,772
Unrestricted	<u>8,005,971</u>	<u>2,094,586</u>	<u>(4,630,592)</u>	<u>(17,271,167)</u>
Total Governmental Activities				
Net Position	<u>\$ 59,104,295</u>	<u>\$ 54,961,389</u>	<u>\$ 46,531,060</u>	<u>\$ 34,362,567</u>
Business - Type Activities (1) -				
Unrestricted	<u>\$ (15,280,355)</u>	<u>\$ (15,214,715)</u>	<u>\$ (15,414,319)</u>	<u>\$ (15,740,614)</u>
Primary Government:				
Invested in Capital Assets,				
Net of Related Debt	\$ 41,371,988	\$ 45,623,536	\$ 45,318,653	\$ 45,649,962
Restricted	9,726,336	7,243,267	5,842,999	5,983,772
Unrestricted	<u>(7,274,384)</u>	<u>(13,120,129)</u>	<u>(20,044,911)</u>	<u>(33,011,781)</u>
Total Primary Government				
Net Position	<u>\$ 43,823,940</u>	<u>\$ 39,746,674</u>	<u>\$ 31,116,741</u>	<u>\$ 18,621,953</u>

(1) The activities of the Putnam Tobacco Asset Securitization Corporation have been included as a blended component unit effective with the 2004 fiscal year in accordance with Governmental Accounting Standards Board Technical Bulletin 2004-1.

2012	2013	2014	2015	2016	2017
\$ 42,242,348	\$ 45,072,133	\$ 43,155,200	\$ 43,227,146	\$ 43,366,761	\$ 44,759,518
8,980,231	6,463,642	7,092,530	3,997,935	4,941,107	5,546,032
<u>(29,477,604)</u>	<u>(47,364,903)</u>	<u>(61,742,858)</u>	<u>(69,542,557)</u>	<u>(80,343,037)</u>	<u>(88,289,627)</u>
<u>\$ 21,744,975</u>	<u>\$ 4,170,872</u>	<u>\$ (11,495,128)</u>	<u>\$ (22,317,476)</u>	<u>\$ (32,035,169)</u>	<u>\$ (37,984,077)</u>
<u>\$ (16,151,171)</u>	<u>\$ (16,353,577)</u>	<u>\$ (16,363,877)</u>	<u>\$ (15,781,169)</u>	<u>\$ (15,712,150)</u>	<u>\$ (16,114,189)</u>
\$ 42,242,348	\$ 45,072,133	\$ 43,155,200	\$ 43,227,146	\$ 43,366,761	\$ 44,759,518
8,980,231	6,463,642	7,092,530	3,997,935	4,941,107	5,546,032
<u>(45,628,775)</u>	<u>(63,718,480)</u>	<u>(78,106,735)</u>	<u>(85,323,726)</u>	<u>(96,055,187)</u>	<u>(104,403,816)</u>
<u>\$ 5,593,804</u>	<u>\$ (12,182,705)</u>	<u>\$ (27,859,005)</u>	<u>\$ (38,098,645)</u>	<u>\$ (47,747,319)</u>	<u>\$ (54,098,266)</u>

County of Putnam, New York

Changes In Net Position
Last Ten Fiscal Years

	2008	2009	2010	2011
Expenses				
Governmental Activities:				
General government support	\$ 26,366,289	\$ 24,707,516	\$ 24,927,519	\$ 25,997,916
Education	10,470,440	10,815,692	10,054,837	9,849,831
Public safety	32,610,889	33,668,710	35,366,964	38,692,325
Health	15,824,780	16,453,864	15,919,935	14,142,348
Transportation	12,819,268	18,475,978	13,714,854	15,408,159
Economic opportunity and development	32,694,544	32,066,078	32,980,631	34,918,860
Culture and recreation	4,688,132	4,961,376	4,631,669	3,508,682
Home and community services	6,392,376	4,430,107	6,126,995	3,317,020
Interest	2,829,152	2,698,843	2,528,179	2,751,683
Total Governmental Activities Expenses	144,695,870	148,278,164	146,251,583	148,586,824
Business-type Activities (1) - Putnam Tobacco Asset Securitization Corporation	1,277,269	1,281,678	1,276,358	1,259,421
Total Primary Government Expenses	\$ 145,973,139	\$ 149,559,842	\$ 147,527,941	\$ 149,846,245
Program Revenues				
Governmental Activities:				
Charges for Services:				
General government support	\$ 5,011,170	\$ 5,234,956	\$ 4,955,678	\$ 5,827,297
Public safety	1,618,561	1,333,540	1,161,519	1,294,538
Health	3,493,263	3,859,706	3,032,359	1,137,899
Transportation	998,509	937,715	948,089	1,052,542
Economic opportunity and development	2,004,446	2,229,395	2,973,886	2,606,592
Culture and recreation	1,648,896	1,892,674	1,646,192	1,341,600
Home and community services	30,931	35,416	34,635	44,377
Operating Grants and Contributions	24,371,292	27,530,302	24,656,770	25,396,717
Capital Grants and Contributions	7,093,634	12,249,007	6,323,613	5,455,881
Total Governmental Activities Program Revenues	46,270,702	55,302,711	45,732,741	44,157,443
Business-type Activities - Charges for Services - Putnam Tobacco Asset Securitization Corporation	1,214,243	1,346,981	1,076,594	932,963
Total Primary Government Program Revenues	\$ 47,484,945	\$ 56,649,692	\$ 46,809,335	\$ 45,090,406

2012	2013	2014	2015	2016	2017
\$ 26,453,722	\$ 29,010,140	\$ 32,353,661	\$ 29,090,717	\$ 28,652,223	\$ 27,992,898
10,172,476	10,201,595	9,378,964	9,406,579	9,617,363	10,423,919
42,845,562	39,752,916	39,778,386	40,422,619	40,992,057	42,110,925
14,217,985	13,394,756	13,669,801	13,424,309	15,173,052	14,694,859
14,786,291	17,916,455	17,636,756	18,177,587	17,657,346	16,749,862
35,270,894	37,271,454	35,934,835	36,112,568	36,955,938	36,666,894
3,759,514	4,275,442	5,085,712	5,622,633	5,619,737	6,049,103
10,533,633	4,352,084	2,671,019	2,031,015	1,706,362	1,893,965
3,249,964	2,703,395	1,963,765	2,152,974	2,074,647	1,993,587
161,290,041	158,878,237	158,472,899	156,441,001	158,448,725	158,576,012
1,262,446	1,247,211	1,244,728	1,248,860	1,219,183	1,199,494
<u>\$ 162,552,487</u>	<u>\$ 160,125,448</u>	<u>\$ 159,717,627</u>	<u>\$ 157,689,861</u>	<u>\$ 159,667,908</u>	<u>\$ 159,775,506</u>
\$ 5,417,539	\$ 6,228,521	\$ 5,707,939	\$ 4,920,516	\$ 5,205,591	\$ 5,614,047
1,256,026	1,886,017	1,927,751	1,938,396	2,329,177	2,431,110
1,210,768	1,059,363	883,497	981,362	889,807	860,578
931,674	1,160,914	1,471,585	1,606,913	1,053,074	1,391,748
2,720,570	1,866,177	2,066,278	1,930,935	1,695,010	1,681,662
1,584,626	1,767,649	2,116,042	2,394,896	2,493,753	2,480,154
44,148	168,781	192,699	25,442	26,205	25,232
24,420,622	25,608,248	25,153,744	25,909,207	27,796,595	26,756,792
12,630,473	3,284,480	3,357,947	5,248,262	5,205,333	3,670,446
50,216,446	43,030,150	42,877,482	44,955,929	46,694,545	44,911,769
1,047,718	1,069,644	1,259,418	1,856,566	1,309,584	815,054
<u>\$ 51,264,164</u>	<u>\$ 44,099,794</u>	<u>\$ 44,136,900</u>	<u>\$ 46,812,495</u>	<u>\$ 48,004,129</u>	<u>\$ 45,726,823</u>

(Continued)

CHANGES IN NET POSITION (Continued)
LAST TEN FISCAL YEARS

	2008	2009	2010	2011
Net Expense/Revenue:				
Governmental Activities	\$ (98,425,168)	\$ (92,975,453)	\$ (100,518,842)	\$ (104,429,381)
Business-type Activities	(63,026)	65,303	(199,764)	(326,458)
Total Primary Government Net Expense	<u>\$ (98,488,194)</u>	<u>\$ (92,910,150)</u>	<u>\$ (100,718,606)</u>	<u>\$ (104,755,839)</u>
General Revenues				
Governmental Activities:				
Taxes:				
Real Property Taxes	\$ 34,272,168	\$ 35,975,679	\$ 37,416,775	\$ 37,248,786
Other Tax Items	4,258,338	4,565,134	4,073,276	4,696,118
Non-property Taxes	51,718,375	45,986,045	47,943,822	50,048,010
Unrestricted Use of Money and Property	914,840	775,381	1,283,155	681,908
Sale of Property and				
Compensation for Loss	346,344	136,717	170,354	243,328
Miscellaneous	856,816	1,393,591	1,201,131	(657,262)
Transfers	10,000	-	-	-
Total Governmental Activities	<u>92,376,881</u>	<u>88,832,547</u>	<u>92,088,513</u>	<u>92,260,888</u>
Business-type Activities:				
Unrestricted Use of Money and Property	83,399	337	160	163
Transfers	(10,000)	-	-	-
Total Business-type Activities	<u>73,399</u>	<u>337</u>	<u>160</u>	<u>163</u>
Total Primary Government				
General Revenues	<u>\$ 92,450,280</u>	<u>\$ 88,832,884</u>	<u>\$ 92,088,673</u>	<u>\$ 92,261,051</u>
Prior period adjustment-effect of overstated/ understated capital assets	-	-	-	-
Change in Net Position				
Governmental Activities	\$ (6,048,287)	\$ (4,142,906)	\$ (8,430,329)	\$ (12,168,493)
Business-type Activities	10,373	65,640	(199,604)	(326,295)
Total Primary Government	<u>\$ (6,037,914)</u>	<u>\$ (4,077,266)</u>	<u>\$ (8,629,933)</u>	<u>\$ (12,494,788)</u>

(1) The activities of the Putnam Tobacco Asset Securitization Corporation have been included as a blended component unit effective with the 2004 fiscal year in accordance with Governmental Accounting Standards Board Technical Bulletin 2004-1.

2012	2013	2014	2015	2016	2017
\$ (111,073,595) (214,728)	\$ (115,848,087) (177,567)	\$ (115,595,417) 14,690	\$ (111,485,072) 607,706	\$ (111,754,180) 90,401	\$ (113,664,243) (384,440)
<u>\$ (111,288,323)</u>	<u>\$ (116,025,654)</u>	<u>\$ (115,580,727)</u>	<u>\$ (110,877,366)</u>	<u>\$ (111,663,779)</u>	<u>\$ (114,048,683)</u>
\$ 38,084,798 5,148,031 51,907,116 956,416 204,612 - 2,155,030	\$ 35,107,514 4,940,649 53,330,206 69,557 129,251 315,148 25,000	\$ 37,835,861 5,041,598 56,105,827 73,494 111,315 736,322 25,000	\$ 41,083,016 5,035,733 55,080,624 64,357 55,389 944,903 25,000	\$ 35,664,434 5,479,429 60,120,626 103,012 107,346 536,640 25,000	\$ 41,792,992 4,692,425 60,000,569 215,857 57,812 925,680 30,000
<u>98,456,003</u>	<u>93,917,325</u>	<u>99,929,417</u>	<u>102,289,022</u>	<u>102,036,487</u>	<u>107,715,335</u>
185 -	161 (25,000)	10 (25,000)	2 (25,000)	3,618 (25,000)	12,401 (30,000)
<u>185</u>	<u>(24,839)</u>	<u>(24,990)</u>	<u>(24,998)</u>	<u>(21,382)</u>	<u>(17,599)</u>
<u>\$ 98,456,188</u>	<u>\$ 93,892,486</u>	<u>\$ 99,904,427</u>	<u>\$ 102,264,024</u>	<u>\$ 102,015,105</u>	<u>\$ 107,697,736</u>
-	-	-	-	-	-
\$ (12,617,592) (214,543)	\$ (21,930,762) (202,406)	\$ (15,666,000) (10,300)	\$ (9,196,050) 582,708	\$ (9,717,693) 69,019	\$ (5,948,908) (402,039)
<u>\$ (12,832,135)</u>	<u>\$ (22,133,168)</u>	<u>\$ (15,676,300)</u>	<u>\$ (8,613,342)</u>	<u>\$ (9,648,674)</u>	<u>\$ (6,350,947)</u>

County of Putnam, New York

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

	2008	2009	2010 (1)	2011
General Fund				
Nonspendable	\$ N/A	\$ N/A	\$ 1,000,000	\$ 692,737
Restricted	N/A	N/A	302,889	433,291
Committed	N/A	N/A	-	-
Assigned	N/A	N/A	8,824,856	7,575,615
Unassigned	N/A	N/A	18,260,773	18,142,836
Reserved	2,309,207	2,859,777	N/A	N/A
Unreserved	17,227,752	19,770,446	N/A	N/A
Total General Fund	\$ 19,536,959	\$ 22,630,223	\$ 28,388,518	\$ 26,844,479
All Other Governmental Funds				
Nonspendable	\$ N/A	\$ N/A	\$ -	\$ 48,045
Restricted	N/A	N/A	3,658,402	4,227,992
Assigned	N/A	N/A	2,483,663	1,898,412
Unassigned	N/A	N/A	(601,955)	(284,293)
Reserved	1,125,162	1,388,263	N/A	N/A
Unreserved, Reported In:				
Special Revenue Funds	1,969,854	2,314,265	N/A	N/A
Capital Projects Fund	6,362,736	3,112,523	N/A	N/A
Total All Other Governmental Funds	\$ 9,457,752	\$ 6,815,051	\$ 5,540,110	\$ 5,890,156
Total Governmental Funds	\$ 28,994,711	\$ 29,445,274	\$ 33,928,628	\$ 32,734,635

(1) - The County implemented the provisions of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", for the fiscal year ended December 31, 2010.

2012	2013	2014	2015	2016	2017
\$ 696,805	\$ 2,415,521	\$ 2,003,733	\$ 4,386,166	\$ 3,848,189	\$ 3,986,893
2,657,689	3,919,221	3,781,919	3,916,163	1,870,489	1,847,169
-	-	-	5,719,436	-	-
6,936,148	11,365,343	8,963,563	8,857,851	18,057,991	18,101,617
18,762,962	18,825,288	20,129,757	12,476,739	13,869,403	15,845,855
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
<u>\$ 29,053,604</u>	<u>\$ 36,525,373</u>	<u>\$ 34,878,972</u>	<u>\$ 35,356,355</u>	<u>\$ 37,646,072</u>	<u>\$ 39,781,534</u>
\$ -	\$ -	\$ -	\$ 141,323	\$ 127,105	\$ 109,101
6,935,275	6,376,769	5,942,998	3,847,638	5,412,111	5,505,991
2,155,565	2,275,430	2,083,484	1,990,264	2,580,944	2,583,857
(110,609)	-	-	-	-	-
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
<u>\$ 8,980,231</u>	<u>\$ 8,652,199</u>	<u>\$ 8,026,482</u>	<u>\$ 5,979,225</u>	<u>\$ 8,120,160</u>	<u>\$ 8,198,949</u>
<u>\$ 38,033,835</u>	<u>\$ 45,177,572</u>	<u>\$ 42,905,454</u>	<u>\$ 41,335,580</u>	<u>\$ 45,766,232</u>	<u>\$ 47,980,483</u>

County of Putnam, New York

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

	2008	2009	2010	2011
Revenues				
Real property taxes	\$ 30,806,868	\$ 32,492,279	\$ 36,457,275	\$ 33,980,375
Other tax items	4,258,338	4,565,134	4,073,276	4,528,129
Non-property taxes	51,718,375	45,986,045	47,943,822	50,048,010
Departmental income	12,541,459	13,574,941	13,205,278	11,165,142
Intergovernmental charges	737,133	664,099	656,761	753,406
Use of money and property	1,185,454	1,037,311	985,088	1,063,093
Licenses and permits	844,411	706,307	896,933	697,290
Fines and forfeitures	297,607	286,165	254,399	258,400
Sale of property and compensation for loss	346,344	136,717	170,354	243,328
Interfund revenues	240,594	410,367	405,648	376,795
State aid	18,769,376	19,393,736	13,807,903	16,549,878
Federal aid	9,213,455	18,432,884	13,958,530	11,896,430
Miscellaneous	4,081,081	3,364,622	4,441,206	1,794,109
Total Revenues	135,040,495	141,050,607	137,256,473	133,354,385
Expenditures				
Current				
General government support	20,484,027	20,161,510	20,124,332	21,123,199
Education	10,453,744	10,322,400	10,037,084	9,829,285
Public safety	25,517,994	27,126,749	28,771,601	30,928,919
Health	13,565,255	14,126,793	13,711,581	12,027,580
Transportation	9,996,637	10,271,963	9,638,870	10,708,266
Economic opportunity and development	29,264,080	29,335,234	29,611,726	31,087,737
Culture and recreation	3,716,383	4,006,699	3,689,492	2,526,283
Home and community services	4,941,156	3,989,111	1,774,721	1,894,014
Employee benefits	3,024,159	3,132,538	3,369,554	3,784,913
Debt Service:				
Principal	2,480,000	3,042,900	2,950,000	3,015,401
Interest	3,232,086	2,712,610	2,529,126	2,754,671
Refunding bond issuance costs	-	-	-	-
Capital Outlay	6,989,218	14,966,938	11,453,142	8,549,167
Total Expenditures	133,664,739	143,195,445	137,661,229	138,229,435
Excess (Deficiency) of Revenues Over Expenditures	1,375,756	(2,144,838)	(404,756)	(4,875,050)
Other Financing Sources (Uses)				
Bonds issued	4,180,000	2,595,401	4,888,110	3,680,181
Refunding bonds issued	-	-	-	-
Issuance premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	226,348	3,175,214	605,889	200,975
Transfers out	(216,348)	(3,175,214)	(605,889)	(200,099)
Total Other Financing Sources	4,190,000	2,595,401	4,888,110	3,681,057
Net Change in Fund Balances	\$ 5,565,756	\$ 450,563	\$ 4,483,354	\$ (1,193,993)
Debt Service as a Percentage of Non-Capital Expenditures	4.7%	4.7%	4.5%	4.7%

2012	2013	2014	2015	2016	2017
\$ 36,415,549	\$ 38,627,329	\$ 38,400,507	\$ 38,771,702	\$ 39,304,229	\$ 41,793,023
5,148,031	4,940,649	5,041,598	5,035,733	5,479,429	4,692,425
51,907,116	53,330,206	56,105,827	55,080,624	60,120,626	60,000,569
11,359,962	11,762,688	11,715,452	10,963,865	11,111,171	11,348,444
666,366	816,455	1,174,922	1,308,496	753,928	1,124,919
953,008	624,530	625,687	584,850	638,292	872,168
883,673	845,309	741,059	775,203	861,486	805,881
255,350	218,880	195,607	224,407	249,508	201,658
204,612	129,251	111,528	55,389	107,346	57,812
310,045	306,735	411,117	428,071	372,217	385,281
16,207,528	16,441,729	16,474,187	18,175,724	19,323,125	19,738,249
11,323,669	9,576,958	9,962,601	10,525,090	12,418,266	9,937,788
11,674,928	3,127,022	2,788,748	3,400,237	1,970,646	2,004,772
<u>147,309,837</u>	<u>140,747,741</u>	<u>143,748,840</u>	<u>145,329,391</u>	<u>152,710,269</u>	<u>152,962,989</u>
21,377,731	22,480,066	27,219,313	24,043,863	24,070,985	23,754,954
10,152,873	10,196,769	9,379,106	9,408,513	9,618,908	10,423,919
32,032,454	32,804,565	34,541,586	35,198,063	36,303,280	36,767,396
12,304,232	10,538,785	11,464,578	11,522,277	12,945,287	13,026,106
10,037,138	10,471,149	11,457,884	11,808,058	10,642,584	10,890,372
31,649,422	32,665,550	32,481,284	32,420,370	34,241,746	33,639,289
2,755,808	3,140,717	3,429,702	3,601,424	4,686,558	4,983,259
1,704,197	1,753,532	1,768,927	1,721,015	1,640,432	1,742,315
3,766,453	3,855,901	4,045,623	4,202,823	4,578,254	4,750,314
3,320,000	2,910,181	3,396,535	3,848,000	4,063,274	4,210,000
2,646,049	2,462,757	2,456,043	2,320,914	2,203,331	2,134,655
-	145,747	-	108,412	-	-
16,710,815	7,266,229	6,883,651	6,828,945	7,524,553	8,628,997
<u>148,457,172</u>	<u>140,691,948</u>	<u>148,524,232</u>	<u>147,032,677</u>	<u>152,519,192</u>	<u>154,951,576</u>
<u>(1,147,335)</u>	<u>55,793</u>	<u>(4,775,392)</u>	<u>(1,703,286)</u>	<u>191,077</u>	<u>(1,988,587)</u>
12,351,535	3,113,000	3,478,274	-	4,214,575	4,133,350
730,127	19,965,000	-	11,060,000	-	-
-	1,419,607	-	1,544,523	-	39,488
(6,635,127)	(21,191,322)	-	(12,496,111)	-	-
903,577	487,280	924,161	935,756	936,561	2,151,816
(903,577)	(462,280)	(1,899,161)	(910,756)	(911,561)	(2,121,816)
<u>6,446,535</u>	<u>3,331,285</u>	<u>2,503,274</u>	<u>133,412</u>	<u>4,239,575</u>	<u>4,202,838</u>
<u>\$ 5,299,200</u>	<u>\$ 3,387,078</u>	<u>\$ (2,272,118)</u>	<u>\$ (1,569,874)</u>	<u>\$ 4,430,652</u>	<u>\$ 2,214,251</u>
4.7%	4.0%	4.1%	4.4%	4.3%	4.4%

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Revenue Capacity

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

Sales Tax Rates

Taxable Sales by Industry

Assessed Value and Estimated Actual Value
of Taxable Property

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

Principal Taxpayers

Property Tax Levies and Collections

County of Putnam, New York

Sales Tax Rates Last Ten Fiscal Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
New York State *	4.000 %	4.000 %	4.000 %	4.000 %
MTA (1) **	0.375	0.375	0.375	0.375
County ***	<u>4.000</u>	<u>4.000</u>	<u>4.000</u>	<u>4.000</u>
Total	<u>8.375 %</u>	<u>8.375 %</u>	<u>8.375 %</u>	<u>8.375 %</u>

(1) Metropolitan Transit Authority

* Effective June 1, 2003 - May 31, 2005 the NYS rate increased from 4% to 4 1/2%
Effective June 1, 2005 the NYS rate decreased from 4 1/2% to 4%.

** Effective June 1, 2005 the MTA rate increased from 1/4% to 3/8%

*** Effective September 1, 2005 the County rate increased from 3% to 3.5%
Effective September 1, 2007 the County rate increased from 3.5% to 4%.

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
4.000 %	4.000 %	4.000 %	4.000 %	4.000 %	4.000 %
0.375	0.375	0.375	0.375	0.375	0.375
<u>4.000</u>	<u>4.000</u>	<u>4.000</u>	<u>4.000</u>	<u>4.000</u>	<u>4.000</u>
<u>8.375 %</u>					

County of Putnam, New York

Taxable Sales By Industry
Ten Years Stated

Industry	March 2007 to February 2008	March 2008 to February 2009	March 2009 to February 2010	March 2010 to February 2011
Utilities (excluding residential energy)	\$ 30,267	\$ 32,216	\$ 19,872	\$ 30,561
Construction	26,758	27,844	20,430	21,294
Manufacturing	28,445	38,231	22,320	21,773
Wholesale Trade	92,221	80,319	68,786	76,608
Retail Trade:				
Motor Vehicles and Parts	186,812	168,060	166,081	176,025
Furniture and Home Furnishings	29,311	24,842	16,394	16,060
Electronics and Appliances	10,017	9,072	8,655	10,068
Building Materials and Garden Equipment	99,800	90,587	80,603	86,213
Food and Beverage	73,232	73,553	78,290	95,298
Health and Personal Care	16,317	16,659	16,570	17,121
Gasoline Stations	14,948	16,214	17,334	17,607
Clothing	7,894	6,055	6,348	10,250
Sporting Goods, Hobby, Book and Music Stores	12,028	10,941	10,345	11,411
General Merchandise	20,763	20,165	32,643	35,361
Miscellaneous Retail	24,653	23,309	22,746	22,505
Nonstore Retail	22,906	25,716	29,344	31,302
Information	80,233	80,406	77,014	76,244
Professional, Scientific, and Technical	10,795	8,570	7,666	13,479
Administrative/Support Services	32,536	33,202	32,522	33,468
Health Care	1,497	1,303	1,207	1,151
Arts, Entertainment, and Recreation	14,841	14,330	13,221	14,465
Accommodation and Food Services:	N/A	N/A		
Food Services	71,074	73,829	74,464	78,893
Accommodation	2,162	1,414	1,414	1,456
Other Services:	N/A	N/A	N/A	
Repair and Maintenance	42,016	40,378	39,879	37,774
Personal and Laundry Services	6,471	6,810	7,123	6,156
All Other Services	1,020	661	670	589
Ag., Mining, Trans., Fire, Educ., Govt.	50,035	48,064	39,238	44,647
Unclassified by Industry	13,122	9,861	9,800	4,394
Grand Total	\$ 1,022,174	\$ 982,611	\$ 920,979	\$ 992,173

Source: New York State Department of Taxation and Finance

* Preliminary

** Revised

<u>March 2011 to February 2012</u>	<u>March 2012 to February 2013</u>	<u>March 2013 to February 2014</u>	<u>March 2014 to February 2015</u>	<u>March 2015 to February 2016**</u>	<u>March 2016 to February 2017*</u>
\$ 26,889	\$ 27,067	\$ 30,784	\$ 28,496	\$ 24,298	\$ 24,814
23,181	22,260	25,570	28,290	29,108	34,700
33,092	32,495	35,798	35,585	41,628	65,554
57,342	55,205	82,481	81,939	81,830	90,642
169,533	167,642	190,250	208,174	226,475	228,017
17,292	16,966	17,545	18,364	19,851	28,785
10,532	11,101	11,209	11,191	12,084	12,703
83,211	86,182	90,845	91,508	98,053	100,574
80,189	81,987	87,256	89,562	89,625	86,888
16,544	16,444	16,826	16,115	16,646	17,092
22,294	22,697	170,905	157,072	122,539	118,981
13,934	11,577	22,176	25,869	27,384	29,612
7,853	7,758	9,455	14,268	16,118	15,877
22,416	20,847	38,215	38,609	39,383	37,641
56,324	57,917	46,035	44,409	40,740	41,728
34,287	35,914	49,966	52,268	54,252	59,023
71,003	69,350	72,960	74,899	76,778	74,214
10,873	11,240	10,752	11,540	11,934	14,045
34,483	34,738	32,244	34,574	37,402	40,935
1,842	1,410	1,804	1,194	1,468	2,231
13,488	14,586	15,448	17,718	18,834	18,335
86,198	88,872	97,678	101,091	110,632	115,980
1,527	1,526	1,729	1,691	1,923	1,753
46,189	45,356	44,991	46,604	49,562	46,640
7,160	5,590	5,602	5,985	6,577	6,054
531	524	705	578	615	646
42,512	40,602	42,496	42,836	52,024	56,147
940	1,730	5,302	3,812	287	487
<u>\$ 991,659</u>	<u>\$ 989,583</u>	<u>\$ 1,257,027</u>	<u>\$ 1,284,241</u>	<u>\$ 1,308,050</u>	<u>\$ 1,370,098</u>

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County of Putnam, New York

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

Year	Commercial Property (3)	Residential Property (3)	Total Net Taxable Assessed Value (1)	State Special Equalization Rate (2)	Estimated Actual Taxable Value	Total Direct Tax Rate
2008	N/A	N/A	\$ 12,569,993,091	73.89 %	\$ 17,011,764,909	\$ 2.01
2009	N/A	N/A	12,275,535,937	75.71	16,213,889,760	2.93
2010	N/A	N/A	11,693,214,268	75.89	15,408,109,458	3.20
2011	N/A	N/A	11,133,206,698	78.31	14,216,839,098	3.30
2012	\$ 2,324,509,404	\$ 8,668,102,251	10,992,611,655	78.28	14,042,682,237	3.46
2013	2,104,054,697	8,591,649,861	10,695,704,558	79.11	13,520,041,155	3.62
2014	2,024,797,218	8,451,494,698	10,476,291,916	79.16	13,234,325,311	3.75
2015	2,088,710,755	8,256,117,153	10,344,827,908	78.66	13,151,319,486	3.91
2016	1,824,882,385	8,577,549,147	10,402,431,532	77.72	13,384,497,597	3.88
2017	1,904,362,639	8,500,005,949	10,404,368,588	77.53	13,419,796,966	3.08

(1) Assessed valuations are established by the Town governments comprising the County.

(2) The equalization rate is the average of the equalization rates for each of the six towns within the County.

The Town's equalization rates are established by the New York State Board of Equalization and Assessment.

(3) Real Property Department

N/A Breakout of total taxable assessed value between commercial and residential is not readily available

Note: Estimated actual taxable value is calculated by dividing taxable assessed value by the state special equalization rate. Tax rates are per \$1,000 of assessed value.

County of Putnam, New York

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
County Direct Rates	\$ 2.01	\$ 2.93	\$ 3.20	\$ 3.30	\$ 3.46
Town Rates	.79-5.33	1.80-5.63	.92-6.05	1.36-6.29	1.70-6.87
Village Rates	3.6-8.7	3.46-9.56	3.43-9.55	3.56-7.68	4.04-10.11
School Districts	7.48-40.10	7.89-41.43	7.66-45.54	8.98-52.65	9.33-53.09

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

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 3.62	\$ 3.75	\$ 3.91	\$ 3.88	\$ 3.08
1.32-7.41	1.34 - 7.83	1.41-8.03	1.42 - 8.20	1.42 - 8.34
4.37-10.37	4.60 - 10.68	4.73-10.81	4.69 - 10.97	4.76 - 11.03
9.54-54.58	9.16 - 58.47	9.46-52.29	9.45 - 57.31	9.64 - 67.50

County of Putnam, New York

Principal Taxpayers
Current Year and Nine Years Ago

2017				
Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Taxable Assessed Valuation
1	New York City DEP	Government	\$ 711,470,594	6.84 %
2	NYSEG	Public Utility	129,550,599	1.25
3	State of New York	Government	123,969,793	1.19
4	Algonquin Gas Transmissions Co.	Public Utility	77,431,601	0.74
5	Verizon New York	Public Utility	34,283,042	0.33
6	Consolidated Ed	Public Utility	26,864,358	0.26
7	Highlands Center	Private Corp.	21,638,800	0.21
8	Putnam Ridge Real Estate	Private Corp.	20,604,000	0.20
9	Central Hudson	Public Utility	15,468,538	0.15
10	Centennial Golf	Private Corp.	6,736,300	0.06
	Total		<u>\$ 1,168,017,625</u>	<u>11.23 %</u>

2008				
Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Taxable Assessed Valuation
1	New York City DEP	Government	\$ 623,802,729	4.96 %
2	State of New York	Government	172,978,442	1.38
3	NYSEG	Public Utility	100,238,654	0.80
4	Verizon New York	Public Utility	51,874,520	0.41
5	Consolidated Ed	Public Utility	43,104,957	0.34
6	Algonquin Gas Transmissions Co.	Public Utility	42,602,753	0.34
7	Highlands Center	Private Corp.	41,140,900	0.33
8	Plaza LLC (Lakeview Plaza)	Private Corp.	27,169,500	0.22
9	Triple C Associates	Private Corp.	20,971,600	0.17
10	Mahopac Improvements	Private Corp.	20,059,825	0.16
	Total		<u>\$ 1,143,943,880</u>	<u>9.10 %</u>

Source: Putnam County Real Property

County of Putnam, New York

**Property Tax Levies and Collections
Last Ten Fiscal Years**

Year	County Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 114,970,773	\$ 109,118,761	94.91 %	\$ 5,852,012	\$ 114,970,773	100.00 %
2009	119,761,511	112,515,940	93.95	7,245,571	119,761,511	100.00
2010	123,196,494	116,593,162	94.64	6,422,523	123,015,685	99.85
2011	124,070,276	118,983,395	95.90	4,459,061	123,442,456	99.49
2012	128,752,271	122,971,294	95.51	5,622,250	128,593,544	99.88
2013	134,431,543	128,261,135	95.41	5,956,812	134,217,947	99.84
2014	137,606,543	131,015,190	95.21	6,249,717	137,264,907	99.75
2015	141,461,972	134,459,604	95.05	6,456,487	140,916,091	99.61
2016	141,120,725	134,230,717	95.12	2,100,655	136,331,372	96.61
2017	142,130,612	135,232,547	95.15	-	135,232,547	95.15

(1) The total tax levy includes County taxes, as well as relieved school taxes and that portion of current school tax returned to the County for collection and enforcement in November of the previous year.

Source: Putnam County Finance Department

(1) The total tax levy includes County and Town tax levies, relieved school taxes, as well as that portion of current school tax returned to the County for collection and enforcement in November of the previous year.

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Debt Capacity

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

Ratios of Outstanding Debt by Type

Direct and Underlying Governmental Activities Debt

Legal Debt Margin Information

County of Putnam, New York

Ratios of Outstanding Debt By Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Percentage of Actual Taxable Value of Property	Business-type Activities
	General Obligation Bonds	Less Debt Service Funds Available	Net		Tobacco Securitization Bonds (2)
2008	\$ 58,637,900	\$ 817,903	\$ 57,819,997	0.34 %	\$ 17,941,069
2009	58,190,401	1,300,344	56,890,057	0.36	17,846,135
2010	60,128,511	162,942	59,965,569	0.39	17,993,677
2011	60,774,777	415,400	60,359,377	0.43	18,200,859
2012	64,362,498	630,433	63,732,065	0.46	18,396,974
2013	66,790,833	430,823	66,360,010	0.49	20,016,893
2014	66,715,014	522,020	66,192,994	0.50	19,993,540
2015	63,629,516	437,144	63,192,372	0.48	20,141,437
2016	63,525,194	226,176	63,299,018	0.47	19,246,192
2017	63,231,512	167,987	63,063,525	0.47	19,433,722

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

(2) - The financial statements of the Putnam Tobacco Asset Securitization Corporation have been reflected as a blended component unit of the County beginning in 2004 in accordance with the Governmental Accounting Standards Board Technical Bulletin 2004-1.

(3) - Personal income and population divided by gross general obligations and tobacco securitization bonds.

(4) - Personal income and population divided by general obligations and tobacco securitization bonds, less debt service funds available.

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

*Data not available

<u>Total Primary Government, Net</u>	<u>Gross Percentage of Personal Income (1)(3)</u>	<u>Gross Per Capita (1)(3)</u>	<u>Net Percentage of Personal Income (1)(4)</u>	<u>Net Per Capita (1)(4)</u>
\$ 75,761,066	1.40 %	\$ 761.93	1.38 %	\$ 753.79
74,736,192	1.44	766.00	1.42	752.90
77,959,246	1.56	782.83	1.56	781.19
78,560,236	1.50	790.49	1.50	786.33
82,129,039	1.35	830.89	1.34	824.56
86,376,903	1.59	871.60	1.58	867.27
86,186,534	1.53	873.62	1.52	868.36
83,333,809	1.44	843.91	1.43	839.51
82,545,210	1.40	836.92	1.40	834.63
82,497,247	*	832.29	*	830.60

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County of Putnam, New York

Direct and Underlying Governmental Activities Debt
As of December 31, 2017

UNDERLYING DEBT

<u>Municipality or School District</u>	<u>Gross Long-Term Debt (1)</u>	<u>Exclusions (2)</u>	<u>Amount Applicable To County (3)</u>
Towns: (as of December 31, 2017)			
Carmel	\$ 24,479,682	4,434,200	\$ 20,045,482
Kent	1,371,500	188,967	1,182,533
Patterson	5,605,000	105,000	5,500,000
Philipstown	145,000	69,106	75,894
Putnam Valley	120,000		120,000
Southeast	9,623,000	3,254,380	6,368,620
Villages: (as of May 31, 2017)			
Brewster	11,225,000	11,225,000	-
Cold Spring	536,009	349,898	186,111
Nelsonville	0.00	0.00	-
Schools: (as of June 30, 2017)			
Brewster	31,785,000	5,170,017	26,614,983
Carmel	28,564,506	2,658,397	25,906,109
Garrison	4,801,121	904,232	3,896,889
Haldane	10,559,888	528,951	10,030,937
Mahopac	9,350,411		9,350,411
Putnam Valley	10,934,911		10,934,911
Total Underlying Debt			120,212,880
Direct Bonded Debt of the County			<u>63,231,512</u>
Direct and Underlying Debt			<u><u>\$ 183,444,392</u></u>

(1) Excludes proprietary funds.

(2) Exclusions reflect the amount available for repayment in the Debt Service Fund.
For School Districts, the State School building aid has also been excluded.

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

County of Putnam, New York

Legal Debt Margin Information
Last Ten Fiscal Years

	2008	2009	2010	2011
Debt Limit	\$ 942,037,291	\$ 1,023,861,556	\$ 1,019,431,927	\$ 1,022,630,297
Total Net Debt Applicable to Limit	58,637,900	55,240,401	58,545,401	57,340,181
Legal Debt Margin	\$ 883,399,391	\$ 968,621,155	\$ 960,886,526	\$ 965,290,116
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.22%	5.40%	5.74%	5.61%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessment Roll		Assessed Valuation	State Special Equalization Ratio	Full Valuation
Year	Budget Year			
2013	2013	\$ 10,695,704,558	79.11 %	\$ 13,520,041,155
2014	2014	10,476,291,916	79.16	13,234,325,311
2015	2015	10,344,827,908	78.66	13,151,319,486
2016	2016	10,350,978,494	77.63	13,333,735,017
2017	2017	10,403,120,327	77.31	13,456,370,880
Total Five Year Full Valuation				\$ 66,695,791,849
Five Year Average Full Valuation of Taxable Real Property				13,339,158,370
Debt Limit - 7% of Five Year Average Full Valuation				933,741,086
Outstanding County Debt:				
Serial Bonds			60,512,925	
Bond Anticipation Notes			-	60,512,925
Less:				
Exclusion for Water and Sewer Districts Appropriations in 2017 Budget, Exclusive of Water and Sewer Districts			5,975,447	5,975,447
Net Indebtedness Subject to Debt Limit				54,537,478
Net Debt Contracting Margin				\$ 879,203,608

(1) Full valuations are furnished by the State Comptroller based on finalized town assessment rolls at the time of determination. Full valuations presented differ from values in other tables due to timing differences for establishing final rolls in the County's six component towns.

(2) Excludes enterprise fund bonds.

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 1,014,337,290	\$ 1,027,867,561	\$ 985,907,962	\$ 954,312,902	\$ 941,949,445	\$ 933,741,086
<u>61,732,317</u>	<u>59,902,458</u>	<u>59,542,148</u>	<u>54,911,767</u>	<u>55,063,068</u>	<u>54,537,478</u>
<u>\$ 952,604,973</u>	<u>\$ 967,965,103</u>	<u>\$ 926,365,814</u>	<u>\$ 899,401,135</u>	<u>\$ 886,886,377</u>	<u>\$ 879,203,608</u>
6.09%	5.83%	6.04%	5.75%	5.85%	5.84%

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Demographic and Economic Information

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

Demographic Statistics

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County of Putnam, New York

Demographic Statistics Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>Population (1)</u>	<u>Personal Income (1)</u>	<u>Per Capita Income (1)</u>	<u>Annual Ave Unemployment Rate (2)</u>
2008	100,507	\$ 5,472,188,000	\$ 54,976	4.4 %
2009	99,265	5,264,243,000	52,819	6.7
2010	99,795	5,009,577,000	50,199	7.2
2011	99,907	5,247,819,000	52,527	7.0
2012	99,604	6,128,224,000	61,501	7.2
2013	99,596	5,467,134,000	54,893	6.1
2014	99,252	5,655,367,000	56,980	4.9
2015	99,265	5,822,347,000	58,655	4.3
2016	98,900	5,903,623,000	59,693	4.0
2017	99,323	*	*	4.3

Sources:

- (1) U.S. Bureau of Economic Analysis
- (2) New York State Department of Labor

*Data not available

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Operating Information

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

Construction Permit Data

Principal Employers

Full-Time Equivalent Town Government Employees by Function

Operating Indicators by Function/Program

Capital Asset Statistics by Function

County of Putnam, New York

Construction Permit Data Last Ten Fiscal Years

<u>Year</u>	<u>Value of Residential Construction (1)</u>	<u>Number of Building Permits (1)</u>
2008	\$ 25,949,306	74
2009	13,906,710	54
2010	24,427,410	67
2011	27,952,050	138
2012	11,721,445	38
2013	14,419,500	52
2014	13,233,825	58
2015	11,562,070	50
2016	12,369,758	41
2017	12,859,223	36

Sources:

(1) U.S Census Bureau

County of Putnam, New York

Principal Employers
Current Year and Nine Years Ago

<u>EMPLOYER</u>	2017	
	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL EMPLOYMENT</u>
PUTNAM HOSPITAL CENTER	938	1.91 %
MAHOPAC CENTRAL SCHOOL DISTRICT	773	1.57
CARMEL CENTRAL SCHOOL DISTRICT	712	1.45
COUNTY OF PUTNAM	700	1.42
BREWSTER CENTRAL SCHOOL DISTRICT	600	1.22
GREEN CHIMNEYS CHILDREN'S SERVICES	502	1.02
PUTNAM ASSOCIATED RESOURCE CENTER	375	0.76
PUTNAM VALLEY CENTRAL SCHOOL DISTRICT	290	0.59
CEREBRAL PALSY ASSOCIATION OF PUTNAM & SOUTHERN DUTCHESS	264	0.54
BIG V SHOP RITE SUPERMARKETS, INC.	250	0.51
	<u>5,404</u>	<u>10.98 %</u>

<u>EMPLOYER</u>	2008	
	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL EMPLOYMENT</u>
PUTNAM HOSPITAL CENTER	1,095	2.04 %
CARMEL CENTRAL SCHOOL DISTRICT	808	1.51
MAHOPAC CENTRAL SCHOOL DISTRICT	700	1.31
BREWSTER CENTRAL SCHOOL DISTRICT	620	1.16
PUTNAM COUNTY	600	1.12
WATSON PHARMACEUTICAL	529	0.99
A&P	485	0.90
PUTNAM ASSCO RESOURCE CENTER	375	0.70
GREEN CHIMNEYS	355	0.66
GUIDEPOST ASSOCIATES, INC.	120	0.22
	<u>5,687</u>	<u>10.61 %</u>

Source: Putnam County Planning Department

County of Putnam, New York

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

Function	Full-time Equivalent Employees as of December 31,			
	2008	2009	2010	2011
General Government	156	159	143	144
Education	1	1	1	1
Public Safety	211	202	200	200
Health	83	80	71	71
Transportation	44	41	39	39
Economic Opportunity and Development	173	158	161	160
Culture and Recreation	20	18	17	17
Home and Community Services	9	10	9	9
Total	<u>697</u>	<u>669</u>	<u>641</u>	<u>641</u>

Source: Putnam County Finance Department

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
153	155	156	141	153	144
1	1	1	1	1	1
206	198	200	195	196	203
58	56	52	54	54	49
34	33	35	34	38	36
161	158	156	143	157	153
19	20	21	11	14	13
<u>7</u>	<u>7</u>	<u>8</u>	<u>7</u>	<u>7</u>	<u>7</u>
<u>639</u>	<u>628</u>	<u>629</u>	<u>586</u>	<u>620</u>	<u>606</u>

County of Putnam, New York

Operating Indicators by Function/Program
Last Ten Fiscal Years

	2008	2009	2010	2011
Function:				
General Government:				
Motor Vehicles				
Number of drivers' licenses issued	16,778	N/A	N/A	23,609
County Clerk				
Number of mortgages recorded	3,907	3,294	3,101	3,154
Finance				
Number of certificates of residence issued	2,099	2,412	2,490	2,523
Highway:				
Number of permits issued	23	20	12	14
Public Safety:				
Emergency Services				
Number of calls at 911 center	37,911	39,725	35,601	36,742
Corrections				
Total Inmate admissions	844	868	930	936
Probation				
Average Monthly # Criminal Court Supervision Cases	550	599	609	600
Health:				
Number of Home Health Aid Visits	1,740	1,928	1,470	*
Number of Vaccines (Immunization & flu)	5,221	10,621	5,977	4,829
Culture and Recreation:				
Number of rounds of golf played	22,951	29,739	32,898	25,462
Home and Community Services:				
Transportation				
Ridership on public buses	174,243	177,246	186,867	172,781
Economic Assistance and Opportunity				
OFA				
Meals				
Homebound	20,194	22,362	22,713	26,606
Senior Centers	57,190	61,588	60,324	62,321

* Home Health agency was sold in 2010.

N/A - Information not available

Source: Various County Departments

2012	2013	2014	2015	2016	2017
16,197	10,660	11,458	11,521	11,861	21,250
3,402	3,595	2,391	2,601	2,808	2,655
2,153	2,106	1,666	1,488	1,786	1,816
13	25	26	24	16	22
41,782	42,795	33,060	34,625	35,173	36,688
894	746	720	662	680	628
600	600	600	575	517	453
*	*	*	*	*	*
5,801	5,657	5,041	4,522	4,375	4,153
31,335	30,088	30,221	32,428	32,917	30,515
168,331	160,464	144,151	134,381	143,681	132,931
33,095	30,247	32,240	33,928	33,298	34,608
66,462	59,440	52,787	52,943	53,078	56,747

County of Putnam, New York

Capital Asset Statistics By Function
Last Ten Fiscal Years

Function	2008	2009	2010	2011
General Government - Buildings	6	6	7	7
Public Safety - Buildings	3	3	3	3
Health - Buildings	3	3	3	3
Transportation - Buildings	1	1	1	1
Culture and Recreation - Parks acreage	2,699	2,966	2,698	2,698
Buildings	7	8	8	8
Economic Opportunity - Buildings	5	5	5	5
Home & Community Services - Buildings	1	1	1	1

Source - Various County departments

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
8	8	8	8	8	8
3	4	4	4	5	5
3	3	3	3	3	3
1	1	1	1	1	1
2,698	2,698	2,698	2,698	2,698	2,698
8	8	8	8	8	8
5	5	5	5	5	5
1	1	1	1	1	1

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FEDERAL AWARDS

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, 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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 27, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to the management of the County in a separate letter.

Purpose of this Report

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

June 27, 2018

**Report on Compliance For Each Major Federal Program and Report on
Internal Control Over Compliance Required by
the Uniform Guidance**

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

We have audited the County of Putnam, New York's ("County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2017. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

June 27, 2018

County of Putnam, New York

Schedule of Expenditures of Federal Awards
Year Ending December 31, 2017

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number (1)	Pass-Through Entity Identifying Number	Passed Through to Sub- Recipients	Federal Program Expenditure
<u>U.S. Department of Agriculture</u>				
Indirect Program - Passed through NYS Dept. of Health				
Special Supplemental Food				
Program for Women, Infants and Children	10.557	C30467GG	\$ -	\$ 397,520
Issued through NYS WIC State Information System	10.557		-	762,841
Indirect Program - Passed Through Department of Temporary and Disability				
Assistance State Admin Matching Grants for Supplemental Nutrition				
Assistance Program	10.561		-	799,835
Total U.S. Department of Agriculture			-	1,960,196
<u>U.S. Department of Justice</u>				
Indirect Programs - Passed through NYS Office of Victim Services				
Crime Victim Assistance	16.575	C100064	-	131,478
Indirect Programs - Passed through NYS Children's Alliance				
Improving the Investigation and Prosecution of Child Abuse and the				
Regional and Local Children's Advocacy Centers	16.758	5-BREW-NY-SA16	7,000	7,000
Direct Program				
State Criminal Alien Assistance Program (SCAAP)	16.606	2014 AP-BX-0883/ 2015 AP-BX 0492	-	50,182
			7,000	188,660
Total U.S. Department of Justice			7,000	188,660
<u>Department of Labor</u>				
Indirect Programs - through Westchester County:				
WIA Adult Programs	17.258		-	92,417
WIA Dislocated Worker	17.278		-	80,087
Total Department of Labor			-	172,504
<u>U.S. Department of Transportation</u>				
Direct Programs				
New Freedom Program	20.521	PIN 8823.44 NY-57- X030 / NY-2016-036	-	4,238
Federal Transit Formula Grants	20.507	PIN 8756.84 NY-95- X020 / PIN 8759.05 NY-90-X655; NY-95- X019; NY-90-X636; NY-90-X701; NY-90- X713/ PIN 8761.05 NY-95-X040	-	807,286
			-	811,524
Indirect Programs - Passed through Governor's Traffic Safety Committee -				
DMV Occupant Protection Incentive Grant	20.602	CPS-16-PCS000172- (40)/CPS-16-00142	-	-
Indirect Programs - Passed through NYS Department of Criminal Justice				
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601		-	5,556
Indirect Programs - Passed through NYS Stop DWI Foundation Inc.				
State and Community Highway Safety	20.600	PTS-2017-PCSO- 00233-(40)/ PTS- 2018-PCSO	-	15,690

(Continued)

County of Putnam, New York

Schedule of Expenditures of Federal Awards (Continued)
Year Ending December 31, 2017

Federal Grantor Program Title	Federal CFDA Number (1)	Pass-Through Entity Identifying Number	Passed Through to Sub- Recipients	Federal Program Expenditure
<u>U.S. Department of Transportation (Continued)</u>				
	20.616	DMV01-C002198- 3700393 (HS1-2016- NYS STOP DWI FOUND-00033- (088)/HS1-2017- NYS STOP DWI FOUND-00183-(88)	\$ 4,643 <u>4,643</u>	\$ 6,598 <u>27,844</u>
Indirect Programs - Passed through NYS Department of Transportation				
Highway Planning & Construction	20.205	PIN 8757.48 D035017 / PIN 8822.84.12A- D035345/PIN 8780.53 D034883	-	379,490
Formula Grants for Rural Areas	20.509	PIN 8795.36.404 NY-18-X034 ST GR #C003923	-	91,000
Bus & Bus Facilities Formula Grant	20.526	PIN 8TRM61 NY- 2016-036	-	8,215
Metropolitan Transportation Planning	20.505	C033470	-	154,216
Indirect Program - Passed through NYS Department of Homeland Security Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	T836346/T972756	-	5,172
Total U.S. Department of Transportation			<u>4,643</u>	<u>1,477,461</u>
<u>U.S. Elections Assistance Commission</u>				
Indirect Program - Passed through NYS Board of Elections Help Americans Vote Act Requirements Payments	90.401	C003239	-	7,791
<u>Corporation for National and Community Service</u>				
Direct Program Retired and Senior Volunteer Program	94.002	15SRANY003	-	41,015
<u>US Department of Homeland Security</u>				
Indirect Program - Passed through NYS Emergency Management				
Disaster Grant - Public Assistance	97.036	FEMA-DR4020 PW- 5345 / FEMA-PA-02- NY4085 PW-02621	-	349,567
Emergency Management Performance Grants	97.042	T836365- WM16836365	-	-
Indirect Program - Passed through NYS Office of Homeland Security and Emergency Management				
Homeland Security Grant Program	97.067	WM15972750 / C972742 / WM14972740	-	265,029
Total US Department of Homeland Security			<u>-</u>	<u>614,596</u>
<u>U.S. Department of Education</u>				
Indirect Program - Passed through the NYS Department of Health: Special Education - Grants for Infants & Families	84.181	C027501	-	37,259

(Continued)

County of Putnam, New York

Schedule of Expenditures of Federal Awards (Continued)
Year Ending December 31, 2017

Federal Grantor Program Title	Federal CFDA Number (1)	Pass-Through Entity Identifying Number	Passed Through to Sub- Recipients	Federal Program Expenditure
<u>U.S. Department of Health and Human Services</u>				
Indirect Programs - Passed through NYS Office of Aging:				
Special Programs for the Aging-Title III, Part B-Grants for Supportive	93.044		\$ -	\$ 73,411
Special Programs for the Aging-Title III, Part D-Disease Prevention &	93.043		-	3,112
Special Programs for the Aging-Title III, Part C - Nutrition Services	93.045		-	146,038
National Family Caregiver Support, Title III, Part E	93.052		-	32,541
Nutrition Services Incentive Program	93.053		-	51,170
Medicare Enrollment Assistance Program	93.071		-	11,986
			-	318,258
Indirect Programs - Passed through NYS Office of Temporary and Disability Assistance:				
Promoting Safe and Stable Families	93.556		-	2,386
		15-OCFS-LCM-06 / 16-LCM-03	-	1,541,182
Temporary Assistance of Needy Families (TANF)	93.558		-	378,993
Child Support Enforcement	93.563		-	(3,777)
Low Income Home Energy Assistance	93.568		-	604,627
HEAP Benefits issued through OSC	93.568		-	1,021,498
Child Care Development Block Grant	93.575	MOU #2303	-	399,598
Foster Care Title IV E	93.658		-	79,097
Adoption Assistance	93.659		-	286,500
Social Services Block Grant - Title XX	93.667		-	772
Chafee Foster Care Independence Program	93.674		-	4,310,876
Substance Abuse and Mental Health Services Administration				
Direct Program				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	CCSI MOU2015197	-	-
Indirect Programs - Passed through NYS Office of Alcoholism and Substance Abuse:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959		-	427,420
			-	427,420
Indirect Programs - Passed through NYS Department of Health:				
Immunization Cooperative Agreements	93.268	C028312	-	15,767
Foster Care Title IV E	93.658		-	-
Medical Assistance Program	93.778		-	1,609,608
Federal Share of all MA Expenditures via eMedNY	93.778	MR-0-54 C026529/C- 30912GG	-	71,012,483
Maternal and Child Health Services BG to the States	93.994		-	9,417
			-	72,647,275
Indirect Programs - Passed through NYS Office for Aging:				
Centers for Medicare & Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779		-	33,031
Indirect Program - Passed through Health Resources & Services Administration				
Cooperative Agreements 001592-11	93.074	HRI A/C 15/0804/03 - HRI C#5007-01; HRI C-1592-11	-	143,172
Total U.S. Dep't of Health & Human Services			-	77,880,032
Total Expenditures of Federal Awards			\$ 11,643	\$ 82,379,514

(1) Catalog of Federal Domestic Assistance Number

The accompanying notes are an integral part of this schedule.

County of Putnam, New York

Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the County of Putnam, New York ("County") under programs of the federal government for the year ended December 31, 2017. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The County has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

County of Putnam, New York

**Summary Schedule of Prior Audit Findings
Year Ended December 31, 2017**

None

County of Putnam, New York

Schedule of Findings and Questioned Costs
Year Ended December 31, 2017

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether
the financial statements audited were
prepared in accordance with GAAP

Unmodified

Internal control over financial reporting

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

___ Yes X No
___ Yes X None reported

Noncompliance material to financial statements
noted?

___ Yes X No

Federal Awards

Internal control over major federal programs

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

___ Yes X No
___ Yes X None reported

Type of auditors' report issued on compliance
for major federal programs

Unmodified

Any audit findings disclosed that are
required to be reported in accordance with
2 CFR 200.516(a)?

___ Yes X No

Identification of major federal programs

CFDA Number(s)

Name of Federal Program or Cluster

93.778

Medical Assistance Program (Medicaid; Title XIX)

Dollar threshold used to distinguish
between Type A and Type B programs
Auditee qualified as low-risk auditee?

\$2,471,385
 X Yes ___ No

County of Putnam, New York

Schedule of Findings and Questioned Costs
Year Ended December 31, 2017

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None