

COUNTY OF GREENE, NEW YORK

FINANCIAL STATEMENTS
(and Report of Independent Auditors)

December 31, 2010

COUNTY OF GREENE, NEW YORK

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INDEPENDENT AUDITORS' REPORT

To the County Legislature of
County of Greene, New York:

We have audited the accompanying financial statements of County of Greene, New York, as of and for the year ended December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of County of Greene, New York's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Greene County Industrial Development Agency, which represents 88% and 25%, respectively, of the assets and the revenues of the aggregate discretely presented component unit column. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Greene County Industrial Development Agency is based on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

As described in Note I.D., the County of Greene, New York did not apply GASB 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* for the year ended December 31, 2010.

In addition to the exception above, as described in Note I.D., GASB 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* was not implemented for the year ended December 31, 2010.

In our opinion, based on our report and the report of other auditors, except for the effects of not applying the provisions of GASB 34 and GASB 45 noted above, the financial statements referred to above present fairly, in all material respects, the respective financial position of the County of Greene, New York as of December 31, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2011, on our consideration of County of Greene, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in accessing the result of our audit.

The accompanying schedule of expenditures of federal awards and the schedule of state transportation assistance funds expended are presented for the purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization* and the preliminary Draft Part 43 of the New York State Codification of Rules and Regulations, and is not a required part of the basic financial statements of County of Greene, New York. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Greene, New York's financial statements as a whole. The supplementary information comprised of the Combined Balance Sheet - Special Revenue Funds, Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Special Revenue Funds, Combined Balance Sheet - Total Aggregate Discretely Presented Component Units, and Combined Statement of Revenue, Expenses, and Changes in Net Assets - Total Aggregate Discretely Presented Component Units pages 57 to 60 is presented for the purposes of additional analysis as it is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit for the basic financial statements and, in our opinion, it is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

 Patricia Hosley, Haver
a Sweeney, CPA's, P.C.

Catskill, New York
September 29, 2011

COUNTY OF GREENE, NEW YORK
 COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS, AND AGGREGATE DISCRETELY PRESENTED COMPONENT UNITS
 December 31, 2010

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPE		FIDUCIARY FUND TYPE		NON-CURRENT		TOTAL (MEMORANDUM ONLY) PRIMARY GOVERNMENT	AGGREGATE DISCRETELY PRESENTED COMPONENT UNITS	TOTAL (MEMORANDUM ONLY) REPORTING ENTITY
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	BLENDED COMPONENT UNITS	INTERNAL SERVICE FUND	TRUST FUNDS	GOVERNMENT ASSETS	GOVERNMENT LIABILITIES				
ASSETS												
Cash and cash equivalents	\$ 8,622,514	\$ 1,300,933	\$ 2,389,007	\$ 116,671	\$ 390,639	\$ 1,144,520	\$ -	\$ -	\$ 13,964,284	\$ 3,406,655	\$ 17,370,939	
Cash and cash equivalents - restricted	569,421	478,728	-	-	-	156,547	-	-	1,204,696	-	1,204,696	
Investment held by fiscal agent	-	-	-	667,773	-	-	-	-	667,773	-	667,773	
Taxes receivable - net	12,278,205	-	-	-	-	-	-	-	12,278,205	-	12,278,205	
State and federal receivables	10,482,025	76,415	658,114	-	-	-	-	-	11,216,554	156,248	11,372,802	
Accounts receivable	2,918,591	135,086	-	623,122	1,613,732	-	-	-	5,290,531	537,086	5,827,617	
Note receivable net of unamortized discount	172,968	3,826,397	-	-	-	-	-	-	3,999,365	1,512,000	5,511,365	
Due from other funds	590,280	1,589,915	143,985	-	-	76,665	-	-	2,400,845	-	2,400,845	
Due from other governments	1,084,799	-	-	-	-	-	-	-	1,084,799	-	1,084,799	
Land, building and equipment:												
Land	-	-	-	-	-	-	2,822,101	-	2,822,101	7,313,667	10,135,768	
Building	-	-	-	-	-	-	25,296,574	-	25,296,574	200,000	25,496,574	
Equipment	-	-	-	-	-	-	14,893,266	-	14,893,266	43,318	14,936,584	
Other assets - inventory	-	-	-	198,567	-	-	14,292,834	-	14,491,401	2,672	14,494,073	
Prepaid items	-	-	-	7,077	-	-	-	-	7,077	9,360	16,437	
Amounts to be provided for retirement of general long-term debt	-	-	-	-	-	-	-	29,852,533	29,852,533	-	29,852,533	
Total assets	\$ 36,718,803	\$ 7,407,474	\$ 3,191,106	\$ 1,613,210	\$ 2,004,371	\$ 1,377,732	\$ 57,304,775	\$ 29,852,533	\$ 139,470,004	\$ 13,181,006	\$ 152,651,010	

COUNTY OF GREENE, NEW YORK
 COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS, AND AGGREGATE DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)
 December 31, 2010

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPE		FIDUCIARY FUND TYPE		NON-CURRENT		TOTAL MEMORANDUM (MEMORANDUM ONLY) PRIMARY GOVERNMENT	AGGREGATE DISCRETELY PRESENTED COMPONENT UNITS	TOTAL MEMORANDUM (MEMORANDUM ONLY) REPORTING ENTITY
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	BLENDING COMPONENT UNITS	INTERNAL SERVICE FUND	TRUST FUNDS	GOVERNMENT ASSETS	GOVERNMENT LIABILITIES				
LIABILITIES AND FUND BALANCE												
Liabilities:												
Accounts payable	\$ 2,814,036	\$ 501,828	\$ 385,339	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,701,203	\$ 112,569	\$ 3,813,772	
Other liabilities	-	-	22,556	133,282	-	-	-	-	155,838	227,502	383,340	
Agency liabilities	-	-	-	-	-	719,202	-	-	719,202	-	719,202	
Due to other governments	12,256,497	-	5,840	-	-	-	-	-	12,262,337	359,708	12,622,045	
Due to other funds	820,723	260,292	675,175	-	-	644,655	-	-	2,400,845	-	2,400,845	
Due to NYS Retirement System	1,794,331	246,097	-	-	-	-	-	-	2,040,428	-	2,040,428	
Workers' compensation premiums	-	-	-	-	2,113,732	-	-	-	2,113,732	-	2,113,732	
Compensated absences	-	-	-	-	-	-	-	3,619,705	3,619,705	-	3,619,705	
Bond and long-term debt	-	-	-	13,024,542	-	-	-	26,232,828	39,257,370	500,000	39,757,370	
Deferred revenues	7,498,698	3,826,397	-	-	-	-	-	-	11,325,095	505,625	11,830,720	
Total liabilities	25,184,285	4,834,614	1,088,910	13,157,824	2,113,732	1,363,857	-	29,852,533	77,595,755	1,705,404	79,301,159	
Fund Balance:												
Investment in general fixed assets	-	-	-	-	-	-	-	-	57,304,775	7,056,985	64,361,760	
Fund balances reserved:												
Reserve for encumbrances	76,795	28,825	-	-	-	-	-	-	105,620	-	105,620	
Reserve for indebtedness	166,683	-	-	-	-	-	-	-	166,683	-	166,683	
Reserve for risk retention	330,680	-	-	-	-	-	-	-	330,680	-	330,680	
Expendable trust funds	-	-	-	-	-	13,875	-	-	13,875	-	13,875	
Miscellaneous reserves	373,745	2,999	-	-	-	-	-	-	376,744	60,114	436,858	
Fund balance - unreserved:												
Appropriated-ensuing year's budget	2,510,000	562,704	-	-	-	-	-	-	3,072,704	-	3,072,704	
Unappropriated	8,076,615	1,978,332	2,102,196	(11,544,614)	(109,361)	-	-	-	12,047,782	4,358,503	16,406,285	
Retained earnings	-	-	-	-	-	-	-	-	(11,544,614)	-	(11,544,614)	
Total fund balance	11,534,518	2,572,860	2,102,196	(11,544,614)	(109,361)	13,875	57,304,775	-	61,874,249	11,475,602	73,349,851	
Total liabilities and fund balance	\$ 36,718,803	\$ 7,407,474	\$ 3,191,106	\$ 1,613,210	\$ 2,004,371	\$ 1,377,732	\$ 57,304,775	\$ 29,852,533	\$ 139,470,004	\$ 13,181,006	\$ 152,651,010	

See independent auditors' report. See notes to financial statements.

COUNTY OF GREENE, NEW YORK
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 ALL FUND TYPES AND AGGREGATE DISCRETELY PRESENTED COMPONENT UNITS
 Year ended December 31, 2010

	GOVERNMENTAL FUND TYPES				FIDUCIARY	TOTAL	AGGREGATE	TOTAL
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	BLENDED COMPONENT UNITS	TRUST FUNDS	(MEMORANDUM ONLY) PRIMARY GOVERNMENT	DISCRETELY PRESENTED COMPONENT UNITS	(MEMORANDUM ONLY) REPORTING ENTITY
REVENUES AND OTHER SOURCES								
Revenues:								
Real property taxes	\$ 19,536,305	\$ -	\$ -	\$ -	\$ -	\$ 19,536,305	\$ -	\$ 19,536,305
Real property tax items	3,010,077	-	-	-	-	3,010,077	-	3,010,077
Non-property tax items	25,465,099	-	-	-	-	25,465,099	-	25,465,099
Departmental income	10,419,876	-	-	493,832	-	10,913,708	1,111,550	12,025,258
Intergovernmental charges	799,991	7,103	-	-	-	807,094	1,110,572	1,917,666
Use of money and property	178,678	1,385	-	85	1	180,149	19,469	199,618
Licenses and permits	48,612	-	-	-	-	48,612	-	48,612
Fines and forfeitures	294,569	-	-	-	-	294,569	-	294,569
Sale of property and compensation for loss	225,260	558,857	-	-	-	784,117	-	784,117
Miscellaneous local sources	478,259	1,606,736	-	-	5,427	2,090,422	75,751	2,166,173
State aid	14,637,129	1,421,226	154,308	-	-	16,212,663	58,905	16,271,568
Federal aid	10,975,221	573,860	635,798	-	-	12,184,879	677,482	12,862,361
Proceeds of obligations	126,219	-	12,921,800	-	-	13,048,019	-	13,048,019
Total revenues	86,195,295	4,169,167	13,711,906	493,917	5,428	104,575,713	3,053,729	107,629,442
Other sources:								
Operating transfers	-	8,084,195	759,900	-	-	8,844,095	-	8,844,095
Total other sources	-	8,084,195	759,900	-	-	8,844,095	-	8,844,095
Total revenues and other sources	86,195,295	12,253,362	14,471,806	493,917	5,428	113,419,808	3,053,729	116,473,537
EXPENDITURES AND OTHER USES								
Expenditures:								
General government support	7,234,129	-	2,180,177	-	-	9,414,306	-	9,414,306
Education	6,191,534	-	74,633	-	-	6,266,167	-	6,266,167
Public safety	8,075,546	200,395	-	-	-	8,275,941	-	8,275,941
Health	8,415,254	-	-	-	-	8,415,254	-	8,415,254
Transportation	-	8,297,549	268,445	-	-	8,565,994	-	8,565,994
Economic assistance and opportunity	29,966,273	-	-	-	6,990	29,973,263	-	29,973,263
Culture and recreation	310,139	-	309,979	-	-	620,118	-	620,118
Home and community services	4,394,846	1,561,421	-	749,947	-	6,706,214	3,788,793	10,495,007
Employee benefits	10,777,441	1,792,733	-	-	-	12,570,174	360,693	12,930,867
Debt service (principal/interest)	1,392,342	692,817	-	-	-	2,085,159	25,728	2,110,887
Total expenditures	76,757,504	12,544,915	2,833,234	749,947	6,990	92,892,590	4,175,214	97,067,804
Other uses:								
Operating transfers	8,733,195	110,900	-	-	-	8,844,095	-	8,844,095
Total other uses	8,733,195	110,900	-	-	-	8,844,095	-	8,844,095
Total expenditures and other uses	85,490,699	12,655,815	2,833,234	749,947	6,990	101,736,685	4,175,214	105,911,899
Net changes in fund balance	704,596	(402,453)	11,638,572	(256,030)	(1,562)	11,683,123	(1,121,485)	10,561,638
Fund balance, beginning	10,857,807	2,993,047	(9,536,376)	(11,288,584)	15,437	(6,958,669)	12,578,538	5,619,869
Prior period adjustments	(27,885)	(17,734)	-	-	-	(45,619)	18,549	(27,070)
Fund balance, ending	\$ 11,534,518	\$ 2,572,860	\$ 2,102,196	\$ (11,544,614)	\$ 13,875	\$ 4,678,835	\$ 11,475,602	\$ 16,154,437

See independent auditors' report. See notes to financial statements.

COUNTY OF GREENE, NEW YORK
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES
 Year ended December 31, 2010

	GENERAL FUND			SPECIAL REVENUE FUND TYPES			TOTALS (MEMORANDUM ONLY)		
	MODIFIED BUDGET	ACTUAL	Variance	MODIFIED BUDGET	ACTUAL	Variance	MODIFIED BUDGET	ACTUAL	Variance
			Favorable (Unfavorable)			Favorable (Unfavorable)			Favorable (Unfavorable)
REVENUES AND OTHER SOURCES									
Revenues:									
Real property taxes	\$ 19,420,331	\$ 19,536,305	\$ 115,974	\$ -	\$ -	\$ -	\$ 19,420,331	\$ 19,536,305	\$ 115,974
Real property tax items	2,250,000	3,010,077	760,077	-	-	-	2,250,000	3,010,077	760,077
Non-property tax items	25,465,000	25,465,099	99	-	-	-	25,465,000	25,465,099	99
Departmental income	10,036,136	10,419,876	383,740	-	-	-	10,036,136	10,419,876	383,740
Intergovernmental charges	847,476	799,991	(47,485)	-	7,103	7,103	847,476	807,094	(40,382)
Use of money and property	192,000	178,678	(13,322)	9,000	1,385	(7,615)	201,000	180,063	(20,937)
Licenses and permits	87,900	48,612	(39,288)	-	-	-	87,900	48,612	(39,288)
Fines and forfeitures	281,588	294,569	12,981	-	-	-	281,588	294,569	12,981
Sale of property and compensation for loss	89,539	225,260	135,721	504,468	558,857	54,389	594,007	784,117	190,110
Miscellaneous local sources	283,770	478,259	194,489	1,679,534	1,606,736	(72,798)	1,963,304	2,084,995	121,691
State aid	15,094,540	14,637,129	(457,411)	1,420,524	1,421,226	702	16,515,064	16,058,355	(456,709)
Federal aid	10,759,711	10,975,221	215,510	511,263	573,860	62,597	11,270,974	11,549,081	278,107
Proceeds of obligations	-	126,219	126,219	-	-	-	-	126,219	126,219
Total revenues	84,807,991	86,195,295	1,387,304	4,124,789	4,169,167	44,378	88,932,780	90,364,462	1,431,682
Other sources:									
Operating transfers	-	-	-	8,113,695	8,084,195	(29,500)	8,113,695	8,084,195	(29,500)
Total other sources	-	-	-	8,113,695	8,084,195	(29,500)	8,113,695	8,084,195	(29,500)
Total revenues and other sources	\$ 84,807,991	\$ 86,195,295	\$ 1,387,304	\$ 12,238,484	\$ 12,253,362	\$ 14,878	\$ 97,046,475	\$ 98,448,657	\$ 1,402,182

See independent auditors' report. See notes to financial statements.

COUNTY OF GREENE, NEW YORK
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES (CONTINUED)
 Year ended December 31, 2010

	GENERAL FUND				SPECIAL REVENUE FUND TYPES				TOTALS (MEMORANDUM ONLY)			
	MODIFIED BUDGET	ACTUAL	ENCUM- BRANCES	Variance Favorable (Unfavorable)	MODIFIED BUDGET	ACTUAL	ENCUM- BRANCES	Variance Favorable (Unfavorable)	MODIFIED BUDGET	ACTUAL	ENCUM- BRANCES	Variance Favorable (Unfavorable)
EXPENDITURES AND OTHER USES												
Expenditures:												
General government support	\$ 7,493,744	\$ 7,234,129	\$ -	\$ 259,615	\$ -	\$ -	\$ -	\$ -	\$ 7,493,744	\$ 7,234,129	\$ -	\$ 259,615
Education	6,429,266	6,191,534	-	237,732	-	-	-	-	6,429,266	6,191,534	-	237,732
Public safety	8,510,436	8,075,546	9,773	434,890	200,427	200,395	-	32	8,710,863	8,275,941	9,773	425,149
Health	8,952,853	8,415,254	3,900	537,599	-	-	-	-	8,952,853	8,415,254	3,900	533,699
Transportation	-	-	-	-	8,918,425	8,297,549	8,825	620,876	8,918,425	8,297,549	8,825	612,051
Economic assistance and opportunity	30,971,643	29,966,273	-	1,005,370	-	-	-	-	30,971,643	29,966,273	-	1,005,370
Culture and recreation	324,783	310,139	63,122	14,644	-	-	-	-	324,783	310,139	63,122	(48,478)
Home and community services	4,287,360	4,394,846	-	(107,486)	1,780,830	1,561,421	20,000	219,409	6,068,190	5,956,267	20,000	91,923
Employee benefits	10,894,123	10,777,441	-	116,682	2,004,782	1,792,733	-	212,049	12,898,905	12,570,174	-	328,731
Debt service (principal/interest)	1,392,343	1,392,342	-	-	806,010	692,817	-	113,193	2,198,353	2,085,159	-	113,194
Total expenditures	79,256,551	76,757,504	76,795	2,499,046	13,710,474	12,544,915	28,825	1,165,559	92,967,025	89,302,419	105,620	3,558,986
Other uses:												
Operating transfers	8,733,195	8,733,195	-	-	110,900	110,900	-	-	8,844,095	8,844,095	-	-
Total other uses	8,733,195	8,733,195	-	-	110,900	110,900	-	-	8,844,095	8,844,095	-	-
Total expenditures and other uses	87,989,746	85,490,699	76,795	2,499,046	13,821,374	12,655,815	28,825	1,165,559	101,811,120	98,146,514	105,620	3,558,986
Appropriated fund balance	3,181,755	\$ 76,795	\$ 76,795	(3,104,960)	685,108	(402,453)	\$ 28,825	(656,283)	3,866,863	\$ 105,620	\$ 105,620	3,761,243
Net changes in fund balance	-	704,596	\$ 781,390	\$ 781,390	-	(402,453)	\$ 28,825	(656,283)	(897,782)	302,143	\$ 105,620	\$ 8,722,411
Fund balance, beginning		10,857,807		2,993,047						13,850,854		
Prior period adjustment		(27,885)		(17,734)								
Fund balance, ending		\$ 11,534,518		\$ 2,572,860		\$ 2,572,860				\$ 14,107,378		

COUNTY OF GREENE, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - PROPRIETARY FUND TYPE
for the year ended December 31, 2010

Operating revenue:	
Charges and fees	\$ 700,000
Prior year recoveries	170,478
	<hr/>
Total operating revenue	870,478
	<hr/>
Operating expenses:	
Benefits and awards	696,404
Administrative services	108,582
Insurance	96,580
	<hr/>
Total operating expenses	901,566
	<hr/>
Operating loss	(31,088)
	<hr/>
Other revenue:	
Interest income	2,831
	<hr/>
Net loss	(28,257)
	<hr/>
Fund balance, beginning of year	(81,104)
	<hr/>
Fund balance, end of year	\$ (109,361)
	<hr/> <hr/>

See independent auditors' report. See notes to the financial statements.

COUNTY OF GREENE, NEW YORK
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
for the year ended December 31, 2010

Cash flows from operating activities:	
Cash received from participants	\$ 700,000
Prior year recoveries	170,478
Interest received	2,831
Cash payments of benefits and awards	(696,404)
Cash payments of administrative services	(108,582)
Cash payments of insurance	<u>(96,580)</u>
Net cash used by operating activities	(28,257)
Cash, beginning of year	<u>418,896</u>
Cash, end of year	<u><u>\$ 390,639</u></u>
Reconciliation of net loss to net cash used by operating activities:	
Net loss	\$ (28,257)
Changes in assets and liabilities:	
Increase in accounts receivable	(205,871)
Increase in other liabilities	<u>205,871</u>
Net cash used by operating activities	<u><u>\$ (28,257)</u></u>

See independent auditors' report. See notes to the financial statements.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies:

The financial statements of County of Greene, New York have been prepared on a regulatory basis in conformity with the New York State Accounting and Reporting Manual. The basis of presentation is a *comprehensive basis of accounting other than generally accepted accounting principles* in the United States of America as applied to government units.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Board of Legislators have authorized by resolution the presentation of financial information in accordance with the reporting model in effect prior to that described in GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" and GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." The basis of accounting used has been applied in a manner consistent with the prior periods. See Note I. D. for discussion of generally accepted accounting principles (GAAP) departures for GASB No. 34 and GASB No. 45.

A. Financial Reporting Entity:

County of Greene, New York, (the "County") which was incorporated on March 25, 1800, is governed by County law and other general laws of the State of New York. The Board of Legislators, which is the legislative body responsible for the overall operation of the County, consists of fourteen members representing nine legislative districts with each member's vote weighted on the basis of population. The Chairman of the Legislatures serves as Chief Executive Officer and the County Treasurer serves as Chief Fiscal Officer of the County. The following basic services are provided: police and law enforcement, educational assistance for County residents attending community colleges, economic assistance and maintenance of County roads.

All governmental activities and functions performed for County of Greene, New York are the County's direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of (a) the primary government which is County of Greene, New York (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement 14.

See independent auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued):

A. Financial Reporting Entity (Continued):

The decision to include a potential component unit in the County's reporting entity is based on several criteria set forth in GASB Statement 14 including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities considered in determining County of Greene, New York's reporting entity.

1. Included in the Reporting Entity:

Greene County Industrial Development Agency:

Greene County Industrial Development Agency (the "Agency") is a Public Benefit Corporation created by state legislation to promote the economic welfare, recreational opportunities and prosperity of the County's inhabitants. Members of the Agency are appointed by and serve on behalf of County of Greene, New York's Board of Legislators. The Agency is reported under the aggregate discretely presented component unit column as a proprietary fund type in the financial statements.

Greene County Soil and Water Conservation District:

Greene County Soil and Water Conservation District (the "District") is a political subdivision established by the County Board of Legislators for the purpose of improving and advancing conservation, and wise use and orderly development of the soil, water and related natural resources of County of Greene, New York. A board of directors is appointed by the County Board of Legislators. Administrative costs of the District are provided primarily through County appropriations. The County Board of Legislators has direct responsibility for the operations of the Greene County Soil and Water Conservation District and retains general oversight responsibility. The District is reported under the aggregate discretely presented component unit column as a proprietary fund type in the financial statements. Excluded from the financial information is \$811,960 of non-current government assets.

Greene Tobacco Asset Securitization Corporation (GTASC):

GTASC was incorporated October 17, 2000 as a local development corporation by the County of Greene, New York (the "County") under the provisions of Section 1411 of the New York State Not-For-Profit Corporation Law and as a Public Authority they are subject to the Public Authority Accountability Act of 2005. Its purpose is to issue bonds securitized solely from County Tobacco Settlement Revenues under the Master Settlement Agreement dated November 23, 1998, purchased from the County under the Purchase and Sale Agreement dated October 15, 2000, and to forward to the County the net proceeds from the bond issuance.

See independent auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued):

A. Financial Reporting Entity (Continued):

1. Included in the Reporting Entity (Continued):

Greene Tobacco Asset Securitization Corporation (GTASC) (Continued):

In 2005 GTASC issued two new bonds. The first series, Title IV was issued in August of 2005 and was used to pay off the bond series originally issued in October 2000, Title I. The second issue, Title V, was issued in September of 2005, and the bond proceeds were forwarded to the County. GTASC is reported under a combined blended component unit column as a governmental fund type in the financial statements.

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

Greene County Industrial Development Agency
270 Mansion Street
Coxsackie, NY 12051

Greene County Soil and Water Conservation District
907 County Office Building
Cairo, NY 12413

Greene Tobacco Asset Securitization Corporation
P.O. Box 191
Catskill, NY 12414

2. Excluded from the Reporting Entity:

All activities which meet the reporting entity inclusion criteria explained above must be included in general-purpose financial statements in order to fairly present the financial position and results of operations of County of Greene, New York in accordance with accounting principles generally accepted in the United States of America. The financial statements presented herein include all of the activities includable in the County's reporting entity. The financial statements are intended to report upon the financial position and results of operations of individual fund types and account groups, specifically, the general, special revenue, capital project, proprietary and fiduciary fund types and the non-current government assets and the non-current government liabilities in accordance with accounting principles generally accepted in the United States of America.

Columbia-Greene Community College and Capital District Regional Off-Track Betting Corporation are joint undertakings with other municipalities and are excluded from the financial statements. See Note IV for additional disclosure regarding joint ventures.

See independent auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued):

B. Basis of Presentation:

The County uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The County records its transactions in the following fund types and account groups described below:

1. Governmental Funds - Governmental funds are those through which most governmental functions of the County are financed. The acquisition, use and balances of the County's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of the financial position and changes in financial position.

The following are the County's governmental fund types:

- a. General Fund - the principal operating fund and includes all operations not required to be recorded in other funds.
- b. Special Revenue Funds – used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following Special Revenue Funds are utilized:
 - County Road Fund - used to account for expenditures for highway purposes, authorized by Section 114 of the Highway Law and the current year's budget.
 - County Machinery Fund - used to account for the purchase, repair, maintenance and storage of highway machinery, tools and equipment pursuant to Section 133 of the Highway Law.
 - Special Grant Fund - used to account for expenditures relating to the promotion of economic development and prosperity of the County's inhabitants through the use of Community Development Block Grants and Urban Development Grants.
- c. Capital Projects Funds - used to account for financial resources to be used for the acquisition or construction of major capital facilities.

See independent auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued):

B. Basis of Presentation (Continued):

1. Governmental Funds (Continued):

d. Component Units - used to account for the County's governmental type component units comprised of the GTASC. The GTASC is used to account for the receipt and disbursement of revenues related to Tobacco assets and related obligations.

2. Proprietary Fund Type- used to account for ongoing organizations or activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and changes in financial position. The following proprietary fund is utilized:

a. Internal Service Fund - used to account for special activities or services provided by one department to other departments or to other governments on a cost reimbursement basis. The Workers' Compensation Fund is used to account for the accumulation of resources for payment of compensation, assessments and other obligations under the Workers' Compensation Law, Article 5, as assessed by the State of New York Workers' Compensation Board.

The County has established a plan of self-insurance under the Workers' Compensation Law whereby other Towns and Villages can participate in the plan. Each participant is billed by the plan for its share of the estimated premium costs for the ensuing year. Any deficiencies in the amounts billed are added to the next year's bill.

b. Component Units - used to account for certain of the County's component units: Greene County Industrial Agency and Greene County Soil & Water Conservation District.

3. Fiduciary Fund Type- used to account for assets held by the local government in a trustee or custodial capacity:

a. Trust and Agency Funds- used to account for money and property received and held in the capacity of trustee, custodian, or agent.

4. Non-Current Government Assets - used to account for land, buildings, improvements other than buildings, and equipment utilized for general government purposes, except those accounted for in proprietary funds.

5. Non-Current Government Liabilities- used to account for all long-term obligations except those accounted for in proprietary funds.

See independent auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued):

C. Basis of Accounting/Measurement Focus:

Basis of accounting refers to when revenues and expenditures/expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures or expenses.

Modified Accrual Basis - All governmental funds are accounted for using the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made. Revenue is deferred for property taxes due at December 31, 2010 not collected by the end of February 2011 (60 days) and all other revenue sources are considered "available" if they are collected within 90 days after December 31.

Expenditures are recorded when the fund liability is incurred, except that:

- a. Expenditures for prepaid expenses, excluding prepaid retirement, and inventory type items are recognized at the time incurred.
- b. Principal and interest on indebtedness are recognized as an expenditure when due.
- c. Compensated absences, such as vacation and sick leave which vest or accumulate, are charged as an expenditure when paid.
- d. Pension costs are recognized as an expenditure when due.

Accrual Basis - Proprietary funds are accounted for on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when incurred. Fixed assets and long-term liabilities related to these activities are recorded within this fund. Amounts equivalent to the costs of administrative and other support received from Greene County General Fund are reflected as operating expenses and revenues in the general-purpose financial statements.

Fixed assets are recorded at actual or estimated cost or, in the case of gifts and contributions, at the fair market value at the time received. No provision for depreciation is made. Long-term debt liabilities are recorded at the par value of the principal amount. No liability is recorded for interest payable to maturity. In addition to bonds payable, the general long-term debt account group also includes a provision for compensated absences, installment purchases and leases payable.

Cash and Cash Equivalents - For purposes of the cash flow statement, cash and cash equivalents consisted of demand deposit and savings accounts. Cash and cash equivalents were fully secured at year-end.

See independent auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued):

D. GASB No. 34 and GASB No. 45:

GASB Statement No. 34 *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* has not been implemented by the County of Greene, New York through the year ended December 31, 2010. Therefore, the County is not following GAAP as it relates to GASB 34 in these financial statements. The financial statements presentation would be significantly impacted if GASB Statement No. 34 were to be applied.

The additional minimum financial reporting requirements of GASB statement No. 34 for state and local governments include:

Management's Discussion and Analysis - The MD&A is a component of Required Supplementary Information (RSI). The MD&A is an introduction to the basic financial statements and an analytical overview of the government's financial activities.

RSI other than the MD&A, such as the required budgetary comparison schedule for the General Fund and major special revenue funds, generally is included immediately following the notes to the financial statements.

Infrastructure reporting. Capitalizing and depreciating a government's infrastructure assets. (e.g., roads, bridges, dams, water and sewer systems, etc.).

Full accrual accounting which includes a Statement of Net Assets and Statement of Activities with a bridge from the modified accrual basis of accounting to the full accrual basis for governmental fund types.

GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Post-employment Benefits (OPEB) Other Than Pensions* includes postemployment healthcare, life insurance or similar other forms of benefits when provided separately from a pension plan. The Statement establishes a standard for measurement, recognition, and display of OPEB expense/expenditures and related liability (assets), note disclosures, and if applicable, required supplementary information. GASB Statement No. 45 was applicable to the County of Greene, but was not fully implemented during the year ended December 31, 2010. Therefore, the County is not following GAAP as it relates to GASB 45 in these financial statements.

Historically, the County's subsidy was funded on a pay-as-you-go basis. GASB Statement No. 45 requires that the County recognize the cost of the retiree health subsidy and other post-employment benefits during the period of employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the County. This funding methodology mirrors the funding approach used for pension benefits. The County hired an actuary to determine what they would need to accrue, although the County has not fully implemented GASB 45 at year ending December 31, 2010.

See independent auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued):

D. GASB No. 34 and GASB No. 45 (Continued):

The County also does not apply GASB 34 discussed above. The County's financial statements for governmental fund types are presented using the modified accrual basis. As a result, the majority of GASB 45 requirements would be difficult to implement until GASB 34 is implemented because GASB 45 focuses on the full accrual basis of accounting.

E. Budgetary Data:

1. General Budget Policies - The budget policies are as follows:

- a. No later than November 1, the Budget Officer submits a tentative budget to the County Legislature Budget Committee. No later than November 15, the Budget Committee submits a tentative budget to the County Legislature for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds except the Capital Projects and the Soil and Water Conservation District. After public hearings are conducted to obtain taxpayers' comments, no later than December 20, the budget is adopted by the County Legislature.
- b. All modifications of the budget must be approved by the County Legislature; however, the County Administrator is authorized to transfer certain budgeted amounts within departments.
- c. Budgets are prepared for proprietary funds to establish the estimated contributions required from other funds and to control expenditures.
- d. Budgetary controls are established for the Capital Projects Fund through resolutions authorizing individual projects which remain in effect for the life of the project.

2. Encumbrances:

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the General and Special Revenue Funds. Encumbrances are reported as reservations of the fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

3. Budget Basis of Accounting:

Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

See independent auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued):

F. Property, Plant and Equipment:

Fixed assets purchased for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at actual or estimated historical costs as non-current government assets. Contributed fixed assets are recorded at fair market value at the date received.

Fixed assets consisting of certain infrastructure type improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the County. Therefore, the purposes of stewardship for capital expenditures can be satisfied without recording these assets.

No depreciation has been provided on non-current government assets.

G. Compensated Absences:

County employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave and unused compensatory absences at various rates subject to certain maximum limitations.

Estimated vacation and sick leave and compensatory absences accumulated by governmental fund type employees have been recorded as non-current government liabilities. There are no proprietary fund employees and therefore, no accrual of compensated absences has been recorded for this fund type.

Payment of vacation and sick leave recorded in the general long-term debt account group is dependent upon many factors; therefore, timing of future payments is not readily determinable; however, management believes that sufficient resources will be made available for the payments of vacation and sick leave and compensatory absences when such payment becomes due.

H. Property Taxes:

County real property taxes are levied annually no later than December 31 and become a lien on January 1. Taxes are collected during the period January 1 to July 31 by the town tax collectors, thereafter by the County Treasurer's tax department. On March 1 interest is accrued on all unpaid taxes in accordance with real property tax law. Taxes for County purposes are levied together with taxes for town and special district purposes as a single bill. The towns and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. The County assumes enforcement responsibility for all taxes levied in the towns.

See independent auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued):

H. Property Taxes (Continued):

Unpaid village taxes and school district taxes levied on properties are turned over to the County for enforcement. Any such taxes remaining unpaid at December 1 are relieved as County taxes in the subsequent year.

At December 31, 2010, real property taxes receivable totaled \$12,278,205 which was offset by an allowance for uncollectible taxes at year end of \$99,854. Current year returned school district and village taxes receivable of \$6,128,708 and \$524,216 respectively, are also included as liabilities to the school districts and village which will be paid no later than February 28, 2011. \$5,009,874 of the remaining portion of taxes receivable has been reserved as deferred tax revenue and represents an estimate of the outstanding taxes which will not be collected within the first sixty (60) days of the subsequent year.

I. Deferred Revenue - Special Revenue Fund:

The amount of outstanding loans of \$3,826,397 from Community Development Block Grants that are expected to be repaid and become available for additional loans, is deferred. When the loan payments are received, revenue is recognized to the extent of principal and interest received. When grant funds are reloaned, a corresponding expenditure is recorded. When a loan is written off as uncollectible, a corresponding decrease in the amount of deferred revenue is made in the same period, the effect of which is to reduce the overall amount of funds available for future loans (see Note III A2).

J. Insurance:

The County assumes the risk for general liability. The County is involved in many pending tort claims against them, the ultimate outcomes of which cannot be reasonably determined. Therefore, judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

The County maintains a risk retention reserve which is included in the General Fund.

The County also maintains a workers' compensation risk pool in which it predominately participates. In compliance with Government Accounting Standards Board (GASB) pronouncement Number 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the County, based upon available data has estimated and recorded in the Internal Service Fund a \$2,113,732 workers' compensation premium liability. The County has also recorded an unbilled receivable for the same amount, less cash reserves at year-end. The estimate includes incurred but not reported claims as is required by accounting principles generally accepted in the United States of America.

See independent auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued):

K. Use of Estimates:

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

L. Total Columns on Combined Statements:

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

M. New Pronouncements:

GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) establishes new fund balance classifications for governmental fund types and clarifies the definitions of the governmental fund types. GASB 54 is effective for the County's financial statements for the year ending December 31, 2011.

N. Related Party Transactions:

Soil and Water Conservation District

The County provided operating subsidies to the Soil and Water Conservation District in 2010. The Soil and Water Conservation District provides technical assistance and education on water, soil, and related natural resources to municipalities, landowners, and residents within the County. The Soil and Water Conservation District received subsidy payments of \$282,819 in the year ended December 31, 2010.

O. Subsequent Events:

Subsequent events have been evaluated through September 29, 2011, which is the date the financial statements were available to be issued.

On June 29, 2011 the County had a bond refinance which paid off its 1994 Serial Bonds and a majority of the 1997 and 2003 Serial Bonds. The total principal amount of the bond issued was \$10,985,000 which will be paid over a period of 11 years.

See independent auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

II. Stewardship, Compliance, Accountability:

A. Deficit Fund Balance:

The deficit in the Internal Service Fund was \$109,361, which resulted primarily from under assessing participants and an increase in workers' compensation claims. Increasing assessments to participants will help replenish this deficit.

B. Overdrawn Appropriations:

Expenditures for the year ended December 31, 2010 exceeded appropriations in the funds and/or functions identified below:

Fund/Function	<u>Appropriations as Modified</u>	<u>Expenditures/ Encumbrances</u>	<u>Unfavorable Variance</u>
General Fund			
Home and community services	\$ 4,287,360	\$ 4,394,846	\$ (107,486)

III. Detail Notes on all Funds and Account Groups:

A. Assets:

1. Cash and Cash Equivalents:

Cash and Cash Equivalents are comprised of highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

The County's investment policies are governed by state statutes. In addition, the County has its own written investment policy. County monies must be deposited in FDIC-insured commercial banks or trust companies located within New York State. The County Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit at 105 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

See independent auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

III. Detail Notes on all Funds and Account Groups (Continued):

A. Assets (Continued):

1. Cash and Cash Equivalents (Continued):

The written investment policy requires repurchase agreements to be purchased from banks located within the state and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least 105 percent of the cost of the repurchase agreement.

Deposits and investments at year-end were entirely covered by federal depository insurance or by collateral held by the County's custodial banks in the County's name. In the past, the County has not experienced any losses in such accounts and therefore believe they are not exposed to any significant credit risk. Deposits consisted of:

	<u>Book</u> <u>Balance</u>	<u>Bank</u> <u>Balance</u>	<u>FDIC</u>	<u>Pledged</u> <u>Collateral</u>
First Niagara	\$ 9,469,546	\$ 10,174,096	\$250,000	\$ 10,345,871
Bank of Greene County	5,063,171	5,071,430	250,000	6,183,037
National Bank of Coxsackie	488,453	488,453	250,000	553,072
HSBC	3,932	3,932	250,000	-
Keybank	17,257	17,257	250,000	-
Petty Cash	9,950	N/A	N/A	N/A
Total	<u>\$ 15,052,309</u>	<u>\$ 15,755,168</u>	<u>\$ 1,250,000</u>	<u>\$ 17,081,980</u>

On November 9, 2010, the FDIC issued a Final Rule implementing section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides for unlimited insurance coverage of noninterest-bearing transaction accounts through December 31, 2012.

See independent auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

III. Detail Notes on all Funds and Account Groups (Continued):

2. Loans Receivable and Deferral of Revenue:

Community Development Block Grants:

The County is the recipient of Community Development Block Grants to operate revolving loan funds. These funds are to be loaned to industry and not-for-profit organizations for the purpose of creating and retaining permanent jobs within the County. The balance of loans receivable and deferred revenue at December 31, 2010 of \$3,826,397 consists of loans that require periodic payments of principal and interest or interest only for loans that have not been fully drawn down, and have a rate of interest at one-half of prime plus one percent.

3. Note Receivable:

In 1994 the County accepted a note receivable from Columbia-Greene Medical Center as payment of past due rents. The unsecured note, with a face value of \$1,397,000 and a stated interest rate of 0%, calls for annual payments through 2013. The rents receivable have been adjusted to the net present value of \$172,968 using an imputed interest rate of 9%. A discount was recognized in the amount of \$588,000 which is being amortized over the life of the note. Amortization of the discount in 2010 was \$20,752.

4. Fixed Assets:

A summary of changes in non-current government assets follows:

	Balance <u>12/31/09</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/10</u>
Land	\$ 2,822,101	\$ -	\$ -	\$ 2,822,101
Buildings	25,281,902	249,390	234,718	25,296,574
Machinery and Equipment	14,464,421	609,844	180,999	14,893,266
Construction in Progress	12,150,384	2,391,840	249,390	14,292,834
Total	<u>\$ 54,718,808</u>	<u>\$ 3,251,074</u>	<u>\$ 665,107</u>	<u>\$ 57,304,775</u>

B. Liabilities:

1. Pension Plans:

Plan Description:

The County of Greene, New York participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the

See independent auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

III. Detail Notes on all Funds and Account Groups (Continued):

B. Liabilities (Continued):

1. Pension Plans (Continued):

Plan Description (Continued):

New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Funding Policy:

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary for the first ten years of membership starting from the date they first enter the system and employees who joined on or after January 1, 2010 who generally contribute 3% of their salary for the entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the rates expressly used in computing the employers' contributions.

The County of Greene is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

2010	\$	2,501,598
2009	\$	1,846,671
2008	\$	1,934,427

Contributions made to the System were equal to 100% of the contributions required for each year.

Chapter 260 of the Laws of 2004 of the State of New York was enacted that allows local employers to bond or amortize a portion of their retirement bill for up to 10 years in accordance with the following schedule:

- For State fiscal year (SFY) 2004-2005, the amount in excess of 7% of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the bonding/amortization was instituted.
- For SFY 2006-2007, the amount in excess of 9.5% of employees' covered pensionable salaries.
- For SFY 2007-2008, the amount in excess of 10.5% of employees' covered pensionable salaries.

See independent auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

III. Detail Notes on all Funds and Account Groups (Continued):

B. Liabilities (Continued):

1. Pension Plans (Continued):

Funding Policy (Continued):

This law requires participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 2005 through 2008. The County of Greene elected to make the full payments to date. There have been no additional requirements since 2008.

Chapter 57 of the Laws of 2010 of the State of New York was enacted to provide employers with an option to ease the cash flow impact of the required contributions on their budget and tax rates. This legislation permits employers to amortize a portion of the increase in the required contribution rate over a 10 year period with the following stipulations:

- For State fiscal year 2010-2011, the amount in excess of the graded rate of 9.5% of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the amortization was instituted.
- For subsequent State fiscal years, the graded rate will increase or decrease by up to 1% depending on the gap between the increase or decrease in the System's average rate and the previous graded rate.
- For subsequent State fiscal years in which the System's average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

This law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years when the local employer opts to participate in the program. The County elected to make the full payments to date.

2. Compensated Absences and Other Employee Benefits:

Pursuant to contractual agreements, County employees are entitled to accrue sick leave, vacation leave and personal leave. An individual who leaves the employment of the County is entitled to be paid for 100% unused vacation leave as follows:

All employees except Deputy Sheriff's, Solid Waste and the Highway Department are paid 100% of a maximum of 30 vacation days for a total of 240 hours for employees working a 40 hour work week and 210 hours for employees working a 35 hour work week.

All Deputy Sheriff's, Solid Waste and Highway Department employees are paid 100% of a maximum of 40 days for a total of 320 hours for a 40 hour work week.

See independent auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

III. Detail Notes on all Funds and Account Groups (Continued):

B. Liabilities (Continued):

2. Compensated Absences and Other Employee Benefits (Continued):

Upon death or retirement, unused sick leave shall be paid accordingly as follows:

All employees except Nurses, Solid Waste and the Highway Department employees are paid 75% of a maximum of 160 sick days, for a total of 1,280 hours paid at 75% for employees working a 40 hour work week and 1,120 hours paid at 75% for employees working a 35 hour work week.

Nurses are paid 50% of a maximum of 240 days, for a total of 1,680 hours paid at 50% for a 35 hour work week.

Solid waste employees are paid 100% of 105 days, for a total of 840 hours paid at 100% for a 40 hour work week.

The Highway Department employees are reimbursed at different rates. Employees hired before February 13, 1996 that had accrued at least 50 sick hours are reimbursed for a maximum of 120 days or 960 hours for a 40 hour work week. They are reimbursed for the hours accrued by February 13, 1996 at 100% and the balance of unused sick time up to the maximum hours are paid at 50%. Employees not grandfathered or hired after February 13, 1996 are paid 50% of a maximum of 240 days, for a total of 1,920 hours paid at 50% for a 40 hour work week.

The estimated value of earned and unused leave credits in the amount of \$3,619,705 has been recorded as non-current government liability.

In addition to providing pension benefits, the County provides certain health care benefits for retired employees. Substantially all of the County employees may become eligible for those benefits if they reach normal retirement age while working for the County. Health care benefits and survivors benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The County recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. During the year, \$2,120,842 was paid on behalf of 326 retirees and is recorded as an expenditure in the General and Special Revenue Funds.

3. Bonds and Long-Term Debt:

- a. At December 31, 2010 the total outstanding indebtedness of the County aggregated \$31,966,265. Of this amount, \$25,771,800 was subject to the constitutional debt limit and represented approximately 6.78 % of its statutory debt limit.

See independent auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

III. Detail Notes on all Funds and Account Groups (Continued):

B. Liabilities (Continued):

3. Bonds and Long-Term Debt (Continued):

b. Serial Bonds - The County borrows money in order to acquire land or equipment or construct buildings and improvements. This policy enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of these capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded as non-current government liabilities. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

c. Other Long-Term Debt- In addition to the above long-term debt, the County had the following noncurrent liabilities:

Compensated absences: Represent the value of earned and unused portions of the liability for employees' vacations and sick pay.

Leases payable: Represents the remaining installments due on non-cancelable capital leases.

Installment purchase debt: Represents the remaining installments due on the purchase of equipment.

Judgment and claims: Represents the remaining liability for judgment and claims settled against the County.

d. Summary Long-Term Debt- The following is a summary of long-term liabilities outstanding at December 31, 2010 by fund type and account group:

<u>Liability</u>	<u>Non-Current Government Liabilities</u>	<u>Internal Service Fund</u>	<u>Total</u>
Serial bonds	\$ 25,771,800	\$ -	\$ 25,771,800
Total serial bonds	<u>25,771,800</u>	<u>-</u>	<u>25,771,800</u>
Compensated absences	3,619,705	-	3,619,705
Leases payable	92,628	-	92,628
Installment purchase debt	63,694	-	63,694
Judgments and claims	304,706	-	304,706
Workers' Compensation premiums	-	2,113,732	2,113,732
Total bond and long-term liabilities	<u>\$ 29,852,533</u>	<u>\$ 2,113,732</u>	<u>\$ 31,966,265</u>

See independent auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

III. Detail Notes on all Funds and Account Groups (Continued):

B. Liabilities (Continued):

3. Bonds and Long-Term Debt (Continued):

e. Long-Term Debt Maturity Schedule- The following is a summary of serial bonds and other notes payable with corresponding maturity schedules:

<u>Payable From/ Description</u>	<u>Issued</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Outstanding</u>
General Fund:				
Solid Waste Management				
Resource Recovery System, Machinery and Equipment	1994	2,530,000	5.7%	\$ 450,000
Community College	1997	3,009,500	5.0%	1,190,000
Public Improvement	2003	16,160,000	2.25%	11,505,000
Public Improvement	2010	12,626,800	2.00%	12,626,800
Total serial bonds and other notes payable				<u>\$ 25,771,800</u>

Serial bonds and other notes payable maturities are as follows:

	<u>Principal</u>	<u>Interest</u>
2011	\$ 1,709,575	\$ 610,260
2012	867,775	743,463
2013	1,692,775	712,823
2014	1,705,369	676,483
2015	1,715,000	640,255
Thereafter	18,081,306	3,501,447
	<u>\$ 25,771,800</u>	<u>\$ 6,884,731</u>

f. The following is a summary of changes in the long-term debt for the period ended December 31, 2010:

<u>Liabilities</u>	<u>Non-Current Government Liabilities</u>	<u>Internal Service Fund</u>	<u>Total</u>
Payable at December 31, 2009	\$ 18,754,671	\$ 1,907,861	\$20,662,532
Additions	12,907,828	205,871	13,113,699
Deletions	1,809,966	-	1,809,966
Payable at December 31, 2010	<u>\$ 29,852,533</u>	<u>\$ 2,113,732</u>	<u>\$ 31,966,265</u>

See independent auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

III. Detail Notes on all Funds and Account Groups (Continued):

B. Liabilities (Continued):

3. Bonds and Long-Term Debt (Continued):

g. Conduit Debt Obligations:

From time to time, the Greene County Industrial Development Agency, a component unit of County of Greene, has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Greene County Industrial Development Agency, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2010 the Greene County Industrial Development Agency had no outstanding conduit debt.

4. Commitments:

The County entered into a guaranteed user fee arrangement with the Town of Coxsackie and the Village of Coxsackie to finance the expansion of an existing municipal water system. The agreement calls for the County to make annual payments of \$55,333 for the first sixteen years and annual payments of \$55,667 for the remaining three years; a total obligation of \$1,052,329. The commitment outstanding at December 31, 2010 was \$445,666. The County also has an arrangement with the Coxsackie Transfer Station which calls for the County to make annual payments of \$20,000 for 10 years ending by December 31, 2015. The commitment outstanding at December 31, 2010 was \$100,000. The County has an operating lease which has a yearly expense of \$8,952 and total unpaid commitment as of December 31, 2010 of \$22,380.

Maximum future noncancelable payments on these obligations are as follows:

2011	\$	84,285
2012		84,285
2013		79,809
2014		75,333
2015		75,333
Thereafter		169,001
	\$	<u>568,046</u>

See independent auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

III. Detail Notes on all Funds and Account Groups (Continued):

B. Liabilities (Continued):

5. Deferred Revenue:

General Fund:

Deferred revenue of \$2,488,824 represents advances received but not yet earned from State agencies at December 31, 2010. This amount will be recognized as revenue when eligible expenditures are incurred. \$5,009,874 represents deferred tax revenue as more fully disclosed in Note I H.

Special Revenue:

Deferred revenue of \$3,826,397 in the Special Grant Fund represents community and economic development loans more fully disclosed in Note III A2.

C. Interfund Activities:

1. Interfund Receivables and Payables - Interfund receivable and payable balances at December 31, 2010 are as follows:

	<u>Receivable</u>	<u>Payable</u>
General fund	\$ 590,280	\$ 820,723
Special Revenue - County Road Fund		
County Road	1,114,765	255,179
County Machine	475,150	-
Community Development	-	5,113
Capital Projects Fund	143,985	675,175
Trust and Agency	76,665	644,655
	<u>\$ 2,400,845</u>	<u>\$ 2,400,845</u>

Interfund receivable and payables are necessary to provide assistance within the interfunds and are expected to be paid within one year.

D. Fund Balance:

1. Allocation of Fund Balance:

Certain funds of the County of Greene, New York apply to areas less than the entire County. The fund balance at balance sheet date is allocated as follows:

Special Revenue:

County Road Fund	\$ 1,687,213
County Road Machinery Fund	432,297
Special Grant - Community Development	420,817
Special Grant - Economic Development	32,533
	<u>\$ 2,572,860</u>

See independent auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

III. Detail Notes on all Funds and Account Groups (Continued):

D. Fund Balance:

2. Restricted Fund Balance:

The General Fund balance includes a restricted balance established for the following purpose:

Appropriated for ensuing year's budget	<u>\$ 2,510,000</u>
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D. Fund Balance (Continued):

2. Restricted Fund Balance (Continued):

The Capital Projects Fund balance includes Capital Funds designated for the following projects:

Bowery Creek Project	\$ 18,037
FEMA Projects	125,564
Five Year Highway Project	31,387
Highway Buildings	139,929
Purling Bridge Project	57,935
Route 67 Bridge Project	42,764
Route 83 Bridge Project	82,477
Route 79 Batavia Project	(71,096)
Route 67 Slope Stabilization Project	138,462
Catskill Creek Boardwalk Project	264,356
Records Management Building Remodeling Project	(1,692)
Bush Road Bridge	(12,530)
FEMA 2005	151,696
Transfer Station	(5,671)
High Falls Road - Kaaterskill	24,905
Court House Renovation	405,176
Emergency Service Facility	65,298
College Renovation	1,963
Hannacroix Creek Bridge	(29,323)
Jefferson Streetscape	154,118
Spruceton Road over Westkill	57,324
Mt. House Road over Spruce	40,437
CGCC Rehab	421,800
CR 2 Little Westkill	(1,120)
	<u>\$ 2,102,196</u>

See independent auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

III. Detail Notes on all Funds and Account Groups (Continued):

D. Fund Balance (Continued):

3. Reserves:

The General Fund balance includes reserve funds established for the following purposes:

Encumbrances	\$ 76,795
Reserve for indebtedness	\$ 166,683
Liabilities arising from judgment, actions, and causality claims against the County	\$ 330,680

The General Fund balance includes miscellaneous reserves established for the following purposes:

Bataviakill	\$ 22,686
Bus Transit	2,000
County Clerk	9,090
Emergency Preparedness	13,328
Handicapped Parking	2,917
Court House Renovation	220,212
Public Safety Communication System	26,198
Legislative Youth Program	68,579
Stop DWI	8,735
Total miscellaneous reserves	\$ 373,745

The County Road Fund balance includes a reserve balance established for the following purposes:

Reserve for indebtedness	\$ 445
Reserve for encumbrances	\$ 4,435

The County Road Machinery Fund balance includes a reserve balance established for the following purpose:

Reserve for indebtedness	\$ 2,554
Reserve for encumbrances	\$ 4,390

The Community Development Fund balance includes a reserve balance established for the following purpose:

Reserve for encumbrances	\$ 20,000
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See independent auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

III. Detail Notes on all Funds and Account Groups (Continued):

E. Deferred Compensation Plan:

In October 1997 the Governmental Accounting Standards Board issued Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This statement established accounting and financial reporting standards for Internal Revenue Code Section 457 deferred compensation plans of state and local governments.

As of October 1, 1997 the New York State Deferred Compensation Board (the Board) created a Trust and Custody agreement making Chase Manhattan Bank the Trustee and Custodian of the Plan. Consequently, Statement No. 32 became effective for the New York State Deferred Compensation Plan as of October 1, 1997. Since the Board is no longer the trustee of the plan, the plan no longer meets the criteria for inclusion in New York State's financial statements. Therefore, municipalities which participate in New York State's Deferred Compensation Plan are no longer required to record the value of the plan assets.

County of Greene, New York is a participant in New York State's Deferred Compensation Plan, therefore the market value of the plan's assets are no longer displayed in the County's financial statements.

IV. Joint Ventures:

The following are activities undertaken with other municipalities. These activities are excluded from the financial statements of all participating municipalities. Separate financial statements are issued for such joint ventures and are available as follows:

Columbia-Greene Community College
Administrative Office
Box 1000
Hudson, New York 12534

Capital District Regional Off-Track Betting Corporation
Controller's Office
510 Smith Street
Schenectady, New York 12303

1. Community College:

Columbia and Greene Counties jointly sponsor the Columbia-Greene Community College (College) under provisions of Article 126 of the Education law. The College is administered by a Board of Trustees. The majority of the trustees are County Board appointees, apportioned between the two Counties. The Counties are responsible for College costs not funded through state aid or tuition and have individually issued bonds for capital costs. The Counties also assume liability of any College operating fund deficit, should any operating fund deficit be incurred.

See independent auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

IV. Joint Ventures (Continued):

1. Community College (Continued):

The counties' governing boards also retain certain budgetary approval powers. The counties' share of the College's operating budgets is based on enrollment. For the 2009-2010 fiscal year Greene County's share of the unfunded portion of the operating budget was 45% and Columbia County's was 55%.

Summary financial information from college financial statements for the fiscal year ended August 31, 2010 is as follows:

	Primary <u>Institution</u>	Component <u>Unit</u>
Current assets	\$ 7,249,592	\$ 2,564,352
Non-current assets	\$ 23,291,479	\$ -
Current liabilities	\$ 4,850,300	\$ 32,399
Non-current liabilities	\$ 31,997,564	\$ -
Net assets	\$ (6,306,793)	\$ 2,531,953
Total operating revenues	\$ 10,113,216	\$ 1,478,946
Total operating expenses	\$ 20,548,845	\$ 1,356,706
Non-operating revenues and expenses	\$ 8,902,174	\$ 80,633
Other revenues, expenses, gains or losses	\$ 1,651,174	\$ -
Change to net assets	\$ 117,719	\$ 202,873

Columbia-Greene Community College included in its financial statements for the year ended August 31, 2010, fixed assets and their related debt financed through and title held by the sponsoring counties. Debt issued by County of Greene, New York for College purposes, amounting to 3.7 % of the College's total long-term debt, is included in the County's non-current government liabilities. No related fixed assets have been reported in these financial statements.

2. Capital District Regional Off-Track Betting Corporation:

Capital District Regional Off-Track Betting Corporation is a public benefit corporation occupying a seventeen county region, established in 1973 under the provisions of Chapters 346 and 347 of the Laws of the State of New York. The Board consists of one representative from each of the seventeen participating municipalities.

See independent auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

IV. Joint Ventures (Continued):

Complete financial statements of individual joint ventures can be found at:

Columbia-Greene Community College
4400 Route 23B
Hudson, NY 12534

Capital District Regional Off-Track Betting Corporation
510 Smith Street
Schenectady, NY 12305

V. Related Organization:

Greene Tobacco Asset Securitization Corporation (GTASC) was incorporated October 17, 2000 as a local development corporation by the County under the provisions of Section 1411 of the New York State Not-For-Profit Corporation Law and as a Public Authority they are subject to the Public Authority Accountability Act of 2005. Its purpose was to issue bonds securitized solely from the County tobacco settlement revenues purchased from the County and to forward to the County the net bond proceeds.

As defined by Governmental Accounting Standards Board (GASB) Technical Bulletin 2005-1, GTASC is now treated as a component unit of the County due to the following factors:

1. The County appoints the voting majority of GTASC's governing board.
2. GTASC could provide specific financial benefits to the County.

VI. Contingencies:

The County has received significant amounts of Federal and State grants for specified purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Any such disallowances will be a reduction of revenue in the year the disallowances are finally determined.

The County is a defendant in many tort claims. The County is defending against the claims through discovery and inspection procedures. The ultimate outcome of the litigation cannot presently be determined by the County. Accordingly, no provision for any liability that may result upon adjudication has been made in the accompanying combined general-purpose financial statements. Any payments by reason of an adverse determination will be charged to earnings in the period of determination.

VII. Prior Period Adjustments:

The County made a prior period adjustment of \$27,885 to properly write off old federal/state aid receivables in the General fund the County deemed uncollectable.

The County made a prior period adjustment of \$17,734 to properly write off an old receivable in County Road fund that the County deemed uncollectable.

See independent auditors' report.

COUNTY OF GREENE, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2010

<u>Federal Grantor/ Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>NYS Contract Number</u>	<u>Federal Expenditures</u>
<u>Department of Agriculture</u>			
Passed through State Department of Social Services:			
State Administrative Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 624,270
Nutrition Assistance Program - ARRA	10.561 - ARRA		<u>23,552</u>
Total Department of Agriculture			<u>647,822</u>
<u>Department of Health and Human Services</u>			
Passed through State Department of Social Services:			
Social Services Block Grant	93.667		562,263
Foster Care – Title IV E	93.658		1,464,622
Foster Care – Title IV E - ARRA	93.658 - ARRA		79,182
Adoption Assistance	93.659		422,507
Adoption Assistance - ARRA	93.659 - ARRA		37,219
Child Support Enforcement	93.563		273,729
Child Support Enforcement - ARRA	93.563 - ARRA		69,014
Independent Living	93.674		5,828
Medical Assistance Program	93.778		1,226,814
Federal Medicaid Salary Sharing	93.778		150,432
Temporary Assistance for Needy Families	93.558		2,174,862
Low Income Home Energy Assistance	93.568		3,761,375
Family Planning Service	93.217		489,693
Child Care and Development Block Grant (A)	93.575		412,096
Child Care and Development Block Grant- Program Income (A)	93.575		8,962
Child Care Subsidy - ARRA	93.713 - ARRA		33,839
Public Health Emergency Preparedness	93.069	CO1608-07	89,086
Public Health Emergency Preparedness	93.069	CO1608-08	13,392
Passed through State Office for the Aging:			
Title III, Part C – Nutrition Services	93.045		114,503
Title III, Part C – Nutrition Services-Program Income	93.045		51,185
Title III, Part B – Supportive Services	93.044		60,997
Title III Part B – Supportive Services-Program Income	93.044		391
Nutrition Services Incentive Program (NSIP)	93.053		67,527
Title III, Part D – Disease Prevention and Health Promotion Services	93.043		4,135
Title III, Part E – Older Americans Act	93.052		26,357
Title III, Part E – Older Americans Act - Program Income	93.052		571
Title VII – Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.041		10,592
Medicare Improvements for Patients and Providers Act	93.071		6,801

The accompanying notes are an integral part of this schedule.

COUNTY OF GREENE, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year ended December 31, 2010

<u>Federal Grantor/ Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>NYS Contract Number</u>	<u>Federal Expenditures</u>
Passed through State Office for the Aging (Continued):			
Health Insurance Information, Counseling, and Assistance Program	93.779		\$ 37,353
Weatherization Referral and Packaging Program	93.568		29,423
Retired and Senior Volunteer Program	94.002		42,322
Passed through State Health Central Administration:			
Early Intervention	84.181	C021796	28,806
Rehabilitation Services	84.161	TO25218	672
Children with Special Healthcare Needs	93.994	C024619	15,469
Family Planning Service (B)	93.217	C019917	40,943
Family Planning Service (B)	93.994	C019917	8,189
Family Planning Service – Program Income	93.217		263,077
Immunization Grant (D)	93.268	C023247	17,493
Immunization Grant - ARRA	93.712	TO25278	12,439
Lyme Disease (E)	93.991	C024222	17,950
Childhood Lead Poisoning Prevention (C)	93.994	C020609	10,335
Passed through State Office of Alcoholism and Substance Abuse:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959		249,567
Passed through State Office of Mental Health:			
Child Welfare Services – State Grants	93.645		73,487
Total Department of Health and Human Services			<u>12,465,499</u>
<u>U.S. Election Assistance Commission</u>			
Passed through NYS Board of Elections			
Help America Vote Act	90.401		26,333
Voting Access for Individuals with Disabilities	93.617		7,529
			<u>33,862</u>
<u>Department of Housing and Urban Development</u>			
Passed through State Department of Housing and Community Renewal:			
Community Development Block Grant	14.228	477HO182-08	253,987
Community Development Block Grant	14.228	477ED662-09	142,569
Community Development Block Grant	14.228	477ME697-10	65,502
Community Development Block Grant	14.228	477CP6-08	8,250
Community Development Block Grant	14.228	477IP1-10	39,941
Section 8 Housing Voucher Program	14.855		119,174
Total Department of Housing and Urban Development			<u>629,423</u>

The accompanying notes are an integral part of this schedule.

COUNTY OF GREENE, NEW YORK
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
 Year ended December 31, 2010

<u>Federal Grantor/ Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>NYS Contract Number</u>	<u>Federal Expenditures</u>
<u>Department of Transportation</u>			
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	D013771	\$ 30,009
Highway Planning and Construction	20.205	D030072	309,979
Highway Planning and Construction - ARRA	20.205 - ARRA	D031992	26,886
Highway Planning and Construction	20.205	D031682	70,994
Highway Planning and Construction	20.205	D031832	70,426
Highway Planning and Construction	20.205	D031933	21,277
Highway Planning and Construction	20.205	D032427	41,449
Highway Planning and Construction	20.205	BIN 3-30293	17,931
Highway Planning and Construction - ARRA	20.205 - ARRA	D032067	22,698
Marchicelli	20.205	3303230	3,688
			615,337
Formula Grants for other than Urbanized Areas	20.509		30,100
			645,437
<u>Department of Justice</u>			
Passed through Division of Criminal Justice:			
Community Oriented Policing Services	16.710		11,442
Edward Byrne Memorial Justice Assistance Grant	16.738		14,985
			26,427
<u>Department of Homeland Security</u>			
Passed through State Emergency Management Office:			
Disaster Grants - Public Assistance	97.036		115,566
Emergency Management Performance Grants	97.042		25,511
Homeland Security Grant Program	97.067	T838582	7,765
Homeland Security Grant Program	97.067	T838594	6,801
Homeland Security Grant Program	97.067	C838570	6,027
Homeland Security Grant Program	97.067	C838580	47,523
			209,193
Total Federal Emergency Management Agency			209,193
Total Expended Federal Awards			\$ 14,657,663

- (A) Expenditures claimed under Child Care and Development Block Grant totaled \$412,096. The amount of federal versus state dollars attributable to these expenditures is undeterminable at this time.
- (B) Total expenditures claimed under contract C019917 was \$49,131.
- (C) Total expenditures claimed under contract C020609 was \$25,208.
- (D) Total expenditures claimed under contract C023247 was \$34,300.
- (E) Total expenditures claimed under contract C024222 was \$23,544.

The accompanying notes are an integral part of this schedule.

COUNTY OF GREENE, NEW YORK
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2010

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") has been prepared as required under OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*. The purpose of the schedule is to present a summary of those activities of the County of Greene, New York, for the year ended December 31, 2010 using the modified accrual basis of accounting. For purposes of this schedule, federal awards include any assistance provided by a federal agency directly or indirectly in the form of grants, contracts, cooperative agreements, direct appropriations, loans and loan guarantees, and other noncash assistance. Because the schedule presents only a selected portion of the County, it is not intended to, and does not present either the financial position, or statement of activities and other changes in net assets of the County.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

NOTE C - INDIRECT COSTS

Indirect costs are charged to federal grants and contracts when applicable at a predetermined rate.

NOTE D - SUB-RECIPIENTS

Some of the federal awards presented in the accompanying schedule of expenditures of federal awards were provided to sub-recipients for the year ended December 31, 2010.

See independent auditors' report. See notes to the financial statements.

COUNTY OF GREENE, NEW YORK
SCHEDULE OF STATE TRANSPORTATION ASSISTANCE FUNDS EXPENDED
Year ended December 31, 2010

<u>Program Title</u>	<u>State Expenditures</u>
Consolidated Local Street and Highway Improvement Program (CHIPS)	\$ 1,421,066
Statewide Mass Transportation Operating Assistance	<u>39,046</u>
	<u>\$ 1,460,112</u>

See independent auditors' report. See notes to the financial statements.

COUNTY OF GREENE, NEW YORK
NOTES TO SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED
December 31, 2010

NOTE A - General

The accompanying Schedule of State Transportation Assistance Expended of the County of Greene, New York presents the activity of all financial assistance programs provided by the New York State Department of Transportation.

NOTE B - Basis of Accounting

The accompanying Schedule of State Transportation Expended is presented using the accrual basis of accounting

See independent auditors' report. See notes to the financial statements.

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

To the County Legislature of
County of Greene, New York:

We have audited the financial statements of County of Greene, New York as of and for the year ended December 31, 2010, as listed in the table of contents and have issued our report thereon dated September 29, 2011. As discussed in Notes I and I. D., the County did not apply the provisions of GASB 34 and GASB 45 during 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting:

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting (2010-1 and 2010-2). 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.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether County of Greene, New York's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items 2010-1 and 2010-3.

We noted certain matters that we reported to management of the County of Greene, New York in a separate letter dated September 29, 2011.

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

This report is intended solely for the information and use of management, the County Legislature, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

 Patricia Hosley, Haver
a Suen, CPA's, P.C.

Catskill, New York
September 29, 2011

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

To the County Legislature of
County of Greene, New York:

Compliance:

We have audited the County of Greene, New York's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County of Greene, New York's major federal programs for the year ended December 31, 2010. County of Greene, New York's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for federal assistance expended. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Greene, New York's management. Our responsibility is to express an opinion on the County of Greene, New York's compliance based on our audit.

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

In our opinion, County of Greene, New York complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2010-1 and 2010-3.

Internal Control Over Compliance

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

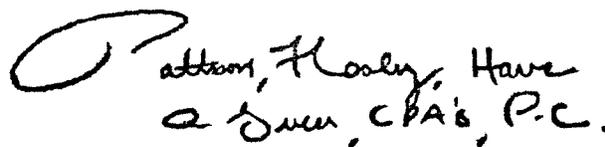
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-1 and 2010-3. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

County of Greene, New York's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit County of Greene, New York's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the County Legislature, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Catskill, New York
September 29, 2011


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**REPORT ON COMPLIANCE AND CONTROLS OVER STATE TRANSPORTATION
ASSISTANCE EXPENDED BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Legislature of
County of Greene, New York:

Compliance:

We have audited the compliance of County of Greene, New York with the types of compliance requirements described in the preliminary Draft Part 43 of the New York State Codification of Rules and Regulations (NYCRR) that are applicable to each state transportation assistance program tested for the year ended December 31, 2010. The programs tested are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs for state transportation assistance expended. Compliance with the requirements of laws, regulations, contracts and grants applicable to each program tested is the responsibility of County of Greene, New York's management. Our responsibility is to express an opinion on County of Greene, New York's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Draft Part 43 of NYCRR. Those standards and Draft Part 43 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above, that could have a direct and material effect on the state transportation assistance programs tested, has occurred. An audit includes examining, on a test basis, evidence about County of Greene, New York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on County of Greene, New York's compliance with those requirements.

In our opinion, County of Greene, New York complied, in all material respects, with the requirements referred to above that are applicable to each of its state transportation assistance programs tested for the year ended December 31, 2010.

Internal Control Over Compliance

The management of County of Greene, New York is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state transportation assistance programs tested. In planning and performing our audit, we considered County of Greene, New York's internal control over compliance with requirements that could have a direct and material effect on state transportation assistance programs tested in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on the internal control over compliance in accordance with Draft Part 43 of NYCRR.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts, and grants, that would be material in relation to state transportation assistance programs tested, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of State Transportation Assistance Expended

We have audited the general-purpose financial statements of County of Greene, New York as of December 31, 2010 and for the year then ended, and have issued our report thereon dated September 29, 2011. Our audit was performed for the purpose of forming an opinion on County of Greene, New York's financial statements taken as a whole. The accompanying schedule of state transportation assistance expended is presented for purposes of additional analysis as required by Draft Part 43 of NYCRR, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, the County Legislature and the New York State Department of Transportation. However, this report is a matter of public record and its distribution is not limited.

Catskill, New York
September 29, 2011

 Patricia Hooley, Haver
A. Owen, CPA's, P.C.

COUNTY OF GREENE, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR
FEDERAL ASSISTANCE EXPENDED

December 31, 2010

A. Summary of Audit Results

1. The auditors' report expresses a qualified opinion on the financial statements of County of Greene, New York.
2. There were no material weaknesses relating to the financial statement of County of Greene, New York.
3. There were no instances of noncompliance material to the financial statements of County of Greene, New York that were disclosed during the audit.
4. The auditor's report on compliance for the major federal award programs for County of Greene, New York expresses an unqualified opinion.
5. Audit findings relative to the major federal award programs for County of Greene, New York are reported in Part C of this Schedule.
6. The programs tested as major programs included:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
<u>Type A</u>	
93.778	Medical Assistance Program
93.658	Foster Care – Title IV E
93.658 - ARRA	Foster Care – Title IV E - ARRA
93.659	Adoption Assistance
93.659 - ARRA	Adoption Assistance - ARRA
20.205	Highway Planning and Construction
<u>Type B</u>	
93.044	Aging Cluster - Title III, Part B – Supportive Services
93.045	Aging Cluster - Title III, Part C – Nutrition Services
93.053	Aging Cluster - Nutrition Services Incentive Program (NSIP)
93.069	Public Health Emergency Preparedness
93.959	Block Grants for Prevention and Treatment of Substance Abuse
97.036	Federal Emergency Management

7. The threshold for distinguishing Type A and B Programs was \$439,730.
8. County of Greene, New York was determined to be a low-risk auditee.

See independent auditors' report. See notes to the financial statements.

COUNTY OF GREENE, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL ASSISTANCE EXPENDED (CONTINUED)

December 31, 2010

B. Findings - Financial Statement Audit

2010-1 **Schedule and Tracking of Federal Awards**

Observation

The County does not independently prepare their Schedule of Federal Awards but works with the auditors to ensure the Schedule was prepared completely and accurately. Also, it is the County's current practice to aggregate certain federal award contracts in the same general ledger account. As a result, it is very difficult to track the revenue generated from federal awards to CFDA number which is required for reporting on the Schedule of Federal Awards.

Recommendation

We recommend management develop procedures and designate responsibility to ensure a schedule is prepared in the future. We recommend federal awards be tracked by CFDA number in separate general ledger accounts and not be combined with other CFDA numbers or at least a description in the memo section indicating the CFDA number. This will improve the accuracy and efficiency of reporting federal awards for the Schedule of Federal Awards.

Management's Views and Corrective Action Plan:

See Management's Views and Corrective Action Plan on Page 54.

2010-2 **Revenue and Expense Recognition**

Observation

During the course of our audit we noted in the Part-County Bataviakill Fund that the County netted reimbursed revenue against expenses. This is an incorrect accounting practice resulting in revenue and expenses being understated.

Recommendation

We recommend that the County properly record the total revenue and expenses in this fund and properly budget for this activity in the future.

Management's Views and Corrective Action Plan:

See Management's Views and Corrective Action Plan on Page 54.

See independent auditors' report. See notes to the financial statements.

COUNTY OF GREENE, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL ASSISTANCE EXPENDED (CONTINUED)

December 31, 2010

C. Findings and Questioned Costs - Federal Award Programs

2010-3 **Special Programs for the Aging, Title III, Part C - Nutrition Services**

CFDA Number 93.045

Criteria:

Under the compliance requirement allowable costs individuals working on multiple federal programs are required to allocate their time amongst the programs based on actual time worked on those programs. Support for payroll allocations typically are in the form of employee time sheets or formal time studies.

Finding:

During the course of our audit we noted that nutrition program does not do quarterly payroll evaluations for its employees to track individual time allocated per program.

Management's Views and Corrective Action Plan:

See Management's Views and Corrective Action Plan on Page 54.

D. Summary of Prior Year Findings

2009-1 **Information Technology (Social Service Department)**

Observation

The current Information Technology (IT) used by the Social Service Department which requires multiple software platforms used to track, process transactions and store data makes it difficult to trace all financial data through that department. Manual processes are used along with additional software outside the IT system. Manual processes increase the risk of human error and inadvertent misprocessing of information. A great amount of supervision and review of manual records must be utilized to keep material errors from occurring. Therefore, automation is almost always an opportunity to increase efficiencies, timeliness, reliability and accuracy of financial and non financial data.

Recommendation

We recommend the County evaluate their accounting softwares used and possibly develop a plan to implement a new system for tracking and reporting all activity through the department. It is important for the Department to focus on controls over transferring data from the old system to the new system. The transfer of data should be well controlled and documented.

Management's Views and Corrective Action Plan:

See Management's Views and Corrective Action Plan on Page 55.

See independent auditors' report. See notes to the financial statements.

COUNTY OF GREENE, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL ASSISTANCE EXPENDED (CONTINUED)

December 31, 2010

D. Summary of Prior Year Findings (Continued)

2009-2 **Oversight of Decentralized Operations and Closing Process**

Observation

Significant aspects of the County's operations are decentralized. Entries are posted by the Treasurer but significant accounting activity for governmental revenue, receivables, capital projects and Social Services, to name a few, are processed and managed by other departments. There are instances where information is being processed in the other departments but is not formally reviewed by someone other than the preparer. The County does not have a process where someone is formally monitoring the closing process to ensure that reconciliations are being prepared for all significant accounts and that these are being reviewed and journal entries are posted to the accounts completely and accurately.

Recommendation

We recommend that County evaluate procedures over its closing process. We recommend that an individual is ultimately responsible for the closing process. We recommend that a tool such as a checklist be used to monitor the financial close. The checklist should consist of general ledger accounts and responsibilities (preparer and reviewer) for each account and dates that the entries are to be processed. We also recommend an account certification program be instituted where individuals are assigned direct responsibility for preparation and review of monthly, weekly and other periodic reconciliations, with a formal process of signing off ("certifying") to this review. All journal entries posted should have support attached to justify each entry.

Management's Views and Corrective Action Plan:

See Management's Views and Corrective Action Plan on Page 55.

2009-3 **Social Services Accounting Department**

Observation

We still noted claims, cash receipts and adjustments are often tracked in separate accounting software by the Deputy Commissioner of the Department of Social Services. We have noted in some instances, although it did not have a financial impact at year end, that various claims are sometimes over billed and adjustments need to be made for the over billing of those claims during the fiscal year. An allowance should be recorded to estimate these claims adjustments so revenues are properly recorded during the year. We also noted that some critical accounting decisions made by the Deputy Commissioner are not reviewed and other staff members in the department may not have all the knowledge to re-perform some of his work.

See independent auditors' report. See notes to the financial statements.

COUNTY OF GREENE, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL ASSISTANCE EXPENDED (CONTINUED)

December 31, 2010

D. Summary of Prior Year Findings (Continued)

2009-3 **Social Services Accounting Department (Continued)**

Recommendation

We recommend the County re-evaluate the accounting systems used by Department of Social Services and all staff be aware of each others roles and responsibilities for future accountability. We recommend that the Deputy Commissioner's critical accounting decisions be reviewed and another staff member in the department has knowledge to re-perform his work. We have noted the County has hired a new accounting supervisor to fulfill some of the job responsibilities of the Deputy Commissioner that will help strengthen some of the controls.

Management's Views and Corrective Action Plan:

See Management's Views and Corrective Action Plan on Page 56.

2009-4 **Workers' Compensation Reserve**

Observation

We still have noted that the County has under assessed the participants for Workers' Compensation premiums in the past. This has resulted in a negative reserve fund balance for year ending December 31, 2009 which will only become more of a liability in the future if not addressed.

Recommendation

We recommend the County re-evaluate its method of calculation of this assessment and address the actual plan to make sure there are not additional methods that can be used so the County does not have to fund this reserve in the future and that the Towns and other participants are charged the correct assessment. This has been aggressively addressed by the County and should be resolved in the near term.

Management's Views and Corrective Action Plan:

See Management's Views and Corrective Action Plan on Page 56.

2009-5 **Capital Project Tracking**

Observation

We have noted in 2009 that claims were issued for previous work periods in some instances five years prior.

Recommendation

We recommend that the person in charge of these projects keeps a manual spreadsheet on each capital project indicating the total estimated cost of the project and the reimbursements and expenditures received to date so that proper revenue and expense can be matched properly. We also feel the spreadsheet should be shared with the Treasurer's office.

Management's Views and Corrective Action Plan:

See Management's Views and Corrective Action Plan on Page 56.

See independent auditors' report. See notes to the financial statements.

COUNTY OF GREENE, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR
STATE TRANSPORTATION ASSISTANCE EXPENDED
December 31, 2010

A. Summary of Audit Results

1. Internal control over state transportation assistance expended:

- | | |
|------------------------------------------------------------------------------------------------|---------------|
| a. Material weakness(es) identified | No |
| b. Significant deficiency(ies) identified that are not considered to be material weakness(es)? | None Reported |

2. Type of auditors' report issued on compliance for programs tested: Unqualified

3. Summary of Audit Findings: None

4. Identification of State Transportation Assistance Programs Tested:

- Consolidated Local Street and Highway Improvement Program- (CHIPS)

B. Compliance Findings and Questioned Costs:

No matters were identified

See independent auditors' report. See notes to financial statement.



Date: September 29, 2011

RE: Management's views and corrective action plan for County of Greene, New York's OMB Circular A-133 compliance for the year ended December 31, 2010.

I. Findings related to the Financial Statements which are required to be reported in Accordance with Generally Accepted Auditing Standard

**Greene County
Treasurer**
111 Main Street
PO Box 191
Catskill, New York 12414

Peter J. Markou
Treasurer
Diane Bartholomew
Director of Finance
Ellen Crouse
Director of Taxes

2010-1, The County does not independently prepare their Schedule of Federal Awards but works with the auditors to ensure the Schedule was prepared completely and accurately. Also, it is the County's current practice to aggregate certain federal award contracts in the same general ledger account. As a result, it is very difficult to track the revenue generated from federal awards to CFDA number which is required for reporting on the Schedule of Federal Awards.

Management's views and corrective action plan

Through the internal audit function and department meetings, all department heads have been advised of the need to provide the Treasurer's office CFDA numbers. Departments have also been advised to place CFDA numbers on relevant grant worksheets that record revenue and expenditures.

2010-2, During the course of our audit we noted in the Part-County Bataviakill Fund that the County netted reimbursed revenue against expenses. This is an incorrect accounting practice resulting in revenue and expenses being understated.

Management's views and corrective action plan

The observation noted in the Part-County Bataviakill Fund is currently being addressed. All future revenue and expenses will be accounted for and budgeted appropriately.

2010-3, Under the compliance requirement allowable costs, individuals working on multiple federal programs are required to allocate their time amongst the programs based on actual time worked on those programs. Support for payroll allocations typically are in the form of employee time sheets or formal time studies.

Management's views and corrective action plan

The Nutrition Program will be subject to an internal audit and will be advised of the need to do quarterly payroll evaluations starting immediately.



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I. Findings related to the Financial Statements which are required to be reported in Accordance with Generally Accepted Auditing Standard (Continued):

Updated management responses to previously reported findings:

2009-1, The current Information Technology (IT) used by the Social Service Department which requires multiple software platforms used to track, process transactions and store data makes it difficult to trace all financial data through that department. Manual processes are used along with additional software outside the IT system. Manual processes increase the risk of human error and inadvertent misprocessing of information. A great amount of supervision and review of manual records must be utilized to keep material errors from occurring. Therefore, automation is almost always an opportunity to increase efficiencies, timeliness, reliability and accuracy of financial and non financial data.

Management's views and corrective action plan

DSS is required by state funding agencies to use specific software to process certain transactions. This has been an ongoing concern of the IT Task Force that is evaluating new financial software for all departments. It is anticipated that we will be moving to a Windows based environment. The concern about transfer from old to new systems is duly noted.

2009-2, Significant aspects of the County's operations are decentralized. Entries are posted by the Treasurer but significant accounting activity for governmental revenue, receivables, capital projects and Social Services, to name a few, are processed and managed by other departments. There are instances where information is being processed in the other departments but is not formally reviewed by someone other than the preparer. The County does not have a process where someone is formally monitoring the closing process to ensure that reconciliations are being prepared for all significant accounts and that these are being reviewed and journal entries are posted to the accounts completely and accurately.

Management's views and corrective action plan

It is expected that these observations will be addressed with the implementation of new software. The recommendations are noted and will be included in the internal control manual.

I. Findings related to the Financial Statements which are required to be reported in Accordance with Generally Accepted Auditing Standard (Continued):

Updated management responses to previously reported findings (Continued):

2009-3, We still noted claims, cash receipts and adjustments are often tracked in separate accounting software by the Deputy Commissioner of the Department of Social Services. We have noted in some instances, although it did not have a financial impact at year end, that various claims are sometimes over billed and adjustments need to be made for the over billing of those claims during the fiscal year. An allowance should be recorded to estimate these claims adjustments so revenues are properly recorded during the year. We also noted that some critical accounting decisions made by the Deputy Commissioner are not reviewed and other staff members in the department may not have all the knowledge to re-perform some of his work.

Management's views and corrective action plan

The Treasurer's office is well aware of the need to address the issue of separate accounting software and has determined that new software will address this issue. Through the internal audit process the Treasurer's office has determined that critical accounting decisions are being reviewed.

2009-4, We still noted that the County has under assessed the participants for Workers' Compensation premiums in the past. This has resulted in a negative reserve fund balance for year ending December 31, 2009 which will only become more of a liability in the future if not addressed.

Management's views and corrective action plan

All functions relating to Workman's Compensation have been delegated to Human Resources and the Deputy Budget Officer. The County budgeting process is continuing to aggressively pursue the implementation of correct assessments for participants in the program.

2009-5, We have noted in 2009 that claims were issued for previous work periods in some instances five years prior.

Management's views and corrective action plan

During the initial meeting of Internal Audit function with the Highway Department, this issue has been discussed. The Treasurer's office expects that an ongoing internal audit of this issue will resolve, and in some instances close out, projects.

SUPPLEMENTARY INFORMATION

COUNTY OF GREENE, NEW YORK
 COMBINED BALANCE SHEET - SPECIAL REVENUE FUNDS
 December 31, 2010

	COUNTY ROAD	COUNTY ROAD MACHINERY	COMMUNITY DEVELOPMENT	ECONOMIC DEVELOPMENT	TOTAL SPECIAL REVENUE
ASSETS					
Cash and cash equivalents	\$ 1,248,476	\$ 36,807	\$ 880	\$ 14,770	\$ 1,300,933
Cash and cash equivalents - restricted	-	18,561	442,404	17,763	478,728
State and federal receivables	76,415	-	-	-	76,415
Accounts receivable	57	50,101	84,928	-	135,086
Note receivable net of unamortized discount	-	-	3,826,397	-	3,826,397
Due from other funds	1,114,765	475,150	-	-	1,589,915
Total assets	\$ 2,439,713	\$ 580,619	\$ 4,354,609	\$ 32,533	\$ 7,407,474
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 275,411	\$ 124,135	\$ 102,282	\$ -	\$ 501,828
Due to other governments	-	-	-	-	-
Due to other funds	255,179	-	5,113	-	260,292
Due to NYS Retirement System	221,910	24,187	-	-	246,097
Deferred revenues	-	-	3,826,397	-	3,826,397
Total liabilities	752,500	148,322	3,933,792	-	4,834,614
Fund Balance:					
Fund balances reserved:					
Reserve for encumbrances	4,435	4,390	20,000	-	28,825
Miscellaneous reserves	445	2,554	-	-	2,999
Fund balance - unreserved:					
Appropriated-ensuing year's budget	500,000	-	62,704	-	562,704
Unappropriated	1,182,333	425,353	338,113	32,533	1,978,332
Total fund balance	1,687,213	432,297	420,817	32,533	2,572,860
Total liabilities and fund balance	\$ 2,439,713	\$ 580,619	\$ 4,354,609	\$ 32,533	\$ 7,407,474

See independent auditors' report. See notes to financial statements

COUNTY OF GREENE, NEW YORK
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS
 Year ended December 31, 2010

	COUNTY ROAD		COUNTY ROAD MACHINERY		COMMUNITY DEVELOPMENT		ECONOMIC DEVELOPMENT		TOTAL SPECIAL REVENUE			
	MODIFIED BUDGET	ACTUAL	ENCUM- BRANCES	MODIFIED BUDGET	ACTUAL	ENCUM- BRANCES	MODIFIED BUDGET	ACTUAL	ENCUM- BRANCES	MODIFIED BUDGET	ACTUAL	ENCUM- BRANCES
REVENUES AND OTHER SOURCES												
Revenues:												
Intergovernmental charges		\$ 7,103	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,103	\$ -
Use of money and property	9,000	1,191	-	-	177	-	-	-	-	-	1,385	-
Sale of property and compensation for loss	-	8,433	-	504,468	550,424	-	-	-	-	504,468	558,857	-
Miscellaneous local sources	-	1,250	-	1,079,820	1,134,371	471,115	-	-	-	1,679,534	1,606,736	-
State aid	1,420,524	1,421,226	-	-	599,714	-	-	-	-	1,420,524	1,421,226	-
Federal aid	303,013	23,641	-	8,700	-	199,550	550,219	-	-	511,263	573,860	-
Total revenues	1,732,537	1,462,844	-	1,592,988	1,684,972	-	799,264	1,021,334	-	4,124,789	4,169,167	-
Other sources:												
Operating transfers	7,537,540	7,537,540	-	541,655	541,655	-	34,500	5,000	-	8,113,695	8,084,195	-
Total other sources	7,537,540	7,537,540	-	541,655	541,655	-	34,500	5,000	-	8,113,695	8,084,195	-
Total revenues and other sources	9,270,077	9,000,384	-	2,134,643	2,226,627	-	833,764	1,026,334	-	12,238,484	12,253,362	-
EXPENDITURES AND OTHER USES												
Expenditures:												
General government support	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	200,427	200,395	-	-	-	-	-	-	-	200,427	200,395	-
Transportation	7,033,639	6,635,528	4,390	1,884,786	1,662,021	4,435	-	-	-	8,918,425	8,297,549	8,825
Economic assistance and opportunity	-	-	-	-	-	-	-	-	-	-	-	-
Home and community services	-	-	-	-	-	-	-	-	-	-	-	-
Employee benefits	1,765,336	1,574,071	-	239,446	218,662	-	1,780,830	1,561,421	20,000	1,780,830	1,561,421	20,000
Debt service (principal/interest)	670,599	559,699	-	135,411	133,118	-	-	-	-	2,004,782	1,792,733	-
Total expenditures	9,670,001	8,969,693	4,390	2,259,643	2,013,801	4,435	1,780,830	1,561,421	20,000	13,710,474	12,544,915	28,825
Other uses:												
Operating transfers	110,900	110,900	-	-	-	-	-	-	-	110,900	110,900	-
Total other uses	110,900	110,900	-	-	-	-	-	-	-	110,900	110,900	-
Total expenditures and other uses	9,780,901	9,080,593	4,390	2,259,643	2,013,801	4,435	1,780,830	1,561,421	20,000	13,821,374	12,655,815	28,825
Appropriated fund balance	400,000	-	-	125,000	-	-	947,066	-	-	1,472,066	-	-
Net changes in fund balance	\$ -	(80,209)	\$ -	212,826	219,471	(535,087)	\$ -	955,904	17	\$ -	(402,453)	2,993,047
Fund balance, beginning	-	1,785,156	-	219,471	-	-	-	-	32,516	-	(17,734)	-
Prior period adjustment	-	(17,734)	-	-	-	-	-	-	-	-	-	-
Fund balance, ending	\$ 1,687,213	\$ 1,687,213	\$ 432,297	\$ 432,297	\$ 420,817	\$ 420,817	\$ 420,817	\$ 420,817	\$ 32,533	\$ 32,533	\$ 2,572,860	\$ 2,572,860

COUNTY OF GREENE, NEW YORK
 COMBINED BALANCE SHEET - TOTAL AGGREGATE DISCRETELY PRESENTED COMPONENT UNITS
 December 31, 2010

	GREENE COUNTY SOIL AND WATER	GREENE COUNTY INDUSTRIAL DEVELOPMENT AGENCY	TOTAL AGGREGATE DISCRETELY PRESENTED COMPONENT UNITS
ASSETS			
Cash and cash equivalents	\$ 1,124,215	\$ 2,282,440	\$ 3,406,655
State and federal receivables	-	156,248	156,248
Accounts receivable	470,123	66,963	537,086
Note receivable net of unamortized discount	-	1,512,000	1,512,000
Prepaid expenses	-	9,360	9,360
Other assets - inventory	2,672	-	2,672
Land, building and equipment:			
Land	-	7,313,667	7,313,667
Building	-	200,000	200,000
Equipment	-	43,318	43,318
 Total assets	 <u>\$ 1,597,010</u>	 <u>\$ 11,583,996</u>	 <u>\$ 13,181,006</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 74,940	\$ 37,629	\$ 112,569
Other liabilities	2,052	225,450	227,502
Due to other governments	-	359,708	359,708
Bond and long-term debt	-	500,000	500,000
Deferred revenue	404,455	101,170	505,625
 Total liabilities	 <u>481,447</u>	 <u>1,223,957</u>	 <u>1,705,404</u>
Fund Balance:			
Investment in general fixed assets	-	7,056,985	7,056,985
Fund balances reserved:			
Miscellaneous reserves	60,114	-	60,114
Fund balance - unreserved:			
Unappropriated	1,055,449	3,303,054	4,358,503
Total fund balance	<u>1,115,563</u>	<u>10,360,039</u>	<u>11,475,602</u>
 Total liabilities and fund balance	 <u>\$ 1,597,010</u>	 <u>\$ 11,583,996</u>	 <u>\$ 13,181,006</u>

COUNTY OF GREENE, NEW YORK
 COMBINED STATEMENT OF REVENUE, EXPENSES, AND CHANGES
 IN NET ASSETS - TOTAL AGGREGATE DISCRETELY PRESENTED COMPONENT UNITS
 Year ended December 31, 2010

	GREENE COUNTY SOIL AND WATER	GREENE COUNTY INDUSTRIAL DEVELOPMENT AGENCY	TOTAL AGGREGATE DISCRETELY PRESENTED COMPONENT UNITS
REVENUES AND OTHER SOURCES			
Revenues:			
Departmental income	\$ 441,660	\$ 669,890	\$ 1,111,550
Intergovernmental charges	1,110,572	-	1,110,572
Use of money and property	7,048	12,421	19,469
Miscellaneous local sources	6,007	69,744	75,751
State aid	58,905	-	58,905
Federal aid	677,482	-	677,482
	2,301,674	752,055	3,053,729
EXPENDITURES AND OTHER USES			
Expenditures:			
Home and community services	2,072,646	1,716,147	3,788,793
Employee benefits	263,890	96,803	360,693
Debt service (principal/interest)	-	25,728	25,728
	2,336,536	1,838,678	4,175,214
Net changes in net assets	(34,862)	(1,086,623)	(1,121,485)
Fund balance, beginning	1,150,425	11,428,113	12,578,538
Prior period adjustment	-	18,549	18,549
	\$ 1,115,563	\$ 10,360,039	\$ 11,475,602

See independent auditors' report. See notes to financial statements.