

COUNTY OF SULLIVAN, NEW YORK



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDED
DECEMBER 31, 2010**

COUNTY OF SULLIVAN, NEW YORK



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDED
DECEMBER 31, 2010**

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

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<p>STATISTICAL SECTION (Unaudited)</p>

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.

This section includes the following schedules:

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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.

APPENDIX

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

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**INTRODUCTORY
SECTION**

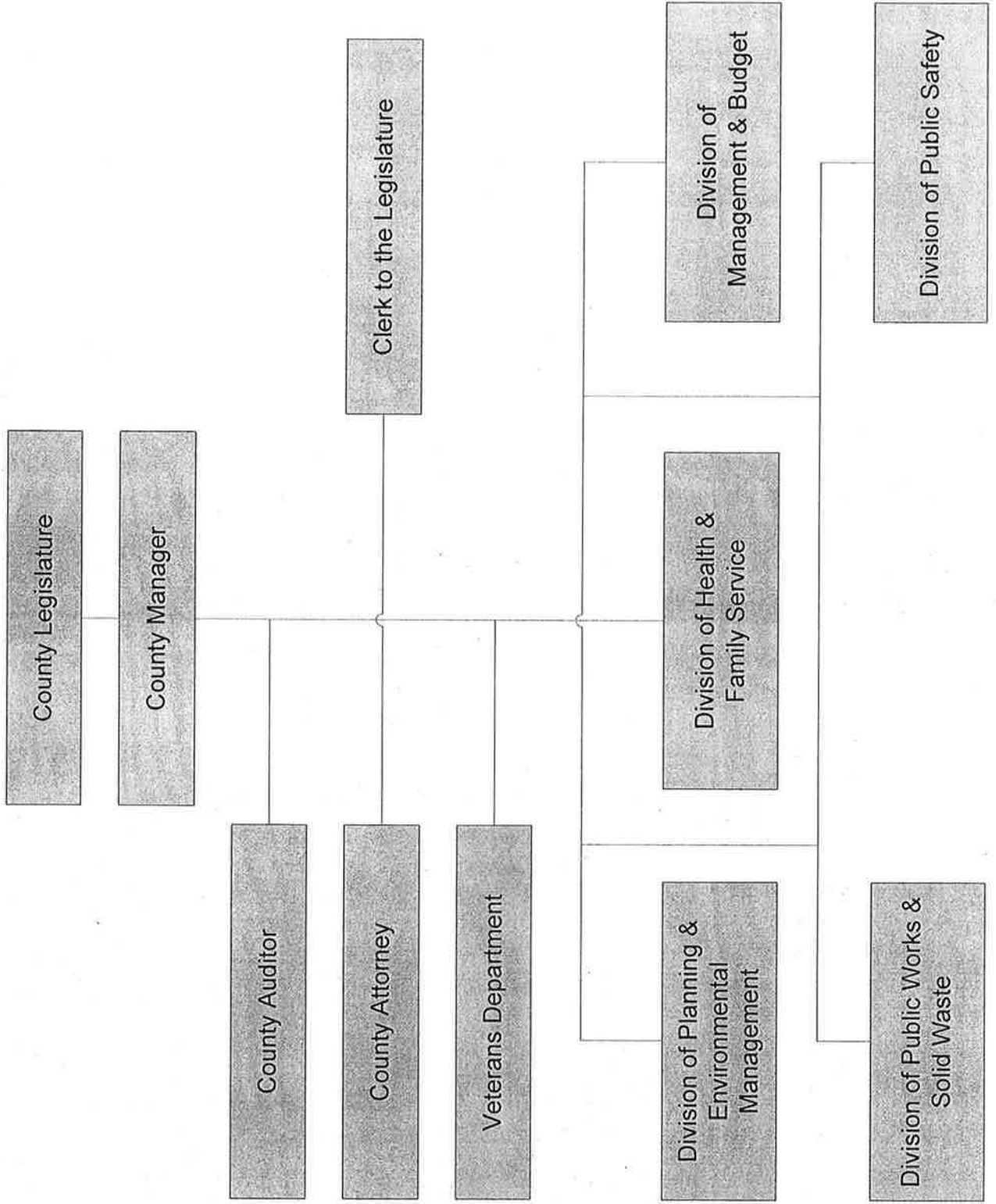
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**COUNTY OF SULLIVAN,
 NEW YORK
 PRINCIPAL OFFICIALS**

As of December 31, 2010

<u>OFFICE</u>	<u>OFFICE HOLDER</u>	<u>TERM EXPIRES</u>
County Legislators		
District #1,	David A. Sager	12/31/2011
District #2, Majority Leader	Kathleen LaBuda	12/31/2011
District #3, Vice Chairman	Elwin Wood	12/31/2011
District #4, Chairman	Jonathan F. 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	Ron Hiatt	12/31/2011
District #9	Alan J. Sorenson	12/31/2011
County Clerk	Daniel L. Briggs	12/31/2011
District Attorney	James R. Farrell	12/31/2013
Sheriff	Michael A. Schiff	12/31/2013
County Treasurer	Ira J. Cohen	12/31/2013
County Manager	David P. Fanslau	Appointed

Sullivan County Organizational Chart



IRA J. COHEN
COUNTY TREASURER
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NANCY BUCK
DEPUTY TREASURER
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PO BOX 5012
MONTICELLO, NY 12701

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, 2010 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, 2010, 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, 2010, 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, 2010 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 2010, the County experienced a 4.8% increase in population while New York State exhibited a 2.1% growth. Although the County is fairly large in terms of area, approximately 1,011 square miles, the average population density is 80 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. There is also talk about a Constitutional Convention to legalize state-regulated gaming.

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, Sullivan 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 May 27, 2011, the BPAC commenced its sixth season of concerts featuring a three day Phish event followed by an eclectic lineup of music all summer long, including the New York Philharmonic, Tim McGraw, Janet Jackson and Elton John.

The summer of 2011 marks another significant milestone for BPAC in that the organization will feature the fourth 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 Spaced Out – the final frontier in album covers and Strange, Kozmic Experience – the arts and artifacts of the icons who defined a generation.

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 the former Governor had 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 fourth 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. The motor club is also

in discussions with a German assembler of aftermarket component parts for police driver training.

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.

In 2010, to promote small business growth, the Sullivan County Industrial Development Agency offered a Rural Business Enterprise Grant to the Catskill Distilling Company. The Distillery, located in Bethel, offers tours, a tasting room, and event and conference space. In addition, the company has opened the Dancing Cat Saloon which offers a variety of entertainment featuring live local music and a large grill menu. It was voted one of 2010's Best Small Music Venues of the Year in the *Times Herald Record*.

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 is currently constructing an expansive addition 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. 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.

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.
- Several town planning boards have numerous proposed projects actively being reviewed, including new subdivisions and new recreational facilities.
- The County entered into an agreement 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.
- 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 dollar addition to the emergency room should be completed in the summer of 2011.
- In late 2010, negotiations began for the sale of the empty Apollo Mall property in Monticello. It was later purchased by the developer, Chancellor Livingston, for redevelopment. Currently, retailers T.J. Maxx and Kohls have shown interest in the space. Other retailers, such as Target, Price Chopper, PetSmart, Sports Authority, Dick's Sporting Goods, Lowe's and AMC Theaters also plan to visit the site. Redevelopment of this building will help to keep sales tax in the County, as well as attract new consumers from the surrounding counties.
- In December of 2010, the Sullivan County Economic Development Corporation ("EDC") launched new initiatives to stimulate economic growth within the County. Among the initiatives is a relaunched County Revolving Loan fund of \$525,000 to assist small businesses. Applications are currently being accepted and reviewed by the EDC.
- The Town of Thompson is currently in the planning stages with Cambridge Pavers, Inc. to develop a site within the town limits. The 95,000 square foot site could employ more than 50 employees using resources purchased within the County.

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, 2009.

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 a designated fund balance for landfill construction/closure cost. The total is in excess of \$12.9 million. The undesignated, unreserved and unappropriated fund balance for 2010 is \$6.2 million.

In the County's 2011 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 cursive script, appearing to read "Ira J. Cohen".

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, 2009

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, the aggregate discretely presented component units, 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, 2010, 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, 2010, and the Sullivan County Community College (a component unit) for the year ended August 31, 2010, which represent 98.6%, 97.0% and 97.2% respectively, of the assets, net 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, 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 as of December 31, 2010 and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General, County Road and Refuse and Garbage funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2011 on our consideration of the County'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 on 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Funding Progress - Other Post Employment Benefits be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements as a whole. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

O'Connor Davies Munns & Dobbins, LLP

O'Connor Davies Munns & Dobbins, LLP
June 17, 2011

**County of Sullivan, New York
Management's Discussion and Analysis
December 31, 2010**

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, 2010. 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 2010

Key financial highlights for fiscal year 2010 are as follows:

- The net assets (assets minus liabilities) of the primary government for fiscal year 2010 were \$42,239,055. Of this amount, \$58,477,441 represents governmental net assets while a deficit of \$16,238,386 is reported for business-type net assets.
- The General Fund reported an ending fund balance of \$24,462,051, which represents an increase of \$4,608,041 from fiscal year 2009. The undesignated fund balance was \$6,208,194, which represents an increase of \$1,977,069 from fiscal year 2009. The County Road and Road Machinery funds undesignated fund balances decreased by \$725,351 and \$478,796, respectively. The decrease is attributable to appropriating fund balance for the subsequent fiscal year in County Road of \$1,400,877 and Road Machinery of \$617,689. The Capital Projects Fund reported an ending fund deficit of \$5,130,546, a reduction in the deficit of \$440,854 from fiscal year 2009. The Adult Care Center, an enterprise fund, experienced a reduction in net assets in excess of \$5 million, due to the recording of additional liabilities associated with other post employment benefits as required in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 45, a retirement incentive (\$1.3 million combined) and the loss of the intergovernmental transfer ("IGT") funds (\$4 million). The status of future IGT payments is unknown at this time.
- The primary government's total outstanding bonds payable for December 31, 2010 were \$75,085,000, inclusive of \$14,090,000 of tobacco asset securitization bonds. The County issued \$17,185,000 of new bonded indebtedness in 2010 through the Municipal Bond Bank Agency and refinanced \$4,955,000 of existing debt through the New York State Environmental Facilities Corporation.
- In 2010, the County removed all activity associated with waste disposal from the General Fund and created a special revenue fund, the Refuse and Garbage Fund.

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 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 seven individual governmental funds: General, County Road, Refuse and Garbage, Capital Projects, Road Machinery, Community Development and Debt Service funds. Of these, the General, County Road, Refuse and Garbage 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 Balances. 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, County Road and Refused and Garbage 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 \$42,239,055 for fiscal year 2010.

The following table reflects the condensed Statement of Net Assets:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and Other Assets	\$ 113,646,238	\$ 101,534,307	\$ 2,882,415	\$ 6,783,960	\$ 116,528,653	\$ 108,318,267
Capital Assets	143,588,217	127,601,639	1,927,573	2,174,441	145,515,790	129,776,080
Total Assets	257,234,455	229,135,946	4,809,988	8,958,401	262,044,443	238,094,347
Current Liabilities	72,819,292	65,066,595	946,720	1,073,093	73,766,012	66,139,688
Long-term Liabilities	125,937,722	106,171,707	20,101,654	19,218,273	146,039,376	125,389,980
Total Liabilities	198,757,014	171,238,302	21,048,374	20,291,366	219,805,388	191,529,668
Net Assets:						
Invested in capital assets, net of related debt	70,516,266	69,015,657	1,883,587	2,124,380	72,399,853	71,140,037
Restricted	8,517,769	8,500,676	-	-	8,517,769	8,500,676
Unrestricted	(20,556,594)	(19,618,889)	(18,121,973)	(13,457,345)	(38,678,567)	(33,076,234)
Total Net Assets	\$ 58,477,441	\$ 57,897,444	\$ (16,238,386)	\$ (11,332,965)	\$ 42,239,055	\$ 46,564,479

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, 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 \$8,517,769. This represents resources that are subject to external restrictions on how they may be used. The restrictions are as follows:

Capital Projects	\$ 6,200,880
Law Enforcement	99,064
Stop DWI Program	303,783
Debt Service	431,505
Workers' Compensation Benefits	805,711
Community Development	676,826

The remaining portion of net assets, unrestricted net assets, is a negative \$38,678,567, with a deficit of \$20,556,594 reported in governmental activities and \$18,121,973 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 (\$2,140,461), claims payable (\$5,066,525), compensated absences (\$4,050,302), and landfill closure costs (\$15,162,764) that are greater than currently available resources. Additionally, beginning in 2007, the County adopted GASB 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 2010 for the primary government was \$43,964,082. Additional information on all of these long-term liabilities can be found in Note 3, K in the notes to financial statements.

The following table reflects the Statement of Activities:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Program Revenues:						
Charges for Services	\$ 26,787,566	\$ 23,931,341	\$ 10,977,303	\$ 11,090,401	\$ 37,764,869	\$ 35,021,742
Operating Grants and Contributions	45,364,696	45,604,484	1,106,106	1,373,566	46,470,802	46,978,050
Capital Grants and Contributions	2,471,353	2,026,614	-	-	2,471,353	2,026,614
General Revenues:						
Real Property Taxes	48,690,132	46,790,101	-	-	48,690,132	46,790,101
Other Tax Items	6,633,477	6,318,080	-	-	6,633,477	6,318,080
Non-Property Taxes	35,304,348	35,766,177	-	-	35,304,348	35,766,177
Unrestricted Use of Money and Property	112,113	158,195	68,968	112,476	181,081	270,671
Intergovernmental charge	-	-	-	6,192,294	-	6,192,294
Miscellaneous	237,810	272,608	31,008	16,093	268,818	288,701
Total Revenues	165,601,495	160,867,600	12,183,385	18,784,830	177,784,880	179,652,430
Program Expenses:						
General Government Support	20,573,018	17,432,319	-	-	20,573,018	17,432,319
Education	6,011,024	6,771,949	-	-	6,011,024	6,771,949
Public Safety	24,460,208	23,927,441	-	-	24,460,208	23,927,441
Health	23,818,137	23,906,533	-	-	23,818,137	23,906,533
Transportation	21,447,683	18,423,675	-	-	21,447,683	18,423,675
Economic Opportunity and Development	56,207,703	59,353,745	-	-	56,207,703	59,353,745
Culture and Recreation	3,038,366	3,088,411	-	-	3,038,366	3,088,411
Home and Community Services	7,114,794	9,470,621	-	-	7,114,794	9,470,621
Interest	2,350,765	2,334,358	-	-	2,350,765	2,334,358
Adult Care Center	-	-	16,228,151	17,212,907	16,228,151	17,212,907
Sullivan Tobacco Asset Securitization Corporation	-	-	860,655	882,994	860,655	882,994
Total Expenses	165,021,698	164,709,052	17,088,806	18,095,901	182,110,504	182,804,953
Change in Net Assets	579,797	(3,841,452)	(4,905,421)	688,929	(4,325,624)	(3,152,523)
Net Assets - Beginning of Year	57,897,644	61,739,096	(11,332,965)	(12,021,894)	46,564,679	49,717,202
Net Assets - End of Year	\$ 58,477,441	\$ 57,897,644	\$ (16,238,386)	\$ (11,332,965)	\$ 42,239,055	\$ 46,564,679

Governmental activities - Governmental activities increased the County's net assets by \$579,797. The total County governmental activities revenues were \$165,601,495 for the year ended December 31, 2010, an increase of \$4,733,895 over the prior year. Real property taxes comprised 29.4% while non-property taxes (i.e. sales taxes) comprised 21.3% and operating grants and contributions (primarily state and federal aid) provided an additional 27.4% of the overall revenue stream. Governmental activities expenses of the County for the year ended December 31, 2010 totaled \$165,021,698, an increase of \$312,646 over the prior year. Economic opportunity and development expenses (for social services type programs) accounted for the largest portion (\$56,207,703 or 34%), followed by public safety (\$24,460,208 or 14.8%) and health spending (\$23,818,137 or 14.4%).

The major changes are as follows:

Revenues:

- Real property and other tax items increased by \$2,215,428 due to an increase in the real property tax levy and adjustments to deferred tax revenue, taking into account a new methodology in recognizing installment tax payment arrangements.
- Charges for Service increased \$2,856,225, in large part due to a new refuse and garbage user fee.

Expenses:

- General Government Support (\$3,140,699), Public Safety (\$532,767), and Transportation (\$3,024,008) expenses increased primarily due to asset depreciation and the accrual of the increase in the liability for OPEB, in accordance with GASB Statement No. 45.
- Economic Opportunity and Development decreased by \$3,146,042, due to the lack of intergovernmental transfer expense in 2010. Conversely, the Adult Care Center recognized less revenue as well.
- Home and Community Services decreased by \$2,355,827 in part due to a reduction in the liability for landfill post closure costs based upon updated estimates.

Business-type activities - Business-type activities decreased the County's net assets by \$4,905,421. The key elements of the change were the Adult Care Center's decrease in revenues from intergovernmental monies of \$6,192,294, a decrease of departmental income of \$113,098 and the ongoing requirements of GASB Statement No.45 in recording their post employment benefit obligations, resulting in a total liability in excess of \$5.1 million. The Sullivan Tobacco Asset Securitization Corporation's net assets continue to increase; the 2010 gain was \$266,942 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 the end of the current fiscal year, the County's governmental funds reported combined fund balances of \$23,374,912, an increase of \$6,199,914 in comparison with the prior year. Of the total combined fund balance, \$21,233,402 constitutes unreserved fund balance. The unreserved fund balance includes designated fund balance for landfill construction and closure (\$12,986,884), which resides in the General Fund as well as amounts designated for use in the 2011 budget (\$4,102,174 in the General Fund, \$1,400,877 in the County Road Fund, \$326,607 in the Refuse and Garbage Fund and \$617,689 in the Road Machinery Fund, for a total of \$6,447,347). The remainder of the fund balance is reserved (\$2,141,510) 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 (\$632,158), 2) a reserve for long-term receivables (\$675,000), 3) a reserve for debt service (\$431,505) and 4) a variety of other restricted purposes (\$402,847).

The General Fund is the primary operating fund of the County. At the end of the current fiscal year, unreserved undesignated fund balance of the General Fund was \$6,208,194, representing 25.4% of the total General Fund balance of \$24,462,051. The unreserved undesignated fund balance has increased from the previous year's amount of \$4,231,125. 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 4.13% unreserved and undesignated fund balance to total expenditures and other financing uses (compared to 2.69% in the prior year), while total fund balance represents 16.26% of that same amount (compared to 12.62% in the prior year).

When the fiscal year 2010 General Fund budget was adopted, it anticipated the use of \$639,772 of fund balance (from contract and purchase order commitments to be liquidated from the previous year). However, actual results of operations led to a \$4,608,041 increase in the total fund balance. Revenues and other financing sources were \$155,038,670, which was \$1,357,715 more than the original budget and \$685,551 more than the final budget. Expenditures and other financing uses were \$150,430,629, which was \$3,895,621 less than the original budget and \$3,384,352 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 \$42,132,012 to \$49,825,309 (\$7,693,297 or 18.3%), reflecting the budgeted property tax increase and adjustments to deferred revenues and uncollectable amounts to factor in installment tax agreements.
- Departmental income decreased from \$26,212,024 to \$21,735,910 (\$4,476,114 or 17%), primarily due to the transfer of refuse and garbage revenues to a Special Revenue fund.
- State and Federal Aid decreased from \$37,885,716 to \$36,966,193 (\$919,523 or 2.4%), due to the withholding of 1.1% of FMAP funds and decreases in various social service and public health program funds. Revenue reductions are offset by similar reductions in program expenditures.
- Miscellaneous Revenues decreased by \$2.26 million in reimbursements from the Adult Care Center. Such reimbursements were made possible by the intergovernmental transfer payment in 2009. The status of future IGT payments is unknown.
- Refuse and garbage expenditures were moved from the General Fund to a Special Revenue Fund in 2010 (\$4,234,097 in 2009).

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 \$5,130,546. The deficit was reduced by \$440,854 and is attributable to the issuance of both a serial bond in the amount of \$17,185,000, which converted \$6,605,000 of short-term debt to long-term, and the issuance of new bond anticipation notes of \$14.9 million, bringing the amount of outstanding short-term indebtedness to \$19.88 million. The serial bond was for college renovations, equipment purchase, road reconstruction, road paving, bridge reconstruction, and landfill planning. The bond anticipation notes were issued for jail land purchase, landfill closure, construction of refuse and garbage transfer station and a materials recovery facility. 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: County Road, Road Machinery, Community Development, and Refuse and Garbage funds. For fiscal year ending December 31, 2010, the combined fund balances of these Special Revenue funds totaled \$4,043,407. This represents an increase of \$1,151,019 for the fiscal year 2010. The Refuse and Garbage Fund was created in 2010 and therefore had no beginning fund balance.

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 2010, the unrestricted net assets of the Internal Service Fund increased by \$46,437. This resulted in net assets of \$805,711 at December 31, 2010. The increase can be attributed to a decrease in workers' compensation claims.

General Fund Budgetary Highlights

During the year, modest budgetary adjustments of under \$800,000 (representing less than .2% of the budget) were authorized by the Legislature to both the revenue and expenditure sides of the budget, in no particular area.

Overall, actual General Fund expenditures, exclusive of transfers, were \$132.8 million, which was \$5.8 million less than the final budget. The major areas where spending was less than budget were general government support (\$1.09 million) in the district attorney's office, tax collection, buildings maintenance and management information systems, health (\$1.3 million) in both public health and mental health services, and economic opportunity and development (\$1.4 million) in family services, medical assistance programs and workforce development programs.

Actual General Fund revenues, exclusive of transfers, were \$155.0 million, which was \$680,000 more than the final budget. Real property taxes and other tax items exceeded budget estimates by \$2.8 million, due to gains on sales from tax acquired properties and increased participation in the installment tax payment program. This was partially offset by State and Federal aid coming in \$1.3 less than the final budget, primarily attributable to a reduction in the Federal FMAP enhancement monies.

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, 2010 amounts to \$145,515,790 (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	
	2010	2009	2010	2009	2010	2009
Land	\$ 8,659,087	\$ 6,462,433	\$ -	\$ -	\$ 8,659,087	\$ 6,462,433
Buildings and improvements	26,053,643	27,232,998	1,760,773	2,030,794	27,814,416	29,263,792
Machinery and equipment	5,953,141	5,936,488	166,800	143,647	6,119,941	6,080,135
Infrastructure	92,896,646	83,093,157	-	-	92,896,646	83,093,157
Construction-in- progress	10,025,700	4,876,563	-	-	10,025,700	4,876,563
Total (Net of Depreciation)	\$ 143,588,217	\$ 127,601,639	\$ 1,927,573	\$ 2,174,441	\$ 145,515,790	\$ 129,776,080

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

- Road Reconstruction \$2,159,000
- Landfill MRF Construction \$6,304,000
- Road Paving \$7,330,000
- Landfill Closure \$2,025,000

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 \$75,085,000. The County issued \$17,185,000 in new bonded indebtedness while retiring \$5,450,000 in outstanding obligations. All of this debt is backed by the full faith and credit of

the County, exclusive of the \$14.09 million outstanding bonds for the Sullivan County Tobacco Asset Securitization Corporation.

Sullivan County Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	\$ 60,874,350	\$ 48,685,843	\$ 120,650	\$ 139,157	\$ 60,995,000	\$ 48,825,000
Tobacco Asset Bonds	-	-	14,090,000	14,525,000	14,090,000	14,525,000
Total	\$ 60,874,350	\$ 48,685,843	\$ 14,210,650	\$ 14,664,157	\$ 75,085,000	\$ 63,350,000

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, 2010, the County had used \$80,847,038, or 13.47%, of the constitutional debt limit leaving \$519,444,292 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 2011, down from 9.3% in April 2010. The County's April 2011 unemployment rate exceeded the State-wide rate of 7.9%.

Labor Department data also indicates that the number of people employed in the County decreased by 1.5%, from 31,264 to 30,808 between April 2010 and April 2011.

The County's 2009 per capita personal income of \$35,332 is 75% of the State's \$46,957 per capita income amount. The taxable assessed value of real property in the County increased from \$5,313,026,469 in 2009 to \$5,324,922,897 in 2010, with the median sales price of residential properties declining from \$145,000 in 2009 to \$136,186 in 2010.

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 2011 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.

**BASIC
FINANCIAL STATEMENTS**

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STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and equivalents	\$ 45,757,083	\$ 2,299,382	\$ 48,056,465	\$ 6,825,456
Restricted cash and equivalents	-	110	110	-
Investments	-	-	-	2,180,952
Restricted investments	-	1,242,547	1,242,547	-
Receivables:				
Taxes, net	31,920,851	-	31,920,851	-
Accounts, net	8,147,302	3,152,336	11,299,638	1,233,025
Loans, net	212,452	-	212,452	29,158
Notes	-	-	-	851,273
State and Federal aid	22,396,967	-	22,396,967	295,000
Due from other governments	431,171	-	431,171	115,693
Due from component unit	675,000	-	675,000	-
Internal balances	4,105,412	(4,105,412)	-	-
Prepaid expenses	-	19,360	19,360	767,478
Other	-	-	-	98,199
Cost of issuance, net	-	274,092	274,092	-
Capital assets (net of accumulated depreciation):				
Land	8,659,087	-	8,659,087	277,445
Infrastructure and land improvements	92,896,646	-	92,896,646	1,963,985
Buildings and improvements	26,053,643	1,760,773	27,814,416	18,720,506
Machinery and equipment	5,953,141	166,800	6,119,941	1,298,731
Intangibles	-	-	-	238,519
Construction-in-progress	10,025,700	-	10,025,700	5,104,491
Total Assets	257,234,455	4,809,988	262,044,443	39,999,911
LIABILITIES				
Accounts payable	17,356,996	241,992	17,598,988	1,093,580
Accrued interest payable	1,112,954	1,849	1,114,803	-
Accrued liabilities	4,387,847	702,879	5,090,726	957,653
Retained percentages payable	696,732	-	696,732	-
Due to other governments	134,833	-	134,833	732,359
Due to school districts	18,797,739	-	18,797,739	-
Due to primary government	-	-	-	675,000
Unearned revenues	1,452,191	-	1,452,191	1,164,860
Tax anticipation notes payable	9,000,000	-	9,000,000	-
Bond anticipation notes payable	19,880,000	-	19,880,000	-
Deposits payable	-	-	-	969,943
Non-Current liabilities:				
Due within one year:				
Bonds payable	6,066,806	498,194	6,565,000	787,510
Installment purchase debt	97,000	-	97,000	-
Capital lease obligation	-	-	-	176,000
Claims payable	727,000	-	727,000	-
Retirement incentives and other pension obligations	397,202	26,985	424,187	-
Compensated absences	325,000	79,928	404,928	31,852
Landfill closure costs	461,544	-	461,544	-
Due in more than one year:				
Bonds payable	55,277,653	13,509,793	68,787,446	17,187,534
Installment purchase debt	205,796	-	205,796	-
Capital lease obligation	-	-	-	3,413,000
Claims payable	4,339,525	-	4,339,525	-
Retirement incentives and other pension obligations	1,578,680	137,594	1,716,274	-
Compensated absences	2,926,022	719,352	3,645,374	286,670
Other post employment benefit obligations payable	38,834,274	5,129,808	43,964,082	5,405,751
Landfill closure costs	14,701,220	-	14,701,220	-
Total Liabilities	198,757,014	21,048,374	219,805,388	32,881,712
NET ASSETS				
Invested in capital assets, net of related debt	70,516,266	1,883,587	72,399,853	6,799,935
Restricted for:				
Capital projects	6,200,880	-	6,200,880	-
Law enforcement	99,064	-	99,064	-
Stop DWI program	303,783	-	303,783	-
Debt service	431,505	-	431,505	-
Workers' compensation benefits	805,711	-	805,711	-
Community development	676,826	-	676,826	-
Loans	-	-	-	487,567
Education	-	-	-	2,155,745
Unrestricted	(20,556,594)	(18,121,973)	(38,678,567)	(2,325,048)
Total Net Assets	\$ 58,477,441	\$ (16,238,386)	\$ 42,239,055	\$ 7,118,199

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

COUNTY OF SULLIVAN, NEW YORK

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government support	\$ 20,573,018	\$ 2,573,330	\$ 4,051,197	\$ -
Education	6,011,024	42,553	-	75,850
Public safety	24,460,208	1,578,510	843,988	-
Health	23,818,137	9,505,384	8,112,735	-
Transportation	21,447,683	964,553	4,540,284	2,358,074
Economic opportunity and development	56,207,703	2,733,305	25,944,198	-
Culture and recreation	3,038,366	148,258	1,265,837	9,153
Home and community services	7,114,794	9,241,673	606,457	-
Interest	2,350,765	-	-	28,276
Total Governmental Activities	165,021,698	26,787,566	45,364,696	2,471,353
Business-type activities:				
Adult Care Center	16,228,151	10,977,303	-	-
Sullivan Tobacco Asset Securitization Corporation	860,655	-	1,106,106	-
Total Business-type Activities	17,088,806	10,977,303	1,106,106	-
Total Primary Government	\$ 182,110,504	\$ 37,764,869	\$ 46,470,802	\$ 2,471,353
Component Units:				
Sullivan County Community College	\$ 28,459,413	\$ 3,701,232	\$ 19,633,303	\$ 16,254
Sullivan County Soil and Water Conservation District	710,509	27,447	696,219	-
Sullivan County Industrial Development Agency	495,893	399,089	-	295,000
Emerald Corporate Center Economic Development Corporation	64,229	-	-	67,122
Total Component Units	\$ 29,730,044	\$ 4,127,768	\$ 20,329,522	\$ 378,376
General Revenues:				
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				
Miscellaneous				
Total General Revenues				
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
\$ (13,948,491)	\$ -	\$ (13,948,491)	\$ -
(5,892,621)	-	(5,892,621)	-
(22,037,710)	-	(22,037,710)	-
(6,200,018)	-	(6,200,018)	-
(13,584,772)	-	(13,584,772)	-
(27,530,200)	-	(27,530,200)	-
(1,615,118)	-	(1,615,118)	-
2,733,336	-	2,733,336	-
(2,322,489)	-	(2,322,489)	-
<u>(90,398,083)</u>	<u>-</u>	<u>(90,398,083)</u>	<u>-</u>
-	(5,250,848)	(5,250,848)	-
-	245,451	245,451	-
<u>-</u>	<u>(5,005,397)</u>	<u>(5,005,397)</u>	<u>-</u>
<u>(90,398,083)</u>	<u>(5,005,397)</u>	<u>(95,403,480)</u>	<u>-</u>
-	-	-	(5,108,624)
-	-	-	13,157
-	-	-	198,196
-	-	-	2,893
<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,894,378)</u>
48,690,132	-	48,690,132	-
1,474,475	-	1,474,475	-
4,356,929	-	4,356,929	-
802,073	-	802,073	-
32,605,248	-	32,605,248	-
749,105	-	749,105	-
576,753	-	576,753	-
282,018	-	282,018	-
553,875	-	553,875	-
533,659	-	533,659	-
3,690	-	3,690	-
112,113	68,968	181,081	136,711
-	-	-	32,441
<u>237,810</u>	<u>31,008</u>	<u>268,818</u>	<u>2,147,151</u>
<u>90,977,880</u>	<u>99,976</u>	<u>91,077,856</u>	<u>2,316,303</u>
579,797	(4,905,421)	(4,325,624)	(2,578,075)
<u>57,897,644</u>	<u>(11,332,965)</u>	<u>46,564,679</u>	<u>9,696,274</u>
<u>\$ 58,477,441</u>	<u>\$ (16,238,386)</u>	<u>\$ 42,239,055</u>	<u>\$ 7,118,199</u>

COUNTY OF SULLIVAN, NEW YORK

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General	County Road	Refuse and Garbage
ASSETS			
Cash and Equivalents	\$ 26,592,538	\$ 743,245	\$ 449,038
Taxes Receivable, net of allowance for uncollectible amounts	31,920,851	-	-
Other Receivables:			
Accounts, net	5,402,776	13,588	424,472
Loans, net	-	-	-
State and Federal aid	19,200,585	2,732,723	-
Due from other governments	431,171	-	-
Due from component unit	-	-	-
Due from other funds	4,316,242	7,912	556,890
	<u>29,350,774</u>	<u>2,754,223</u>	<u>981,362</u>
Total Assets	\$ 87,864,163	\$ 3,497,468	\$ 1,430,400
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 13,360,912	\$ 831,655	\$ 747,228
Accrued liabilities	3,242,969	380,980	83,530
Retained percentages payable	-	185,398	-
Due to other governments	134,833	-	-
Due to school districts	18,797,739	-	-
Due to other funds	4,921,362	45,430	65,323
Deferred revenues	1,164,802	-	-
Deferred tax revenues	12,779,495	-	-
Tax anticipation notes payable	9,000,000	-	-
Bond anticipation notes payable	-	-	-
Total Liabilities	63,402,112	1,443,463	896,081
Fund Balances:			
Reserved for encumbrances	408,153	128,637	68,516
Reserved for long-term receivables	-	-	-
Reserved for law enforcement	99,064	-	-
Reserved for driving while intoxicated program	303,783	-	-
Reserved for debt service	353,799	-	-
Unreserved, reported in:			
General Fund	23,297,252	-	-
Special Revenue Funds	-	1,925,368	465,803
Capital Projects Fund	-	-	-
Total Fund Balances	24,462,051	2,054,005	534,319
Total Liabilities and Fund Balances	\$ 87,864,163	\$ 3,497,468	\$ 1,430,400

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

Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ 16,211,025	\$ 877,549	\$ 44,873,395
-	-	31,920,851
-	10,000	5,850,836
-	212,452	212,452
446,175	17,484	22,396,967
-	-	431,171
675,000	-	675,000
377,336	866,228	6,124,608
1,498,511	1,106,164	35,691,034
\$ 17,709,536	\$ 1,983,713	\$ 112,485,280
\$ 2,221,264	\$ 195,937	\$ 17,356,996
-	119,366	3,826,845
511,334	-	696,732
-	-	134,833
-	-	18,797,739
227,484	875	5,260,474
-	212,452	1,377,254
-	-	12,779,495
-	-	9,000,000
19,880,000	-	19,880,000
22,840,082	528,630	89,110,368
-	26,852	632,158
675,000	-	675,000
-	-	99,064
-	-	303,783
-	77,706	431,505
-	-	23,297,252
-	1,350,525	3,741,696
(5,805,546)	-	(5,805,546)
(5,130,546)	1,455,083	23,374,912
\$ 17,709,536	\$ 1,983,713	\$ 112,485,280

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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, 2010

Fund Balances - Total Governmental Funds	<u>\$ 23,374,912</u>
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>143,588,217</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>805,711</u>
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	
Real property taxes	12,779,495
Departmental income	<u>212,452</u>
	<u>12,991,947</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	(1,112,954)
Bonds payable	(61,344,459)
Installment purchase debt	(302,796)
Claims payable	(299,195)
Retirement incentives and other pension obligations	(1,975,882)
Compensated absences	(3,251,022)
Other post employment benefit obligations payable	(38,834,274)
Landfill closure costs	<u>(15,162,764)</u>
	<u>(122,283,346)</u>
Net Assets of Governmental Activities	<u>\$ 58,477,441</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, 2010

	General	County Road	Refuse and Garbage
REVENUES			
Real property taxes	\$ 49,825,309	\$ -	\$ -
Other tax items	6,633,477	-	-
Non-property taxes	35,304,348	-	-
Departmental income	21,735,910	-	9,174,392
Intergovernmental charges	646,961	423,346	-
Use of money and property	207,012	447	109,138
Licenses and permits	21,310	4,600	-
Fines and forfeitures	313,712	-	-
Sale of property and compensation for loss	106,135	89	23,750
Interfund revenues	-	-	-
State aid	17,701,568	1,748,566	-
Federal aid	19,264,625	2,735,760	-
Miscellaneous	3,272,780	21,062	-
Total Revenues	155,033,147	4,933,870	9,307,280
EXPENDITURES			
Current:			
General government support	23,018,603	-	-
Education	5,509,250	-	-
Public safety	21,850,279	640,576	-
Health	22,938,752	-	-
Transportation	1,420,216	12,928,337	-
Economic opportunity and development	53,135,382	-	-
Culture and recreation	3,108,254	-	-
Home and community services	1,636,912	-	6,519,557
Debt Service:			
Principal	-	-	-
Interest	203,731	103,044	7,256
Capital Outlay	-	-	-
Total Expenditures	132,821,379	13,671,957	6,526,813
Excess (Deficiency) of Revenues Over Expenditures	22,211,768	(8,738,087)	2,780,467
OTHER FINANCING SOURCES (USES)			
Bonds issued	-	-	-
Issuance premium	-	-	-
Transfers in	5,523	11,050,658	2,258,714
Transfers out	(17,609,250)	(1,770,927)	(4,504,862)
Total Other Financing Sources (Uses)	(17,603,727)	9,279,731	(2,246,148)
Net Change in Fund Balances	4,608,041	541,644	534,319
Fund Balances (Deficits) - Beginning of Year	19,854,010	1,512,361	-
Fund Balances (Deficits) - End of Year	\$ 24,462,051	\$ 2,054,005	\$ 534,319

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

Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 49,825,309
-	-	6,633,477
-	-	35,304,348
-	33,999	30,944,301
-	896,106	1,966,413
312	30,299	347,208
-	-	25,910
-	-	313,712
-	47,250	177,224
-	11,083	11,083
175,776	167,327	19,793,237
2,262,270	310,991	24,573,646
5,031	2,263	3,301,136
<u>2,443,389</u>	<u>1,499,318</u>	<u>173,217,004</u>
-	2,545	23,021,148
-	-	5,509,250
-	-	22,490,855
-	-	22,938,752
-	3,369,350	17,717,903
-	-	53,135,382
-	-	3,108,254
-	458,743	8,615,212
-	5,089,763	5,089,763
-	1,924,681	2,238,712
<u>20,831,316</u>	<u>-</u>	<u>20,831,316</u>
<u>20,831,316</u>	<u>10,845,082</u>	<u>184,696,547</u>
<u>(18,387,927)</u>	<u>(9,345,764)</u>	<u>(11,479,543)</u>
17,185,000	-	17,185,000
494,457	-	494,457
1,258,436	9,815,276	24,388,607
(109,112)	(394,456)	(24,388,607)
<u>18,828,781</u>	<u>9,420,820</u>	<u>17,679,457</u>
440,854	75,056	6,199,914
<u>(5,571,400)</u>	<u>1,380,027</u>	<u>17,174,998</u>
<u>\$ (5,130,546)</u>	<u>\$ 1,455,083</u>	<u>\$ 23,374,912</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, 2010

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 6,199,914</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	25,709,550
Depreciation expense	<u>(8,992,642)</u>
	<u>16,716,908</u>
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net assets	<u>(730,330)</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	(1,135,177)
Departmental income	<u>(2,910)</u>
	<u>(1,138,087)</u>
<p>Debt 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. Also, the governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Bonds issued	(17,185,000)
Issuance premium	(494,457)
Principal paid on bonds	4,996,493
Principal paid on installment purchase debt	93,270
Amortization of issuance premium	<u>24,348</u>
	<u>(12,565,346)</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	(136,401)
Claims payable	3,622
Retirement incentives and other pension obligations	(1,857,646)
Compensated absences	187,726
Other post employment benefit obligations payable	(9,493,609)
Landfill closure costs	<u>3,346,609</u>
	<u>(7,949,699)</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>46,437</u>
Change in Net Assets of Governmental Activities	<u>\$ 579,797</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, COUNTY ROAD AND REFUSE AND GARBAGE FUNDS
 YEAR ENDED DECEMBER 31, 2010

	General Fund			Variance with Final Budget Positive Negative
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 48,055,902	\$ 48,055,902	\$ 49,825,309	\$ 1,769,407
Other tax items	5,826,640	5,549,151	6,633,477	1,084,326
Non-property taxes	36,867,000	34,683,897	35,304,348	620,451
Departmental income	21,690,476	22,321,342	21,735,910	(585,432)
Intergovernmental charges	705,864	707,155	646,961	(60,194)
Use of money and property	299,600	299,600	207,012	(92,588)
Licenses and permits	23,500	23,500	21,310	(2,190)
Fines and forfeitures	275,708	411,601	313,712	(97,889)
Sale of property and compensation for loss	62,200	62,200	106,135	43,935
State aid	18,050,864	18,497,420	17,701,568	(795,852)
Federal aid	17,830,536	19,802,808	19,264,625	(538,183)
Miscellaneous	3,998,188	3,938,543	3,272,780	(665,763)
Total Revenues	153,686,478	154,353,119	155,033,147	680,028
Expenditures:				
Current:				
General government support	25,183,400	24,108,715	23,018,603	1,090,112
Education	5,500,000	5,500,000	5,509,250	(9,250)
Public safety	22,190,354	22,496,305	21,850,279	646,026
Health	24,702,856	24,247,097	22,938,752	1,308,345
Transportation	1,585,489	1,616,287	1,420,216	196,071
Economic opportunity and development	53,885,875	54,531,076	53,135,382	1,395,694
Culture and recreation	3,459,058	3,512,148	3,108,254	403,894
Home and community services	2,018,271	1,970,413	1,636,912	333,501
Debt service - interest	732,700	688,732	203,731	485,001
Total Expenditures	139,258,003	138,670,773	132,821,379	5,849,394
Excess (Deficiency) of Revenues Over Expenditures	14,428,475	15,682,346	22,211,768	6,529,422
Other Financing Sources (Uses):				
Transfers in	-	-	5,523	5,523
Transfers out	(15,068,247)	(15,144,208)	(17,609,250)	(2,465,042)
Total Other Financing Sources (Uses)	(15,068,247)	(15,144,208)	(17,603,727)	(2,459,519)
Net Change in Fund Balances	(639,772)	538,138	4,608,041	4,069,903
Fund Balances (Deficits) - Beginning of Year	639,772	(538,138)	19,854,010	20,392,148
Fund Balances - End of Year	\$ -	\$ -	\$ 24,462,051	\$ 24,462,051

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

County Road Fund				Refuse and Garbage Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
535,845	512,973	423,346	(89,627)	12,464,817	12,464,817	9,174,392	(3,290,425)
-	-	447	447	-	-	109,138	109,138
2,000	4,600	4,600	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	89	89	-	-	23,750	23,750
3,159,543	2,159,543	1,748,566	(410,977)	-	-	-	-
3,462,143	3,462,143	2,735,760	(726,383)	-	-	-	-
-	20,272	21,062	790	-	-	-	-
<u>7,159,531</u>	<u>6,159,531</u>	<u>4,933,870</u>	<u>(1,225,661)</u>	<u>12,464,817</u>	<u>12,464,817</u>	<u>9,307,280</u>	<u>(3,157,537)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
730,411	736,142	640,576	95,566	-	-	-	-
17,387,247	16,203,473	12,928,337	3,275,136	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
100,515	100,515	103,044	(2,529)	7,906,497	8,255,758	6,519,557	1,736,201
-	-	-	-	6,900	6,900	7,256	(358)
<u>18,218,173</u>	<u>17,040,130</u>	<u>13,671,957</u>	<u>3,368,173</u>	<u>7,913,397</u>	<u>8,262,658</u>	<u>6,526,813</u>	<u>1,735,845</u>
<u>(11,058,642)</u>	<u>(10,880,599)</u>	<u>(8,738,087)</u>	<u>2,142,512</u>	<u>4,551,420</u>	<u>4,202,159</u>	<u>2,780,467</u>	<u>(1,421,692)</u>
12,718,085	12,542,746	11,050,658	(1,492,088)	-	326,550	2,258,714	1,932,164
(1,770,927)	(1,770,927)	(1,770,927)	-	(4,551,420)	(4,551,420)	(4,504,862)	46,558
<u>10,947,158</u>	<u>10,771,819</u>	<u>9,279,731</u>	<u>(1,492,088)</u>	<u>(4,551,420)</u>	<u>(4,224,870)</u>	<u>(2,246,148)</u>	<u>1,978,722</u>
(111,484)	(108,780)	541,644	650,424	-	(22,711)	534,319	557,030
111,484	108,780	1,512,361	1,403,581	-	22,711	-	(22,711)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,054,005</u>	<u>\$ 2,054,005</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 534,319</u>	<u>\$ 534,319</u>

COUNTY OF SULLIVAN, NEW YORK

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Adult Care Center	Sullivan Tobacco Asset Securitization Corporation	Total	
ASSETS				
Current Assets:				
Cash and equivalents	\$ 1,538,485	\$ 760,897	\$ 2,299,382	\$ 883,688
Accounts receivable, net	1,932,599	1,219,737	3,152,336	2,296,466
Due from other funds	-	-	-	3,241,278
Prepaid expenses	15,702	3,658	19,360	-
Total Current Assets	3,486,786	1,984,292	5,471,078	6,421,432
Noncurrent Assets:				
Restricted cash and equivalents	-	110	110	-
Restricted investments	-	1,242,547	1,242,547	-
Cost of issuance, net of accumulated amortization of \$155,277	-	274,092	274,092	-
Capital Assets:				
Buildings and improvements	10,551,350	-	10,551,350	-
Machinery and equipment	443,194	-	443,194	-
Less accumulated depreciation	(9,066,971)	-	(9,066,971)	-
Total Noncurrent Assets	1,927,573	1,516,749	3,444,322	-
Total Assets	5,414,359	3,501,041	8,915,400	6,421,432
LIABILITIES				
Current Liabilities:				
Accounts payable	241,992	-	241,992	-
Accrued interest payable	1,849	-	1,849	-
Accrued liabilities	636,420	66,459	702,879	561,002
Due to other funds	4,105,412	-	4,105,412	-
Deferred revenues	-	-	-	287,389
Current maturities of bonds payable	18,194	480,000	498,194	-
Current portion of claims payable	-	-	-	477,000
Retirement incentive obligation	26,985	-	26,985	-
Compensated absences	79,928	-	79,928	-
Total Current Liabilities	5,110,780	546,459	5,657,239	1,325,391
Non-Current Liabilities:				
Bonds payable, less current maturities	25,792	13,484,001	13,509,793	-
Claims payable, less current portion	-	-	-	4,290,330
Retirement incentive obligation	137,594	-	137,594	-
Compensated absences	719,352	-	719,352	-
Other post employment benefit obligations payable	5,129,808	-	5,129,808	-
Total Noncurrent Liabilities	6,012,546	13,484,001	19,496,547	4,290,330
Total Liabilities	11,123,326	14,030,460	25,153,786	5,615,721
NET ASSETS (DEFICITS)				
Invested in capital assets, net of related debt	1,883,587	-	1,883,587	-
Unrestricted	(7,592,554)	(10,529,419)	(18,121,973)	805,711
Total Net Assets (Deficit)	\$ (5,708,967)	\$ (10,529,419)	\$ (16,238,386)	\$ 805,711

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, 2010

	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	\$ -	\$ -	\$ -	\$ 2,002,010
Charges for services - external	-	-	-	1,418,429
Departmental charges	10,680,881	-	10,680,881	-
Tobacco settlement revenues	-	1,106,106	1,106,106	-
Insurance recoveries	-	-	-	253,239
Miscellaneous	296,422	-	296,422	-
Total Operating Revenues	10,977,303	1,106,106	12,083,409	3,673,678
Operating Expenses:				
Professional care of residents	5,738,176	-	5,738,176	-
Professional fees	-	24,929	24,929	-
Insurance expense	-	4,489	4,489	-
General services	3,837,558	-	3,837,558	-
Administrative services	1,132,977	-	1,132,977	-
Employee benefits	4,677,868	-	4,677,868	3,628,276
Assessments	499,281	-	499,281	-
Depreciation and amortization	308,624	16,514	325,138	-
Other	15,290	-	15,290	-
Total Operating Expenses	16,209,774	45,932	16,255,706	3,628,276
Operating Income (Loss)	(5,232,471)	1,060,174	(4,172,297)	45,402
Non-Operating Revenues (Expenses):				
Interest income	14,477	54,491	68,968	1,035
Interest expense	(18,377)	(814,723)	(833,100)	-
Miscellaneous income	31,008	-	31,008	-
Total Non-Operating Revenues (Expenses)	27,108	(760,232)	(733,124)	1,035
Change in Net Assets	(5,205,363)	299,942	(4,905,421)	46,437
Net Assets (Deficits) - Beginning of Year	(503,604)	(10,829,361)	(11,332,965)	759,274
Net Assets (Deficits) - End of Year	\$ (5,708,967)	\$ (10,529,419)	\$ (16,238,386)	\$ 805,711

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, 2010

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Fund
	Adult Care Center	Sullivan Tobacco Asset Securitization Corporation	Total	
Cash Flows From Operating Activities:				
Cash received from charges for services	\$ 10,000,437	\$ -	\$ 10,000,437	\$ 4,332,104
Cash received from tobacco settlement revenues	-	1,125,044	1,125,044	-
Cash received from insurance recoveries	-	-	-	253,239
Cash payments to vendors for good and services	(2,658,958)	(29,319)	(2,688,277)	-
Cash payments to employees for services	(11,057,591)	-	(11,057,591)	-
Cash payments to insurance carriers and claimants	-	-	-	(4,200,239)
Miscellaneous	296,422	-	296,422	-
Net Cash Provided by (Used in) Operating Activities	(3,419,690)	1,095,725	(2,323,965)	385,104
Cash Flows From Investing Activities:				
Increase in restricted cash and equivalents	-	580,930	580,930	-
Purchase of restricted investments	-	(1,242,547)	(1,242,547)	-
Sale of restricted investments	-	1,274,964	1,274,964	-
Interest and miscellaneous income	45,486	54,491	99,977	1,035
Net Cash Provided by Investing Activities	45,486	667,838	713,324	1,035
Cash Flows from Capital and Related Financing Activities:				
Principal paid on bonds	(18,507)	(435,000)	(453,507)	-
Interest paid on bonds	(18,377)	(809,056)	(827,433)	-
Amortization of issuance costs and loss on refunding bonds	12,432	-	12,432	-
Acquisition of capital assets	(67,457)	-	(67,457)	-
Net Cash Used in Capital and Related Financing Activities	(91,909)	(1,244,056)	(1,335,965)	-
Net Increase (Decrease) in Cash and Equivalents	(3,466,113)	519,507	(2,946,606)	386,139
Cash and Equivalents - Beginning of Year	5,004,598	241,390	5,245,988	497,549
Cash and Equivalents - End of Year	\$ 1,538,485	\$ 760,897	\$ 2,299,382	\$ 883,688
Reconciliation of Income (Loss) from Operations to Net Cash Provided by (Used in) Operating Activities:				
Income (loss) from operations	\$ (5,232,471)	\$ 1,060,174	\$ (4,172,297)	\$ 45,402
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:				
Depreciation expense	308,624	-	308,624	-
Loss on disposal of equipment	5,700	-	5,700	-
Amortization	-	16,514	16,514	-
Changes in assets and liabilities:				
Accounts receivable	(680,577)	18,938	(661,639)	256,555
Prepaid expenses	8,285	99	8,384	-
Due from other funds	-	-	-	397,733
Accounts payable	9,623	-	9,623	-
Accrued liabilities	(134,071)	-	(134,071)	40,666
Due to other funds	978,333	-	978,333	-
Deferred revenues	-	-	-	257,377
Claims payable	-	-	-	(612,629)
Retirement incentive obligation	164,579	-	164,579	-
Compensated absences	(11,954)	-	(11,954)	-
Other postemployment benefit obligations payable	1,164,239	-	1,164,239	-
Net Cash Provided by (Used in) Operating Activities	\$ (3,419,690)	\$ 1,095,725	\$ (2,323,965)	\$ 385,104
Noncash Investing Activities -				
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, 2010

	<u>ASSETS</u>	<u>Agency</u>
Cash - Demand deposits		\$ 2,918,611
Accounts Receivable		<u>2,960</u>
Total Assets		<u>\$ 2,921,571</u>
	<u>LIABILITIES</u>	
Accounts Payable		\$ 273,365
Employee Payroll Deductions		148,331
Deposits		<u>2,499,875</u>
Total Liabilities		<u>\$ 2,921,571</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, 2010

	Sullivan County Community College	Sullivan County Soil and Water Conservation District	Sullivan County Industrial Development Agency	Emerald Corporate Center Economic Development Corporation	Total
ASSETS					
Cash and equivalents	\$ 3,567,043	\$ 399,973	\$ 2,852,360	\$ 6,080	\$ 6,825,456
Investments	2,093,210	87,742	-	-	2,180,952
Receivables:					
Accounts, net of allowance for uncollectible amounts	1,183,324	15,171	-	34,530	1,233,025
Loans	-	-	29,158	-	29,158
Notes	851,273	-	-	-	851,273
State and federal aid	-	-	295,000	-	295,000
Due from other governments	115,693	-	-	-	115,693
Prepaid expenses	757,665	2,912	6,901	-	767,478
Other	98,199	-	-	-	98,199
Capital assets (net of accumulated depreciation):					
Land	277,445	-	-	-	277,445
Infrastructure and land improvements	1,963,985	-	-	-	1,963,985
Buildings and improvements	18,696,359	24,147	-	-	18,720,506
Machinery and equipment	964,648	37,255	296,828	-	1,298,731
Intangibles	238,519	-	-	-	238,519
Construction-in-progress	3,662,030	-	-	1,442,461	5,104,491
Total Assets	34,469,393	567,200	3,480,247	1,483,071	39,999,911
LIABILITIES					
Accounts payable	1,068,396	-	22,409	2,775	1,093,580
Accrued liabilities	862,966	66,521	28,166	-	957,653
Due to other governments	19,069	-	713,290	-	732,359
Due to primary government	-	-	-	675,000	675,000
Unearned revenues	664,564	262,997	237,299	-	1,164,860
Deposits payable	960,782	-	9,161	-	969,943
Non-current liabilities:					
Due within one year:					
Bonds payable	787,510	-	-	-	787,510
Capital lease obligation	176,000	-	-	-	176,000
Compensated absences	28,928	2,924	-	-	31,852
Due in more than one year:					
Bonds payable	17,187,534	-	-	-	17,187,534
Capital lease obligation	3,413,000	-	-	-	3,413,000
Compensated absences	260,350	26,320	-	-	286,670
Other postemployment benefit obligations payable	5,405,751	-	-	-	5,405,751
Total Liabilities	30,834,850	358,762	1,010,325	677,775	32,881,712
NET ASSETS (DEFICIT)					
Invested in capital assets, net of related debt	4,999,244	61,402	296,828	1,442,461	6,799,935
Restricted for:					
Loans	-	-	487,567	-	487,567
Education	2,155,745	-	-	-	2,155,745
Unrestricted	(3,520,446)	147,036	1,685,527	(637,165)	(2,325,048)
Total Net Assets (Deficit)	\$ 3,634,543	\$ 208,438	\$ 2,469,922	\$ 805,296	\$ 7,118,199

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, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Sullivan County Community College	\$ 28,459,413	\$ 3,701,232	\$ 19,633,303	\$ 16,254
Sullivan County Soil and Water Conservation District	710,509	27,447	696,219	-
Sullivan County Industrial Development Agency	495,893	399,089	-	295,000
Emerald Corporate Center Economic Development Corporation	64,229	-	-	67,122
Total Component Units	\$ 29,730,044	\$ 4,127,768	\$ 20,329,522	\$ 378,376

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
\$ (5,108,624)	\$ -	\$ -	\$ -	\$ (5,108,624)
-	13,157	-	-	13,157
-	-	198,196	-	198,196
-	-	-	2,893	2,893
<u>(5,108,624)</u>	<u>13,157</u>	<u>198,196</u>	<u>2,893</u>	<u>(4,894,378)</u>
107,605	3,463	25,643	-	136,711
-	32,441	-	-	32,441
<u>2,133,219</u>	<u>13,932</u>	<u>-</u>	<u>-</u>	<u>2,147,151</u>
<u>2,240,824</u>	<u>49,836</u>	<u>25,643</u>	<u>-</u>	<u>2,316,303</u>
(2,867,800)	62,993	223,839	2,893	(2,578,075)
<u>6,502,343</u>	<u>145,445</u>	<u>2,246,083</u>	<u>802,403</u>	<u>9,696,274</u>
<u>\$ 3,634,543</u>	<u>\$ 208,438</u>	<u>\$ 2,469,922</u>	<u>\$ 805,296</u>	<u>\$ 7,118,199</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, bankruptcy-remote local development corporation. STASC was organized under the provisions of Section 1411 of 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 revenues, 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. Operating expenses for the Enterprise Funds include the 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 funds of the County are as follows:

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

Refuse and Garbage Fund - The Refuse and Garbage Fund is used to account for the activity of the County's solid waste operations.

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, 2010.

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 1st, payable without penalty to January 31st. 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)

through March 31st, at which time the collection process is transferred to the County. At that time, a 5% penalty is added to the unpaid amounts. Payments received subsequent to March 31st 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 1st and November 15th. On or about November 15th, 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 1st 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 1st 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, 2010, 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 - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Prepaid expenses/expenditures consist of employee retirement and other costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and/or will benefit such periods. Reported amounts in governmental funds are equally offset by 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Class</u>	<u>Life in Years</u>
Infrastructure and land improvements	10-50
Buildings and improvements	20-50
Machinery and equipment	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 \$12,779,495 for real property taxes and \$1,164,802 for various departmental income received in advance in the General Fund. The County has also reported deferred revenues of \$212,452 for loans receivable in the Community Development Fund, \$287,389 for premiums received in advance in the Workers' Compensation Benefits Fund, \$664,564 in the Sullivan County Community College (component unit) for tuition and other fees, \$262,997 in the Sullivan County Soil and Water Conservation District (component unit) and

Note 1 - Summary of Significant Accounting Policies (Continued)

\$237,299 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.

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, Refuse and Garbage and Road Machinery funds. Encumbrances outstanding at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

Note 1 - Summary of Significant Accounting Policies (Continued)

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets 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 17, 2011.

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, Refuse and Garbage, Road Machinery and Debt Service funds.
- g) Budgets for General, County Road, Refuse and Garbage, 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.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- 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.
- i) Appropriations in General, County Road, Refuse and Garbage, 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 2010 was \$128,633,856, which exceeded the actual levy by \$79,577,954.

C. Expenditures in Excess of Budget

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

General Fund:	
General Government Support:	
Municipal Court	\$ 630
Public Defense	50,967
Personnel	1,393
Elections	116,510
Records Management	5,265
Payroll	5,750
Education -	
Community College - Non-resident Tuition	9,250
Public Safety -	
Sheriff	25,440
Health:	
Community Service Administration	9,446
Contracted Mental Health Services	56,992
Post Employment Benefits	5,770
Economic Opportunity and Development:	
Family Assistance	239,512
Child Care	155,430
Juvenile Delinquent Care	12,873
State Training Schools	88,817
Safety Net	302,030
Home Energy Assistance Program	41,335
Public Information	47,271
Consumer Affairs - Weights and Measures	6,100

Note 2 - Stewardship, Compliance and Accountability (Continued)

Economic Opportunity and Development (Cont'd):	
Economic and Community Development	\$ 955
Post Employment Benefits	7,135
Transfers Out:	
Refuse and Garbage Fund	1,926,607
Capital Projects Fund	538,436
Road Machinery Fund	1,500,000
County Road Fund -	
Debt Service - Interest	2,529
Refuse and Garbage Fund -	
Debt Service - Interest	356
Road Machinery Fund -	
Debt Service - Interest	1,955
Debt Service Fund -	
Transfers Out	27,963

D. Capital Projects Fund Deficits

The undesignated deficit in the Capital Projects Fund of \$5,805,546 arises 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 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.

E. Fund Deficits

The Adult Care Center and Sullivan Tobacco Asset Securitization Corporation reflect unrestricted deficits at December 31, 2010 of \$7,592,554 and \$10,529,419, 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 \$2,093,210. The securities are insured and registered and are held by the College's agent, a third party financial institution, in the College's name.

Note 3 - Detailed Notes on All Funds (Continued)

Investments of the Sullivan County Soil and Water Conservation District (component unit) of \$87,742 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, 2010 consisted of the following:

Sullivan Tobacco Asset Securitization Corporation – Commercial paper, at cost, which approximates fair value, due in June 2011, interest at .68%	<u>\$ 1,242,547</u>
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Investments of the Sullivan Tobacco Asset Securitization Corporation are not subject to risk categorization.

C. Taxes Receivable

Taxes receivable at December 31, 2010 consisted of the following:

Taxes receivable - overdue	\$ 18,433,242
Returned school district taxes	15,650,470
Tax liens	<u>119,666</u>
	34,203,378
Allowance for uncollectible taxes	<u>(2,282,527)</u>
	<u>\$ 31,920,851</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 \$12,779,495, 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, 2010 were as follows:

Fund	Due From	Due To
General	\$ 4,316,242	\$ 4,921,362
County Road	7,912	45,430
Refuse and Garbage	556,890	65,323
Capital Projects	377,336	227,484
Non-Major Governmental	866,228	875
Enterprise Fund - Adult Care Center	-	4,105,412
Internal Service Fund - Workers' Compensation Benefits	<u>3,241,278</u>	<u>-</u>
	<u>\$ 9,365,886</u>	<u>\$ 9,365,886</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)

COUNTY OF SULLIVAN, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2010

Note 3 - Detailed Notes on All Funds (Continued)

transactions are recorded in the accounting system and 3) payments between funds are made.

E. Capital Assets

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

	Balance January 1, 2010 Restated*	Additions	Deletions	Balance December 31, 2010
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 8,493,202	\$ 912,676	\$ 746,791	\$ 8,659,087
Construction-in-Progress	4,087,594	6,664,194	726,088	10,025,700
Total Capital Assets, not being depreciated	<u>\$ 12,580,796</u>	<u>\$ 7,576,870</u>	<u>\$ 1,472,879</u>	<u>\$ 18,684,787</u>
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 51,913,670	\$ 1,316,689	\$ -	\$ 53,230,359
Machinery and Equipment	24,943,011	1,508,443	1,004,277	25,447,177
Infrastructure	172,122,761	16,050,097	-	188,172,858
Total Capital Assets, being depreciated	<u>248,979,442</u>	<u>18,875,229</u>	<u>1,004,277</u>	<u>266,850,394</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	25,922,472	1,254,244	-	27,176,716
Machinery and Equipment	19,006,523	1,491,790	1,004,277	19,494,036
Infrastructure	89,029,604	6,246,608	-	95,276,212
Total Accumulated Depreciation	<u>133,958,599</u>	<u>8,992,642</u>	<u>1,004,277</u>	<u>141,946,964</u>
Capital Assets, being depreciated, net	<u>\$ 115,020,843</u>	<u>\$ 9,882,587</u>	<u>\$ -</u>	<u>\$ 124,903,430</u>
Governmental Activities				
Capital Assets, net	<u>\$ 127,601,639</u>	<u>\$ 17,459,457</u>	<u>\$ 1,472,879</u>	<u>\$ 143,588,217</u>
Business-type Activities:				
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 10,551,350	\$ -	\$ -	\$ 10,551,350
Machinery and Equipment	381,438	67,456	5,700	443,194
Total Capital Assets, being depreciated	<u>10,932,788</u>	<u>67,456</u>	<u>5,700</u>	<u>10,994,544</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2010

Note 3 - Detailed Notes on All Funds (Continued)

	Balance January 1, 2010 Restated*	Additions	Deletions	Balance December 31, 2010
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 8,520,556	\$ 270,021	\$ -	\$ 8,790,577
Machinery and Equipment	237,791	44,303	5,700	276,394
Total Accumulated Depreciation	<u>8,758,347</u>	<u>314,324</u>	<u>5,700</u>	<u>9,066,971</u>
Business-type Activities				
Capital Assets, net	<u>\$ 2,174,441</u>	<u>\$ (246,868)</u>	<u>\$ -</u>	<u>\$ 1,927,573</u>

* Certain reclassifications were made between asset classes, with no change in the aggregate amount.

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

Governmental Activities:		
General Government Support		\$ 430,073
Education		341,761
Public Safety		306,871
Health		112,345
Transportation		5,647,159
Economic Opportunity and Development		62,233
Culture and Recreation		33,858
Home and Community Services		<u>2,058,342</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 8,992,642</u>
Business-type Activities - Adult Care Center		<u>\$ 314,324</u>

Capital Assets - Component Units

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

	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2010
Capital Assets, being depreciated:				
Buildings	\$ 55,197	\$ -	\$ -	\$ 55,197
Machinery and Equipment	92,287	20,098	-	112,385
Total Capital Assets, being depreciated	<u>147,484</u>	<u>20,098</u>	<u>-</u>	<u>167,582</u>
Less Accumulated Depreciation for:				
Buildings	29,670	1,380	\$ -	31,050
Machinery and Equipment	61,242	13,888	-	75,130
Total Accumulated Depreciation	<u>90,912</u>	<u>15,268</u>	<u>-</u>	<u>106,180</u>
Soil and Water Conservation District Capital Assets, net	<u>\$ 56,572</u>	<u>\$ 4,830</u>	<u>\$ -</u>	<u>\$ 61,402</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2010

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, 2010	Additions	Deletions	Balance December 31, 2010
Capital Assets, being depreciated - Machinery and Equipment	\$ 10,162	\$ 296,095	\$ 1,895	\$ 304,362
Less Accumulated Depreciation	7,226	2,203	1,895	7,534
 Industrial Development Agency Capital Assets, net	 \$ 2,936	 \$ 293,892	 \$ -	 \$ 296,828

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

	Balance January 1, 2010	Additions	Balance December 31, 2010
Capital Assets, not being depreciated - Construction-in-progress	\$ 1,442,461	\$ -	\$ 1,442,461

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

F. Accrued Liabilities

Accrued liabilities at December 31, 2010 were as follows:

	Fund				Total
	General	County Road	Refuse and Garbage	Non-Major Governmental	
Payroll and employee benefits	\$ 3,242,969	\$ 380,980	\$ 83,530	\$ 119,366	\$ 3,826,845

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 in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary and employees in tier 5 who also contribute 3% of their salary without regard to their years of service. Contributions are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion and regular pension contributions. Contribution rates for the plan year ended March 31, 2011 are as follows:

<u>Tier/Plan</u>	<u>Rate</u>
1 75I	15.3 %
2 75I	14.0
3 551	15.1
3 A14	11.3
4 551	15.1
4 89PAF	13.8
4 A15	11.3
5 A15	9.1

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

2010	\$ 4,955,636
2009	3,624,923
2008	4,087,412

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	\$ 3,881,393
County Road	375,327
Refuse and Garbage	60,663
Road Machinery	120,023
Adult Care Center	518,230
	<u>\$ 4,955,636</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

Note 3 - Detailed Notes on All Funds (Continued)

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 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 in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary and employees in tier 5 who also contribute 3% of salary without regard to their years of service. 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, 2010 was as follows:

<u>Tier</u>	<u>Regular</u>
1-4	6.19%

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

	<u>Sullivan County Community College</u>		<u>Soil and Water Conservation District</u>
	<u>TRS</u>	<u>ERS</u>	<u>ERS</u>
2010	\$ 72,058	\$ 221,467	\$ 21,816
2009	94,859	206,472	11,256
2008	59,095	217,879	13,263

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, 2010, the College incurred \$468,738 in pension expenses under this Plan.

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2010

Note 3 - Detailed Notes on All Funds (Continued)

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.

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, 2010	New Issues	Redemptions	Balance December 31, 2010
Community College Renovations	2007	- %	\$ 1,180,000	\$ -	\$ 1,180,000	\$ -
Bus Garage	2007	-	1,000,000	-	1,000,000	-
Road Reconstruction 2007	2007	1.50	1,201,000	-	400,150	800,850
Jail Planning	2008	1.50	2,000,000	-	465,000	1,535,000
Road Reconstruction 2008	2008	-	3,000,000	-	3,000,000	-
DPW Equipment 2008 - Road Machinery	2008	-	2,354,000	-	2,354,000	-
DPW Equipment 2008 - Landfill	2008	1.50	60,000	-	10,850	49,150
Road and Bridge Reconstruction	2009	1.50	2,500,000	-	-	2,500,000
Landfill Phase II Expansion	2009	-	400,000	-	400,000	-
Jail Facility	2010	1.50	-	1,995,000	-	1,995,000
Landfill	2010	1.50	-	7,500,000	-	7,500,000
Landfill Cap	2010	1.50	-	5,500,000	-	5,500,000
			<u>\$ 13,695,000</u>	<u>\$ 14,995,000</u>	<u>\$ 8,810,000</u>	<u>\$ 19,880,000</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 periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Interest expenditures of \$63,731, \$103,044, \$7,256 and \$37,265 were recorded in the fund financial statements in the General, County Road, Refuse and Garbage and Road Machinery funds, respectively. Interest expense of \$163,926 was recorded in the government-wide financial statements for governmental activities.

COUNTY OF SULLIVAN, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2010

Note 3 - Detailed Notes on All Funds (Continued)

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, 2010	New Issues	Redemptions	Balance December 31, 2010
Tax Anticipation Note	\$ 8,000,000	\$ -	\$ 8,000,000	\$ -
Tax Anticipation Note	-	4,000,000	-	4,000,000
Tax Anticipation Note	-	5,000,000	-	5,000,000
	<u>\$ 8,000,000</u>	<u>\$ 9,000,000</u>	<u>\$ 8,000,000</u>	<u>\$ 9,000,000</u>

The tax anticipation note of \$4,000,000 was issued on May 17, 2010 and matures on March 10, 2011, with interest at 1.50%. The tax anticipation note of \$5,000,000 was issued on October 21, 2010 and matures on March 10, 2011, with interest at 1.00%. Interest expenditures of \$140,000 were recorded in the fund financial statements in the General Fund. Interest expense of \$99,639 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, 2010 is as follows:

	Balance January 1, 2010	New Issues and/or Additions	Maturities and/or Payments	Balance December 31, 2010	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 48,685,843	\$ 17,185,000	\$ 4,996,493	\$ 60,874,350	\$ 6,066,806
Plus unamortized premium	-	494,457	(24,348)	470,109	-
	<u>48,685,843</u>	<u>17,679,457</u>	<u>4,972,145</u>	<u>61,344,459</u>	<u>6,066,806</u>
Installment Purchase Debt	<u>396,066</u>	-	93,270	302,796	97,000
Other Non-Current Liabilities:					
Claims Payable	5,682,776	3,684,789	4,301,040	5,066,525	727,000
Retirement Incentives and Other Pension Obligations	118,236	1,922,892	65,246	1,975,882	397,202
Compensated Absences	3,438,748	156,149	343,875	3,251,022	325,000
Other Post Employment Benefit Obligations Payable	29,340,665	12,792,862	3,299,253	38,834,274	-
Landfill Closure Costs	<u>18,509,373</u>	-	<u>3,346,609</u>	<u>15,162,764</u>	<u>461,544</u>
Total Other Non-Current Liabilities	<u>57,089,798</u>	<u>18,556,692</u>	<u>11,356,023</u>	<u>64,290,467</u>	<u>1,910,746</u>
Governmental Activities Long-Term Liabilities	<u>\$ 106,171,707</u>	<u>\$ 36,236,149</u>	<u>\$ 16,421,438</u>	<u>\$ 125,937,722</u>	<u>\$ 8,074,552</u>

COUNTY OF SULLIVAN, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2010

Note 3 - Detailed Notes on All Funds (Continued)

	Balance January 1, 2010	New Issues and/or Additions	Maturities and/or Payments	Balance December 31, 2010	Due Within One Year
Business-type Activities:					
Bonds Payable	\$ 14,664,157	\$ -	\$ 453,507	\$ 14,210,650	\$ 498,194
Less:					
Unamortized original issue discount	(133,591)	-	(7,592)	(125,999)	-
Deferred amounts on refunding	(89,096)	-	(12,432)	(76,664)	-
	<u>14,441,470</u>	<u>-</u>	<u>433,483</u>	<u>14,007,987</u>	<u>498,194</u>
Other Non-Current Liabilities:					
Retirement Incentives and Other Pension Obligations	-	164,579	-	164,579	26,985
Compensated Absences	811,234	69,169	81,123	799,280	79,928
Other Post Employment Benefit Obligations Payable	3,965,569	1,381,695	217,456	5,129,808	-
	<u>4,776,803</u>	<u>1,615,443</u>	<u>298,579</u>	<u>6,093,667</u>	<u>106,913</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 19,218,273</u>	<u>\$ 1,615,443</u>	<u>\$ 732,062</u>	<u>\$ 20,101,654</u>	<u>\$ 605,107</u>
Components Units:					
Bonds Payable	\$ 17,508,998	\$ 3,414,063	\$ 3,058,028	\$ 17,865,033	\$ 787,510
Plus unamortized premium	-	110,011	-	110,011	-
	<u>17,508,998</u>	<u>3,524,074</u>	<u>3,058,028</u>	<u>17,975,044</u>	<u>787,510</u>
Capital Lease Obligations	<u>4,193,000</u>	<u>-</u>	<u>604,000</u>	<u>3,589,000</u>	<u>176,000</u>
Other Non-Current Liabilities:					
Compensated Absences	24,987	296,034	2,499	318,522	31,852
Other Post Employment Benefit Obligations Payable	3,343,834	2,915,796	853,879	5,405,751	-
	<u>3,368,821</u>	<u>3,211,830</u>	<u>856,378</u>	<u>5,724,273</u>	<u>31,852</u>
Component Units Long-Term Liabilities	<u>\$ 25,070,819</u>	<u>\$ 6,735,904</u>	<u>\$ 4,518,406</u>	<u>\$ 27,288,317</u>	<u>\$ 995,362</u>

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.

Note 3 - Detailed Notes on All Funds (Continued)

Bonds Payable

Bonds payable at December 31, 2010 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2010
Landfill Projects	1999	\$ 9,976,987	April, 2019	0.952 - 3.382 %	\$ 4,790,000
Public Improvements	2001	8,680,000	September, 2016	4.125 - 4.5	4,175,000
Tobacco Asset Securitization	2001	16,965,000	June, 2027	5.0 - 6.0	14,090,000
Landfill Projects	2002	4,085,000	May, 2014	5.431 - 5.851	1,465,000
Public Improvements	2003	9,380,000	September, 2018	3.75 - 4.375	5,720,000
Public Improvements	2005	9,790,000	July, 2019	3.5 - 4.0	6,925,000
Landfill Projects	2005	1,890,000	May, 2014	4.233 - 4.593	850,000
Public Improvements	2006	5,055,000	July, 2014	4.125 - 4.25	2,725,000
Public Improvements	2007	15,515,000	July, 2022	4.25 - 4.3	13,175,000
Public Improvements	2007	6,900,000	March, 2017	4.125 - 5.0	3,985,000
Public Improvements - Tax Exempt Bonds	2010	8,775,000	May, 2021	3.110 - 5.110	8,775,000
Public Improvements - Build America Bonds	2010	7,600,000	May, 2024	4.932 - 5.932	7,600,000
Public Improvements - Recovery Zone Economic Development Bonds	2010	810,000	May, 2024	5.932	810,000
					<u>\$ 75,085,000</u>

Interest expenditures of \$1,871,574 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$2,071,358 was recorded in the government-wide financial statements for governmental activities. Interest expense of \$18,377 and \$814,723 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, 2010 was \$302,796.

Interest expenditures/expense of \$15,842 was recorded in the fund financial statements in the Debt Service Fund and in the government-wide financial statements.

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, 2010 including interest payments of \$23,758,227 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		
2011	\$ 6,066,806	\$ 2,835,792	\$ 97,000	\$ 12,112	\$ 498,194	\$ 789,932	\$ 6,662,000	\$ 3,637,836
2012	6,222,147	2,235,546	100,880	8,232	522,853	762,780	6,845,880	3,006,558
2013	6,382,370	2,007,518	104,916	4,197	557,630	733,774	7,044,916	2,745,489
2014	6,542,516	1,768,235	-	-	582,484	702,785	7,125,000	2,471,020
2015	5,423,109	1,529,977	-	-	591,891	669,956	6,015,000	2,199,933
2016-2020	21,607,402	4,521,724	-	-	3,892,598	2,759,259	25,500,000	7,280,983
2021-2025	8,630,000	877,474	-	-	5,430,000	1,427,815	14,060,000	2,305,289
2026-2027	-	-	-	-	2,135,000	111,119	2,135,000	111,119
	<u>\$ 60,874,350</u>	<u>\$ 15,776,266</u>	<u>\$ 302,796</u>	<u>\$ 24,541</u>	<u>\$ 14,210,650</u>	<u>\$ 7,957,420</u>	<u>\$ 75,387,796</u>	<u>\$ 23,758,227</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, 2010		Year Ended December 31, 2009	
	Workers' Compensation	General Liability	Workers' Compensation	General Liability
Balance - Beginning of Year	\$ 5,379,959	\$ 302,817	\$ 5,256,597	\$ 273,721
Provision for Claims and Claims Adjustment Expenses/Expenditures	3,628,276	60,135	4,357,779	70,158
Claims and Claims Adjustment Expenses/Expenditures Paid	(4,240,905)	(63,757)	(4,234,417)	(41,062)
Balance - End of Year	<u>\$ 4,767,330</u>	<u>\$ 299,195</u>	<u>\$ 5,379,959</u>	<u>\$ 302,817</u>
Due Within One Year	<u>\$ 477,000</u>	<u>\$ 250,000</u>	<u>\$ 537,996</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 were being made over a ten year period, with interest at 8% per annum. The final payment of \$55,532, including interest, was made in the current year and was charged to General Fund expenditures in the fund financial statements.

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, 2010 was \$26,886.

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 \$10,227 and was charged to General Fund expenditures in the fund financial statements. The balance due at December 31, 2010 was \$26,104.

Note 3 - Detailed Notes on All Funds (Continued)

The 2010 State-wide Retirement Incentive Program enacted under Chapter 105 of the Laws of 2010 authorized local municipalities to offer employees a retirement incentive. Under Part A of the plan, eligible employees would be granted one month of additional service credit for each year of service up to 36 years. Under Part B of the plan, eligible employees can retire without penalty and benefit reduction if they are under the age of 62 and have less than 30 years of credited service. The estimated cost of the program will be approximately 60% of the employee's final average salary. The County has elected to pay this obligation over a five year period. The balance due at December 31, 2010 was \$1,922,892 for governmental activities and \$164,579 for business-type activities.

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.

Sullivan County Community College (component unit) and the Soil and Water Conservation District (component unit) employees may accumulate vacation leave. Upon termination, they are compensated for this leave at their current rate of pay. The liability at December 31, 2010 was \$289,278 and \$29,244, respectively.

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

Note 3 - Detailed Notes on All Funds (Continued)

the “pay-as-you-go” approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a “normal cost”, an “actuarial accrued liability”, and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

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 dollar method with an open amortization approach with 26 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, 2010 was as follows:

	Primary Government	Community College (Component Unit)	Total
Active Employees	983	164	1,147
Retired Employees	567	97	664
	<u>1,550</u>	<u>261</u>	<u>1,811</u>

Note 3 - Detailed Notes on All Funds (Continued)

	Primary Government	Community College (Component Unit)
Amortization Component:		
Actuarial Accrued Liability as of January 1, 2010	\$ 155,096,710	\$ 35,006,748
Assets at Market Value	-	-
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 155,096,710</u>	<u>\$ 35,006,748</u>
Funded Ratio	<u>0.00%</u>	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 46,345,554</u>	<u>\$ 8,541,428</u>
UAAL as a Percentage of Covered Payroll	<u>334.65%</u>	<u>409.85%</u>
Annual Required Contribution	\$ 14,753,201	\$ 2,896,713
Interest on Net OPEB Obligation	1,383,874	167,192
Adjustment to Annual Required Contribution	<u>(1,962,518)</u>	<u>(148,109)</u>
Annual OPEB Cost	14,174,557	2,915,796
Contributions Made	<u>(3,516,709)</u>	<u>(853,879)</u>
Increase in Net OPEB Obligation	10,657,848	2,061,917
Net OPEB Obligation - Beginning of Year	<u>33,306,234</u>	<u>3,343,834</u>
Net OPEB Obligation - End of Year	<u>\$ 43,964,082</u>	<u>\$ 5,405,751</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
2010	\$ 14,174,557	24.81 %	\$ 43,964,082
2009	12,775,062	24.40	33,306,232
2008	15,075,876	20.73	23,648,844

Note 3 - Detailed Notes on All Funds (Continued)

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 \$15,162,764 reported as a landfill closure costs liability in the government-wide financial statements, at December 31, 2010, represents an estimated amount based on the use of 100 percent of the landfill capacity less the actual expenditures to date of \$25,369,903. These expenditures have been charged to the Capital Projects Fund, which has a total project budget of \$31,703,756. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Bonds Payable – Component Unit

Sullivan County Community College

Bonds payable at August 31, 2010 consisted of the following issues:

Purpose	Final Maturity	Interest Rates	Amount Outstanding at August 31, 2010
Dormitory Authority of New York State	August 2038	2 - 5.50 %	\$ 6,868,721
Renovation and Technology Improvements	August 2024	3.11 - 5.93	3,258,312
Civic Facility Revenue Bonds	June 2027	7.25	<u>7,738,000</u>
			<u>\$ 17,865,033</u>

The annual requirements to amortize all bonds outstanding at August 31, 2010, including interest of \$11,171,574 are as follows:

August 31,	Principal	Interest	Total
2011	\$ 787,510	\$ 1,024,522	\$ 1,812,032
2012	789,498	988,537	1,778,035
2013	834,560	949,585	1,784,145
2014	910,433	906,248	1,816,681
2015	924,996	858,595	1,783,591
2016-2020	4,609,986	3,523,161	8,133,147
2021-2025	5,349,746	2,111,555	7,461,301
2026-2030	2,690,102	595,880	3,285,982
2031-2035	672,906	185,110	858,016
2036-2038	295,296	28,382	323,678
	<u>\$ 17,865,033</u>	<u>\$ 11,171,574</u>	<u>\$ 29,036,607</u>

Note 3 - Detailed Notes on All Funds (Continued)

Capital Lease Obligations - Component Unit

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

The future minimum lease obligations as of August 31, 2010 were as follows:

<u>Year Ending</u> <u>August 31,</u>	
2011	\$ 407,495
2012	407,375
2013	407,680
2014	407,353
2015	407,392
2016-2020	2,040,631
2021-2025	<u>1,573,245</u>
Total minimum lease payments	5,651,171
Less amount representing interest	<u>2,062,171</u>
Present value of minimum lease payments	<u>\$ 3,589,000</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>Refuse and Garbage Fund</u>	<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	
General Fund	\$ -	\$ 11,042,746	\$ 2,253,157	\$ 538,436	\$ 3,774,911	\$ 17,609,250
County Road Fund	-	-	-	555,000	1,215,927	1,770,927
Refuse and Garbage Fund	-	-	-	10,850	4,494,012	4,504,862
Capital Projects Fund	-	-	-	-	109,112	109,112
Non-Major Governmental Funds	5,523	7,912	5,557	154,150	221,314	394,456
	<u>\$ 5,523</u>	<u>\$ 11,050,658</u>	<u>\$ 2,258,714</u>	<u>\$ 1,258,436</u>	<u>\$ 9,815,276</u>	<u>\$ 24,388,607</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, 3) move amounts earmarked in the operating funds to fulfill commitments for Debt Service Fund expenditures and 4) move amounts in the General Fund that are associated with the newly established Refuse and Garbage Fund.

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 \$12,986,884 that have been set aside by the County Legislature to fund the closure and post closure care costs of the County's land fill site.

Designated for Subsequent Year's Expenditures - At December 31, 2010, the County Legislature has designated that \$4,102,174 of the fund balance of the General Fund, \$1,400,877 of the fund balance of the County Road Fund, \$326,607 of the fund balance of the Refuse and Garbage Fund and \$617,689 of the fund balance of the Road Machinery Fund be appropriated for the ensuing year's budget.

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 coverage. 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. 1 of 1967. 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

The County issued tax anticipation notes on March 16, 2011 in anticipation of real property tax collections. The notes mature on March 9, 2012 and bear interest at the rate of .81%.

The County issued bond anticipation notes for various capital projects on March 9, 2011. The notes mature on March 9, 2012 and bear interest at the rate of .80%.

COUNTY OF SULLIVAN, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS
 OTHER POST EMPLOYMENT BENEFITS
 LAST THREE FISCAL YEARS

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
January 1, 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
January 1, 2010	-	155,096,710	155,096,710	-	46,345,554	334.65

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.

REFUSE AND GARBAGE FUND

The Refuse and Garbage Fund is used to account for the activity of the County's solid waste operations.

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, 2010 AND 2009

	2010	2009
<u>ASSETS</u>		
Cash:		
Demand deposits	\$ 26,578,388	\$ 24,754,339
Petty cash	14,150	14,150
	26,592,538	24,768,489
Taxes Receivable:		
Taxes receivable - overdue	18,433,242	16,055,020
Returned school district taxes	15,650,470	15,196,219
Tax liens	119,666	91,369
	34,203,378	31,342,608
Less - Allowance for uncollectible amounts	(2,282,527)	(2,140,572)
	31,920,851	29,202,036
Other Receivables:		
Accounts	5,402,776	5,443,117
State and Federal aid	19,200,585	19,436,928
Due from other governments	431,171	245,874
Due from other funds	4,316,242	5,247,403
	29,350,774	30,373,322
Total Assets	\$ 87,864,163	\$ 84,343,847
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 13,360,912	\$ 13,494,068
Accrued liabilities	3,242,969	3,082,984
Due to other governments	134,833	215,788
Due to school districts	18,797,739	17,983,110
Due to other funds	4,921,362	5,927,035
Deferred revenues	1,164,802	1,872,180
Deferred tax revenues	12,779,495	13,914,672
Tax anticipation notes payable	9,000,000	8,000,000
	63,402,112	64,489,837
Fund Balance:		
Reserved for encumbrances	408,153	639,772
Reserved for law enforcement	99,064	139,274
Reserved for driving while intoxicated program	303,783	249,052
Reserved for debt service	353,799	955,867
Unreserved:		
Designated for subsequent year's expenditures	4,102,174	-
Designated for landfill construction/closure	12,986,884	12,936,330
Designated for compensated absences	-	702,590
Undesignated	6,208,194	4,231,125
	24,462,051	19,854,010
Total Fund Balance	24,462,051	19,854,010
Total Liabilities and Fund Balance	\$ 87,864,163	\$ 84,343,847

COUNTY OF SULLIVAN, NEW YORK

GENERAL FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 48,055,902	\$ 48,055,902	\$ 49,825,309	\$ 1,769,407
Other tax items	5,826,640	5,549,151	6,633,477	1,084,326
Non-property taxes	36,867,000	34,683,897	35,304,348	620,451
Departmental income	21,690,476	22,321,342	21,735,910	(585,432)
Intergovernmental charges	705,864	707,155	646,961	(60,194)
Use of money and property	299,600	299,600	207,012	(92,588)
Licenses and permits	23,500	23,500	21,310	(2,190)
Fines and forfeitures	275,708	411,601	313,712	(97,889)
Sale of property and compensation for loss	62,200	62,200	106,135	43,935
State aid	18,050,864	18,497,420	17,701,568	(795,852)
Federal aid	17,830,536	19,802,808	19,264,625	(538,183)
Miscellaneous	3,998,188	3,938,543	3,272,780	(665,763)
Total Revenues	153,686,478	154,353,119	155,033,147	680,028
Expenditures:				
Current:				
General government support	25,183,400	24,108,715	23,018,603	1,090,112
Education	5,500,000	5,500,000	5,509,250	(9,250)
Public safety	22,190,354	22,496,305	21,850,279	646,026
Health	24,702,856	24,247,097	22,938,752	1,308,345
Transportation	1,585,489	1,616,287	1,420,216	196,071
Economic opportunity and development	53,885,875	54,531,076	53,135,382	1,395,694
Culture and recreation	3,459,058	3,512,148	3,108,254	403,894
Home and community services	2,018,271	1,970,413	1,636,912	333,501
Debt service - interest	732,700	688,732	203,731	485,001
Total Expenditures	139,258,003	138,670,773	132,821,379	5,849,394
Excess of Revenues Over Expenditures	14,428,475	15,682,346	22,211,768	6,529,422
Other Financing Sources (Uses):				
Transfers in	-	-	5,523	5,523
Transfers out	(15,068,247)	(15,144,208)	(17,609,250)	(2,465,042)
Total Other Financing Uses	(15,068,247)	(15,144,208)	(17,603,727)	(2,459,519)
Net Change in Fund Balance	(639,772)	538,138	4,608,041	4,069,903
Fund Balance (Deficit) - Beginning of Year	639,772	(538,138)	19,854,010	20,392,148
Fund Balance - End of Year	\$ -	\$ -	\$ 24,462,051	\$ 24,462,051

2009

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 46,316,187	\$ 46,316,187	\$ 42,132,012	\$ (4,184,175)
5,063,500	6,073,399	6,318,080	244,681
40,577,000	36,717,000	35,766,177	(950,823)
29,948,729	27,464,618	26,212,024	(1,252,594)
534,537	704,391	559,750	(144,641)
483,167	518,613	384,625	(133,988)
21,500	21,500	25,240	3,740
264,208	265,208	336,312	71,104
559,700	581,299	366,815	(214,484)
19,578,234	20,879,297	18,099,580	(2,779,717)
16,208,305	19,453,599	19,786,136	332,537
6,115,912	6,216,505	5,536,335	(680,170)
<u>165,670,979</u>	<u>165,211,616</u>	<u>155,523,086</u>	<u>(9,688,530)</u>
27,226,895	25,377,788	22,947,642	2,430,146
5,368,066	5,568,066	5,534,473	33,593
20,461,585	20,910,614	20,171,366	739,248
25,044,417	24,978,011	23,238,111	1,739,900
1,530,760	1,557,236	1,462,007	95,229
56,256,284	58,416,531	57,380,014	1,036,517
3,352,686	3,368,244	3,097,943	270,301
6,479,535	6,612,834	6,185,440	427,394
108,081	108,081	106,649	1,432
<u>145,828,309</u>	<u>146,897,405</u>	<u>140,123,645</u>	<u>6,773,760</u>
<u>19,842,670</u>	<u>18,314,211</u>	<u>15,399,441</u>	<u>(2,914,770)</u>
-	-	744,168	744,168
<u>(20,928,298)</u>	<u>(19,369,828)</u>	<u>(17,158,318)</u>	<u>2,211,510</u>
<u>(20,928,298)</u>	<u>(19,369,828)</u>	<u>(16,414,150)</u>	<u>2,955,678</u>
<u>(1,085,628)</u>	<u>(1,055,617)</u>	<u>(1,014,709)</u>	<u>40,908</u>
<u>1,085,628</u>	<u>1,055,617</u>	<u>20,868,719</u>	<u>19,813,102</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,854,010</u>	<u>\$ 19,854,010</u>

COUNTY OF SULLIVAN, NEW YORK

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2010
(With Comparative Actuals for 2009)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2009 Actual
REAL PROPERTY TAXES	\$ 48,055,902	\$ 48,055,902	\$ 49,825,309	\$ 1,769,407	\$ 42,132,012
OTHER TAX ITEMS					
Gain on sale of tax acquired property	1,500,000	419,000	1,474,475	1,055,475	1,909,126
Interest and penalties on real property taxes	3,700,000	4,294,425	4,356,929	62,504	3,751,310
Payments in lieu of taxes	626,640	835,726	802,073	(33,653)	657,644
	5,826,640	5,549,151	6,633,477	1,084,326	6,318,080
NON-PROPERTY TAXES					
Sales and use tax	34,095,000	32,095,000	32,605,248	510,248	33,133,253
Hotel room occupancy tax	625,000	625,000	749,105	124,105	599,376
Off-track betting surcharge	600,000	600,000	576,753	(23,247)	518,746
E-911 surcharge	305,000	305,000	282,018	(22,982)	303,821
Automobile use tax	540,000	540,000	553,875	13,875	497,179
Mortgage tax	700,000	516,897	533,659	16,762	711,371
Other taxes	2,000	2,000	3,690	1,690	2,431
	36,867,000	34,683,897	35,304,348	620,451	35,766,177
DEPARTMENTAL INCOME					
General Government Support:					
County treasurer fees	10,100	7,883	7,888	5	12,433
Tax map fees	5,000	5,000	4,219	(781)	5,845
Tax collection fees	441,500	572,280	601,423	29,143	563,256
Clerk fees	1,440,000	1,414,313	1,443,068	28,755	1,348,522
Charges for tax advertising	2,000	4,246	2,246	(2,000)	8,655
Civil service examination fees	15,000	8,250	8,548	298	10,300
Attorney fees	33,609	33,609	53,466	19,857	29,144
Public works charges	3,959,146	3,966,126	3,832,425	(133,701)	3,385,823
Management information fees	930,944	1,429,820	1,197,616	(232,204)	753,179
Stop-DWI reimbursement	44,721	44,721	44,721	-	44,721
Central services chargebacks	266,790	266,790	207,935	(58,855)	169,711
	7,148,810	7,753,038	7,403,555	(349,483)	6,331,589

Public Safety:									
Sheriff fees	597,250	646,790	757,210	110,420	670,365				
Probation fees	214,365	214,365	177,188	(37,177)	180,874				
Public safety fees	6,000	6,000	7,665	1,665	5,670				
	<u>817,615</u>	<u>867,155</u>	<u>942,063</u>	<u>74,908</u>	<u>856,909</u>				
Health:									
Home nursing charges	5,124,688	5,124,260	5,081,982	(42,278)	5,319,646				
Mental health fees	3,786,486	3,786,486	3,399,043	(387,443)	4,216,468				
Early intervention child care services	634,343	606,343	870,248	263,905	858,590				
Narcotics, DWI and alcoholism programs	586,297	586,297	387,077	(199,220)	447,326				
	<u>10,131,814</u>	<u>10,103,386</u>	<u>9,738,350</u>	<u>(365,036)</u>	<u>10,842,030</u>				
Transportation:									
Airport rentals and fees	101,036	101,036	66,833	(34,203)	99,426				
Public transportation fees	427,175	427,175	391,838	(35,337)	423,513				
	<u>528,211</u>	<u>528,211</u>	<u>458,671</u>	<u>(69,540)</u>	<u>522,939</u>				
Economic Opportunity and Development:									
Medical assistance	1,585,000	1,356,067	1,413,310	57,243	1,406,584				
Child care	310,600	371,718	366,068	(5,650)	270,612				
Juvenile delinquency	1,200	2,900	4,609	1,709	1,151				
Safety net	360,000	430,000	506,328	76,328	295,214				
Home energy assistance program repayments	60,000	125,000	134,033	9,033	105,869				
Emergency aid to adults	20,500	14,129	14,129	-	24,778				
Family services - chargebacks	53,841	95,348	103,850	8,502	96,001				
Other	359,632	388,380	378,110	(10,270)	419,736				
	<u>2,750,773</u>	<u>2,783,542</u>	<u>2,920,437</u>	<u>136,895</u>	<u>2,619,945</u>				
Culture and Recreation:									
Parks and recreation	76,300	76,300	77,566	1,266	69,998				
Recreation concessions	26,000	17,632	10,132	(7,500)	28,234				
Preventive services	-	-	(1)	(1)	319				
Contributions - Office for the Aging	175,775	159,485	159,372	(113)	171,543				
Fort Delaware admissions fees	19,000	16,415	14,085	(2,330)	17,575				
	<u>297,075</u>	<u>269,832</u>	<u>261,154</u>	<u>(8,678)</u>	<u>287,669</u>				
Home and Community Services:									
Refuse, garbage and recycling charges	16,178	16,178	11,680	(4,498)	4,726,860				
Community development administration reimbursement	16,178	16,178	11,680	(4,498)	24,083				
	<u>21,690,476</u>	<u>22,321,342</u>	<u>21,735,910</u>	<u>(585,432)</u>	<u>26,212,024</u>				
TOTAL DEPARTMENTAL INCOME									

(Continued)

COUNTY OF SULLIVAN, NEW YORK

GENERAL FUND

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

YEAR ENDED DECEMBER 31, 2010
(With Comparative Actuals for 2009)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2009 Actual
INTERGOVERNMENTAL CHARGES					
General services	\$ 500,716	\$ 502,007	\$ 502,809	\$ 802	\$ 490,303
Election service charges	-	-	802	802	421
Public safety	27,000	27,000	28,344	1,344	21,344
Health services	85,000	85,000	-	(85,000)	-
Economic assistance	93,148	93,148	115,006	21,858	47,682
	<u>705,864</u>	<u>707,155</u>	<u>646,961</u>	<u>(60,194)</u>	<u>559,750</u>
USE OF MONEY AND PROPERTY					
Earnings on investments	201,500	201,500	113,665	(87,835)	159,753
Rental of property	15,600	15,600	19,575	3,975	147,087
Commissions	82,500	82,500	73,772	(8,728)	77,785
	<u>299,600</u>	<u>299,600</u>	<u>207,012</u>	<u>(92,588)</u>	<u>384,625</u>
LICENSES AND PERMITS					
Business and occupational licenses	22,000	22,000	19,810	(2,190)	23,740
Other licenses and permits	1,500	1,500	1,500	-	1,500
	<u>23,500</u>	<u>23,500</u>	<u>21,310</u>	<u>(2,190)</u>	<u>25,240</u>
FINES AND FORFEITURES					
Fines and forfeited bail	11,500	147,393	50,259	(97,134)	157,277
Stop DWI fines	264,208	264,208	263,453	(755)	179,035
	<u>275,708</u>	<u>411,601</u>	<u>313,712</u>	<u>(97,889)</u>	<u>336,312</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS					
Sale of refuse for recycling	-	-	-	-	318,433
Sale of equipment	-	-	27,575	27,575	-
Minor sales	12,200	12,200	17,058	4,858	20,889
Insurance recoveries	50,000	50,000	61,502	11,502	27,493
	<u>62,200</u>	<u>62,200</u>	<u>106,135</u>	<u>43,935</u>	<u>366,815</u>

STATE AID

General Government Support:

Court facilities	216,000	216,000	225,325	9,325	218,353
District attorney	102,835	122,835	73,571	(49,264)	142,199
Indigent legal services	325,000	325,000	356,531	31,531	371,428
Records management	-	67,946	67,946	-	62,077
Other	58,951	85,637	98,197	12,560	97,768
	<u>702,786</u>	<u>817,418</u>	<u>821,570</u>	<u>4,152</u>	<u>891,825</u>

Public Safety:

Homeland security	36,500	104,494	8,248	(96,246)	3,600
Probation services	296,948	296,948	397,904	100,956	340,996
Housing of parolees and felons	15,000	15,000	-	(15,000)	27,984
Navigation aid	10,000	10,000	4,296	(5,704)	13,761
Court officer reimbursement	46,067	46,067	31,408	(14,659)	37,963
Other	51,500	127,500	109,898	(17,602)	123,091
	<u>456,015</u>	<u>600,009</u>	<u>551,754</u>	<u>(48,255)</u>	<u>547,395</u>

Health:

Public health	1,872,894	1,793,885	1,639,201	(154,684)	1,277,597
Education and care of handicapped children	7,200	7,200	7,591	391	2,314
Addiction control	421,607	421,607	400,773	(20,834)	458,976
Mental health	3,279,357	2,967,759	3,181,784	214,025	3,007,946
Education and transportation of handicapped children	15,000	64,000	62,322	(1,678)	288
Early intervention program	2,669,130	2,472,630	1,846,884	(625,746)	2,636,939
	<u>8,265,188</u>	<u>7,727,081</u>	<u>7,138,555</u>	<u>(588,526)</u>	<u>7,384,060</u>

Transportation - Bus subsidies

	-	-	5,078	5,078	(4,191)
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Economic Opportunity and Development:

Medical assistance	(317,500)	(217,500)	(199,420)	18,080	(270,705)
Aid to dependent children	1,025,000	1,241,750	1,187,465	(54,285)	1,151,687
Family services administration	3,418,566	3,260,740	3,567,387	306,647	3,501,249
Food services administration	-	-	-	-	14,875
Local administration funds	-	-	-	-	(53,139)
Child care	1,546,783	1,457,778	1,229,422	(228,356)	1,656,527
Juvenile delinquency	93,317	221,102	143,496	(77,606)	77,262
Home relief	1,491,400	1,879,085	2,108,009	228,924	1,877,855
Emergency aid for adults	29,985	17,685	16,970	(715)	21,826
Day care	252,961	232,961	261,166	28,205	253,793
Veterans' service agency	5,000	5,000	8,654	3,654	8,654
Economic assistance	6,600	6,600	7,844	1,244	30,437
Services for recipients	222,655	222,655	94,253	(128,402)	204,738
	<u>7,774,767</u>	<u>8,327,856</u>	<u>8,425,246</u>	<u>97,390</u>	<u>8,475,059</u>

(Continued)

COUNTY OF SULLIVAN, NEW YORK

GENERAL FUND
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET (Continued)
 YEAR ENDED DECEMBER 31, 2010
 (With Comparative Actuals for 2009)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2009 Actual
Culture and Recreation: Programs for the aging Youth programs	\$ 600,747 98,605	\$ 621,196 231,104	\$ 590,707 151,158	\$ (30,489) (79,946)	\$ 597,655 91,844
	699,352	852,300	741,865	(110,435)	689,499
Home and Community Services - Refuse, garbage and recycling charges	152,756	172,756	17,500	(155,256)	115,933
TOTAL STATE AID	18,050,864	18,497,420	17,701,568	(795,852)	18,099,580
FEDERAL AID	-	-	10,136	10,136	-
General Government Support - General elections					
Public Safety: Sheriff's department Other	20,000 29,316	47,290 34,316	48,373 191,112	1,083 156,796	121,642 74,374
	49,316	81,606	239,485	157,879	196,016
Health: Public health W.I.C. program Mental health	144,700 407,216 2,618,776	278,164 407,216 4,440,047	303,396 355,712 4,448,170	25,232 (51,504) 8,123	187,140 273,892 4,268,859
	3,170,692	5,125,427	5,107,278	(18,149)	4,729,891

Economic Opportunity and Development:						
Medical assistance	(310,000)	(224,000)	(205,712)	18,288	(227,875)	
Aid to dependent children	2,147,199	1,775,013	1,627,467	(147,546)	1,923,082	
Family services administration	5,306,080	4,546,594	5,406,981	860,387	5,311,233	
Food stamps	1,041,410	930,955	893,004	(37,951)	920,626	
Flexible fund family services	2,397,411	3,295,016	2,747,776	(547,240)	2,597,740	
Child care	1,005,378	846,908	712,577	(134,331)	1,482,874	
Home relief	20,000	(29,597)	(36,674)	(7,077)	9,603	
Workforce development	1,127,811	1,591,500	980,298	(611,202)	1,123,400	
Day care	1,328,044	1,328,044	1,258,036	(70,008)	1,175,720	
	<u>14,063,333</u>	<u>14,060,433</u>	<u>13,383,753</u>	<u>(676,680)</u>	<u>14,316,403</u>	
Culture and Recreation - Programs for the aging	547,195	535,342	523,973	(11,369)	543,826	
	<u>17,830,536</u>	<u>19,802,808</u>	<u>19,264,625</u>	<u>(538,183)</u>	<u>19,786,136</u>	
TOTAL FEDERAL AID						
MISCELLANEOUS						
Refund of prior year's expenditures	-	-	12,039	12,039	89,779	
Gifts and donations	99,200	83,590	85,511	1,921	89,374	
Video lottery terminals	440,814	396,733	396,733	-	440,814	
Indirect cost chargebacks	2,665,174	2,665,174	2,726,184	61,010	2,483,775	
Other	793,000	793,046	52,313	(740,733)	2,432,593	
	<u>3,998,188</u>	<u>3,938,543</u>	<u>3,272,780</u>	<u>(665,763)</u>	<u>5,536,335</u>	
TOTAL REVENUES	153,686,478	154,353,119	155,033,147	680,028	155,523,086	
OTHER FINANCING SOURCES						
Transfers in - Debt Service Fund	-	-	5,523	5,523	744,168	
	<u>\$ 153,686,478</u>	<u>\$ 154,353,119</u>	<u>\$ 155,038,670</u>	<u>\$ 685,551</u>	<u>\$ 156,267,254</u>	

COUNTY OF SULLIVAN, NEW YORK
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2010
(With Comparative Actuals for 2009)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2009 Actual
GENERAL GOVERNMENT SUPPORT					
County Legislature	\$ 573,938	\$ 580,938	\$ 534,943	\$ 45,995	609,581
Municipal Court	8,000	8,000	8,630	(630)	6,710
District Attorney	1,645,422	1,790,263	1,431,415	358,848	1,712,294
Public Defense	1,585,508	1,585,508	1,636,475	(50,967)	1,642,967
Coroners	296,306	296,227	231,050	65,177	259,421
County Manager	305,444	305,444	278,384	27,060	362,341
County Treasurer	519,790	517,503	494,228	23,275	478,281
Audit and Control	517,039	516,757	508,603	8,154	488,117
Management and Budget	723,724	724,843	719,269	5,574	760,025
Grants Administration	148,735	148,735	148,171	564	210,082
Purchasing	322,451	322,439	307,538	14,901	354,759
Real Property Tax Map	705,207	705,207	692,757	12,450	769,572
Tax Collection	1,043,351	1,083,619	930,705	152,914	866,082
County Clerk	1,705,272	1,773,970	1,720,502	53,468	1,638,148
County Attorney	759,409	870,228	869,225	1,003	958,890
Personnel	488,027	529,482	530,875	(1,393)	552,555
Elections	588,311	587,275	703,785	(116,510)	675,697
Records Management	128,480	128,480	133,745	(5,265)	128,976
Public Works Administration	540,675	530,174	526,119	4,055	537,339
Central Services Administration	322,456	322,453	267,254	55,199	302,431
Buildings	4,517,508	4,623,953	4,475,655	148,298	4,583,702
Management Information Systems	3,699,869	3,760,739	3,527,448	233,291	3,322,216
Risk Management	286,201	290,677	287,827	2,850	273,569
Payroll	220,830	220,829	226,579	(5,750)	225,737
Unallocated Insurance	495,170	873,392	873,387	5	462,306
Municipal Association Dues	35,000	35,000	31,175	3,825	31,009
Judgments and Claims	300,000	95,521	60,135	35,386	70,158
Post Employment Benefits	641,277	721,352	703,095	18,257	587,895
Other	2,060,000	159,707	159,629	78	76,782
Total General Government Support	25,183,400	24,108,715	23,018,603	1,090,112	22,947,642

EDUCATION					
Community College - Non-resident Tuition	1,500,000	1,500,000	1,509,250	(9,250)	1,516,407
Contribution to Community College	4,000,000	4,000,000	4,000,000	-	4,018,066
Total Education	5,500,000	5,500,000	5,509,250	(9,250)	5,534,473
PUBLIC SAFETY					
Administration	230,588	296,432	251,758	44,674	276,415
E-911	1,285,538	1,335,536	1,191,662	143,874	1,192,837
Sheriff	6,668,587	6,831,915	6,857,355	(25,440)	6,702,163
Probation	2,207,502	2,207,491	2,047,085	160,406	2,124,813
Jail	10,787,907	10,858,581	10,604,398	254,183	8,994,555
Stop DWI	286,210	285,844	240,590	45,254	222,995
Fire Protection	87,728	96,780	79,743	17,037	77,382
Animal Control	4,750	4,773	4,424	349	608
Safety Inspection	4,466	3,950	1,010	2,940	1,077
Post Employment Benefits	627,078	575,003	572,254	2,749	578,521
Total Public Safety	22,190,354	22,496,305	21,850,279	646,026	20,171,366
HEALTH					
Public Health	7,220,145	7,247,093	6,793,922	453,171	6,582,950
Handicapped Children	26,178	26,688	25,370	1,318	18,331
Diagnostic and Treatment Programs	716,334	736,804	687,271	49,533	617,730
Early Intervention Program	6,281,156	6,105,656	5,881,198	224,458	6,105,633
W.I.C.	567,442	567,404	484,711	82,693	430,921
Addiction Control	937,134	892,949	841,047	51,902	892,510
Community Services Administration	1,314,621	1,444,115	1,453,561	(9,446)	1,288,905
Mental Health Programs	4,423,205	4,330,944	3,813,466	517,478	4,337,231
Contracted Mental Health Services	2,898,166	2,597,067	2,654,059	(56,992)	2,663,742
Post Employment Benefits	318,475	298,377	304,147	(5,770)	300,158
Total Health	24,702,856	24,247,097	22,938,752	1,308,345	23,238,111
TRANSPORTATION					
Airport	430,739	430,378	344,329	86,049	377,860
Public Transportation	1,074,486	1,074,736	964,839	109,897	1,011,477
Post Employment Benefits	80,264	111,173	111,048	125	72,670
Total Transportation	1,585,489	1,616,287	1,420,216	196,071	1,462,007

(Continued)

COUNTY OF SULLIVAN, NEW YORK
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET (Continued)
YEAR ENDED DECEMBER 31, 2010
(With Comparative Actuals for 2009)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2009 Actual
ECONOMIC OPPORTUNITY AND DEVELOPMENT					
Family Services Administration	\$ 14,941,387	\$ 14,943,544	\$ 14,179,227	\$ 764,317	\$ 14,473,459
Day Care	1,652,000	1,652,000	1,624,027	27,973	1,566,795
Services for Recipients	845,000	815,000	551,138	263,862	902,185
Medical Assistance	215,000	195,000	193,526	1,474	323,039
Medical Assistance - MMIS	20,011,394	20,011,394	19,196,111	815,283	21,616,787
Family Assistance	4,818,000	4,618,000	4,857,512	(239,512)	6,291,363
Child Care	3,283,303	2,683,303	2,838,733	(155,430)	3,307,869
Juvenile Delinquent Care	181,328	367,828	380,701	(12,873)	242,119
State Training Schools	440,000	340,000	428,817	(88,817)	552,165
Safety Net	3,550,000	4,450,000	4,752,030	(302,030)	4,056,909
Home Energy Assistance Program	20,000	20,000	61,335	(41,335)	64,087
Emergency Aid for Adults	98,856	48,856	47,593	1,263	50,733
Center for Workforce Development	1,483,065	1,946,514	1,554,950	391,564	1,695,235
Community Action Commission	30,000	30,000	30,000	-	28,500
Other Economic Opportunity Programs	51,300	51,300	51,300	-	51,300
Veterans' Services	530,652	530,652	499,236	31,416	508,897
Public Information	658,026	651,026	698,297	(47,271)	539,183
Consumer Affairs - Weights and Measures	93,069	93,069	99,169	(6,100)	89,193
Economic and Community Development	258,137	345,026	345,981	(955)	328,919
Post Employment Benefits	725,358	738,564	745,699	(7,135)	691,277
Total Economic Opportunity and Development	53,885,875	54,531,076	53,135,382	1,395,694	57,380,014
CULTURE AND RECREATION					
Parks and Recreation	376,890	374,616	293,734	80,882	331,045
Youth Programs	329,551	503,550	383,199	120,351	351,241
County Museum	118,637	118,638	59,437	59,201	50,685
Historical Property - Fort Delaware	90,773	77,574	55,872	21,702	61,003
Cultural Affairs	66,925	66,925	53,575	13,350	66,825
Aging Programs	2,400,230	2,290,848	2,183,152	107,696	2,168,239
Post Employment Benefits	76,052	79,997	79,285	712	68,905
Total Culture and Recreation	3,459,058	3,512,148	3,108,254	403,894	3,097,943

HOME AND COMMUNITY SERVICES

Planning	1,416,771	1,461,768	1,138,509	323,259	1,259,556
Human Rights Commission	36,589	36,589	29,798	6,791	30,559
Refuse and Garbage	22,704	-	-	-	4,235,463
Fish and Game	20,000	20,000	20,000	-	23,750
Veterans' Cemetery	7,135	6,335	3,546	2,789	4,629
Post Employment Benefits	100,072	30,721	30,059	662	83,009
Other	415,000	415,000	415,000	-	548,474
	<u>2,018,271</u>	<u>1,970,413</u>	<u>1,636,912</u>	<u>333,501</u>	<u>6,185,440</u>

Total Home and Community Services

DEBT SERVICE

Interest:					
Bond anticipation notes	592,700	548,732	63,731	485,001	106,649
Tax anticipation notes	140,000	140,000	140,000	-	-
	<u>732,700</u>	<u>688,732</u>	<u>203,731</u>	<u>485,001</u>	<u>106,649</u>
Total Debt Service					
	<u>139,258,003</u>	<u>138,670,773</u>	<u>132,821,379</u>	<u>5,849,394</u>	<u>140,123,645</u>

TOTAL EXPENDITURES

OTHER FINANCING USES

Transfers out:					
County Road Fund	12,718,085	12,542,746	11,042,746	1,500,000	10,710,799
Refuse and Garbage Fund	-	326,550	2,253,157	(1,926,607)	-
Capital Projects Fund	-	-	538,436	(538,436)	20,000
Road Machinery Fund	1,401,832	1,326,582	2,826,582	(1,500,000)	828,318
Debt Service Fund	948,330	948,330	948,329	1	5,599,201
	<u>15,068,247</u>	<u>15,144,208</u>	<u>17,609,250</u>	<u>(2,465,042)</u>	<u>17,158,318</u>

TOTAL OTHER FINANCING USES

TOTAL EXPENDITURES AND OTHER FINANCING USES

	<u>\$ 154,326,250</u>	<u>\$ 153,814,981</u>	<u>\$ 150,430,629</u>	<u>\$ 3,384,352</u>	<u>\$ 157,281,963</u>
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COUNTY OF SULLIVAN, NEW YORK

COUNTY ROAD FUND
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 743,245	\$ 358,552
Receivables:		
Accounts	13,588	97,088
State and Federal aid	2,732,723	1,278,248
Due from other funds	7,912	1,291,802
	<u>2,754,223</u>	<u>2,667,138</u>
Total Assets	<u><u>\$ 3,497,468</u></u>	<u><u>\$ 3,025,690</u></u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 831,655	\$ 1,038,477
Accrued liabilities	380,980	358,213
Retained percentages payable	185,398	116,639
Due to other funds	45,430	-
	<u>1,443,463</u>	<u>1,513,329</u>
Total Liabilities	<u>1,443,463</u>	<u>1,513,329</u>
Fund Balance:		
Reserved for encumbrances	128,637	111,484
Reserved for debt service	-	151,035
Unreserved:		
Designated for subsequent year's expenditures	1,400,877	-
Undesignated	524,491	1,249,842
	<u>2,054,005</u>	<u>1,512,361</u>
Total Fund Balance	<u>2,054,005</u>	<u>1,512,361</u>
Total Liabilities and Fund Balance	<u><u>\$ 3,497,468</u></u>	<u><u>\$ 3,025,690</u></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, 2010 AND 2009

	2010			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental charges	\$ 535,845	\$ 512,973	\$ 423,346	\$ (89,627)
Use of money and property	-	-	447	447
Licenses and permits	2,000	4,600	4,600	-
Sale of property and compensation for loss	-	-	89	89
State aid	3,159,543	2,159,543	1,748,566	(410,977)
Federal aid	3,462,143	3,462,143	2,735,760	(726,383)
Miscellaneous	-	20,272	21,062	790
Total Revenues	7,159,531	6,159,531	4,933,870	(1,225,661)
Expenditures:				
Current:				
Public safety	730,411	736,142	640,576	95,566
Transportation	17,387,247	16,203,473	12,928,337	3,275,136
Debt Service - Interest	100,515	100,515	103,044	(2,529)
Total Expenditures	18,218,173	17,040,130	13,671,957	3,368,173
Deficiency of Revenues Over Expenditures	(11,058,642)	(10,880,599)	(8,738,087)	2,142,512
Other Financing Sources (Uses):				
Transfers in	12,718,085	12,542,746	11,050,658	(1,492,088)
Transfers out	(1,770,927)	(1,770,927)	(1,770,927)	-
Total Other Financing Sources	10,947,158	10,771,819	9,279,731	(1,492,088)
Net Change in Fund Balance	(111,484)	(108,780)	541,644	650,424
Fund Balance - Beginning of Year	111,484	108,780	1,512,361	1,403,581
Fund Balance - End of Year	\$ -	\$ -	\$ 2,054,005	\$ 2,054,005

2009

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)
<u>(1,609,850)</u>	<u>(1,609,850)</u>	<u>(1,609,850)</u>	<u>-</u>
<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)
<u>7,090</u>	<u>2,029</u>	<u>1,532,617</u>	<u>1,530,588</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,512,361</u>	<u>\$ 1,512,361</u>

COUNTY OF SULLIVAN, NEW YORK

REFUSE AND GARBAGE FUND

BALANCE SHEET

DECEMBER 31, 2010

ASSETS

Cash - Demand deposits	\$ 449,038
Receivables:	
Accounts, net of allowance for uncollectible amounts of \$19,250	424,472
Due from other funds	556,890
	<u>981,362</u>
Total Assets	<u>\$ 1,430,400</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 747,228
Accrued liabilities	83,530
Due to other funds	65,323
	<u>896,081</u>
Total Liabilities	<u>896,081</u>
Fund Balance:	
Reserved for encumbrances	68,516
Unreserved:	
Designated for subsequent year's expenditures	326,607
Undesignated	139,196
	<u>534,319</u>
Total Fund Balance	<u>534,319</u>
Total Liabilities and Fund Balance	<u>\$ 1,430,400</u>

COUNTY OF SULLIVAN, NEW YORK

REFUSE AND GARBAGE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Departmental income	\$ 12,464,817	\$ 12,464,817	\$ 9,174,392	\$ (3,290,425)
Use of money and property	-	-	109,138	109,138
Sale of property and compensation for loss	-	-	23,750	23,750
Total Revenues	12,464,817	12,464,817	9,307,280	(3,157,537)
Expenditures:				
Current:				
Home and community services	7,906,497	8,255,758	6,519,557	1,736,201
Debt Service - Interest	6,900	6,900	7,256	(356)
Total Expenditures	7,913,397	8,262,658	6,526,813	1,735,845
Excess of Revenues Over Expenditures	4,551,420	4,202,159	2,780,467	(1,421,692)
Other Financing Sources (Uses):				
Transfers in	-	326,550	2,258,714	1,932,164
Transfers out	(4,551,420)	(4,551,420)	(4,504,862)	46,558
Total Other Financing Uses	(4,551,420)	(4,224,870)	(2,246,148)	1,978,722
Net Change in Fund Balance	-	(22,711)	534,319	557,030
Fund Balance - Beginning of Year	-	22,711	-	(22,711)
Fund Balance - End of Year	\$ -	\$ -	\$ 534,319	\$ 534,319

COUNTY OF SULLIVAN, NEW YORK

CAPITAL PROJECTS FUND
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2010 AND 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash - Demand deposits	\$ 16,211,025	\$ 8,953,570
Receivables:		
State and Federal aid	446,175	1,275,178
Due from component unit	675,000	675,000
Due from other funds	377,336	452,867
	<u>1,498,511</u>	<u>2,403,045</u>
 Total Assets	 <u>\$ 17,709,536</u>	 <u>\$ 11,356,615</u>
 <u>LIABILITIES AND FUND DEFICIT</u>		
Liabilities:		
Accounts payable	\$ 2,221,264	\$ 716,620
Retained percentages payable	511,334	110,998
Due to other funds	227,484	2,405,397
Bond anticipation notes payable	19,880,000	13,695,000
	<u>22,840,082</u>	<u>16,928,015</u>
 Total Liabilities	 <u>22,840,082</u>	 <u>16,928,015</u>
Fund Deficit:		
Reserved for long-term receivables	675,000	675,000
Unreserved and undesignated	(5,805,546)	(6,246,400)
	<u>(5,130,546)</u>	<u>(5,571,400)</u>
 Total Fund Deficit	 <u>(5,130,546)</u>	 <u>(5,571,400)</u>
 Total Liabilities and Fund Deficit	 <u>\$ 17,709,536</u>	 <u>\$ 11,356,615</u>

COUNTY OF SULLIVAN, NEW YORK

CAPITAL PROJECTS FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Revenues:		
Use of money and property	\$ 312	\$ 246
State aid	175,776	609,454
Federal aid	2,262,270	1,386,413
Miscellaneous	5,031	-
Total Revenues	<u>2,443,389</u>	<u>1,996,113</u>
Expenditures - Capital outlay	<u>20,831,316</u>	<u>8,983,636</u>
Deficiency of Revenues Over Expenditures	<u>(18,387,927)</u>	<u>(6,987,523)</u>
Other Financing Sources (Uses):		
Bonds issued	17,185,000	-
Issuance premium	494,457	-
Transfers in	1,258,436	420,000
Transfers out	<u>(109,112)</u>	<u>(993,363)</u>
Total Other Financing Sources (Uses)	<u>18,828,781</u>	<u>(573,363)</u>
Net Change in Fund Balance	440,854	(7,560,886)
Fund Balance (Deficit) - Beginning of Year	<u>(5,571,400)</u>	<u>1,989,486</u>
Fund Deficit - End of Year	<u>\$ (5,130,546)</u>	<u>\$ (5,571,400)</u>

COUNTY OF SULLIVAN, NEW YORK

CAPITAL PROJECTS FUND
 PROJECT-LENGTH SCHEDULE
 INCEPTION OF PROJECT THROUGH DECEMBER 31, 2010

PROJECT	Appropriation	Expenditures and Transfers	Unexpended Balance
General Government Support - Watershed Good Neighbor	\$ 140,214	\$ 133,209	\$ 7,005
Education:			
Community College Renovations	13,545,487	13,304,028	241,459
Seelig SUNY Grant	976,342	477,401	498,941
Total Education	14,521,829	13,781,429	740,400
Public Safety:			
Fire Training Center	2,859,409	2,756,936	102,473
Jail Planning	2,500,000	1,775,597	724,403
Jail Facility	1,995,000	1,988,891	6,109
Sheriff Patrol Facility	250,000	3,436	246,564
Public Safety Improvements	50,000	-	50,000
Total Public Safety	7,654,409	6,524,860	1,129,549
Transportation:			
Airport Construction	13,910,584	13,609,065	301,519
Bus Garage	2,712,901	2,516,266	196,635
Right of Way	2,484,967	2,318,727	166,240
DPW Maplewood Facility	3,191,332	2,791,610	399,722
Road Reconstruction 2007	2,000,000	1,998,627	1,373
Road Reconstruction 2008	6,000,000	5,965,331	34,669
Road and Bridge Reconstruction	3,000,000	2,352,237	647,763
DPW Equipment 2008 - Road Machinery	2,354,000	1,673,521	680,479
Road Paving 2010	7,619,758	7,330,227	289,531
Bridge Reconstruction 2010	800,000	140,198	659,802
DPW Equipment 2010	1,874,700	-	1,874,700
Total Transportation	45,948,242	40,695,809	5,252,433
Economic Opportunity and Development - Emerald Corporate Park	4,825,145	4,138,881	686,264
Culture and Recreation:			
Snowmobile Trail	131,893	131,748	145
D and H Canal Park	769,858	681,184	88,674
Park Improvements	139,124	54,878	84,246
Total Culture and Recreation	1,040,875	867,810	173,065
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	1,906,310	1,760,093	146,217
Landfill Closure 3-5	6,400,000	6,110,636	289,364
DPW Equipment 2008 - Landfill Landfill	60,000	-	60,000
Solid Waste Equipment 2010	7,500,000	6,759,334	740,666
Landfill Cap	780,000	-	780,000
	5,500,000	2,025,476	3,474,524
Total Home and Community Services	31,703,756	25,369,903	6,333,853
TOTALS	\$ 105,834,470	\$ 91,511,901	\$ 14,322,569

State and Federal Aid	Methods of Financing				Totals	Fund Balance (Deficit) at December 31, 2010	Bond Anticipation Notes Outstanding at December 31, 2010
	Interfund Transfers	Proceeds of Obligations	Other				
\$ 100,000	\$ -	\$ -	\$ 40,214	\$ 140,214	\$ 7,005	\$ -	
9,038,828	20,000	4,459,999	26,660	13,545,487	241,459	-	
477,401	-	-	4	477,405	4	-	
9,516,229	20,000	4,459,999	26,664	14,022,892	241,463	-	
1,334,409	550,000	975,000	-	2,859,409	102,473	-	
-	465,000	-	-	465,000	(1,310,597)	1,535,000	
-	-	-	1,082	1,082	(1,987,809)	1,995,000	
-	3,436	-	22	3,458	22	-	
-	50,000	-	-	50,000	50,000	-	
1,334,409	1,068,436	975,000	1,104	3,378,949	(3,145,911)	3,530,000	
13,111,758	776,466	-	22,360	13,910,584	301,519	-	
2,457,435	-	115,000	-	2,572,435	56,169	-	
13,164	2,124,195	-	347,608	2,484,967	166,240	-	
-	153,000	1,913,800	1,124,532	3,191,332	399,722	-	
-	400,150	799,000	-	1,199,150	(799,477)	800,850	
3,000,000	154,850	2,845,150	-	6,000,000	34,669	-	
2,370,156	-	-	-	2,370,156	17,919	2,500,000	
-	154,150	2,199,850	-	2,354,000	680,479	-	
-	-	7,619,758	-	7,619,758	289,531	-	
-	-	800,000	-	800,000	659,802	-	
-	-	1,874,700	-	1,874,700	1,874,700	-	
20,952,513	3,762,811	18,167,258	1,494,500	44,377,082	3,681,273	3,300,850	
1,831,762	1,225,000	-	1,768,383	4,825,145	686,264	-	
131,748	-	-	145	131,893	145	-	
591,826	114,700	-	4,917	711,443	30,259	-	
133,846	-	-	5,278	139,124	84,246	-	
857,420	114,700	-	10,340	982,460	114,650	-	
-	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	1,760,000	6,310	1,906,310	146,217	-	
-	1,500,000	4,900,000	-	6,400,000	289,364	-	
-	10,850	-	-	10,850	10,850	49,150	
-	-	-	7	7	(6,759,327)	7,500,000	
-	-	780,000	-	780,000	780,000	-	
-	-	-	-	-	(2,025,476)	5,500,000	
-	2,123,850	15,673,000	857,763	18,654,613	(6,715,290)	13,049,150	
\$ 34,592,333	\$ 8,314,797	\$ 39,275,257	\$ 4,198,968	\$ 86,381,355	\$ (5,130,546)	\$ 19,880,000	

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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.

COUNTY OF SULLIVAN, NEW YORK

NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 DECEMBER 31, 2010
 (With Comparative Totals for 2009)

<u>ASSETS</u>	<u>Road Machinery Fund</u>	<u>Community Development Fund</u>
Cash and Equivalents	\$ 169,879	\$ 707,670
Receivables:		
Accounts	10,000	-
Loans, net	-	212,452
State and Federal aid	-	17,484
Due from other funds	866,228	-
	<u>876,228</u>	<u>229,936</u>
 Total Assets	 <u>\$ 1,046,107</u>	 <u>\$ 937,606</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 148,484	\$ 47,453
Accrued liabilities	119,366	-
Due to other funds	-	875
Deferred revenues	-	212,452
	<u>267,850</u>	<u>260,780</u>
 Fund Balances:		
Reserved for encumbrances	26,852	-
Reserved for debt service	77,706	-
Unreserved:		
Designated for subsequent year's expenditures	617,689	-
Undesignated	56,010	676,826
	<u>778,257</u>	<u>676,826</u>
 Total Fund Balances	 <u>778,257</u>	 <u>676,826</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,046,107</u>	 <u>\$ 937,606</u>

COUNTY OF SULLIVAN, NEW YORK

NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES
 YEAR ENDED DECEMBER 31, 2010
 (With Comparative Totals for 2009)

	Road Machinery Fund	Community Development Fund	Debt Service Fund
Revenues:			
Departmental income	\$ -	\$ 33,999	\$ -
Intergovernmental charges	896,106	-	-
Use of money and property	832	1,503	27,964
Sale of property and compensation for loss	47,250	-	-
Interfund revenues	11,083	-	-
State aid	-	167,327	-
Federal aid	-	310,991	-
Miscellaneous	2,263	-	-
Total Revenues	957,534	513,820	27,964
Expenditures:			
Current:			
General government support	-	-	2,545
Transportation	3,369,350	-	-
Home and community services	-	458,743	-
Debt Service:			
Principal	-	-	5,089,763
Interest	37,265	-	1,887,416
Total Expenditures	3,406,615	458,743	6,979,724
Excess (Deficiency) of Revenues Over Expenditures	(2,449,081)	55,077	(6,951,760)
Other Financing Sources (Uses):			
Transfers in	2,835,553	-	6,979,723
Transfers out	(366,493)	-	(27,963)
Total Other Financing Sources	2,469,060	-	6,951,760
Net Change in Fund Balances	19,979	55,077	-
Fund Balances - Beginning of Year	758,278	621,749	-
Fund Balances - End of Year	\$ 778,257	\$ 676,826	\$ -

Total Non-Major
Governmental Funds

2010	2009
\$ 33,999	\$ 107,071
896,106	821,844
30,299	33,254
47,250	25,000
11,083	1,667,981
167,327	1,398,554
310,991	141,809
2,263	22,187
<u>1,499,318</u>	<u>4,217,700</u>
2,545	16,816
3,369,350	3,328,883
458,743	1,559,126
5,089,763	5,016,457
1,924,681	2,149,847
<u>10,845,082</u>	<u>12,071,129</u>
<u>(9,345,764)</u>	<u>(7,853,429)</u>
9,815,276	9,000,339
(394,456)	(1,126,123)
<u>9,420,820</u>	<u>7,874,216</u>
75,056	20,787
<u>1,380,027</u>	<u>1,359,240</u>
<u>\$ 1,455,083</u>	<u>\$ 1,380,027</u>

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COUNTY OF SULLIVAN, NEW YORK

ROAD MACHINERY FUND
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash and Equivalents	\$ 169,879	\$ 240,046
Receivables:		
Accounts	10,000	25,396
Due from other funds	<u>866,228</u>	<u>828,428</u>
	<u>876,228</u>	<u>853,824</u>
 Total Assets	 <u>\$ 1,046,107</u>	 <u>\$ 1,093,870</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 148,484	\$ 215,404
Accrued liabilities	<u>119,366</u>	<u>120,188</u>
 Total Liabilities	 <u>267,850</u>	 <u>335,592</u>
Fund Balance:		
Reserved for encumbrances	26,852	62,963
Reserved for debt service	77,706	160,509
Unreserved:		
Designated for subsequent year's expenditures	617,689	-
Undesignated	<u>56,010</u>	<u>534,806</u>
 Total Fund Balance	 <u>778,257</u>	 <u>758,278</u>
 Total Liabilities and Fund Balance	 <u>\$ 1,046,107</u>	 <u>\$ 1,093,870</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, 2010 AND 2009

	2010			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental charges	\$ 753,196	\$ 958,196	\$ 896,106	\$ (62,090)
Use of money and property	750	750	832	82
Sale of property and compensation for loss	-	-	47,250	47,250
Interfund revenues	1,658,500	1,658,500	11,083	(1,647,417)
Miscellaneous	-	-	2,263	2,263
Total Revenues	2,412,446	2,617,446	957,534	(1,659,912)
Expenditures:				
Current -				
Transportation	3,475,438	3,585,732	3,369,350	216,382
Debt Service - Interest	35,310	35,310	37,265	(1,955)
Total Expenditures	3,510,748	3,621,042	3,406,615	214,427
Deficiency of Revenues Over Expenditures	(1,098,302)	(1,003,596)	(2,449,081)	(1,445,485)
Other Financing Sources (Uses):				
Transfers in	1,401,832	1,326,582	2,835,553	1,508,971
Transfers out	(366,493)	(366,493)	(366,493)	-
Total Other Financing Sources	1,035,339	960,089	2,469,060	1,508,971
Net Change in Fund Balance	(62,963)	(43,507)	19,979	63,486
Fund Balance - Beginning of Year	62,963	43,507	758,278	714,771
Fund Balance - End of Year	\$ -	\$ -	\$ 778,257	\$ 778,257

2009			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 930,000	\$ 930,000	\$ 821,844	\$ (108,156)
200,750	200,750	1,028	(199,722)
5,000	5,000	25,000	20,000
1,928,500	1,946,000	1,667,981	(278,019)
-	-	22,187	22,187
<u>3,064,250</u>	<u>3,081,750</u>	<u>2,538,040</u>	<u>(543,710)</u>
3,933,518	3,872,519	3,328,883	543,636
54,306	54,306	53,586	720
<u>3,987,824</u>	<u>3,926,825</u>	<u>3,382,469</u>	<u>544,356</u>
(923,574)	(845,075)	(844,429)	646
1,094,818	1,028,318	986,554	(41,764)
(211,371)	(211,371)	(211,371)	-
<u>883,447</u>	<u>816,947</u>	<u>775,183</u>	<u>(41,764)</u>
(40,127)	(28,128)	(69,246)	(41,118)
<u>40,127</u>	<u>28,128</u>	<u>827,524</u>	<u>799,396</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 758,278</u>	<u>\$ 758,278</u>

COUNTY OF SULLIVAN, NEW YORK

COMMUNITY DEVELOPMENT FUND
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 707,670	\$ 658,318
Receivables:		
Loans, net	212,452	215,362
State and Federal aid	<u>17,484</u>	<u>51,437</u>
	229,936	266,799
 Total Assets	 <u>\$ 937,606</u>	 <u>\$ 925,117</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 47,453	\$ 88,006
Due to other funds	875	-
Deferred revenues	<u>212,452</u>	<u>215,362</u>
 Total Liabilities	 260,780	 303,368
 Fund Balance - Unreserved and undesignated	 <u>676,826</u>	 <u>621,749</u>
 Total Liabilities and Fund Balance	 <u>\$ 937,606</u>	 <u>\$ 925,117</u>

COUNTY OF SULLIVAN, NEW YORK

COMMUNITY DEVELOPMENT FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Departmental income	\$ 33,999	\$ 107,071
Use of money and property	1,503	1,725
State aid	167,327	1,398,554
Federal aid	<u>310,991</u>	<u>141,809</u>
Total Revenues	513,820	1,649,159
Expenditures -		
Current -		
Home and community services	<u>458,743</u>	<u>1,559,126</u>
Excess of Revenues Over Expenditures	55,077	90,033
Fund Balance - Beginning of Year	<u>621,749</u>	<u>531,716</u>
Fund Balance - End of Year	<u>\$ 676,826</u>	<u>\$ 621,749</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, 2010 AND 2009

	2010			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues -				
Use of money and property	\$ -	\$ -	\$ 27,964	\$ 27,964
Expenditures:				
Current -				
General government support	15,169	15,169	2,545	12,624
Debt Service:				
Principal:				
Serial bonds	4,996,493	4,996,493	4,996,493	-
Installment purchase debt	93,270	93,270	93,270	-
	5,089,763	5,089,763	5,089,763	-
Interest:				
Serial bonds	1,905,508	1,905,508	1,871,574	33,934
Installment purchase debt	15,842	15,842	15,842	-
	1,921,350	1,921,350	1,887,416	33,934
Total Debt Service	7,011,113	7,011,113	6,977,179	33,934
Total Expenditures	7,026,282	7,026,282	6,979,724	46,558
Deficiency of Revenues Over Expenditures	(7,026,282)	(7,026,282)	(6,951,760)	74,522
Other Financing Sources (Uses):				
Transfers in	7,026,282	7,026,282	6,979,723	(46,559)
Transfers out	-	-	(27,963)	(27,963)
Total Other Financing Sources	7,026,282	7,026,282	6,951,760	(74,522)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ -	\$ -

2009			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ 30,501	\$ 30,501
17,052	17,052	16,816	236
4,926,774	4,926,774	4,926,774	-
-	-	89,683	(89,683)
4,926,774	4,926,774	5,016,457	(89,683)
2,087,566	2,087,566	2,076,832	10,734
-	-	19,429	(19,429)
2,087,566	2,087,566	2,096,261	(8,695)
7,014,340	7,014,340	7,112,718	(98,378)
7,031,392	7,031,392	7,129,534	(98,142)
(7,031,392)	(7,031,392)	(7,099,033)	(67,641)
7,031,392	7,031,392	8,013,785	982,393
-	-	(914,752)	(914,752)
7,031,392	7,031,392	7,099,033	67,641
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

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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, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Current Assets:		
Cash and equivalents	\$ 1,538,485	\$ 5,004,598
Accounts receivable, net	1,932,599	1,252,022
Prepaid expenses	15,702	23,987
Total Current Assets	<u>3,486,786</u>	<u>6,280,607</u>
Noncurrent Assets -		
Capital Assets:		
Buildings and improvements	10,551,350	10,551,350
Machinery and equipment	443,194	381,438
Less accumulated depreciation	<u>(9,066,971)</u>	<u>(8,758,347)</u>
Total Capital Assets, net of accumulated depreciation	<u>1,927,573</u>	<u>2,174,441</u>
Total Assets	<u>5,414,359</u>	<u>8,455,048</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	241,992	232,369
Accrued interest payable	1,849	1,849
Accrued liabilities	636,420	770,491
Due to other funds	4,105,412	3,127,079
Current maturities of bonds payable	18,194	18,507
Retirement incentive obligation	26,985	-
Compensated absences	79,928	81,123
Total Current Liabilities	<u>5,110,780</u>	<u>4,231,418</u>
Noncurrent Liabilities:		
Bonds payable, less current maturities	25,792	31,554
Retirement incentive obligation	137,594	-
Compensated absences	719,352	730,111
Other postemployment benefit obligations payable	<u>5,129,808</u>	<u>3,965,569</u>
Total Noncurrent Liabilities	<u>6,012,546</u>	<u>4,727,234</u>
Total Liabilities	<u>11,123,326</u>	<u>8,958,652</u>
<u>NET ASSETS (DEFICIT)</u>		
Invested in capital assets, net of related debt	1,883,587	2,124,380
Unrestricted	<u>(7,592,554)</u>	<u>(2,627,984)</u>
Total Deficit	<u>\$ (5,708,967)</u>	<u>\$ (503,604)</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, 2010 AND 2009

	2010	2009
Operating Revenues:		
Departmental charges	\$ 10,680,881	\$ 10,797,850
Miscellaneous	296,422	292,551
Total Operating Revenues	<u>10,977,303</u>	<u>11,090,401</u>
Operating Expenses:		
Professional care of residents	5,738,176	5,185,664
General services	3,837,558	3,459,914
Administrative services	1,132,977	1,057,393
Employee benefits	4,677,868	4,175,945
Assessments	499,281	589,675
Depreciation and amortization	308,624	304,521
Other	15,290	39,871
Total Operating Expenses	<u>16,209,774</u>	<u>14,812,983</u>
Loss from Operations	<u>(5,232,471)</u>	<u>(3,722,582)</u>
Non-Operating Revenues (Expenses):		
Intergovernmental transfers	-	6,192,294
Interest income	14,477	12,546
Interest expense	(18,377)	(21,464)
Miscellaneous income	31,008	16,093
Intragovernmental expense	-	(2,378,460)
Total Non-Operating Revenues	<u>27,108</u>	<u>3,821,009</u>
Change in Net Assets	(5,205,363)	98,427
Deficit - Beginning of Year	<u>(503,604)</u>	<u>(602,031)</u>
Deficit - End of Year	<u>\$ (5,708,967)</u>	<u>\$ (503,604)</u>

COUNTY OF SULLIVAN, NEW YORK

ENTERPRISE FUND
 SULLIVAN COUNTY ADULT CARE CENTER
 COMPARATIVE STATEMENT OF CASH FLOWS
 YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Cash Flows From Operating Activities:		
Cash received from charges for services	\$ 10,000,437	\$ 11,478,183
Cash payments to vendors for goods and services	(2,658,958)	(468,592)
Cash payments to employees for services	(11,057,591)	(10,087,300)
Miscellaneous	296,422	292,551
Net Cash Provided by (Used in) Operating Activities	<u>(3,419,690)</u>	<u>1,214,842</u>
Cash Flows From Investing Activities -		
Interest and miscellaneous income	<u>45,486</u>	<u>32,410</u>
Cash Flows From Non-Capital Financing Activities:		
Intergovernmental transfers	-	6,192,294
Intragovernmental expense	-	(2,378,460)
Net Cash Provided by Non-Capital Financing Activities	<u>-</u>	<u>3,813,834</u>
Cash Flows From Capital and Related Financing Activities:		
Principal paid on bonds	(18,507)	(323,226)
Interest paid on bonds	(18,377)	(25,235)
Amortization of issuance costs and loss on refunding bonds	12,432	12,432
Acquisition of capital assets	(67,457)	(45,205)
Net Cash Used in Capital and Related Financing Activities	<u>(91,909)</u>	<u>(381,234)</u>
Net Increase (Decrease) in Cash and Equivalents	(3,466,113)	4,679,852
Cash and Equivalents - Beginning of Year	<u>5,004,598</u>	<u>324,746</u>
Cash and Equivalents - End of Year	<u>\$ 1,538,485</u>	<u>\$ 5,004,598</u>
Reconciliation of Loss from Operations to Net Cash		
Provided by (Used in) Operating Activities:		
Loss from operations	\$ (5,232,471)	\$ (3,722,582)
Adjustments to reconcile loss from operations to net cash		
cash provided by (used in) operating activities:		
Depreciation expense	308,624	304,521
Loss on disposal of equipment	5,700	3,600
Changes in assets and liabilities:		
Accounts receivable	(680,577)	678,301
Prepaid expenses	8,285	15,608
Accounts payable	9,623	27,714
Accrued interest payable	-	(3,771)
Accrued liabilities	(134,071)	(24,729)
Due to other funds	978,333	2,784,664
Retirement incentive obligation	164,579	-
Compensated absences	(11,954)	94,588
Other postemployment benefit obligations	1,164,239	1,056,928
Net Cash Provided by (Used in) Operating Activities	<u>\$ (3,419,690)</u>	<u>\$ 1,214,842</u>

COUNTY OF SULLIVAN, NEW YORK

ENTERPRISE FUND

SULLIVAN COUNTY TOBACCO ASSET SECURITIZATION CORPORATION

COMPARATIVE STATEMENT OF NET ASSETS

DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Current Assets:		
Cash and equivalents	\$ 760,897	\$ 241,390
Accounts receivable	1,219,737	1,238,675
Prepaid expenses	3,658	3,757
Total Current Assets	<u>1,984,292</u>	<u>1,483,822</u>
Noncurrent Assets:		
Restricted cash and equivalents	110	581,040
Restricted investments	1,242,547	1,274,964
Cost of issuance, net of accumulated amortization of \$155,277 in 2010 and \$138,764 in 2009	<u>274,092</u>	<u>290,606</u>
Total Noncurrent Assets	<u>1,516,749</u>	<u>2,146,610</u>
Total Assets	<u>3,501,041</u>	<u>3,630,432</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accrued liabilities	66,459	68,384
Current maturities of bonds payable	<u>480,000</u>	<u>435,000</u>
Total Current Liabilities	546,459	503,384
Non-Current Liabilities -		
Bonds payable, less current maturities	<u>13,484,001</u>	<u>13,956,409</u>
Total Liabilities	<u>14,030,460</u>	<u>14,459,793</u>
<u>DEFICIT</u>		
Unrestricted	<u>\$ (10,529,419)</u>	<u>\$ (10,829,361)</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, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Operating Revenues - Tobacco settlement revenues	\$ 1,106,106	\$ 1,373,566
Operating Expenses:		
Professional fees	24,929	24,957
Insurance expense	4,489	4,564
Amortization	<u>16,514</u>	<u>16,514</u>
Total Operating Expenses	<u>45,932</u>	<u>46,035</u>
Income from Operations	<u>1,060,174</u>	<u>1,327,531</u>
Non-Operating Revenues (Expenses):		
Interest income	54,491	99,930
Interest expense	<u>(814,723)</u>	<u>(836,959)</u>
Total Non-Operating Expenses	<u>(760,232)</u>	<u>(737,029)</u>
Change in Net Assets	299,942	590,502
Deficit - Beginning of Year	<u>(10,829,361)</u>	<u>(11,419,863)</u>
Deficit - End of Year	<u>\$ (10,529,419)</u>	<u>\$ (10,829,361)</u>

COUNTY OF SULLIVAN, NEW YORK

ENTERPRISE FUND

SULLIVAN COUNTY TOBACCO ASSET SECURITIZATION CORPORATION

COMPARATIVE STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash Flows From Operating Activities:		
Cash received from tobacco settlement revenues	\$ 1,125,044	\$ 1,351,889
Cash payments to vendors for goods and services	(29,319)	(29,465)
Net Cash Provided by Operating Activities	<u>1,095,725</u>	<u>1,322,424</u>
Cash Flows From Investing Activities:		
(Increase) decrease in restricted cash and equivalents	580,930	(130,284)
Purchase of restricted investments	(1,242,547)	(1,274,964)
Sale of restricted investments	1,274,964	1,262,494
Interest income	54,491	99,930
Net Cash Provided by (Used in) Investing Activities	<u>667,838</u>	<u>(42,824)</u>
Cash Flows from Capital and Related Financing Activities:		
Principal paid on bonds	(435,000)	(405,000)
Interest paid on bonds	(809,056)	(831,119)
Net Cash Used in Non-Capital Financing Activities	<u>(1,244,056)</u>	<u>(1,236,119)</u>
Net Increase in Cash and Equivalents	519,507	43,481
Cash and Equivalents - Beginning of Year	<u>241,390</u>	<u>197,909</u>
Cash and Equivalents - End of Year	<u>\$ 760,897</u>	<u>\$ 241,390</u>
Reconciliation of Income from Operations to Net Cash Provided by Operating Activities:		
Income from operations	\$ 1,060,174	\$ 1,327,531
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Amortization	16,514	16,514
Changes in assets and liabilities:		
Accounts receivable	18,938	(21,677)
Prepaid expenses	99	56
Net Cash Provided by Operating Activities	<u>\$ 1,095,725</u>	<u>\$ 1,322,424</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, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 883,688	\$ 497,549
Receivables:		
Accounts	2,296,466	2,553,021
Due from other funds	<u>3,241,278</u>	<u>3,639,011</u>
	<u>5,537,744</u>	<u>6,192,032</u>
 Total Assets	 <u>6,421,432</u>	 <u>6,689,581</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accrued liabilities	561,002	520,336
Deferred revenues	287,389	30,012
Current portion of claims payable	<u>477,000</u>	<u>537,996</u>
 Total Current Liabilities	 1,325,391	 1,088,344
Claims Payable, less current portion	<u>4,290,330</u>	<u>4,841,963</u>
 Total Liabilities	 <u>5,615,721</u>	 <u>5,930,307</u>
<u>NET ASSETS</u>		
Unrestricted	<u>\$ 805,711</u>	<u>\$ 759,274</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, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Operating Revenues:		
Charges for services - internal	\$ 2,002,010	\$ 1,944,914
Charges for services - external	1,418,429	1,754,786
Insurance recoveries	<u>253,239</u>	<u>272,609</u>
Total Operating Revenues	3,673,678	3,972,309
Operating Expenses -		
Employee benefits	<u>3,628,276</u>	<u>4,357,779</u>
Income (Loss) from Operations	45,402	(385,470)
Non-Operating Revenues - Interest income	<u>1,035</u>	<u>541</u>
Change in Net Assets	46,437	(384,929)
Net Assets - Beginning of Year	<u>759,274</u>	<u>1,144,203</u>
Net Assets - End of Year	<u><u>\$ 805,711</u></u>	<u><u>\$ 759,274</u></u>

COUNTY OF SULLIVAN, NEW YORK

INTERNAL SERVICE FUND - WORKERS' COMPENSATION BENEFITS FUND
 COMPARATIVE STATEMENT OF CASH FLOWS
 YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Cash Flows From Operating Activities:		
Cash received from charges for services	\$ 4,332,104	\$ 4,050,279
Cash received from insurance recoveries	253,239	272,609
Cash payments to insurance carriers and claimants	(4,200,239)	(4,091,201)
Net Cash Provided by Operating Activities	385,104	231,687
Cash Flows From Investing Activities -		
Interest income	1,035	541
Net Increase in Cash	386,139	232,228
Cash - Beginning of Year	497,549	265,321
Cash - End of Year	\$ 883,688	\$ 497,549
Reconciliation of Income (Loss) from Operations to Net Cash Provided by Operating Activities:		
Income (loss) from operations	\$ 45,402	\$ (385,470)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities -		
Changes in assets and liabilities:		
Accounts receivable	256,555	14,971
Due from other funds	397,733	335,608
Accrued liabilities	40,666	149,728
Deferred revenues	257,377	(6,512)
Claims payable	(612,629)	123,362
Net Cash Provided by Operating Activities	\$ 385,104	\$ 231,687

COUNTY OF SULLIVAN, NEW YORK

FIDUCIARY FUND - AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 YEAR ENDED DECEMBER 31, 2010

	Balance January 1, 2010	Increases	Decreases	Balance December 31, 2010
<u>ASSETS</u>				
Cash:				
Demand deposits	\$ 3,089,810	\$ 83,405,343	\$ 83,576,542	\$ 2,918,611
Accounts receivable	687,720	72,455,663	73,140,423	2,960
Total Assets	\$ 3,777,530	\$ 155,861,006	\$ 156,716,965	\$ 2,921,571
<u>LIABILITIES</u>				
Accounts Payable	\$ 1,017,128	\$ 23,817,961	\$ 24,561,724	\$ 273,365
Employee Payroll Deductions	152,823	51,723,632	51,728,124	148,331
Deposits	2,607,579	23,836,358	23,944,062	2,499,875
Total Liabilities	\$ 3,777,530	\$ 99,377,951	\$ 100,233,910	\$ 2,921,571

**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 NINE FISCAL YEARS

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental Activities				
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>
Total Governmental Activities Net Assets	<u>\$ 84,720,460</u>	<u>\$ 75,340,724</u>	<u>\$ 53,624,479</u>	<u>\$ 47,786,009</u>
Business - Type Activities				
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>
Total Business-Type Activities Net Assets	<u>\$ 3,026,603</u>	<u>\$ 2,268,003</u>	<u>\$ 2,039,041</u>	<u>\$ 2,116,590</u>
Primary Government				
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>
Total Primary Government Net Assets	<u>\$ 87,747,063</u>	<u>\$ 77,608,727</u>	<u>\$ 55,663,520</u>	<u>\$ 49,902,599</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 Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

2006	2007	2008 (1)	2009	2010
\$ 45,700,511	\$ 38,417,445	\$ 61,589,988	\$ 69,015,657	\$ 70,516,266
2,118,289	1,014,666	11,771,895	8,500,676	8,517,769
<u>2,623,869</u>	<u>9,607,692</u>	<u>(11,622,787)</u>	<u>(19,618,689)</u>	<u>(20,556,594)</u>
<u>\$ 50,442,669</u>	<u>\$ 49,039,803</u>	<u>\$ 61,739,096</u>	<u>\$ 57,897,644</u>	<u>\$ 58,477,441</u>
\$ 1,937,042	\$ 2,025,110	\$ 2,076,502	\$ 2,124,380	\$ 1,883,587
<u>1,239,256</u>	<u>(208,507)</u>	<u>(14,098,396)</u>	<u>(13,457,345)</u>	<u>(18,121,973)</u>
<u>\$ 3,176,298</u>	<u>\$ 1,816,603</u>	<u>\$ (12,021,894)</u>	<u>\$ (11,332,965)</u>	<u>\$ (16,238,386)</u>
\$ 47,637,553	\$ 40,442,555	\$ 63,666,490	\$ 71,140,037	\$ 72,399,853
2,118,289	1,014,666	11,771,895	8,500,676	8,517,769
<u>3,863,125</u>	<u>9,399,185</u>	<u>(25,721,183)</u>	<u>(33,076,034)</u>	<u>(38,678,567)</u>
<u>\$ 53,618,967</u>	<u>\$ 50,856,406</u>	<u>\$ 49,717,202</u>	<u>\$ 46,564,679</u>	<u>\$ 42,239,055</u>

COUNTY OF SULLIVAN, NEW YORK

CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS

	2002	2003	2004	2005
Expenses				
Governmental Activities				
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
Total Governmental Activities Expenses	<u>137,261,755</u>	<u>137,692,644</u>	<u>148,592,098</u>	<u>148,910,427</u>
Business-type Activities				
Adult Care Center	11,852,418	12,391,116	12,911,440	13,138,454
Sullivan Tobacco Asset Securitization Corporation	-	-	-	-
Total Business-type Activities Expenses	<u>11,852,418</u>	<u>12,391,116</u>	<u>12,911,440</u>	<u>13,138,454</u>
Total Primary Government Expenses	<u>\$ 149,114,173</u>	<u>\$ 150,083,760</u>	<u>\$ 161,503,538</u>	<u>\$ 162,048,881</u>
Program Revenues				
Governmental Activities				
Charges for Services				
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
Total Governmental Activities Program Revenues	<u>71,381,036</u>	<u>73,476,208</u>	<u>70,673,573</u>	<u>65,913,122</u>
Business-type Activities				
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	-	-	-	-
Total Business-type Activities Program Revenues	<u>10,804,542</u>	<u>10,525,057</u>	<u>10,481,288</u>	<u>10,781,561</u>
Total Primary Government Program Revenues	<u>\$ 82,185,578</u>	<u>\$ 84,001,265</u>	<u>\$ 81,154,861</u>	<u>\$ 76,694,683</u>

2006	2007	2008(1)	2009	2010
\$ 20,393,273	\$ 24,516,886	\$ 17,114,529	\$ 17,432,319	\$ 20,573,018
5,341,804	5,489,354	6,622,720	6,771,949	6,011,024
18,409,153	22,486,088	23,456,337	23,927,441	24,460,208
20,826,613	23,526,196	25,389,140	23,906,533	23,818,137
18,753,073	20,910,476	15,723,127	18,423,675	21,447,683
49,349,886	50,064,825	54,082,395	59,353,745	56,207,703
2,147,178	2,294,525	3,187,191	3,088,411	3,038,366
5,933,563	631,759	8,859,856	9,470,621	7,114,794
3,439,780	3,265,875	2,491,364	2,334,358	2,350,765
<u>144,594,323</u>	<u>153,185,984</u>	<u>156,926,659</u>	<u>164,709,052</u>	<u>165,021,698</u>
13,078,760	14,427,641	14,907,433	17,212,907	16,228,151
-	-	903,018	882,994	860,655
<u>13,078,760</u>	<u>14,427,641</u>	<u>15,810,451</u>	<u>18,095,901</u>	<u>17,088,806</u>
<u>\$ 157,673,083</u>	<u>\$ 167,613,625</u>	<u>\$ 172,737,110</u>	<u>\$ 182,804,953</u>	<u>\$ 182,110,504</u>
\$ 2,426,989	\$ 2,317,104	\$ 2,433,889	\$ 2,524,940	\$ 2,573,330
-	-	67,120	52,644	42,553
1,022,160	580,086	1,450,584	1,574,307	1,578,510
10,453,604	10,021,037	7,679,516	10,680,595	9,505,384
949,373	1,890,474	1,908,668	1,373,681	964,553
2,554,493	2,796,860	2,328,255	2,461,848	2,733,305
176,387	169,138	200,230	153,442	148,258
6,981,774	7,032,512	6,175,827	5,109,884	9,241,673
40,422,191	39,935,423	40,874,585	45,604,484	45,364,696
262,266	938,606	6,446,290	2,026,614	2,471,353
<u>65,249,237</u>	<u>65,681,240</u>	<u>69,564,964</u>	<u>71,562,439</u>	<u>74,623,615</u>
11,413,535	11,009,162	12,455,417	11,090,401	10,977,303
-	-	5,792	-	-
-	-	20,000	-	-
-	-	1,334,160	1,373,566	1,106,106
<u>11,413,535</u>	<u>11,009,162</u>	<u>13,815,369</u>	<u>12,463,967</u>	<u>12,083,409</u>
<u>\$ 76,662,772</u>	<u>\$ 76,690,402</u>	<u>\$ 83,380,333</u>	<u>\$ 84,026,406</u>	<u>\$ 86,707,024</u>

(Continued)

COUNTY OF SULLIVAN, NEW YORK

CHANGES IN NET ASSETS (Continued)
LAST NINE 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 Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

2006	2007	2008(1)	2009	2010
\$ (79,345,086)	\$ (87,504,744)	\$ (87,361,695)	\$ (93,146,613)	\$ (90,398,083)
(1,665,225)	(3,418,479)	(1,995,082)	(5,631,934)	(5,005,397)
<u>\$ (81,010,311)</u>	<u>\$ (90,923,223)</u>	<u>\$ (89,356,777)</u>	<u>\$ (98,778,547)</u>	<u>\$ (95,403,480)</u>
\$ 44,422,184	\$ 47,854,011	\$ 41,809,497	\$ 46,790,101	\$ 48,690,132
-	-	5,252,252	6,318,080	6,633,477
35,490,723	38,931,199	39,691,935	35,766,177	35,304,348
1,697,405	1,579,506	504,051	158,195	112,113
3,109,057	3,197,737	315,280	272,608	237,810
(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>	<u>90,977,880</u>
7,309	6,684	-	112,476	68,968
-	-	-	6,192,294	-
-	5,400	7,590	16,093	31,008
<u>2,717,623</u>	<u>2,046,700</u>	<u>-</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>99,976</u>
<u>\$ 84,726,678</u>	<u>\$ 91,574,537</u>	<u>\$ 87,580,605</u>	<u>\$ 95,626,024</u>	<u>\$ 91,077,856</u>
\$ 2,656,660	\$ 2,011,009	\$ 211,320	\$ (3,841,452)	\$ 579,797
1,059,707	(1,359,695)	(1,987,492)	688,929	(4,905,421)
<u>\$ 3,716,367</u>	<u>\$ 651,314</u>	<u>\$ (1,776,172)</u>	<u>\$ (3,152,523)</u>	<u>\$ (4,325,624)</u>

COUNTY OF SULLIVAN, NEW YORK

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST NINE 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 nine 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	2010
\$ 1,656,142	\$ 2,264,316	\$ 1,066,049	\$ 1,983,965	\$ 1,164,799
<u>23,743,431</u>	<u>22,114,837</u>	<u>19,802,670</u>	<u>17,870,045</u>	<u>23,297,252</u>
<u>\$ 25,399,573</u>	<u>\$ 24,379,153</u>	<u>\$ 20,868,719</u>	<u>\$ 19,854,010</u>	<u>\$ 24,462,051</u>
\$ 462,147	\$ 1,295,563	\$ 883,358	\$ 1,160,991	\$ 976,711
7,207,642	7,794,061	2,683,499	2,406,397	3,741,696
<u>(4,252,474)</u>	<u>3,051,398</u>	<u>1,314,486</u>	<u>(6,246,400)</u>	<u>(5,805,546)</u>
<u>\$ 3,417,315</u>	<u>\$ 12,141,022</u>	<u>\$ 4,881,343</u>	<u>\$ (2,679,012)</u>	<u>\$ (1,087,139)</u>
<u>\$ 28,816,888</u>	<u>\$ 36,520,175</u>	<u>\$ 25,750,062</u>	<u>\$ 17,174,998</u>	<u>\$ 23,374,912</u>

COUNTY OF SULLIVAN, NEW YORK

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS

	2002	2003	2004	2005
Revenues				
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	34,938,013
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
Use of money and property	697,276	817,798	841,249	1,459,243
Licenses and permits	32,868	23,040	17,346	25,851
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
Interfund revenues	1,694,497	2,019,800	2,037,193	1,971,468
State aid	20,496,542	16,447,713	23,353,430	21,489,204
Federal aid	17,328,116	26,360,694	17,563,163	17,481,663
Miscellaneous	7,947,735	6,279,922	7,906,607	4,055,091
Total Revenues	149,815,494	150,880,718	154,160,049	154,578,343
Expenditures				
Current				
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
Debt Service				
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
Total Expenditures	146,226,901	157,993,253	161,349,967	163,166,268
Excess (Deficiency) of Revenues Over Expenditures	3,588,593	(7,112,535)	(7,189,918)	(8,587,925)
Other Financing Sources (Uses)				
Bond anticipation notes redeemed from appropriations	-	105,000	-	-
Bonds issued	-	9,380,000	-	9,790,000
Issuance premium	-	-	-	-
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)
Total Other Financing Sources (Uses)	(1,279,400)	8,385,000	(2,198,883)	7,361,479
Net Change in Fund Balances	\$ 2,309,193	\$ 1,272,465	\$ (9,388,801)	\$ (1,226,446)
Debt Service as a Percentage of Non-Capital Expenditures	2.9%	2.8%	3.5%	3.7%

(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 nine 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	2010
\$ 39,239,740	\$ 41,745,084	\$ 39,863,381	\$ 42,132,012	\$ 49,825,309
5,542,254	5,366,993	5,252,252	6,318,080	6,633,477
35,795,876	38,934,175	39,691,935	35,766,177	35,304,348
27,309,505	26,880,981	24,753,634	26,319,095	30,944,301
2,052,047	3,272,524	2,162,156	2,274,525	1,966,413
2,021,199	2,099,706	956,458	418,700	347,208
37,795	32,645	44,590	29,860	25,910
306,064	282,150	217,220	336,312	313,712
2,122,255	1,327,946	1,180,834	397,610	177,224
1,803,156	1,876,365	1,782,203	1,667,981	11,083
21,853,625	21,753,982	28,109,378	22,501,577	19,793,237
18,830,831	19,120,046	17,981,659	21,700,290	24,573,646
3,925,315	4,379,722	3,288,754	5,722,219	3,301,136
<u>160,839,662</u>	<u>167,072,319</u>	<u>165,284,454</u>	<u>165,584,438</u>	<u>173,217,004</u>
21,408,614	22,513,936	23,139,969	22,964,458	23,021,148
4,984,706	5,125,716	5,267,829	5,534,473	5,509,250
20,244,415	21,656,492	21,521,334	20,924,956	22,490,855
22,565,624	23,787,895	24,627,930	23,238,111	22,938,752
19,166,587	23,687,474	21,254,149	16,913,655	17,717,903
52,402,446	51,207,103	52,378,731	57,380,014	53,135,382
3,095,789	2,923,233	3,112,943	3,097,943	3,108,254
6,863,167	6,139,977	6,057,828	7,744,566	8,615,212
3,680,155	4,933,700	4,880,524	5,016,457	5,089,763
3,320,171	3,247,355	2,474,081	2,361,233	2,238,712
6,802,923	7,189,972	7,756,734	8,983,636	20,831,316
<u>164,534,597</u>	<u>172,412,853</u>	<u>172,472,052</u>	<u>174,159,502</u>	<u>184,696,547</u>
<u>(3,694,935)</u>	<u>(5,340,534)</u>	<u>(7,187,598)</u>	<u>(8,575,064)</u>	<u>(11,479,543)</u>
-	612,000	-	-	-
5,055,000	15,515,000	-	-	17,185,000
-	-	-	-	494,457
-	6,106,908	-	-	-
-	(6,303,197)	-	-	-
20,125,302	27,179,038	18,056,305	20,887,654	24,388,607
<u>(22,534,864)</u>	<u>(27,946,338)</u>	<u>(18,056,305)</u>	<u>(20,887,654)</u>	<u>(24,388,607)</u>
<u>2,645,438</u>	<u>15,163,411</u>	<u>-</u>	<u>-</u>	<u>17,679,457</u>
<u>\$ (1,049,497)</u>	<u>\$ 9,822,877</u>	<u>\$ (7,187,598)</u>	<u>\$ (8,575,064)</u>	<u>\$ 6,199,914</u>
4.4%	5.2%	4.8%	4.6%	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
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	41,748,061	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
2010	49,825,309	32,605,248	749,105	576,753

- 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

911		
Emergency Surcharge	Mortgage Tax (c)	Total
\$ 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
308,767	1,827,296	80,150,862
313,009	1,102,903	79,024,952
303,821	711,371	77,398,579
282,018	533,659	84,572,092

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
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	-
2010	6,433,054,934	25,236,574	60,821,640	114,378,957	-

(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>
\$ 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
1,308,569,208	5,324,922,897	21.08	11,041,711,351	48.23

COUNTY OF SULLIVAN, NEW YORK

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

	2001	2002	2003	2004
County Effective Rate (1)	\$ 14.81	\$ 15.17	\$ 14.31	\$ 14.99
County Direct Rates (2)	5.96-36.96	5.44-103.54	5.37-95.49	5.28-98.39
Town Rates	2.24-72.39	2.47-75.99	2.42-84.33	2.56-86.02
Village Rates	3.80-19.81	3.80-20.37	4.00-20.91	4.00-19.99
School Districts	13.40-387.36	13.20-441.70	14.52-442.30	15.00-495.42
Fire Districts	.32-18.96	.34-28.89	.20-36.65	.31-36.46
Sewer Districts	11.60-739.95	11.54-738.61	4.51-757.10	4.01-833.45
Other Special Districts	.07-13.21	.06-13.17	.07-13.14	.07-13.07

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.

2005	2006	2007	2008	2009	2010
\$ 16.23	\$ 22.26	\$ 18.36	\$ 18.68	\$ 20.02	\$ 21.08
5.55-109.04	3.15-100.00	5.32-118.70	4.73-117.19	4.92 - 125.12	5.08 - 141.64
2.04-91.68	2.18-94.02	2.22-99.37	2.29-103.23	1.81 - 103.57	1.85 - 105.27
4.20-20.46	4.40-20.63	4.65-20.35	5.39-20.35	5.82 - 20.64	5.95 - 20.99
15.17-618.21	14.71-544.76	12.44-527.08	12.39-533.26	12.82 - 578.94	13.44 - 610.26
.22-35.97	.31-54.19	.26-53.60	.29-33.44	.29 - 34.41	.32 - 39.35
4.19-914.38	4.25-1,047.23	3.84-1,181.33	2.99-1,152.36	2.95 - 1,183.51	2.89 - 1,535.74
.06-11.71	.06-11.01	.02-4.84	.02-10.91	.06 - 12.12	.01 - 12.05

COUNTY OF SULLIVAN, NEW YORK

PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

2010				
Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Taxable Assessed Valuation
1	NYSEG	Utility	\$ 93,158,059	1.75 %
2	Verizon	Utility	27,978,481	0.53
3	State of New York	Government	25,257,375	0.47
4	Catskill Development	Raceway	20,449,200	0.38
5	Orange & Rockland	Utility	19,716,328	0.37
6	City of New York	Government	18,326,350	0.34
7	Kutshers	Resort	11,000,000	0.21
8	Thompson Station, Inc.	Retail	10,567,700	0.20
9	Wal-Mart Realty	Retail	10,000,000	0.19
10	Mirant	Utility	9,526,694	0.18
	Total		<u>\$ 245,980,187</u>	<u>4.63 %</u>

2001				
Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Taxable Assessed Valuation
1	City of New York	Government	\$ 255,286,569	6.64 %
2	NYSEG	Utility	110,121,428	2.87
3	Southern Energy	Utility	73,938,152	1.92
4	Bell Atlantic	Utility	57,647,781	1.50
5	State of New York	Government	28,708,075	0.75
6	Kiamesha Concord	Resort	16,500,000	0.43
7	Citizens	Utility	13,570,053	0.35
8	Central Hudson	Utility	12,172,371	0.32
9	Wal-Mart Realty	Retail	11,000,000	0.29
10	Kutshers	Resort	7,500,000	0.20
	Total		<u>\$ 586,444,429</u>	<u>16.22 %</u>

Source: Sullivan County Treasurer's Office

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
2001	\$ 71,431,855	\$ 59,334,824	83.06 %	\$ 12,100,535	\$ 71,435,359	100.00 %
2002	73,067,132	61,188,760	83.74	11,604,025	72,792,785	99.62
2003	74,610,478	62,839,201	84.22	10,608,142	73,447,343	98.44
2004	82,144,632	67,848,512	82.60	13,287,369	81,135,881	98.77
2005	90,237,917	76,682,085	84.98	13,460,327	90,142,412	99.89
2006	96,941,417	82,407,487	85.01	13,582,490	95,989,977	99.02
2007	103,343,814	87,265,798	84.44	14,462,091	101,727,889	98.44
2008	107,755,568	89,587,757	83.14	12,707,449	102,295,206	94.93
2009	116,465,759	96,579,088	82.92	7,641,991	104,221,079	89.49
2010	127,025,621	103,981,298	81.86	9,501,308	113,482,606	89.34

(1) 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>				
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	48,685,843	396,066	1,267,411	47,814,498
2010	60,874,350	302,796	431,505	60,745,641
<u>Business-Type Activities</u>				
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	14,664,157	-	-	14,664,157
2010	14,210,650	-	-	14,210,650
<u>Total Primary Government</u>				
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	396,066	1,267,411	62,478,655
2010	75,085,000	302,796	431,505	74,956,291

- (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

<u>Percentage of Personal Income (1)</u>	<u>Percentage of Estimated Actual Taxable Value of Property (2)</u>	<u>Per Capita (1)</u>
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
1.78	0.49	630.57
2.22	0.55	783.34
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
0.52	0.13	183.25
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
2.33	0.64	823.95
2.74	0.68	966.59

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COUNTY OF SULLIVAN, NEW YORK

DIRECT AND UNDERLYING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2010

	Gross Long-Term Debt (1)	Exclusions (2)	Amount Applicable to County
Towns: (as of December 31, 2010)			
Bethel	\$ 5,833,000	\$ 3,835,526	\$ 1,997,474
Callicoon	890,856	171,094	719,762
Cochecton	-	-	-
Delaware	511,900	399,900	112,000
Fallsburg	11,231,899	6,192,217	5,039,682
Forestburgh	130,000	-	130,000
Fremont	-	-	-
Highland	-	-	-
Liberty	5,679,620	2,315,000	3,364,620
Lumberland	2,077,600	-	2,077,600
Mamakating	-	-	-
Neversink	-	-	-
Rockland	1,860,000	455,000	1,405,000
Thompson	7,597,588	3,494,531	4,103,057
Tusten	186,410	105,910	80,500
Villages: (as of May 31, 2010)			
Bloomingburg	274,009	274,009	-
Jeffersonville	90,000	90,000	-
Liberty	4,994,397	4,484,397	510,000
Monticello	1,260,895	1,060,000	200,895
Woodridge	1,882,800	1,678,200	204,600
Wurtsboro	711,400	-	711,400
School Districts: (as of June 30, 2010)			
Eldred	20,845,486	-	20,845,486
Fallsburg	10,833,815	-	10,833,815
Liberty	37,598,227	-	37,598,227
Livingston Manor	463,999	-	463,999
Monticello	35,200,000	-	35,200,000
Roscoe	3,335,592	-	3,335,592
Sullivan West	36,075,000	-	36,075,000
Tri-Valley	12,191,000	-	12,191,000
Total Underlying Debt	201,755,493	24,555,784	177,199,709
Direct Bonded Debt of the County	60,874,350	9,302,796	51,571,554
Direct and Underlying Debt	<u>\$ 262,629,843</u>	<u>\$ 33,858,580</u>	<u>\$ 228,771,263</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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Debt Limit	\$ 299,178,207	\$ 292,822,909	\$ 295,136,125	\$ 302,192,226
Total Net Debt Applicable to Limit	<u>41,324,545</u>	<u>46,914,418</u>	<u>53,791,397</u>	<u>53,797,499</u>
Legal Debt Margin	<u>\$ 257,853,662</u>	<u>\$ 245,908,491</u>	<u>\$ 241,344,728</u>	<u>\$ 248,394,727</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	13.81%	16.02%	18.23%	17.80%

Legal Debt Margin Calculation for Fiscal Year 2010

Five Year Full Valuation of Taxable Real Property	<u>\$ 42,877,952,164</u>
Five Year Average Full Valuation of Taxable Real Property	<u>\$ 8,575,590,433</u>
Debt Limit - 7% of Five Year Average Full Valuation	<u>\$ 600,291,330</u>
Outstanding Indebtedness:	
Serial Bonds (1)	60,995,000
Bond Anticipation Notes	<u>19,880,000</u>
	80,875,000
Less Exclusions	<u>27,962</u>
Net Indebtedness Subject to Debt Limit	<u>80,847,038</u>
Net Debt Contracting Margin	<u>\$ 519,444,292</u>
Percentage of Debt Contracting Power Exhausted as of December 31, 2010	13.47 %

(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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 313,140,067	\$ 369,480,284	\$ 418,676,264	\$ 478,441,119	\$ 569,605,057	\$ 600,291,330
<u>65,176,359</u>	<u>64,239,506</u>	<u>63,503,729</u>	<u>65,662,940</u>	<u>62,419,106</u>	<u>80,847,038</u>
<u>\$ 247,963,708</u>	<u>\$ 305,240,778</u>	<u>\$ 355,172,535</u>	<u>\$ 412,778,179</u>	<u>\$ 507,185,951</u>	<u>\$ 519,444,292</u>
20.81%	17.39%	15.17%	13.72%	10.96%	13.47%

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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(3)</u>	<u>Per Capita Income (3)</u>	<u>Unemployment Rate (1)</u>
2001	74,107 (1)	\$ 1,929,449,852	\$ 26,036	4.9 %
2002	74,107 (1)	1,949,903,384	26,312	5.0
2003	74,107 (1)	2,011,189,873	27,139	5.1
2004	74,107 (1)	2,136,134,275	28,825	5.3
2005	76,539 (1)	2,288,592,639	29,901	4.9
2006	76,588 (2)	2,329,194,256	30,412	4.9
2007	76,588 (2)	2,553,826,860	33,345	5.2
2008	76,189 (2)	2,667,148,323	35,007	6.6
2009	75,828 (2)	2,679,154,896	35,332	9.5
2010	77,547 (2)	2,739,890,604 (4)	35,332 (4)	9.2

Sources:

(1) - NYS Department of Labor/Empire State Development

(2) - U.S. Census Bureau

(3) - US Bureau of Economic Analysis

(4) - Personal income and per capita income data for 2010 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>	2010	
	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL EMPLOYMENT</u>
SDTC - The Center for Discovery	1,450	4.28 %
Sullivan County Government	1,016	3.00
Catskill Regional Medical Center	910	2.68
Monticello Central School District	650	1.92
NYSARC Inc / Community Resource Center	520	1.53
Sullivan Correctional Facility - NYS	475	1.40
New Hope Community Inc	558	1.65
Woodbourne Correctional Facility - NYS	396	1.17
Villa Roma Resort	353	1.04
Kohl's Corp	328	0.97
	<u>6,656</u>	<u>19.64 %</u>

<u>EMPLOYER</u>	2001	
	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL EMPLOYMENT</u>
Sullivan County Government	1,200	4.78 %
Catskill Regional Medical Center	807	3.22
Monticello Central School District	700	2.79
SDTC - The Center for Discovery	600	2.39
SYDA Foundation	494	1.97
Sullivan Correctional Facility - NYS	425	1.69
Frontier Insurance	417	1.66
Wal-Mart Associates	410	1.63
Villa Roma Resort	400	1.59
Kutcher's Country Club	400	1.59
	<u>5,853</u>	<u>23.31 %</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 TEN 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

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
169	174	171	221	187	180
191	191	185	222	228	211
280	283	280	326	331	296
131	126	127	124	113	94
194	214	194	212	212	179
21	19	18	35	35	32
41	42	40	46	29	24
<u>1,027</u>	<u>1,049</u>	<u>1,015</u>	<u>1,186</u>	<u>1,135</u>	<u>1,016</u>

COUNTY OF SULLIVAN, NEW YORK

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2001	2002	2003	2004
Public Safety				
Sheriff				
Arrests	1,589	2,108	2,341	2,068
Traffic summonses	2,172	3,775	3,280	3,874
DWI summonses	98	114	114	101
Jail				
Inmates	1,639	1,637	1,768	1,771
Transportation				
Road paving (miles)	45.1	43.0	51.7	47.3
Road chip seal (miles)	28.3	28.6	36.1	36.5
Bridge replacement	8	7	6	5
Bridge rehabilitation	2	1	1	2
Culture and Recreation				
Park and pavilion permits	NA	NA	NA	NA
Lake Superior attendance	NA	18,355	16,198	13,126
Fort Delaware attendance	6,787	5,142	4,289	3,805
Home and Community Services				
Refuse collection (tons per day)(1)	692.87	673.39	683.99	463.18
Recyclables collected (tons per day)	12.32	13.11	21.69	13.04

(1) - Importation at the landfill ceased during 2004

NA - not applicable

Source: Various County Departments

2005	2006	2007	2008	2009	2010
2,003	1,434	1,537	1,535	1,332	1,511
3,193	2,169	1,737	2,621	2,629	3,552
92	80	80	81	102	110
1,768	1,714	1,873	1,722	1,630	1,664
14.7	34.9	22.9	19.4	26.6	37.2
52.0	7.0	57.4	-	-	39
5	2	6	2	1	2
-	1	-	3	6	4
57	59	57	85	89	80
18,169	16,647	17,426	17,827	14,300	16,788
4,327	2,977	4,523	3,878	3,832	3,463
257.62	234.02	219.29	209.30	238.30	195.00
13.61	14.02	16.86	16.76	21.37	17.95

COUNTY OF SULLIVAN, NEW YORK

CAPITAL ASSET STATISTICS BY FUNCTION
 LAST TEN FISCAL YEARS

Function	2001	2002	2003	2004
Public Safety				
Sheriff				
Jail	1	1	1	1
Prisoner transportation vans	NA	NA	NA	4
Cars	NA	NA	NA	21
SUVs	NA	NA	NA	3
Pickups	NA	NA	NA	NA
Electric cars	NA	NA	NA	NA
ATVs	NA	NA	NA	NA
Boats	NA	NA	NA	1
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	42.5	42.5	42.5	42.5
Transfer stations	5	5	5	5
Haul trucks	6	6	6	6

Source - Various County Departments

2005	2006	2007	2008	2009	2010
1	1	1	1	1	1
4	4	2	2	2	2
21	21	32	28	30	27
3	5	10	9	8	7
NA	NA	NA	NA	2	2
NA	NA	NA	NA	3	3
NA	NA	NA	NA	3	3
1	1	1	2	2	2
386.7	386.7	386.7	386.8	385.6	385.4
8	8	8	8	8	9
26	26	26	26	26	25
400	400	400	400	400	400
1,550	1,550	1,550	1,550	1,550	1,550
1	2	2	2	2	2
42.5	45.8	45.8	45.8	45.8	45.8
5	5	5	5	5	5
6	4	4	4	6	6

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APPENDIX

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

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 ("County") as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 17, 2011. 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'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's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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 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 17, 2011