

COUNTY OF GREENE, NEW YORK

FINANCIAL STATEMENTS

December 31, 2005

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, 2005, 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 the New York State Accounting and Reporting Manual, 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.


As described in Note I, the County prepared these financial statements using accounting practices prescribed by New York State to demonstrate compliance with the State's regulatory basis of accounting and budget laws, which practices differ from accounting principles generally accepted in the United States of America. The differences between the regulatory basis of accounting and accounting principles generally accepted in the United States of America are also described in Note I.

In our opinion, based on our audit and the reports of other auditors, the general-purpose financial statements referred to above do not present fairly, in all material respects, the financial position of County of Greene, New York as of December 31, 2005, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the general-purpose financial statements and budgetary results of the County of Greene as of December 31, 2005, on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued our report dated September 28, 2006, except for note VII, as to which the date is September 30, 2006, 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 grants. 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. 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.

 William H. Hosley, Harry  
A. Sweet, CPA's, P.C.

Catskill, New York  
September 28, 2006  
except for note VII, as to which the  
date is September 30, 2006

COUNTY OF GREENE, NEW YORK  
COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS AND DISCREETLY PRESENTED COMPONENT UNITS  
December 31, 2005

|  | GOVERNMENTAL FUND TYPES |                    |                     | PROPRIETARY FUND TYPES   |                | FIDUCIARY FUND TYPES      |                                | NON-CURRENT   |               | TOTAL<br>(Memorandum<br>only) Primary<br>Government | COMPONENT<br>UNITS | TOTAL<br>(Memorandum<br>only) Reporting<br>Entity |
|--|-------------------------|--------------------|---------------------|--------------------------|----------------|---------------------------|--------------------------------|---------------|---------------|---|--------------------|---|
|  | GENERAL                 | SPECIAL<br>REVENUE | CAPITAL<br>PROJECTS | INTERNAL<br>SERVICE FUND | TRUST<br>FUNDS | GOVERN-<br>MENT<br>ASSETS | GOVERN-<br>MENT<br>LIABILITIES |               |               |   |                    |   |
| ASSETS   |                         |                    |                     |                          |                |                           |                                |               |               |   |                    |   |
| Cash   | \$ 14,844,916           | \$ 2,811,983       | \$ 1,151,094        | \$ 716,121               | \$ 1,014,046   | \$ -                      | \$ -                           | \$ 20,538,160 | \$ 1,908,043  | \$ 22,446,203                                       |                    |   |
| Cash - restricted  | 602,749                 | -                  | -                   | 500,000                  | 253,621        | -                         | -                              | 1,356,370     | 482,909       | 1,839,279   |                    |   |
| Investment held by fiscal agent                                    | -                       | -                  | -                   | -                        | -              | -                         | -                              | -             | 781,611       | 781,611   |                    |   |
| Taxes receivable - net   | 9,526,314               | -                  | -                   | -                        | -              | -                         | -                              | 9,526,314     | -             | 9,526,314   |                    |   |
| State and federal receivables                                      | 9,073,384               | 826,458            | 2,842,350           | -                        | -              | -                         | -                              | 12,742,192    | 63,394        | 12,805,586  |                    |   |
| Accounts receivable  | 2,178,257               | 2,114,332          | -                   | 1,311,805                | -              | -                         | -                              | 5,604,374     | 12,150,347    | 17,754,721  |                    |   |
| Note receivable net of<br>unamortized discount                     | 376,230                 | -                  | -                   | -                        | -              | -                         | -                              | 376,230       | -             | 376,230   |                    |   |
| Due from other funds   | 3,685,861               | 54,867             | 89,062              | -                        | -              | -                         | -                              | 3,829,790     | -             | 3,829,790   |                    |   |
| Due from other governments   | 492,877                 | 20,645             | 1,641,000           | -                        | -              | -                         | -                              | 2,154,522     | 1,096,611     | 3,251,133   |                    |   |
| Land, building and equipment:                                      |                         |                    |                     |                          |                |                           |                                |               |               |   |                    |   |
| Land   | -                       | -                  | -                   | -                        | -              | 3,101,139                 | -                              | 3,101,139     | 9,712,885     | 12,814,024  |                    |   |
| Building   | -                       | -                  | -                   | -                        | -              | 20,812,770                | -                              | 20,812,770    | -             | 20,812,770  |                    |   |
| Equipment  | -                       | -                  | -                   | -                        | -              | 13,327,682                | -                              | 13,327,682    | 380,710       | 13,708,392  |                    |   |
| Other assets - inventory   | -                       | -                  | -                   | -                        | -              | 1,598,727                 | -                              | 1,598,727     | 435,237       | 2,033,964   |                    |   |
| Prepaid items  | 162,501                 | -                  | -                   | -                        | -              | -                         | -                              | 162,501       | 6,000         | 168,501   |                    |   |
| Amounts to be provided for<br>retirement of general long-term debt | -                       | -                  | -                   | -                        | -              | -                         | 23,857,746                     | 23,857,746    | -             | 23,857,746  |                    |   |
| Total assets   | \$ 40,943,069           | \$ 5,828,285       | \$ 5,723,506        | \$ 2,527,926             | \$ 1,267,667   | \$ 38,840,318             | \$ 23,857,746                  | #####         | \$ 27,017,747 | \$ 146,006,264                                      |                    |   |

See auditors' report. See notes to financial statements

COUNTY OF GREENE, NEW YORK  
COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS AND DISCREETLY PRESENTED COMPONENT UNITS (CONTINUED)  
December 31, 2005

|                                    | GOVERNMENTAL FUND TYPES |                 |                  | PROPRIETARY FUND TYPE | FIDUCIARY FUND TYPE | NON-CURRENT       |                        | TOTAL                                |                 | TOTAL                              |
|------------------------------------|-------------------------|-----------------|------------------|-----------------------|---------------------|-------------------|------------------------|--------------------------------------|-----------------|------------------------------------|
|                                    | GENERAL                 | SPECIAL REVENUE | CAPITAL PROJECTS | INTERNAL SERVICE FUND | TRUST FUNDS         | GOVERNMENT ASSETS | GOVERNMENT LIABILITIES | (Memorandum only) Primary Government | COMPONENT UNITS | (Memorandum only) Reporting Entity |
| LIABILITIES AND FUND EQUITY        |                         |                 |                  |                       |                     |                   |                        |                                      |                 |                                    |
| Liabilities:                       |                         |                 |                  |                       |                     |                   |                        |                                      |                 |                                    |
| Accounts payable                   | \$ 1,338,812            | \$ 1,168,459    | \$ 690,790       | \$ -                  | \$ -                | \$ -              | \$ -                   | \$ 3,198,061                         | \$ 427,835      | \$ 3,625,896                       |
| Other liabilities                  | -                       | -               | -                | 1,811,805             | -                   | -                 | -                      | 1,811,805                            | 620             | 1,812,425                          |
| Agency liabilities                 | -                       | -               | -                | -                     | 1,254,343           | -                 | -                      | 1,254,343                            | -               | 1,254,343                          |
| Retained percentage                | -                       | 9,512           | 138,917          | -                     | -                   | -                 | -                      | 148,429                              | -               | 148,429                            |
| Due to other governments           | 6,583,701               | 14,082          | -                | -                     | -                   | -                 | -                      | 6,597,783                            | 375,000         | 6,972,783                          |
| Due to other funds                 | 66,050                  | 89,062          | 3,674,678        | -                     | -                   | -                 | -                      | 3,829,790                            | 1,096,611       | 4,926,401                          |
| Due to NYS Retirement System       | 1,526,059               | 253,173         | -                | -                     | -                   | -                 | -                      | 1,779,232                            | -               | 1,779,232                          |
| Compensated absences               | -                       | -               | -                | -                     | -                   | -                 | 3,257,213              | 3,257,213                            | -               | 3,257,213                          |
| Bond and long-term debt            | -                       | -               | -                | -                     | -                   | -                 | 20,600,533             | 20,600,533                           | 15,806,686      | 36,407,219                         |
| Deferred revenues                  | 11,312,744              | 2,048,826       | -                | -                     | -                   | -                 | -                      | 13,361,570                           | 223,350         | 13,584,920                         |
| Total liabilities                  | 20,827,366              | 3,583,114       | 4,504,385        | 1,811,805             | 1,254,343           | -                 | 23,857,746             | 55,838,759                           | 17,930,102      | 73,768,861                         |
| Fund Equity:                       |                         |                 |                  |                       |                     |                   |                        |                                      |                 |                                    |
| Investment in general fixed assets | -                       | -               | -                | -                     | -                   | 38,840,318        | -                      | 38,840,318                           | 380,710         | 39,221,028                         |
| Fund balances reserved:            |                         |                 |                  |                       |                     |                   |                        |                                      |                 |                                    |
| Reserve for encumbrances           | 379,296                 | 78,769          | -                | -                     | -                   | -                 | -                      | 458,065                              | -               | 458,065                            |
| Reserve for indebtedness           | 149,485                 | 67,448          | -                | -                     | -                   | -                 | -                      | 216,933                              | -               | 216,933                            |
| Reserve for risk retention         | 433,356                 | -               | -                | -                     | -                   | -                 | -                      | 433,356                              | -               | 433,356                            |
| Expendable trust funds             | -                       | -               | -                | -                     | 13,324              | -                 | -                      | 13,324                               | -               | 13,324                             |
| Miscellaneous reserves             | 519,939                 | -               | -                | 500,000               | -                   | -                 | -                      | 1,019,939                            | (1,883,710)     | (863,771)                          |
| Fund balance - unreserved:         |                         |                 |                  |                       |                     |                   |                        |                                      |                 |                                    |
| Designated                         | -                       | -               | 1,219,121        | -                     | -                   | -                 | -                      | 1,219,121                            | -               | 1,219,121                          |
| Appropriated-ensuing year's budget | 3,580,000               | 405,000         | -                | -                     | -                   | -                 | -                      | 3,985,000                            | -               | 3,985,000                          |
| Unappropriated                     | 15,053,627              | 1,693,954       | -                | 216,121               | -                   | -                 | -                      | 16,963,702                           | -               | 16,963,702                         |
| Retained earnings                  | -                       | -               | -                | -                     | -                   | -                 | -                      | -                                    | 10,590,645      | 10,590,645                         |
| Total fund equity                  | 20,115,703              | 2,245,171       | 1,219,121        | 716,121               | 13,324              | 38,840,318        | -                      | 63,149,758                           | 9,087,645       | 72,237,403                         |
| Total liabilities and fund equity  | \$ 40,943,069           | \$ 5,828,285    | \$ 5,723,506     | \$ 2,527,926          | \$ 1,267,667        | \$ 38,840,318     | \$ 23,857,746          | \$ 118,988,517                       | \$ 27,017,747   | \$ 146,006,264                     |

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, 2005

|   | GOVERNMENTAL FUND TYPES |                    |                     | FIDUCIARY<br>FUND TYPE      | TOTAL                                      |                    | TOTAL                                    |
|---|-------------------------|--------------------|---------------------|-----------------------------|--|--------------------|--|
|   | GENERAL                 | SPECIAL<br>REVENUE | CAPITAL<br>PROJECTS | PRIVATE<br>PURPOSE<br>TRUST | (Memorandum<br>only) Primary<br>Government | COMPONENT<br>UNITS | (Memorandum<br>only) Reporting<br>Entity |
| <b>REVENUES AND OTHER SOURCES</b>             |                         |                    |                     |                             |  |                    |  |
| Revenues:                                     |                         |                    |                     |                             |  |                    |  |
| Real property taxes                           | \$ 17,592,485           | \$ -               | \$ -                | \$ -                        | \$ 17,592,485                              | \$ -               | \$ 17,592,485                            |
| Real property tax items                       | 1,975,521               | -                  | -                   | -                           | 1,975,521                                  | -                  | 1,975,521                                |
| Non-property tax items                        | 25,316,943              | -                  | -                   | -                           | 25,316,943                                 | -                  | 25,316,943                               |
| Departmental income                           | 8,271,282               | -                  | -                   | -                           | 8,271,282                                  | 1,203,759          | 9,475,041                                |
| Intergovernmental charges                     | 410,326                 | 182,859            | -                   | -                           | 593,185                                    | 1,573,288          | 2,166,473                                |
| Use of money and property                     | 467,712                 | 4,869              | -                   | 1,422                       | 474,003                                    | 70,260             | 544,263                                  |
| Licenses and permits                          | 29,906                  | -                  | -                   | -                           | 29,906                                     | -                  | 29,906                                   |
| Fines and forfeitures                         | 298,101                 | -                  | -                   | -                           | 298,101                                    | -                  | 298,101                                  |
| Sale of property and<br>compensation for loss | 169,793                 | 291,834            | 746,789             | -                           | 1,208,416                                  | 109,438            | 1,317,854                                |
| Miscellaneous local sources                   | 4,766,735               | 666,860            | 1,684,705           | 14,122                      | 7,132,422                                  | 22,887             | 7,155,309                                |
| Interfund revenue                             | -                       | 828,042            | -                   | -                           | 828,042                                    | -                  | 828,042                                  |
| State aid                                     | 11,584,645              | 1,137,758          | 681,370             | -                           | 13,403,773                                 | 1,498,293          | 14,902,066                               |
| Federal aid                                   | 7,747,553               | 1,207,689          | 1,851,961           | -                           | 10,807,203                                 | -                  | 10,807,203                               |
| Total revenues                                | 78,631,002              | 4,319,911          | 4,964,825           | 15,544                      | 87,931,282                                 | 4,477,925          | 92,409,207                               |
| Other sources:                                |                         |                    |                     |                             |  |                    |  |
| Operating transfers                           | -                       | 7,531,698          | 2,195,399           | -                           | 9,727,097                                  | -                  | 9,727,097                                |
| Total other sources                           | -                       | 7,531,698          | 2,195,399           | -                           | 9,727,097                                  | -                  | 9,727,097                                |
| Total revenues and other sources              | 78,631,002              | 11,851,609         | 7,160,224           | 15,544                      | 97,658,379                                 | 4,477,925          | 102,136,304                              |
| <b>EXPENDITURES AND OTHER USES</b>            |                         |                    |                     |                             |  |                    |  |
| Expenditures:                                 |                         |                    |                     |                             |  |                    |  |
| General government support                    | 6,050,147               | 5,960,331          | 293,897             | -                           | 12,304,375                                 | -                  | 12,304,375                               |
| Education                                     | 4,536,026               | -                  | 1,220,593           | -                           | 5,756,619                                  | -                  | 5,756,619                                |
| Public safety                                 | 5,679,644               | -                  | 9,210               | -                           | 5,688,854                                  | -                  | 5,688,854                                |
| Health  | 6,943,650               | -                  | -                   | -                           | 6,943,650                                  | -                  | 6,943,650                                |
| Transportation                                | -                       | 1,840,566          | 3,475,525           | -                           | 5,316,091                                  | -                  | 5,316,091                                |
| Economic assistance and opportunity           | 27,336,625              | -                  | -                   | 14,122                      | 27,350,747                                 | -                  | 27,350,747                               |
| Culture and recreation                        | 294,113                 | -                  | 10,025              | -                           | 304,138                                    | -                  | 304,138                                  |
| Home and community services                   | 3,344,613               | 1,423,507          | 16,444              | -                           | 4,784,564                                  | 2,573,136          | 7,357,700                                |
| Employee benefits                             | 8,464,309               | 1,698,712          | -                   | -                           | 10,163,021                                 | 180,266            | 10,343,287                               |
| Debt service (principal/interest)             | 903,369                 | 1,096,605          | -                   | -                           | 1,999,974                                  | 41,960             | 2,041,934                                |
| Total expenditures                            | 63,552,496              | 12,019,721         | 5,025,694           | 14,122                      | 80,612,033                                 | 2,795,362          | 83,407,395                               |
| Other uses:                                   |                         |                    |                     |                             |  |                    |  |
| Operating transfers                           | 9,536,897               | 190,200            | -                   | -                           | 9,727,097                                  | -                  | 9,727,097                                |
| Total other uses                              | 9,536,897               | 190,200            | -                   | -                           | 9,727,097                                  | -                  | 9,727,097                                |
| Total expenditures and other uses             | 73,089,393              | 12,209,921         | 5,025,694           | 14,122                      | 90,339,130                                 | 2,795,362          | 93,134,492                               |
| Excess of revenue (expenditures)              | 5,541,609               | (358,312)          | 2,134,530           | 1,422                       | 7,319,249                                  | 1,682,563          | 9,001,812                                |
| Fund equity, beginning                        | 14,574,094              | 2,603,483          | (915,409)           | 11,902                      | 16,274,070                                 | 6,987,600          | 23,261,670                               |
| Prior period adjustment                       | -                       | -                  | -                   | -                           | -  | 417,482            | 417,482                                  |
| Fund equity, ending                           | \$ 20,115,703           | \$ 2,245,171       | \$ 1,219,121        | \$ 13,324                   | \$ 23,593,319                              | \$ 9,087,645       | \$ 32,680,964                            |

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, 2005  
-----

|  | GENERAL FUND       |               |                   |  | SPECIAL REVENUE FUND TYPES |               |                   |  | TOTALS (MEMORANDUM ONLY) |               |                   |  |
|--|--------------------|---------------|-------------------|--|----------------------------|---------------|-------------------|--|--------------------------|---------------|-------------------|--|
|  | MODIFIED<br>BUDGET | ACTUAL        | ENCUM-<br>BRANCES | Variance<br>Favorable<br>(Unfavorable) | MODIFIED<br>BUDGET         | ACTUAL        | ENCUM-<br>BRANCES | Variance<br>Favorable<br>(Unfavorable) | MODIFIED<br>BUDGET       | ACTUAL        | ENCUM-<br>BRANCES | Variance<br>Favorable<br>(Unfavorable) |
|  |                    |               |                   |  |                            |               |                   |  |                          |               |                   |  |
| REVENUES AND OTHER SOURCES                 |                    |               |                   |  |                            |               |                   |  |                          |               |                   |  |
| Revenues:                                  |                    |               |                   |  |                            |               |                   |  |                          |               |                   |  |
| Real property taxes                        | \$ 17,957,430      | \$ 17,592,485 | \$ -              | \$ (364,945)                           | \$ -                       | \$ -          | \$ -              | \$ -                                   | \$ 17,957,430            | \$ 17,592,485 | \$ -              | \$ (364,945)                           |
| Real property tax items                    | 1,865,000          | 1,975,521     | -                 | 110,521                                | -                          | -             | -                 | -                                      | 1,865,000                | 1,975,521     | -                 | 110,521                                |
| Non-property tax items                     | 22,000,000         | 25,316,943    | -                 | 3,316,943                              | -                          | -             | -                 | -                                      | 22,000,000               | 25,316,943    | -                 | 3,316,943                              |
| Departmental income                        | 7,456,679          | 8,271,282     | -                 | 814,603                                | -                          | -             | -                 | -                                      | 7,456,679                | 8,271,282     | -                 | 814,603                                |
| Intergovernmental charges                  | 541,500            | 410,326       | -                 | (131,174)                              | 186,000                    | 182,859       | -                 | (3,141)                                | 727,500                  | 593,185       | -                 | (134,315)                              |
| Use of money and property                  | 206,600            | 467,712       | -                 | 261,112                                | -                          | 4,869         | -                 | 4,869                                  | 206,600                  | 472,581       | -                 | 265,981                                |
| Licenses and permits                       | 26,500             | 29,906        | -                 | 3,406                                  | -                          | -             | -                 | -                                      | 26,500                   | 29,906        | -                 | 3,406                                  |
| Fines and forfeitures                      | 235,250            | 298,101       | -                 | 62,851                                 | -                          | -             | -                 | -                                      | 235,250                  | 298,101       | -                 | 62,851                                 |
| Sale of property and compensation for loss | 127,471            | 169,793       | -                 | 42,322                                 | 179,508                    | 291,834       | -                 | 112,326                                | 306,979                  | 461,627       | -                 | 154,648                                |
| Miscellaneous local sources                | 2,036,792          | 4,766,735     | -                 | 2,729,943                              | 1,973,500                  | 666,860       | -                 | (1,306,640)                            | 4,010,292                | 5,433,595     | -                 | 1,423,303                              |
| Interfund revenue                          | -                  | -             | -                 | -                                      | 879,820                    | 828,042       | -                 | (51,778)                               | 879,820                  | 828,042       | -                 | (51,778)                               |
| State aid                                  | 11,967,983         | 11,584,645    | -                 | (383,338)                              | 1,359,607                  | 1,137,758     | -                 | (221,849)                              | 13,327,590               | 12,722,403    | -                 | (605,187)                              |
| Federal aid                                | 9,171,295          | 7,747,553     | -                 | (1,423,742)                            | 1,387,805                  | 1,207,689     | -                 | (180,116)                              | 10,559,100               | 8,955,242     | -                 | (1,603,858)                            |
| Total revenues                             | 73,592,500         | 78,631,002    | -                 | 5,038,502                              | 5,966,240                  | 4,319,911     | -                 | (1,646,329)                            | 79,558,740               | 82,950,913    | -                 | 3,392,173                              |
| Other sources:                             |                    |               |                   |  |                            |               |                   |  |                          |               |                   |  |
| Operating transfers                        | -                  | -             | -                 | -                                      | 7,531,698                  | 7,531,698     | -                 | -                                      | 7,531,698                | 7,531,698     | -                 | -                                      |
| Total other sources                        | -                  | -             | -                 | -                                      | 7,531,698                  | 7,531,698     | -                 | -                                      | 7,531,698                | 7,531,698     | -                 | -                                      |
| Total revenues and other sources           | \$ 73,592,500      | \$ 78,631,002 | \$ -              | \$ 5,038,502                           | \$ 13,497,938              | \$ 11,851,609 | \$ -              | \$ (1,646,329)                         | \$ 87,090,438            | \$ 90,482,611 | \$ -              | \$ 3,392,173                           |

See auditors' report. See notes to financial statements.



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, 2005

|                                     | GENERAL FUND       |               |                   |  | SPECIAL REVENUE FUND TYPES |              |                   |  | TOTALS (MEMORANDUM ONLY) |               |                   |  |
|-------------------------------------|--------------------|---------------|-------------------|--|----------------------------|--------------|-------------------|--|--------------------------|---------------|-------------------|--|
|                                     | MODIFIED<br>BUDGET | ACTUAL        | ENCUM-<br>BRANCES | Variance<br>Favorable<br>(Unfavorable) | MODIFIED<br>BUDGET         | ACTUAL       | ENCUM-<br>BRANCES | Variance<br>Favorable<br>(Unfavorable) | MODIFIED<br>BUDGET       | ACTUAL        | ENCUM-<br>BRANCES | Variance<br>Favorable<br>(Unfavorable) |
| Expenditures:                       |                    |               |                   |  |                            |              |                   |  |                          |               |                   |  |
| General government support          | \$ 6,376,359       | 6,050,147     | \$ 9,162          | \$ 326,212                             | \$ 5,980,983               | \$ 5,960,331 | \$ -              | \$ 20,652                              | \$ 12,357,342            | \$ 12,010,478 | \$ 9,162          | \$ 337,702                             |
| Education                           | 4,857,317          | 4,536,026     | -                 | 321,291                                | -                          | -            | -                 | -                                      | 4,857,317                | 4,536,026     | -                 | 321,291                                |
| Public safety                       | 6,806,131          | 5,679,644     | 105,632           | 1,126,487                              | -                          | -            | -                 | -                                      | 6,806,131                | 5,679,644     | 105,632           | 1,020,855                              |
| Health                              | 7,841,116          | 6,943,650     | 13,608            | 897,466                                | -                          | -            | 78,769            | -                                      | 7,841,116                | 6,943,650     | 92,377            | 805,089                                |
| Transportation                      | -                  | -             | -                 | -                                      | 1,710,236                  | 1,840,566    | -                 | (130,330)                              | 1,710,236                | 1,840,566     | -                 | (130,330)                              |
| Economic assistance and opportunity | 29,051,100         | 27,336,625    | 3,125             | 1,714,475                              | -                          | -            | -                 | -                                      | 29,051,100               | 27,336,625    | 3,125             | 1,711,350                              |
| Culture and recreation              | 313,858            | 294,113       | 3,705             | 19,745                                 | -                          | -            | -                 | -                                      | 313,858                  | 294,113       | 3,705             | 16,040                                 |
| Home and community services         | 3,774,522          | 3,344,613     | 244,064           | 429,909                                | 3,343,805                  | 1,423,507    | -                 | 1,920,298                              | 7,118,327                | 4,768,120     | 244,064           | 2,106,143                              |
| Employee benefits                   | 8,692,510          | 8,464,309     | -                 | 228,201                                | 1,733,997                  | 1,698,712    | -                 | 35,285                                 | 10,426,507               | 10,163,021    | -                 | 263,486                                |
| Debt service (principal/interest)   | 907,087            | 903,369       | -                 | 3,668                                  | 1,096,606                  | 1,096,605    | -                 | 1                                      | 2,093,643                | 1,999,974     | -                 | 3,669                                  |
| Total expenditures                  | 68,619,950         | 63,552,496    | 379,296           | 5,067,454                              | 13,865,627                 | 12,019,721   | 78,769            | 1,845,906                              | 82,485,577               | 75,572,217    | 458,065           | 6,455,295                              |
| Other uses:                         |                    |               |                   |  |                            |              |                   |  |                          |               |                   |  |
| Operating transfers                 | 9,536,897          | 9,536,897     | -                 | -                                      | 190,200                    | 190,200      | -                 | -                                      | 9,727,097                | 9,727,097     | -                 | -                                      |
| Total other uses                    | 9,536,897          | 9,536,897     | -                 | -                                      | 190,200                    | 190,200      | -                 | -                                      | 9,727,097                | 9,727,097     | -                 | -                                      |
| Total expenditures and other uses   | 78,156,847         | 73,089,393    | 379,296           | 5,067,454                              | 14,055,827                 | 12,209,921   | 78,769            | 1,845,906                              | 92,212,674               | 85,299,314    | 458,065           | 6,455,295                              |
| Appropriated Fund Balance           | 4,564,347          |               | \$ 379,296        | (4,185,051)                            | 557,889                    | -            | \$ 78,769         | (479,120)                              | 5,122,236                |               | \$ 458,065        | 4,664,171                              |
| Excess of revenue (expenditures)    | \$ -               | 5,541,609     | \$ 5,920,905      | \$ -                                   | \$ -                       | (358,312)    |                   | \$ (3,971,355)                         | \$ -                     | 5,183,297     |                   | \$1,949,550                            |
| Fund balance, beginning             |                    | 14,574,094    |                   |  |                            | 2,603,483    |                   |  |                          | 17,177,577    |                   |  |
| Fund balance, ending                |                    | \$ 20,115,703 |                   |  |                            | \$ 2,245,171 |                   |  |                          | \$ 22,360,874 |                   |  |

See auditors' report. See notes to financial statements.

COUNTY OF GREENE, NEW YORK  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN RETAINED EARNINGS - PROPRIETARY FUND TYPE  
for the year ended December 31, 2005  
-----

|                                |                          |
|--------------------------------|--------------------------|
| Operating revenue:             |                          |
| Charges and fees               | \$ 419,576               |
| Prior year recoveries          | <u>62,355</u>            |
| Total operating revenue        | <u>481,931</u>           |
| Operating expenses:            |                          |
| Benefits and awards            | 561,870                  |
| Administrative services        | <u>30,600</u>            |
| Total operating expenses       | <u>592,470</u>           |
| Operating loss                 | <u>(110,539)</u>         |
| Other revenue:                 |                          |
| Interest income                | <u>32,083</u>            |
| Net loss                       | (78,456)                 |
| Fund equity, beginning of year | <u>794,577</u>           |
| Fund equity, end of year       | <u><u>\$ 716,121</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, 2005

|   |                            |
|---|----------------------------|
| Cash flows from operating activities:                                   |                            |
| Cash received from participants   | \$ 419,576                 |
| Prior year recoveries   | 62,355                     |
| Interest received   | 32,083                     |
| Cash payments of benefits and awards                                    | (561,870)                  |
| Cash payments of administrative services                                | <u>(30,600)</u>            |
| Net cash used by operating activities                                   | (78,456)                   |
| Cash, beginning of year   | <u>1,294,577</u>           |
| Cash, end of year   | <u><u>\$ 1,216,121</u></u> |
| Reconciliation of net loss to net cash<br>used by operating activities: |                            |
| Net loss  | \$ (78,456)                |
| Changes in assets and liabilities:                                      |                            |
| Decrease in accounts receivable   | (400,278)                  |
| Decrease in other liabilities   | <u>400,278</u>             |
| Net cash used by operating activities                                   | <u><u>\$ (78,456)</u></u>  |

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

# COUNTY OF GREENE, NEW YORK

## NOTES TO THE FINANCIAL STATEMENTS

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### 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.

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 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.

GTASC paid off the 2000 bond series during 2005 through a debt restructure plan. The plan involved selling a 2005 bond series.

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 IV 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.

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 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.

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.

# COUNTY OF GREENE, NEW YORK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### I. Summary of Significant Accounting Policies (Continued):

#### B. Basis of Presentation (Continued):

2. Proprietary Fund Type - used to account for ongoing organizations or activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and changes in financial position. The following proprietary fund is utilized:
  - a. Internal Service Fund - used to account for special activities or services provided by one department to other departments or to other governments on a cost reimbursement basis. The Workers' Compensation Fund is used to account for the accumulation of resources for payment of compensation, assessments and other obligations under the 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.



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):

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.  
  
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.

## COUNTY OF GREENE, NEW YORK

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### I. Summary of Significant Accounting Policies (Continued):

##### 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.
- 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.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued):

E. Property, Plant and Equipment - General:

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.

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.

# COUNTY OF GREENE, NEW YORK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### I. Summary of Significant Accounting Policies (Continued):

#### 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, \$1,825,745 was paid on behalf of 242 retirees and is recorded as an expenditure in the General and Special Revenue Funds.

#### 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, 2005, real property taxes receivable totaled \$9,526,314. The allowance for uncollectible taxes at year end was \$147,350. Current year returned school district and village taxes of approximately \$4,384,517 and \$380,427 respectively, are also included as liabilities that will be paid no later than February 28, 2006. \$4,051,806 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.

# COUNTY OF GREENE, NEW YORK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### I. Summary of Significant Accounting Policies (Continued):

#### I. Deferred Revenue - Special Revenue Fund:

The amount of outstanding loans of \$2,048,826 from Community Development Block Grants that are expected to be repaid and become available for additional loans, is deferred. When the loan payments are received, revenue is recognized to the extent of principal and interest received. When grant funds are reloaned, a corresponding expenditure is recorded. When a loan is written off as uncollectible, a corresponding decrease in the amount of deferred revenue is made in the same period, the effect of which is to reduce the overall amount of funds available for future loans (see Note III A).

#### 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 \$1,811,805 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.

#### 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.

See auditors' report.

# COUNTY OF GREENE, NEW YORK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### II. Stewardship, Compliance, Accountability: -----

#### A. Overdrawn Appropriations:

Expenditures for the year ended December 31, 2005 exceeded appropriations in the funds and/or functions identified below:

| <u>Fund/Function</u>               | <u>Appropriations<br/>as Modified</u> | <u>Expenditures/<br/>Encumbrances</u> | <u>Unfavorable<br/>Variance</u> |
|------------------------------------|---------------------------------------|---------------------------------------|---------------------------------|
| Road Machinery -<br>Transportation | \$ 1,710,236                          | \$ 1,840,566                          | \$ 130,330                      |

### III. 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.

Deposits and investments at year-end were entirely covered by federal depository insurance or by collateral held by the County's custodial banks in the County's name.

|                             | <u>Book<br/>Balance</u> | <u>Bank<br/>Balance</u> | <u>FDIC</u> | <u>Pledged<br/>Collateral</u> |
|-----------------------------|-------------------------|-------------------------|-------------|-------------------------------|
| First Niagara               | \$ 12,030,772           | \$ 13,167,571           | \$ 200,000  | \$ 14,506,639                 |
| Bank of Greene County       | 5,718,274               | 5,729,069               | 200,000     | 5,912,380                     |
| National Bank of Cocksackie | 3,432,149               | 3,432,149               | 200,000     | 3,661,084                     |
| Bank of America             | 698,954                 | 698,908                 | 200,000     | 484,377                       |
| HSBC                        | 4,332                   | 4,332                   | 100,000     | -                             |
| Keybank                     | 900                     | 900                     | 100,000     | -                             |

See auditors' report.

# COUNTY OF GREENE, NEW YORK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

#### A. Assets (Continued):

#### 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, 2005 of \$2,048,826 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 \$376,230 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 2005 was \$38,184.

#### 4. Fixed Assets:

A summary of changes in general fixed assets follows:

|                          | Balance<br><u>12/31/04</u> | <u>Additions</u>     | <u>Deletions</u>    | Balance<br><u>12/31/05</u> |
|--------------------------|----------------------------|----------------------|---------------------|----------------------------|
| Land                     | \$ 3,053,250               | \$ 47,889            | \$ -                | \$ 3,101,139               |
| Buildings                | 10,078,043                 | 11,700,472           | 965,745             | 20,812,770                 |
| Machinery and Equipment  | 12,593,409                 | 1,133,010            | 398,737             | 13,327,682                 |
| Construction in Progress | -                          | 1,636,758            | 38,031              | 1,598,727                  |
| Total                    | <u>\$ 25,724,702</u>       | <u>\$ 14,518,129</u> | <u>\$ 1,402,513</u> | <u>\$ 38,840,318</u>       |

See auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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:

|               |              |
|---------------|--------------|
| 2005          | \$ 2,372,308 |
| 2004          | \$ 1,942,607 |
| Adjusted 2003 | \$ 621,015   |

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.



COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

B. Liabilities (Continued):

1. Pension Plans (Continued):

Plan Description (Continued):

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 2005-2006, the amount in excess of 9.5% of employees' covered pensionable salaries.
- For SFY 2006-2007, 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, 2005 through 2007. The County of Columbia 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.

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 employ of the County is entitled to be paid for 75% unused vacation leave. Upon death or retirement, unused sick leave shall be paid up to a maximum of 105 days accumulation except for CSEA employees who are entitled to accumulate a maximum of 160 days. No payments are made for unused personal leave.

After five years of employment, an employee terminated without cause, or an employee who leaves voluntarily, shall be entitled to be paid for 75% unused sick leave as a severance pay up to a maximum accumulation of 105 days except for CSEA employees who are entitled to accumulate a maximum of 160 days.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

B. Liabilities (Continued):

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

The estimated value of earned and unused leave credits in the amount of \$3,257,214 has been recorded as non-current government liability.

3. Bonds and Long-Term Debt:

- a. At December 31, 2005 the total outstanding indebtedness of the County aggregated \$25,669,551. Of this amount, \$18,823,382 was subject to the constitutional debt limit and represented approximately 8.06 % of its statutory debt limit.
- 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.

# COUNTY OF GREENE, NEW YORK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

#### B. Liabilities (Continued):

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

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 lease obligations of \$345,479 at December 31, 2005. Total rental expenditures on such leases for the year were approximately \$91,943. The County also has an installment purchase debt obligation of \$40,460 as of December 31, 2005. Installment debt payments totaled \$25,228 for the year.

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, 2005 was \$720,331.

Maximum future noncancelable payments on these obligations are as follows:

|            |                     |
|------------|---------------------|
| 2006       | 119,962             |
| 2007       | 110,913             |
| 2008       | 104,942             |
| Thereafter | 729,993             |
|            | <u>\$ 1,065,810</u> |

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

| <u>Payable From/<br/>Description</u>       | <u>Issued</u> | <u>Original<br/>Amount</u> | <u>Interest<br/>Rate</u> | <u>Outstanding</u>   |
|--|---------------|----------------------------|--------------------------|----------------------|
| General Fund:                              |               |                            |                          |                      |
| Solid Waste Management                     |               |                            |                          |                      |
| Resource Recovery System,                  |               |                            |                          |                      |
| Machinery and Equipment                    | 1988          | 2,530,000                  | 5.7%                     | 900,000              |
| Community College                          | 1997          | 3,009,500                  | 5.0%                     | 1,990,000            |
| Public Improvement                         | 2003          | 16,160,000                 | 2.25%                    | 15,105,000           |
| Special Revenue Funds:                     |               |                            |                          |                      |
| Bridge Construction                        | 1992          | 4,625,000                  | 6.0%                     | 700,000              |
| Total serial bonds and other notes payable |               |                            |                          | <u>\$ 18,695,000</u> |

See auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

B. Liabilities (Continued):

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

Serial bonds and other notes payable maturities are as follows:

|            | <u>Principal</u>     | <u>Interest</u>     |
|------------|----------------------|---------------------|
| 2006       | 1,290,000            | 521,308             |
| 2007       | 1,305,000            | 471,653             |
| 2008       | 965,000              | 466,435             |
| 2009       | 5,185,000            | 2,125,696           |
| 2010       | 5,500,000            | 1,489,425           |
| Thereafter | 4,450,000            | 457,790             |
|            | <u>\$ 18,695,000</u> | <u>\$ 5,532,307</u> |

- e. Summary Long-Term Debt - The following is a summary of long-term liabilities outstanding at December 31, 2005:

| <u>Liabilities</u>                               | <u>Internal<br/>Service<br/>Fund</u> | <u>Non-Current<br/>Government<br/>Liabilities</u> | <u>Total</u>         |
|--|--------------------------------------|---|----------------------|
| Serial bonds                                     | \$ -                                 | \$ 18,695,000                                     | \$ 18,695,000        |
| Notes payable - Urban<br>Development Corporation | -                                    | -   | -                    |
| Total serial bonds and notes payable             | -                                    | 18,695,000  | 18,695,000           |
| Compensated absences                             | -                                    | 3,257,213   | 3,257,213            |
| Operating leases                                 | -                                    | 345,479   | 345,479              |
| Joint water project user fee                     | -                                    | 720,331   | 720,331              |
| Judgments and claims                             | -                                    | 711,341   | 711,341              |
| Workers' Compensation premiums                   | 1,811,805                            | -   | 1,811,805            |
| Installment purchase debt                        | -                                    | 40,460  | 40,460               |
| Telephone System                                 | -                                    | 87,922  | 87,922               |
| Total bond and long-term<br>liabilities          | <u>\$ 1,811,805</u>                  | <u>\$ 23,857,746</u>                              | <u>\$ 25,669,551</u> |

See auditors' report.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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III. 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, 2005:

|                              | Internal<br>Service<br>Fund | Non-Current<br>Government<br>Liabilities | Total               |
|------------------------------|-----------------------------|--|---------------------|
| Payable at December 31, 2004 | \$ 2,212,083                | \$ 24,774,848                            | \$26,986,931        |
| Additions                    | -                           | 588,969                                  | 588,969             |
| Deletions                    | 400,278                     | 1,506,071                                | 1,906,349           |
| Payable at December 31, 2005 | <u>\$ 1,811,805</u>         | <u>\$ 23,857,746</u>                     | <u>\$25,669,551</u> |

- g. In addition to the debt shown above, the following long-term debt has been authorized but remains unissued at December 31, 2005:

\$250,000 serial bonds to finance the new office building.

4. Deferred Revenue:

General Fund:

Deferred revenue of \$7,260,939 represents advances received but not yet earned from state agencies at December 31, 2005. This amount will be recognized as revenue when eligible expenditures are incurred. \$4,051,805 represents deferred tax revenue as more fully disclosed in Note I H.

Special Revenue:

Deferred revenue of \$2,048,826 in the Special Grant Fund represents community and economic development loans more fully disclosed in Note III A2.

COUNTY OF GREENE, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

B. Liabilities (Continued):

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.

As of December 31, 2005, there were no outstanding Industrial Revenue Bonds.

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, 2005 are as follows:

|                                    | <u>Receivable</u>   | <u>Payable</u>      |
|------------------------------------|---------------------|---------------------|
| General fund                       | \$ 3,685,861        | \$ 66,050           |
| Special Revenue - County Road Fund | 54,867              | 89,062              |
| Capital Projects Fund              | 89,062              | 3,674,678           |
|                                    | <u>\$ 3,829,790</u> | <u>\$ 3,829,790</u> |

D. Fund Equity:

1. Allocation of Fund Balance:

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

Special Revenue:

|                                       |                     |
|---------------------------------------|---------------------|
| County Road Fund                      | \$ 9,440            |
| County Road Machinery Fund            | 41,489              |
| Special Grant - Community Development | 2,162,418           |
| Special Grant - Economic Development  | 31,824              |
|                                       | <u>\$ 2,245,171</u> |

See auditors' report.

# COUNTY OF GREENE, NEW YORK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

#### D. Fund Equity (Continued):

##### 2. Restricted Fund Balance:

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

|  |                     |
|--|---------------------|
| Appropriated for ensuing year's budget | <u>\$ 3,580,000</u> |
|--|---------------------|

The Special Revenue Community Development Fund equity includes a restricted balance established for the following purpose:

|  |                   |
|--|-------------------|
| Appropriated for ensuing year's budget | <u>\$ 405,000</u> |
|--|-------------------|

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

|  |                     |
|--|---------------------|
| Bowery Creek Project                           | \$ 11,170           |
| CSX Bridge                                     | 46,210              |
| FEMA Projects                                  | (121,375)           |
| Fire Training Center Project                   | 170,386             |
| Five Year Highway Project                      | 32,203              |
| Highway Buildings                              | (1,588,254)         |
| Office Building Project                        | (614,662)           |
| Purling Bridge Project                         | (41,024)            |
| Route 67 Bridge Project                        | (21,910)            |
| Route 9W Bridge Project                        | 97,165              |
| Route 49 Bridge Project                        | (18,000)            |
| Route 83 Bridge Project                        | (188,319)           |
| Route 79 Batavia Project                       | 81,341              |
| Route 67 Slope Stabilization Project           | 138,462             |
| Catskill Creek Boardwalk Project               | 39,975              |
| Records Management Building Remodeling Project | 809                 |
| Community College                              | 2,228,691           |
| Bush Road Bridge                               | (12,530)            |
| FEMA 2005                                      | 231,994             |
| Transfer Station                               | 746,789             |
|  | <u>\$ 1,219,121</u> |

##### 3. Reserves:

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

|  |                   |
|--|-------------------|
| Encumbrance  | <u>\$ 379,296</u> |
| Liabilities arising from judgment, actions,<br>and causality claims against the County | <u>\$ 433,356</u> |
| Reserve for indebtedness   | <u>\$ 149,485</u> |

See auditors' report.

# COUNTY OF GREENE, NEW YORK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

#### D. Fund Equity (Continued):

##### 3. Reserves (Continued):

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

|                                    |                   |
|------------------------------------|-------------------|
| Bataviakill                        | \$ 60,943         |
| Bus Transit                        | 2,000             |
| County Clerk                       | 19,525            |
| Emergency Preparedness             | 8,856             |
| Handicapped Parking                | 2,435             |
| Promotion                          | 95,804            |
| Public Safety Communication System | 215,676           |
| Stop DWI                           | 114,700           |
| Total miscellaneous reserves       | <u>\$ 519,939</u> |

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

|   |                   |
|---|-------------------|
| Liabilities arising from Workers' Compensation claims<br>against the County | <u>\$ 500,000</u> |
|---|-------------------|

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

|              |                   |
|--------------|-------------------|
| Encumbrances | \$ 47,434         |
| Indebtedness | 64,894            |
|              | <u>\$ 112,328</u> |

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

|              |                  |
|--------------|------------------|
| Encumbrances | \$ 31,335        |
| Indebtedness | 2,554            |
|              | <u>\$ 33,889</u> |

See auditors' report.



## COUNTY OF GREENE, NEW YORK

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

##### E. Deferred Compensation Plan:

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

As of October 1, 1997 the New York State Deferred Compensation Board (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.

#### IV. Joint Ventures:

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

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### IV. 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 2004-2005 fiscal year Greene County's share of the unfunded portion of the operating budget was 46% and Columbia County's was 54%.

Summary financial information from college financial statements for the fiscal year ended August 31, 2005 is as follows:

|  | Primary<br><u>Institution</u> | Component<br><u>Unit</u> |
|--|-------------------------------|--------------------------|
| Current assets                               | \$ 3,795,492                  | \$ 2,117,584             |
| Non-current assets                           | \$ 21,573,742                 | \$ -                     |
| Current liabilities                          | \$ 3,485,088                  | \$ 32,169                |
| Non-current liabilities                      | \$ 29,550,358                 | \$ -                     |
| Net assets                                   | \$ (7,666,212)                | \$ 2,085,415             |
| Total operating revenues                     | \$ 7,194,457                  | \$ 2,126,910             |
| Total operating expenses                     | \$ 17,443,614                 | \$ 1,279,660             |
| Non-operating revenues and expenses          | \$ 6,932,347                  | \$ 104,417               |
| Other revenues, expenses, gains<br>or losses | \$ 1,707,390                  | \$ -                     |
| Net deletions to net assets                  | \$ (1,377)                    | \$ -                     |

Columbia-Greene Community College included in its financial statements for the year ended August 31, 2005, 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 5.5 percent 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.

## COUNTY OF GREENE, NEW YORK

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### IV. Joint Ventures (Continued):

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

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

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

#### V. Related Organization:

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

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

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

#### VI. Contingencies:

- The County has received significant amounts of federal and state grants for specified purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Any such disallowances will be a reduction of revenue in the year the disallowances are finally determined.
- The County is a defendant in many tort claims. The County is defending against the claims through discovery and inspection procedures. The ultimate outcome of the litigation cannot presently be determined by the County. Accordingly, no provision for any liability that may result upon adjudication has been made in the accompanying combined general-purpose financial statements.

#### VII. Changes to Previously Released Statements:

The balance of prepaid items for the Component Units was previously immaterially misstated. We have reissued the financial statements with a dual date of September 30, 2006 to reflect the corrected balances.

See auditors' report.

SUPPLEMENTAL INFORMATION

COUNTY OF GREENE, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended December 31, 2005

| Federal Grantor/<br><u>Pass-through Grantor/Program Title</u>                                       | Federal<br>CFDA<br><u>Number</u> | NYS<br>Contract<br><u>Number</u> | Federal<br><u>Expenditures</u> |
|---|----------------------------------|----------------------------------|--------------------------------|
| <u>Department of Agriculture</u>  |                                  |                                  |                                |
| Passed through New York State Office for<br>the Aging – U.S.D.A. Cash-in-lieu of<br>Commodity Foods | 10.570                           |                                  | \$ 53,945                      |
| Passed through State Department of Social Services:   |                                  |                                  |                                |
| Food Stamp Administration   | 10.551                           |                                  | 314,243                        |
| Food Stamp Value of Service   | 10.551                           |                                  | 3,556,691                      |
| State Administrative Grants For Food Stamp Program  | 10.561                           |                                  | <u>54,232</u>                  |
|   |                                  |                                  | <u>3,979,111</u>               |
| <u>Department of Health and Human Services</u>  |                                  |                                  |                                |
| Passed through State Department of Social Services:   |                                  |                                  |                                |
| Social Services Block Grant   | 93.667                           |                                  | 112,307                        |
| Foster Care – Title IV E  | 93.658                           |                                  | 1,144,209                      |
| Child Support Enforcement   | 93.563                           |                                  | 265,680                        |
| Independent Living  | 93.674                           |                                  | 6,131                          |
| Managed Care  | 93.778                           |                                  | 158,672                        |
| Medical Assistance Program  | 93.778                           |                                  | 1,067,431                      |
| Medical Assistance – Value of Service   | 93.778                           |                                  | 26,538,597                     |
| Temporary Assistance for Needy Families   | 93.558                           |                                  | 2,291,311                      |
| Low Income Home Energy Assistance   | 93.568                           |                                  | 1,547,467                      |
| Family Planning Service   | 93.217                           |                                  | 246,972                        |
| Child Care and Development Block Grant (A)  | 93.575                           |                                  | 419,193                        |
| Child Care and Development Block Grant-<br>Program Income (A)                                       | 93.575                           |                                  | 14,454                         |
| Bioterrorism Training   | 93.996                           |                                  | 73,502                         |
| Passed through State Office for the Aging:  |                                  |                                  |                                |
| Title III, Part C – Nutrition Services  | 93.045                           |                                  | 129,589                        |
| Title III, Part C – Nutrition Services-Program Income   | 93.045                           |                                  | 66,531                         |
| Title III, Part B – Supportive Services   | 93.044                           |                                  | 69,106                         |
| Title III Part B – Supportive Services-Program Income   | 93.044                           |                                  | 6,056                          |

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

COUNTY OF GREENE, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
Year Ended December 31, 2005

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| Federal Grantor/<br><u>Pass-through Grantor/Program Title</u> | <u>Federal<br/>CFDA<br/>Number</u> | <u>NYS<br/>Contract<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|---|------------------------------------|------------------------------------|---------------------------------|
| Title III, Part D – In-Home Services for Frail                |                                    |                                    |                                 |
| Older Individuals   | 93.046                             |                                    | 4,308                           |
| Title III, Part E – Older Americans Act                       | 93.052                             |                                    | 32,105                          |
| Title III, Part E – Older Americans Act-Program               |                                    |                                    |                                 |
| Income  | 93.052                             |                                    | 928                             |
| Title VII – Allotments for Vulnerable Elder Rights            |                                    |                                    |                                 |
| Protection Programs   | 93.049                             |                                    | 8,574                           |
| Health Insurance Information, Counseling,                     |                                    |                                    |                                 |
| and Assistance Program  | 93.779                             |                                    | 14,333                          |
| Weatherization Referral and Packaging Program                 | 93.568                             |                                    | 11,323                          |
| State Pharmaceutical Assistance Program                       | 93.786                             |                                    | 50,000                          |
| Retired and Senior Volunteer Program                          | 94.002                             |                                    | 7,854                           |
| Passed through State Health Central Administration:           |                                    |                                    |                                 |
| Early Intervention  | 84.181                             | C017604                            | 48,621                          |
| Family Planning Service (B)                                   | 93.217                             | C019917                            | 44,503                          |
| Family Planning Service (B)                                   | 93.558                             | C019917                            | 44,503                          |
| Family Planning Service (B)                                   | 93.994                             | C019917                            | 44,503                          |
| Family Planning Service – Program Income                      | 93.217                             |                                    | 145,569                         |
| Immunization Grant  | 93.268                             | C018664                            | 16,763                          |
| Lyme Disease  | 93.991                             | C019065                            | 14,258                          |
| Childhood Lead Poisoning Prevention                           | 93.994                             | C016099                            | 8,383                           |
| Passed through State Office of Alcoholism and                 |                                    |                                    |                                 |
| Substance Abuse:  |                                    |                                    |                                 |
| Block Grants for Prevention and Treatment                     |                                    |                                    |                                 |
| of Substance Abuse  | 93.959                             |                                    | 177,615                         |
| Passed through State Office of Mental Health:                 |                                    |                                    |                                 |
| Child Welfare Services – State Grants                         | 93.645                             |                                    | 96,204                          |
| Total Department of Health and Human Services                 |                                    |                                    | <u>34,927,555</u>               |

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

COUNTY OF GREENE, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
Year Ended December 31, 2005  
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| Federal Grantor/<br>Pass-through Grantor/Program Title               | Federal<br>CFDA<br>Number | NYS<br>Contract<br>Number | Federal<br>Expenditures |
|--|---------------------------|---------------------------|-------------------------|
| <u>Department of Housing and Urban Development</u>                   |                           |                           |                         |
| Community Development Block Grants:                                  |                           |                           |                         |
| Small Cities   | 14.219                    | 477ME57-04                | 114,375                 |
| Small Cities EDI Grant   | 14.219                    |                           | 248,525                 |
| Small Cities   | 14.219                    | 477TA194-03               | 25,000                  |
| Small Cities   | 14.219                    | 477ED508-5                | 825,000                 |
| Small Cities Program Income  | 14.219                    |                           | 575,797                 |
| Passed through the United Way:                                       |                           |                           |                         |
| Emergency Shelter Grants Program                                     | 14.231                    |                           | 9,800                   |
| Passed through State Department of Housing and<br>Community Renewal: |                           |                           |                         |
| Section 8 Housing Voucher Program                                    | 14.855                    |                           | <u>123,489</u>          |
| Total Department of Housing and Urban Development                    |                           |                           | <u>1,921,986</u>        |
| <u>Department of Justice</u>   |                           |                           |                         |
| Passed through State Crime<br>Victims Board:                         |                           |                           |                         |
| Crime Victim Assistance  | 16.575                    | C-200027                  | 11,916                  |
| State Criminal Alien Assistance Program                              | 16.606                    |                           | <u>7,442</u>            |
| Total Department of Justice  |                           |                           | <u>19,358</u>           |
| <u>Department of Transportation</u>                                  |                           |                           |                         |
| Passed through State Department of Transportation:                   |                           |                           |                         |
| Highway Planning and Construction                                    | 20.205                    | D017368                   | 379,080                 |
| Highway Planning and Construction                                    | 20.205                    | D017702                   | 1,172,386               |
| Highway Planning and Construction                                    | 20.205                    | D022127                   | 148,869                 |
| Section 5311- Nonurbanized Area Formula Program                      | 20.509                    |                           | <u>18,400</u>           |
| Total Department of Transportation                                   |                           |                           | <u>1,718,735</u>        |

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

COUNTY OF GREENE, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
Year Ended December 31, 2005  
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| <u>Federal Grantor/<br/>Pass-through Grantor/Program Title</u> | <u>Federal<br/>CFDA<br/>Number</u> | <u>NYS<br/>Contract<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|--|------------------------------------|------------------------------------|---------------------------------|
| <u>Federal Emergency Management Agency</u>                     |                                    |                                    |                                 |
| Passed through State Emergency Management                      |                                    |                                    |                                 |
| Office:  |                                    |                                    |                                 |
| Federal Emergency Management                                   | 97.036                             |                                    | 151,626                         |
| Local Emergency Planning Commission                            | 83.534                             |                                    | <u>13,948</u>                   |
| Total Federal Emergency Management Agency                      |                                    |                                    | <u>165,574</u>                  |
| Total Expended Federal Awards                                  |                                    |                                    | <u>\$ 42,732,319</u>            |

(A) Expenditures claimed under Child Care and Development Block Grant totaled \$433,647. The amount of federal versus state dollars attributable to these expenditures is undeterminable at this time.

(B) Total expenditures claimed under contract C019917 was \$133,509.



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New York State Society of  
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\*\* Also Licensed in Vermont

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING 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, 2005, and have issued our report thereon dated September 28, 2006, except for note VII, as to which the date is September 30, 2006. In our report, our opinion was qualified because the general-purpose financial statements, referred to in the report, were prepared in conformity with a comprehensive basis of accounting other than generally accepted accounting principles. 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.


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 grants, 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 that are required to be reported under Government Auditing Standards. We noted certain immaterial instances of noncompliance that we have reported to management of County of Greene, New York in a separate letter dated September 28, 2006.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered County of Greene, New York's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the amounts that would be material in relation to the financial statements being audited 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 financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the County of Greene, New York in a separate letter dated September 28, 2006.

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

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

Catskill, New York  
September 28, 2006  
except for note VII, as to which the  
date is September 30, 2006

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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) A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2005. 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. 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 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, 2005.

#### 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited 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.

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

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

Catskill, New York  
September 28, 2006  
except for note VII, as to which the  
date is September 30, 2006

COUNTY OF GREENE, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
December 31, 2005  
-----

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>                   |
|--------------------|--|
| 93.778             | Medical Assistance Program                       |
| 14.219             | Community Development Block Grant - Small Cities |
| 93.568             | Low Income Energy Assistance                     |

6. The threshold for distinguishing Type A and B Programs was \$1,281,970.
7. County of Greene, New York was determined not 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