

COUNTY OF SULLIVAN, NEW YORK



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDED
DECEMBER 31, 2011**

COUNTY OF SULLIVAN, NEW YORK



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DECEMBER 31, 2011**

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

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FISCAL YEAR ENDED DECEMBER 31, 2011
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**STATISTICAL SECTION
(Unaudited)**

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

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

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**INTRODUCTORY
SECTION**

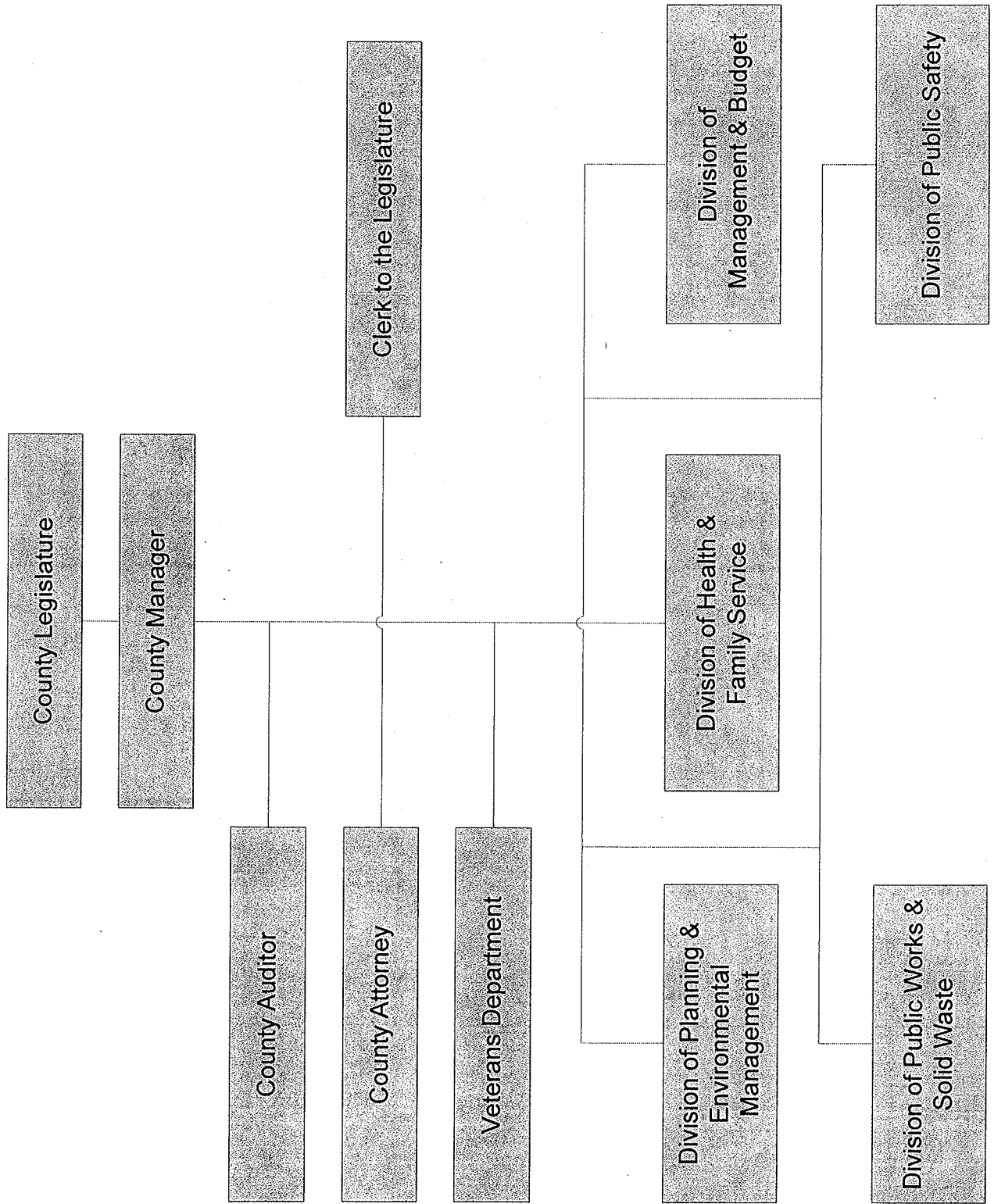
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**COUNTY OF SULLIVAN,
NEW YORK
PRINCIPAL OFFICIALS**

As of December 31, 2011

<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



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COUNTY TREASURER
ira.cohen@co.sullivan.ny.us

NANCY BUCK
DEPUTY TREASURER
Nancy.buck@co.sullivan.ny.us



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June 30, 2012

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, 2011 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, 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, 2011, 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, 2011, 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, 2011 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 can be found immediately following the statistical section.

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 legislature 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 six years, exceeding the growth rate of the State of New York. According to the US Census Bureau, between 2000 and 2011, 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 968 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 State of New York passes a constitutional amendment to legalize state-regulated gaming. The State Legislature has approved the amendment in 2012; it will need to be approved again in 2013, finally going to a State vote in late 2013.

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 June 13, 2012, the BPAC commenced its seventh season of concerts featuring Lady Antebellum followed by an eclectic lineup of music all summer long, including the New York Philharmonic, The Beach Boys, Jason Aldean and Dave Matthews Band.

The summer of 2012 marks another significant milestone for BPAC in that the organization will feature the fifth 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 BYRD/SKOLNICK: A tale of two posters - A retrospective of the work of David Edward Byrd and Arnold Skolnick.

Entertainment Properties Trust (EPT), the owner of Empire Resorts and the Monticello Casino and Raceway, still has plans to redevelop the former Concord Hotel property. EPT has announced a \$600 million racino complex, harness track and hotel to be constructed on the site. Westchester developer Louis Capelli also has approval for a competing \$600 million resort next to the property EPT currently owns. The expected revenue sources from one or both of these projects would certainly translate to better overall fiscal conditions, debt reduction, better cash flow and an improved bond rating from any rating agency. These monies would most likely be used for economic development, infrastructure improvements, jail and landfill construction as well as monies for school districts and other local governments.

The Monticello Motor Club is now enjoying its fifth 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 2011'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 recently celebrated the opening of its new, state of the art 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 services 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.
- 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.
- The Southern Catskills Red Meat Processing Facility has secured final site plan approval from the Town of Liberty. The facility will play a critical role in supporting local agricultural operations, making it much easier for local farmers to bring their livestock to market. The facility will serve farming industries throughout the southern tier of New York State and northeastern Pennsylvania, distributing its products to the New York City region, restaurants and farmers markets. Construction is expected to begin later this year.
- 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 in the fall of 2012. 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 recently opened their new \$6 million emergency room, which doubled their space. The previous emergency room was 7,500 square feet, the new addition increased it to 17,500 square feet,

including 7 new bays, a pediatric bay and four fast-track bays for minor injuries.

- The Center for Discovery has recently introduced a new 'game changing' autism assessment clinic. The \$14 million clinic is projected to bring 200 new jobs to the area. The clinic will include 32 short-term beds and be able to treat 200 children annually with an operating cost of \$20 million. Construction is projected to begin in the spring of 2012.
- In late 2011, it was announced that a Warwick-based developer was in contract to purchase 51 acres in the Town of Thompson. The tentative plan is to construct a 324-unit housing complex reserved for seniors, work-force and veterans. The project would cost approximately \$50 million and would be completed in three phases.
- In December of 2011, the Sullivan County Division of Planning and Environmental Management launched new initiatives to stimulate economic growth within the County. Among the initiatives is a Community Development Block Grant in the amount of \$185,000. This program will provide small businesses with \$5,000 - \$35,000 in start-up funds for Agri-Business and Main Street projects. The Sullivan County Economic Development Corporation ("EDC") is also proceeding with the County Revolving Loan fund of \$525,000. Several loans have been issued and applications continue to be received and reviewed.
- On September 21, 2011, the Sullivan County Chamber of Commerce chose to go mobile. They purchased a 37-foot RV to replace the organization's office in Monticello. The move is intended to reach the businesses in remote western and central Sullivan County. The 'Chamber on the Run' can be found in each town for approximately two weeks, giving the businesses time to take advantage of all the Chamber has to offer.
- Catskill Brewery, a beer micro-brewery, has big plans for the Livingston Manor area this summer. The Town of Rockland Planning Board has already approved the brewery plans and they look to be open for business in late 2012. The project will include a 3,500-square-foot brewery, a tasting room and gift shop.

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 2011 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, 2010.

In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, 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 \$11.9 million. The unassigned fund balance at the end of 2011 is \$2.74 million.

In the County's 2012 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, 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,



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, 2010

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.



Linda C. Davison

President

Jeffrey R. Emer

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, 2011, 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), the Emerald Corporate Center Economic Development Corporation (a component unit) and the Sullivan County Funding Corporation (a component unit) for the year ended December 31, 2011, and the Sullivan County Community College (a component unit) for the year ended August 31, 2011, which represent 98.9%, 94.0% and 96.1% 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 opinion, 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, 2011 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.

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In accordance with *Government Auditing Standards*, we have also issued our report June 27, 2012 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is also not a required part of the financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 reports of the 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, LLP

O'Connor Davies, LLP
Harrison, New York
June 27, 2012

County of Sullivan, New York
Management's Discussion and Analysis
December 31, 2011

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, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Before getting into this discussion, it is important to note for this year's financial statement presentation that the Governmental Accounting Standards Board ("GASB") issued its Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in February 2009. The requirements of GASB Statement No. 54 are effective for financial statements for the County's fiscal period ending December 31, 2011; therefore they are introduced in this report for the first time. GASB Statement No. 54 abandons the reserved and unreserved classifications of fund balance and replaces them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below.

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

Restricted – consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed – consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint.

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

Unassigned – represents the residual classification for the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting

from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

Financial Highlights for Fiscal Year 2011

Key financial highlights for fiscal year 2011 are as follows:

- The net assets (assets minus liabilities) of the primary government for fiscal year 2011 were \$38,807,030. Of this amount, \$57,986,965 represents governmental net assets while a deficit of \$19,179,935 is reported for business-type net assets.
- The General Fund reported an ending fund balance of \$23,132,592, which represents a decrease of \$1,329,459 from fiscal year 2010. The unassigned fund balance was \$2,737,515, which represents a decrease of \$3,470,679 from fiscal year 2010. The County Road and Road Machinery funds assigned fund balances decreased by \$932,246 and \$370,355 respectively. The decrease is primarily attributable to the appropriating of fund balance for this fiscal year in the County Road Fund of \$1,400,877 and the Road Machinery Fund of \$617,689. The Capital Projects Fund reported an ending fund deficit of \$8,607,628, an increase in the deficit of \$3,477,082 from fiscal year 2010. The Adult Care Center, an enterprise fund, experienced a reduction in fund balance in excess of \$2.7 million due to the recording of additional liabilities associated with other postemployment benefits as required in accordance with GASB Statement No. 54 and a decrease in patient occupancy.
- The primary government's total outstanding bonds payable for December 31, 2011 were \$68,645,000, inclusive of \$13,735,000 of tobacco asset securitization bonds. The County did not incur any new long term debt obligations in 2011.

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 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, the Emerald Corporate Center Economic Development Corporation and the Sullivan County Funding 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 Refuse 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 \$38,807,030 for fiscal year 2011.

The following table reflects the condensed Statement of Net Assets:

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$ 109,217,015	\$ 113,646,238	\$ 2,908,490	\$ 2,882,415	\$ 112,125,505	\$ 116,528,653
Capital Assets	145,642,913	143,588,217	1,682,137	1,927,573	147,325,050	145,515,790
Total Assets	\$ 254,859,928	\$ 257,234,455	\$ 4,590,627	\$ 4,809,988	\$ 259,450,555	\$ 262,044,443
Current Liabilities	\$ 71,652,462	\$ 72,819,292	\$ 2,917,855	\$ 946,720	\$ 74,570,317	\$ 73,766,012
Long-term Liabilities	125,220,501	125,937,722	20,852,707	20,101,654	146,073,208	146,039,376
Total Liabilities	\$ 196,872,963	\$ 198,757,014	\$ 23,770,562	\$ 21,048,374	\$ 220,643,525	\$ 219,805,388
Net Assets:						
Invested in capital assets, net of related debt	\$ 76,768,306	\$ 70,516,266	\$ 1,643,913	\$ 1,883,587	\$ 78,412,219	\$ 72,399,853
Restricted	8,270,567	8,517,769	-	-	8,270,567	8,517,769
Unrestricted	(27,051,908)	(20,556,594)	(20,823,848)	(18,121,973)	(47,875,756)	(38,678,567)
Total Net Assets	\$ 57,986,965	\$ 58,477,441	\$ (19,179,935)	\$ (16,238,386)	\$ 38,807,030	\$ 42,239,055

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 \$8,270,567. This represents resources that are subject to external restrictions on how they may be used. The restrictions are as follows:

Capital Projects	\$ 4,828,481
Law Enforcement	116,253
Stop DWI Program	275,316
Debt Service	854,690
Workers' Compensation Benefits	1,508,257
Community Development	687,570

The remaining portion of net assets, unrestricted net assets, is a negative \$47,875,756, with a deficit of \$27,051,908 reported in governmental activities and a deficit of \$20,823,848 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 (\$1,814,407), claims payable (\$5,322,116), compensated absences (\$4,210,806) and landfill closure costs (\$13,877,367) 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 2011 for the primary government was \$51,755,197. 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	
	2011	2010	2011	2010	2011	2010
Program Revenues:						
Charges for Services	\$ 29,591,231	\$ 26,787,566	\$ 11,460,580	\$ 10,977,303	\$ 41,051,811	\$ 37,764,869
Operating Grants and Contributions	42,207,077	45,364,696	3,660,517	1,106,106	45,867,594	46,470,802
Capital Grants and Contributions	1,620,224	2,471,353	-	-	1,620,224	2,471,353
General Revenues:						
Real Property Taxes	48,065,549	48,690,132	-	-	48,065,549	48,690,132
Other Tax Items	7,606,522	6,633,477	-	-	7,606,522	6,633,477
Non-Property Taxes	35,103,619	35,304,348	-	-	35,103,619	35,304,348
Unrestricted Use of Money and Property	339,068	112,113	95,154	68,968	434,222	181,081
Miscellaneous	-	237,810	3,050	31,008	3,050	268,818
Transfers	<u>493,235</u>	<u>-</u>	<u>(493,235)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>165,026,525</u>	<u>165,601,495</u>	<u>14,726,066</u>	<u>12,183,385</u>	<u>179,752,591</u>	<u>177,784,880</u>
Program Expenses:						
General Government Support	18,610,178	20,573,018	-	-	18,610,178	20,573,018
Education	5,800,343	6,011,024	-	-	5,800,343	6,011,024
Public Safety	24,267,723	24,460,208	-	-	24,267,723	24,460,208
Health	24,063,061	23,818,137	-	-	24,063,061	23,818,137
Transportation	19,677,365	21,447,683	-	-	19,677,365	21,447,683
Economic Opportunity and Development	57,259,852	56,207,703	-	-	57,259,852	56,207,703
Culture and Recreation	3,231,074	3,038,366	-	-	3,231,074	3,038,366
Home and Community Services	9,743,923	7,114,794	-	-	9,743,923	7,114,794
Interest	2,863,482	2,350,765	-	-	2,863,482	2,350,765
Adult Care Center	-	-	16,827,634	16,228,151	16,827,634	16,228,151
Sullivan Tobacco Asset Securitization Corporation	-	-	839,981	860,655	839,981	860,655
Total Expenses	<u>165,517,001</u>	<u>165,021,698</u>	<u>17,667,615</u>	<u>17,088,806</u>	<u>183,184,616</u>	<u>182,110,504</u>
Change in Net Assets	(490,476)	579,797	(2,941,549)	(4,905,421)	(3,432,025)	(4,325,624)
Net Assets - Beginning of year	<u>58,477,441</u>	<u>57,897,644</u>	<u>(16,238,386)</u>	<u>(11,332,965)</u>	<u>42,239,055</u>	<u>46,564,679</u>
Net Assets - End of year	<u>\$ 57,986,965</u>	<u>\$ 58,477,441</u>	<u>\$ (19,179,935)</u>	<u>\$ (16,238,386)</u>	<u>\$ 38,807,030</u>	<u>\$ 42,239,055</u>

Governmental activities - Governmental activities decreased the County's net assets by \$490,476. The total County governmental activities revenues were \$165,026,525 for the year ended December 31, 2011, a decrease of \$574,970 over the prior year. Real property taxes comprised 29.13% while non-property taxes (i.e. sales taxes) comprised 21.3% and operating grants and contributions (primarily state and federal aid) provided an additional 25.6% of the overall revenue stream. Governmental activities expenses of the County for the year ended December 31, 2011 totaled \$165,517,001, an increase of \$495,303 over the prior year. Economic opportunity and development expenses (for social services type programs) accounted for the largest portion (\$57,259,852 or 34.6%), followed by public safety (\$24,267,723 or 14.7%) and health spending (\$24,063,061 or 14.5%).

The major changes are as follows:

Revenues:

- Real property and other tax items increased by \$348,462 due to an increase in interest and penalties revenues.
- Charges for Services increased \$2,803,665 in part due to a new refuse and garbage user fee.

Expenses:

- General Government Support (\$1,962,840), Public Safety (\$192,485), and Transportation (\$1,770,318) expenses decreased due to the downsizing of the workforce.
- Economic Opportunity and Development expenses increased by \$1,052,149 due to the current state of the economy and citizen's needs for these type of social services.
- Home and Community Services expenses increased by \$2,629,129 in part due to the 2011 Intergovernmental Transfer ("IGT") expense. This expense was not incurred in 2010.

Business-type activities - Business-type activities decreased the County's net assets by \$19,179,935. The Adult Care Center's ("ACC") 2011 net patient service revenue includes a positive adjustment for prior years revenue, offset by a lowered 2011 Medicaid reimbursement rate (caused primarily by a reduced case mix index) and further reduced by a reduction in the 2011 census (approximately 1,000 fewer patient days and 260 fewer adult day health care program visits). In addition, operating expenses increased by approximately 4.5%. Overall the ACC's 2011 loss from operations approximated its 2010 operating loss. The actual decrease in net assets for 2011 was improved when compared to 2010, due almost exclusively to the IGT award received in 2011. There was no IGT recorded in 2010. The Sullivan Tobacco Asset Securitization Corporation's net assets decreased in 2011 by \$212,432, primarily due to a residual payment made to the County's General Fund.

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, *unassigned 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 \$18,340,042, a decrease of \$5,034,870 in comparison with the prior year. Of the total combined fund balance, a negative \$6,545,113 constitutes unassigned fund balance, \$11,049,519 is assigned fund balance, \$11,914,377 is committed fund balance, \$1,246,259 is restricted fund balance and \$675,000 is nonspendable fund balance.

The General Fund is the primary operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,737,515, representing 11.8% of the total General Fund balance of \$23,132,592. Two useful measures of liquidity are the percentage of unassigned fund balance to total expenditures and other uses, and total fund balance to total expenditures and other uses. At the end of the current fiscal year, the General Fund showed a 1.81% unassigned fund balance to total expenditures and other financing uses (compared to 4.13% in the prior year), while total fund balance represents 15.29% of that same amount (compared to 16.26% in the prior year).

When the fiscal year 2011 General Fund budget was adopted, it anticipated the use of \$4,510,327 of fund balance (\$4,102,174 was appropriated from prior years' surpluses while \$408,153 was from the rollover of purchase order obligations from the 2010 fiscal year). However, actual results of operations indicate a decrease of only \$1,329,459 in fund balance, or \$3,180,868 better than the adopted budget anticipated. Revenues and other financing sources were \$149,932,558, which was \$729,910 less than the original budget and \$1,791,685 less than the final budget. Expenditures and other financing uses were \$151,262,017, which was \$3,910,778 less than the original budget and \$3,720,871 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 decreased from \$49,825,309 to \$47,403,913 (\$2,421,396), reflecting the budgeted use of prior year fund balance.
- Departmental income decreased from \$21,735,910 to \$20,912,255 (\$823,655), primarily due to the decreased revenue from patient fees.
- State and Federal Aid decreased from \$36,966,193 to \$34,093,465 (\$2,872,728), due to the decreases in various social service and public health program funds and the expiration of Federal American Reinvestment and Recovery Act (i.e stimulus) funding.
- Economic Opportunity and Development expenditures increased from \$53,135,382 to \$55,167,983 (\$2,032,601) due to an increase in Medicaid expenditures to provide additional support to the Adult Care Center through the IGT program as well as other additional costs resulting from the expiration of Federal stimulus funding.

The Capital Projects Fund is used to account for capital project activity throughout the County. The Capital Projects Fund total fund balance at year end is a deficit of \$8,607,628. This deficit was increased by \$3,477,082 and is attributable to the decrease in cash on hand due to the progression of projects and the payment of debt and the fact that \$15.7 million in bond anticipation notes remain outstanding at December 31, 2011. Bond anticipation notes are not recorded as revenue until redeemed or converted to permanent financing in the form of serial bonds.

The Special Revenue Funds are made up of the following individual funds: County Road, Road Machinery, Community Development and Refuse and Garbage funds. For the fiscal year ending December 31, 2011, the combined fund balances of these Special Revenue funds totaled \$3,815,078. This represents a decrease of \$228,329 for the fiscal year 2011, primarily the result of the planned use of 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 2011, the unrestricted net assets of the Internal Service Fund increased by \$702,546. This resulted in net assets of \$1,508,257 at December 31, 2011. The increase can be attributed to an increase in charges for services to the operating funds.

General Fund Budgetary Highlights

During the year, modest budgetary adjustments of under \$1 million (representing less than .25% 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 \$134.9 million, which was \$4.3 million less than the final budget. The major areas where spending was less than budget were general government support (\$1.59 million) from unspent contingency and other funds, health (\$1.09 million) with savings in public health services, early intervention program and mental health services and public safety (\$400 thousand) sheriff's department savings.

Actual General Fund revenues, exclusive of transfers, were \$149.3 million, which was \$2.3 million less than the final budget. Shortages were realized in departmental income (\$1.6 million), primarily in home nursing charges and early intervention child care services, state aid (\$1.6 million) from public health, mental health and aid to dependent children reimbursements. These budgetary shortfalls were partially mitigated by federal aid in excess of budgetary estimates by 1.36 million, particularly in the aid to dependent children category of reimbursement.

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, 2011 amounts to \$147,325,050 (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	
	2011	2010	2011	2010	2011	2010
Land	\$ 8,659,087	\$ 8,659,087	\$ -	\$ -	\$ 8,659,087	\$ 8,659,087
Buildings and improvements	33,591,606	26,053,643	1,493,172	1,760,773	35,084,778	27,814,416
Machinery and equipment	7,062,031	5,953,141	188,965	166,800	7,250,996	6,119,941
Infrastructure	91,901,671	92,896,646	-	-	91,901,671	92,896,646
Construction-in- progress	4,428,518	10,025,700	-	-	4,428,518	10,025,700
Total (Net of Depreciation)	\$ 145,642,913	\$ 143,588,217	\$ 1,682,137	\$ 1,927,573	\$ 147,325,050	\$ 145,515,790

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

- Airport Construction \$1,452,486
- Landfill Construction \$1,097,909
- Landfill Cap \$1,146,853

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 \$68,645,000. The change in the County's total debt was a decrease of \$6,440,000 for redemptions of debt. All of this debt is backed by the full faith and credit of the County, exclusive of the \$13.74 million outstanding bonds for the Sullivan County Tobacco Asset Securitization Corporation.

Sullivan County Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$ 54,807,544	\$ 60,874,350	\$ 102,456	\$ 120,650	\$ 54,910,000	\$ 60,995,000
Tobacco Asset Bonds	-	-	13,735,000	14,090,000	13,735,000	14,090,000
Total	\$ 54,807,544	\$ 60,874,350	\$ 13,837,456	\$ 14,210,650	\$ 68,645,000	\$ 75,085,000

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 AA3 since 2001 with our most current rating in March 2012.

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, 2011, the County had used \$70,574,449, or 11.21%, of the constitutional debt limit leaving \$558,784,957 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 9.5% in April 2012, up from 8.9% in April 2011. The County's April 2012 unemployment rate exceeded the State-wide rate of 8.1%.

Labor Department data also indicates that the number of people employed in the County decreased by 0.7%, from 30,600 to 30,400 between April 2012 and April 2011.

The County's 2009 per capita personal income of \$35,332 is 75% of the State's \$46,957. The taxable assessed value of real property in the County decreased from \$5,324,922,897 in 2010 to \$5,093,838,154 in 2011, with the median sales price of residential properties increasing slightly from \$136,186 in 2010 to \$139,450 in 2011.

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 2012 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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COUNTY OF SULLIVAN, NEW YORK

STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and equivalents	\$ 40,510,747	\$ 2,596,625	\$ 43,107,372	\$ 9,011,453
Restricted cash and equivalents	-	110	110	-
Investments	-	-	-	1,053,300
Restricted investments	-	1,242,547	1,242,547	-
Receivables:				
Taxes, net	31,141,939	-	31,141,939	-
Accounts, net	8,831,542	3,369,096	12,200,638	1,446,232
Loans, net	207,550	-	207,550	216,335
Notes	-	-	-	861,683
State and Federal aid	22,298,595	-	22,298,595	-
Due from other governments	973,862	-	973,862	107,925
Due from component unit	675,000	-	675,000	-
Internal balances	4,577,780	(4,577,780)	-	-
Prepaid expenses	-	20,314	20,314	371,243
Other	-	-	-	334,663
Cost of issuance, net	-	257,578	257,578	-
Capital assets:				
Not being depreciated	13,087,605	-	13,087,605	1,632,461
Being depreciated, net	132,555,308	1,682,137	134,237,445	22,684,147
Total Assets	<u>254,859,928</u>	<u>4,590,627</u>	<u>259,450,555</u>	<u>37,719,442</u>
LIABILITIES				
Accounts payable	17,077,474	189,999	17,267,473	2,359,019
Accrued interest payable	827,200	1,619	828,819	-
Accrued liabilities	4,535,832	2,726,237	7,262,069	92,208
Retained percentages payable	382,440	-	382,440	-
Due to other governments	208,449	-	208,449	875,826
Due to school districts	18,863,437	-	18,863,437	-
Due to primary government	-	-	-	675,000
Unearned revenues	1,072,630	-	1,072,630	1,580,971
Tax anticipation notes payable	13,000,000	-	13,000,000	-
Bond anticipation notes payable	15,685,000	-	15,685,000	-
Deposits payable	-	-	-	595,327
Other	-	-	-	401,552
Non-Current liabilities:				
Due within one year	8,141,738	776,516	8,918,254	826,591
Due in more than one year:	<u>117,078,763</u>	<u>20,076,191</u>	<u>137,154,954</u>	<u>27,924,570</u>
Total Liabilities	<u>196,872,963</u>	<u>23,770,562</u>	<u>220,643,525</u>	<u>35,331,064</u>
NET ASSETS				
Invested in capital assets, net of related debt	76,768,306	1,643,913	78,412,219	5,851,917
Restricted for:				
Capital projects	4,828,481	-	4,828,481	-
Law enforcement	116,253	-	116,253	-
Stop DWI program	275,316	-	275,316	-
Debt service	854,690	-	854,690	-
Workers' compensation benefits	1,508,257	-	1,508,257	-
Community development	687,570	-	687,570	-
Loans	-	-	-	448,910
Education	-	-	-	513,133
Unrestricted	<u>(27,051,908)</u>	<u>(20,823,848)</u>	<u>(47,875,756)</u>	<u>(4,425,582)</u>
Total Net Assets	<u>\$ 57,986,965</u>	<u>\$ (19,179,935)</u>	<u>\$ 38,807,030</u>	<u>\$ 2,388,378</u>

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

COUNTY OF SULLIVAN, NEW YORK

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government support	\$ 18,610,178	\$ 2,520,630	\$ 3,936,435	\$ -
Education	5,800,343	235,678	-	4,962
Public safety	24,267,723	1,881,807	653,821	192,216
Health	24,063,061	8,628,023	8,662,764	-
Transportation	19,677,365	1,509,166	4,349,582	1,389,339
Economic opportunity and development	57,259,852	3,040,513	23,167,173	-
Culture and recreation	3,231,074	188,196	1,107,098	13,156
Home and community services	9,743,923	11,587,218	330,204	-
Interest	2,863,482	-	-	20,551
Total Governmental Activities	165,517,001	29,591,231	42,207,077	1,620,224
Business-type activities:				
Adult Care Center	16,827,634	11,460,580	2,626,286	-
Sullivan Tobacco Asset Securitization Corporation	839,981	-	1,034,231	-
Total Business-type Activities	17,667,615	11,460,580	3,660,517	-
Total Primary Government	\$ 183,184,616	\$ 41,051,811	\$ 45,867,594	\$ 1,620,224
Component Units:				
Sullivan County Community College	\$ 28,964,734	\$ 3,626,969	\$ 21,651,572	\$ -
Sullivan County Soil and Water Conservation District	1,182,533	26,319	1,001,351	-
Sullivan County Industrial Development Agency	788,740	422,717	-	10,194
Emerald Corporate Center Economic Development Corporation	60,343	-	-	55,119
Sullivan County Funding Corporation	27,157	409,514	-	-
Total Component Units	\$ 31,023,507	\$ 4,485,519	\$ 22,652,923	\$ 65,313
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				
Sale of property and compensation of loss				
Unrestricted use of money and property				
Grants and contributions not restricted to specific programs				
Miscellaneous				
Transfers				
Total General Revenues				
Change in Net Assets				
Net Assets - Beginning, as reported				
Prior Period Adjustment				
Net Assets - Beginning, as restated				
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
\$ (12,153,113)	\$ -	\$ (12,153,113)	\$ -
(5,559,703)	-	(5,559,703)	-
(21,539,879)	-	(21,539,879)	-
(6,772,274)	-	(6,772,274)	-
(12,429,278)	-	(12,429,278)	-
(31,052,166)	-	(31,052,166)	-
(1,922,624)	-	(1,922,624)	-
2,173,499	-	2,173,499	-
(2,842,931)	-	(2,842,931)	-
(92,098,469)	-	(92,098,469)	-
-	(2,740,768)	(2,740,768)	-
-	194,250	194,250	-
-	(2,546,518)	(2,546,518)	-
(92,098,469)	(2,546,518)	(94,644,987)	-
-	-	-	(3,686,193)
-	-	-	(154,863)
-	-	-	(355,829)
-	-	-	(5,224)
-	-	-	382,357
-	-	-	(3,819,752)
48,065,549	-	48,065,549	-
1,705,401	-	1,705,401	-
5,080,843	-	5,080,843	-
820,278	-	820,278	-
32,911,401	-	32,911,401	-
558,728	-	558,728	-
325,031	-	325,031	-
310,179	-	310,179	-
517,795	-	517,795	-
476,223	-	476,223	-
4,262	-	4,262	-
263,115	-	263,115	-
75,953	95,154	171,107	105,448
-	-	-	86,040
-	3,050	3,050	1,303,534
493,235	(493,235)	-	-
91,607,993	(395,031)	91,212,962	1,495,022
(490,476)	(2,941,549)	(3,432,025)	(2,324,730)
58,477,441	(16,238,386)	42,239,055	7,118,199
-	-	-	(2,405,091)
58,477,441	(16,238,386)	42,239,055	4,713,108
\$ 57,986,965	\$ (19,179,935)	\$ 38,807,030	\$ 2,388,378

COUNTY OF SULLIVAN, NEW YORK

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	General	County Road	Refuse and Garbage
ASSETS			
Cash and Equivalents	\$ 29,985,309	\$ 201,713	\$ 2,226,272
Taxes Receivable, net of allowance for uncollectible amounts	31,141,939	-	-
Other Receivables:			
Accounts, net	5,794,730	49,963	653,803
Loans, net	-	-	-
State and Federal aid	20,188,197	1,727,924	-
Due from other governments	973,862	-	-
Due from component unit	-	-	-
Due from other funds	4,877,820	162,729	157,562
	<u>31,834,609</u>	<u>1,940,616</u>	<u>811,365</u>
Total Assets	<u>\$ 92,961,857</u>	<u>\$ 2,142,329</u>	<u>\$ 3,037,637</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities:			
Accounts payable	\$ 14,887,885	\$ 470,589	\$ 720,220
Accrued liabilities	3,366,676	379,549	84,928
Retained percentages payable	-	170,432	-
Due to other governments	208,449	-	-
Due to school districts	18,863,437	-	-
Due to other funds	5,069,674	-	560,990
Deferred revenues	992,013	-	-
Deferred tax revenues	13,441,131	-	-
Tax anticipation notes payable	13,000,000	-	-
Bond anticipation notes payable	-	-	-
Total Liabilities	<u>69,829,265</u>	<u>1,020,570</u>	<u>1,366,138</u>
Fund Balances (Deficits):			
Nonspendable	-	-	-
Restricted	554,732	-	687,473
Committed	11,914,377	-	-
Assigned	7,925,968	1,121,759	984,026
Unassigned	2,737,515	-	-
Total Fund Balances (Deficits)	<u>23,132,592</u>	<u>1,121,759</u>	<u>1,671,499</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 92,961,857</u>	<u>\$ 2,142,329</u>	<u>\$ 3,037,637</u>

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

Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ 6,670,798	\$ 975,573	\$ 40,059,665
-	-	31,141,939
-	1,036	6,499,532
-	207,550	207,550
275,405	107,069	22,298,595
-	-	973,862
675,000	-	675,000
639,909	349,187	6,187,207
1,590,314	664,842	36,841,746
\$ 8,261,112	\$ 1,640,415	\$ 108,043,350

\$ 707,052	\$ 291,728	\$ 17,077,474
-	119,317	3,950,470
212,008	-	382,440
-	-	208,449
-	-	18,863,437
264,680	-	5,895,344
-	207,550	1,199,563
-	-	13,441,131
-	-	13,000,000
15,685,000	-	15,685,000
16,868,740	618,595	89,703,308
675,000	-	675,000
-	4,054	1,246,259
-	-	11,914,377
-	1,017,766	11,049,519
(9,282,628)	-	(6,545,113)
(8,607,628)	1,021,820	18,340,042
\$ 8,261,112	\$ 1,640,415	\$ 108,043,350

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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, 2011

Fund Balances - Total Governmental Funds	<u>\$ 18,340,042</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>145,642,913</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>1,508,257</u>
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	
Real property taxes	13,441,131
Departmental income	<u>207,550</u>
	<u>13,648,681</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	(827,200)
Bonds payable	(55,232,702)
Installment purchase debt	(205,796)
Claims payable	(427,343)
Retirement incentives and other pension obligations	(1,620,437)
Compensated absences	(3,370,163)
Other post employment benefit obligations payable	(45,591,920)
Landfill closure costs	<u>(13,877,367)</u>
	<u>(121,152,928)</u>
Net Assets of Governmental Activities	<u>\$ 57,986,965</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, 2011

	General	County Road	Refuse and Garbage
REVENUES			
Real property taxes	\$ 47,403,913	\$ -	\$ -
Other tax items	7,606,522	-	-
Non-property taxes	35,103,619	-	-
Departmental income	20,912,255	-	11,578,565
Intergovernmental charges	511,981	548,497	-
Use of money and property	197,856	604	46,153
Licenses and permits	31,750	1,850	-
Fines and forfeitures	253,020	-	-
Sale of property and compensation for loss	38,858	10,432	-
Interfund revenues	-	-	-
State aid	15,525,026	3,710,369	-
Federal aid	18,568,439	629,454	-
Miscellaneous	3,228,703	5,063	-
Total Revenues	149,381,942	4,906,269	11,624,718
EXPENDITURES			
Current:			
General government support	23,042,009	-	-
Education	5,317,421	-	-
Public safety	21,999,286	740,103	-
Health	23,447,003	-	-
Transportation	1,255,375	12,063,990	-
Economic opportunity and development	55,167,983	-	-
Culture and recreation	3,194,231	-	-
Home and community services	1,409,243	-	7,126,434
Debt Service:			
Principal	-	-	-
Interest	117,059	40,847	195,611
Capital Outlay	-	-	-
Total Expenditures	134,949,610	12,844,940	7,322,045
Excess (Deficiency) of Revenues Over Expenditures	14,432,332	(7,938,671)	4,302,673
OTHER FINANCING SOURCES (USES)			
Transfers in	550,616	9,796,856	2,906,789
Transfers out	(16,312,407)	(2,790,431)	(6,072,282)
Total Other Financing Sources (Uses)	(15,761,791)	7,006,425	(3,165,493)
Net Change in Fund Balances	(1,329,459)	(932,246)	1,137,180
Fund Balances (Deficits) - Beginning of Year	24,462,051	2,054,005	534,319
Fund Balances (Deficits) - End of Year	\$ 23,132,592	\$ 1,121,759	\$ 1,671,499

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

Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 47,403,913
-	-	7,606,522
-	-	35,103,619
-	8,084	32,498,904
-	839,792	1,900,270
236	22,898	267,747
-	-	33,600
-	-	253,020
-	500	49,790
-	12,801	12,801
101,430	196,102	19,532,927
1,372,959	270,857	20,841,709
125,044	1,477	3,360,287
<u>1,599,669</u>	<u>1,352,511</u>	<u>168,865,109</u>
-	49,968	23,091,977
-	-	5,317,421
-	-	22,739,389
-	-	23,447,003
-	3,902,474	17,221,839
-	-	55,167,983
-	-	3,194,231
-	222,891	8,758,568
-	6,163,806	6,163,806
-	2,840,670	3,194,187
6,096,810	-	6,096,810
<u>6,096,810</u>	<u>13,179,809</u>	<u>174,393,214</u>
<u>(4,497,141)</u>	<u>(11,827,298)</u>	<u>(5,528,105)</u>
2,508,291	12,072,900	27,835,452
(1,488,232)	(678,865)	(27,342,217)
<u>1,020,059</u>	<u>11,394,035</u>	<u>493,235</u>
(3,477,082)	(433,263)	(5,034,870)
<u>(5,130,546)</u>	<u>1,455,083</u>	<u>23,374,912</u>
<u>\$ (8,607,628)</u>	<u>\$ 1,021,820</u>	<u>\$ 18,340,042</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, 2011

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (5,034,870)</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	11,437,032
Depreciation expense	<u>(9,382,336)</u>
	<u>2,054,696</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	661,636
Departmental income	<u>(4,902)</u>
	<u>656,734</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>	
Principal paid on bonds	6,066,806
Principal paid on installment purchase debt	97,000
Amortization of issuance premium	<u>44,951</u>
	<u>6,208,757</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	285,754
Claims payable	(128,148)
Retirement incentives and other pension obligations	355,445
Compensated absences	(119,141)
Other post employment benefit obligations payable	(6,757,646)
Landfill closure costs	<u>1,285,397</u>
	<u>(5,078,339)</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>702,546</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (490,476)</u></u>

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

COUNTY OF SULLIVAN, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL, COUNTY ROAD AND REFUSE AND GARBAGE FUNDS
 YEAR ENDED DECEMBER 31, 2011

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 47,684,171	\$ 47,684,171	\$ 47,403,913	\$ (280,258)
Other tax items	4,778,000	7,538,113	7,606,522	68,409
Non-property taxes	35,697,000	35,198,400	35,103,619	(94,781)
Departmental income	22,186,525	22,558,209	20,912,255	(1,645,954)
Intergovernmental charges	592,203	640,367	511,981	(128,386)
Use of money and property	150,500	150,500	197,856	47,356
Licenses and permits	23,500	23,500	31,750	8,250
Fines and forfeitures	284,208	299,484	253,020	(46,464)
Sale of property and compensation for loss	110,450	111,450	38,858	(72,592)
State aid	18,189,218	17,183,506	15,525,026	(1,658,480)
Federal aid	14,467,466	17,211,850	18,568,439	1,356,589
Miscellaneous	6,499,227	3,124,693	3,228,703	104,010
Total Revenues	150,662,468	151,724,243	149,381,942	(2,342,301)
Expenditures:				
Current:				
General government support	28,515,247	24,638,944	23,042,009	1,596,935
Education	5,550,000	5,350,000	5,317,421	32,579
Public safety	21,589,640	22,430,706	21,999,286	431,420
Health	24,328,785	24,539,384	23,447,003	1,092,381
Transportation	1,270,659	1,328,942	1,255,375	73,567
Economic opportunity and development	54,369,521	55,428,121	55,167,983	260,138
Culture and recreation	3,333,237	3,451,235	3,194,231	257,004
Home and community services	1,521,458	1,508,220	1,409,243	98,977
Debt service - interest	607,059	607,059	117,059	490,000
Total Expenditures	141,085,606	139,282,611	134,949,610	4,333,001
Excess (Deficiency) of Revenues Over Expenditures	9,576,862	12,441,632	14,432,332	1,990,700
Other Financing Sources (Uses):				
Transfers in	-	-	550,616	550,616
Transfers out	(14,087,189)	(15,700,277)	(16,312,407)	(612,130)
Total Other Financing Sources (Uses)	(14,087,189)	(15,700,277)	(15,761,791)	(61,514)
Net Change in Fund Balances	(4,510,327)	(3,258,645)	(1,329,459)	1,929,186
Fund Balances - Beginning of Year	4,510,327	3,258,645	24,462,051	21,203,406
Fund Balances - End of Year	\$ -	\$ -	\$ 23,132,592	\$ 23,132,592

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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	11,373,702	11,425,202	11,578,565	153,363
475,096	527,016	548,497	21,481	-	-	-	-
-	-	604	604	-	-	46,153	46,153
2,000	1,764	1,850	86	-	-	-	-
-	-	-	-	-	-	-	-
-	9,500	10,432	932	-	-	-	-
4,151,110	3,572,040	3,710,369	138,329	-	-	-	-
988,420	615,750	629,454	13,704	-	-	-	-
100	6,970	5,063	(1,907)	-	-	-	-
<u>5,616,726</u>	<u>4,733,040</u>	<u>4,906,269</u>	<u>173,229</u>	<u>11,373,702</u>	<u>11,425,202</u>	<u>11,624,718</u>	<u>199,516</u>
-	-	-	-	-	-	-	-
693,770	754,478	740,103	14,375	-	-	-	-
13,570,595	12,760,451	12,063,990	696,461	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	6,884,854	7,429,080	7,126,434	302,646
40,847	40,847	40,847	-	195,611	195,611	195,611	-
<u>14,305,212</u>	<u>13,555,776</u>	<u>12,844,940</u>	<u>710,836</u>	<u>7,080,465</u>	<u>7,624,691</u>	<u>7,322,045</u>	<u>302,646</u>
<u>(8,688,486)</u>	<u>(8,822,736)</u>	<u>(7,938,671)</u>	<u>884,065</u>	<u>4,293,237</u>	<u>3,800,511</u>	<u>4,302,673</u>	<u>502,162</u>
10,039,633	9,762,787	9,796,856	34,069	-	1,610,000	2,906,789	1,296,789
<u>(2,880,661)</u>	<u>(2,880,661)</u>	<u>(2,790,431)</u>	<u>90,230</u>	<u>(4,688,360)</u>	<u>(5,788,360)</u>	<u>(6,072,282)</u>	<u>(283,922)</u>
7,158,972	6,882,126	7,006,425	124,299	<u>(4,688,360)</u>	<u>(4,178,360)</u>	<u>(3,165,493)</u>	<u>1,012,867</u>
<u>(1,529,514)</u>	<u>(1,940,610)</u>	<u>(932,246)</u>	<u>1,008,364</u>	<u>(395,123)</u>	<u>(377,849)</u>	<u>1,137,180</u>	<u>1,515,029</u>
<u>1,529,514</u>	<u>1,940,610</u>	<u>2,054,005</u>	<u>113,395</u>	<u>395,123</u>	<u>377,849</u>	<u>534,319</u>	<u>156,470</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,121,759</u>	<u>\$ 1,121,759</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,671,499</u>	<u>\$ 1,671,499</u>

COUNTY OF SULLIVAN, NEW YORK

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2011

	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	\$ 2,348,140	\$ 248,485	\$ 2,596,625	\$ 451,082
Accounts receivable, net	2,181,762	1,187,334	3,369,096	2,332,010
Due from other funds	-	-	-	4,285,917
Prepaid expenses	16,745	3,569	20,314	-
Total Current Assets	<u>4,546,647</u>	<u>1,439,388</u>	<u>5,986,035</u>	<u>7,069,009</u>
Noncurrent Assets:				
Restricted cash and equivalents	-	110	110	-
Restricted investments	-	1,242,547	1,242,547	-
Cost of issuance, net of accumulated amortization of \$171,791	-	257,578	257,578	-
Capital Assets:				
Buildings and improvements	10,551,350	-	10,551,350	-
Machinery and equipment	486,208	-	486,208	-
Less accumulated depreciation	(9,355,421)	-	(9,355,421)	-
Total Noncurrent Assets	<u>1,682,137</u>	<u>1,500,235</u>	<u>3,182,372</u>	<u>-</u>
Total Assets	<u>6,228,784</u>	<u>2,939,623</u>	<u>9,168,407</u>	<u>7,069,009</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	189,999	-	189,999	-
Accrued interest payable	1,619	-	1,619	-
Accrued liabilities	2,661,356	64,881	2,726,237	585,362
Due to other funds	4,577,780	-	4,577,780	-
Deferred revenues	-	-	-	80,617
Current maturities of claims payable	-	-	-	489,000
Current maturities of bonds payable	17,853	630,000	647,853	-
Retirement incentive obligation	44,598	-	44,598	-
Compensated absences	84,065	-	84,065	-
Total Current Liabilities	<u>7,577,270</u>	<u>694,881</u>	<u>8,272,151</u>	<u>1,154,979</u>
Non-Current Liabilities:				
Claims payable, less current portion	-	-	-	4,405,773
Bonds payable, less current maturities	20,371	12,986,593	13,006,964	-
Retirement incentive obligation	149,372	-	149,372	-
Compensated absences	756,578	-	756,578	-
Other postemployment benefit obligations payable	6,163,277	-	6,163,277	-
Total Noncurrent Liabilities	<u>7,089,598</u>	<u>12,986,593</u>	<u>20,076,191</u>	<u>4,405,773</u>
Total Liabilities	<u>14,666,868</u>	<u>13,681,474</u>	<u>28,348,342</u>	<u>5,560,752</u>
NET ASSETS (DEFICITS)				
Invested in capital assets, net of related debt Unrestricted	1,643,913 (10,081,997)	- (10,741,851)	1,643,913 (20,823,848)	- 1,508,257
Total Net Assets (Deficits)	<u>\$ (8,438,084)</u>	<u>\$ (10,741,851)</u>	<u>\$ (19,179,935)</u>	<u>\$ 1,508,257</u>

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, 2011

	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	\$ -	\$ -	\$ -	\$ 2,407,116
Charges for services - external	-	-	-	2,156,611
Departmental charges	11,161,369	-	11,161,369	-
Tobacco settlement revenues	-	1,034,231	1,034,231	-
Insurance recoveries	-	-	-	227,284
Miscellaneous	299,211	-	299,211	-
Total Operating Revenues	11,460,580	1,034,231	12,494,811	4,791,011
Operating Expenses:				
Professional care of residents	5,850,131	-	5,850,131	-
General services	3,903,368	-	3,903,368	-
Administrative services	1,105,045	-	1,105,045	-
Employee benefits	4,905,809	-	4,905,809	4,089,093
Assessments	737,392	-	737,392	-
Professional fees	-	25,043	25,043	-
Insurance expense	-	4,372	4,372	-
Depreciation and amortization	305,551	16,514	322,065	-
Other	2,960	-	2,960	-
Total Operating Expenses	16,810,256	45,929	16,856,185	4,089,093
Operating Income (Loss)	(5,349,676)	988,302	(4,361,374)	701,918
Non-Operating Revenues (Expenses):				
Intergovernmental transfers	2,626,286	-	2,626,286	-
Interest income	8,601	86,553	95,154	628
Interest expense	(17,378)	(794,052)	(811,430)	-
Miscellaneous income	3,050	-	3,050	-
Total Non-Operating Revenues (Expenses)	2,620,559	(707,499)	1,913,060	628
Income (Loss) before Transfers	(2,729,117)	280,803	(2,448,314)	702,546
Transfers Out	-	(493,235)	(493,235)	-
Change in Net Assets	(2,729,117)	(212,432)	(2,941,549)	702,546
Net Assets (Deficits) - Beginning of Year	(5,708,967)	(10,529,419)	(16,238,386)	805,711
Net Assets (Deficits) - End of Year	\$ (8,438,084)	\$ (10,741,851)	\$ (19,179,935)	\$ 1,508,257

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, 2011

	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	\$ 10,919,544	\$ -	\$ 10,919,544	\$ 3,276,772
Cash received from tobacco settlement revenues	-	1,066,634	1,066,634	-
Cash received from insurance recoveries	-	-	-	227,284
Cash payments to vendors for good and services	(1,730,890)	(29,326)	(1,760,216)	-
Cash payments to employees for services	(11,232,892)	-	(11,232,892)	-
Cash payments to insurance carriers and claimants	-	-	-	(3,937,290)
Miscellaneous	299,211	-	299,211	-
Net Cash Provided by (Used in) Operating Activities	(1,745,027)	1,037,308	(707,719)	(433,234)
Cash Flows From Investing Activities:				
Purchase of restricted investments	-	(1,242,547)	(1,242,547)	-
Sale of restricted investments	-	1,242,547	1,242,547	-
Interest and miscellaneous income	11,881	86,553	98,434	628
Net Cash Provided by Investing Activities	11,881	86,553	98,434	628
Cash Flows From Non-Capital Financing Activities - Intergovernmental transfers	2,626,286	-	2,626,286	-
Cash Flows from Capital and Related Financing Activities:				
Principal paid on bonds	(18,194)	(355,000)	(373,194)	-
Interest paid on bonds	(17,608)	(788,038)	(805,646)	-
Residual payment to County of Sullivan	-	(493,235)	(493,235)	-
Amortization of issuance costs and loss on refunding bonds	12,432	-	12,432	-
Acquisition of capital assets	(60,115)	-	(60,115)	-
Net Cash Used in Capital and Related Financing Activities	(83,485)	(1,636,273)	(1,719,758)	-
Net Increase (Decrease) in Cash and Equivalents	809,655	(512,412)	297,243	(432,606)
Cash and Equivalents - Beginning of Year	1,538,485	760,897	2,299,382	883,688
Cash and Equivalents - End of Year	\$ 2,348,140	\$ 248,485	\$ 2,596,625	\$ 451,082
Reconciliation of Income (Loss) from Operations to Net Cash Provided by (Used in) Operating Activities:				
Income (loss) from operations	\$ (5,349,676)	\$ 988,302	\$ (4,361,374)	\$ 701,918
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:				
Depreciation and amortization expense	305,551	16,514	322,065	-
Changes in assets and liabilities:				
Accounts receivable	(249,163)	32,403	(216,760)	(35,544)
Prepaid expenses	(1,043)	89	(954)	-
Due from other funds	-	-	-	(1,044,639)
Accounts payable	(51,993)	-	(51,993)	-
Accrued interest payable	(230)	-	(230)	-
Accrued liabilities	2,024,936	-	2,024,936	24,360
Due to other funds	472,368	-	472,368	-
Deferred revenues	-	-	-	(206,772)
Claims payable	-	-	-	127,443
Retirement incentive obligation	29,391	-	29,391	-
Compensated absences	41,363	-	41,363	-
Other postemployment benefit obligations payable	1,033,469	-	1,033,469	-
Net Cash Provided by (Used in) Operating Activities	\$ (1,745,027)	\$ 1,037,308	\$ (707,719)	\$ (433,234)
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, 2011

	<u>Agency</u>
<u>ASSETS</u>	
Cash - Demand deposits	\$ 3,137,687
Accounts Receivable	<u>6,645</u>
Total Assets	<u>\$ 3,144,332</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 24,284
Employee Payroll Deductions	136,382
Deposits	<u>2,983,666</u>
Total Liabilities	<u>\$ 3,144,332</u>

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

COUNTY OF SULLIVAN, NEW YORK

STATEMENT OF NET ASSETS
 COMPONENT UNITS
 DECEMBER 31, 2011

	Sullivan County Community College	Sullivan County Soil and Water Conservation District	Sullivan County Industrial Development Agency
ASSETS			
Cash and equivalents	\$ 5,416,932	\$ 277,565	\$ 2,739,512
Investments	1,009,087	44,213	-
Receivables:			
Accounts, net of allowance for uncollectible amounts	1,251,242	49,113	8,200
Loans	-	-	216,335
Notes	861,683	-	-
Due from other governments	84,108	-	5,438
Prepaid expenses	347,217	16,040	7,986
Other	334,663	-	-
Capital assets:			
Not being depreciated	190,000	-	-
Being depreciated, net	22,358,139	44,903	281,105
Total Assets	31,853,071	431,834	3,258,576
LIABILITIES			
Accounts payable	2,337,870	-	2,425
Accrued liabilities	-	64,747	27,461
Due to other governments	-	-	875,826
Due to primary government	-	-	-
Unearned revenues	1,141,216	215,879	223,876
Deposits payable	595,107	-	220
Other	401,552	-	-
Non-current liabilities:			
Due within one year	825,891	700	-
Due in more than one year:	27,918,063	6,507	-
Total Liabilities	33,219,699	287,833	1,129,808
NET ASSETS (DEFICITS)			
Invested in capital assets, net of related debt	4,083,448	44,903	281,105
Restricted for:			
Loans	-	-	448,910
Education	513,133	-	-
Unrestricted	(5,963,209)	99,098	1,398,753
Total Net Assets (Deficits)	\$ (1,366,628)	\$ 144,001	\$ 2,128,768

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

Emerald Corporate Center Economic Development Corporation	Sullivan County Funding Corporation	Total
\$ 13,173	\$ 564,271	\$ 9,011,453
-	-	1,053,300
4,790	132,887	1,446,232
-	-	216,335
-	-	861,683
18,379	-	107,925
-	-	371,243
-	-	334,663
1,442,461	-	1,632,461
-	-	22,684,147
<u>1,478,803</u>	<u>697,158</u>	<u>37,719,442</u>
3,731	14,993	2,359,019
-	-	92,208
-	-	875,826
675,000	-	675,000
-	-	1,580,971
-	-	595,327
-	-	401,552
-	-	826,591
-	-	27,924,570
<u>678,731</u>	<u>14,993</u>	<u>35,331,064</u>
1,442,461	-	5,851,917
-	-	448,910
-	-	513,133
(642,389)	682,165	(4,425,582)
<u>\$ 800,072</u>	<u>\$ 682,165</u>	<u>\$ 2,388,378</u>

COUNTY OF SULLIVAN, NEW YORK

STATEMENT OF ACTIVITIES
 COMPONENT UNITS
 YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Sullivan County Community College	\$ 28,964,734	\$ 3,626,969	\$ 21,651,572	\$ -
Sullivan County Soil and Water Conservation District	1,182,533	26,319	1,001,351	-
Sullivan County Industrial Development Agency	788,740	422,717	-	10,194
Emerald Corporate Center Economic Development Corporation	60,343	-	-	55,119
Sullivan County Funding Corporation	27,157	409,514	-	-
Total Component Units	\$ 31,023,507	\$ 4,485,519	\$ 22,652,923	\$ 65,313

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, as reported

Prior Period Adjustment

Net Assets - Beginning of Year, as restated

Net Assets (Deficits) - 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	Sullivan County Funding Corporation	Total
\$ (3,686,193)	\$ -	\$ -	\$ -	\$ -	\$ (3,686,193)
-	(154,863)	-	-	-	(154,863)
-	-	(355,829)	-	-	(355,829)
-	-	-	(5,224)	-	(5,224)
-	-	-	-	382,357	382,357
<u>(3,686,193)</u>	<u>(154,863)</u>	<u>(355,829)</u>	<u>(5,224)</u>	<u>382,357</u>	<u>(3,819,752)</u>
88,905	1,868	14,675	-	-	105,448
-	86,040	-	-	-	86,040
<u>1,001,208</u>	<u>2,518</u>	<u>-</u>	<u>-</u>	<u>299,808</u>	<u>1,303,534</u>
<u>1,090,113</u>	<u>90,426</u>	<u>14,675</u>	<u>-</u>	<u>299,808</u>	<u>1,495,022</u>
<u>(2,596,080)</u>	<u>(64,437)</u>	<u>(341,154)</u>	<u>(5,224)</u>	<u>682,165</u>	<u>(2,324,730)</u>
3,634,543	208,438	2,469,922	805,296	-	7,118,199
<u>(2,405,091)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,405,091)</u>
<u>1,229,452</u>	<u>208,438</u>	<u>2,469,922</u>	<u>805,296</u>	<u>-</u>	<u>4,713,108</u>
<u>\$ (1,366,628)</u>	<u>\$ 144,001</u>	<u>\$ 2,128,768</u>	<u>\$ 800,072</u>	<u>\$ 682,165</u>	<u>\$ 2,388,378</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.

The Sullivan County Funding Corporation ("SCFC") was incorporated in November 2010 under Section 1411 of the Not-For-Profit Corporation Law of the State of New York. The mission of the SCFC is to foster the creation, retention and expansion of jobs and economic opportunities within the County. The sole member of the SCFC shall be the County acting by and through its County Manager, ex officio. The SCFC is managed by a Board of Directors consisting of nine Directors that serves at the pleasure of the sole member and, therefore, the County is considered able to impose its will on the SCFC. The County is not liable for SCFC's bonds or notes. Since the SCFC does not provide services entirely or almost entirely to the County, the financial statements of the SCFC have been reflected as a discretely presented component unit.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

Sullivan County Funding Corporation
One Cablevision Center
Ferndale, New York 12734

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 segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

General Fund - The General Fund constitutes the primary operating fund of the County and is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. 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 and report financial resources that are restricted, committed or assigned to expenditures for capital outlay, including the acquisition or construction of major capital facilities and other capital assets, other than those financed by proprietary funds.

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

Special Revenue Funds:

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 and report financial resources that are restricted, committed or assigned to expenditures for principal and interest and for financial resources that are being accumulated for principal and interest maturing in future years.

- b. Proprietary Funds - Proprietary funds include enterprise and internal service funds. Enterprise funds are used to account for operations that are financed and operated 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

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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, Emerald Corporate Center Economic Development Corporation and the Sullivan County Funding 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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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, 2011.

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.

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 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,

Note 1 - Summary of Significant Accounting Policies (Continued)

2011, 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 nonspendable fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 revenues received in advance and/or amounts from grants received before the eligibility requirements have been met.

Deferred revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The County has reported deferred revenues of \$13,441,131 for real property taxes and \$992,013 for various departmental income received in advance in the General Fund. The County has also reported deferred revenues of \$207,550 for loans receivable in the Community Development Fund, \$80,617 for premiums received in advance in the Workers' Compensation Benefits Fund, \$1,141,216 in the Sullivan County Community College (component unit) for tuition and other fees, \$215,879 in the Sullivan County Soil and Water Conservation District (component unit) and \$223,876 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 and proprietary fund 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 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Balances - Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables, advances) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law.

Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. These funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain designations established and approved by the entity's governing board.

Assigned fund balance, in the General Fund, will represent amounts constrained either by the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. This classification will include amounts designated for balancing the subsequent year's budget and encumbrances. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

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

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order: committed, assigned, and unassigned.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets 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 June 27, 2012.

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.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- 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.
- 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 2011 was \$134,862,730, which exceeded the actual levy by \$87,178,559. (See Note 6).

C. Application of Accounting Standards

For the year ended December 31, 2011, the County implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" ("GASB 54"). GASB 54 changed the terminology and classification of fund balance to reflect spending constraints on resources, rather than the availability for appropriations. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

D. Expenditures in Excess of Budget

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

General Fund:	
Economic Opportunity and Development -	
State Training Schools	\$ 187,438
Transfers Out:	
Capital Projects Fund	601,900
Debt Service Fund	10,230
Refuse and Garbage Fund -	
Transfers Out	283,922

Note 2 - Stewardship, Compliance and Accountability (Continued)

E. Capital Projects Fund Deficits

The unassigned deficit in the Capital Projects Fund of \$9,282,628 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.

F. Fund Deficits

The Sullivan County Adult Care Center and Sullivan Tobacco Asset Securitization Corporation reflect unrestricted deficits at December 31, 2011 of \$10,081,997 and \$10,741,851, respectively. These deficits will be reduced annually with the receipt of patient service fees and tobacco revenues, respectively.

G. Prior Period Adjustments

The College restated beginning net assets to report previously stated restricted net assets for outstanding Perkins funds as a current liability. As of September 1, 2010 the amounts previously reported as restricted net assets of \$948,826 pertain to advanced funds for the Perkins loan program. Since these funds represent advances and not funds of the College, the restricted net assets have been decreased and accounts payable increased at September 1, 2010.

The College restated beginning net assets invested in capital assets, net of related debt to recognize prior year construction in progress payments in the amount of \$1,473,363 that were deemed impaired and were not recognized as capital assets. Net assets invested in capital assets, net of related debt and capital assets, net of accumulated depreciation were increased to recognize this matter.

Note 3 - Detailed Notes on All Funds

A. Investments

Investments of the component units consist of the following:

Investments of the Sullivan County Community College (component unit) are stated at fair value and consist of U.S. Government securities of \$1,009,087. The securities are insured and registered and are held by the College's agent, a third party financial institution, in the College's name.

Investments of the Sullivan County Soil and Water Conservation District (component unit) of \$44,213 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.

Note 3 - Detailed Notes on All Funds (Continued)

B. Restricted Investments

Restricted investments at December 31, 2011 consisted of the following:

Sullivan Tobacco Asset Securitization Corporation – Commercial paper, at cost, which approximates fair value, due in June 2012, interest at .50%	<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, 2011 consisted of the following:

Taxes receivable - overdue	\$ 17,901,455
Returned school district taxes	15,433,235
Tax liens	<u>190,604</u>
	33,525,294
Allowance for uncollectible taxes	<u>(2,383,355)</u>
	<u>\$ 31,141,939</u>

School district taxes are offset by liabilities to the school districts. Taxes receivable and tax liens are also partially offset by deferred tax revenues of \$13,441,131, 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, 2011 were as follows:

Fund	Due From	Due To
General	\$ 4,877,820	\$ 5,069,674
County Road	162,729	-
Refuse and Garbage	157,562	560,990
Capital Projects	639,909	264,680
Non-Major Governmental	349,187	-
Enterprise Fund - Adult Care Center	-	4,577,780
Internal Service Fund - Workers' Compensation Benefits	<u>4,285,917</u>	<u>-</u>
	<u>\$ 10,473,124</u>	<u>\$ 10,473,124</u>

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

COUNTY OF SULLIVAN, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2011

Note 3 - Detailed Notes on All Funds (Continued)

E. Capital Assets

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

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 8,659,087	\$ -	\$ -	\$ 8,659,087
Construction-in-Progress	10,025,700	1,443,332	7,040,514	4,428,518
Total Capital Assets, not being depreciated	<u>\$ 18,684,787</u>	<u>\$ 1,443,332</u>	<u>\$ 7,040,514</u>	<u>\$ 13,087,605</u>
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 53,230,359	\$ 8,697,263	\$ -	\$ 61,927,622
Machinery and Equipment	25,447,177	2,508,933	-	27,956,110
Infrastructure	188,172,858	5,828,018	-	194,000,876
Total Capital Assets, being depreciated	<u>266,850,394</u>	<u>17,034,214</u>	<u>-</u>	<u>283,884,608</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	27,176,716	1,159,300	-	28,336,016
Machinery and Equipment	19,494,036	1,400,043	-	20,894,079
Infrastructure	95,276,212	6,822,993	-	102,099,205
Total Accumulated Depreciation	<u>141,946,964</u>	<u>9,382,336</u>	<u>-</u>	<u>151,329,300</u>
Capital Assets, being depreciated, net	<u>\$ 124,903,430</u>	<u>\$ 7,651,878</u>	<u>\$ -</u>	<u>\$ 132,555,308</u>
Governmental Activities Capital Assets, net	<u>\$ 143,588,217</u>	<u>\$ 9,095,210</u>	<u>\$ 7,040,514</u>	<u>\$ 145,642,913</u>
Business-type Activities:				
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 10,551,350	\$ -	\$ -	\$ 10,551,350
Machinery and Equipment	443,194	60,115	17,101	486,208
Total Capital Assets, being depreciated	<u>10,994,544</u>	<u>60,115</u>	<u>17,101</u>	<u>11,037,558</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	8,790,577	267,601	-	9,058,178
Machinery and Equipment	276,394	37,950	17,101	297,243
Total Accumulated Depreciation	<u>9,066,971</u>	<u>305,551</u>	<u>17,101</u>	<u>9,355,421</u>
Business-type Activities Capital Assets, net	<u>\$ 1,927,573</u>	<u>\$ (245,436)</u>	<u>\$ -</u>	<u>\$ 1,682,137</u>

Note 3 - Detailed Notes on All Funds (Continued)

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

Governmental Activities:	
General Government Support	\$ 472,119
Education	326,423
Public Safety	325,455
Health	117,996
Transportation	5,942,404
Economic Opportunity and Development	54,884
Culture and Recreation	40,237
Home and Community Services	<u>2,102,818</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u>9,382,336</u>
 Business-type Activities - Adult Care Center	 \$ <u>305,551</u>

Capital Assets - Component Units

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

	Balance January 1, 2011	Additions	Balance December 31, 2011
Capital Assets, being depreciated:			
Buildings	\$ 55,197	\$ -	\$ 55,197
Machinery and Equipment	112,385	-	112,385
Total Capital Assets, being depreciated	<u>167,582</u>	<u>-</u>	<u>167,582</u>
Less Accumulated Depreciation for:			
Buildings	31,050	1,380	32,430
Machinery and Equipment	75,130	15,119	90,249
Total Accumulated Depreciation	<u>106,180</u>	<u>16,499</u>	<u>122,679</u>
Soil and Water Conservation District Capital Assets, net	<u>\$ 61,402</u>	<u>\$ (16,499)</u>	<u>\$ 44,903</u>

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

	Balance January 1, 2011	Additions	Balance December 31, 2011
Capital Assets, being depreciated - Machinery and Equipment	\$ 304,362	\$ -	\$ 304,362
Less Accumulated Depreciation	<u>7,534</u>	<u>15,723</u>	<u>23,257</u>
Industrial Development Agency Capital Assets, net	<u>\$ 296,828</u>	<u>\$ (15,723)</u>	<u>\$ 281,105</u>

Note 3 - Detailed Notes on All Funds (Continued)

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

	Balance January 1, 2011	Additions	Balance December 31, 2011
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, 2011 were as follows:

	Fund				Total
	General	County Road	Refuse and Garbage	Non-Major Governmental	
Payroll and employee benefits	\$ 3,366,676	\$ 379,549	\$ 84,928	\$ 119,317	\$ 3,950,470

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 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, 2012 are as follows:

Tier/Plan	Rate
1 75I	21.5 %
2 75I	19.7
3 551	18.7
3 A14	15.8
4 551	18.7
4 89PAF	16.5
4 A15	15.8
5 89PAF	14.4
5 A15	12.7

Note 3 - Detailed Notes on All Funds (Continued)

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

2011	\$ 6,386,461
2010	4,955,636
2009	3,624,923

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	\$ 4,800,896
County Road	490,765
Refuse and Garbage	124,700
Road Machinery	156,128
Adult Care Center	<u>813,972</u>
	<u>\$ 6,386,461</u>

H. Pension Plans - Component Units

The College participates in ERS, as well as the New York State Teachers' Retirement System ("TRS") and the Teachers' Insurance and Annuity Association - College Retirement Equities Fund ("TIAA/CREF"). The ERS system is the same system which covers County employees. The elements of this system are described above. TRS is a cost-sharing multiple-employer defined benefit pension plan. TRS provides retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to 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 contribute 3.5% 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, 2011 was as follows:

<u>Tier</u>	<u>Regular</u>
1-4	8.62%

Note 3 - Detailed Notes on All Funds (Continued)

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

	Sullivan County Community College		Soil and Water Conservation District
	TRS	ERS	ERS
2011	\$ 99,623	\$ 182,788	\$ 39,941
2010	72,058	221,467	21,816
2009	94,859	206,472	11,256

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, 2011, the College incurred \$435,988 in pension expenses under this Plan.

The Industrial Development Agency, Emerald Corporate Center Economic Development Corporation and the Sullivan County Funding 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	Maturity Date	Interest Rate	Balance January 1, 2011	New Issues	Redemptions	Balance December 31, 2011
Road Reconstruction 2007	2007	3/9/2012	0.80 %	\$ 800,850	\$ -	\$ 400,000	\$ 400,850
Jail Planning	2008	3/9/2012	0.80	1,535,000	-	490,000	1,045,000
DPW Equipment 2008 - Landfill	2008	-	-	49,150	-	49,150	-
Road and Bridge Reconstruction	2009	3/9/2012	0.80	2,500,000	-	2,155,850	344,150
Jail Facility	2010	3/9/2012	1.50	1,995,000	-	-	1,995,000
Landfill	2010	3/9/2012	1.50	7,500,000	-	-	7,500,000
Landfill Cap	2010	3/9/2012	1.50	5,500,000	-	1,100,000	4,400,000
				<u>\$ 19,880,000</u>	<u>\$ -</u>	<u>\$ 4,195,000</u>	<u>\$ 15,685,000</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2011

Note 3 - Detailed Notes on All Funds (Continued)

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 \$48,919, \$40,847 and \$195,611 were recorded in the fund financial statements in the General, County Road and Refuse and Garbage funds, respectively. Interest expense of \$254,432 was recorded in the government-wide financial statements for governmental activities.

J. Short-Term Non-Capital Borrowings

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

	Balance January 1, 2011	New Issues	Redemptions	Balance December 31, 2011
Tax Anticipation Note	\$ 4,000,000	\$ -	\$ 4,000,000	\$ -
Tax Anticipation Note	5,000,000	-	5,000,000	-
Tax Anticipation Note	-	13,000,000	-	13,000,000
	<u>\$ 9,000,000</u>	<u>\$ 13,000,000</u>	<u>\$ 9,000,000</u>	<u>\$ 13,000,000</u>

The tax anticipation note of \$13,000,000 was issued on March 16, 2011 and matures on March 9, 2012, with interest at .81%. Interest expenditures of \$68,140 were recorded in the fund financial statements in the General Fund. Interest expense of \$104,462 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, 2011 is as follows:

	Balance January 1, 2011	New Issues and/or Additions	Maturities and/or Payments	Balance December 31, 2011	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 60,874,350	\$ -	\$ 6,066,806	\$ 54,807,544	\$ 6,222,147
Plus unamortized premium	470,109	-	(44,951)	425,158	-
	<u>61,344,459</u>	<u>-</u>	<u>6,021,855</u>	<u>55,232,702</u>	<u>6,222,147</u>
Installment Purchase Debt	<u>302,796</u>	<u>-</u>	<u>97,000</u>	<u>205,796</u>	<u>100,880</u>

COUNTY OF SULLIVAN, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2011

Note 3 - Detailed Notes on All Funds (Continued)

	Balance January 1, 2011	New Issues and/or Additions	Maturities and/or Payments	Balance December 31, 2011	Due Within One Year
Other Non-Current Liabilities:					
Claims Payable	\$ 5,066,525	\$ 4,433,715	\$ 4,178,124	\$ 5,322,116	\$ 759,000
Retirement Incentives and Other Pension Obligations	1,975,882	-	355,445	1,620,437	376,167
Compensated Absences	3,251,022	444,243	325,102	3,370,163	337,000
Other Post Employment Benefit Obligations Payable	38,834,274	10,830,279	4,072,633	45,591,920	-
Landfill Closure Costs	15,162,764	-	1,285,397	13,877,367	346,544
Total Other Non-Current Liabilities	64,290,467	15,708,237	10,216,701	69,782,003	1,818,711
Governmental Activities Long-Term Liabilities	<u>\$ 125,937,722</u>	<u>\$ 15,708,237</u>	<u>\$ 16,335,556</u>	<u>\$ 125,220,501</u>	<u>\$ 8,141,738</u>
Business-type Activities:					
Bonds Payable	\$ 14,210,650	\$ -	\$ 373,194	\$ 13,837,456	\$ 647,853
Less:					
Unamortized original issue discount	(125,999)	-	(7,592)	(118,407)	-
Deferred amounts on refunding	(76,664)	-	(12,432)	(64,232)	-
	<u>14,007,987</u>	<u>-</u>	<u>353,170</u>	<u>13,654,817</u>	<u>647,853</u>
Other Non-Current Liabilities:					
Retirement Incentives and Other Pension Obligations	164,579	29,391	-	193,970	44,598
Compensated Absences	799,280	121,291	79,928	840,643	84,065
Other Post Employment Benefit Obligations Payable	5,129,808	1,313,087	279,618	6,163,277	-
Total Other Non-Current Liabilities	6,093,667	1,463,769	359,546	7,197,890	128,663
Business-Type Activities Long-Term Liabilities	<u>\$ 20,101,654</u>	<u>\$ 1,463,769</u>	<u>\$ 712,716</u>	<u>\$ 20,852,707</u>	<u>\$ 776,516</u>
Components Units:					
Bonds Payable	\$ 17,865,033	\$ 8,049,651	\$ 8,287,456	\$ 17,627,228	\$ 602,111
Plus unamortized premium	110,011	-	110,011	-	-
	<u>17,975,044</u>	<u>8,049,651</u>	<u>8,397,467</u>	<u>17,627,228</u>	<u>602,111</u>
Capital Lease Obligations	<u>3,589,000</u>	<u>-</u>	<u>176,000</u>	<u>3,413,000</u>	<u>186,000</u>
Other Non-Current Liabilities:					
Compensated Absences	318,522	64,001	31,852	350,671	38,480
Other Post Employment Benefit Obligations Payable	5,405,751	2,916,074	961,563	7,360,262	-
Total Other Non-Current Liabilities	5,724,273	2,980,075	993,415	7,710,933	38,480
Component Units Long-Term Liabilities	<u>\$ 27,288,317</u>	<u>\$ 11,029,726</u>	<u>\$ 9,566,882</u>	<u>\$ 28,751,161</u>	<u>\$ 826,591</u>

Note 3 - Detailed Notes on All Funds (Continued)

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

Bonds Payable

Bonds payable at December 31, 2011 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2011
Landfill Projects	1999	\$ 9,976,987	April, 2019	1.242 - 3.382 %	\$ 4,275,000
Public Improvements	2001	8,680,000	September, 2016	4.125 - 4.500	3,550,000
Tobacco Asset Securitization	2001	16,965,000	June, 2027	5.000 - 6.000	13,735,000
Landfill Projects	2002	4,085,000	May, 2014	5.530 - 5.851	1,105,000
Public Improvements	2003	9,380,000	September, 2018	4.000 - 4.375	5,105,000
Public Improvements	2005	9,790,000	July, 2019	3.500 - 4.000	6,275,000
Landfill Projects	2005	1,890,000	May, 2014	4.373 - 4.593	630,000
Public Improvements	2006	5,055,000	July, 2014	4.125 - 4.250	2,085,000
Public Improvements	2007	15,515,000	July, 2022	4.250 - 4.300	12,325,000
Refunding Bonds	2007	6,900,000	March, 2017	4.000 - 5.000	3,325,000
Public Improvements - Tax Exempt Bonds	2010	8,775,000	May, 2021	3.610 - 5.110	7,825,000
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
					\$ 68,645,000

Interest expenditures of \$2,828,558 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$2,492,476 was recorded in the government-wide financial statements for governmental activities. Interest expense of \$17,378 and \$794,052 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,

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2011

Note 3 - Detailed Notes on All Funds (Continued)

including interest at 4.0% through July 2013. The balance due at December 31, 2011 was \$205,796.

Interest expenditures/expense of \$12,112 was recorded in the fund financial statements in the Debt Service Fund and in the government-wide financial statements.

Payments to Maturity

The annual requirements to amortize all bonded and installment purchase debt outstanding as of December 31, 2011 including interest payments of \$20,123,671 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		
2012	\$ 6,222,147	\$ 2,235,547	\$ 100,880	\$ 8,232	\$ 647,853	\$ 766,061	\$ 6,970,880	\$ 3,009,840
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	5,563,541	1,315,329	-	-	631,459	635,071	6,195,000	1,950,400
2017-2021	18,753,861	3,621,577	-	-	4,226,139	2,530,715	22,980,000	6,152,292
2022-2026	5,920,000	462,291	-	-	5,735,000	1,107,537	11,655,000	1,569,828
2027	-	-	-	-	865,000	24,869	865,000	24,869
	<u>\$ 54,807,544</u>	<u>\$ 12,940,474</u>	<u>\$ 205,796</u>	<u>\$ 12,429</u>	<u>\$ 13,837,456</u>	<u>\$ 7,170,768</u>	<u>\$ 68,850,796</u>	<u>\$ 20,123,671</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, 2011		Year Ended December 31, 2010	
	Workers' Compensation	General Liability	Workers' Compensation	General Liability
Balance - Beginning of Year	\$ 4,767,330	\$ 299,195	\$ 5,379,959	\$ 302,817
Provision for Claims and Claims Adjustment Expenses/Expenditures	4,089,093	344,622	3,628,276	60,135
Claims and Claims Adjustment Expenses/Expenditures Paid	<u>(3,961,650)</u>	<u>(216,474)</u>	<u>(4,240,905)</u>	<u>(63,757)</u>
Balance - End of Year	<u>\$ 4,894,773</u>	<u>\$ 427,343</u>	<u>\$ 4,767,330</u>	<u>\$ 299,195</u>
Due Within One Year	<u>\$ 489,000</u>	<u>\$ 270,000</u>	<u>\$ 477,000</u>	<u>\$ 250,000</u>

Retirement Incentives and Other Pension Obligations

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, 2011 was \$22,303.

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, including interest, and was charged to General Fund expenditures in the fund financial statements. The balance due at December 31, 2011 was \$18,063.

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, with interest. The current year cost of the program was \$455,797 and was charged to General Fund expenditures in the fund financial statements. The balance due at December 31, 2011 was \$1,580,071 for governmental activities and \$193,970 for business-type activities.

Note 3 - Detailed Notes on All Funds (Continued)

Compensated Absences

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

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, 2011 was \$343,464 and \$7,207, respectively.

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

Other Post Employment Benefit Obligations Payable

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

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

Note 3 - Detailed Notes on All Funds (Continued)

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 healthcare costs 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 25 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, 2011 was as follows:

	Primary Government	Community College (Component Unit)	Total
Active Employees	829	164	993
Retired Employees	656	97	753
	<u>1,485</u>	<u>261</u>	<u>1,746</u>

Note 3 - Detailed Notes on All Funds (Continued)

	Primary Government	Community College (Component Unit)
Amortization Component:		
Actuarial Accrued Liability as of January 1, 2011	\$ 146,917,684	\$ 35,006,748
Assets at Market Value	-	-
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 146,917,684</u>	<u>\$ 35,006,748</u>
Funded Ratio	<u>0.00%</u>	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 43,553,182</u>	<u>\$ 8,703,162</u>
UAAL as a Percentage of Covered Payroll	<u>337.33%</u>	<u>402.23%</u>
Annual Required Contribution	\$ 12,907,170	\$ 2,896,713
Interest on Net OPEB Obligation	1,826,708	167,192
Adjustment to Annual Required Contribution	<u>(2,590,512)</u>	<u>(147,831)</u>
Annual OPEB Cost	12,143,366	2,916,074
Contributions Made	<u>(4,352,251)</u>	<u>(961,563)</u>
Increase in Net OPEB Obligation	7,791,115	1,954,511
Net OPEB Obligation - Beginning of Year	<u>43,964,082</u>	<u>5,405,751</u>
Net OPEB Obligation - End of Year	<u>\$ 51,755,197</u>	<u>\$ 7,360,262</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
2011	\$ 12,143,366	35.84 %	\$ 51,755,197
2010	14,174,559	24.81	43,964,082
2009	12,775,062	24.40	33,306,232

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

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 \$13,877,367 reported as a landfill closure costs liability in the government-wide financial statements, at December 31, 2011, represents an estimated amount based on the use of 100 percent of the landfill capacity less the actual expenditures to date of \$29,725,272. These expenditures have been charged to the Capital Projects Fund, which has a total project budget of \$32,061,004. 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, 2011 consisted of the following issues:

Purpose	Final Maturity	Interest Rates	Amount Outstanding at August 31, 2011
Dormitory Authority of New York State	August 2038	2 - 5.50 %	\$ 6,646,406
Renovation and Technology Improvements	August 2024	3.11 - 5.93	2,931,171
Civic Facility Revenue Bonds	June 2027	7.25	<u>8,049,651</u>
			<u>\$ 17,627,228</u>

The annual requirements to amortize all bonds outstanding at August 31, 2010, including interest of \$9,674,786 are as follows:

August 31,	Principal	Interest	Total
2012	\$ 602,111	\$ 997,008	\$ 1,599,119
2013	653,629	967,772	1,621,401
2014	711,841	937,861	1,649,702
2015	709,030	904,704	1,613,734
2016	737,986	922,549	1,660,535
2017-2021	9,996,718	3,595,294	13,592,012
2022-2026	2,324,347	816,176	3,140,523
2027-2031	1,070,256	371,577	1,441,833
2032-2036	661,786	149,174	810,960
2037-2038	159,524	12,670	172,194
	<u>\$ 17,627,228</u>	<u>\$ 9,674,786</u>	<u>\$ 27,302,014</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, 2011 were as follows:

Year Ending August 31,	
2012	\$ 407,375
2013	407,680
2014	407,353
2015	407,392
2016	409,392
2017-2021	2,000,361
2022-2025	<u>1,234,123</u>
Total minimum lease payments	5,273,676
Less amount representing interest	<u>1,860,676</u>
Present value of minimum lease payments	<u>\$ 3,413,000</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:

Transfers Out	Transfers In					Total
	General Fund	County Road Fund	Refuse and Garbage Fund	Capital Projects Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 9,760,107	\$ 1,610,000	\$ 601,900	\$ 4,340,400	\$ 16,312,407
County Road Fund	-	-	-	400,000	2,390,431	2,790,431
Refuse and Garbage Fund	-	-	-	1,506,391	4,565,891	6,072,282
Capital Projects Fund	56,177	34,674	1,288,487	-	108,894	1,488,232
Non-Major Governmental Funds	1,204	2,075	8,302	-	667,284	678,865
Enterprise Funds	493,235	-	-	-	-	493,235
	<u>\$ 550,616</u>	<u>\$ 9,796,856</u>	<u>\$ 2,906,789</u>	<u>\$ 2,508,291</u>	<u>\$ 12,072,900</u>	<u>\$ 27,835,452</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 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 the General Municipal Law of the State of New York.

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".

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2011

Note 3 - Detailed Notes on All Funds (Continued)

N. Fund Balances

	2011						2010					
	General Fund	County Road Fund	Refuse and Garbage Fund	Capital Projects Fund	Non-Major Governmental	Total	General Fund	County Road Fund	Refuse and Garbage Fund	Capital Projects Fund	Non-Major Governmental	Total
Nonspendable -												
Long-term receivable												
Restricted:												
Law enforcement	116,253	-	-	-	-	116,253	99,064	-	-	-	-	99,064
Driving while intoxicated program	275,316	-	-	-	-	275,316	303,783	-	-	-	-	303,783
Debt service	163,163	-	687,473	-	4,054	854,690	363,799	-	-	77,706	-	431,505
Total Restricted	554,732	-	687,473	-	4,054	1,246,259	756,646	-	-	77,706	-	834,352
Committed -												
Landfill construction/ closure	11,914,377	-	-	-	-	11,914,377	12,986,884	-	-	-	-	12,986,884
Assigned:												
Purchases on order:												
General government support	24,015	-	-	-	-	24,015	194,866	-	-	-	-	194,866
Public safety	172,221	847	-	-	-	173,068	165,073	-	-	-	-	173,073
Health	6,701	-	-	-	-	6,701	6,384	-	-	-	-	6,384
Transportation	1,549	50,217	-	-	178,741	230,507	9,282	-	-	26,852	-	155,895
Economic opportunity and development	387	-	-	-	-	387	18,105	-	-	-	-	18,105
Culture and recreation	58,707	-	-	-	-	58,707	12,693	-	-	-	-	12,693
Home and community services	2,263	-	5,628	-	-	7,891	1,750	-	69,516	-	-	70,266
	265,843	51,064	5,628	-	178,741	501,276	408,153	128,637	68,516	26,852	-	632,158
Designated for subsequent												
Year's expenditures	7,660,125	559,163	865,197	-	129,666	9,214,151	4,102,174	1,400,877	326,607	617,689	-	6,447,347
Major funds	-	511,532	113,201	-	-	624,733	-	524,491	139,196	-	-	663,687
Road Machinery Fund	-	-	-	-	21,789	21,789	-	-	-	56,010	-	56,010
Community Development Fund	-	-	-	-	687,570	687,570	-	-	-	676,826	-	676,826
Total Assigned	7,925,968	1,121,759	984,026	-	1,017,766	11,049,519	4,510,327	2,054,005	534,319	1,377,377	-	8,476,028
Unassigned	3,237,515	-	-	(9,282,628)	-	(6,045,113)	6,208,194	-	(5,805,546)	-	-	402,648
Total Fund Balances	\$ 29,632,592	\$ 1,121,759	\$ 1,671,499	\$ (8,607,628)	\$ 1,021,820	\$ 18,840,042	\$ 24,462,051	\$ 2,054,005	\$ 534,319	\$ (5,130,546)	\$ 1,455,083	\$ 29,374,912

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

The County has been made aware of a possible Medicaid recoupment of \$1,051,229 from the Sullivan County Adult Care Center, the provider, for the disallowance of a federal payment from the Centers for Medicare and Medicaid Services ("CMS") for the New York State fiscal year 2006/07 intergovernmental transfer payment. CMS is basing this possible recoupment on the claim that payment was made outside the 2-year claiming window and, as such, is an overpayment to the health care provider. The County is of the opinion that its original request for payment was made within the 2-year claiming window, but later changed as directed by the New York State Department of Health ("NYS DOH"). Subsequent to the change in the requested payment date, CMS informed NYS DOH that supplemental Medicaid payments are based on "date of service" rather than "date of payment". This was contrary to how NYS DOH had interpreted the methodology for supplemental Medicaid payments since inception of the program in New York. This difference of opinion regarding payment methodology between CMS and NYS DOH should not result in a recoupment of Medicaid payments from the County. Due to these circumstances, a Congressional letter has been sent to CMS requesting a "good cause" waiver be granted to the counties affected. The outcome of this request is still pending and the County has not yet received official notification from NYS DOH regarding the recoupment. The County is of the opinion that since it originally requested payment within the 2-year claiming window and modified its payment request based on the directions received from NYS DOH, that the County should be held harmless from any recoupment. The potential recoupment reflects the actual amount due to the County from CMS, under the accepted guidelines that have been followed for more than two decades. Therefore, the only portion of any recoupment that should be subject of discussion are those enhanced funds that were awarded as part of the federal American Reinvestment and Recovery Act program, which are wholly outside of this \$1,051,229 that was properly and timely claimed by the County. The County may consider legal action to ensure that NYS DOH is held responsible for any recoupment, as opposed to funds from the County.

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.

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of 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.

Purchases on order are assigned and represent 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.

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. The amount is classified as nonspendable to indicate that the funds are not "available" for appropriation or expenditure even though the amounts are a component of current assets.

Amounts committed for Landfill Construction/Closure represent funds of \$11,914,377 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.

Designations of fund balance are not legally required segregations but represent intended use for a specific purpose. At December 31, 2011, the County has assigned the above amounts to be appropriated for the ensuing year's budget.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned. Unassigned fund balance in the Capital Projects Fund represents the deficit balances in the capital projects.

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. 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)

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 \$10,000,000 of tax anticipation notes on March 15, 2012 in anticipation of real property tax collections. The notes mature on March 15, 2013 and bear interest at the rate of 1.25%.

The County issued bond anticipation notes of \$3,800,000 for various capital projects on March 8, 2012. The notes mature on March 8, 2013 and bear interest at the rate of 1.25%.

The County issued \$9,495,000 of public improvement serial bonds on March 1, 2012. The bonds mature annually through October 1, 2026 at various interest rates.

Note 6 - Other Matters

On June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This law applies to all local governments.

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a County in a particular year, beginning with the 2012 year. It expires on June 16, 2016.

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

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the County to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States with the result expressed as a decimal to four places. The County is required to calculate its tax

Note 6 - Other Matters (Continued)

levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the County, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the County. The County legislature may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the County Legislature first enacts, by a vote of at least sixty percent of the total voting power of the County Legislature, a local law to override such limit for such coming fiscal year.

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, 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
January 1, 2011	-	146,917,684	146,917,684	-	43,553,182	337.33

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MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund constitutes the primary operating fund of the County and is used to account for and report all financial resources not accounted for and reported in another fund.

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 and report financial resources that are restricted, committed or assigned for capital outlay, including 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, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash:		
Demand deposits	\$ 29,971,159	\$ 26,578,388
Petty cash	14,150	14,150
	<u>29,985,309</u>	<u>26,592,538</u>
Taxes Receivable:		
Taxes receivable - overdue	17,901,455	18,415,894
Returned school district taxes	15,433,235	15,650,470
Tax liens	190,604	119,666
	<u>33,525,294</u>	<u>34,186,030</u>
Less - Allowance for uncollectible amounts	<u>(2,383,355)</u>	<u>(2,282,527)</u>
	<u>31,141,939</u>	<u>31,903,503</u>
Other Receivables:		
Accounts	5,794,730	5,402,776
State and Federal aid	20,188,197	19,200,585
Due from other governments	973,862	431,171
Due from other funds	4,877,820	4,316,242
	<u>31,834,609</u>	<u>29,350,774</u>
Total Assets	<u>\$ 92,961,857</u>	<u>\$ 87,846,815</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 14,887,885	\$ 13,360,912
Accrued liabilities	3,366,676	3,225,621
Due to other governments	208,449	134,833
Due to school districts	18,863,437	18,797,739
Due to other funds	5,069,674	4,921,362
Deferred revenues	992,013	1,164,802
Deferred tax revenues	13,441,131	12,779,495
Tax anticipation notes payable	13,000,000	9,000,000
Total Liabilities	<u>69,829,265</u>	<u>63,384,764</u>
Fund Balance:		
Restricted	554,732	756,646
Committed	11,914,377	12,986,884
Assigned	7,925,968	4,510,327
Unassigned	2,737,515	6,208,194
Total Fund Balance	<u>23,132,592</u>	<u>24,462,051</u>
Total Liabilities and Fund Balance	<u>\$ 92,961,857</u>	<u>\$ 87,846,815</u>

COUNTY OF SULLIVAN, NEW YORK

GENERAL FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 47,684,171	\$ 47,684,171	\$ 47,403,913	\$ (280,258)
Other tax items	4,778,000	7,538,113	7,606,522	68,409
Non-property taxes	35,697,000	35,198,400	35,103,619	(94,781)
Departmental income	22,186,525	22,558,209	20,912,255	(1,645,954)
Intergovernmental charges	592,203	640,367	511,981	(128,386)
Use of money and property	150,500	150,500	197,856	47,356
Licenses and permits	23,500	23,500	31,750	8,250
Fines and forfeitures	284,208	299,484	253,020	(46,464)
Sale of property and compensation for loss	110,450	111,450	38,858	(72,592)
State aid	18,189,218	17,183,506	15,525,026	(1,658,480)
Federal aid	14,467,466	17,211,850	18,568,439	1,356,589
Miscellaneous	6,499,227	3,124,693	3,228,703	104,010
Total Revenues	150,662,468	151,724,243	149,381,942	(2,342,301)
Expenditures:				
Current:				
General government support	28,515,247	24,638,944	23,042,009	1,596,935
Education	5,550,000	5,350,000	5,317,421	32,579
Public safety	21,589,640	22,430,706	21,999,286	431,420
Health	24,328,785	24,539,384	23,447,003	1,092,381
Transportation	1,270,659	1,328,942	1,255,375	73,567
Economic opportunity and development	54,369,521	55,428,121	55,167,983	260,138
Culture and recreation	3,333,237	3,451,235	3,194,231	257,004
Home and community services	1,521,458	1,508,220	1,409,243	98,977
Debt service - interest	607,059	607,059	117,059	490,000
Total Expenditures	141,085,606	139,282,611	134,949,610	4,333,001
Excess of Revenues Over Expenditures	9,576,862	12,441,632	14,432,332	1,990,700
Other Financing Sources (Uses):				
Transfers in	-	-	550,616	550,616
Transfers out	(14,087,189)	(15,700,277)	(16,312,407)	(612,130)
Total Other Financing Uses	(14,087,189)	(15,700,277)	(15,761,791)	(61,514)
Net Change in Fund Balance	(4,510,327)	(3,258,645)	(1,329,459)	1,929,186
Fund Balance (Deficit) - Beginning of Year	4,510,327	3,258,645	24,462,051	21,203,406
Fund Balance - End of Year	\$ -	\$ -	\$ 23,132,592	\$ 23,132,592

2010

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 48,055,902	\$ 48,055,902	\$ 49,825,309	\$ 1,769,407
5,826,640	5,549,151	6,633,477	1,084,326
36,867,000	34,683,897	35,304,348	620,451
21,690,476	22,321,342	21,735,910	(585,432)
705,864	707,155	646,961	(60,194)
299,600	299,600	207,012	(92,588)
23,500	23,500	21,310	(2,190)
275,708	411,601	313,712	(97,889)
62,200	62,200	106,135	43,935
18,185,089	18,631,645	17,752,198	(879,447)
17,696,311	19,668,583	19,213,995	(454,588)
3,998,188	3,938,543	3,272,780	(665,763)
<u>153,686,478</u>	<u>154,353,119</u>	<u>155,033,147</u>	<u>680,028</u>
25,183,400	24,108,715	23,018,603	1,090,112
5,500,000	5,500,000	5,509,250	(9,250)
22,190,354	22,496,305	21,850,279	646,026
24,702,856	24,247,097	22,938,752	1,308,345
1,585,489	1,616,287	1,420,216	196,071
53,885,875	54,531,076	53,135,382	1,395,694
3,459,058	3,512,148	3,108,254	403,894
2,018,271	1,970,413	1,636,912	333,501
732,700	688,732	203,731	485,001
<u>139,258,003</u>	<u>138,670,773</u>	<u>132,821,379</u>	<u>5,849,394</u>
14,428,475	15,682,346	22,211,768	6,529,422
-	-	5,523	5,523
(15,068,247)	(15,144,208)	(17,609,250)	(2,465,042)
(15,068,247)	(15,144,208)	(17,603,727)	(2,459,519)
(639,772)	538,138	4,608,041	4,069,903
639,772	(538,138)	19,854,010	20,392,148
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,462,051</u>	<u>\$ 24,462,051</u>

COUNTY OF SULLIVAN, NEW YORK

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET

YEAR ENDED DECEMBER 31, 2011

(With Comparative Actuals for 2010)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2010 Actual
REAL PROPERTY TAXES	\$ 47,684,171	\$ 47,684,171	\$ 47,403,913	\$ (280,258)	\$ 49,825,309
OTHER TAX ITEMS					
Gain on sale of tax acquired property	-	1,705,401	1,705,401	-	1,474,475
Interest and penalties on real property taxes	4,000,000	5,004,434	5,080,843	76,409	4,356,929
Payments in lieu of taxes	778,000	828,278	820,278	(8,000)	802,073
	4,778,000	7,538,113	7,606,522	68,409	6,633,477
NON-PROPERTY TAXES					
Sales and use tax	33,000,000	32,911,400	32,911,401	1	32,605,248
Hotel room occupancy tax	700,000	700,000	558,728	(141,272)	749,105
Off-track betting surcharge	550,000	300,000	325,031	25,031	576,753
E-911 surcharge	300,000	300,000	310,179	10,179	282,018
Automobile use tax	520,000	520,000	517,795	(2,205)	553,875
Mortgage tax	625,000	465,000	476,223	11,223	533,659
Other taxes	2,000	2,000	4,262	2,262	3,690
	35,697,000	35,198,400	35,103,619	(94,781)	35,304,348
DEPARTMENTAL INCOME					
General Government Support:					
County treasurer fees	10,100	10,100	4,334	(5,766)	7,888
Tax map fees	4,000	4,000	2,485	(1,515)	4,219
Tax collection fees	532,000	772,084	794,887	22,803	601,423
Clerk fees	1,420,700	1,420,900	1,481,966	61,066	1,443,068
Charges for tax advertising	-	488	1,926	1,438	2,246
Civil service examination fees	10,000	10,000	5,341	(4,659)	8,548
Attorney fees	33,609	36,296	40,250	3,954	53,466
Public works charges	3,908,429	3,917,812	3,840,330	(77,482)	3,832,425
Management information fees	1,480,910	1,491,677	1,187,901	(303,776)	1,197,616
Stop-DWI reimbursement	44,721	44,721	44,721	-	44,721
Central services chargebacks	258,251	258,251	208,024	(50,227)	207,935
	7,702,720	7,966,329	7,612,165	(354,164)	7,403,555

Public Safety:								
Sheriff fees	610,500	686,950	718,308	31,358	757,210			
Probation fees	127,472	127,472	112,516	(14,956)	177,188			
Public safety fees	6,000	85,079	86,344	1,265	7,665			
	<u>743,972</u>	<u>899,501</u>	<u>917,168</u>	<u>17,667</u>	<u>942,063</u>			
Health:								
Home nursing charges	5,184,913	5,148,393	4,440,512	(707,881)	5,081,982			
Mental health fees	3,490,671	3,351,676	3,253,472	(98,204)	3,399,043			
Early intervention child care services	718,001	576,629	302,063	(274,566)	870,248			
Narcotics, DWI and alcoholism programs	699,577	699,577	508,682	(190,895)	387,077			
	<u>10,093,162</u>	<u>9,776,275</u>	<u>8,504,729</u>	<u>(1,271,546)</u>	<u>9,738,350</u>			
Transportation:								
Airport rentals and fees	109,504	110,564	122,649	12,085	66,833			
Public transportation fees	297,175	297,175	276,730	(20,445)	391,838			
	<u>406,679</u>	<u>407,739</u>	<u>399,379</u>	<u>(8,360)</u>	<u>458,671</u>			
Economic Opportunity and Development:								
Medical assistance	1,585,000	1,545,900	1,564,652	18,752	1,413,310			
Child care	319,300	537,167	537,167	-	366,068			
Juvenile delinquency	1,200	31,200	34,574	3,374	4,609			
Safety net	295,214	420,214	432,390	12,176	506,328			
Home energy assistance program repayments	148,000	88,000	119,286	31,286	134,033			
Emergency aid to adults	28,000	40,500	38,422	(2,078)	14,129			
Family services - chargebacks	55,333	66,627	112,249	45,622	103,850			
Other	484,992	508,130	382,429	(125,701)	378,110			
	<u>2,917,039</u>	<u>3,237,738</u>	<u>3,221,169</u>	<u>(16,569)</u>	<u>2,920,437</u>			
Culture and Recreation:								
Parks and recreation	76,500	67,735	67,740	5	77,566			
Recreation concessions	19,900	9,160	9,357	197	10,131			
Contributions - Office for the Aging	185,275	165,239	165,303	64	159,372			
Fort Delaware admissions fees	25,100	12,315	12,568	253	14,085			
	<u>306,775</u>	<u>254,449</u>	<u>254,968</u>	<u>519</u>	<u>261,154</u>			
Home and Community Services - Community development administration reimbursement	16,178	16,178	2,677	(13,501)	11,680			
	<u>22,186,525</u>	<u>22,558,209</u>	<u>20,912,255</u>	<u>(1,645,954)</u>	<u>21,735,910</u>			

(Continued)

COUNTY OF SULLIVAN, NEW YORK
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET (Continued)
YEAR ENDED DECEMBER 31, 2011
(With Comparative Actuals for 2010)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2010 Actual
INTERGOVERNMENTAL CHARGES					
General services	\$ 381,941	\$ 423,163	\$ 422,974	\$ (189)	\$ 502,809
Election service charges	500	500	232	(268)	802
Public safety	26,000	26,000	14,688	(11,312)	28,344
Health services	85,000	85,000	-	(85,000)	-
Economic assistance	98,762	105,704	74,087	(31,617)	115,006
	592,203	640,367	511,981	(128,386)	646,961
USE OF MONEY AND PROPERTY					
Earnings on investments	51,500	51,500	76,184	24,684	113,665
Rental of property	15,600	15,600	7,797	(7,803)	19,575
Commissions	83,400	83,400	113,875	30,475	73,772
	150,500	150,500	197,856	47,356	207,012
LICENSES AND PERMITS					
Business and occupational licenses	22,000	22,000	30,250	8,250	19,810
Other licenses and permits	1,500	1,500	1,500	-	1,500
	23,500	23,500	31,750	8,250	21,310
FINES AND FORFEITURES					
Fines and forfeited bail	20,000	35,276	45,040	9,764	50,259
Stop DWI fines	264,208	264,208	207,980	(56,228)	263,453
	284,208	299,484	253,020	(46,464)	313,712
SALE OF PROPERTY AND COMPENSATION FOR LOSS					
Sale of equipment	-	-	-	-	27,575
Minor sales	10,450	11,450	13,466	2,016	17,058
Insurance recoveries	100,000	100,000	25,392	(74,608)	61,502
	110,450	111,450	38,858	(72,592)	106,135

STATE AID

General Government Support:

Court facilities	230,530	252,508	251,974	(534)	225,325
District attorney	83,766	83,766	91,725	7,959	73,571
Indigent legal services	288,391	288,391	302,336	13,945	356,531
Records management	-	-	-	-	67,946
Other	31,000	36,477	8,696	(27,781)	98,197
	<u>633,687</u>	<u>661,142</u>	<u>654,731</u>	<u>(6,411)</u>	<u>821,570</u>

Public Safety:

Homeland security	36,500	36,500	16,213	(20,287)	8,248
Probation services	329,748	286,630	161,855	(124,775)	397,904
Navigation aid	9,000	9,000	101	(8,899)	4,296
Court officer reimbursement	40,000	40,000	21,050	(18,950)	31,408
Other	46,500	46,500	219	(46,281)	109,898
	<u>461,748</u>	<u>418,630</u>	<u>199,438</u>	<u>(219,192)</u>	<u>551,754</u>

Health:

Public health	1,820,559	1,718,773	1,416,215	(302,558)	1,639,201
Education and care of handicapped children	7,200	5,541	4,139	(1,402)	7,591
Addiction control	421,607	378,249	299,535	(78,714)	400,773
Mental health	2,967,758	3,113,424	2,862,132	(251,292)	3,181,784
Education and transportation of handicapped children	15,000	15,000	66,947	51,947	62,322
Early intervention program	2,842,306	2,711,755	2,955,305	243,550	1,846,884
	<u>8,074,430</u>	<u>7,942,742</u>	<u>7,604,273</u>	<u>(338,469)</u>	<u>7,138,555</u>

Transportation - Bus subsidies

	4,000	4,000	5,981	1,981	5,078
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Economic Opportunity and Development:

Medical assistance	(317,500)	(317,500)	(394,531)	(77,031)	(199,420)
Aid to dependent children	1,025,000	1,025,000	258,193	(766,807)	1,187,465
Family services administration	3,590,167	3,275,518	3,028,719	(246,799)	3,567,387
Child care	1,135,134	826,006	1,885,542	1,059,536	1,229,422
Juvenile delinquency	220,732	220,732	132,990	(87,742)	143,496
Home relief	1,877,855	1,877,855	1,167,233	(710,622)	2,108,009
Emergency aid for adults	17,000	17,000	51,609	34,609	16,970
Day care	252,961	237,577	237,577	-	261,166
Veterans' service agency	8,654	8,654	8,654	-	8,654
Economic assistance	6,000	5,000	(4,561)	(9,561)	7,844
Workforce development	62,450	62,450	65,341	2,891	50,630
Services for recipients	434,935	47,428	47,428	-	94,253
	<u>8,313,388</u>	<u>7,285,720</u>	<u>6,484,194</u>	<u>(801,526)</u>	<u>8,475,876</u>

(Continued)

COUNTY OF SULLIVAN, NEW YORK

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET (Continued)
 YEAR ENDED DECEMBER 31, 2011
 (With Comparative Actuals for 2010)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2010 Actual
Culture and Recreation:					
Programs for the aging	\$ 599,612	\$ 575,882	\$ 573,061	\$ (2,821)	\$ 590,707
Youth programs	87,429	170,466	3,348	(167,118)	151,158
	<u>687,041</u>	<u>746,348</u>	<u>576,409</u>	<u>(169,939)</u>	<u>741,865</u>
Home and Community Services -					
Refuse, garbage and recycling charges	14,924	124,924	-	(124,924)	17,500
	<u>18,189,218</u>	<u>17,183,506</u>	<u>15,525,026</u>	<u>(1,658,480)</u>	<u>17,752,198</u>
TOTAL STATE AID					
FEDERAL AID					
General Government Support -					
General elections	66,500	-	-	-	10,136
Public Safety:					
Sheriff's department	20,000	248,690	238,097	(10,593)	48,373
Other	-	10,850	130,301	119,451	191,112
	<u>20,000</u>	<u>259,540</u>	<u>368,398</u>	<u>108,858</u>	<u>239,485</u>
Health:					
Public health	198,022	232,377	273,663	41,286	303,396
W.I.C. program	382,337	361,168	301,092	(60,076)	355,712
Mental health	310,000	319,111	377,611	58,500	313,019
	<u>890,359</u>	<u>912,656</u>	<u>952,366</u>	<u>39,710</u>	<u>972,127</u>

Economic Opportunity and Development:						
Medical assistance	(310,000)	(310,000)	(374,312)	(64,312)	(205,712)	
Aid to dependent children	2,147,199	2,151,416	4,159,618	2,008,202	1,627,467	
Family services administration	5,014,388	4,672,629	4,330,279	(342,350)	5,406,981	
Food stamps	1,013,116	1,013,116	647,897	(365,219)	893,004	
Flexible fund family services	2,283,257	2,545,486	2,693,261	147,775	2,747,776	
FMAP enhancement	-	2,156,383	1,672,196	(484,187)	4,135,151	
Child care	808,751	1,185,937	1,185,937	-	712,577	
Home relief	139,792	(11,110)	88,426	99,536	(36,674)	
Workforce development	531,902	721,216	839,438	118,222	929,668	
Day care	1,328,044	1,385,241	1,385,241	-	1,258,036	
	<u>12,956,449</u>	<u>15,510,314</u>	<u>16,627,981</u>	<u>1,117,667</u>	<u>17,468,274</u>	
Culture and Recreation -						
Programs for the aging	534,158	529,340	530,694	1,354	523,973	
	<u>-</u>	<u>-</u>	<u>55,000</u>	<u>55,000</u>	<u>-</u>	
Home and Community Services -						
Planning						
	<u>14,467,466</u>	<u>17,211,850</u>	<u>18,568,439</u>	<u>1,356,589</u>	<u>19,213,995</u>	
TOTAL FEDERAL AID						
	<u>14,467,466</u>	<u>17,211,850</u>	<u>18,568,439</u>	<u>1,356,589</u>	<u>19,213,995</u>	
MISCELLANEOUS						
Refund of prior year's expenditures	-	75,401	170,894	95,493	12,039	
Gifts and donations	100,400	87,540	88,385	845	85,511	
Video lottery terminals	396,733	199,000	199,000	-	396,733	
Indirect cost chargebacks	2,701,742	2,762,752	2,762,752	-	2,726,184	
Other	3,300,352	-	7,672	7,672	52,313	
	<u>6,499,227</u>	<u>3,124,693</u>	<u>3,228,703</u>	<u>104,010</u>	<u>3,272,780</u>	
TOTAL REVENUES	<u>150,662,468</u>	<u>151,724,243</u>	<u>149,381,942</u>	<u>(2,342,301)</u>	<u>155,033,147</u>	
OTHER FINANCING SOURCES						
Transfers in:						
Capital Projects Fund	-	-	56,177	56,177	-	
Debt Service Fund	-	-	1,204	1,204	5,523	
Sullivan County Tobacco Asset	-	-	-	-	-	
Securitization Corporation Enterprise Fund	-	-	493,235	493,235	-	
	<u>-</u>	<u>-</u>	<u>550,616</u>	<u>550,616</u>	<u>5,523</u>	
TOTAL OTHER FINANCING SOURCES						
	<u>\$ 150,662,468</u>	<u>\$ 151,724,243</u>	<u>\$ 149,932,558</u>	<u>\$ (1,791,685)</u>	<u>\$ 155,038,670</u>	
TOTAL REVENUES AND OTHER FINANCING SOURCES						
	<u>\$ 150,662,468</u>	<u>\$ 151,724,243</u>	<u>\$ 149,932,558</u>	<u>\$ (1,791,685)</u>	<u>\$ 155,038,670</u>	

COUNTY OF SULLIVAN, NEW YORK
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2011
(With Comparative Actuals for 2010)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2010 Actual
GENERAL GOVERNMENT SUPPORT					
County Legislature	\$ 559,023	\$ 518,658	\$ 488,700	\$ 29,958	\$ 534,943
Municipal Court	8,000	8,000	6,780	1,220	8,630
District Attorney	1,445,379	1,469,884	1,459,515	10,369	1,431,415
Public Defense	1,472,658	1,515,732	1,515,729	3	1,636,475
Coroners	312,015	354,870	354,866	4	231,050
County Manager	290,115	299,470	293,304	6,166	278,384
County Treasurer	521,546	488,232	441,594	46,638	494,228
Audit and Control	518,658	515,484	506,995	8,489	508,603
Management and Budget	532,872	489,246	470,224	19,022	719,269
Grants Administration	148,867	157,177	155,188	1,989	148,171
Purchasing	303,696	334,279	329,372	4,907	307,538
Real Property Tax Map	658,680	622,482	612,199	10,283	692,757
Tax Collection	1,038,536	1,109,900	1,067,455	42,445	930,705
County Clerk	1,670,713	1,752,750	1,749,849	2,901	1,720,502
County Attorney	698,217	940,990	937,312	3,678	869,225
Personnel	749,409	799,317	779,677	19,640	530,875
Elections	774,028	748,525	700,411	48,114	703,785
Records Management	139,312	146,621	146,526	95	133,745
Public Works Administration	477,968	510,218	509,820	398	526,119
Central Services Administration	289,534	293,583	261,677	31,906	267,254
Buildings	4,372,713	4,620,265	4,493,234	127,031	4,475,655
Management Information Systems	3,598,510	3,509,668	3,327,725	181,943	3,527,448
Risk Management	-	983	-	983	287,827
Payroll	219,492	229,301	228,616	685	226,579
Health Finance	174,941	172,401	169,931	2,470	-
Unallocated Insurance	798,960	798,960	792,395	6,565	873,387
Municipal Association Dues	35,000	34,149	34,149	-	31,175
Judgments and Claims	305,000	486,214	344,622	141,592	116,742
Post Employment Benefits	751,053	850,245	832,338	17,907	703,095
Bond and Note Issuance Costs	50,000	32,000	31,806	194	103,022
Contingency	2,300,000	-	-	-	-
Other	3,300,352	829,340	-	829,340	-
Total General Government Support	28,515,247	24,638,944	23,042,009	1,596,935	23,018,603

EDUCATION						
Community College - Non-resident Tuition	1,550,000	1,350,000	1,317,421	32,579	1,509,250	
Contribution to Community College	4,000,000	4,000,000	4,000,000	-	4,000,000	
Total Education	5,550,000	5,350,000	5,317,421	32,579	5,509,250	
PUBLIC SAFETY						
Administration	152,554	155,901	153,956	1,945	251,758	
E-911	1,295,961	1,410,980	1,346,453	64,527	1,191,662	
Sheriff	6,467,563	6,757,047	6,519,280	237,767	6,857,355	
Probation	2,068,467	2,104,448	2,060,409	44,039	2,047,085	
Jail	10,528,122	10,908,288	10,876,705	31,583	10,604,398	
Stop DWI	281,708	281,708	244,493	37,215	240,590	
Fire Protection	91,228	92,735	82,945	9,790	79,743	
Animal Control	2,500	3,044	3,044	-	4,424	
Safety Inspection	3,991	3,990	1,044	2,946	1,010	
Post Employment Benefits	697,546	712,565	710,957	1,608	572,254	
Total Public Safety	21,589,640	22,430,706	21,999,286	431,420	21,850,279	
HEALTH						
Public Health	7,210,876	7,236,033	6,999,679	236,354	6,793,922	
Handicapped Children	26,444	23,126	20,213	2,913	25,370	
Diagnostic and Treatment Programs	674,041	695,225	688,134	7,091	687,271	
Early Intervention Program	6,470,276	6,276,229	5,914,647	361,582	5,881,198	
W.I.C.	539,011	509,339	468,598	40,741	484,711	
Addiction Control	856,885	823,660	758,960	64,700	841,047	
Community Services Administration	1,524,355	1,524,355	1,500,887	23,468	1,453,561	
Mental Health Programs	4,117,932	4,437,955	4,158,265	279,690	3,813,466	
Contracted Mental Health Services	2,545,635	2,648,487	2,572,647	75,840	2,654,059	
Post Employment Benefits	363,330	364,975	364,973	2	304,147	
Total Health	24,328,785	24,539,384	23,447,003	1,092,381	22,938,752	
TRANSPORTATION						
Airport	410,682	416,986	367,718	49,268	344,329	
Public Transportation	778,896	789,893	776,605	13,288	964,839	
Post Employment Benefits	81,081	122,063	111,052	11,011	111,048	
Total Transportation	1,270,659	1,328,942	1,255,375	73,567	1,420,216	

(Continued)

COUNTY OF SULLIVAN, NEW YORK
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET (Continued)
YEAR ENDED DECEMBER 31, 2011
(With Comparative Actuals for 2010)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2010 Actual
ECONOMIC OPPORTUNITY AND DEVELOPMENT					
Family Services Administration	\$ 14,340,557	\$ 13,339,377	\$ 13,254,397	\$ 84,980	14,179,227
Day Care	1,652,000	1,807,640	1,807,640	-	1,624,027
Services for Recipients	875,000	430,277	430,277	-	551,138
Medical Assistance	215,000	180,000	129,210	50,790	193,526
Medical Assistance - MMIS	20,565,222	20,784,324	20,784,323	1	19,196,111
Family Assistance	4,818,000	5,173,799	5,173,799	-	4,857,512
Child Care	3,001,242	4,075,905	4,075,904	1	2,838,733
Juvenile Delinquent Care	481,058	481,058	361,186	119,872	380,701
State Training Schools	340,000	140,000	327,438	(187,438)	428,817
Safety Net	4,056,909	4,633,211	4,633,210	1	4,752,030
Home Energy Assistance Program	20,000	(1,488)	(1,489)	1	61,335
Emergency Aid for Adults	53,500	147,492	147,492	-	47,593
Center for Workforce Development	1,213,667	1,439,946	1,351,127	88,819	1,554,950
Community Action Commission	27,000	27,000	6,038	20,962	30,000
Other Economic Opportunity Programs	46,170	46,170	46,170	-	51,300
Veterans' Services	525,615	490,662	478,320	12,342	499,236
Public Information	700,000	760,983	760,982	1	698,297
Consumer Affairs - Weights and Measures	92,940	67,413	64,943	2,470	99,169
Economic and Community Development	294,448	361,390	309,776	51,614	345,981
Post Employment Benefits	1,051,193	1,042,962	1,027,240	15,722	745,699
Total Economic Opportunity and Development	54,369,521	55,428,121	55,167,983	260,138	53,135,382
CULTURE AND RECREATION					
Parks and Recreation	325,144	319,406	310,024	9,382	293,734
Youth Programs	308,444	415,968	283,456	132,512	383,199
County Museum	90,116	106,414	75,914	30,500	59,437
Historical Property - Fort Delaware	112,018	98,713	57,804	40,909	55,872
Cultural Affairs	60,233	60,233	60,233	-	53,575
Aging Programs	2,359,050	2,319,979	2,277,678	42,301	2,183,152
Post Employment Benefits	78,232	130,522	129,122	1,400	79,285
Total Culture and Recreation	3,333,237	3,451,235	3,194,231	257,004	3,108,254

HOME AND COMMUNITY SERVICES

Planning	635,223	618,703	604,854	13,849	1,138,509
Human Rights Commission	36,243	32,420	31,955	465	29,798
Fish and Game	416,535	418,535	338,148	80,387	20,000
Veterans' Cemetery	6,300	5,310	4,500	810	3,546
Post Employment Benefits	12,157	18,252	14,786	3,466	30,059
Other	415,000	415,000	415,000	-	415,000
	<u>1,521,458</u>	<u>1,508,220</u>	<u>1,409,243</u>	<u>98,977</u>	<u>1,636,912</u>

Total Home and Community Services

DEBT SERVICE

Interest:					
Bond anticipation notes	538,919	538,919	48,919	490,000	63,731
Tax anticipation notes	68,140	68,140	68,140	-	140,000
	<u>607,059</u>	<u>607,059</u>	<u>117,059</u>	<u>490,000</u>	<u>203,731</u>
Total Debt Service					
	<u>141,085,606</u>	<u>139,282,611</u>	<u>134,949,610</u>	<u>4,333,001</u>	<u>132,821,379</u>

TOTAL EXPENDITURES

OTHER FINANCING USES

Transfers out:					
County Road Fund	10,039,633	9,760,107	9,760,107	-	11,042,746
Refuse and Garbage Fund	-	1,610,000	1,610,000	-	2,253,157
Capital Projects Fund	-	-	601,900	(601,900)	538,436
Road Machinery Fund	2,969,642	3,252,256	3,252,256	-	2,826,582
Debt Service Fund	1,077,914	1,077,914	1,088,144	(10,230)	948,329
	<u>14,087,189</u>	<u>15,700,277</u>	<u>16,312,407</u>	<u>(612,130)</u>	<u>17,609,250</u>

TOTAL OTHER FINANCING USES

TOTAL EXPENDITURES AND OTHER FINANCING USES

\$	<u>155,172,795</u>	\$	<u>154,982,888</u>	\$	<u>151,262,017</u>	\$	<u>3,720,871</u>	\$	<u>150,430,629</u>
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COUNTY OF SULLIVAN, NEW YORK

COUNTY ROAD FUND
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 201,713	\$ 743,245
Receivables:		
Accounts	49,963	13,588
State and Federal aid	1,727,924	2,732,723
Due from other funds	162,729	7,912
	<u>1,940,616</u>	<u>2,754,223</u>
Total Assets	<u>\$ 2,142,329</u>	<u>\$ 3,497,468</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 470,589	\$ 831,655
Accrued liabilities	379,549	380,980
Retained percentages payable	170,432	185,398
Due to other funds	-	45,430
Total Liabilities	<u>1,020,570</u>	<u>1,443,463</u>
Fund Balance - Assigned	<u>1,121,759</u>	<u>2,054,005</u>
Total Liabilities and Fund Balance	<u>\$ 2,142,329</u>	<u>\$ 3,497,468</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, 2011 AND 2010

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental charges	\$ 475,096	\$ 527,016	\$ 548,497	\$ 21,481
Use of money and property	-	-	604	604
Licenses and permits	2,000	1,764	1,850	86
Sale of property and compensation for loss	-	9,500	10,432	932
State aid	4,151,110	3,572,040	3,710,369	138,329
Federal aid	988,420	615,750	629,454	13,704
Miscellaneous	100	6,970	5,063	(1,907)
Total Revenues	5,616,726	4,733,040	4,906,269	173,229
Expenditures:				
Current:				
Public safety	693,770	754,478	740,103	14,375
Transportation	13,570,595	12,760,451	12,063,990	696,461
Debt Service - Interest	40,847	40,847	40,847	-
Total Expenditures	14,305,212	13,555,776	12,844,940	710,836
Deficiency of Revenues Over Expenditures	(8,688,486)	(8,822,736)	(7,938,671)	884,065
Other Financing Sources (Uses):				
Transfers in	10,039,633	9,762,787	9,796,856	34,069
Transfers out	(2,880,661)	(2,880,661)	(2,790,431)	90,230
Total Other Financing Sources	7,158,972	6,882,126	7,006,425	124,299
Net Change in Fund Balance	(1,529,514)	(1,940,610)	(932,246)	1,008,364
Fund Balance - Beginning of Year	1,529,514	1,940,610	2,054,005	113,395
Fund Balance - End of Year	\$ -	\$ -	\$ 1,121,759	\$ 1,121,759

2010

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 535,845	\$ 512,973	\$ 423,346	\$ (89,627)
-	-	447	447
2,000	4,600	4,600	-
-	-	89	89
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>
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)
<u>18,218,173</u>	<u>17,040,130</u>	<u>13,671,957</u>	<u>3,368,173</u>
<u>(11,058,642)</u>	<u>(10,880,599)</u>	<u>(8,738,087)</u>	<u>2,142,512</u>
12,718,085	12,542,746	11,050,658	(1,492,088)
(1,770,927)	(1,770,927)	(1,770,927)	-
<u>10,947,158</u>	<u>10,771,819</u>	<u>9,279,731</u>	<u>(1,492,088)</u>
(111,484)	(108,780)	541,644	650,424
111,484	108,780	1,512,361	1,403,581
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,054,005</u>	<u>\$ 2,054,005</u>

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COUNTY OF SULLIVAN, NEW YORK

REFUSE AND GARBAGE FUND
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 2,226,272	\$ 449,038
Receivables:		
Accounts, net of allowance for uncollectible amounts of \$38,522 in 2011 and \$19,250 in 2010	653,803	424,472
Due from other funds	<u>157,562</u>	<u>556,890</u>
	<u>811,365</u>	<u>981,362</u>
Total Assets	<u>\$ 3,037,637</u>	<u>\$ 1,430,400</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 720,220	\$ 747,228
Accrued liabilities	84,928	83,530
Due to other funds	<u>560,990</u>	<u>65,323</u>
Total Liabilities	<u>1,366,138</u>	<u>896,081</u>
Fund Balance:		
Restricted	687,473	-
Assigned	<u>984,026</u>	<u>534,319</u>
Total Fund Balance	<u>1,671,499</u>	<u>534,319</u>
Total Liabilities and Fund Balance	<u>\$ 3,037,637</u>	<u>\$ 1,430,400</u>

COUNTY OF SULLIVAN, NEW YORK

REFUSE AND GARBAGE FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Departmental income	\$ 11,373,702	\$ 11,425,202	\$ 11,578,565	\$ 153,363
Use of money and property	-	-	46,153	46,153
Sale of property and compensation for loss	-	-	-	-
Total Revenues	<u>11,373,702</u>	<u>11,425,202</u>	<u>11,624,718</u>	<u>199,516</u>
Expenditures:				
Current -				
Home and community services	6,884,854	7,429,080	7,126,434	302,646
Debt Service - Interest	195,611	195,611	195,611	-
Total Expenditures	<u>7,080,465</u>	<u>7,624,691</u>	<u>7,322,045</u>	<u>302,646</u>
Excess of Revenues Over Expenditures	<u>4,293,237</u>	<u>3,800,511</u>	<u>4,302,673</u>	<u>502,162</u>
Other Financing Sources (Uses):				
Transfers in	-	1,610,000	2,906,789	1,296,789
Transfers out	(4,688,360)	(5,788,360)	(6,072,282)	(283,922)
Total Other Financing Uses	<u>(4,688,360)</u>	<u>(4,178,360)</u>	<u>(3,165,493)</u>	<u>1,012,867</u>
Net Change in Fund Balance	(395,123)	(377,849)	1,137,180	1,515,029
Fund Balance - Beginning of Year	<u>395,123</u>	<u>377,849</u>	<u>534,319</u>	<u>156,470</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,671,499</u>	<u>\$ 1,671,499</u>

2010

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 12,464,817	\$ 12,464,817	\$ 9,174,392	\$ (3,290,425)
-	-	109,138	109,138
-	-	23,750	23,750
<u>12,464,817</u>	<u>12,464,817</u>	<u>9,307,280</u>	<u>(3,157,537)</u>
7,906,497	8,255,758	6,519,557	1,736,201
6,900	6,900	7,256	(356)
<u>7,913,397</u>	<u>8,262,658</u>	<u>6,526,813</u>	<u>1,735,845</u>
<u>4,551,420</u>	<u>4,202,159</u>	<u>2,780,467</u>	<u>(1,421,692)</u>
-	326,550	2,258,714	1,932,164
<u>(4,551,420)</u>	<u>(4,551,420)</u>	<u>(4,504,862)</u>	<u>46,558</u>
<u>(4,551,420)</u>	<u>(4,224,870)</u>	<u>(2,246,148)</u>	<u>1,978,722</u>
-	(22,711)	534,319	557,030
-	22,711	-	(22,711)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 534,319</u>	<u>\$ 534,319</u>

COUNTY OF SULLIVAN, NEW YORK

CAPITAL PROJECTS FUND
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2011 AND 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Cash - Demand deposits	\$ 6,670,798	\$ 16,211,025
Receivables:		
State and Federal aid	275,405	446,175
Due from component unit	675,000	675,000
Due from other funds	639,909	377,336
	<u>1,590,314</u>	<u>1,498,511</u>
Total Assets	<u>\$ 8,261,112</u>	<u>\$ 17,709,536</u>
<u>LIABILITIES AND FUND DEFICIT</u>		
Liabilities:		
Accounts payable	\$ 707,052	\$ 2,221,264
Retained percentages payable	212,008	511,334
Due to other funds	264,680	227,484
Bond anticipation notes payable	15,685,000	19,880,000
Total Liabilities	<u>16,868,740</u>	<u>22,840,082</u>
Fund Deficit:		
Nonspendable	675,000	675,000
Unassigned	(9,282,628)	(5,805,546)
Total Fund Deficit	<u>(8,607,628)</u>	<u>(5,130,546)</u>
Total Liabilities and Fund Deficit	<u>\$ 8,261,112</u>	<u>\$ 17,709,536</u>

COUNTY OF SULLIVAN, NEW YORK

CAPITAL PROJECTS FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Revenues:		
Use of money and property	\$ 236	\$ 312
State aid	101,430	175,776
Federal aid	1,372,959	2,262,270
Miscellaneous	125,044	5,031
Total Revenues	1,599,669	2,443,389
Expenditures - Capital outlay	6,096,810	20,831,316
Deficiency of Revenues Over Expenditures	(4,497,141)	(18,387,927)
Other Financing Sources (Uses):		
Bonds issued	-	17,185,000
Issuance premium	-	494,457
Transfers in	2,508,291	1,258,436
Transfers out	(1,488,232)	(109,112)
Total Other Financing Sources	1,020,059	18,828,781
Net Change in Fund Balance	(3,477,082)	440,854
Fund Deficit - Beginning of Year	(5,130,546)	(5,571,400)
Fund Deficit - End of Year	\$ (8,607,628)	\$ (5,130,546)

COUNTY OF SULLIVAN, NEW YORK

CAPITAL PROJECTS FUND
 PROJECT-LENGTH SCHEDULE
 INCEPTION OF PROJECT THROUGH DECEMBER 31, 2011

PROJECT	Appropriation	Expenditures and Transfers	Unexpended Balance
General Government Support - Watershed Good Neighbor	\$ 140,215	\$ 140,215	\$ -
Education:			
Community College Renovations	13,545,487	13,263,553	281,934
Seelig SUNY Grant	976,342	482,363	493,979
Total Education	14,521,829	13,745,916	775,913
Public Safety:			
Fire Training Center	2,859,409	2,794,025	65,384
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	306,617	128,146	178,471
Total Public Safety	7,911,026	6,690,095	1,220,931
Transportation:			
Airport Construction	15,365,518	15,061,551	303,967
Bus Garage	2,712,901	2,572,443	140,458
Right of Way	2,485,092	2,318,726	166,366
DPW Maplewood Facility	3,191,332	2,900,722	290,610
Road Reconstruction 2007	2,000,000	1,998,627	1,373
Road Reconstruction 2008	6,000,000	6,000,000	-
Road and Bridge Reconstruction	2,500,000	2,352,386	147,614
DPW Equipment 2008 - Road Machinery	2,354,000	2,195,286	158,714
Road Paving 2010	7,619,758	7,570,459	49,299
Bridge Reconstruction 2010	800,000	601,193	198,807
DPW Equipment 2010	1,874,700	208,401	1,666,299
Total Transportation	46,903,301	43,779,794	3,123,507
Economic Opportunity and Development - Emerald Corporate Park	4,825,150	4,138,881	686,269
Culture and Recreation:			
Snowmobile Trail	134,973	134,826	147
D and H Canal Park	769,858	687,065	82,793
Park Improvements	139,164	54,878	84,286
Total Culture and Recreation	1,043,995	876,769	167,226
Home and Community Services:			
Landfill MERF Construction 2001	2,227,759	2,227,759	-
Landfill Cell 6 Construction	7,329,687	7,329,687	-
Landfill Phase II Expansion	1,906,310	1,906,310	-
Landfill Closure 3-5	6,400,000	6,400,000	-
DPW Equipment 2008 - Landfill	60,000	57,750	2,250
Landfill	7,857,248	7,857,243	5
Solid Waste Equipment 2010	780,000	774,194	5,806
Landfill Cap	5,500,000	3,172,329	2,327,671
Total Home and Community Services	32,061,004	29,725,272	2,335,732
TOTALS	\$ 107,406,520	\$ 99,096,942	\$ 8,309,578

State and Federal Aid	Methods of Financing				Fund Balance (Deficit) at December 31, 2011	Bond Anticipation Notes Outstanding at December 31, 2011
	Interfund Transfers	Proceeds of Obligations	Other	Totals		
\$ 100,000	\$ -	\$ -	\$ 40,215	\$ 140,215	\$ -	\$ -
9,018,591	20,000	4,459,999	26,660	13,525,250	261,697	-
482,363	-	-	4	482,367	4	-
9,500,954	20,000	4,459,999	26,664	14,007,617	261,701	-
1,334,409	550,000	975,000	-	2,859,409	65,384	-
-	-	955,000	-	955,000	(820,597)	1,045,000
-	-	-	1,082	1,082	(1,987,809)	1,995,000
-	3,436	-	57	3,493	57	-
67,216	114,400	-	125,001	306,617	178,471	-
1,401,625	667,836	1,930,000	126,140	4,125,601	(2,564,494)	3,040,000
14,519,144	823,966	-	22,408	15,365,518	303,967	-
2,457,435	-	115,000	8	2,572,443	-	-
13,164	2,124,195	-	347,733	2,485,092	166,366	-
-	153,000	1,913,800	1,124,532	3,191,332	290,610	-
-	-	1,599,150	-	1,599,150	(399,477)	400,850
3,000,000	154,850	2,845,150	-	6,000,000	-	-
2,372,062	-	-	-	2,372,062	19,676	344,150
-	154,150	2,199,850	-	2,354,000	158,714	-
-	-	7,619,758	-	7,619,758	49,299	-
-	-	800,000	-	800,000	198,807	-
-	-	1,874,700	-	1,874,700	1,666,299	-
22,361,805	3,410,161	18,967,408	1,494,681	46,234,055	2,454,261	745,000
1,831,762	1,225,000	-	1,768,388	4,825,150	686,269	-
134,826	-	-	147	134,973	147	-
601,904	114,700	-	4,931	721,535	34,470	-
133,846	-	-	5,318	139,164	84,286	-
870,576	114,700	-	10,396	995,672	118,903	-
-	32,000	1,369,000	826,759	2,227,759	-	-
-	441,000	6,864,000	24,687	7,329,687	-	-
-	140,000	1,760,000	6,310	1,906,310	-	-
-	1,500,000	4,900,000	-	6,400,000	-	-
-	60,000	-	-	60,000	2,250	-
-	357,241	-	7	357,248	(7,499,995)	7,500,000
-	-	780,000	-	780,000	5,806	-
-	-	1,100,000	-	1,100,000	(2,072,329)	4,400,000
-	2,530,241	16,773,000	857,763	20,161,004	(9,564,268)	11,900,000
\$ 36,066,722	\$ 7,967,938	\$ 42,130,407	\$ 4,324,247	\$ 90,489,314	\$ (8,607,628)	\$ 15,685,000

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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 and report financial resources that are restricted, committed or assigned to expenditures for principal and interest and for financial resources that are being accumulated for principal and interest maturing in future years.

COUNTY OF SULLIVAN, NEW YORK

NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 DECEMBER 31, 2011
 (With Comparative Totals for 2010)

<u>ASSETS</u>	<u>Road Machinery Fund</u>	<u>Community Development Fund</u>
Cash and Equivalents	\$ 304,265	\$ 671,308
Receivables:		
Accounts	1,036	-
Loans, net	-	207,550
State and Federal aid	-	107,069
Due from other funds	349,187	-
	<u>350,223</u>	<u>314,619</u>
Total Assets	<u>\$ 654,488</u>	<u>\$ 985,927</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 200,921	\$ 90,807
Accrued liabilities	119,317	-
Due to other funds	-	-
Deferred revenues	-	207,550
Total Liabilities	<u>320,238</u>	<u>298,357</u>
Fund Balances:		
Restricted	4,054	-
Assigned	330,196	687,570
Total Fund Balances	<u>334,250</u>	<u>687,570</u>
Total Liabilities and Fund Balances	<u>\$ 654,488</u>	<u>\$ 985,927</u>

COUNTY OF SULLIVAN, NEW YORK

NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES
 YEAR ENDED DECEMBER 31, 2011
 (With Comparative Totals for 2010)

	Road Machinery Fund	Community Development Fund	Debt Service Fund
Revenues:			
Departmental income	\$ -	\$ 8,084	\$ -
Intergovernmental charges	839,792	-	-
Use of money and property	1,203	1,141	20,554
Sale of property and compensation for loss	500	-	-
Interfund revenues	12,801	-	-
State aid	-	196,102	-
Federal aid	-	28,308	242,549
Miscellaneous	1,477	-	-
Total Revenues	855,773	233,635	263,103
Expenditures:			
Current:			
General government support	-	-	49,968
Transportation	3,902,474	-	-
Home and community services	-	222,891	-
Debt Service:			
Principal	-	-	6,163,806
Interest	-	-	2,840,670
Total Expenditures	3,902,474	222,891	9,054,444
Excess (Deficiency) of Revenues Over Expenditures	(3,046,701)	10,744	(8,791,341)
Other Financing Sources (Uses):			
Transfers in	3,261,008	-	8,811,892
Transfers out	(658,314)	-	(20,551)
Total Other Financing Sources	2,602,694	-	8,791,341
Net Change in Fund Balances	(444,007)	10,744	-
Fund Balances - Beginning of Year	778,257	676,826	-
Fund Balances - End of Year	\$ 334,250	\$ 687,570	\$ -

Total Non-Major
Governmental Funds

2011	2010
\$ 8,084	\$ 33,999
839,792	896,106
22,898	30,299
500	47,250
12,801	11,083
196,102	167,327
270,857	310,991
1,477	2,263
<u>1,352,511</u>	<u>1,499,318</u>
49,968	2,545
3,902,474	3,369,350
222,891	458,743
6,163,806	5,089,763
2,840,670	1,924,681
<u>13,179,809</u>	<u>10,845,082</u>
<u>(11,827,298)</u>	<u>(9,345,764)</u>
12,072,900	9,815,276
(678,865)	(394,456)
<u>11,394,035</u>	<u>9,420,820</u>
(433,263)	75,056
<u>1,455,083</u>	<u>1,380,027</u>
<u>\$ 1,021,820</u>	<u>\$ 1,455,083</u>

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COUNTY OF SULLIVAN, NEW YORK

ROAD MACHINERY FUND
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash and Equivalents	\$ 304,265	\$ 169,879
Receivables:		
Accounts	1,036	10,000
Due from other funds	<u>349,187</u>	<u>866,228</u>
	<u>350,223</u>	<u>876,228</u>
Total Assets	<u>\$ 654,488</u>	<u>\$ 1,046,107</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 200,921	\$ 148,484
Accrued liabilities	<u>119,317</u>	<u>119,366</u>
Total Liabilities	<u>320,238</u>	<u>267,850</u>
Fund Balance:		
Restricted	4,054	77,706
Assigned	<u>330,196</u>	<u>700,551</u>
Total Fund Balance	<u>334,250</u>	<u>778,257</u>
Total Liabilities and Fund Balance	<u>\$ 654,488</u>	<u>\$ 1,046,107</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, 2011 AND 2010

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental charges	\$ 750,000	\$ 900,000	\$ 839,792	\$ (60,208)
Use of money and property	750	750	1,203	453
Sale of property and compensation for loss	-	1,375	500	(875)
Interfund revenues	83,150	13,150	12,801	(349)
Miscellaneous	-	1,200	1,477	277
Total Revenues	833,900	916,475	855,773	(60,702)
Expenditures:				
Current -				
Transportation	3,789,769	4,136,522	3,902,474	234,048
Debt Service - Interest	-	-	-	-
Total Expenditures	3,789,769	4,136,522	3,902,474	234,048
Deficiency of Revenues Over Expenditures	(2,955,869)	(3,220,047)	(3,046,701)	173,346
Other Financing Sources (Uses):				
Transfers in	2,969,642	3,246,656	3,261,008	14,352
Transfers out	(658,314)	(658,814)	(658,314)	500
Total Other Financing Sources	2,311,328	2,587,842	2,602,694	14,852
Net Change in Fund Balance	(644,541)	(632,205)	(444,007)	188,198
Fund Balance - Beginning of Year	644,541	632,205	778,257	146,052
Fund Balance - End of Year	\$ -	\$ -	\$ 334,250	\$ 334,250

2010

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 753,196	\$ 958,196	\$ 896,106	\$ (62,090)
750	750	832	82
-	-	47,250	47,250
1,658,500	1,658,500	11,083	(1,647,417)
-	-	2,263	2,263
<u>2,412,446</u>	<u>2,617,446</u>	<u>957,534</u>	<u>(1,659,912)</u>
3,475,438	3,585,732	3,369,350	216,382
35,310	35,310	37,265	(1,955)
<u>3,510,748</u>	<u>3,621,042</u>	<u>3,406,615</u>	<u>214,427</u>
<u>(1,098,302)</u>	<u>(1,003,596)</u>	<u>(2,449,081)</u>	<u>(1,445,485)</u>
1,401,832	1,326,582	2,835,553	1,508,971
(366,493)	(366,493)	(366,493)	-
<u>1,035,339</u>	<u>960,089</u>	<u>2,469,060</u>	<u>1,508,971</u>
(62,963)	(43,507)	19,979	63,486
<u>62,963</u>	<u>43,507</u>	<u>758,278</u>	<u>714,771</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 778,257</u>	<u>\$ 778,257</u>

COUNTY OF SULLIVAN, NEW YORK

COMMUNITY DEVELOPMENT FUND
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2011 AND 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Cash - Demand deposits	\$ 671,308	\$ 707,670
Receivables:		
Loans, net	207,550	212,452
State and Federal aid	107,069	17,484
	<u>314,619</u>	<u>229,936</u>
Total Assets	<u>\$ 985,927</u>	<u>\$ 937,606</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 90,807	\$ 47,453
Due to other funds	-	875
Deferred revenues	207,550	212,452
Total Liabilities	298,357	260,780
Fund Balance - Assigned	<u>687,570</u>	<u>676,826</u>
Total Liabilities and Fund Balance	<u>\$ 985,927</u>	<u>\$ 937,606</u>

COUNTY OF SULLIVAN, NEW YORK

COMMUNITY DEVELOPMENT FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Departmental income	\$ 8,084	\$ 33,999
Use of money and property	1,141	1,503
State aid	196,102	167,327
Federal aid	<u>28,308</u>	<u>310,991</u>
Total Revenues	233,635	513,820
Expenditures -		
Current -		
Home and community services	<u>222,891</u>	<u>458,743</u>
Excess of Revenues Over Expenditures	10,744	55,077
Fund Balance - Beginning of Year	<u>676,826</u>	<u>621,749</u>
Fund Balance - End of Year	<u>\$ 687,570</u>	<u>\$ 676,826</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, 2011 AND 2010

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Use of money and property	\$ -	\$ 20,554	\$ 20,554	\$ -
Federal aid	-	242,549	242,549	-
Total Revenues	-	263,103	263,103	-
Expenditures:				
Current -				
General government support	13,261	49,968	49,968	-
Debt Service:				
Principal:				
Serial bonds	6,066,806	6,066,806	6,066,806	-
Installment purchase debt	97,000	97,000	97,000	-
	6,163,806	6,163,806	6,163,806	-
Interest:				
Serial bonds	2,696,032	2,828,558	2,828,558	-
Installment purchase debt	12,112	12,112	12,112	-
	2,708,144	2,840,670	2,840,670	-
Total Debt Service	8,871,950	9,004,476	9,004,476	-
Total Expenditures	8,885,211	9,054,444	9,054,444	-
Deficiency of Revenues Over Expenditures	(8,885,211)	(8,791,341)	(8,791,341)	-
Other Financing Sources (Uses):				
Transfers in	8,885,211	8,811,892	8,811,892	-
Transfers out	-	(20,551)	(20,551)	-
Total Other Financing Sources	8,885,211	8,791,341	8,791,341	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ -	\$ -

2010

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ 27,964	\$ 27,964
-	-	-	-
-	-	27,964	27,964
15,169	15,169	2,545	12,624
4,996,493	4,996,493	4,996,493	-
93,270	93,270	93,270	-
5,089,763	5,089,763	5,089,763	-
1,905,508	1,905,508	1,871,574	33,934
15,842	15,842	15,842	-
1,921,350	1,921,350	1,887,416	33,934
7,011,113	7,011,113	6,977,179	33,934
7,026,282	7,026,282	6,979,724	46,558
(7,026,282)	(7,026,282)	(6,951,760)	74,522
7,026,282	7,026,282	6,979,723	(46,559)
-	-	(27,963)	(27,963)
7,026,282	7,026,282	6,951,760	(74,522)
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

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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.

COUNTY OF SULLIVAN, NEW YORK

ENTERPRISE FUND
 SULLIVAN COUNTY ADULT CARE CENTER
 COMPARATIVE STATEMENT OF NET ASSETS
 DECEMBER 31, 2011 AND 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current Assets:		
Cash and equivalents	\$ 2,348,140	\$ 1,538,485
Accounts receivable, net	2,181,762	1,932,599
Prepaid expenses	16,745	15,702
Total Current Assets	<u>4,546,647</u>	<u>3,486,786</u>
Noncurrent Assets -		
Capital Assets:		
Buildings and Improvements	10,551,350	10,551,350
Machinery and equipment	486,208	443,194
Less accumulated depreciation	<u>(9,355,421)</u>	<u>(9,066,971)</u>
Total Capital Assets, net of accumulated depreciation	<u>1,682,137</u>	<u>1,927,573</u>
Total Assets	<u>6,228,784</u>	<u>5,414,359</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	189,999	241,992
Accrued interest payable	1,619	1,849
Accrued liabilities	2,661,356	636,420
Due to other funds	4,577,780	4,105,412
Current maturities of bonds payable	17,853	18,194
Retirement incentive obligation	44,598	26,985
Compensated absences	<u>84,065</u>	<u>79,928</u>
Total Current Liabilities	<u>7,577,270</u>	<u>5,110,780</u>
Noncurrent Liabilities:		
Bonds payable, less current maturities	20,371	25,792
Retirement incentive obligation	149,372	137,594
Compensated absences	756,578	719,352
Other postemployment benefit obligations payable	<u>6,163,277</u>	<u>5,129,808</u>
Total Noncurrent Liabilities	<u>7,089,598</u>	<u>6,012,546</u>
Total Liabilities	<u>14,666,868</u>	<u>11,123,326</u>
<u>NET ASSETS (DEFICIT)</u>		
Invested in capital assets, net of related debt	1,643,913	1,883,587
Unrestricted	<u>(10,081,997)</u>	<u>(7,592,554)</u>
Total Deficit	<u>\$ (8,438,084)</u>	<u>\$ (5,708,967)</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, 2011 AND 2010

	2011	2010
Operating Revenues:		
Departmental charges	\$ 11,161,369	\$ 10,680,881
Miscellaneous	299,211	296,422
Total Operating Revenues	<u>11,460,580</u>	<u>10,977,303</u>
Operating Expenses:		
Professional care of residents	5,850,131	5,823,105
General services	3,903,368	3,870,760
Administrative services	1,105,045	1,150,216
Employee benefits	4,905,809	4,542,498
Assessments	737,392	499,281
Depreciation and amortization	305,551	308,624
Other	2,960	15,290
Total Operating Expenses	<u>16,810,256</u>	<u>16,209,774</u>
Loss from Operations	<u>(5,349,676)</u>	<u>(5,232,471)</u>
Non-Operating Revenues (Expenses):		
Intergovernmental transfers	2,626,286	-
Interest income	8,601	14,477
Interest expense	(17,378)	(18,377)
Miscellaneous income	3,050	31,008
Total Non-Operating Revenues	<u>2,620,559</u>	<u>27,108</u>
Change in Net Assets	<u>(2,729,117)</u>	<u>(5,205,363)</u>
Deficit - Beginning of Year	<u>(5,708,967)</u>	<u>(503,604)</u>
Deficit - End of Year	<u>\$ (8,438,084)</u>	<u>\$ (5,708,967)</u>

COUNTY OF SULLIVAN, NEW YORK

ENTERPRISE FUND
 SULLIVAN COUNTY ADULT CARE CENTER
 COMPARATIVE STATEMENT OF CASH FLOWS
 YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Cash Flows From Operating Activities:		
Cash received from charges for services	\$ 10,919,544	\$ 10,000,437
Cash payments to vendors for goods and services	(1,730,890)	(2,658,958)
Cash payments to employees for services	(11,232,892)	(11,057,591)
Miscellaneous	299,211	296,422
Net Cash Used in Operating Activities	<u>(1,745,027)</u>	<u>(3,419,690)</u>
Cash Flows From Investing Activities -		
Interest and miscellaneous income	11,881	45,486
Cash Flows From Non-Capital Financing Activities:		
Intergovernmental transfers	2,626,286	-
Cash Flows From Capital and Related Financing Activities:		
Principal paid on bonds	(18,194)	(18,507)
Interest paid on bonds	(17,608)	(18,377)
Amortization of issuance costs and loss on refunding bonds	12,432	12,432
Acquisition of capital assets	(60,115)	(67,457)
Net Cash Used in Capital and Related Financing Activities	<u>(83,485)</u>	<u>(91,909)</u>
Net Increase (Decrease) in Cash and Equivalents	809,655	(3,466,113)
Cash and Equivalents - Beginning of Year	1,538,485	5,004,598
Cash and Equivalents - End of Year	<u>\$ 2,348,140</u>	<u>\$ 1,538,485</u>
Reconciliation of Loss from Operations to Net Cash		
Used in Operating Activities:		
Loss from operations	\$ (5,349,676)	\$ (5,232,471)
Adjustments to reconcile loss from operations to net cash		
cash used in operating activities:		
Depreciation and amortization expense	305,551	308,624
Loss on disposal of equipment	-	5,700
Changes in assets and liabilities:		
Accounts receivable	(249,163)	(680,577)
Prepaid expenses	(1,043)	8,285
Accounts payable	(51,993)	9,623
Accrued interest payable	(230)	-
Accrued liabilities	2,024,936	(134,071)
Due to other funds	472,368	978,333
Retirement incentive obligation	29,391	164,579
Compensated absences	41,363	(11,954)
Other postemployment benefit obligations	1,033,469	1,164,239
Net Cash Used in Operating Activities	<u>\$ (1,745,027)</u>	<u>\$ (3,419,690)</u>

COUNTY OF SULLIVAN, NEW YORK

ENTERPRISE FUND
 SULLIVAN COUNTY TOBACCO ASSET SECURITIZATION CORPORATION
 COMPARATIVE STATEMENT OF NET ASSETS
 DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Current Assets:		
Cash and equivalents	\$ 248,485	\$ 760,897
Accounts receivable	1,187,334	1,219,737
Prepaid expenses	<u>3,569</u>	<u>3,658</u>
Total Current Assets	<u>1,439,388</u>	<u>1,984,292</u>
Noncurrent Assets:		
Restricted cash and equivalents	110	110
Restricted investments	1,242,547	1,242,547
Cost of issuance, net of accumulated amortization of \$171,791 in 2011 and \$155,277 in 2010	<u>257,578</u>	<u>274,092</u>
Total Noncurrent Assets	<u>1,500,235</u>	<u>1,516,749</u>
Total Assets	<u>2,939,623</u>	<u>3,501,041</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accrued liabilities	64,881	66,459
Current maturities of bonds payable	<u>630,000</u>	<u>480,000</u>
Total Current Liabilities	694,881	546,459
Non-Current Liabilities -		
Bonds payable, less current maturities	<u>12,986,593</u>	<u>13,484,001</u>
Total Liabilities	<u>13,681,474</u>	<u>14,030,460</u>
<u>DEFICIT</u>		
Unrestricted	<u>\$ (10,741,851)</u>	<u>\$ (10,529,419)</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, 2011 AND 2010

	2011	2010
Operating Revenues - Tobacco settlement revenues	\$ 1,034,231	\$ 1,106,106
Operating Expenses:		
Professional fees	25,043	24,929
Insurance expense	4,372	4,489
Amortization	16,514	16,514
Total Operating Expenses	45,929	45,932
Income from Operations	988,302	1,060,174
Non-Operating Revenues (Expenses):		
Interest income	86,553	54,491
Interest expense	(794,052)	(814,723)
Total Non-Operating Expenses	(707,499)	(760,232)
Income Before Transfers	280,803	299,942
Transfers Out	(493,235)	-
Change in Net Assets	(212,432)	299,942
Deficit - Beginning of Year	(10,529,419)	(10,829,361)
Deficit - End of Year	\$ (10,741,851)	\$ (10,529,419)

COUNTY OF SULLIVAN, NEW YORK

ENTERPRISE FUND

SULLIVAN COUNTY TOBACCO ASSET SECURITIZATION CORPORATION

COMPARATIVE STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Cash Flows From Operating Activities:		
Cash received from tobacco settlement revenues	\$ 1,066,634	\$ 1,125,044
Cash payments to vendors for goods and services	(29,326)	(29,319)
Net Cash Provided by Operating Activities	1,037,308	1,095,725
Cash Flows From Investing Activities:		
Decrease in restricted cash and equivalents	-	580,930
Purchase of restricted investments	(1,242,547)	(1,242,547)
Sale of restricted investments	1,242,547	1,274,964
Interest income	86,553	54,491
Net Cash Provided by Investing Activities	86,553	667,838
Cash Flows from Capital and Related Financing Activities:		
Principal paid on bonds	(355,000)	(435,000)
Interest paid on bonds	(788,038)	(809,056)
Residual payment to County	(493,235)	-
Net Cash Used in Non-Capital Financing Activities	(1,636,273)	(1,244,056)
Net Increase (Decrease) in Cash and Equivalents	(512,412)	519,507
Cash and Equivalents - Beginning of Year	760,897	241,390
Cash and Equivalents - End of Year	\$ 248,485	\$ 760,897
Reconciliation of Income from Operations to Net Cash Provided by Operating Activities:		
Income from operations	\$ 988,302	\$ 1,060,174
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	32,403	18,938
Prepaid expenses	89	99
Net Cash Provided by Operating Activities	\$ 1,037,308	\$ 1,095,725
Noncash Investing Activities -		
Increase in bonds payable from amortization of original issue and underwriters' discounts	\$ 7,592	\$ 7,592

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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.

COUNTY OF SULLIVAN, NEW YORK

INTERNAL SERVICE FUND - WORKERS' COMPENSATION BENEFITS FUND
 COMPARATIVE STATEMENT OF NET ASSETS
 DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 451,082	\$ 883,688
Receivables:		
Accounts	2,332,010	2,296,466
Due from other funds	4,285,917	3,241,278
	<u>6,617,927</u>	<u>5,537,744</u>
Total Assets	<u>7,069,009</u>	<u>6,421,432</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accrued liabilities	585,362	561,002
Deferred revenues	80,617	287,389
Current portion of claims payable	489,000	477,000
Total Current Liabilities	<u>1,154,979</u>	<u>1,325,391</u>
Claims Payable, less current portion	<u>4,405,773</u>	<u>4,290,330</u>
Total Liabilities	<u>5,560,752</u>	<u>5,615,721</u>
<u>NET ASSETS</u>		
Unrestricted	<u>\$ 1,508,257</u>	<u>\$ 805,711</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, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Operating Revenues:		
Charges for services - internal	\$ 2,407,116	\$ 2,002,010
Charges for services - external	2,156,611	1,418,429
Insurance recoveries	<u>227,284</u>	<u>253,239</u>
Total Operating Revenues	4,791,011	3,673,678
Operating Expenses -		
Employee benefits	<u>4,089,093</u>	<u>3,628,276</u>
Income from Operations	701,918	45,402
Non-Operating Revenues - Interest income	<u>628</u>	<u>1,035</u>
Change in Net Assets	702,546	46,437
Net Assets - Beginning of Year	<u>805,711</u>	<u>759,274</u>
Net Assets - End of Year	<u>\$ 1,508,257</u>	<u>\$ 805,711</u>

COUNTY OF SULLIVAN, NEW YORK

INTERNAL SERVICE FUND - WORKERS' COMPENSATION BENEFITS FUND
 COMPARATIVE STATEMENT OF CASH FLOWS
 YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Cash Flows From Operating Activities:		
Cash received from charges for services	\$ 3,276,772	\$ 4,332,104
Cash received from insurance recoveries	227,284	253,239
Cash payments to insurance carriers and claimants	<u>(3,937,290)</u>	<u>(4,200,239)</u>
Net Cash Provided by (Used in) Operating Activities	(433,234)	385,104
Cash Flows From Investing Activities -		
Interest income	<u>628</u>	<u>1,035</u>
Net Increase (Decrease) in Cash	(432,606)	386,139
Cash - Beginning of Year	<u>883,688</u>	<u>497,549</u>
Cash - End of Year	<u>\$ 451,082</u>	<u>\$ 883,688</u>
Reconciliation of Income from Operations to Net Cash Provided by (Used in) Operating Activities:		
Income from operations	\$ 701,918	\$ 45,402
Adjustments to reconcile income from operations to net cash provided by (used in) operating activities -		
Changes in assets and liabilities:		
Accounts receivable	(35,544)	256,555
Due from other funds	(1,044,639)	397,733
Accrued liabilities	24,360	40,666
Deferred revenues	(206,772)	257,377
Claims payable	<u>127,443</u>	<u>(612,629)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (433,234)</u>	<u>\$ 385,104</u>

COUNTY OF SULLIVAN, NEW YORK

FIDUCIARY FUND - AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 YEAR ENDED DECEMBER 31, 2011

	Balance January 1, 2011	Increases	Decreases	Balance December 31, 2011
<u>ASSETS</u>				
Cash - Demand deposits	\$ 2,918,611	\$ 79,569,076	\$ 79,350,000	\$ 3,137,687
Accounts Receivable	2,960	63,136,733	63,133,048	6,645
Total Assets	<u>\$ 2,921,571</u>	<u>\$ 142,705,809</u>	<u>\$ 142,483,048</u>	<u>\$ 3,144,332</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 273,365	\$ 24,825,342	\$ 25,074,423	\$ 24,284
Employee Payroll Deductions	148,331	57,882,729	57,894,678	136,382
Deposits	2,499,875	25,255,664	24,771,873	2,983,666
Total Liabilities	<u>\$ 2,921,571</u>	<u>\$ 107,963,735</u>	<u>\$ 107,740,974</u>	<u>\$ 3,144,332</u>

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**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 TEN 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.

<u>2006</u>	<u>2007</u>	<u>2008 (1)</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 45,700,511	\$ 38,417,445	\$ 61,589,988	\$ 69,015,657	\$ 70,516,266	\$ 76,768,306
2,118,289	1,014,666	11,771,895	8,500,676	8,517,769	8,270,567
<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>(27,051,908)</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>	<u>\$ 57,986,965</u>
\$ 1,937,042	\$ 2,025,110	\$ 2,076,502	\$ 2,124,380	\$ 1,883,587	\$ 1,643,913
<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>(20,823,848)</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>	<u>\$ (19,179,935)</u>
\$ 47,637,553	\$ 40,442,555	\$ 63,666,490	\$ 71,140,037	\$ 72,399,853	\$ 78,412,219
2,118,289	1,014,666	11,771,895	8,500,676	8,517,769	8,270,567
<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>(47,875,756)</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>	<u>\$ 38,807,030</u>

COUNTY OF SULLIVAN, NEW YORK

CHANGES IN NET ASSETS
LAST TEN 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	137,261,755	137,692,644	148,592,098	148,910,427
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	11,852,418	12,391,116	12,911,440	13,138,454
Total Primary Government Expenses	\$ 149,114,173	\$ 150,083,760	\$ 161,503,538	\$ 162,048,881
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	71,381,036	73,476,208	70,673,573	65,913,122
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	10,804,542	10,525,057	10,481,288	10,781,561
Total Primary Government Program Revenues	\$ 82,185,578	\$ 84,001,265	\$ 81,154,861	\$ 76,694,683

	2006	2007	2008(1)	2009	2010	2011
\$	20,393,273	\$ 24,516,886	\$ 17,114,529	\$ 17,432,319	\$ 20,573,018	\$ 18,610,178
	5,341,804	5,489,354	6,622,720	6,771,949	6,011,024	5,800,343
	18,409,153	22,486,088	23,456,337	23,927,441	24,460,208	24,267,723
	20,826,613	23,526,196	25,389,140	23,906,533	23,818,137	24,063,061
	18,753,073	20,910,476	15,723,127	18,423,675	21,447,683	19,677,365
	49,349,886	50,064,825	54,082,395	59,353,745	56,207,703	57,259,852
	2,147,178	2,294,525	3,187,191	3,088,411	3,038,366	3,231,074
	5,933,563	631,759	8,859,856	9,470,621	7,114,794	9,743,923
	3,439,780	3,265,875	2,491,364	2,334,358	2,350,765	2,863,482
	<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>	<u>165,517,001</u>
	13,078,760	14,427,641	14,907,433	17,212,907	16,228,151	16,827,634
	-	-	903,018	882,994	860,655	839,981
	<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>17,667,615</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>	<u>183,184,616</u>
\$	2,426,989	\$ 2,317,104	\$ 2,433,889	\$ 2,524,940	\$ 2,573,330	\$ 2,520,630
	-	-	67,120	52,644	42,553	235,678
	1,022,160	580,086	1,450,584	1,574,307	1,578,510	1,881,807
	10,453,604	10,021,037	7,679,516	10,680,595	9,505,384	8,628,023
	949,373	1,890,474	1,908,668	1,373,681	964,553	1,509,166
	2,554,493	2,796,860	2,328,255	2,461,848	2,733,305	3,040,513
	176,387	169,138	200,230	153,442	148,258	188,196
	6,981,774	7,032,512	6,175,827	5,109,884	9,241,673	11,587,218
	40,422,191	39,935,423	40,874,585	45,604,484	45,364,696	42,207,077
	262,266	938,606	6,446,290	2,026,614	2,471,353	1,620,224
	<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>	<u>73,418,532</u>
	11,413,535	11,009,162	12,455,417	11,090,401	10,977,303	11,460,580
	-	-	5,792	-	-	2,626,286
	-	-	20,000	-	-	-
	-	-	1,334,160	1,373,566	1,106,106	1,034,231
	<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>15,121,097</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>	<u>88,539,629</u>

(Continued)

COUNTY OF SULLIVAN, NEW YORK

CHANGES IN NET ASSETS (Continued)
LAST TEN 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>
Governmental Activities:				
General Revenues :				
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
Sale of Property and Compensation for Loss	-	-	-	-
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:				
General Revenues:				
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.

2006	2007	2008(1)	2009	2010	2011
\$ (79,345,086) (1,665,225)	\$ (87,504,744) (3,418,479)	\$ (87,361,695) (1,995,082)	\$ (93,146,613) (5,631,934)	\$ (90,398,083) (5,005,397)	\$ (92,098,469) (2,546,518)
<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>	<u>\$ (94,644,987)</u>
\$ 44,422,184 - 35,490,723 - 1,697,405 3,109,057 (2,717,623)	\$ 47,854,011 - 38,931,199 - 1,579,506 3,197,737 (2,046,700)	\$ 41,809,497 5,252,252 39,691,935 - 504,051 315,280 -	\$ 46,790,101 6,318,080 35,766,177 - 158,195 272,608 -	\$ 48,690,132 6,633,477 35,304,348 - 112,113 237,810 -	\$ 48,065,549 7,606,522 35,103,619 263,115 75,953 - 493,235
<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>	<u>91,607,993</u>
7,309 - - 2,717,623	6,684 - 5,400 2,046,700	- - 7,590 -	112,476 6,192,294 16,093 -	68,968 - 31,008 -	95,154 - 3,050 (493,235)
<u>2,724,932</u>	<u>2,058,784</u>	<u>7,590</u>	<u>6,320,863</u>	<u>99,976</u>	<u>(395,031)</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>	<u>\$ 91,212,962</u>
\$ 2,656,660 1,059,707	\$ 2,011,009 (1,359,695)	\$ 211,320 (1,987,492)	\$ (3,841,452) 688,929	\$ 579,797 (4,905,421)	\$ (490,476) (2,941,549)
<u>\$ 3,716,367</u>	<u>\$ 651,314</u>	<u>\$ (1,776,172)</u>	<u>\$ (3,152,523)</u>	<u>\$ (4,325,624)</u>	<u>\$ (3,432,025)</u>

COUNTY OF SULLIVAN, NEW YORK

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2002	2003	2004	2005
General Fund:				
Restricted	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
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:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
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.

(2) Components of fund balance were reclassified with the December 31, 2011 implementation of Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

2006	2007	2008 (1)	2009	2010	2011 (2)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 554,732
-	-	-	-	-	11,914,377
-	-	-	-	-	7,925,968
-	-	-	-	-	2,737,515
1,656,142	2,264,316	1,066,049	1,983,965	1,164,799	-
23,743,431	22,114,837	19,802,670	17,870,045	23,297,252	-
<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>	<u>\$ 23,132,592</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 675,000
-	-	-	-	-	691,527
-	-	-	-	-	3,123,551
-	-	-	-	-	(9,282,628)
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	-
(4,252,474)	3,051,398	1,314,486	(6,246,400)	(5,805,546)	-
<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>\$ (4,792,550)</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>	<u>\$ 18,340,042</u>

COUNTY OF SULLIVAN, NEW YORK

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN 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.

	2006	2007	2008(1)	2009	2010	2011
\$	39,239,740	\$ 41,745,084	\$ 39,863,381	\$ 42,132,012	\$ 49,825,309	\$ 47,403,913
	5,542,254	5,366,993	5,252,252	6,318,080	6,633,477	7,606,522
	35,795,876	38,934,175	39,691,935	35,766,177	35,304,348	35,103,619
	27,309,505	26,880,981	24,753,634	26,319,095	30,944,301	32,498,904
	2,052,047	3,272,524	2,162,156	2,274,525	1,966,413	1,900,270
	2,021,199	2,099,706	956,458	418,700	347,208	267,747
	37,795	32,645	44,590	29,860	25,910	33,600
	306,064	282,150	217,220	336,312	313,712	253,020
	2,122,255	1,327,946	1,180,834	397,610	177,224	49,790
	1,803,156	1,876,365	1,782,203	1,667,981	11,083	12,801
	21,853,625	21,753,982	28,109,378	22,501,577	19,793,237	19,532,927
	18,830,831	19,120,046	17,981,659	21,700,290	24,573,646	20,841,709
	3,925,315	4,379,722	3,288,754	5,722,219	3,301,136	3,360,287
	<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>	<u>168,865,109</u>
	21,408,614	22,513,936	23,139,969	22,964,458	23,021,148	23,091,977
	4,984,706	5,125,716	5,267,829	5,534,473	5,509,250	5,317,421
	20,244,415	21,656,492	21,521,334	20,924,956	22,490,855	22,739,389
	22,565,624	23,787,895	24,627,930	23,238,111	22,938,752	23,447,003
	19,166,587	23,687,474	21,254,149	16,913,655	17,717,903	17,221,839
	52,402,446	51,207,103	52,378,731	57,380,014	53,135,382	55,167,983
	3,095,789	2,923,233	3,112,943	3,097,943	3,108,254	3,194,231
	6,863,167	6,139,977	6,057,828	7,744,566	8,615,212	8,758,568
	3,680,155	4,933,700	4,880,524	5,016,457	5,089,763	6,163,806
	3,320,171	3,247,355	2,474,081	2,361,233	2,238,712	3,194,187
	6,802,923	7,189,972	7,756,734	8,983,636	20,831,316	6,096,810
	<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>174,393,214</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>	<u>(5,528,105)</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	27,835,452
	(22,534,864)	(27,946,338)	(18,056,305)	(20,887,654)	(24,388,607)	(27,342,217)
	<u>2,645,438</u>	<u>15,163,411</u>	<u>-</u>	<u>-</u>	<u>17,679,457</u>	<u>493,235</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>	<u>\$ (5,034,870)</u>
	4.4%	5.2%	4.8%	4.6%	4.6%	5.7%

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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
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
2011	47,403,913	32,911,401	558,728	325,031

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
\$ 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
310,179	476,223	81,985,475

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
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	-
2011	6,617,749,695	25,273,775	66,046,153	115,187,844	-

(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>
\$ 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
1,391,241,016	5,433,016,451	21.73	9,087,396,624	59.79

COUNTY OF SULLIVAN, NEW YORK

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

	2002	2003	2004	2005	2006
County Effective Rate (1)	\$ 15.17	\$ 14.31	\$ 14.99	\$ 16.23	\$ 22.26
County Direct Rates (2)	5.44-103.54	5.37-95.49	5.28-98.39	5.55-109.04	3.15-100.00
Town Rates	2.47-75.99	2.42-84.33	2.56-86.02	2.04-91.68	2.18-94.02
Village Rates	3.80-20.37	4.00-20.91	4.00-19.99	4.20-20.46	4.40-20.63
School Districts	13.20-441.70	14.52-442.30	15.00-495.42	15.17-618.21	14.71-544.76
Fire Districts	.34-28.89	.20-36.65	.31-36.46	.22-35.97	.31-54.19
Sewer Districts	11.54-738.61	4.51-757.10	4.01-833.45	4.19-914.38	4.25-1,047.23
Other Special Districts	.06-13.17	.07-13.14	.07-13.07	.06-11.71	.06-11.01

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.

2007	2008	2009	2010	2011
\$ 18.36	\$ 18.68	\$ 20.02	\$ 21.08	\$ 21.73
5.32-118.70	4.73-117.19	4.92 - 125.12	5.08 - 141.64	5.47 - 148.45
2.22-99.37	2.29-103.23	1.81 - 103.57	1.85 - 105.27	1.75 - 109.03
4.65-20.35	5.39-20.35	5.82 - 20.64	5.95 - 20.99	5.99 - 21.27
12.44-527.08	12.39-533.26	12.82 - 578.94	13.44 - 610.26	13.01 - 661.01
.26-53.60	.29-33.44	.29 - 34.41	.32 - 39.35	.31 - 41.95
3.84-1,181.33	2.99-1,152.36	2.95 - 1,183.51	2.89 - 1,535.74	.12 - 1255.65
.02-4.84	.02-10.91	.06 - 12.12	.01 - 12.05	.03 - 11.56

COUNTY OF SULLIVAN, NEW YORK

PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

2011				
Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Taxable Assessed Valuation
1	NYSEG	Utility	\$ 94,786,600	1.74 %
2	Verizon	Utility	27,321,941	0.50
3	State of New York	Government	25,340,955	0.47
4	Orange & Rockland	Utility	22,319,770	0.41
5	Catskill Development	Raceway	20,449,200	0.38
6	City of New York	Government	18,326,350	0.34
7	Kutshers	Resort	11,000,000	0.20
8	Thompson Station, Inc.	Retail	10,567,700	0.19
9	Wal-Mart Realty	Retail	10,000,000	0.18
10	Mirant	Utility	9,526,694	0.18
	Total		<u>\$ 249,639,210</u>	<u>4.59 %</u>

2002				
Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Taxable Assessed Valuation
1	City of New York	Government	\$ 275,468,070	7.07 %
2	NYSEG	Utility	103,077,083	2.65
3	Mirant	Utility	88,950,441	2.28
4	Verizon	Utility	50,820,872	1.31
5	State of New York	Government	31,521,887	0.81
6	Kiamesha Concord	Resort	16,500,000	0.42
7	Citizens	Utility	12,475,337	0.32
8	Central Hudson	Utility	10,773,004	0.28
9	Wal-Mart Realty	Retail	11,000,000	0.28
10	Kutshers	Resort	7,025,000	0.18
	Total		<u>\$ 607,611,694</u>	<u>15.60 %</u>

COUNTY OF SULLIVAN, NEW YORK

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Year	County Taxes Levied for the Fiscal Year (1)	Collected within the Current Period of the Levy		Delinquent Collections in Subsequent Periods	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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
2011	128,522,636	105,162,255	81.82	10,332,550	115,494,805	89.86

(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>				
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
2011	54,807,544	205,796	854,690	54,158,650
<u>Business-Type Activities</u>				
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
2011	13,837,456	-	-	13,837,456
<u>Total Primary Government</u>				
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
2011	68,645,000	205,796	854,690	67,996,106

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

(2) - Based on values presented in the schedule of assessed value and estimated actual value of taxable property

Percentage of Personal Income (1)	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita (1)
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
1.98	0.60	698.40
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
0.51	0.15	178.44
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
2.48	0.75	876.84

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COUNTY OF SULLIVAN, NEW YORK

DIRECT AND UNDERLYING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2011

	Gross Long-Term Debt (1)	Exclusions (2)	Amount Applicable to County
Towns: (as of December 31, 2011)			
Bethel	\$ 5,621,000	\$ 5,621,000	\$ -
Callicoon	847,534	158,873	688,661
Cochecton	-	-	-
Delaware	447,400	357,800	89,600
Fallsburg	11,614,501	3,671,922	7,942,579
Forestburgh	100,000	-	100,000
Fremont	-	-	-
Highland	204,596	-	204,596
Liberty	4,962,762	2,082,500	2,880,262
Lumberland	1,844,800	-	1,844,800
Mamakating	-	-	-
Neversink	-	-	-
Rockland	1,055,000	415,000	640,000
Thompson	7,991,481	4,234,123	3,757,358
Tusten	74,766	72,016	2,750
Villages: (as of May 31, 2011)			
Bloomington	247,000	247,000	-
Jeffersonville	90,000	90,000	-
Liberty	5,116,036	4,881,862	234,174
Monticello	3,494,920	3,338,000	156,920
Woodridge	8,580,400	8,580,400	-
Wurtsboro	1,828,800	-	1,828,800
School Districts: (as of June 30, 2011)			
Eldred	19,231,546	-	19,231,546
Fallsburg	15,717,437	-	15,717,437
Liberty	35,077,875	-	35,077,875
Livingston Manor	1,755,000	-	1,755,000
Monticello	36,295,000	-	36,295,000
Roscoe	3,120,000	-	3,120,000
Sullivan West	34,250,000	-	34,250,000
Tri-Valley	11,370,000	-	11,370,000
Total Underlying Debt	210,937,854	33,750,496	177,187,358
Direct Bonded Debt of the County	54,807,544	13,205,796	41,601,748
Direct and Underlying Debt	<u>\$ 265,745,398</u>	<u>\$ 46,956,292</u>	<u>\$ 218,789,106</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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Debt Limit	\$ 292,822,909	\$ 295,136,125	\$ 302,192,226	\$ 313,140,067
Total Net Debt Applicable to Limit	<u>46,914,418</u>	<u>53,791,397</u>	<u>53,797,499</u>	<u>65,176,359</u>
Legal Debt Margin	<u>\$ 245,908,491</u>	<u>\$ 241,344,728</u>	<u>\$ 248,394,727</u>	<u>\$ 247,963,708</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	16.02%	18.23%	17.80%	20.81%

Legal Debt Margin Calculation for Fiscal Year 2011

Five Year Full Valuation of Taxable Real Property	<u>\$ 44,954,243,323</u>
Five Year Average Full Valuation of Taxable Real Property	<u>\$ 8,990,848,665</u>
Debt Limit - 7% of Five Year Average Full Valuation	<u>\$ 629,359,407</u>
Outstanding Indebtedness:	
Serial Bonds (1)	54,910,000
Bond Anticipation Notes	<u>15,685,000</u>
	70,595,000
Less Exclusions	<u>20,551</u>
Net Indebtedness Subject to Debt Limit	<u>70,574,449</u>
Net Debt Contracting Margin	<u>\$ 558,784,958</u>
Percentage of Debt Contracting Power Exhausted as of December 31, 2011	11.21 %

(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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 369,480,284	\$ 418,676,264	\$ 478,441,119	\$ 569,605,057	\$ 600,291,330	\$ 629,359,407
<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>70,574,449</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>	<u>\$ 558,784,958</u>
17.39%	15.17%	13.72%	10.96%	13.47%	11.21%

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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

Principal Employers

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>
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	35,332	9.2
2011	77,547 (4)	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 2011 is not currently available

COUNTY OF SULLIVAN, NEW YORK

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

<u>EMPLOYER</u>	2011	
	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL EMPLOYMENT</u>
SDTC - The Center for Discovery	1,450	4.80 %
Sullivan County Government	1,137	3.76
Catskill Regional Medical Center	861	2.85
Monticello Central School District	658	2.18
New Hope Community Inc	553	1.83
NYSARC Inc / Community Resource Center	542	1.79
Villa Roma Resort	435	1.44
Sullivan Correctional Facility - NYS	433	1.43
Woodbourne Correctional Facility - NYS	420	1.39
Ideal Snacks	360	1.19
	<u>6,849</u>	<u>22.66 %</u>

<u>EMPLOYER</u>	2002	
	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL EMPLOYMENT</u>
Sullivan County Government	1,260	5.00 %
Kohl's Corporation	900	3.57
SDTC - The Center for Discovery	860	3.41
Catskill Regional Medical Center	820	3.25
Monticello Central School District	700	2.78
SYDA Foundation	583	2.31
Wal-Mart Associates	500	1.98
NYSARC Inc / Community Resource Center	470	1.86
Sullivan Correctional Facility - NYS	460	1.83
Woodbourne Correctional Facility - NYS	435	1.73
	<u>6,988</u>	<u>27.72 %</u>

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

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Operating Information

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

Full-Time Equivalent County Government Employees by Program

Operating Indicators by Function

Capital Asset Statistics by Function

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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Government	169	171	177	169
Public Safety	193	176	196	191
Health/Adult Care Center	277	277	292	280
Transportation	117	118	124	131
Economic Opportunity and Development	185	183	185	194
Culture and Recreation	17	18	20	21
Home and Community Services	41	41	44	41
Total	<u>999</u>	<u>984</u>	<u>1,038</u>	<u>1,027</u>

Source - Annual County Budget

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
174	171	221	187	180	175
191	185	222	228	211	212
283	280	326	331	296	291
126	127	124	113	94	96
214	194	212	212	179	169
19	18	35	35	32	32
<u>42</u>	<u>40</u>	<u>46</u>	<u>29</u>	<u>24</u>	<u>23</u>
<u><u>1,049</u></u>	<u><u>1,015</u></u>	<u><u>1,186</u></u>	<u><u>1,135</u></u>	<u><u>1,016</u></u>	<u><u>998</u></u>

COUNTY OF SULLIVAN, NEW YORK

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2002	2003	2004	2005
Public Safety:				
Sheriff:				
Arrests	2,108	2,341	2,068	2,003
Traffic summonses	3,775	3,280	3,874	3,193
DWI summonses	114	114	101	92
Jail -				
Inmates	1,637	1,768	1,771	1,768
Transportation:				
Road paving (miles)	43.0	51.7	47.3	14.7
Road chip seal (miles)	28.6	36.1	36.5	52.0
Bridge replacement	7	6	5	5
Bridge rehabilitation	1	1	2	-
Culture and Recreation:				
Park and pavilion permits	NA	NA	NA	57
Lake Superior attendance	18,355	16,198	13,126	18,169
Fort Delaware attendance	5,142	4,289	3,805	4,327
Home and Community Services:				
Refuse collection (tons per day)(1)	673.39	683.99	463.18	257.62
Recyclables collected (tons per day)	13.11	21.69	13.04	13.61

(1) - Importation at the landfill ceased during 2004

NA - not applicable

Source: Various County Departments

2006	2007	2008	2009	2010	2011
1,434	1,537	1,535	1,332	1,511	1,473
2,169	1,737	2,621	2,629	3,552	2,405
80	80	81	102	110	83
1,714	1,873	1,722	1,630	1,664	1,616
34.9	22.9	19.4	26.6	37.2	14.9
7.0	57.4	-	-	39	29
2	6	2	1	2	2
1	-	3	6	4	1
59	57	85	89	80	74
16,647	17,426	17,827	14,300	16,788	14,634
2,977	4,523	3,878	3,832	3,463	3,449
234.02	219.29	209.30	238.30	195.00	153.00
14.02	16.86	16.76	21.37	17.95	13.78

COUNTY OF SULLIVAN, NEW YORK

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2002	2003	2004	2005
Public Safety:				
Sheriff:				
Jail	1	1	1	1
Prisoner transportation vans	NA	NA	4	4
Cars	NA	NA	21	21
SUVs	NA	NA	3	3
Pickups	NA	NA	NA	NA
Electric cars	NA	NA	NA	NA
ATVs	NA	NA	NA	NA
Boats	NA	NA	1	1
Tactical Vehicle	NA	NA	NA	NA
Transportation				
Roads (miles)	386.7	386.7	386.7	386.7
Traffic signals	8	8	8	8
Flashing beacons	26	26	26	26
Bridges	400	400	400	400
Culture and Recreation				
Parks acreage	1,550	1,550	1,550	1,550
Playgrounds	1	1	1	1
Home and Community Services				
Landfill acres	42.5	42.5	42.5	42.5
Transfer stations	5	5	5	5
Haul trucks	6	6	6	6

Source - Various County Departments

2006	2007	2008	2009	2010	2011
1	1	1	1	1	1
4	2	2	2	2	2
21	32	28	30	27	21
5	10	9	8	7	8
NA	NA	NA	2	2	1
NA	NA	NA	3	3	3
NA	NA	NA	3	3	3
1	1	2	2	2	2
NA	NA	NA	NA	NA	1
386.7	386.7	386.8	385.6	385.4	385.4
8	8	8	8	9	9
26	26	26	26	25	25
400	400	400	400	400	398
1,550	1,550	1,550	1,550	1,550	1,572
2	2	2	2	2	2
45.8	45.8	45.8	45.8	45.8	45.8
5	5	5	5	5	6
4	4	4	6	6	6

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**FEDERAL
AWARDS**

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

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

We have audited the 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, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 27, 2012. Our report includes a reference to 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. Other auditors audited the financial statements of the Sullivan County Community College (a component unit), the Sullivan County Industrial Development Agency (a component unit), the Emerald Corporate Center Economic Development Corporation (a component unit) and the Sullivan County Funding Corporation (a component unit), as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

Management of the County is responsible for establishing and maintaining effective 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 opinion 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2011-01.

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

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

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, LLP

O'Connor Davies, LLP
Harrison, New York
June 27, 2012

**REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

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

Compliance

We have audited the County of Sullivan, New York's ("County") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB Circular A-133 Compliance Supplement*) that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2011. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Sullivan County Community College (a component unit), which received \$7,940,665 in federal awards which is not included in the schedule during the year ended December 31, 2011. Our audit, described below, did not include the operations of the Sullivan County Community College, as another auditor was engaged to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

O'CONNOR DAVIES, LLP

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Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item 2011-01. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the Board of Legislators, management, 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, LLP

O'Connor Davies, LLP
Harrison, New York
June 27, 2012

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED DECEMBER 31, 2011

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Non ARRA (2)</u>	<u>Federal CFDA ARRA (2)</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Indirect Program - Passed through New York State Department of Health -				
Special Supplemental Nutrition Program for Woman, Infants and Children	10.557	\$ 1,729,652	\$	\$ 1,729,652
Indirect Program - Passed through New York State Department of Social Services -				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	1,031,221		1,031,221
Direct Program -				
Rural Business Opportunity Grants	10.773	28,308		<u>28,308</u>
Total U.S. Department of Agriculture				<u>2,789,181</u>
<u>U.S Department of Labor</u>				
Indirect Program - Passed through New York State Office for the Aging -				
Senior Community Service Employment	17.235	36,852		<u>36,852</u>
Indirect Programs - Passed through New York State Department of Labor:				
<i>WIA Cluster:</i>				
WIA Adult Program	17.258	197,798		197,798
WIA Adult Program (ARRA)	17.258		26,191	26,191
WIA Youth Activities	17.259	273,507		273,507
WIA Youth Activities (ARRA)	17.259		16,823	16,823
WIA Dislocated Worker Formula Grants	17.278	272,005		272,005
WIA Dislocated Worker Formula Grants (ARRA)	17.278		15,875	<u>15,875</u>
Cluster Sub-total				<u>802,199</u>
Total U.S. Department of Labor				<u>839,051</u>

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
 YEAR ENDED DECEMBER 31, 2011

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Non ARRA (2)</u>	<u>Federal CFDA ARRA (2)</u>	<u>Federal Program Expenditures</u>
<u>U.S Department of Transportation</u>				
Direct Program -				
Airport Improvement Program	20.106	\$ 1,293,759	\$	\$ 1,293,759
Indirect Programs - Passed through New York State Department of Transportation:				
Highway Planning and Construction	20.205	238,422		238,422
Highway Planning and Construction (ARRA)	20.205		1,906	1,906
State and Community Highway Safety	20.600	40,517		40,517
Indirect Program - Passed through New York State Department of Justice -				
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	30,729		<u>30,729</u>
Total U.S. Department of Transportation				<u>1,605,333</u>
<u>U.S Department of Energy</u>				
Indirect Program - Passed through New York State Department of Energy Research and Development Authority -				
Energy Efficiency and Conservation Block Grant Program	81.128	55,000		<u>55,000</u>
<u>U.S Department of Education</u>				
Indirect Programs - Passed through New York State Department of Education:				
Special Education - Grants for Infants and Families	84.181	47,048		47,048
State Fiscal Stabilization Fund (ARRA)	84.397		15,366	<u>15,366</u>
Total U.S. Department of Education				<u>62,414</u>

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
 YEAR ENDED DECEMBER 31, 2011

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Non ARRA (2)</u>	<u>Federal CFDA ARRA (2)</u>	<u>Federal Program Expenditures</u>
<u>U.S Department of Health and Human Services</u>				
Indirect Programs - Passed through New York State Office for the Aging:				
<i>Aging Cluster:</i>				
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.044	\$ 92,988	\$	\$ 92,988
Special Programs for the Aging - Title III, Part C Nutrition Services	93.045	173,634		173,634
Nutrition Services Incentive Program	93.053	53,218		<u>53,218</u>
Cluster Sub-total				319,840
Special Programs for the Aging - Title III, Part D Disease Prevention and Health Promotion Services	93.043	5,788		5,788
National Family Caregiver Support - Title III, Part E	93.052	37,701		37,701
Global AIDS	93.067	12,265		12,265
Medicare Enrollment Assistance Program	93.071	19,660		19,660
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	32,374		32,374
Maternal and Child Health Services Block Grant to the States	93.994	28,044		28,044
Indirect Programs - Passed through New York State Department of Health and Human Services:				
<i>Immunization Cluster:</i>				
Immunization Grants	93.268	20,847		20,847
Immunization (ARRA)	93.712		12,814	<u>12,814</u>
Cluster Sub-total				33,661
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	47,191		47,191

(Continued)

COUNTY OF SULLIVAN, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
 YEAR ENDED DECEMBER 31, 2011

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Non ARRA (2)</u>	<u>Federal CFDA ARRA (2)</u>	<u>Federal Program Expenditures</u>
Indirect Programs - Passed through New York State Department of Family Assistance:				
<i>TANF Cluster:</i>				
Temporary Assistance for Needy Families Emergency Contingency Fund for Temporary Assistance for Needy Families (ARRA)	93.558	\$ 6,456,529	\$	\$ 6,456,529
	93.714		25,215	<u>25,215</u>
Cluster Sub-total				6,481,744
Child Support Enforcement	93.563	349,219		349,219
Child Support Enforcement (ARRA)	93.563		31,321	31,321
Low-Income Home Energy Assistance	93.568	4,271,503		4,271,503
Child Care and Development Block Grant	93.575	1,804,424		1,804,424
Child Welfare Services - State Grants	93.645	315,275		315,275
Foster Care - Title IV-E	93.658	1,762,956		1,762,956
Foster Care - Title IV-E (ARRA)	93.658		53,457	53,457
Adoption Assistance	93.659	166,639		166,639
Adoption Assistance (ARRA)	93.659		9,709	9,709
Social Services Block Grant	93.667	822,591		822,591
Chafee Foster Care Independence Program	93.674	41,722		41,722
Medical Assistance Program	93.778	1,425,182		1,425,182
Medical Assistance Program (ARRA)	93.778		2,172,196	<u>2,172,196</u>
Total U.S. Department of Health and Human Services				<u>20,244,462</u>
<u>Corporation for National and Community Service</u>				
Direct Program -				
Retired and Senior Volunteer Program	94.002	56,105		<u>56,105</u>

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Concluded)
 YEAR ENDED DECEMBER 31, 2011

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Non ARRA (2)</u>	<u>Federal CFDA ARRA (2)</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Homeland Security</u>				
Indirect Programs - Passed through New York State Emergency Management Office:				
Disaster Grants - Public Assistance	97.036	\$ 435,110	\$	\$ 435,110
Hazard Mitigation Grant	97.039	58,500		58,500
Interoperable Emergency Communications	97.055	67,216		67,216
Homeland Security Grant Program	97.067	297,152		<u>297,152</u>
Total U.S. Department of Homeland Security				<u>857,978</u>
Total Federal Expenditures		<u>\$ 24,128,651</u>	<u>\$ 2,380,873</u>	<u>\$ 26,509,524</u>

(1) Catalog of Federal Domestic Assistance number.
 (2) American Recovery and Reinvestment Act

NOTE A - SUMMARY OF ACCOUNTING POLICIES

1. *General*

The accompanying Schedule of Expenditures of Federal Awards presents all activity of all federal awards programs for the year ended December 31, 2011. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the Schedule.

2. *Basis of Accounting*

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

3. *Relationship to Financial Statements*

The County's fund financial statements are presented using the modified accrual basis of accounting.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2011

NONE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2011

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified yes no
- Significant deficiency(ies) identified? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program
93.575	Child Care and Development Block Grant
93.778	Medical Assistance Program
93.778	Medical Assistance Program-ARRA

Dollar threshold used to distinguish between Type A and Type B programs: \$795,286

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

Finding 2011-01: Payroll Charges – CFDA 93.575 Child Care and Development Block Grant

Criteria: Payroll charges should be supported by personnel activity reports such as time and attendance records in accordance with OMB Circular A-87.

Condition: It was noted during our review of an employees' timesheets had time being charged to this grant improperly due to a clerical error.

Context: As a result of a review of the County's timesheets for personnel costs allocated to this program, one employees' time was allocated to this grant instead of a different grant.

Effect: Expenditures are improperly charged to this grant.

Cause: A clerical error and lack of oversight over the allocation of payroll expenditures.

Recommendation: The County should implement better oversight over the allocation of payroll expenditures.

Management Response: A correction was done immediately and retroactively to January 2012. Supplemental claims for 2011 costs to correct allocations between this grant and the other grant will be executed as soon as New York State implements its new claims system.

