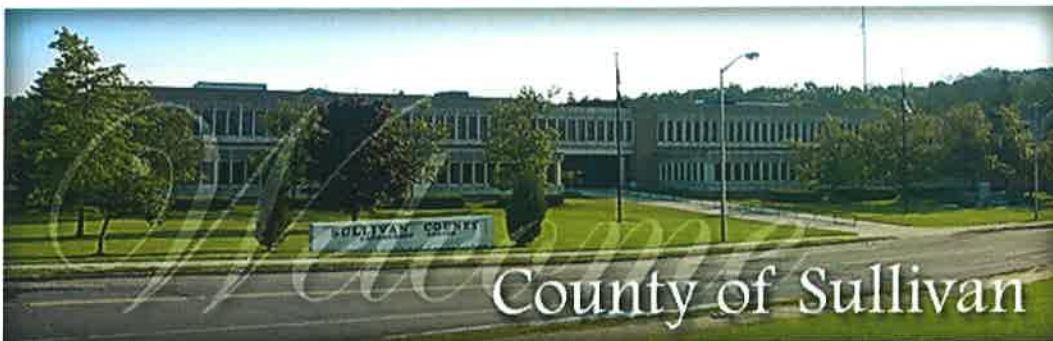


# COUNTY OF SULLIVAN, NEW YORK



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED  
DECEMBER 31, 2012

COUNTY OF SULLIVAN, NEW YORK

Table of Contents

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Principal Officials	i
Organizational Chart	ii
Letter of Transmittal	iii
Certificate of Achievement for Excellence in Financial Reporting	xiii
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 16
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet - Governmental Funds	19
Reconciliation of Governmental Funds Balance Sheet to the Government Wide Statement of Net Position - Governmental Activities	20
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	21
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual - General, County Road and Refuse and Garbage Funds	23 - 25
Proprietary Funds:	
Statement of Net Position - Proprietary Funds	26
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	27
Statement of Cash Flows - Proprietary Funds	28
Statement of Assets and Liabilities - Fiduciary Fund	29
Component Units:	
Statement of Net Position	30
Statement of Activities	31
Notes to Financial Statements	32 - 71
Required Supplementary Information - Other Postemployment Benefits - Schedule of Funding Progress - Last Three Fiscal Years	72

COUNTY OF SULLIVAN, NEW YORK

Table of Contents, Continued

	<u>Page</u>
Combining and Individual Fund Financial Statements and Schedules:	
Major Governmental Funds:	
General Fund:	
Comparative Balance Sheets	73
Comparative Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual	74 - 75
Schedule of Revenue and Other Financing Sources Compared to Budget - With Prior Year Actual	76 - 84
Schedule of Expenditures and Other Financing Uses Compared to Budget - With Prior Year Actual	85 - 90
County Road Fund:	
Comparative Balance Sheets	91
Comparative Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual	92 - 93
Refuse and Garbage Fund:	
Comparative Balance Sheets	94
Comparative Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual	95 - 96
Capital Projects Fund:	
Comparative Balance Sheets	97
Comparative Statement of Revenue, Expenditures and Changes in Fund Balance Project-Length Schedule	98 99 - 100
Non-Major Governmental Funds:	
Combining Balance Sheet	101
Combining Statement of Revenue, Expenditures and Changes in Fund Balances	102
Road Machinery Fund:	
Comparative Balance Sheets	103
Comparative Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual	104 - 105
Community Development Fund:	
Comparative Balance Sheets	106
Comparative Statement of Revenue, Expenditures and Changes in Fund Balance	107
Debt Service Fund:	
Comparative Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual	108 - 109

COUNTY OF SULLIVAN, NEW YORK

Table of Contents, Continued

	<u>Page</u>
Proprietary Funds:	
Enterprise Funds:	
Sullivan County Adult Care Center:	
Comparative Statements of Net Position	110
Comparative Statements of Revenue, Expenses and Changes in Net Position	111
Comparative Statements of Cash Flows	112
Sullivan County Tobacco Asset Securitization Corporation:	
Comparative Statements of Net Position	113
Comparative Statements of Revenue, Expenses and Changes in Net Position	114
Comparative Statements of Cash Flows	115
Internal Service Fund:	
Comparative Statement of Net Position	116
Comparative Statement of Revenues, Expenses and Changes in Net Position	117
Comparative Statement of Cash Flows	118
Workers Compensation Benefits Fund:	
Comparative Statements of Net Position	119
Comparative Statements of Revenues, Expenses and Changes in Net Position	120
Comparative Statements of Cash Flows	121
Self-insured Dental Fund:	
Comparative Statements of Net Position	122
Comparative Statements of Revenues, Expenses and Changes in Net Position	123
Comparative Statements of Cash Flows	124
Fiduciary Funds - Statement of Changes in Assets and Liabilities	125

**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.

This section includes the following schedules:

Financial Trends:	
Net Position by Component - Last Ten Fiscal Years	126
Changes in Net Position - Last Ten Fiscal Years	127 - 128
Fund Balances of Governmental Funds - Last Ten Fiscal Years	129
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	130



COUNTY OF SULLIVAN, NEW YORK

Table of Contents, Continued

	<u>Page</u>
Revenue Capacity:	
Tax Revenue by Source, Governmental Funds - Last Ten Fiscal Years	131
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	132
Property Tax Rates per \$1,000 Assessed Valuation - All Direct and Underlying Governments - Last Ten Fiscal Years	133 - 134
Principal Property Taxpayers - Current Year and Nine Years Ago	135
Property Tax Levies and Collections - Last Ten Fiscal Years	136
Debt Capacity:	
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	137
Direct and Underlying Governmental Debt as of December 31, 2012	138
Legal Debt Margin Information - Last Ten Fiscal Years	139
Demographic and Economic Information:	
Demographic Statistics - Last Ten Fiscal Years	140
Principal Employers - Current Year and Ten Years Ago	141
Operating Information:	
Full-Time County Employees by Function/Program - Last Ten Fiscal Years	142
Operating Indicators by Function/Program - Last Ten Fiscal Years	143
Capital Asset Statistics by Function/Program - Last Ten Fiscal Years	144
Federal Programs:	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	145 - 146
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	147 - 149
Schedule of Expenditures of Federal Awards	150 - 152
Notes to Schedule of Expenditures of Federal Awards	153 - 154
Schedule of Findings and Questioned Costs	155
Summary Schedule of Prior Audit Findings	156

## INTRODUCTORY SECTION

COUNTY OF SULLIVAN, NEW YORK

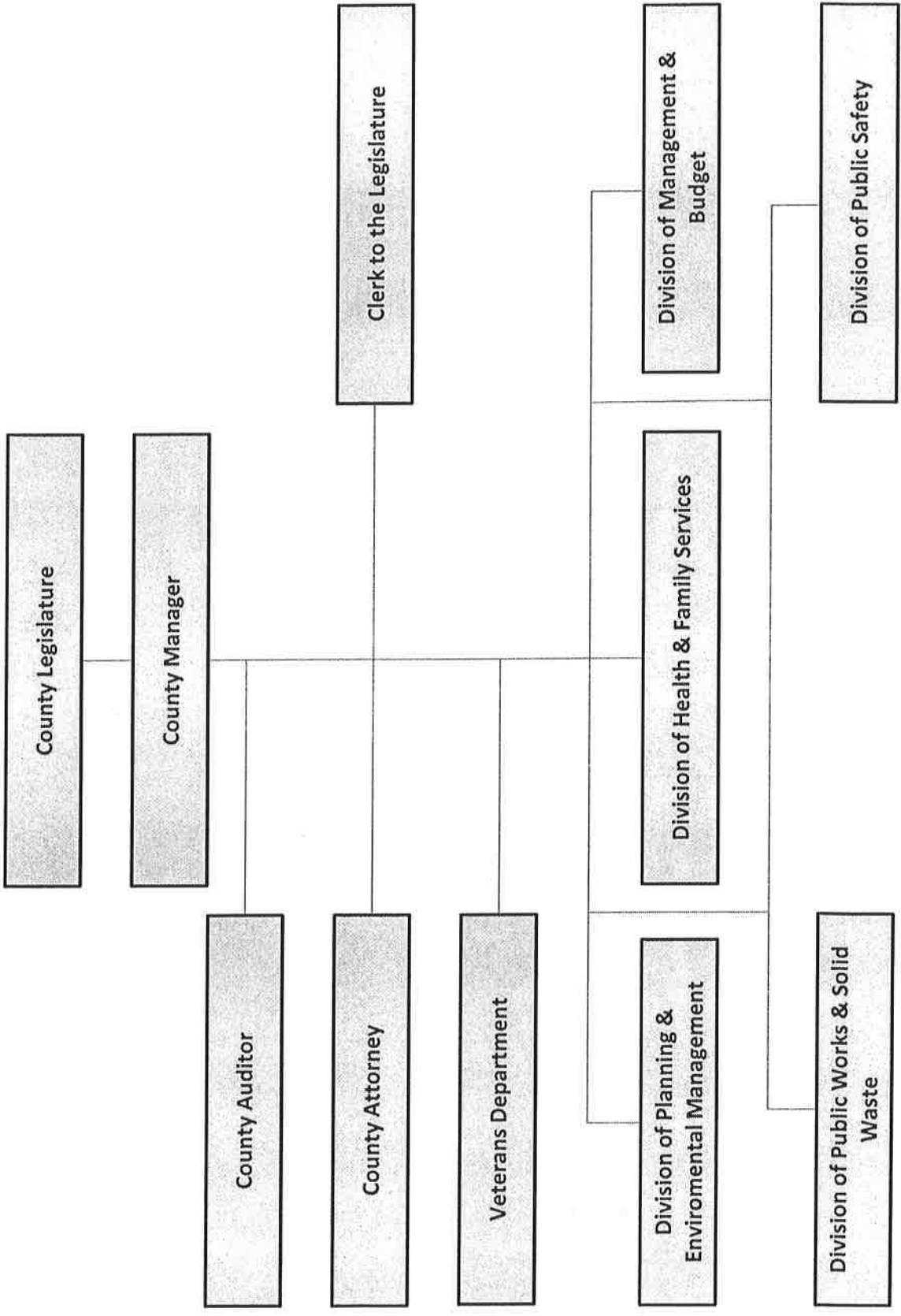
PRINCIPAL OFFICIALS

As of January 1, 2012

County Legislators

Scott B. Samuelson	District #1, Chairman
Kathleen LaBuda	District #2, Majority Leader
Kathleen M. Vetter	District #3
Jonathan F. Rouis	District #4
Cindy Kurpil Gieger	District #5
Cora Edwards	District #6
Eugene L. Benson	District #7, Vice Chairman
Ira M. Steingart	District #8
Alan J. Sorenson	District #9, Minority Leader
David P. Fanslau	County Manager
Daniel L. Briggs	County Clerk
Ira J. Cohen	County Treasurer
James R. Farrell	District Attorney
Michael A. Schiff	Sheriff

# Sullivan County Organizational Chart





Tele: 845-807-0200  
845-807-0210

Fax: 845-794-7612

**Sullivan County Treasurer**  
**SULLIVAN COUNTY GOVERNMENT CENTER**  
100 NORTH STREET  
PO BOX 5012  
MONTICELLO, NY 12701

To The Legislature of the  
County of Sullivan, New York

The Comprehensive Annual Financial Report ("CAFR") for the County of Sullivan, New York for the fiscal year ended December 31, 2012 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 of Sullivan. 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 Toski & Co., P.C., 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, 2012, 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 unmodified opinion that the County of Sullivan's basic financial statements for the fiscal year ended

December 31, 2012, 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, 2012 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. According to the US Census Bureau, between 2001 and 2012 Sullivan County experienced a 3.6% increase in population while New York State exhibited a 2.5% growth. Although Sullivan County is fairly large in terms of area, approximately 968 square miles, the average population density is 79 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 Sullivan County relied heavily on resort hotel based tourism. With the decline in this industry, tourism has reinvented itself in the form of eco-tourism activities, sightseeing, second homes, and arts and cultural industries spearheaded by the opening of the Bethel Woods Performing Arts Center (BPAC) located at the historic site of the 1969 Woodstock Music Festival on Hurd Road in the Town of Bethel. On May 19, 2013, the BPAC commenced its eighth season of concerts. Performances by Dave Matthews Band, the Eagles, Tim McGraw, Blake Shelton, Luke Bryon, John Mayer, and Zac Brown Band are slated for the summer concert season.

The summer of 2013 marks another significant milestone for BPAC in that the organization will feature the sixth 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 *On Assignment: Woodstock* with a collage of photographs from the original Woodstock by various photographers and *On the Cover of the Rolling Stone* featuring the covers of the First 75 Issues.

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. The Town Of Thompson board approved the developer's plans in January 2013 and the company signed a project labor agreement with Hudson Valley Building & Construction Trades Council in March showing signs that the project is progressing. The expected revenue sources from this project 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 sixth successful season featuring fast, expensive sports cars and a state of the art 4.1 mile race track. Future plans include developing an additional 400 acres, a five star hotel and conference center, shops, a world-class karting facility and an off-road course.

In response to the steady population growth and the increase in development throughout the area, Sullivan County, in 2004 and 2005, created and adopted a county wide strategic comprehensive plan known as Sullivan 2020. This resource serves as a guide for the County and each of its 21 municipalities in



determining how to address and control future growth and development. Sullivan 2020 offers a cohesive policy framework to preserve the area's farmland and open space and diversify the County's economic base through shovel-ready site development and enhance the arts, culture and ecotourism industry. In the fall of 2009 a charrette was held at Bethel Woods Center for the Arts to update the 2020 plan.

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. It has proposed a \$20 million dollar project to build a High-Risk Assessment Clinic that will eventually add 400 jobs to the region. The latter is a regional hospital and medical facility emphasizing a Planetree model of patient care. In 2011, the hospital 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 include 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 on the horizon at the Liberty Light Industry/Agricultural Park, and the County's agriculture districts are being expanded and redefined. The facility is through the development stages and its next step is building the actual plant. Open space is being preserved by the acquisition of conservation easements, and a new farming educational center is being planned with the help of the Northeast Organic Farmers Association and other groups.

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

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

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. The Legislature acknowledges the potential positive economic impact of gas drilling, but they are increasingly concerned with the environmental and cumulative impact it will have on Sullivan County. Although the Legislature has not taken a definitive stance on the issue, many of the towns in the County have decided to ban the fracking process in their areas.

## **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.

Following is a listing of such initiatives:

- 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. Currently plans for two new warehouses that would create 50 new jobs are in the works.
- The Southern Catskills Red Meat Processing Facility has secured final site plan approval from the Town of Liberty and begun the process of awarding contracts for the site. 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. A groundbreaking ceremony is expected sometime 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. Natural Gas Drilling could prove to be extremely lucrative for the County but along with that comes many environmental and geological concerns.

- The Center for Discovery has recently introduced a new 'game changing' autism assessment clinic. The \$20 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.
- In late 2011, it was announced that a Warwick-based developer is 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 2012, the Town of Thompson approved zoning changes for the selected parcel moving the project along.
- 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 continues to 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.
- In 2011 Roscoe, NY was named The Ultimate Fishing Town USA by The World Fishing Network (WFN) increasing the influx of outdoorsmen to the already popular fishing town. Along with this boost for the town, many new businesses have opened their doors. Roscoe and their neighbor, Livingston Manor are now home to three distilleries/breweries (Prohibition Distillery, Catskill Brewery, and Roscoe Beer Company), a new pharmacy (Roscoe Medicine Shoppe), a homemade pasta company (Northern Farmhouse Pasta), a health food store (Pepacton Natural Foods), and an ammunitions store (Big Dog Arms).
- Prohibition Distillery is set to be open and fully operational in 2013 in Roscoe, NY. The Distillery will make Bootlegger 21 Vodka, a brand already popular in many bars and restaurants throughout the US. Renovations are nearing completion to the old Roscoe fire house and the stills were installed in February. It is slated to hold tasting sessions and in the future produce whiskey and gin in addition to vodka.
- 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 2013. The project will include a 3,500-square-foot brewery, a tasting room and gift shop.
- Early in 2013 Monticello, NY was named the "Bagel Capital" by resolution of the State Assembly and Senate. The village is home to Louis Wichinsky, the inventor of the first patented bagel making machine. In August a large "Bagel Festival" is set to kick off in Monticello bringing in

large crowds and even attempting to set some Guinness Book World Records.

In summary Sullivan 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, the Delinquent Tax Installment Program, a Debt Management Plan, and a Fund Balance Policy.

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.

The County also adopted a Debt Management Policy in 2013 in an effort to standardize and support the issuance and management of debt. This policy will help to establish conditions for the use of debt and create procedures and policies that minimize debt service and issuance costs, maintain the highest practical credit rating, and provide full and complete financial disclosure and reporting.

A Fund Balance Policy was created to establish clear policies and procedures for developing, appropriating, and managing the County's operating budget and capital program. This includes a policy for establishing year-end fund balances that meet specific targets for ensuring accounting and fiscal stability.

## **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, 2011.

In order to award a Certificate of Excellence, 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 expenses, has a designated fund balance for landfill construction/closure cost. The total is in excess of \$9.6 million. The undesignated, unreserved and unappropriated fund balance for 2012 is \$12.4 million.

In the County's 2013 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 expenses 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 auditors, Toski & Co., P.C. 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

## INDEPENDENT AUDITORS' REPORT

Members of the Sullivan County Legislature  
County of Sullivan, New York

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Sullivan, New York as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Sullivan County Community College, Sullivan County Industrial Development Agency, Emerald Corporate Center Economic Development Corporation, and Sullivan County Funding Corporation which collectively represent 98 percent, 99 percent, and 95 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. We also did not audit the financial statements of Sullivan County Tobacco Asset Securitization Corporation which represent 27 percent, 50 percent, and 7 percent, respectively, of the assets, net position, and revenues of the Proprietary Funds. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Sullivan County Community College, Sullivan County Industrial Development Agency, Emerald Corporate Center Economic Development Corporation, Sullivan County Funding Corporation and Sullivan County Tobacco Asset Securitization Corporation is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Sullivan, New York, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General, County Road, and Refuse and Garbage Funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

As described in note 1 to the financial statements, the County of Sullivan, New York adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements," GASB Statement No. 63 - "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65 - "Items Previously Reported as Assets and Liabilities" during 2012. Our opinion is not modified with respect to this matter.

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other postemployment benefits - schedule of funding progress on pages 4 to 16 and 72, respectively 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 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.



### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Sullivan, New York's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic 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 not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual fund financial statements and schedules and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole. The information for 2011 was extracted from the financial statements for the year ended December 31, 2011, which were audited by other auditors whose report dated June 27, 2012 expressed an unmodified opinion.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 28, 2013, on our consideration of the County of Sullivan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control over financial reporting and compliance.

*Toski & Co., CPAs, P.C.*

Williamsville, New York  
June 28, 2013

**County of Sullivan, New York  
Management's Discussion and Analysis  
December 31, 2012**

---

**Introduction**

As management of the County of Sullivan, New York, 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, 2012. 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 reflects the implementation of Governmental Accounting Standards Board ("GASB") Statements No.'s 62, 63 and 65 at the County level.

New accounting pronouncements - For the year ended December 31, 2012, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements."

For the year ended December 31, 2012, the County implemented GASB Statement No. 63 "Financial Reporting of Deferred outflows of Resources, Deferred Inflows of Resources and Net Position". This statement amends the net asset reporting requirements in Statement No. 34 - "Basic Financial statements - and Management's Discussion and Analysis - for State and Local Governments" and other pronouncements by incorporating deferred outflows of resources and deferred inflows or resources into the definitions of the required components of the residual measure and by the renaming that measure as net position, rather than net assets.

For the year ended December 31, 2012, the County implemented GASB Statement No. 65 - "Items Previously Reported as Assets and Liabilities". This statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes as outflows of resources or inflows of resources, certain items that were previously reported as assets or liabilities.

**Financial Highlights for Fiscal Year 2012**

Key financial highlights for fiscal year 2012 are as follows:

- The net position of the primary government for fiscal year 2012 were \$31,242,037. Of this amount, \$52,372,274 represents governmental activities net position and (\$21,130,237) is business-type activities net position (deficit).

## **County of Sullivan, New York Management's Discussion and Analysis, Continued**

- The General Fund reported an ending fund balance of \$24,422,862, which represents an increase of \$1,290,270 from fiscal year 2011. The unassigned fund balance was \$12,837,110, which represents an increase of \$10,099,595 from fiscal year 2011, as the County appropriated \$1,116,190 of fund balance for the 2013 budget and \$7,660,125 for the 2012 budget. County Road and Road Machinery Funds assigned fund balances increased by \$142,595 and \$2,907, respectively. The Capital Projects Fund reported an ending fund balance (deficit) of \$(2,287,518) an increase of \$6,320,110 from fiscal year 2011. The Adult Care Center, an enterprise fund, experienced a reduction in fund balance in excess of \$2.2 million due to the recording of additional OPEB liabilities and a decrease in patient occupancy.
- The primary government's total outstanding bonds payable for December 31, 2012 were \$70,885,000, inclusive of \$13,340,000 of tobacco asset securitization bonds which are not general obligations of the county. The County issued \$9,495,000 in new long-term debt in 2012.

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

## County of Sullivan, New York Management's Discussion and Analysis, Continued

The Statement of Activities presents information showing the change in the County's net position 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, and the Emerald Corporate Center Economic Development Corporation, for which the County is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government.

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

### Fund Financial Statements

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

## **County of Sullivan, New York Management's Discussion and Analysis, Continued**

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

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

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

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

## **County of Sullivan, New York Management's Discussion and Analysis, Continued**

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 position may serve over time as a useful indicator of the County's financial position. In the case of the County, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$31,242,037 for fiscal year 2012.

## County of Sullivan, New York Management's Discussion and Analysis, Continued

The following table reflects the condensed Statement of Net Position:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and Other Assets	\$ 118,538,309	\$ 109,217,015	\$ 8,304,424	\$ 2,908,490	\$ 126,842,733	\$ 112,125,505
Capital Assets	<u>146,416,429</u>	<u>145,642,913</u>	<u>1,480,424</u>	<u>1,682,137</u>	<u>147,896,853</u>	<u>147,325,050</u>
Total Assets	<u>\$ 264,954,738</u>	<u>\$ 254,859,928</u>	<u>\$ 9,784,848</u>	<u>\$ 4,590,627</u>	<u>\$ 274,739,586</u>	<u>\$ 259,450,555</u>
Deferred Outflows	\$ -	\$ -	\$ 51,800	\$ -	\$ 51,800	\$ -
Current Liabilities	\$ 69,445,034	\$ 71,652,462	\$ 8,811,167	\$ 2,917,855	\$ 78,256,201	\$ 74,570,317
Long-term Liabilities	<u>142,362,464</u>	<u>125,220,501</u>	<u>22,155,718</u>	<u>20,852,707</u>	<u>164,518,182</u>	<u>146,073,208</u>
Total Liabilities	<u>\$ 211,807,498</u>	<u>\$ 196,872,963</u>	<u>\$ 30,966,885</u>	<u>\$ 23,770,562</u>	<u>\$ 242,774,383</u>	<u>\$ 220,643,525</u>
Deferred Inflows	<u>\$ 774,966</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 774,966</u>	<u>\$ -</u>
Net Position:						
Invested in capital assets, net of related debt	\$ 81,670,910	\$ 76,768,306	\$ 1,413,451	\$ 1,643,913	\$ 83,084,361	\$ 78,412,219
Restricted	4,500,821	8,270,567	-	-	4,500,821	8,270,567
Unrestricted	<u>(33,799,457)</u>	<u>(27,051,908)</u>	<u>(22,543,688)</u>	<u>(20,823,848)</u>	<u>(56,343,145)</u>	<u>(47,875,756)</u>
Total Net Position	<u>\$ 52,372,274</u>	<u>\$ 57,986,965</u>	<u>\$ (21,130,237)</u>	<u>\$ (19,179,935)</u>	<u>\$ 31,242,037</u>	<u>\$ 38,807,030</u>

The largest component of the County's net position 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 position is restricted net position of \$4,500,821. This represents resources that are subject to external restrictions on how they may be used. The restrictions are as follows:

Capital Assets	\$ 2,591,311
Law Enforcement	\$ 147,179
Stop DWI Program	\$ 575,727
Community Development	\$ 946,923
Debt Service	\$ 239,681

The remaining portion of net position, unrestricted, is a negative \$56,343,145, with a deficit of \$33,799,457 reported in governmental activities and a deficit \$22,543,688 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, claims payable,

## County of Sullivan, New York Management's Discussion and Analysis, Continued

compensated absences, and landfill closure costs that are greater than currently available resources. Additionally, beginning in 2007, the County adopted Governmental Accounting Standards Board Statement No. 45 - "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" ("OPEB"). This statement requires municipalities to begin recognizing an actuarial determined liability for benefits provided to retirees. The liability will be amortized into the County's entity-wide operations over a period of 30 years. The liability reflected in 2012 for the primary government was \$59,726,970. Additional information on all of these long-term liabilities can be found in Note 3, K.

The following table reflects the Statement of Activities:

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Program Revenues:</b>						
Charges for Services	\$ 34,679,134	\$ 29,591,231	\$ 11,766,216	\$ 11,460,580	\$ 46,445,350	\$ 41,051,811
Operating Grants and Contributions	38,601,375	42,207,077	4,119,586	3,660,517	42,720,961	45,867,594
Capital Grants and Contributions	1,712,392	1,620,224	-	-	1,712,392	1,620,224
<b>General Revenues:</b>						
Real Property Taxes	49,824,079	48,065,549	-	-	49,824,079	48,065,549
Other Tax Items	8,463,919	7,606,522	-	-	8,463,919	7,606,522
Non-Property Taxes	36,226,594	35,103,619	-	-	36,226,594	35,103,619
Unrestricted Use of Money and Property	601,741	339,068	95,094	95,154	696,835	434,222
Transfers	(300,621)	493,235	300,621	(493,235)	-	-
Miscellaneous	-	-	33,933	3,050	33,933	3,050
<b>Total Revenues</b>	<b>\$ 169,808,613</b>	<b>\$ 165,026,525</b>	<b>\$ 16,315,450</b>	<b>\$ 14,726,066</b>	<b>\$ 186,124,063</b>	<b>\$ 179,752,591</b>
<b>Program Expenses:</b>						
General Government Support	23,222,974	18,610,178	-	-	23,222,974	18,610,178
Education	5,775,448	5,800,343	-	-	5,775,448	5,800,343
Public Safety	26,070,999	24,267,723	-	-	26,070,999	24,267,723
Health	25,388,743	24,063,061	-	-	25,388,743	24,063,061
Transportation	19,581,033	19,677,365	-	-	19,581,033	19,677,365
Economic Opportunity and Development	58,836,611	57,259,852	-	-	58,836,611	57,259,852
Culture and Recreation	3,545,385	3,231,074	-	-	3,545,385	3,231,074
Home and Community Services	10,530,023	9,743,923	-	-	10,530,023	9,743,923
Interest	2,472,088	2,863,482	-	-	2,472,088	2,863,482
Adult Care Center	-	-	17,447,113	16,827,634	17,447,113	16,827,634
Sullivan Tobacco Asset Securitization Corporation	-	-	818,639	839,981	818,639	839,981
<b>Total Expenses</b>	<b>175,423,304</b>	<b>165,517,001</b>	<b>18,265,752</b>	<b>17,667,615</b>	<b>193,689,056</b>	<b>183,184,616</b>
Change in Net Assets	(5,614,691)	(490,476)	(1,950,302)	(2,941,549)	(7,564,993)	(3,432,025)
Net position at beginning of year	57,986,965	58,477,441	(19,179,935)	(16,238,386)	38,807,030	42,239,055
Net position at end of year	<b>\$ 52,372,274</b>	<b>\$ 57,986,965</b>	<b>\$ (21,130,237)</b>	<b>\$ (19,179,935)</b>	<b>\$ 31,242,037</b>	<b>\$ 38,807,030</b>



## County of Sullivan, New York Management's Discussion and Analysis, Continued

**Governmental activities** - Governmental activities decreased the County's net position by \$5,614,691. The total County governmental activities revenues were \$169,808,613 for the year ended December 31, 2012, an increase of \$4,782,088 over the prior year. Real property taxes comprised 29.34% while non-property taxes (i.e. sales taxes) comprised 21.3% and operating grants and contributions (primarily state and federal aid) provided an additional 22.7% of the overall revenue stream. Governmental activities expenses of the County for the year ended December 31, 2012 totaled \$175,423,304, an increase of \$9,906,303 over the prior year. Economic opportunity and development expenses (for social services type programs) accounted for the largest portion (\$58,836,611 or 33.5%), followed by public safety (\$26,070,999 or 14.9%) and health spending (\$25,388,743 or 14.5%).

The major changes are as follows:

### Revenues:

- Real property and other tax items increased by \$2,615,927 due to an increase in interest and penalties.
- Charges for Service increased \$5,087,903 in part due to an increase in the receivable portion of the IBNR for workers' compensation.

### Expenses:

- General Government Support expenses increased \$4,612,796 and Public Safety expenses increased \$1,803,276 due in part to an increase in the County's portion of the IBNR for workers' compensation.
- Increases in the remaining categories can be attributed to an increase in employee benefits, specifically retirement costs and an increase in the IBNR workers' compensation.

**Business-type activities** - Business-type activities decreased the County's net position by \$1,950,302. The Adult Care Center (ACC) experienced an increase in operating revenue for the fiscal year 2012. Operating expenses increased by approximately 3.6%. Overall the ACC's 2012 loss from operations approximated its 2011 operating loss. The actual decrease in net position for 2012 of \$2,211,687 was improved when compared to 2011, due almost exclusively to the IGT award received in 2012. The Sullivan Tobacco Asset Securitization Corporation's net position increased in 2012 by \$261,385.

## County of Sullivan, New York Management's Discussion and Analysis, Continued

### 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 \$25,895,316, a increase of \$7,555,274 in comparison with the prior year. Of the total combined fund balance, \$10,549,592 constitutes unassigned fund balance, \$3,949,260 is assigned fund balance, \$9,694,504 is committed fund balance, and \$1,701,960 is restricted.

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 \$12,837,110, representing 52.6% of the total General Fund balance of \$24,422,862. Two useful measures of liquidity are the percentage of unassigned fund balance to total expenditures, and total fund balance to total expenditures. At the end of the current fiscal year, the General Fund showed a 8.32% unassigned fund balance to total expenditures, while total fund balance represents 15.82% of that same amount.

Revenues and other financing sources were \$155,623,683, which was \$5,345,542 more than the original budget and \$2,930,576 more than the final budget. Expenditures and other financing uses were \$154,333,413 which was \$3,604,853 less than the original budget and \$7,408,887 less than the final budget. Major changes in specific revenues and expenditures in comparison to the prior year were as follows:

- Real property tax revenues increased from \$47,403,913 to \$51,466,856 (\$4,062,943), partially reflecting the 2% tax increase and adjustments to deferred revenues and uncollectable allowances.
- Non property taxes increased from \$35,103,619 to \$36,226,594, an increase of \$1,122,975 due to an increase in sales tax collected.
- Economic Opportunity and Development expenses increased from \$55,167,983 to \$56,711,538, an increase of \$1,543,555 due in part to an increase in the County share of Medicaid.

## **County of Sullivan, New York Management's Discussion and Analysis, Continued**

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 \$2,287,518. The decrease in this deficit of \$6,320,110 is attributable to conversion of BAN's to long term debt.

Non-major Governmental Funds consist of the Special Revenue Funds and the Debt Service Fund. The Special Revenue Funds are made up of the following individual funds: County Road, Road Machinery, Community Development, and Refuse and Garbage funds. For fiscal year ending December 31, 2012, the combined fund balances of these Special Revenue funds totaled \$3,759,972 this represents an decrease of \$55,106 for the fiscal year 2012.

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 2012, the unrestricted net position of the Internal Service Fund decreased by \$2,645,850. This resulted in a deficit in net position of (\$1,137,593) at December 31, 2012. The decrease can be attributed to an increase in the Claims Payable due to the IBNR liability.

### **General Fund Budgetary Highlights**

During the year adjustments to both revenues and expense budgets were less than \$500,000 in the aggregate.

Overall, actual General Fund expenditures, exclusive of transfers, were \$137 million, which was \$7.4 million less than the final budget. The major areas where spending was less than budget were general government support (\$3 million), health (\$1.9 million), and economic opportunity and development (\$1.4 million).

Actual General Fund revenues, exclusive of transfers, were \$154.8 million, which was \$2.9 million more than the final budget. The change is attributed to the increase in real property income (2.6 million) due largely to increase participation in tax installment contracts.

**County of Sullivan, New York  
Management's Discussion and Analysis, Continued**

**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, 2012 amounts to \$147,896,853 (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)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 8,659,087	\$ 8,659,087	\$ -	\$ -	\$ 8,659,087	\$ 8,659,087
Buildings and improvements	32,612,127	33,591,606	1,333,478	1,493,172	33,945,605	35,084,778
Machinery and equipment	7,727,937	7,062,031	115,513	188,965	7,843,450	7,250,996
Infrastructure	93,706,627	91,901,671	-	-	93,706,627	91,901,671
Construction-in-progress	<u>3,710,651</u>	<u>4,428,518</u>	<u>31,433</u>	<u>-</u>	<u>3,742,084</u>	<u>4,428,518</u>
Total (Net of Depreciation)	<u>\$ 146,416,429</u>	<u>\$ 145,642,913</u>	<u>\$ 1,480,424</u>	<u>\$ 1,682,137</u>	<u>\$ 147,896,853</u>	<u>\$ 147,325,050</u>

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

- Airport Construction - \$1,214,802
- Landfill Projects - \$1,624,268
- Road Construction - \$2,000,000
- Computer Equipment - \$779,185

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 \$70,885,000. The change in the County's total debt was an increase of \$7,664,900 due to the conversion of short-term debt to long-term. All of this debt is backed by the full faith and credit of the County, exclusive of the Tobacco Asset bonds.

## County of Sullivan, New York Management's Discussion and Analysis, Continued

### Sullivan County Outstanding Debt General Obligations Bonds

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General Obligation	\$ 57,460,397	\$ 54,807,544	\$ 84,603	\$ 102,456	\$ 57,545,000	\$ 54,910,000
Bonds						
Tobacco Asset						
Bonds	-	-	13,340,000	13,735,000	13,340,000	13,735,000
Total	<u>\$ 57,460,397</u>	<u>\$ 54,807,544</u>	<u>\$ 13,424,603</u>	<u>\$ 13,837,456</u>	<u>\$ 70,885,000</u>	<u>\$ 68,645,000</u>

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 April 2013.

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, 2012, the County of Sullivan had used \$64,331,298 or 10.13% of the constitutional debt limit leaving \$570,919,048 remaining to be used.

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

### Economic Factors and Next Year's Budget

According to the United States Bureau of Labor Statistics, the unemployment rate for Sullivan County was 8.5% in May 2013, down from 9.5% in May 2012. The County's May 2013 unemployment rate exceeded the State-wide rate of 7.6%.

Labor Department data also indicates that the number of people employed in the County decreased by 0.65%, from 30,800 to 30,600 between May 2012 and May 2013.

## **County of Sullivan, New York Management's Discussion and Analysis, Continued**

The County's 2012 per capita personal income of \$37,457 is 71.9% of the State's \$52,095. The taxable assessed value of real property in the County increased from \$5,433,016,451 in 2011 to \$5,436,125,192 in 2012, with the median sales price of residential properties declining from \$136,170 in 2011 to \$125,000 in 2012.

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 2013 budget.

### **Requests for Information**

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

## BASIC FINANCIAL STATEMENTS

COUNTY OF SULLIVAN, NEW YORK  
Statement of Net Position  
December 31, 2012

<u>Assets</u>	<u>Primary Government</u>			<u>Component units</u>
	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>	
Cash and equivalents	\$ 29,495,899	3,597,428	33,093,327	6,497,324
Restricted cash and equivalents	-	1,349,922	1,349,922	-
Investments	-	-	-	922,529
Receivables:				
Taxes, net	35,372,522	-	35,372,522	-
Accounts, net	12,414,477	3,023,066	15,437,543	1,084,564
Loans, net	187,972	-	187,972	-
Notes	-	-	-	1,035,889
State and Federal aid	27,755,038	-	27,755,038	-
Due from other governments	265,381	-	265,381	34,207
Due from other funds	13,047,020	-	13,047,020	-
Prepaid expenses	-	92,944	92,944	558,824
Other	-	-	-	1,645,923
Cost of issuance, net	-	241,064	241,064	-
Capital assets:				
Not being depreciated	12,369,738	31,433	12,401,171	1,632,461
Being depreciated, net	134,046,691	1,448,991	135,495,682	22,104,742
Total assets	<u>264,954,738</u>	<u>9,784,848</u>	<u>274,739,586</u>	<u>35,516,463</u>
<u>Deferred outflows of resources</u>	<u>-</u>	<u>51,800</u>	<u>51,800</u>	<u>-</u>
<u>Liabilities</u>				
Accounts payable	10,400,254	286,758	10,687,012	1,081,783
Accrued interest payable	786,848	64,494	851,342	-
Accrued liabilities	3,492,148	2,503,169	5,995,317	1,512,926
Retained percentages payable	404,132	-	404,132	-
Due to other governments	278,828	-	278,828	1,822,167
Due to school districts	19,662,798	-	19,662,798	-
Due to other funds	7,204,080	5,849,507	13,053,587	-
Due to New York State retirement system	5,140,552	-	5,140,552	-
Unearned revenues	336,295	-	336,295	1,110,067
Tax anticipation notes payable	10,000,000	-	10,000,000	-
Bond anticipation notes payable	6,800,000	-	6,800,000	-
Deposits payable	4,939,099	-	4,939,099	619,957
Other	-	107,239	107,239	818
Non-current liabilities:				
Due within one year	9,350,279	1,637,745	10,988,024	11,412,726
Due in more than one year:	<u>133,012,185</u>	<u>20,517,973</u>	<u>153,530,158</u>	<u>9,548,054</u>
Total liabilities	<u>211,807,498</u>	<u>30,966,885</u>	<u>242,774,383</u>	<u>27,108,498</u>
<u>Deferred Inflows</u>	<u>774,966</u>	<u>-</u>	<u>774,966</u>	<u>462,350</u>
<u>Net Position</u>				
Net investment in capital assets	81,670,910	1,413,451	83,084,361	12,368,358
Restricted for:				
Education	-	-	-	525,440
Capital projects	2,591,311	-	2,591,311	-
Community development	946,923	-	946,923	-
Law enforcement	147,179	-	147,179	-
Stop DWI program	575,727	-	575,727	-
Debt service	239,681	-	239,681	506,116
Unrestricted	<u>(33,799,457)</u>	<u>(22,543,688)</u>	<u>(56,343,145)</u>	<u>(5,454,299)</u>
Total net position	<u>\$ 52,372,274</u>	<u>(21,130,237)</u>	<u>31,242,037</u>	<u>7,945,615</u>

See accompanying notes to financial statements



COUNTY OF SULLIVAN, NEW YORK  
Statement of Activities  
Year ended December 31, 2012

Functions/Programs	Program Revenues						Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary Government:							
Governmental activities:							
General government support	\$ 23,222,974	8,386,063	972,717	-	(13,864,194)	-	(13,864,194)
Education	5,775,448	462,102	-	151,837	(5,161,509)	-	(5,161,509)
Public safety	26,070,999	1,559,469	570,405	325,455	(23,615,670)	-	(23,615,670)
Health	25,388,743	8,775,797	7,946,756	-	(8,666,190)	-	(8,666,190)
Transportation	19,581,033	1,200,844	4,190,568	1,235,100	(12,954,521)	-	(12,954,521)
Economic opportunity and development	58,836,611	2,538,179	23,126,916	-	(33,171,516)	-	(33,171,516)
Culture and recreation	3,545,385	221,139	1,292,163	-	(2,032,083)	-	(2,032,083)
Home and community services	10,530,023	11,535,541	336,788	-	1,342,306	-	1,342,306
Interest	2,472,088	-	165,062	-	(2,307,026)	-	(2,307,026)
Total governmental activities	175,423,304	34,679,134	38,601,375	1,712,392	(100,430,403)	-	(100,430,403)
Business-type activities:							
Adult Care Center	17,447,113	11,766,216	3,125,999	-	-	(2,554,898)	(2,554,898)
Sullivan Tobacco Asset Securitization Corporation	818,639	-	993,587	-	-	174,948	174,948
Total business-type activities	18,265,752	11,766,216	4,119,586	-	-	(2,379,950)	(2,379,950)
Total primary government	\$ 193,689,056	46,445,350	42,720,961	1,712,392	(100,430,403)	(2,379,950)	(102,810,353)
Component Units:							
Sullivan County Community College	29,124,014	5,298,962	21,395,426	-	-	-	(2,429,626)
Sullivan County Soil and Water Conservation District	1,396,665	25,667	1,235,515	-	-	-	(135,483)
Sullivan County Industrial Development Agency	416,685	415,072	-	6,194	-	-	4,581
Emerald Corporate Center Economic Development Corporation	61,263	59,935	-	-	-	-	(1,328)
Sullivan County Funding Corporation	77,190	110,000	-	-	-	-	32,810
Total component units	31,075,817	5,909,636	22,630,941	6,194	-	-	(2,529,046)
General revenues:							
Real property taxes					49,824,079	-	49,824,079
Other tax items:							
Gain on sale of tax acquired property					2,207,956	-	2,207,956
Interest and penalties on real property taxes					5,414,070	-	5,414,070
Payments in lieu of taxes					841,893	-	841,893
Non-property taxes					36,226,594	-	36,226,594
Sale of property and compensation of loss					521,881	-	521,881
Unrestricted use of money and property					79,860	95,094	174,954
Grants and contributions not restricted to specific programs					-	-	-
Miscellaneous local sources					-	33,933	33,933
Transfers					(300,621)	300,621	-
Total general revenues					94,815,712	429,648	95,245,360
Change in net position					(5,614,691)	(1,950,302)	(7,564,993)
Net position at beginning of year, as reported					57,986,965	(19,179,935)	38,807,030
Prior period adjustment					-	-	-
Net position at beginning of year, as restated					57,986,965	(19,179,935)	38,807,030
Net position at end of year					\$ 52,372,274	(21,130,237)	31,242,037

See accompanying notes to financial statements.

COUNTY OF SULLIVAN, NEW YORK  
Balance Sheet - Governmental Funds  
December 31, 2012

	<u>General</u>	<u>County Road</u>	<u>Refuse and Garbage</u>	<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>						
Cash and equivalents	\$ 23,378,731	95,155	972,455	4,056,112	811,249	29,313,702
Taxes receivable, net of allowance for uncollectible amounts	35,372,522	-	-	-	-	35,372,522
Other receivables:						
Accounts, net	5,018,727	49,963	1,159,757	693,200	287	6,921,934
Loans, net	-	-	-	-	187,971	187,971
State and Federal aid	24,597,861	2,412,648	-	740,594	3,935	27,755,038
Due from other governments	265,381	-	-	-	-	265,381
Due from other funds	6,138,561	170,140	32,369	135,799	684,572	7,161,441
Total other receivables	36,020,530	2,632,751	1,192,126	1,569,593	876,765	42,291,765
Total assets	\$ 94,771,783	2,727,906	2,164,581	5,625,705	1,688,014	106,977,989
<u>Liabilities, deferred inflows and fund balances</u>						
<u>Liabilities:</u>						
Accounts payable	8,077,578	954,531	626,760	458,432	282,433	10,399,734
Accrued liabilities	3,144,286	421,045	100,564	-	134,652	3,800,547
Retained percentages payable	1,352	87,976	-	314,804	-	404,132
Due to other governments	278,828	-	-	-	-	278,828
Due to school districts	19,662,798	-	-	-	-	19,662,798
Due to other funds	6,839,496	-	18,173	339,987	6,424	7,204,080
Due to New York State retirement system	4,832,164	-	-	-	-	4,832,164
Deposits	4,939,099	-	-	-	-	4,939,099
Tax anticipation notes payable	10,000,000	-	-	-	-	10,000,000
Bond anticipation notes payable	-	-	-	6,800,000	-	6,800,000
Total liabilities	57,775,601	1,463,552	745,497	7,913,223	423,509	68,321,382
Deferred inflows	12,573,320	-	-	-	187,971	12,761,291
Fund balances (deficits):						
Restricted	775,058	-	183,471	-	743,431	1,701,960
Committed	9,694,504	-	-	-	-	9,694,504
Assigned	1,116,190	1,264,354	1,235,613	-	333,103	3,949,260
Unassigned	12,837,110	-	-	(2,287,518)	-	10,549,592
Total fund balances (deficits)	24,422,862	1,264,354	1,419,084	(2,287,518)	1,076,534	25,895,316
Total liabilities, deferred inflows and fund balances (deficits)	\$ 94,771,783	2,727,906	2,164,581	5,625,705	1,688,014	106,977,989

See accompanying notes to financial statements

COUNTY OF SULLIVAN, NEW YORK  
 Reconciliation of Governmental Funds Balance Sheet to the  
 Government-Wide Statement of Net Position - Governmental Activities  
 December 31, 2012

Fund balances - total governmental funds	\$ 25,895,316
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	146,416,429
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 position.	(1,137,593)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	
Real property taxes	11,798,354
Departmental income	<u>187,971</u>
	<u>11,986,325</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	(786,848)
Bonds payable	(57,840,604)
Installment purchase debt	(104,915)
Claims payable	(386,416)
Retirement incentives and other pension obligations	(3,636,820)
Compensated absences	(3,447,725)
Other post employment benefit obligations payable	(52,470,320)
Landfill closure costs	<u>(12,114,555)</u>
	<u>(130,788,203)</u>
Net position of governmental activities	\$ <u>52,372,274</u>

See accompanying notes to financial statements.

COUNTY OF SULLIVAN, NEW YORK  
Statement of Revenue, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year ended December 31, 2012

	General	County Road	Refuse and Garbage	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenue:</b>						
Real property taxes	\$ 51,466,856	-	-	-	-	51,466,856
Other tax items	8,463,919	-	-	-	-	8,463,919
Non-property taxes	36,226,594	-	-	-	-	36,226,594
Departmental income	20,811,540	20	11,256,729	-	565,303	32,633,592
Intergovernmental charges	510,912	312,963	-	-	917,989	1,741,864
Use of money and property	157,862	375	1,928	285	15,774	176,224
Licenses and permits	20,990	9,551	-	-	-	30,541
Fines and forfeitures	497,936	-	-	-	-	497,936
Sale of property and compensation for loss	176,060	15,675	381,443	-	-	573,178
Miscellaneous local sources	3,271,251	339	-	132,720	1,264	3,405,574
Interfund revenues	-	-	-	-	13,264	13,264
State aid	15,014,371	3,040,944	-	329,224	247,146	18,631,685
Federal aid	18,197,064	895,873	-	1,250,448	226,313	20,569,698
<b>Total revenue</b>	<b>154,815,355</b>	<b>4,275,740</b>	<b>11,640,100</b>	<b>1,712,677</b>	<b>1,987,053</b>	<b>174,430,925</b>
<b>Expenditures:</b>						
General government support	23,008,080	-	-	-	28,379	23,036,459
Education	5,297,188	-	-	-	-	5,297,188
Public safety	22,281,506	697,496	-	-	-	22,979,002
Health	23,150,414	-	-	-	-	23,150,414
Transportation	1,172,599	11,534,790	-	-	4,284,781	16,992,170
Economic opportunity and development	56,711,538	-	-	-	-	56,711,538
Culture and recreation	3,289,795	-	-	-	-	3,289,795
Home and community services	1,443,075	-	6,771,262	-	360,709	8,575,046
Debt service	668,167	406,810	1,168,921	-	9,302,370	11,546,268
Capital outlay	-	-	-	6,651,897	-	6,651,897
<b>Total expenditures</b>	<b>137,022,362</b>	<b>12,639,096</b>	<b>7,940,183</b>	<b>6,651,897</b>	<b>13,976,239</b>	<b>178,229,777</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>17,792,993</b>	<b>(8,363,356)</b>	<b>3,699,917</b>	<b>(4,939,220)</b>	<b>(11,989,186)</b>	<b>(3,798,852)</b>
<b>Other financing sources (uses):</b>						
BANs redeemed from appropriations	-	-	-	2,045,850	-	2,045,850
Proceeds from the issuance of long-term debt	-	-	-	9,495,000	-	9,495,000
Premiums	81,993	11,641	20,263	-	-	113,897
Transfers in	726,335	10,441,570	1,112,106	116,151	13,606,772	26,002,934
Transfers out	(17,311,051)	(1,947,260)	(5,084,701)	(397,671)	(1,562,872)	(26,303,555)
<b>Total other financing sources (uses)</b>	<b>(16,502,723)</b>	<b>8,505,951</b>	<b>(3,952,332)</b>	<b>11,259,330</b>	<b>12,043,900</b>	<b>11,354,126</b>
<b>Net change in fund balances</b>	<b>1,290,270</b>	<b>142,595</b>	<b>(252,415)</b>	<b>6,320,110</b>	<b>54,714</b>	<b>7,555,274</b>
<b>Fund balances (deficits) at beginning of year</b>	<b>23,132,592</b>	<b>1,121,759</b>	<b>1,671,499</b>	<b>(8,607,628)</b>	<b>1,021,820</b>	<b>18,340,042</b>
<b>Fund balances (deficits) at end of year</b>	<b>\$ 24,422,862</b>	<b>1,264,354</b>	<b>1,419,084</b>	<b>(2,287,518)</b>	<b>1,076,534</b>	<b>25,895,316</b>

See accompanying notes to financial statements.

COUNTY OF SULLIVAN, NEW YORK  
 Reconciliation of the Statement of Revenue, Expenditures and Changes in  
 Fund Balances of Governmental Funds to the Statement of Activities  
 Year ended December 31, 2012

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ 7,555,274

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.

Capital outlay expenditures	10,260,355
Depreciation expense	(9,457,239)
Loss on disposition of capital assets	<u>(29,600)</u>
	<u>773,516</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Real property taxes	(1,642,777)
Departmental income	<u>(19,579)</u>
	<u>(1,662,356)</u>

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. 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 position. 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.

Principal paid on bonds	6,842,147
Installment purchase debt	100,881
Amortization of issuance premium	44,951
Issuance of long-term debt	<u>(9,495,000)</u>
	<u>(2,507,021)</u>

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.

Accrued interest	40,352
Claims payable	40,927
Retirement incentives and other pension obligations	(2,016,383)
Compensated absences	(77,562)
Other post employment benefit obligations payable	(6,878,400)
Landfill closure costs	<u>1,762,812</u>
	<u>(7,128,254)</u>

Internal service funds are used by management to charge the cost of workers' compensation benefits to individual funds. The net expenses of the internal service fund are reported with governmental activities.

(2,645,850)

Change in net position of governmental activities

\$ (5,614,691)

See accompanying notes to financial statements.

COUNTY OF SULLIVAN, NEW YORK  
Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual  
General, County Road, and Refuse and Garbage Funds  
Year ended December 31, 2012

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenue:				
Real property taxes	\$ 48,877,857	48,877,857	51,466,856	2,588,999
Other tax items	6,570,278	6,610,941	8,463,919	1,852,978
Non-property taxes	35,442,000	35,197,009	36,226,594	1,029,585
Departmental income	22,866,955	22,898,145	20,811,540	(2,086,605)
Intergovernmental charges	640,755	621,528	510,912	(110,616)
Use of money and property	125,350	125,350	157,862	32,512
Licenses and permits	23,500	23,500	20,990	(2,510)
Fines and forfeitures	284,708	296,272	497,936	201,664
Sale of property and compensation for loss	110,300	232,503	176,060	(56,443)
Miscellaneous local sources	3,052,542	3,039,088	3,271,251	232,163
State aid	15,664,660	16,380,109	15,014,371	(1,365,738)
Federal aid	16,155,997	17,664,471	18,197,064	532,593
Total revenue	<u>149,814,902</u>	<u>151,966,773</u>	<u>154,815,355</u>	<u>2,848,582</u>
Expenditures:				
General government support	25,494,848	26,029,565	23,008,080	3,021,485
Education	5,350,000	5,300,000	5,297,188	2,812
Public safety	22,617,395	22,974,717	22,281,506	693,211
Health	24,968,980	25,053,086	23,150,414	1,902,672
Transportation	1,283,103	1,237,116	1,172,599	64,517
Economic opportunity and development	56,536,269	58,132,164	56,711,538	1,420,626
Culture and recreation	3,416,474	3,531,993	3,289,795	242,198
Home and community services	1,495,691	1,504,440	1,443,075	61,365
Debt service	685,537	668,168	668,167	1
Total expenditures	<u>141,848,297</u>	<u>144,431,249</u>	<u>137,022,362</u>	<u>7,408,887</u>
Excess of revenue over expenditures	<u>7,966,605</u>	<u>7,535,524</u>	<u>17,792,993</u>	<u>10,257,469</u>
Other financing sources (uses):				
Premiums	-	-	81,993	81,993
Transfers in	463,239	726,334	726,335	1
Transfers out	(16,089,969)	(17,311,051)	(17,311,051)	-
Total other financing sources (uses)	<u>(15,626,730)</u>	<u>(16,584,717)</u>	<u>(16,502,723)</u>	<u>81,994</u>
Net change in fund balances	(7,660,125)	(9,049,193)	1,290,270	10,339,463
Fund balance at beginning of year	<u>23,132,592</u>	<u>23,132,592</u>	<u>23,132,592</u>	<u>-</u>
Fund balance at end of year	<u>\$ 15,472,467</u>	<u>14,083,399</u>	<u>24,422,862</u>	<u>10,339,463</u>

(Continued)

See accompanying notes to financial statements.

COUNTY OF SULLIVAN, NEW YORK  
Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual  
General, County Road, and Refuse and Garbage Funds, Continued  
Year ended December 31, 2012

	County Road Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenue:				
Departmental income	\$ -	-	20	20
Intergovernmental charges	558,869	321,668	312,963	(8,705)
Use of money and property	-	-	375	375
Licenses and permits	2,000	2,000	9,551	7,551
Sale of property and compensation for loss	100	100	15,675	15,575
Miscellaneous local sources	255	255	339	84
State aid	3,906,750	3,906,750	3,040,944	(865,806)
Federal aid	1,694,852	1,694,852	895,873	(798,979)
Total revenue	<u>6,162,826</u>	<u>5,925,625</u>	<u>4,275,740</u>	<u>(1,649,885)</u>
Expenditures:				
Public safety	762,547	758,469	697,496	60,973
Transportation	14,106,779	13,843,445	11,534,790	2,308,655
Debt service	406,810	406,810	406,810	-
Total expenditures	<u>15,276,136</u>	<u>15,008,724</u>	<u>12,639,096</u>	<u>2,369,628</u>
Excess (deficiency) of revenue over expenditures	<u>(9,113,310)</u>	<u>(9,083,099)</u>	<u>(8,363,356)</u>	<u>719,743</u>
Other financing sources (uses):				
Premiums	-	-	11,641	11,641
Transfers in	10,501,407	10,419,480	10,441,570	22,090
Transfers out	(1,947,260)	(1,947,260)	(1,947,260)	-
Total other financing sources (uses)	<u>8,554,147</u>	<u>8,472,220</u>	<u>8,505,951</u>	<u>33,731</u>
Net change in fund balance	(559,163)	(610,879)	142,595	753,474
Fund balance at beginning of year	<u>1,121,759</u>	<u>1,121,759</u>	<u>1,121,759</u>	<u>-</u>
Fund balance at end of year	<u>\$ 562,596</u>	<u>510,880</u>	<u>1,264,354</u>	<u>753,474</u>

See accompanying notes to financial statements.

COUNTY OF SULLIVAN, NEW YORK  
Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual  
General, County Road, and Refuse and Garbage Funds, Continued  
Year ended December 31, 2012

	Refuse and Garbage Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenue:				
Departmental income	\$ 10,623,137	10,623,137	11,256,729	633,592
Use of money and property	-	-	1,928	1,928
Sale of property and compensation for loss	247,500	247,500	381,443	133,943
Total revenue	<u>10,870,637</u>	<u>10,870,637</u>	<u>11,640,100</u>	<u>769,463</u>
Expenditures:				
Home and community services	6,685,247	6,677,920	6,771,262	(93,342)
Debt service	545,000	545,000	1,168,921	(623,921)
Total expenditures	<u>7,230,247</u>	<u>7,222,920</u>	<u>7,940,183</u>	<u>(717,263)</u>
Excess of revenue over expenditures	<u>3,640,390</u>	<u>3,647,717</u>	<u>3,699,917</u>	<u>52,200</u>
Other financing sources (uses):				
Premiums	-	-	20,263	20,263
Transfers in	-	-	1,112,106	1,112,106
Transfers out	(4,505,087)	(4,505,087)	(5,084,701)	(579,614)
Total other financing sources (uses)	<u>(4,505,087)</u>	<u>(4,505,087)</u>	<u>(3,952,332)</u>	<u>552,755</u>
Net change in fund balance	(864,697)	(857,370)	(252,415)	604,955
Fund balance at beginning of year	<u>1,671,499</u>	<u>1,671,499</u>	<u>1,671,499</u>	<u>-</u>
Fund balance at end of year	<u>\$ 806,802</u>	<u>814,129</u>	<u>1,419,084</u>	<u>604,955</u>

See accompanying notes to financial statements.



COUNTY OF SULLIVAN, NEW YORK

Statement of Net Position

Proprietary Funds

December 31, 2012

	<u>Business-type Activities - Enterprise Funds</u>			
	Sullivan			
	Adult Care Center	Tobacco Asset Securitization Corporation	Total	Internal Service Fund
Assets				
Current assets:				
Cash and equivalents	\$ 3,366,060	231,368	3,597,428	182,197
Accounts receivable, net	1,929,916	1,093,150	3,023,066	5,492,543
Due from other funds	-	-	-	5,885,579
Cost of issuance, net	-	241,064	241,064	-
Prepaid expenses	89,366	3,578	92,944	-
Total current assets	<u>5,385,342</u>	<u>1,569,160</u>	<u>6,954,502</u>	<u>11,560,319</u>
Noncurrent assets:				
Restricted cash and equivalents	107,265	1,242,657	1,349,922	-
Capital assets:				
Assets not being depreciated	31,433	-	31,433	-
Buildings and improvements	10,659,257	-	10,659,257	-
Machinery and equipment	522,672	-	522,672	-
Less accumulated depreciation	<u>(9,732,938)</u>	<u>-</u>	<u>(9,732,938)</u>	<u>-</u>
Total noncurrent assets	<u>1,587,689</u>	<u>1,242,657</u>	<u>2,830,346</u>	<u>-</u>
Total assets	<u>6,973,031</u>	<u>2,811,817</u>	<u>9,784,848</u>	<u>11,560,319</u>
Deferred outflows of resources	<u>51,800</u>	<u>-</u>	<u>51,800</u>	<u>-</u>
Liabilities:				
Current liabilities:				
Current maturities of bonds payable	17,630	145,000	162,630	-
Accounts payable	286,758	-	286,758	519
Accrued interest payable	1,396	63,098	64,494	-
Accrued liabilities	2,503,169	-	2,503,169	-
Due to other funds	5,849,507	-	5,849,507	-
Patient funds held in trust	107,239	-	107,239	-
Unearned revenue	-	-	-	336,295
Current maturities of claims payable	-	-	-	1,236,100
Due to New York State retirement system	65,238	-	65,238	-
Accrued compensation and vacation	1,117,481	-	1,117,481	-
Current portion of other postemployment benefit obligations payable	<u>292,396</u>	<u>-</u>	<u>292,396</u>	<u>-</u>
Total current liabilities	<u>10,240,814</u>	<u>208,098</u>	<u>10,448,912</u>	<u>1,572,914</u>
Non-current liabilities:				
Bonds payable, less current maturities	66,973	13,084,185	13,151,158	-
Due to New York State retirement system	402,561	-	402,561	-
Claims payable, less current portion	-	-	-	11,124,998
Other postemployment benefit obligations payable	<u>6,964,254</u>	<u>-</u>	<u>6,964,254</u>	<u>-</u>
Total noncurrent liabilities	<u>7,433,788</u>	<u>13,084,185</u>	<u>20,517,973</u>	<u>11,124,998</u>
Total liabilities	<u>17,674,602</u>	<u>13,292,283</u>	<u>30,966,885</u>	<u>12,697,912</u>
Net position:				
Net investment in capital assets	1,413,451	-	1,413,451	-
Unrestricted	<u>(12,063,222)</u>	<u>(10,480,466)</u>	<u>(22,543,688)</u>	<u>(1,137,593)</u>
Total net position	<u>\$ (10,649,771)</u>	<u>(10,480,466)</u>	<u>(21,130,237)</u>	<u>(1,137,593)</u>

See accompanying notes to financial statements.

COUNTY OF SULLIVAN, NEW YORK  
Statement of Revenue, Expenses and Changes in Net Position  
Proprietary Funds  
Year ended December 31, 2012

	<u>Business-type Activities - Enterprise Funds</u>			
	Sullivan			
	Adult Care Center	Tobacco Asset Securitization Corporation	Total	Internal Service Fund
Operating revenue:				
Charges for services - internal	\$ -	-	-	2,977,224
Charges for services - external	-	-	-	5,440,280
Departmental charges	11,766,216	-	11,766,216	-
Tobacco settlement revenue	-	993,587	993,587	-
Insurance recoveries	-	-	-	155,659
Miscellaneous local sources	301,111	-	301,111	-
Total operating revenue	<u>12,067,327</u>	<u>993,587</u>	<u>13,060,914</u>	<u>8,573,163</u>
Operating expenses:				
Professional care of residents	5,891,954	-	5,891,954	-
General services	4,021,711	-	4,021,711	-
Administrative services	1,045,460	-	1,045,460	-
Employee benefits	5,457,396	-	5,457,396	11,219,388
Assessments	705,183	-	705,183	-
Professional fees	-	24,156	24,156	-
Insurance expense	-	4,285	4,285	-
Depreciation and amortization	304,779	16,514	321,293	-
Other	4,067	-	4,067	-
Total operating expenses	<u>17,430,550</u>	<u>44,955</u>	<u>17,475,505</u>	<u>11,219,388</u>
Operating income (loss)	<u>(5,363,223)</u>	<u>948,632</u>	<u>(4,414,591)</u>	<u>(2,646,225)</u>
Non-operating revenue (expenses):				
Intergovernmental transfers	2,824,888	-	2,824,888	-
Interest income	8,657	86,437	95,094	375
Interest expense	(16,563)	(773,684)	(790,247)	-
Miscellaneous income	33,933	-	33,933	-
Transfers from governmental funds	300,621	-	300,621	-
Total non-operating revenue (expenses)	<u>3,151,536</u>	<u>(687,247)</u>	<u>2,464,289</u>	<u>375</u>
Change in net position	(2,211,687)	261,385	(1,950,302)	(2,645,850)
Net position at beginning of year	<u>(8,438,084)</u>	<u>(10,741,851)</u>	<u>(19,179,935)</u>	<u>1,508,257</u>
Net position at end of year	<u>\$ (10,649,771)</u>	<u>(10,480,466)</u>	<u>(21,130,237)</u>	<u>(1,137,593)</u>

See accompanying notes to financial statements.

COUNTY OF SULLIVAN, NEW YORK  
Statement of Cash Flows  
Proprietary Funds  
Year ended December 31, 2012

	<u>Business-type Activities - Enterprise Funds</u>			
	Sullivan			
	Adult Care <u>Center</u>	Tobacco Asset Securitization <u>Corporation</u>	<u>Total</u>	Internal Service Fund
Cash flows from operating activities:				
Cash received from charges for services	\$ 11,931,765	-	11,931,765	3,912,987
Cash received from tobacco settlement revenues	-	1,087,771	1,087,771	-
Cash received from insurance recoveries	-	-	-	155,659
Cash payments to vendors for goods and services	(9,004,446)	(28,450)	(9,032,896)	-
Cash payments to employees for services	(5,249,269)	-	(5,249,269)	(4,337,906)
Miscellaneous	301,111	-	301,111	-
Net cash provided by (used in) operating activities	<u>(2,020,839)</u>	<u>1,059,321</u>	<u>(961,518)</u>	<u>(269,260)</u>
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	343,211	86,437	429,648	375
Net cash provided by investing activities	<u>343,211</u>	<u>86,437</u>	<u>429,648</u>	<u>375</u>
Cash flows from non-capital financing activities - intergovernmental transfers	<u>2,824,888</u>	<u>-</u>	<u>2,824,888</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Principal paid on bonds	(17,853)	(395,000)	(412,853)	-
Interest paid on bonds	(4,354)	(767,875)	(772,229)	-
Acquisition of capital assets	(107,133)	-	(107,133)	-
Net cash used in capital and related financing activities	<u>(129,340)</u>	<u>(1,162,875)</u>	<u>(1,292,215)</u>	<u>-</u>
Net increase (decrease) in cash and equivalents	1,017,920	(17,117)	1,000,803	(268,885)
Cash and equivalents at beginning of year	2,348,140	248,485	2,596,625	451,082
Cash and equivalents at end of year	<u>\$ 3,366,060</u>	<u>231,368</u>	<u>3,597,428</u>	<u>182,197</u>
Reconciliation of income (loss) from operations to net cash provided by (used in) operating activities:				
Income (loss) from operations	(5,363,223)	948,632	(4,414,591)	(2,646,225)
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:				
Bad debt expense	108,429	-	108,429	-
Depreciation and amortization expense	304,779	16,514	321,293	-
Loss on disposal of equipment	4,067	-	4,067	-
Changes in assets and liabilities:				
Accounts receivable	57,120	94,184	151,304	(3,160,533)
Supplies	15,130	-	15,130	-
Prepaid expenses	(1,480)	(9)	(1,489)	-
Accounts payable and accrued expenses	96,759	-	96,759	(584,843)
Accrued compensation and vacation	276,838	-	276,838	-
Due to the County	1,271,727	-	1,271,727	-
Due to third party payors	(158,187)	-	(158,187)	-
Unearned revenue	-	-	-	255,678
Claims payable	-	-	-	7,466,325
Pension payable	273,829	-	273,829	-
Due to other funds	-	-	-	(1,599,662)
Other postemployment benefit obligations payable	1,093,373	-	1,093,373	-
Net cash provided by (used in) operating activities	<u>\$ (2,020,839)</u>	<u>1,059,321</u>	<u>(961,518)</u>	<u>(269,260)</u>

See accompanying notes to financial statements.

COUNTY OF SULLIVAN, NEW YORK  
Statement of Assets and Liabilities  
Fiduciary Fund  
December 31, 2012

<u>Assets</u>	<u>Agency</u>
Cash - demand deposits	\$ 2,145,904
Due from other funds	<u>6,567</u>
Total assets	<u>\$ 2,152,471</u>
<u>Liabilities</u>	
Employee payroll deductions	127,033
Deposits	<u>2,025,438</u>
Total liabilities	<u>\$ 2,152,471</u>

See accompanying notes to financial statements.

COUNTY OF SULLIVAN, NEW YORK  
Statement of Net Position  
Component Units  
December 31, 2012

	Sullivan County Community College August 31, 2012	Sullivan County Soil and Water Conservation District	Sullivan County Industrial Development Agency	Emerald Corporate Center Economic Development Corporation	Sullivan County Funding Corporation	Total
<b>Assets:</b>						
Cash and equivalents	\$ 2,819,217	546,380	2,545,010	7,951	578,766	6,497,324
Investments	878,047	44,482	-	-	-	922,529
Receivables:						
Accounts, net of allowance for uncollectible amounts						
Notes	846,616	227,488	4,083	6,377	-	1,084,564
Due from other governments	894,272	-	-	-	141,617	1,035,889
Prepaid expenses	14,506	-	-	19,701	-	34,207
Other	538,934	2,655	17,235	-	-	558,824
Other	425,002	-	1,220,921	-	-	1,645,923
Capital assets:						
Not being depreciated	190,000	-	-	1,442,461	-	1,632,461
Being depreciated, net	21,805,837	33,523	265,382	-	-	22,104,742
Total assets	<u>28,412,431</u>	<u>854,528</u>	<u>4,052,631</u>	<u>1,476,490</u>	<u>720,383</u>	<u>35,516,463</u>
<b>Liabilities:</b>						
Accounts payable	766,215	297,028	15,794	2,746	-	1,081,783
Accrued liabilities	1,483,117	-	29,809	-	-	1,512,926
Due to other governments	-	-	1,147,167	675,000	-	1,822,167
Unearned revenue	806,704	-	300,054	-	3,309	1,110,067
Deposits payable	619,957	-	-	-	-	619,957
Other	-	-	818	-	-	818
Non-current liabilities:						
Due within one year	11,411,745	981	-	-	-	11,412,726
Due in more than one year:	9,167,223	8,831	372,000	-	-	9,548,054
Total liabilities	<u>24,254,961</u>	<u>306,840</u>	<u>1,865,642</u>	<u>677,746</u>	<u>3,309</u>	<u>27,108,498</u>
Deferred inflows	-	462,350	-	-	-	462,350
<b>Net Position:</b>						
Net investment in capital assets	10,626,992	33,523	265,382	1,442,461	-	12,368,358
Restricted	525,440	-	506,116	-	-	1,031,556
Unrestricted	(6,994,962)	51,815	1,415,491	(643,717)	717,074	(5,454,299)
Total net position	<u>\$ 4,157,470</u>	<u>85,338</u>	<u>2,186,989</u>	<u>798,744</u>	<u>717,074</u>	<u>7,945,615</u>

See accompanying notes to financial statements.

COUNTY OF SULLIVAN, NEW YORK  
Statement of Activities  
Component Units  
Year ended December 31, 2012

Functions/Programs	Net Revenue (Expense) and Changes in Net Position										
	Expenses	Charges for Services	Program Revenue	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		
Sullivan County Community College - August 31, 2012	\$ 29,124,014	5,298,962	21,395,426	(2,429,626)	-	-	-	-	(2,429,626)		
Sullivan County Soil and Water Conservation District	1,396,665	25,667	1,235,515	-	(135,483)	-	-	-	(135,483)		
Sullivan County Industrial Development Agency	416,685	415,072	-	6,194	-	4,581	-	-	4,581		4,581
Emerald Corporate Center Economic Development Corporation	61,263	59,935	-	-	-	-	(1,328)	-	(1,328)		(1,328)
Sullivan County Funding Corporation	77,190	110,000	-	-	-	-	-	32,810	32,810		32,810
Total component units	\$ 31,075,817	5,909,636	22,630,941	6,194	(135,483)	4,581	(1,328)	32,810	(2,529,046)		(2,529,046)
General revenue:											
Unrestricted use of money and property				90,452	-	53,640	-	-	-		144,092
Grants and contributions not restricted to specific programs				-	66,000	-	-	-	-		66,000
Miscellaneous				861,242	10,820	-	-	2,099	-		874,161
Total general revenue				951,694	76,820	53,640	-	2,099	-		1,084,253
Change in net position				(1,477,932)	(58,663)	58,221	(1,328)	34,909	(1,444,793)		(1,444,793)
Net position at beginning of year				(1,366,628)	144,001	2,128,768	800,072	682,165	2,388,378		2,388,378
Prior period adjustment				7,002,030	-	-	-	-	7,002,030		7,002,030
Net position at beginning of year, as restated				5,635,402	144,001	2,128,768	800,072	682,165	9,390,408		9,390,408
Net position at end of year				\$ 4,157,470	85,338	2,186,989	798,744	717,074	7,945,615		7,945,615

See accompanying notes to financial statements.

# COUNTY OF SULLIVAN, NEW YORK

## Notes to Financial Statements

December 31, 2012

### (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 31<sup>st</sup> 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.

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

(1) Summary of Significant Accounting Policies, Continued

(a) Financial Reporting Entity, Continued

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.

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 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.

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



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

(1) Summary of Significant Accounting Policies, Continued

(a) Financial Reporting Entity, Continued

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. The STASC is reflected in the financial statements as a proprietary fund.

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

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

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

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

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

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

(1) Summary of Significant Accounting Policies, Continued

(b) Government-Wide Financial Statements

The government-wide financial statements (i.e. the statement of net position 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 position 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 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.

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

(1) Summary of Significant Accounting Policies, Continued

(c) Fund Financial Statements

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

Fund Categories

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

General Fund - The general fund constitutes the primary operating fund of the County 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, and is funded by New York State revenue.

Refuse and Garbage Fund - The refuse and garbage fund is used to account for the activity of the County's solid waste operations, and is funded primarily by user fees.

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.

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

(1) Summary of Significant Accounting Policies, Continued

(c) Fund Financial Statements, Continued

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

Special Revenue Funds:

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

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

Debt Service Fund - The debt service fund is provided to account for 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 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 has also established a self-insured dental fund as an internal service fund.
- 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 accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles.

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

(1) Summary of Significant Accounting Policies, Continued

(d) Measurement Focus, Basis of Accounting and Financial Statement Presentation, Continued

Beginning in 2012, the County adopted the provisions of GASB Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 GASB and AICPA Pronouncements." This statement codifies all sources of accounting principles generally accepted in the United States of America into the GASB's authoritative literature.

For the year ended December 31, 2012 the County implemented GASB Statement No. 63 - "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." This statement amends the net asset reporting requirements in GASB Statement No. 34. - "Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments" and other pronouncements by incorporating deferred outflows of resources and deferred inflows or resources into the definitions of the required components of the residual measure and by renaming that measure as net positions, rather than net assets.

For the year ended December 31, 2012, the County implemented GASB Statement No. 65 - "Items Previously Reported as Assets and Liabilities." This statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes as outflows of resources or inflows of resources, certain items that were previously reported as assets or liabilities.

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. Revenue is recognized as soon as they are both measurable and available. Revenue is considered to be available when it is 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 revenue. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenue are

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

(1) Summary of Significant Accounting Policies, Continued

(d) Measurement Focus, Basis of Accounting and Financial Statement Presentation, Continued

considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. Fees and other similar revenue are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenue from Federal and State grants is 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 postemployment 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.

Patient revenue in the enterprise fund is recorded on the gross charge basis. Contractual adjustments are deducted to arrive at net patient service revenue. Revenue 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 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 Position 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

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

(1) Summary of Significant Accounting Policies, Continued

(e) Assets, Liabilities and Net Position or Fund Balances, Continued

Deposits, Investments and Risk Disclosure, Continued

the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions, and accordingly, the County's policy provides for no credit risk on investments.

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

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the County's name. The County's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2012.

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 1<sup>st</sup>, payable without penalty to January 31<sup>st</sup>. The towns are responsible for the billing and collection of County taxes. The towns are responsible for collection through March 31<sup>st</sup>, 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 31<sup>st</sup> are also charged interest at 1% per month on the unpaid tax. The towns retain from their gross tax collection the full amount of their respective levies and return the balance of such collections, which includes the collection of relieved school district taxes, where applicable, to the County.

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

(1) Summary of Significant Accounting Policies, Continued

(e) Assets, Liabilities and Net Position or Fund Balances, Continued  
Deposits, Investments and Risk Disclosure, Continued

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

- Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the County. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.
- Loans Receivable - Loans receivable consist of residential and commercial loans made by the County. The loans have various interest rates and maturities.
- Due From/To Other Funds - During the course of its operations, the County has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of December 31, 2012, balances of inter-fund 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.



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

(1) Summary of Significant Accounting Policies, Continued

(e) Assets, Liabilities and Net Position or Fund Balances, Continued

Deposits, Investments and Risk Disclosure, Continued

- Cost of Issuance - The STASC did not adopt in its December 31, 2012 statements the provisions of GASB Statement No. 65 - "Items Previously Reported as Assets and Liabilities" and is reporting the cost of issuance of its flexible maturity bonds as an asset being amortized over twenty six years. These financial statements report \$241,064 and \$257,578 at December 31, 2012 and 2011, respectively, and interest expense of \$7,592 in 2012 and 2011 related to the cost of issuance. These costs will be removed from the statement of net position in the financial statements for the year ending December 31, 2013 when this standard must be adopted.
- 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

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

(1) Summary of Significant Accounting Policies, Continued

(e) Assets, Liabilities and Net Position or Fund Balances, Continued

Deposits, Investments and Risk Disclosure, Continued

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

- Unearned Revenue - Unearned revenue arise when assets are recognized before revenue recognition criteria has been satisfied. In the government-wide financial statements, unearned revenue consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met. Unearned revenue includes \$336,295 for premiums received in advance in the workers' compensation benefits fund, \$806,704 in the Sullivan County Community College (component unit) for tuition and other fees, \$300,054 in the Sullivan County Industrial Development Agency (component unit) for State Aid received in advance and \$3,309 in the Sullivan County Funding Corporation (component unit).
- Deferred Inflows - Deferred inflows arise where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The County has reported deferred inflows of \$11,798,354 for real property taxes and \$774,966 for various departmental income in the general fund and \$187,971 for loans receivable in the community development fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles. Deferred inflows in the government-wide statement of net position includes \$774,996 in governmental activities and \$462,350 in the Sullivan County Soil and Water Conservation District (component unit).
- 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 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.

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

(1) Summary of Significant Accounting Policies, Continued

(e) Assets, Liabilities and Net Position or Fund Balances, Continued

Deposits, Investments and Risk Disclosure, Continued

- 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 position 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 Position - Net position represents assets plus deferred outflows minus liabilities minus deferred inflows. Net position is 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 position on the statement of net position includes, invested in capital assets, net of related debt, law enforcement, Stop DWI program, debt service, and community development. The remaining balance is classified as unrestricted.
- 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.

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

(1) Summary of Significant Accounting Policies, Continued

(e) Assets, Liabilities and Net Position or Fund Balances, Continued  
Deposits, Investments and Risk Disclosure, Continued

Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the County Legislature. These funds may only be used for the purpose specified unless the Legislature removes or changes the purpose by taking the same action that was used to establish the commitment.

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.

(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. At December 31, 2012, all encumbrances of the County had lapsed.

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

(1) Summary of Significant Accounting Policies, Continued

(g) Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

(h) Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date June 28, 2013.

(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:

- On or before November 15<sup>th</sup>, the County Manager submits to the County Legislature a tentative operating budget for the fiscal year commencing the following January 1<sup>st</sup>. The tentative budget includes proposed expenditures and the means of financing.
- The County Manager meets with the Management and Budget Committee of the Legislature after transmittal of the tentative budget to review the budget document.
- The County Legislature conducts two public hearings on the tentative budget to obtain taxpayer comments.
- After the public hearing and prior to December 20<sup>th</sup>, the Legislature meets to consider and adopt the budget.
- 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 20<sup>th</sup>.
- 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.
- 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.

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

(2) Stewardship, Compliance and Accountability, Continued

(a) Budgetary Data, Continued

- 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.
- 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 1½% 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 2012 was \$136,125,074, which exceeded the actual levy by \$87,247,217.

(c) Expenditures in Excess of Budget

Certain individual budgetary expenditures accounts exceeded their budgetary authorizations in the general and refuse and garbage and debt service funds. The refuse and garbage fund total expenditures exceeded its budgetary authorization by \$717,263.

(d) Capital Projects Fund Deficits

The unassigned deficit in the capital projects fund of \$2,287,518 arises because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an “other financing source”. Liabilities for bond anticipation notes payable are accounted for in the capital projects fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. The deficit will be reduced and eliminated as bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

(e) Fund Deficits

The Sullivan County Adult Care Center and Sullivan Tobacco Asset Securitization Corporation reflect unrestricted deficits at December 31, 2012 of \$12,063,222 and \$10,480,466, respectively. These deficits will be reduced annually with the receipt of patient service fees and tobacco revenues, respectively.

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

(2) Stewardship, Compliance and Accountability, Continued

(f) Prior Period Adjustment

In fiscal 2012, the College changed its method of accounting for revenue recognition for capital assets contributed by the State and County by recognizing the asset when purchased by the State or County as opposed to when the debt service payments were made on the related borrowings. This change is in accordance with GASB Statement No. 62. As a result, net position of the College was increased as of August 31, 2011 by \$7,002,030 in eliminating the outstanding debt obligations of DASNY and the County.

(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 of \$878,047 and are investments of its component unit Sullivan County Community College Foundation.
- Investments of the Sullivan County Soil and Water Conservation District (component unit) of \$44,482 consists of certificates of deposit that have maturities that are of a duration of greater than three months and are secured by FDIC coverage and collateral posted by the respective depository.

(b) Restricted Investments

Restricted investments at December 31, 2012 consisted of the following:

Sullivan Tobacco Asset Securitization Corporation - Commercial paper, at cost, which approximates fair value, due in June 2013. \$ 1,242,547

Investments of the Sullivan Tobacco Asset Securitization Corporation are not subject to risk categorization.

(c) Taxes Receivable

Taxes receivable at December 31, 2012 consisted of the following:

Taxes receivable - overdue	\$ 21,662,294
Returned school district taxes	15,692,627
Tax liens	<u>88,536</u>
	37,443,457
Allowance for uncollectible taxes	<u>(2,070,935)</u>
	\$ <u>35,372,522</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 \$11,798,354, which represents an estimate of the receivable which will not be collected within the first sixty days of the subsequent year.

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

(3) Detailed Notes on All Funds, Continued

(d) Due From/To Other Funds

The balances reflected as due from/to other funds at December 31, 2012 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 6,138,561	6,839,496
County road	170,140	-
Refuse and garbage	32,369	18,173
Capital projects	135,799	339,987
Non-major governmental	684,572	6,424
Enterprise fund - Adult Care Center	-	5,849,507
Internal service fund - workers' compensation benefits	5,885,579	-
Fiduciary funds	<u>6,567</u>	<u>-</u>
	<u>\$ 13,053,587</u>	<u>13,053,587</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.

(e) Capital Assets

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

	<u>Balance</u> <u>January 1,</u> <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31,</u> <u>2012</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 8,659,087	-	-	8,659,087
Construction-in-progress	<u>4,428,518</u>	<u>728,576</u>	<u>(1,446,443)</u>	<u>3,710,651</u>
Total capital assets, not being depreciated	<u>13,087,605</u>	<u>728,576</u>	<u>(1,446,443)</u>	<u>12,369,738</u>
Capital assets, being depreciated:				
Buildings and improvements	61,927,622	273,515	-	62,201,137
Machinery and equipment	27,956,110	2,258,473	(180,000)	30,034,583
Infrastructure	<u>194,000,876</u>	<u>8,446,234</u>	<u>-</u>	<u>202,447,110</u>
Total capital assets, being depreciated	<u>283,884,608</u>	<u>10,978,222</u>	<u>(180,000)</u>	<u>294,682,830</u>
Less accumulated depreciation for:				
Buildings and improvements	28,336,016	1,252,994	-	29,589,010
Machinery and equipment	20,894,079	1,562,967	(150,400)	22,306,646
Infrastructure	<u>102,099,205</u>	<u>6,641,278</u>	<u>-</u>	<u>108,740,483</u>
Total accumulated depreciation	<u>151,329,300</u>	<u>9,457,239</u>	<u>(150,400)</u>	<u>160,636,139</u>
Capital assets, being depreciated, net	<u>\$ 132,555,308</u>	<u>1,520,983</u>	<u>(29,600)</u>	<u>134,046,691</u>
Governmental activities capital assets, net	<u>\$ 145,642,913</u>	<u>2,249,559</u>	<u>(1,476,043)</u>	<u>146,416,429</u>



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

(3) Detailed Notes on All Funds, Continued

(e) Capital Assets, Continued

	Balance January 1, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2012</u>
Business-type activities:				
Capital assets not being depreciated - construction-in-progress	\$ <u>-</u>	<u>31,433</u>	<u>-</u>	<u>31,433</u>
Capital assets, being depreciated:				
Buildings and improvements	10,551,350	107,907	-	10,659,257
Machinery and equipment	<u>486,208</u>	<u>36,464</u>	<u>-</u>	<u>522,672</u>
Total capital assets, being depreciated	<u>11,037,558</u>	<u>144,371</u>	<u>-</u>	<u>11,181,929</u>
Less accumulated depreciation for:				
Buildings and improvements	9,058,178	267,601	-	9,325,779
Machinery and equipment	<u>297,243</u>	<u>109,916</u>	<u>-</u>	<u>407,159</u>
Total accumulated depreciation	<u>9,355,421</u>	<u>377,517</u>	<u>-</u>	<u>9,732,938</u>
Business-type activities capital assets, net	<u>\$ 1,682,137</u>	<u>(201,713)</u>	<u>-</u>	<u>1,480,424</u>

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

Governmental activities:	
General government support	\$ 472,832
Education	326,423
Public safety	369,616
Health	113,935
Transportation	6,025,523
Economic opportunity and development	54,082
Culture and recreation	42,236
Home and community services	<u>2,052,592</u>
Total depreciation expense governmental activities	\$ <u>9,457,239</u>
Business-type activities - Adult Care Center	\$ <u>304,779</u>

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

(3) Detailed Notes on All Funds, Continued

(e) Capital Assets, Continued

Capital Assets - Component Units

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

	Balance January 1, <u>2012</u>	<u>Additions</u>	Balance December 31, <u>2012</u>
Capital assets, being depreciated:			
Buildings	\$ 55,197	-	55,197
Machinery and equipment	<u>112,385</u>	<u>1,925</u>	<u>114,310</u>
Total capital assets, being depreciated	<u>167,582</u>	<u>1,925</u>	<u>169,507</u>
Less accumulated depreciation for:			
Buildings	32,430	1,380	33,810
Machinery and equipment	<u>90,249</u>	<u>11,925</u>	<u>102,174</u>
Total accumulated depreciation	<u>122,679</u>	<u>13,305</u>	<u>135,984</u>
Soil and Water Conservation District capital assets, net	<u>\$ 44,903</u>	<u>(11,380)</u>	<u>33,523</u>

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

	Balance January 1, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2012</u>
Capital assets, being depreciated:				
Machinery and equipment	\$ 304,362	-	(4,497)	299,865
Less accumulated depreciation	<u>23,257</u>	<u>15,273</u>	<u>(4,497)</u>	<u>34,033</u>
Industrial Development Agency capital assets, net	<u>\$ 281,105</u>	<u>(15,273)</u>	<u>-</u>	<u>265,832</u>

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

	Balance January 1, <u>2012</u>	<u>Additions</u>	Balance December 31, <u>2012</u>
Capital assets, not being depreciated - construction-in-progress	<u>\$ 1,442,461</u>	<u>-</u>	<u>1,442,461</u>

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

(3) Detailed Notes on All Funds, Continued

(e) Capital Assets, Continued

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

(f) Accrued Liabilities

Accrued liabilities at December 31, 2012 were as follows:

	Fund				Total
	General	County road	Refuse and garbage	Non-major governmental	
Payroll and employee benefits	\$ 3,144,286	421,045	100,564	134,652	3,800,547

(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 and 6 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, 2013 are as follows:

<u>Tier/Plan</u>	<u>Rate</u>
1 751	25.4%
2 751	23.3, 23.2
3 551	22.5
3 A14	18.7, 18.6
4 551	22.5
4 89PAF	19.9
4 A15	18.7, 18.6
5 89PAF	17.5
5 A15	15.2, 15.1
6 89PAF	11.8
6 A15	10.2, 10.1

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

(3) Detailed Notes on All Funds, Continued

(g) Pension Plan - Primary Government, Continued

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

2012	\$ 4,923,708
2011	6,386,461
2010	4,955,636

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

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

<u>Fund</u>	<u>Amount</u>
General	\$ 3,463,656
County Road	360,563
Refuse and Garbage	101,562
Road Machinery	114,728
Adult Care Center	<u>883,199</u>
	<u>\$ 4,923,708</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 (TIAAJCREF). The Sullivan County Soil and Water Conservation District also participates in the ERS. 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, 2012 was as follows:

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

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

(3) Detailed Notes on All Funds, Continued

(h) Pension Plans - Component Units, Continued

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

	<u>Sullivan County Community College</u>		<u>Soil and Water Conservation District</u>
	<u>TRS</u>	<u>ERS</u>	<u>ERS</u>
2012	\$134,895	524,049	47,872
2011	99,623	350,498	39,941
2010	72,058	221,467	21,816

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 contributory for employees who joined after July 27, 1976 who contribute 2-3% 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, 2012, the College incurred \$451,957 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.

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

(3) Detailed Notes on All Funds, Continued

(i) Short-Term Capital Borrowings

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

<u>Purpose</u>	<u>Year of</u>		<u>Interest</u>	<u>Balance</u>		<u>Balance</u>	
	<u>Original</u>	<u>Maturity</u>		<u>January 1,</u>	<u>New</u>	<u>December 31,</u>	
	<u>Issue</u>	<u>Date</u>	<u>Rate</u>	<u>2012</u>	<u>Issues</u>	<u>Redemptions</u>	<u>2012</u>
Road reconstruction 2007	2007	3/9/2012	0.80%	\$ 400,850	-	(400,850)	-
Jail planning	2008	3/8/2013	0.80%	1,045,000	-	(545,000)	500,000
Road and bridge reconstruction	2009	3/9/2012	0.80%	344,150	-	(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	3/8/2013	1.50%	4,400,000	-	(1,100,000)	3,300,000
Road reconstruction	2012	3/8/2013	1.50%	-	2,000,000	-	2,000,000
Computer equipment	2012	3/8/2013	1.50%	-	1,000,000	-	1,000,000
				<u>\$ 15,685,000</u>	<u>3,000,000</u>	<u>(11,885,000)</u>	<u>6,800,000</u>

Liabilities for bond anticipation notes are generally accounted for in the capital projects fund.

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

Interest expenditures of \$19,914, \$5,960 and \$68,921 were recorded in the fund financial statements in the general, county road and refuse and garbage funds, respectively. Interest expense of \$107,443 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.

<u>Issued</u>	<u>Matures</u>	<u>Interest</u>	<u>Balance</u>		<u>Balance</u>	
			<u>Rate</u>	<u>January 1,</u>	<u>New</u>	<u>December 31,</u>
			<u>2012</u>	<u>Issues</u>	<u>Redemptions</u>	<u>2012</u>
03/15/2012	03/15/2013	1.25%	\$ -	10,000,000	-	10,000,000
03/16/2011	03/09/2012	0.81%	13,000,000	-	(13,000,000)	-
			<u>\$ 13,000,000</u>	<u>10,000,000</u>	<u>(13,000,000)</u>	<u>10,000,000</u>

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

(3) Detailed Notes on All Funds, Continued

(j) Short-Term Non-Capital Borrowings, Continued

Interest expenditures of \$103,253 were recorded in the fund financial statements in the general fund. Interest expense of \$119,841 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, 2012 is as follows:

	Balance January 1, 2012	New Issues and/or Additions	Maturities and/or Payments	Balance December 31, 2012	Due Within One Year
Governmental activities:					
Bonds payable	\$ 54,807,544	9,495,000	(6,842,147)	57,460,397	6,922,370
Plus unamortized premium	425,158	-	(44,951)	380,207	44,951
	<u>55,232,702</u>	<u>9,495,000</u>	<u>(6,887,098)</u>	<u>57,840,604</u>	<u>6,967,321</u>
Installment purchase debt	205,796	-	(100,880)	104,916	104,916
Other non-current liabilities:					
Claims payable	5,322,116	12,803,180	(5,377,782)	12,747,514	1,486,100
Retirement incentives and other pension obligations	1,620,437	2,278,416	(262,033)	3,636,820	308,398
Compensated absences	3,370,163	77,562	-	3,447,725	345,000
Other postemployment benefit obligations payable	45,591,920	11,258,665	(4,380,265)	52,470,320	-
Landfill closure costs	13,877,367	-	(1,762,812)	12,114,555	138,544
Total other non-current liabilities	<u>69,782,003</u>	<u>26,417,823</u>	<u>(11,782,892)</u>	<u>84,416,934</u>	<u>2,278,042</u>
Governmental activities long-term liabilities	<u>\$ 125,220,501</u>	<u>35,912,823</u>	<u>(18,770,870)</u>	<u>142,362,454</u>	<u>9,350,279</u>
Business-type activities:					
Bonds payable	13,837,456	-	(412,853)	13,424,603	162,630
Less unamortized original issue discount	(118,407)	-	7,592	(110,815)	-
	<u>13,719,049</u>	<u>-</u>	<u>(405,261)</u>	<u>13,313,788</u>	<u>162,630</u>

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

(3) Detailed Notes on All Funds, Continued

(k) Long-Term Liabilities, Continued

	Balance January 1, <u>2012</u>	New Issues and/or <u>Additions</u>	Maturities and/or <u>Payments</u>	Balance December 31, <u>2012</u>	Due Within <u>One Year</u>
Other non-current liabilities:					
Retirement incentives and other pension obligations	\$ 193,970	318,427	(44,598)	467,799	65,238
Compensated absences	940,643	176,838	-	1,117,481	1,117,481
Other postemployment benefit obligations payable	-	1,385,769	(292,396)	7,256,650	292,396
	<u>6,163,277</u>	<u>1,385,769</u>	<u>(292,396)</u>	<u>7,256,650</u>	<u>292,396</u>
Total other non-current liabilities	<u>7,297,890</u>	<u>1,881,034</u>	<u>(336,994)</u>	<u>8,841,930</u>	<u>1,475,115</u>
Business-type activities long-term liabilities	<u>\$ 21,016,939</u>	<u>1,881,034</u>	<u>(742,255)</u>	<u>22,155,718</u>	<u>1,637,745</u>
Components units:					
Bonds payable	17,627,228	-	(9,671,383) *	7,955,845	7,955,845
Note payable	-	372,000	-	372,000	-
Capital lease obligations	3,589,000	-	(176,000)	3,413,000	3,413,000
Compensated absences	350,671	88,139	-	438,810	43,881
Other postemployment benefit obligations payable	7,360,262	2,378,890	(958,027)	8,781,125	-
	<u>7,360,262</u>	<u>2,378,890</u>	<u>(958,027)</u>	<u>8,781,125</u>	<u>-</u>
Component units long-term liabilities	<u>\$ 28,927,161</u>	<u>2,839,029</u>	<u>(10,805,410)</u>	<u>20,960,780</u>	<u>11,412,726</u>

\* Includes prior period adjustment amounting to \$7,002,030 related to elimination of DASNY and County debt based on a change in accounting principle in accordance with GASB 62.

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 postemployment 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.



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

(3) Detailed Notes on All Funds, Continued

(k) Long-Term Liabilities, Continued

Bonds Payable - Bonds payable at December 31, 2012 are comprised of the following individual issues:

<u>Purpose</u>	<u>Year of Issue</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount Outstanding at December 31, 2012</u>
Landfill projects	1999	\$ 9,976,987	April, 2019	1.242 - 3.382	\$ 3,750,000
Public improvements	2001	8,680,000	September, 2016	4.125 - 4.500	2,900,000
Tobacco Asset Securitization	2001	16,965,000	June, 2027	5.000 - 6.000	13,340,000
Landfill projects	2002	4,085,000	May, 2014	5.530 - 5.851	740,000
Public improvements	2003	9,380,000	September, 2018	4.000 - 4.375	4,465,000
Public improvements	2005	9,790,000	July, 2019	3.500 - 4.000	5,600,000
Landfill projects	2005	1,890,000	May, 2014	4.373 - 4.593	405,000
Public improvements	2006	5,055,000	July, 2014	4.125 - 4.250	1,415,000
Public improvements	2007	15,515,000	July, 2022	4.250 - 4.300	11,435,000
Refunding bonds	2007	6,900,000	March, 2017	4.000 - 5.000	2,705,000
Public improvements - tax exempt bonds	2010	8,775,000	May, 2021	3.610 - 5.110	6,845,000
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
Public improvement	2012	9,495,000	October, 2026	1.5 - 3	8,875,000
					<u>\$ 70,885,000</u>

Interest expenditures of \$2,383,251 were recorded in the fund financial statements in the debt service fund. Interest expense of \$2,262,566 was recorded in the government-wide financial statements for governmental activities. Interest expense of \$16,563 and \$773,684 was recorded in the fund and government-wide financial statements for the business-type activities in the Adult Care Center Fund and the Sullivan Tobacco Asset Securitization Corporation, respectively.

Installment Purchase Debt - The County, in 2003, entered into an \$885,000 capital lease agreement to acquire a parcel of property from the New York State Power Authority in exchange for the County selling a piece of its own property to a third party. The agreement provides for annual payments of \$109,112, including interest at 4.0% through July 2013. The balance due at December 31, 2012 was \$104,916.

Interest expenditures/expense of \$8,232 was recorded in the fund financial statements in the debt service fund and in the government-wide financial statements.

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

(3) Detailed Notes on All Funds, Continued

(k) Long-Term Liabilities, Continued

Payments to Maturity - The annual requirements to amortize all bonded and installment purchase debt outstanding as of December 31, 2012 including interest payments of \$18,792,383 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	Principal	Interest
2013	\$ 6,922,370	2,218,837	104,916	4,196	792,630 *	739,943	7,819,916	2,962,976
2014	7,092,516	1,959,898	-	-	582,484	702,784	7,675,000	2,662,682
2015	5,983,109	1,706,377	-	-	591,891	669,955	6,575,000	2,376,332
2016	6,138,541	1,480,530	-	-	631,459	635,071	6,770,000	2,115,601
2017	5,543,861	1,224,280	-	-	661,139	598,462	6,205,000	1,822,742
2018 - 2022	19,825,000	3,405,975	-	-	4,590,000	2,239,094	24,415,000	5,645,069
2023 - 2027	5,955,000	381,414	-	-	5,575,000	825,567	11,530,000	1,206,981
	<u>\$ 57,460,397</u>	<u>12,377,311</u>	<u>104,916</u>	<u>4,196</u>	<u>13,424,603</u>	<u>6,410,876</u>	<u>70,989,916</u>	<u>18,792,383</u>

\* Includes optional flexible principal of \$630,000.

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.

Note Payable - The Sullivan County Industrial Development Agency has entered into an agreement with the United States Department of Agriculture (USDA) to create a Rural Microloan Revolving Fund (RMRF), which will provide loans to local eligible businesses. The outstanding amount will accrue interest at 2% per annum throughout the term of the loan but will be deferred for the first 24 months. Once the deferral period is over, the Agency must repay the loan in equally amortized monthly payments of principal and interest over a period not to exceed 20 years. As of December 31, 2012, the Agency has drawn down a total of \$372,000 of the \$440,000 loan funds available.

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

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

(3) Detailed Notes on All Funds, Continued

(k) Long-Term Liabilities, Continued

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.

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

	Year ended December 31, 2012			Year ended December 31, 2011	
	<u>Dental</u>	<u>Workers' compensation</u>	<u>General liability</u>	<u>Workers' compensation</u>	<u>General liability</u>
Balance at beginning of year	\$ -	4,894,773	427,343	4,767,330	299,195
Provision for claims and claims adjustment expenses/expenditures	349,054	10,870,334	101,653	4,089,093	344,622
Claims and claims adjustment expenses/expenditures paid	<u>(340,429)</u>	<u>(3,412,634)</u>	<u>(142,580)</u>	<u>(3,961,650)</u>	<u>(216,474)</u>
Balance at end of year	<u>\$ 8,625</u>	<u>12,352,473</u>	<u>386,416</u>	<u>4,894,773</u>	<u>427,343</u>
Due within one year	<u>\$ 8,625</u>	<u>1,227,475</u>	<u>250,000</u>	<u>489,000</u>	<u>270,000</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 4434 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 \$6,735, including interest, and was charged to general fund expenditures in the fund financial statements. The balance due at December 31, 2012 was \$22,304.

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, 2012 was \$18,238.

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

(3) Detailed Notes on All Funds, Continued

(k) Long-Term Liabilities, Continued

The 2010 State-wide Retirement Incentive Program enacted under Chapter 105 of the Laws of 2010 authorized local municipalities to offer employees a retirement incentive. Under Part A of the plan, eligible employees would be granted one month of additional service credit for each year of service up to 36 years. Under Part B of the plan, eligible employees can retire without penalty and benefit reduction if they are under the age of 62 and have less than 30 years of credited service. The estimated cost of the program will be approximately 60% of the employee's final average salary. The County has elected to pay this obligation over a five year period, with interest. The current year cost of the program was \$455,796 and was charged to general fund expenditures in the fund financial statements. The balance due at December 31, 2012 was \$1,383,239 for governmental activities and \$143,372 for business-type activities.

The State Legislature enacted Chapter 57 of the Laws of 2010. This chapter authorized local governments, at their option, to amortize a portion of their respective ERS contributions beginning in 2010. The maximum amortization amount each year going forward will be determined by the difference between each employer's effective contribution rate as compared to the System's overall graded rate. The amortized amounts are to be paid in equal annual installments over a ten year period, although amounts may be prepaid at any time. Interest will be charged at rates which approximate a market rate of return on taxable fixed rate securities of a comparable duration and will be adjusted annually. The County elected to amortize the maximum allowable ERS contributions for 2012. The amount amortized for the County's 2012 contributions made in February 2013, was \$3,633,100.

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, 2012 was \$428,998 and \$9,812, respectively.

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

(3) Detailed Notes on All Funds, Continued

(k) Long-Term Liabilities, Continued

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 Postemployment 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 postemployment health care benefits is shared between the County and the retired employee. Substantially all of the County's employees may become eligible for those benefits if they reach normal retirement age while working for the County. The cost of retiree health care benefits is recognized as an expenditure as claims are paid in the governmental funds.

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

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

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

(3) Detailed Notes on All Funds, Continued

(k) Long-Term Liabilities, Continued

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 24 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, 2012 was as follows:

	Primary government	Community College (Component Unit)	Total
Active employees	829	164	993
Retired employees	<u>656</u>	<u>97</u>	<u>753</u>
	<u>1,485</u>	<u>261</u>	<u>1,746</u>
		Governmental Activities	Adult Care Center
Amortization component:			
Actuarial accrued liability as of January 1, 2012		\$ 143,973,063	14,479,415
Assets at market value		<u>-</u>	<u>-</u>
Unfunded actuarial accrued liability (UAAL)		\$ <u>143,973,063</u>	<u>14,479,415</u>
Funded ratio		<u>0.00%</u>	<u>0.00%</u>
Covered payroll (active plan members)		<u>39,855,814</u>	<u>5,395,068</u>
UAAL as a percentage of covered payroll		<u>361.23%</u>	<u>268.38%</u>
Annual required contribution		12,050,750	1,492,846
Interest on net OPEB obligation		1,894,344	256,084
Adjustment to annual required contribution		<u>(2,686,429)</u>	<u>(363,161)</u>
Annual OPEB cost		11,258,665	1,385,769
Contributions made		<u>(4,380,265)</u>	<u>(292,396)</u>
Increase in net OPEB obligation		6,878,400	1,093,373
Net OPEB obligation at beginning of year		<u>45,591,920</u>	<u>6,163,277</u>
Net OPEB obligation at end of year		\$ <u>52,470,320</u>	<u>7,256,650</u>

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

(3) Detailed Notes on All Funds, Continued

(k) Long-Term Liabilities, Continued

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:

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2012	\$ 12,644,434	36.95%	59,726,970
2011	12,143,366	35.84	51,755,197
2010	14,174,559	24.81	43,964,082

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.

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 \$12,114,555 reported as a landfill closure costs liability in the government-wide financial statements, at December 31, 2012, represents an estimated amount based on the use of 100 percent of the landfill capacity less the actual expenditures to date of \$31,349,540. 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.

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, 2012 were as follows:

<u>Year ending</u> <u>August</u>	
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>

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

(3) Detailed Notes on All Funds, Continued

(l) Revenue 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	Adult Care Center	
General fund	\$ -	10,419,480	1,100,000	109,727	5,381,223	300,621	17,311,051
County road fund	-	-	-	-	1,947,260	-	1,947,260
Refuse and garbage fund	-	-	-	-	5,084,701	-	5,084,701
Capital projects fund	-	21,049	-	-	376,622	-	397,671
Non-major governmental funds	726,335	1,041	12,106	6,424	816,966	-	1,562,872
	<u>\$ 726,335</u>	<u>10,441,570</u>	<u>1,112,106</u>	<u>116,151</u>	<u>13,606,772</u>	<u>300,621</u>	<u>26,303,555</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.

(m) Net Position

The components of net position are detailed below:

- Net investment in capital assets - the component of net position 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 position 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 position 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 position 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 position that reports the difference between assets and liabilities with constraints placed on their use by Local Finance Law.



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

(3) Detailed Notes on All Funds, Continued

(m) Net Position, Continued

- Restricted for workers' compensation benefits - the component of net position 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 position 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 education - the component of net position has been established to set aside funds to provide scholarships, awards and grants to students attending the Community College.
- Unrestricted - all other net position that do not meet the definition of "restricted" or "net investment in capital assets".

Certain elements of fund balance are described above. Those additional elements which are not reflected in the statement of net position but are reported in the governmental funds balance sheet are described below.

Purchases on order (encumbrances) 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.

Amounts committed for landfill construction/closure represent funds of \$9,694,504 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.

Assignment of fund balance are not legally required segregations but represent intended use for a specific purpose. At December 31, 2012, the County has assigned \$1,116,190 to be appropriated for the ensuing year's budget in the general fund. All remaining fund balances of the County Road, Refuse and Garbage, and Road Machinery Fund are reported as assigned fund balances.

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.

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

(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.

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.

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

(4) Summary Disclosure of Significant Contingencies, Continued

(c) Significant Contingencies - Sullivan County Tobacco Asset Securitization Corporation

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

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

(d) Risk Management

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

The County adopted a self-insured workers compensation program under the provisions of Local Law No. 1 of 1967. The County, as well as other participants in the program (15 towns and 5 villages within the County), are assessed premiums which are based on a formula involving assessed value and the actual historical claims experience of such participant.

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

(5) Subsequent Events

The County issued \$9,500,000 of tax anticipation notes on March 19, 2013 in anticipation of real property tax collections. The notes mature on March 7, 2014 and bear interest at the rate of .75%.

The County issued bond anticipation notes of \$5,730,000 for various capital projects on March 7, 2013. The notes mature on March 7, 2014 and bear interest at the rate of 1.00%.

The County issued bond anticipation notes of \$3,500,000 for various capital projects on June 27, 2013. The notes mature on March 7, 2014 and bear interest at the rate of 1.00%.

The County issued \$17,880,000 of public improvement serial bonds on April 30, 2013. The bonds mature annually through July 15, 2022 at refunding interest rates from 1.00% to 5.00%.

(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 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

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

(6) Other Matters, Continued

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.

(7) Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 61 - "The Financial Reporting Entity: Omnibus" is designed to improve financial reporting for governmental entities by amending the requirements of Statements No. 14 - "The Financial Reporting Entity" and No. 34 - "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." This statement amends the criteria for including component units by only including those component units for which the elected officials are financial accountable or that the government determines would be misleading to exclude. This statement also amends the criteria for blending of component units to include only those component units that are so intertwined with the primary government that they are essentially the same as the primary government. The requirements of the statement are effective for periods beginning after June 15, 2012, which is the fiscal year beginning January 1, 2013 for the County. This statement is not expected to have a material effect on the financial statements of the County.

GASB Statement No. 66 - "Technical Corrections - 2012 - an Amendment of GASB Statement No. 10 and 62" improves accounting and financial reporting for a governmental entity by resolving conflicting guidance that resulted from the issuance of two pronouncements. Statements No. 54 - "Fund Balance Reporting and Governmental Fund Type Definitions" and No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." This statement amends Statement No. 10 by removing the provision that limits fund-based reporting of an entity's risk financial activities to the general fund and the internal service fund type. This statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. The requirements of this statement are effective for periods beginning after December 15, 2012, which is the fiscal year beginning January 1, 2013 for the County. This statement is not expected to have a material effect on the financial statements of the County.

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

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

GASB Statement No. 67 - "Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25" replaces existing standards for financial reporting and note disclosure for most pension plans that are administered through trusts or equivalent arrangements. The requirements of this statement are effective for periods beginning after June 15, 2013, which is the fiscal year beginning January 1, 2014 for the County. This statement is not expected to have a material effect on the financial statements of the County.

GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" replaces existing standards of accounting and financial reporting for pension plans that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. The requirements of this statement are effective for periods beginning after June 15, 2014, which is the fiscal year beginning January 1, 2015 for the County. This statement is not expected to have a material effect on the financial statements of the County.

GASB Statement No. 69 - "Government Combinations and Disposals of Government Operations" establishes accounting and financial reporting standards for government mergers, acquisitions and disposals. The statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effect of those transactions. The requirements of this statement are effective for periods beginning after December 15, 2013, which is the fiscal year beginning January 1, 2014 for the County. This statement is not expected to have a material effect on the financial statements of the County.

GASB Statement No. 70 - "Accounting and Financial Reporting for Nonexchange Financial Guarantees" improves the accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The statement also requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. The requirements of this statement are effective for periods beginning after June 15, 2013, which is the fiscal year beginning January 1, 2014 for the County. This statement is not expected to have a material effect on the financial statements of the County.

COUNTY OF SULLIVAN, NEW YORK  
 Required Supplementary Information - Schedule of Funding Progress  
 Other Postemployment Benefits  
 Last Three Fiscal Years

<u>Valuation Date</u>	<u>Actuarial</u>		<u>Unfunded Actuarial</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as a Percentage of Covered Payroll</u>
	<u>Value of Assets</u>	<u>Accrued Liability</u>	<u>Liability</u>			
January 1, 2012	\$ -	158,452,478	158,452,478	-%	45,250,882	350.16%
January 1, 2011	-	146,917,684	146,917,684	-	43,553,182	337.33
January 1, 2010	-	155,096,710	155,096,710	-	46,345,554	334.65

## **MAJOR GOVERNMENTAL FUNDS**

### GENERAL FUND

The general fund constitutes the primary operating fund of the County 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.



COUNTY OF SULLIVAN, NEW YORK  
General Fund  
Comparative Balance Sheets  
December 31, 2012 and 2011

	<u>Assets</u>	<u>2012</u>	<u>2011</u>
Cash:			
Demand deposits		\$ 23,366,081	29,971,159
Petty cash		12,650	14,150
		<u>23,378,731</u>	<u>29,985,309</u>
Taxes receivable:			
Taxes receivable - overdue		21,662,294	17,901,455
Returned school district taxes		15,692,627	15,433,235
Tax liens		88,536	190,604
		<u>37,443,457</u>	<u>33,525,294</u>
Less allowance for uncollectible amounts		<u>(2,070,935)</u>	<u>(2,383,355)</u>
		<u>35,372,522</u>	<u>31,141,939</u>
Other receivables:			
Accounts		5,018,727	5,794,730
State and Federal aid		24,597,861	20,188,197
Due from other governments		265,381	973,862
Due from other funds		6,138,561	4,877,820
		<u>36,020,530</u>	<u>31,834,609</u>
Total assets		<u>\$ 94,771,783</u>	<u>92,961,857</u>
<u>Liabilities, Deferred Inflows and Fund Balance</u>			
Liabilities:			
Accounts payable		8,077,578	3,864,276
Retained percentages payable		1,352	-
Accrued liabilities		3,144,286	3,366,676
Due to New York State retirements system		4,832,164	5,787,604
Due to other governments		278,828	208,449
Due to school districts		19,662,798	18,863,437
Due to other funds		6,839,496	5,069,674
Deposits		4,939,099	5,236,005
Tax anticipation notes payable		10,000,000	13,000,000
Total liabilities		<u>57,775,601</u>	<u>55,396,121</u>
Deferred inflows:			
Deferred inflows		774,966	992,013
Deferred tax inflows		11,798,354	13,441,131
Total deferred inflows		<u>12,573,320</u>	<u>14,433,144</u>
Fund balance:			
Restricted		775,058	554,732
Committed		9,694,504	11,914,377
Assigned		1,116,190	7,925,968
Unassigned		12,837,110	2,737,515
Total fund balance		<u>24,422,862</u>	<u>23,132,592</u>
Total liabilities, deferred inflows and fund balance		<u>\$ 94,771,783</u>	<u>92,961,857</u>

COUNTY OF SULLIVAN, NEW YORK  
General Fund

Comparative Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual  
Years ended December 31, 2012 and 2011

	2012			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenue:</b>				
Real property taxes	\$ 48,877,857	48,877,857	51,466,856	2,588,999
Other tax items	6,570,278	6,610,941	8,463,919	1,852,978
Non-property taxes	35,442,000	35,197,009	36,226,594	1,029,585
Departmental income	22,866,955	22,898,145	20,811,540	(2,086,605)
Intergovernmental charges	640,755	621,528	510,912	(110,616)
Use of money and property	125,350	125,350	157,862	32,512
Licenses and permits	23,500	23,500	20,990	(2,510)
Fines and forfeitures	284,708	296,272	497,936	201,664
Sale of property and compensation for loss	110,300	232,503	176,060	(56,443)
Miscellaneous local sources	3,052,542	3,039,088	3,271,251	232,163
State aid	15,664,660	16,380,109	15,014,371	(1,365,738)
Federal aid	16,155,997	17,664,471	18,197,064	532,593
Total revenue	<u>149,814,902</u>	<u>151,966,773</u>	<u>154,815,355</u>	<u>2,848,582</u>
<b>Expenditures:</b>				
General government support	25,494,848	26,029,565	23,008,080	3,021,485
Education	5,350,000	5,300,000	5,297,188	2,812
Public safety	22,617,395	22,974,717	22,281,506	693,211
Health	24,968,980	25,053,086	23,150,414	1,902,672
Transportation	1,283,103	1,237,116	1,172,599	64,517
Economic opportunity and development	56,536,269	58,132,164	56,711,538	1,420,626
Culture and recreation	3,416,474	3,531,993	3,289,795	242,198
Home and community services	1,495,691	1,504,440	1,443,075	61,365
Debt service	685,537	668,168	668,167	1
Total expenditures	<u>141,848,297</u>	<u>144,431,249</u>	<u>137,022,362</u>	<u>7,408,887</u>
Excess of revenue over expenditures	<u>7,966,605</u>	<u>7,535,524</u>	<u>17,792,993</u>	<u>10,257,469</u>
<b>Other financing sources (uses):</b>				
Premiums	-	-	81,993	81,993
Transfers in	463,239	726,334	726,335	1
Transfers out	(16,089,969)	(17,311,051)	(17,311,051)	-
Total other financing sources (uses)	<u>(15,626,730)</u>	<u>(16,584,717)</u>	<u>(16,502,723)</u>	<u>81,994</u>
Net change in fund balance	(7,660,125)	(9,049,193)	1,290,270	10,339,463
Fund balance at beginning of year	<u>23,132,592</u>	<u>23,132,592</u>	<u>23,132,592</u>	<u>-</u>
Fund balance at end of year	<u>\$ 15,472,467</u>	<u>14,083,399</u>	<u>24,422,862</u>	<u>10,339,463</u>

COUNTY OF SULLIVAN, NEW YORK  
General Fund

Comparative Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual, Continued

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenue:</b>				
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)
Miscellaneous local sources	6,499,227	3,124,693	3,228,703	104,010
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
Total revenue	<u>150,662,468</u>	<u>151,724,243</u>	<u>149,381,942</u>	<u>(2,342,301)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
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	<u>141,085,606</u>	<u>139,282,611</u>	<u>134,949,610</u>	<u>4,333,001</u>
Excess of revenues ove r expenditures	<u>9,576,862</u>	<u>12,441,632</u>	<u>14,432,332</u>	<u>1,990,700</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	550,616	550,616
Transfers out	(14,087,189)	(15,700,277)	(16,312,407)	(612,130)
Total other financing sources (uses)	<u>(14,087,189)</u>	<u>(15,700,277)</u>	<u>(15,761,791)</u>	<u>(61,514)</u>
Net change in fund balances	(4,510,327)	(3,258,645)	(1,329,459)	1,929,186
Fund balance at beginning of year	<u>24,462,051</u>	<u>24,462,051</u>	<u>24,462,051</u>	<u>-</u>
Fund balance at end of year	<u>\$ 19,951,724</u>	<u>21,203,406</u>	<u>23,132,592</u>	<u>1,929,186</u>

COUNTY OF SULLIVAN, NEW YORK  
General Fund

Schedule of Revenue and Other Financing Sources Compared to Budget - With Prior Year Actual  
Year ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
Real property taxes	\$ 48,877,857	48,877,857	51,466,856	2,588,999	47,403,913
Other tax items:					
Gain on sale of tax acquired property	1,250,000	1,250,000	2,207,956	957,956	1,705,401
Interest and penalties on real property taxes	4,500,000	4,540,663	5,414,070	873,407	5,080,843
Payments in lieu of taxes	820,278	820,278	841,893	21,615	820,278
	6,570,278	6,610,941	8,463,919	1,852,978	7,606,522
Non-property taxes:					
Sales and use tax	33,000,000	33,000,000	34,034,864	1,034,864	32,911,401
Hotel room occupancy tax	750,000	629,010	629,009	(1)	558,728
Off-track betting surcharge	350,000	323,316	323,316	-	325,031
E-911 surcharge	300,000	300,000	291,465	(8,535)	310,179
Automobile use tax	515,000	473,314	473,315	1	517,795
Mortgage tax	525,000	469,369	469,369	-	476,223
Other taxes	2,000	2,000	5,256	3,256	4,262
	35,442,000	35,197,009	36,226,594	1,029,585	35,103,619

(Continued)

COUNTY OF SULLIVAN, NEW YORK  
General Fund

Schedule of Revenue and Other Financing Sources Compared to Budget - with prior year actual, Continued

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	2011 <u>Actual</u>
Departmental income:					
General government support:					
County treasurer fees	\$ 6,100	6,100	6,012	(88)	4,334
Tax map fees	2,000	2,000	3,513	1,513	2,485
Tax collection fees	539,000	959,530	1,194,227	234,697	794,887
Clerk fees	1,449,980	1,535,776	1,549,152	13,376	1,481,966
Charges for tax advertising	500	1,795	2,967	1,172	1,926
Civil service examination fees	10,000	10,000	13,216	3,216	5,341
Attorney fees	33,887	36,137	17,436	(18,701)	40,250
Public works charges	3,870,669	3,870,669	3,805,180	(65,489)	3,840,330
Management information fees	1,434,873	1,084,693	1,086,191	1,498	1,187,901
Stop-DWI reimbursement	44,721	44,721	44,721	-	44,721
Central services chargebacks	265,310	183,103	183,082	(21)	208,024
	<u>7,657,040</u>	<u>7,734,524</u>	<u>7,905,697</u>	<u>171,173</u>	<u>7,612,165</u>
Public safety:					
Sheriff fees	680,443	734,326	722,612	(11,714)	718,308
Probation fees	119,672	119,672	126,454	6,782	112,516
Public safety fees	6,000	81,682	93,415	11,733	86,344
	<u>806,115</u>	<u>935,680</u>	<u>942,481</u>	<u>6,801</u>	<u>917,168</u>

(Continued)

COUNTY OF SULLIVAN, NEW YORK

General Fund

Schedule of Revenue and Other Financing Sources Compared to Budget - With Prior Year Actual, Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
Departmental income, continued:					
Health:					
Home nursing charges	\$ 5,615,385	5,615,385	4,339,725	(1,275,660)	4,440,512
Mental health fees	3,461,079	3,584,397	3,245,105	(339,292)	3,253,472
Early intervention child care services	555,974	555,974	656,853	100,879	302,063
Narcotics, DWI and alcoholism programs	741,812	495,880	515,288	19,408	508,682
Other	-	-	5,833	5,833	-
	<u>10,374,250</u>	<u>10,251,636</u>	<u>8,762,804</u>	<u>(1,488,832)</u>	<u>8,504,729</u>
Transportation:					
Airport rentals and fees	72,400	72,400	5,389	(67,011)	122,649
Public transportation fees	293,625	293,625	293,839	214	276,730
	<u>366,025</u>	<u>366,025</u>	<u>299,228</u>	<u>(66,797)</u>	<u>399,379</u>
Economic opportunity and development:					
Medical assistance	1,456,681	1,456,681	1,243,981	(212,700)	1,564,652
Child care	563,251	563,251	409,668	(153,583)	537,167
Juvenile delinquency	30,000	30,000	12,311	(17,689)	34,574
Safety net	585,438	585,438	292,918	(292,520)	432,390
Home energy assistance program repayments	121,000	121,000	99,896	(21,104)	119,286
Emergency aid to adults	30,000	30,000	32,353	2,353	38,422
Family services - chargebacks	64,856	75,845	120,451	44,606	112,249
Other	434,291	456,154	438,832	(17,322)	382,429
	<u>3,285,517</u>	<u>3,318,369</u>	<u>2,650,410</u>	<u>(667,959)</u>	<u>3,221,169</u>

(Continued)

COUNTY OF SULLIVAN, NEW YORK  
General Fund

Schedule of Revenue and Other Financing Sources Compared to Budget - With Prior Year Actual, Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
Departmental income, continued:					
Culture and recreation:					
Parks and recreation	\$ 76,500	64,024	64,064	40	67,740
Recreation concessions	17,500	14,969	10,007	(4,962)	9,357
Contributions - office for the Aging	202,508	131,474	134,208	2,734	165,303
Fort Delaware admissions fees	20,000	17,844	12,860	(4,984)	12,568
	<u>316,508</u>	<u>228,311</u>	<u>221,139</u>	<u>(7,172)</u>	<u>254,968</u>
Home and Community Services - community development administration reimbursement	61,500	63,600	29,781	(33,819)	2,677
Total departmental income	<u>22,866,955</u>	<u>22,898,145</u>	<u>20,811,540</u>	<u>(2,086,605)</u>	<u>20,912,255</u>
Intergovernmental charges:					
General services	427,601	406,906	391,504	(15,402)	422,974
Election service charges	250	1,718	1,719	1	232
Public safety	26,000	26,000	14,720	(11,280)	14,688
Health services	85,000	85,000	992	(84,008)	-
Economic assistance	101,904	101,904	101,977	73	74,087
	<u>640,755</u>	<u>621,528</u>	<u>510,912</u>	<u>(110,616)</u>	<u>511,981</u>
Use of money and property:					
Earnings on investments	26,350	26,350	52,724	26,374	76,184
Rental of property	15,600	15,600	11,998	(3,602)	7,797
Commissions	83,400	83,400	93,140	9,740	113,875
	<u>125,350</u>	<u>125,350</u>	<u>157,862</u>	<u>32,512</u>	<u>197,856</u>

(Continued)

COUNTY OF SULLIVAN, NEW YORK  
General Fund

Schedule of Revenue and Other Financing Sources Compared to Budget - With Prior Year Actual, Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
Licenses and permits:					
Business and occupational licenses	\$ 22,000	22,000	19,490	(2,510)	30,250
Other licenses and permits	1,500	1,500	1,500	-	1,500
	<u>23,500</u>	<u>23,500</u>	<u>20,990</u>	<u>(2,510)</u>	<u>31,750</u>
Fines and forfeitures:					
Fines and forfeited bail	20,500	32,064	309,621	277,557	45,040
Stop DWI fines	264,208	264,208	188,315	(75,893)	207,980
	<u>284,708</u>	<u>296,272</u>	<u>497,936</u>	<u>201,664</u>	<u>253,020</u>
Sale of property and compensation for loss:					
Sale of equipment	-	-	100	100	-
Minor sales	10,300	10,606	5,921	(4,685)	13,466
Insurance recoveries	100,000	221,897	170,039	(51,858)	25,392
	<u>110,300</u>	<u>232,503</u>	<u>176,060</u>	<u>(56,443)</u>	<u>38,858</u>
Miscellaneous local sources:					
Refund of prior year's expenditures	-	-	183,515	183,515	170,894
Gifts and donations	122,800	109,346	108,353	(993)	88,385
Video and lottery terminals	199,000	199,000	199,000	-	199,000
Indirect cost chargebacks	2,730,742	2,730,742	2,730,742	-	2,762,752
Other	-	-	49,641	49,641	7,672
	<u>3,052,542</u>	<u>3,039,088</u>	<u>3,271,251</u>	<u>232,163</u>	<u>3,228,703</u>

(Continued)



COUNTY OF SULLIVAN, NEW YORK  
General Fund

Schedule of Revenue and Other Financing Sources Compared to Budget - With Prior Year Actual, Continued

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	2011 <u>Actual</u>
State aid:					
General government support:					
Court facilities	\$ 225,930	225,930	197,644	(28,286)	251,974
District attorney	80,276	80,276	50,800	(29,476)	91,725
Indigent legal services	242,999	278,605	291,506	12,901	302,336
Records management	-	-	1,282	1,282	-
Other	3,000	3,000	2,084	(916)	8,696
	<u>552,205</u>	<u>587,811</u>	<u>543,316</u>	<u>(44,495)</u>	<u>654,731</u>
Public safety:					
Homeland security	32,066	32,066	-	(32,066)	16,213
Probation services	293,529	373,141	366,889	(6,252)	161,855
Navigation aid	9,000	4,000	4,012	12	101
Court officer reimbursement	15,000	15,000	18,260	3,260	21,050
Other	50,000	60,000	88,091	28,091	219
	<u>399,595</u>	<u>484,207</u>	<u>477,252</u>	<u>(6,955)</u>	<u>199,438</u>
Health:					
Public health	1,549,670	1,607,374	1,236,770	(370,604)	1,416,215
Education and care of handicapped children	6,765	6,765	5,052	(1,713)	4,139
Addition control	77,960	334,892	334,892	-	299,535
Mental health	3,113,404	3,013,440	2,739,612	(273,828)	2,862,132
Education and transportation of handicapped children	15,000	15,000	83,495	68,495	66,947
Early intervention program	2,757,179	2,757,179	2,581,828	(175,351)	2,955,305
	<u>7,519,978</u>	<u>7,734,650</u>	<u>6,981,649</u>	<u>(753,001)</u>	<u>7,604,273</u>

(Continued)

COUNTY OF SULLIVAN, NEW YORK  
General Fund

Schedule of Revenue and Other Financing Sources Compared to Budget - With Prior Year Actual, Continued

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2011 Actual</u>
State aid, continued:					
Transportation - bus subsidies	\$ 32,000	32,000	23,153	(8,847)	5,981
Economic opportunity and development:					
Medical assistance	(317,000)	(239,342)	(239,342)	-	(394,531)
Aid to dependent children	-	-	11,215	11,215	258,193
Family services administration	3,306,950	3,306,950	3,453,574	146,624	3,028,719
Child care	1,641,041	1,722,645	1,242,973	(479,672)	1,885,542
Juvenile delinquency	115,005	115,005	114,550	(455)	132,990
Home relief	1,108,866	1,108,866	1,230,166	121,300	1,167,233
Emergency aid for adults	10,100	10,100	66,014	55,914	51,609
Day care	302,422	302,422	231,674	(70,748)	237,577
Veterans' service agency	8,654	8,529	8,529	-	8,654
Economic assistance	6,000	6,000	5,221	(779)	(4,561)
Workforce development	-	109,119	109,106	(13)	65,341
Services for recipients	348,122	348,122	46,405	(301,717)	47,428
	<u>6,530,160</u>	<u>6,798,416</u>	<u>6,280,085</u>	<u>(518,331)</u>	<u>6,484,194</u>
Culture and recreation:					
Programs for the aging	564,782	624,481	624,482	1	573,061
Youth programs	65,940	118,544	56,043	(62,501)	3,348
	<u>630,722</u>	<u>743,025</u>	<u>680,525</u>	<u>(62,500)</u>	<u>576,409</u>
Home and community services - refuse, garbage and recycling charges	-	-	28,391	28,391	-
Total state aid	<u>15,664,660</u>	<u>16,380,109</u>	<u>15,014,371</u>	<u>(1,365,738)</u>	<u>15,525,026</u>

(Continued)

COUNTY OF SULLIVAN, NEW YORK  
General Fund

Schedule of Revenue and Other Financing Sources Compared to Budget - With Prior Year Actual, Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
Federal aid:					
Public safety:					
Sheriff's department	\$ 20,000	49,250	50,145	895	238,097
Other	-	18,288	42,927	24,639	130,301
	<u>20,000</u>	<u>67,538</u>	<u>93,072</u>	<u>25,534</u>	<u>368,398</u>
Health:					
Public health	247,153	247,077	306,466	59,389	273,663
W.I.C. program	439,371	439,371	347,467	(91,904)	301,092
Mental health	310,000	299,000	311,442	12,442	377,611
	<u>996,524</u>	<u>985,448</u>	<u>965,375</u>	<u>(20,073)</u>	<u>952,366</u>
Economic opportunity and development:					
Medical assistance	(317,000)	(224,125)	(224,125)	-	(374,312)
Aid to dependent children	3,239,134	4,252,654	4,252,654	-	4,159,618
Family services administration	4,521,538	4,470,362	5,477,100	1,006,738	4,330,279
Food stamps	613,720	613,720	616,263	2,543	647,897
Flexible fund family services	3,082,551	3,180,612	2,928,619	(251,993)	2,693,261
FMAP enhancement	-	-	-	-	1,672,196
Child care	1,452,070	1,452,070	1,373,308	(78,762)	1,185,937
Home relief	77,584	77,584	242,692	165,108	88,426
Workforce development	679,898	711,454	620,567	(90,887)	839,438
Day care	1,257,052	1,257,052	1,081,399	(175,653)	1,385,241
	<u>14,606,547</u>	<u>15,791,383</u>	<u>16,368,477</u>	<u>577,094</u>	<u>16,627,981</u>

(Continued)

COUNTY OF SULLIVAN, NEW YORK  
General Fund

Schedule of Revenue and Other Financing Sources Compared to Budget - With Prior Year Actual, Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
Federal aid, continued:					
Culture and recreation - programs for the aging	\$ 532,926	510,689	510,690	1	530,694
Home and community services - planning	-	309,413	259,450	(49,963)	55,000
Total federal aid	16,155,997	17,664,471	18,197,064	532,593	18,534,439
Total revenue	149,814,902	151,966,773	154,815,355	2,848,582	149,347,942
Other financing sources:					
Premiums	-	-	81,993	81,993	-
Transfer in:					
Capital projects fund	-	-	-	-	56,177
Debt service fund	463,239	726,334	726,335	1	1,204
Sullivan County Tobacco Asset Securitization Corporation - Enterprise Fund	-	-	-	-	493,235
Total other financing sources	463,239	726,334	808,328	81,994	550,616
Total revenue and other financing sources	\$ 150,278,141	152,693,107	155,623,683	2,930,576	149,898,558

COUNTY OF SULLIVAN, NEW YORK  
General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget - With Prior Year Actual  
Year ended December 31, 2012

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	Variance with Final Budget	2011 <u>Actual</u>
				Positive ( <u>Negative</u> )	
General governmental support:					
County legislature	\$ 633,860	656,003	522,776	133,227	488,700
Municipal Court	8,000	8,000	6,920	1,080	6,780
District Attorney	1,474,410	1,482,707	1,428,226	54,481	1,459,515
Public defense	1,467,658	1,513,004	1,513,033	(29)	1,515,729
Coroners	314,764	312,861	284,568	28,293	354,866
County manager	310,198	309,550	303,150	6,400	293,304
Audit and control	503,610	544,618	533,331	11,287	506,995
County treasurer	488,964	501,749	494,125	7,624	441,594
Tax collection	1,017,024	1,422,272	1,334,467	87,805	1,067,455
Management and budget	397,788	409,724	379,517	30,207	470,224
Grants administration	159,695	185,775	185,540	235	155,188
Purchasing	343,571	342,615	337,736	4,879	329,372
Real property tax map	577,115	578,870	544,337	34,533	612,199
County clerk	1,880,028	1,944,581	1,919,459	25,122	1,749,849
County attorney	825,049	853,214	843,055	10,159	937,312
Personnel	803,531	803,451	796,698	6,753	779,677
Elections	713,822	738,823	724,063	14,760	700,411
Records management	92,639	150,837	148,595	2,242	146,526
Public works administration	528,424	551,961	526,471	25,490	509,820
Central services administration	295,053	377,900	173,722	204,178	261,677

(Continued)

COUNTY OF SULLIVAN, NEW YORK  
General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget - With Prior Year Actual, Continued

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	2011 <u>Actual</u>
General governmental support, continued:					
Buildings	\$ 4,769,772	4,817,040	4,588,614	228,426	4,493,234
Management information systems	3,480,173	3,271,564	3,195,040	76,524	3,327,725
Risk management	-	-	(5,389)	5,389	-
Payroll	253,271	252,341	248,252	4,089	228,616
Health finance	187,916	164,587	144,440	20,147	169,931
Unallocated insurance	798,960	816,111	777,956	38,155	792,395
Municipal association dues	34,431	34,431	34,431	-	34,149
Judgments and claims	280,000	260,845	182,415	78,430	344,622
Postemployment benefits	2,805,122	2,655,592	774,000	1,881,592	832,338
Bond and note issuance costs	<u>50,000</u>	<u>68,539</u>	<u>68,532</u>	<u>7</u>	<u>31,806</u>
	<u>25,494,848</u>	<u>26,029,565</u>	<u>23,008,080</u>	<u>3,021,485</u>	<u>23,042,009</u>
Education:					
Community college - non-resident tuition	1,350,000	1,300,000	1,297,188	2,812	1,317,421
Contribution to community college	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>-</u>	<u>4,000,000</u>
	<u>5,350,000</u>	<u>5,300,000</u>	<u>5,297,188</u>	<u>2,812</u>	<u>5,317,421</u>

(Continued)

COUNTY OF SULLIVAN, NEW YORK

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget - With Prior Year Actual, Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
Public safety:					
Administration	\$ 233,247	174,891	162,076	12,815	153,956
E-911	1,525,922	1,591,138	1,442,122	149,016	1,346,453
Sheriff	6,322,532	6,509,729	6,283,048	226,681	6,519,280
Probation	2,097,166	2,149,996	2,113,724	36,272	2,060,409
Jail	11,356,250	11,424,650	11,196,648	228,002	10,876,705
Stop DWI	281,708	281,708	251,739	29,969	244,493
Fire protection	90,921	103,821	94,897	8,924	82,945
Animal control	2,500	2,500	1,329	1,171	3,044
Safety inspection	1,710	1,797	1,437	360	1,044
Postemployment benefits	705,439	734,487	734,486	1	710,957
	<u>22,617,395</u>	<u>22,974,717</u>	<u>22,281,506</u>	<u>693,211</u>	<u>21,999,286</u>
Health:					
Public health	7,764,981	7,816,328	7,088,333	727,995	6,999,679
Handicapped children	25,524	25,524	21,942	3,582	20,213
Diagnostic and treatment programs	684,472	687,307	595,732	91,575	688,134
W.I.C.	6,407,022	6,404,242	5,973,932	430,310	5,914,647
Addiction control	602,253	609,127	471,532	137,595	468,598
Community services administration	808,508	807,678	785,550	22,128	758,960
Mental health programs	1,621,916	1,610,922	1,506,299	104,623	1,500,887
Contracted mental health services	4,127,450	4,211,833	4,014,661	197,172	4,158,265
Postemployment benefits	2,606,774	2,519,274	2,331,583	187,691	2,572,647
Public transportation fees	320,080	360,851	360,850	1	364,973
	<u>24,968,980</u>	<u>25,053,086</u>	<u>23,150,414</u>	<u>1,902,672</u>	<u>23,447,003</u>

(Continued)

COUNTY OF SULLIVAN, NEW YORK  
General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget - With Prior Year Actual, Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
Transportation:					
Airport	\$ 382,537	382,115	369,314	12,801	367,718
Public transportation	827,308	781,937	725,532	56,405	776,605
Postemployment benefits	73,258	73,064	77,753	(4,689)	111,052
	<u>1,283,103</u>	<u>1,237,116</u>	<u>1,172,599</u>	<u>64,517</u>	<u>1,255,375</u>
Economic opportunity and development:					
Family services administration	14,042,576	13,778,024	13,059,934	718,090	13,254,397
Day care	1,651,548	1,760,351	1,760,350	1	1,807,640
Services for recipients	635,000	635,000	462,762	172,238	430,277
Medical assistance	195,000	129,701	129,701	-	129,210
Medical assistance - MMIS	21,358,117	21,762,531	21,762,530	1	20,784,323
Family assistance	4,525,413	6,101,570	6,101,570	-	5,173,799
Child care	5,000,944	4,176,404	4,176,404	-	4,075,904
Juvenile delinquent care	259,593	287,356	287,356	-	361,186
State training schools	460,000	631,480	288,521	342,959	327,438
Safety net	4,460,470	4,489,291	4,489,290	1	4,633,210
Home energy assistance program	62,700	42,737	42,736	1	(1,489)
Emergency aid for adults	50,200	181,594	181,594	-	147,492
Center for workforce development	1,294,174	1,402,425	1,296,523	105,902	1,351,127
Community action commission	22,950	22,950	-	22,950	6,038
Other economic opportunity programs	39,245	39,245	39,245	-	46,170
Public information	750,000	499,342	499,342	-	760,982
Veterans' services	463,713	531,758	529,512	2,246	478,320

(Continued)



COUNTY OF SULLIVAN, NEW YORK  
General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget - With Prior Year Actual, Continued

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	<u>2011</u>
Economic opportunity and development, continued:					
Consumer affairs - weights and measures	\$ 75,130	87,739	85,699	2,040	64,943
Economic and community development	181,127	554,629	500,433	54,196	309,776
Postemployment benefits	1,008,369	1,018,037	1,018,036	1	1,027,240
	<u>56,536,269</u>	<u>58,132,164</u>	<u>56,711,538</u>	<u>1,420,626</u>	<u>55,167,983</u>
Culture and recreation:					
Parks and recreation	364,636	354,413	302,522	51,891	310,024
Youth programs	263,285	316,108	252,525	63,583	283,456
County museum	88,482	110,150	78,689	31,461	75,914
Historical property - Fort Delaware	88,254	123,682	100,501	23,181	57,804
Cultural affairs	53,504	53,504	47,004	6,500	60,233
Aging programs	2,434,194	2,443,619	2,382,819	60,800	2,277,678
Postemployment benefits	124,119	130,517	125,735	4,782	129,122
	<u>3,416,474</u>	<u>3,531,993</u>	<u>3,289,795</u>	<u>242,198</u>	<u>3,194,231</u>
Home and community services:					
Planning	624,545	624,952	600,744	24,208	604,854
Human rights commission	32,084	36,556	34,215	2,341	31,955
Fish and game	415,535	415,535	382,903	32,632	338,148
Veterans' cemetery	5,680	5,680	4,474	1,206	4,500
Postemployment benefits	2,847	6,717	5,739	978	14,786
Other	415,000	415,000	415,000	-	415,000
	<u>1,495,691</u>	<u>1,504,440</u>	<u>1,443,075</u>	<u>61,365</u>	<u>1,409,243</u>

(Continued)

COUNTY OF SULLIVAN, NEW YORK

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget - With Prior Year Actual, Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
Debt service:					
Principal	\$ 544,000	545,000	545,000	-	-
Interest:					
Bond anticipation notes	38,285	19,915	19,914	1	48,919
Tax anticipation notes	103,252	103,253	103,253	-	68,140
	685,537	668,168	668,167	1	117,059
Total expenditures	141,848,297	144,431,249	137,022,362	7,408,887	134,949,610
Other financing uses:					
Transfer out:					
Adult Care Center	254,880	300,621	300,621	-	-
County road fund	10,501,407	10,419,480	10,419,480	-	9,760,107
Refuse and garbage fund	-	1,100,000	1,100,000	-	1,610,000
Capital projects fund	109,727	109,727	109,727	-	601,900
Road machinery fund	4,168,179	4,169,745	4,169,745	-	3,252,256
Debt service fund	1,055,776	1,211,478	1,211,478	-	1,088,144
Total other financing uses	16,089,969	17,311,051	17,311,051	-	16,312,407
Total expenditures and other financing uses	\$ 157,938,266	161,742,300	154,333,413	7,408,887	151,262,017

COUNTY OF SULLIVAN, NEW YORK  
County Road Fund  
Comparative Balance Sheets  
December 31, 2012 and 2011

<u>Assets</u>	<u>2012</u>	<u>2011</u>
Cash - demand deposits	\$ 95,155	201,713
Receivables:		
Accounts	49,963	49,963
State and Federal aid	2,412,648	1,727,924
Due from other funds	<u>170,140</u>	<u>162,729</u>
Total receivables	<u>2,632,751</u>	<u>1,940,616</u>
Total assets	<u>\$ 2,727,906</u>	<u>2,142,329</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	954,531	470,589
Accrued liabilities	421,045	379,549
Retained percentages payable	<u>87,976</u>	<u>170,432</u>
Total liabilities	1,463,552	1,020,570
Fund balance - assigned	<u>1,264,354</u>	<u>1,121,759</u>
Total liabilities and fund balance	<u>\$ 2,727,906</u>	<u>2,142,329</u>

COUNTY OF SULLIVAN, NEW YORK  
County Road Fund  
Comparative Schedule of Revenue, Expenditures and  
Changes in Fund Balances - Budget and Actual  
Years ended December 31, 2012 and 2011

	2012			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenue:</b>				
Departmental income	\$ -	-	20	20
Intergovernmental charges	558,869	321,668	312,963	(8,705)
Use of money and property	-	-	375	375
Licenses and permits	2,000	2,000	9,551	7,551
Sale of property and compensation for loss	100	100	15,675	15,575
Miscellaneous local sources	255	255	339	84
State aid	3,906,750	3,906,750	3,040,944	(865,806)
Federal aid	1,694,852	1,694,852	895,873	(798,979)
Total revenue	<u>6,162,826</u>	<u>5,925,625</u>	<u>4,275,740</u>	<u>(1,649,885)</u>
<b>Expenditures:</b>				
Public safety	762,547	758,469	697,496	60,973
Transportation	14,106,779	13,843,445	11,534,790	2,308,655
<b>Debt service:</b>				
Principal	400,850	400,850	400,850	-
Interest	5,960	5,960	5,960	-
Total expenditures	<u>15,276,136</u>	<u>15,008,724</u>	<u>12,639,096</u>	<u>2,369,628</u>
Excess (deficiency) of revenue over expenditures	<u>(9,113,310)</u>	<u>(9,083,099)</u>	<u>(8,363,356)</u>	<u>719,743</u>
<b>Other financing sources (uses):</b>				
Premiums	-	-	11,641	11,641
Transfers in	10,501,407	10,419,480	10,441,570	22,090
Transfers out	(1,947,260)	(1,947,260)	(1,947,260)	-
Total other financing sources (uses)	<u>8,554,147</u>	<u>8,472,220</u>	<u>8,505,951</u>	<u>33,731</u>
Net change in fund balance	(559,163)	(610,879)	142,595	753,474
Fund balance at beginning of year	<u>1,121,759</u>	<u>1,121,759</u>	<u>1,121,759</u>	<u>-</u>
Fund balance at end of year	<u>\$ 562,596</u>	<u>510,880</u>	<u>1,264,354</u>	<u>753,474</u>

COUNTY OF SULLIVAN, NEW YORK  
County Road Fund  
Comparative Schedule of Revenue, Expenditures and  
Changes in Fund Balances - Budget and Actual, Continued

	2011			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue:				
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
Miscellaneous local sources	100	6,970	5,063	(1,907)
State aid	4,151,110	3,572,040	3,710,369	138,329
Federal aid	988,420	615,750	629,454	13,704
Total revenue	<u>5,616,726</u>	<u>4,733,040</u>	<u>4,906,269</u>	<u>173,229</u>
Expenditures:				
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	<u>14,305,212</u>	<u>13,555,776</u>	<u>12,844,940</u>	<u>710,836</u>
Excess (deficiency) of revenue over expenditures	<u>(8,688,486)</u>	<u>(8,822,736)</u>	<u>(7,938,671)</u>	<u>884,065</u>
Other financing sources (uses):				
Transfers in	10,039,633	9,762,787	9,796,856	34,069
Transfers out	<u>(2,880,661)</u>	<u>(2,880,661)</u>	<u>(2,790,431)</u>	<u>90,230</u>
Total other financing sources (uses)	<u>7,158,972</u>	<u>6,882,126</u>	<u>7,006,425</u>	<u>124,299</u>
Net change in fund balance	(1,529,514)	(1,940,610)	(932,246)	1,008,364
Fund balance at beginning of year	<u>2,054,005</u>	<u>2,054,005</u>	<u>2,054,005</u>	<u>-</u>
Fund balance at end of year	<u>\$ 524,491</u>	<u>113,395</u>	<u>1,121,759</u>	<u>1,008,364</u>

COUNTY OF SULLIVAN, NEW YORK  
 Refuse and Garbage Fund  
 Comparative Balance Sheets  
 December 31, 2012 and 2011

<u>Assets</u>	<u>2012</u>	<u>2011</u>
Cash - demand deposits	\$ 972,455	2,226,272
Receivables:		
Accounts, net of allowance for uncollectible amounts of \$0 in 2012 and \$38,522 in 2011	1,159,757	653,803
Due from other funds	<u>32,369</u>	<u>157,562</u>
Total receivables	<u>1,192,126</u>	<u>811,365</u>
Total assets	<u>\$ 2,164,581</u>	<u>3,037,637</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	626,760	720,220
Accrued liabilities	100,564	84,928
Due to other funds	<u>18,173</u>	<u>560,990</u>
Total liabilities	<u>745,497</u>	<u>1,366,138</u>
Fund balance:		
Restricted	183,471	687,473
Assigned	<u>1,235,613</u>	<u>984,026</u>
Total fund balance	<u>1,419,084</u>	<u>1,671,499</u>
Total liabilities and fund balance	<u>\$ 2,164,581</u>	<u>3,037,637</u>

COUNTY OF SULLIVAN, NEW YORK  
 Refuse and Garbage Fund  
 Comparative Schedule of Revenue, Expenditures and  
 Changes in Fund Balances - Budget and Actual  
 Years ended December 31, 2012 and 2011

	2012			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenue:				
Departmental income	\$ 10,623,137	10,623,137	11,256,729	633,592
Use of money and property	-	-	1,928	1,928
Sale of property and compensation for loss	<u>247,500</u>	<u>247,500</u>	<u>381,443</u>	<u>133,943</u>
Total revenue	<u>10,870,637</u>	<u>10,870,637</u>	<u>11,640,100</u>	<u>769,463</u>
Expenditures:				
Home and community services	6,685,247	6,677,920	6,771,262	(93,342)
Debt service:				
Principal	350,000	350,000	1,100,000	(750,000)
Interest	<u>195,000</u>	<u>195,000</u>	<u>68,921</u>	<u>126,079</u>
Total expenditures	<u>7,230,247</u>	<u>7,222,920</u>	<u>7,940,183</u>	<u>(717,263)</u>
Excess of revenue over expenditures	<u>3,640,390</u>	<u>3,647,717</u>	<u>3,699,917</u>	<u>52,200</u>
Other financing sources (uses):				
Premiums	-	-	20,263	20,263
Transfers in	-	-	1,112,106	1,112,106
Transfers out	<u>(4,505,087)</u>	<u>(4,505,087)</u>	<u>(5,084,701)</u>	<u>(579,614)</u>
Total other financing sources (uses)	<u>(4,505,087)</u>	<u>(4,505,087)</u>	<u>(3,952,332)</u>	<u>552,755</u>
Net change in fund balance	(864,697)	(857,370)	(252,415)	604,955
Fund balance at beginning of year	<u>1,671,499</u>	<u>1,671,499</u>	<u>1,671,499</u>	<u>-</u>
Fund balance at end of year	<u>\$ 806,802</u>	<u>814,129</u>	<u>1,419,084</u>	<u>604,955</u>

COUNTY OF SULLIVAN, NEW YORK  
 Refuse and Garbage Fund  
 Comparative Schedule of Revenue, Expenditures and  
 Changes in Fund Balances - Budget and Actual, Continued

	2011			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue:				
Departmental income	\$ 11,373,702	11,425,202	11,578,565	153,363
Use of money and property	-	-	46,153	46,153
Total revenue	11,373,702	11,425,202	11,624,718	199,516
Expenditures:				
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	7,080,465	7,624,691	7,322,045	302,646
Excess of revenue over expenditures	4,293,237	3,800,511	4,302,673	502,162
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 sources (uses)	(4,688,360)	(4,178,360)	(3,165,493)	1,012,867
Net change in fund balance	(395,123)	(377,849)	1,137,180	1,515,029
Fund balance at beginning of year	534,319	534,319	534,319	-
Fund balance at end of year	\$ 139,196	156,470	1,671,499	1,515,029



COUNTY OF SULLIVAN, NEW YORK  
 Capital Projects Fund  
 Comparative Balance Sheets  
 December 31, 2012 and 2011

<u>Assets</u>	<u>2012</u>	<u>2011</u>
Cash - demand deposits	\$ 4,056,112	6,670,798
Receivables:		
Accounts	693,200	275,405
State and Federal aid	740,594	675,000
Due from other funds	<u>135,799</u>	<u>639,909</u>
Total receivables	<u>1,569,593</u>	<u>1,590,314</u>
Total assets	<u>\$ 5,625,705</u>	<u>8,261,112</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	458,432	707,052
Retained percentages payable	314,804	212,008
Due to other funds	339,987	264,680
Bond anticipation notes payable	<u>6,800,000</u>	<u>15,685,000</u>
Total liabilities	<u>7,913,223</u>	<u>16,868,740</u>
Fund deficit:		
Nonspendable	-	675,000
Unassigned	<u>(2,287,518)</u>	<u>(9,282,628)</u>
Total fund balance	<u>(2,287,518)</u>	<u>(8,607,628)</u>
Total liabilities and fund balance	<u>\$ 5,625,705</u>	<u>8,261,112</u>

COUNTY OF SULLIVAN, NEW YORK  
 Capital Projects Fund  
 Comparative Schedule of Revenue, Expenditures and Changes in Fund Balance  
 Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenue:		
Use of money and property	\$ 285	236
Miscellaneous local sources	132,720	125,044
State aid	329,224	101,430
Federal aid	<u>1,250,448</u>	<u>1,372,959</u>
Total revenue	<u>1,712,677</u>	<u>1,599,669</u>
Expenditures - Capital outlay	<u>6,651,897</u>	<u>6,096,810</u>
Excess (deficiency) of revenue over expenditures	<u>(4,939,220)</u>	<u>(4,497,141)</u>
Other financing sources (uses):		
Bonds issued	9,495,000	-
BAN's redeemed from appropriations	2,045,850	-
Transfers in	116,151	2,508,291
Transfers out	<u>(397,671)</u>	<u>(1,488,232)</u>
Total other financing sources (uses)	<u>11,259,330</u>	<u>1,020,059</u>
Net change in fund balance	6,320,110	(3,477,082)
Fund balance (deficit) at beginning of year	<u>(8,607,628)</u>	<u>(5,130,546)</u>
Fund balance (deficit) at end of year	<u>\$ (2,287,518)</u>	<u>(8,607,628)</u>

COUNTY OF SULLIVAN, NEW YORK  
Capital Projects Fund  
Project-Length Schedule  
Inception of project through December 31, 2012

Project	Appropriation	Expenditures and transfers	Unexpended balance	State and federal aid	Interfund transfers	Methods of Financing			Fund balance (deficit) at December 31, 2012	Bond Anticipation Notes Outstanding at December 31, 2012
						Proceeds of obligations	Others	Totals		
General government support:										
Computer equipment	\$ 1,000,000	779,185	220,815	-	-	-	-	-	(779,185)	1,000,000
Watershed Good Neighbor	140,215	140,215	-	100,000	-	-	40,215	-	-	-
Total general government support	1,140,215	919,400	220,815	100,000	-	-	40,215	-	(779,185)	1,000,000
Education:										
Community college renovations	13,545,487	13,525,250	20,237	9,018,591	20,000	4,459,999	26,660	13,525,250	-	-
SCCC Pass Thru Improvement	-	151,837	(151,837)	151,837	-	-	-	151,837	-	-
Seelig SUNY Grant	976,342	482,363	493,979	482,363	-	-	4	482,367	4	-
Total education	14,521,829	14,159,450	362,379	9,652,791	20,000	4,459,999	26,664	14,159,454	4	-
Public safety:										
Fire training center	2,859,409	2,840,348	19,061	1,392,556	550,000	975,000	-	2,917,556	77,208	-
Jail planning	2,500,000	1,775,597	724,403	-	-	955,000	545,000	1,500,000	(275,597)	500,000
Jail facility	1,995,000	1,988,891	6,109	-	-	1,995,000	1,082	1,996,082	7,191	-
Sheriff patrol facility	250,000	3,436	246,564	-	3,436	-	59	3,495	59	-
Public safety improvements	379,617	310,720	68,897	204,524	114,400	-	255,107	574,031	263,311	-
Total public safety	7,984,026	6,918,992	1,065,034	1,597,080	667,836	3,925,000	801,248	6,991,164	72,172	500,000
Health - 2012 ACC Heal Grant	79,650	-	79,650	-	-	-	-	-	-	-
Transportation:										
Airport construction	16,873,221	16,276,354	596,867	15,751,524	933,693	-	22,448	16,707,665	431,311	-
Bus garage	2,712,901	2,572,443	140,458	2,457,435	-	115,000	8	2,572,443	-	-
Right of way	2,485,092	2,322,126	162,966	13,164	2,124,195	-	350,529	2,487,888	165,762	-
DPW Maplewood facility	3,191,332	3,009,834	181,498	-	153,000	1,913,800	1,124,532	3,191,332	181,498	-
Road reconstruction 2007	2,000,000	2,000,000	-	-	-	1,599,150	400,850	2,000,000	-	-
Road reconstruction 2008	6,000,000	6,000,000	-	3,000,000	154,850	2,845,150	-	6,000,000	-	-
Road and bridge reconstruction	2,500,000	2,372,062	127,938	2,372,062	-	-	-	2,372,062	-	-

(Continued)

COUNTY OF SULLIVAN, NEW YORK  
Capital Projects Fund  
Project-Length Schedule, Continued

Project	Appropriation	Expenditures and transfers	Unexpended balance	State and federal aid	Interfund transfers	Methods of Financing			Fund balance (deficit) at December 31, 2012	Bond Anticipation Notes Outstanding at December 31, 2012
						Proceeds of obligations	Others	Totals		
<b>Transportation, continued:</b>										
DPW equipment 2008 - road machinery	\$ 2,354,000	2,360,424	(6,424)	-	160,574	2,199,850	-	2,360,424	-	-
Road paving 2010	7,619,758	7,619,758	-	-	-	7,619,758	-	7,619,758	-	-
Bridge reconstruction 2010	800,000	627,966	172,034	-	-	800,000	-	800,000	172,034	-
DPW equipment 2010	1,874,700	610,152	1,264,548	-	-	1,874,700	-	1,874,700	1,264,548	-
Road Construction 2012	2,000,000	2,000,000	-	-	-	-	-	-	(2,000,000)	2,000,000
<b>Total transportation</b>	<b>50,411,004</b>	<b>47,771,119</b>	<b>2,639,885</b>	<b>23,594,185</b>	<b>3,526,312</b>	<b>18,967,408</b>	<b>1,898,367</b>	<b>47,986,272</b>	<b>215,153</b>	<b>2,000,000</b>
<b>Economic opportunity and development -</b>										
Emerald corporate park	4,825,150	4,138,881	686,269	1,831,762	1,225,000	-	1,768,393	4,825,155	686,274	-
<b>Culture and recreation:</b>										
Snowmobile trail	134,973	134,826	147	134,826	-	-	148	134,974	148	-
D and H canal park	769,858	693,612	76,246	601,904	114,700	-	4,945	721,549	27,937	-
Park improvements	139,164	54,878	84,286	133,846	-	-	5,359	139,205	84,327	-
<b>Total culture and recreation</b>	<b>1,043,995</b>	<b>883,316</b>	<b>160,679</b>	<b>870,576</b>	<b>114,700</b>	<b>-</b>	<b>10,452</b>	<b>995,728</b>	<b>112,412</b>	<b>-</b>
<b>Home and community services:</b>										
Landfill MERF construction 2001	2,227,759	2,227,759	-	-	32,000	1,369,000	826,759	2,227,759	-	-
Landfill cell 6 construction	7,329,687	7,329,687	-	-	441,000	6,864,000	24,687	7,329,687	-	-
Landfill phase II expansion	1,906,310	1,906,310	-	-	140,000	1,760,000	6,310	1,906,310	-	-
Landfill closure 3-5	6,400,000	6,400,000	-	-	1,500,000	4,900,000	-	6,400,000	-	-
DPW equipment 2008 - landfill	60,000	57,750	2,250	-	60,000	-	-	60,000	2,250	-
Landfill	7,857,248	7,857,248	-	-	357,241	7,500,000	7	7,857,248	-	-
Solid waste equipment 2010	780,000	780,000	-	-	-	780,000	-	780,000	-	-
Landfill cap	5,500,000	4,796,598	703,402	-	-	1,100,000	1,100,000	2,200,000	(2,596,598)	3,300,000
<b>Total home and community services</b>	<b>32,061,004</b>	<b>31,355,352</b>	<b>705,652</b>	<b>-</b>	<b>2,530,241</b>	<b>24,273,000</b>	<b>1,957,763</b>	<b>28,761,004</b>	<b>(2,594,348)</b>	<b>3,300,000</b>
<b>Total</b>	<b>\$ 112,066,873</b>	<b>106,146,510</b>	<b>5,920,363</b>	<b>37,646,394</b>	<b>8,084,089</b>	<b>51,625,407</b>	<b>6,503,102</b>	<b>103,858,992</b>	<b>(2,287,518)</b>	<b>6,800,000</b>

**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  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 December 31, 2012  
 (with comparative totals for 2011)

<u>Assets</u>	Road Machinery Fund	Community Development Fund	<u>Totals</u>	
			<u>2012</u>	<u>2011</u>
Cash and equivalents	\$ 59,873	751,376	811,249	975,573
Receivables:				
Accounts	287	-	287	1,036
Loans, net	-	187,971	187,971	207,550
State and Federal aid	-	3,935	3,935	107,069
Due from other funds	<u>684,572</u>	<u>-</u>	<u>684,572</u>	<u>349,187</u>
Total receivables	<u>684,859</u>	<u>191,906</u>	<u>876,765</u>	<u>664,842</u>
Total assets	<u>\$ 744,732</u>	<u>943,282</u>	<u>1,688,014</u>	<u>1,640,415</u>
 <u>Liabilities, Deferred Inflows and Fund Balance</u>				
Liabilities:				
Accounts payable	266,495	15,938	282,433	291,728
Accrued liabilities	134,652	-	134,652	119,317
Due to other funds	<u>6,424</u>	<u>-</u>	<u>6,424</u>	<u>-</u>
Total liabilities	<u>407,571</u>	<u>15,938</u>	<u>423,509</u>	<u>411,045</u>
Deferred inflows	<u>-</u>	<u>187,971</u>	<u>187,971</u>	<u>207,550</u>
Fund balance:				
Restricted	4,058	739,373	743,431	4,054
Assigned	<u>333,103</u>	<u>-</u>	<u>333,103</u>	<u>1,017,766</u>
Total fund balance	<u>337,161</u>	<u>739,373</u>	<u>1,076,534</u>	<u>1,021,820</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 744,732</u>	<u>943,282</u>	<u>1,688,014</u>	<u>1,640,415</u>

COUNTY OF SULLIVAN, NEW YORK  
 Nonmajor Governmental Funds  
 Combining Statement Revenue, Expenditures and Changes in Fund Balance  
 December 31, 2012  
 (with comparative totals for 2011)

	Road	Community	Debt	Totals	
	Machinery	Development	Service	2012	2011
	Fund	Fund	Fund		
<b>Revenue:</b>					
Departmental income	\$ -	103,201	462,102	565,303	8,084
Intergovernmental charges	917,989	-	-	917,989	839,792
Use of money and property	1,158	914	13,702	15,774	22,898
Sale of property and compensation for loss	-	-	-	-	500
Miscellaneous local sources	1,264	-	-	1,264	1,477
Interfund revenue	13,264	-	-	13,264	12,801
State aid	-	247,146	-	247,146	196,102
Federal aid	-	61,251	165,062	226,313	270,857
<b>Total revenue</b>	<u>933,675</u>	<u>412,512</u>	<u>640,866</u>	<u>1,987,053</u>	<u>1,352,511</u>
<b>Expenditures:</b>					
General government support	-	-	28,379	28,379	49,968
Transportation	4,284,781	-	-	4,284,781	3,902,474
Home and community services	-	360,709	-	360,709	222,891
Debt service:					
Principal	-	-	6,943,027	6,943,027	6,163,806
Interest	-	-	2,359,343	2,359,343	2,840,670
<b>Total expenditures</b>	<u>4,284,781</u>	<u>360,709</u>	<u>9,330,749</u>	<u>13,976,239</u>	<u>13,179,809</u>
Excess (deficiency) of revenue over expenditures	<u>(3,351,106)</u>	<u>51,803</u>	<u>(8,689,883)</u>	<u>(11,989,186)</u>	<u>(11,827,298)</u>
<b>Other financing sources (uses):</b>					
Transfers in	4,173,576	-	9,433,196	13,606,772	12,072,900
Transfers out	<u>(819,559)</u>	<u>-</u>	<u>(743,313)</u>	<u>(1,562,872)</u>	<u>(678,865)</u>
<b>Total other financing sources (uses)</b>	<u>3,354,017</u>	<u>-</u>	<u>8,689,883</u>	<u>12,043,900</u>	<u>11,394,035</u>
Net change in fund balance	2,911	51,803	-	54,714	(433,263)
Fund balance at beginning of year	<u>334,250</u>	<u>687,570</u>	<u>-</u>	<u>1,021,820</u>	<u>1,455,083</u>
Fund balance at end of year	<u>\$ 337,161</u>	<u>739,373</u>	<u>-</u>	<u>1,076,534</u>	<u>1,021,820</u>

COUNTY OF SULLIVAN, NEW YORK  
 Road Machinery Fund  
 Comparative Balance Sheets  
 December 31, 2012 and 2011

<u>Assets</u>	<u>2012</u>	<u>2011</u>
Cash and equivalents	\$ 59,873	304,265
Receivables:		
Accounts	287	1,036
Due from other funds	<u>684,572</u>	<u>349,187</u>
Total receivables	<u>684,859</u>	<u>350,223</u>
Total assets	<u>\$ 744,732</u>	<u>654,488</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	266,495	200,921
Accrued liabilities	134,652	119,317
Due to other funds	<u>6,424</u>	<u>-</u>
Total liabilities	<u>407,571</u>	<u>320,238</u>
Fund balance:		
Restricted	4,058	4,054
Assigned	<u>333,103</u>	<u>330,196</u>
Total fund balance	<u>337,161</u>	<u>334,250</u>
Total liabilities and fund balance	<u>\$ 744,732</u>	<u>654,488</u>



COUNTY OF SULLIVAN, NEW YORK  
Road Machinery Fund  
Comparative Schedule of Revenue, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Years ended December 31, 2012 and 2011

	2012			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenue:				
Intergovernmental charges	\$ 750,000	750,000	917,989	167,989
Use of money and property	-	932	1,158	226
Miscellaneous local sources	1,378	1,378	1,264	(114)
Interfund revenue	8,500	9,500	13,264	3,764
Total revenue	<u>759,878</u>	<u>761,810</u>	<u>933,675</u>	<u>171,865</u>
Expenditures - transportation	<u>4,244,588</u>	<u>4,415,848</u>	<u>4,284,781</u>	<u>131,067</u>
Total expenditures	<u>4,244,588</u>	<u>4,415,848</u>	<u>4,284,781</u>	<u>131,067</u>
Excess (deficiency) of revenue over expenditures	<u>(3,484,710)</u>	<u>(3,654,038)</u>	<u>(3,351,106)</u>	<u>302,932</u>
Other financing sources (uses):				
Transfers in	4,168,179	4,169,745	4,173,576	3,831
Transfers out	(813,135)	(819,559)	(819,559)	-
Total other financing sources (uses)	<u>3,355,044</u>	<u>3,350,186</u>	<u>3,354,017</u>	<u>3,831</u>
Net change in fund balance	(129,666)	(303,852)	2,911	306,763
Fund balance at beginning of year	<u>334,250</u>	<u>334,250</u>	<u>334,250</u>	<u>-</u>
Fund balance at end of year	<u><u>204,584</u></u>	<u><u>30,398</u></u>	<u><u>337,161</u></u>	<u><u>306,763</u></u>

COUNTY OF SULLIVAN, NEW YORK  
Road Machinery Fund  
Comparative Schedule of Revenue, Expenditures and  
Changes in Fund Balance - Budget and Actual, Continued

	2011			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenue:				
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)
Miscellaneous local sources	-	1,200	1,477	277
Interfund revenue	<u>83,150</u>	<u>13,150</u>	<u>12,801</u>	<u>(349)</u>
Total revenue	<u>833,900</u>	<u>916,475</u>	<u>855,773</u>	<u>(60,702)</u>
Expenditures - transportation	<u>3,789,769</u>	<u>4,136,522</u>	<u>3,902,474</u>	<u>234,048</u>
Total expenditures	<u>3,789,769</u>	<u>4,136,522</u>	<u>3,902,474</u>	<u>234,048</u>
Excess (deficiency) of revenue over expenditures	<u>(2,955,869)</u>	<u>(3,220,047)</u>	<u>(3,046,701)</u>	<u>173,346</u>
Other financing sources (uses):				
Transfers in	2,969,642	3,246,656	3,261,008	14,352
Transfers out	<u>(658,314)</u>	<u>(658,814)</u>	<u>(658,314)</u>	<u>500</u>
Total other financing sources (uses)	<u>2,311,328</u>	<u>2,587,842</u>	<u>2,602,694</u>	<u>14,852</u>
Net change in fund balance	(644,541)	(632,205)	(444,007)	188,198
Fund balance at beginning of year	<u>778,257</u>	<u>778,257</u>	<u>778,257</u>	<u>-</u>
Fund balance at end of year	<u>\$ 133,716</u>	<u>146,052</u>	<u>334,250</u>	<u>188,198</u>

COUNTY OF SULLIVAN, NEW YORK  
Community Development Fund  
Comparative Balance Sheets  
December 31, 2012 and 2011

<u>Assets</u>	<u>2012</u>	<u>2011</u>
Cash - demand deposits	\$ 751,376	671,308
Receivables:		
Loans, net	187,971	207,550
State and Federal aid	3,935	107,069
Total receivables	191,906	314,619
Total assets	\$ 943,282	985,927
<u>Liabilities, Deferred Inflows, and Fund Balance</u>		
Liabilities - accounts payable	15,938	90,807
Deferred inflows	187,971	207,550
Fund balance - reserved	739,373	687,570
Total liabilities, deferred inflows, and fund balance	\$ 943,282	985,927

COUNTY OF SULLIVAN, NEW YORK  
 Community Development Fund  
 Comparative Schedule of Revenue, Expenditures and Changes in Fund Balance  
 Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenue:		
Departmental income	\$ 103,201	8,084
Use of money and property	914	1,141
State aid	247,146	196,102
Federal aid	<u>61,251</u>	<u>28,308</u>
Total revenue	<u>412,512</u>	<u>233,635</u>
Expenditures - home and community services	<u>360,709</u>	<u>222,891</u>
Excess of revenue over expenditures	<u>51,803</u>	<u>10,744</u>
Fund balance at beginning of year	<u>687,570</u>	<u>676,826</u>
Fund balance at end of year	<u><u>\$ 739,373</u></u>	<u><u>687,570</u></u>

## **ENTERPRISE FUNDS**

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

Adult Care Center - This fund is used to account for the operation 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 operations 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  
Debt Service Fund  
Comparative Schedule of Revenue, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Years ended December 31, 2012 and 2011

	2012			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenue:				
Departmental income	\$ 463,239	463,239	462,102	(1,137)
Use of money and property	-	-	13,702	13,702
Federal aid	-	-	165,062	165,062
Total revenue	<u>463,239</u>	<u>463,239</u>	<u>640,866</u>	<u>177,627</u>
Expenditures:				
General government support	<u>11,306</u>	<u>11,306</u>	<u>28,379</u>	<u>(17,073)</u>
Debt service:				
Principal:				
Serial bonds	6,222,148	6,222,148	6,842,147	(619,999)
Installment purchase debt	<u>100,880</u>	<u>100,880</u>	<u>100,880</u>	<u>-</u>
	<u>6,323,028</u>	<u>6,323,028</u>	<u>6,943,027</u>	<u>(619,999)</u>
Interest:				
Serial bonds	2,087,804	2,087,804	2,351,111	(263,307)
Installment purchase debt	<u>8,232</u>	<u>8,232</u>	<u>8,232</u>	<u>-</u>
	<u>2,096,036</u>	<u>2,096,036</u>	<u>2,359,343</u>	<u>(263,307)</u>
Total debt service	<u>8,419,064</u>	<u>8,419,064</u>	<u>9,302,370</u>	<u>(883,306)</u>
Total expenditures	<u>8,430,370</u>	<u>8,430,370</u>	<u>9,330,749</u>	<u>(900,379)</u>
Excess (deficiency) of revenues over expenditures	<u>(7,967,131)</u>	<u>(7,967,131)</u>	<u>(8,689,883)</u>	<u>(722,752)</u>
Other financing sources (uses):				
Transfers in	8,430,370	8,430,370	9,433,196	1,002,826
Transfers out	<u>(463,239)</u>	<u>(463,239)</u>	<u>(743,313)</u>	<u>(280,074)</u>
Total other financing sources (uses)	<u>7,967,131</u>	<u>7,967,131</u>	<u>8,689,883</u>	<u>722,752</u>
Net change in fund balances	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

COUNTY OF SULLIVAN, NEW YORK  
Debt Service Fund  
Comparative Schedule of Revenue, Expenditures and  
Changes in Fund Balance - Budget and Actual, Continued

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenue:</b>				
Use of money and property	\$ -	20,554	20,554	-
Federal aid	-	242,549	242,549	-
Total revenue	-	263,103	263,103	-
<b>Expenditures:</b>				
General government support	13,261	49,968	49,968	-
<b>Debt service:</b>				
<b>Principal:</b>				
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	-
<b>Interest:</b>				
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	-
Excess (deficiency) of revenues over expenditures	(8,885,211)	(8,791,341)	(8,791,341)	-
<b>Other financing sources (uses):</b>				
Transfers in	8,885,211	8,811,892	8,811,892	-
Transfers out	-	(20,551)	(20,551)	-
Total other financing sources (uses)	8,885,211	8,791,341	8,791,341	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balances at end of year	\$ -	-	-	-

COUNTY OF SULLIVAN, NEW YORK  
Enterprise Fund  
Sullivan County Adult Care Center  
Comparative Statements of Net Position  
December 31, 2012 and 2011

Assets:	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and equivalents	\$ 3,366,060	2,348,140
Accounts receivable, net	1,929,916	2,095,465
Prepaid expenses	<u>89,366</u>	<u>103,016</u>
Total current assets	<u>5,385,342</u>	<u>4,546,621</u>
Noncurrent assets:		
Restricted cash and equivalents	107,265	102,232
Capital assets:		
Assets not being depreciated	31,433	-
Buildings and improvements	10,659,257	10,551,350
Machinery and equipment	522,672	486,208
Less accumulated depreciation	<u>(9,732,938)</u>	<u>(9,355,421)</u>
Total capital assets, net of accumulated depreciation	<u>1,480,424</u>	<u>1,682,137</u>
Total assets	<u>6,973,031</u>	<u>6,330,990</u>
Deferred outflows of resources	<u>51,800</u>	<u>64,232</u>
Liabilities:		
Current liabilities:		
Current maturities of bonds payable	17,630	17,853
Accounts payable	286,758	189,999
Accrued interest payable	1,396	1,619
Accrued liabilities	2,503,169	2,661,356
Due to other funds	5,849,507	4,577,780
Patient funds held in trust	107,239	102,206
Due to New York State Retirement System	65,238	44,598
Accrued compensation and vacation	1,117,481	840,643
Other postemployment benefit obligations payable	<u>292,396</u>	<u>279,618</u>
Total current liabilities	<u>10,240,814</u>	<u>8,715,672</u>
Non-current liabilities:		
Bonds payable, less current maturities	66,973	84,603
Due to New York State Retirement System	402,561	149,372
Other postemployment benefit obligations payable	<u>6,964,254</u>	<u>5,883,659</u>
Total noncurrent liabilities	<u>7,433,788</u>	<u>6,117,634</u>
Total liabilities	<u>17,674,602</u>	<u>14,833,306</u>
Net position:		
Net investment in capital assets	1,413,451	1,579,681
Unrestricted	<u>(12,063,222)</u>	<u>(10,017,765)</u>
Total net position	<u>\$ (10,649,771)</u>	<u>(8,438,084)</u>



COUNTY OF SULLIVAN, NEW YORK  
 Enterprise Fund  
 Sullivan County Adult Care Center  
 Comparative Statements of Revenue, Expenses and Changes in Net Position  
 Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenue:		
Departmental charges	\$ 11,766,216	11,158,409
Miscellaneous local sources	<u>301,111</u>	<u>299,211</u>
Total operating revenue	<u>12,067,327</u>	<u>11,457,620</u>
Operating expenses:		
Professional care of residents	5,891,954	5,850,131
General services	4,021,711	3,903,368
Administrative services	1,045,460	1,105,045
Employee benefits	5,457,396	4,905,809
Assessments	705,183	737,392
Depreciation and amortization	304,779	305,551
Other	<u>4,067</u>	<u>-</u>
Total operating expenses	<u>17,430,550</u>	<u>16,807,296</u>
Operating income (loss)	<u>(5,363,223)</u>	<u>(5,349,676)</u>
Non-operating revenue (expenses):		
Intergovernmental transfers	2,824,888	2,626,286
Interest income	8,657	8,601
Interest expense	(16,563)	(17,378)
Miscellaneous income	33,993	3,050
Transfers from governmental funds	<u>300,621</u>	<u>-</u>
Total non-operating revenue (expenses)	<u>3,151,596</u>	<u>2,620,559</u>
Change in net position	(2,211,627)	(2,729,117)
Net position at beginning of year	<u>(8,438,084)</u>	<u>(5,708,967)</u>
Net position at end of year	<u>\$ (10,649,711)</u>	<u>(8,438,084)</u>

COUNTY OF SULLIVAN, NEW YORK  
Enterprise Fund  
Sullivan County Adult Care Center  
Comparative Statements of Cash Flows  
Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash received from charges for services	\$ 11,931,765	10,916,584
Cash payments to vendors for goods and services	(9,004,446)	(7,690,669)
Cash payments to employees for services	(5,249,269)	(5,264,223)
Miscellaneous	<u>301,111</u>	<u>299,211</u>
Net cash provided by (used in) operating activities	<u>(2,020,839)</u>	<u>(1,739,097)</u>
Cash flows from investing activities - interest and miscellaneous income	<u>343,211</u>	<u>11,651</u>
Cash flows from non-capital financing activities - intergovernmental transfers	<u>2,824,888</u>	<u>2,626,286</u>
Cash flows from capital and related financing activities:		
Principal paid on bonds	(17,853)	(18,194)
Interest paid on bonds	(4,354)	(5,176)
Acquisition of capital assets	<u>(107,133)</u>	<u>(65,815)</u>
Net cash used in capital and related financing activities	<u>(129,340)</u>	<u>(89,185)</u>
Net increase (decrease) in cash and equivalents	1,017,920	809,655
Cash and equivalents at beginning of year	<u>2,348,140</u>	<u>1,538,485</u>
Cash and equivalents at end of year	<u>\$ 3,366,060</u>	<u>2,348,140</u>
Reconciliation of income (loss) from operations to net cash provided by (used in) operating activities:		
Income (loss) from operations	(5,363,223)	(5,349,676)
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:		
Bad debt expense	108,429	2,960
Depreciation and amortization expense	304,779	305,551
Loss on disposal of equipment	4,067	5,700
Changes in assets and liabilities:		
Accounts receivable	57,120	(244,785)
Supplies	15,130	(7,338)
Prepaid expenses	(1,480)	(1,043)
Accounts payable and accrued expenses	96,759	(51,993)
Accrued compensation and vacation	276,838	41,363
Due to other funds	1,271,727	472,368
Accrued liabilities	(158,187)	2,024,936
Due to New York State retirement system	273,829	29,391
Other postemployment benefit obligations payable	<u>1,093,373</u>	<u>1,033,469</u>
Net cash provided by (used in) operating activities	<u>\$ (2,020,839)</u>	<u>(1,739,097)</u>

COUNTY OF SULLIVAN, NEW YORK  
Enterprise Fund  
Sullivan County Tobacco Asset Securitization Corporation  
Comparative Statements of Net Position  
December 31, 2012 and 2011

Assets:	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and equivalents	\$ 231,368	248,485
Accounts receivable, net	1,093,150	1,187,334
Prepaid expenses	3,578	3,569
Total current assets	<u>1,328,096</u>	<u>1,439,388</u>
Noncurrent assets:		
Restricted cash and equivalents	-	110
Restricted investments	1,242,657	1,242,547
Total noncurrent assets	<u>1,242,657</u>	<u>1,242,657</u>
Total assets	<u>2,570,753</u>	<u>2,682,045</u>
Deferred outflows of resources	<u>241,064</u>	<u>257,578</u>
Liabilities:		
Current liabilities:		
Accrued interest payable	63,098	64,881
Current maturities of bonds payable	145,000	630,000
Total current liabilities	208,098	694,881
Non-current liabilities - bonds payable, less current maturities	<u>13,084,185</u>	<u>12,986,593</u>
Total liabilities	<u>13,292,283</u>	<u>13,681,474</u>
Net position:		
Unrestricted	<u>\$ (10,480,466)</u>	<u>(10,741,851)</u>

COUNTY OF SULLIVAN, NEW YORK  
 Enterprise Fund  
 Sullivan County Tobacco Asset Securitization Corporation  
 Comparative Statements of Revenue, Expenses and Changes in Net Position  
 Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenue - tobacco settlement revenue	\$ <u>993,587</u>	<u>1,034,231</u>
Operating expenses:		
Professional fees	24,156	25,043
Insurance expense	4,285	4,372
Amortization	<u>16,514</u>	<u>16,514</u>
Total operating expenses	<u>44,955</u>	<u>45,929</u>
Operating income	<u>948,632</u>	<u>988,302</u>
Non-operating revenue (expenses):		
Interest income	86,437	86,553
Interest expense	<u>(773,684)</u>	<u>(794,052)</u>
Total non-operating revenue (expenses)	<u>(687,247)</u>	<u>(707,499)</u>
Income before transfers	261,385	280,803
Transfers out	<u>-</u>	<u>(493,235)</u>
Change in net position	261,385	(212,432)
Net position at beginning of year	<u>(10,741,851)</u>	<u>(10,529,419)</u>
Net position at end of year	<u>\$ (10,480,466)</u>	<u>(10,741,851)</u>

COUNTY OF SULLIVAN, NEW YORK  
Enterprise Fund  
Sullivan County Tobacco Asset Securitization Corporation  
Comparative Statements of Cash Flows  
Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash received from tobacco settlement revenue	\$ 1,087,771	1,066,634
Cash payments to vendors for goods and services	<u>(28,450)</u>	<u>(29,326)</u>
Net cash provided by operating activities	<u>1,059,321</u>	<u>1,037,308</u>
Cash flows investing activities:		
Purchase of restricted investments	(1,242,547)	(1,242,547)
Sale of restricted investments	1,242,547	1,242,547
Interest income	<u>86,437</u>	<u>86,553</u>
Net cash provided by investing activities	<u>86,437</u>	<u>86,553</u>
Cash flows from capital and related financing activities:		
Principal paid on bonds	(395,000)	(355,000)
Interest paid on bonds	(767,875)	(788,038)
Residual payment to County	<u>-</u>	<u>(493,235)</u>
Net cash used in capital and related financing activities	<u>(1,162,875)</u>	<u>(1,636,273)</u>
Net increase (decrease) in cash and equivalents	(17,117)	(512,412)
Cash and equivalents at beginning of year	<u>248,485</u>	<u>760,897</u>
Cash and equivalents at end of year	<u>\$ 231,368</u>	<u>248,485</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	948,632	988,302
Adjustments to reconcile operating income to net cash provided by operating activities:		
Amortization	16,514	16,514
Changes in assets and liabilities:		
Accounts receivable	94,184	32,403
Prepaid expenses	<u>(9)</u>	<u>89</u>
Net cash provided by (used in) operating activities	<u>\$ 1,059,321</u>	<u>1,037,308</u>
Noncash investing activities - increase in bonds payable from amortization of original issue and underwriters' discounts	<u>\$ 7,592</u>	<u>7,592</u>

## **INTERNAL SERVICE FUNDS**

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 and Dental Self-Insurance Funds as an internal service fund. These funds are consolidated in the following presentation. The County established the self-insured dental fund in 2012.

COUNTY OF SULLIVAN, NEW YORK  
Internal Service Funds  
Comparative Statement of Net Position  
December 31, 2012 and 2011

	Workers' Compensation Benefits <u>Fund</u>	Self-insured Dental <u>Fund</u>	<u>2012</u>	<u>2011</u>
<b>Assets:</b>				
Cash and equivalents	\$ 54,879	127,318	182,197	451,082
<b>Receivables:</b>				
Accounts	5,492,543	-	5,492,543	2,332,010
Due from other funds	<u>5,885,579</u>	<u>-</u>	<u>5,885,579</u>	<u>4,285,917</u>
Total receivables	<u>11,378,122</u>	<u>-</u>	<u>11,378,122</u>	<u>6,617,927</u>
Total assets	<u>11,433,001</u>	<u>127,318</u>	<u>11,560,319</u>	<u>7,069,009</u>
<b>Liabilities:</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	519	-	519	585,362
Unearned revenue	336,295	-	336,295	80,617
Claims payable	<u>1,227,475</u>	<u>8,625</u>	<u>1,236,100</u>	<u>489,000</u>
Total current liabilities	1,564,289	8,625	1,572,914	1,154,979
Claims payable, less current portion	<u>11,124,998</u>	<u>-</u>	<u>11,124,998</u>	<u>4,405,773</u>
Total liabilities	<u>12,689,287</u>	<u>8,625</u>	<u>12,697,912</u>	<u>5,560,752</u>
Net position - unrestricted	<u>\$ (1,256,286)</u>	<u>118,693</u>	<u>(1,137,593)</u>	<u>1,508,257</u>

COUNTY OF SULLIVAN, NEW YORK  
Internal Service Funds  
Comparative Statement of Revenue, Expenses and Changes in Net Position  
Years ended December 31, 2012 and 2011

	Workers' Compensation Benefits <u>Fund</u>	Self-insured Dental <u>Fund</u>	<u>2012</u>	<u>2011</u>
Operating revenue:				
Charges for services - internal	\$ 2,509,536	467,688	2,977,224	2,407,116
Charges for services - external	5,440,280	-	5,440,280	2,156,611
Insurance recoveries	<u>155,659</u>	<u>-</u>	<u>155,659</u>	<u>227,284</u>
Total operating revenue	8,105,475	467,688	8,573,163	4,791,011
Operating expenses employee benefits	<u>10,870,334</u>	<u>349,054</u>	<u>11,219,388</u>	<u>4,089,093</u>
Operating income (loss)	(2,764,859)	118,634	(2,646,225)	701,918
Non-operating revenue - interest income	<u>316</u>	<u>59</u>	<u>375</u>	<u>628</u>
Change in net position	(2,764,543)	118,693	(2,645,850)	702,546
Net position at beginning of year	<u>1,508,257</u>	<u>-</u>	<u>1,508,257</u>	<u>805,711</u>
Net position at end of year	<u>\$ (1,256,286)</u>	<u>118,693</u>	<u>(1,137,593)</u>	<u>1,508,257</u>



COUNTY OF SULLIVAN, NEW YORK  
Internal Service Funds  
Comparative Statement of Cash Flows  
Years ended December 31, 2012 and 2011

	Workers' Compensation Benefits Fund	Self-insured Dental Fund	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:				
Cash received from charges for services	\$ 3,445,299	467,688	3,912,987	3,276,772
Cash received from insurance recoveries	155,659	-	155,659	227,284
Cash payments to insurance carriers and claimants	<u>(3,997,477)</u>	<u>(340,429)</u>	<u>(4,337,906)</u>	<u>(3,937,290)</u>
Net cash provided by (used in) operating activities	(396,519)	127,259	(269,260)	(433,234)
Cash flows investing activities - interest income	<u>316</u>	<u>59</u>	<u>375</u>	<u>628</u>
Net increase (decrease) in cash and equivalents	(396,203)	127,318	(268,885)	(432,606)
Cash and equivalents at beginning of year	<u>451,082</u>	<u>-</u>	<u>451,082</u>	<u>883,688</u>
Cash and equivalents at end of year	<u>\$ 54,879</u>	<u>127,318</u>	<u>182,197</u>	<u>451,082</u>
Reconciliation of income (loss) from operations to net cash provided by (used in) operating activities:				
Income (loss) from operations	(2,764,859)	118,634	(2,646,225)	701,918
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:				
Changes in assets and liabilities:				
Accounts receivable	(3,160,533)	-	(3,160,533)	(35,544)
Due from other funds	(1,599,662)	-	(1,599,662)	(1,044,639)
Accounts payable and accrued liabilities	(584,843)	-	(584,843)	24,360
Unearned revenues	255,678	-	255,678	(206,772)
Claims payable	<u>7,457,700</u>	<u>8,625</u>	<u>7,466,325</u>	<u>127,443</u>
Net cash provided by (used in) operating activities	<u>\$ (396,519)</u>	<u>127,259</u>	<u>(269,260)</u>	<u>(433,234)</u>

COUNTY OF SULLIVAN, NEW YORK  
 Internal Service Fund - Workers' Compensation Benefits Fund  
 Comparative Statements of Net Position  
 December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets:		
Cash and equivalents	\$ 54,879	451,082
Receivables:		
Accounts	5,492,543	2,332,010
Due from other funds	<u>5,885,579</u>	<u>4,285,917</u>
Total receivables	<u>11,378,122</u>	<u>6,617,927</u>
Total assets	<u>11,433,001</u>	<u>7,069,009</u>
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	519	585,362
Unearned revenue	336,295	80,617
Claims payable	<u>1,227,475</u>	<u>489,000</u>
Total current liabilities	1,564,289	1,154,979
Claims payable, less current portion	<u>11,124,998</u>	<u>4,405,773</u>
Total liabilities	<u>12,689,287</u>	<u>5,560,752</u>
Net position - unrestricted	<u>\$ (1,256,286)</u>	<u>1,508,257</u>

COUNTY OF SULLIVAN, NEW YORK  
 Internal Service Fund - Workers' Compensation Benefits Fund  
 Comparative Statements of Revenue, Expenses and Changes in Net Position  
 Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenue:		
Charges for services - internal	\$ 2,509,536	2,407,116
Charges for services - external	5,440,280	2,156,611
Insurance recoveries	<u>155,659</u>	<u>227,284</u>
Total operating revenue	8,105,475	4,791,011
Operating expenses employee benefits	<u>10,870,334</u>	<u>4,089,093</u>
Operating income (loss)	(2,764,859)	701,918
Non-operating revenue - interest income	<u>316</u>	<u>628</u>
Change in net position	(2,764,543)	702,546
Net position at beginning of year	<u>1,508,257</u>	<u>805,711</u>
Net position at end of year	<u><u>\$ (1,256,286)</u></u>	<u><u>1,508,257</u></u>

COUNTY OF SULLIVAN, NEW YORK  
Internal Service Fund - Workers' Compensation Benefits Fund  
Comparative Statements of Cash Flows  
Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash received from charges for services	\$ 3,445,299	3,276,772
Cash received from insurance recoveries	155,659	227,284
Cash payments to insurance carriers and claimants	<u>(3,997,477)</u>	<u>(3,937,290)</u>
Net cash provided by (used in) operating activities	(396,519)	(433,234)
Cash flows investing activities - interest income	<u>316</u>	<u>628</u>
Net increase (decrease) in cash and equivalents	(396,203)	(432,606)
Cash and equivalents at beginning of year	<u>451,082</u>	<u>883,688</u>
Cash and equivalents at end of year	<u>\$ 54,879</u>	<u>451,082</u>
Reconciliation of income (loss) from operations to net cash provided by (used in) operating activities:		
Income (loss) from operations	(2,764,859)	701,918
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
Accounts receivable	(3,160,533)	(35,544)
Due from other funds	(1,599,662)	(1,044,639)
Accounts payable and accrued liabilities	(584,843)	24,360
Unearned revenues	255,678	(206,772)
Claims payable	<u>7,457,700</u>	<u>127,443</u>
	<u>\$ (396,519)</u>	<u>(433,234)</u>

COUNTY OF SULLIVAN, NEW YORK  
 Internal Service Fund - Self-insured Dental Fund  
 Comparative Statements of Net Position  
 December 31, 2012 and 2011

	<u>2012 (1)</u>	<u>2011</u>
Assets - cash and equivalents	\$ <u>127,318</u>	<u>-</u>
Liabilities - claims payable	<u>8,625</u>	<u>-</u>
Net position - unrestricted	<u>\$ 118,693</u>	<u>-</u>

(1) 2012 is initial year of operations.

COUNTY OF SULLIVAN, NEW YORK  
 Internal Service Fund - Self-insured Dental Fund  
 Comparative Statements of Revenue, Expenses and Changes in Net Position  
 Years ended December 31, 2012 and 2011

	<u>2012 (1)</u>	<u>2011</u>
Operating revenue:		
Charges for services - internal	\$ 467,688	-
Total operating revenue	467,688	-
Operating expenses employee benefits	<u>349,054</u>	<u>-</u>
Operating income (loss)	118,634	-
Non-operating revenue - interest income	<u>59</u>	<u>-</u>
Change in net position	118,693	-
Net position at beginning of year	<u>-</u>	<u>-</u>
Net position at end of year	<u><u>\$ 118,693</u></u>	<u><u>-</u></u>

(1) 2012 is initial year of operations.

COUNTY OF SULLIVAN, NEW YORK  
Internal Service Fund - Self-insured Dental Fund  
Comparative Statements of Cash Flows  
Years ended December 31, 2012 and 2011

	<u>2012 (1)</u>	<u>2011</u>
Cash flows from operating activities:		
Cash received from charges for services	\$ 467,688	-
Cash payments to insurance carriers and claimants	<u>(340,429)</u>	<u>-</u>
Net cash provided by (used in) operating activities	127,259	-
Cash flows investing activities - interest income	<u>59</u>	<u>-</u>
Net increase (decrease) in cash and equivalents	127,318	-
Cash and equivalents at beginning of year	<u>-</u>	<u>-</u>
Cash and equivalents at end of year	<u>\$ 127,318</u>	<u>-</u>
Reconciliation of income (loss) from operations to net cash provided by (used in) operating activities:		
Income (loss) from operations	118,634	-
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
Claims payable	<u>8,625</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ 127,259</u>	<u>-</u>

(1) 2012 is initial year of operations.

COUNTY OF SULLIVAN, NEW YORK  
 Fiduciary Fund - Agency Fund  
 Statement of Changes in Assets and Liabilities  
 Year ended December 31, 2012

	Balance January 1, 2012	Increases	Decreases	Balance December 31, 2012
<u>Assets</u>				
Cash - demand deposits	\$ 3,137,687	97,555,770	(98,547,553)	2,145,904
Due from other funds	<u>6,645</u>	<u>78,186,737</u>	<u>(78,186,815)</u>	<u>6,567</u>
Total assets	<u>\$ 3,144,332</u>	<u>175,742,507</u>	<u>(176,734,368)</u>	<u>2,152,471</u>
 <u>Liabilities and Fund Balance</u>				
Accounts payable	24,284	32,067,802	(32,092,086)	-
Employee payroll deductions	136,382	91,317,108	(91,326,457)	127,033
Deposits	<u>2,983,666</u>	<u>26,712,464</u>	<u>(27,670,692)</u>	<u>2,025,438</u>
Total liabilities	<u>\$ 3,144,332</u>	<u>150,097,374</u>	<u>(151,089,235)</u>	<u>2,152,471</u>



COUNTY OF SULLIVAN, NEW YORK  
Net Position by Component  
Last Ten Fiscal Years

	<u>2012 (2)</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008 (1)</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>Year Ended December 31,</u>										
Governmental activities:										
Net position:										
Investment in capital assets										
net of related debt	\$ 81,670,910	76,768,306	70,516,266	69,015,657	61,589,988	38,417,445	45,700,511	41,830,738	45,496,156	45,607,147
Restricted	4,500,821	8,270,567	8,517,769	8,500,676	11,771,895	1,014,666	2,118,289	1,474,075	1,498,397	1,573,227
Unrestricted	(33,799,457)	(27,051,908)	(20,556,594)	(19,618,689)	(11,622,787)	9,607,692	2,623,869	4,481,196	6,629,926	28,160,350
Total governmental activities net position	\$ 52,372,274	57,986,965	58,477,441	57,897,644	61,739,096	49,039,803	50,442,669	47,786,009	53,624,479	75,340,724
Business type activities:										
Net position:										
Investment in capital assets										
net of related debt	1,413,451	1,643,913	1,883,587	2,124,380	2,076,502	2,025,110	1,937,042	1,919,295	2,019,718	2,067,109
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(22,543,688)	(20,823,848)	(18,121,973)	(13,457,345)	(14,098,396)	(208,507)	1,239,256	197,295	19,323	200,894
Total business-type activities net position	\$ (21,130,237)	(19,179,935)	(16,238,386)	(11,332,965)	(12,021,894)	1,816,603	3,176,298	2,116,590	2,039,041	2,268,003
Primary government:										
Net position:										
Net investment in capital assets	83,084,361	78,412,219	72,399,853	71,140,037	63,666,490	40,442,555	47,637,553	43,750,033	47,515,874	47,674,256
Restricted	4,500,821	8,270,567	8,517,769	8,500,676	11,771,895	1,014,666	2,118,289	1,474,075	1,498,397	1,573,227
Unrestricted	(56,343,145)	(47,875,756)	(38,678,567)	(33,076,034)	(25,721,183)	9,399,185	3,863,125	4,678,491	6,649,249	28,361,244
Total primary government net position	\$ 31,242,037	38,807,030	42,239,055	46,564,679	49,717,202	50,856,406	53,618,967	49,902,599	55,663,520	77,608,727

- (1) The activities of the Sullivan County Tobacco Securitization Corporation that had previously been reported under governmental activities have been reclassified and presented under business-type activities.
- (2) Governmental Accounting Standards Board Statement No. 63 - "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" renamed net assets to net position effective for the year ended December 31, 2012.

COUNTY OF SULLIVAN, NEW YORK

Changes in Net Position  
Last Ten Fiscal Years

Year Ended December 31, Expenses:	2012 (2)	2011	2010	2009	2008 (1)	2007	2006	2005	2004	2003
<b>Governmental activities:</b>										
General government support	\$ 23,222,974	18,610,178	20,573,018	17,432,319	17,114,529	24,516,886	20,393,273	22,718,564	20,742,295	11,296,296
Education	5,775,448	5,800,343	6,011,024	6,771,949	6,622,720	5,489,354	5,341,804	5,664,625	4,785,996	4,731,168
Public safety	26,070,999	24,267,723	24,460,208	23,927,441	23,456,337	22,486,088	18,409,153	15,460,359	14,609,924	14,334,071
Health	25,388,743	24,063,061	23,818,137	23,906,533	25,389,140	23,526,196	20,826,613	20,404,235	19,358,081	20,418,511
Transportation	19,581,033	19,677,365	21,447,683	18,423,675	15,723,127	20,910,476	18,753,073	13,668,423	20,566,308	19,075,111
Economic assistance and opportunity	58,836,611	57,259,852	56,207,703	59,353,745	54,082,395	50,064,825	49,349,886	51,237,401	54,411,966	52,285,595
Culture and recreation	3,545,385	3,231,074	3,038,366	3,088,411	3,187,191	2,294,525	2,147,178	1,867,195	1,418,384	2,527,831
Home and community services	10,530,023	9,743,923	7,114,794	9,470,621	8,859,856	631,759	5,933,563	14,885,010	10,083,806	11,096,692
Interest	2,472,088	2,863,482	2,350,765	2,334,358	2,491,364	3,265,875	3,439,780	3,004,615	2,615,338	1,927,369
Total governmental activities expenses	175,423,304	165,517,001	165,021,698	164,709,052	156,926,659	153,185,984	144,594,323	148,910,427	148,592,098	137,692,644
<b>Business-type activities:</b>										
Adult Care Center	17,447,113	16,827,634	16,228,151	17,212,907	14,907,433	14,427,641	13,078,760	13,138,454	12,911,440	12,391,116
Sullivan Tobacco Asset Securitization Corporation	818,639	839,981	860,655	882,994	903,018	-	-	-	-	-
Total business-type activities expenses	18,265,752	17,667,615	17,088,806	18,095,901	15,810,451	14,427,641	13,078,760	13,138,454	12,911,440	12,391,116
Total primary government expenses	\$ 193,689,056	183,184,616	182,110,504	182,804,953	172,737,110	167,613,625	157,673,083	162,048,881	161,503,538	150,083,760
<b>Program revenues:</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government support	8,386,063	2,520,630	2,573,330	2,524,940	2,433,889	2,317,104	2,426,989	2,159,046	2,320,370	2,163,057
Education	462,102	235,678	42,553	52,644	67,120	-	-	-	-	-
Public safety	1,559,469	1,881,807	1,578,510	1,574,307	1,450,584	580,086	1,022,160	916,874	850,730	913,207
Health	8,775,797	8,628,023	9,505,384	10,680,595	7,679,516	10,021,037	10,453,604	11,061,114	9,130,724	8,317,294
Transportation	1,200,844	1,509,166	964,553	1,373,681	1,908,668	1,890,474	949,373	1,366,068	1,028,583	1,051,876
Economic assistance and opportunity	2,538,179	3,040,513	2,733,305	2,461,848	2,328,255	2,796,860	2,554,493	3,498,352	6,900,745	5,703,201
Culture and recreation	221,139	188,196	148,258	153,442	200,230	169,138	176,387	214,308	169,571	175,620
Home and community services	11,535,541	11,587,218	9,241,673	5,109,884	6,175,827	7,032,512	6,981,774	7,724,497	9,312,258	12,299,546
Operating grants and contributions	38,601,375	42,207,077	45,364,696	45,604,484	40,874,585	39,935,423	40,422,191	37,765,338	39,192,090	39,871,313
Capital grants and contributions	1,712,392	1,620,224	2,471,353	2,026,614	6,446,290	938,606	262,266	1,207,525	1,768,502	2,981,094
Total governmental activities program revenues	74,992,901	73,418,532	74,623,615	71,562,439	69,564,964	65,681,240	65,249,237	65,913,122	70,673,573	73,476,208
<b>Business type activities:</b>										
Adult Care Center:										
Charges for services	11,766,216	11,460,580	10,977,303	11,090,401	12,455,417	11,009,162	11,413,535	10,781,561	10,481,288	10,525,057
Operating grants and contributions	3,125,999	2,626,286	-	-	5,792	-	-	-	-	-
Capital grants and contributions	-	-	-	-	20,000	-	-	-	-	-
Sullivan Tobacco Asset Securitization Corporation - operating grants and contributions	993,587	1,034,231	1,106,106	1,373,566	1,334,160	-	-	-	-	-
Total business type activities program revenues	15,885,802	15,121,097	12,083,409	12,463,967	13,815,369	11,009,162	11,413,535	10,781,561	10,481,288	10,525,057
Total primary government program revenues	\$ 90,878,703	88,539,629	86,707,024	84,026,406	83,380,333	76,690,402	76,662,772	76,694,683	81,154,861	84,001,265

COUNTY OF SULLIVAN, NEW YORK  
Changes in Net Position, Continued  
Last Ten Fiscal Years

Year Ended December 31,	2012 (2)	2011	2010	2009	2008 (1)	2007	2006	2005	2004	2003
Net (expense)/revenue:										
Governmental activities	\$ (100,430,403)	(92,098,469)	(90,398,083)	(93,146,613)	(87,361,695)	(87,504,744)	(79,345,086)	(82,997,305)	(77,918,525)	(64,216,436)
Business-type activities	(2,379,950)	(2,546,518)	(5,005,397)	(5,631,934)	(1,995,082)	(3,418,479)	(1,665,225)	(2,356,893)	(2,430,152)	(1,866,059)
Total primary government net expense	\$ (102,810,353)	(94,644,987)	(95,403,480)	(98,778,547)	(89,356,777)	(90,923,223)	(81,010,311)	(85,354,198)	(80,348,677)	(66,082,495)
Governmental activities:										
General revenues:										
Taxes:										
Real property taxes	49,824,079	48,065,549	48,690,132	46,790,101	41,809,497	47,854,011	44,422,184	40,115,298	37,636,874	35,229,805
Other real property tax items	8,463,919	7,606,522	6,633,477	6,318,080	5,252,252	-	-	-	-	-
Non-property tax items	36,226,594	35,103,619	35,304,348	35,766,177	39,691,935	38,931,199	35,490,723	34,651,040	31,162,554	26,181,296
Sale of property and compensation for loss	521,881	263,115	-	-	-	-	-	-	-	-
Unrestricted use of money and property	79,860	75,953	112,113	158,195	504,051	1,579,506	1,697,405	1,076,109	498,947	433,981
Miscellaneous	-	-	237,810	272,608	315,280	3,197,737	3,109,057	2,590,714	2,212,926	1,321,444
Transfers	(300,621)	493,235	-	-	-	(2,046,700)	(2,717,623)	(2,428,521)	(2,198,883)	(1,100,000)
Total governmental activities	94,815,712	91,607,993	90,977,880	89,305,161	87,573,015	89,515,753	82,001,746	76,004,640	69,312,418	62,066,526
Business-type activities:										
General revenues:										
Unrestricted use of money and property	95,094	95,154	68,968	112,476	-	6,684	7,309	5,922	2,307	3,656
Grants and Contributions not restricted to Specific Programs	-	-	-	6,192,294	-	-	-	-	-	-
Miscellaneous	33,933	3,050	31,008	16,093	7,590	5,400	-	-	-	3,803
Transfers	300,621	(493,235)	-	-	-	2,046,700	2,717,623	2,428,521	2,198,883	1,100,000
Total business-type activities	429,648	(395,031)	99,976	6,320,863	7,590	2,058,784	2,724,932	2,434,443	2,201,190	1,107,459
Total primary government general revenues	95,245,360	91,212,962	91,077,856	95,626,024	87,580,605	91,574,537	84,726,678	78,439,083	71,513,608	63,173,985
Change in net position:										
Governmental activities	(5,614,691)	(490,476)	(4,905,421)	(3,841,452)	211,320	2,011,009	2,656,660	(6,992,665)	(8,606,107)	(2,149,910)
Business-type activities	(1,950,302)	(2,941,549)	(4,905,421)	688,929	(1,987,492)	(1,359,695)	1,059,707	77,550	(228,962)	(758,600)
Total primary government	\$ (7,564,993)	(3,432,025)	(4,323,624)	(3,152,523)	(1,776,172)	651,314	3,716,367	(6,915,115)	(8,835,069)	(2,908,510)

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

(2) Governmental Accounting Standards Board Statement No. 63 - "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" remained net assets to net position effective for the year ended December 31, 2012.

COUNTY OF SULLIVAN, NEW YORK  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years

Year Ended December 31, General fund:	2012	2011 (2)	2010	2009	2008 (1)	2007	2006	2005	2004	2003
Restricted	\$ 775,058	554,732	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Committed	9,694,504	11,914,377	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Assigned	1,116,190	7,925,968	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unassigned	12,837,110	2,737,515	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Reserved	N/A	N/A	1,164,799	1,983,965	1,066,049	2,264,316	1,656,142	1,208,140	1,085,431	1,132,624
Unreserved	N/A	N/A	23,297,252	17,870,045	19,802,670	22,114,837	23,743,431	25,937,714	30,808,396	36,197,061
Total general fund	\$ 24,422,862	23,132,592	24,462,051	19,854,010	20,868,719	24,379,153	25,399,573	27,145,854	31,893,827	37,329,685
All other governmental funds:										
Nonspendable	N/A	675,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Restricted	926,902	691,527	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Assigned	2,833,070	3,123,551	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unassigned	(2,287,518)	(9,282,628)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Reserved	N/A	N/A	976,711	1,160,991	883,358	1,295,563	462,147	265,936	600,136	648,418
Unreserved, reported in:										
Special revenue funds	N/A	N/A	3,741,696	2,406,397	2,683,499	7,794,061	7,207,642	6,109,935	4,363,364	2,409,105
Capital projects funds	N/A	N/A	(5,805,546)	(6,246,400)	1,314,486	3,051,398	(4,252,474)	(5,300,734)	(8,242,120)	(5,285,261)
Total all other governmental funds	\$ 1,472,454	(4,792,550)	(1,087,139)	(2,679,012)	4,881,343	12,141,022	3,417,315	1,075,137	(3,278,620)	(2,227,738)
Total governmental funds	\$ 25,895,316	18,340,042	23,374,912	17,174,998	25,750,062	36,520,175	28,816,888	28,220,991	28,615,207	35,101,947

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

(2) Governmental Accounting Standards Board Statement No. 54 - "Fund Balance Reporting and Governmental Fund Type Definitions" changed the categories of fund balance effective for the year ended December 31, 2011.

COUNTY OF SULLIVAN, NEW YORK  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years

Year Ended December 31,	2012	2011	2010	2009	2008(1)	2007	2006	2005	2004	2003
Revenue:										
Real property taxes	\$ 51,466,856	47,403,913	49,825,309	42,132,012	39,863,381	41,745,084	39,239,740	34,818,413	33,121,378	32,568,002
Other real property tax items	8,463,919	7,606,522	6,633,477	6,318,080	5,252,252	5,366,993	5,542,254	4,986,308	5,591,009	5,462,626
Non-property tax items	36,226,594	35,103,619	35,304,348	35,766,177	39,691,935	38,934,175	35,795,876	34,938,013	31,367,221	26,387,356
Departmental income	32,633,592	32,498,904	30,944,301	26,319,095	24,753,634	26,880,981	27,309,505	29,497,650	29,092,565	31,934,672
Intergovernmental charges	1,741,864	1,900,270	1,966,413	2,274,525	2,162,156	3,272,524	2,052,047	2,088,739	1,982,438	1,771,860
Use of money and property	176,224	267,747	347,208	418,700	956,458	2,099,706	2,021,199	1,459,243	841,249	817,798
License and permits	30,541	33,600	25,910	29,860	44,590	32,645	37,795	25,851	17,346	23,040
Fines and forfeitures	497,936	253,020	313,712	336,312	217,220	282,150	306,064	344,904	248,734	382,755
Sale of property and compensation for loss	573,178	49,790	177,224	397,610	1,180,834	1,327,946	2,122,255	1,421,796	1,037,716	424,480
Interfund revenues	13,264	12,801	11,083	1,667,981	1,782,203	1,876,365	1,803,156	1,971,468	2,037,193	2,019,800
State aid	18,631,685	19,532,927	19,793,237	22,501,577	28,109,378	21,753,982	21,853,625	21,489,204	23,353,430	16,447,713
Federal aid	20,569,698	20,841,709	24,573,646	21,700,290	17,981,659	19,120,046	18,830,831	17,481,663	17,563,163	26,360,694
Miscellaneous and local sources	3,405,574	3,360,287	3,301,136	5,722,219	3,288,754	4,379,722	3,925,315	4,055,091	7,906,607	6,279,922
<b>Total revenue</b>	<b>174,430,925</b>	<b>168,865,109</b>	<b>173,217,004</b>	<b>165,584,438</b>	<b>165,284,454</b>	<b>167,072,319</b>	<b>160,839,662</b>	<b>154,578,343</b>	<b>154,160,049</b>	<b>150,880,718</b>
Expenditures:										
Current:										
General government support	23,036,459	23,091,977	23,021,148	22,964,458	23,139,969	22,513,936	21,408,614	22,815,457	21,171,134	18,087,764
Education	5,297,188	5,317,421	5,509,250	5,534,473	5,267,829	5,125,716	4,984,706	4,704,382	4,428,898	4,388,070
Public safety	22,979,002	22,739,389	22,490,855	20,924,956	21,521,334	21,656,492	20,244,415	16,618,702	15,685,723	14,622,442
Health	23,150,414	23,447,003	22,938,752	23,238,111	24,627,930	23,877,895	22,565,624	21,580,429	20,963,947	20,465,936
Transportation	16,992,170	17,221,839	17,717,903	16,913,655	21,254,149	23,687,474	19,166,587	19,482,496	20,431,971	18,660,619
Economic assistance and opportunity	56,711,538	55,167,983	53,135,382	57,380,014	52,378,731	51,207,103	52,402,446	54,279,496	57,023,330	52,547,472
Culture and recreation	3,289,795	3,194,231	3,108,254	3,097,943	3,112,943	2,923,233	3,095,789	2,868,091	2,610,564	2,544,281
Home and community service	8,575,046	8,758,568	8,615,212	7,744,566	6,057,828	6,139,977	6,863,167	6,735,576	7,564,477	7,058,727
Debt service:										
Principal	8,988,877	6,163,806	5,089,763	5,016,457	4,880,524	4,933,700	3,680,155	3,000,940	2,792,066	2,550,172
Interest	2,557,391	3,194,187	2,238,712	2,361,233	2,474,081	3,247,355	3,320,171	2,734,981	2,600,491	1,363,834
Capital outlay	6,651,897	6,096,810	20,831,316	8,983,636	7,756,734	7,189,972	6,802,923	8,345,718	6,077,366	15,703,940
<b>Total expenditures</b>	<b>178,229,777</b>	<b>174,393,214</b>	<b>184,696,547</b>	<b>174,159,502</b>	<b>172,472,052</b>	<b>172,412,853</b>	<b>164,534,597</b>	<b>163,166,268</b>	<b>161,349,967</b>	<b>157,993,253</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(3,798,852)</b>	<b>(5,528,105)</b>	<b>(11,479,543)</b>	<b>(8,575,064)</b>	<b>(7,187,598)</b>	<b>(5,340,534)</b>	<b>(3,694,935)</b>	<b>(8,587,925)</b>	<b>(7,189,918)</b>	<b>(7,112,535)</b>
Other financing sources (uses):										
Bond Anticipation Notes redeemed from appropriations	2,045,850	-	-	-	-	612,000	-	-	-	105,000
Bonds issued	9,495,000	-	17,185,000	-	-	15,515,000	5,055,000	9,790,000	-	9,380,000
Issuance premium	113,897	-	494,457	-	-	6,106,908	-	-	-	-
Refunding bonds issued	-	-	-	-	-	(6,303,197)	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-	27,179,038	20,125,302	16,923,776	18,817,965	17,255,853
Transfers in	26,002,934	27,835,452	24,388,607	20,887,654	18,056,305	27,179,038	20,125,302	16,923,776	18,817,965	17,255,853
Transfers out	(26,303,555)	(27,342,217)	(24,388,607)	(20,887,654)	(18,056,305)	(27,946,338)	(22,534,864)	(19,352,297)	(21,016,848)	(18,355,853)
<b>Total other financing sources (uses)</b>	<b>11,354,126</b>	<b>493,235</b>	<b>17,679,457</b>	<b>-</b>	<b>-</b>	<b>15,163,411</b>	<b>2,645,438</b>	<b>7,361,479</b>	<b>(2,198,883)</b>	<b>8,385,000</b>
<b>Net change in fund balances</b>	<b>\$ 7,555,274</b>	<b>(5,034,870)</b>	<b>6,199,914</b>	<b>(8,575,064)</b>	<b>(7,187,598)</b>	<b>9,822,877</b>	<b>(1,049,497)</b>	<b>(1,226,446)</b>	<b>(9,388,801)</b>	<b>1,272,465</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>6.7%</b>	<b>5.6%</b>	<b>4.5%</b>	<b>4.5%</b>	<b>4.5%</b>	<b>5.0%</b>	<b>4.4%</b>	<b>3.7%</b>	<b>3.5%</b>	<b>2.8%</b>

(1) The Activities of the Sullivan County Tobacco Securitization Corporation that had previously been reported under governmental activities have been reclassified and presented under Business-type activities.

**County of Sullivan, New York  
Tax Revenue by Source, Governmental Funds,  
Last Ten Fiscal Years**

Fiscal Year	Real Property	Sales	Room Occupancy	E-911	Off-Track Betting	Mortgage	Total
2003	\$ 32,568,002	25,241,868	384,109	206,060	553,337	-	58,953,376
2004	33,121,378	30,050,017	344,657	204,667	542,294	225,586	64,488,599
2005	34,818,413	31,718,350	341,287	286,974	829,907	1,761,495	69,756,426
2006	39,239,740	32,317,343	305,244	305,153	981,924	1,886,212	75,035,616
2007	41,748,061	34,955,732	549,668	308,767	761,338	1,827,296	80,150,862
2008	39,863,381	36,412,777	635,613	313,009	697,269	1,102,903	79,024,952
2009	42,132,012	33,133,253	599,376	303,821	518,746	711,371	77,398,579
2010	49,825,309	32,605,248	749,105	282,018	576,753	533,659	84,572,092
2011	47,403,913	32,911,401	558,728	310,179	325,031	476,223	81,985,475
2012	51,466,856	34,034,864	629,009	291,465	323,316	469,369	87,214,880

Change 2002 -2012	58%	35%	64%	41%	-42%	N/A	48%
-------------------	-----	-----	-----	-----	------	-----	-----

**Note:** A county mortgage tax of .5% was implemented in 2004.  
In June of 2007 the county portion of sales tax was raised from 3.5% to 4% and room occupancy tax increased from 2% to 5% of taxable room rentals.

County of Sullivan, New York  
 Assessed Value and Estimated Actual Value of Taxable Property,  
 Last Ten Fiscal Years

Fiscal Year Ended Dec 31,	Residential and Commercial Property	State Property	Special Franchise Property	Utility Property	Railroad Property	Less Exempt Property	Total Taxable Assessed Value	County Tax Rate Per Thousand	Estimated Full Assessed Value	Taxable Assessed Value as a Percentage of Full Value
2003	\$ 4,605,975,335	24,502,580	80,575,638	178,067,884	40,743,322	961,863,284	3,968,001,475	14.31	4,848,793,395	81.83%
2004	4,772,657,155	24,868,720	79,768,574	174,378,140	34,743,322	976,801,980	4,109,613,931	14.99	5,111,011,258	80.41%
2005	5,183,019,867	26,226,610	78,351,069	127,426,290	34,243,322	1,040,751,059	4,408,516,099	16.23	5,614,658,242	78.52%
2006	5,463,541,501	25,889,077	77,490,984	131,202,671	-	1,088,399,418	4,609,724,815	22.26	6,339,748,599	72.71%
2007	5,688,459,405	25,713,850	57,381,750	130,804,208	-	1,131,444,333	4,770,914,880	18.36	7,991,235,969	59.70%
2008	5,910,095,084	25,588,520	53,071,515	126,864,212	-	1,144,119,965	4,971,499,366	18.68	9,318,389,821	53.35%
2009	6,261,297,574	25,681,290	53,082,965	119,912,271	-	1,146,947,631	5,313,026,469	20.02	9,804,980,597	54.19%
2010	6,433,054,934	25,236,574	60,821,640	114,378,957	-	1,308,569,208	5,324,922,897	21.08	11,041,711,351	48.23%
2011	6,617,749,695	25,273,775	66,046,153	115,187,844	-	1,391,241,016	5,433,016,451	21.73	9,087,396,624	59.79%
2012	6,627,350,429	25,382,375	72,095,385	114,300,718	-	1,403,003,715	5,436,125,192	22.34	8,423,392,565	64.54%

Source: Sullivan County tax rolls for assessed values by type.  
 Sullivan County Legislative resolution for estimated actual full value.  
 Sullivan County tax abstracts for direct tax rates.

Note: Both direct tax rates and Assessed value percentages are average values. Sullivan County consists of 15 Towns with various equalization rates necessitating an average rate for all.

**County of Sullivan, New York  
County Property Tax Rates By Town  
(Per \$1,000 of Assessed Valuation)  
Last Ten Fiscal Years**

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Town of Bethel	10.48	10.57	11.26	10.72	9.68	8.72	7.72	7.53	6.84	6.85
Town of Callicoon	10.92	10.26	10.09	10.12	9.43	8.81	7.08	6.93	6.72	6.33
Town of Cochecton	8.09	7.51	7.98	7.96	7.40	7.58	7.32	7.02	7.01	6.23
Town of Delaware	9.87	9.72	9.58	9.85	8.99	8.93	8.09	7.53	6.85	6.75
Town of Fallsburg	10.75	10.92	10.36	10.02	9.62	9.11	8.44	8.38	7.28	6.25
Town of Forestburgh	66.14	62.15	59.6	63.55	58.48	52.93	48.37	40.45	37.58	34.70
Town of Fremont	9.29	8.54	7.95	8.07	7.76	7.79	7.34	6.74	6.62	6.25
Town of Highland	6.65	6.57	6.81	4.92	4.73	5.32	5.84	6.51	6.41	7.02
Town of Liberty	8.43	8.16	8.08	7.86	7.65	7.62	7.16	7.28	6.96	6.33
Town of Lumberland	6.06	5.47	5.08	4.94	4.74	5.32	5.87	5.55	5.28	5.37
Town of Mamakating	10.23	10.37	10.95	10.76	10.47	10.41	9.89	9.31	8.83	7.68
Town of Neversink	160.96	148.45	141.64	125.12	117.19	118.7	188.93	109.04	98.39	95.49
Town of Rockland	9.52	9.29	9.29	9.14	8.57	8.01	7.49	7.18	6.75	6.37
Town of Thompson	7.72	7.61	7.81	7.47	6.50	6.59	6.16	6.47	6.74	6.81
Town of Tusten	10.50	10.38	9.67	9.74	9.02	9.57	8.24	7.55	6.58	6.27
Average County Tax Rate	9.79	9.79	9.56	9.06	8.47	6.12	7.44	8.04	8.22	8.38

The fifteen towns within the county have varying equalization rates on assessed valuations, ranging from 4.00% to 100%, resulting in differing county tax rates.

Average county tax rates are a weighted average.



County of Sullivan, New York  
 Property Tax Rates - All Direct and Overlapping Governments  
 (Per \$1,000. of Assessed Valuation)  
 Last Ten Years

County Tax Rate	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
	\$ 6.06 - \$ 160.96	\$ 5.47 - \$ 148.45	\$ 5.08 - \$ 141.64	\$ 4.92 - \$ 125.12	\$ 4.73 - \$ 117.19	\$ 5.32-\$118.70	\$ 5.84-\$188.93	\$ 5.55-\$109.04	\$ 5.28 - \$88.39	\$ 5.37-\$95.49
<u>Town Rates</u>										
Bethel	8.62	8.35	\$8.08	\$7.92	\$7.70	\$7.52	\$7.18	\$6.46	\$6.21	\$6.18
Callicoon	6.8	6.81	\$6.33	\$6.11	\$7.99	\$5.78	\$5.61	\$5.05	\$4.36	\$4.09
Cochecton	7.23	7.12	\$7.04	\$7.03	\$6.92	\$6.69	\$6.52	\$6.24	\$6.24	\$6.05
Delaware	9.5	9.57	\$9.26	\$9.25	\$8.61	\$9.26	\$8.67	\$8.33	\$7.60	\$7.40
Fallsburg	6.82	6.65	\$6.20	\$5.76	\$12.40	\$5.58	\$5.41	\$4.68	\$4.30	\$4.72
Forestburgh	5.98	5.83	\$58.91	\$57.25	\$58.05	\$57.14	\$54.63	\$51.30	\$41.47	\$38.97
Fremont	5.1	5.13	\$5.14	\$5.23	\$4.94	\$4.62	\$4.57	\$4.58	\$4.09	\$3.78
Highland	4.59	4.66	\$4.59	\$3.32	\$3.39	\$3.81	\$3.91	\$4.43	\$4.42	\$4.72
Liberty	6.96	6.88	\$6.70	\$6.64	\$9.78	\$6.32	\$6.24	\$5.88	\$5.57	\$5.02
Lumberland	7.39	7.33	\$6.39	\$5.93	\$6.21	\$6.72	\$6.79	\$6.65	\$5.58	\$5.42
Mamakating	4.26	4.14	\$4.09	\$4.03	\$5.07	\$3.33	\$2.69	\$2.70	\$2.86	\$2.77
Neversink	110.65	109.03	\$105.27	\$103.57	\$103.23	\$99.37	\$94.02	\$91.68	\$86.02	\$84.33
Rockland	9.22	8.78	\$8.15	\$7.90	\$7.29	\$6.04	\$5.50	\$6.18	\$5.85	\$5.22
Thompson	2.68	1.75	\$1.85	\$1.81	\$2.29	\$2.22	\$2.18	\$2.04	\$2.56	\$2.42
Tusten	11.07	11.21	\$10.92	\$10.97	\$10.04	\$9.16	\$8.61	\$8.28	\$6.72	\$6.06
<u>Village Rates</u>										
Bloomingburg	6.71	6.71	6.93	\$7.88	\$7.04	\$7.88	\$7.69	\$7.69	\$6.32	\$5.98
Jeffersonville	6.14	5.99	5.99	\$5.82	\$5.39	\$4.65	\$4.40	\$4.20	\$4.00	\$4.00
Liberty	21.44	21.16	20.99	\$20.50	\$20.10	\$19.63	\$19.08	\$20.46	\$19.53	\$18.14
Monticello	21.66	21.27	21.27	\$20.84	\$20.35	\$20.35	\$20.63	\$19.64	\$19.99	\$20.91
Woodridge	17.26	16.91	14.95	\$13.25	\$13.25	\$12.50	\$12.50	\$11.51	\$11.51	\$11.51
Wurtsboro	6.22	6.22	5.95	\$5.84	\$5.43	\$5.13	\$5.04	\$5.04	\$4.74	\$4.58
<u>School District Rates</u>	\$ 13.44 - \$ 610.26	\$ 13.01 - \$ 661.01	\$ 13.44-\$610.26	\$ 12.82 - \$ 578.94	\$ 12.39 - \$ 533.26	\$ 12.44-\$527.08	\$ 14.71-\$544.76	\$ 15.17-\$618.21	\$ 15.00-\$495.42	\$ 14.52-\$442.30
<u>Fire District Rates</u>	\$ .19 - \$ 41.63	\$ .31-\$41.95	\$ .32-\$39.35	\$ .29 - \$ 34.41	\$ .29 - \$ 33.44	\$ .26-\$53.60	\$ .31-\$54.19	\$ .22-\$35.97	\$ .31-\$36.46	\$ .20-\$36.65
<u>Sewer District Rates</u>	\$ .36 - \$ 1,273.04	\$ .12-\$1255.65	\$ 2.89-\$1535.74	\$ 2.95 - \$ 1185.51	\$ 2.99 - \$ 1152.36	\$ 3.84-\$1181.33	\$ 4.25-\$1047.23	\$ 4.19-\$914.38	\$ 4.01-\$833.45	\$ 4.51-\$757.10
<u>Other Special District Rates</u>	\$ .04 - \$ 10.15	\$ .03-\$11.56	\$ .01-\$12.05	\$ .06 - \$ 12.12	\$ .02 - \$ 10.91	\$ .02-\$4.84	\$ .06-\$11.01	\$ .06-\$11.71	\$ .07-\$13.07	\$ .07-\$13.14

Note: Equalization rates vary by town making it necessary to present the county tax rate as a range  
 Source: Village rates supplied by appropriate village  
 All other rates available through the Sullivan County Treasurer

**County of Sullivan, New York  
Principal Property Tax Payers,  
Current Year and Nine Years Ago**

<u>Taxpayer</u>	<b>2012 Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total County Taxable Assessed Value</b>	<b>2003 Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total County Taxable Assessed Value</b>
NYSEG	94,786,600	1	1.861%	112,239,253	2	2.31%
Verizon	27,321,941	2	0.536%	58,797,327	4	1.21%
State of New York	25,340,955	3	0.497%	36,704,198	5	0.76%
Orange & Rockland	22,319,770	4	0.438%			
Catskill Development	20,449,200	5	0.401%			
City of New York	18,326,350	6	0.360%	290,432,663	1	5.99%
Kutshers's	11,000,000	7	0.216%	7,025,000	10	0.14%
Thompson Station, Inc	10,567,700	8	0.207%			
Wal-Mart Realty	10,000,000	9	0.196%	11,000,000	9	0.23%
Mirant	9,526,694	10	0.187%			
Citizens	7,334,311	11	0.144%	11,494,132	7	0.24%
Kiamesha Concord				16,500,000	6	0.34%
Southern Energy				91,018,759	3	1.88%
Bell Atlantic						
Central Hudson Gas & Ele				11,467,863	8	0.24%
	256,973,521		5.04%	646,679,195		13.34%

Source: Sullivan County Treasurer's Office

County of Sullivan, New York  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collection	Percent of Levy Collected	Cancellations and Adjustments	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes To Levy	Percent of Adjustments To Levy
2003	\$ 74,610,478	62,839,201	84.22%	901,057	10,609,357	73,448,558	98.44%	260,863	0.35%	1.21%
2004	82,144,632	67,848,512	82.60%	807,254	13,288,584	81,137,097	98.77%	200,281	0.24%	0.98%
2005	90,237,917	76,682,085	84.98%	(164,036)	13,536,840	90,218,924	99.98%	183,028	0.20%	-0.18%
2006	96,941,417	82,407,487	85.01%	452,509	13,838,145	96,245,632	99.28%	243,276	0.25%	0.47%
2007	103,343,814	87,265,798	84.44%	404,904	15,390,939	102,656,737	99.34%	282,173	0.27%	0.39%
2008	107,755,568	89,587,757	83.14%	816,133	16,426,414	106,014,172	98.38%	925,263	0.86%	0.76%
2009	116,465,759	96,579,088	82.92%	940,061	16,346,161	112,925,249	96.96%	2,600,449	2.23%	0.81%
2010	127,025,621	103,981,298	81.86%	872,621	15,753,484	119,734,783	94.26%	6,418,217	5.05%	0.69%
2011	128,522,636	105,162,255	81.82%	817,367	10,332,550	115,494,805	89.86%	12,210,464	9.50%	0.64%
2012	131,802,271	108,719,407	82.49%	499,014	11,512,868	120,232,275	91.22%	11,070,983	8.40%	0.38%

Current Tax Collection reflects amount collected before the end of the Town Tax Collector's collecting period.

Cancellations & Adjustments reflects the amount removed in the calendar year regardless of the year the taxes were levied.

Adjustments also includes 5% penalty added to original tax upon close of town warrant.

Delinquent and Total Tax Collections reflect collections through December 31, 2011 for each year levied.

County of Sullivan, New York  
Ratios of Outstanding Net Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Funds										Business-Type Activities	Less Debt Service Funds	Total Net Primary Government	Per - Capita Income	Percentage of Per Capita Income	Population	Per Capita
	Long-Term					Total Primary Government											
	General Obligation Bonds	Bond Anticipation Notes	TAX Anticipation Notes	Long-Term ACC Bonds													
2003	\$40,822,811	10,875,000		2,117,189	53,815,000	23,603	53,791,397	27,139	0.050%	74,107	726						
2004	38,030,745	14,015,000		1,779,255	53,825,000	27,501	53,797,499	28,825	0.054%	74,107	726						
2005	45,082,214	18,825,000		1,442,786	65,350,000	173,641	65,176,359	29,901	0.046%	76,539	852						
2006	46,819,195	16,725,000		1,110,805	64,655,000	415,494	64,239,506	30,412	0.047%	76,588	839						
2007	58,406,908	4,725,000		793,092	63,925,000	421,271	63,503,729	31,490	0.050%	76,588	829						
2008	53,612,617	11,700,000		462,383	65,775,000	112,060	65,662,941	31,490	0.048%	76,189	862						
2009	48,685,842	13,695,000	8,000,000	139,158	70,520,000	100,894	70,419,106	35,007	0.050%	75,828	929						
2010	60,874,351	19,880,000	9,000,000	120,650	89,875,001	27,962	89,847,039	35,007	0.039%	77,547	1,159						
2011	54,807,544	15,685,000	13,000,000	102,456	83,595,000	20,551	83,574,449	23,422	0.028%	76,900	1,087						
2012	57,460,397	6,800,000	10,000,000	84,603	74,345,000	13,702	74,331,298	25,085	0.034%	76,793	968						

**County of Sullivan, New York  
Direct and Overlapping Governmental Debt  
As of December 31, 2012**

	<b>Total Debt (1) Outstanding</b>	<b>Excludable Debt</b>	<b>Net Debt</b>	<b>Percentage of Total Debt</b>
Town of Bethel	\$ 6,508,400	5,464,000	1,044,400	2.52%
Town of Callicoon	802,782	146,652	656,130	0.31%
Town of Cochetcon	-	-	-	0.00%
Town of Delaware	615,245	315,000	300,245	0.24%
Town of Fallsburg	13,083,223	4,413,585	8,669,638	5.06%
Town of Forestburgh	78,750	-	78,750	0.03%
Town of Fremont	-	-	-	0.00%
Town of Highland	151,596	-	151,596	0.06%
Town of Liberty	4,337,092	2,607,092	1,730,000	1.68%
Town of Lumberland	1,085,000	-	1,085,000	0.42%
Town of Mamakating	283,870	-	283,870	0.11%
Town of Neversink	-	-	-	0.00%
Town of Rockland	950,000	375,000	575,000	0.37%
Town of Thompson	7,508,678	6,173,922	1,334,756	2.90%
Town of Tusten	36,761	36,731	30	0.01%
Village of Bloomingburg	234,000	234,000	-	0.09%
Village of Jeffersonville	80,000	-	80,000	0.03%
Village of Liberty	5,198,113	3,990,000	1,208,113	2.01%
Village of Monticello	2,420,729	2,210,000	210,729	0.94%
Village of Woodridge	8,193,782	8,193,782	-	3.17%
Village of Wurtsboro	1,560,800	-	1,560,800	0.60%
Eldred School District	14,515,744	-	14,515,744	5.61%
Fallsburg School District	14,356,990	-	14,356,990	5.55%
Liberty School District	31,893,713	-	31,893,713	12.33%
Livingston Manor School District	1,320,000	-	1,320,000	0.51%
Monticello School District	34,475,000	-	34,475,000	13.33%
Roscoe School District	3,120,000	-	3,120,000	1.21%
Sullivan West School District	30,885,000	-	30,885,000	11.94%
Tri-Valley School District	10,493,000	-	10,493,000	4.06%
<b>Total Indirect Debt</b>	<b>194,188,269</b>	<b>34,159,764</b>	<b>160,028,504</b>	<b>75.08%</b>
<b>Sullivan County</b>				
<b>Direct Debt</b>	<b>64,449,915</b>	<b>-</b>	<b>64,449,915</b>	<b>24.92%</b>
<b>Total All Debt</b>	<b>\$ 258,638,184</b>	<b>34,159,764</b>	<b>224,478,419</b>	<b>100.00%</b>

Note: Debt issued by Sullivan County is direct debt to all property owners within the county.

Towns, villages, and school districts are smaller taxing jurisdictions within the county and their debt is the responsibility of the property owners within those entities.

The percentage of total debt is each entities' proportionate share of total outstanding debt.

Source: Debt information is obtained from the towns, villages and school districts within the county.

County debt information is provided by the county treasurer's office.

(1) Sullivan County Tobacco Asset Securitization Corporation debt is not direct debt to all property owners within the County.

County of Sullivan, New York  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2012

Five Year - Full Valuation	\$ 45,375,024,732										
Average Full Valuation	\$ 9,075,004,946										
Debt Limit - 7% of Average Full Value	\$ 635,250,346										
Total Indebtedness - Serial Bonds and Bond Anticipation Notes	\$ 64,345,000										
Less Exclusions:											
Cash on Hand - Earnings on Investments and Premiums	\$ 13,702										
Indebtedness Subject to Debt Limit	\$ 64,331,298										
Constitutional Debt Margin (Debt Limit less Net Debt)	\$ 570,919,048										
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$	295,136,125	302,192,226	313,140,067	369,480,284	418,676,264	478,441,119	569,605,057	600,291,330	629,359,407	635,250,346
Total Net Debt Applicable to Limit		53,791,397	53,797,499	65,176,359	64,239,506	63,503,729	65,662,940	62,419,106	80,847,038	70,574,449	64,331,298
Legal Debt Margin		241,344,728	248,394,727	247,963,708	305,240,778	355,172,535	412,778,179	507,185,951	519,444,292	558,784,957	558,784,957
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit		18.23%	17.80%	20.81%	17.39%	15.17%	13.72%	10.96%	13.47%	11.21%	10.13%

Source: Five Year Full Value taken from Sullivan County Legislative resolution and NYS State Comptroller.

**County of Sullivan, New York  
Demographic Statistics  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income(6) (thousands of dollars)</b>	<b>Per Capita Income (6)</b>	<b>Unemployment Rate (3)</b>
2003	74107 (3)	\$ 2,027,882	27,139	5.10%
2004	74107 (3)	2,170,466	28,825	5.30%
2005	76539 (3)	2,258,699	29,901	4.90%
2006	76588 (3,5)	2,308,579	30,412	4.90%
2007	76588 (5)	2,547,655	33,345	5.20%
2008	76189 (5)	2,659,432	35,007	6.60%
2009	75828 (5)	2,687,619	34,613	8.80%
2010	77547 (5)	2,790,735	36,023	9.30%
2011	76900 (5)	2,880,444	37,457	9.20%
2012	76793 (5)	2,880,444	37,457	9.60%

- (1) SOURCE: 1990 Decennial Census, NYS Department of Commerce
- (2) SOURCE: New York State Department of Commerce
- (3) SOURCE: New York State Department of Labor/ Empire State Development
- (4) SOURCE: 2000 Decennial Census, NYS Department of Labor
- (5) SOURCE: US Census Bureau
- (6) SOURCE: US Bureau of Economic Analysis

Note: Sullivan County Personal Income figures for 2012 are not available as of yet.

County of Sullivan, New York  
Principal Employers  
Current Year and Ten Years Ago

<u>Employer</u>	2012			2002		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
SDTC THE CENTER FOR DISCOVERY	1508	1	4.28%	860	3	3.41%
SULLIVAN COUNTY GOVERNMENT	1008	2	2.86%	1260	1	5.00%
CATSKILL REGIONAL MEDICAL CTR	922	3	2.62%	820	4	3.25%
MONTICELLO CENTRAL SCHOOL DIST	665	4	1.89%	700	5	2.78%
NEW HOPE COMMUNITY INC	596	5	1.69%			
NYSARC INC/COMMUNITY RSRCE CTR	540	6	1.53%	470	8	1.86%
WOODBOURNE CORRECTIONAL FACILITY	462	7	1.31%			
IDEAL SNACKS	445	8	1.26%	460	9	1.83%
SULLIVAN CORRECTIONAL FACILITY	439	9	1.25%	435	10	1.73%
CRYSTAL RUN HEALTHCARE LLP	369	10	1.05%			
KOHL'S CORP	355	11	1.01%	900	2	3.57%
MONTICELLO RACEWAY	299	12	0.85%			
VILLA ROMA RESORT	271	13	0.77%			
WALMART				500	7	1.98%
SYDA FOUNDATION				583	6	2.31%
	7,879		22.35%	6,988		27.73%

Source: New York State Department of Labor

Source: Sullivan County Treasurers Office



County of Sullivan, New York  
 Full Time County Employees by Function/Program  
 Last Ten Fiscal Years

	Full-Time Employees by Function/Program as of December 31,									
<u>Function/Program</u>	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government Support	177	175	180	187	221	171	174	169	177	171
Education	0	0	0	0	0	0	0	0	0	0
Public Safety	212	212	211	228	222	185	191	191	196	176
Health/Adult Care Center	304	291	296	331	326	280	283	280	292	277
Transportation	94	96	94	113	124	127	126	131	124	118
Economic Assistance & Opportunity	168	169	179	212	212	194	214	194	185	183
Culture & Recreation	31	32	32	35	35	18	19	21	20	18
Home & Community Service	24	23	24	29	46	40	42	41	44	41
Total	1010	998	1016	1135	1186	1015	1049	1027	1038	984

County of Sullivan, New York  
 Operating Indicators by Function/Program  
 Last Ten Fiscal Years

Function/Program	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Sheriff										
Arrests	1330	1473	1511	1332	1535	1537	1434	2,003	2,068	2,341
Traffic Summons	1716	2405	3552	2629	2621	1737	2169	3,193	3,874	3,280
DWI Summons	49	83	110	102	81	80	80	92	101	114
Jail										
Inmates	1472	1616	1664	1630	1722	1873	1714	1,768	1,771	1,768
Public Works										
Road Paving (miles)	12.8	14.9	37.2	26.6	19.4	22.9	34.9	14.7	47.3	51.7
Road Chip Seal (miles)	22.3	29	38.5	0	0	57.4	7.0	52.0	36.5	36.1
Bridge Replacement	1	2	2	1	2	6	2	5	5	6
Bridge Rehabilitation	1	1	4	6	3	0	1	0	2	1
Parks & Recreation										
Park & Pavilion Permits	58	74	80	89	85	57	59	57	N/A	N/A
Lake Superior Attendance	13714	14634	16788	14300	17827	17426	16,647	18,169	13,126	16,198
Fort Delaware Attendance	3062	3449	3463	3832	3878	4523	2,977	4,327	3,805	4,289
Refuse Collection										
* Refuse Collection (tons per day)	156	153	195	238.3	209.32	219.29	234.02	257.62	463.18	683.99
Recyclables collected (tons per day)	14.5	13.78	17.95	21.37	16.76	16.86	14.02	13.61	13.04	21.69

\*Note: Importation at the Landfill stopped during 2004.

Source: Sullivan County DPW/Sullivan County Sheriff's Department

County of Sullivan, New York  
 Capital Asset Statistics by Function/Program  
 Last Ten Fiscal Years

Function/Program	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Sheriff										
Jail	1	1	1	1	1	1	1	1	1	1
Vans(prisoner transport)	2	2	2	2	2	2	4	4	4	NA
Sheriff Vehicles										
Cars	21	21	27	30	28	32	21	21	21	NA
SUV	6	8	7	8	9	10	5	3	3	NA
Pickups	2	1	2	2						
Electric Cars	3	3	3	3						
ATV	3	3	3	3						
Boat	2	2	2	2	2	1	1	1	1	NA
Tactical Vehicle	1	1								
Humvee	1									
Public Works										
Roads (miles)	385.4	385.4	385.4	385.6	386.8	386.7	386.7	386.7	386.7	386.7
Traffic Signals	10	9	9	8	8	8	8	8	8	8
Flashing Beacons	25	25	25	26	26	26	26	26	26	26
Bridges	401	398	400	400	400	400	400	400	400	400
Park & Recreation										
Park Acres	1572	1572	1550	1550	1550	1550	1550	1550	1550	1550
Playgrounds	2	2	2	2	2	2	2	1	1	1
Refuse Collection										
Landfill Acres	45.8	45.8	45.8	45.8	45.8	45.8	45.8	42.5	42.5	42.5
Transfer Stations	6	6	6	5	5	5	5	5	5	5
Haul Trucks	6	6	6	6	4	4	4	6	6	6

\*Note: 2007 Sheriff Vehicles includes all vehicles not just patrol as previously reported

Source: Sullivan County DPW/Sullivan County Sheriff's Department

INDEPENDENT AUDITORS' 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

Members of the Sullivan  
County Legislature  
County of Sullivan, New York:

We have audited, in accordance with the 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, 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 (the County), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 28, 2013. Our report includes a reference to other auditors who audited the financial statements of Sullivan County Tobacco Asset Securitization Corporation, Sullivan County Community College, Sullivan County Industrial Development Agency, Emerald Corporate Center Economic Development Corporation, Sullivan County Funding Corporation, 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

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

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

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Toski & Co., CPAs, P.C.

Williamsville, New York  
June 28, 2013