

TUESDAY

OCTOBER 7, 2008

Paper misrepresents Sullivan County's financial condition

To the Editor:

We are writing in response to the article regarding the Fiscal Year 2008 draft audit of Sullivan County's finances. This article appeared in the Eagle Times on Sept. 22, 2008.

In the article, the Eagle Times claims the deficit of Sullivan County for Fiscal Year 2008 is \$891,226 and then goes on to subtract depreciation expense from that figure to arrive at a final deficit of \$655,631. First, nowhere in the draft audit does it report the county's deficit for Fiscal Year 2008 as \$891,226. The figure used by the Eagle Times is actually the Change in Net Assets (Page 5 of the draft audit). This figure includes numerous non cash expenses, an example of which is depreciation expense.

Second, the article reports this depreciation expense as \$235,595, an amount that appears nowhere in the draft audit. In fact, the total amount of depreciation expense charged in Fiscal Year 2008 was \$787,000 (Page 27 of the draft audit). So by using the method to calculate the deficit utilized by the Eagle Times, but instead using the correct amount for depreciation expense, you would arrive at a deficit of \$104,226. This is \$551,405 less than what was reported by the Eagle Times and well below what we had been forecasting. If only it were that simple.

The reality is governmental accounting is complicated and the annual audit contains an enormous amount of data, which is presented in multiple ways. Nowhere in the audit will you find a number reported as either the surplus or deficit. We believe the taxpayers of Sullivan County are most interested in how the county performed in relation to the annual budget.

Quite simply, did we collect the revenue and pay the expenses we said we would? This is the information we track throughout the year and is perhaps the best indicator of how we are doing. The draft audit contains a section titled Statement of Revenues and other Sources, and Expenditures and other uses-Budget and Actual (Page 15 of the draft audit). This statement compares actual revenues and expenses against the budgeted amounts. For Fiscal Year 2008, this statement calculates the shortfall in Revenue over Expenditures for Fiscal Year 2008 to be \$302,017. By comparison, in Fiscal Year 2007, this shortfall was \$2,327,761. This figure of \$302,017 also

includes non cash expenses totaling \$277,000. Should we deduct that amount, like the Eagle Times did with depreciation expense, and claim the real deficit was only \$25,017? Again, if only it were that simple.

As commissioners, we would like nothing more than to point to a single number in the audit and say that it represents either the surplus or deficit for the year. It is simply not possible and we will not insult the taxpayers of Sullivan County by suggesting it is. We can say with confidence, however, that, despite a significant shortfall in revenue at Sullivan County Health Care, the County's financial performance in Fiscal Year 2008 represents a dramatic improvement over the previous year and is the first step in restoring Sullivan County to sound fiscal health.

But please, do not take our word for it. Instead, join us in Newport at a special meeting of the Sullivan County Board of Commissioners scheduled for 3 p.m. on October 23, 2008. The meeting will take place in the Community Room at Sugar River Bank. The bank is located at 10 North Main St. in Newport. At this meeting, representatives from our auditing firm will be present and a portion of the meeting will be set aside to allow for questions from the public. We hope to see you there.

Finally, although we respect the right of the Eagle Times to report on information it has obtained; that right comes with the responsibility of ensuring the information presented is thoroughly researched and accurate. The article in question fails on both counts. By reporting information that is both misleading and inaccurate, the Eagle Times has

grossly misrepresented to its readers the financial condition of Sullivan County.

**Sullivan County Board of
Commissioners**
Claremont