

**COUNTY OF SULLIVAN, NEW YORK**



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FISCAL YEAR ENDED  
DECEMBER 31, 2009**

**COUNTY OF SULLIVAN, NEW YORK**



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FISCAL YEAR ENDED  
DECEMBER 31, 2009**

David P. Fanslau – County Manager  
Joshua Potosek – Commissioner of Management and Budget  
Ira J. Cohen – County Treasurer

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

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

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**INTRODUCTORY  
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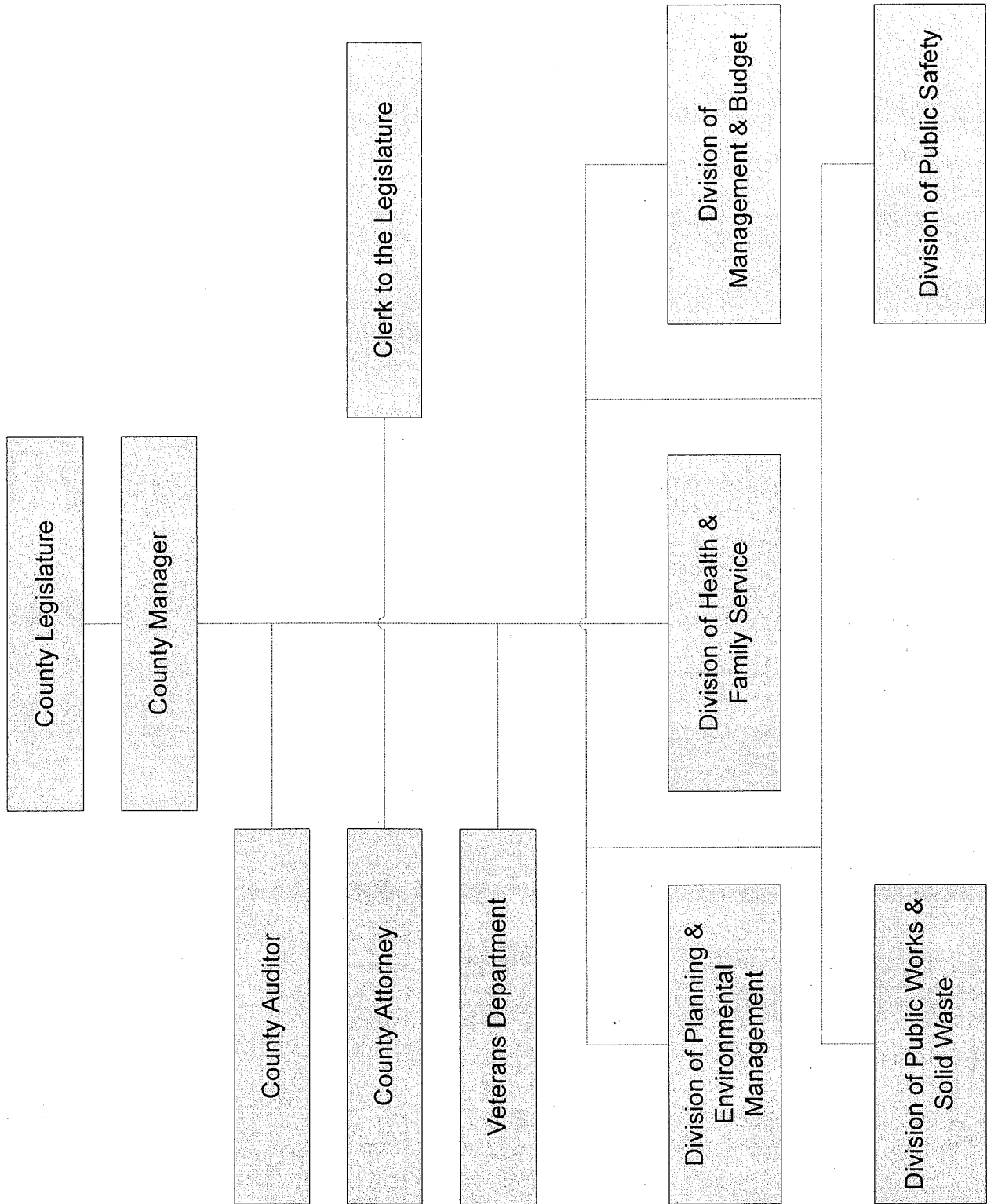


**COUNTY OF SULLIVAN,  
NEW YORK  
PRINCIPAL OFFICIALS**

**As of December 31, 2009**

<b><u>OFFICE</u></b>	<b><u>OFFICE HOLDER</u></b>	<b><u>TERM EXPIRES</u></b>
<b>County Legislators</b>		
District #1,	David A. Sager	12/31/2011
District #2, Majority Leader	Kathleen LaBuda	12/31/2011
District #3	Elwin Wood	12/31/2011
District #4, Chairman	Jonathan Rouis	12/31/2011
District #5	Frank Armstrong	12/31/2011
District #6	Jodi I. Goodman	12/31/2011
District #7, Minority Leader	Leni Binder	12/31/2011
District #8 Vice Chairman	Ron Hiatt	12/31/2011
District #9	Alan J. Sorenson	12/31/2011
<b>County Clerk</b>	Daniel L. Briggs	12/31/2011
<b>District Attorney</b>	Stephen F. Lungen	12/31/2009
<b>Sheriff</b>	Michael A. Schiff	12/31/2009
<b>County Treasurer</b>	Ira J. Cohen	12/31/2009
<b>County Manager</b>	David P. Fanslau	Appointed

# Sullivan County Organizational Chart



IRA J. COHEN  
COUNTY TREASURER  
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DEPUTY TREASURER  
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**Sullivan County Treasurer**  
**SULLIVAN COUNTY GOVERNMENT CENTER**  
100 NORTH STREET  
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MONTICELLO, NY 12701

June 30, 2010

To The Legislature of the  
County of Sullivan, New York

The Comprehensive Annual Financial Report ("CAFR") for the County of Sullivan, New York ("County") for the fiscal year ended December 31, 2009 is submitted herewith. New York State requires the County to submit an annual report of our financial records and transactions presented in conformity with generally accepted accounting principles ("GAAP") and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This CAFR is issued pursuant to that requirement.

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

The County's basic financial statements have been audited by O'Connor Davies Munns & Dobbins, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the County for the fiscal year ended December 31, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The

independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's basic financial statements for the fiscal year ended December 31, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. The financial section also includes a narrative introduction, overview and analysis of the December 31, 2009 financial statements to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). The letter of transmittal was designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditor.

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

### **GOVERNMENTAL STRUCTURE**

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

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

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

## GENERAL INFORMATION

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

The year round population of the County has remained relatively stable for the last five years with a slight drop in 2008 and 2009. The County's growth rate exceeds that of the State of New York. According to the US Census Bureau, between 2000 and 2008, the County experienced a 3% increase in population while New York State exhibited a 2.7% growth. Although the County is fairly large in terms of area, approximately 1,011 square miles, the average population density is 75 persons per square mile. Indeed, this number is higher in the County's larger towns and villages, which has implications for added infrastructure, water quality, and attention to long-term capital planning.

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

With the potential of gaming facilities, the County's population growth rate over the next ten years could range between a minimum of 12% to a maximum of 28%. This increase depends on whether or not the Department of Interior approves the construction of off-reservation gaming facilities, when these facilities are constructed, and if they are built concurrently.

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

## ECONOMIC CONDITION AND OUTLOOK

Historically, the economy of the County relied heavily on resort hotel based tourism. With the decline in this industry, tourism has reinvented itself in the form of eco-tourism activities, sightseeing, second homes, and arts and cultural industries spearheaded by the opening of the Bethel Woods Performing Arts Center ("BPAC") located at the historic site of the 1969 Woodstock Music Festival on Hurd Road in the Town of Bethel. On June 18<sup>th</sup>, 2010, the BPAC will commence its fifth season of concerts featuring Yes and Peter Frampton with an eclectic lineup of music all summer long, including the New York Philharmonic, The Boston Pops and Crosby Stills and Nash.

The summer of 2010 marks another significant milestone for BPAC in that the organization will feature the third year of a 40,000 square foot Museum and Interpretive Center. The facility offers a permanent exhibition depicting the political, social, and cultural transformation of the 1960s that led to the famous 1969 rock festival that took place on that very site, and impacted the world. In its 2008 opening season, thousands of visitors enjoyed the Museum's many attractions and found that more than one visit was necessary in order to fully enjoy the experience. This year, the Museum is featuring The Wall That Heals - a traveling Vietnam Memorial along with the photographs taken by Pulitzer-Prize winning photojournalist Eddie Adams.

In 2009, the County signed a \$20 million per year mitigation agreement with the Seneca Nation, who are seeking congressional legislation that would enable them to build and operate a Class III gaming facility in the Town of Thompson. The Seneca Nation, due to its existing compact with New York State, has the ability to obtain the necessary property for gaming at a restricted fee by an act of Congress. Furthermore, the new Concord Hotel has recently received special consideration from the New York State Legislature and plans to re-commence construction of a new hotel and future gaming facility as part of a \$600 million rebuilding proposal. The talk of Indian Gaming has heated up again and Governor Patterson has urged President Obama's administration to reverse previous determinations of the Bush administration, and allow three such gaming facilities to operate in the County. The mitigation agreements alone would generate almost \$60 million annually in revenues to the County. These monies would surely be used for economic development, infrastructure improvements, jail and landfill construction as well as monies for school districts and other local governments. These new revenue sources would certainly translate to better overall fiscal conditions, debt reduction, better cash flow and an improved bond rating from any rating agency.

The Monticello Motor Club is now enjoying its third successful season featuring fast, expensive sports cars and a state of the art 4.1 mile race track. Future plans include developing an additional 400 acres, a five star hotel and conference center, shops, a world-class karting facility and an off-road course.

In response to the steady population growth and the increase in development throughout the area, Sullivan County in 2004 and 2005 created and adopted a

county wide strategic comprehensive plan known as Sullivan 2020. This resource serves as a guide for the County and each of its 21 municipalities in determining how to address and control future growth and development. Sullivan 2020 offers a cohesive policy framework to preserve the area's farmland and open space and diversify the County's economic base through shovel-ready site development and enhance the arts, culture and ecotourism industry. In the fall of 2009, a charrette was held at Bethel Woods Center for the Arts to update the 2020 plan.

With the decline of the resort hotel industry, the County's economic base has grown toward the non-profit and government service industries. Within the non-profit sector, the Center for Discovery and Catskill Regional Medical Center have been two of the County's larger employers. The former industry is a world class facility and practice focused on the delivery of educational and support services for developmentally disabled adults and children. The latter is a regional hospital and medical facility emphasizing a Planetree model of patient care. The hospital has recently broke ground on an expansion to its Emergency Room. In June 2004, Crystal Run Health Care, a major medical service facility focusing on quality primary care, arrived at the Emerald Corporate Center.

The Emerald Corporate Center is one of several shovel-ready parks within the County in various stages of development. Liberty Light Industry/Agricultural Park, Glen Wild Industrial Park, Liberty Business Park and the Sullivan County Community College Green Tech Park have been designed to accommodate differing business needs.

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

The County is now playing a pro-active role in promoting new agricultural ventures and retention of farmland. A meat processing facility is still being developed at the Liberty Light Industry/Agricultural Park, and the County's agriculture districts are being expanded and redefined. Open space is being preserved by the acquisition of conservation easements, and a new farming educational center is being planned with the help of the Northeast Organic Farmers Association and other groups.

The County remains in the New York State Empire Zone program to assist with the development of retail businesses and shovel-ready sites for business attraction. The Sullivan County Partnership for Economic Development has intensified its business relocation and outreach efforts, and the incentives of the Empire Zone have been an important tool to attract new companies to Sullivan County. The Liberty Light Industrial/Agricultural Park will host the regional state of the art meat packing plant and have additional sites available for agricultural specialty businesses.

The Sullivan County Community College seeks to build on the County's green environment by offering a business park campus to enhance the academic

programs at the college and academic programs in environmental engineering and design, and providing a shovel-ready site for green technology businesses with an emphasis in the construction of high performance buildings and the distribution of high performance materials. Equal emphasis has been placed on promoting and utilizing green initiatives as a form of economic development. In addition, the green technology park will accommodate alternative energy assembly and component parts businesses along with the construction of a \$15 million Center for Advanced Sciences and Technology (CAST) building. Half of the construction cost of the CAST building is being under-written by the Sullivan County Legislature and the other half is being funded by the State University of New York (SUNY). This facility will house an environmental science program and it will also function as a service learning conduit for businesses in the green technology park. The erection of a state of the art wind turbine commenced in June 2009.

Yukiguni Maitake Manufacturing Corporation of America (YMMCA) has recently started clearing land for the construction of a four acre mushroom plant in the Town of Mamakating. The pilot mushroom plant will employ 40 people and will produce 15 tons of mushrooms a day. The actual construction is slated to begin in early fall of 2010.

The Sullivan County Legislature has taken a proactive role in the controversial issue of natural gas drilling in the Marcellus shale by creating the Sullivan County Gas Drilling Task Force. The task force was created to address countywide issues and the impact of natural gas development in the Marcellus shale. The process of extracting the natural gas from the Marcellus shale is called "slick-water fracking" which involves injecting chemicals, fluid and sand into a rock formation to open fractures to release the gas. Although the Legislature acknowledges the potential positive economic impact of gas drilling, they are increasingly concerned with the environmental and cumulative impact it will have on the County.

## **MAJOR INITIATIVES AND THE FUTURE**

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

- Construction of the \$15 million CAST in the Green Technology Park to house an environmental science program and function as a service learning conduit for businesses located at the park.
- Planning and development of the Green Technology Park on 50 acres at SCCC – Site preparation and engineering is expected to be underwritten by a grant from the U.S. Economic Development Administration through the U.S. Department of Commerce.



- Continued expansion of the Neversink Construction Corporation (“NCC”) – This is a high end metal and glass fabrication company located at the Sullivan County industrial park in the Town of Bethel, which has expanded production. NCC manufactures metal and glass facades for entities such as the Metropolitan Transit Authority in NYS and other major New York/New Jersey facilities.
- The County constructed a \$2.7 million transportation facility that will house the complete operations of the County’s public transportation system. The nearly 10,000 square foot facility will greatly enhance efficiency by housing all administrative, dispatch, operations, training and indoor vehicle needs in one centralized location. The building is situated to take full advantage of the sun, since the facility will be equipped with a photovoltaic system. The Planning Division will use the facility to educate schools, farms, businesses, and municipalities on the beneficial effects of solar electric generating systems on the environment and utility costs.
- Several town planning boards have numerous proposed projects actively being reviewed, including new subdivisions and new recreational facilities.
- The County recently signed a contract with the Sullivan Alliance for Sustainable Development, which will be responsible for future green technology for all County buildings and projects.
- Continued commitment to develop in the County by Yukiguni Maitake Manufacturing Corporation of America (YMMCA) – Having closed out its final public hearing relative to its original site plan application, YMMCA has revised its site plan by scaling down the first phase of the project from 932,000 square feet to approximately 600,000 square feet of the mushroom growing, processing and distribution facility. The new plan, combined with new technology will be more environmentally friendly and will use only half as much water as previously planned.
- The expansion of the Ideal Snacks Manufacturing Company – A producer of soy-based snacks, Ideal has undergone several expansions at their headquarters in Liberty. With large clients such as Frito Lay and Quaker Oats, Ideal has made Sullivan County home, adding employees as needed, expansion capital, and production capacity, making it the first in our growing food processing cluster. Ideal is a prime example of taking an existing vacant site and, through adaptive reuse, creating an entire industry trend.
- New development at the Sullivan County International Airport – Arcadia Aviation, a New York City-based firm, is planning to build a \$4 million hangar and office complex on 3.25 acres north of the terminal at the Sullivan County International Airport. Approximately 20,579 square feet will be devoted to one “pod”, which will house five to six corporate and private jets and another 3,000 square feet will encompass offices. Total build out of this project will

include at least 10 jobs with \$60,000 average salaries and \$22 million of investment.

- Approval and site preparation for the Liberty Light Industry/Agricultural Park – This park will play a critical role in supporting local agricultural operations. In particular, the park will host a state of the art processing facility to serve farming industries throughout the southern tier of New York State and northeastern Pennsylvania. In addition, this park will include shovel-ready sites to host other agribusinesses and food distribution centers to serve the region and the nation.
- Drilling for natural gas in the Marcellus shale is currently on hold. The New York State Department of Environmental Conservation is developing regulations on natural gas drilling in the Marcellus shale which should be concluded this fall. Natural gas drilling could prove to be extremely lucrative for the County, but along with that comes many environmental and geological concerns.
- Boreal Water Collection acquired Leisure Time Spring Water in early 2009. Since the acquisition, a company expansion is planned for the near future which will add dozens of jobs in the Kiamesha Lake area.
- New development in the Town of Bethel is also on the horizon. Dancing Cat Distillery received a Rural Business Enterprise Grant through the Sullivan County Industrial Development Agency worth \$295,000. At final completion, the 5000 sq. ft. facility will feature a tasting room and the production of distilled spirits. Tours of the facility will also be available.
- The Catskill Regional Medical Center broke ground on an expansion project that will more than double their emergency room space. Currently at 7,500 square feet, the new addition when finished will be 17,500 square feet including 7 new bays, a pediatric bay and four fast-track bays for minor injuries. The \$6 million addition to the emergency room should be completed in the summer of 2011.

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

### **FINANCIAL POLICIES**

Over the last few years the County has implemented or modified several policies, including capital planning, strategic planning, performance budgeting and the delinquent tax installment program.

The Capital planning program requires the preparation of a plan listing proposed capital projects to be undertaken during the succeeding six-year period. The plan

includes a description of the project, total cost, method of financing, along with other pertinent information.

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

Performance based budgeting helps to assess whether existing programs, or those implemented from the strategic plan, are cost effective. During 2009, information on programs and accomplishments was collected for inclusion in the 2010 budget, providing a base line of performance measures.

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

## **AWARDS**

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2008.

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

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

## **CONCLUSION**

The County, in anticipation of future expenditures, has designated or reserved fund balance for landfill construction/closure, compensated absences and other purposes. The combined total is in excess of \$14.9 million. The undesignated, unreserved and unappropriated fund balance for 2009 is \$4.2 million.

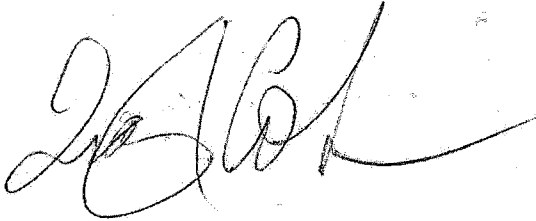
In the County's 2010 budget, we have continued to project our revenues at reasonable levels. The County's financial outlook continues to be optimistic,

however, in the present economy we are carefully monitoring expenditures and capital commitments in light of revenues that are holding their own. We will continue to monitor as well as cut expenditures in the future as necessary, pending an upswing in the economy locally, statewide and nationally.

### **ACKNOWLEDGMENTS**

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Ira J. Cohen', with a long horizontal flourish extending to the right.

Ira J. Cohen  
County Treasurer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Sullivan  
New York

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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**FINANCIAL  
SECTION**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Legislature of the  
County of Sullivan, New York:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the County of Sullivan, New York ("County") as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Sullivan County Industrial Development Agency (a component unit) and the Emerald Corporate Center Economic Development Corporation (a component unit) for the year ended December 31, 2009, and the Sullivan County Community College (a component unit) for the year ended August 31, 2009, which represent 98.7% and 98.5%, respectively, of the assets and revenues of the component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions on the basic financial statements, insofar as it relates to amounts included for such component units, are based 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Sullivan, New York as of December 31, 2009 and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General and County Road funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the Schedule of Funding Progress - Other Post Employment Benefits are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated June 18, 2010 on our consideration of the County of Sullivan, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Sullivan, New York's basic financial statements. The accompanying financial information listed as combining and individual fund financial statements and schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the County. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information listed in the statistical section of the table of contents has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.

*O'Connor Davies Munns & Dobbins, LLP*

**O'Connor Davies Munns & Dobbins, LLP**

June 18, 2010

**County of Sullivan, New York  
Management's Discussion and Analysis  
December 31, 2009**

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**Introduction**

As management of the County of Sullivan, New York ("County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

**Financial Highlights for Fiscal Year 2009**

Key financial highlights for fiscal year 2009 are as follows:

- The net assets (assets minus liabilities) of the primary government for fiscal year 2009 were \$46,564,679. Of this amount, \$57,897,644 represents governmental net assets while a deficit of \$11,332,965 is reported for business-type net assets.
- The General Fund reported an ending fund balance of \$19,854,010, which represents a decrease of \$1,014,709 from fiscal year 2008. The undesignated fund balance was \$4,231,125, which represents an increase of \$2,127,401 from fiscal year 2008. The Capital Projects Fund reported an ending fund deficit of \$5,571,400, a decrease of \$7,560,886 from fiscal year 2008.
- The primary government's total outstanding bonds payable for December 31, 2009 were \$63,350,000, inclusive of \$14,525,000 of tobacco asset securitization bonds. No new bonded indebtedness was incurred in the current fiscal year.

**Overview of the Financial Statements**

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

**Government-Wide Financial Statements**

The government-wide financial statements are presented in a manner similar to private-sector business financial statements. The statements are prepared using the economic

resources measurement focus and the accrual basis of accounting. The government-wide financial statements include two statements: a Statement of Net Assets and a Statement of Activities. Fiduciary activities, whose resources are not available to finance County programs, are excluded from these statements.

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

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

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

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

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

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

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

## **Fund Financial Statements**

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

**Governmental funds** - Most of the basic services provided by the County are financed and accounted for through governmental funds. Governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as the available balances of these resources at the end of the fiscal year. This information is useful in determining the County's financing requirements for the subsequent fiscal period. Governmental funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

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

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

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

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

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

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

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

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

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

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

### Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements are located following the basic financial statements section of this report.

### Other Information

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

### Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the County's financial position. In the case of the County, assets exceeded liabilities by \$46,564,679 for fiscal year 2009.

The following table reflects the condensed Statement of Net Assets:

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and Other Assets	\$ 101,534,307	\$ 92,543,127	\$ 6,783,960	\$ 5,491,616	\$ 108,318,267	\$ 98,034,743
Capital Assets	127,601,639	122,766,923	2,174,441	2,437,357	129,776,080	125,204,280
<b>Total Assets</b>	<b>229,135,946</b>	<b>215,310,050</b>	<b>8,958,401</b>	<b>7,928,973</b>	<b>238,094,347</b>	<b>223,239,023</b>
Current Liabilities	65,066,595	51,855,245	1,073,093	1,175,908	66,139,688	53,031,153
Long-term Liabilities	106,171,707	101,715,709	19,218,273	18,774,959	125,389,980	120,490,668
<b>Total Liabilities</b>	<b>171,238,302</b>	<b>153,570,954</b>	<b>20,291,366</b>	<b>19,950,867</b>	<b>191,529,668</b>	<b>173,521,821</b>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	69,015,657	61,589,988	2,124,380	2,076,502	71,140,037	63,666,490
Restricted	8,500,676	11,771,895	-	-	8,500,676	11,771,895
Unrestricted	(19,618,689)	(11,622,787)	(13,457,345)	(14,098,396)	(33,076,034)	(25,721,183)
<b>Total Net Assets</b>	<b>\$ 57,897,644</b>	<b>\$ 61,739,096</b>	<b>\$ (11,332,965)</b>	<b>\$ (12,021,894)</b>	<b>\$ 46,564,679</b>	<b>\$ 49,717,202</b>

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

The next largest component of the County's net assets is restricted net assets of \$8,500,676. This represents resources that are subject to external restrictions on how they may be used. The restrictions are as follows:

Capital Projects	\$ 5,463,916
Law Enforcement	139,274
Stop DWI Program	249,052
Debt Service	1,267,411
Workers' Compensation Benefits	759,274
Community Development	621,749

The remaining portion of net assets, unrestricted net assets, is a negative \$33,076,034, with a deficit of \$19,618,689 reported in governmental activities and \$13,457,345 reported in business-type activities. This deficit does not mean that the County does not have resources available to meet its obligations in the ensuing year. Rather, it is the result of having long-term commitments, including retirement incentives (\$118,236), claims payable (\$5,682,776), compensated absences (\$4,249,982), and landfill closure costs (\$18,509,373) that are greater than currently available resources. Additionally, beginning in 2007, the County adopted Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* ("OPEB"). This statement requires municipalities to begin recognizing an actuarial determined liability for benefits provided to retirees. The liability will be amortized into the County's entity-wide operations over a period of 30 years. The liability reflected in 2009 for the primary government was \$33,306,234. Additional information on all of these long-term liabilities can be found in Note 3, K.

The following table reflects the Statement of Activities:

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Program Revenues:</b>						
Charges for Services	\$ 23,931,341	\$ 22,244,089	\$ 11,090,401	\$ 12,455,417	\$ 35,021,742	\$ 34,699,506
Operating Grants and Contributions	45,604,484	40,874,585	1,373,566	1,339,952	46,978,050	42,214,537
Capital Grants and Contributions	2,026,614	6,446,290	-	20,000	2,026,614	6,466,290
<b>General Revenues:</b>						
Real Property Taxes	46,790,101	41,809,497	-	-	46,790,101	41,809,497
Other Tax Items	6,318,080	5,252,252	-	-	6,318,080	5,252,252
Non-Property Taxes	35,766,177	39,691,935	-	-	35,766,177	39,691,935
Unrestricted Use of Money and Property	158,195	504,051	112,476	-	270,671	504,051
Intergovernmental charge	-	-	6,192,294	-	6,192,294	-
Miscellaneous	272,608	315,280	16,093	7,590	288,701	322,870
<b>Total Revenues</b>	<b>160,867,600</b>	<b>157,137,979</b>	<b>18,784,830</b>	<b>13,822,959</b>	<b>179,652,430</b>	<b>170,960,938</b>
<b>Program Expenses:</b>						
General Government Support	17,432,319	17,114,529	-	-	17,432,319	17,114,529
Education	6,771,949	6,622,720	-	-	6,771,949	6,622,720
Public Safety	23,927,441	23,456,337	-	-	23,927,441	23,456,337
Health	23,906,533	25,389,140	-	-	23,906,533	25,389,140
Transportation	18,423,675	15,723,127	-	-	18,423,675	15,723,127
Economic Opportunity and Development	59,353,745	54,082,395	-	-	59,353,745	54,082,395
Culture and Recreation	3,088,411	3,187,191	-	-	3,088,411	3,187,191
Home and Community Services	9,470,621	8,859,856	-	-	9,470,621	8,859,856
Interest	2,334,358	2,491,364	-	-	2,334,358	2,491,364
Adult Care Center	-	-	17,212,907	14,907,433	17,212,907	14,907,433
Sullivan Tobacco Asset Securitization Corporation	-	-	882,994	903,018	882,994	903,018
<b>Total Expenses</b>	<b>164,709,052</b>	<b>156,926,659</b>	<b>18,095,901</b>	<b>15,810,451</b>	<b>182,804,953</b>	<b>172,737,110</b>
<b>Change in Net Assets</b>	<b>(3,841,452)</b>	<b>211,320</b>	<b>688,929</b>	<b>(1,987,492)</b>	<b>(3,152,523)</b>	<b>(1,776,172)</b>
<b>Net Assets - Beginning of year, as reported</b>	<b>61,739,096</b>	<b>49,039,803</b>	<b>(12,021,894)</b>	<b>1,816,603</b>	<b>49,717,202</b>	<b>50,856,406</b>
<b>Prior Period Adjustments</b>	<b>-</b>	<b>12,487,973</b>	<b>-</b>	<b>(11,851,005)</b>	<b>-</b>	<b>636,968</b>
<b>Net Assets - Beginning of year, as restated</b>	<b>61,739,096</b>	<b>61,527,776</b>	<b>(12,021,894)</b>	<b>(10,034,402)</b>	<b>49,717,202</b>	<b>51,493,374</b>
<b>Net Assets - End of year</b>	<b>\$ 57,897,644</b>	<b>\$ 61,739,096</b>	<b>\$ (11,332,965)</b>	<b>\$ (12,021,894)</b>	<b>\$ 46,564,679</b>	<b>\$ 49,717,202</b>

**Governmental activities** - Governmental activities decreased the County's net assets by \$3,841,452. The total County governmental activities revenues were \$160,867,600 for the year ended December 31, 2009, an increase of \$3,729,621 over the prior year. Real property taxes comprised 29.1% while non-property taxes (i.e. sales taxes) comprised 22.2% and operating grants and contributions (primarily state and federal aid) provided an additional 28.3% of the overall revenue stream. Governmental activities expenses of the County for the year ended December 31, 2009 totaled \$164,709,052, an increase of \$7,782,393 over the prior year. Economic opportunity and development expenses (for social services type programs) accounted for the largest portion (\$59,353,745 or 36%), followed by public safety (\$23,927,441 or 14.5%) and health spending (\$23,906,533 or 14.5%).



The major changes are as follows:

Revenues:

- Real property and other tax items increased by \$6,046,432 due to an increase in the real property tax levy, as well as adjustments to deferred tax revenue as a result of a slowdown in real property tax collections.
- Non-property tax revenues decreased by \$3,925,758, the bulk of which represents decreased sales tax collections and can be attributed to the current local and national economy.

Expenses:

- Transportation expenses increased by \$2,700,548, in part due to the accrual of the increase in the liability for OPEB, in accordance with GASB Statement No. 45.
- Economic Opportunity and Development increased by \$5,271,350 as a result of increases in Medicaid, Family Assistance and Safety Net program spending along with the accrual of the increase in the liability for OPEB, in accordance with GASB Statement No. 45.

**Business-type activities** Business-type activities increased the County's net assets by \$688,929. The key elements of the change were the Adult Care Center's increase in revenues for intergovernmental monies of \$6,192,294, a decrease of departmental income of \$1,365,016 and the third year implementation of the requirements of GASB Statement No.45 in recording their post employment benefit obligations, resulting in a third year cumulative liability of approximately \$3.9 million. The Sullivan Tobacco Asset Securitization Corporation's net assets continue to increase; the 2009 gain was \$590,502 as the outstanding bonded obligation continues to be liquidated.

### Financial Analysis of the Government's Funds

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

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

At of the end of the current fiscal year, the County's governmental funds reported combined fund balances of \$17,174,998, a decrease of \$8,575,064 in comparison with the prior year. Of the total combined fund balance, \$14,030,042 constitutes unreserved fund balance. Reserves account for \$3,144,956 of the combined fund balance. The unreserved fund balance includes designated fund balances for landfill construction and closure (\$12,936,330) and compensated absences (\$702,590) in the General Fund. The remainder

of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to: 1) liquidate contracts and purchase orders of the prior period (\$814,219), 2) a reserve to indicate the long-term nature of certain receivables from the component units (\$675,000), 3) a reserve for debt service (\$1,267,411) and 4) a variety of other restricted purposes (\$388,326).

The General Fund is the primary operating fund of the County. At the end of the current fiscal year, unreserved and undesignated fund balance of the General Fund was \$4,231,125, representing 21.3% of the total General Fund balance of \$19,854,015. The unreserved and undesignated fund balance has increased from the previous year's amount of \$2,127,401. Two useful measures of liquidity are the percentage of unreserved and undesignated fund balance to total expenditures, and total fund balance to total expenditures. At the end of the current fiscal year, the General Fund showed a modest 2.69% unreserved and undesignated fund balance to total expenditures and other financing uses (compared to 1.53% in the prior year), while total fund balance represents 12.62% of that same amount (compared to 15.2% in the prior year).

When the fiscal 2009 General Fund budget was adopted, it anticipated the use of \$1,085,628 of fund balance (\$632,576 designated from the previous year and \$453,052 of contract and purchase order commitments to be liquidated). However, actual results of operations led to a \$1,014,704 decrease in the total fund balance, modestly better than originally budgeted. Revenues and other financing sources were \$156,267,254, which was \$9,403,725 less than the original budget but only \$8,944,362 less than the final budget. Expenditures and other financing uses were \$157,281,963 which was \$9,474,644 less than the original budget and \$8,985,270 less than the final budget. Major changes in specific revenues and expenditures in comparison to the prior year were as follows:

- Real property tax revenues increased from \$39,863,381 to \$42,132,012 (\$2,268,631 or 5.69%), reflecting the budgeted property tax increase and offset by the adjustments for uncollected taxes due to the poor economic climate.
- Non property taxes decreased from \$39,691,935 to \$35,766,177 (\$3,925,758 or 9.89%) primarily due to the reduction in sales tax collections due to the slumping economy.
- Departmental income increased from \$24,619,814 to \$26,212,024 (\$1,592,210 or 6.47%) from increases in home nursing and mental health charges offset by decreases in transportation, social service and refuse and recycling charges.
- The use of money and property and sale of property and compensation for loss categories declined by \$1,198,773, due to a sharp reduction in interest rates for funds on deposit with financial institutions and a reduction in insurance recoveries as the County received the final payment for a large property damage claim in 2008.
- State aid decreased from \$20,644,111 to \$18,099,580 (\$2,544,531 or 12.3%), due to decreases in various social service program funds.
- Federal aid increased from \$12,758,057 to \$19,786,136 (\$7,028,079 or 55.1%) as a result of an increase in FMAP funds for Medicaid programs along with other American Reinvestment and Recovery Act ("ARRA") funds for social services, aging and workforce development programs.
- Miscellaneous revenues increased by \$2,324,649 due to a one time reimbursement from the Adult Care Center, made possible by changes in Medicaid reimbursements and ARRA funding.

The Capital Projects Fund is used to account for capital project activity throughout the County. The Capital Projects Fund total fund balance at year end is a deficit of \$5,571,400. This is a decrease of \$7,560,886 and is primarily the result of the outstanding bond anticipation notes of \$13,695,000 issued for transportation facilities, college renovations, jail and landfill planning, road reconstruction and public works equipment. Bond anticipation notes are not recorded as revenue until redeemed or converted to permanent financing in the form of serial bonds.

Non-major Governmental Funds consist of the Special Revenue Funds and the Debt Service Fund. The Special Revenue Funds are made up of the following individual funds: Road Machinery and Community Development funds. For fiscal year ending December 31, 2009, the combined fund balances of these Special Revenue funds totaled \$1,380,027. This represents a decrease of \$20,787 for the fiscal year 2009.

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

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

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

During 2009, the unrestricted net assets of the Internal Service Fund decreased by \$384,929. This resulted in net assets of \$759,274 at December 31, 2009. This reduction can be attributed to an increase in workers' compensation claims.

### **General Fund Budgetary Highlights**

During the year, modest budgetary adjustments of under \$500,000 (representing less than .2% of the budget) were made to both the revenue and expenditure sides of the budget, in no major particular area.

Overall, actual General Fund expenditures, exclusive of transfers, were \$140.1 million, which was \$6.7 million less than the final budget. The major areas where spending was less than budget were general government support (\$2.4 million) in management information systems costs and the costs of maintaining the County's buildings, health (\$1.7 million) in both public health and mental health programs and economic opportunity and development (\$1 million) in family services and workforce development.

Actual General Fund revenues, exclusive of transfers, were \$155.5 million, which was \$9.6 million less than the final budget. The revenues that fell short of the final budget were property taxes (\$4.2 million), directly attributable to an increase in the budget and a struggling economy resulting in a slowdown in property tax collections, departmental income (\$1.2 million) due to the discontinuance of certain interdepartmental charges, and state aid (\$2.7 million) in family services, public health and community services.

## Capital Asset and Debt Administration

**Capital Assets** The County's investment in capital assets for its governmental and business-type activities as of December 31, 2009, amounts to \$129,776,080 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, infrastructure, and construction-in-progress.

### Sullivan County Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 6,462,433	\$ 6,040,978	\$ -	\$ -	\$ 6,462,433	\$ 6,040,978
Buildings and improvements	27,232,998	26,309,900	2,030,794	2,305,391	29,263,792	28,615,291
Machinery and equipment	5,936,488	6,424,747	143,647	131,966	6,080,135	6,556,713
Infrastructure	83,093,157	82,205,427	-	-	83,093,157	82,205,427
Construction-in- progress	4,876,563	1,785,871	-	-	4,876,563	1,785,871
<b>Total (Net of Depreciation)</b>	<b>\$ 127,601,639</b>	<b>\$ 122,766,923</b>	<b>\$ 2,174,441</b>	<b>\$ 2,437,357</b>	<b>\$ 129,776,080</b>	<b>\$ 125,204,280</b>

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

- New Jail Site - \$1,946,000.
- Road and Bridge Construction and Repair - \$5,959,000
- MRF Transfer Station - \$455,000
- Airport construction - \$436,000

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

**Long-term Debt** At the end of the current fiscal year, the County had total debt outstanding of \$63,350,000. The decrease in the County's total debt was \$5,655,000 which was due to redemptions of debt with no new issuances. All of this debt is backed by the full faith and credit of the County, exclusive of the \$14.525 million outstanding bonds for the Sullivan County Tobacco Asset Securitization Corporation.

## Sullivan County Outstanding Debt Bonds

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General Obligation Bonds	\$ 48,685,843	\$ 53,612,617	\$ 139,157	\$ 462,383	\$ 48,825,000	\$ 54,075,000
Tobacco Asset Bonds	-	-	14,525,000	14,930,000	14,525,000	14,930,000
<b>Total</b>	<b><u>\$ 48,685,843</u></b>	<b><u>\$ 53,612,617</u></b>	<b><u>\$ 14,664,157</u></b>	<b><u>\$ 15,392,383</u></b>	<b><u>\$ 63,350,000</u></b>	<b><u>\$ 69,005,000</u></b>

Through sound financial management and manageable debt levels, the County has been successful in maintaining its high-grade rating for its general obligation bonds. The County has enjoyed a very favorable Moody's Investors Service bond rating of A2 since 2001.

The State Constitution limits the amount of indebtedness, both long-term and short-term, which the County may incur. The State Constitution provides that the County may not contract indebtedness in an amount greater than seven percent of the average full value of taxable real property in the County for the most recent five years. Certain indebtedness is excluded in ascertaining the County's authority to contract indebtedness within the constitutional limits; accordingly, debt of this kind, commonly referred to as "excluded debt," may be issued without regard to the constitutional limits and without affecting the County's authority to issue debt subject to the limit. At December 31, 2009, the County had used \$62,520,000, or 10.96%, of the constitutional debt limit leaving \$507,185,951 remaining to be used.

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

### Economic Factors and Next Year's Budget

According to the United States Bureau of Labor Statistics, the unemployment rate for Sullivan County was 8.8% in April 2010, up from 8.3% in April 2009. The County's April 2010 unemployment rate exceeded the State-wide rate of 8.4%.

Labor Department data also indicates that the number of people employed in the County decreased by 2.2%, from 32,050 to 31,342 between April 2009 and April 2010.

The County's 2008 per capita personal income of \$35,007 is 72% of the State's \$48,809 per capita income and ranks us 25<sup>th</sup> in the state. The taxable assessed value of real property in the County increased from \$4,770,914,880 in 2008 to \$4,971,499,366 in 2009, with the median sales price of residential properties declining from \$160,000 in 2008 to \$143,425 in 2009.

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

All of these factors were taken into consideration in developing the fiscal 2010 budget.

### **Requests for Information**

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

**BASIC  
FINANCIAL STATEMENTS**

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COUNTY OF SULLIVAN, NEW YORK

STATEMENT OF NET ASSETS  
DECEMBER 31, 2009

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and equivalents	\$ 35,476,524	\$ 5,245,988	\$ 40,722,512	\$ 9,295,680
Restricted cash and equivalents	-	581,040	581,040	-
Investments	-	-	-	1,724,718
Restricted investments	-	1,274,964	1,274,964	-
Receivables:				
Taxes, net	31,634,055	-	31,634,055	-
Accounts, net	8,118,622	2,490,697	10,609,319	510,771
Loans, net	215,362	-	215,362	57,937
Notes	-	-	-	1,747,379
State and Federal aid	22,041,791	-	22,041,791	-
Due from other governments	245,874	-	245,874	25,416
Due from component unit	675,000	-	675,000	-
Internal balances	3,127,079	(3,127,079)	-	-
Prepaid expenses	-	27,744	27,744	675,035
Other	-	-	-	107,674
Cost of issuance, net	-	290,606	290,606	-
Capital assets (net of accumulated depreciation):				
Land	6,462,433	-	6,462,433	277,445
Infrastructure and land improvements	83,093,157	-	83,093,157	2,088,392
Buildings and improvements	27,232,998	2,030,794	29,263,792	19,422,570
Machinery and equipment	5,936,488	143,647	6,080,135	1,040,788
Intangibles	-	-	-	252,759
Construction-in-progress	4,876,563	-	4,876,563	5,104,491
<b>Total Assets</b>	<b>229,135,946</b>	<b>8,958,401</b>	<b>238,094,347</b>	<b>42,331,055</b>
<b>LIABILITIES</b>				
Accounts payable	15,552,575	232,369	15,784,944	1,300,534
Accrued interest payable	976,553	1,849	978,402	-
Accrued liabilities	4,336,116	838,875	5,174,991	953,685
Retained percentages payable	227,637	-	227,637	-
Due to other governments	2,423,424	-	2,423,424	681,820
Due to school districts	17,983,110	-	17,983,110	-
Due to primary government	-	-	-	675,000
Unearned revenues	1,872,180	-	1,872,180	1,663,366
Tax anticipation notes payable	8,000,000	-	8,000,000	-
Bond anticipation notes payable	13,695,000	-	13,695,000	1,180,000
Deposits payable	-	-	-	1,109,557
Non-Current liabilities:				
Due within one year:				
Bonds payable	4,996,493	453,507	5,450,000	712,244
Installment purchase debt	93,270	-	93,270	-
Capital lease obligation	-	-	-	167,000
Claims payable	787,996	-	787,996	-
Retirement incentives and other pension obligations	65,246	-	65,246	-
Compensated absences	343,875	81,123	424,998	2,499
Landfill closure costs	138,544	-	138,544	-
Due in more than one year:				
Bonds payable	43,689,350	13,987,963	57,677,313	16,796,754
Installment purchase debt	302,796	-	302,796	-
Capital lease obligation	-	-	-	4,026,000
Claims payable	4,894,780	-	4,894,780	-
Retirement incentives and other pension obligations	52,990	-	52,990	-
Compensated absences	3,094,873	730,111	3,824,984	22,488
Other post employment benefit obligations payable	29,340,665	3,965,569	33,306,234	3,343,834
Landfill closure costs	18,370,829	-	18,370,829	-
<b>Total Liabilities</b>	<b>171,238,302</b>	<b>20,291,366</b>	<b>191,529,668</b>	<b>32,634,781</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	69,015,657	2,124,380	71,140,037	7,305,023
Restricted for:				
Capital projects	5,463,916	-	5,463,916	-
Law enforcement	139,274	-	139,274	-
Stop DWI program	249,052	-	249,052	-
Debt service	1,267,411	-	1,267,411	-
Workers' compensation benefits	759,274	-	759,274	-
Community development	621,749	-	621,749	-
Loans	-	-	-	604,280
Education	-	-	-	2,126,447
Unrestricted	(19,618,689)	(13,457,345)	(33,076,034)	(339,476)
<b>Total Net Assets</b>	<b>\$ 57,897,644</b>	<b>\$ (11,332,965)</b>	<b>\$ 46,564,679</b>	<b>\$ 9,696,274</b>

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

COUNTY OF SULLIVAN, NEW YORK

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental activities:				
General government support	\$ 17,432,319	\$ 2,524,940	\$ 3,954,877	\$ 15
Education	6,771,949	52,644	-	443,134
Public safety	23,927,441	1,574,307	815,131	-
Health	23,906,533	10,680,595	8,118,150	-
Transportation	18,423,675	1,373,681	2,993,776	1,428,684
Economic opportunity and development	59,353,745	2,461,848	26,833,303	4
Culture and recreation	3,088,411	153,442	1,233,324	124,269
Home and community services	9,470,621	5,109,884	1,655,923	7
Interest	2,334,358	-	-	30,501
<b>Total Governmental Activities</b>	<b>164,709,052</b>	<b>23,931,341</b>	<b>45,604,484</b>	<b>2,026,614</b>
Business-type activities:				
Adult Care Center	17,212,907	11,090,401	-	-
Sullivan Tobacco Asset Securitization Corporation	882,994	-	1,373,566	-
<b>Total Business-type Activities</b>	<b>18,095,901</b>	<b>11,090,401</b>	<b>1,373,566</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 182,804,953</b>	<b>\$ 35,021,742</b>	<b>\$ 46,978,050</b>	<b>\$ 2,026,614</b>
<b>Component Units:</b>				
Sullivan County Community College	\$ 26,620,981	\$ 3,717,143	\$ 18,191,809	\$ 15,516
Sullivan County Soil and Water Conservation District	395,465	29,743	300,120	-
Sullivan County Industrial Development Agency	435,575	425,643	-	-
Emerald Corporate Center Economic Development Corporation	67,281	-	-	71,402
<b>Total Component Units</b>	<b>\$ 27,519,302</b>	<b>\$ 4,172,529</b>	<b>\$ 18,491,929</b>	<b>\$ 86,918</b>
<b>General Revenues:</b>				
Real property taxes				
Other tax items:				
Gain on sale of tax acquired property				
Interest and penalties on real property taxes				
Payments in lieu of taxes				
Non-property taxes:				
Sales and use tax				
Hotel room occupancy tax				
Off-track betting surcharge				
E-911 surcharge				
Automobile use tax				
Mortgage tax				
Other taxes				
Unrestricted use of money and property				
Grants and contributions not restricted to specific programs				
Intergovernmental charge				
Miscellaneous				
<b>Total General Revenues</b>				
Change in Net Assets				
Net Assets - Beginning				
Net Assets - Ending				

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (10,952,487)	\$ -	\$ (10,952,487)	\$ -
(6,276,171)	-	(6,276,171)	-
(21,538,003)	-	(21,538,003)	-
(5,107,788)	-	(5,107,788)	-
(12,627,534)	-	(12,627,534)	-
(30,058,590)	-	(30,058,590)	-
(1,577,376)	-	(1,577,376)	-
(2,704,807)	-	(2,704,807)	-
(2,303,857)	-	(2,303,857)	-
<u>(93,146,613)</u>	<u>-</u>	<u>(93,146,613)</u>	<u>-</u>
-	(6,122,506)	(6,122,506)	-
-	490,572	490,572	-
-	<u>(5,631,934)</u>	<u>(5,631,934)</u>	-
<u>(93,146,613)</u>	<u>(5,631,934)</u>	<u>(98,778,547)</u>	-
-	-	-	(4,696,513)
-	-	-	(65,602)
-	-	-	(9,932)
-	-	-	4,121
-	-	-	<u>(4,767,926)</u>
46,790,101	-	46,790,101	-
1,909,126	-	1,909,126	-
3,751,310	-	3,751,310	-
657,644	-	657,644	-
33,133,253	-	33,133,253	-
599,376	-	599,376	-
518,746	-	518,746	-
303,821	-	303,821	-
497,179	-	497,179	-
711,371	-	711,371	-
2,431	-	2,431	-
158,195	112,476	270,671	65,021
-	-	-	30,000
-	6,192,294	6,192,294	-
272,608	16,093	288,701	2,073,164
<u>89,305,161</u>	<u>6,320,863</u>	<u>95,626,024</u>	<u>2,168,185</u>
(3,841,452)	688,929	(3,152,523)	(2,599,741)
61,739,096	(12,021,894)	49,717,202	12,296,015
<u>\$ 57,897,644</u>	<u>\$ (11,332,965)</u>	<u>\$ 46,564,679</u>	<u>\$ 9,696,274</u>

COUNTY OF SULLIVAN, NEW YORK

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2009

	General	County Road	Capital Projects
<b>ASSETS</b>			
Cash and Equivalents	\$ 24,768,489	\$ 358,552	\$ 8,953,570
Taxes Receivable, net of allowance for uncollectible amounts	31,634,055	-	-
Other Receivables:			
Accounts	5,443,117	97,088	-
Loans, net	-	-	-
State and Federal aid	19,436,928	1,278,248	1,275,178
Due from other governments	245,874	-	-
Due from component unit	-	-	675,000
Due from other funds	5,247,403	1,291,802	452,867
	<u>30,373,322</u>	<u>2,667,138</u>	<u>2,403,045</u>
<b>Total Assets</b>	<u>\$ 86,775,866</u>	<u>\$ 3,025,690</u>	<u>\$ 11,356,615</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 13,494,068	\$ 1,038,477	\$ 716,620
Accrued liabilities	3,307,367	358,213	-
Retained percentages payable	-	116,639	110,998
Due to other governments	2,423,424	-	-
Due to school districts	17,983,110	-	-
Due to other funds	5,927,035	-	2,405,397
Deferred revenues	1,872,180	-	-
Deferred tax revenues	13,914,672	-	-
Tax anticipation notes payable	8,000,000	-	-
Bond anticipation notes payable	-	-	13,695,000
<b>Total Liabilities</b>	<u>66,921,856</u>	<u>1,513,329</u>	<u>16,928,015</u>
Fund Balances:			
Reserved for encumbrances	639,772	111,484	-
Reserved for long-term receivables	-	-	675,000
Reserved for law enforcement	139,274	-	-
Reserved for driving while intoxicated program	249,052	-	-
Reserved for debt service	955,867	151,035	-
Unreserved, reported in:			
General Fund	17,870,045	-	-
Special Revenue Funds	-	1,249,842	-
Capital Projects Fund	-	-	(6,246,400)
<b>Total Fund Balances</b>	<u>19,854,010</u>	<u>1,512,361</u>	<u>(5,571,400)</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 86,775,866</u>	<u>\$ 3,025,690</u>	<u>\$ 11,356,615</u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 898,364	\$ 34,978,975
-	31,634,055
25,396	5,565,601
215,362	215,362
51,437	22,041,791
-	245,874
-	675,000
828,428	7,820,500
1,120,623	36,564,128
<u>\$ 2,018,987</u>	<u>\$ 103,177,158</u>
\$ 303,410	\$ 15,552,575
120,188	3,785,768
-	227,637
-	2,423,424
-	17,983,110
-	8,332,432
215,362	2,087,542
-	13,914,672
-	8,000,000
-	13,695,000
638,960	86,002,160
62,963	814,219
-	675,000
-	139,274
-	249,052
160,509	1,267,411
-	17,870,045
1,156,555	2,406,397
-	(6,246,400)
1,380,027	17,174,998
<u>\$ 2,018,987</u>	<u>\$ 103,177,158</u>

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COUNTY OF SULLIVAN, NEW YORK

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO  
 THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES  
 DECEMBER 31, 2009

Fund Balances - Total Governmental Funds	\$ 17,174,998
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	<u>127,601,639</u>
Internal service funds are used by management to charge insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	<u>759,274</u>
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	
Real property taxes	13,914,672
Departmental income	<u>215,362</u>
	<u>14,130,034</u>
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(976,553)
Bonds payable	(48,685,843)
Installment purchase debt	(396,066)
Claims payable	(302,817)
Retirement incentives and other pension obligations	(118,236)
Compensated absences	(3,438,748)
Other post employment benefit obligations payable	(29,340,665)
Landfill closure costs	<u>(18,509,373)</u>
	<u>(101,768,301)</u>
Net Assets of Governmental Activities	<u>\$ 57,897,644</u>

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

COUNTY OF SULLIVAN, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2009

	General	County Road	Capital Projects
<b>REVENUES</b>			
Real property taxes	\$ 42,132,012	\$ -	\$ -
Other tax items	6,318,080	-	-
Non-property taxes	35,766,177	-	-
Departmental income	26,212,024	-	-
Intergovernmental charges	559,750	892,931	-
Use of money and property	384,625	575	246
Licenses and permits	25,240	4,620	-
Fines and forfeitures	336,312	-	-
Sale of property and compensation for loss	366,815	5,795	-
Interfund revenues	-	-	-
State aid	18,099,580	2,393,989	609,454
Federal aid	19,786,136	385,932	1,386,413
Miscellaneous	5,536,335	163,697	-
<b>Total Revenues</b>	<b>155,523,086</b>	<b>3,847,539</b>	<b>1,996,113</b>
<b>EXPENDITURES</b>			
Current:			
General government support	22,947,642	-	-
Education	5,534,473	-	-
Public safety	20,171,366	753,590	-
Health	23,238,111	-	-
Transportation	1,462,007	12,122,765	-
Economic opportunity and development	57,380,014	-	-
Culture and recreation	3,097,943	-	-
Home and community services	6,185,440	-	-
Debt Service:			
Principal	-	-	-
Interest	106,649	104,737	-
Capital Outlay	-	-	8,983,636
<b>Total Expenditures</b>	<b>140,123,645</b>	<b>12,981,092</b>	<b>8,983,636</b>
Excess (Deficiency) of Revenues Over Expenditures	15,399,441	(9,133,553)	(6,987,523)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	744,168	10,723,147	420,000
Transfers out	(17,158,318)	(1,609,850)	(993,363)
<b>Total Other Financing Sources (Uses)</b>	<b>(16,414,150)</b>	<b>9,113,297</b>	<b>(573,363)</b>
<b>Net Change in Fund Balances</b>	<b>(1,014,709)</b>	<b>(20,256)</b>	<b>(7,560,886)</b>
Fund Balances - Beginning of Year	20,868,719	1,532,617	1,989,486
<b>Fund Balances (Deficits) - End of Year</b>	<b>\$ 19,854,010</b>	<b>\$ 1,512,361</b>	<b>\$ (5,571,400)</b>

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



Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 42,132,012
-	6,318,080
-	35,766,177
107,071	26,319,095
821,844	2,274,525
33,254	418,700
-	29,860
-	336,312
25,000	397,610
1,667,981	1,667,981
1,398,554	22,501,577
141,809	21,700,290
22,187	5,722,219
<u>4,217,700</u>	<u>165,584,438</u>
16,816	22,964,458
-	5,534,473
-	20,924,956
-	23,238,111
3,328,883	16,913,655
-	57,380,014
-	3,097,943
1,559,126	7,744,566
5,016,457	5,016,457
2,149,847	2,361,233
-	8,983,636
<u>12,071,129</u>	<u>174,159,502</u>
<u>(7,853,429)</u>	<u>(8,575,064)</u>
9,000,339	20,887,654
(1,126,123)	(20,887,654)
<u>7,874,216</u>	<u>-</u>
20,787	(8,575,064)
<u>1,359,240</u>	<u>25,750,062</u>
<u>\$ 1,380,027</u>	<u>\$ 17,174,998</u>

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COUNTY OF SULLIVAN, NEW YORK

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2009

---

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (8,575,064)</u>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.</p>	
Capital outlay expenditures	13,448,768
Depreciation expense	<u>(8,614,052)</u>
	<u>4,834,716</u>
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Real property taxes	4,658,089
Departmental income	<u>(68,503)</u>
	<u>4,589,586</u>
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond and installment purchase debt principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net assets.</p>	
Principal paid on bonds	4,926,774
Principal paid on installment purchase debt	<u>89,683</u>
	<u>5,016,457</u>
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Accrued interest	26,875
Claims payable	(29,096)
Retirement incentives and other pension obligations	17,339
Compensated absences	(223,711)
Other post employment benefit obligations payable	(8,600,462)
Landfill closure costs	<u>(513,163)</u>
	<u>(9,322,218)</u>
<p>Internal service funds are used by management to charge the cost of workers' compensation benefits to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.</p>	
	<u>(384,929)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (3,841,452)</u></u>

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

COUNTY OF SULLIVAN, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 GENERAL AND COUNTY ROAD FUNDS  
 YEAR ENDED DECEMBER 31, 2009

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 46,316,187	\$ 46,316,187	\$ 42,132,012	\$ (4,184,175)
Other tax items	5,063,500	6,073,399	6,318,080	244,681
Non-property taxes	40,577,000	36,717,000	35,766,177	(950,823)
Departmental income	29,948,729	27,464,618	26,212,024	(1,252,594)
Intergovernmental charges	534,537	704,391	559,750	(144,641)
Use of money and property	483,167	518,613	384,625	(133,988)
Licenses and permits	21,500	21,500	25,240	3,740
Fines and forfeitures	264,208	265,208	336,312	71,104
Sale of property and compensation for loss	559,700	581,299	366,815	(214,484)
State aid	19,578,234	20,879,297	18,099,580	(2,779,717)
Federal aid	16,208,305	19,453,599	19,786,136	332,537
Miscellaneous	6,115,912	6,216,505	5,536,335	(680,170)
<b>Total Revenues</b>	<b>165,670,979</b>	<b>165,211,616</b>	<b>155,523,086</b>	<b>(9,688,530)</b>
Expenditures:				
Current:				
General government support	27,226,895	25,377,788	22,947,642	2,430,146
Education	5,368,066	5,568,066	5,534,473	33,593
Public safety	20,461,585	20,910,614	20,171,366	739,248
Health	25,044,417	24,978,011	23,238,111	1,739,900
Transportation	1,530,760	1,557,236	1,462,007	95,229
Economic opportunity and development	56,256,284	58,416,531	57,380,014	1,036,517
Culture and recreation	3,352,686	3,368,244	3,097,943	270,301
Home and community services	6,479,535	6,612,834	6,185,440	427,394
Debt service - interest	108,081	108,081	106,649	1,432
<b>Total Expenditures</b>	<b>145,828,309</b>	<b>146,897,405</b>	<b>140,123,645</b>	<b>6,773,760</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>19,842,670</b>	<b>18,314,211</b>	<b>15,399,441</b>	<b>(2,914,770)</b>
Other Financing Sources (Uses):				
Transfers in	-	-	744,168	744,168
Transfers out	(20,928,298)	(19,369,828)	(17,158,318)	2,211,510
<b>Total Other Financing Sources (Uses)</b>	<b>(20,928,298)</b>	<b>(19,369,828)</b>	<b>(16,414,150)</b>	<b>2,955,678</b>
<b>Net Change in Fund Balances</b>	<b>(1,085,628)</b>	<b>(1,055,617)</b>	<b>(1,014,709)</b>	<b>40,908</b>
Fund Balances - Beginning of Year	1,085,628	1,055,617	20,868,719	19,813,102
<b>Fund Balances - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,854,010</b>	<b>\$ 19,854,010</b>

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

County Road Fund

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
427,633	427,633	892,931	465,298
-	-	575	575
2,000	2,000	4,620	2,620
-	-	-	-
2,000	2,000	5,795	3,795
4,831,250	4,092,050	2,393,989	(1,698,061)
2,018,750	1,283,750	385,932	(897,818)
500	500	163,697	163,197
<u>7,282,133</u>	<u>5,807,933</u>	<u>3,847,539</u>	<u>(1,960,394)</u>
-	-	-	-
-	-	-	-
751,352	769,522	753,590	15,932
-	-	-	-
18,980,177	16,035,246	12,122,765	3,912,481
-	-	-	-
-	-	-	-
-	-	-	-
106,143	106,143	104,737	1,406
<u>19,837,672</u>	<u>16,910,911</u>	<u>12,981,092</u>	<u>3,929,819</u>
<u>(12,555,539)</u>	<u>(11,102,978)</u>	<u>(9,133,553)</u>	<u>1,969,425</u>
14,158,299	12,710,799	10,723,147	(1,987,652)
(1,609,850)	(1,609,850)	(1,609,850)	-
<u>12,548,449</u>	<u>11,100,949</u>	<u>9,113,297</u>	<u>(1,987,652)</u>
(7,090)	(2,029)	(20,256)	(18,227)
7,090	2,029	1,532,617	1,530,588
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,512,361</u>	<u>\$ 1,512,361</u>

COUNTY OF SULLIVAN, NEW YORK

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2009

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Adult Care Center	Sullivan Tobacco Asset Securitization Corporation	Total	
<b>ASSETS</b>				
Current Assets:				
Cash and equivalents	\$ 5,004,598	\$ 241,390	\$ 5,245,988	\$ 497,549
Accounts receivable, net	1,252,022	1,238,675	2,490,697	2,553,021
Due from other funds	-	-	-	3,639,011
Prepaid expenses	23,987	3,757	27,744	-
<b>Total Current Assets</b>	<b>6,280,607</b>	<b>1,483,822</b>	<b>7,764,429</b>	<b>6,689,581</b>
Noncurrent Assets:				
Restricted cash and equivalents	-	581,040	581,040	-
Restricted investments	-	1,274,964	1,274,964	-
Cost of issuance, net of accumulated amortization of \$138,763	-	290,606	290,606	-
Capital Assets:				
Buildings and improvements	10,551,350	-	10,551,350	-
Machinery and equipment	381,438	-	381,438	-
Less accumulated depreciation	(8,758,347)	-	(8,758,347)	-
<b>Total Noncurrent Assets</b>	<b>2,174,441</b>	<b>2,146,610</b>	<b>4,321,051</b>	<b>-</b>
<b>Total Assets</b>	<b>8,455,048</b>	<b>3,630,432</b>	<b>12,085,480</b>	<b>6,689,581</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	232,369	-	232,369	-
Accrued interest payable	1,849	-	1,849	-
Accrued liabilities	770,491	68,384	838,875	550,348
Due to other funds	3,127,079	-	3,127,079	-
Current maturities of bonds payable	18,507	435,000	453,507	-
Current portion of claims payable	-	-	-	537,996
Compensated absences	81,123	-	81,123	-
<b>Total Current Liabilities</b>	<b>4,231,418</b>	<b>503,384</b>	<b>4,734,802</b>	<b>1,088,344</b>
Non-Current Liabilities:				
Bonds payable, less current maturities	31,554	13,956,409	13,987,963	-
Claims payable, less current portion	-	-	-	4,841,963
Compensated absences	730,111	-	730,111	-
Other post employment benefit obligations payable	3,965,569	-	3,965,569	-
<b>Total Noncurrent Liabilities</b>	<b>4,727,234</b>	<b>13,956,409</b>	<b>18,683,643</b>	<b>4,841,963</b>
<b>Total Liabilities</b>	<b>8,958,652</b>	<b>14,459,793</b>	<b>23,418,445</b>	<b>5,930,307</b>
<b>NET ASSETS (DEFICITS)</b>				
Invested in capital assets, net of related debt	2,124,380	-	2,124,380	-
Unrestricted	(2,627,984)	(10,829,361)	(13,457,345)	759,274
<b>Total Net Assets (Deficit)</b>	<b>\$ (503,604)</b>	<b>\$ (10,829,361)</b>	<b>\$ (11,332,965)</b>	<b>\$ 759,274</b>

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

COUNTY OF SULLIVAN, NEW YORK

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 PROPRIETARY FUNDS  
 YEAR ENDED DECEMBER 31, 2009

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Adult Care Center	Sullivan Tobacco Asset Securitization Corporation	Total	
Operating Revenues:				
Charges for services - internal	\$ -	\$ -	\$ -	\$ 1,944,914
Charges for services - external	-	-	-	1,754,786
Departmental charges	10,797,850	-	10,797,850	-
Tobacco settlement revenues	-	1,373,566	1,373,566	-
Insurance recoveries	-	-	-	272,609
Miscellaneous	292,551	-	292,551	-
<b>Total Operating Revenues</b>	<b>11,090,401</b>	<b>1,373,566</b>	<b>12,463,967</b>	<b>3,972,309</b>
Operating Expenses:				
Professional care of residents	5,185,664	-	5,185,664	-
Professional fees	-	24,957	24,957	-
Insurance expense	-	4,564	4,564	-
Amortization	-	16,514	16,514	-
General services	3,459,914	-	3,459,914	-
Administrative services	1,057,393	-	1,057,393	-
Employee benefits	4,175,945	-	4,175,945	4,357,779
Assessments	589,675	-	589,675	-
Depreciation and amortization	304,521	-	304,521	-
Other	39,871	-	39,871	-
<b>Total Operating Expenses</b>	<b>14,812,983</b>	<b>46,035</b>	<b>14,859,018</b>	<b>4,357,779</b>
<b>Operating Income (Loss)</b>	<b>(3,722,582)</b>	<b>1,327,531</b>	<b>(2,395,051)</b>	<b>(385,470)</b>
Non-Operating Revenues (Expenses):				
Intergovernmental transfers	6,192,294	-	6,192,294	-
Interest income	12,546	99,930	112,476	541
Interest expense	(21,464)	(836,959)	(858,423)	-
Miscellaneous	16,093	-	16,093	-
Intragovernmental expense	(2,378,460)	-	(2,378,460)	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>3,821,009</b>	<b>(737,029)</b>	<b>3,083,980</b>	<b>541</b>
<b>Change in Net Assets</b>	<b>98,427</b>	<b>590,502</b>	<b>688,929</b>	<b>(384,929)</b>
<b>Net Assets (Deficits) - Beginning of Year</b>	<b>(602,031)</b>	<b>(11,419,863)</b>	<b>(12,021,894)</b>	<b>1,144,203</b>
<b>Net Assets (Deficits) - End of Year</b>	<b>\$ (503,604)</b>	<b>\$ (10,829,361)</b>	<b>\$ (11,332,965)</b>	<b>\$ 759,274</b>

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

COUNTY OF SULLIVAN, NEW YORK

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED DECEMBER 31, 2009

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Fund
	Adult Care Center	Sullivan Tobacco Asset Securization Corporation	Total	
<b>Cash Flows From Operating Activities:</b>				
Cash received from charges for services	\$ 11,478,183	\$ -	\$ 11,478,183	\$ 4,050,279
Cash received from tobacco settlement revenues	-	1,351,889	1,351,889	-
Cash received from insurance recoveries	-	-	-	272,609
Cash payments to vendors for good and services	(468,592)	(29,465)	(498,057)	-
Cash payments to employees for services	(10,087,300)	-	(10,087,300)	-
Cash payments to insurance carriers and claimants	-	-	-	(4,091,201)
Miscellaneous	292,551	-	292,551	-
<b>Net Cash Provided by Operating Activities</b>	<b>1,214,842</b>	<b>1,322,424</b>	<b>2,537,266</b>	<b>231,687</b>
<b>Cash Flows From Investing Activities:</b>				
Increase in restricted cash and equivalents	-	(130,284)	(130,284)	-
Purchase of restricted investments	-	(1,274,964)	(1,274,964)	-
Sale of restricted investments	-	1,262,494	1,262,494	-
Interest and miscellaneous income	32,410	99,930	132,340	541
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>32,410</b>	<b>(42,824)</b>	<b>(10,414)</b>	<b>541</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Intergovernmental transfers	6,192,294	-	6,192,294	-
Intragovernmental expense	(2,378,460)	-	(2,378,460)	-
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b>3,813,834</b>	<b>-</b>	<b>3,813,834</b>	<b>-</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Principal paid on bonds	(323,226)	(405,000)	(728,226)	-
Interest paid on bonds	(25,235)	(831,119)	(856,354)	-
Amortization of issuance costs and loss on refunding bonds	12,432	-	12,432	-
Acquisition of capital assets	(45,205)	-	(45,205)	-
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(381,234)</b>	<b>(1,236,119)</b>	<b>(1,617,353)</b>	<b>-</b>
<b>Net Increase in Cash and Equivalents</b>	<b>4,679,852</b>	<b>43,481</b>	<b>4,723,333</b>	<b>232,228</b>
<b>Cash and Equivalents - Beginning of Year</b>	<b>324,746</b>	<b>197,909</b>	<b>522,655</b>	<b>265,321</b>
<b>Cash and Equivalents - End of Year</b>	<b>\$ 5,004,598</b>	<b>\$ 241,390</b>	<b>\$ 5,245,988</b>	<b>\$ 497,549</b>
<b>Reconciliation of Income (Loss) from Operations to Net Cash Provided by Operating Activities:</b>				
Income (loss) from operations	\$ (3,722,582)	\$ 1,327,531	\$ (2,395,051)	\$ (385,470)
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:				
Depreciation expense	304,521	-	304,521	-
Loss on disposal of equipment	3,600	-	3,600	-
Amortization	-	16,514	16,514	-
Changes in assets and liabilities:				
Accounts receivable	678,301	(21,677)	656,624	14,971
Prepaid expenses	15,608	56	15,664	-
Due from other funds	-	-	-	335,608
Accounts payable	27,714	-	27,714	-
Accrued interest payable	(3,771)	-	(3,771)	-
Accrued liabilities	(24,729)	-	(24,729)	143,216
Due to other funds	2,784,664	-	2,784,664	-
Claims payable	-	-	-	123,362
Other postemployment benefit obligations payable	1,056,928	-	1,056,928	-
Compensated absences	94,588	-	94,588	-
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 1,214,842</b>	<b>\$ 1,322,424</b>	<b>\$ 2,537,266</b>	<b>\$ 231,687</b>
<b>Noncash Investing Activities -</b>				
Increase in bonds payable from amortization of original issue and underwriters discounts	\$ -	\$ 7,592	\$ 7,592	\$ -

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



COUNTY OF SULLIVAN, NEW YORK

STATEMENT OF ASSETS AND LIABILITIES  
FIDUCIARY FUND  
DECEMBER 31, 2009

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	<u>ASSETS</u>	<u>Agency</u>
Cash - Demand deposits		\$ 3,089,810
Accounts Receivable		<u>687,720</u>
Total Assets		<u>\$ 3,777,530</u>
	<u>LIABILITIES</u>	
Accounts Payable		\$ 1,017,128
Employee Payroll Deductions		152,823
Deposits		<u>2,607,579</u>
Total Liabilities		<u>\$ 3,777,530</u>

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

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COUNTY OF SULLIVAN, NEW YORK

STATEMENT OF NET ASSETS  
 COMPONENT UNITS  
 DECEMBER 31, 2009

	Sullivan County Community College	Sullivan County Soil and Water Conservation District	Sullivan County Industrial Development Agency	Emerald Corporate Center Economic Development Corporation	Total
<b>ASSETS</b>					
Cash and equivalents	\$ 5,858,711	\$ 322,376	\$ 3,107,480	\$ 7,113	\$ 9,295,680
Investments	1,638,453	86,265	-	-	1,724,718
Receivables:					
Accounts, net of allowance for uncollectible amounts	395,152	65,758	19,002	30,859	510,771
Loans	-	-	57,937	-	57,937
Notes	1,747,379	-	-	-	1,747,379
Due from other governments	25,416	-	-	-	25,416
Prepaid expenses	662,538	2,147	10,350	-	675,035
Other	107,674	-	-	-	107,674
Capital assets (net of accumulated depreciation):					
Land	277,445	-	-	-	277,445
Infrastructure and land improvements	2,088,392	-	-	-	2,088,392
Buildings and improvements	19,397,043	25,527	-	-	19,422,570
Machinery and equipment	1,006,807	31,045	2,936	-	1,040,788
Intangibles	252,759	-	-	-	252,759
Construction-in-progress	3,662,030	-	-	1,442,461	5,104,491
<b>Total Assets</b>	<b>37,119,799</b>	<b>533,118</b>	<b>3,197,705</b>	<b>1,480,433</b>	<b>42,331,055</b>
<b>LIABILITIES</b>					
Accounts payable	1,295,209	-	2,295	3,030	1,300,534
Accrued liabilities	898,137	23,617	31,931	-	953,685
Due to other governments	-	-	681,820	-	681,820
Due to primary government	-	-	-	675,000	675,000
Unearned revenues	1,229,603	339,069	94,694	-	1,663,366
Bond anticipation notes payable	1,180,000	-	-	-	1,180,000
Deposits payable	968,675	-	140,882	-	1,109,557
Non-current liabilities:					
Due within one year:					
Bonds payable	712,244	-	-	-	712,244
Capital lease obligation	167,000	-	-	-	167,000
Compensated absences	-	2,499	-	-	2,499
Due in more than one year:					
Bonds payable	16,796,754	-	-	-	16,796,754
Capital lease obligation	4,026,000	-	-	-	4,026,000
Compensated absences	-	22,488	-	-	22,488
Other postemployment benefit obligations payable	3,343,834	-	-	-	3,343,834
<b>Total Liabilities</b>	<b>30,617,456</b>	<b>387,673</b>	<b>951,622</b>	<b>678,030</b>	<b>32,634,781</b>
<b>NET ASSETS (DEFICIT)</b>					
Invested in capital assets, net of related debt	5,803,054	56,572	2,936	1,442,461	7,305,023
Restricted for:					
Loans	-	-	604,280	-	604,280
Education	2,126,447	-	-	-	2,126,447
Unrestricted	(1,427,158)	88,873	1,638,867	(640,058)	(339,476)
<b>Total Net Assets (Deficit)</b>	<b>\$ 6,502,343</b>	<b>\$ 145,445</b>	<b>\$ 2,246,083</b>	<b>\$ 802,403</b>	<b>\$ 9,696,274</b>

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

COUNTY OF SULLIVAN, NEW YORK

STATEMENT OF ACTIVITIES  
 COMPONENT UNITS  
 YEAR ENDED DECEMBER 31, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Sullivan County Community College	\$ 26,620,981	\$ 3,717,143	\$ 18,191,809	\$ 15,516
Sullivan County Soil and Water Conservation District	395,465	29,743	300,120	-
Sullivan County Industrial Development Agency	435,575	425,643	-	-
Emerald Corporate Center Economic Development Corporation	67,281	-	-	71,402
<b>Total Component Units</b>	<b>\$ 27,519,302</b>	<b>\$ 4,172,529</b>	<b>\$ 18,491,929</b>	<b>\$ 86,918</b>

General Revenues:

- Unrestricted use of money and property
- Grants and contributions not restricted to specific programs
- Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets - Beginning of Year

Net Assets - End of Year

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

Net (Expense) Revenue and Changes in Net Assets				
Sullivan County Community College	Sullivan County Soil and Water Conservation District	Sullivan County Industrial Development Agency	Emerald Corporate Center Economic Development Corporation	Total
\$ (4,696,513)	\$ -	\$ -	\$ -	\$ (4,696,513)
-	(65,602)	-	-	(65,602)
-	-	(9,932)	-	(9,932)
-	-	-	4,121	4,121
<u>(4,696,513)</u>	<u>(65,602)</u>	<u>(9,932)</u>	<u>4,121</u>	<u>(4,767,926)</u>
10,188	4,981	49,852	-	65,021
-	30,000	-	-	30,000
<u>2,071,401</u>	<u>1,763</u>	<u>-</u>	<u>-</u>	<u>2,073,164</u>
<u>2,081,589</u>	<u>36,744</u>	<u>49,852</u>	<u>-</u>	<u>2,168,185</u>
(2,614,924)	(28,858)	39,920	4,121	(2,599,741)
<u>9,117,267</u>	<u>174,303</u>	<u>2,206,163</u>	<u>798,282</u>	<u>12,296,015</u>
<u>\$ 6,502,343</u>	<u>\$ 145,445</u>	<u>\$ 2,246,083</u>	<u>\$ 802,403</u>	<u>\$ 9,696,274</u>

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**Note 1 - Summary of Significant Accounting Policies**

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

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

**A. Financial Reporting Entity**

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

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

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

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

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

The Sullivan Tobacco Asset Securitization Corporation ("STASC") is a special purpose corporation. STASC was organized under the New York State Not-For-Profit Corporation Law and pursuant to the Public Authorities Law of the State of New York. The Board of Directors of STASC consists of five members; the County Manager, the County's Commissioner of Financial Management, the Chairman of the County's Board of Legislators, the Majority Leader of the County's Board of Legislators and the Minority Leader of the County's Board of Legislators. The Board of Directors has complete responsibility for management of the STASC and accountability for fiscal matters. The County is not liable for any deficits or STASC bonds or notes. GASB, in April 2004, issued a technical bulletin which clarified the financial reporting of Tobacco Settlement Authorities ("TSA"). This bulletin, which is effective for fiscal years ending after June 15, 2004, provides that when TSA's are entitled to future tobacco settlement resources and have a majority of the governing board appointed by the primary government, the financial accountability criteria are met and the TSA should be reported as a component unit of the settling government. Consequently, the STASC has been reflected as a blended component unit in the financial statements as a proprietary fund.

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

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

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

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



**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

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

**B. Government-Wide Financial Statements**

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole and its component units. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Governmental activities, which are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

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

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

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**C. Fund Financial Statements**

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

**Fund Categories**

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

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

Special Revenue Funds - Special revenue funds are established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain defined purposes. The major special revenue fund of the County is as follows -

County Road Fund - The County Road Fund is used to account for the maintenance and repair of County roads and bridges and snow removal costs, as defined in New York State Highway Law.

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

Special Revenue Funds:

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

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

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

- b. Proprietary Funds - Proprietary funds include enterprise and internal service funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private enterprises or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability. Enterprise funds are used to account for those operations that provide services to the public. Internal service funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The operations of the Sullivan County Adult Care Center and the Sullivan Tobacco Asset Securitization Corporation are recorded as major enterprise funds. The Adult Care Center is a skilled nursing facility established and operated under provisions of Article 6 of General Municipal Law. The County has established its Workers' Compensation Benefits Fund as an internal service fund. The County applies all applicable Financial Accounting Standards Board ("FASB") pronouncements issued after November 30, 1989 in accounting and reporting for its enterprise operations.
- c. Fiduciary Funds (Not included in Government-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the County in an agency capacity on behalf of others. The Agency Fund is used to account for employee payroll tax withholdings and various other deposits that are payable to other jurisdictions or individuals.

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

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

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

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Patient revenues in the Enterprise Fund are recorded on the gross charge basis. Contractual adjustments are deducted to arrive at net patient service revenue. Revenues received under cost reimbursement agreements and prospective contractual agreements represent a substantial portion of the Sullivan County Adult Care Center's revenue and are subject to subsequent adjustment either by audit of third-party payors or appeals by the Sullivan County Adult Care Center. Retroactively calculated third-party contractual adjustments are accrued on an estimated basis in the period the services are rendered and adjusted in future periods as required. Final settlements of retroactive cost reimbursements are recorded as retroactive adjustments.

**Component Units**

Component units are presented on the basis of accounting that most accurately reflect their activities. The Sullivan County Soil and Water Conservation District is accounted for on the modified accrual basis and is converted to the accrual basis for the government-wide statements. The Sullivan County Community College, Sullivan County Industrial Development Agency and Emerald Corporate Center Economic Development Corporation are accounted for on the accrual basis. The Sullivan County Industrial Development Agency and the Emerald Corporate Center Economic Development Corporation apply all applicable FASB pronouncements issued after November 30, 1989 in accounting and reporting their operations.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**E. Assets, Liabilities and Net Assets or Fund Balances**

**Deposits, Investments and Risk Disclosure**

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

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

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

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the County's name. The County's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2009.

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

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

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

**Property Taxes Receivable** - Real property taxes attach as an enforceable lien on real property and are levied on January 1<sup>st</sup>, payable without penalty to January 31<sup>st</sup>. The towns are responsible for the billing and collection of County taxes. The towns are responsible for collection

**Note 1 - Summary of Significant Accounting Policies (Continued)**

5% penalty is added to the unpaid amounts. Payments received subsequent to March 31<sup>st</sup>, are also charged interest at 1% per month on the unpaid tax. The towns retain from their gross tax collection the full amount of their respective levies and return the balance of such collections, which includes the collection of relieved school district taxes, where applicable, to the County.

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

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

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

**Due From/To Other Funds** - During the course of its operations, the County has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of December 31, 2009, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

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

**Prepaid Expense/Expenditures** - Prepaid expenses/expenditures consist of employee retirement and other costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and/or will benefit such periods. Reported amounts in governmental funds are equally offset by a reservation of fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

**Cost of Issuance** - The costs of issuance of the STASC bonds are being amortized over the flexible maturities of the bonds, which is twenty six years.

**Capital Assets** - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of

**Note 1 - Summary of Significant Accounting Policies (Continued)**

one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Class</u>	<u>Life in Years</u>
Infrastructure and land improvements	10-50
Buildings	20-50
Equipment and library books	5-20
Intangibles	25

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

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

Deferred revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The County has reported deferred revenues of \$13,914,672 for real property taxes and \$1,872,180 for various departmental income received in advance in the General Fund. The County has also reported deferred revenues of \$215,362 for loans receivable in the Community Development Fund, \$1,229,603 in the Sullivan County Community College (component unit) for tuition and other fees, \$339,069 in the Sullivan County Soil and Water Conservation District (component unit) and \$94,694 in the Sullivan County Industrial Development Agency (component unit) for State Aid received in advance. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as General, Debt Service or Capital Projects funds expenditures.

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

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

**Fund Balances - Reserves and Designations** - Portions of fund balance are segregated for future use and are, therefore, not available for future appropriation or expenditure. Amounts reserved for encumbrances, long-term receivables, law enforcement, driving while intoxicated program and debt service represent portions of fund balance which are required to be segregated in accordance with State law or generally accepted accounting principles. Designation of unreserved fund balances in governmental funds indicates the utilization of these resources in the ensuing year's budget or tentative plans for future use.

**F. Encumbrances**

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

**G. Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported



**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

**H. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is June 18, 2010.

**Note 2 - Stewardship, Compliance and Accountability**

**A. Budgetary Data**

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

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

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

- i) Appropriations in General, County Road, Road Machinery and Debt Service funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

**B. Property Tax Limitation**

The County is permitted by the Constitution of the State of New York to levy taxes for purposes other than debt service up to 1-1/2% of the five-year average full valuation of taxable real estate located within the County. In accordance with this provision, the maximum amount of the tax levy for 2009 was \$122,058,227, which exceeded the actual levy by \$74,742,040.

**C. Expenditures in Excess of Budget**

The following categories of expenditures exceeded their budgetary provisions by the amounts indicated:

General Fund:	
General Government Support:	
District Attorney	\$ 3,083
Public Defense	2,459
Judgments and Claims	20,158
Public Safety:	
Sheriff	98,790
Fire Protection	1,405
Animal Control	408
Economic Opportunity and Development:	
Services for Recipients	52,435
Family Assistance	73,363
Child Care	554,477
Juvenile Delinquent Care	25,619
Safety Net	173,717
Home Energy Assistance Program	14,087
Post Employment Benefits	354
Home and Community Services -	
Other	111,474
Debt Service Fund:	
Principal - Installment Purchase Debt	89,683
Interest - Installment Purchase Debt	19,429
Transfers Out	914,752

**D. Capital Projects Fund Deficits**

The undesignated deficit in the Capital Projects Fund of \$6,246,400 arises in-part because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes payable are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

to the extent that they are redeemed. The deficit will be reduced and eliminated as bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing. Other deficits, where no bond anticipation notes were issued or outstanding to the extent of the project deficit, arise because of expenditures exceeding current financing on the projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

**E. Fund Deficits**

The Adult Care Center and Sullivan Tobacco Asset Securitization Corporation reflect unrestricted deficits at December 31, 2009 of \$2,627,984 and \$10,829,361, respectively. These deficits will be reduced annually with the receipt of patient service fees and tobacco revenues, respectively.

**Note 3 - Detailed Notes on All Funds**

**A. Investments**

Investments of the component units consist of the following:

Investments of the Sullivan County Community College (component unit) are stated at fair value and consist of U.S. Government securities of \$1,638,453. The securities are insured and registered and are held by the College's agent, a third party financial institution, in the College's name.

Investments of the Sullivan County Soil and Water Conservation District (component unit) of \$86,265 consists of certificates of deposit that have maturities that are of a duration of greater than three months and are secured by FDIC coverage and collateral posted by the respective depository.

**B. Restricted Investments**

Restricted investments at December 31, 2009 consisted of the following:

Sullivan Tobacco Asset Securitization Corporation – Commercial paper, at cost, which approximates fair value, due in June 2010, interest at .95%	<u>\$ 1,274,964</u>
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Investments of the Sullivan Tobacco Asset Securitization Corporation are not subject to risk categorization.

**Note 3 - Detailed Notes on All Funds (Continued)**

**C. Taxes Receivable**

Taxes receivable at December 31, 2009 consisted of the following:

Taxes receivable - overdue	\$ 18,487,039
Returned school district taxes	15,196,219
Tax liens	<u>91,369</u>
	33,774,627
Allowance for uncollectible taxes	<u>(2,140,572)</u>
	<u>\$ 31,634,055</u>

School district taxes are offset by liabilities to the school districts. Taxes receivable and tax liens are also partially offset by deferred tax revenues of \$13,914,672, which represents an estimate of the receivable which will not be collected within the first sixty days of the subsequent year.

**D. Due From/To Other Funds**

The balances reflected as due from/to other funds at December 31, 2009 were as follows:

Fund	Due From	Due To
General	\$ 5,247,403	\$ 5,927,035
County Road	1,291,802	-
Capital Projects	452,867	2,405,397
Non-Major Governmental	828,428	-
Enterprise Fund - Adult Care Center	-	3,127,079
Internal Service Fund - Workers' Compensation Benefits	<u>3,639,011</u>	<u>-</u>
	<u>\$ 11,459,511</u>	<u>\$ 11,459,511</u>

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

COUNTY OF SULLIVAN, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2009

**Note 3 - Detailed Notes on All Funds (Continued)**

**E. Capital Assets**

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

	Balance January 1, 2009	Additions	Deletions	Balance December 31, 2009
<b>Governmental Activities:</b>				
Capital Assets, not being depreciated:				
Land	\$ 6,040,978	\$ 1,210,424	\$ 788,969	\$ 6,462,433
Construction-in-Progress	1,785,871	3,090,692	-	4,876,563
<b>Total Capital Assets, not being depreciated</b>	<b>\$ 7,826,849</b>	<b>\$ 4,301,116</b>	<b>\$ 788,969</b>	<b>\$ 11,338,996</b>
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 50,803,267	\$ 2,382,775	\$ 30,572	\$ 53,155,470
Machinery and Equipment	23,958,431	984,580	-	24,943,011
Infrastructure	165,553,495	6,569,266	-	172,122,761
<b>Total Capital Assets, being depreciated</b>	<b>240,315,193</b>	<b>9,936,621</b>	<b>30,572</b>	<b>250,221,242</b>
Less Accumulated Depreciation for:				
Buildings and Improvements	24,493,367	1,459,677	30,572	25,922,472
Machinery and Equipment	17,533,684	1,472,839	-	19,006,523
Infrastructure	83,348,068	5,681,536	-	89,029,604
<b>Total Accumulated Depreciation</b>	<b>125,375,119</b>	<b>8,614,052</b>	<b>30,572</b>	<b>133,958,599</b>
<b>Capital Assets, being depreciated, net</b>	<b>\$ 114,940,074</b>	<b>\$ 1,322,569</b>	<b>\$ -</b>	<b>\$ 116,262,643</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 122,766,923</b>	<b>\$ 5,623,685</b>	<b>\$ 788,969</b>	<b>\$ 127,601,639</b>
<b>Business-type Activities:</b>				
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 10,551,350	\$ -	\$ -	\$ 10,551,350
Machinery and Equipment	347,035	45,203	10,800	381,438
<b>Total Capital Assets, being depreciated</b>	<b>10,898,385</b>	<b>45,203</b>	<b>10,800</b>	<b>10,932,788</b>
Less Accumulated Depreciation for:				
Buildings and Improvements	8,245,959	274,597	-	8,520,556
Machinery and Equipment	215,069	33,522	10,800	237,791
<b>Total Accumulated Depreciation</b>	<b>8,461,028</b>	<b>308,119</b>	<b>10,800</b>	<b>8,758,347</b>
<b>Business-type Activities Capital Assets, net</b>	<b>\$ 2,437,357</b>	<b>\$ (262,916)</b>	<b>\$ -</b>	<b>\$ 2,174,441</b>

**Note 3 - Detailed Notes on All Funds (Continued)**

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

Governmental Activities:	
General Government Support	\$ 427,463
Education	357,098
Public Safety	311,063
Health	111,462
Transportation	5,232,160
Economic Opportunity and Development	65,052
Culture and Recreation	22,090
Home and Community Services	<u>2,087,664</u>
Total Depreciation Expense – Governmental Activities	 <u>\$ 8,614,052</u>
Business-type Activities – Adult Care Center	 <u>\$ 304,520</u>

**Capital Assets – Component Units**

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

	Balance January 1, 2009	Additions	Deletions	Balance December 31, 2009
Capital Assets, being depreciated:				
Buildings	\$ 55,197	\$ -	\$ -	\$ 55,197
Machinery and Equipment	<u>99,286</u>	<u>-</u>	<u>6,999</u>	<u>92,287</u>
Total Capital Assets, being depreciated	<u>154,483</u>	<u>-</u>	<u>6,999</u>	<u>147,484</u>
Less Accumulated Depreciation for:				
Buildings	28,290	1,380	\$ -	29,670
Machinery and Equipment	<u>52,181</u>	<u>16,060</u>	<u>6,999</u>	<u>61,242</u>
Total Accumulated Depreciation	<u>80,471</u>	<u>17,440</u>	<u>6,999</u>	<u>90,912</u>
Soil and Water Conservation District Capital Assets, net	<u>\$ 74,012</u>	<u>\$ (17,440)</u>	<u>\$ -</u>	<u>\$ 56,572</u>

**Note 3 - Detailed Notes on All Funds (Continued)**

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

	Balance January 1, 2009	Additions	Balance December 31, 2009
Capital Assets, being depreciated - Machinery and Equipment	\$ 6,791	\$ 3,371	\$ 10,162
Less Accumulated Depreciation	<u>6,472</u>	<u>754</u>	<u>7,226</u>
 Industrial Development Agency Capital Assets, net	 <u>\$ 319</u>	 <u>\$ 2,617</u>	 <u>\$ 2,936</u>

Changes in the Emerald Corporate Center Economic Development Corporation's (component unit) capital assets are as follows:

	Balance January 1, 2009	Additions	Balance December 31, 2009
Capital Assets, not being depreciated - Construction-in-progress	<u>\$ 1,442,461</u>	<u>\$ -</u>	<u>\$ 1,442,461</u>

A detailed schedule of capital assets for the Community College (component unit) is not currently available.

**F. Accrued Liabilities**

Accrued liabilities at December 31, 2009 were as follows:

	Fund			
	General	County Road	Non-Major Governmental	Total
Payroll and employee benefits	<u>\$ 3,307,367</u>	<u>\$ 358,213</u>	<u>\$ 120,188</u>	<u>\$ 3,785,768</u>

**G. Pension Plan - Primary Government**

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

**Note 3 - Detailed Notes on All Funds (Continued)**

report may be obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, New York 12224.

Funding Policy - The System is non-contributory except for employees who joined after July 27, 1976 and have less than ten years of service, who contribute 3% of their salary. Contributions are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion and regular pension contributions. Contribution rates for the plan year ended March 31, 2010 are as follows:

<u>Tier/Plan</u>	<u>Rate</u>
1 75I	9.3 %
2 75I	8.6
3 551	9.0
3 A14	7.0
4 551	9.0
4 89PAF	8.3
4 A15	7.0

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

2009	\$ 3,624,923
2008	4,087,412
2007	4,939,968

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

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

<u>Fund</u>	<u>Amount</u>
General	\$ 2,830,607
County Road	290,888
Road Machinery	80,703
Adult Care Center	<u>422,725</u>
	<u>\$ 3,624,923</u>

**H. Pension Plans - Component Units**

The College participates in ERS, as well as the New York State Teachers' Retirement System ("TRS") and the Teachers' Insurance and Annuity Association - College Retirement Equities Fund ("TIAA/CREF"). The ERS system is the same system which covers County employees. The elements of this system are described above. TRS is a cost-sharing multiple-employer defined benefit pension plan. TRS provides retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to



**Note 3 - Detailed Notes on All Funds (Continued)**

employees are governed by Education Law. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The TRS report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

Funding Policy - TRS is non-contributory except for employees who joined the System after July 27, 1976 and have less than ten years of service, who contribute 3% of their salary. Pursuant to Article 11 of Education Law, contributions are established annually for TRS by the New York State Teachers' Retirement Board. Contribution rates are actuarially determined and based upon membership tier and plan. The contribution rate for the plan year ended June 30, 2009 was as follows:

Tier	Regular
1-4	7.63%

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

	Sullivan County Community College TRS	ERS	Soil and Water Conservation District ERS
2009	\$ 94,859	\$ 206,472	\$ 11,256
2008	59,095	217,879	13,263
2007	48,319	219,360	16,931

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

TIAA/CREF is an optional retirement program, designated by the trustees of the State University of New York, which has been made available by the College to eligible employees. This System is a privately operated defined contribution retirement plan. The College assumes no liability for the financial status of TIAA/CREF members' accounts other than payment of contributions. Benefits are determined by the amount of individual accumulations and the retirement income option selected.

All benefits are fully vested after thirteen months of participation in TIAA/CREF. New York State Education Law establishes the contribution rate for each employee electing this optional retirement program. TIAA/CREF is non-contributory except for employees who joined after July 1, 1976 and have less than ten years of service, who contribute 3% of their salary. TIAA/CREF allows members to make extra payments at any time. These extra payments are not matched by the College. For the plan year ended August 31, 2009, the College incurred \$454,035 in pension expenses under this Plan.

The Industrial Development Agency and Emerald Corporate Center Economic Development Corporation do not incur eligible salaries and therefore do not participate in a pension program.

**Note 3 - Detailed Notes on All Funds (Continued)**

**I. Short-Term Capital Borrowings**

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

Purpose	Year of Original Issue	Interest Rate	Balance January 1, 2009	New Issues	Redemptions	Balance December 31, 2009
Community College Renovations	2007	1.50 %	\$ 600,000	\$ 600,000	\$ 20,000	\$ 1,180,000
Bus Garage	2007	1.50	2,085,000	-	1,085,000	1,000,000
Road Reconstruction 2007	2007	1.50	1,601,000	-	400,000	1,201,000
Jail Planning	2008	1.50	2,000,000	-	-	2,000,000
Road Reconstruction 2008	2008	1.50	3,000,000	-	-	3,000,000
DPW Equipment 2008 - Road Machinery	2008	1.50	2,354,000	-	-	2,354,000
DPW Equipment 2008 - Landfill	2008	1.50	60,000	-	-	60,000
Road and Bridge Reconstruction	2009	1.50	-	2,500,000	-	2,500,000
Landfill Phase II Expansion	2009	1.50	-	400,000	-	400,000
			<u>\$ 11,700,000</u>	<u>\$ 3,500,000</u>	<u>\$ 1,505,000</u>	<u>\$ 13,695,000</u>

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

Interest expenditures of \$106,649, \$104,737 and \$53,586 were recorded in the fund financial statements in the General, County Road and Road Machinery funds, respectively. Interest expense of \$218,865 was recorded in the government-wide financial statements for governmental activities.

**J. Short-Term Non-Capital Borrowings**

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

	Balance January 1, 2009	New Issues	Redemptions	Balance December 31, 2009
Tax Anticipation Note	\$ -	\$ 8,000,000	\$ -	\$ 8,000,000

The tax anticipation note of \$8,000,000 was issued on May 14, 2009 and matures on May 14, 2010, with interest at 1.75%. Interest expense of \$87,111 was recorded in the government-wide financial statements for governmental activities.

**K. Long-Term Liabilities**

The changes in the County's long-term indebtedness for the year ended December 31, 2009 is as follows:

COUNTY OF SULLIVAN, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2009

**Note 3 - Detailed Notes on All Funds (Continued)**

	Balance January 1, 2009	New Issues and/or Additions	Maturities and/or Payments	Balance December 31, 2009	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 53,612,617	\$ -	\$ 4,926,774	\$ 48,685,843	\$ 4,996,493
Installment Purchase Debt	485,749	-	89,683	396,066	93,270
Other Non-Current Liabilities:					
Claims Payable	5,530,318	4,457,033	4,304,575	5,682,776	787,996
Retirement Incentives and Other Pension Obligations	135,575	43,678	61,017	118,236	65,246
Compensated Absences	3,215,037	545,215	321,504	3,438,748	343,875
Other Post Employment Benefit Obligations Payable	20,740,203	11,528,338	2,927,876	29,340,665	-
Landfill Closure Costs	17,996,210	651,707	138,544	18,509,373	138,544
Total Other Non-Current Liabilities	47,617,343	17,225,971	7,753,516	57,089,798	1,335,661
Governmental Activities Long-Term Liabilities	<u>\$ 101,715,709</u>	<u>\$ 17,225,971</u>	<u>\$ 12,769,973</u>	<u>\$ 106,171,707</u>	<u>\$ 6,425,424</u>
Business-type Activities:					
Bonds Payable	\$ 15,392,383	\$ -	\$ 728,226	\$ 14,664,157	\$ 453,507
Less:					
Unamortized original issue discount	(141,183)	-	(7,592)	(133,591)	-
Deferred amounts on refunding	(101,528)	-	(12,432)	(89,096)	-
	15,149,672	-	708,202	14,441,470	453,507
Other Non-Current Liabilities:					
Compensated Absences	716,646	166,253	71,665	811,234	81,123
Other Post Employment Benefit Obligations Payable	2,908,641	1,246,724	189,796	3,965,569	-
Total Other Non-Current Liabilities	3,625,287	1,412,977	261,461	4,776,803	81,123
Business-Type Activities Long-Term Liabilities	<u>\$ 18,774,959</u>	<u>\$ 1,412,977</u>	<u>\$ 969,663</u>	<u>\$ 19,218,273</u>	<u>\$ 534,630</u>
Components Units:					
Bonds Payable	\$ 16,907,461	\$ 1,255,213	\$ 653,676	\$ 17,508,998	\$ 712,244
Capital Lease Obligations	4,351,000	-	158,000	4,193,000	167,000
Other Non-Current Liabilities:					
Compensated Absences	24,665	1,499	1,177	24,987	2,499
Other Post Employment Benefit Obligations Payable	1,635,710	2,553,786	845,662	3,343,834	-
Total Other Non-Current Liabilities	1,660,375	2,555,285	846,839	3,368,821	2,499
Component Units Long-Term Liabilities	<u>\$ 22,918,836</u>	<u>\$ 3,810,498</u>	<u>\$ 1,658,515</u>	<u>\$ 25,070,819</u>	<u>\$ 881,743</u>

**Note 3 - Detailed Notes on All Funds (Continued)**

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

**Bonds Payable**

Bonds payable at December 31, 2009 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2009
Landfill Projects	1999	\$ 9,976,987	April, 2019	5.03 - 5.43 %	\$ 5,300,000
Public Improvements	2001	8,680,000	September, 2016	4.0 - 4.5	4,770,000
Tobacco Asset Securitization	2001	16,965,000	June, 2027	5.0 - 6.0	14,525,000
Landfill Projects	2002	4,085,000	May, 2014	5.291 - 5.851	1,815,000
Public Improvements	2003	9,380,000	September, 2018	3.75 - 4.375	6,310,000
Public Improvements	2005	9,790,000	July, 2019	3.5 - 4.0	7,545,000
Landfill Projects	2005	1,890,000	May, 2014	4.063 - 4.593	1,065,000
Public Improvements	2006	5,055,000	July, 2014	4.125 - 4.25	3,345,000
Public Improvements	2007	15,515,000	July, 2022	4.25 - 4.3	13,990,000
Public Improvements	2007	6,900,000	March, 2017	4.25 - 5.0	4,685,000
					\$ 63,350,000

Interest expenditures of \$2,076,832 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$2,008,953 was recorded in the government-wide financial statements for governmental activities. Interest expense of \$21,464 and \$836,959 were recorded in the fund and government-wide financial statements for the business-type activities in the Adult Care Center Fund and the Sullivan Tobacco Asset Securitization Corporation, respectively.

**Installment Purchase Debt**

The County, in 2003, entered into an \$885,000 capital lease agreement to acquire a parcel of property from the New York State Power Authority in exchange for the County selling a piece of its own property to a third party. The agreement provides for annual payments of \$109,112, including interest at 4.0% through July 2013. The balance due at December 31, 2009 was \$396,066.

Interest expenditures/expense of \$19,429 was recorded in the fund financial statements in the Debt Service Fund and in the government-wide financial statements.

COUNTY OF SULLIVAN, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2009

**Note 3 - Detailed Notes on All Funds (Continued)**

**Payments to Maturity**

The annual requirements to amortize all bonded and installment purchase debt outstanding as of December 31, 2009 including interest payments of \$19,559,369 are as follows:

Year Ended December 31,	Governmental Activities				Business-Type Activities		Totals	
	Bonds		Installment Purchase Debt		Bonds		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest		
2010	\$ 4,996,493	\$ 1,905,507	\$ 93,270	\$ 15,842	\$ 453,507	\$ 815,001	\$ 5,543,270	\$ 2,736,350
2011	5,116,806	1,717,940	97,000	12,112	498,194	789,932	5,712,000	2,519,984
2012	5,242,147	1,521,616	100,880	8,232	522,853	762,780	5,865,880	2,292,628
2013	5,372,370	1,315,516	104,916	4,197	557,630	733,774	6,034,916	2,053,487
2014	5,497,516	1,104,757	-	-	582,484	702,785	6,080,000	1,807,542
2015-2019	18,485,511	2,834,219	-	-	3,569,489	2,969,812	22,055,000	5,804,031
2020-2024	3,975,000	347,010	-	-	5,140,000	1,729,812	9,115,000	2,076,822
2025-2027	-	-	-	-	3,340,000	268,525	3,340,000	268,525
	<u>\$ 48,685,843</u>	<u>\$ 10,746,565</u>	<u>\$ 396,066</u>	<u>\$ 40,383</u>	<u>\$ 14,664,157</u>	<u>\$ 8,772,421</u>	<u>\$ 63,746,066</u>	<u>\$ 19,559,369</u>

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

**Claims Payable**

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

**Note 3 - Detailed Notes on All Funds (Continued)**

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

	Year Ended December 31, 2009		Year Ended December 31, 2008	
	Workers' Compensation	General Liability	Workers' Compensation	General Liability
Balance - Beginning of Year	\$ 5,256,597	\$ 273,721	\$ 5,761,830	\$ 599,976
Provision for Claims and Claims Adjustment Expenses/Expenditures	4,357,779	99,254	2,850,672	215,115
Claims and Claims Adjustment Expenses/Expenditures Paid	(4,234,417)	(70,158)	(3,355,905)	(541,370)
Balance - End of Year	<u>\$ 5,379,959</u>	<u>\$ 302,817</u>	<u>\$ 5,256,597</u>	<u>\$ 273,721</u>
Due Within One Year	<u>\$ 537,996</u>	<u>\$ 250,000</u>	<u>\$ 525,660</u>	<u>\$ 250,000</u>

**Retirement Incentives and Other Pension Obligations**

Legislation approved by the State and adopted by the County in 2001 permitted sheriffs and correction officers to avail themselves of Section 443-f of the Retirement and Social Security Law. This section provided that the retirement calculation for these employees would be based on the regular compensation earned during the last year of credited service immediately preceding the member's effective date of retirement. Enactment of this provision resulted in a liability for past service costs estimated at \$400,000. Payments are being made over a ten year period, with interest at 8% per annum. The current year cost of the program was \$55,532, including interest, and was charged to General Fund expenditures in the fund financial statements. The balance due at December 31, 2009 was \$53,557.

Legislation approved by the State and adopted by the County in 2006 permitted correction officers to avail themselves of Section 443-f of the Retirement and Social Security Law. This section provided that the retirement calculation for these employees would be based on the regular compensation earned during the last year of credited service immediately preceding the member's effective date of retirement. Enactment of this provision resulted in a liability for past service costs estimated at \$48,800. Payments are being made over a ten year period, with interest at 8% per annum. The current year cost of the program was \$6,734, including interest, and was charged to General Fund expenditures in the fund financial statements. The balance due at December 31, 2009 was \$31,130.

Legislation approved by the State and adopted by the County in 2009 permits probation officers in counties electing coverage under Section 89-t to retire on completion of 25 years of creditable service. This section provides that the retirement calculation for these employees will be based on one half of the regular compensation earned during the last year of credited service immediately preceding the member's effective date of retirement. Enactment of this provision has resulted in a liability for past service costs estimated at \$43,678. Payments are being made over a five year period, with interest at 8% per annum. The current year cost of the program was \$10,129 and was charged to General Fund expenditures in the fund financial statements. The balance due at December 31, 2009 was \$33,549.

**Note 3 - Detailed Notes on All Funds (Continued)**

**Compensated Absences**

Under the terms of existing collective bargaining agreements, County employees are granted vacation and sick leave in varying amounts. Upon retirement or separation of service, employees may be compensated for unused vacation time to a maximum of 30 days at the current daily rate of pay. Employees represented by the Brotherhood of Teamsters can accumulate up to 200 days of sick leave. Upon retirement, those employees who have accumulated more than 165 sick leave days shall receive a sum equal to 25% of the employees' daily rate of pay for sick leave accumulations in excess of 165 days up to a maximum of 200 days. The other collective bargaining agreements provide that employees can accumulate up to 200 days of sick leave. Upon retirement, those employees can apply 50% for each unused sick leave day in excess of 120 days to their share of retiree medical premiums. The value of these compensated absences has been reflected in the government-wide financial statements.

The Soil and Water Conservation District (component unit) employees may accumulate up to 1600 hours of unused vacation leave. Upon termination, they are compensated for this leave at their current rate of pay. The liability at December 31, 2009 was \$24,987.

The Industrial Development Agency (component unit) and the Emerald Corporate Center Economic Development Corporation (component unit) have no full time employees and therefore do not require policies with respect to compensated absences.

**Other Post Employment Benefit Obligations Payable**

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

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

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs

**Note 3 - Detailed Notes on All Funds (Continued)**

between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The County is required to accrue on the government-wide and proprietary fund financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis. The assumed increase in postretirement benefits is 9.5% for the first year, decreases in years two through ten to 9%, 8.5%, 8%, 7.5%, 7%, 6.5%, 6%, 5.5% and 5%, respectively, and then continues at 5% thereafter. The amortization basis is the level percentage of payroll method with an open amortization approach with 27 years remaining in the amortization period. The actuarial assumptions include a 4.2% investment rate of return and a 3.0% inflation rate. The County currently has no assets set aside for the purpose of paying postemployment benefits. The actuarial cost method utilized was the projected unit credit method. Separate financial statements are not available.

The number of participants as of December 31, 2009 was as follows:

	Primary Government	Community College (Component Unit)	Total
Active Employees	983	162	1,145
Retired Employees	567	101	668
	<u>1,550</u>	<u>263</u>	<u>1,813</u>

	Primary Government	Community College (Component Unit)
Amortization Component:		
Actuarial Accrued Liability as of January 1, 2009	\$ 145,509,675	\$ 32,425,523
Assets at Market Value	-	-
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 145,509,675</u>	<u>\$ 32,425,523</u>
Funded Ratio	<u>0.00%</u>	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 40,330,457</u>	<u>\$ 8,305,623</u>
UAAL as a Percentage of Covered Payroll	<u>360.79%</u>	<u>390.40%</u>



**Note 3 - Detailed Notes on All Funds (Continued)**

	Primary Government	Community College (Component Unit)
Annual Required Contribution	\$ 13,185,922	\$ 2,543,071
Interest on Net OPEB Obligation	982,609	81,786
Adjustment to Annual Required Contribution	<u>(1,393,469)</u>	<u>(71,071)</u>
Annual OPEB Cost	12,775,062	2,553,786
Contributions Made	<u>(3,117,672)</u>	<u>(845,662)</u>
Increase in Net OPEB Obligation	9,657,390	1,708,124
Net OPEB Obligation - Beginning of Year	<u>23,648,844</u>	<u>1,635,710</u>
Net OPEB Obligation - End of Year	<u><u>\$ 33,306,234</u></u>	<u><u>\$ 3,343,834</u></u>

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

Fiscal Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 12,775,062	24.40 %	\$ 33,306,232
2008	15,075,876	20.73	23,648,844
2007	14,462,368	19.12	11,697,517

**Landfill Closure Costs**

State and Federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The amount of \$18,509,373 reported as a landfill closure costs liability in the government-wide financial statements, at December 31, 2009, represents an estimated amount based on the use of 100 percent of the landfill capacity less the actual expenditures to date of \$17,099,472. These expenditures have been charged to the Capital Projects Fund, which has a total project budget of \$18,969,946. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**Note 3 - Detailed Notes on All Funds (Continued)**

**Bonds Payable – Component Unit**

**Sullivan County Community College**

Bonds payable at August 31, 2009 consisted of the following issues:

Purpose	Final Maturity	Interest Rates	Amount Outstanding at August 31, 2009
Dormitory Authority of New York State	August 2038	2 - 5.50 %	\$ 7,157,800
Renovation and Technology Improvements	August 2019	3.5 - 4.50	2,383,198
Civic Facility Revenue Bonds	June 2027	7.25	<u>7,968,000</u>
			<u>\$ 17,508,998</u>

The annual requirements to amortize all bonds outstanding at August 31, 2009, including interest of \$11,902,475 are as follows:

August 31,	Principal	Interest	Total
2010	\$ 712,244	\$ 1,037,493	\$ 1,749,737
2011	754,086	999,340	1,753,426
2012	758,631	958,549	1,717,180
2013	805,229	917,863	1,723,092
2014	837,049	873,734	1,710,783
2015-2019	4,218,456	3,654,369	7,872,825
2020-2024	4,693,451	2,386,450	7,079,901
2025-2029	3,593,746	825,797	4,419,543
2030-2034	711,983	223,352	935,335
2035-2038	424,123	25,528	449,651
	<u>\$ 17,508,998</u>	<u>\$ 11,902,475</u>	<u>\$ 29,411,473</u>

**Capital Lease Obligations – Component Unit**

The Community College has entered into a capital lease to finance the construction of energy saving improvements and equipment.

**Note 3 - Detailed Notes on All Funds (Continued)**

The future minimum lease obligations as of August 31, 2009 were as follows:

<u>Year Ending August 31,</u>	
2010	\$ 408,098
2011	407,495
2012	407,375
2013	407,680
2014	407,353
2015-2019	2,039,758
2020-2024	2,039,707
2025	<u>408,195</u>
Total minimum lease payments	6,525,661
Less amount representing interest	<u>2,332,661</u>
Present value of minimum lease payments	<u>\$ 4,193,000</u>

**L. Revenues and Expenditures**

**Interfund Transfers**

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

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Total</u>
	<u>General Fund</u>	<u>County Road Fund</u>	<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	
General Fund	\$ -	\$ 10,710,799	\$ 20,000	\$ 6,427,519	\$ 17,158,318
County Road Fund	-	-	400,000	1,209,850	1,609,850
Capital Projects Fund	-	-	-	993,363	993,363
Non-Major Governmental Funds	744,168	12,348	-	369,607	1,126,123
	<u>\$ 744,168</u>	<u>\$ 10,723,147</u>	<u>\$ 420,000</u>	<u>\$ 9,000,339</u>	<u>\$ 20,887,654</u>

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

**Note 3 - Detailed Notes on All Funds (Continued)**

**M. Net Assets**

The components of net assets are detailed below:

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

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

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

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

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

*Restricted for Workers' Compensation Benefits* - the component of net assets that has been established to set aside funds to be used for a specific purpose in accordance with Section 6j of General Municipal Law.

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

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

*Restricted for Education* - the component of net assets has been established to set aside funds to provide scholarships, awards and grants to students attending the Community College.

*Unrestricted* - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

**N. Fund Balances**

Certain elements of reserved fund balance are described above. Those additional elements which are not reflected in the statement of net assets but are reported in the governmental funds balance sheet are described below. The unreserved components of fund balance are also detailed below.

**Note 3 - Detailed Notes on All Funds (Continued)**

**Reserved**

Encumbrances outstanding have been reserved as it is the County's intention to honor contracts in process at year end. The subsequent year's appropriations will be amended to provide authority to complete the transactions.

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

**Unreserved - Designations**

Designations of fund balance are not legally required segregations but represent intended use for a specific purpose. The County's designations are detailed below.

Designated for Landfill Construction/Closure - This designation represents funds of \$12,936,330 be set aside by the County Legislature to fund the closure and post closure care costs of the County's land fill site.

Designated for Compensated Absences – This designation, in the amount of \$702,590, has been established by the County Legislature to set aside funds to be used for the payment of unused sick and vacation time granted to employees upon termination or separation from service.

**Note 4 - Summary Disclosure of Significant Contingencies**

**A. Litigation**

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

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

**B. Contingencies**

The County participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Single Audit Act. This audit is currently in progress and the report will be issued under separate cover. Accordingly, the County's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County anticipates such amounts, if any, to be immaterial.

**Note 4 - Summary Disclosure of Significant Contingencies (Continued)**

**C. Significant Contingencies - Sullivan County Tobacco Asset Securitization Corporation**

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

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

**D. Risk Management**

The County purchases various insurance coverages to reduce its exposure to loss. The County maintains a general liability policy with limits of \$1 million per occurrence. There is a \$75,000 self-insured retention per claim. The County also maintains an excess liability policy with coverage up to \$9 million per claim and in the aggregate. In addition, the County purchases conventional health insurance from various providers. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

The County adopted a self-insured workers' compensation program under the provisions of Local Law No. 14 of 1979. The County, as well as other participants in the program (15 towns and 5 villages within the County), are assessed premiums which are based on a formula involving assessed value and the actual historical claims experience of such participant.

**Note 5 - Subsequent Events**

In May 2010, the County participated in a consortium that issued Recovery Act Bonds through the State of New York Municipal Bond Bank Agency. The County's share of the total issuance included \$8,775,000 in tax exempt bonds, \$7,600,000 in taxable Build America Bonds and \$810,000 in taxable Recovery Zone Economic Development Bonds, for a total of \$17,185,000 with interest at rates ranging from 3.11% to 5.932%, depending upon maturity. The bonds mature annually through May 2024.

COUNTY OF SULLIVAN, NEW YORK

SCHEDULE OF FUNDING PROGRESS  
 OTHER POST EMPLOYMENT BENEFITS  
 LAST THREE FISCAL YEARS

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
January 1, 2007	\$ -	\$ 144,673,074	\$ 144,673,074	- %	\$ N/A	N/A %
January 1, 2008	-	149,331,081	149,331,081	-	49,614,186	300.98
January 1, 2009	-	145,509,675	145,509,675	-	40,330,457	360.79

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## **MAJOR GOVERNMENTAL FUNDS**

### **GENERAL FUND**

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

### **COUNTY ROAD FUND**

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

### **CAPITAL PROJECTS FUND**

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

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COUNTY OF SULLIVAN, NEW YORK

GENERAL FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2009 AND 2008

	<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash:			
Demand deposits		\$ 24,754,339	\$ 21,845,153
Petty cash		14,150	13,550
		<u>24,768,489</u>	<u>21,858,703</u>
Taxes Receivable:			
Taxes receivable - overdue		18,487,039	12,846,484
Returned school district taxes		15,196,219	14,324,561
Tax liens		91,369	23,312
		<u>33,774,627</u>	<u>27,194,357</u>
Less - Allowance for uncollectible amounts		<u>(2,140,572)</u>	<u>(1,653,324)</u>
		<u>31,634,055</u>	<u>25,541,033</u>
Other Receivables:			
Accounts		5,443,117	5,350,329
State and Federal aid		19,436,928	19,691,025
Due from other governments		245,874	165,814
Due from other funds		5,247,403	1,735,306
		<u>30,373,322</u>	<u>26,942,474</u>
Total Assets		<u>\$ 86,775,866</u>	<u>\$ 74,342,210</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts payable		\$ 13,494,068	\$ 13,438,481
Accrued liabilities		3,307,367	2,881,379
Due to other governments		2,423,424	1,613,738
Due to school districts		17,983,110	16,943,319
Due to other funds		5,927,035	8,358,381
Deferred revenues		1,872,180	981,610
Deferred tax revenues		13,914,672	9,256,583
Tax anticipation notes payable		8,000,000	-
Total Liabilities		<u>66,921,856</u>	<u>53,473,491</u>
Fund Balance:			
Reserved for encumbrances		639,772	453,052
Reserved for law enforcement		139,274	105,766
Reserved for driving while intoxicated program		249,052	286,282
Reserved for debt service		955,867	220,949
Unreserved:			
Designated for subsequent year's expenditures		-	632,576
Designated for landfill construction/closure		12,936,330	12,866,370
Designated for compensated absences		702,590	700,000
Designated for construction and repair of buildings		-	3,500,000
Undesignated		4,231,125	2,103,724
Total Fund Balance		<u>19,854,010</u>	<u>20,868,719</u>
Total Liabilities and Fund Balance		<u>\$ 86,775,866</u>	<u>\$ 74,342,210</u>

COUNTY OF SULLIVAN, NEW YORK

GENERAL FUND  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Real property taxes	\$ 46,316,187	\$ 46,316,187	\$ 42,132,012	\$ (4,184,175)
Other tax items	5,063,500	6,073,399	6,318,080	244,681
Non-property taxes	40,577,000	36,717,000	35,766,177	(950,823)
Departmental income	29,948,729	27,464,618	26,212,024	(1,252,594)
Intergovernmental charges	534,537	704,391	559,750	(144,641)
Use of money and property	483,167	518,613	384,625	(133,988)
Licenses and permits	21,500	21,500	25,240	3,740
Fines and forfeitures	264,208	265,208	336,312	71,104
Sale of property and compensation for loss	559,700	581,299	366,815	(214,484)
State aid	19,578,234	20,879,297	18,099,580	(2,779,717)
Federal aid	16,208,305	19,453,599	19,786,136	332,537
Miscellaneous	6,115,912	6,216,505	5,536,335	(680,170)
<b>Total Revenues</b>	<b>165,670,979</b>	<b>165,211,616</b>	<b>155,523,086</b>	<b>(9,688,530)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government support	27,226,895	25,377,788	22,947,642	2,430,146
Education	5,368,066	5,568,066	5,534,473	33,593
Public safety	20,461,585	20,910,614	20,171,366	739,248
Health	25,044,417	24,978,011	23,238,111	1,739,900
Transportation	1,530,760	1,557,236	1,462,007	95,229
Economic opportunity and development	56,256,284	58,416,531	57,380,014	1,036,517
Culture and recreation	3,352,686	3,368,244	3,097,943	270,301
Home and community services	6,479,535	6,612,834	6,185,440	427,394
Debt service - interest	108,081	108,081	106,649	1,432
<b>Total Expenditures</b>	<b>145,828,309</b>	<b>146,897,405</b>	<b>140,123,645</b>	<b>6,773,760</b>
<b>Excess of Revenues Over Expenditures</b>	<b>19,842,670</b>	<b>18,314,211</b>	<b>15,399,441</b>	<b>(2,914,770)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	744,168	744,168
Transfers out	(20,928,298)	(19,369,828)	(17,158,318)	2,211,510
<b>Total Other Financing Uses</b>	<b>(20,928,298)</b>	<b>(19,369,828)</b>	<b>(16,414,150)</b>	<b>2,955,678</b>
<b>Net Change in Fund Balance</b>	<b>(1,085,628)</b>	<b>(1,055,617)</b>	<b>(1,014,709)</b>	<b>40,908</b>
Fund Balance - Beginning of Year, as reported	1,085,628	1,055,617	20,868,719	19,813,102
Prior Period Adjustment	-	-	-	-
Fund Balance - Beginning of Year, as restated	1,085,628	1,055,617	20,868,719	19,813,102
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,854,010</b>	<b>\$ 19,854,010</b>

## 2008

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 42,184,452	\$ 42,184,452	\$ 39,863,381	\$ (2,321,071)
5,213,500	5,319,161	5,252,252	(66,909)
41,127,000	40,127,000	39,691,935	(435,065)
32,210,869	28,122,356	24,619,814	(3,502,542)
473,368	556,679	337,905	(218,774)
817,300	817,300	817,689	389
21,500	21,500	28,420	6,920
274,208	364,898	217,220	(147,678)
472,600	964,804	1,132,524	167,720
18,091,335	18,945,977	20,644,111	1,698,134
19,519,571	17,126,817	12,758,057	(4,368,760)
3,285,193	3,208,570	3,211,686	3,116
<u>163,690,896</u>	<u>157,759,514</u>	<u>148,574,994</u>	<u>(9,184,520)</u>
27,332,278	25,220,020	23,121,286	2,098,734
5,001,035	5,201,035	5,267,829	(66,794)
20,726,758	21,636,109	20,834,223	801,886
24,124,418	25,218,067	24,627,930	590,137
2,236,425	2,169,211	2,047,643	121,568
57,612,861	52,217,015	52,378,731	(161,716)
3,382,900	3,372,050	3,112,943	259,107
6,752,896	7,002,029	6,027,290	974,739
115,813	115,813	116,471	(658)
<u>147,285,384</u>	<u>142,151,349</u>	<u>137,534,346</u>	<u>4,617,003</u>
<u>16,405,512</u>	<u>15,608,165</u>	<u>11,040,648</u>	<u>(4,567,517)</u>
-	-	912,995	912,995
<u>(18,144,068)</u>	<u>(17,341,789)</u>	<u>(15,191,782)</u>	<u>2,150,007</u>
<u>(18,144,068)</u>	<u>(17,341,789)</u>	<u>(14,278,787)</u>	<u>3,063,002</u>
<u>(1,738,556)</u>	<u>(1,733,624)</u>	<u>(3,238,139)</u>	<u>(1,504,515)</u>
1,738,556	1,733,624	24,379,153	22,645,529
-	-	(272,295)	(272,295)
<u>1,738,556</u>	<u>1,733,624</u>	<u>24,106,858</u>	<u>22,373,234</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,868,719</u>	<u>\$ 20,868,719</u>

COUNTY OF SULLIVAN, NEW YORK

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET

YEAR ENDED DECEMBER 31, 2009

(With Comparative Actuals for 2008)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2008 Actual
<b>REAL PROPERTY TAXES</b>	\$ 46,316,187	\$ 46,316,187	\$ 42,132,012	\$ (4,184,175)	\$ 39,863,381
<b>OTHER TAX ITEMS</b>					
Gain on sale of tax acquired property	1,200,000	1,762,511	1,909,126	146,615	1,305,119
Interest and penalties on real property taxes	3,250,000	3,696,627	3,751,310	54,683	3,331,211
Payments in lieu of taxes	613,500	614,261	657,644	43,383	615,922
	5,063,500	6,073,399	6,318,080	244,681	5,252,252
<b>NON-PROPERTY TAXES</b>					
Sales and use tax	36,750,000	34,000,000	33,133,253	(866,747)	36,412,777
Hotel room occupancy tax	625,000	625,000	599,376	(25,624)	635,613
Off-track betting surcharge	800,000	600,000	518,746	(81,254)	697,269
E-911 surcharge	300,000	300,000	303,821	3,821	313,009
Automobile use tax	600,000	540,000	497,179	(42,821)	528,838
Mortgage tax	1,500,000	650,000	711,371	61,371	1,102,903
Other taxes	2,000	2,000	2,431	431	1,526
	40,577,000	36,717,000	35,766,177	(950,823)	39,691,935
<b>DEPARTMENTAL INCOME</b>					
General Government Support:					
County treasurer fees	10,100	10,500	12,433	1,933	16,112
Tax map fees	5,000	5,000	5,845	845	6,497
Tax collection fees	426,500	530,500	563,256	32,756	364,991
Clerk fees	1,653,600	1,263,600	1,348,522	84,922	1,159,090
Charges for tax advertising	2,000	2,000	8,655	6,655	4,468
Civil service examination fees	15,000	15,000	10,300	(4,700)	16,901
Attorney fees	33,609	33,609	29,144	(4,465)	30,893
Public works charges	4,054,014	4,054,014	3,385,823	(668,191)	3,941,557
Management information fees	1,428,353	1,444,832	753,179	(691,653)	551,615
Stop-DWI reimbursement	44,721	44,721	44,721	-	55,901
Central services chargebacks	363,410	305,803	169,711	(136,092)	302,096
	8,036,307	7,709,579	6,331,589	(1,377,990)	6,450,121

Public Safety:								
Sheriff fees	613,500	683,475	670,365	(13,110)	732,186			
Probation fees	160,800	160,800	180,874	20,074	198,329			
Public safety fees	6,000	6,000	5,670	(330)	6,101			
	<u>780,300</u>	<u>850,275</u>	<u>856,909</u>	<u>6,634</u>	<u>936,616</u>			
Health:								
Home nursing charges	4,791,406	4,791,406	5,319,646	528,240	4,609,236			
Mental health fees	4,263,192	4,263,192	4,216,468	(46,724)	2,263,325			
Early intervention child care services	1,000,180	744,420	858,590	114,170	471,413			
Narcotics, DWI and alcoholism programs	529,527	529,527	447,326	(82,201)	471,974			
	<u>10,584,305</u>	<u>10,328,545</u>	<u>10,842,030</u>	<u>513,485</u>	<u>7,815,948</u>			
Transportation:								
Airport rentals and fees	115,000	115,000	99,426	(15,574)	91,539			
Public transportation fees	426,175	426,175	423,513	(2,662)	1,021,165			
	<u>541,175</u>	<u>541,175</u>	<u>522,939</u>	<u>(18,236)</u>	<u>1,112,704</u>			
Economic Opportunity and Development:								
Medical assistance	1,825,000	1,451,500	1,406,584	(44,916)	1,498,951			
Child care	319,900	269,900	270,612	712	293,632			
Juvenile delinquency	6,500	1,500	1,151	(349)	1,191			
Safety net	375,000	375,000	295,214	(79,786)	284,872			
State training schools	1,000	-	-	-	133			
Home energy assistance program repayments	-	79,311	105,869	26,558	79,545			
Emergency aid to adults	21,500	21,500	24,778	3,278	29,792			
Family services - chargebacks	65,860	72,626	96,001	23,375	82,089			
Other	452,879	452,879	419,736	(33,143)	386,665			
	<u>3,067,639</u>	<u>2,724,216</u>	<u>2,619,945</u>	<u>(104,271)</u>	<u>2,656,870</u>			
Culture and Recreation:								
Parks and recreation	84,000	84,000	69,998	(14,002)	44,062			
Recreation concessions	40,000	40,000	28,234	(11,766)	37,800			
Preventive services	18,000	18,000	319	(17,681)	18,000			
Contributions - Office for the Aging	163,775	159,275	171,543	12,268	153,859			
Fort Delaware admissions fees	12,000	12,000	17,575	5,575	11,285			
	<u>317,775</u>	<u>313,275</u>	<u>287,669</u>	<u>(25,606)</u>	<u>265,006</u>			
Home and Community Services:								
Refuse, garbage and recycling charges	6,605,000	4,975,660	4,726,860	(248,800)	5,243,601			
Community development administration reimbursement	16,228	21,893	24,083	2,190	138,948			
	<u>6,621,228</u>	<u>4,997,553</u>	<u>4,750,943</u>	<u>(246,610)</u>	<u>5,382,549</u>			
<b>TOTAL DEPARTMENTAL INCOME</b>	<u>29,948,729</u>	<u>27,464,618</u>	<u>26,212,024</u>	<u>(1,252,594)</u>	<u>24,619,814</u>			

(Continued)

COUNTY OF SULLIVAN, NEW YORK

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET (Continued)

YEAR ENDED DECEMBER 31, 2009

(With Comparative Actuals for 2008)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2008 Actual
<b>INTERGOVERNMENTAL CHARGES</b>					
General services	\$ 328,633	\$ 498,487	\$ 490,303	\$ (8,184)	\$ 205,629
Election service charges	750	750	421	(329)	737
Public safety	27,000	27,000	21,344	(5,656)	31,387
Health services	85,000	85,000	-	(85,000)	13,357
Economic assistance	93,154	93,154	47,682	(45,472)	86,795
	<u>534,537</u>	<u>704,391</u>	<u>559,750</u>	<u>(144,641)</u>	<u>337,905</u>
<b>USE OF MONEY AND PROPERTY</b>					
Earnings on investments	301,200	301,200	159,753	(141,447)	501,398
Rental of property	99,467	134,913	147,087	12,174	233,510
Commissions	82,500	82,500	77,785	(4,715)	82,781
	<u>483,167</u>	<u>518,613</u>	<u>384,625</u>	<u>(133,988)</u>	<u>817,689</u>
<b>LICENSES AND PERMITS</b>					
Business and occupational licenses	20,000	20,000	23,740	3,740	26,920
Other licenses and permits	1,500	1,500	1,500	-	1,500
	<u>21,500</u>	<u>21,500</u>	<u>25,240</u>	<u>3,740</u>	<u>28,420</u>
<b>FINES AND FORFEITURES</b>					
Fines and forfeited bail	-	1,000	157,277	156,277	102,379
Stop DWI fines	264,208	264,208	179,035	(85,173)	114,841
	<u>264,208</u>	<u>265,208</u>	<u>336,312</u>	<u>71,104</u>	<u>217,220</u>
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS</b>					
Sale of refuse for recycling	541,000	541,000	318,433	(222,567)	602,245
Sale of equipment	-	-	-	-	33,563
Minor sales	18,700	18,897	20,889	1,992	34,910
Insurance recoveries	-	21,402	27,493	6,091	461,806
	<u>559,700</u>	<u>581,299</u>	<u>366,815</u>	<u>(214,484)</u>	<u>1,132,524</u>



STATE AID

General Government Support:

Court facilities	183,346	183,346	218,353	35,007	212,372
District attorney	110,862	110,862	142,199	31,337	181,828
Indigent legal services	326,869	326,869	371,428	44,559	382,737
Records management	-	54,406	62,077	7,671	5,000
Other	34,500	66,000	97,768	31,768	135,952
	<u>655,577</u>	<u>741,483</u>	<u>891,825</u>	<u>150,342</u>	<u>917,889</u>

Public Safety:

Homeland security	1,500	99,384	3,600	(95,784)	2,606
Probation services	488,653	488,653	340,996	(147,657)	432,789
Housing of parolees and felons	135,000	135,000	27,984	(107,016)	159,505
Navigation aid	4,500	4,500	13,761	9,261	23,134
Court officer reimbursement	30,021	30,021	37,963	7,942	30,337
Other	53,500	127,484	123,091	(4,393)	44,178
	<u>713,174</u>	<u>885,042</u>	<u>547,395</u>	<u>(337,647)</u>	<u>692,549</u>

Health:

Public health	1,837,171	1,892,866	1,277,597	(615,269)	1,391,948
Education and care of handicapped children	7,600	3,600	2,314	(1,286)	6,798
Addiction control	505,535	458,976	458,976	-	459,493
Mental health	3,287,271	3,237,161	3,007,946	(229,215)	3,394,552
Education and transportation of handicapped children	15,000	32,500	288	(32,212)	102,384
Early intervention program	3,053,100	2,793,532	2,636,939	(156,593)	2,426,466
	<u>8,705,677</u>	<u>8,418,635</u>	<u>7,384,060</u>	<u>(1,034,575)</u>	<u>7,781,641</u>

Transportation - Bus subsidies

	33,000	33,000	(4,191)	(37,191)	54,355
	<u>33,000</u>	<u>33,000</u>	<u>(4,191)</u>	<u>(37,191)</u>	<u>54,355</u>

Economic Opportunity and Development:

Medical assistance	(514,500)	(429,500)	(270,705)	158,795	(206,568)
Aid to dependent children	970,513	1,420,935	1,151,687	(269,248)	1,380,110
Family services administration	3,537,844	3,855,594	3,501,249	(354,345)	3,617,725
Food services administration	-	9,141	14,875	5,734	6,713
Local administration funds	906,756	906,756	(53,139)	(959,895)	981,003
Child care	1,436,487	1,436,487	1,656,527	220,040	1,841,977
Juvenile delinquency	215,000	115,000	77,262	(37,738)	178,087
Home relief	1,367,500	1,781,400	1,877,855	96,455	1,554,306
Emergency aid for adults	24,750	24,750	21,826	(2,924)	31,576
Day care	280,000	280,000	253,793	(26,207)	251,770
Veterans' service agency	5,000	5,000	8,654	3,654	5,000
Economic assistance	33,500	31,229	30,437	(792)	33,851
Services for recipients	381,854	481,854	204,738	(277,116)	754,923
	<u>8,644,704</u>	<u>9,918,646</u>	<u>8,475,059</u>	<u>(1,443,587)</u>	<u>10,430,473</u>

(Continued)

COUNTY OF SULLIVAN, NEW YORK

GENERAL FUND  
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET (Continued)  
 YEAR ENDED DECEMBER 31, 2009  
 (With Comparative Actuals for 2008)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2008 Actual
Culture and Recreation:					
Programs for the aging	\$ 603,091	\$ 591,380	\$ 597,655	\$ 6,275	\$ 598,770
Youth programs	119,511	172,530	91,844	(80,686)	141,758
	<u>722,602</u>	<u>763,910</u>	<u>689,499</u>	<u>(74,411)</u>	<u>740,528</u>
Home and Community Services -					
Refuse, garbage and recycling charges	103,500	118,581	115,933	(2,648)	26,676
TOTAL STATE AID	<u>19,578,234</u>	<u>20,879,297</u>	<u>18,099,580</u>	<u>(2,779,717)</u>	<u>20,644,111</u>
FEDERAL AID					
General Government Support -					
General elections	-	-	-	-	15,166
Public Safety:					
Sheriff's department	18,000	108,250	121,642	13,392	60,586
Other	33,050	56,535	74,374	17,839	89,222
	<u>51,050</u>	<u>164,785</u>	<u>196,016</u>	<u>31,231</u>	<u>149,808</u>
Health:					
Public health	266,530	227,226	187,140	(40,086)	445,121
W.I.C. program	382,276	382,276	273,892	(108,384)	269,299
Mental health	314,199	301,590	4,268,859	3,967,269	300,000
	<u>963,005</u>	<u>911,092</u>	<u>4,729,891</u>	<u>3,818,799</u>	<u>1,014,420</u>
Transportation - Public transportation	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>	<u>68,500</u>

Economic Opportunity and Development:

Medical assistance	(450,000)	2,227,211	(227,875)	\$ (2,455,086)	(159,478)
Aid to dependent children	3,048,455	2,999,744	1,923,082	(1,076,662)	1,092,034
Family services administration	5,736,721	5,172,871	5,311,233	138,362	4,012,229
Food stamps	782,600	782,600	920,626	138,026	890,609
Flexible fund family services	2,159,881	2,159,881	2,597,740	437,859	2,074,063
Child care	838,205	1,418,785	1,482,874	64,089	916,212
Home relief	60,000	(61,000)	9,603	70,603	22,281
Workforce development	1,005,944	1,645,343	1,123,400	(521,943)	838,897
Day care	1,410,352	1,410,352	1,175,720	(234,632)	1,299,966
	14,592,158	17,755,787	14,316,403	(3,439,384)	10,986,863
Culture and Recreation - Programs for the aging	527,092	546,935	543,826	(3,109)	523,300
<b>TOTAL FEDERAL AID</b>	<b>16,208,305</b>	<b>19,453,599</b>	<b>19,786,136</b>	<b>332,537</b>	<b>12,758,057</b>

MISCELLANEOUS

Refund of prior year's expenditures	-	25,495	89,779	64,284	10,413
Gifts and donations	97,000	88,964	89,374	410	92,223
Video lottery terminals	500,000	440,814	440,814	-	440,814
Indirect cost chargebacks	2,422,765	2,483,775	2,483,775	-	2,556,308
Other	3,096,147	3,177,457	2,432,593	(744,864)	111,928
	6,115,912	6,216,505	5,536,335	(680,170)	3,211,686
<b>TOTAL REVENUES</b>	<b>165,670,979</b>	<b>165,211,616</b>	<b>155,523,086</b>	<b>(9,688,530)</b>	<b>148,574,994</b>

OTHER FINANCING SOURCES

Transfers in:					
Capital Projects Fund	-	-	-	-	818,165
Debt Service Fund	-	-	744,168	744,168	94,830
	-	-	744,168	744,168	912,995

TOTAL REVENUES AND OTHER FINANCING SOURCES

	\$ 165,670,979	\$ 165,211,616	\$ 156,267,254	\$ (8,944,362)	\$ 149,487,989
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COUNTY OF SULLIVAN, NEW YORK  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2009  
(With Comparative Actuals for 2008)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2008 Actual
<b>GENERAL GOVERNMENT SUPPORT</b>					
County Legislature	\$ 603,639	\$ 680,886	\$ 609,581	\$ 71,305	\$ 545,376
Municipal Court	8,000	8,000	6,710	1,290	7,910
District Attorney	1,677,228	1,709,211	1,712,294	(3,083)	1,614,966
Public Defense	1,640,508	1,640,508	1,642,967	(2,459)	1,676,497
Coroners	301,412	301,411	259,421	41,990	347,313
County Manager	380,594	380,256	362,341	17,915	340,170
County Treasurer	551,336	569,234	478,281	90,953	434,630
Audit and Control	541,391	541,389	488,117	53,272	545,556
Management and Budget	887,440	882,333	760,025	122,308	633,718
Grants Administration	253,279	215,151	210,082	5,069	217,175
Purchasing	381,143	381,141	354,759	26,382	436,261
Real Property Tax Map	725,069	793,784	769,572	24,212	705,826
Tax Collection	824,837	984,441	866,082	118,359	770,837
County Clerk	1,669,769	1,720,554	1,638,148	82,406	1,541,424
County Attorney	829,806	996,256	958,890	37,366	698,947
Personnel	608,786	621,080	552,555	68,525	565,884
Elections	839,458	797,348	675,697	121,651	722,600
Records Management	128,379	133,599	128,976	4,623	121,690
Public Works Administration	528,650	547,394	537,339	10,055	577,640
Central Services Administration	353,341	353,338	302,431	50,907	429,996
Buildings	5,018,296	5,000,920	4,583,702	417,218	4,965,446
Management Information Systems	4,118,474	4,210,361	3,322,216	888,145	3,179,560
Risk Management	303,258	303,258	273,569	29,689	408,442
Payroll	254,037	241,661	225,737	15,924	-
Unallocated Insurance	653,572	463,572	462,306	1,266	459,180
Municipal Association Dues	34,500	31,009	31,009	-	31,151
Judgments and Claims	300,000	50,000	70,158	(20,158)	541,370
Post Employment Benefits	670,693	604,693	587,895	16,798	549,896
Other	2,140,000	215,000	76,782	138,218	51,825
<b>Total General Government Support</b>	<b>27,226,895</b>	<b>25,377,788</b>	<b>22,947,642</b>	<b>2,430,146</b>	<b>23,121,286</b>

EDUCATION

Community College - Non-resident Tuition	1,350,000	1,550,000	1,516,407	33,593	1,366,794
Contribution to Community College	4,018,066	4,018,066	4,018,066	-	3,901,035
<b>Total Education</b>	<b>5,368,066</b>	<b>5,568,066</b>	<b>5,534,473</b>	<b>33,593</b>	<b>5,267,829</b>

PUBLIC SAFETY

Administration	272,604	372,444	276,415	96,029	220,937
E-911	1,240,588	1,303,233	1,192,837	110,396	1,141,667
Sheriff	6,301,301	6,603,373	6,702,163	(98,790)	6,778,307
Probation	2,372,095	2,372,150	2,124,813	247,337	2,279,441
Jail	9,296,118	9,315,335	8,994,555	320,780	9,585,621
Stop DWI	283,724	283,724	222,995	60,729	226,796
Fire Protection	73,977	75,977	77,382	(1,405)	76,175
Animal Control	5,000	200	608	(408)	797
Safety Inspection	4,150	4,150	1,077	3,073	802
Post Employment Benefits	612,028	580,028	578,521	1,507	523,680
<b>Total Public Safety</b>	<b>20,461,585</b>	<b>20,910,614</b>	<b>20,171,366</b>	<b>739,248</b>	<b>20,834,223</b>

HEALTH

Public Health	6,966,820	7,020,345	6,582,950	437,395	6,438,064
Handicapped Children	29,821	21,821	18,331	3,490	28,274
Diagnostic and Treatment Programs	711,773	709,254	617,730	91,524	659,446
Early Intervention Program	6,308,211	6,341,682	6,105,633	236,049	6,601,286
W.I.C.	528,228	528,228	430,921	97,307	402,396
Addiction Control	1,082,240	983,982	892,510	91,472	967,415
Community Services Administration	1,351,537	1,361,684	1,288,905	72,779	1,181,621
Mental Health Programs	4,890,555	4,846,956	4,337,231	509,725	4,923,112
Contracted Mental Health Services	2,838,144	2,860,571	2,663,742	196,829	3,153,521
Post Employment Benefits	337,088	303,488	300,158	3,330	272,795
<b>Total Health</b>	<b>25,044,417</b>	<b>24,978,011</b>	<b>23,238,111</b>	<b>1,739,900</b>	<b>24,627,930</b>

(Continued)

COUNTY OF SULLIVAN, NEW YORK  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET (Continued)  
YEAR ENDED DECEMBER 31, 2009  
(With Comparative Actuals for 2008)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2008 Actual
<b>TRANSPORTATION</b>					
Airport	\$ 431,856	\$ 428,488	\$ 377,860	\$ 50,628	\$ 354,330
Public Transportation	1,026,548	1,050,792	1,011,477	39,315	1,585,865
Post Employment Benefits	72,356	77,956	72,670	5,286	107,448
Total Transportation	1,530,760	1,557,236	1,462,007	95,229	2,047,643
<b>ECONOMIC OPPORTUNITY AND DEVELOPMENT</b>					
Family Services Administration	15,403,322	15,260,983	14,473,459	787,524	14,422,360
Day Care	1,761,352	1,761,352	1,566,795	194,557	2,503,438
Services for Recipients	849,750	849,750	902,185	(52,435)	1,160,028
Medical Assistance	275,000	415,000	323,039	91,961	533,114
Medical Assistance - MMIS	21,896,147	21,896,147	21,616,787	279,360	18,639,694
Family Assistance	5,018,000	6,218,000	6,291,363	(73,363)	4,547,458
Child Care	3,183,392	2,753,392	3,307,869	(554,477)	2,943,783
Juvenile Delinquent Care	441,500	216,500	242,119	(25,619)	315,810
State Training Schools	275,000	564,560	552,165	12,395	190,220
Safety Net	3,150,000	3,883,192	4,056,909	(173,717)	3,434,431
Home Energy Assistance Program	20,000	50,000	64,087	(14,087)	51,043
Emergency Aid for Adults	104,000	72,800	50,733	22,067	67,822
Center for Workforce Development	1,568,667	2,206,062	1,695,235	510,827	1,340,752
Community Action Commission	28,500	28,500	28,500	-	38,050
Other Economic Opportunity Programs	51,300	51,300	51,300	-	54,000
Veterans' Services	518,911	518,911	508,897	10,014	538,860
Public Information	554,791	554,791	539,183	15,608	530,902
Consumer Affairs - Weights and Measures	92,135	92,950	89,193	3,757	86,931
Economic and Community Development	323,994	331,418	328,919	2,499	373,528
Post Employment Benefits	740,523	690,923	691,277	(354)	606,507
Total Economic Opportunity and Development	56,256,284	58,416,531	57,380,014	1,036,517	52,378,731

<b>CULTURE AND RECREATION</b>					
Parks and Recreation	418,540	422,729	331,045	91,684	360,791
Youth Programs	381,519	437,538	351,241	86,297	281,316
County Museum	54,933	55,197	50,685	4,512	46,156
Historical Property - Fort Delaware	92,985	93,005	61,003	32,002	71,407
Cultural Affairs	66,925	66,925	66,825	100	86,500
Aging Programs	2,261,010	2,223,876	2,168,239	55,637	2,199,917
Post Employment Benefits	76,774	68,974	68,905	69	66,856
<b>Total Culture and Recreation</b>	<b>3,352,686</b>	<b>3,368,244</b>	<b>3,097,943</b>	<b>270,301</b>	<b>3,112,943</b>
<b>HOME AND COMMUNITY SERVICES</b>					
Planning	1,424,665	1,516,076	1,259,556	256,520	1,196,267
Human Rights Commission	34,071	34,071	30,559	3,512	35,933
Refuse and Garbage	4,456,278	4,508,166	4,235,463	272,703	4,337,398
Fish and Game	23,750	23,750	23,750	-	25,000
Veterans' Cemetery	7,500	7,500	4,629	2,871	4,166
Post Employment Benefits	96,271	86,271	83,009	3,262	79,983
Other	437,000	437,000	548,474	(111,474)	348,543
<b>Total Home and Community Services</b>	<b>6,479,535</b>	<b>6,612,834</b>	<b>6,185,440</b>	<b>427,394</b>	<b>6,027,290</b>
<b>DEBT SERVICE</b>					
Interest - Bond anticipation notes	108,081	108,081	106,649	1,432	116,471
<b>TOTAL EXPENDITURES</b>	<b>145,828,309</b>	<b>146,897,405</b>	<b>140,123,645</b>	<b>6,773,760</b>	<b>137,534,346</b>
<b>OTHER FINANCING USES</b>					
Transfers out:					
County Road Fund	14,158,299	12,710,799	10,710,799	2,000,000	9,479,605
Capital Projects Fund	65,000	20,000	20,000	-	75,000
Road Machinery Fund	1,094,818	1,028,318	828,318	200,000	-
Debt Service Fund	5,610,181	5,610,711	5,599,201	11,510	5,637,177
<b>TOTAL OTHER FINANCING USES</b>	<b>20,928,298</b>	<b>19,369,828</b>	<b>17,158,318</b>	<b>2,211,510</b>	<b>15,191,782</b>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 166,756,607</b>	<b>\$ 166,267,233</b>	<b>\$ 157,281,963</b>	<b>\$ 8,985,270</b>	<b>\$ 152,726,128</b>

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COUNTY OF SULLIVAN, NEW YORK

COUNTY ROAD FUND  
 COMPARATIVE BALANCE SHEET  
 DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 358,552	\$ 437,929
Receivables:		
Accounts	97,088	3,138
State and Federal aid	1,278,248	3,932,758
Due from other funds	1,291,802	53,320
	<u>2,667,138</u>	<u>3,989,216</u>
Total Assets	<u>\$ 3,025,690</u>	<u>\$ 4,427,145</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 1,038,477	\$ 924,142
Accrued liabilities	358,213	453,180
Retained percentages payable	116,639	268,478
Due to other funds	-	1,248,728
Total Liabilities	<u>1,513,329</u>	<u>2,894,528</u>
Fund Balance:		
Reserved for encumbrances	111,484	7,090
Reserved for debt service	151,035	150,809
Unreserved and undesignated	1,249,842	1,374,718
Total Fund Balance	<u>1,512,361</u>	<u>1,532,617</u>
Total Liabilities and Fund Balance	<u>\$ 3,025,690</u>	<u>\$ 4,427,145</u>

COUNTY OF SULLIVAN, NEW YORK

COUNTY ROAD FUND  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental charges	\$ 427,633	\$ 427,633	\$ 892,931	\$ 465,298
Use of money and property	-	-	575	575
Licenses and permits	2,000	2,000	4,620	2,620
Sale of property and compensation for loss	2,000	2,000	5,795	3,795
State aid	4,831,250	4,092,050	2,393,989	(1,698,061)
Federal aid	2,018,750	1,283,750	385,932	(897,818)
Miscellaneous	500	500	163,697	163,197
<b>Total Revenues</b>	<b>7,282,133</b>	<b>5,807,933</b>	<b>3,847,539</b>	<b>(1,960,394)</b>
<b>Expenditures:</b>				
Current:				
Public safety	751,352	769,522	753,590	15,932
Transportation	18,980,177	16,035,246	12,122,765	3,912,481
Debt Service - Interest	106,143	106,143	104,737	1,406
<b>Total Expenditures</b>	<b>19,837,672</b>	<b>16,910,911</b>	<b>12,981,092</b>	<b>3,929,819</b>
<b>Deficiency of Revenues Over Expenditures</b>	<b>(12,555,539)</b>	<b>(11,102,978)</b>	<b>(9,133,553)</b>	<b>1,969,425</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	14,158,299	12,710,799	10,723,147	(1,987,652)
Transfers out	(1,609,850)	(1,609,850)	(1,609,850)	-
<b>Total Other Financing Sources</b>	<b>12,548,449</b>	<b>11,100,949</b>	<b>9,113,297</b>	<b>(1,987,652)</b>
<b>Net Change in Fund Balance</b>	<b>(7,090)</b>	<b>(2,029)</b>	<b>(20,256)</b>	<b>(18,227)</b>
<b>Fund Balance - Beginning of Year</b>	<b>7,090</b>	<b>2,029</b>	<b>1,532,617</b>	<b>1,530,588</b>
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,512,361</b>	<b>\$ 1,512,361</b>

2008

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 496,633	\$ 496,633	\$ 677,581	\$ 180,948
-	-	2,666	2,666
2,000	2,000	16,171	14,171
-	-	5,566	5,566
3,016,457	3,072,385	3,364,955	292,570
5,321,771	5,321,771	2,999,336	(2,322,435)
1,000	11,162	54,613	43,451
<u>8,837,861</u>	<u>8,903,951</u>	<u>7,120,888</u>	<u>(1,783,063)</u>
717,539	707,519	687,111	20,408
19,242,030	19,191,245	15,386,705	3,804,540
85,000	85,000	84,341	659
<u>20,044,569</u>	<u>19,983,764</u>	<u>16,158,157</u>	<u>3,825,607</u>
<u>(11,206,708)</u>	<u>(11,079,813)</u>	<u>(9,037,269)</u>	<u>2,042,544</u>
11,606,500	11,479,605	9,481,353	(1,998,252)
(1,615,639)	(1,615,639)	(1,614,639)	1,000
<u>9,990,861</u>	<u>9,863,966</u>	<u>7,866,714</u>	<u>(1,997,252)</u>
(1,215,847)	(1,215,847)	(1,170,555)	45,292
<u>1,215,847</u>	<u>1,215,847</u>	<u>2,703,172</u>	<u>1,487,325</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,532,617</u>	<u>\$ 1,532,617</u>

COUNTY OF SULLIVAN, NEW YORK

CAPITAL PROJECTS FUND  
 COMPARATIVE BALANCE SHEET  
 DECEMBER 31, 2009 AND 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash - Demand deposits	\$ 8,953,570	\$ 8,762,023
Receivables:		
State and Federal aid	1,275,178	1,849,967
Due from component unit	675,000	675,000
Due from other funds	452,867	3,548,688
	<u>2,403,045</u>	<u>6,073,655</u>
Total Assets	<u>\$ 11,356,615</u>	<u>\$ 14,835,678</u>
<u>LIABILITIES AND FUND BALANCE (DEFICIT)</u>		
Liabilities:		
Accounts payable	\$ 716,620	\$ 660,389
Retained percentages payable	110,998	257,589
Due to other funds	2,405,397	228,214
Bond anticipation notes payable	13,695,000	11,700,000
Total Liabilities	<u>16,928,015</u>	<u>12,846,192</u>
Fund Balance:		
Reserved for long-term receivables	675,000	675,000
Unreserved and undesignated	<u>(6,246,400)</u>	<u>1,314,486</u>
Total Fund Balance (Deficit)	<u>(5,571,400)</u>	<u>1,989,486</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 11,356,615</u>	<u>\$ 14,835,678</u>

COUNTY OF SULLIVAN, NEW YORK

CAPITAL PROJECTS FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Revenues:		
Use of money and property	\$ 246	\$ 7,987
State aid	609,454	4,100,312
Federal aid	1,386,413	2,224,265
Miscellaneous	-	1,664
	<u>1,996,113</u>	<u>6,334,228</u>
Expenditures - Capital outlay	<u>8,983,636</u>	<u>7,756,734</u>
Deficiency of Revenues Over Expenditures	<u>(6,987,523)</u>	<u>(1,422,506)</u>
Other Financing Sources (Uses):		
Transfers in	420,000	474,000
Transfers out	<u>(993,363)</u>	<u>(927,277)</u>
Total Other Financing Uses	<u>(573,363)</u>	<u>(453,277)</u>
Net Change in Fund Balance	(7,560,886)	(1,875,783)
Fund Balance - Beginning of Year	<u>1,989,486</u>	<u>3,865,269</u>
Fund Balance (Deficit) - End of Year	<u>\$ (5,571,400)</u>	<u>\$ 1,989,486</u>

COUNTY OF SULLIVAN, NEW YORK

CAPITAL PROJECTS FUND  
 PROJECT-LENGTH SCHEDULE  
 INCEPTION OF PROJECT THROUGH DECEMBER 31, 2009

PROJECT	Appropriation	Expenditures and Transfers	Unexpended Balance
General Government Support - Watershed Good Neighbor	\$ 140,203	\$ 100,000	\$ 40,203
Education:			
Community College Renovations	13,460,000	13,192,803	267,197
Seelig SUNY Grant	976,342	477,401	498,941
Total Education	14,436,342	13,670,204	766,138
Public Safety:			
Fire Training Center	2,859,409	2,237,728	621,681
Jail Planning	2,500,000	1,772,297	727,703
Jail Facility	1,175,000	1,076,215	98,785
Total Public Safety	6,534,409	5,086,240	1,448,169
Transportation:			
Airport Construction	13,670,746	13,201,146	469,600
Bus Garage	2,773,637	2,516,266	257,371
Right of Way	2,480,940	2,304,065	176,875
DPW Maplewood Facility	3,191,332	2,682,498	508,834
Road Reconstruction 2007	2,000,000	1,998,627	1,373
Road Reconstruction 2008	6,000,000	5,965,311	34,689
Road and Bridge Reconstruction	3,000,000	193,113	2,806,887
DPW Equipment 2008 - Road Machinery	2,354,000	759,036	1,594,964
Total Transportation	35,470,655	29,620,062	5,850,593
Economic Opportunity and Development - Emerald Corporate Park	4,825,139	4,138,881	686,258
Culture and Recreation:			
Snowmobile Trail	122,740	122,595	145
D and H Canal Park	769,858	679,141	90,717
Park Improvements	139,084	54,878	84,206
Total Culture and Recreation	1,031,682	856,614	175,068
Home and Community Services:			
Landfill MERF Construction 2001	2,227,759	1,825,232	402,527
Landfill Cell 6 Construction	7,329,687	6,889,132	440,555
Landfill Phase II Expansion	1,900,000	1,760,093	139,907
Landfill Closure 3-5	6,400,000	6,169,980	230,020
DPW Equipment 2008 - Landfill	60,000	-	60,000
Landfill	1,052,500	455,035	597,465
Total Home and Community Services	18,969,946	17,099,472	1,870,474
TOTALS	\$ 81,408,376	\$ 70,571,473	\$ 10,836,903

Methods of Financing					Fund Balance (Deficit) at December 31, 2009	Bond Anticipation Notes Outstanding at December 31, 2009
State and Federal Aid	Interfund Transfers	Proceeds of Obligations	Other	Totals		
\$ 100,000	\$ -	\$ -	\$ 40,203	\$ 140,203	\$ 40,203	\$ -
8,962,978	-	3,300,000	26,660	12,289,638	(903,165)	1,180,000
477,401	-	-	4	477,405	4	-
9,440,379	-	3,300,000	26,664	12,767,043	(903,161)	1,180,000
1,334,409	550,000	975,000	-	2,859,409	621,681	-
-	-	-	-	-	(1,772,297)	2,000,000
-	-	-	-	-	(1,076,215)	-
1,334,409	550,000	975,000	-	2,859,409	(2,226,831)	2,000,000
12,872,017	776,466	-	22,264	13,670,747	469,601	-
2,518,171	-	115,000	-	2,633,171	116,905	1,000,000
13,164	2,124,195	-	343,581	2,480,940	176,875	-
-	153,000	1,913,800	1,124,532	3,191,332	508,834	-
-	-	799,000	-	799,000	(1,199,627)	1,201,000
3,000,000	-	-	-	3,000,000	(2,965,311)	3,000,000
196,118	-	-	-	196,118	3,005	2,500,000
-	-	-	-	-	(759,036)	2,354,000
18,599,470	3,053,661	2,827,800	1,490,377	25,971,308	(3,648,754)	10,055,000
1,831,762	1,225,000	-	1,768,377	4,825,139	686,258	-
122,595	-	-	145	122,740	145	-
591,826	114,700	-	4,858	711,384	32,243	-
133,846	-	-	5,238	139,084	84,206	-
848,267	114,700	-	10,241	973,208	116,594	-
-	32,000	1,369,000	826,759	2,227,759	402,527	-
-	441,000	6,864,000	24,687	7,329,687	440,555	-
-	140,000	1,360,000	6,310	1,506,310	(253,783)	400,000
-	1,500,000	4,900,000	-	6,400,000	230,020	-
-	-	-	-	-	-	60,000
-	-	-	7	7	(455,028)	-
-	2,113,000	14,493,000	857,763	17,463,763	364,291	460,000
\$ 32,154,287	\$ 7,056,361	\$ 21,595,800	\$ 4,193,625	\$ 65,000,073	\$ (5,571,400)	\$ 13,695,000

COUNTY OF SULLIVAN, NEW YORK

NON-MAJOR GOVERNMENTAL FUNDS  
 COMBINING BALANCE SHEET  
 DECEMBER 31, 2009  
 (With Comparative Totals for 2008)

<u>ASSETS</u>	<u>Road Machinery Fund</u>	<u>Community Development Fund</u>
Cash and Equivalents	\$ 240,046	\$ 658,318
Receivables:		
Accounts	25,396	-
Loans, net	-	215,362
State and Federal aid	-	51,437
Due from other funds	828,428	-
	<u>853,824</u>	<u>266,799</u>
Total Assets	<u>\$ 1,093,870</u>	<u>\$ 925,117</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 215,404	\$ 88,006
Accrued liabilities	120,188	-
Due to other funds	-	-
Deferred revenues	-	215,362
	<u>335,592</u>	<u>303,368</u>
Total Liabilities		
Fund Balances:		
Reserved for encumbrances	62,963	-
Reserved for debt service	160,509	-
Unreserved and undesignated	534,806	621,749
	<u>758,278</u>	<u>621,749</u>
Total Fund Balances		
Total Liabilities and Fund Balances	<u>\$ 1,093,870</u>	<u>\$ 925,117</u>



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Total Non-Major  
Governmental Funds

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<u>2009</u>	<u>2008</u>
<u>\$ 898,364</u>	<u>\$ 815,710</u>
25,396	105
215,362	283,865
51,437	-
<u>828,428</u>	<u>871,897</u>
<u>1,120,623</u>	<u>1,155,867</u>
<u>\$ 2,018,987</u>	<u>\$ 1,971,577</u>

<u>\$ 303,410</u>	<u>192,717</u>
120,188	129,663
-	6,092
<u>215,362</u>	<u>283,865</u>
<u>638,960</u>	<u>612,337</u>

62,963	40,127
160,509	10,332
<u>1,156,555</u>	<u>1,308,781</u>
<u>1,380,027</u>	<u>1,359,240</u>
<u>\$ 2,018,987</u>	<u>\$ 1,971,577</u>

COUNTY OF SULLIVAN, NEW YORK

NON-MAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES  
 YEAR ENDED DECEMBER 31, 2009  
 (With Comparative Totals for 2008)

	Road Machinery Fund	Community Development Fund	Debt Service Fund
Revenues:			
Departmental income	\$ -	\$ 107,071	\$ -
Intergovernmental charges	821,844	-	-
Use of money and property	1,028	1,725	30,501
Sale of property and compensation for loss	25,000	-	-
Interfund revenues	1,667,981	-	-
State aid	-	1,398,554	-
Federal aid	-	141,809	-
Miscellaneous	22,187	-	-
Total Revenues	<u>2,538,040</u>	<u>1,649,159</u>	<u>30,501</u>
Expenditures:			
Current:			
General government support	-	-	16,816
Transportation	3,328,883	-	-
Home and community services	-	1,559,126	-
Debt Service:			
Principal	-	-	5,016,457
Interest	53,586	-	2,096,261
Total Expenditures	<u>3,382,469</u>	<u>1,559,126</u>	<u>7,129,534</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(844,429)</u>	<u>90,033</u>	<u>(7,099,033)</u>
Other Financing Sources (Uses):			
Transfers in	986,554	-	8,013,785
Transfers out	(211,371)	-	(914,752)
Total Other Financing Sources	<u>775,183</u>	<u>-</u>	<u>7,099,033</u>
Net Change in Fund Balances	<u>(69,246)</u>	<u>90,033</u>	<u>-</u>
Fund Balances - Beginning of Year, as reported	827,524	531,716	-
Prior Period Adjustment	-	-	-
Fund Balances - Beginning of Year, as restated	<u>827,524</u>	<u>531,716</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 758,278</u>	<u>\$ 621,749</u>	<u>\$ -</u>

Total Non-Major  
Governmental Funds

2009	2008
\$ 107,071	\$ 133,820
821,844	1,146,670
33,254	128,116
25,000	42,744
1,667,981	1,782,203
1,398,554	-
141,809	-
22,187	20,791
<u>4,217,700</u>	<u>3,254,344</u>
16,816	18,683
3,328,883	3,819,801
1,559,126	30,538
5,016,457	4,880,524
<u>2,149,847</u>	<u>2,273,269</u>
<u>12,071,129</u>	<u>11,022,815</u>
<u>(7,853,429)</u>	<u>(7,768,471)</u>
9,000,339	7,187,957
<u>(1,126,123)</u>	<u>(322,607)</u>
<u>7,874,216</u>	<u>6,865,350</u>
<u>20,787</u>	<u>(903,121)</u>
1,359,240	5,572,581
-	<u>(3,310,220)</u>
<u>1,359,240</u>	<u>2,262,361</u>
<u>\$ 1,380,027</u>	<u>\$ 1,359,240</u>

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## **NON-MAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

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

### **DEBT SERVICE FUND**

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

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COUNTY OF SULLIVAN, NEW YORK

ROAD MACHINERY FUND  
 COMPARATIVE BALANCE SHEET  
 DECEMBER 31, 2009 AND 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash and Equivalents	\$ 240,046	\$ 277,902
Receivables:		
Accounts	25,396	105
Due from other funds	<u>828,428</u>	<u>871,897</u>
	<u>853,824</u>	<u>872,002</u>
 Total Assets	 <u>\$ 1,093,870</u>	 <u>\$ 1,149,904</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 215,404	\$ 192,717
Accrued liabilities	<u>120,188</u>	<u>129,663</u>
 Total Liabilities	 <u>335,592</u>	 <u>322,380</u>
Fund Balance:		
Reserved for encumbrances	62,963	40,127
Reserved for debt service	160,509	10,332
Unreserved and undesignated	<u>534,806</u>	<u>777,065</u>
 Total Fund Balance	 <u>758,278</u>	 <u>827,524</u>
 Total Liabilities and Fund Balance	 <u>\$ 1,093,870</u>	 <u>\$ 1,149,904</u>

COUNTY OF SULLIVAN, NEW YORK

ROAD MACHINERY FUND  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental charges	\$ 930,000	\$ 930,000	\$ 821,844	\$ (108,156)
Use of money and property	200,750	200,750	1,028	(199,722)
Sale of property and compensation for loss	5,000	5,000	25,000	20,000
Interfund revenues	1,928,500	1,946,000	1,667,981	(278,019)
Miscellaneous	-	-	22,187	22,187
<b>Total Revenues</b>	<b>3,064,250</b>	<b>3,081,750</b>	<b>2,538,040</b>	<b>(543,710)</b>
Expenditures:				
Current -				
Transportation	3,933,518	3,872,519	3,328,883	543,636
Debt Service - Interest	54,306	54,306	53,586	720
<b>Total Expenditures</b>	<b>3,987,824</b>	<b>3,926,825</b>	<b>3,382,469</b>	<b>544,356</b>
Deficiency of Revenues Over Expenditures	(923,574)	(845,075)	(844,429)	646
Other Financing Sources (Uses):				
Transfers in	1,094,818	1,028,318	986,554	(41,764)
Transfers out	(211,371)	(211,371)	(211,371)	-
<b>Total Other Financing Sources (Uses)</b>	<b>883,447</b>	<b>816,947</b>	<b>775,183</b>	<b>(41,764)</b>
<b>Net Change in Fund Balance</b>	<b>(40,127)</b>	<b>(28,128)</b>	<b>(69,246)</b>	<b>(41,118)</b>
Fund Balance - Beginning of Year	40,127	28,128	827,524	799,396
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 758,278</b>	<b>\$ 758,278</b>



2008

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 975,000	\$ 975,000	\$ 1,146,670	\$ 171,670
13,000	13,000	11,644	(1,356)
16,000	16,000	42,744	26,744
1,877,000	1,877,000	1,782,203	(94,797)
-	-	20,791	20,791
<u>2,881,000</u>	<u>2,881,000</u>	<u>3,004,052</u>	<u>123,052</u>
4,308,064	3,980,730	3,819,801	160,929
-	-	-	-
<u>4,308,064</u>	<u>3,980,730</u>	<u>3,819,801</u>	<u>160,929</u>
(1,427,064)	(1,099,730)	(815,749)	283,981
572,392	245,008	15,481	(229,527)
(210,547)	(210,547)	(210,547)	-
<u>361,845</u>	<u>34,461</u>	<u>(195,066)</u>	<u>(229,527)</u>
(1,065,219)	(1,065,269)	(1,010,815)	54,454
<u>1,065,219</u>	<u>1,065,269</u>	<u>1,838,339</u>	<u>773,070</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 827,524</u>	<u>\$ 827,524</u>

COUNTY OF SULLIVAN, NEW YORK

COMMUNITY DEVELOPMENT FUND  
 COMPARATIVE BALANCE SHEET  
 DECEMBER 31, 2009 AND 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash - Demand deposits	\$ 658,318	\$ 537,808
Receivables:		
Loans, net	215,362	283,865
State and Federal aid	51,437	-
	<u>266,799</u>	<u>283,865</u>
Total Assets	<u>\$ 925,117</u>	<u>\$ 821,673</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 88,006	\$ -
Due to other funds	-	6,092
Deferred revenues	215,362	283,865
	<u>303,368</u>	<u>289,957</u>
Total Liabilities	303,368	289,957
Fund Balance - Unreserved and undesignated	<u>621,749</u>	<u>531,716</u>
Total Liabilities and Fund Balance	<u>\$ 925,117</u>	<u>\$ 821,673</u>

COUNTY OF SULLIVAN, NEW YORK

COMMUNITY DEVELOPMENT FUND  
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE  
 YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Revenues:		
Departmental income	\$ 107,071	\$ 133,820
Use of money and property	1,725	4,412
State aid	1,398,554	-
Federal aid	<u>141,809</u>	<u>-</u>
Total Revenues	1,649,159	138,232
Expenditures -		
Current -		
Home and community services	<u>1,559,126</u>	<u>30,538</u>
Excess of Revenues Over Expenditures	90,033	107,694
Fund Balance - Beginning of Year	<u>531,716</u>	<u>424,022</u>
Fund Balance - End of Year	<u>\$ 621,749</u>	<u>\$ 531,716</u>

COUNTY OF SULLIVAN, NEW YORK

DEBT SERVICE FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues -				
Use of money and property	\$ -	\$ -	\$ 30,501	\$ 30,501
Expenditures:				
Current -				
General government support	17,052	17,052	16,816	236
Debt Service:				
Principal:				
Serial bonds	4,926,774	4,926,774	4,926,774	-
Installment purchase debt	-	-	89,683	(89,683)
	4,926,774	4,926,774	5,016,457	(89,683)
Interest:				
Serial bonds	2,087,566	2,087,566	2,076,832	10,734
Installment purchase debt	-	-	19,429	(19,429)
	2,087,566	2,087,566	2,096,261	(8,695)
Total Debt Service	7,014,340	7,014,340	7,112,718	(98,378)
Total Expenditures	7,031,392	7,031,392	7,129,534	(98,142)
Deficiency of Revenues Over Expenditures	(7,031,392)	(7,031,392)	(7,099,033)	(67,641)
Other Financing Sources (Uses):				
Transfers in	7,031,392	7,031,392	8,013,785	982,393
Transfers out	-	-	(914,752)	(914,752)
Total Other Financing Sources	7,031,392	7,031,392	7,099,033	67,641
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ -	\$ -

2008

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ 112,060	\$ 112,060
18,914	18,914	18,683	231
4,794,292	4,794,292	4,794,291	1
-	-	86,233	(86,233)
4,794,292	4,794,292	4,880,524	(86,232)
2,264,272	2,264,272	2,250,390	13,882
-	-	22,879	(22,879)
2,264,272	2,264,272	2,273,269	(8,997)
7,058,564	7,058,564	7,153,793	(95,229)
7,077,478	7,077,478	7,172,476	(94,998)
(7,077,478)	(7,077,478)	(7,060,416)	17,062
7,077,478	7,077,478	7,172,476	94,998
-	-	(112,060)	(112,060)
7,077,478	7,077,478	7,060,416	(17,062)
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

COUNTY OF SULLIVAN, NEW YORK

SULLIVAN COUNTY TOBACCO ASSET SECURITIZATION CORPORATION  
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE  
 YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Revenues	\$ -	\$ -
Expenditures	-	-
Excess of Revenues Over Expenditures	-	-
Fund Balance - Beginning of Year, as reported	-	3,310,220
Prior Period Adjustment	-	(3,310,220)
Fund Balance - Beginning of Year, as restated	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>

## **ENTERPRISE FUNDS**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private enterprises or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability. Enterprise funds are used to account for those operations that provide services to the public.

Adult Care Center – This fund is used to account for the operations of the Adult Care Center, a skilled nursing facility established and operated under the provisions of Article 6 of General Municipal Law.

Sullivan Tobacco Asset Securitization Corporation – This fund reflects the operation of this not-for-profit local development corporation organized pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York.

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COUNTY OF SULLIVAN, NEW YORK

ENTERPRISE FUND  
 SULLIVAN COUNTY ADULT CARE CENTER  
 COMPARATIVE STATEMENT OF NET ASSETS  
 DECEMBER 31, 2009 AND 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Current Assets:		
Cash and equivalents	\$ 5,004,598	\$ 324,746
Accounts receivable, net	1,252,022	1,930,323
Prepaid expenses	23,987	39,595
Total Current Assets	<u>6,280,607</u>	<u>2,294,664</u>
Noncurrent Assets -		
Capital Assets:		
Buildings and improvements	10,551,350	10,551,350
Machinery and equipment	381,438	347,035
Less accumulated depreciation	<u>(8,758,347)</u>	<u>(8,461,028)</u>
Total Capital Assets, net of accumulated depreciation	<u>2,174,441</u>	<u>2,437,357</u>
Total Assets	<u>\$ 8,455,048</u>	<u>\$ 4,732,021</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	\$ 232,369	\$ 204,655
Accrued interest payable	1,849	5,620
Accrued liabilities	770,491	795,220
Due to other funds	3,127,079	342,415
Current maturities of bonds payable	18,507	323,226
Compensated absences	<u>81,123</u>	<u>71,665</u>
Total Current Liabilities	<u>4,231,418</u>	<u>1,742,801</u>
Noncurrent Liabilities:		
Bonds payable, less current maturities	31,554	37,629
Compensated absences	730,111	644,981
Other postemployment benefit obligations payable	<u>3,965,569</u>	<u>2,908,641</u>
Total Noncurrent Liabilities	<u>4,727,234</u>	<u>3,591,251</u>
Total Liabilities	<u>8,958,652</u>	<u>5,334,052</u>
<u>NET ASSETS (DEFICIT)</u>		
Invested in capital assets, net of related debt	2,124,380	2,076,502
Unrestricted	<u>(2,627,984)</u>	<u>(2,678,533)</u>
Total Deficit	<u>\$ (503,604)</u>	<u>\$ (602,031)</u>

COUNTY OF SULLIVAN, NEW YORK

ENTERPRISE FUND  
 SULLIVAN COUNTY ADULT CARE CENTER  
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN NET ASSETS  
 YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Operating Revenues:		
Departmental charges	\$ 10,797,850	\$ 12,188,025
Miscellaneous	292,551	267,392
	<u>11,090,401</u>	<u>12,455,417</u>
Operating Expenses:		
Professional care of residents	5,185,664	5,003,068
General services	3,459,914	3,362,735
Administrative services	1,057,393	1,044,228
Employee benefits	4,175,945	4,520,503
Assessments	589,675	594,950
Depreciation and amortization	304,521	292,717
Other	39,871	54,604
	<u>14,812,983</u>	<u>14,872,805</u>
Total Operating Expenses	<u>14,812,983</u>	<u>14,872,805</u>
Loss from Operations	<u>(3,722,582)</u>	<u>(2,417,388)</u>
Non-Operating Revenues (Expenses):		
Intergovernmental transfers	6,192,294	-
Interest income	12,546	5,792
Interest expense	(21,464)	(34,628)
Miscellaneous	16,093	7,590
Intragovernmental expense	(2,378,460)	-
	<u>3,821,009</u>	<u>(21,246)</u>
Total Non-Operating Revenues (Expenses)	<u>3,821,009</u>	<u>(21,246)</u>
Income (Loss) before Contributions	98,427	(2,438,634)
Capital Contributions	-	20,000
Change in Net Assets	98,427	(2,418,634)
Net Assets (Deficit) - Beginning of Year	<u>(602,031)</u>	<u>1,816,603</u>
Deficit - End of Year	<u>\$ (503,604)</u>	<u>\$ (602,031)</u>

COUNTY OF SULLIVAN, NEW YORK

ENTERPRISE FUND  
 SULLIVAN COUNTY ADULT CARE CENTER  
 COMPARATIVE STATEMENT OF CASH FLOWS  
 YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
Cash Flows From Operating Activities:		
Cash: received from charges for services	\$ 11,478,183	\$ 12,060,580
Cash payments to vendors for goods and services	(468,592)	(1,700,498)
Cash payments to employees for services	(10,087,300)	(10,225,870)
Miscellaneous	292,551	267,392
Net Cash Provided by Operating Activities	<u>1,214,842</u>	<u>401,604</u>
Cash Flows From Investing Activities -		
Interest and miscellaneous income	<u>32,410</u>	<u>17,481</u>
Cash Flows From Non-Capital Financing Activities:		
Intergovernmental transfers	6,192,294	-
Intragovernmental expense	<u>(2,378,460)</u>	<u>-</u>
Net Cash Provided by Non-Capital Financing Activities	<u>3,813,834</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:		
Principal paid on bonds	(323,226)	(330,709)
Interest paid on bonds	(25,235)	(38,727)
Capital contributions	-	20,000
Amortization of issuance costs and loss on refunding bonds	12,432	12,432
Acquisition of capital assets	<u>(45,205)</u>	<u>(25,832)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(381,234)</u>	<u>(362,836)</u>
Net Increase in Cash and Equivalents	4,679,852	56,249
Cash and Equivalents - Beginning of Year	<u>324,746</u>	<u>268,497</u>
Cash and Equivalents - End of Year	<u>\$ 5,004,598</u>	<u>\$ 324,746</u>
Reconciliation of Loss from Operations to Net Cash Provided by Operating Activities:		
Loss from operations	\$ (3,722,582)	\$ (2,417,388)
Adjustments to reconcile loss from operations to net cash cash provided by operating activities:		
Depreciation expense	304,521	292,717
Loss on disposal of equipment	3,600	-
Changes in assets and liabilities:		
Accounts receivable	678,301	(118,078)
Prepaid expenses	15,608	(20,409)
Due from other funds	-	876,370
Accounts payable	27,714	(115,679)
Accrued interest payable	(3,771)	(4,099)
Accrued liabilities	(24,729)	75,000
Due to other funds	2,784,664	342,415
Other postemployment benefit obligations	1,056,928	1,484,512
Compensated absences	94,588	6,243
Net Cash Provided by Operating Activities	<u>\$ 1,214,842</u>	<u>\$ 401,604</u>

COUNTY OF SULLIVAN, NEW YORK

ENTERPRISE FUND  
 SULLIVAN COUNTY TOBACCO ASSET SECURITIZATION CORPORATION  
 COMPARATIVE STATEMENT OF NET ASSETS  
 DECEMBER 31, 2009 AND 2008

	<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Current Assets:			
Cash and equivalents		\$ 241,390	\$ 197,909
Accounts receivable		1,238,675	1,216,998
Prepaid expenses		3,757	3,813
		<u>1,483,822</u>	<u>1,418,720</u>
Total Current Assets			
Noncurrent Assets:			
Restricted cash and equivalents		581,040	450,756
Restricted investments		1,274,964	1,262,494
Cost of issuance, net of accumulated amortization of \$138,764 in 2009 and \$122,250 in 2008		290,606	307,120
		<u>2,146,610</u>	<u>2,020,370</u>
Total Noncurrent Assets			
		<u>3,630,432</u>	<u>3,439,090</u>
Total Assets			
	<u>LIABILITIES</u>		
Current Liabilities:			
Accrued liabilities		68,384	70,136
Current maturities of bonds payable		435,000	405,000
		<u>503,384</u>	<u>475,136</u>
Total Current Liabilities			
Non-Current Liabilities -			
Bonds payable, less current maturities		13,956,409	14,383,817
		<u>14,459,793</u>	<u>14,858,953</u>
Total Liabilities			
	<u>DEFICIT</u>		
Unrestricted		<u>\$ (10,829,361)</u>	<u>\$ (11,419,863)</u>

COUNTY OF SULLIVAN, NEW YORK

ENTERPRISE FUND

SULLIVAN COUNTY TOBACCO ASSET SECURITIZATION CORPORATION

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
Operating Revenues - Tobacco settlement revenues	\$ 1,373,566	\$ 1,238,205
Operating Expenses:		
Professional fees	24,957	24,458
Insurance expense	4,564	4,595
Amortization	16,514	16,513
Total Operating Expenses	46,035	45,566
Income from Operations	1,327,531	1,192,639
Non-Operating Revenues (Expenses):		
Interest income	99,930	95,955
Interest expense	(836,959)	(857,452)
Total Non-Operating Expenses	(737,029)	(761,497)
Change in Net Assets	590,502	431,142
Deficit - Beginning of Year, as reported	(11,419,863)	-
Prior Period Adjustment	-	(11,851,005)
Deficit - Beginning of Year, as restated	(11,419,863)	(11,851,005)
Deficit - End of Year	\$ (10,829,361)	\$ (11,419,863)

COUNTY OF SULLIVAN, NEW YORK

ENTERPRISE FUND

SULLIVAN COUNTY TOBACCO ASSET SECURITIZATION CORPORATION

COMPARATIVE STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
Cash Flows From Operating Activities:		
Cash received from tobacco settlement revenues	\$ 1,351,889	\$ 1,225,917
Cash payments to vendors for goods and services	(29,465)	(29,025)
Net Cash Provided by Operating Activities	<u>1,322,424</u>	<u>1,196,892</u>
Cash Flows From Investing Activities:		
Increase in restricted cash and equivalents	(130,284)	(49,462)
Purchase of restricted investments	(1,274,964)	(1,262,494)
Sale of restricted investments	1,262,494	1,241,744
Interest and miscellaneous income	99,930	95,955
Net Cash Provided by (Used in) Investing Activities	<u>(42,824)</u>	<u>25,743</u>
Cash Flows from Capital and Related Financing Activities:		
Principal paid on bonds	(405,000)	(380,000)
Interest paid on bonds	(831,119)	(851,506)
Net Cash Used in Non-Capital Financing Activities	<u>(1,236,119)</u>	<u>(1,231,506)</u>
Net Increase (Decrease) in Cash and Equivalents	43,481	(8,871)
Cash and Equivalents - Beginning of Year	<u>197,909</u>	<u>206,780</u>
Cash and Equivalents - End of Year	<u>\$ 241,390</u>	<u>\$ 197,909</u>
Reconciliation of Income from Operations to Net Cash Provided by Operating Activities:		
Income from operations	\$ 1,327,531	\$ 1,192,639
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Amortization	16,514	16,513
Changes in assets and liabilities:		
Accounts receivable	(21,677)	(12,287)
Prepaid expenses	56	27
Net Cash Provided by Operating Activities	<u>\$ 1,322,424</u>	<u>\$ 1,196,892</u>
Noncash Investing Activities -		
Increase in bonds payable from amortization of original issue and underwriters discounts	\$ 7,592	\$ 7,592

## **INTERNAL SERVICE FUND**

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

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COUNTY OF SULLIVAN, NEW YORK

INTERNAL SERVICE FUND - WORKERS' COMPENSATION BENEFITS FUND  
 COMPARATIVE STATEMENT OF NET ASSETS  
 DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 497,549	\$ 265,321
Receivables:		
Accounts	2,553,021	2,567,992
Due from other funds	<u>3,639,011</u>	<u>3,974,619</u>
	<u>6,192,032</u>	<u>6,542,611</u>
 Total Assets	 <u>6,689,581</u>	 <u>6,807,932</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accrued liabilities	550,348	407,132
Current portion of claims payable	<u>537,996</u>	<u>525,660</u>
 Total Current Liabilities	 1,088,344	 932,792
Claims Payable, less current portion	<u>4,841,963</u>	<u>4,730,937</u>
 Total Liabilities	 <u>5,930,307</u>	 <u>5,663,729</u>
<u>NET ASSETS</u>		
Unrestricted	<u>\$ 759,274</u>	<u>\$ 1,144,203</u>

COUNTY OF SULLIVAN, NEW YORK

INTERNAL SERVICE FUND - WORKERS' COMPENSATION BENEFITS FUND  
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES  
 IN NET ASSETS  
 YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Operating Revenues:		
Charges for services - internal	\$ 1,944,914	\$ 2,146,259
Charges for services - external	1,754,786	1,677,998
Insurance recoveries	<u>272,609</u>	<u>315,280</u>
Total Operating Revenues	3,972,309	4,139,537
Operating Expenses -		
Employee benefits	<u>4,357,779</u>	<u>2,850,672</u>
Income (Loss) from Operations	(385,470)	1,288,865
Non-Operating Revenues - Interest income	<u>541</u>	<u>3,726</u>
Change in Net Assets	(384,929)	1,292,591
Net Assets (Deficit) - Beginning of Year	<u>1,144,203</u>	<u>(148,388)</u>
Net Assets - End of Year	<u>\$ 759,274</u>	<u>\$ 1,144,203</u>

COUNTY OF SULLIVAN, NEW YORK

INTERNAL SERVICE FUND - WORKERS' COMPENSATION BENEFITS FUND  
 COMPARATIVE STATEMENT OF CASH FLOWS  
 YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Cash Flows From Operating Activities:		
Cash received from charges for services	\$ 4,050,279	\$ 2,908,955
Cash received from insurance recoveries	272,609	315,280
Cash payments to insurance carriers and claimants	<u>(4,091,201)</u>	<u>(3,393,275)</u>
Net Cash Provided by (Used in) Operating Activities	231,687	(169,040)
Cash Flows From Investing Activities -		
Interest and miscellaneous income	<u>541</u>	<u>3,726</u>
Net Increase (Decrease) in Cash	232,228	(165,314)
Cash - Beginning of Year	<u>265,321</u>	<u>430,635</u>
Cash - End of Year	<u>\$ 497,549</u>	<u>\$ 265,321</u>
Reconciliation of Income (Loss) from Operations to Net Cash Provided by (Used in) Operating Activities:		
Income (loss) from operations	\$ (385,470)	\$ 1,288,865
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities -		
Changes in assets and liabilities:		
Accounts receivable	14,971	140,813
Due from other funds	335,608	(1,056,115)
Accrued liabilities	143,216	5,089,870
Claims payable	<u>123,362</u>	<u>(5,632,473)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 231,687</u>	<u>\$ (169,040)</u>

COUNTY OF SULLIVAN, NEW YORK

FIDUCIARY FUND - AGENCY FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 YEAR ENDED DECEMBER 31, 2009

	Balance January 1, 2009	Increases	Decreases	Balance December 31, 2009
<u>ASSETS</u>				
Cash:				
Demand deposits	\$ 3,070,605	\$ 83,981,348	\$ 83,962,143	\$ 3,089,810
Accounts receivable	7,901	67,177,735	66,497,916	687,720
<b>Total Assets</b>	<b><u>\$ 3,078,506</u></b>	<b><u>\$ 151,159,083</u></b>	<b><u>\$ 150,460,059</u></b>	<b><u>\$ 3,777,530</u></b>
<u>LIABILITIES</u>				
Accounts Payable	\$ 18,618	\$ 27,285,132	\$ 26,286,622	\$ 1,017,128
Employee Payroll Deductions	137,033	60,873,752	60,857,962	152,823
Deposits	2,922,855	25,810,566	26,125,842	2,607,579
<b>Total Liabilities</b>	<b><u>\$ 3,078,506</u></b>	<b><u>\$ 113,969,450</u></b>	<b><u>\$ 113,270,426</u></b>	<b><u>\$ 3,777,530</u></b>

**STATISTICAL  
SECTION**

(Unaudited)

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## **Financial Trends**

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

Net Assets by Component

Changes in Net Assets

Fund Balances of Governmental Funds

Changes in Fund Balances of Governmental Funds

COUNTY OF SULLIVAN, NEW YORK

NET ASSETS BY COMPONENT  
LAST EIGHT FISCAL YEARS

	2002	2003	2004	2005
<b>Governmental Activities</b>				
Invested in Capital Assets, Net of Related Debt	\$ 45,152,399	\$ 45,607,147	\$ 45,496,156	\$ 41,830,738
Restricted	17,421,194	1,573,227	1,498,397	1,474,075
Unrestricted	<u>22,146,867</u>	<u>28,160,350</u>	<u>6,629,926</u>	<u>4,481,196</u>
<b>Total Governmental Activities Net Assets</b>	<b><u>\$ 84,720,460</u></b>	<b><u>\$ 75,340,724</u></b>	<b><u>\$ 53,624,479</u></b>	<b><u>\$ 47,786,009</u></b>
<b>Business - Type Activities</b>				
Invested in Capital Assets, Net of Related Debt	\$ 2,182,294	\$ 2,067,109	\$ 2,019,718	\$ 1,919,295
Unrestricted	<u>844,309</u>	<u>200,894</u>	<u>19,323</u>	<u>197,295</u>
<b>Total Business-Type Activities Net Assets</b>	<b><u>\$ 3,026,603</u></b>	<b><u>\$ 2,268,003</u></b>	<b><u>\$ 2,039,041</u></b>	<b><u>\$ 2,116,590</u></b>
<b>Primary Government</b>				
Invested in Capital Assets, Net of Related Debt	\$ 47,334,693	\$ 47,674,256	\$ 47,515,874	\$ 43,750,033
Restricted	17,421,194	1,573,227	1,498,397	1,474,075
Unrestricted	<u>22,991,176</u>	<u>28,361,244</u>	<u>6,649,249</u>	<u>4,678,491</u>
<b>Total Primary Government Net Assets</b>	<b><u>\$ 87,747,063</u></b>	<b><u>\$ 77,608,727</u></b>	<b><u>\$ 55,663,520</u></b>	<b><u>\$ 49,902,599</u></b>

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

Note: Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.



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

COUNTY OF SULLIVAN, NEW YORK

CHANGES IN NET ASSETS  
LAST EIGHT FISCAL YEARS

	2002	2003	2004	2005
<b>Expenses</b>				
<b>Governmental Activities</b>				
General government support	\$ 11,633,102	\$ 11,296,296	\$ 20,742,295	\$ 22,718,564
Education	4,211,654	4,731,168	4,785,996	5,664,625
Public safety	13,619,772	14,334,071	14,609,924	15,460,359
Health	20,327,599	20,418,511	19,358,081	20,404,235
Transportation	21,599,866	19,075,111	20,566,308	13,668,423
Economic opportunity and development	51,790,235	52,285,595	54,411,966	51,237,401
Culture and recreation	2,503,711	2,527,831	1,418,384	1,867,195
Home and community services	9,758,229	11,096,692	10,083,806	14,885,010
Interest	1,817,587	1,927,369	2,615,338	3,004,615
<b>Total Governmental Activities Expenses</b>	<b>137,261,755</b>	<b>137,692,644</b>	<b>148,592,098</b>	<b>148,910,427</b>
<b>Business-type Activities</b>				
Adult Care Center	11,852,418	12,391,116	12,911,440	13,138,454
Sullivan Tobacco Asset Securitization Corporation	-	-	-	-
<b>Total Business-type Activities Expenses</b>	<b>11,852,418</b>	<b>12,391,116</b>	<b>12,911,440</b>	<b>13,138,454</b>
<b>Total Primary Government Expenses</b>	<b>\$ 149,114,173</b>	<b>\$ 150,083,760</b>	<b>\$ 161,503,538</b>	<b>\$ 162,048,881</b>
<b>Program Revenues</b>				
<b>Governmental Activities</b>				
<b>Charges for Services</b>				
General government support	\$ 3,651,022	\$ 2,163,057	\$ 2,320,370	\$ 2,159,046
Education	-	-	-	-
Public safety	888,723	913,207	850,730	916,874
Health	8,098,275	8,317,294	9,130,724	11,061,114
Transportation	712,273	1,051,876	1,028,583	1,366,068
Economic opportunity and development	8,806,972	5,703,201	6,900,745	3,498,352
Culture and recreation	197,091	175,620	169,571	214,308
Home and community services	11,198,361	12,299,546	9,312,258	7,724,497
Operating Grants and Contributions	35,951,213	39,871,313	39,192,090	37,765,338
Capital Grants and Contributions	1,877,106	2,981,094	1,768,502	1,207,525
<b>Total Governmental Activities Program Revenues</b>	<b>71,381,036</b>	<b>73,476,208</b>	<b>70,673,573</b>	<b>65,913,122</b>
<b>Business-type Activities</b>				
Adult Care Center				
Charges for Services	10,804,542	10,525,057	10,481,288	10,781,561
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	-	-	-	-
Sullivan Tobacco Asset Securitization Corporation				
Operating Grants and Contributions	-	-	-	-
<b>Total Business-type Activities Program Revenues</b>	<b>10,804,542</b>	<b>10,525,057</b>	<b>10,481,288</b>	<b>10,781,561</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 82,185,578</b>	<b>\$ 84,001,265</b>	<b>\$ 81,154,861</b>	<b>\$ 76,694,683</b>

2006	2007	2008(1)	2009
\$ 20,393,273	\$ 24,516,886	\$ 17,114,529	\$ 17,432,319
5,341,804	5,489,354	6,622,720	6,771,949
18,409,153	22,486,088	23,456,337	23,927,441
20,826,613	23,526,196	25,389,140	23,906,533
19,753,073	20,910,476	15,723,127	18,423,675
49,349,886	50,064,825	54,082,395	59,353,745
2,147,178	2,294,525	3,187,191	3,088,411
5,933,563	631,759	8,859,856	9,470,621
3,439,780	3,265,875	2,491,364	2,334,358
<u>144,594,323</u>	<u>153,185,984</u>	<u>156,926,659</u>	<u>164,709,052</u>
13,078,760	14,427,641	14,907,433	17,212,907
-	-	903,018	882,994
<u>13,078,760</u>	<u>14,427,641</u>	<u>15,810,451</u>	<u>18,095,901</u>
<u>\$ 157,673,083</u>	<u>\$ 167,613,625</u>	<u>\$ 172,737,110</u>	<u>\$ 182,804,953</u>
\$ 2,426,989	\$ 2,317,104	\$ 2,433,889	\$ 2,524,940
-	-	67,120	52,644
1,022,160	580,086	1,450,584	1,574,307
10,453,604	10,021,037	7,679,516	10,680,595
949,373	1,890,474	1,908,668	1,373,681
2,554,493	2,796,860	2,328,255	2,461,848
176,387	169,138	200,230	153,442
6,981,774	7,032,512	6,175,827	5,109,884
40,422,191	39,935,423	40,874,585	45,604,484
262,266	938,606	6,446,290	2,026,614
<u>65,249,237</u>	<u>65,681,240</u>	<u>69,564,964</u>	<u>71,562,439</u>
11,413,535	11,009,162	12,455,417	11,090,401
-	-	5,792	-
-	-	20,000	-
-	-	1,334,160	1,373,566
<u>11,413,535</u>	<u>11,009,162</u>	<u>13,815,369</u>	<u>12,463,967</u>
<u>\$ 76,662,772</u>	<u>\$ 76,690,402</u>	<u>\$ 83,380,333</u>	<u>\$ 84,026,406</u>

(Continued)

COUNTY OF SULLIVAN, NEW YORK

CHANGES IN NET ASSETS (Continued)  
LAST EIGHT FISCAL YEARS

	2002	2003	2004	2005
Net Expense/Revenue				
Governmental Activities	\$ (65,880,719)	\$ (64,216,436)	\$ (77,918,525)	\$ (82,997,305)
Business-type Activities	(1,047,876)	(1,866,059)	(2,430,152)	(2,356,893)
Total Primary Government Net Expense	<u>\$ (66,928,595)</u>	<u>\$ (66,082,495)</u>	<u>\$ (80,348,677)</u>	<u>\$ (85,354,198)</u>
General Revenues				
Governmental Activities				
Taxes				
Real Property Taxes	\$ 40,366,854	\$ 35,229,805	\$ 37,636,874	\$ 40,115,298
Other Tax Items	-	-	-	-
Non-Property Taxes	23,299,726	26,181,296	31,162,554	34,651,040
Unrestricted Use of Money and Property	514,637	433,981	498,947	1,076,109
Miscellaneous	838,184	1,321,444	2,212,926	2,590,714
Transfers	-	(1,100,000)	(2,198,883)	(2,428,521)
Total Governmental Activities	<u>65,019,401</u>	<u>62,066,526</u>	<u>69,312,418</u>	<u>76,004,640</u>
Business-type Activities				
Unrestricted Use of Money and Property	4,335	3,656	2,307	5,922
Grants and Contributions Not Restricted to Specific Programs	-	-	-	-
Miscellaneous	3,307	3,803	-	-
Transfers	-	1,100,000	2,198,883	2,428,521
Total Business-type Activities	<u>7,642</u>	<u>1,107,459</u>	<u>2,201,190</u>	<u>2,434,443</u>
Total Primary Government General Revenues	<u>\$ 65,027,043</u>	<u>\$ 63,173,985</u>	<u>\$ 71,513,608</u>	<u>\$ 78,439,083</u>
Change in Net Assets:				
Governmental Activities	\$ (861,318)	\$ (2,149,910)	\$ (8,606,107)	\$ (6,992,665)
Business-type Activities	(1,040,234)	(758,600)	(228,962)	77,550
Total Primary Government	<u>\$ (1,901,552)</u>	<u>\$ (2,908,510)</u>	<u>\$ (8,835,069)</u>	<u>\$ (6,915,115)</u>

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

Note: Data not available prior to fiscal 2002 implementation of Governmental Accounting Standard's Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

2006	2007	2008(1)	2009
\$ (79,345,086)	\$ (87,504,744)	\$ (87,361,695)	\$ (93,146,613)
(1,665,225)	(3,418,479)	(1,995,082)	(5,631,934)
<u>\$ (81,010,311)</u>	<u>\$ (90,923,223)</u>	<u>\$ (89,356,777)</u>	<u>\$ (98,778,547)</u>
\$ 44,422,184	\$ 47,854,011	\$ 41,809,497	\$ 46,790,101
-	-	5,252,252	6,318,080
35,490,723	38,931,199	39,691,935	35,766,177
1,697,405	1,579,506	504,051	158,195
3,109,057	3,197,737	315,280	272,608
(2,717,623)	(2,046,700)	-	-
<u>82,001,746</u>	<u>89,515,753</u>	<u>87,573,015</u>	<u>89,305,161</u>
7,309	6,684	-	112,476
-	-	-	6,192,294
-	5,400	7,590	16,093
<u>2,717,623</u>	<u>2,046,700</u>	<u>-</u>	<u>-</u>
<u>2,724,932</u>	<u>2,058,784</u>	<u>7,590</u>	<u>6,320,863</u>
<u>\$ 84,726,678</u>	<u>\$ 91,574,537</u>	<u>\$ 87,580,605</u>	<u>\$ 95,626,024</u>
\$ 2,656,660	\$ 2,011,009	\$ 211,320	\$ (3,841,452)
1,059,707	(1,359,695)	(1,987,492)	688,929
<u>\$ 3,716,367</u>	<u>\$ 651,314</u>	<u>\$ (1,776,172)</u>	<u>\$ (3,152,523)</u>

COUNTY OF SULLIVAN, NEW YORK

FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST EIGHT FISCAL YEARS

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund				
Reserved	\$ 16,903,915	\$ 1,132,624	\$ 1,085,431	\$ 1,208,140
Unreserved	<u>24,475,824</u>	<u>36,197,061</u>	<u>30,808,396</u>	<u>25,937,714</u>
Total General Fund	<u>\$ 41,379,739</u>	<u>\$ 37,329,685</u>	<u>\$ 31,893,827</u>	<u>\$ 27,145,854</u>
All Other Governmental Funds				
Reserved	\$ 517,279	\$ 648,418	\$ 600,136	\$ 265,936
Unreserved, Reported In Special Revenue Funds	2,479,998	2,409,105	4,363,364	6,109,935
Capital Projects Fund	<u>(3,587,709)</u>	<u>(5,285,261)</u>	<u>(8,242,120)</u>	<u>(5,300,734)</u>
Total All Other Governmental Funds	<u>\$ (590,432)</u>	<u>\$ (2,227,738)</u>	<u>\$ (3,278,620)</u>	<u>\$ 1,075,137</u>
Total Governmental Funds	<u>\$ 40,789,307</u>	<u>\$ 35,101,947</u>	<u>\$ 28,615,207</u>	<u>\$ 28,220,991</u>

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

Note: Data presented for only eight years so as to coincide with the periods presented in the statistical section for the County's government-wide financial statements.

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

COUNTY OF SULLIVAN, NEW YORK

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST EIGHT FISCAL YEARS

	2002	2003	2004	2005
<b>Revenues:</b>				
Real property taxes	\$ 34,555,014	\$ 32,568,002	\$ 33,121,378	\$ 34,818,413
Other tax items	9,872,831	5,462,626	5,591,009	4,986,308
Non-property taxes	23,511,566	26,387,356	31,367,221	34,932,013
Departmental income	31,550,760	31,934,672	29,092,565	29,497,650
Intergovernmental charges	1,479,151	1,771,860	1,982,438	2,088,739
Licenses and permits	32,868	23,040	17,346	25,851
Use of money and property	697,276	817,798	841,249	1,459,243
Fines and forfeitures	227,390	382,755	248,734	344,904
Sale of property and compensation for loss	421,748	424,480	1,037,716	1,421,796
Federal aid	17,328,116	26,360,694	17,563,163	17,481,663
State aid	20,496,542	16,447,713	23,353,430	21,489,204
Miscellaneous	7,947,735	6,279,922	7,906,607	4,055,091
Interfund revenues	1,694,497	2,019,800	2,037,193	1,971,468
<b>Total Revenues</b>	<b>149,815,494</b>	<b>150,880,718</b>	<b>154,160,049</b>	<b>154,578,343</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government support	18,176,958	18,087,764	21,171,134	22,815,457
Education	3,882,556	4,388,070	4,428,898	4,704,382
Public safety	13,862,870	14,622,442	15,685,723	16,618,702
Health	20,281,423	20,465,936	20,963,947	21,580,429
Transportation	19,207,580	18,660,615	20,431,971	19,482,496
Economic opportunity and development	52,124,178	52,547,472	57,023,330	54,279,496
Culture and recreation	2,522,335	2,544,281	2,610,564	2,868,091
Home and community services	5,771,785	7,058,727	7,564,477	6,735,576
<b>Debt Service:</b>				
Principal	2,629,736	2,550,172	2,792,066	3,000,940
Interest	1,439,385	1,363,834	2,600,491	2,734,981
Capital Outlay	6,328,095	15,703,940	6,077,366	8,345,718
<b>Total Expenditures</b>	<b>146,226,901</b>	<b>157,993,253</b>	<b>161,349,967</b>	<b>163,166,268</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>3,588,593</b>	<b>(7,112,535)</b>	<b>(7,189,918)</b>	<b>(8,587,925)</b>
<b>Other Financing Sources (Uses):</b>				
Bond anticipation notes redeemed from appropriations	-	105,000	-	-
Bonds issued	-	9,380,000	-	9,790,000
Refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	20,501,920	17,255,853	18,817,965	16,923,776
Transfers out	(21,781,320)	(18,355,853)	(21,016,848)	(19,352,297)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,279,400)</b>	<b>8,385,000</b>	<b>(2,198,883)</b>	<b>7,361,479</b>
<b>Net Change in Fund Balances</b>	<b>\$ 2,309,193</b>	<b>\$ 1,272,465</b>	<b>\$ (9,388,801)</b>	<b>\$ (1,226,446)</b>
<b>Debt Service as a Percentage of Non-Capital Expenditures</b>	<b>2.9%</b>	<b>2.8%</b>	<b>3.5%</b>	<b>3.7%</b>

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

Note: Data presented for only eight years so as to coincide with the periods presented in the statistical section for the County's government-wide financial statements.



2006	2007	2008	2009
\$ 39,239,740	\$ 41,745,084	\$ 39,863,381	\$ 42,132,012
5,542,254	5,366,993	5,252,252	6,318,080
35,795,876	38,934,175	39,691,935	35,766,177
27,309,505	26,880,981	24,753,634	26,319,095
2,052,047	3,272,524	2,162,156	2,274,525
37,795	32,645	44,590	29,860
2,021,199	2,099,706	956,458	418,700
306,064	282,150	217,220	336,312
2,122,255	1,327,946	1,180,834	397,610
18,830,831	19,120,046	17,981,659	21,700,290
21,853,625	21,753,982	28,109,378	22,501,577
3,925,315	4,379,722	3,288,754	5,722,219
1,803,156	1,876,365	1,782,203	1,667,981
<u>160,839,662</u>	<u>167,072,319</u>	<u>165,284,454</u>	<u>165,584,438</u>
21,408,614	22,513,936	23,139,969	22,964,458
4,984,706	5,125,716	5,267,829	5,534,473
20,244,415	21,656,492	21,521,334	20,924,956
22,565,624	23,787,895	24,627,930	23,238,111
19,166,587	23,687,474	21,254,149	16,913,655
52,402,446	51,207,103	52,378,731	57,380,014
3,095,789	2,923,233	3,112,943	3,097,943
6,863,167	6,139,977	6,057,828	7,744,566
3,680,155	4,933,700	4,880,524	5,016,457
3,320,171	3,247,355	2,474,081	2,361,233
6,802,923	7,189,972	7,756,734	8,983,636
<u>164,534,597</u>	<u>172,412,853</u>	<u>172,472,052</u>	<u>174,159,502</u>
<u>(3,694,935)</u>	<u>(5,340,534)</u>	<u>(7,187,598)</u>	<u>(8,575,064)</u>
-	612,000	-	-
5,055,000	15,515,000	-	-
-	6,106,908	-	-
-	(6,303,197)	-	-
20,125,302	27,179,038	18,056,305	20,887,654
(22,534,864)	(27,946,338)	(18,056,305)	(20,887,654)
<u>2,645,438</u>	<u>15,163,411</u>	<u>-</u>	<u>-</u>
<u>\$ (1,049,497)</u>	<u>\$ 9,822,877</u>	<u>\$ (7,187,598)</u>	<u>\$ (8,575,064)</u>
4.4%	5.2%	4.8%	4.6%

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# Revenue Capacity

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

Tax Revenues by Source, Governmental Funds

Assessed Value and Estimated Actual Value  
of Taxable Property

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

Principal Taxpayers

Property Tax Levies and Collections

COUNTY OF SULLIVAN, NEW YORK

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS

Fiscal Year	Real Property Taxes	Non-Property Taxes		
		Sales and Use Taxes(a)	Hotel Room Occupancy Tax(b)	Off-Track Betting Surcharge
2000	\$ 31,152,304	\$ 20,366,000	\$ 414,978	\$ 768,483
2001	30,945,972	19,363,632	371,332	735,475
2002	34,555,015	22,115,966	409,558	768,765
2003	32,568,002	25,241,868	384,109	553,337
2004	33,121,378	30,050,017	344,657	542,294
2005	34,818,413	31,718,350	341,287	829,907
2006	39,239,740	32,317,343	305,244	981,924
2007	41,745,084	34,955,732	549,668	761,338
2008	39,863,381	36,412,777	635,613	697,269
2009	42,132,012	33,133,253	599,376	518,746

- a) Effective June 1, 2007 local sales tax rate increased by 1/2% from 3.5% to 4.0%
- b) Effective June 1, 2007 hotel room occupancy tax rate increased from 2% to 5% of taxable room rentals
- c) A County mortgage tax of .5% was implemented in 2004

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911		
Emergency Surcharge	Mortgage Tax (c)	Total
\$ 197,863	\$ -	\$ 52,899,628
199,910	-	51,616,321
211,840	-	58,061,144
206,060	-	58,953,376
204,667	225,586	64,488,599
286,974	1,761,495	69,756,426
305,153	1,886,212	75,035,616
528,397	1,827,296	80,367,515
313,009	1,102,903	79,024,952
303,821	711,371	77,398,579

COUNTY OF SULLIVAN, NEW YORK

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

Year	Property Type				
	Residential/ Commercial	State Lands	Special Franchises	Utilities	Railroad
2000	\$ 4,463,759,795	\$ 18,800,141	\$ 81,466,765	\$ 180,542,860	\$ 19,186,721
2001	4,451,455,927	20,342,231	77,842,216	181,005,785	19,186,721
2002	4,492,867,250	20,645,708	82,745,584	179,238,569	35,743,322
2003	4,605,975,335	24,502,580	80,575,638	178,067,884	40,743,322
2004	4,772,657,155	24,868,720	79,768,574	174,378,140	34,743,322
2005	5,183,019,867	26,226,610	78,351,069	127,426,290	34,243,322
2006	5,463,541,501	25,889,077	77,490,984	131,202,671	-
2007	5,688,459,405	25,713,850	57,381,750	130,804,208	-
2008	5,910,095,084	25,588,520	53,071,515	126,864,212	-
2009	6,261,297,574	25,681,290	53,082,965	119,912,271	-

(1) The County has a complex rate structure that would make the calculation of a direct rate extremely difficult, since its revenue base cannot be sufficiently disaggregated for each applicable rate. The County substituted an effective rate instead.

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

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

<u>Less Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Effective Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ 910,522,212	\$ 3,853,234,070	\$ 13.82	\$ 4,342,474,530	88.73 %
906,653,049	3,843,179,831	14.81	4,271,642,643	89.97
917,460,367	3,893,780,066	15.17	4,477,237,379	86.97
961,863,284	3,968,001,475	14.31	4,848,793,395	81.83
976,801,980	4,109,613,931	14.99	5,111,011,258	80.41
1,040,751,059	4,408,516,099	16.23	5,614,658,242	78.52
1,088,399,418	4,609,724,815	22.26	6,339,748,599	72.71
1,131,444,333	4,770,914,880	18.36	7,991,235,969	59.70
1,144,119,965	4,971,499,366	18.68	9,318,389,821	53.35
1,146,947,631	5,313,026,469	20.02	9,804,980,597	54.19

COUNTY OF SULLIVAN, NEW YORK

DIRECT AND UNDERLYING PROPERTY TAX RATES,  
PER \$1,000 OF ASSESSED VALUATION  
LAST TEN FISCAL YEARS

	2000	2001	2002	2003
County Effective Rate (1)	\$ 13.82	\$ 14.81	\$ 15.17	\$ 14.31
County Direct Rates (2)	5.91-71.88	5.96-36.96	5.44-103.54	5.37-95.49
Town Rates	3.16-71.88	2.24-72.39	2.47-75.99	2.42-84.33
Village Rates	3.80-19.27	3.80-19.81	3.80-20.37	4.00-20.91
School Districts	12.21-290.84	13.40-387.36	13.20-441.70	14.52-442.30
Fire Districts	.30-15.68	.32-18.96	.34-28.89	.20-36.65
Sewer Districts	10.83-747.24	11.60-739.95	11.54-738.61	4.51-757.10
Other Special Districts	.07-13.27	.07-13.21	.06-13.17	.07-13.14

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

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

(1) The County has a complex rate structure that would make the calculation of a direct rate extremely difficult, since its revenue base cannot be sufficiently disaggregated for each applicable rate. The County substituted an effective rate instead.

(2) Equalization rates vary by Town. Therefore, in addition to the effective rate noted above, we have also presented the County rate by range, depending on the individual Town's levy.



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2004	2005	2006	2007	2008	2009
\$ 14.99	\$ 16.23	\$ 22.26	\$ 18.36	\$ 18.68	\$ 20.02
5.28-98.39	5.55-109.04	3.15-100.00	5.32-118.70	4.73-117.19	4.92 - 125.12
2.56-86.02	2.04-91.68	2.18-94.02	2.22-99.37	2.29-103.23	1.81 - 103.57
4.00-19.99	4.20-20.46	4.40-20.63	4.65-20.35	5.39-20.35	5.82 - 20.64
15.00-495.42	15.17-618.21	14.71-544.76	12.44-527.08	12.39-533.26	12.82 - 578.94
.31-36.46	.22-35.97	.31-54.19	.26-53.60	.29-33.44	.29 - 34.41
4.01-833.45	4.19-914.38	4.25-1,047.23	3.84-1,181.33	2.99-1,152.36	2.95 - 1,183.51
.07-13.07	.06-11.71	.06-11.01	.02-4.84	.02-10.91	.06 - 12.12

COUNTY OF SULLIVAN, NEW YORK

PRINCIPAL TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO

2009				
Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Taxable Assessed Valuation
1	NYSEG	Utility	\$ 89,502,171	1.68 %
2	Verizon	Utility	32,886,842	0.62
3	State of New York	Government	25,681,290	0.48
4	Catskill Development	Raceway	20,449,200	0.38
5	City of New York	Government	18,326,350	0.34
6	Mirant	Utility	15,076,929	0.28
7	Wal-Mart Realty	Retail	13,400,000	0.25
8	Kiamesha Concord	Resort	11,100,000	0.21
9	Kutshers	Resort	11,000,000	0.21
10	Citizens	Utility	9,404,825	0.18
	Total		<u>\$ 246,827,607</u>	<u>4.96 %</u>

2000				
Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Taxable Assessed Valuation
1	City of New York	Government	\$ 246,075,411	6.39 %
2	NYSEG	Utility	107,060,876	2.78
3	Southern Energy	Utility	71,587,598	1.86
4	Bell Atlantic	Utility	59,804,798	1.55
5	State of New York	Government	25,729,288	0.67
6	Kiamesha Concord	Resort	16,500,000	0.43
7	Citizens	Utility	12,172,371	0.32
8	Central Hudson	Utility	11,033,675	0.29
9	Wal-Mart Realty	Retail	11,000,000	0.29
10	Kutshers	Resort	7,500,000	0.19
	Total		<u>\$ 568,464,017</u>	<u>15.72 %</u>

COUNTY OF SULLIVAN, NEW YORK

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

Year	County Taxes Levied for the Fiscal Year (1)	Collected within the Current Period of the Levy		Delinquent Collections in Subsequent Periods	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 71,037,653	\$ 57,964,786	81.60 %	\$ 12,544,284	\$ 70,509,070	99.26 %
2001	71,431,855	59,334,824	83.06	12,098,192	71,433,016	100.00
2002	73,067,132	61,188,760	83.74	11,600,788	72,789,548	99.62
2003	74,610,478	62,839,201	84.22	10,604,882	73,444,083	98.44
2004	82,144,632	67,848,512	82.60	13,279,203	81,127,715	98.76
2005	90,237,917	76,682,085	84.98	13,268,397	89,950,482	99.68
2006	96,941,417	82,407,487	85.01	13,254,263	95,661,750	98.68
2007	103,343,814	87,265,798	84.44	13,242,986	100,508,784	97.26
2008	107,755,568	89,587,757	83.14	8,897,753	98,485,510	91.40
2009	116,465,759	96,579,088	82.92	7,641,991	104,221,079	89.49

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

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## Debt Capacity

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

Ratios of Net General Bonded Debt Outstanding

Direct and Underlying Governmental Activities Debt

Legal Debt Margin Information

COUNTY OF SULLIVAN, NEW YORK

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Installment Purchase Debt	Less: Amounts Available for Debt Service	Total
<u>Governmental Activities</u>				
2000	\$ 43,683,475	\$ -	\$ 181,856	\$ 43,501,619
2001	36,622,719	-	70,455	36,552,264
2002	33,992,983	-	30,582	33,962,401
2003	40,822,811	885,000	23,603	41,684,208
2004	38,030,745	811,287	27,501	38,814,531
2005	45,082,214	734,626	173,641	45,643,199
2006	46,819,195	654,898	415,494	47,058,599
2007	58,406,908	571,982	421,271	58,557,619
2008	53,612,617	485,749	382,090	53,716,276
2009	48,685,842	396,076	1,267,411	47,814,507
<u>Business-Type Activities</u>				
2000	\$ 5,263,512	\$ -	\$ -	\$ 5,263,512
2001	19,612,281	-	-	19,612,281
2002	19,292,017	-	-	19,292,017
2003	18,557,189	-	-	18,557,189
2004	17,964,255	-	-	17,964,255
2005	17,357,786	-	-	17,357,786
2006	16,735,805	-	-	16,735,805
2007	16,103,092	-	-	16,103,092
2008	15,392,383	-	-	15,392,383
2009	14,664,158	-	-	14,664,158
<u>Total Primary Government</u>				
2000	\$ 48,946,987	\$ -	\$ 181,856	\$ 48,765,131
2001	56,235,000	-	70,455	56,164,545
2002	53,285,000	-	30,582	53,254,418
2003	59,380,000	885,000	23,603	60,241,397
2004	55,995,000	811,287	27,501	56,778,786
2005	62,440,000	734,626	173,641	63,000,985
2006	63,555,000	654,898	415,494	63,794,404
2007	74,510,000	571,982	421,271	74,660,711
2008	69,005,000	485,749	382,090	69,108,659
2009	63,350,000	396,076	1,267,411	62,478,665

- (1) - Population and personal income data can be found in the schedule of demographic and economic statistics  
(2) - Based on values presented in the schedule of assessed value and estimated actual value of taxable property

Percentage of Personal Income (1)	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita (1)
2.30 %	1.00 %	\$ 588.13
1.89	0.86	493.24
1.74	0.76	458.29
2.07	0.86	562.49
1.82	0.76	523.76
1.99	0.81	596.34
2.02	0.74	614.44
2.29	0.73	764.58
2.01	0.58	705.04
1.80	0.49	630.57
0.28 %	0.12 %	\$ 71.16
1.02	0.46	264.65
0.99	0.43	260.33
0.92	0.38	250.41
0.84	0.35	242.41
0.76	0.31	226.78
0.72	0.26	218.52
0.63	0.20	210.26
0.58	0.17	202.03
0.55	0.15	193.39
2.57 %	1.12 %	\$ 659.29
2.91	1.31	757.88
2.73	1.19	718.62
3.00	1.24	812.90
2.66	1.11	766.17
2.75	1.12	823.12
2.74	1.01	832.96
2.92	0.93	974.84
2.59	0.74	907.07
2.35	0.64	823.95

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COUNTY OF SULLIVAN, NEW YORK

DIRECT AND UNDERLYING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2009

	Gross Long-Term Debt (1)	Exclusions (2)	Amount Applicable to County
Towns: (as of December 31, 2009)			
Bethel	\$ 6,153,667	\$ 3,909,809	\$ 2,243,858
Callicoon	932,270	183,315	748,955
Cochecton	-	-	-
Delaware	484,100	442,000	42,100
Fallsburg	8,736,814	2,596,663	6,140,151
Forestburgh	-	-	-
Fremont	-	-	-
Highland	57,055	-	57,055
Liberty	5,927,604	5,570,000	357,604
Lumberland	2,335,261	-	2,335,261
Mamakating	90,000	-	90,000
Neversink	-	-	-
Rockland	3,265,000	495,000	2,770,000
Thompson	8,187,125	4,177,625	4,009,500
Tusten	296,721	138,471	158,250
Villages: (as of May 31, 2009)			
Bloomingburg	307,469	307,469	-
Jeffersonville	106,000	106,000	-
Liberty	5,016,842	4,255,000	761,842
Monticello	837,556	727,000	110,556
Woodridge	2,809,129	2,809,129	-
Wurtsboro	363,400	-	363,400
School Districts: (as of June 30, 2009)			
Eldred	15,945,219	-	15,945,219
Fallsburg	9,503,386	-	9,503,386
Liberty	8,645,021	-	8,645,021
Livingston Manor	2,170,000	-	2,170,000
Monticello	33,360,000	-	33,360,000
Roscoe	2,985,000	-	2,985,000
Sullivan West	37,960,000	-	37,960,000
Tri-Valley	11,837,000	-	11,837,000
Total Underlying Debt	168,311,639	25,717,481	142,594,158
Direct Bonded Debt of the County	49,081,918	1,267,411	47,814,507
Direct and Underlying Debt	<u>\$ 217,393,557</u>	<u>\$ 26,984,892</u>	<u>\$ 190,408,665</u>

(1) Excludes enterprise fund bonds.

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

COUNTY OF SULLIVAN, NEW YORK

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Debt Limit	\$ 305,962,940	\$ 299,178,207	\$ 292,822,909	\$ 295,136,125
Total Net Debt Applicable to Limit	<u>63,170,131</u>	<u>41,324,545</u>	<u>46,914,418</u>	<u>53,791,397</u>
Legal Debt Margin	<u>\$ 242,792,809</u>	<u>\$ 257,853,662</u>	<u>\$ 245,908,491</u>	<u>\$ 241,344,728</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	20.65%	13.81%	16.02%	18.23%

Legal Debt Margin Calculation for Fiscal Year 2009

Five Year Full Valuation of Taxable Real Property	<u>\$ 40,686,075,525</u>
Five Year Average Full Valuation of Taxable Real Property	<u>\$ 8,137,215,105</u>
Debt Limit - 7% of Five Year Average Full Valuation	<u>\$ 569,605,057</u>
Outstanding Indebtedness:	
Serial Bonds (1)	48,685,843
Bond Anticipation Notes	<u>13,695,000</u>
	62,380,843
Less Exclusions	<u>100,894</u>
Net Indebtedness Subject to Debt Limit	<u>62,279,949</u>
Net Debt Contracting Margin	<u>\$ 507,325,108</u>
Percentage of Debt Contracting Power Exhausted as of December 31, 2009	10.93 %

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

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

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 302,192,226	\$ 313,140,067	\$ 369,480,284	\$ 418,676,264	\$ 478,441,119	\$ 569,605,057
<u>53,797,499</u>	<u>65,176,359</u>	<u>64,239,506</u>	<u>63,503,729</u>	<u>65,662,940</u>	<u>62,279,949</u>
<u>\$ 248,394,727</u>	<u>\$ 247,963,708</u>	<u>\$ 305,240,778</u>	<u>\$ 355,172,535</u>	<u>\$ 412,778,179</u>	<u>\$ 507,325,108</u>

17.80%

20.81%

17.39%

15.17%

13.72%

10.93%

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## Demographic and Economic Information

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

Demographic Statistics

COUNTY OF SULLIVAN, NEW YORK

DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income(4)</u>	<u>Per Capita Income (4)</u>	<u>Unemployment Rate (2)</u>
2000	73,966 (1)	\$ 1,894,047,362	\$ 25,607	5.0 %
2001	74,107 (2)	1,929,449,852	26,036	4.9
2002	74,107 (2)	1,949,903,384	26,312	5.0
2003	74,107 (2)	2,011,189,873	27,139	5.1
2004	74,107 (2)	2,136,134,275	28,825	5.3
2005	76,539 (2)	2,288,592,639	29,901	4.9
2006	76,588 (3)	2,329,194,256	30,412	4.9
2007	76,588 (3)	2,553,826,860	33,345	5.2
2008	76,189 (3)	2,667,148,323	35,007	6.6
2009	75,828 (3)	2,654,510,796	35,007 (5)	9.5

Sources:

- (1) - 2000 Decennial Census, NYS Department of Labor
- (2) - NYS Department of Labor/Empire State Development
- (3) - U.S. Census Bureau
- (4) - US Bureau of Economic Analysis
- (5) - Per capita data for 2009 is not currently available

## Operating Information

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

Principal Employers

Full-Time Equivalent County Government Employees by Program

Operating Indicators by Function

Capital Asset Statistics by Function

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COUNTY OF SULLIVAN, NEW YORK

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

<u>EMPLOYER</u>	2009	
	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL EMPLOYMENT</u>
SDTC - The Center for Discovery	1,200	3.20 %
Sullivan County Government	1,135	3.03
Catskill Regional Medical Center	930	2.48
Monticello Central School District	772	2.06
NYSARC Inc / Community Resource Center	525	1.40
Sullivan Correctional Facility - NYS	492	1.31
New Hope Community Inc	450	1.20
Woodbourne Correctional Facility - NYS	400	1.07
Villa Roma Resort	380	1.01
Kohl's Corp	328	0.88
	<u>6,612</u>	<u>17.64 %</u>

<u>EMPLOYER</u>	2000	
	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL EMPLOYMENT</u>
Sullivan County Government	1,000	3.37 %
NYS Department of Corrections	900	3.03
Catskill Regional Medical Center	800	2.70
SDTC - The Center for Discovery	525	1.77
SYDA Foundation	494	1.67
Frontier Insurance	456	1.54
Villa Roma Resort	420	1.42
Monticello Central School District	404	1.36
Kutsher's Country Club	400	1.35
NYSARC Inc / Community Resource Center	390	1.31
	<u>5,789</u>	<u>19.52 %</u>

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

COUNTY OF SULLIVAN, NEW YORK

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION  
 LAST NINE FISCAL YEARS

<u>Function</u>	<u>Full-time Equivalent Employees as of December 31,</u>			
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Government	170	169	171	177
Public Safety	179	193	176	196
Health/Adult Care Center	258	277	277	292
Transportation	125	117	118	124
Economic Opportunity and Development	194	185	183	185
Culture and Recreation	20	17	18	20
Home and Community Services	46	41	41	44
Total	<u>992</u>	<u>999</u>	<u>984</u>	<u>1,038</u>

Source - Annual County Budget

Note - Information pertaining to fiscal year 2000 is not available

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<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
169	174	171	221	187
191	191	185	222	228
280	283	280	326	331
131	126	127	124	113
194	214	194	212	212
21	19	18	35	35
<u>41</u>	<u>42</u>	<u>40</u>	<u>46</u>	<u>29</u>
<u><u>1,027</u></u>	<u><u>1,049</u></u>	<u><u>1,015</u></u>	<u><u>1,186</u></u>	<u><u>1,135</u></u>

COUNTY OF SULLIVAN, NEW YORK

OPERATING INDICATORS BY FUNCTION  
 LAST TEN FISCAL YEARS

Function	2000	2001	2002	2003
Public Safety				
Sheriff				
Arrests	1,345	1,589	2,108	2,341
Traffic summonses	1,744	2,172	3,775	3,280
DWI summonses	76	98	114	114
Jail				
Inmates	1,614	1,639	1,637	1,768
Transportation				
Road paving (miles)	68.9	45.1	43.0	51.7
Road chip seal (miles)	31.0	28.3	28.6	36.1
Bridge replacement	6	8	7	6
Bridge rehabilitation	3	2	1	1
Culture and Recreation				
Park and pavilion permits	NA	NA	NA	NA
Lake Superior attendance	NA	NA	18,355	16,198
Fort Delaware attendance	7,808	6,787	5,142	4,289
Home and Community Services				
Refuse collection (tons per day)(1)	637.17	692.87	673.39	683.99
Recyclables collected (tons per day)	16.87	12.32	13.11	21.69

(1) - Importation at the landfill ceased during 2004

NA - not applicable

Source: Various County Departments

2004	2005	2006	2007	2008	2009
2,068	2,003	1,434	1,537	1,535	1,332
3,874	3,193	2,169	1,737	2,621	2,629
101	92	80	80	81	102
1,771	1,768	1,714	1,873	1,722	1,630
47.3	14.7	34.9	22.9	19.4	26.6
36.5	52.0	7.0	57.4	-	-
5	5	2	6	2	1
2	-	1	-	3	6
NA	57	59	57	85	89
13,126	18,169	16,647	17,426	17,827	14,300
3,805	4,327	2,977	4,523	3,878	3,832
463.18	257.62	234.02	219.29	209.30	238.30
13.04	13.61	14.02	16.86	16.76	21.37

COUNTY OF SULLIVAN, NEW YORK

CAPITAL ASSET STATISTICS BY FUNCTION  
 LAST TEN FISCAL YEARS

Function	2000	2001	2002	2003
Public Safety				
Sheriff				
Jail	1	1	1	1
Prisoner transportation vans	NA	NA	NA	NA
Cars	NA	NA	NA	NA
SUVs	NA	NA	NA	NA
Pickups	NA	NA	NA	NA
Electric cars	NA	NA	NA	NA
ATVs	NA	NA	NA	NA
Boats	NA	NA	NA	NA
Transportation				
Roads (miles)	386.7	386.7	386.7	386.7
Traffic signals	8	8	8	8
Flashing beacons	26	26	26	26
Bridges	400	400	400	400
Culture and Recreation				
Parks acreage	1,550	1,550	1,550	1,550
Playgrounds	1	1	1	1
Home and Community Services				
Landfill acres	36.2	42.5	42.5	42.5
Transfer stations	5	5	5	5
Haul trucks	6	6	6	6

Source - Various County Departments

2004	2005	2006	2007	2008	2009
1	1	1	1	1	1
4	4	4	2	2	2
21	21	21	32	28	30
3	3	5	10	9	8
NA	NA	NA	NA	NA	2
NA	NA	NA	NA	NA	3
NA	NA	NA	NA	NA	3
1	1	1	1	2	2
386.7	386.7	386.7	386.7	386.8	385.6
8	8	8	8	8	8
26	26	26	26	26	26
400	400	400	400	400	400
1,550	1,550	1,550	1,550	1,550	1,550
1	1	2	2	2	2
42.5	42.5	45.8	45.8	45.8	45.8
5	5	5	5	5	5
6	6	4	4	4	6

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**APPENDIX**

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O'Connor Davies Munns & Dobbins, llp

ACCOUNTANTS AND CONSULTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Legislature of the  
County of Sullivan, New York:

We have audited the basic financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Sullivan, New York as of and for the year ended December 31, 2009, which collectively comprise the County of Sullivan, New York's basic financial statements and have issued our report thereon dated June 18, 2010. 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. Other auditors audited the financial statements of the Sullivan County Industrial Development Agency (a component unit) and the Emerald Corporate Center Economic Development Corporation (a component unit), as described in our report on the County of Sullivan, New York's financial statements. The financial statements of the Sullivan County Industrial Development Agency and the Emerald Corporate Center Economic Development Corporation were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Sullivan, New York's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Sullivan, New York's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Sullivan, New York's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees of the County of Sullivan, New York, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a significant deficiency, or combination of significant deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County of Sullivan, New York's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Bennett Kielson Storch DeSantis Division**

One Barker Avenue, White Plains, New York 10601 914.421.5600 tel 914.421.5099 fax [www.odmd.com](http://www.odmd.com)

Compliance and Other Matters

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

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

This report is intended solely for the information and use of the County Manager, Legislature, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*O'Connor Davies Munns & Dobbins, LLP*

**O'Connor Davies Munns & Dobbins, LLP**

June 18, 2010