
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT

To the County Audit Committee
County of Ulster, New York
244 Fair Street
Kingston, NY 12401:

We have performed the procedures enumerated in Exhibit A (attached), which were agreed to by the management of the County of Ulster, New York (the "County"), the New York State Department of Environmental Conservation, and the United States Environmental Protection Agency, solely to assist the specified parties in evaluating management's assertion about the County's compliance with the local government financial test included in the accompanying Local Government Financial Test Worksheet (Exhibit B) prepared in accordance with the Federal Register (40 CFR Part 258, Subpart G) Criteria for Municipal Solid Waste Landfills – Financial Assurance Criteria for the year ended December 31, 2013. The County's management is responsible for their internal controls and procedures. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in Exhibit A, either for the purpose for which this report has been requested, or for any other purpose.

We were not engaged to, and did not perform an audit, the objective of which would be an expression of an opinion on the Local Government Financial Test Worksheet. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the County's management, members of the County Legislature, the Ulster County Resource Recovery Agency, the New York State Department of Environmental Conservation and the United States Environmental Protection Agency, and should not be used by those who have not agreed to the procedures.

Drescher & Malecki LLP

October 3, 2014

Agreed-Upon Procedures

As requested, we have performed the following agreed-upon procedures as of December 31, 2013. These procedures have been performed using the definitions in the Local Government Financial Test Worksheet (Exhibit C).

1. We compared the amounts that comprise cash and marketable securities to the related amounts included within the audited basic financial statements of the County for the year ended December 31, 2013. We found such amounts to be in agreement and the related computations to be arithmetically correct. See Exhibit B.
2. We compared the amounts that comprise debt service to the related amounts included within the audited basic financial statements of the County for the year ended December 31, 2013. We found such amounts to be in agreement and the related computations to be arithmetically correct. See Exhibit B.
3. We obtained a copy of the Independent Auditors' Report to ascertain whether the County's basic financial statements as of and for the year ended December 31, 2013 were prepared in conformity with Generally Accepted Accounting Principles generally accepted in the United States of America. The independent auditor's report states that, in the auditor's opinion, and based on the reports of other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2013 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.
4. We recomputed the excess (deficiency) of revenues over expenditures for the years ended December 31, 2013 and 2012 by deducting the total expenditures from total revenues. We compared the amounts which comprise the total expenditures and revenues to the related amounts in the audited basic financial statements of the County for the years ended December 31, 2013 and 2012, respectively. We found such amounts to be in agreement with the amounts presented in the respective basic financial statements and the related computations to be arithmetically correct. See Exhibit B.
5. We obtained a copy of the Independent Auditors' Report, read the Independent Auditors' Report, and ascertained that the County has not received an adverse opinion, disclaimer of opinion or other qualified opinion.
6. We obtained a copy of the most recently issued CAFR, read the related footnotes, and ascertained that the local government owner disclosed the nature and source of the post-closure care costs and the estimated landfill life in years. The local government owner has not disclosed the percentage of landfill capacity used to date.
7. We recomputed the amount for the year ended December 31, 2013 by multiplying the total revenue times 43 percent. We compared the amounts, which comprise total revenues, to the related amounts in the audited basic financial statements of the County for the year ended December 31, 2013. We computed the financial assurance requirements for the year ended December 31, 2013 by adding the amounts for each respective estimated cost as disclosed in the notes to the basic financial statements. We found such amounts to be in agreement with the amounts presented in the basic financial statements and the related computations to be arithmetically correct. See Exhibit B.

1. Liquidity Ratio

Cash and marketable securities:	
Governmental Funds	\$ 56,800,977
Proprietary Funds	<u>20,232,020</u>
Total cash and marketable securities	<u>\$ 77,032,997</u>
Expenditures, net of adjustments, as per test 4	<u>\$ 321,422,363</u>
Liquidity Ratio	<u>0.24</u>

2. Debt service to expenditures ratio

Debt service (governmental funds)	\$ 12,525,530
Debt service (proprietary funds)	<u>864,705</u>
Total debt service	<u>\$ 13,390,235</u>
Expenditures, net of adjustments, as per test 4	<u>\$ 321,422,363</u>
Debt service to expenditures ratio	<u>0.04</u>

4. Computation of excess revenues over expenditures

	Years ended December 31,	
	2013	2012
Total revenues:		
Governmental funds	\$ 308,060,310	\$ 330,204,498
Proprietary funds	17,939,473	30,306,935
Non-operating revenues - proprietary funds	<u>15,030,808</u>	<u>11,787,204</u>
Total revenues	<u>341,030,591</u>	<u>372,298,637</u>
Total expenditures:		
Governmental funds	\$ 319,898,480	\$ 319,832,872
Proprietary funds	<u>21,980,064</u>	<u>43,025,607</u>
Total expenditures	<u>341,878,544</u>	<u>362,858,479</u>
Excess (deficiency) of revenues over expenditures before other adjustments	<u>(847,953)</u>	<u>9,440,158</u>
Other adjustments:		
Add:		
Capital outlays (governmental funds)	7,930,651	9,261,449
Debt service (governmental funds)	<u>12,525,530</u>	<u>15,247,718</u>
Total other adjustments	<u>20,456,181</u>	<u>24,509,167</u>
Excess of revenues and other adjustments over expenditures	<u>\$ 19,608,228</u>	<u>\$ 33,949,325</u>

7. Computation of 43% test

Computation of financial assurance requirement	
Estimated cost of closure	\$ -
Estimated cost of post-closure	3,766,545
Estimated cost of corrective actions	-
Other environmental obligations	<u>-</u>
Total financial assurance requirement	<u>\$ 3,766,545</u>
Computation of financial test coverage (43%)	
Total revenues as per test 4	<u>\$ 341,030,591</u>
Total financial test coverage	<u>\$ 146,643,154</u>

The following terms used in the accompanying Local Government Financial Test Worksheet (Exhibit B) are defined in the Federal Register (40 CFR Part 258.74) Criteria for Municipal Solid Waste Landfills – Financial Assurance Criteria – Allowance Mechanisms as follows:

- (A) *Deficit* equals total annual revenues minus total annual expenditures.
- (B) *Total revenues* include revenues from all taxes and fees but does not include the proceeds from borrowing or asset sales, excluding revenue from funds managed by local government on behalf of a specific third party.
- (C) *Total expenditures* include all expenditures excluding capital outlays and debt repayments.
- (D) *Cash plus marketable securities* is all the cash plus marketable securities held by the local government on the last day of a fiscal year, excluding cash and marketable securities designated to satisfy past obligations such as pensions.
- (E) *Debt service* is the amount of principal and interest due on a loan in a given time period, typically the current year.