

**BOOK-ENTRY ONLY
RENEWAL**

RATING: Moody's Investors Service: " " "
(SEE "RATING" HEREIN)

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

The Bonds will be designated by the County as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

COUNTY OF COLUMBIA, NEW YORK

\$1,165,000 PUBLIC IMPROVEMENT (SERIAL) BONDS, 2017 SERIES A

DATED: Date of Delivery

**DUE: March 1, 2018 to 2024
as shown on inside cover**

The \$1,165,000 Public Improvement (Serial) Bonds, 2017 Series A (the "Bonds") are general obligations of the County of Columbia, New York (the "County"). The County has pledged its faith and credit for the payment of principal and interest on the Bonds and unless paid from other sources the Bonds are payable from ad valorem taxes which may be levied upon all the taxable real property within the County, subject to applicable statutory limits.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read this entire Official Statement to obtain information essential to making an informed decision.

Interest on the Bonds will be payable on each September 1 and March 1, beginning September 1, 2017 until final maturity.

The Bonds will be issued in registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Principal and interest on the Bonds will be paid by the County to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. See "BOOK ENTRY ONLY SYSTEM" herein.

The Bonds are not subject to redemption prior to maturity.

The Bonds are offered for delivery when, as and if issued and received by the Purchaser, subject to the receipt of the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, New York, New York. Environmental Capital LLC is serving as Financial Advisor to the County with respect to the Bonds. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in Jersey City, New Jersey on or about May 4, 2017.

Dated: April __, 2017

\$1,165,000 PUBLIC IMPROVEMENT (SERIAL) BONDS, 2017 SERIES A

Dated: Date of Delivery

Principal Due: March 1, of each year as shown below

Interest Due: September 1, 2017, March 1, 2018, and semi-annually thereafter on each September 1 and March 1 until maturity

| <u>Maturity (March 1)</u> | <u>Amount[†]</u> | <u>Interest Rate</u> | <u>Price or Yield</u> | <u>CUSIP[*]</u> <u>(Base: 197504)</u> |
|--------------------------------------|----------------------------------|---------------------------------|----------------------------------|---|
| 2018 | \$160,000 | | | |
| 2019 | 160,000 | | | |
| 2020 | 165,000 | | | |
| 2021 | 165,000 | | | |
| 2022 | 170,000 | | | |
| 2023 | 170,000 | | | |
| 2024 | 175,000 | | | |

* Copyright 1999-2012, Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers have been assigned by an independent company not affiliated with the County and are included solely for the convenience of the owners of the Bonds. The County is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

[†] Preliminary, Subject to Change

COUNTY OF COLUMBIA, NEW YORK

Board of Supervisors

Matt Murell, Chairman

| | |
|----------------------|-----------------|
| Arthur Bassin | Don Moore |
| Mike Benvenuto | Matt Murell |
| Peter Cipkowski | Edward Nabozny |
| Joel Craig | Jeffrey Nayer |
| Edward Cross | John Reilly |
| Patrick Grattan | Richard Scalera |
| Jim Guzzi | Raymond Staats |
| William Hughes | Sarah Sterling |
| Richard Keaveney Sr. | Colleen Teal |
| Ronald Knott | Eric Tyree |
| Robert Lagonia | Kippy Wielgelt |
| Maria Lull | |

Paul J. Keeler, County Treasurer
Kelly Baccaro, County Clerk
Robert Fitzsimmons, County Attorney
Ronald Caponera, County Controller

Bond Counsel

Orrick, Herrington & Sutcliffe LLP
New York, NY

Financial Advisor

ENVIRONMENTAL CAPITAL LLC
110 West 40th Street, Suite 703
New York, NY 10018
(212) 302-4227
Fax (212) 302-4420

No dealer, broker, salesman or other person has been authorized by the County of Columbia (the "County") to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

The information set forth herein has been furnished by the County, The Depository Trust Company (as to itself and the book-entry-only system) and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of the Underwriter.

CERTAIN STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT REFLECT NOT HISTORICAL FACTS BUT FORECASTS AND "FORWARD-LOOKING STATEMENTS." IN THIS RESPECT, THE WORDS "ESTIMATE," "PROJECT," "ANTICIPATE," "EXPECT," "INTEND," "BELIEVE" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAVE THE AUTHORIZING RESOLUTIONS BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATIONS TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

References herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to this Official Statement they may be obtained from the County, upon prepayment of reproduction costs, postage and handling expenses.

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OFFICIAL STATEMENT
of the
COUNTY OF COLUMBIA, NEW YORK
Relating to

\$1,165,000 PUBLIC IMPROVEMENT (SERIAL) BONDS, 2017 SERIES A

This Official Statement, which includes the cover page, inside cover page, and appendices hereto, presents certain information relating to the County of Columbia, in the State of New York (the "County" and "State", respectively) in connection with the sale of \$1,165,000 Public Improvement (Serial) Bonds, 2017 Series A (the "Bonds").

The factors affecting the County's financial condition and the Bonds are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the County tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

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

DESCRIPTION OF THE BONDS

The Bonds are general obligations of the County and will contain a pledge of its faith and credit for the payment of the principal thereof and interest thereon as required by the Constitution and laws of the State of New York (State Constitution, Art. VIII, Section 2: Local Finance Law, Section 100.00). All the taxable real property within the County is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, subject to applicable statutory limits. See "REAL PROPERTY TAXES" herein.

The Bonds will be issued in registered form, and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable at maturity. Principal and interest will be paid by the County to DTC, which will in turn remit such principal and interest to its Participants for subsequent distribution to the Beneficial Owners of the Bonds and as described herein. The Record Date for the Bonds is the fifteenth day of the calendar month preceding the maturity date.

Authority for and the Purpose of Bonds

The proceeds of the Bonds, together with \$137,000 provided by the County, will be used to redeem \$1,302,000 of the County's Bond Anticipation Notes, 2016 Series B, maturing May 6, 2017, originally issued to pay the cost of improvements to community college buildings, installation of a security system at the County jail, and the acquisition of a computer software system in the County.

BOOK-ENTRY-ONLY SYSTEM

The information in this Section concerning DTC and DTC's book-entry only system has been obtained from DTC. Neither the County nor the Purchaser makes any representation or warranty regarding the accuracy or completeness thereof.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other nominee as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC

also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of bond certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC rules applicable to Participants are on file with the Securities and Exchange Commission.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bonds documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

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

Principal and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County. Disbursement of such payments to Direct Participants shall be the responsibility of DTC and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered. The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the bond certificates will be printed and delivered.

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

Each person for whom a Participant acquires an interest in the Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. NEITHER THE COUNTY NOR THE PURCHASER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE BONDS.

So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, references herein to Bondholders registered owners of the Bonds (other than under the heading "TAX MATTERS" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds.

THE COUNTY

General Information

The County, with a land area of 643 square miles and an estimated population of 62,195 (2011-2015 American Community Survey 5-Year Estimate, U.S. Census Bureau), is located in east-central New York State and extends from the Hudson River on the west to the Massachusetts border on the east between the Counties of Dutchess and Rensselaer. While major portions of the County are rural and agricultural in character, the County includes the City of Hudson and its surrounding area, which serve as the commercial, industrial and governmental hub of the County. The leading products manufactured in the County include plastics, furniture and fixtures, building products, paper products, and a cement storage plant which is located just south of the City of Hudson. Agricultural products include dairy, poultry, livestock and fruit production. The County is also a haven for passive recreation enthusiasts from the New York City region.

Transportation facilities include rail passenger service by Amtrak, rail freight transportation by Conrail and major highways which include the Berkshire Spur of the New York State Thruway system, the Taconic State Parkway, New York State Routes 9, 9G, and 9H along with numerous County highways. Air transportation is available at nearby Albany County Airport, along with business flights from the local Columbia County airport.

Form of Government

In New York State, local government services are generally provided by counties, cities, towns and villages. The County provides law enforcement services, economic assistance, health and nursing services, maintains county roads, co-sponsors a joint community college and provides numerous other services. The County Board of Supervisors is the main policy making body of the County. It has the power to levy taxes, adopt the County budget, make appropriations and adopt local laws. The County Board of Supervisors is a 23 member body consisting of one Supervisor from each of the 18 towns and one Supervisor from each of the five wards in the City of Hudson. Voting strength of each Supervisor is weighted to reflect population of that constituency. Supervisors are elected at large, within the area they represent, for two or four year terms in November of a given year. Annually, the Board of Supervisors elects a chairman from among its members. The Chairman of the Board of Supervisors is the chief executive officer who also acts on behalf of the County Board of Supervisors. The County Treasurer, who is elected at large within the County for a four year term, is the chief fiscal officer of the County. The County Treasurer maintains the fiscal records, is responsible for receipt of, depositing of and disbursing of all funds of the County and issuance of bonds and notes of the County. The other administrative officials of the County, including the County Attorney, County Controller/Auditor, Compliance Office, Budget Officer, Clerk of the Board and the various Commissioners, are appointed by the County Board of Supervisors. Other elected administrative officials of the County include the County Clerk, the District Attorney and the Sheriff, all elected to four year terms.

Employees

The County provides services through 609 full-time and 255 permanent part-time employees, some of whom are represented by the following units of organized labor:

Table 1
Employees

| <u>Number of</u> <u>Employees</u> | <u>Organization</u> | <u>Contract</u> <u>Expiration Date</u> |
|--------------------------------------|---|---|
| 500 | United Public Service Employees-Union Local | 12/31/2017* |
| 56 | Columbia County Sheriffs Benevolent Assoc. | 12/31/2016* |
| 53 | Columbia County Correctional Officers Benevolent Assoc. | 12/31/2019 |
| 245 | Managerial/Part-Time | N/A |
| 10 | 911 Dispatchers | 12/31/2017* |

*Under negotiations

Pine Haven Home

The County previously operated the 120-bed Pine Haven Nursing Home ("Nursing Home"). Effective July 1, 2016, ownership of the Nursing Home changed from the County to Premier Health Care with approval from the New York State Department of Health. The proceeds of the sale were used to reimburse the General Fund.

Prior to the sale, the County had budgeted and made subsidy payments and loans from the General Fund to the Nursing Home. The loans primarily covered debt service, if any, the employee's share of New York State Retirement cost and the self-

insurance/worker's compensation payments for the Nursing Home. The County has made the following loans to the Nursing Home during the past five years:

Table 2
Loans to Nursing Home from the General Fund

| <u>Fiscal Year Ending</u> | <u>New Loans for Fiscal Year</u> | <u>Aggregate Amount of Loans due to the County</u> |
|---------------------------|----------------------------------|--|
| 2012 | - | \$1,400,000 |
| 2013 | \$2,100,000 | \$3,500,000 |
| 2014 | \$1,100,000 | - ¹ |
| 2015 | \$6,200,000 | \$6,200,000 |
| 2016 ² | \$1,800,000 | \$2,000,000 |
| 2017 (Projected) | - | - ³ |

¹ In 2014, the County received a reimbursement of \$5,154,877 from the Federal Government under the Intergovernmental Medicaid program. It was used to pay all of the receivables due to the General Fund.

² In 2016, the County used proceeds from the Nursing Home sale to pay off \$4,000,000 of loans due to the Nursing Home. In December 2016, the County received approximately \$2 million from the Federal Government under the Intergovernmental Medicaid revenue program that was used to reduce the Nursing Home loan balance.

³ The County has fully repaid the General Fund. In addition, the County expects to receive an additional \$1,000,000 to \$2,000,000 from the the Intergovernmental Medicaid program in 2017.

During the past five years, the County has acted as an intermediary for Intergovernmental Medicaid transfers from New York State as follows:

Table 3
Transfers for Intergovernmental Medicaid

| <u>Year</u> | <u>Transfer</u> |
|-------------|-----------------|
| 2012 | \$3,302,778 |
| 2013 | 1,391,886 |
| 2014 | 5,154,877 |
| 2015 | 4,028,162 |
| 2016 | 2,000,000 |

For the fiscal year ending December 31, 2016, the County did not include transfers of Intergovernmental Medicaid revenues in its budget and received \$2,000,000 million. In addition, the County expects to receive \$2,000,000 during the fiscal year ending December 31, 2017 and has not budgeted any appropriations or revenues in Medicaid pay back to New York State.

Columbia-Greene Community College

The Columbia-Greene Community College (the "College") is a comprehensive, two-year college operating under the program of the State University of New York. The College offers a variety of programs leading to the degrees of Associate in Arts, Associate in Science and Associate in Applied Science, as well as one-year certificate programs and specialized courses in response to community interest. The College is sponsored on a joint basis by the Counties of Columbia and Greene. Capital costs are shared by the sponsoring counties and the State of New York. The operating costs not covered by student tuition and fees are shared by the State and the sponsoring counties. Operating fund contributions after State payments between the sponsoring counties are proportioned by the prior year enrollment in the College from each sponsor's residence. The County's contributions to the general fund of the College for the last five years have been as follows:

Table 4
Contributions to Community College

| <u>Year</u> | <u>Amount</u> |
|-----------------|---------------|
| 2011 | \$2,673,667 |
| 2012 | 2,663,553 |
| 2013 | 2,663,553 |
| 2014 | 2,656,808 |
| 2015 | 2,720,196 |
| 2016 | 2,857,734 |
| 2017 (Budgeted) | 2,909,734 |

The County also contributes to capital projects undertaken at the College. As of December 31, 2016, the County had approximately \$300,000 in serial bonds and \$305,983 in bond anticipation notes outstanding for the County's share of the reconstruction of various College buildings. The County will be making principal payments of \$50,000 in each of the years 2017 through 2022 for this bond.

Employee Pension Benefits

Substantially all employees of the County eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York State and Local Employees' Retirement System ("ERS") and the Local Police and Fire Retirement System ("PFRS"), collectively referred to as the "System". The System is a cost sharing, multiple public employers' retirement system. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). The System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The NYSRSSL generally provides that all participating employers in each retirement system are jointly and severally liable for any un-funded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the System. The System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 with less than ten years of service must contribute 3% of gross annual salary toward the cost of retirement programs.

On December 12, 2009, a new Tier V was signed into law. The law became effective for new ERS and Teacher Retirement System ("TRS") hires on January 1, 2010. The legislation created a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring ERS employees to continue contributing 3% of their salaries and TRS employees to continue contributing 3.5% toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

Payments by the County to the Retirement System for the past five years and amount budgeted for 2017 are as follows:

| <u>Year</u> | <u>Amount</u> |
|----------------------|---------------|
| 2012..... | \$7,873,423 |
| 2013 | 8,091,360 |
| 2014 | 8,557,380 |
| 2015..... | 7,607,691 |
| 2016 | 7,486,650 |
| 2017 (Budgeted)..... | 5,800,000 |

The County has not elected to amortize any of its contributions for the last 5 years.

Other Post-Employment Benefits

The County's annual other post-employment 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 retiree's 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 costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. For the calendar year ended December 31, 2015, the County's Net OPEB cost was \$35,865,500. The County's unfunded actuarial accrued liability is equal to \$79,277,900 as of January 1, 2015.

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. The actuarial calculations of the OPEB plan reflect a long-term perspective.

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

| <u>Year End December 31</u> | <u>Pre-65 Medical</u> | <u>Post-65 Medical</u> | <u>Prescription Drug</u> |
|-----------------------------|-----------------------|------------------------|--------------------------|
| 2015 | 7.50% | 7.50% | 7.50% |
| 2016 | 7.00 | 7.00 | 7.00 |
| 2017 | 6.50 | 6.50 | 6.50 |
| 2018 | 6.00 | 6.00 | 6.00 |
| 2019 | 5.50 | 5.50 | 5.50 |
| 2020 | 5.00 | 5.00 | 5.00 |
| 2021 | 5.00 | 5.00 | 5.00 |

The number of participants entitled to OPEB benefits as of December 31, 2015 is estimated as follows:

| | |
|--|--------------------|
| Active Employees | 670 |
| Retired Employees | 289 |
| Retired Employees Spouses | <u>105</u> |
| Total | 1,064 |
| | |
| Annual Required Contribution | \$6,921,200 |
| Interest on Net OPEB Obligation | 923,400 |
| Adjustment to Annual Required Contribution | <u>(1,026,000)</u> |
| | |
| Annual OPEB Cost | 6,818,600 |
| Contributions Made | <u>(1,733,200)</u> |
| Increase in net OPEB obligation | 5,085,400 |
| Net OPEB Cost-Beginning of Year | <u>30,780,100</u> |
| | |
| Net OPEB Cost as of December 31, 2015 | \$35,865,500 |

FINANCIAL FACTORS

Independent Audit

The County's annual audited financial statements for the fiscal year ended December 31, 2015 were audited by Toski & Co., P.C., a firm of independent certified public accountants. Appendix A to this Official Statement presents certain information derived from the audited financial statements for the fiscal years December 31, 2011 through December 31, 2015. Appendix B contains the audited financial statements for the fiscal year ended December 31, 2015.

Fund Structures and Accounts

The County utilizes fund accounting to record and report its various service activities. A fund represents both a legal and an accounting entity, which segregates the transactions of specific programs in accordance with special regulations, restrictions or limitations.

The General Fund is the general operating fund for the County and is used to account for substantially all revenues and expenditures of the County. The County also maintains several major funds consisting of a County Road Fund and a Solid Waste Fund. In addition, a Capital Projects Fund is used to record capital facilities, while a Trust and Agency Fund accounts for assets received by the County in a fiduciary capacity. Other non-major funds include a Health Related Facility Fund, a Road Machinery Fund, Water Fund and Sewer Fund.

Basis of Accounting

The financial statements of the County are prepared on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded in the accounting period in which they are measurable and available to finance current operations. Revenues susceptible to accrual include real property taxes, services to other governments, intergovernmental revenues and operating transfers. Expenditures are generally recognized under the modified accrual basis, that is, when the related fund liability is incurred. Exceptions to this general rule are (1) payments to employee retirement systems which are recorded in the general long-term obligations account group, (2) unmatured interest on general long-term debt which is recognized as an expenditure when due, and (3) compensated absences which are charged as an expenditure when paid.

Revenues

Real Property Tax. The County derives a major portion of its revenues from a tax on real property (see "Statement of Revenues, Expenditures and Changes in Fund Balance" in Appendix A, herein). In its General Fund budget for the 2016 fiscal year, property taxes account for 27.4% of total operating revenues. The following table sets forth total General Fund revenues and real property tax revenues during the last five fiscal years and the amounts budgeted in 2016 and 2017:

Table 5
Real Property Taxes (General Fund)

| <u>Fiscal Year</u> | <u>Total Revenues</u> | <u>Real Property Taxes</u> | <u>Real Property Taxes to Revenues</u> |
|--------------------|-----------------------|----------------------------|--|
| 2011 | \$100,229,696 | \$28,263,752 | 28.2 % |
| 2012 | 106,705,215 | 28,121,623 | 26.4 |
| 2013 | 111,816,463 | 33,501,621 | 30.0 |
| 2014 | 111,850,317 | 28,743,702 | 25.7 |
| 2015 | 112,460,489 | 30,221,713 | 26.9 |
| 2016 (Budgeted) | 112,503,031 | 30,829,092 | 27.4 |
| 2017 (Budgeted) | 113,487,728 | 32,298,968 | 28.4 |

Source: Source: The County Controller, County's Audited Financial Statements Fiscal Year Ending 12/31 (2011-2015). County's Adopted Budget for Fiscal Year Ending 12/31/2016. This summary itself is not audited.

State Aid. The County receives financial assistance from the State. In its General Fund budget for the 2016 fiscal year, approximately 15.1% of the revenues of the County are estimated to be received in the form of State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the County, in any year, the County may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, the County may be affected by a delay in the payment of State aid. The State is not constitutionally obligated to maintain or continue State aid to the County. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the County requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures (see also "MARKET AND RISK FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE"). While the County has received State aid in recent years, both the determination of the amount of State aid and the apportionment of State aid are legislative acts and the State Legislature may amend or repeal the statutes relating to State aid and the formulas which determine the amount of State aid payable to the County. The current or future financial condition of the State may affect the amount of State aid appropriated by the State Legislature.

The following table sets forth General Fund revenues and State aid during the last five fiscal years and the amounts budgeted in 2016 and 2017:

Table 6
State Aid (General Fund)

| <u>Fiscal Year</u> | <u>Total Revenues</u> | <u>State Aid</u> | <u>State Aid to Revenues</u> |
|--------------------|-----------------------|------------------|------------------------------|
| 2011 | \$100,229,696 | \$16,152,358 | 16.1% |
| 2012 | 106,705,215 | 15,238,000 | 14.3 |
| 2013 | 111,816,463 | 15,264,054 | 13.7 |
| 2014 | 111,850,317 | 19,186,442 | 17.2 |
| 2015 | 112,460,489 | 19,585,980 | 17.4 |
| 2016 (Budgeted) | 112,503,031 | 17,562,337 | 15.1 |
| 2017 (Budgeted) | 113,487,728 | 19,019,115 | 16.8 |

Source: Source: The County Controller, County's Audited Financial Statements Fiscal Year Ending 12/31 (2011-2015).
County's Adopted Budget for Fiscal Year Ending 12/31/2016. This summary itself is not audited.

Sales and Compensating Use Taxes

Section 1210 of the New York Tax Law authorizes the County to levy sales and compensating use taxes of up to 3% in addition to the 4% tax levied by the State. Such sales and compensating use tax collections in New York are administered by the State Tax Commission and the proceeds are paid to the County monthly. The New York Tax Law, however, permits cities to impose a 1-1/2% sales and compensating use tax within their own jurisdictions preemptively. In such event, counties may levy a 3% sales and compensating use tax in the areas outside such cities and a 1-1/2% tax in the cities that exercise this preemptive right. However, in those jurisdictions where the 3% County tax applies, one-half thereof must be distributed to the towns and villages. The City of Hudson (the "City"), the only City in the County, has waived this preemptive right.

In 1995, the County received State legislative approval to increase the sales and compensating use tax from 3% to 4%. The increase took effect on March 1, 1995. The County received State legislative approval to continue the additional 1% sales tax. The County receives 70% of all sales and compensating use tax revenues, and the remaining 30% is distributed to the towns, villages, and City. In addition to the aforementioned distribution formula, the County pays .0084% of its gross quarterly sales tax revenue to the City in quarterly payments. These payments are made from the County's percentage of its gross sales tax revenue. A local law was adopted by the Board of Supervisors which prohibits any increase in the existing sales and compensating use tax, and the imposition of any new form of County tax except by a resolution approved by the affirmative vote of two-thirds of the total membership, or a majority of the total membership if such resolution is adopted subject to permissive referendum. The sales and compensating use tax collections as recorded by the County, net of the distributions as described above, for each of the last five fiscal years and the amounts budgeted in 2016 and 2017 are as follows:

Table 7
Sales and Use Tax

| <u>Fiscal Year</u> | <u>Sales and Use Tax</u> <u>Revenues Collected</u> |
|--------------------|---|
| 2011 | \$21,893,822 |
| 2012 | 23,119,921 |
| 2013 | 22,500,000 |
| 2014 | 26,647,353 |
| 2015 | 24,335,051 |
| 2016 (Budgeted) | 25,258,000 |
| 2017 (Budgeted) | 25,604,000 |

Source: Source: The County Controller, County's Audited Financial Statements Fiscal Year Ending 12/31 (2011-2015). County's Adopted Budget for Fiscal Year Ending 12/31/2016.
This summary itself is not audited.

Budget Process

During July of each year, budget request forms are sent to department heads who must return them by August 1. During August the Budget Officer reviews the requests and holds hearings with each department head and revisions are made where necessary. By November 15, the Budget Officer presents a tentative budget to the Clerk of the Board for review by Supervisors. During the month of December public hearings are held and by December 20 the Board of Supervisors adopts the final budget. The budget is not subject to referendum.

2016 Preliminary Results and Adopted Budget

The County expects the 2016 general fund results to be in balance. The County's 2016 Budget was adopted on December 9, 2015. It assumes no money will be appropriated from the fund balance in the General Fund. Total General Fund budgeted revenues for 2016 are equal to total budgeted expenditures for 2016.

2017 Budget

The County expects the 2017 general fund results to be in balance. The County's 2017 Budget was adopted on December 14, 2016. It assumes no money will be appropriated from the fund balance in the General Fund. Total General Fund budgeted revenues for 2017 are equal to total budgeted expenditures for 2017.

Investment Policy

The County's investments are governed by a formal written investment policy, which investment policy is consistent with the Investment Policies and Procedures guidelines promulgated by the Office of the State Comptroller.

Pursuant to the County Treasurer's investment policy, investments of monies not required for immediate expenditure may be made in certain obligations authorized by Section 11 of the General Municipal Law of the State, as defined therein being (a) Special time deposit accounts; (b) Certificates of deposit; (c) Obligations of the United States Government; and (d) Obligations of the State of New York. The County Treasurer's investment policy further provides that, in accordance with the provisions of Section 10 of the General Municipal Law of the State, all deposits, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act, are secured by a pledge of "eligible securities" with an aggregate "market value" equal to 110% of the aggregate amount of deposits. Eligible securities used for collateralizing deposits are to be held by a third party bank or trust company subject to security and custodial agreements. The County's investment policy also authorizes the County to enter into repurchase agreements, subject to the following restrictions: (a) All repurchase agreements must be entered into subject to a master repurchase agreement; (b) Obligations shall be limited to obligations of the United States of America and obligations of agencies of the United States of America where principal and interest are guaranteed by the United States of America; (c) No substitution of securities will be allowed; (d) The custodian shall be a party other than the trading partner, and (e) Repurchase agreements shall be for periods of days or less. The County Treasurer's investment policy does not permit the County to invest in reverse repurchase agreements or other derivative-type investments and the County does not invest in reverse repurchase agreements, or other derivative-type investments.

Fiscal Stress Monitoring System

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

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

The most current applicable report of the State Comptroller designates the fiscal stress for the County as No Designation.

For the Fiscal Stress Monitoring System 2015 List and Details for municipalities, including the County, visit:

<http://www1.osc.state.ny.us/localgov/fiscalmonitoring/fsms.cfm>

For a complete description of the Comptroller's Fiscal Stress Monitoring System visit:

<http://www.osc.state.ny.us/localgov/pubs/fiscalmonitoring/pdf/fiscalstressmonitoring.pdf>

For quick facts on the Fiscal Monitoring System, visit:

<http://www.osc.state.ny.us/localgov/fiscalmonitoring/pdf/factsheet.pdf>

Bond: Reference to websites implies no warranty of accuracy of information therein.

REAL PROPERTY TAXES

Tax Levy Limitation Law. On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It expires on June 16, 2020 unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index (“CPI”), over the amount of the prior year’s tax levy. Certain adjustments are permitted for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees’ Retirement System, the Police and Fire Retirement System, and the Teachers’ Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of its fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for such fiscal year.

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

Article 8 Section 2 of the State Constitution requires every issuer of general obligation notes and bonds in the State to pledge its faith and credit for the payment of the principal thereof and the interest thereon. This has been interpreted by the Court of Appeals, the State’s highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

“A pledge of the city’s faith and credit is both a commitment to pay and a commitment of the city’s revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City’s “faith and credit” is secured by a promise both to pay and to use in good faith the city’s general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit”, are used and they are not tautological. That is what the words say and that is what courts have held they mean.”

Article 8 Section 12 of the State Constitution specifically provides as follows:

“It shall be the duty of the legislature, subject to the provisions of this constitution, to restrict the power of taxation, assessment, borrowing money, contracting indebtedness, and loaning the credit of counties, cities, towns and villages, so as to prevent abuses in taxation and assessments and in contracting of indebtedness by them. Nothing in this article shall be construed to prevent the legislature from further restricting the powers herein specified of any county, city, town, village or school district to contract indebtedness or to levy taxes on real estate. The legislature shall not, however, restrict the power to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.”

On the relationship of the Article 8 Section 2 requirement to pledge the faith and credit and the Article 8 Section 12 protection of the levy of real property taxes to pay debt service on bonds subject to the general obligation pledge, the Court of Appeals in the Flushing National Bank case stated:

“So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the city’s power to levy taxes on

real estate for the payment of interest on or principal of indebtedness previously contracted....While phrased in permissive language, these provisions, when read together with the requirement of the pledge of faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

In addition, the Court of Appeals in the Flushing National Bank case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of municipalities.

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

Real Property Tax Collection Procedure and History

The County derives its power to levy an ad valorem real property tax from the State Constitution. Methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the County are prepared by the component towns and the City. Assessed valuations are determined by the towns and City assessors and the State Office of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Office of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation of debt contracting and real property taxing limitations.

County taxes are collected by the respective tax collection officers of the City and towns in conjunction with City and town taxes. The City pays the County the full amounts of the County levy, regardless of collection results, prior to the end of the year of levy. The towns retain from gross tax collections the total amount of their respective tax levies (including levies for highway and special district purposes) and return the balance plus uncollected items to the County, which assumes responsibility for and collects delinquent taxes.

Taxes are due during the month of January without penalty. The penalty added to delinquent taxes is one-twelfth the rate of interest determined by the State Commissioner of Taxation and Finance. The rate is determined each year by July 15 based on the one-year constant maturity yield index for United States Treasury securities for the quarter-year ending on the immediately preceding June 30. The rate is effective for a twelve month period commencing August 1 each year and in no event will be less than ten per centum per annum.

Foreclosure proceedings are initiated on October 1 of the succeeding fiscal year for taxes which remain uncollected. If the taxes still remain unpaid by January 1, the matter goes to Supreme Court and, unless the property owner is granted a stay, the County is awarded title to the property.

The County is also responsible for the collection of delinquent school district taxes, with the exception of delinquent taxes for the Hudson City School District for properties located within the City’s borders. For the properties of the Hudson City School District that are located outside of the City’s borders, the County receives the unpaid taxes in November, collects such unpaid taxes and remits the amounts collected monthly to the Hudson City School District. The County makes the Hudson City School District whole, for such properties located outside the City’s borders, in December of the following year. For all other school districts in the County, the County receives the unpaid taxes in November, collects in December, and then relieves these uncollected taxes on the County tax bill. The County makes these school districts whole by the following April 1 of each year.

Table 8
Tax Collection Record

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|------------------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Tax Levy ¹ | \$68,184,544 | \$68,809,813 | \$69,076,550 | \$69,538,602 | \$70,315,532 | \$70,315,532 |
| Tax Collected | 67,666,300 | 67,885,425 | 67,914,971 | 64,426,227 | 65,672,863 | Not Available |
| Outstanding Delinquent | 518,244 | 924,388 | 1,161,579 | 5,112,375 | 4,642,669 | |
| % Uncollected | .76% | 1.34% | 1.68% | 7.35% | 6.60% | |

¹ Includes County, Town, special district and relieved school district taxes. See “Real Property Tax Collection Procedure and History.”

Largest Taxpayers

The following table presents the taxable assessments of the County’s largest taxpayers as of the 2016 fiscal year end:

Table 9
Taxable Assessments

| <u>Taxpayer</u> | <u>Nature of Business</u> | <u>Assessed Valuation</u> | <u>Percent of County’s Assessed Valuation</u> |
|-------------------------------------|---------------------------|---------------------------|---|
| Niagara Mohawk/Nat'l Grid | Utility | 72,757,550 | 0.98% |
| Tennessee Gas | Utility | 44,629,790 | 0.60% |
| New York State Electric & Gas | Utility | 44,432,193 | 0.60% |
| CSX | Railroad | 23,796,110 | 0.32% |
| Widewater Greenport | Large Retail | 20,707,800 | 0.28% |
| Iroquois Gas Transmission | Utility | 19,839,598 | 0.27% |
| Fairview Hudson 15 LLC | Shopping Center | 12,465,000 | 0.17% |
| Colarusso Ventures/Colarusso & Sons | Industrial | 12,277,800 | 0.17% |
| Taconic Farms, Inc. | Research Facility | 11,799,000 | 0.16% |
| Taconic Telephone | Utility | 11,140,293 | 0.15% |
| GJ Kinderhook | Shopping Center | 11,000,000 | 0.15% |
| Wal-Mart Stores East LP | Shopping Center | 10,815,000 | 0.15% |
| Camp Pontiac Assoc. | Camping Facilities | 9,675,300 | 0.13% |
| Woodvale Holdings | Commercial | 9,000,000 | 0.12% |
| Barnwell Buildings | Nursing Home | 7,575,000 | 0.10% |
| ADM Milling | Manufacturing | 7,100,700 | 0.10% |
| Columbia Medical Complex | Health Building | 7,051,000 | 0.10% |
| Love Travel Stops | Retail | 6,700,000 | 0.09% |
| Greenport of Albany, LP | Shopping Center | 6,576,900 | 0.09% |
| Verizon | Utility | 6,571,337 | 0.09% |
| Schumacher, T. | Rural Residential | 6,325,303 | 0.09% |
| Hudson Market Owners LLC | Supermarket | <u>5,735,000</u> | <u>0.08%</u> |
| | | 367,970,674 | 4.97% |

COUNTY INDEBTEDNESS

Constitution Requirements

The New York State Constitution limits the power of the County (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional and statutory limitations include the following, in summary form, and are generally applicable to the County and the Bonds.

Purpose and Pledge Subject to certain enumerated exceptions, the County shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation. The County may contract indebtedness only for a County purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose or, in the alternative, the weighted average period of probable usefulness of the several purposes, for which it is contracted and in no event may this period exceed forty years. No installment may be more than fifty per centum in excess of the smallest prior installment unless the County Board of Supervisors provides for substantially level or declining debt service payments in the manner prescribed by the State Legislature. The County is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

General The County is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such powers.

Statutory Procedure

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

Pursuant to the Local Finance Law and the County Law, the County authorizes the issuance of indebtedness, including bonds and notes issued in anticipation of the issuance of such bonds, by the adoption of a bond resolution approved by the members of the Board of Supervisors.

The Local Finance Law also provides a twenty-day period of limitation after publication of a resolution or summary thereof which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations.

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

Each resolution usually authorizes the issuance of bond anticipation notes prior to the issuance of serial bonds. Statutory law in New York permits notes to be renewed each year provided that principal is amortized and provided that such renewals do not (with certain exceptions) extend five years beyond the original date of borrowing. However, notes issued in anticipation of the sale of serial bonds for assessable improvements are not subject to such five year limit and may be renewed subject to annual reductions of principal for the entire period of probable usefulness of the purpose for which such notes were originally issued. (See "Payment and Maturity" under "Constitutional Requirements").

In general, the Local Finance Law contains similar provisions providing the County with power to issue general obligation revenue anticipation notes, tax anticipation notes, deficiency notes and budget notes.

In addition, under each resolution the Board of Supervisors may delegate, and has delegated, power to issue and sell bonds to the County Treasurer, the chief fiscal officer of the County.

Debt Limit The County has the power to contract indebtedness for any County purpose so long as the principal amount thereof, subject to certain limited exceptions, shall not exceed seven per centum of the average full valuation of taxable real estate of the County and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the debt limit of the County is calculated by taking seven percent of the latest five-year average of the full valuation of all taxable real property. The average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

Tobacco Proceeds Securitization

Pursuant to a Master Settlement Agreement ("MSA") entered into on November 23, 1998, 46 states (including New York) agreed to settle all their past, present and future smoke-related claims in exchange for an agreement by participating tobacco manufacturers to make certain payments to them (the "tobacco revenues"). A Decree and Final Judgment entered by the Supreme Court of New York State allocated a share of the revenues to the County.

The Columbia Tobacco Asset Securitization Corporation ("the Corporation") is a special purpose, bankruptcy-remote local development corporation organized under the Not-For-Profit Corporation Law of the State of New York (the "State") on October 28, 2000. The Corporation is an instrumentality of, but separate and apart from the County. The County sold all of its future right, title and interest in its tobacco revenues to the Corporation on December 7, 2000. The Corporation, along with five other Tobacco Asset Securitization Corporations combined to form the New York Counties Tobacco Trust II (the "Trust") in August of 2001 to issue bonds to finance the purchase price of the future rights, title and interest in the tobacco revenues. Of the total \$215,220,000 of bonds issued by the Trust, the County received \$10,888,021 in proceeds together with beneficial ownership interest in a residual trust. The County used \$2,578,944 of such proceeds to fund County court house renovations

and highway equipment. The remaining \$8,309,077 was deposited into an escrow account to fund \$5,900,000 general fund, \$1,764,000 enterprise fund and \$700,000 Pine Haven Home debt. The Corporation, along with twenty-four other Tobacco Asset Securitization Corporations combined to form the New York Counties Tobacco Trust V (the "Trust V") in November of 2005 to issue Tobacco Settlement Pass-Through Bonds. Of the total \$199,375,348.20 of Bonds issued by the Trust V, the County received \$4,677,000 in proceeds together with beneficial ownership interest in a residual trust. The County used \$1,641,000 of the bond proceeds for capital improvements, which was the construction of a professional academic center at Columbia-Greene Community College. The remainder of the proceeds were used to economically defease \$3,036,000 of the \$7,250,000 Public Improvement (Serial) Bonds, 2005.

Constitutional Debt Limit

The following table sets forth the constitutional debt limit of the County:

Table 10
Constitutional Debt Limit

| <u>Taxable Year</u> | <u>Assessed Valuation</u> | <u>Equalization Ratio</u> | <u>Full Valuation</u> |
|---|-------------------------------|-------------------------------|---------------------------|
| 2016 | \$7,405,361,953 | 99.57% | \$7,437,482,953 |
| 2015 | 7,230,081,635 | 97.73% | 7,398,016,612 |
| 2014 | 7,065,671,631 | 97.58% | 7,240,843,707 |
| 2013 | 7,047,192,070 | 97.69% | 7,213,831,579 |
| 2012 | 7,371,507,132 | 94.74% | 7,780,796,256 |
| Total Five-Year Valuation | | | \$37,070,971,107 |
| Average Five-Year Valuation | | | 7,414,194,221 |
| Debt Limit - 7% of Average Full Valuation | | | \$518,993,595 |

Source: New York State Department of Audit and Control and County Officials.

Statement of Debt Contracting Power

Table 11
Statutory Debt Limit and Net Indebtedness
(as of April 15, 2017)

| | | |
|--|--------------|-----------------|
| Five-Year Average Full Valuation | | \$7,414,194,221 |
| Debt Limit 7% Thereof | | \$518,993,595 |
| Inclusions: | | |
| Outstanding Bonds | \$37,530,000 | |
| Bond Anticipation Bonds | 3,685,300 | |
| Total Inclusions | 41,215,300 | |
| Exclusions: | | |
| Appropriations | \$862,000 | |
| Total Exclusions | \$862,000 | |
| Total Net Indebtedness | | \$40,353,300 |
| Net Debt Contracting Margin | | \$478,639,295 |
| Percentage of Debt Contracting Power Exhausted | | 7.78% |

Remedies Upon Default

No principal of or interest payment on County indebtedness is past due.

Constitutional Provisions

The State constitution provides that if at any time the appropriating authorities fail to make the required appropriations for the annual debt service on bonds and certain other obligations of the issuer, a sufficient sum shall be set apart from the first

revenues thereafter received and shall be applied for such purposes and that the fiscal officer of the issuer may be required to set apart and apply such revenues as aforesaid at the suit of any holder of such obligations.

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

Statutory Provisions

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by a County upon any judgment or accrued claim against such County shall not exceed 9% per-annum. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of or interest on the Bonds. In accordance with the general rule with respect to municipalities, judgments against the County may not be enforced by levy and execution against property owned by the County.

The Federal Bankruptcy Code allows recourse to the protection of a Federal Court by public bodies such as the County for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State (including the County) to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

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

As a result the Court of Appeals decision, the constitutionality of that portion of Title 6-A of the Local Finance Law enacted in 1975 by the State Legislature, authorizing any county, city, town, or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the County.

Future Capital Project Plans

The County plans to spend approximately between \$3,000,000 to \$5,000,000 on bridge improvements over the next three years.

Tax and Revenue Anticipation Bonds

During the past five years, the County's cash flow has been sufficient to meet operating requirements, and the County has not found it necessary to issue tax or revenue anticipation notes.

Trend of Outstanding Indebtedness

The following table provides information relating to the capital indebtedness outstanding at fiscal year-end for the last five fiscal years:

Table 12
Outstanding Indebtedness

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|-------------------------|------------------|-------------------|-------------------|-------------------|------------------|
| Serial Bonds | \$11,840,000 | \$10,633,000 | \$19,167,000 | \$17,405,000 | \$38,795,000 |
| Bond Anticipation Bonds | <u>6,288,200</u> | <u>11,978,200</u> | <u>14,456,900</u> | <u>18,786,900</u> | <u>3,967,000</u> |
| Totals | \$18,128,200 | \$22,611,200 | \$33,623,900 | \$36,191,900 | \$42,762,000 |

Source: The County Controller, the County's Comprehensive Annual Financial Reports for the fiscal years ending December 31, 2012-2015.

Estimated Underlying Indebtedness

In addition to the County, various other political units within the County have the power to incur indebtedness payable from property taxes in property located in the County. The following table sets forth both the total outstanding principal amount of debt issued by other political units within the County.

Table 13
Estimated Underlying Indebtedness

| <u>Issuer</u> | <u>Net Underlying Indebtedness</u> |
|----------------------------|--|
| Towns: | \$23,202,196 |
| Villages: | 4,740,505 |
| City of Hudson: | 15,261,432 |
| School Districts | 102,856,139 |
| Fire Districts | <u>4,918,910</u> |
| Total Net Overlapping Debt | \$150,979,182 |

Source – New York State Office of the State Comptroller, Recent Official Statements and Continuing Disclosure Submissions of the Issuers.

Debt Ratios

The following table presents certain debt ratios relating to the County's net direct and overlapping indebtedness as of December 31, 2016:

Table 14
Debt Ratios

| | <u>Amount</u> | <u>Debt Per Capita¹</u> | <u>Debt to Full Value²</u> |
|---------------------------------|----------------------|------------------------------------|---------------------------------------|
| Net Direct Debt | \$41,215,300 | \$653 | 0.55% |
| Net Overlapping Debt | 150,979,182 | \$2,393 | 2.03% |
| Net Direct and Overlapping Debt | <u>\$193,741,182</u> | <u>\$3,046</u> | <u>2.58%</u> |

(1) The population of the County is 63,096 (See "Population Trends")

(2) The County's full value of taxable real property for 2016 is \$7,437,482,953

Source: NYS - Office of the State Comptroller, County of Columbia.

Debt Service Schedule

The following table sets forth all principal and interest payments required on the County's outstanding bonded indebtedness for future fiscal years ending December 31:

Table 15
Outstanding Bonds

| <u>FYE December 31:</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------|---------------------|---------------------|---------------------|
| 2017 | \$1,990,000 | \$992,789 | \$2,982,789 |
| 2018 | 2,400,000 | 1,037,916 | 3,437,916 |
| 2019 | 2,385,000 | 969,884 | 3,354,884 |
| 2020 | 2,415,000 | 908,497 | 3,323,497 |
| 2021 | 2,450,000 | 846,144 | 3,296,144 |
| 2022 | 2,470,000 | 772,500 | 3,242,500 |
| 2023 | 2,270,000 | 707,503 | 2,977,503 |
| 2024 | 2,320,000 | 643,353 | 2,963,353 |
| 2025 | 2,370,000 | 576,006 | 2,946,006 |
| 2026 | 2,075,000 | 515,734 | 2,590,734 |
| 2027 | 2,130,000 | 461,578 | 2,591,578 |
| 2028 | 2,100,000 | 403,794 | 2,503,794 |
| 2029 | 2,165,000 | 343,938 | 2,508,938 |
| 2030 | 2,225,000 | 280,106 | 2,505,106 |
| 2031 | 2,295,000 | 210,441 | 2,505,441 |
| 2032 | 1,205,000 | 152,047 | 1,357,047 |
| 2033 | 1,220,000 | 108,056 | 1,328,056 |
| 2034 | 545,000 | 76,066 | 621,066 |
| 2035 | 565,000 | 55,594 | 620,594 |
| 2036 | 590,000 | 33,938 | 623,938 |
| 2037 | 610,000 | 11,438 | 621,438 |
| | \$38,795,000 | \$10,107,320 | \$48,902,320 |

ECONOMIC AND DEMOGRAPHIC DATA

Population

The following table presents population trends for the County, State, and Nation based upon recent census data:

Table 16
Population Trend

| | <u>1990</u> | <u>2000</u> | <u>2010</u> | <u>2015</u> |
|--------|-------------|-------------|-------------|-------------|
| County | 63,000 | 63,094 | 63,096 | 62,195 |
| State | 17,990,000 | 18,976,457 | 19,378,102 | 19,673,174 |
| Nation | 249,633,000 | 285,491,303 | 309,349,689 | 316,515,021 |

Source: 1990-2010 U.S. Census, 2011-2015 American Community Survey, U.S. Census Bureau

Income

The following table presents per capita money income for the County and State:

Table 17
Per Capita Money Income

| | <u>1990</u> | <u>2000</u> | <u>2010</u> | <u>2015</u> |
|--------|-------------|-------------|-------------|-------------|
| County | \$16,162 | \$22,821 | \$31,844 | \$32,851 |
| State | 16,501 | 23,389 | 30,948 | 33,236 |

Source: 2006-2010 and 2011-2015 American Community Survey 5-Year Estimates, 1990-2000 U.S. Census, U.S. Census Bureau

Table 18
Median Family Income

| | <u>1990</u> | <u>2000</u> | <u>2010</u> | <u>2015</u> |
|--------|-------------|-------------|-------------|-------------|
| County | \$42,625 | \$49,357 | \$69,132 | \$72,171 |
| State | 39,741 | 51,691 | 67,405 | 71,913 |

Source: 2006-2010 and 2011-2015 American Community Survey 5-Year Estimates, 1990-2000 U.S. Census, U.S. Census Bureau

Employment and Unemployment

The following tables provide information concerning employment in the County:

Table 19
Largest Employers In the County

| <u>Name</u> | <u>Industry or Business</u> | <u>Number of Employees</u> |
|----------------------------------|---------------------------------|----------------------------|
| Columbia Memorial Hospital | Hospital | 1156 |
| Hudson City School District | Education | 600 |
| Taconic Farms Inc. | Animal Specialties | 550 |
| Berkshire Farm Center | Educational Programs | 548 |
| COARC | Human Services | 350 |
| Barnwell Nursing Home | Skilled Nursing Care Facilities | 330 |
| Ichabod Crane School District | Education | 300 |
| Ginsbergs Institutional Foods | General Line | 204 |
| Wal-Mart | Department Store | 200 |
| Catamount Ski Area | Outdoor Recreation | 200 |
| Sonocco-Crellin Inc. | Plastics Products | 200 |
| Price Chopper | Grocery Store | 190 |
| Whittier Health Care | Skilled Nursing Care Facilities | 180 |
| Nova Pak Plastics | Products | 180 |
| Pine Haven Home | Nursing Facility | 170 |
| Hawthorne Valley School | Education | 160 |
| New Lebanon School District | Education | 152 |
| Firemen's Home Skilled | Nursing Facility | 150 |
| Ed Herrington's Retail | Lumber | 150 |
| Columbia Green Community College | Junior College | 145 |
| Brookwood Secure Center | Corrections Facility | 140 |
| Flanders Corp | Manufacturing | 130 |

Source: Columbia Economic Development Corp.

Table 20
Average Annual Unemployment Rates

| <u>Year</u> | <u>County</u> | <u>State</u> |
|-------------|---------------|--------------|
| 2008 | 4.8% | 5.4% |
| 2009 | 7.5% | 8.3% |
| 2010 | 7.6% | 8.6% |
| 2011 | 7.4% | 8.3% |
| 2012 | 7.3% | 8.5% |
| 2013 | 6.3% | 7.7% |
| 2014 | 4.7% | 6.3% |
| 2015 | 4.0% | 5.3% |
| 2016 | 3.7% | 4.8% |

Source: New York State Department of Labor, Bureau of Labor Statistics. Information not seasonally adjusted

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent to the instant issue, that the rate of interest to be paid by the County upon any judgments or accrued claims against it shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of or interest on the Bonds.

In accordance with the general rule with respect to municipalities, judgments against the County may not be enforced by levy and execution against property owned by the County.

The Federal Bankruptcy Act allows recourse to the protection of a Federal Court by public bodies for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State (including the County) to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

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

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of the Local Finance Law enacted at the 1975 Extraordinary Session of the State Legislature, authorizing any county, city, County or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the County.

MARKET AND RISK FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE

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

The County is dependent in part on financial assistance from the State. If the State should experience difficulty in borrowing funds in anticipation of the receipt of the State taxes or other revenues in order to pay State aid to municipalities and school districts in the State, including the County, in this year or future years, the County may be affected by a delay, until sufficient State taxes or other revenues have been received by the State to make State aid payments to the County. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and counties in the State, including the County, in any year, the County may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the County.

LITIGATION

The County is subject to a number of lawsuits in the ordinary conduct of its affairs. The County does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the County. The County has received significant amounts of Federal and State grants for specified purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Any such disallowances will be a reduction of revenue in the year the disallowances are finally determined.

The County is uninsured with respect to potential environmental hazards created or existing on and after September 1, 1981 with respect to the operations, maintenance and closure of approximately twelve landfill sites within the County of Columbia. The County has maintained reserves against future closure costs and other expenses to be incurred with respect to

such landfill sites. Nevertheless, the potential financial responsibility of the County with respect to such sites is unknown and environmental hazards resulting in ecological damage could negatively impact the financial condition of the County.

TAX MATTERS

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

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The County made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to insure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of the representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Bonds.

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds may otherwise affect an owner’s federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner or the owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the County, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. Contemporaneously with the issuance of the Bonds, the County will covenant, however, to comply with the requirements of the Code.

Bond Counsel’s engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the County and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt obligations is difficult, obtaining an independent review of IRS positions with which the County legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such

audit, or an audit of obligations presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the County or the Beneficial Owners to incur significant expense.

CONTINUING DISCLOSURE UNDERTAKING

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

- (i) during any succeeding fiscal year in which the Bonds are outstanding, to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access (“EMMA”) system, in electronic format and accompanied by such identifying information as is prescribed by the MSRB, certain “annual financial information” (as such quoted term is defined under the Rule) for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced under the heading(s) “The County”, “Financial Factors”, “Real Property Taxes”, “County Indebtedness” and “Litigation” and a copy of the audited financial statement (prepared in accordance with generally accepted accounting principles in effect at the time of audit) for the preceding year when and if available will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if audited financial statements are prepared, sixty days following receipt by the County of audited financial statements for the preceding fiscal year, but, in no event, not later than the last business day of each such succeeding fiscal year.
- (ii) In a timely manner, not more than ten (10) business days after occurrence of the event, to the MSRB through EMMA in electronic format, a notice of any of the following events with respect to the Bonds:
 - (a) principal and interest payments delinquencies;
 - (b) non-payment related defaults, if material;
 - (c) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (d) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (e) substitution of credit or liquidity providers, or their failure to perform;
 - (f) adverse tax opinions, the issuance by the Internal Revenue Service (IRS) of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (g) modifications to rights of Bondholders, if material;
 - (h) bond calls or note calls, if material and tender offers;
 - (i) defeasances;
 - (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
 - (k) rating changes;
 - (l) bankruptcy, insolvency, receivership or similar events of the County;
 - (m) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
 - (n) appointment of a successor or additional trustee, or the change of name of a trustee, if material.

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

- (iii) in a timely manner, to the MSRB through EMMA, notice of its failure to provide the aforementioned annual financial information on or before the date specified in the continuing disclosure undertaking.

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

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

The County is in compliance with all prior undertakings pursuant to the Rule for the past five years with certain exceptions. The County did not file a timely material event notice related to a change in its rating on April 22, 2013. The rating was assigned as part of the County's Public Improvement Refunding (Serial) Bonds, 2013 Series A. It should be noted that the Official Statement of the 2013 Series A Bonds included the revised rating and was available on EMMA on May 14, 2013.

The 2011 Audited Financial Statements of the County were received on December 31, 2012 and submitted to EMMA on January 4, 2013.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel's opinion will be in substantially the form attached hereto in Appendix C.

FINANCIAL ADVISOR

Environmental Capital LLC, New York, New York, a registered Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Reserve Board, served as an independent municipal financial advisor to the County with respect to the issuance of the Bonds. Environmental Capital will not engage in any underwriting, trading, or marketing activities with regard to the issuance and sale of the Bonds. Environmental Capital is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and is not obligated to review or ensure compliance with the undertaking by the County to provide continuing secondary market disclosure.

RATING

Moody's Investors Service ("Moody's") has assigned a rating of "___" to the Bonds. Such rating represents only the views of the rating agency from whom the significance of such rating should be obtained. There can be no assurance that such rating will not be revised or withdrawn, if in the judgment of the rating agency's circumstances so warrant. Any such change or withdrawal of the rating may have an adverse effect on the market price of the County's Bonds or the availability of a secondary market for such obligations.

ADDITIONAL INFORMATION

Additional information may be obtained from Mr. Paul J. Keeler, County Treasurer, 15 N. 6th Street, Hudson, New York, (518) 828-0513 or from the County's Financial Advisor, Environmental Capital LLC, 110 West 40th Street, Suite 1804, New York, New York 10018, (212) 302-4227.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be constructed as a contract or agreement between the County and the original purchasers or holder of the Bonds.

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

COUNTY OF COLUMBIA, NEW YORK

By: /s/ Paul J. Keeler

County Treasurer

Dated: May __, 2017

APPENDIX A

GENERAL FUND—ADOPTED BUDGETS AND FINANCIAL INFORMATION

Adopted Budgets- General Fund

| Fiscal Year Ending December 31 | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--|-------------------|-------------------|-------------------|-------------------|
| <u>Revenues</u> | | | | |
| Real Property Taxes | \$29,386,186 | \$30,215,261 | \$30,829,092 | \$32,298,968 |
| Real Property Tax Items | 4,010,000 | 3,131,000 | 3,161,000 | 1,100,000 |
| Non-Property Taxes | 34,933,802 | 37,300,000 | 37,800,000 | 38,300,000 |
| Departmental Income | 9,003,819 | 9,237,319 | 7,964,943 | 8,337,128 |
| Intergovernmental Charges | 1,721,000 | 952,023 | 1,293,900 | 974,400 |
| Licenses and Permits | 8,000 | 4,000 | 4,000 | 10,000 |
| Fines and Forfeitures | 2,000 | 75,000 | 87,200 | 85,000 |
| Sale of Property and Compensation for Loss | 115,000 | 230,000 | 85,000 | 85,000 |
| Miscellaneous | 221,850 | 294,350 | 343,100 | 562,350 |
| State Aid | 15,352,222 | 17,497,141 | 17,589,837 | 19,019,115 |
| Federal Aid | <u>12,175,667</u> | <u>12,183,825</u> | <u>13,344,959</u> | <u>11,515,767</u> |
| Total Revenues | \$106,929,546 | \$111,119,919 | \$112,503,031 | \$113,487,728 |
| <u>Expenditures</u> | | | | |
| General Government Support | \$20,932,760 | \$21,921,087 | \$22,524,876 | \$23,333,889 |
| Education | 3,556,808 | 3,620,196 | 3,757,734 | 3,809,734 |
| Public Safety | 12,893,489 | 13,318,960 | 13,917,917 | 14,538,170 |
| Health | 13,567,497 | 13,632,235 | 13,637,296 | 13,990,381 |
| Transportation | 500,234 | 513,442 | 686,936 | 692,837 |
| Economic Assistance and Opportunity | 37,000,607 | 38,945,005 | 39,656,897 | 37,924,808 |
| Culture and Recreation | 1,924,064 | 1,946,280 | 2,279,780 | 2,402,007 |
| Home and Community Services | 1,511,852 | 1,812,145 | 1,889,705 | 1,969,661 |
| Interfund Transfers | - | 1,200,000 | 0 | 0 |
| Employee Benefits/Undistributed | <u>15,042,235</u> | <u>14,210,568</u> | <u>14,151,890</u> | <u>14,821,241</u> |
| Total Expenditures | \$106,929,546 | \$111,119,919 | \$112,503,031 | \$113,487,728 |

* Summary itself not audited

Source: County's Adopted Budgets for the fiscal year ending December 31, 2013 through December 31, 2016

Comparative Balance Sheets - General Fund

| Fiscal Year Ending December 31 | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|-----------------------------------|------------------|------------------|------------------|-------------------|-------------------|
| Assets | | | | | |
| Cash | \$10,726,626 | \$3,264,952 | \$1,990,898 | \$2,027,482 | \$2,461,690 |
| Cash - Restricted | - | 2,432,948 | 2,536,530 | 2,536,530 | 4,048,404 |
| Taxes receivable, net | 14,866,350 | 14,755,498 | 5,972,755 | 5,273,128 | 5,698,870 |
| State and Federal Aid receivable | 3,619,225 | 4,049,567 | 7,095,808 | 8,483,726 | 6,782,801 |
| Other Receivables | 3,920,490 | 5,419,073 | 7,082,225 | 8,569,536 | 8,553,302 |
| Due from other Funds | 2,513,258 | 5,168,837 | 7,332,884 | 2,645,427 | 6,309,018 |
| Due from other Governments | 115,088 | 2,639,894 | 613,870 | 1,302,249 | 2,177,041 |
| Prepaid Expenditures | 1,538,322 | 1,698,379 | 1,928,622 | 1,798,383 | 1,712,512 |
| Inventory | - | - | - | - | 8,395 |
| Total Assets | \$37,299,359 | \$39,429,148 | \$34,553,592 | \$32,636,461 | \$37,752,033 |
| Liabilities | | | | | |
| Accounts Payable | \$5,906,491 | \$4,519,991 | \$3,953,800 | \$2,499,038 | \$4,379,599 |
| Accrued Expenses | 2,041,911 | 1,729,228 | 2,383,578 | 1,104,017 | 1,496,884 |
| Due to other Governments | 4,531 | 3,442,476 | 2,973,598 | 2,713,288 | 2,874,766 |
| Due to other Funds | 7,587,075 | 1,814,355 | 629,780 | 196,040 | 247,089 |
| Due to school districts | - | 8,454,668 | 7,834,698 | 7,578,311 | 7,528,353 |
| Deferred Revenues | <u>6,989,499</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Liabilities | \$22,529,507 | \$19,960,718 | \$17,775,454 | \$14,090,694 | \$16,526,691 |
| Deferred inflows of resources | \$ - | \$7,618,620 | \$2,484,382 | \$2,946,165 | \$3,551,258 |
| Fund Balance | | | | | |
| Nonspendable | \$1,538,322 | \$1,698,379 | \$1,928,622 | \$1,798,383 | \$1,720,907 |
| Restricted | 2,536,530 | 2,432,948 | 2,536,530 | 2,536,530 | 4,048,404 |
| Assigned | 1,807,058 | 42,078 | 74,337 | 94,585 | 67,497 |
| Unassigned | <u>8,887,942</u> | <u>7,676,405</u> | <u>9,754,267</u> | <u>11,170,104</u> | <u>11,837,276</u> |
| Total Fund Equity | \$14,769,852 | \$11,849,810 | \$14,293,756 | \$15,599,602 | \$17,674,084 |
| Total Liabilities and Fund Equity | \$37,299,359 | \$39,429,148 | \$34,553,592 | \$32,636,461 | \$37,752,033 |

Source: Audited Financial Statements for the fiscal years ending December 31, 2011-2015

Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|--|-------------------|-------------------|-------------------|-------------------|--------------------|
| <u>Revenues:</u> | | | | | |
| Real Property Taxes | \$28,263,752 | \$28,121,623 | \$33,501,621 | \$28,743,702 | \$30,221,713 |
| Real Property Tax Items | 1,588,452 | 1,510,643 | 2,840,371 | 2,123,645 | 2,814,389 |
| Non-Property Tax Items | 33,403,795 | 35,211,941 | 35,835,643 | 37,654,174 | 37,909,720 |
| Departmental Income | 7,645,030 | 9,446,462 | 9,930,968 | 10,128,708 | 8,508,525 |
| Intergovernmental Charges | 433,160 | 531,159 | 952,951 | 633,636 | 927,856 |
| Use of Money and Property | 434,941 | 412,386 | 390,196 | 311,971 | 382,069 |
| Licenses and Permits | 4,338 | 8,264 | 9,216 | 6,193 | 6,485 |
| Fines and Forfeitures | 130,991 | 128,898 | 74,382 | 101,535 | 92,962 |
| Sale of Property and Compensation for Loss | 274,941 | 220,201 | 166,434 | 684,405 | 184,323 |
| State Aid | 16,152,358 | 15,000,238 | 15,264,054 | 19,186,442 | 19,585,980 |
| Federal Aid | 11,561,922 | 15,391,280 | 12,391,163 | 11,829,343 | 11,193,559 |
| Interfund Revenue | - | 610,264 | 153 | - | - |
| Miscellaneous | <u>336,016</u> | <u>111,856</u> | <u>459,311</u> | <u>446,563</u> | <u>632,908</u> |
| Total Revenues | \$100,229,696 | \$106,705,215 | \$111,816,463 | \$111,850,317 | \$112,460,489 |
| <u>Expenditures:</u> | | | | | |
| General Government Support | \$19,185,624 | \$21,244,261 | \$19,912,915 | \$20,756,382 | \$21,337,145 |
| Education | 3,565,393 | 3,634,932 | 3,724,071 | 3,712,982 | 3,790,770 |
| Public Safety | 12,125,360 | 12,649,372 | 12,824,322 | 12,334,861 | 13,458,793 |
| Health | 12,196,637 | 12,527,161 | 12,517,598 | 12,092,654 | 12,002,400 |
| Transportation | 502,658 | 503,140 | 502,266 | 496,906 | 644,274 |
| Economic Assistance & Opportunity | 38,342,822 | 37,830,883 | 39,895,886 | 41,148,286 | 38,861,649 |
| Culture and Recreation | 1,844,568 | 2,012,825 | 1,860,256 | 1,823,895 | 1,844,760 |
| Home and Community Services | 1,573,960 | 1,498,347 | 1,485,286 | 1,519,761 | 1,596,960 |
| Employee Benefits | <u>14,718,769</u> | <u>15,910,736</u> | <u>16,649,917</u> | <u>16,658,744</u> | <u>15,649,256</u> |
| Total Expenditures | \$104,055,791 | \$107,811,657 | \$109,372,517 | \$110,544,471 | \$109,186,007 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (3,826,095) | (1,106,442) | 2,443,946 | 1,305,846 | 3,274,482 |
| <u>Other Financing Sources (Uses):</u> | | | | | |
| Contribution to Health Facility | \$ - | \$ - | \$ - | \$ - | \$ - |
| Operating Transfers In | 8,000 | - | - | - | - |
| Operating transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,200,000)</u> |
| Total Other Fin. Sources (Uses) | \$8,000 | \$ - | \$ - | \$ - | (1,200,000) |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | (3,818,095) | (1,106,442) | 2,443,946 | 1,305,846 | 2,074,482 |
| Fund Balance-Beginning of Year ¹ | 18,587,947 | \$14,769,852 | \$11,849,810 | \$14,293,756 | \$15,599,602 |
| Net Adjustments | - | (1,813,600) | - | - | - |
| Fund Balance - End of Year | \$14,769,852 | \$11,849,810 | \$14,293,756 | \$15,599,602 | \$17,674,084 |

Source: Audited Financial Statements for the fiscal years ending December 31, 2011-2015

¹ Prior period adjustment due to changes in accounting procedures.

APPENDIX B

2015 AUDITED FINANCIAL STATEMENTS

COUNTY OF COLUMBIA, NEW YORK
Financial Statements and
Supplemental Information
December 31, 2015
(With Independent Auditors' Report Thereon)

COUNTY OF COLUMBIA, NEW YORK

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COUNTY OF COLUMBIA, NEW YORK

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* * * * *

INDEPENDENT AUDITORS' REPORT

Members of the Board of Supervisors
County of Columbia, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Columbia, New York (the County) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Pine Haven Nursing Home, which is both a major fund and 77.4%, (109.3%) and 82.3%, respectively, of the assets, net position, and revenues of the business-type activities.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following discretely presented component units (the Columbia County Industrial Development Agency, the Columbia Economic Development Corporation, the Columbia County Capital Resource Corporation and the Columbia Tobacco Asset Securitization Corporation), which represents 88.2%, 106.3% and 83.3%, respectively, of the assets, net position and revenue of the aggregately discretely presented component units. We also did not audit the financial statements of the Pine Haven Nursing Home, which is reported as a business-type activity. The Pine Haven Nursing Home represents 77.4%, (109.3%) and 82.3%, respectively, of the assets, net position and revenue of the business-type activities. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar, as it relates to the amounts included for the Columbia County Industrial Development Agency, the Columbia Economic Development Corporation, the Columbia County Capital Resource Corporation, the Columbia Tobacco Asset Securitization Corporation and the Pine Haven Nursing Home, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

Basis for Qualified Opinions on Governmental Activities and Discretely Presented Component Units

GASB Technical Bulletin No. 2004-1 requires that entities such as the Columbia Tobacco Asset Securitization Corporation (CTASC) be reported as a part of the primary government. The County has reflected CTASC as a discretely presented component unit and the effect of this departure in the Governmental-wide financial statements is an understatement of assets, liabilities and revenue of \$2,672,649, \$19,050,417 and \$1,606,443, respectively, and an overstatement in net position of \$16,377,768. The effect of this departure in the discretely presented component units is an overstatement of assets, liabilities and revenue of \$2,672,649, \$19,050,417 and \$1,606,443, respectively, and an understatement of net position of \$16,377,768.

Qualified Opinions

In our opinion, based on our audit and the reports of other auditors, except for the effect of the matter described in the "Basis for Qualified Opinions on Governmental Activities and Discretely Presented Component Units" paragraph, the financial statements referred to above present fairly in all material respects, the financial position of the governmental activities and the aggregate discretely presented component units of the County of Columbia as of December 31, 2015, and the changes in financial position and cash flows of the discretely presented component units for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund and the aggregate remaining fund information of the County of Columbia, New York as of December 31, 2015, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As discussed in note 1(s) to the financial statements, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" and GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68," during the year ended December 31, 2015. Our opinions are not modified with respect to these matters.

As discussed in note 2(b), the financial statements of Pine Haven Nursing Home reported on by other auditors did not reflect pension contributions subsequent to the March 31, 2015 measurement date, amounting to \$951,580, as a deferred outflows of resources as required by GASB Statement No. 71. Our opinions are not modified with respect to this matter.

The Financial statements for Columbia Tobacco Asset Securitization Corporation reported on by other auditors reported net position as \$47,020 (unrestricted) and (\$16,424,788) (restricted deficit). In our opinion, negative amounts should not be reported for any category of restricted net position, and we have reclassified net position for Columbia Tobacco Asset Securitization Corporation to reflect the total net position deficit of \$16,377,768 as unrestricted. We have extended our audit procedures and our opinion to include this reclassification only.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14, Budgetary Comparison Information on page 64, the schedule of funding progress - other postemployment benefits on page 65, the schedule of County's proportionate share of the net pension liability on page 66, and the schedule of County's employer pension contributions on page 67 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Columbia, New York's basic financial statements. The non-major fund financial statements on pages 68 and 69 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information

The letter on page 70 from Orrick, Herrington & Sutcliffe, LLP has been presented by the County to address management's assertion that the long-term debt of the Columbia Tobacco Asset Securitization Corporation is non-recourse debt of the County. We do not express an opinion or provide any assurance on this information.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 26, 2016, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
September 26, 2016

COUNTY OF COLUMBIA, NEW YORK
Management's Discussion and Analysis
December 31, 2015

This Management Discussion and Analysis (MD&A) of the County of Columbia, New York (the County) provides a financial performance overview of the County's financial activities for the year ended December 31, 2015. This document should be read in conjunction with the County's financial statements which begin on page 15.

Following this MD&A are the basic financial statements of the County together with the notes thereto which are essential to a full understanding of the data contained in the financial statements.

The County has a land area of over 648 square miles and a population of approximately 62,000, and is located in eastern New York State. Its northern and southern boundaries are the Counties of Rensselaer and Dutchess, respectively. Its western and eastern boundaries are the Hudson River and the Commonwealth of Massachusetts, respectively. The County includes eighteen Towns and the City of Hudson. The County is part of the Hudson, NY Metropolitan Statistical Area and is primarily agricultural and residential with some industrial and commercial properties.

GOVERNMENTAL ORGANIZATION

The County was founded in 1786 and the County seat is located in the City of Hudson. The legislative body is the County Board of Supervisors which consists of twenty three members. Each elected Town Supervisor (18) has a seat on the board along with five (5) elected Ward Supervisors from the City of Hudson. The presiding officer is the County Chairman, who is appointed for a one year term by the Board of Supervisors.

Additional elected County officials are the County Clerk, District Attorney, Treasurer, Sheriff and three Coroners, elected at large to four year terms, respectively. The County Board of Supervisors appoints the County Controller/Auditor, Commissioner of Social Services, Public Works Commissioner, County Attorney, Budget Officer, Compliance Officer and the Clerk of the Board.

FINANCIAL HIGHLIGHTS

- The County's governmental net position decreased by \$6.0 million as a result of this year's activity, which is illustrated in the statement of activities. This decrease resulted in part from the recognition of additional liabilities of \$5.1 million in net other postemployment benefits.
- The County's \$150.8 million in governmental and business-type activity expenses was partially funded with program revenue of \$57.4 million with \$86.5 million funded with general revenue, which is illustrated in the statement of activities.
- The 2015 budget did not include any planned use of general fund balance. County revenue exceeded budgeted projections by \$.7 million, while actual expenditures were less than budgeted expenditures by \$1.4 million resulting in an increase in general fund balance of approximately \$2.1 million, which is illustrated in the statement of revenue, expenditures, encumbrances, and changes in fund balances - budget and actual - general fund.

COUNTY OF COLUMBIA, NEW YORK
Management's Discussion and Analysis, Continued

FINANCIAL HIGHLIGHTS (Continued)

- The capital projects fund reported a deficit fund balance this year of approximately \$15.6 million, funded primarily by bond anticipation notes of \$18.7 million. This deficit will be reduced with permanent financing.
- The net other postemployment benefit plan (OPEB) obligation for the County as of December 31, 2015 increased \$5.1 million to \$40.8 million which is detailed in note 2 to the financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a set of financial statements. The statement of net position and the statement of activities provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements begin thereafter. For governmental activities, these statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

REPORTING THE COUNTY AS A WHOLE

Our analysis of the County as a whole begins with the statement of net position. One of the most important questions asked about the County's finances is, "Is the County, as a whole, better or worse off as a result of the current year's activities?" The statement of net position and the statement of activities report information about the County as a whole and about its activities in a manner that helps to answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net position and changes therein. You can think of the County's net position - the difference between assets and deferred inflows and liabilities and deferred outflows - as one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the County's property tax base and the condition of the County's roads, to assess the overall health of the County.

In the statement of net position and the statement of activities, we divide the County into three kinds of activities:

- Governmental activities - Most of the County's basic services are reported here, including public safety, public works, economic assistance, health, parks, and general support. Property taxes, sales taxes, franchise fees, and state and federal grants finance most of these activities.

COUNTY OF COLUMBIA, NEW YORK
Management's Discussion and Analysis, Continued

REPORTING THE COUNTY AS A WHOLE (Continued)

- Business-type activities - The County charges fees to customers to help cover all or most of the costs of certain services it provides. The County's nursing home facility is reported here as a business-type activity. The solid waste activities of the County are also reported as business-type activities.
- Component units - The County includes five separate legal entities in its report - the Columbia County Soil and Water Conservation District, the Columbia County Industrial Development Agency, the Columbia Economic Development Corporation, the Columbia Capital Resource Corporation and the Columbia Tobacco Asset Securitization Corporation (CTASC). Although legally separate, these "component units" are important because the County is financially accountable for them. Information included in the accompanying financial statements regarding the component units has been derived from separately issued audited financial statements which can be obtained from the Columbia County Treasurer's Office.

The degree to which the County is responsible for the debt of CTASC is addressed in more detail in an opinion from Orrick, Herrington & Sutcliffe, LLP included in these financial statements following the supplemental information section.

REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS

Our analysis of the County's major funds provides detailed information about its most significant funds - not the County as a whole. Some funds are required to be established by State law or by bond covenants. Additionally, the County Board of Supervisors may establish other funds to help it control and manage resources for particular purposes. The County has three types of funds - governmental, fiduciary and proprietary.

- Governmental funds - Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for expenditure. These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash, as well as liabilities that will be paid using these resources. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be expended in the near future to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the statement of activities) and governmental funds in reconciliations to the fund financial statements.
- Fiduciary funds - Used to account for assets held by the County as an agent for individuals, private organizations, other governmental units, and/or other funds.

COUNTY OF COLUMBIA, NEW YORK
Management's Discussion and Analysis, Continued

- Proprietary funds - When the County charges customers for the services it provides - whether to outside customers or to other units of the County - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the County's enterprise fund (a component of proprietary funds) is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

THE COUNTY AS A WHOLE

The County's net position decreased \$6.9 million during 2015 to \$(19.1) million, excluding prior period adjustments and accounting changes. Over time, net position may serve as one useful indicator as of government's financial condition. The County recorded an additional \$5.1 million in net other postemployment benefit liability. The increases in these liabilities contributes significantly to the current year governmental activities operating deficit of approximately \$6.0 million. A significant portion of the County's net position is represented by capital assets (e.g. land, buildings, infrastructure, machinery, and equipment) less any related outstanding debt used to acquire those assets. The County uses these assets to provide services to citizens; consequently these assets are not available for future spending. Program expenses in 2015 for the County's Governmental Activities were \$133.5 million.

Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the County's governmental and business-type activities.

Table 1

| | Net Position (In Millions) | | | | | |
|----------------------------------|----------------------------|--------|-----------------------------|-------|-----------------------------|--------|
| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Current and other assets | \$ 48.8 | 48.1 | 5.2 | 2.6 | 54.0 | 50.7 |
| Capital and noncurrent assets | 46.8 | 45.0 | 2.7 | 2.8 | 49.5 | 47.8 |
| Total assets | 95.6 | 93.1 | 7.9 | 5.4 | 103.5 | 98.5 |
| Deferred outflows | 7.0 | - | 0.3 | - | 7.3 | - |
| Current liabilities | 37.3 | 32.0 | 8.7 | 4.4 | 46.0 | 36.4 |
| Long-term debt outstanding | 76.3 | 65.2 | 6.1 | 6.9 | 82.4 | 72.1 |
| Total liabilities | 113.6 | 97.2 | 14.8 | 11.3 | 128.4 | 108.5 |
| Deferred inflows | 1.4 | - | 0.1 | - | 1.5 | - |
| Net position: | | | | | | |
| Net investment in capital assets | 10.6 | 12.8 | 2.4 | 2.0 | 13.0 | 14.8 |
| Restricted | 2.7 | 2.2 | 0.2 | 0.2 | 2.9 | 2.4 |
| Unrestricted | (25.7) | (19.1) | (9.3) | (8.1) | (35.0) | (27.2) |
| Total net position | \$ (12.4) | (4.1) | (6.7) | (5.9) | (19.1) | (10.0) |

COUNTY OF COLUMBIA, NEW YORK
Management's Discussion and Analysis, Continued

THE COUNTY AS A WHOLE (Continued)

Table 2

| | Changes in Net Assets (In Millions) | | | | | |
|---|-------------------------------------|--------------|-------------------|--------------|-------------------|--------------|
| | Governmental | | Business-Type | | Total Primary | |
| | <u>Activities</u> | | <u>Activities</u> | | <u>Government</u> | |
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Program revenue: | | | | | | |
| Charges for services | \$ 10.8 | 15.8 | 12.8 | 12.5 | 23.6 | 28.3 |
| Operating grants | 32.9 | 33.1 | - | - | 32.9 | 33.1 |
| Capital grants | 0.8 | 0.2 | - | - | 0.8 | 0.2 |
| General revenue: | | | | | | |
| Property taxes | 40.9 | 39.9 | - | - | 40.9 | 39.9 |
| Other taxes | 40.7 | 39.8 | - | - | 40.7 | 39.8 |
| Other general revenue | <u>1.7</u> | <u>3.1</u> | <u>3.3</u> | <u>1.5</u> | <u>5.0</u> | <u>4.6</u> |
| Total revenue | <u>127.8</u> | <u>131.9</u> | <u>16.1</u> | <u>14.0</u> | <u>143.9</u> | <u>145.9</u> |
| Program expenses: | | | | | | |
| General governmental support | 26.5 | 33.6 | - | - | 26.5 | 33.6 |
| Education | 3.8 | 3.8 | - | - | 3.8 | 3.8 |
| Public safety | 18.6 | 18.9 | - | - | 18.6 | 18.9 |
| Health | 15.2 | 20.0 | - | - | 15.2 | 20.0 |
| Transportation | 17.1 | 11.0 | - | - | 17.1 | 11.0 |
| Economic assistance and development | 44.1 | 45.8 | - | - | 44.1 | 45.8 |
| Culture and recreation | 2.4 | 2.4 | - | - | 2.4 | 2.4 |
| Home and community services | 5.5 | 2.5 | - | - | 5.5 | 2.5 |
| Debt service - interest | 0.7 | 0.8 | - | - | 0.7 | 0.8 |
| Business-type activities | <u>-</u> | <u>-</u> | <u>16.9</u> | <u>14.7</u> | <u>16.9</u> | <u>14.7</u> |
| Total expenses | <u>133.9</u> | <u>138.8</u> | <u>16.9</u> | <u>14.7</u> | <u>150.8</u> | <u>153.5</u> |
| Change in accounting principle and correction of errors | <u>(2.2)</u> | <u>-</u> | <u>(0.1)</u> | <u>(1.2)</u> | <u>(2.3)</u> | <u>(1.2)</u> |
| Decrease in net position | <u>\$ (8.3)</u> | <u>(6.9)</u> | <u>(0.9)</u> | <u>(1.9)</u> | <u>(9.2)</u> | <u>(8.8)</u> |

COUNTY OF COLUMBIA, NEW YORK
Management's Discussion and Analysis, Continued

THE COUNTY AS A WHOLE (Continued)

Table 3 presents the cost of each of the County's five largest governmental programs: general government support, public safety, health, transportation and economic assistance and development - as well as each program's net cost (total cost less revenue generated by the activities). The net cost shows the financial burden that was placed on the County's taxpayers by each of these functions.

Table 3

| | Governmental Activities (In Millions) | | | |
|-------------------------------------|---------------------------------------|--------------------|--------------------|--------------------|
| | 2015 | | 2014 | |
| | <u>Total Cost</u> | <u>Net Cost</u> | <u>Total Cost</u> | <u>Net Cost</u> |
| | <u>of Services</u> | <u>of Services</u> | <u>of Services</u> | <u>of Services</u> |
| General government support | \$ 26.5 | 24.0 | 33.6 | 28.2 |
| Public safety | 18.6 | 15.3 | 18.9 | 16.6 |
| Health | 15.2 | 5.4 | 20.0 | 7.7 |
| Transportation | 17.1 | 12.5 | 11.0 | 6.7 |
| Economic assistance and development | 44.1 | 20.1 | 45.8 | 21.7 |
| All others | 12.4 | 12.0 | 9.5 | 8.9 |
| Totals | <u>\$ 133.9</u> | <u>89.3</u> | <u>138.8</u> | <u>89.8</u> |

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented in the balance sheet) reported a combined fund balance of \$3.1 million, which is \$6.4 million less than 2014's total of \$9.5 million. The Capital Projects Fund reported an increase in its deficit of \$8.6 million, to a deficit of \$15.6 million at December 31, 2015, as a result of additional short-term borrowings.

An overview of the governmental funds results for 2015 follows. This overview includes more detailed information about sources and uses of funds.

COUNTY OF COLUMBIA, NEW YORK
Management's Discussion and Analysis, Continued

THE COUNTY'S FUNDS, Continued

Table 4

| Governmental Funds Summary of Revenue (In Millions) | | | | |
|--|-----------------|-------------------|----------------|-------------------|
| 2015 | | | 2014 | |
| | <u>Revenue</u> | <u>% of Total</u> | <u>Revenue</u> | <u>% of Total</u> |
| Real property taxes | \$ 40.9 | 31.8% | 38.8 | 30.4% |
| Real property tax items | 2.8 | 2.2% | 2.1 | 1.6% |
| Sales and use taxes | 37.9 | 29.4% | 37.7 | 29.5% |
| Departmental income | 9.3 | 7.2% | 11.0 | 8.6% |
| Intergovernmental charges | 0.9 | 0.7% | 0.8 | 0.6% |
| Use of money and property | 1.7 | 1.3% | 1.8 | 1.4% |
| Licenses and permits | - | 0.0% | - | 0.0% |
| Fines and forfeitures | 0.1 | 0.1% | 0.1 | 0.1% |
| Sale of property and comp. for loss | 0.2 | 0.2% | 0.7 | 0.5% |
| Miscellaneous local sources | 0.7 | 0.5% | 1.3 | 1.0% |
| Interfund revenue | 0.6 | 0.5% | - | 0.0% |
| State aid | 21.7 | 16.8% | 21.4 | 16.8% |
| Federal aid | 12.0 | 9.3% | 11.9 | 9.5% |
| Total revenue | <u>\$ 128.8</u> | <u>100.0%</u> | <u>127.6</u> | <u>100.0%</u> |

| Governmental Funds Summary of Expenditures (In Millions) | | | | |
|---|---------------------|-------------------|---------------------|-------------------|
| 2015 | | | 2014 | |
| | <u>Expenditures</u> | <u>% of Total</u> | <u>Expenditures</u> | <u>% of Total</u> |
| General governmental support | \$ 21.4 | 15.9% | 20.8 | 15.5% |
| Education | 3.8 | 2.8% | 3.7 | 2.8% |
| Public safety | 13.4 | 10.1% | 12.3 | 9.2% |
| Health | 12.0 | 8.9% | 12.1 | 9.0% |
| Transportation | 11.2 | 8.3% | 11.5 | 8.6% |
| Economic assistance and development | 38.9 | 29.0% | 41.2 | 30.7% |
| Culture and recreation | 1.8 | 1.3% | 1.8 | 1.3% |
| Home and community services | 1.8 | 1.4% | 1.8 | 1.3% |
| Employee benefits | 18.4 | 13.7% | 19.3 | 14.4% |
| Debt service - principal and interest | 2.0 | 1.5% | 1.4 | 1.0% |
| Capital outlays | 9.5 | 7.1% | 8.5 | 6.3% |
| Total expenditures | <u>\$ 134.2</u> | <u>100.0%</u> | <u>134.4</u> | <u>100.0%</u> |

COUNTY OF COLUMBIA, NEW YORK
Management's Discussion and Analysis, Continued

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual charges to appropriations (expenditures) were \$1.4 million less than the final budget amounts. The most significant favorable variance occurred in health which was less than budgeted amounts by \$1.5 million due primarily to physically handicapped expenditures which were \$0.6 million less than budgeted amounts.

Resources available for appropriation were approximately \$0.7 million more than the final budgeted amount. The most significant favorable variance occurred in the state aid which exceeded budgeted amounts by \$1.5 million. The most significant unfavorable variance for revenue occurred in federal aid, which was \$1.0 million less than the final budgeted amount.

The final 2015 budget did not require the use of fund balance. The County experienced an actual operating surplus of \$2.1 million, resulting in a budgetary gain of \$2.1 million, as explained in the above analysis.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2015, the County had \$49.5 million invested in a broad range of capital assets including equipment, buildings, airport facilities, jail, roads, and bridges (see Table 5 below).

Table 5

| | <u>Capital Assets at Year End (In Millions)</u> | | | | | |
|-------------------------------|---|-------------|----------------------|-------------|----------------------|-------------|
| | <u>Governmental</u> | | <u>Business-Type</u> | | <u>Total Primary</u> | |
| | <u>Activities</u> | | <u>Activities</u> | | <u>Government</u> | |
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Land and land improvements | \$ 0.5 | 0.5 | 1.0 | 1.0 | 1.5 | 1.5 |
| Buildings | 30.8 | 30.7 | 4.1 | 4.2 | 34.9 | 34.9 |
| Machinery and equipment | 16.8 | 15.3 | 4.1 | 3.2 | 20.9 | 18.5 |
| Infrastructure | 25.9 | 25.9 | - | - | 25.9 | 25.9 |
| Construction work in progress | 4.5 | 1.2 | - | 0.3 | 4.5 | 1.5 |
| Accumulated depreciation | (31.7) | (28.7) | (6.5) | (5.9) | (38.2) | (34.6) |
| Totals | \$ <u>46.8</u> | <u>44.9</u> | <u>2.7</u> | <u>2.8</u> | <u>49.5</u> | <u>47.7</u> |

COUNTY OF COLUMBIA, NEW YORK
Management's Discussion and Analysis, Continued

In addition, the County had also short-term capital borrowings of \$18.8 million at December 31, 2015, an increase of \$5.5 million.

At year-end, the County had \$17.7 million in bonds outstanding versus \$19.4 million last year.

The County's other long-term liabilities consist of \$3.3 million of compensated absences, which represents vacation and sick pay earned by and due to eligible employees upon termination and \$40.8 million of other postemployment benefits which represents the accrual for benefits other than pensions due employees upon termination.

COLUMBIA TOBACCO ASSET SECURITIZATION CORPORATION ACCOUNTING PRESENTATION

Government Accounting Standards Board Technical Bulletin No. 2004-1 provides authoritative guidance which requires inclusion of the Columbia Tobacco Asset Securitization Corporation (CTASC) as a part of the primary government thereby requiring presentation of the related long-term debt obligations as obligations of the County. The County disagrees with this presentation. It feels that the long-term debt of the CTASC is non-recourse debt of the County and including this debt as debt of the County would be misleading to the users of the financial statements. The County has sought and obtained representations from its bond counsel supporting its representation that this debt is non-recourse debt of the County. This representation has been included in the accompanying financial statements following the supplemental information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND TAX RATES

The County, like most other municipalities in New York State, is continually challenged on a fiscal level by the increases of unpredictable and extraordinary mandated expenses such as retirement costs, fuel and energy costs, snow removal, storm sewer management and health and liability insurance premium increases. These factors combined with the economic downturn that continues throughout the State have adversely affected the County, and it is because of these increasing costs and factors that the preparation of the 2016 budget will once again be very difficult.

In 2011 the New York State Legislature passed legislation limiting the annual growth of local property taxes to 2 percent or the lower of the rate of inflation (Tax Cap). Several counties may be considering future budgets that call for property-tax increases several times the 2 percent limit due to the cost of providing services mandated by the state, like Medicaid and welfare programs, that are rising faster than the 2 percent cap. The cap also limits the ability of municipalities to improve infrastructure such as roads and bridges, and capital improvements to water, sewer and public safety departments. The State Legislature must pass meaningful mandate relief and redefine the provisions of the tax cap in order to implement actual property tax reductions to County residents. The State Legislature should consider including infrastructure and public safety expenditures as additional exemptions to the amount subject to this Tax Cap legislation.

COUNTY OF COLUMBIA, NEW YORK
Management's Discussion and Analysis, Continued

As in previous years, the County is required to pay the local school districts unpaid 2015-16 school taxes by April 1, 2016. The combined amount due to the districts at December 31, 2015 for this purpose is \$7.5 million which may strain our cash reserves, depending on the status of 2016 property tax collection returns from the town tax collectors at that time.

Our overall goal for fiscal year 2016 continues to be to maintain continuous service to the residents of the County and where possible enhance services while keeping any cost increases to a minimum. The County remains optimistic about its ability to maintain its level of services, minimize property tax increases and prevent reduction in County personnel.

PINE HAVEN NURSING HOME

The Board of Supervisors has been discussing the financial sustainability of the Pine Haven Nursing Home (PNH) as a County owned and operated facility for a number of years. Early in 2014, the Board prepared a Request for Proposals (RFP) to identify potential buyers for the facility and to enable it to better understand the realities and opportunities that a potential future sale might represent.

The Board received several responses to its RFP and in March 2015, adopted a resolution accepting a \$6.5 million proposal for the sale of the Pine Haven Nursing Home to Premier Health Care Management (Premier). This acceptance was contingent upon the buyer preserving, to the maximum amount possible, the current positions of employment at the facility and that positions created in the future be offered to residents of the County.

Effective July 1, 2016, the change in ownership occurred from County to Premier Health Care with full approval from New York State Department of Health.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the:

Columbia County
County Treasurers Office
15 North 6th Street
Hudson, NY 12534
(518) 828-0513

COUNTY OF COLUMBIA, NEW YORK
Statement of Net Position
December 31, 2015

| <u>Assets</u> | <u>Primary Government</u> | | | <u>Component units</u> |
|---|------------------------------------|-------------------------------------|--------------|----------------------------|
| | <u>Governmental activities</u> | <u>Business-type activities</u> | <u>Total</u> | |
| Current assets: | | | | |
| Cash and equivalents | \$ 6,295,259 | 443,150 | 6,738,409 | 1,701,201 |
| Restricted cash and equivalents | 8,026,405 | - | 8,026,405 | 1,058,139 |
| Receivables, net of allowance for uncollectibles | 21,507,208 | 2,328,672 | 23,835,880 | - |
| Due from other governments | 6,295,637 | 7,153 | 6,302,790 | 1,622,764 |
| Due from third party payors | - | 2,278,077 | 2,278,077 | - |
| Due from other funds | 6,279,003 | - | 6,279,003 | - |
| Current portion of notes receivable | - | - | - | 300,933 |
| Inventories | 8,395 | 70,127 | 78,522 | - |
| Resident funds held in trust | - | 51,531 | 51,531 | - |
| Prepaid expenses | 436,575 | 10,149 | 446,724 | 15,088 |
| Total current assets | 48,848,482 | 5,188,859 | 54,037,341 | 4,698,125 |
| Noncurrent assets: | | | | |
| Investments held by fiscal agent | - | - | - | 1,057,917 |
| Notes receivable, less current portion | - | - | - | 1,125,920 |
| Capital assets: | | | | |
| Not being depreciated | 4,955,875 | 1,045,949 | 6,001,824 | - |
| Being depreciated, net | 41,850,837 | 1,681,025 | 43,531,862 | 6,540 |
| Total assets | 95,655,194 | 7,915,833 | 103,571,027 | 6,888,502 |
| <u>Deferred outflows of resources</u> | | | | |
| Pension - ERS | 7,032,552 | 290,464 | 7,323,016 | - |

(Continued)

See accompanying notes to financial statements.

COUNTY OF COLUMBIA, NEW YORK
Statement of Net Position, Continued

| <u>Liabilities</u> | <u>Primary Government</u> | | | <u>Component units</u> |
|---|------------------------------------|-------------------------------------|---------------------|----------------------------|
| | <u>Governmental activities</u> | <u>Business-type activities</u> | <u>Total</u> | |
| Accounts payable | \$ 6,395,738 | 1,623,677 | 8,019,415 | 36,233 |
| Accrued interest payable | 117,267 | - | 117,267 | - |
| Accrued liabilities | 1,702,622 | 639,345 | 2,341,967 | 55,560 |
| Bond anticipation notes payable | 18,686,900 | 100,000 | 18,786,900 | - |
| Due to other governments | 2,874,766 | - | 2,874,766 | - |
| Due to school districts | 7,528,353 | - | 7,528,353 | - |
| Due to third party payors | - | 13,460 | 13,460 | - |
| Due to other agencies | - | - | - | 6,441 |
| Due to other funds | - | 6,229,114 | 6,229,114 | - |
| Deposits payable | - | - | - | 68,387 |
| Resident funds held in trust | - | 51,531 | 51,531 | - |
| Non-current liabilities: | | | | |
| Bonds due within one year: | | | | |
| General obligation bonds | 1,140,000 | 207,000 | 1,347,000 | 68,363 |
| Tobacco settlement bonds | - | - | - | 135,000 |
| Unearned revenue | - | - | - | 54,599 |
| Bonds due in more than one year: | | | | |
| General obligation bonds | 16,336,486 | - | 16,336,486 | 403,163 |
| Tobacco settlement bonds | - | - | - | 18,842,433 |
| Unearned revenue | - | - | - | 124,706 |
| Workers' compensation claims payable | 14,447,218 | - | 14,447,218 | - |
| Compensated absences | 3,317,088 | - | 3,317,088 | - |
| Other postemployment benefits liability | 35,865,500 | 4,934,235 | 40,799,735 | - |
| Net pension liability - ERS | 5,224,654 | 962,790 | 6,187,444 | - |
| Total liabilities | <u>113,636,592</u> | <u>14,761,152</u> | <u>128,397,744</u> | <u>19,794,885</u> |
| <u>Deferred inflows of resources</u> | | | | |
| Government advances | 616,455 | - | 616,455 | 14,225 |
| Pension - ERS | 787,091 | 145,044 | 932,135 | - |
| Total deferred inflows of resources | <u>1,403,546</u> | <u>145,044</u> | <u>1,548,590</u> | <u>14,225</u> |
| <u>Net Position</u> | | | | |
| Net investment in capital assets | 10,643,326 | 2,419,974 | 13,063,300 | 6,540 |
| Restricted for: | | | | |
| Tax stabilization | 2,728,631 | - | 2,728,631 | - |
| Debt service | - | 188,679 | 188,679 | - |
| Loans and other | - | - | - | 943,929 |
| Unrestricted (deficit) | <u>(25,724,349)</u> | <u>(9,308,552)</u> | <u>(35,032,901)</u> | <u>(13,871,077)</u> |
| Total net position (deficit) | <u>\$(12,352,392)</u> | <u>(6,699,899)</u> | <u>(19,052,291)</u> | <u>(12,920,608)</u> |

See accompanying notes to financial statements.

COUNTY OF COLUMBIA, NEW YORK
Statement of Activities
Year ended December 31, 2015

| Functions/Programs | Program Revenue | | | | Net (Expenses) Revenue and Changes in Net Assets | | |
|---|----------------------|-------------------|-------------------|----------------|--|--------------------------|---------------------|
| | Expenses | Charges for | | Capital Grants | Primary Government | | |
| | | Services | Operating Grants | | Governmental Activities | Business-type Activities | Component Units |
| Governmental activities: | | | | | | | |
| General government support | \$ 26,539,091 | 2,073,045 | 363,995 | - | (24,102,051) | - | (24,102,051) |
| Education | 3,800,729 | - | 100,303 | - | (3,700,426) | - | (3,700,426) |
| Public safety | 18,613,631 | 1,627,623 | 1,690,605 | - | (15,295,403) | - | (15,295,403) |
| Health | 15,229,780 | 3,878,470 | 5,863,669 | - | (5,487,641) | - | (5,487,641) |
| Transportation | 17,068,230 | 1,279,575 | 2,350,640 | 877,290 | (12,560,725) | - | (12,560,725) |
| Economic assistance and development | 44,080,215 | 1,604,059 | 22,341,668 | - | (20,134,488) | - | (20,134,488) |
| Culture and recreation | 2,412,003 | 167,177 | 92,414 | - | (2,152,412) | - | (2,152,412) |
| Home and community services | 5,469,351 | 213,787 | 51,817 | - | (5,203,747) | - | (5,203,747) |
| Interest | 648,078 | - | - | - | (648,078) | - | (648,078) |
| Total governmental activities | 133,861,108 | 10,843,736 | 32,855,111 | 877,290 | (89,284,971) | - | (89,284,971) |
| Business-type activities: | | | | | | | |
| Solid Waste fund | 2,659,739 | 2,255,968 | 15,484 | - | - | (388,287) | (388,287) |
| Pine Haven Nursing Home | 14,280,810 | 10,570,715 | 5,476 | - | - | (3,704,619) | (3,704,619) |
| Total business-type activities | 16,940,549 | 12,826,683 | 20,960 | - | - | (4,092,906) | (4,092,906) |
| | <u>\$150,801,657</u> | <u>23,670,419</u> | <u>32,876,071</u> | <u>877,290</u> | <u>(89,284,971)</u> | <u>(4,092,906)</u> | <u>(93,377,877)</u> |
| Component units: | | | | | | | |
| Columbia County Soil and Water Conservation District | 723,571 | 13,901 | 445,831 | - | - | - | (263,839) |
| Columbia County Industrial Development Agency | 45,617 | 169,500 | - | - | - | - | 123,883 |
| Columbia Economic Development Corporation | 931,412 | 28,751 | 561,945 | - | - | - | (340,716) |
| Columbia County Capital Resource Corporation | 7,038 | - | - | - | - | - | (7,038) |
| Columbia Tobacco Asset Securitization Corporation | 1,292,876 | 14,029 | - | - | - | - | (1,278,847) |
| | <u>\$ 3,000,514</u> | <u>226,181</u> | <u>1,007,776</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,766,557)</u> |
| General revenue: | | | | | | | |
| Real property taxes | | | | | 40,866,032 | - | 40,866,032 |
| Real property tax items | | | | | 2,814,389 | - | 2,814,389 |
| Sales and use taxes | | | | | 37,909,720 | - | 37,909,720 |
| Sales of property and compensation for loss | | | | | 191,664 | - | 191,664 |
| Use of money and property | | | | | 1,695,632 | 44,317 | 1,739,949 |
| Transfers in (out) | | | | | (1,200,000) | 1,200,000 | - |
| Other sources | | | | | 971,941 | 2,026,458 | 2,998,399 |
| Total general revenue | | | | | 83,249,378 | 3,270,775 | 86,520,153 |
| Change in net position | | | | | (6,035,593) | (822,131) | (6,857,724) |
| Net position (deficit) at beginning of year, before restatement | | | | | (4,114,785) | (5,834,920) | (9,949,705) |
| Prior period adjustment | | | | | (109,328) | (9,366) | (118,694) |
| Cumulative effect of change in accounting principal | | | | | (2,092,686) | (33,482) | (2,126,168) |
| Net position (deficit) at beginning of year, as restated | | | | | (6,316,799) | (5,877,768) | (12,194,567) |
| Net position (deficit) at end of year | | | | | <u>\$ (12,352,392)</u> | <u>(6,699,899)</u> | <u>(19,052,291)</u> |
| | | | | | | | <u>(12,920,608)</u> |

See accompanying notes to financial statements.

COUNTY OF COLUMBIA, NEW YORK
Balance Sheet - Governmental Funds
December 31, 2015

| | <u>General</u> | <u>Capital Projects</u> | <u>Non-major Funds</u> | <u>Total</u> |
|--|---------------------|-----------------------------|----------------------------|--------------------|
| Assets: | | | | |
| Cash and equivalents | \$ 2,461,690 | - | 1,460,520 | 3,922,210 |
| Restricted cash | 4,048,404 | 3,978,001 | - | 8,026,405 |
| Taxes receivables, net of allowance for uncollectibles | 5,698,870 | - | - | 5,698,870 |
| School and City taxes receivable, net of allowance for uncollectibles | 6,021,200 | - | - | 6,021,200 |
| Accounts receivable, net of allowance for uncollectibles | 2,532,102 | - | 206,710 | 2,738,812 |
| Due from other funds | 6,309,018 | 469,554 | 129,217 | 6,907,789 |
| State and federal receivables | 6,782,801 | 152,275 | 113,250 | 7,048,326 |
| Due from other governments | 2,177,041 | - | - | 2,177,041 |
| Inventory | 8,395 | - | - | 8,395 |
| Prepaid expenditures | 1,712,512 | - | 213,526 | 1,926,038 |
| Total assets | <u>\$37,752,033</u> | <u>4,599,830</u> | <u>2,123,223</u> | <u>44,475,086</u> |
| Liabilities: | | | | |
| Accounts payable | 4,379,599 | 1,495,592 | 461,954 | 6,337,145 |
| Accrued expenses | 1,496,884 | - | 205,599 | 1,702,483 |
| BANS payable | - | 18,686,900 | - | 18,686,900 |
| Due to school districts | 7,528,353 | - | - | 7,528,353 |
| Due to other funds | 247,089 | - | 401,081 | 648,170 |
| Due to other governments | 2,874,766 | - | - | 2,874,766 |
| Total liabilities | <u>16,526,691</u> | <u>20,182,492</u> | <u>1,068,634</u> | <u>37,777,817</u> |
| Deferred inflows of resources | <u>3,551,258</u> | <u>-</u> | <u>-</u> | <u>3,551,258</u> |
| Fund balances (deficit): | | | | |
| Non-spendable | 1,720,907 | - | 213,526 | 1,934,433 |
| Restricted: | | | | |
| Health care reserve | 1,000,917 | - | - | 1,000,917 |
| Tax stabilization reserve | 2,728,631 | - | - | 2,728,631 |
| Miscellaneous reserve | 318,856 | - | - | 318,856 |
| Assigned: | | | | |
| Encumbrances | 67,497 | 38,806 | - | 106,303 |
| Other assigned | - | - | 1,132,293 | 1,132,293 |
| Unassigned | <u>11,837,276</u> | <u>(15,621,468)</u> | <u>(291,230)</u> | <u>(4,075,422)</u> |
| Total fund balances (deficit) | <u>17,674,084</u> | <u>(15,582,662)</u> | <u>1,054,589</u> | <u>3,146,011</u> |
| Total liabilities, deferred inflows, and fund balances | <u>\$37,752,033</u> | <u>4,599,830</u> | <u>2,123,223</u> | <u>44,475,086</u> |

See accompanying notes to financial statements.

COUNTY OF COLUMBIA, NEW YORK
Reconciliation of the Total Governmental Fund Balance
to Net Position of Governmental Activities
December 31, 2015

| | |
|---|-------------------------------|
| Fund balance - all governmental funds | \$ 3,146,011 |
| Amounts reported for governmental activities in the statement of net position are different due to the following: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 46,806,712 |
| Long-term liabilities, including bonds payable and other debt, are not due and payable in the current period and are, therefore, not reported in the funds. | (17,476,486) |
| Deferral of inflows of resources for property taxes earned in the current year is recognized as revenue under the accrual basis of accounting. | 2,934,803 |
| Other postemployment benefits are recognized as a liability under full accrual accounting. | (35,865,500) |
| Compensated absences are recognized as a liability under full accrual accounting. | (3,317,088) |
| Net pension liability (ERS) is recognized as a liability under full accrual | (5,224,654) |
| Interest expense is recorded on cash basis in the funds but on the accrual basis of accounting for governmental activities. | (117,267) |
| The worker's compensation fund reports receivables from other participating governments, cash, prepaid expenses and current liabilities in its internal service fund which represents the non-County portion of the liability | 6,452,297 |
| Workers' compensation claims payable are recognized as liabilities under full accrual accounting. | (14,447,218) |
| Prepaid items related to net pension liability are reported in the governmental funds but are not reported in the government-wide net position: | (1,489,463) |
| Some deferred inflows and outflows are not reported in governmental funds. These consist of the following: | |
| Deferred outflows of resources - pensions | 7,032,552 |
| Deferred inflows of resources - pensions | (787,091) |
| Net position of the governmental activities | <u><u>\$ (12,352,392)</u></u> |

See accompanying notes to financial statements.

COUNTY OF COLUMBIA, NEW YORK
Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds
Year ended December 31, 2015

| | <u>General</u> | <u>Capital Projects</u> | <u>Non-major Funds</u> | <u>Total</u> |
|---|---------------------|-----------------------------|----------------------------|--------------------|
| Revenue: | | | | |
| Real property taxes | \$30,221,713 | 1,623,928 | 9,031,753 | 40,877,394 |
| Real property tax items | 2,814,389 | - | - | 2,814,389 |
| Sales and use taxes | 37,909,720 | - | - | 37,909,720 |
| Departmental income | 8,508,525 | - | 806,108 | 9,314,633 |
| Intergovernmental charges | 927,856 | - | 1,458 | 929,314 |
| Use of money and property | 382,069 | 31,706 | 1,281,857 | 1,695,632 |
| Licenses and permits | 6,485 | - | - | 6,485 |
| Fines and forfeitures | 92,962 | - | - | 92,962 |
| Sale of property and compensation for loss | 184,323 | - | 7,341 | 191,664 |
| Miscellaneous local sources | 632,908 | 275 | 24,703 | 657,886 |
| Interfund revenue | - | - | 599,789 | 599,789 |
| State aid | 19,585,980 | 87,788 | 2,030,141 | 21,703,909 |
| Federal aid | 11,193,559 | 829,933 | 5,000 | 12,028,492 |
| Total revenue | <u>112,460,489</u> | <u>2,573,630</u> | <u>13,788,150</u> | <u>128,822,269</u> |
| Expenditures: | | | | |
| General government support | 21,337,145 | 12,357 | 1,281 | 21,350,783 |
| Education | 3,790,770 | - | - | 3,790,770 |
| Public safety | 13,458,793 | - | - | 13,458,793 |
| Health | 12,002,400 | - | - | 12,002,400 |
| Transportation | 644,274 | - | 10,581,929 | 11,226,203 |
| Economic assistance and development | 38,861,649 | - | - | 38,861,649 |
| Culture and recreation | 1,844,760 | - | - | 1,844,760 |
| Home and community services | 1,596,960 | - | 257,505 | 1,854,465 |
| Employee benefits | 15,649,256 | - | 2,658,659 | 18,307,915 |
| Debt service - principal and interest | - | 1,871,397 | 141,313 | 2,012,710 |
| Capital outlays | - | 9,485,154 | - | 9,485,154 |
| Total expenditures | <u>109,186,007</u> | <u>11,368,908</u> | <u>13,640,687</u> | <u>134,195,602</u> |
| Excess (deficiency) of revenue over expenditures | <u>3,274,482</u> | <u>(8,795,278)</u> | <u>147,463</u> | <u>(5,373,333)</u> |
| Other financing sources (uses): | | | | |
| Interfund transfers out | (1,200,000) | - | - | (1,200,000) |
| Premiums on BAN issuances | - | 192,389 | - | 192,389 |
| Total other financing sources (uses) | <u>(1,200,000)</u> | <u>192,389</u> | <u>-</u> | <u>(1,007,611)</u> |
| Net change in fund balances (deficit) | 2,074,482 | (8,602,889) | 147,463 | (6,380,944) |
| Fund balances (deficit) at beginning of year | <u>15,599,602</u> | <u>(6,979,773)</u> | <u>907,126</u> | <u>9,526,955</u> |
| Fund balances (deficit) at end of year | <u>\$17,674,084</u> | <u>(15,582,662)</u> | <u>1,054,589</u> | <u>3,146,011</u> |

See accompanying notes to financial statements.

COUNTY OF COLUMBIA, NEW YORK
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balance -
Governmental Funds to the Statement of Activities
Year ended December 31, 2015

| | |
|---|-----------------------------|
| Net changes in fund balance - total governmental funds | \$(6,380,944) |
| Capital outlays, net of dispositions are expenditures in governmental funds, but are capitalized in the statement of net assets. | 4,545,665 |
| Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities. | (2,562,153) |
| Property tax revenue is recorded to the extent it is received within 60 days of year-end for governmental funds, but in the statement of activities, this revenue is recorded as earned upon levy. | (11,362) |
| Repayments of long-term debt are recoded as expenditures in the governmental funds, but are recorded as payments of liabilities in that statement of net position. | 1,310,000 |
| Amortization of bond premiums is not recorded in the governmental funds but is in the statement of net position. | 51,208 |
| Accrued postemployment benefits, compensated absences, and settlements and claims do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds. | (4,814,562) |
| Payments for early retirement incentives are recorded as expenditures in the governmental funds when paid, but are recognized in the statement of activities when the liability is incurred. | 69,308 |
| Certain items related to the change in net pension liability are reflected in the statement of net position. | |
| Net pension liability | 1,871,471 |
| Deferred outflows of resources - pensions | 539,650 |
| Deferred inflows of resources - pensions | (787,091) |
| Expenses for payments to the internal service fund are recognized as expenses in the governmental funds as paid, but as recognized in the statement of activities as incurred. | 129,793 |
| Interest is accrued on the outstanding bonds on the statement of net assets but is not recorded as an expenditure in the government funds. | <u>3,424</u> |
| Change in net position of governmental activities | <u><u>\$(6,035,593)</u></u> |

See accompanying notes to financial statements.

COUNTY OF COLUMBIA, NEW YORK
Statement of Net Position -
Proprietary Funds
December 31, 2015

| | Business-type Activities - Enterprise Funds | | | |
|--|---|-------------------------------|--------------------|---------------------|
| | Solid Waste Fund | Pine Haven Nursing Home | Total | Internal Service |
| Assets | | | | |
| Current assets: | | | | |
| Cash and equivalents | \$ 282,964 | 160,186 | 443,150 | 2,373,049 |
| Accounts receivable, net: | | | | |
| County of Columbia | - | - | - | 7,994,921 |
| Customers | 61,230 | 2,267,442 | 2,328,672 | - |
| Due from other governments | 7,153 | - | 7,153 | 4,118,596 |
| Due from third party payors | - | 2,278,077 | 2,278,077 | - |
| Due from other funds | 245 | - | 245 | 33,000 |
| Inventories | - | 70,127 | 70,127 | - |
| Resident funds held in trust | - | 51,531 | 51,531 | - |
| Prepaid expenses | 10,149 | - | 10,149 | - |
| Total current assets | <u>361,741</u> | <u>4,827,363</u> | <u>5,189,104</u> | <u>14,519,566</u> |
| Noncurrent assets: | | | | |
| Capital assets: | | | | |
| Capital assets - not being depreciated | 751,170 | 294,779 | 1,045,949 | - |
| Capital assets - net of depreciation | <u>677,731</u> | <u>1,003,294</u> | <u>1,681,025</u> | <u>-</u> |
| Total noncurrent assets | <u>1,428,901</u> | <u>1,298,073</u> | <u>2,726,974</u> | <u>-</u> |
| Total assets | <u>1,790,642</u> | <u>6,125,436</u> | <u>7,916,078</u> | <u>14,519,566</u> |
| Deferred outflows of resources - pension - ERS | <u>110,424</u> | <u>180,040</u> | <u>290,464</u> | <u>-</u> |
| Liabilities: | | | | |
| Current liabilities: | | | | |
| Current maturities of bonds payable | 207,000 | - | 207,000 | - |
| Accounts payable | 680,482 | 943,195 | 1,623,677 | 58,593 |
| Accrued liabilities | 38,778 | 600,567 | 639,345 | 139 |
| Bond anticipation notes payable | 100,000 | - | 100,000 | - |
| Due to third party payors | - | 13,460 | 13,460 | - |
| Patient funds held in trust | - | 51,531 | 51,531 | - |
| Due to other funds | <u>149,825</u> | <u>6,079,534</u> | <u>6,229,359</u> | <u>13,616</u> |
| Total current liabilities | <u>1,176,085</u> | <u>7,688,287</u> | <u>8,864,372</u> | <u>72,348</u> |
| Noncurrent liabilities: | | | | |
| Other postemployment benefit obligations payable | - | 4,934,235 | 4,934,235 | - |
| Net pension liability - ERS | 87,526 | 875,264 | 962,790 | - |
| Accrued workers' compensation liability | <u>-</u> | <u>-</u> | <u>-</u> | <u>14,447,218</u> |
| Total noncurrent liabilities | <u>87,526</u> | <u>5,809,499</u> | <u>5,897,025</u> | <u>14,447,218</u> |
| Total liabilities | <u>1,263,611</u> | <u>13,497,786</u> | <u>14,761,397</u> | <u>14,519,566</u> |
| Deferred inflows of resources - pension - ERS | <u>13,186</u> | <u>131,858</u> | <u>145,044</u> | <u>-</u> |
| Net position (deficit): | | | | |
| Net investment in capital assets | 1,121,901 | 1,298,073 | 2,419,974 | - |
| Restricted for debt service | 188,679 | - | 188,679 | - |
| Unrestricted | <u>(686,311)</u> | <u>(8,622,241)</u> | <u>(9,308,552)</u> | <u>-</u> |
| Total net position (deficit) | <u>\$ 624,269</u> | <u>(7,324,168)</u> | <u>(6,699,899)</u> | <u>-</u> |

See accompanying notes to financial statements.

COUNTY OF COLUMBIA, NEW YORK
Statement of Revenue, Expenditures, and Changes in Net Position - Proprietary Funds
Year ended December 31, 2015

| | Enterprise Funds | | | |
|---|------------------------|-------------------------------|--------------------|---------------------|
| | Solid Waste Fund | Pine Haven Nursing Home | Total | Internal Service |
| Operating revenue: | | | | |
| Charges for services | \$2,255,968 | 10,570,715 | 12,826,683 | 2,287,364 |
| Other operating revenue | <u>15,484</u> | <u>5,476</u> | <u>20,960</u> | <u>205,571</u> |
| Total operating revenue | <u>2,271,452</u> | <u>10,576,191</u> | <u>12,847,643</u> | <u>2,492,935</u> |
| Operating expenses: | | | | |
| Personnel services | - | - | - | 2,475 |
| Nursing services | - | 4,635,008 | 4,635,008 | - |
| Ancillary services | - | 1,775,045 | 1,775,045 | - |
| Dietary services | - | 1,253,640 | 1,253,640 | - |
| Housekeeping services | - | 343,761 | 343,761 | - |
| Laundry services | - | 259,434 | 259,434 | - |
| Maintenance | - | 413,375 | 413,375 | - |
| Administrative and fiscal services | - | 951,752 | 951,752 | 681,838 |
| Insurance | - | 102,854 | 102,854 | - |
| Employee benefits | 394,803 | 3,496,582 | 3,891,385 | 1,820,407 |
| Cash receipts assessment | - | 357,742 | 357,742 | - |
| Depreciation and amortization | 84,525 | 146,117 | 230,642 | - |
| Provision for bad debts | - | 545,500 | 545,500 | - |
| Home and community service | <u>2,178,423</u> | <u>-</u> | <u>2,178,423</u> | <u>-</u> |
| Total operating expenses | <u>2,657,751</u> | <u>14,280,810</u> | <u>16,938,561</u> | <u>2,504,720</u> |
| Loss from operations | <u>(386,299)</u> | <u>(3,704,619)</u> | <u>(4,090,918)</u> | <u>(11,785)</u> |
| Non-operating revenue (expenses): | | | | |
| Subsidy from County | - | 1,200,000 | 1,200,000 | - |
| Intergovernmental transfers | - | 2,000,000 | 2,000,000 | - |
| Interest income | 1,877 | 14 | 1,891 | 11,785 |
| Debt service | (1,988) | - | (1,988) | - |
| Tower rental | - | 42,426 | 42,426 | - |
| Other | <u>-</u> | <u>26,458</u> | <u>26,458</u> | <u>-</u> |
| Total non-operating revenue (expenses) | <u>(111)</u> | <u>3,268,898</u> | <u>3,268,787</u> | <u>11,785</u> |
| Change in net position | <u>(386,410)</u> | <u>(435,721)</u> | <u>(822,131)</u> | <u>-</u> |
| Net position (deficit) at beginning of year, before restatement | 1,053,527 | (6,888,447) | (5,834,920) | - |
| Prior period adjustment | (9,366) | - | (9,366) | - |
| Cumulative effect of change in accounting principal | <u>(33,482)</u> | <u>-</u> | <u>(33,482)</u> | <u>-</u> |
| Net position (deficit) at beginning of year, as restated | <u>1,010,679</u> | <u>(6,888,447)</u> | <u>(5,877,768)</u> | <u>-</u> |
| Net position (deficit) at end of year | <u>\$ 624,269</u> | <u>(7,324,168)</u> | <u>(6,699,899)</u> | <u>-</u> |

See accompanying notes to financial statements.

COUNTY OF COLUMBIA, NEW YORK
Statement of Cash Flows - Proprietary Funds
Year ended December 31, 2015

| | Enterprise Funds | | | |
|--|------------------------|-------------------------------|--------------------|---------------------|
| | Solid Waste Fund | Pine Haven Nursing Home | Total | Internal Service |
| Cash flows from operating activities: | | | | |
| Cash received from providing services | \$2,247,320 | 10,373,893 | 12,621,213 | 3,073,331 |
| Cash received for other operations | 15,484 | - | 15,484 | 205,571 |
| Cash payments to suppliers | (2,122,561) | (3,151,315) | (5,273,876) | (3,063,616) |
| Cash payments to employees and contractual services | (440,854) | (10,187,119) | (10,627,973) | - |
| Other operating revenue | - | 5,476 | 5,476 | - |
| Net cash provided by (used in) operating activities | <u>(300,611)</u> | <u>(2,959,065)</u> | <u>(3,259,676)</u> | <u>215,286</u> |
| Cash flows from non-capital financing activities: | | | | |
| Intergovernmental transfers | - | 2,000,000 | 2,000,000 | - |
| Subsidy from County | - | 1,200,000 | 1,200,000 | - |
| Interest and finance charges | 1,877 | 14 | 1,891 | 11,785 |
| Tower rental | - | 42,426 | 42,426 | - |
| Contributions and other revenue | - | 26,458 | 26,458 | - |
| Net cash provided by non-capital financing activities | <u>1,877</u> | <u>3,268,898</u> | <u>3,270,775</u> | <u>11,785</u> |
| Cash flows from capital and related financing activities: | | | | |
| Principal payments on bonds | (450,000) | - | (450,000) | - |
| Purchase of bond anticipation notes payable | 100,000 | - | 100,000 | - |
| Repayment of bond anticipation notes payable | (100,000) | - | (100,000) | - |
| Disposal of property, plant and equipment | 22,219 | - | 22,219 | - |
| Purchase of property, plant and equipment | - | (235,802) | (235,802) | - |
| Reduction in net pension liability | - | (295,521) | (295,521) | - |
| Changes in deferred inflows and outflows related to pensions | - | (48,182) | (48,182) | - |
| Payments of interest | (1,988) | - | (1,988) | - |
| Net cash used in capital and related financing activities | <u>(429,769)</u> | <u>(579,505)</u> | <u>(1,009,274)</u> | <u>-</u> |
| Net change in cash and equivalents | (728,503) | (269,672) | (998,175) | 227,071 |
| Cash and equivalents at beginning of year | <u>1,011,467</u> | <u>429,858</u> | <u>1,441,325</u> | <u>2,145,978</u> |
| Cash and equivalents at end of year | <u>\$ 282,964</u> | <u>160,186</u> | <u>443,150</u> | <u>2,373,049</u> |
| Reconciliation of operating loss to net cash provided by (used in) operating activities: | | | | |
| Operating loss | (386,299) | (3,704,619) | (4,090,918) | (11,785) |
| Depreciation and amortization expense | 84,525 | 146,117 | 230,642 | - |
| Bad debts | - | 545,500 | 545,500 | - |
| Cumulative effect of change in accounting principle | (33,482) | - | (33,482) | - |
| Changes in: | | | | |
| Accounts receivable | (8,403) | (1,896,290) | (1,904,693) | 785,967 |
| Prepaid expenses | 27,356 | 75,096 | 102,452 | 79,266 |
| Deferred outflows of resources - pensions | (110,424) | - | (110,424) | - |
| Accounts payable | 26,988 | 593,311 | 620,299 | 13,770 |
| Due from third party payers | - | (2,278,077) | (2,278,077) | - |
| Accrued items | 1,518 | (102,339) | (100,821) | (13,412) |
| Due to/from other funds | (3,102) | - | (3,102) | (249,574) |
| Net pension liability | 87,526 | - | 87,526 | - |
| Deferred inflows of resources - pensions | 13,186 | - | 13,186 | - |
| Due to County | - | 3,648,776 | 3,648,776 | - |
| Due to third party payors | - | 13,460 | 13,460 | - |
| Accrued workers' compensation liability | - | - | - | (388,946) |
| Net cash provided by (used in) operating activities | <u>\$ (300,611)</u> | <u>(2,959,065)</u> | <u>(3,259,676)</u> | <u>215,286</u> |

See accompanying notes to financial statements.

COUNTY OF COLUMBIA, NEW YORK
Statement of Fiduciary Net Position - Fiduciary Funds
December 31, 2015

| | |
|--------------------------|--------------------|
| Assets: | |
| Cash | \$ 2,189,709 |
| Accounts receivable | 365,207 |
| Due from other funds | <u>17,729</u> |
| Total assets | <u>2,572,645</u> |
| | |
| Liabilities: | |
| Due to other funds | 67,618 |
| Due to other governments | 1,445 |
| Agency liabilities | <u>2,503,582</u> |
| Total liabilities | <u>2,572,645</u> |
| | |
| Net position | <u><u>\$ -</u></u> |

See accompanying notes to financial statements.

COUNTY OF COLUMBIA, NEW YORK
Statement of Net Position
Component Units
December 31, 2015

| | Columbia County Soil and Water Conservation District | Columbia County Industrial Development Agency | Columbia Economic Development Corporation | Columbia County Capital Resource Corporation | Columbia Tobacco Asset Securitization Corporation | Total |
|---|--|---|--|--|--|-----------|
| Current assets: | | | | | | |
| Cash and equivalents | \$ 44,391 | 136,219 | 1,472,602 | 970 | 47,019 | 1,701,201 |
| Restricted cash | 761,573 | 56,337 | 240,229 | - | - | 1,058,139 |
| Receivables: | | | | | | |
| Due from related parties | - | 1,240 | - | - | - | 1,240 |
| Due from other governments | - | - | 58,921 | - | 1,562,603 | 1,621,524 |
| Notes | - | - | 300,933 | - | - | 300,933 |
| Prepaid expenses | 9,531 | - | 447 | - | 5,110 | 15,088 |
| Total current assets | 815,495 | 193,796 | 2,073,132 | 970 | 1,614,732 | 4,698,125 |
| Noncurrent assets: | | | | | | |
| Investments held by fiscal agent | - | - | - | - | 1,057,917 | 1,057,917 |
| Notes receivable, net, less current portion | - | - | 1,125,920 | - | - | 1,125,920 |
| Capital assets being depreciated, net | - | - | 6,540 | - | - | 6,540 |
| Total assets | 815,495 | 193,796 | 3,205,592 | 970 | 2,672,649 | 6,888,502 |

(Continued)

See accompanying notes to financial statements.

COUNTY OF COLUMBIA, NEW YORK
Statement of Net Position, Continued

| | Columbia County Soil and Water Conservation District | Columbia County Industrial Development Agency | Columbia County Economic Development Corporation | Columbia County Capital Resource Corporation | Columbia Tobacco Asset Securitization Corporation | Total |
|----------------------------------|--|---|--|--|--|--------------|
| Liabilities: | | | | | | |
| Accounts payable | \$ - | - | 10,607 | - | 25,626 | 36,233 |
| Accrued liabilities | - | - | 8,202 | - | 47,358 | 55,560 |
| Deposits payable | - | 56,337 | 12,050 | - | - | 68,387 |
| Due to other agencies | - | - | 5,201 | - | - | 5,201 |
| Due to related party | - | - | 1,240 | - | - | 1,240 |
| Noncurrent liabilities: | | | | | | |
| Due within one year | - | - | 122,962 | - | 135,000 | 257,962 |
| Due in more than one year | - | - | 527,869 | - | 18,933,198 | 19,461,067 |
| Unamortized discount | - | - | - | - | (90,765) | (90,765) |
| Total liabilities | - | 56,337 | 688,131 | - | 19,050,417 | 19,794,885 |
| Deferred inflows of resources | - | - | 14,225 | - | - | 14,225 |
| Net position (deficit): | | | | | | |
| Net investment in capital assets | - | - | 6,540 | - | - | 6,540 |
| Restricted | 761,573 | - | 182,356 | - | - | 943,929 |
| Unrestricted | 53,922 | 137,459 | 2,314,340 | 970 | (16,377,768) | (13,871,077) |
| Total net position (deficit) | \$ 815,495 | 137,459 | 2,503,236 | 970 | (16,377,768) | (12,920,608) |

See accompanying notes to financial statements.

COUNTY OF COLUMBIA, NEW YORK
Statement of Activities
Component Units
Year ended December 31, 2015

| Functions/Programs | Net Revenue (Expense) and Changes in Net Position | | | | | | | | | |
|---|---|----------------------|------------------------------------|----------------|--------------------------------------|---|--|--|---|--------------|
| | Expenses | | Program Revenue | | Columbia | | | | | Total |
| | General | Charges for Services | Operating Grants and Contributions | Appropriations | Soil and Water Conservation District | Columbia County Industrial Development Agency | Columbia County Economic Development Corporation | Columbia County Capital Resource Corporation | Columbia Tobacco Asset Securitization Corporation | |
| Soil and Water Conservation District | \$ 723,571 | 13,901 | 75,806 | 370,025 | (263,839) | - | - | - | - | (263,839) |
| Columbia County Industrial Development Agency | 45,617 | 169,500 | - | - | - | 123,883 | - | - | - | 123,883 |
| Columbia Economic Development Corporation | 931,412 | 28,751 | 124,945 | 437,000 | - | - | (340,716) | - | - | (340,716) |
| Columbia County Capital Resource Corporation | 7,038 | - | - | - | - | - | - | (7,038) | - | (7,038) |
| Columbia Tobacco Asset Securitization Corporation | 1,292,876 | 14,029 | - | - | - | - | - | - | (1,278,847) | (1,278,847) |
| Total component units | \$ 3,000,514 | 226,181 | 200,751 | 807,025 | (263,839) | 123,883 | (340,716) | (7,038) | (1,278,847) | (1,766,557) |
| General revenue: | | | | | | | | | | |
| Unrestricted use of money and property | | | | | 5,345 | 45 | 85,376 | - | 3 | 90,769 |
| Miscellaneous | | | | | 7,935 | 2,740 | 9,363 | - | 1,481,607 | 1,501,645 |
| Total general revenue | | | | | 13,280 | 2,785 | 94,739 | - | 1,481,610 | 1,592,414 |
| Change in net position | | | | | (250,559) | 126,668 | (245,977) | (7,038) | 202,763 | (174,143) |
| Net position (deficit) at beginning of year | | | | | 1,066,054 | 10,791 | 2,749,213 | 8,008 | (16,580,531) | (12,746,465) |
| Net position (deficit) at end of year | | | | | \$ 815,495 | 137,459 | 2,503,236 | 970 | (16,377,768) | (12,920,608) |

See accompanying notes to financial statements.

COUNTY OF COLUMBIA, NEW YORK

Notes to Financial Statements

December 31, 2015

(1) Summary of Significant Accounting Policies

The financial statements of the County of Columbia, New York (the County) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The following is a summary of significant accounting policies and reporting practices of the County:

The County, which was established in 1786, is governed by County law and other general laws of the State of New York. The governing body consists of 23 supervisors. The Chairman of the Board of Supervisors, elected by the board each year, is the Chief Executive Officer of the County, the County Treasurer, elected for a four-year term, is the Chief Fiscal Officer of the County, the County Clerk, Sheriff, and District Attorney are constitutional officials and are elected in accordance with Constitutional provisions.

The County provides the following basic services: general governmental support, education, public safety, health, transportation, highways and streets, economic assistance and development, culture and recreation, and home and community services.

(a) Financial Reporting Entity

The financial reporting entity consists of (a) the primary government which is the County of Columbia, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement No. 14 - "The Financial Reporting Entity," as amended by GASB Statement No. 39 - "Determining Whether Certain Organizations are Component Units."

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 as a part of the County's reporting entity is generally based on criteria set forth in GASB Statement No. 14 as amended by GASB Statement No. 39, including legal standing, fiscal dependency, and financial accountability. Despite the guidance provided in Statement No. 39, the County has elected to treat the Columbia Tobacco Asset Securitization Corporation as a discretely presented component unit instead of as a blended component unit. Based on the application of these criteria, the following are included as discretely presented component units:

COUNTY OF COLUMBIA, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(a) Financial Reporting Entity, Continued

Columbia County Soil and Water Conservation District (the District) - This component unit is a political subdivision established by the County Board of Supervisors for the purpose of improving and advancing the conservation, wise use and orderly development of the soil, water and related natural resources of the County of Columbia, New York.

Columbia County Industrial Development Agency (IDA) - The IDA is a public benefit corporation created by State legislation to promote the economic welfare, recreational opportunities and prosperity of the County and its inhabitants.

Columbia Economic Development Corporation (CEDC) - The CEDC is a public benefit corporation created by State legislation to promote and develop industry and employment within the County.

Columbia Tobacco Asset Securitization Corporation (CTASC) - This entity was incorporated October 28, 2000 as a local development corporation by the County under the provisions of Section 1411 of the New York State Not-for-Profit Corporation Law. Its purpose is to issue bonds securitized solely from County Tobacco Settlement Revenues under the Master Settlement Agreement dated November 23, 1998, purchased from the County under the Purchase and Sale Agreement dated October 15, 2000 and November 15, 2005, and to forward to the County the net proceeds from the bond issuances. GASB Technical Bulletin No. 2004-1 requires that CTASC be treated as a blended component unit of the County and reported as a part of the primary government. Despite this guidance, the County has elected to treat CTASC as a discretely presented component unit.

Columbia County Capital Resource Corporation - This component unit of the County was established in October 2009 by the Columbia County Board of Supervisors under the laws of the State of New York to promote economic growth in the County of Columbia, New York. This is done primarily through the administration of tax exempt bonds.

A joint venture entered into between the County another local governmental entity is excluded from the reporting entity (see note 5).

(b) Basic Financial Statements

The County's basic financial statements include both Government-wide (reporting the County as a whole) and Governmental Funds financial statements (reporting the County's governmental funds). Both the Government-wide and Governmental Funds financial statements categorize primary activities as either Governmental or Business-type. The County's general governmental support, education, public safety, health, transportation, highways and streets, economic assistance and development, culture and recreation, and home and community services are classified as Governmental Activities.

COUNTY OF COLUMBIA, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Basic Financial Statements, Continued

(1) Government-Wide Financial Statements

The Government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of activities for the primary government and for the County's discretely presented component units. Government-wide financial statements do not include the activities reported in the Fiduciary Funds or fiduciary component units. This government-wide presentation is focused on the sustainability of the County as an entity and the change in the County's net position resulting from its current year's activities.

The Government-wide statements of net position and activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost for each of the County's functions or programs. Gross expenses are direct expenses, including depreciation, that are specifically associated with a service, program or department and, therefore, are clearly identifiable to a particular function. These expenses are offset by program revenues - charges paid by the recipients of the goods or services offered by the program, grants, and contributions that are restricted to meeting the program or capital requirements of a particular program. Revenue which is not classified as program revenue is presented as general revenue of the County, with certain limited exceptions. Net cost represents the extent to which each function or program is self-financing or draws from the general revenue of the County.

(2) Governmental Fund Financial Statements

The financial transactions of the County are reported in individual funds in the Governmental Funds financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, reserves, fund equity, revenue, and expenditures or expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The County records its transactions using the following fund types and account groups:

Governmental Funds - Governmental Funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources, and the related liabilities are accounted for through Governmental Funds. The measurement focus of the Governmental Funds is based upon determination of financial position and changes in financial position. The County's Governmental Funds are as follows:

COUNTY OF COLUMBIA, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Basic Financial Statements, Continued

(2) Governmental Fund Financial Statements, Continued

Major Funds:

General Fund - Principal operating fund of the County; includes all operations not required to be accounted for in other funds.

Capital Projects Fund - Established to account for financial resources used for the acquisition or construction of major capital projects (other than those reported in the proprietary funds).

Non-Major Funds:

County Road Fund - Established to account for revenue and expenditures related to the construction and maintenance of County roads in accordance with New York State laws.

Road Machinery Fund - Established to account for revenues and expenditures related to the purchase, repair, maintenance, and storage of highway machinery, tools, and equipment in accordance with New York State laws.

Water Fund - Established to account for water operations for the industrial park water district.

Sewer Fund - Established to account for revenues and expenditures related to operation of the industrial park sewer district.

Special Revenue Fund - Established to account for funds restricted for home and community services specific to individual funding sources.

Special Grant Fund - Established to account for the expenditures relating to the promotion of economic development and the prosperity of the County and its inhabitants through the use of Community Development Block Grants.

Proprietary Funds - Established to account for activities which are similar to those often found in the private sector. The costs of providing goods or services to the general public are accounted for in these funds and are financed or recovered primarily through user fees. The measurement focus is the full accrual, economic resource basis for purposes of determination of operating income, changes in net position, financial position, and cash flows. The following Proprietary Funds are utilized:

Solid Waste Fund - Established to account for revenue and expenditures associated with recycling and waste management programs.

COUNTY OF COLUMBIA, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Basic Financial Statements, Continued

(2) Governmental Fund Financial Statements, Continued

Pine Haven Nursing Home - Established to account for activities of the County's facility created to nurture the medical welfare and manner of living of the County's elderly inhabitants. The enterprise operates at a capacity of 120 beds in Philmont, New York. The committee that oversees the Pine Haven Nursing Home is comprised of members of the County Board of Supervisors.

Internal Service Fund - Used to account for special activities or services provided by one department to other departments or to other governments on a cost reimbursement basis. The Internal Service fund is used to account for the County's self-insured workers' compensation plan.

Fiduciary Funds - Fiduciary funds are used to account for assets held by the County as an agent for individuals, private organizations, other governmental units, and/or other funds.

(c) Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenue and expenditures/expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures or expenses.

(1) Accrual Basis - The Government-wide financial statements and the Proprietary and Fiduciary Funds financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the County's assets, deferred outflows, liabilities and deferred inflows, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenue is recognized when earned and expenses are recognized when incurred.

(2) Modified Accrual Basis - Under this basis of accounting, revenue is recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenue that is accrued includes: real property taxes, State and Federal aid, sales tax, and certain user charges. The County considers property tax receivables collected within 60 days after year-end to be available and recognizes them as revenue of the current year. All other revenue deemed collectible within one year after year-end is recognized as revenue in the current year. Because expenditures are the prime factor for determining eligibility, revenue from Federal and State grants is accrued when the related expenditures are made.

COUNTY OF COLUMBIA, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Basis of Accounting/Measurement Focus, Continued

(2) Modified Accrual Basis, Continued

Expenditures are recorded when incurred. The costs of capital assets are recognized as expenditures when funds are expensed. Exceptions to this general rule are that (1) principal and interest on indebtedness are not recognized as expenditures until due, and (2) compensated absences, such as vacation and sick leave which vests or accumulates, are recognized as expenditures when paid.

(3) Pine Haven Nursing Home - Pine Haven Nursing Home recognizes revenue at standard room rates as patient days are incurred. A contractual allowance is recorded for the difference between the standard room rate and the reimbursement rate received from third-party payers. The rate established by the third-party payers is based on the defined cost of service in providing patient care and is subject to audit by the third-party payers. Any adjustments to reimbursement rates resulting from these audits are recognized in the year they become known and measurable.

(d) Cash and Equivalents/Investments

For financial statement purposes, the County considers all highly-liquid investments with original maturities of three months or less to be cash equivalents. Investments consist of certificates of deposit with original maturities greater than three months and are valued at cost, which approximates fair value.

(e) Budget Policies

Budgets are adopted annually on a basis of accounting consistent with GAAP for the General, County Road, Road Machinery, Solid Waste, Pine Haven Nursing Home, Sewer, Water, and Capital Funds. Appropriations authorized for the current year are increased by the amount of any encumbrances carried forward from the prior year. Encumbrances are not considered as disbursements in the financial plan or as expenditures in the GAAP-based financial statements, but reserve a portion of the applicable appropriation, thereby ensuring that the appropriations are not exceeded.

No later than November 15th, the budget officer submits a tentative budget to the County Board of Supervisors for the fiscal year commencing the following January 1st. The tentative budget includes proposed expenditures and the proposed means of financing for all funds, except Special Grant and Special Revenue Funds.

After public hearings are conducted to obtain taxpayer comments, no later than December 20th, the County Board of Supervisors adopts the budget.

Budget modifications to the budgets so adopted are authorized by resolution of the County Board of Supervisors. The budget officer is authorized to transfer certain budgeted amounts, other than for personal services or equipment.

COUNTY OF COLUMBIA, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(e) Budget Policies, Continued

Budgetary controls are established for the Capital Projects Fund through resolutions authorizing individual projects and remain in effect for the lives of the projects. Budgetary controls for the Self-Insurance Fund are established through separate annual resolutions.

(f) Real Property Taxes

Unpaid school district taxes are turned over to the County for collection. All such taxes are paid to the various jurisdictions and the County obtains ultimate collection responsibility for the unpaid taxes. Any such taxes remaining unpaid at year-end are re-levied as County taxes in the following year.

All properties for which County taxes remain unpaid are subject to lien by the County. Such properties are held for a mandatory two-year period after which the properties are subject to a tax sale.

In the Government-wide financial statements, real property taxes levied are recognized as revenue in the current period, net of an allowance for uncollectible accounts. The Governmental Fund financial statements recognize as revenue only those amounts collected within 60 days following the end of the fiscal year. The remaining balance is recognized as deferred inflows of financial resources.

(g) Receivables

Governmental Funds - Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such an allowance would not be material.

Proprietary Funds - Accounts receivable are stated net of an allowance for uncollectible accounts. Pine Haven Nursing Home estimates the allowance based on its analysis of specific balances, taking into consideration the age of past due accounts, the status of the billing process with third-party payers, the value of remaining assets held by residents, and anticipated collections resulting from legal action.

(h) Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to January 1, 2003. For assets acquired prior to January 1, 2003, estimated historical costs are used. Donated assets are reported at estimated fair market value at the time received. In accordance with generally accepted accounting principles, the County has retroactively capitalized pre-2003 infrastructure net of related accumulated depreciation.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the Government-wide statements are as follows:

COUNTY OF COLUMBIA, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(h) Capital Assets, Continued

| | <u>Capitalization Threshold</u> | <u>Depreciation Method</u> | <u>Estimated Useful Life</u> |
|----------------------------|-------------------------------------|--------------------------------|----------------------------------|
| Land | \$ 5,000 | N/A | N/A |
| Buildings and improvements | 5,000 | Straight-line | 20-75 |
| Vehicles and equipment | 5,000 | Straight-line | 5-20 |
| Land improvements | 5,000 | Straight-line | 20-75 |
| Infrastructure | 5,000 | Straight-line | 20-75 |

(i) Self-Insurance

The County sponsors and participates in a self-insurance plan for workers' compensation under Local Law No. 1 and 2 of 1956, pursuant to Article 5 of the Workers' Compensation Law. The plan is open to any eligible municipality, school district, or public entity within the County. At December 31, 2015, there were 23 participating municipalities, including the County.

The County is responsible for administration of the plan and its reserves. Participant contributions, which are financed on a pay-as-you-go basis, are assessed on an estimated claim basis with excess contributions transferred to the reserve at the end of the fiscal year. Liabilities are recorded when it is probable that a loss has been incurred and the amount of loss can be reasonably estimated. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using expected future investment yield assumptions of 1.47%. The portion of this liability allocable to the County is recorded at its present value of \$7,994,921 in the Government-wide statement of net position which represents the portion to be liquidated with expendable and available financial resources of the County as of December 31, 2015. The difference between the \$7,994,921 allocable to the County and the \$14,447,218 liability reported on the statement of net position represents the portion of the liability allocable to non-County participants. These liabilities are partially offset by assessment receivables to non-County participants totaling \$4,118,596 at December 31, 2015. Benefits and awards expenditures for the year ended December 31, 2015, were \$1,820,407.

(j) Compensated Absences

Under the terms of various union contracts and pursuant to resolutions authorized by the Board of Supervisors, employees are allowed to accrue sick leave at the rate of one day per month (12 days per year). Sick leave credits may be accumulated to a maximum of 220 days. Upon retirement and with 10 years of service, an employee is entitled to convert the cash value of sick days toward future contributions to the group health insurance plan at the rate of \$90 per day for Union and \$75 per day for corrections and sheriff department employees. No cash payments are made for accrued sick time.

COUNTY OF COLUMBIA, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Compensated Absences, Continued

Based upon the number of years of service, employees are entitled to vacation which vests on January 1 of each year for the following year's employment. A maximum of one week vacation can be carried over for use in the following year. Upon termination of employment, an employee is entitled to a cash payout of all unused vacation time accrued.

In addition to accrued vacation and sick time, certain employees are entitled to accumulated comp time. This time can be paid out at any time during the employee's employment or at termination.

(k) Other Postemployment Benefits

In addition to providing retirement benefits, the County provides certain health benefits for retired employees. Substantially all of the County's employees have the option to receive these benefits, which are generally provided by an insurance company upon retirement. At the fund level, the County recognizes the cost of providing these benefits as the premiums are paid. The costs recognized on a pay as you go basis for 2015 approximated \$1.7 million for employees and survivors.

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 45 - "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," the County has recorded in the government-wide statement of net position the required other postemployment benefits liability of \$40,799,735 at December 31, 2015.

(l) Equity and Fund Balance Classifications

In the Government-wide statements, equity is classified as net position and displayed in three components:

- i) Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- ii) Restricted net position - consists of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- iii) Unrestricted net position - consists of net position without constraints.

Fund balance is reported in five different classifications: non-spendable, restricted, committed, assigned, and unassigned.

- i) Non-spendable consists of amounts that are inherently non-spendable 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 principal of endowments.

COUNTY OF COLUMBIA, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(l) Equity and Fund Balance Classifications, Continued

- ii) 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.
- iii) 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. The County Board of Supervisors is the decision-making authority that can, by Board resolution, commit fund balance. The County has no committed fund balance at December 31, 2015.
- iv) Assigned consists of amounts that are subject to purpose constraints that represent an intended use 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.
- v) 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.

When resources are available from multiple classifications, the County spends funds in the following order: restricted, committed, assigned, unassigned.

(m) Revenue

Substantially all Governmental Fund revenue is accrued. Property tax receivables expected to be received later than 60 days after year-end are recognized as deferred inflows. In applying GASB Statement No. 33 to grant revenue, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred inflows by the recipient. Subsidies and grants to Proprietary Funds which finance either capital or current operations are reported as non-operating revenue based on GASB Statement No. 33.

(n) Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, it is the County's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by any applicable legal requirements.

COUNTY OF COLUMBIA, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(o) Interfund Activity

Interfund activity is generally reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenue and expenditures/expenses. Reimbursements arise when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between Governmental and/or Proprietary Funds are netted as part of the reconciliation to the Government-wide financial statements.

(p) Expenditures in Excess of Budget

Certain individual budgetary expenditures exceeded their budgetary authorizations in the general fund.

(q) Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(r) Deferred Outflows and Inflows of Resources

In the Statement of Net Position, in addition to assets, the County will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category. The first item is related to pensions reported in the County-wide Statement of Net Position. This represents the effect of the net change in the County's proportion of the collective net pension asset or liability and difference during the measurement period between the County's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the County contributions to the pension system subsequent to the measurement date.

The County's Statement of Net Position and governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to future periods. The County will not recognize the related revenues until a future event occurs. The County has two types of items that qualify for reporting in this category. The first item occurs because governmental fund property tax revenues are not recognized until available (collected not later than 60 days after the end of the fiscal year) under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, deferred property taxes and grants are reported in the governmental funds balance sheet. The second item is related to pensions reported in the County's Statement of Net Position, and represents the change in the proportion between the County's contributions and proportionate share of contributions.

COUNTY OF COLUMBIA, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(s) Accounting and Financial Reporting for Pensions

During the year ended December 31, 2015, the County adopted the provisions of GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" and GASB Statement No. 71 - "Pension Transitions for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68." The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for pensions. The implementation of these Statements requires the County to report as an asset and/or liability its proportionate share of the collective pension asset and/or liability in the New York State Employees' Retirement System. The implementation of these Statements also requires the County to report a deferred outflow and/or inflow for the effect of the net change in the County's proportionate share of the collective net pension asset and/or liability and difference during the measurement period between the County's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Also included as deferred outflows are the County contributions to the pension systems subsequent to the measurement date. See notes 2(b)(1) and 6 for the financial statement impact of implementation on the financial statements.

(t) Subsequent Events

Management has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued. Additional information regarding debt issuances subsequent to year and can be found in note 4.

(2) Detail Notes

(a) Assets

(1) Cash and Investments

The County's investment policies are governed by State statutes. In addition, the County has its own written investment policy. County monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The County Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its municipalities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. While the County does not have a specific policy for custodial credit risk, State statutes govern the County's investment policies, as discussed previously in these notes.

COUNTY OF COLUMBIA, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(a) Assets, Continued

(1) Cash and Investments, Continued

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 or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name.

The County's aggregate bank balances of \$18,194,774 (exclusive of component units) are either insured or collateralized with securities held by the pledging financial institution in the County's name.

(2) Property Taxes

County real property taxes are levied annually no later than December 31 and become a lien on January 1. Taxes are collected during the period January 1 to December 31. On March 1 interest is accrued on all unpaid taxes in accordance with real property law. Taxes for County purposes apportioned to the area of the County outside the City of Hudson are levied together with taxes for town and special district purposes as a single bill. The towns and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. The County assumes enforcement responsibility for all taxes levied in the towns. The collection of County taxes levied on properties within the City of Hudson is enforced by the City; the County receives the full amount of such taxes within the year of levy.

Unpaid City school district taxes levied on properties outside the City and non-City school district taxes are turned over to the County for enforcement. Any such taxes remaining unpaid at year end are re-levied as County taxes in the subsequent year.

The portion of the receivable (\$5,174,983) that represents taxes re-levied for the city, the village, and school districts and taxes levied for the special assessment district is included in due to other governments. Another portion of the receivable (\$2,934,803) is not considered available under the modified accrual basis of accounting and is included in deferred inflows of financial resources.

(3) Sales Tax

A 5% sales tax is levied in and for the County under the general authority of Article 29 of the Tax Law and specific authority of local law. This tax is administered and collected by the State Sales Tax Commission in the same manner that relates to State imposed 3% sales and compensating use tax. Net collections, meaning monies collected after deducting expenses of administration and collection and amounts refunded or to be refunded, but inclusive of any applicable penalties and interest, are paid by the State to the County on a monthly basis.

COUNTY OF COLUMBIA, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(a) Assets, Continued

(4) Accounts Receivable

Accounts receivable as of December 31, 2015 was comprised of the following:

Governmental Funds:

Various fees and charges:

| | |
|---------------------|---------------|
| General Fund | \$ 2,532,102 |
| County Road Fund | 2,635 |
| Road Machinery Fund | 73,870 |
| Water Fund | 51,036 |
| Sewer Fund | <u>79,169</u> |

Total Governmental Funds \$ 2,738,812

(5) Capital Asset Activity

Capital asset activity for the year ended December 31, 2015 was as follows:

| | January 1, 2015 | Changes due to physical inventory | Additions | Reclasses | Deletions | December 31, 2015 |
|-------------------------------|----------------------|---|--------------------|-----------------|-----------------|----------------------|
| Governmental activities: | | | | | | |
| Land and land improvements | \$ 449,698 | - | - | - | - | 449,698 |
| Construction work in progress | 1,261,857 | - | 3,244,320 | - | - | 4,506,177 |
| Buildings | 30,720,004 | - | - | 93,555 | - | 30,813,559 |
| Machinery and equipment | 15,277,000 | 510,807 | 1,289,785 | - | (304,526) | 16,773,066 |
| Infrastructure | <u>25,931,060</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>25,931,060</u> |
| | 73,639,619 | 510,807 | 4,534,105 | 93,555 | (304,526) | 78,473,560 |
| Less accumulated depreciation | <u>(28,707,091)</u> | <u>(620,135)</u> | <u>(2,562,153)</u> | <u>(71,336)</u> | <u>293,867</u> | <u>(31,666,848)</u> |
| Total capital assets | \$ <u>44,932,528</u> | <u>(109,328)</u> | <u>1,971,952</u> | <u>22,219</u> | <u>(10,659)</u> | <u>46,806,712</u> |
| Solid waste fund: | | | | | | |
| Land and land improvements | 751,170 | - | - | - | - | 751,170 |
| Buildings | 1,302,178 | - | - | (93,555) | - | 1,208,623 |
| Machinery and equipment | <u>843,250</u> | <u>539,067</u> | <u>-</u> | <u>-</u> | <u>(77,876)</u> | <u>1,304,441</u> |
| | 2,896,598 | 539,067 | - | (93,555) | (77,876) | 3,264,234 |
| Less accumulated depreciation | <u>(1,351,587)</u> | <u>(548,433)</u> | <u>(84,525)</u> | <u>71,336</u> | <u>77,876</u> | <u>(1,835,333)</u> |
| Total capital assets | \$ <u>1,545,011</u> | <u>(9,366)</u> | <u>(84,525)</u> | <u>(22,219)</u> | <u>-</u> | <u>1,428,901</u> |
| Pine Haven Nursing Home: | | | | | | |
| Land and land improvements | 294,779 | - | - | - | - | 294,779 |
| Construction work in progress | 252,124 | - | - | (252,124) | - | - |
| Buildings | 2,872,647 | - | - | - | - | 2,872,647 |
| Machinery and equipment | <u>2,339,910</u> | <u>-</u> | <u>235,802</u> | <u>252,124</u> | <u>-</u> | <u>2,827,836</u> |
| | 5,759,460 | - | 235,802 | - | - | 5,995,262 |
| Less accumulated depreciation | <u>(4,551,072)</u> | <u>-</u> | <u>(146,117)</u> | <u>-</u> | <u>-</u> | <u>(4,697,189)</u> |
| Total capital assets | \$ <u>1,208,388</u> | <u>-</u> | <u>89,685</u> | <u>-</u> | <u>-</u> | <u>1,298,073</u> |

The County performed a physical inventory of their capital assets. The net change is shown above in the column titled "changes due to physical inventory." The changes are also disclosed in note 6 as a prior period adjustment.

COUNTY OF COLUMBIA, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(a) Assets, Continued

(5) Capital Asset Activity, Continued

Depreciation expense of \$2,646,678 is allocated to specific functions as follows:

| | Governmental <u>Activities</u> | Business-type <u>Activities</u> | <u>Total</u> |
|-------------------------------------|-----------------------------------|------------------------------------|------------------|
| General government support | \$ 368,681 | - | 368,681 |
| Education | 50,000 | - | 50,000 |
| Public safety | 555,770 | - | 555,770 |
| Health | 17,071 | - | 17,071 |
| Transportation | 1,463,864 | - | 1,463,864 |
| Economic assistance and opportunity | 49,537 | - | 49,537 |
| Culture and recreation | 9,959 | - | 9,959 |
| Home and community | 47,271 | 84,525 | 131,796 |
| | \$ <u>2,562,153</u> | <u>84,525</u> | <u>2,646,678</u> |

(6) Aggregated Deferred Inflows of Resources

Certain revenues have been deferred in the fund and/or government-wide statements as the revenue relates to future reporting periods:

| | Statement of <u>net position</u> | Balance sheet governmental <u>funds</u> |
|---------------------|-------------------------------------|---|
| Government advances | \$ 616,455 | 616,455 |
| Pensions | 787,091 | - |
| Tax revenue | <u>-</u> | <u>2,934,803</u> |
| | \$ <u>1,403,546</u> | <u>3,551,258</u> |

(b) Liabilities

(1) Pension Plans

Employees' Retirement System (ERS)

The County participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System is a cost-sharing multiple employer deferred benefit pension plan that 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 (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provision of the New York State Retirement and Social Security Law (RSSL). 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

COUNTY OF COLUMBIA, NEW YORK

Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(b) Liabilities, Continued

(1) Pension Plans, Continued

Employees' Retirement System (ERS), Continued

changed for future members only by enactment of a State statute. The County also participates in the Public Employees' Group Life Insurance Plan (GLIP), 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/publications/inex.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 and before April 1, 2012 who generally contribute 3.0 percent of their salary for their entire length of service. Those joining on or after April 21, 2012 are required to contribute between 3 and 6 percent, dependent on salary, throughout their working careers. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

| | | Solid | Governmental | Pine Haven | |
|------|----|--------------|-------------------|----------------|----------------|
| | | <u>Waste</u> | <u>Activities</u> | <u>Nursing</u> | <u>County-</u> |
| | | | | <u>Home</u> | <u>wide</u> |
| 2015 | \$ | 92,420 | 5,957,849 | 903,341 | 6,953,610 |
| 2014 | | 106,759 | 6,748,929 | 1,003,101 | 7,858,789 |
| 2013 | | 123,132 | 7,129,044 | 1,114,692 | 8,366,868 |

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2015, the County reported the following liability for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The County's proportionate share of the net pension liability was based on a projection of the County's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS in reports provided to the County.

COUNTY OF COLUMBIA, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(b) Liabilities, Continued

(1) Pension Plans, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

| | Solid <u>Waste</u> | Governmental <u>Activities</u> | Pine Haven Nursing <u>Home</u> | County- <u>wide</u> |
|--|-----------------------|-----------------------------------|--------------------------------------|------------------------|
| Actuarial valuation date | 04/01/2014 | 04/01/2014 | 04/01/2014 | 04/01/2014 |
| Measurement date | 03/31/2015 | 03/31/2015 | 03/31/2015 | 03/31/2015 |
| Net pension liability | \$ 87,526 | 5,224,654 | 875,264 | 6,187,444 |
| County's allocated proportion of the Plan's net pension liability | 0.0015508% | 0.0925689% | 0.0155077% | 0.1096274% |

| | Solid <u>Waste</u> | Governmental <u>Activities</u> | Pine Haven Nursing <u>Home</u> | County- <u>wide</u> |
|--|-----------------------|-----------------------------------|--------------------------------------|------------------------|
| Actuarial valuation date | 04/01/2014 | 04/01/2014 | 04/01/2014 | 04/01/2014 |
| Net pension liability | \$ 117,078 | 6,988,683 | 1,170,785 | 8,276,546 |
| County's allocated proportion of the Plan's net pension liability | 0.0015508% | 0.0925689% | 0.0155077% | 0.1096274% |

For the year ended December 31, 2015, the County recognized pension expense of \$4,531,590 in the statement of activities for governmental activities for ERS. At December 31, 2015 the County's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | | | |
|--|---------------------------------------|-----------------------------------|--------------------------------------|------------------------|
| | Solid <u>Waste</u> | Governmental <u>Activities</u> | Pine Haven Nursing <u>Home</u> | County- <u>wide</u> |
| Differences between expected and actual experience | \$ 2,802 | 167,247 | 28,018 | 198,067 |
| Net difference between projected and actual earnings on pension plan investments | 15,202 | 907,456 | 152,022 | 1,074,680 |
| Changes in proportion and differences between the County's contributions and proportionate share of contributions | - | - | - | - |
| County's contributions subsequent to the March 31, 2015 measurement date | <u>92,420</u> | <u>5,957,849</u> | <u>-</u> | <u>6,050,269</u> |
| Total | \$ <u>110,424</u> | <u>7,032,552</u> | <u>180,040</u> | <u>7,323,016</u> |

COUNTY OF COLUMBIA, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(b) Liabilities, Continued

(1) Pension Plans, Continued

Pension Liabilities. Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

In addition, the financial statements of Pine Haven Nursing Home did not report \$951,580 of deferred outflows of resources relating to the contributions made subsequent to the March 31, 2015 measurement date.

| | <u>Deferred Inflows of Resources</u> | | | |
|---|--------------------------------------|---------------------|----------------|----------------|
| | | | Pine Haven | |
| | <u>Solid</u> | <u>Governmental</u> | <u>Nursing</u> | <u>County-</u> |
| | <u>Waste</u> | <u>Activities</u> | <u>Home</u> | <u>wide</u> |
| Differences between expected and actual experience | \$ - | - | - | - |
| Net difference between projected and actual earnings on pension plan investments | - | - | - | - |
| Changes in proportion and differences between the County's contributions and proportionate share of contributions | 13,186 | 787,091 | 131,858 | 932,135 |
| County's contributions subsequent to the March 31, 2015 measurement date | - | - | - | - |
| Total | \$ <u>13,186</u> | <u>787,091</u> | <u>131,858</u> | <u>932,135</u> |

County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2015. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended | <u>Solid</u> | <u>Governmental</u> | Pine Haven | <u>County-</u> |
|------------|--------------|---------------------|----------------|----------------|
| | <u>Waste</u> | <u>Activities</u> | <u>Nursing</u> | <u>wide</u> |
| | | | <u>Home</u> | |
| 2016 | \$ 1,205 | 71,903 | 12,046 | 85,154 |
| 2017 | 1,205 | 71,903 | 12,046 | 85,154 |
| 2018 | 1,205 | 71,903 | 12,046 | 85,154 |
| 2019 | 1,205 | 71,903 | 12,046 | 85,154 |
| 2020 | - | - | - | - |
| Thereafter | - | - | - | - |

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

COUNTY OF COLUMBIA, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(b) Liabilities, Continued

(1) Pension Plans, Continued

Actuarial Assumptions, Continued

Significant actuarial assumptions used in the valuations were as follows:

| | |
|--------------------------|---|
| Measurement date | March 31, 2015 |
| Actuarial valuation date | April 1, 2014 |
| Interest rate | 7.5% |
| Salary scale | 4.9% Average |
| Decrement tables | April 1, 2005 - March 31, 2010 System's Experience |
| Inflation rate | 2.7% |

Annuitant mortality rates are based on April 1, 2005 - March 31, 2011 System's experience with adjustments for mortality improvements based on MP-2014.

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

The long term 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 returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

| | |
|----------------------------|----------------|
| Measurement date | March 31, 2015 |
| Asset type: | |
| Domestic equity | 7.30% |
| International equity | 8.55% |
| Real estate | 8.25% |
| Private equity | 11.00% |
| Absolute return strategies | 6.75% |
| Opportunities portfolio | 8.60% |
| Real assets | 8.65% |
| Bonds and mortgages | 4.00% |
| Cash | 2.25% |
| Inflation - indexed bonds | 4.00% |

COUNTY OF COLUMBIA, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(b) Liabilities, Continued

(1) Pension Plans, Continued

Discount Rate

The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

| | 1% Decrease (6.5%) | Current Assumption (7.5%) | 1% Increase (8.5%) |
|--|--------------------------|---------------------------------|--------------------------|
| Employer's proportionate share of the net pension (asset) liability: | | | |
| Solid Waste | \$ 583,401 | 87,526 | (331,115) |
| Governmental Activities | 34,824,581 | 5,224,654 | (19,765,024) |
| Pine Haven Nursing Home | <u>5,834,015</u> | <u>875,264</u> | <u>(3,311,151)</u> |
| | \$ <u>41,241,997</u> | <u>6,187,444</u> | <u>(23,407,290)</u> |

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of all participating employers as of the respective valuation dates, were as follows:

| | (Dollars in Millions) |
|--|-----------------------|
| Valuation date | 3/31/2015 |
| Employers' total pension liability | \$(164,592) |
| Plan net position | <u>161,213</u> |
| Employers' net pension liability | \$ <u>(3,379)</u> |
| Ratio of plan net position to the Employers' total pension liability | 97.9% |

COUNTY OF COLUMBIA, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(b) Liabilities, Continued

(1) Pension Plans, Continued

Contributions to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Retirement contributions as of December 31, 2015 and 2014 represent the projected employer contribution for the period of April 1, 2015 through March 31, 2016 and April 1, 2014 through March 31, 2015, respectively based on paid ERS wages multiplied by the employer's contribution rate, by tier. This amount has been recorded as deferred outflows of resources in the accompanying financial statements.

College Portion

The County pays and is billed for the retirement bill for Columbia-Greene Community College. Because they are billed for the retirement, a percentage of the retirement liability is allocated to the college and not reflected in these financial statements.

(2) Postemployment Benefits Other than Pensions

Plan Description - The County provides certain health care benefits for retired employees of the County. The County administers the retirement benefits plan (the Retirement Plan) as a single-employer defined benefit other postemployment benefit plan (OPEB).

In general, the County provides health insurance coverage for retired employees and their survivors. Substantially all the County's employees may become eligible for this benefit if they retire with 25 years of credited service to the County.

The Retirement Plan can be amended by action of the County, subject to applicable collective bargaining and employment agreements. The number of retired employees currently eligible to receive benefits at December 31, 2015, was approximately 1,064. The Retirement Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Plan Experience - Prior to reflecting assumption changes, the overall demographic experience from January 1, 2013 to January 1, 2015 was more favorable than expected, generating an actuarial gain. The key components were:

Funding Policy - The obligations of the Retirement Plan are established by action of the County pursuant to applicable collective bargaining and employment agreements. The required premium contribution rates of retirees range from 0% to 20%, depending on when the employee was hired. The County will pay its portion of the premium for the retiree and spouse for the lifetime of the retiree. The costs of administering the Retirement Plan are paid by the County. The County currently contributes enough money to the Retirement Plan to satisfy current obligations on a pay-as-you-go basis to cover annual premiums. The amount paid during 2015 by the County was \$1,733,200.

COUNTY OF COLUMBIA, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(b) Liabilities, Continued

(2) Postemployment Benefits Other than Pensions, Continued

The accrued liability ("AL") was less than expected due to the following:

1. More employees withdrew from active service than expected.
2. Fewer retirements occurred than expected.
3. More retirees died or dropped coverage than expected.
4. Fewer retirees elected spouse coverage than expected.

New entrants and data corrections resulted in an actuarial loss.

Plan provisions were modified for the January 1, 2015 valuation as the County was to transfer ownership of Pine Haven Nursing Home to a private entity by December 31, 2015. The County is contributing towards the postretirement benefits for the current retirees and vested active employees from the Nursing Home. This change increased the liability by about \$7.6 million since the County valuation did not previously include liabilities for Pine Haven retirees or future retirees.

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with generally accepted accounting principles. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year plus the amortization of the unfunded actuarial accrued liability over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the Retirement Plan, and the changes in the County's net OPEB obligation:

| | Governmental Activities | Business-type Activities <u>Pine Haven</u> |
|--|----------------------------|--|
| Annual required contribution | \$ 6,921,200 | - |
| Interest on net OPEB obligation | 923,400 | - |
| Adjustment to ARC | <u>(1,026,000)</u> | - |
| Annual OPEB cost (expense) | 6,818,600 | - |
| Contributions made | <u>(1,733,200)</u> | - |
| Increase in net OPEB obligation | 5,085,400 | - |
| Net OPEB obligation - beginning of year | <u>30,780,100</u> | <u>4,934,235</u> |
| Net OPEB obligation - end of year | \$ <u>35,865,500</u> | <u>4,934,235</u> |
| Percentage of annual OPEB cost contributed | 25.4% | 0% |

COUNTY OF COLUMBIA, NEW YORK

Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(b) Liabilities, Continued

(2) Postemployment Benefits Other than Pensions, Continued

Funded Status and Funding Progress

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Retirement Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Retirement Plan is currently not funded.

The schedule of funding progress presents information on the actuarial value of plan assets relative to the actuarial accrued liabilities for benefits. In the future, the schedule will provide multi-year trend information about the value of plan assets relative to the AAL.

Schedule of Funding Progress for the County's Plan

Governmental Activities:

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) - Entry Age | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll |
|--------------------------------|---------------------------------|---|---------------------------|-----------------|--------------------|
| 1/1/2015 | \$ - | 79,277,900 | 79,277,900 | <u>0.0%</u> | <u>N/A</u> |
| 1/1/2013 | \$ - | 85,504,900 | 85,504,900 | <u>0.0%</u> | <u>N/A</u> |
| 1/1/2011 | \$ - | 57,067,700 | 57,067,700 | <u>0.0%</u> | <u>N/A</u> |

Business Type Activities (Pine Haven):

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) - Entry Age | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll |
|--------------------------------|---------------------------------|---|---------------------------|-----------------|--------------------|
| 12/31/2014 | \$ - | 453,600 | 453,600 | <u>0.0%</u> | <u>N/A</u> |
| 12/31/2012 | \$ - | 8,589,200 | 8,589,200 | <u>0.0%</u> | <u>N/A</u> |
| 12/31/2010 | \$ - | 8,532,700 | 8,532,700 | <u>0.0%</u> | <u>N/A</u> |

COUNTY OF COLUMBIA, NEW YORK

Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(b) Liabilities, Continued

(2) Postemployment Benefits Other than Pensions, Continued

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan as understood by the employer and plan members and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2015 actuarial valuation, the following methods and assumptions were used:

| | | | | |
|---|---------------------------------|------------------------|----------------------------|-----------------|
| Actuarial cost method | <u>Projected unit credit</u> | | | |
| Discount rate* | 3.0% | | | |
| Unfunded actuarial accrued liability: | | | | |
| Amortization period | 30 years | | | |
| Amortization method | Level dollar | | | |
| Amortization basis | Open | | | |
| | | | Senior Blue with Part D | Senior Blue |
| <u>Medicaid inflation rate baseline</u> | <u>MVP ASO / Self-Funded Rx</u> | | <u>Comparable Rx</u> | <u>HMO</u> |
| | Pre-65 | Post-65 | | |
| Initial inflation rate | 6.20% | 6.20% | 17.70% | (44.90%) |
| Subsequent inflation rate | 3.80% | 4.40% | 4.10% | 2.60% |
| Valuation year inflation reaches 5% | 2063 | 2063 | 2041 | 2041 |
| Valuation year inflation reaches 4.70% | 2070 | 2070 | 2067 | 2083 |
| | Senior Blue PPO | Senior Blue PPO OOA | MVP Gold HMO | MVP Gold PPO |
| Initial inflation rate | (38.00%) | (36.20%) | 7.30% | 5.50% |
| Subsequent inflation rate | 2.50% | 2.50% | 3.10% | 3.00% |
| Valuation year inflation reaches 5% | 2064 | 2064 | 2066 | 2065 |
| Valuation year inflation reaches 4.70% | 2071 | 2071 | 2081 | 2076 |

* Because the plan is unfunded, the assumed discount rate considers that the County's investment assets are low risk in nature, such as money market funds or certificates of deposit.

COUNTY OF COLUMBIA, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(b) Liabilities, Continued

(3) Long-Term Debt

A summary of changes in long-term debt is as follows:

| | Balance at January 1, <u>2015</u> | <u>Increase</u> | <u>Decrease</u> | Balance at December 31, <u>2015</u> | <u>Current</u> | <u>Long-term</u> |
|--|---|------------------|------------------|---|------------------|-------------------|
| Governmental activity: | | | | | | |
| Serial bonds | \$ 18,300,000 | - | 1,310,000 | 16,990,000 | 1,140,000 | 15,850,000 |
| Bond premiums | 537,694 | - | 51,208 | 486,486 | 51,208 | 435,278 |
| Other postemployment benefits | 30,780,100 | 6,818,600 | 1,733,200 | 35,865,500 | - | 35,865,500 |
| Claims payable | 14,836,164 | - | 388,946 | 14,447,218 | - | 14,447,218 |
| Early retirement incentive | 69,308 | - | 69,308 | - | - | - |
| Compensated absences, net | 3,198,980 | 118,108 | - | 3,317,088 | - | 3,317,088 |
| Net pension liability (ERS) | <u>6,988,683</u> | <u>-</u> | <u>1,764,029</u> | <u>5,224,654</u> | <u>-</u> | <u>5,224,654</u> |
| Total governmental long-term debt | <u>\$ 74,710,929</u> | <u>6,936,708</u> | <u>5,316,691</u> | <u>76,330,946</u> | <u>1,191,208</u> | <u>75,139,738</u> |
| Business-type activity: | | | | | | |
| Serial bonds | 657,000 | - | 450,000 | 207,000 | 207,000 | - |
| Other postemployment benefits | 4,934,235 | - | - | 4,934,235 | - | 4,934,235 |
| Net pension liability (ERS) | <u>1,287,863</u> | <u>-</u> | <u>325,073</u> | <u>962,790</u> | <u>-</u> | <u>962,790</u> |
| Total proprietary fund long-term debt | <u>\$ 6,879,098</u> | <u>-</u> | <u>775,073</u> | <u>6,104,025</u> | <u>207,000</u> | <u>5,897,025</u> |

Interest on governmental fund debt for the year was composed of:

| | |
|-----------------------------|-------------------|
| Interest paid | \$ 702,710 |
| Accrued interest 12/31/2014 | (120,691) |
| Accrued interest 12/31/2015 | <u>117,267</u> |
| Total expense | \$ <u>699,286</u> |

During 2013, the County deposited \$4,895,000 of proceeds from the sale of refunding bonds to advance refund \$5,464,000 of County serial bonds. The difference is accounted for as a premium which will be amortized over the life on the refunding bonds. The refunding resulted in a book gain of \$569,000 after debt issuance cost of \$45,506. These amounts are recorded as bond premium and will be recognized as reductions to interest expense over the remaining life of the replacement debt.

COUNTY OF COLUMBIA, NEW YORK

Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(b) Liabilities, Continued

(3) Long-Term Debt, Continued

Bonds - The County's bonds are comprised of the following:

| <u>Description</u> | <u>Date Issued</u> | <u>Original Amount</u> | <u>Interest Rate</u> | <u>Maturity</u> | <u>Balance at 12/31/2015</u> |
|-------------------------|--------------------|------------------------|----------------------|-----------------|------------------------------|
| Governmental activity: | | | | | |
| Serial bonds: | | | | | |
| General fund | 8/07 | \$ 7,525,000 | 4.22% | 2032 | 3,825,000 |
| General fund | 5/13 | 4,895,000 | 2.00% | 2025 | 3,655,000 |
| General fund | 5/14 | <u>9,805,000</u> | 2.00-3.75% | 2037 | <u>9,510,000</u> |
| | | 22,225,000 | | | 16,990,000 |
| Bond premium | 5/13 | 614,506 | N/A | 2025 | 483,172 |
| Bond premium | 5/14 | <u>3,465</u> | N/A | 2037 | <u>3,314</u> |
| | | <u>22,842,971</u> | | | <u>17,476,486</u> |
| Business-type activity: | | | | | |
| Enterprise | 10/97 | 3,780,000 | 5.50% | 2016 | 2,000 |
| Enterprise | 7/99 | <u>5,498,519</u> | 4.39% | 2016 | <u>205,000</u> |
| | | <u>9,278,519</u> | | | <u>207,000</u> |
| Total | | \$ <u>32,121,490</u> | | | <u>17,683,486</u> |

The County's future bond debt service requirements are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total debt service</u> |
|-----------|----------------------|------------------|---------------------------|
| 2016 | \$ 1,347,000 | 619,498 | 1,966,498 |
| 2017 | 1,150,000 | 572,231 | 1,722,231 |
| 2018 | 1,130,000 | 528,169 | 1,658,169 |
| 2019 | 1,065,000 | 486,444 | 1,551,444 |
| 2020 | 1,075,000 | 445,894 | 1,520,894 |
| 2021-2025 | 4,805,000 | 1,635,931 | 6,440,931 |
| 2026-2030 | 2,680,000 | 949,634 | 3,629,634 |
| 2031-2035 | 2,745,000 | 479,025 | 3,224,025 |
| 2036-2037 | <u>1,200,000</u> | <u>45,375</u> | <u>1,245,375</u> |
| Total | \$ <u>17,197,000</u> | <u>5,762,201</u> | <u>22,959,201</u> |

Columbia Tobacco Asset Securitization Corporation (CTASC): The CTASC bonds are not general obligation debt of the County. Their repayment is entirely dependent on the adequacy of the anticipated future stream of MSA proceeds assigned to CTASC from the County in prior years.

COUNTY OF COLUMBIA, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(b) Liabilities, Continued

(3) Long-Term Debt, Continued

The CTASC bonds are comprised of the following:

| <u>Description</u> | <u>Date Issued</u> | <u>Original Amount</u> | <u>Interest Rate</u> | <u>Maturity</u> | <u>Balance at 12/31/2015</u> |
|---|--------------------|------------------------|----------------------|-----------------|------------------------------|
| Tobacco settlement bonds - 2000 Series | 2000 | \$ 12,510,000 | 5.0-6.0% | 2005-2042 | 8,715,000 |
| Tobacco settlement bonds - 2005 Series | 2005* | 5,644,277 | 6.0%-7.15% | 2016-2060 | 10,353,198 |
| Unamortized discount | | <u>-</u> | | | <u>(90,765)</u> |
| Total general long-term debt account group | | <u>\$ 18,154,277</u> | | | <u>18,977,433</u> |

* Net of bond discount

The CTASC's future debt services requirements, assuming sufficient MSA proceeds to permit payments pursuant to the optional repayment schedule, as has been the case in the last several years, are as follows:

Required Schedule

| | <u>Principal</u> | <u>Interest</u> |
|------------------------------|----------------------|-------------------|
| 2016 | \$ 135,000 | 564,039 |
| 2017 | 140,000 | 555,377 |
| 2018 | 265,000 | 542,619 |
| 2019 | 280,000 | 525,452 |
| 2020 | - | 516,632 |
| 2021-2025 | - | 2,583,160 |
| 2026-2030 | 1,600,000 | 2,415,922 |
| 2031-2035 | 2,330,000 | 1,697,557 |
| 2036-2040 | 2,695,000 | 879,303 |
| 2041-2042 | <u>1,270,000</u> | <u>85,131</u> |
| | 8,715,000 | 10,365,192 |
| Series 2005 (see note) | <u>10,353,198</u> | <u>-</u> |
| Payable at December 31, 2015 | <u>\$ 19,068,198</u> | <u>10,365,192</u> |

COUNTY OF COLUMBIA, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(b) Liabilities, Continued

(3) Long-Term Debt, Continued

It is mandatory for CTASC to make payments according to the required schedule to meet its obligations to the bond holders; however an optional flexible amortization payment schedule for the 2000 series allows for the bonds to be paid off in the year 2025. This accelerated payment schedule would reduce total interest expense over the remaining life of the bonds and will be utilized by CTASC as funding allows. A principal payment of \$210,000 and interest payment of \$574,629 based upon the accelerated schedule was made during the year ended December 31, 2015. It appears that CTASC will continue to follow the accelerated schedule as long as there are sufficient proceeds to cover the principal and interest; however there is no official commitment to do so at the present time. Reflected in the optional schedule below is principal paid by CTASC of \$825,000 through December 31, 2014 less than the original optional scheduled amount. The principal paid in 2015 was less than the original optional scheduled amount by \$275,000. The optional schedule shown below assumes that \$1,100,000 in additional principal payments will be paid in 2015. It is more likely than not that the full amount will not be paid in 2016 and as a result, the interest presented could be significantly higher.

Optional Schedule

| | <u>Principal</u> | <u>Interest</u> |
|------------------------------|----------------------|------------------|
| 2016 | \$ 1,600,000 | 517,177 |
| 2017 | 530,000 | 448,976 |
| 2018 | 685,000 | 409,893 |
| 2019 | 715,000 | 364,939 |
| 2020 | 770,000 | 316,957 |
| 2021-2025 | <u>4,415,000</u> | <u>746,854</u> |
| | 8,715,000 | 2,804,796 |
| Series 2005 (see note) | <u>10,353,198</u> | <u>-</u> |
| Payable at December 31, 2014 | <u>\$ 19,068,198</u> | <u>2,804,796</u> |

Bond principal and interest are not payable on the series 2005 until the original TASC Senior Bonds - Series 2000 have been paid in full. The projected start date for payment of these bonds is anticipated to commence in 2016 with maturity dates ranging from 2038 to 2060.

COUNTY OF COLUMBIA, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(b) Liabilities, Continued

(4) Short-term Capital Borrowings

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

| <u>Purpose</u> | <u>Year of Original Issue</u> | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Balance January 1, 2015</u> | <u>New Issues</u> | <u>Redemptions</u> | <u>Balance December 31, 2015</u> |
|----------------|---------------------------------------|--------------------------|--------------------------|--|-----------------------|---------------------|--|
| Courthouse | 2014 | 2/5/15 | 1.25% | \$ 11,362,756 | - | (11,362,756) | - |
| Courthouse | 2014 | 5/7/15 | 1.25% | 1,931,900 | - | (1,931,900) | - |
| 2015 Series A | - | - | - | - | - | - | - |
| Multiple Use | 2015 | 2/5/16 | 1.25% | - | 17,355,000 | - | 17,355,000 |
| Courthouse | 2015 | 5/6/16 | 1.25% | - | 1,431,900 | - | 1,431,900 |
| | | | | <u>\$ 13,294,656</u> | <u>18,786,900</u> | <u>(13,294,656)</u> | <u>18,786,900</u> |

Liabilities for bond anticipation notes are accounted for in the capital projects (\$18,686,900) and solid waste funds (\$100,000). Bond anticipation notes issued for judgments or settled claims are recorded in the fund paying the claim. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes or judgments be converted to long-term obligations generally within five years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made. Reductions in outstanding BAN obligations when principal payment is made in another fund is reported as BANs redeemed from appropriations.

Interest expenditures were recorded in the fund financial statements in the general and solid waste funds.

(c) Interfund Activity

During the course of normal operations, the County engages in numerous transactions between funds including expenditures for the provision of services, as well as transfers between funds to finance various projects or debt payments.

Individual interfund receivable and payable balances arising from these transactions as of December 31, 2015, were as follows:

| | <u>Interfund Receivables</u> | <u>Interfund Payables</u> | <u>Interfund Transfers In</u> | <u>Interfund Transfers Out</u> |
|-----------------------|----------------------------------|-------------------------------|-----------------------------------|------------------------------------|
| General fund | \$ 6,309,018 | 247,089 | - | 1,200,000 |
| County road fund | 2,388 | 40,838 | - | - |
| Road machinery fund | 1,014 | - | - | - |
| Capital projects fund | 469,554 | - | - | - |
| Other non-major funds | 125,815 | 360,243 | - | - |
| Internal service fund | 33,000 | 13,616 | - | - |
| Enterprise funds | 245 | 6,229,359 | 1,200,000 | - |
| Fiduciary funds | 17,729 | 67,618 | - | - |
| Total | <u>\$ 6,958,763</u> | <u>6,958,763</u> | <u>1,200,000</u> | <u>1,200,000</u> |

COUNTY OF COLUMBIA, NEW YORK
Notes to Financial Statements, Continued

(2) Detail Notes, Continued

(d) Commitments and Contingencies

The County and/or its agencies are named in several lawsuits arising in the ordinary course of the County's operations. These claims and lawsuits, in the opinion of management, are either adequately covered by insurance or will not result in a material impact on the financial position of the County and, therefore, are not reflected in the accompanying financial statements.

(1) Grants

The County participates in a number of Federal and State assisted programs which are subject to periodic program compliance audits by the grantors or their representatives. Accordingly, any noncompliance by the County with the applicable programs could be established at some future date and have a material effect on the financial condition of the County. There were no material questioned or disallowed costs which have been communicated by grantors as a result of audits for the year ended December 31, 2015.

(2) Self-Insured Health Care

Beginning January 1, 2015, the County implemented a self-insured health care plan, which is partially insured with stop-gap coverage. The County recorded an estimate liability of \$350,000 for claims incurred in 2015 paid in 2016.

(3) Pine Haven Nursing Home Medicaid Reimbursement

Medicaid revenue is recognized when earned based upon tentative rates which are subject to audit and retroactive adjustment.

It has been the position of the State of New York to audit each rate year, although these audits are usually performed several years after the fact. The final outcome of these audit settlements cannot be determined at this time.

In addition, each year's Medicaid rate includes a trend factor, which is intended to compensate for inflation. The initial trend factor for each Medicaid rate year is subsequently adjusted based upon actual experience. Final trend factor adjustments, which may be positive or negative, cannot be determined at this time.

No provision has been made in the financial statements for future audit settlements or trend factor adjustments.

(3) Transactions with Component Units

All material transactions with component units are disclosed in the accompanying financial statements.

COUNTY OF COLUMBIA, NEW YORK
Notes to Financial Statements, Continued

(4) Subsequent Events

On February 2, 2016, the County issued a Bond Anticipation Note (BAN) in the amount of \$2,665,000 bearing interest of 2.00% and maturing on February 2, 2017. The BAN was issued to finance the interim costs of improvements of various County facilities.

On February 2, 2016, the County issued a Bond in the amount of \$14,050,000 bearing interest of 2.00% - 3.00% and maturing on February 1, 2031. The bond was issued to refund the 2007 bonds. The bond was issued to finance the costs of improvements of various County facilities.

On February 2, 2016, the County issued a Bond in the amount of \$3,440,000 bearing interest of 1.50% - 4.00% and maturing on August 15, 2032.

(5) Joint Venture - Columbia-Greene Community College

Columbia County has entered into a joint venture with Greene County in the operation of Columbia-Greene Community College in accordance with the provisions of Article 126 of the Education Law. Columbia-Greene is not a component unit, so it is not included in these financial statements.

Columbia County's share of operating costs for this joint venture totaled \$2,720,196 for the year ended December 31, 2015.

(6) Cumulative Effect of Change in Accounting Principle

During the year ended December 31, 2015, the County implemented GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" and GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68." The implementation of these Statements resulted in the reporting of deferred outflows of resources, deferred inflows of resources, and a liability related to the County's participation in the New York State Employees' retirement systems. The County's net position at January 1, 2015 has been restated as follows:

COUNTY OF COLUMBIA, NEW YORK

Notes to Financial Statements, Continued

(6) Cumulative Effect of Change in Accounting Principle, Continued

| | <u>Solid Waste</u> | <u>Governmental Activities</u> | <u>County- wide</u> |
|---|------------------------|------------------------------------|-------------------------|
| Net position (deficit) at beginning of year, as previously stated | \$ 1,053,527 | (4,114,785) | (9,949,705) |
| GASB Statement No. 68 implementation: | | | |
| Beginning System liability - Employees' Retirement System as of December 31, 2014 | (112,665) | (7,096,125) | (7,208,790) |
| Beginning deferred outflow of resources resulting from contributions subsequent to the measurement date | <u>79,183</u> | <u>5,003,439</u> | <u>5,082,622</u> |
| Cumulative effect of implementation | (33,482) | (2,092,686) | (2,126,168) |
| Prior period adjustment (see note 2(a)(5)) | <u>(9,366)</u> | <u>(109,328)</u> | <u>(118,694)</u> |
| Net position (deficit) at beginning of year, as restated | \$ <u>1,010,679</u> | <u>(6,316,799)</u> | <u>(12,194,567)</u> |

Pine Haven Nursing Home implemented GASB 68 and 71 as of December 31, 2014. Therefore, there is no cumulative effect of implementation for that fund.

(7) Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 72 - "Fair Value Measurement and Application." This Statement, which was issued in February 2015, provides guidance regarding accounting and financial reporting issues related to fair value measurements for certain investments and disclosures related to fair value measurements. The requirements of this Statement are effective for periods beginning after June 15, 2015, which is the fiscal year beginning January 1, 2016 for the County. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the County.

GASB Statement No. 73 - "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." This Statement, issued in June 2015, establishes requirements for defined benefit pensions and defined contribution pensions that are not within the scope of Statement No. 68 - "Accounting and Financial Reporting for Pensions," as well as requirements for the assets accumulated for purposes of providing those pensions. The requirements of this Statement for pensions that are not within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2016. Requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions as well as the requirements for pension plans within the scope of Statements 67 and 68 are effective for fiscal years beginning after June 15, 2015, which is the fiscal year beginning January 1, 2016 for the County. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the County.

COUNTY OF COLUMBIA, NEW YORK
Notes to Financial Statements, Continued

(7) Accounting Standards Issued But Not Yet Implemented, Continued

- GASB Statement No. 74 - "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This Statement, issued in June 2015, replaces existing standards of accounting and financial reporting for post employment benefit plans other than pension plans and also replaces existing requirements for defined contribution OPEB plans. The provisions of this Statement are effective for financial statements for fiscal years beginning after June 15, 2016, which is the fiscal year beginning January 1, 2017 for the County. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the County.
- GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This Statement, issued in June 2015, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This Statement is effective for fiscal years beginning after June 15, 2017, which is the fiscal year beginning January 1, 2018 for the County. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the County.
- GASB Statement No. 76 - "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." This Statement, issued in June 2015, supersedes Statement No. 55 - "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments," and reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements for this Statement are effective for financial statements for periods beginning after June 15, 2015, which is the fiscal year beginning January 1, 2016 for the County. This Statement is not expected to have a material effect on the financial statements of the County.
- GASB Statement No. 77 - "Tax Abatement Disclosures." This Statement, issued in August 2015, requires governments that enter into tax abatement agreements to disclose taxes abated, the gross amount of such taxes abated during the period and any other commitments made by the government other than to abate taxes, as a part of the abatement agreement. The requirements for this Statement are effective for financial statements for periods beginning after December 15, 2015, which is the fiscal year beginning January 1, 2016 for the County. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the County.

COUNTY OF COLUMBIA, NEW YORK
Notes to Financial Statements, Continued

(7) Accounting Standards Issued But Not Yet Implemented, Continued

GASB Statement No. 78 - "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans." This Statement, issued in December 2015 amends GASB Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The provisions of this Statement are effective for financial statements for years beginning after December 15, 2015, which is the fiscal year beginning January 1, 2016 for the County. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the County.

GASB Statement No. 79 - "Certain External Investment Pools and Pool Participants." This Statement, issued in December 2015, addresses the accounting and financial reporting for certain external investment pools and pool participants. It establishes the criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The provisions of this Statement are effective for financial statements for years beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. For the County, this Statement becomes effective for the fiscal year beginning January 1, 2016. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the County.

GASB Statement No. 80 - "Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14." This Statement, issued in January 2016, amends the blending requirements for the financial statement presentation of component units of all state and local governments. It requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The provisions of this Statement are effective for financial statements for years beginning after June 15, 2016, which is the fiscal year beginning January 1, 2017 for the County. This Statement is not expected to have a material effect on the financial statements of the County.

COUNTY OF COLUMBIA, NEW YORK

Notes to Financial Statements, Continued

(7) Accounting Standards Issued But Not Yet Implemented, Continued

GASB Statement No. 81 - "Irrevocable Split-Interest Agreements." This Statement, issued in March 2016, establishes accounting and reporting standards for irrevocable split-interest agreements with characteristics that are equivalent to irrevocable split-interest agreements in which a donor irrevocably transfers resources to an intermediary who administers these resources for the unconditional benefit of a government and at least one other beneficiary. The provisions of this Statement are effective for financial statements for years beginning after December 15, 2016. For the County, this Statement becomes effective for the fiscal year beginning January 1, 2017. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the County.

GASB Statement No. 82 - "Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73." This Statement, issued in March 2016, addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, which is the fiscal year beginning January 1, 2017 for the County, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017, which is the fiscal year beginning January 1, 2018 for the County. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the County.

(7) Resolution Authorizing Sale of Pine Haven Nursing Home

The Board of Supervisors adopted a resolution in March 2015 accepting a \$6.5 million proposal for the sale of the Pine Haven Nursing Home (PNH) to Premier Health Care Management (Premier). This acceptance was contingent upon the buyer preserving, to the maximum amount possible, the current positions of employment at the facility and that positions created in the future be offered to residents of the County. County officials anticipate the sale will be completed in 2016, after approval is received from New York State Department of Health.

REQUIRED SUPPLEMENTAL INFORMATION

COUNTY OF COLUMBIA, NEW YORK
Schedule of Revenue, Expenditures, Encumbrances and Changes in
Fund Balances - Budget and Actual - General Fund
Required Supplemental Schedule
Year ended December 31, 2015

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|----------------------|--------------------|--------------------|---|
| Revenue: | | | | |
| Real property taxes | \$ 30,215,261 | 30,215,261 | 30,221,713 | 6,452 |
| Real property tax items | 2,660,000 | 2,660,000 | 2,814,389 | 154,389 |
| Sales and use taxes | 37,771,000 | 37,771,000 | 37,909,720 | 138,720 |
| Departmental income | 9,237,319 | 9,237,319 | 8,508,525 | (728,794) |
| Intergovernmental charges | 501,300 | 581,300 | 927,856 | 346,556 |
| Use of money and property | 450,723 | 450,723 | 382,069 | (68,654) |
| Licenses and permits | 4,000 | 4,000 | 6,485 | 2,485 |
| Fines and forfeitures | 75,000 | 75,000 | 92,962 | 17,962 |
| Sale of property and compensation for loss | 230,000 | 230,000 | 184,323 | (45,677) |
| Miscellaneous local sources | 294,350 | 294,350 | 632,908 | 338,558 |
| State aid | 17,497,140 | 18,037,971 | 19,585,980 | 1,548,009 |
| Federal aid | 12,183,825 | 12,237,079 | 11,193,559 | (1,043,520) |
| Total revenues | <u>111,119,918</u> | <u>111,794,003</u> | <u>112,460,489</u> | <u>666,486</u> |
| Expenditures: | | | | |
| General government support | 21,921,087 | 21,890,262 | 21,337,145 | 553,117 |
| Education | 3,620,196 | 3,620,196 | 3,790,770 | (170,574) |
| Public safety | 13,318,960 | 13,634,469 | 13,458,793 | 175,676 |
| Health | 13,632,235 | 13,719,025 | 12,002,400 | 1,716,625 |
| Transportation | 513,442 | 513,442 | 644,274 | (130,832) |
| Economic assistance and development | 38,945,005 | 38,959,247 | 38,861,649 | 97,598 |
| Culture and recreation | 1,946,280 | 2,234,649 | 1,844,760 | 389,889 |
| Home and community services | 1,812,145 | 1,812,145 | 1,596,960 | 215,185 |
| Employee benefits | 14,210,568 | 14,210,568 | 15,649,256 | (1,438,688) |
| Total expenditures | <u>109,919,918</u> | <u>110,594,003</u> | <u>109,186,007</u> | <u>1,407,996</u> |
| Excess (deficiency) of revenues over expenditures | 1,200,000 | 1,200,000 | 3,274,482 | 2,074,482 |
| Other uses - interfund transfers | <u>(1,200,000)</u> | <u>(1,200,000)</u> | <u>(1,200,000)</u> | <u>-</u> |
| Revenue over (under) expenditures and other uses | - | - | 2,074,482 | 2,074,482 |
| Fund balances at beginning of year | <u>15,599,602</u> | <u>15,599,602</u> | <u>15,599,602</u> | <u>-</u> |
| Fund balances at end of year | <u>\$ 15,599,602</u> | <u>15,599,602</u> | <u>17,674,084</u> | <u>2,074,482</u> |

COUNTY OF COLUMBIA, NEW YORK
Schedule of Funding Progress - Other Postemployment Benefits
Required Supplemental Information
Year ended December 31, 2015

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability (AAL)</u> | <u>Unfunded AAL (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as a % of Covered Payroll</u> |
|---|--|--|------------------------------------|-------------------------|----------------------------|---|
| 1/1/2015 | \$ - | 79,277,900 | 79,277,900 | 0% | N/A | N/A |
| 1/1/2013 | \$ - | 85,504,900 | 85,504,900 | 0% | N/A | N/A |
| 1/1/2011 | \$ - | 57,067,700 | 57,067,700 | 0% | N/A | N/A |
| 1/1/2009 | \$ - | 60,319,400 | 60,319,400 | 0% | N/A | N/A |

Governmental activities only.

COUNTY OF COLUMBIA, NEW YORK
Required Supplementary Information
Schedule of County's Proportionate Share of the Net Pension Liability
Year ended December 31, 2015

| NYSERS Pension Plan | | |
|--|---------------|--------------|
| | <u>2015</u> | <u>2014</u> |
| County's proportion of the net pension liability | 0.1096274% | 0.1096274% |
| County's proportionate share of the net pension liability | \$ 6,187,444 | \$ 8,276,546 |
| County's covered payroll | \$ 38,873,956 | \$40,547,649 |
| County's proportionate share of the net pension liability as a percentage of its covered - employee payroll | 15.92% | 20.41% |
| Plan fiduciary net position as a percentage of the total pension liability | 97.90% | 97.20% |

* The amounts presented for each fiscal year were determined as of the March 31, 2015 and April 1, 2014 measurement dates of the plans.

COUNTY OF COLUMBIA, NEW YORK
Required Supplementary Information
Schedule of County's Employer Pension Contributions
Year ended December 31, 2015

| | NYSERS Pension Plan | | | | |
|---|---------------------|------------------|------------------|------------------|------------------|
| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
| Contractually required contribution | \$ 6,953,610 | 7,858,789 | 8,366,868 | 7,252,752 | 6,757,031 |
| Contributions in relation to the contractually required contribution | <u>6,953,610</u> | <u>7,858,789</u> | <u>8,366,868</u> | <u>7,252,752</u> | <u>6,757,031</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| County's covered employee payroll | \$38,873,956 | 40,547,649 | 39,866,431 | 38,687,249 | 41,510,051 |
| Contributions as a percentage of covered employee payroll | 17.9% | 19.4% | 21.0% | 18.7% | 16.3% |

SUPPLEMENTAL INFORMATION

COUNTY OF COLUMBIA, NEW YORK
Balance Sheet - Non-Major Governmental Funds
Supplemental Information
December 31, 2015

| | County Road | Road Machinery | Water | Sewer | Special Revenue | Special Grant | Total |
|-------------------------------------|--------------------|-------------------|----------------|------------------|--------------------|------------------|------------------|
| Assets: | | | | | | | |
| Cash | \$ 820,529 | 412,325 | 167,015 | 15,038 | 45,513 | 100 | 1,460,520 |
| Accounts receivable | 2,635 | 73,870 | 51,036 | 79,169 | - | - | 206,710 |
| State and federal receivables | 113,192 | 58 | - | - | - | - | 113,250 |
| Prepaid expenditures | 194,486 | 17,704 | - | 1,336 | - | - | 213,526 |
| Due from other funds | 2,388 | 1,014 | 125,815 | - | - | - | 129,217 |
| Total assets | <u>\$1,133,230</u> | <u>504,971</u> | <u>343,866</u> | <u>95,543</u> | <u>45,513</u> | <u>100</u> | <u>2,123,223</u> |
| Liabilities: | | | | | | | |
| Accounts payable | 231,103 | 187,963 | 19,497 | 23,391 | - | - | 461,954 |
| Accrued liabilities | 177,649 | 25,154 | - | 2,796 | - | - | 205,599 |
| Due to other funds | 40,838 | - | - | 359,250 | 993 | - | 401,081 |
| Total liabilities | <u>449,590</u> | <u>213,117</u> | <u>19,497</u> | <u>385,437</u> | <u>993</u> | <u>-</u> | <u>1,068,634</u> |
| Fund balances (deficit): | | | | | | | |
| Non-spendable | 194,486 | 17,704 | - | 1,336 | - | - | 213,526 |
| Assigned | 489,154 | 274,150 | 324,369 | - | 44,520 | 100 | 1,132,293 |
| Unassigned | - | - | - | (291,230) | - | - | (291,230) |
| Total fund balances (deficit) | <u>683,640</u> | <u>291,854</u> | <u>324,369</u> | <u>(289,894)</u> | <u>44,520</u> | <u>100</u> | <u>1,054,589</u> |
| Total liabilities and fund balances | <u>\$1,133,230</u> | <u>504,971</u> | <u>343,866</u> | <u>95,543</u> | <u>45,513</u> | <u>100</u> | <u>2,123,223</u> |

COUNTY OF COLUMBIA, NEW YORK

Schedule of Revenue, Expenditures, and Changes in Fund Balances -

Non-Major Governmental Funds

Supplemental Information

Year ended December 31, 2015

| | County Road | Road Machinery | Water | Sewer | Special Revenue | Special Grant | Total |
|--|----------------|-------------------|---------|-----------|--------------------|------------------|------------|
| Revenue: | | | | | | | |
| Real property taxes | \$8,717,385 | 314,368 | - | - | - | - | 9,031,753 |
| Departmental income | 592,321 | - | 81,885 | 131,902 | - | - | 806,108 |
| Intergovernmental charges | - | 58 | - | - | 1,400 | - | 1,458 |
| Use of money and property | 1,151 | 1,279,959 | 622 | 68 | 57 | - | 1,281,857 |
| Sale of property and compensation for loss | 7,341 | - | - | - | - | - | 7,341 |
| Interfund revenue | - | 599,789 | - | - | - | - | 599,789 |
| Miscellaneous local sources | 23,939 | 764 | - | - | - | - | 24,703 |
| State aid | 2,030,141 | - | - | - | - | - | 2,030,141 |
| Federal aid | - | - | - | - | - | 5,000 | 5,000 |
| Total revenue | 11,372,278 | 2,194,938 | 82,507 | 131,970 | 1,457 | 5,000 | 13,788,150 |
| Expenditures: | | | | | | | |
| General government support | - | - | - | - | 1,281 | - | 1,281 |
| Transportation | 8,619,151 | 1,962,778 | - | - | - | - | 10,581,929 |
| Home and community services | - | - | 68,609 | 183,896 | - | 5,000 | 257,505 |
| Employee benefits | 2,373,659 | 276,832 | - | 8,168 | - | - | 2,658,659 |
| Debt service | - | 141,313 | - | - | - | - | 141,313 |
| Total expenditures | 10,992,810 | 2,380,923 | 68,609 | 192,064 | 1,281 | 5,000 | 13,640,687 |
| Net change in fund balances | 379,468 | (185,985) | 13,898 | (60,094) | 176 | - | 147,463 |
| Fund balances (deficit) at beginning of year | 304,172 | 477,839 | 310,471 | (229,800) | 44,344 | 100 | 907,126 |
| Fund balances (deficit) at end of year | \$ 683,640 | 291,854 | 324,369 | (289,894) | 44,520 | 100 | 1,054,589 |

OTHER INFORMATION



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December 13, 2013

Thomas E. Myers
(212) 506-5212
tmyers@orrick.com

VIA E-MAIL (RONALD.CAPONERA@COLUMBIACOUNTYNY.COM)

Mr. Ron Caponera
County Comptroller
County of Columbia
401 State St.
Hudson NY 12534

Re: Columbia Tobacco Asset Securitization Corporation

Dear Ron:

You have asked us to provide advice concerning recourse to the County in connection with bonds issued by the Columbia Tobacco Asset Securitization Corporation (the "TASC") to finance the purchase of the County's right to receive payment under the Master Settlement Agreement and Consent Decree in New York involving various companies that sell tobacco products.

I have attached hereto various documents relating to the initial transaction in which the County sold its right to receive such payments which reflect that, as a true sale, there is no recourse to the County in the event any bonds issued by the TASC should default.

As you can see, the Local Law adopted by the County makes clear that this is a non-recourse transaction. An excerpt from the Indenture relating to the bonds issued by the TASC reflect that it does not create indebtedness for County purposes. The Purchase and Sale Agreement between the TASC and the County also reaffirms this position and, finally, the opinion which we were required to deliver to the underwriter and various rating agencies all reflect that the County is not obligated to make payment on any TASC bonds.

The disclosure document used by the TASC to issue these bonds is available on various websites, including EMMA. As you can see, the investors charged a higher interest rate when purchasing these bonds since they were well aware that there is no recourse to the County for payment and that the sole source of payment for such bonds was the receipt of settlement payments and any other revenues available under the Indenture, including a debt service reserve fund.

Very truly yours,

Tom

Thomas E. Myers

/es

cc: Mr. Patrick Grattan (gratl@fairpoint.net)

OHISUSA:755947076.1