

2008 COMPREHENSIVE ANNUAL FINANCIAL REPORT

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September 10, 2009

Honorable Barbara J. Fiala, County Executive  
Honorable Daniel D. Reynolds, Chairman of the Legislature  
Honorable County Legislators  
County of Broome  
Binghamton, NY 13902

Ladies and Gentlemen:

I submit to you the Comprehensive Annual Financial Report of the County of Broome, New York (the "County"), for the year ended December 31, 2008 in accordance with the requirements of Article V, §C502 (c) of the Broome County Charter.

This Report presents comprehensive financial information summarizing the County's activities during 2008 and contains information useful for managers in the Executive and Legislative Branches of County government, taxpayers, interested citizens, and the financial markets in which the County of Broome issues its debt obligations. The financial statements included in this report have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governments in the United States of America.

This report presents the financial position and results of operations of the County as a whole and its component units that are properly included in conformity with GAAP. The data presented can be compared to the prior basic financial statements, and to other counties' reports to identify relevant trends.

Responsibility for the material accuracy, completeness, and fairness of the information presented, including all disclosures, rests with the management of the County and its component units. The presentation fairly discloses the financial position and results of operation of the County and its component units as measured by the financial activity of the various funds. Disclosures considered necessary to enable readers to fully understand the County's financial activities have been included.

In order to provide a reasonable basis for making its' representation, the County has established and maintains a comprehensive internal control framework that is designed to both protect the County's assets from loss, theft or misuse and to insure that sufficient accounting data is compiled to allow for the preparation of the County's financial statements in accordance with GAAP. The comprehensive internal control framework is to provide reasonable, but not absolute, assurance that these objectives are met. Reasonable assurance recognizes both that the cost of internal controls should not outweigh their benefits, and the evaluation of costs and benefits require estimates and judgments by management.

The Office of the Comptroller is responsible for auditing expenditures. Additionally, audits of selected departments and financial activity are performed by the Comptroller's staff.

Internal controls are reviewed by the internal audit staff throughout the year.

### **Independent Audit**

The County has adopted a practice of having an independent audit of its basic financial statements. The certified public accounting firm of Testone, Marshall & Discenza, LLP has audited the accompanying basic financial statements and their independent auditors' report is included in the financial section.

The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the year ended December 31, 2008 are free from material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The auditors concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the year ended December 31, 2008 are fairly presented in conformity with GAAP in the United States of America. The independent auditors' report is presented as the first component of the financial section of this report.

Additionally, the audit was designed to meet the requirements of the Federal Single Audit Act (Act) and OMB Circular A-133. The Act requires the independent auditors not only to report on the fair presentation of the financial statements, but also on the County's compliance with requirements applicable to each of its major federal programs and internal control over program compliance. The single audit report is not included but may be obtained upon request to the County Comptroller's Office.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

### **Report Structure**

The 2008 Comprehensive Annual Financial Report is comprised of the following three basic sections as in conformance with recommendations of the Government Finance Officers Association:

- A. The Introductory Section is intended to familiarize the reader with the organizational structure of the County, the nature and scope of the services that it provides, and the specifics of its legal operating environment.
- B. The Financial Section includes the independent auditors' report, Management's Discussion and Analysis of the County's overall financial position and results of operations, the audited basic financial statements, notes disclosures, and supporting statements and schedules to provide the reader with a comprehensive understanding of the County's financial activities of the past fiscal year.
- C. The Statistical and Economic Data Section presents comprehensive demographic and economic information regarding the financial condition of the County.

## **Profile of the County**

### **Government Structure**

The County is a municipal corporation established in New York State. The County was incorporated in 1806, and is governed by the Charter of the County of Broome, New York State County Law, and other general laws of the State of New York. The nineteen member County Legislature is the legislative body responsible for the overall operation of the County, enacting County law and approving the County budget. It consists of elected officials from each of the nineteen legislative districts in the County serving four year terms. The County Executive, elected to a four year term, serves as Chief Executive Officer and is responsible for County operations and developing the County budget. The Commissioner of Finance, appointed by the County Executive and confirmed by the County Legislature, serves as the Chief Fiscal Officer of the County.

The County provides a variety of services to its residents. Public health is promoted through the programs provided by the County's Health and Mental Health departments. These include the health and mental health clinics, food subsidies provided to women and children through the Women, Infants, and Children Program (WIC) as well as the inspections of public water supplies. Sheriff's Department, District Attorney's Office, and Emergency Services provide for the public safety through patrols, arrests and prosecution of criminals as well as emergency planning. Public welfare is enhanced through the programs of Social Services and the Office for Aging such as temporary assistance to needy families, social services administration, home emergency assistance, and meals on wheels. The Department of Public Works builds, repairs, and maintains the County's roads and public facilities.

The County, with a land area of approximately 710 square miles, is situated in the central southern portion of upstate New York commonly referred to as the Southern Tier. The City of Binghamton is the County seat and is situated in the southern portion of the County. The City of Syracuse is 75 miles to the north, while the Pennsylvania border is seven miles to the south. Binghamton is part of a metropolitan area running along the Susquehanna River Valley including the incorporated villages of Johnson City and Endicott, and the unincorporated area of Vestal. The County's population was 195,973, according to the July 1, 2007 estimate from the U. S. Census Bureau. Broome County is classified as an urban county.

### **Reporting Entity**

The financial reporting entity for the County includes all organizations, functions and activities over which elected and appointed officials have financial accountability, or without the inclusion of, would render the County's financial statements incomplete or misleading. Oversight responsibility is based on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

The reporting entity has been defined to include all chartered departments of the County by which the following basic services are supplied: law enforcement, economic assistance, health and mental health services, maintenance of County roads, economic development, general administration, recreation, culture, transportation, solid waste disposal, and long-term care.

Also included in the reporting entity are the Broome Community College, the Broome County Industrial Development Agency (IDA), the Broome County Soil & Water Conservation District, and the Broome Tobacco Asset Securitization Corporation (BTASC). Information on all four of these legally separate entities can be found in Note 3 to the financial statements.

#### Budget Process and Controls

The County's budget serves as the foundation for the County's financial planning and control. County departments and the County Executive's Budget Officer develop a proposal to be sent before the County Legislature. On or before October 1 the County Executive submits the proposed operating budget and a six year schedule of the capital improvement program to the Legislature for approval. Public hearings are conducted by the Legislature to obtain public comment on the tentative budget. The County Executive has the power to veto any modification made by the Legislature. An Executive veto can be overridden by a two-thirds vote of the Legislature. On or before November 27 the annual budget is finalized through passage of the annual appropriation ordinance, the legal authority for enactment of the budget.

Appropriations and estimated revenues are entered into the automated mainframe accounting system after the budget is adopted. Prior to expenditures being incurred, an electronic review for available appropriations is performed.

The legal level of budgetary control is to a general category of expenditure at a department level. The County Charter prohibits expenditures for which there is no legal appropriation. A character is a grouping of similar appropriation/expenditure accounts.

Departments receive monthly reports detailing expenditures, revenues, and encumbrance activity. A comparison of budget to actual information is included. County Legislators and the Budget Officer are also provided with monthly data. As necessary, budget transfers from one appropriation account to another are made. The transfer must be approved by formal Legislative resolution if the total of an administrative unit's budget is changed, if not, the transfer is approved by the Budget Officer, Comptroller, and Commissioner of Finance. Finance office staff data enter budgetary changes. Budget modifications are reflected for each appropriation category.

Additional information on the County's budget controls can be found in Note 2 to the financial statements.

#### **Non-major Governmental Funds of the County**

The County's non-major governmental funds consist of the special revenue funds which include County Road, County Road Machinery, the Library, the Arena, and the Office for Employment and Training.

**Condensed Schedule of Revenues and Expenditures  
Non-major Governmental Funds  
Year Ended December 31  
(in millions of dollars)**

	<b>2008</b>	<b>Percent</b>	<b>2007</b>	<b>Percent</b>	<b>Increase</b>
	<b>Amount</b>	<b>of Total</b>	<b>Amount</b>	<b>of Total</b>	<b>(Decrease)</b>
					<b>from 2007</b>
<b>Revenues</b>					
Licenses, permits, fees, charges					
for services, and refunds	\$ 2.3	11	\$ 2.1	10	0.2
Intergovernmental charges	0.8	4	0.8	4	-
Investment earnings	0.1	-	0.2	1	(0.1)
State and federal aid	4.8	23	5.6	24	(0.8)
Other revenues	0.3	1	0.2	1	0.1
Subtotal	8.3	39	8.9	40	(0.6)
Transfers in	13.1	61	13.1	60	-
Total	21.4	100	22.0	100	(0.6)
<b>Expenditures</b>					
Transportation	9.2	45	8.8	45	0.4
Economic assistance	3.2	16	3.4	17	(0.2)
Culture and Recreation	4.8	23	4.6	24	0.2
Debt service	3.4	16	2.6	13	0.8
Subtotal	20.6	100	19.4	99	1.2
Transfers out	-	-	0.1	1	(0.1)
Total	20.6	100	19.5	100	1.1
Increase in fund balance	\$ 0.8		\$ 2.5		

Total fund balance increased by \$.8 million.

The fund balance in the County Road Fund increased by \$.8 million in 2008. This was primarily due to the receipt of an unbudgeted premium on debt sale of \$0.25 million, capital interest earnings in excess of the budget of \$0.28 and aid received in connection with the massive flooding that occurred in 2006 of \$0.38.

**Internal Service Funds of the County**

The County's internal service funds consist of Fleet Management, Central Kitchen, Health Insurance, Workers' Compensation, Insurance Reserve, and Unemployment Insurance.

**Condensed Schedule of Revenues and Expenses  
Internal Service Funds  
Year Ended December 31  
(in millions of dollars)**

	<b>2008</b>	<b>Percent</b>	<b>2007</b>	<b>Percent</b>	<b>Increase</b>
	<b>Amount</b>	<b>of Total</b>	<b>Amount</b>	<b>of Total</b>	<b>(Decrease)</b>
					<b>from 2007</b>
<b>Revenues</b>					
<b>Operating Revenues</b>					
External charges for services	\$ 8.6	18	\$ 8.7	18	(0.1)
Internal charges for services	33.7	70	33.2	69	0.5
Other operating revenue	4.9	10	4.6	10	0.3
<b>Non-operating Revenues</b>					
Interest revenue	0.3	1	0.3	1	-
Other non-operating	0.4	1	0.8	2	(0.4)
Subtotal	47.9	100	47.6	100	0.3
Transfers in	0.2	-	0.2	-	-
Total	48.1	100	47.8	100	0.3
<b>Expenses</b>					
Personal services	1.7	4	1.6	4	0.1
Contractual expenses	4.5	10	4.3	10	0.2
Insurance claims and expenses	37.0	83	36.4	82	0.6
Employee benefits	0.9	2	1.5	3	(0.6)
Depreciation	0.4	1	0.4	1	-
Subtotal	44.5	100	44.2	100	0.3
Transfers out	-	-	0.1	-	(0.1)
Total	44.5	100	44.3	100	0.2
Increase (decrease) in Net Assets	\$ 3.6		\$ 3.5		

Net assets increased 3.6 million. This increase was primarily due to contribution rates charged in the Health Insurance Fund and Self Insurance Funds.

**Factors Affecting Financial Condition**

**Local Economy**

Broome County's economic development resources provide various financing and tax abatement programs to new, expanding and relocating businesses and a variety of technology related research and development opportunities.

The Broome County Industrial Development Agency (BCIDA) assists businesses in each step of planning a new facility or the expansion of an existing one. The BCIDA assists with financing and may facilitate the process of obtaining a Payment in Lieu of Tax (PILOT) agreement with local municipalities. Under a PILOT agreement, municipalities agree to allow a certain percentage of a company's taxes to be abated for a set period of time to encourage industrial development.

The BCIDA owns the Broome Corporate Park, a 600-acre mixed-use business park located in

the southern portion of the County. The park is immediately adjacent to Interstate Route 81 and rail service is available onsite (Canadian/Pacific and Delaware & Hudson).

Several joint initiatives between local industry and Binghamton University's Watson School of Engineering have contributed to the advancement of local industrial development. The Integrated Electronics Engineering Center (IEEC), a New York State Center for Advanced Technology, works in conjunction with Universal Instruments Corporation, IBM Microelectronics and Lockheed Martin to provide leading-edge research in the electronics industry.

The Strategic Partnership for Industrial Resurgence (SPIR) assists small manufacturers in developing new products and defense manufacturers in diversifying their product lines.

Through the assistance of Senators Clinton and Schumer, Broome County has received a \$250,000 federal grant to create an incubator facility for new and emerging businesses further facilitating economic development. An additional \$250,000 of state funds was secured by Senator Tom Libous (2006 State of the County). The County has completed the process of rehabilitating 123 Court Street in the City of Binghamton into a high tech incubator.

Broome County continues to foster a diverse base of high technology, manufacturing, and institutional employers. The local unemployment rate is similar to federal and state figures.

Broome County has an active Workforce Development program that provides training and education for people in need of skill upgrades to obtain employment and those who are currently employed and need additional training to enhance their skill level. The Broome-Tioga Workforce Development Program has consolidated many of the services job seekers use to search for employment and develop the skills necessary to re-train for new career opportunities.

In February 2002, the two Empire Zones in Broome County were restructured to include more usable industrial acreage and numerous employers looking to expand their operations. The revised boundaries will include 26 companies with plans to create a total of 650 new jobs. The projected \$8.8 million investment will enhance the productivity of these existing businesses and improve the job opportunities in the local labor market.

As of late March, 2009 Broome County expects to receive at least \$20.5 million of additional State & Federal support related to the "America Reinvestment & Recovery Act". The major share off this amount, approximately \$13.2 million, is an increase in Medicaid-FMAP. This additional support is expected to be received over a 27 month period.

In December of 2008 Endicott Interconnect Technologies received a \$12 million research and development contract from the U.S. Department of Defense. This shall result in the company hiring an additional 5 – 15 scientists and engineers.

In December of 2008 Maines Paper and Food Service, Inc. announced a new account with Subway Restaurants. It is expected that the new contract shall generate \$21 million in sales over the next three years and lead to the creation of 10 order selector and driver jobs.

In August of 2008 it was announced that a \$40 million packaging plant shall be built in the Town of Conklin. Once completed, the new facility is expected to employ 75 people.

Broome County residents have a variety of recreational and leisure activities available. The

2002 acquisition of the Binghamton Senators American Hockey League team has rejuvenated local sports interest. Affiliated with the Ottawa Senators, the Binghamton Senators are at home in the Broome County Veterans' Memorial Arena. Construction on eight skyboxes in the Arena creating premium seating for events was completed in 2003.

The County is also home to the Binghamton Mets, an Eastern League professional baseball franchise affiliated with the New York Mets. The Mets play at NYSEG Stadium located in the heart of downtown Binghamton.

Annual sporting events include the Dick's Sporting Goods Open, a PGA Seniors Tour Stop. The event is played in July at the En-Joie Golf Club in Endicott, New York.

The Frito-Lay USTA Challenger Tennis Tournament features players ranked in the top 20 in the world. The event is held annually at Recreation Park in the historic West-side neighborhood of Binghamton.

The Chris Thater Memorial Races are held annually in remembrance of a cyclist who was killed in an alcohol related accident. World-class cyclists, runners and in-line skaters participate in races on the streets of Binghamton.

The County has six restored carousels in local parks throughout the area. Donated by local entrepreneurs in the 1920's and 30's, the carousels have been carefully restored to their original grandeur. They are a popular attraction for local and national organizations interested in their preservation and history.

A variety of other cultural centers and attractions exist in Broome County, including several performing arts centers, the country's fifth oldest zoo, a space observatory and several museums. The area has also hosted the Empire State Games.

In May 2009, the VH-71 Presidential Helicopter program was cancelled. This resulted in Lockheed Martin reducing workforce by 130 with an additional 100 subcontract employees terminated.

#### **Debt Administration and Long-term Financial Planning**

Under New York State law, the County's bonded debt issuances are subject to a constitutional tax limit based on 7% of the average full valuation of real property for the last five years. The County's net outstanding indebtedness on December 31, 2008 was 14.36% of its constitutional debt limit. This represents a decrease from the County's outstanding indebtedness of 16.31% at the end of 2007.

The Moody's Rating Report currently rates the County's credit rating for general obligation bonds as "A3". Standard & Poor's rates the County's bonds as "A".

The County Executive has proposed future funding of capital projects for the purpose of maintaining, improving, and modernizing the County's infrastructure as well as the purchase of vehicles and equipment. Work planned to begin in 2009 includes the following projects of \$1.0 million or greater: de, \$2.0 million for highway reconstruction and rehabilitation, \$1.1 million for rehabilitation of the Nanticoke Drive Bridge, and \$3.5 million for a new information technology system, \$2.2 million for Transit hybrid buses, \$2 million for landfill closure costs and \$1.35 million



for landfill equipment.

The new capital projects for the County beginning in 2009 total an estimated \$37.2 million in costs, of which the County would fund \$15.9 million through the issuance of County general obligation debt. The balance of the funding would come from Federal and state sources.

**Cash Management and Investments**

Cash is accounted for based on fund ownership. Most County cash is maintained in a pooled bank account. The County also maintains several other special purpose bank accounts, whose funds are transferred into the pooled account by the Treasury Manager on a regular basis. The bank accounts are interest bearing.

The Treasury Manager uses computer generated reports from the banks each day to monitor cash balances in the bank accounts. Idle cash balances are kept at a minimum level, as any excess funds are invested. Projections of major cash flows are made to determine the investment of funds not immediately required to pay County debts. The Commissioner of Finance has ultimate responsibility for investing idle funds. County investments include certificates of deposit, money market accounts and treasury bills. Deposits in excess of FDIC insurance are collateralized by securities purchased in the County's name and held by third party custodians. The custodians adjust the collateral maintained and notify the County of the changes based upon a monthly review. The Department of Finance maintains records verifying collateral balances are sufficient.

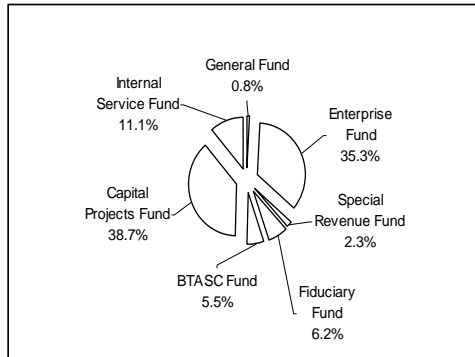
**Comparison of Cash, Cash Equivalents Balances (including Restricted Cash), and Investment Balances (in millions of dollars)**

<u>County of Broome</u>		<u>Broome Community College</u>		<u>Industrial Development Agency</u>		<u>Broome County Soil &amp; Water Conservation District</u>	
<u>12/31/08</u>	<u>12/31/07</u>	<u>08/31/08</u>	<u>08/31/07</u>	<u>12/31/08</u>	<u>12/31/07</u>	<u>12/31/08</u>	<u>12/31/07</u>
\$98.1	\$92.5	\$29.0	\$29.4	\$8.8	\$8.8	\$0.3	\$0.3

**Cash, Cash Equivalents Balances including Restricted Cash) and Investment Balances by Fund as of December 31, 2008 (in millions of dollars)**

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<b>Fund</b>	<b>Balance</b>
General Fund	\$ 0.8
Enterprise Fund	34.6
Special Revenue Fund	2.3
Fiduciary Fund	6.1
BTASC Fund	5.4
Capital Projects Fund	38.0
Internal Service Fund	10.9
	<u>\$ 98.1</u>



The debt service monies are comprised entirely of the Broome Tobacco Asset Securitization Corporation. Included in the capital project monies is approximately \$3.9 million invested in Treasury Notes that is reserved for the payment of a Certificate of Participation issued to finance the County's Public Safety Facility.

Additional information on the County's cash management can be found in Note 4 to the financial statements.

**Risk Financing**

The County is self-insured for general liability and property loss, commercial insurance is purchased for losses in excess of \$100,000. Payment of claims is provided by annual appropriations based on claim payment experience and recognition of liability amounts.

The County administers a workers' compensation pool. Pool costs are distributed to the seventeen participant municipalities, including the County. Cost allocation is based on the participant's assessed property valuation and claim experience.

The County maintains a self-insured Health Insurance Fund. Health care benefits are financed through County and employee contributions to the plan. The County's contribution, which amounted to approximately \$24.2 million for the year, is determined by rates approved by the County Legislature and based upon advice from plan consultants and the Risk Manager. Rates incorporate experience, fund liabilities and projected reserve level.

The County participates in a self-insured unemployment insurance plan. The New York Department of Labor acts as the third party administrator.

Additional information on the County's risk management activities can be found in Note 12 to the financial statements.

**Pension and Other Postemployment Benefits**

Substantially all full-time employees of the County are members of the New York State and Local Retirement System (the "System"). The System is a cost-sharing multiple employer public employee retirement plan. The System is non-contributory with respect to employees hired prior

to July 27, 1976. Employees hired after July 27, 1976 must contribute 3% of gross annual salary toward the cost of the retirement program until they attain ten years in the retirement system, at such time the employee contribution ceases.

In addition, certain employees of the Broome Community College are members of either the New York State Employees Retirement System or the New York State Teachers Retirement System.

Post-retirement health benefits are provided to qualifying retired County employees with at least ten years of service or those on disability retirement. Both the County and the College recognizes and funds such expenditures as incurred. During 2008 expenditures were approximately \$5.8 million for County retirees.

Additional information on the County's pension arrangements and postemployment benefits can be found in Notes 10 and 11 to the financial statements.

**Acknowledgments**

Preparation of the Comprehensive Annual Financial Report and its timely issuance is the result of a concentrated, dedicated, and coordinated effort by Finance Department staff and financial staff located throughout the County's departments. The preparation of this report would not be possible without each of their efforts.

Respectfully submitted,

Jerome Z. Knebel  
Commissioner of Finance

**County of Broome**

**Management's Discussion and Analysis (Unaudited)  
For the Year Ended December 31, 2008**

The County of Broome's Financial Section presents Management's Discussion and Analysis (MD&A) on the County's financial performance during the 2008 fiscal year. It is intended to be an easily readable analysis of the financial activities of the County, focusing on the current activities, known facts, and their impact. The results, both positive and negative, are discussed. In order to properly evaluate the County's position, the MD&A should be read in conjunction with the letter of transmittal, which can be found on pages 2-12 of this report and the basic financial statements and notes to the basic financial statements that directly follow this section.

**Financial Highlights**

- ◆ The County's assets exceeded its liabilities at the close of fiscal year 2008 by \$75,905,388 (net assets). This amount includes \$1,419,296 that is restricted for specific purposes (restricted net assets) and \$67,727,263 invested in capital assets, net of related debt and an unrestricted net assets of \$6,758,829.
- ◆ The County's total net assets decreased during 2008 by \$6,019,407.
- ◆ As of December 31, 2008 the County's governmental funds had combined fund balances of \$65,183,559 a decrease of \$401,533 from the prior year. 58.0% of the combined fund balances, \$37,780,581 is available to meet the current and future needs of the County (unreserved fund balance).
- ◆ The unreserved fund balance for the County's general fund was \$8,960,116 at the end of 2008. This is slightly over 3.1% of the total 2008 expenditures for the general fund. \$6,410,692 is designated for use in the subsequent year's expenditures in the 2009 fiscal year budget.

**Overview of the Financial Statements**

The County's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the accompanying notes to the basic financial statements. The notes further explain and support the basic financial statements. The County presents two types of financial statements with different views of the County.

**Government-wide financial statements** are the first two statements. These statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. These statements present a long-term view of the County's finances. Government-wide presentations use the accrual basis of accounting. Under the accrual basis, revenues are recorded at the time they are earned and expenses are recorded at the time liabilities are incurred.

Both of the statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover part or all of their costs through user fees and charges (business-type activities). The governmental activities include general government, education, public safety, health,

transportation, economic assistance, culture and recreation, and home and community services. The business-type activities include mass transit, the nursing home, solid waste management, and the airport.

The government-wide statements not only include Broome County itself, known as the primary government, but also the legally separate Broome Community College, Broome County Soil & Water Conservation District, and the Broome County Industrial Development Agency for which the County is financially accountable. Financial information for these component units is reported separately (discretely) from the primary government itself. The Broome Tobacco Assets Securitization Corporation, although also legally separate, functions for all practical purposes as a County department and therefore has been included as an integral part (blended) of the primary government.

The statement of net assets presents information on all the County assets and liabilities, both financial and capital, with the difference between the two reported as net assets. Net assets signify the financial position of the County and over time, their increases or decreases may serve as a useful indicator whether the financial position of the County is improving or deteriorating. To assess the overall financial health of the County, it is also necessary to consider non-financial factors such as changes in the property tax base.

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenditures are reported in this statement for some items that will only result in future period cash flows (e.g. uncollected taxes and earned but unused vacation and sick leave).

The government-wide financial statements can be found on pages 47 - 49 of this report.

**Fund financial statements** focus on the major funds of the County in a more detailed manner than the government-wide financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** are used to account for the functions reported as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of expendable resources as well as what expendable resources remain to fund future activities. Such information may be useful in evaluating the County's near-term financial requirements.

Because the focus of the governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison.

The County maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, BTASC debt service fund, and capital fund. Data for the other six funds is combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements, which are included in the Combining, Individual Fund Financial Statements and Schedules section.

The governmental fund financial statements can be found on pages 50-54 of this report.

**Proprietary funds** consist of two types of funds that are maintained by the County; enterprise and internal service funds. The enterprise funds are used to report the same functions presented as business-type activities in the government-wide statements. The County uses enterprise funds to account for the Department of Transportation, Willow Point Nursing Home, Solid Waste Management, and Aviation. All the enterprise funds are presented separately as major funds on the full accrual basis of accounting.

Although a type of proprietary fund, the internal service funds provide services primarily to other County departments. They are allocated on the government-wide statements between governmental and business-type activities. They are presented as nonmajor funds in a single aggregated presentation on the proprietary fund statements. Individual fund data for each of the internal service funds is provided in the form of combining statements, which are included in the Combining, Individual Fund Financial Statements and Schedules.

Because the internal service funds are allocated between the governmental and business-type activities on the government-wide statements, both the proprietary fund statement of net assets and statement of revenues, expenses, and changes in net assets provide a reconciliation to facilitate comparison with similar information presented for business-type activities in the government-wide statements.

Proprietary funds provide the same type of information as the government-wide statements, only in more detail.

The proprietary fund financial statements can be found on pages 56-61 of this report.

**Fiduciary funds** are used to account for those resources the County maintains only as a trustee, or fiduciary, for the benefit of others, to whom those resources actually belong. All the fiduciary funds held by the County are agency funds. Agency funds are purely custodial in nature, involving only the receipt, temporary investment, and remittance of the resources to individuals, private organizations, or other governments. Fiduciary funds held by the County are not reflected in the government-wide statements because the resources of those funds are not available to support the County's own programs.

The fiduciary fund statement of fund net assets can be found on page 62 of this report.

**Notes to the basic financial statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

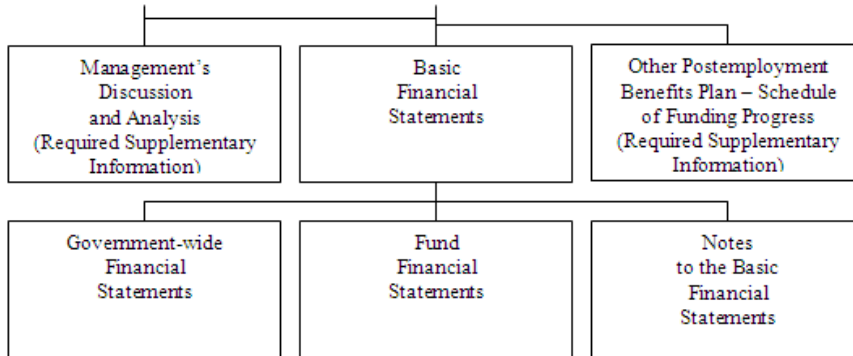
The notes to the basic financial statements can be found starting on page 66 of this report.

**Combining statements**, referred to earlier, provide information on nonmajor governmental

and internal service funds, and are presented immediately following the notes to the basic financial statements.

Combining and individual fund statements and schedules can be found starting on page 136 of this report.

**Components of the basic financial statements**



Management's Discussion and Analysis (Unaudited) (Continued)

Major Features of Broome County's Basic Financial Statements

		Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire county government (except fiduciary funds) and component units.	County activities funded primarily through taxes and intergovernmental revenues such as Sheriff, Parks, and Public Health.	County activities operated similar to private businesses such as Transit.	Activities where the County acts as a trustee or agent for non-county resources, such as mortgage tax held for distribution to municipalities.
Required financial statements	<ul style="list-style-type: none"> <li>Statement of Net Assets</li> <li>Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>Balance Sheet</li> <li>Statement of Revenues, Expenditures, and Changes in Fund Balance</li> </ul>	<ul style="list-style-type: none"> <li>Statement of Net Assets</li> <li>Statement of Revenues, Expenses, and Changes in Net Assets</li> <li>Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>Statement of Fiduciary Net Assets</li> </ul>
Accounting basis	Accrual	Modified Accrual	Accrual	Accrual
Measurement focus	Economic resources	Current financial resources	Economic resources	Economic resources
Asset/Liability information	All assets and liabilities, both financial and capital, and short-term and long-term.	Includes short-term assets and liabilities only. Long-term capital assets and long-term liabilities are not included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term.
Inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or disbursed.	Revenues for which cash is received during the year or soon after the end of the year. Expenditures when goods or services have been received and payment is due during the year or soon thereafter except for debt service.	All revenues and expenses during the year regardless of when cash is received or disbursed.	Because all the County fiduciary funds are agency in nature, revenues and expenses are not recorded.



**Government-wide Financial Analysis**

As noted earlier, net assets may serve as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$75.9 million at fiscal year end 2008.

**County of Broome  
Condensed Schedule of Net Assets  
December 31  
(in millions of dollars)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Assets</b>						
Current and other assets	\$ 156.5	\$ 151.3	\$ 48.5	\$ 35.6	\$ 205.0	\$ 186.9
Capital assets	108.9	101.7	90.4	88.8	199.3	190.5
Total Assets	<u>265.4</u>	<u>253.0</u>	<u>138.9</u>	<u>124.4</u>	<u>404.3</u>	<u>377.4</u>
<b>Liabilities</b>						
Long term liabilities	196.7	177.4	51.3	43.1	248.0	220.5
Other liabilities	68.4	64.6	12.0	10.3	80.4	74.9
Total liabilities	<u>265.1</u>	<u>242.0</u>	<u>63.3</u>	<u>53.4</u>	<u>328.4</u>	<u>295.4</u>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	(0.6)	8.5	68.3	68.2	67.7	76.7
Restricted	1.4	1.2	-	-	1.4	1.2
Unrestricted	(0.5)	1.3	7.3	2.8	6.8	4.1
Total net assets	<u>\$ 0.3</u>	<u>\$ 11.0</u>	<u>\$ 75.6</u>	<u>\$ 71.0</u>	<u>\$ 75.9</u>	<u>\$ 82.0</u>

The largest portion of the County's net assets reflects its \$67.7 million investment in capital assets (land, buildings, infrastructure, and equipment), less the outstanding debt used to acquire these assets. The County uses these assets to provide services to citizens; consequently these assets are not available for future spending. Although the County's investment in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the County's net assets, \$1.4 million, represents resources that are subject to restrictions on how they may be used either by external entities or by enabling legislation of the County. More detailed information about the County's restricted net assets is presented in Note 21 to the financial statements. The unrestricted net assets of \$6.8 million represent resources that are available for the County's use without a restriction of purpose.

## Management's Discussion and Analysis (Unaudited) (Continued)

**County of Broome**  
**Condensed Schedule of Activities**  
**Years Ended December 31**  
**(in millions of dollars)**

	<b>Governmental</b>		<b>Business-type</b>		<b>Total Primary</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Government</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 35.4	\$ 34.8	\$ 40.4	\$ 38.6	\$ 75.8	\$ 73.4
Operating grants	83.1	85.9	12.6	6.1	95.7	92.0
Capital grants	7.5	13.1	8.3	5.0	15.8	18.1
General						
Property taxes	63.8	60.1	-	-	63.8	60.1
Sales taxes	110.7	107.6	-	-	110.7	107.6
Hotel / motel occupancy tax	1.6	1.2	-	-	1.6	1.2
Tobacco settlement	3.9	3.6	-	-	3.9	3.6
Investments earnings	2.7	4.3	0.6	1.2	3.3	5.5
Other	2.1	2.5	1.1	0.8	3.2	3.3
Total revenues	310.8	313.1	63.0	51.7	373.8	364.8
<b>Expenses</b>						
General government	76.9	73.7	-	-	76.9	73.7
Education	16.8	16.5	-	-	16.8	16.5
Public safety	40.7	41.4	-	-	40.7	41.4
Health	20.3	21.5	-	-	20.3	21.5
Transportation	14.2	13.3	-	-	14.2	13.3
Economic assistance	128.5	124.3	-	-	128.5	124.3
Culture and recreation	10.9	11.9	-	-	10.9	11.9
Home and community services	3.2	1.8	-	-	3.2	1.8
Interest on long-term debt	7.6	7.7	-	-	7.6	7.7
Mass transit	-	-	13.5	12.9	13.5	12.9
Nursing home	-	-	29.8	31.5	29.8	31.5
Solid waste management	-	-	8.9	9.9	8.9	9.9
Airport	-	-	8.6	7.8	8.6	7.8
Total Expenses	319.1	312.1	60.8	62.1	379.9	374.2
Deficiency before	(8.3)	1.0	2.2	(10.4)	(6.1)	(9.4)
Transfers						
Transfers	(2.4)	(4.8)	2.4	4.8	-	0.0
Changes in net assets	(10.7)	(3.8)	4.6	(5.6)	(6.1)	(9.4)
Net assets - beginning	11.0	14.8	71.0	76.6	82.0	91.4
Net assets - ending	\$ 0.3	\$ 11.0	\$ 75.6	\$ 71.0	\$ 75.9	\$ 82.0

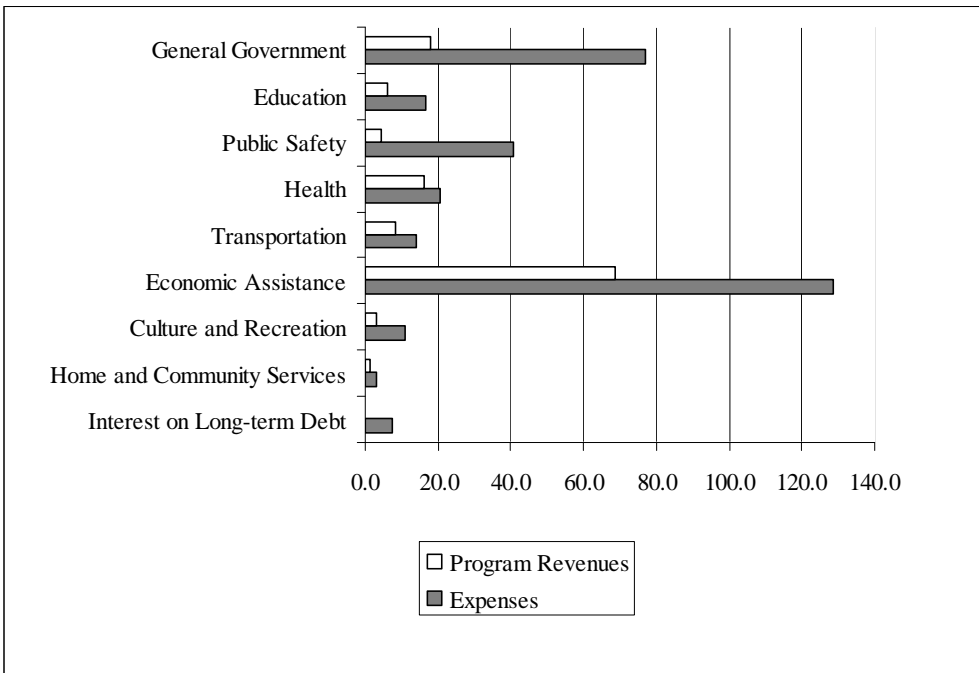
**Management's Discussion and Analysis (Unaudited) (Continued)**

The County's net assets decreased by \$6.1 million during 2008. Significant changes in revenues and expenses included:

**Governmental activities** decreased the County's net assets by \$10.7 million.

- ◆ Operating grants decreased \$2.8 million from the prior year. This resulted from increased aid received in connection with the County's Social Services and Mental Health grant programs.
- ◆ Capital grants decreased \$5.6 million from the prior year. This resulted from aid received in connection with the massive flooding of 2006.
- ◆ Total expenses increased \$7.0 million in 2008
- ◆ Charges for Services and Property Tax revenues increased \$.6 and \$3.7 million respectively.

**County of Broome**  
**Expenses and Program Revenues – Governmental Activities**  
**Year Ended December 31, 2008**  
**(in millions of dollars)**

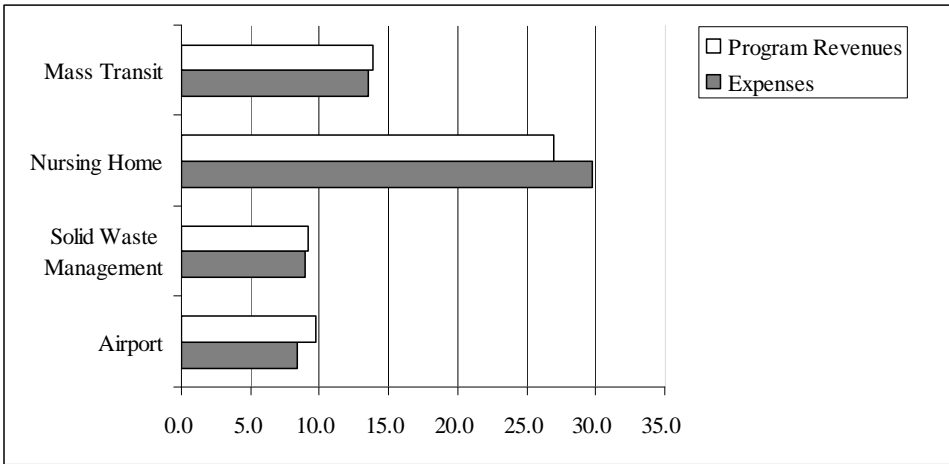


**Management's Discussion and Analysis (Unaudited) (Continued)**

**Business-type activities** increased the County's net assets by \$4.6 million. Significant changes in revenues and expenses included:

- ◆ Capital grants increased by \$3.3 million.
- ◆ Mass transit net assets increased \$2.3 million.
- ◆ Nursing home net assets decreased by \$.9 million.
- ◆ Solid Waste Management net assets increased by \$.8 million.
- ◆ Airport net assets increased by \$1.8 million.

**County of Broome**  
**Expenses and Program Revenues – Business-type Activities**  
**Year Ended December 31, 2008**  
**(in millions of dollars)**



**Financial Analysis of the County's Funds**

2008 COMPREHENSIVE ANNUAL FINANCIAL REPORT

As noted earlier the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds** focus on providing information on near-term inflows and outflows of expendable resources as well as what expendable resources remain to fund future activities. Such information may be useful in evaluating the County's near-term financial requirements. In particular unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

At the end of fiscal year 2008 the County's governmental funds reported combined fund balances of \$65.2 million, a decrease of \$.4 million from the prior year. Approximately 58% of the combined fund balances, \$37.8 million, constitutes unreserved fund balance, which is available for spending at the County's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed (1) to liquidate purchase orders and contracts of the prior period (\$14.6 million), (2) to pay future debt service obligations (\$8.8 million), (3) to offset the County's inventory (\$0.6 million), (4) to offset the County's long-term receivables (\$1.7 million), (5) to aid in the stabilization of County property tax rates (\$0.3 million), and (6) to reserve funds associated with the tobacco trapping event (\$1.4 million).

**County of Broome  
Schedule of Fund Balances  
Major Governmental Funds  
December 31  
(in millions of dollars)**

	<u>General</u>		<u>BTASC Debt Service</u>		<u>Capital Projects</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	<b>Reserved for:</b>							
Encumbrances	\$ 2.8	\$ 2.9	\$ -	\$ -	\$11.4	\$ 5.5	\$ 14.2	\$ 8.4
Debt Service	0.6	0.6	3.9	3.9	3.6	3.6	8.1	8.1
Long-term receivables	1.7	1.7	-	-	-	-	1.7	1.7
Inventory	-	-	-	-	-	-	-	-
Tax Stabilization	0.3	0.3	-	-	-	-	0.3	0.3
Trapping Event	-	-	1.4	1.2	-	-	1.4	1.2
<b>Total reserved</b>	<b>5.4</b>	<b>5.5</b>	<b>5.3</b>	<b>5.1</b>	<b>15.0</b>	<b>9.1</b>	<b>25.7</b>	<b>19.7</b>
<b>Unreserved:</b>								
Designated for use in next year's budget	6.4	6.4	-	-	-	-	6.4	6.4
Designated - other	2.5	1.7	-	-	-	-	2.5	1.7
Unreserved -undesignated	-	6.4	0.1	0.1	25.2	26.8	25.3	33.3
<b>Total unreserved</b>	<b>8.9</b>	<b>14.5</b>	<b>0.1</b>	<b>0.1</b>	<b>25.2</b>	<b>26.8</b>	<b>34.2</b>	<b>41.4</b>
<b>Total Fund Balances</b>	<b>\$ 14.3</b>	<b>\$ 20.0</b>	<b>\$ 5.4</b>	<b>\$ 5.2</b>	<b>\$ 40.2</b>	<b>\$ 35.9</b>	<b>\$ 59.9</b>	<b>\$ 61.1</b>

The general fund is the chief operating fund of the County. At the end of 2008, the unreserved fund balance was \$8.96 million. As a measure of the fund's liquidity it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents

approximately 3.1% of the total general fund expenditures in 2008.

As evidenced in the table above, \$6.4 million of the general fund unreserved fund balance has been designated for use in next year's budget. This represents the use of prior year's surpluses to avoid increases in property taxes. This designation however does not legally restrict the use of these resources to this purpose and such resources are therefore considered to be unreserved.

The BTASC debt service fund has a total fund balance of \$5.4 million, of which \$3.9 million is reserved for future debt service payments and \$1.4 million is reserved for the trapping event, leaving an unreserved fund balance of \$0.1 million.

The trapping event was the downgrade of R.J. Reynolds Tobacco by S & P and Moody's in June, 2003. The downgrade trapping event will require the Broome County Tobacco Asset Corporation (the "Corporation") to withhold future payments to the Trustee of the BTASC for the beneficial owner of the Residual Certificate, resulting in the Trapping Event Reserve.

The Residual Certificate represents the entitlement to receive all amounts required to be distributed after the payment of the debt service, operating expenses and certain other costs as set forth in each indenture. Payments on the Residual Certificate from the Tobacco Settlement Revenues ("TSRs") collections are subordinate to payments on each of the bonds and payment of certain other costs specified in each of the indentures. As owner of the Residual Certificate, TSRs not required by the Corporation to pay various expenses, debt service or be reserved with respect to each of the bonds are transferred to the Trustee of the BTASC. The County is the beneficial owner of the Trust and thus the funds received by the Trust would have ultimately been transferred to the County.

If the trapping event is resolved the balance of the Trapping Event reserve will be transferred to the County.

The capital projects fund has a total fund balance of \$40.2 million. Of this amount \$11.4 million is reserved to liquidate prior period purchase orders and contracts and \$3.6 million is reserved to pay future debt service obligations, leaving an unreserved fund balance of \$25.2 million.

Changes in the individual fund balances are discussed in the sections that follow.

**Management's Discussion and Analysis (Unaudited) (Continued)**

**County of Broome  
Condensed Schedule of Revenues and Expenditures**

2008 COMPREHENSIVE ANNUAL FINANCIAL REPORT

**General Fund  
Years Ended December 31  
(in millions of dollars)**

	2008	Percent	2007	Percent	Increase
	Amount	of Total	Amount	of Total	(Decrease)
					From 2007
<b>Revenues</b>					
Taxes	\$ 175.2	59	\$ 165.7	58	9.5
Licenses, permits, fees, charges for services, and refunds	23.7	8	24.0	8	(0.3)
Intergovernmental charges	15.9	5	14.9	5	1.0
Investment earnings	0.5	-	1.5	1	(1.0)
State and federal aid	78.3	27	80.2	28	(1.9)
Other revenues	1.4	1	1.2	-	0.2
Subtotal	295.0	100	287.5	100	7.5
Transfers in	0.9	-	0.8	-	0.1
Total	295.9	100	288.3	100	7.6
<b>Expenditures</b>					
General government	70.7	23	68.8	23	1.9
Education	17.0	6	16.8	6	0.2
Public Safety	38.3	13	37.4	13	0.9
Health	20.5	7	21.2	7	(0.7)
Economic assistance	127.2	42	121.8	40	5.4
Culture and Recreation	5.3	2	5.5	2	(0.2)
Home and community services	2.5	1	2.1	1	0.4
Debt service	4.0	1	4.8	2	(0.8)
Capital outlay	0.1	-	0.4	-	(0.3)
Subtotal	285.6	95	278.8	94	6.8
Transfers out	15.9	5	18.2	6	(2.3)
Total	301.5	100	297.0	100	4.5
Decrease in fund balance	\$ (5.6)		\$ (8.7)		

General fund total fund balance at the end of 2008 was \$14.3 million, a decrease of \$5.6 million.

The increase in Taxes from 2007 is primarily a result of increased sales tax and occupancy tax revenues.

State and federal aid increased primarily due to aid received in connection with the increases to Social Services and Mental Health grant programs.

General Fund expenditures increased \$6.8 million in 2008, primarily as a result of sales tax distributions to municipalities in General government and an increase in social services within Economic Assistance

**Management's Discussion and Analysis (Unaudited) (Continued)**

**County of Broome  
Condensed Schedule of Revenues and Expenditures**

**BTASC Debt Service Fund**  
**Years Ended December 31**  
**(in millions of dollars)**

	<b>2008</b>	<b>Percent</b>	<b>2007</b>	<b>Percent</b>	<b>Increase</b>
	<b>Amount</b>	<b>of Total</b>	<b>Amount</b>	<b>of Total</b>	<b>(Decrease)</b>
					<b>From 2007</b>
<b>Revenues</b>					
Tobacco settlement revenue	\$ 3.5	92	\$ 3.5	92	-
Investment earnings	0.3	8	0.3	8	-
Total	3.8	100	3.8	100	-
<b>Expenditures and Financing Uses</b>					
General government	0.1	3	0.1	3	-
Debt service	3.6	97	3.5	97	0.1
Total	3.7	100	3.6	100	0.1
Increase in fund balance	\$ 0.1		\$ 0.2		

In June 2003, Moody's Investor's Service and Standard and Poor's Rating Services downgraded R.J Reynolds Tobacco Holdings, Inc. (the parent of R. J. Reynolds Tobacco Company, which is an Original Participating Manufacturer) below the threshold established under the Downgrade Trapping Event definition. The Downgrade Trapping Event will require the BTASC Debt Service Fund to withhold future payments to the Trustee of the Broome Tobacco Tax Stabilization Trust for the beneficial owner of the Residual Certificate, which is the County, until the time that the trapping event has been resolved.

BTASC debt service fund total fund balance increased \$0.1 million, primarily as a result of the downgrade trapping event which required the BTASC debt service fund to withhold the transfer of residual tobacco receipts to the County's General Fund.

Capital projects fund total fund balance increased by \$4.3 million during 2008. This increase is primarily attributed to other financing sources.

**Management's Discussion and Analysis (Unaudited) (Continued)**



Proprietary funds focus on the same type of information found in the government-wide statements, but in more detail.

**County of Broome**  
**Condensed Schedule of Revenues and Expenses**  
**Proprietary Funds**  
**Years Ended December 31**  
**(in millions of dollars)**

**Department of Transportation**

	<b>2008</b>	<b>Percent</b>	<b>2007</b>	<b>Percent</b>	<b>Increase</b>
	<b>Amount</b>	<b>of Total</b>	<b>Amount</b>	<b>of Total</b>	<b>(Decrease)</b>
					<b>From 2007</b>
<b>Revenues</b>					
<b>Operating Revenues</b>					
External charges for services	\$ 2.0	13	\$ 2.0	18	-
Internal charges for services	0.4	2	0.3	3	0.1
Other operating revenue	0.4	2	0.4	4	-
<b>Non-operating revenues</b>					
State and federal aid	9.4	58	5.9	53	3.5
Interest revenue	-	-	0.1	1	(0.1)
Other non-operating revenues	0.4	2	0.2	2	0.2
Subtotal	12.6	77	8.9	81	3.7
Capital contributions	1.9	12	0.3	3	1.6
Transfers in	1.8	11	1.7	16	0.1
Total	16.3	100	10.9	100	5.4
<b>Expenses</b>					
Personal services	5.1	36	4.7	36	0.4
Contractual expenses	4.7	34	3.7	28	1.0
Employee benefits	3.3	24	3.8	29	(0.5)
Depreciation	0.9	6	0.9	7	-
Total	14.0	100	13.1	100	0.9
Increase/(Decrease) in net assets	\$ 2.3		\$ (2.2)		

Department of Transportation total net assets at the end of 2008 were \$5.9 million. \$4.5 million of the net assets reflect investment in capital assets, less the outstanding debt used to acquire these assets. This leaves a remaining unrestricted balance of \$1.4 million.

Increases in state operating grants and capital grants in excess of salary and contractual expense increases resulted in a \$2.3 million net asset increase.

**Management's Discussion and Analysis (Unaudited) (Continued)**

**County of Broome**  
**Condensed Schedule of Revenues and Expenses**

**Proprietary Funds**  
**Years Ended December 31**  
**(in millions of dollars)**

**Willow Point Nursing Home**

	<b>2008</b>	<b>Percent</b>	<b>2007</b>	<b>Percent</b>	<b>Increase</b>
	<b>Amount</b>	<b>of Total</b>	<b>Amount</b>	<b>of Total</b>	<b>(Decrease)</b>
					<b>From 2007</b>
<b>Revenues</b>					
<b>Operating Revenues</b>					
External charges for services	\$ 25.2	85	\$ 22.8	86	2.4
Other operating revenue	0.7	2	0.8	3	(0.1)
<b>Non-operating revenues</b>					
State and Federal aid	2.8	9	-	-	2.8
Interest revenue	0.1	-	0.1	-	-
Subtotal	28.8	96	23.7	89	5.1
Transfers in	0.9	4	2.8	11	(1.9)
Total	29.7	100	26.5	100	3.2
<b>Expenses</b>					
Personal services	13.4	44	13.3	42	0.1
Contractual expenses	6.8	22	7.2	23	(0.4)
Employee benefits	9.2	30	10.4	33	(1.2)
Depreciation	0.7	2	0.7	2	-
Interest expense	0.1	-	0.1	-	-
Subtotal	30.2	98.0	31.7	100.0	(1.5)
Transfers out	0.5	2	-	-	0.5
Total	30.7	100.0	31.7	100.0	(1.0)
Decrease in net assets	\$ (1.0)		\$ (5.2)		

Willow Point Nursing Home total net asset deficit at the end of 2008 was \$4.3 million. \$3.7 million of the net assets reflect investment in capital assets, less the outstanding debt used to acquire these assets. This leaves a remaining unrestricted deficit of \$8.0 million.

Net assets decreased by \$1.0 million as a result of increased Charges for services and reductions in contractual and employee benefits expenses.

**Management's Discussion and Analysis (Unaudited) (Continued)**

**County of Broome**  
**Condensed Schedule of Revenues and Expenses**

**Proprietary Funds**  
**Years Ended December 31**  
**(in millions of dollars)**

**Solid Waste Management**

	<b>2008</b>	<b>Percent</b>	<b>2007</b>	<b>Percent</b>	<b>Increase</b>
	<b>Amount</b>	<b>of Total</b>	<b>Amount</b>	<b>of Total</b>	<b>(Decrease)</b>
					<b>From 2007</b>
<b>Revenues</b>					
<b>Operating Revenues</b>					
External charges for services	\$ 8.3	86	\$ 8.7	86	(0.4)
Internal charges for services	-	-	0.1	1	(0.1)
Other operating revenue	0.1	1	0.1	1	-
<b>Non-operating revenues</b>					
State and federal aid	0.4	4	0.2	2	0.2
Interest revenue	0.5	5	0.9	9	(0.4)
Other non-operating revenues	0.1	1	-	-	0.1
Subtotal	9.4	97	10.0	99	(0.6)
Capital Contributions	0.3	3	-	-	0.3
Transfers in	-	-	0.1	1	(0.1)
Total	9.7	100	10.1	100	(0.4)
<b>Expenses</b>					
Personal services	1.0	11	1.0	10	-
Contractual expenses	3.9	44	4.8	49	(0.9)
Employee benefits	0.6	7	0.6	6	-
Depreciation	2.7	30	2.7	27	-
Interest Expense	0.7	8	0.8	8	(0.1)
Total	8.9	100	9.9	100	(1.0)
Increase in net assets	<u>\$ 0.8</u>		<u>\$ 0.2</u>		

Solid Waste Management total net assets at the end of 2008 were \$31.7 million. \$18.6 million of the net assets reflect investment in capital assets, less the outstanding debt used to acquire these assets. The remaining of \$13.1 million is unrestricted.

Expense reductions more than offset Charges for services and interest earnings reductions to result in a net asset increase of \$.8 million.

**Management's Discussion and Analysis (Unaudited) (Continued)**

**County of Broome**  
**Condensed Schedule of Revenues and Expenses**

**Proprietary Funds**  
**Years Ended December 31**  
**(in millions of dollars)**

**Aviation**

	<b>2008</b>	<b>Percent</b>	<b>2007</b>	<b>Percent</b>	<b>Increase</b>
	<b>Amount</b>	<b>of Total</b>	<b>Amount</b>	<b>of Total</b>	<b>(Decrease)</b>
					<b>From 2007</b>
<b>Revenues</b>					
<b>Operating Revenues</b>					
External charges for services	\$ 3.5	34	\$ 3.6	39	(0.1)
Other operating revenue	-	-	0.1	1	(0.1)
<b>Non-operating revenues</b>					
Other non-operating revenues	0.5	5	0.6	7	(0.1)
Subtotal	4.0	39	4.3	47	(0.3)
Capital Contributions	6.2	60	4.7	51	1.5
Transfers in	0.2	1	0.2	2	-
Total	<u>10.4</u>	<u>100</u>	<u>9.2</u>	<u>100</u>	<u>1.2</u>
<b>Expenses</b>					
Personal services	1.3	15	1.3	16	-
Contractual expenses	2.2	26	1.9	24	0.3
Employee benefits	0.8	9	0.9	11	(0.1)
Depreciation	4.3	50	3.8	49	0.5
Subtotal	<u>8.6</u>	<u>100</u>	<u>7.9</u>	<u>100</u>	<u>0.7</u>
Increase in net assets	<u>\$ 1.8</u>		<u>\$ 1.3</u>		

Aviation total net assets at the end of 2008 were \$42.5 million. \$41.5 million of the net assets reflect investment in capital assets, less the outstanding debt used to acquire these assets. The remaining \$1.0 million is unrestricted.

Capital grant increases largely accounted for the increase in net assets of \$1.8 million.

**Management's Discussion and Analysis (Unaudited) (Continued)**

**General Fund Budgetary Fund Highlights**

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Over the course of the year, supplemental estimated revenues and appropriations totaling \$38.5 million were approved for the acceptance of grant monies from New York State and the federal government and the associated County support and program income. The increases in estimated revenues included state revenues of \$17.9 million, federal revenues of \$16.3 million, County support (transfers) of \$2.0 million and \$2.3 million in program and miscellaneous revenues.

**County of Broome**  
**Schedule of Expenditures**  
**Budget and Actual (Budgetary Basis)**  
**General Fund**  
**Year Ended December 31, 2008**  
**(in millions of dollars)**

	<b>Final Budget</b>	<b>Actual Amount Budgetary Basis</b>	<b>Variance Positive (Negative)</b>
<b>Current:</b>			
General government	\$ 27.9	\$ 29.5	\$ (1.6)
Education	10.4	10.0	0.4
Public safety	40.3	38.5	1.8
Health	26.2	20.9	5.3
Economic assistance	130.7	127.4	3.3
Culture and recreation	5.5	5.3	0.2
Home and community services	2.3	2.5	(0.2)
<b>Debt Service:</b>			
Principal	1.8	1.8	-
Interest	1.7	1.7	-
Capital Outlay	0.3	0.1	0.2
<b>Total Expenditures</b>	<b>\$ 247.1</b>	<b>\$ 237.7</b>	<b>\$ 9.4</b>
<b>Other Financing Uses:</b>			
Transfers out	\$ 15.1	\$ 13.0	\$ 2.1
Transfers to component unit	6.4	6.4	-
<b>Total Other Financing Uses</b>	<b>21.5</b>	<b>19.4</b>	<b>2.1</b>

General government expenditures exceeded the budget by \$1.6 million. Discretionary salary savings (negative appropriations) of \$2.1 million related to all the functions in the general fund were budgeted entirely in General government.

**Management's Discussion and Analysis (Unaudited) (Continued)**

**Capital Asset and Debt Administration**

**Capital assets** investment net of accumulated depreciation of the County totaled \$197.8 million at

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the end of fiscal year 2008. They include land, buildings, and equipment (highway, landfill, information management, etc).

County capital assets increased approximately \$7.3 million or about 3.8% from the prior year.

**County of Broome**  
**Condensed Schedule of Capital Assets, Net of Depreciation**  
**as of December 31**  
**(in millions of dollars)**

	<b>Governmental</b>		<b>Business-type</b>			
	<b>Activities</b>		<b>Activities</b>		<b>Total</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Land	\$ 5.9	\$ 5.9	\$ 3.1	\$ 3.1	\$ 9.0	\$ 9.0
Buildings	29.5	32.8	19.0	19.4	48.5	52.2
Improvements	40.6	38.8	36.5	33.3	77.1	72.1
Machinery and Equipment	11.1	7.6	5.1	5.8	16.2	13.4
Construction in progress	21.8	16.6	26.7	27.2	48.5	43.8
<b>Total</b>	<b>\$ 108.9</b>	<b>\$ 101.7</b>	<b>\$ 90.4</b>	<b>\$ 88.8</b>	<b>\$ 199.3</b>	<b>\$ 190.5</b>

The County's capital assets are presented net of accumulated depreciation in the government wide financial statements (and, where applicable, in individual fund statements). Depreciation is calculated for all funds and all asset types using the straight-line method.

More detailed information about the County's capital assets are presented in Note 8 to the basic financial statements.

**Long-term Debt** of the County at December 31, 2008 was \$165.2 million as compared to \$150.7 million at the end of the prior year. This represents a net increase of 9.6%. The long-term debt is comprised of general obligation bonds, asset-backed bonds, bond anticipation notes, certificates of participation, and notes payable outstanding.

Bond anticipation notes mature in one year with interest and principal due at redemption. These notes may be renewed up to four times. Although short-term in nature themselves, the County issues the notes with the intent of renewing them as mentioned above and then converting them to serial bonds. This intent and ability to refinance the notes results in their presentation as long-term debt.

The County issues debt to fund capital programs. Local Finance Law provides periods of probable usefulness (PPU) for each capital purpose. Debt is usually amortized over the period of probable usefulness. Debt may also be issued in anticipation of State or Federal reimbursement.

**Management's Discussion and Analysis (Unaudited) (Continued)**

**County of Broome**  
**Condensed Schedule of Outstanding Debt**  
**as of December 31**  
**(In millions of dollars)**

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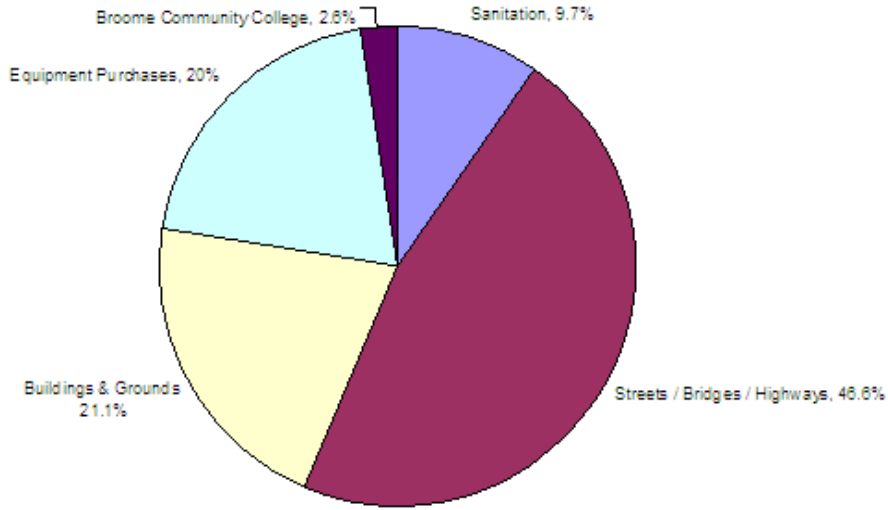
	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 25.0	\$ 27.0	\$ 21.0	\$ 23.3	\$ 46.0	\$ 50.3
Asset-backed bonds	62.7	63.8	-	-	62.7	63.8
Bond anticipation notes	30.3	17.2	10.0	3.2	40.3	20.4
Certificates of participation	16.1	16.1	-	-	16.1	16.1
Notes Payable	-	-	0.1	0.1	0.1	0.1
<b>Total</b>	<b>\$ 134.1</b>	<b>\$ 124.1</b>	<b>\$ 31.1</b>	<b>\$ 26.6</b>	<b>\$ 165.2</b>	<b>\$ 150.7</b>

Payments totaling \$4.3 million were made in 2008 on serial bonds issuances of previous years, \$2.0 million of governmental activities and \$2.3 million of business-type activities. Payments of \$1 million were made on asset-backed bonds issued for governmental activities in 2001. Bond anticipation notes totaling \$41.4 million were issued on April 17, 2008, at an interest rate of 2.87% payable on April 17, 2009. The purposes of the debt issues were as follows:

Sanitation / resource recovery projects, including land acquisition and improvements to the Nanticoke Landfill.....	\$ 4,007,211
Street / bridge / highway / land acquisition projects, including highway and road construction and reconstruction and improvements to County bridges.....	19,288,839
Building construction / renovation / acquisition projects, including the renovation of various buildings (county office building, airport and willow point nursing home).....	8,753,516
Equipment purchases, including highway and landfill equipment, parks and management information equipment and fleet replacement.....	<u>8,257,926</u>
Total Primary Government.....	40,307,492
Broome Community College purposes, including construction / reconstruction and renovation of college buildings.....	<u>1,052,508</u>
Total.....	<u>\$41,360,000</u>

**Management's Discussion and Analysis (Unaudited) (Continued)**

**County of Broome  
Purpose of New Debt  
Bond Anticipation Notes, Issued April 17, 2008**



The Moody's Rating Report currently rates the County's credit rating for general obligation bonds as "A3". Standard & Poor's rate the bonds as "A".

New York State statutes limit the amount of the general obligation debt the County may issue to 7% of the average full valuation of its taxable real estate for the most recent five-year period. The current debt limitation for the County is \$409,835,667. The County's current obligations amount to only 14.4% of the allowable debt limitation.

In April 2009, the County liquidated the 2008 Bond Anticipation Notes of \$41,360,000 and issued \$44,630,000 of Bond Anticipation Notes which will be due in April 2010.

More detailed information about the County's long-term liabilities is presented in Note 9 to the financial statements.

**Management's Discussion and Analysis (Unaudited) (Continued)**

**Economic Factors and Next Year's Budget and Rates**



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- ◆ The unemployment rate for 2008 was 5.7%. This is an increase from the 2007 rate of 4.4%. The New York State and national rates were 5.4% and 5.8% respectively.

This factor was taken into account when adopting the operating budget for the fiscal year 2009.

The County 2009 operating budget included the appropriation of fund balances / net assets available at the end of 2008 in the following funds.

<b>Major Funds:</b>			
General Fund		\$ 6,410,692	
Aviation		176,048	\$ 6,586,740
<b>Other Governmental Funds:</b>			
County Road		1,550,000	
Library		150,000	
Arena		200,000	1,900,000
<b>Internal Service Funds:</b>			
Fleet Management		350,000	
			350,000
			<b>\$ 8,486,740</b>

**Contacting the County's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors with a general overview of the County's finances and to demonstrate the County's accountability for the monies it administers. For questions about this report and requests for additional information, contact the Broome County Finance Department, Edwin L. Crawford Office Building, P. O. Box 1766, Binghamton, New York, 13902.