

COUNTY OF GREENE, NEW YORK

FINANCIAL STATEMENTS
(with Independent Auditors' Report Thereon)

December 31, 2008

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 general-purpose financial statements of County of Greene, New York, as of and for the year ended December 31, 2008, as listed in the table of contents. These general-purpose financial statements are the responsibility of County of Greene, New York's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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 provides a reasonable basis for our opinion.

For the year ended December 31, 2008, the County of Greene did not apply GASB 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. See Note 1 for differences in reporting under GASB 34.

In addition to the exception above, GASB 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* was not implemented for the year ended December 31, 2008.


In our opinion, based on our report, 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, 2008, 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 18, 2009 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 read in conjunction with this report in considering the results of our audit.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements of County of Greene, New York. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

The accompanying schedule of state transportation assistance funds expended is presented for purposes of additional analysis as required by the preliminary Draft Part 43 of the New York State Codification of Rules and Regulations, 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 general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information comprised of a Combining Balance Sheet-Special Revenue Funds and a Combining Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-Special Revenue Fund on pages 34 and 35, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subject 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.

 Patricia Hosley, Have
a Green, CPA's, P.C.

Catskill, New York
September 18, 2009

COUNTY OF GREENE, NEW YORK
COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNITS
December 31, 2008

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	NON-CURRENT		TOTAL (Memorandum only) Primary Government	COMPONENT UNITS	TOTAL (Memorandum only) Reporting Entity
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	INTERNAL SERVICE FUND	TRUST FUNDS	GOVERNMENT ASSETS	GOVERNMENT LIABILITIES			
ASSETS										
Cash	\$ 9,323,780	\$ 234,902	\$ 10,988,797	\$ 570,193	\$ 823,018	\$ -	\$ -	\$ 21,940,690	\$ 3,753,523	\$ 25,694,213
Cash - restricted	568,762	2,015,523	-	-	267,740	-	-	2,852,025	85,436	2,937,461
Investment held by fiscal agent	-	-	-	-	-	-	-	-	695,558	695,558
Taxes receivable - net	10,327,233	-	-	-	-	-	-	10,327,233	-	10,327,233
State and federal receivables	9,141,471	71,670	357,390	-	-	-	-	9,570,531	-	9,570,531
Accounts receivable	1,783,791	130,751	-	784,886	-	-	-	2,699,428	3,302,791	6,002,219
Note receivable net of unamortized discount	265,327	2,539,949	-	-	-	-	-	2,805,276	-	2,805,276
Due from other funds	990,618	705,432	1,267	-	-	-	-	1,697,317	-	1,697,317
Due from other governments	940,788	-	-	-	-	-	-	940,788	-	940,788
Land, building and equipment:										
Land	-	-	-	-	-	2,837,101	-	2,837,101	7,750,820	10,587,921
Building	-	-	-	-	-	24,989,118	-	24,989,118	-	24,989,118
Equipment	-	-	-	-	-	15,122,005	-	15,122,005	-	15,122,005
Other assets - inventory	-	-	-	-	-	3,474,357	-	3,474,357	212,174	3,686,531
Prepaid items	170,485	-	-	-	-	-	-	170,485	10,112	180,597
Amounts to be provided for retirement of general long-term debt	-	-	-	-	-	-	19,893,891	19,893,891	-	19,893,891
Total assets	\$ 33,512,255	\$ 5,698,227	\$ 11,347,454	\$ 1,355,079	\$ 1,090,758	\$ 46,422,581	\$ 19,893,891	\$ 119,320,245	\$ 15,810,414	\$ 135,130,659

See auditors' report. See notes to financial statements

COUNTY OF GREENE, NEW YORK
COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS AND DISCREETELY PRESENTED COMPONENT UNITS (CONTINUED)
December 31, 2008

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPE		FIDUCIARY FUND TYPE		NON-CURRENT GOVERNMENT ASSETS		GOVERNMENT LIABILITIES		TOTAL (Memorandum only) Primary Government	COMPONENT UNITS	TOTAL (Memorandum only) Reporting Entity
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	INTERNAL SERVICE FUND	TRUST FUNDS									
LIABILITIES AND FUND BALANCE														
Liabilities:														
Accounts payable	\$ 2,374,617	\$ 1,257,586	\$ 453,601	\$ -	\$ -							\$ 4,085,804	\$ 198,908	\$ 4,284,712
Other liabilities	6,890	-	49,361	1,284,886	-							1,341,137	1,790	1,342,927
Agency liabilities	-	-	-	-	1,070,454							1,070,454	-	1,070,454
Retained percentage	-	31,199	-	-	-							31,199	-	31,199
Due to other governments	8,305,863	15,187	13,927	-	-							8,334,977	19,015	8,353,992
Due to other funds	-	41,444	1,655,474	-	399							1,697,317	-	1,697,317
Due to NYS Retirement System	1,206,551	182,942	-	-	-							1,389,493	-	1,389,493
Compensated absences	-	-	9,000,000	-	-					3,485,756		3,485,756	-	3,485,756
Bond and long-term debt	-	-	-	-	-					16,408,135		25,408,135	13,192,390	38,600,525
Deferred revenues	8,318,001	2,539,949	-	-	-					-		10,857,950	47,388	10,905,338
Total liabilities	20,211,922	4,068,307	11,172,363	1,284,886	1,070,853					19,893,891		57,702,222	13,459,491	71,161,713
Fund Balance:														
Investment in general fixed assets	-	-	-	-	-			46,422,581		-		46,422,581	7,764,332	54,186,913
Fund balances reserved:														
Reserve for encumbrances	295,517	34,387	31,014	-	-			-		-		360,918	-	360,918
Reserve for indebtedness	5,140	2,999	-	-	-			-		-		8,139	-	8,139
Reserve for risk retention	508,382	-	-	-	-			-		-		508,382	-	508,382
Expendable trust funds	-	-	-	-	19,905			-		-		19,905	-	19,905
Miscellaneous reserves	385,082	-	-	70,193	-			-		-		455,275	4,431,344	4,886,619
Fund balance - unreserved:														
Appropriated-ensuing year's budget	3,705,000	-	-	-	-			-		-		3,705,000	-	3,705,000
Unappropriated	8,401,212	1,592,534	144,077	-	-			-		-		10,137,823	-	10,137,823
Retained earnings	-	-	-	-	-			-		-		-	(9,844,753)	(9,844,753)
Total fund balance	13,300,333	1,629,920	175,091	70,193	19,905			46,422,581		-		61,618,023	2,350,923	63,968,946
Total liabilities and fund balance	\$ 33,512,255	\$ 5,698,227	\$ 11,347,454	\$ 1,355,079	\$ 1,090,758			\$ 46,422,581		\$ 19,893,891		\$ 119,320,245	\$ 15,810,414	\$ 135,130,659

See auditors' report. See notes to financial statements.

COUNTY OF GREENE, NEW YORK
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS
for the year ended December 31, 2008

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPE	TOTAL		TOTAL
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	PRIVATE PURPOSE TRUST	(Memorandum only) Primary Government	COMPONENT UNITS	(Memorandum only) Reporting Entity
REVENUES AND OTHER SOURCES							
Revenues:							
Real property taxes	\$ 16,922,801	\$ -	\$ -	\$ -	\$ 16,922,801	\$ -	\$ 16,922,801
Real property tax items	2,055,049	-	-	-	2,055,049	-	2,055,049
Non-property tax items	27,496,601	-	-	-	27,496,601	-	27,496,601
Departmental income	9,464,351	-	-	-	9,464,351	1,622,448	11,086,799
Intergovernmental charges	662,706	5,392	-	-	668,098	866,794	1,534,892
Use of money and property	510,754	11,284	-	2	522,040	3,180,145	3,702,185
Licenses and permits	40,313	-	-	-	40,313	-	40,313
Fines and forfeitures	279,615	-	-	-	279,615	-	279,615
Sale of property and compensation for loss	276,525	495,710	615,617	-	1,387,852	-	1,387,852
Miscellaneous local sources	543,398	1,736,693	215,000	5,907	2,500,998	1,288,633	3,789,631
State aid	14,490,772	1,480,168	700,415	-	16,671,355	302,496	16,973,851
Federal aid	9,629,559	-	2,545,393	-	12,174,952	-	12,174,952
Total revenues	82,372,444	3,729,247	4,076,425	5,909	90,184,025	7,260,516	97,444,541
Other sources:							
Operating transfers	-	8,143,450	96,053	-	8,239,503	-	8,239,503
Total other sources	-	8,143,450	96,053	-	8,239,503	-	8,239,503
Total revenues and other sources	82,372,444	11,872,697	4,172,478	5,909	98,423,528	7,260,516	105,684,044
EXPENDITURES AND OTHER USES							
Expenditures:							
General government support	7,385,109	-	2,364,744	-	9,749,853	-	9,749,853
Education	6,111,621	-	97,070	-	6,208,691	-	6,208,691
Public safety	6,988,498	199,120	-	-	7,187,618	-	7,187,618
Health	8,062,047	-	-	-	8,062,047	-	8,062,047
Transportation	-	8,369,110	3,179,623	-	11,548,733	-	11,548,733
Economic assistance and opportunity	30,515,194	-	-	4,103	30,519,297	-	30,519,297
Culture and recreation	341,700	-	55,393	-	397,093	-	397,093
Home and community services	4,659,653	1,880,308	307,596	-	6,847,557	3,317,237	10,164,794
Employee benefits	11,415,251	2,025,680	-	-	13,440,931	229,399	13,670,330
Debt service (principal/interest)	883,766	692,454	-	-	1,576,220	-	1,576,220
Total expenditures	76,362,839	13,166,672	6,004,426	4,103	95,538,040	3,546,636	99,084,676
Other uses:							
Operating transfers	8,143,450	96,053	-	-	8,239,503	-	8,239,503
Total other uses	8,143,450	96,053	-	-	8,239,503	-	8,239,503
Total expenditures and other uses	84,506,289	13,262,725	6,004,426	4,103	103,777,543	3,546,636	107,324,179
Excess of revenue (expenditures)	(2,133,845)	(1,390,028)	(1,831,948)	1,806	(5,354,015)	3,713,880	(1,640,135)
Fund balance, beginning	15,963,863	3,019,948	2,007,039	18,099	21,008,949	13,230,360	34,239,309
Prior period adjustment	(529,685)	-	-	-	(529,685)	(14,593,317)	(15,123,002)
Fund balance, ending	\$ 13,300,333	\$ 1,629,920	\$ 175,091	\$ 19,905	\$ 15,125,249	\$ 2,350,923	\$ 17,476,172

See auditors' report. See notes to financial statements.

COUNTY OF GREENE, NEW YORK
COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES
for the year ended December 31, 2008

	GENERAL FUND			SPECIAL REVENUE FUND TYPES			TOTALS (MEMORANDUM ONLY)		
	MODIFIED BUDGET	ACTUAL	Variance Favorable (Unfavorable)	MODIFIED BUDGET	ACTUAL	Variance Favorable (Unfavorable)	MODIFIED BUDGET	ACTUAL	Variance Favorable (Unfavorable)
Revenues:									
Real property taxes	\$ 17,960,983	\$ 16,922,801	\$ (1,038,182)	\$ -	\$ -	\$ -	\$ 17,960,983	\$ 16,922,801	\$ (1,038,182)
Real property tax items	1,960,000	2,055,049	95,049	-	-	-	1,960,000	2,055,049	95,049
Non-property tax items	27,600,000	27,496,601	(103,399)	-	-	-	27,600,000	27,496,601	(103,399)
Departmental income	9,329,780	9,464,351	134,571	-	-	-	9,329,780	9,464,351	134,571
Intergovernmental charges	683,588	662,706	(20,882)	13,000	5,392	(7,608)	696,588	668,098	(28,490)
Use of money and property	655,800	510,754	(145,046)	-	11,284	11,284	655,800	522,038	(133,762)
Licenses and permits	39,500	40,313	813	-	-	-	39,500	40,313	813
Fines and forfeitures	271,279	279,615	8,336	-	-	-	271,279	279,615	8,336
Sale of property and compensation for loss	155,987	276,525	120,538	321,000	495,710	174,710	476,987	772,235	295,248
Miscellaneous local sources	339,796	543,398	203,602	1,773,820	1,736,693	(37,127)	2,113,616	2,280,091	166,475
State aid	14,079,765	14,490,772	411,007	1,266,189	1,480,168	213,979	15,345,954	15,970,940	624,986
Federal aid	9,160,610	9,629,559	468,949	400,000	-	(400,000)	9,560,610	9,629,559	68,949
Total revenues	82,237,088	82,372,444	135,356	3,774,009	3,729,247	(44,762)	86,011,097	86,101,691	90,594
Other sources:									
Operating transfers	-	-	-	8,160,648	8,143,450	(17,198)	8,160,648	8,143,450	(17,198)
Total other sources	-	-	-	8,160,648	8,143,450	(17,198)	8,160,648	8,143,450	(17,198)
Total revenues and other sources	\$ 82,237,088	\$ 82,372,444	\$ 135,356	\$ 11,934,657	\$ 11,872,697	\$ (61,960)	\$ 94,171,745	\$ 94,245,141	\$ 73,396

REVENUES AND OTHER SOURCES

Revenues:

Real property taxes
Real property tax items
Non-property tax items
Departmental income
Intergovernmental charges
Use of money and property
Licenses and permits
Fines and forfeitures
Sale of property and compensation for loss
Miscellaneous local sources
State aid
Federal aid

Total revenues

Other sources:

Operating transfers

Total other sources

Total revenues and other sources

COUNTY OF GREENE, NEW YORK
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES (CONTINUED)
for the year ended December 31, 2008

	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	\$ 7,689,492	7,385,109	\$ 46,029	\$ 304,383	\$ -	\$ -	\$ -	\$ -	\$ 7,689,492	7,385,109	\$ 46,029	\$ 258,354
Education	6,489,364	6,111,621	-	377,743	-	-	-	-	6,489,364	6,111,621	-	377,743
Public safety	7,369,835	6,988,498	33,720	381,337	-	199,120	-	(199,120)	7,369,835	7,187,618	33,720	148,497
Health	8,903,322	8,062,047	49,972	841,275	-	-	-	-	8,903,322	8,062,047	49,972	791,303
Transportation	-	-	-	0	-	8,369,110	34,387	(249,299)	8,119,811	8,369,110	34,387	(283,686)
Economic assistance and opportunity	31,440,732	30,515,194	-	925,538	-	-	-	-	31,440,732	30,515,194	-	925,538
Culture and recreation	447,822	341,700	-	106,122	-	-	-	-	447,822	341,700	-	106,122
Home and community services	4,874,503	4,659,653	165,796	214,850	1,352,250	1,880,308	-	(528,058)	6,226,753	6,539,961	165,796	(479,004)
Employee benefits	11,689,465	11,415,251	-	274,214	1,970,140	2,025,680	-	(55,540)	13,659,605	13,440,931	-	218,674
Debt service (principal/interest)	883,767	883,766	-	1	692,456	692,454	-	2	1,576,223	1,576,220	-	3
Total expenditures	79,788,302	76,362,839	295,517	3,425,463	12,134,657	13,166,672	34,387	(1,032,015)	91,922,959	89,529,511	329,904	2,063,544
Other uses:												
Operating transfers	8,160,648	8,143,450	-	17,198	-	96,053	-	(96,053)	8,160,648	8,239,503	-	(78,855)
Total other uses	8,160,648	8,143,450	-	17,198	-	96,053	-	(96,053)	8,160,648	8,239,503	-	(78,855)
Total expenditures and other uses	87,948,950	84,506,289	295,517	3,442,661	12,134,657	13,262,725	34,387	(1,128,068)	100,083,607	97,769,014	329,904	1,984,689
Appropriated fund balance	5,711,862		\$ 295,517	(5,416,345)	200,000	(1,390,038)	\$ 34,387	(165,613)	5,911,862	-	\$ 329,904	5,581,958
Excess of revenue (expenditures)	\$ -	(2,133,845)		\$ (1,838,328)	\$ -	(1,390,038)		\$ 900,495	\$ -	(3,523,873)		\$ 7,640,043
Fund balance, beginning		15,963,863				3,019,948				18,983,811		
Prior period adjustment		(529,685)										
Fund balance, ending		\$ 13,390,333				\$ 1,629,920				\$ 14,930,253		

See auditors' report. See notes to financial statements.

COUNTY OF GREENE, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - PROPRIETARY FUND TYPE
for the year ended December 31, 2008

Operating revenue:	
Charges and fees	\$ 497,171
Prior year recoveries	<u>79,131</u>
Total operating revenue	<u>576,302</u>
Operating expenses:	
Benefits and awards	716,115
Administrative services	28,574
Insurance	<u>90,794</u>
Total operating expenses	<u>835,483</u>
Operating loss	<u>(259,181)</u>
Other revenue:	
Interest income	<u>14,035</u>
Net loss	(245,146)
Fund balance, beginning of year	<u>315,339</u>
Fund balance, end of year	<u><u>\$ 70,193</u></u>

See 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, 2008

Cash flows from operating activities:	
Cash received from participants	\$ 497,171
Prior year recoveries	165,208
Interest received	14,034
Cash payments of benefits and awards	(778,801)
Cash payments of administrative services	(28,574)
Cash payments of insurance	<u>(16,993)</u>
Net cash used by operating activities	(147,955)
Cash, beginning of year	<u>718,148</u>
Cash, end of year	<u><u>\$ 570,193</u></u>
Reconciliation of net loss to net cash used by operating activities:	
Net loss	\$ (245,250)
Changes in assets and liabilities:	
Increase in accounts receivable	(67,894)
Decrease in prepaid expenses	76,737
Increase in other liabilities	154,075
Decrease in accounts payable	<u>(65,623)</u>
Net cash used by operating activities	<u><u>\$ (147,955)</u></u>

See 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 decided to present the 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. The basis of accounting used has been applied in a manner consistent with the prior period.

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.).

A. Financial Reporting Entity:

County of Greene, New York, which was created 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 Board serves as Chief Executive Officer and the County Treasurer serves as Chief Fiscal Officer of the County.

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

See 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 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 Governmental Accounting Standards Board (GASB) Statement 14.

The decision to include a potential component unit in the County's reporting entity is based on several criteria set forth in GASB 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 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 Governmental Fund Type as a component unit.

Greene County Soil and Water Conservation District:

Greene County Soil and Water Conservation 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 Governmental Fund Type as a component unit.

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. 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 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.

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 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 III for additional disclosure regarding joint ventures.

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.

A fund is a separate accounting entity with a self-balancing set of accounts. 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.

See 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):

The County records its transactions in the 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.
 - d. Component Units - used to account for the County's component units: Greene County Industrial Development Agency, Greene County Soil and Water Conservation District, and Greene Tobacco Asset Securitization Corporation.
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:

See 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):

- 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 Worker's 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.

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.

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.

1. 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.

See 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 (Continued):

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.
2. 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.
3. Fixed Assets - 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, due to Employee's Retirement System, installment purchases, operating leases, and a guaranteed user fee.
4. 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.

D. 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.

See auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued):

D. Budgetary Data (Continued):

- 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.

E. 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 general fixed assets.

See auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued):

F. 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.

G. Post Employment Benefits:

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, \$2,358,367 was paid on behalf of 304 retirees and is recorded as an expenditure in the General and Special Revenue Funds.

Beginning in fiscal year 2008, the reporting entity is required to implement Governmental Accounting Standards Board (GASB) Statement No. 45 for other post-employment benefits (OPEB) including health care, life insurance, and other non-pension benefits offered to retirees. This new standard addresses how the reporting entity should account for and report its costs related to post-employment health care and other non-pension benefits, such as County's retiree health benefit subsidy. 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 is in the process of working with an actuary to determine what they will need to accrue to be in compliance with GASB 45.

See auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued):

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 August 1 by the town tax collectors, thereafter by the County treasurer's tax department. 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.

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, 2008, real property taxes receivable totaled \$10,327,233. The allowance for uncollectible taxes at year end was \$76,938. Current year returned school district and village taxes of approximately \$5,435,889 and \$447,704 respectively, are also included as liabilities that will be paid no later than February 28, 2008. \$4,073,181 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 \$2,539,949 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 II 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, the County has estimated and recorded in the Internal Service Fund a \$1,284,886 workers' compensation liability based upon known and incurred but not reported claims. The County has also recorded an unbilled receivable for the same amount, less cash reserves at year-end.

See 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.

II. Detail Notes on all Funds and Account Groups:

A. Assets:

1. Cash:

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 the 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.

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.

See auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

A. Assets (Continued):

1. Cash (Continued):

Deposits and investments at year-end were not 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.

	<u>Book Balance</u>	<u>Bank Balance</u>	<u>FDIC</u>	<u>Pledged Collateral</u>
First Niagara	\$ 10,434,926	\$ 11,715,448	\$ 250,000	\$ 5,884,543
Bank of Greene County	7,873,485	7,908,144	250,000	8,049,545
National Bank of Cocksackie	6,450,576	6,450,576	250,000	6,719,148
HSBC	3,939	3,939	250,000	-
Keybank	19,989	19,989	250,000	-
	<u>24,782,915</u>			
Petty Cash	9,800			
	<u>\$ 24,792,715</u>			

2. Loans Receivable and Deferral of Revenue:

a. 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, 2008 of \$2,539,949 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 \$265,327 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 2008 was \$28,672.

See auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

A. Assets (Continued):

4. Fixed Assets:

A summary of changes in general fixed assets follows:

	Balance			Balance
	<u>12/31/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/08</u>
Land	\$ 3,052,101	\$ -	\$ 215,000	\$ 2,837,101
Buildings	24,989,118	-	-	24,989,118
Machinery and Equipment	14,386,340	1,010,566	274,901	15,122,005
Construction in Progress	2,940,584	533,773	-	3,474,357
Total	<u>\$ 45,368,143</u>	<u>\$ 1,544,339</u>	<u>\$ 489,901</u>	<u>\$ 46,422,581</u>

B. Liabilities:

1. Pension Plans:

Plan Description:

The County of Greene participates in the New York State and Local Employee's 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 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 Systems, 110 State Street, Albany, NY 12244.

The Systems are 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. 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:

2008	\$ 1,934,427
2007	\$ 2,149,245
2006	\$ 2,135,787

See auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

B. Liabilities (Continued):

1. Pension Plans (Continued):

Plan Description (Continued):

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

Chapter 49 of the Laws of 2003 of the State of New York was enacted which made the following changes to the Systems:

- Requires minimum contributions by employers of 4.5% of payroll every year, including years in which the investment performance would make a lower contribution possible.
- Changes the cycle of annual billing such that the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1st.

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.

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, 2006 through 2008. The County of Greene elected to make the full payments to date.

Chapter 260 of the Laws of New York State changed the annual payment due date for employers who participate in the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System. The December 15 payment due date changed to February 1. The covered salary period (April 1 - March 31) will not change for the calculation.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

B. Liabilities (Continued):

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.

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 \$3,485,756 has been recorded as non-current government liability.

3. Bonds and Long-Term Debt:

- a. At December 31, 2008 the total outstanding indebtedness of the County aggregated \$21,178,777. Of this amount, \$15,135,000 was subject to the constitutional debt limit and represented approximately 5.01 % of its statutory debt limit.

See auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

II. 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:

Note Payable - The Urban Development Corporation (UDC) has loaned the County funds as part of a loan/grant for industrial infrastructure development. As described in Note III A, the County loaned the note proceeds to local businesses. The local businesses repay the County's loan with UDC. The grant agreement contains certain covenants. Noncompliance with those covenants could cause the grant amount and the unpaid note payable to become immediately due. The note payable is secured by personal guarantees of the owners of the local businesses receiving the loan/grant proceeds.

Unfunded Retirement represents the unbilled and noncurrent portion of the liability to the New York State Employees' Retirement System.

Compensated Absences represent the value of earned and unused portions of the liability for employees' vacations and sick pay.

Operating Leases, Installment Purchase Debt and Joint Water Project User Fee - The County leases a significant amount of property and equipment under operating leases. The County had operating and capital lease obligations of \$246,652 at December 31, 2008. Total rental expenditures on such leases for the year were approximately \$123,981. The County paid off the installment purchase debt obligation during the December 31, 2008 year end. Installment debt reduction totaled \$31,354 for the year.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

B. Liabilities (Continued):

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

c. Other Long Term Debt (Continued):

Additionally, the County has 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 balance outstanding at December 31, 2008 was \$554,332.

Maximum future noncancelable payments on these obligations are as follows:

2009	\$ 125,468
2010	112,841
2011	94,342
2012	75,333
Thereafter	393,000
	<u>\$ 800,984</u>

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

Payable From/ <u>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	1988	2,530,000	5.7%	\$ 630,000
Community College	1997	3,009,500	5.0%	1,510,000
Public Improvement	2003	16,160,000	2.25%	12,995,000
Total serial bonds and other notes payable				<u>\$ 15,135,000</u>

See auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

B. Liabilities (Continued):

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

d. Long-Term Debt Maturity Schedule (Continued):

Serial bonds and other notes payable maturities are as follows:

	<u>Principal</u>	<u>Interest</u>
2009	\$ 985,000	\$ 448,335
2010	1,005,000	464,955
2011	1,040,000	428,950
2012	1,065,000	405,056
2013	1,153,000	378,400
Thereafter	9,887,000	1,947,215
	<u>\$ 15,135,000</u>	<u>\$ 4,072,911</u>

e. Summary Long-Term Debt - The following is a summary of long-term liabilities outstanding at December 31, 2008:

<u>Liabilities</u>	<u>Internal Service Fund</u>	<u>Non-Current Government Liabilities</u>	<u>Total</u>
Serial bonds	\$ -	\$ 15,135,000	\$ 15,135,000
Total serial bonds	-	15,135,000	15,135,000
Compensated absences	-	3,485,756	3,485,756
Operating leases	-	246,652	246,652
Joint water project user fee	-	554,332	554,332
Judgments and claims	-	472,151	472,151
Workers' Compensation premiums	1,284,886	-	1,284,886
Total bond and long-term liabilities	<u>\$ 1,284,886</u>	<u>\$ 19,893,891</u>	<u>\$ 21,178,777</u>

See auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

B. Liabilities (Continued):

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

- f. The following is a summary of changes in the long-term debt for the period ended December 31, 2008:

	Internal Service Fund	Non-Current Government Liabilities	Total
<u>Liabilities</u>			
Payable at December 31, 2007	\$ 1,130,811	\$ 20,948,010	\$22,078,821
Additions	154,075	146,491	300,566
Deletions	-	1,200,610	1,200,610
Payable at December 31, 2008	<u>\$ 1,284,886</u>	<u>\$ 19,893,891</u>	<u>\$ 21,178,777</u>

4. Deferred Revenue:

General Fund:

Deferred revenue of \$4,244,820 represents advances received but not yet earned from state agencies at December 31, 2008. This amount will be recognized as revenue when eligible expenditures are incurred. \$4,073,181 represents deferred tax revenue as more fully disclosed in Note I H.

Special Revenue:

Deferred revenue of \$2,539,949 in the Special Grant Fund represents community and economic development loans more fully disclosed in Note II A2.

5. 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.

See auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

B. Liabilities (Continued):

5. Conduit Debt Obligations (Continued):

On December 30, 2004, Greene County Industrial Development Agency took out a \$3,750,000 Tax Exempt Revenue Bond. This bond was taken out in relation to the Kalkberg Commerce Park Project. Greene County Industrial Development Agency is required to apply sixty percent of collections for land sales to the principal outstanding. During 2008 the Agency paid \$98,269 in interest.

The activity for the year was as follows:

Balance at 12/31/07	Issued During Fiscal Year	Paid During Fiscal Year	Balance at 12/31/08
\$ 2,511,519	\$ -	\$ 2,511,519	\$ -

See Note II A2, Deferred Revenue, for further conduit debt.

C. Interfund Activities:

1. Interfund Receivables and Payables - Interfund receivable and payable balances at December 31, 2008 are as follows:

	<u>Receivable</u>	<u>Payable</u>
General fund	\$ 990,618	\$ -
Special Revenue - County Road Fund		
County Road	705,432	1,267
Community Development	-	40,177
Capital Projects Fund	1,267	1,655,474
Trust and Agency	-	399
	<u>\$ 1,697,317</u>	<u>\$ 1,697,317</u>

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	\$ 865,998
County Road Machinery Fund	69,022
Special Grant - Community Development	662,410
Special Grant - Economic Development	32,490
	<u>\$ 1,629,920</u>

See auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

D. Fund Balance (Continued):

2. Restricted Fund Balance:

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

Appropriated for ensuing year's budget	<u>\$ 3,705,000</u>
--	---------------------

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

Bowery Creek Project	\$ 18,037
CSX Bridge	46,210
FEMA Projects	125,564
Fire Training Center Project	170,386
Five Year Highway Project	31,387
Highway Buildings	216,953
Office Building Project	272,290
Purling Bridge Project	(10,079)
Route 67 Bridge Project	(21,910)
Route 49 Bridge Project	(18,000)
Route 83 Bridge Project	(107,899)
Route 79 Batavia Project	(365,656)
Route 67 Slope Stabilization Project	138,462
Catskill Creek Boardwalk Project	342,973
Records Management Building Remodeling Project	(1,692)
Community College	142,366
Bush Road Bridge	(12,530)
FEMA 2005	1,116
Transfer Station	16,883
High Falls Road - Kaaterskill	(68,134)
Court House Renovation	(1,857,599)
Emergency Service Facility	610,301
College Renovation	266,044
Hannacroix Creek Bridge	(25,117)
Jefferson Streetscape	90,837
County Jail Renovation	173,898
	<u>\$ 175,091</u>

See auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

II. 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	\$ 295,517
Reserve for indebtedness	\$ 5,140
Liabilities arising from judgment, actions, and causality claims against the County	\$ 508,382

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

Bataviakill	\$ 56,071
Bus Transit	2,000
County Clerk	15,110
Emergency Preparedness	8,856
Handicapped Parking	2,767
Court House Renovation	45,360
Public Safety Communication System	91,607
Stop DWI	28,536
Legislative Youth Program	134,775
Total miscellaneous reserves	\$ 385,082

The Workers' Compensation Proprietary Fund balance includes reserves established for the following purpose:

Liabilities arising from Workers' Compensation claims against the County	\$ 70,193
---	-----------

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

Encumbrances	\$ 465
Reserve for indebtedness	\$ 445

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

Encumbrances	\$ 33,922
Reserve for indebtedness	\$ 2,554

See auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

II. 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 (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 assets are no longer displayed in the County's financial statements.

III. 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 from:

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

Community College

Columbia and Greene Counties jointly sponsor the Columbia-Greene Community 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 auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

III. Joint Ventures (Continued):

The counties' governing boards also retain certain budgetary approval powers. The counties' share of college operating budgets is based on enrollment. For the 2007-2008 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, 2008 is as follows:

	Primary <u>Institution</u>	Component <u>Unit</u>
Current assets	\$ 5,444,130	\$ 2,366,975
Non-current assets	\$ 23,541,511	\$ -
Current liabilities	\$ 4,287,219	\$ 50,094
Non-current liabilities	\$ 31,949,676	\$ -
Net assets	\$ (7,251,254)	\$ 2,316,881
Total operating revenues	\$ 8,127,721	\$ 1,348,151
Total operating expenses	\$ 19,969,327	\$ 1,326,486
Non-operating revenues and expenses	\$ 8,529,377	\$ (15,719)
Other revenues, expenses, gains or losses	\$ 1,314,073	\$ -
Change to net assets	\$ (1,886,221)	\$ 5,946

Columbia-Greene Community College included in its financial statements for the year ended August 31, 2008, 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 4.7 % 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.

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 auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

III. 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

IV. 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. 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.

V. 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.

VI. Prior Period Adjustment:

The County made a prior period adjustment of \$529,685 to write off federal and state aid receivable booked to revenue in prior years but determined to be uncollectible. The federal and state aid receivable booked at the December 31, 2008 year end was deemed, by the Treasurer, to be fully collectible therefore no allowance was established for the remaining receivables.

See auditors' report.

SUPPLEMENTAL INFORMATION

COUNTY OF GREENE, NEW YORK
COMBINED BALANCE SHEET - SPECIAL REVENUE FUNDS
December 31, 2008

	COUNTY ROAD	COUNTY ROAD MACHINERY	COMMUNITY DEVELOPMENT	ECONOMIC DEVELOPMENT	TOTAL SPECIAL REVENUE
ASSETS					
Cash	\$ 12,028	\$ 11,492	\$ 196,612	\$ 14,770	\$ 234,902
Cash - restricted	450,820	102,788	1,444,195	17,720	2,015,523
Investment held by fiscal agent	-	-	-	-	-
Taxes receivable - net	-	-	-	-	-
State and federal receivables	71,670	-	-	-	71,670
Accounts receivable	-	103,983	26,768	-	130,751
Note receivable net of unamortized discount	-	-	2,539,949	-	2,539,949
Due from other funds	705,432	-	-	-	705,432
Due from other governments	-	-	-	-	-
Land, building and equipment:					
Land	-	-	-	-	-
Building	-	-	-	-	-
Equipment	-	-	-	-	-
Other assets - inventory	-	-	-	-	-
Prepaid items	-	-	-	-	-
Amounts to be provided for retirement of general long-term debt	-	-	-	-	-
Total assets	\$ 1,239,950	\$ 218,263	\$ 4,207,524	\$ 32,490	\$ 5,698,227
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 210,528	\$ 128,456	\$ 918,602	\$ -	\$ 1,257,586
Other liabilities	-	-	-	-	-
Agency liabilities	-	-	-	-	-
Retained percentage	-	-	31,199	-	31,199
Due to other governments	-	-	15,187	-	15,187
Due to other funds	1,267	-	40,177	-	41,444
Due to NYS Retirement System	162,157	20,785	-	-	182,942
Compensated absences	-	-	-	-	-
Bond and long-term debt	-	-	-	-	-
Deferred revenues	-	-	2,539,949	-	2,539,949
Total liabilities	373,952	149,241	3,545,114	-	4,068,307
Fund Balance:					
Fund balances reserved:					
Reserve for encumbrances	465	33,922	-	-	34,387
Reserve for indebtedness	445	2,554	-	-	2,999
Reserve for risk retention	-	-	-	-	-
Expendable trust funds	-	-	-	-	-
Miscellaneous reserves	-	-	-	-	-
Fund balance - unreserved:					
Appropriated-ensuing year's budget	-	-	-	-	-
Unappropriated	865,088	32,546	662,410	32,490	1,592,534
Total fund balance	865,998	69,022	662,410	32,490	1,629,920
Total liabilities and fund balance	\$ 1,239,950	\$ 218,263	\$ 4,207,524	\$ 32,490	\$ 5,698,227

See 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
for the year ended December 31, 2008

	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	MODIFIED BUDGET	ACTUAL	ENCUM- BRANCES
REVENUES AND OTHER SOURCES															
Revenues:															
Real property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Real property tax items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-property tax items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Departmental income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental charges	13,000	5,392	-	-	-	-	-	-	-	-	-	-	13,000	5,392	-
Use of money and property	-	9,462	-	-	1,683	-	-	-	-	-	-	-	-	11,284	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of property and	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
compensation for loss	1,000	10,992	-	320,000	484,718	-	-	-	-	-	-	-	321,000	495,710	-
Miscellaneous local sources	-	138,379	-	873,820	980,048	-	900,000	618,266	-	-	-	-	1,773,820	1,736,693	-
Proceeds of obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State aid	1,231,689	1,445,668	-	-	-	-	34,500	34,500	-	-	-	-	1,266,189	1,480,168	-
Federal aid	-	-	-	-	-	-	400,000	-	-	-	-	-	400,000	-	-
Total revenues	1,245,689	1,609,893	-	1,193,820	1,466,449	-	1,334,500	652,766	-	139	-	-	3,774,009	3,729,247	-
Other sources:															
Operating transfers	7,508,102	7,508,102	-	632,148	632,148	-	20,398	3,200	-	-	-	-	8,160,648	8,143,450	-
Total other sources	7,508,102	7,508,102	-	632,148	632,148	-	20,398	3,200	-	-	-	-	8,160,648	8,143,450	-
Total revenues and other sources	8,753,791	9,117,995	-	1,825,968	2,098,597	-	1,354,898	655,966	-	139	-	-	11,934,657	11,872,697	-
EXPENDITURES AND OTHER USES															
Expenditures:															
General government support	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	199,120	-	-	-	-	-	-	-	-	-	-	-	199,120	-
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	6,667,530	6,425,763	465	1,452,281	1,943,347	33,922	-	-	-	-	-	-	8,119,811	8,369,110	34,387
Economic assistance and opportunity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Home and community services	-	-	-	-	-	-	1,352,250	1,880,308	-	-	-	-	1,352,250	1,880,308	-
Employee benefits	1,726,853	1,787,911	-	240,639	235,121	-	2,648	2,648	-	-	-	-	1,970,140	2,025,680	-
Debt service (principal/interest)	559,408	559,407	-	133,048	133,047	-	-	-	-	-	-	-	692,456	692,454	-
Total expenditures	8,953,791	8,972,201	465	1,825,968	2,311,515	33,922	1,354,898	1,882,956	-	-	-	-	12,134,657	13,166,672	34,387
Other uses:															
Operating transfers	-	96,053	-	-	-	-	-	-	-	-	-	-	-	96,053	-
Total other uses	-	96,053	-	-	-	-	-	-	-	-	-	-	-	96,053	-
Total expenditures and other uses	8,953,791	9,068,254	465	1,825,968	2,311,515	33,922	1,354,898	1,882,956	-	-	-	-	12,134,657	13,262,725	34,387
Appropriated Fund Balance	200,000	-	-	-	-	-	-	-	-	-	-	-	200,000	-	-
Excess of revenue (expenditures)	\$ -	49,741	-	\$ -	(212,918)	-	\$ -	(1,226,990)	-	-	-	139	\$ -	(1,390,028)	-
Fund balance, beginning	-	816,257	-	-	281,940	-	-	1,889,400	-	-	-	32,351	-	3,019,948	-
Fund balance, ending	\$ 865,998	-	-	\$ 69,022	-	-	\$ 662,410	-	-	-	-	\$ 32,490	-	\$ 1,629,920	-

See auditors' report. See notes to financial statements.

COUNTY OF GREENE, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended December 31, 2008

Federal Grantor/ <u>Pass-through Grantor/Program Title</u> <u>Department of Agriculture</u>	<u>Federal CFDA Number</u>	<u>NYS Contract Number</u>	<u>Federal Expenditures</u>
Passed through State Department of Social Services:			
Supplemental Nutrition Assistance Program	10.551		\$ 4,552,756
State Administrative Grants for the Supplemental Nutrition Assistance Program	10.561		<u>622,442</u>
Total Department of Agriculture			<u>5,175,198</u>
 <u>Department of Health and Human Services</u>			
Passed through State Department of Social Services:			
Social Services Block Grant	93.667		745,750
Foster Care – Title IV E	93.658		1,299,056
Child Support Enforcement	93.563		436,787
Independent Living	93.674		12,258
Medical Assistance Program	93.778		1,868,641
Federal Medicaid Salary Sharing	93.778		99,407
Temporary Assistance for Needy Families	93.558		2,331,432
Low Income Home Energy Assistance	93.568		3,251,985
Family Planning Service	93.217		359,109
Child Care and Development Block Grant (A)	93.575		457,060
Child Care and Development Block Grant- Program Income (A)	93.575		14,399
Bioterrorism Training	93.283	CO1608-06	49,538
 Passed through NYS Board of Elections:			
Voting Access for Individuals with Disabilities	93.617		8,523
 Passed through State Office for the Aging:			
Title III, Part C – Nutrition Services	93.045		110,677
Title III, Part C – Nutrition Services-Program Income	93.045		32,215
Title III, Part B – Supportive Services	93.044		61,019
Title III Part B – Supportive Services-Program Income	93.044		203
Title III, Part D – Disease Prevention and Health Promotion Services	93.043		4,449
Title III, Part E – Older Americans Act	93.052		30,856
Title III, Part E – Older Americans Act - Program Income	93.052		1,086
Title VII – Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.041		13,674
Nutrition Services Incentive Program	93.053		58,115

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

COUNTY OF GREENE, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
for the year ended December 31, 2008

Federal Grantor/ <u>Pass-through Grantor/Program Title</u>	Federal CFDA <u>Number</u>	NYS Contract <u>Number</u>	Federal <u>Expenditures</u>
Passed through State Office for the Aging (Continued):			
Health Insurance Information, Counseling, and Assistance Program	93.779		\$ 39,230
Weatherization Referral and Packaging Program	93.568		22,893
Retired and Senior Volunteer Program	94.002		31,021
Passed through State Health Central Administration:			
Early Intervention	84.181	C021796	31,775
Children with Special Healthcare Needs	93.994	C021554	14,219
Family Planning Service (B)	93.217	C019917	83,840
Family Planning Service (B)	93.558	C019917	92,224
Family Planning Service (B)	93.994	C019917	25,152
Family Planning Service – Program Income	93.217		221,339
Immunization Grant (D)	93.268	C018664	9,609
Lyme Disease (E)	93.991	C020178	13,942
Childhood Lead Poisoning Prevention (C)	93.994	C020609	11,183
Passed through State Office of Alcoholism and Substance Abuse:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959		196,806
Passed through State Office of Mental Health:			
Child Welfare Services – State Grants	93.645		71,925
Total Department of Health and Human Services			<u>12,111,397</u>
<u>Department of Housing and Urban Development</u>			
Rural Housing and Economic Development	14.250		596,626
Passed through the United Way:			
Emergency Shelter Grants Program	14.231		10,000
Passed through State Department of Housing and Community Renewal:			
Section 8 Housing Voucher Program	14.855		<u>113,062</u>
Total Department of Housing and Urban Development			<u>719,688</u>

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

COUNTY OF GREENE, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
for the year ended December 31, 2008

<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	D022127	1,544,090
Highway Planning and Construction	20.205	D024667	735,403
Highway Planning and Construction	20.205	D030710	84,086
Highway Planning and Construction	20.205	D031082	2,195
Highway Planning and Construction	20.205	D030072	55,393
Highway Planning and Construction	20.205	D022495	22,826
Marchicelli	20.205	3303052	99,006
Marchicelli	20.205	3302900	34,000
Marchicelli	20.205	3200670	59,766
			<u>2,636,765</u>
Formula Grants for other than Urbanized Areas	20.509		28,100
Total Department of Transportation			<u>2,664,865</u>
<u>Department of Homeland Security</u>			
Passed through State Emergency Management Office:			
Disaster Grants - Public Assistance	97.036		127,818
Emergency Management Performance Grants	97.042		24,877
Total Federal Emergency Management Agency			<u>152,695</u>
<u>U.S. Election Assistance Commission</u>			
Passed through NYS Board of Elections:			
Help America Vote Act	90.401		319,682
Total Expended Federal Awards			<u>\$ 21,143,525</u>

(A) Expenditures claimed under Child Care and Development Block Grant totaled \$457,060. The amount of federal versus state dollars attributable to these expenditures is undeterminable at this time.

(B) Total expenditures claimed under contract C019917 was \$201,215.

(C) Total expenditures claimed under contract C020609 was \$13,837.

(D) Total expenditures claimed under contract C018664 was \$18,842.

(E) Total expenditures claimed under contract C020178 was \$17,517.

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

COUNTY OF GREENE, NEW YORK
SCHEDULE OF STATE TRANSPORTATION ASSISTANCE FUNDS EXPENDED
for the year ended December 31, 2008

<u>Program Title</u>	<u>NYS Contract Number</u>	<u>State Expenditures</u>
Consolidated Local Street and Highway Improvement Program		\$ 1,419,735
Highway Planning and Construction	D022495	3,106
Statewide Mass Transportation Operating Assistance		<u>33,588</u>
		<u>\$ 1,456,429</u>

See 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, 2008, as listed in the table of contents and have issued our report thereon dated September 19, 2009. As discussed in Notes I and I G, the County did not apply the provisions of GASB 34 and GASB 45 during 2008. 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 opinion 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County of Greene, New York's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County of Greene, New York's financial statements that is more than inconsequential will not be prevented or detected by the County of Greene, New York's internal control. We reported significant deficiencies involving the internal control over financial reporting in a separate letter to management of the County of Greene, New York dated September 18, 2009.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County of Greene, New York's internal control.


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

Compliance:

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain significant deficiencies that we have reported to management of County of Greene, New York in a separate letter dated September 18, 2009.

This report is intended solely for the information 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.

 Adam, Harley, Have
a Question, CPA's, P.C.

Catskill, New York
September 18, 2009

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO 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 compliance of County of Greene, New York with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. 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 program 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 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 requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance


The 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, 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.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies, as defined above.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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 H. Haver
a Green, CPA's, P.C.

Catskill, New York
September 18, 2009

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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, 2008. 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, 2008.

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 financial statements of County of Greene, New York as of September 18, 2009 and for the year ended December 31, 2008, and have issued our report thereon dated September 18, 2009. 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.

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

Catskill, New York
September 18, 2009

COUNTY OF GREENE, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR
FEDERAL ASSISTANCE EXPENDED
December 31, 2008

A. Summary of Auditor's Results

1. The auditor's report expresses a qualified opinion on the general-purpose financial statements of County of Greene, New York.
2. No instances of noncompliance material to the financial statements of County of Greene, New York were disclosed during the audit.
3. The auditor's report on compliance for the major federal award programs for County of Greene, New York expresses an unqualified opinion.
4. Audit findings relative to the major federal award programs for County of Greene, New York are reported in Part C of this Schedule.
5. 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
93.568	Low Income Energy Assistance
10.551 & 10.561	Supplemental Nutrition Assistance Program Cluster
 <u>Type B</u>	
14.250	Rural Housing and Economic Development
97.036	Disaster Assistance
90.401	Help America Vote Act

6. The threshold for distinguishing Type A and B Programs was \$634,306.
7. County of Greene, New York was determined to be a low-risk auditee.

B. Findings - Financial Statements Audit

NONE

C. Findings and Questioned Costs - Major Federal Award Programs

NONE

D. Summary of Prior Year's findings:

NONE

See 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, 2008

A. Summary of Auditor's Results

1. Internal control over state transportation assistance expended:
 - a. Material weakness(es) identified No
 - b. Reportable condition(s) 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

B. Compliance Findings and Questioned Costs:

No matters were reported

See auditors' report. See notes to financial statements.

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September 18, 2009

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

In planning and performing our audit of the financial statements of Greene County, New York as of and for the year ended December 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Greene County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Greene County's internal control. Accordingly, we do not express an opinion on the effectiveness of Greene County's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We noted no material weaknesses during the course of our audit. However, as discussed below we identified certain deficiencies in internal control that we consider to be significant deficiencies.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various County personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Material Weakness:

A material weakness is a significant deficiency, or a combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

We noted no material weaknesses during the course of our audit.

Significant Deficiencies:

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

Invoice Processing:

An important element of the auditor's function is to perform a proper evaluation of the existing system of internal control in order to determine the degree of reliance, which may be placed on the system in performing the various auditing procedures. As part of the County's financial statements, we reviewed, evaluated and tested the controls with respect to purchasing. Our tests disclosed the following:

Of the sixty-four selected vouchers tested, we noted the following:

- There were five instances where there was no signature for receipt of goods.
- Individual math checking of the invoices were not documented for many invoices.

Incomplete or lack of documentation and approval of invoices may result in incorrect amounts being paid and may allow errors to go undetected for undue periods of time.

Although we are aware that every invoice is supposedly math checked and we did not find any errors or irregularities in payments, we still recommend that the County provide a "function stamp" for all employees reviewing invoices to ensure compliance with internal control procedures. Once stamped, each invoice will have a designated place to indicate who has received the goods, checked for mathematical accuracy, approved the payment and indicate that the invoice was paid.

We also recommend that all vouchers, if applicable, contain an invoice, purchase order, receipt of goods and copies of quotes and resolutions to insure that the internal control procedures are adhered to. In addition the voucher should also indicate how the procurement policy was followed; e.g. state bid list, sole vendor, bidding process, etc.

Accounts Payable Cutoff:

During our search for unrecorded liabilities, we noted some invoices relating to goods received or services performed prior to the year-end date, which were not recorded as payables in the proper period. Proper cutoffs are critical for the accuracy of the accrual basis of accounting. We suggest that the Treasurer prepare written instructions to be included as a part of the County's accounting policy and procedure manual that indicates the basic concepts of proper cutoffs and the individuals responsible for accruing payables at the year end.

Leases:

During our audit we noted that the County has not implemented a policy to track all leases.

We recommend the Treasurer track the leases for each department and properly determine if the lease is a capital or operating lease. All capital leases should be added to the fixed assets in the year that the agreement is signed. The agreement should be reviewed by the County attorney to verify that the agreement is beneficial to the County and a copy should be forwarded to the Treasurer's Office.

We also noted during the audit that not all leases were posted to the correct account which may effect the budget. There is a specific line item to record lease payments. We found instances where lease payments were recorded to the general contractual account making it difficult to track lease activity. During the budget process and when recording lease payments the County should ensure the activity is posted to the correct account.

We recommend the Treasurer's Office receives copies of all department's leases and creates a schedule which would be reconciled to the accurate line item in the general ledgers and to the fixed assets, if applicable.

Bail Deposits:

We noted during our audit that the County has no formal policy in place for the handling bail deposit monies. The County needs to put a policy in place to manually track bail deposits outside of the computer system. The County needs to make a good faith attempt to return the money to the appropriate third party. If the third party can be identified and an attempt is made to return the money without success the County can keep the proceeds; however if the third party cannot be identified the proceeds should be sent to the New York State Comptroller's Office for unclaimed funds. The County should contact the Comptroller's Office for further verification on how to handle these transactions before implementing a policy.

Annual Budget:

We noted during our audit that improvements in the budget modification process could be made by the County.

We recommend the County perform budget modifications prior to adopting the following year's budget.

Federal/State Aid:

We noted during our audit that the County needs to get a better procedure in place to monitor all federal and state aid that the County receives. We found some instances where the vouchers specifically stated the federal percentage but the amounts were posted to a state aid line item. All revenue from federal and state agencies should be reconciled to supporting documentation for the year.

We recommend that a separate spreadsheet per agency be kept and that the monies be segregated between state and federal aid. All agencies should be sent a letter at the year end to verify the total amount and source of the revenue.

Previously reported significant deficiencies not yet resolved:

During prior audits Pattison, Koskey, Howe & Bucci has made comments on prior years management letters for matters deemed to be reportable conditions in which still exist during our 2008 audit. Although we feel the County is making some progress on these comments and some are in the process of being implemented these are still comments that deserve your consideration.

Fixed Assets:

Our procedures noted that the County has not implemented a full accounting of its fixed asset inventory in its software module and retains the audit qualification in previous years' reports.

Fixed asset maintenance requires detailed accountability of any acquisitions, dispositions and transfers.

The system of fixed asset maintenance currently in place allows for potential clerical errors and for errors and irregularities to occur and go undetected for undue periods of time.

We understand the County's general ledger software conversion includes a fixed asset module and that this module will be utilized in the future, once the existing fixed asset data is converted over.

We recommend the County completely update its fixed asset inventory as quickly as possible to provide greater accountability to elected officials and County taxpayers. This can be accomplished by hiring a firm, as the County has previously considered, who will do a complete inventory and valuation of the assets or have each department complete their own inventories and trace each item back to its original purchases to determine the cost basis. Reasonable initial thresholds should be established to capture between 80% and 90% of the value of the County's fixed assets for inventory and financial reporting purposes.

We also recommend that a physical inventory of fixed assets be done periodically. An accurate inventory of fixed assets will provide a much stronger control to detect any future fixed assets removal or disposition without proper authorization.

We have noted that the County has changed current thresholds from \$1,000 to \$5,000, and this should be periodically reviewed and adjusted as necessary to balance the costs and commitment in staff time with the total value of County assets reported. In addition, the respective departments need to be advised as to the correct accounts where assets should be posted and forward copies of all purchases that meet the threshold to the Treasurer's Office where all of the County's fixed assets can be accounted for.

We also noted that a plan for GASB 34 retroactive infrastructure reporting has not yet been implemented.

We suggest that the County leadership reconsider the merits of adopting a plan to comply with the provisions of GASB 34 (*Management's Discussion and Analysis—for State and Local Governments*) and its implementation schedule for retroactive infrastructure reporting. We believe that a phased implementing plan to assess the County's infrastructure would lower the overall cost of implementation, improve budget planning, and be looked upon favorably by outside users namely bond rating agencies, bond holders, and taxpayers.

Inactive Accounts:

Inactive accounts simply clutter the accounting records and can cause confusion regarding the true level of activity.

Capital Projects – we noted that there were numerous capital projects that have been completed but still show balances in cash and in some cases loans from other funds. Some of these projects do not seem to have enough cash to repay those loans.

County Road – during the audit we noted that there are a few projects that have been completed for several years that are still awaiting receivables from the Department of Transportation.

Cash – during our audit we noted some cash accounts that were closed and inactive that still appears on the Trial Balance.

We recommend that the County request the necessary appropriations needed to fulfill their obligations to the other funds or write off the interfund balances for the completed capital projects. We also recommend the County investigate the outstanding receivables to determine if they will ever be collected or if they should also be written off. Further we recommend that inactive cash accounts and individual funds be taken off the trial balances.

GASB 45:

During our audit we have noted that the County has not implemented a plan of action to comply with the provision of GASB 45 (*Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*). This standard addresses how state and local governments should account for and report their costs and obligations related to post employment healthcare and other nonpension benefits. Collectively, these benefits are commonly referred to as other postemployment benefits, or OPEB.

Generally, starting with the year end of June 2008 or later for phase in based upon size, governmental entities will need to measure and disclose the annual OPEB cost on the accrual basis of accounting for the entity-wide financial statements. Depending on the size of the entity, this will involve a detailed actuarial study at least once every three years and more often for larger entities. Small plans with less than 100 members (both current and retired combined) will be allowed to utilize an alternate valuation method that will utilize the same broad concepts of the actuarial valuation. The most common type of OPEB found in governmental entities today is post employment health insurance paid in whole or part by the employer. The calculation will include both retired employees and their beneficiaries receiving the benefit and active employees learning the benefit. The actuarial calculation will measure the annual required contributions from previous periods and the estimated net OPEB obligation in current dollars. Disclosure will cover funding policy, contributions versus annual costs, the change in annual net OPEB obligation, the funded status of the obligation and the nature of the valuation methods and assumptions utilized. Generally speaking, based upon similar pension disclosures, this will amount to approximately a page and a half of information in the footnotes.

We are aware the County has engaged a firm to complete the GASB 45 calculation and properly maintain this yearly. The County also will implement in 2009 information about the funded status of the plan and the presentation of multi-year funding progress trend.

Interfund Loans:

At year end the County's financial statements reported interfund balances of \$1,697,317. Some of these loan balances have remained for numerous years.

We are aware that the County Treasurer has reconciled the detail of individual interfund loan balances and has partially repaid these amounts.

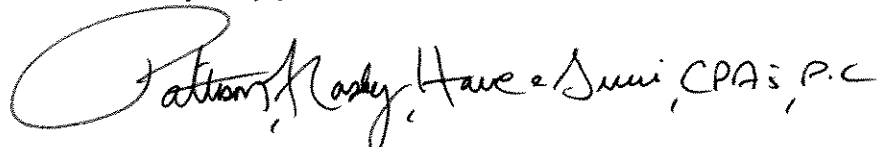
Any transfers at year-end that extend for more than one year, should be treated as a loan and interest should be accrued until the loan is paid off, as required by General Municipal Law. Interfund transfers should only be considered for the short-term and be re-paid as soon as possible. We further recommend that all future interfund transfers be approved through the voucher process so that adequate documentation of the nature of the transaction and related approval is kept for future reference.

We believe that the implementation of these recommendations will provide the County with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you and assist in any way possible with their implementation.

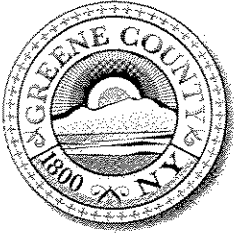
We would like to take this opportunity to express our appreciation to Greene County personnel for their assistance and cooperation during our audit of the December 31, 2008 financial statements. We thank you for the opportunity to be of service to you.

This report is intended solely for the information and use of the County Legislature, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Patton, Koskey, Howe & Bucci, CPAs, P.C.", written over a large, loopy circular flourish.

Pattison, Koskey, Howe & Bucci, CPAs, P.C.



**Greene County
Treasurer**

411 Main Street
PO Box 191
Catskill, New York 12414

Willis Vermilyea
Treasurer

Madelyn J. Brandow
Deputy Treasurer

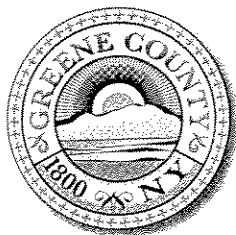
Response to Management Letter

Corrective Action Plan

Fiscal year 2008



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**Greene County
Legislature**

411 Main Street
Post Office Box 467
Catskill, New York 12414

Dan Frank
**Interim County
Administrator**

INTEROFFICE MEMORANDUM

TO: WILLIS VERMILYEA, COUNTY TREASURER
FROM: DAN FRANK, INTERIM COUNTY ADMINISTRATOR
SUBJECT: 2008 CORRECTIVE ACTION PLAN
DATE: 9/25/2009

Invoice Processing:

On the present General Fund Voucher, the Accounts Payable department initials the "audited by" to signify that the attached invoices have been added and are being paid correctly. Department Head signature on the present voucher approves the payment of the attached invoices.

We are in the process of adding a function box on the voucher to check off receipt of goods, Mathematical accuracy, Approved for Payment, Pay Date. If applicable, resolutions, purchase orders, quotes and delivery receipts will be attached to the voucher.

A continuing effort will be made to assure all vouchers document performance by the Department Heads of each step in the established rules of purchasing and payment review.

Accounts Payable Cutoff:

The Treasurer's Office along with the Office of the County Administrator are working on extending the accounts payable cutoff to help in the recording of payables. Written instructions to be included in the accounting policy and procedure manual are being worked on.

Leases:

During this year's Budget Process we will make an effort to work with all County Departments to standardize the budget appropriations for payment of leases.

This office will continue to make an effort to provide any leases processed to the Treasurer to help track lease activity.

Annual Budget:

The County will make an effort to perform Budget Modifications periodically thru out the year.

Mjj



GREENE COUNTY

PO Box 467

Catskill, NY 12414

Claimants

Name

And

Address

Voucher

Number

GENERAL FUND

Purchase Order #

Check #

Date Paid

Fund - Appropriation

Amount

TOTAL

Detailed invoices must be attached and total entered on this voucher.

Vendor's

Date

Invoice #

Quantity

Description of Materials or Services

Unit Price

Amount

Department Verification

Delivery signed off

Invoices verified

Mathematical Accuracy

Approved for Payment

Procurement Policy

State Bid

Sole vendor

Bids

Quotes

Other

TOTAL

The items of the within account are true and correct, the amounts shown therein remain due, owing and unpaid, the services or equipment have actually been rendered or delivered to Greene County

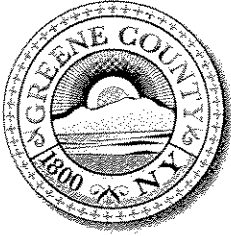
Department

Department Head

Date

Audited by

Date



**Greene County
Treasurer**

411 Main Street
PO Box 191
Catskill, New York 12414

Willis Vermilyea
Treasurer

Madelyn J. Brandow
Deputy Treasurer

Interoffice Memorandum

To: Dan Frank, Interim County Administrator

From: Willis Vermilyea, County Treasurer

Subject: 2008 Corrective Action Plan

Date: September 28, 2009

Bail Deposits:

The Treasurer's Office will develop a policy on Bail Deposits in compliance with the rules and regulations set forth by the NYS Comptroller's office.

Federal/State Aid:

Instructed all Dept. Heads to indicate the Account No. relating to all Federal and State Aid Requests. At year end Treasurer's Office will provide listing to each Dept. to verify the information.

Fixed Assets:

Legislature modified policy with Resolution No. 188-09. The Director of Administrative Services has been assigned the task of setting up the required financial records with an anticipated completion date on or before 12/31/2009.

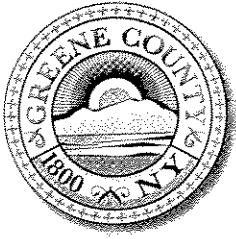
Inactive Accounts:

Reviewed with New World Systems (accounting software provider) recommended not to modified account setup, historical data will be affected. All Funds and Depts. that have had no transactions in the last 3 years will be eliminated from all reports.

Capital Projects-A complete review of all Capital Project is in process with an anticipated completion date of 12/31/2009.

County Road-We have requested the County Road Dept to make a review of all Receivables to be completed by 12/31/2009.





**Greene County
Treasurer**

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Willis Vermilvea
Treasurer

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Deputy Treasurer

Page 2

Cash-Balance sheet items not recommended to be inactivated by the software vendor.

GASB 45:

Milliman firm retained to provide this information to us with values calculated thru 12/31/2008. In addition contract provides for an annual review and updates.

Interfund Loans:

The Treasurer has been authorized by Resolution to make Interfund transfers In order to provide funds for the payment of County vouchers that have been Approved by the Audit committee. All Interfund loans will be reviewed at the end of each month and will be paid back whenever funds are available.

Tet



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