

SARATOGA COUNTY MAPLEWOOD MANOR
(An Enterprise Fund of the County of Saratoga)
Financial Statements
and Supplementary Information
December 31, 2011 and 2010
(With Independent Auditors' Report Thereon)

SARATOGA COUNTY MAPLEWOOD MANOR
(An Enterprise Fund of the County of Saratoga)

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INDEPENDENT AUDITORS' REPORT

The Board of Supervisors
Saratoga County Maplewood Manor:

We have audited the accompanying balance sheets of Saratoga County Maplewood Manor (the Manor), an enterprise fund of the County of Saratoga, as of December 31, 2011 and 2010, and the related statements of revenue, expenses and changes in fund net deficit and cash flows for the years then ended. These financial statements are the responsibility of the Manor's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 audits provide a reasonable basis for our opinion.

As discussed in note 1, the financial statements present only Saratoga County Maplewood Manor and do not purport to, and do not, present fairly the financial position of the County of Saratoga, New York, as of December 31, 2011 and 2010, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Saratoga County Maplewood Manor as of December 31, 2011 and 2010, and changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on pages 3 through 7 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the

information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary schedules on pages 21 through 23 are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 5, 2012

SARATOGA COUNTY MAPLEWOOD MANOR
(An Enterprise Fund of the County of Saratoga)
Management's Discussion and Analysis
December 31, 2011 and 2010

INTRODUCTION

Our discussion and analysis of Saratoga County Maplewood Manor's (the Manor) financial performance provides an overview of its financial activities for the year ended December 31, 2011 compared to the year ended December 31, 2010 in compliance with Statement of Governmental Accounting Standard No. 34 (GASB 34) - "Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments" and related standards. Please read it in conjunction with the Manor's financial statements, which begin on page 8.

The Manor is operated as an enterprise fund of the County of Saratoga, New York (the County). The Manor is a 277-bed, skilled nursing facility located in Ballston Spa, New York which provides rehabilitation services and skilled nursing care. The Manor's mission includes caring for those Saratoga County residents who are having difficulty being admitted to other nursing homes due to financial or medical needs. The Manor was established in 1980 with a contribution of \$2,092,080 in net assets from the general fund of the County. The County has proprietary interest in all assets and the responsibility for all obligations of the Manor. The Manor is subject to the rules and regulations of the New York State Department of Health (NYSDOH), and the Centers for Medicare and Medicaid services (CMS).

FINANCIAL HIGHLIGHTS

Following are the financial highlights of the Manor for the years ended December 31, 2011 and 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Manor's financial statements. The Manor's financial statements are comprised of two components: (1) financial statements and (2) notes to the financial statements.

Financial Statements

The balance sheets present information on all of the Manor's assets and liabilities, with the difference between the two reported as fund net deficit. Over time, increases or decreases in fund net deficit may serve as useful indicators of whether the financial position of the Manor is improving or deteriorating. A summary of the Manor's balance sheets at December 31, 2011 and 2010 is as follows:

SARATOGA COUNTY MAPLEWOOD MANOR
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 Management's Discussion and Analysis, Continued

	<u>2011</u>	<u>2010</u>
Assets:		
Current assets	\$ 6,514,832	3,714,447
Non-current assets	<u>3,903,999</u>	<u>4,235,975</u>
Total assets	\$ <u>10,418,831</u>	<u>7,950,422</u>
Liabilities and fund net assets (deficit):		
Current liabilities	2,998,310	3,108,037
Long-term liabilities	<u>23,439,873</u>	<u>18,809,541</u>
Total liabilities	<u>26,438,183</u>	<u>21,917,578</u>
Fund net assets (deficit):		
Unrestricted	(19,305,629)	(17,155,183)
Invested in capital assets, net of related debt	<u>3,286,277</u>	<u>3,188,027</u>
Total fund net deficit	<u>(16,019,352)</u>	<u>(13,967,156)</u>
Total liabilities and fund net deficit	\$ <u>10,418,831</u>	<u>7,950,422</u>

The statements of revenue, expenses and changes in fund net deficit report the activity of the Manor and provides information regarding revenue and expenses, both operating and nonoperating, that affect fund net deficit. A summary of the statements of revenue, expenses and changes in fund net deficit for the years ended December 31, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Total revenue	\$ 19,858,880	16,926,728
Total expenses	<u>31,452,459</u>	<u>31,335,166</u>
Operating loss	(11,593,579)	(14,408,438)
Nonoperating revenue	<u>9,541,383</u>	<u>6,501,689</u>
Change in fund net deficit	(2,052,196)	(7,906,749)
Fund net deficit at beginning of year	<u>(13,967,156)</u>	<u>(6,060,407)</u>
Fund net deficit at end of year	\$ <u>(16,019,352)</u>	<u>(13,967,156)</u>

SARATOGA COUNTY MAPLEWOOD MANOR
(An Enterprise Fund of the County of Saratoga)
Management's Discussion and Analysis, Continued

FINANCIAL ANALYSIS

Fund Net Deficit

Fund net deficit of the Manor increased from approximately \$14.0 million at December 31, 2010 to \$16.0 million at December 31, 2011, due to total expenses of \$31.5 million exceeding total operating and nonoperating revenue of \$29.5 million.

Operating Revenue

Overall operating revenue consisting of net resident service and other revenue increased approximately \$3.0 million from \$16.9 million in 2010 to \$19.9 million in 2011.

Pursuant to New York State Public Health Law, in 2009 the nursing home reimbursement methodology began the transition to a new payment system more closely resembling the Federal Prospective Payment System (PPS). Due to delays in the implementation of these changes retrospective to April 1, 2009, and thereafter by New York State, the rates initially calculated by the State had not been paid to the Manor as of December 31, 2010. The impact of these adjustments was estimated to be \$1,691,461 and was included in revenue and receivables of the Manor at December 31, 2010. Actual rates paid during 2011 for rate periods 2010 and prior were \$3,027,379. The resulting difference in estimate of \$1,335,918 was adjusted through the current year resident service revenue.

Resident Service Revenue

Resident service revenue is primarily driven by patient days and the rate charged for each day, which varies based on the third party payor (i.e., private pay, Medicare, Medicaid). For the year ended December 31, 2011, resident service revenue increased to approximately \$19.9 million from \$17.0 million at December 31, 2010. Medicare days were 2,482 in 2010 and 3,027 in 2011. Private pay days were 11,114 in 2010 and 12,149 in 2011. Insurance days were 1,545 in 2010 and 1,174 in 2011. Medicaid and hospice days, which are reimbursed at the lowest rate, were 84,582 in 2010 and 82,825 in 2011. In 2010, total patient days of 99,723 represented a 98.6% occupancy level. In 2011, total patient days of 99,175 represented a 98.1% occupancy level.

Medicare rates, which are determined based upon the level of care provided to a resident, averaged \$326 per day in 2010 and \$428 per day in 2011. Medicaid rates, which are revised at least quarterly, averaged \$143 per day in 2010 and \$160 per day in 2011. Net resident private pay revenue per day increased from \$255 per day in 2010 to \$265 per day in 2011.

SARATOGA COUNTY MAPLEWOOD MANOR
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Management's Discussion and Analysis, Continued

Admissions decreased to 131 admissions in 2011 as compared to 134 admissions in 2010. The number of discharges increased to 138 discharges in 2011 as compared to 133 discharges in 2010.

Nonoperating Revenue

Nonoperating revenue increased by approximately \$3.0 million from \$6.5 million in 2010 to \$9.5 million in 2011. The increase was the result of an intergovernmental transfer of \$9.5 million, offset by a decrease in County subsidy of \$6.5 million. Due to the intergovernmental transfer payment, the County did not have to subsidize the Manor in 2011.

Expenses

Overall expenses increased approximately \$100 thousand in 2011. Total expenses for 2011 were \$31.4 million as compared to \$31.3 million in 2010.

Personnel

Salaries and fringe benefits represent approximately 86% in 2011 and 87% in 2010 of the Manor's operating expenses.

For the year ended December 31, 2011, salaries and fringe benefit expense decreased approximately \$3 thousand from \$27.3 million in 2010 to \$27.0 million in 2011.

Non-Personnel

Fees, supplies, services and other direct expenses represent approximately 14% in 2011 and 13% in 2010 of the Manor's total operating expenses.

For the year ended December 31, 2011, fees, supplies, services and other direct expenses increased approximately \$400 thousand from \$4.0 million in 2010 to \$4.4 million in 2011.

Capital Assets

As of December 31, 2011 and 2010, the Manor had net capital assets of \$3,640,255 and \$4,019,959, respectively. The decrease in 2011 was primarily due to an increase in depreciation expense which is reflected in accumulated depreciation on the Manor's balance sheet.

SARATOGA COUNTY MAPLEWOOD MANOR
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Management's Discussion and Analysis, Continued

ECONOMIC FACTORS AND SIGNIFICANT EVENTS

The Manor receives a significant portion (75.4% in 2011 and 76.0% in 2010) of its revenue through the State funded Medicaid program and changes in the annual State budget can significantly impact its operating results.

The CSEA bargaining unit contract expired on December 31, 2009. A new contract was negotiated during 2010 and became effective January 1, 2011. The new contract contains various provisions to assist the Manor in reducing the cost of providing services to residents without impacting quality of care.

The Manor has historically relied upon appropriations from the County of Saratoga for operating support. Management will continue to monitor and reduce all controllable expenses as appropriate.

REQUEST FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ms. Diane Brown, Administrator, or Ms. Sandy Fisher, Accountant, Saratoga County Maplewood Manor (518) 885-2288.

SARATOGA COUNTY MAPLEWOOD MANOR
(An Enterprise Fund of the County of Saratoga)
Balance Sheets
December 31, 2011 and 2010

<u>Assets</u>	<u>2011</u>	<u>2010</u>
Current assets:		
Cash and equivalents	\$ 3,337,857	784,764
Resident receivables, net of allowance for doubtful accounts	3,062,125	2,213,223
Estimated third-party payor settlements	-	596,894
Inventory	74,786	76,523
Prepaid expenses	40,064	43,043
Total current assets	<u>6,514,832</u>	<u>3,714,447</u>
Non-current assets:		
Capital assets, net of accumulated depreciation	3,640,255	4,019,959
Security deposits	145,968	85,761
Residents' funds held in trust	117,776	130,255
Total non-current assets	<u>3,903,999</u>	<u>4,235,975</u>
Total assets	<u>\$ 10,418,831</u>	<u>7,950,422</u>
<u>Liabilities and Fund Net Deficit</u>		
Current liabilities:		
Accounts payable	228,790	268,282
Accrued benefits	811,328	718,606
Due to the County of Saratoga	1,593,245	1,627,860
Estimated third-party payor settlements	10,969	-
Deferred revenue	-	15,334
Current portion of capital lease payable	353,978	453,864
Current portion of software license payable	-	24,091
Total current liabilities	<u>2,998,310</u>	<u>3,108,037</u>
Long-term liabilities:		
Other postemployment benefits	23,176,129	18,239,548
Capital lease payable, excluding current portion	-	353,977
Security deposits	145,968	85,761
Residents' funds held in trust	117,776	130,255
Total long-term liabilities	<u>23,439,873</u>	<u>18,809,541</u>
Total liabilities	<u>26,438,183</u>	<u>21,917,578</u>
Fund net assets (deficit):		
Unrestricted	(19,305,629)	(17,155,183)
Invested in capital assets, net of related debt	3,286,277	3,188,027
Total fund net deficit	<u>(16,019,352)</u>	<u>(13,967,156)</u>
Total liabilities and fund net deficit	<u>\$ 10,418,831</u>	<u>7,950,422</u>

See accompanying notes to financial statements.

SARATOGA COUNTY MAPLEWOOD MANOR
 (An Enterprise Fund of the County of Saratoga)
 Statements of Revenue, Expenses and Changes in Fund Net Deficit
 Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenue:		
Net resident service	\$ 19,905,830	17,045,887
Other	117,020	64,746
Bad debts	<u>(163,970)</u>	<u>(183,905)</u>
Total revenue	<u>19,858,880</u>	<u>16,926,728</u>
Expenses:		
Professional care	15,092,948	14,940,164
Administrative and support	10,871,198	10,871,714
Other postemployment benefits	4,936,581	4,955,178
Depreciation	<u>551,732</u>	<u>568,110</u>
Total expenses	<u>31,452,459</u>	<u>31,335,166</u>
Operating loss	<u>(11,593,579)</u>	<u>(14,408,438)</u>
Nonoperating revenue:		
Inter-governmental transfers	9,595,577	-
Interest income	1,906	2,664
Interest expense	(56,100)	(48,627)
County subsidy	<u>-</u>	<u>6,547,652</u>
Total nonoperating revenue	<u>9,541,383</u>	<u>6,501,689</u>
Change in fund net deficit	(2,052,196)	(7,906,749)
Fund net deficit at beginning of year	<u>(13,967,156)</u>	<u>(6,060,407)</u>
Fund net deficit at end of year	<u>\$ (16,019,352)</u>	<u>(13,967,156)</u>

See accompanying notes to financial statements.

SARATOGA COUNTY MAPLEWOOD MANOR
(An Enterprise Fund of the County of Saratoga)
Statements of Cash Flows
Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Receipts from residents and third-party payors	\$ 19,563,015	16,340,321
Payments to suppliers and service providers	(3,917,989)	(2,471,305)
Payments to employees	<u>(21,983,334)</u>	<u>(22,355,534)</u>
Net cash used in operating activities	<u>(6,338,308)</u>	<u>(8,486,518)</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(172,028)	(51,534)
Payments on capital lease payable	(477,954)	(434,001)
Payments on software license payable	-	(26,281)
Interest paid	<u>(56,100)</u>	<u>(48,627)</u>
Net cash used in capital and related financing activities	<u>(706,082)</u>	<u>(560,443)</u>
Cash flows from non-capital financing activities:		
Inter-governmental transfers	9,595,577	-
County subsidy	<u>-</u>	<u>6,547,652</u>
Net cash provided by non-capital financing activities	<u>9,595,577</u>	<u>6,547,652</u>
Cash flows from investing activities- interest income	<u>1,906</u>	<u>2,664</u>
Net increase (decrease) in cash and equivalents	2,553,093	(2,496,645)
Cash and equivalents at beginning of year	<u>784,764</u>	<u>3,281,409</u>
Cash and equivalents at end of year	<u>\$ 3,337,857</u>	<u>784,764</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	(11,593,579)	(14,408,438)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	551,732	568,110
Bad debts	163,970	183,905
Changes in:		
Resident receivables	(1,012,872)	182,701
Estimated third-party payor settlements	607,863	(647,692)
Inventory	1,737	(13,007)
Prepaid expenses	2,979	1,282
Accounts payable	(39,492)	(133,693)
Accrued benefits	92,722	(25,508)
Due to the County of Saratoga	(34,615)	1,022,272
Deferred revenue	(15,334)	(171,628)
Other postemployment benefits	<u>4,936,581</u>	<u>4,955,178</u>
Net cash used in operating activities	<u>\$ (6,338,308)</u>	<u>(8,486,518)</u>

See accompanying notes to financial statements.

SARATOGA COUNTY MAPLEWOOD MANOR
(An Enterprise Fund of the County of Saratoga)

Notes to Financial Statements

December 31, 2011 and 2010

(1) Nature of Organization

Saratoga County Maplewood Manor (the Manor) is operated as an enterprise fund of the County of Saratoga, New York (the County). The Manor is a 277-bed, skilled nursing facility located in Ballston Spa, New York which provides rehabilitation services and skilled nursing care. The Manor's mission includes caring for those Saratoga County residents who are having difficulty being admitted to other nursing homes due to financial or medical needs. The Manor was established in 1980 with a contribution of \$2,092,080 in net assets from the general fund of the County. The County has proprietary interest in all assets and the responsibility for all obligations of the Manor. The Manor is subject to the rules and regulations of the New York State Department of Health (NYSDOH) and the Centers for Medicare and Medicaid Services (CMS).

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accounts of the County are organized on the basis of funds and account groups. A fund is a separate accounting entity with a self-balancing set of accounts.

Proprietary Funds are 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 cash flow. Enterprise Funds are Proprietary Funds used to report any activity for which a fee is charged to external users for goods or services. The Manor is an Enterprise Fund.

The Manor applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements.

(b) Accounting 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(c) Cash and Equivalents

For purposes of the statements of cash flows, the Manor considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

SARATOGA COUNTY MAPLEWOOD MANOR
(An Enterprise Fund of the County of Saratoga)
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(c) Cash and Equivalents, Continued

Cash and cash equivalents recorded by the Manor are combined with cash and equivalents of the County. The County's investment policies are governed by State statutes. Also, the County has its own investment policy. All County funds must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks and certificates of deposit. State statutes require the County to collateralize its cash deposits in excess of the FDIC requirements limit. This collateral is to be in the form of State and local government securities held in trust for and pledged to secure the County's deposits. The County has reported that its deposits were adequately collateralized at December 31, 2011 and 2010.

(d) Receivables and Bad Debts

Accounts receivable are stated net of an allowance for doubtful accounts. The Manor estimates the allowance based on its analysis of specific balances, taking into consideration the age of past due accounts, the status of the billing process with third-party payers, the value of remaining assets held by residents, and anticipated collections resulting from legal action. Receivables are considered impaired if payment is not received in accordance with terms. Accounts are written off once collection efforts have been exhausted and uncollectibility has been confirmed by the Manor's management.

(e) Inventory

Inventory of the Manor consists primarily of food, housekeeping and medical supplies. Inventory is stated at cost on the first-in, first-out method.

(f) Capital Assets

Capital assets are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives (as recommended by the American Hospital Association) using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected as non-operating revenue and losses in the year of disposition.

(g) Long-Lived Assets

The Manor reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. In determining whether there is an impairment of long-lived assets, the Manor compares the sum of the expected future net cash flows (undiscounted and without interest charges) to the carrying amount of the assets. No impairment in value has been recognized at December 31, 2011 and 2010.

SARATOGA COUNTY MAPLEWOOD MANOR
 (An Enterprise Fund of the County of Saratoga)
 Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(h) Security Deposits

The Manor requires that all private pay residents provide security deposits as a condition of admission. A corresponding liability has been recorded to reflect the security deposits to be returned to the residents when they are discharged.

(i) Residents' Funds Held in Trust

The Manor holds residents' funds in an individual interest bearing account. These funds consist of amounts deposited on behalf of the residents, which are to be used for their personal care.

(j) Net Resident Service Revenue

The Manor has agreements with third-party payors that provide for payments to the Manor at amounts different from its established rate. Resident service revenues are reported at the estimated net realizable amounts from residents, third-party payors and others for services rendered including estimated retroactive adjustments under reimbursement agreements with third party payors. Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and final settlements are reported in operations in the year of settlement.

(k) Subsequent Events

The Manor has evaluated events after December 31, 2011, and through June 5, 2012, which is the date the financial statements were available to be issued, and determined that any events or transactions occurring during this period that would require recognition or disclosure are properly addressed in these financial statements.

(l) Reclassifications

Certain reclassifications have been made to the financial statements for the year ended December 31, 2010. These reclassifications are for comparative purposes only and have no effect on net income as originally reported.

(3) Resident Receivables

A summary of resident receivables at December 31, 2011 and 2010 follows:

	<u>2011</u>	<u>2010</u>
Medicaid	\$ 2,179,468	1,303,013
Medicare	216,007	179,349
Private pay	1,118,684	994,518
Insurance	148,110	184,484
Unbilled charges	<u>99,856</u>	<u>101,859</u>
	3,762,125	2,763,223
Less allowance for doubtful accounts	<u>(700,000)</u>	<u>(550,000)</u>
	\$ <u>3,062,125</u>	<u>2,213,223</u>

SARATOGA COUNTY MAPLEWOOD MANOR
(An Enterprise Fund of the County of Saratoga)
Notes to Financial Statements, Continued

(4) Capital Assets

Capital assets as of December 31, 2011 and 2010 are summarized as follows:

	Balance January 1, <u>2011</u>	<u>Additions</u>	<u>Disposals</u>	Balance December 31, <u>2011</u>
Land	\$ 54,000	-	-	54,000
Land improvements	140,773	-	-	140,773
Building and improvements	8,784,709	45,288	-	8,829,997
Fixed equipment	3,126,259	18,694	-	3,144,953
Movable equipment	<u>1,649,070</u>	<u>108,046</u>	<u>(21,932)</u>	<u>1,735,184</u>
	13,754,811	<u>172,028</u>	<u>(21,932)</u>	13,904,907
Less accumulated depreciation	<u>(9,734,852)</u>	<u>(551,732)</u>	<u>21,932</u>	<u>(10,264,652)</u>
Capital assets, net	\$ <u>4,019,959</u>			<u>3,640,255</u>
	Balance January 1, <u>2010</u>	<u>Additions</u>	<u>Disposals</u>	Balance December 31, <u>2010</u>
Land	\$ 54,000	-	-	54,000
Land improvements	140,773	-	-	140,773
Building and improvements	8,779,859	4,850	-	8,784,709
Fixed equipment	3,113,156	13,103	-	3,126,259
Movable equipment	1,649,303	33,581	<u>(33,814)</u>	1,649,070
Minor equipment	<u>14,823</u>	<u>-</u>	<u>(14,823)</u>	<u>-</u>
	13,751,914	<u>51,534</u>	<u>(48,637)</u>	13,754,811
Less accumulated depreciation	<u>(9,215,379)</u>	<u>(568,110)</u>	<u>48,637</u>	<u>(9,734,852)</u>
Capital assets, net	\$ <u>4,536,535</u>			<u>4,019,959</u>

(5) Related Party Transactions

At December 31, 2011 and 2010, the Manor owed the County \$1,593,245 and \$1,627,860, respectively. These amounts represent the Manor's reimbursements for accounts payable, accrued expenses, payroll and related costs. These services included administration, data processing, printing and mailing, personnel functions, purchasing, and internal auditing functions.

SARATOGA COUNTY MAPLEWOOD MANOR
 (An Enterprise Fund of the County of Saratoga)
 Notes to Financial Statements, Continued

(6) Capital Lease Payable

The Manor is party to a capital lease agreement for its Co-Generation Plant. Depreciation expense for these capital assets is included in the Manor's statements of revenue, expenses and changes in fund net deficit. This agreement requires aggregate quarterly payments of \$120,657 at an imputed interest rate of 4.5% through September 14, 2012. A summary of the leased Co-Generation Plant at December 31, 2011 is as follows:

Building and improvements	\$ 3,750,405
Fixed equipment	<u>147,773</u>
	3,898,178
Less accumulated depreciation	<u>(1,917,476)</u>
	\$ <u>1,980,702</u>

(7) Pension Plan

The Pension Plan of the Manor is detailed as follows:

(a) Plan Description

The Manor participates in the New York State and Local Employees' Retirement System (ERS), and the Public Employees' Group Life Insurance Plan (the Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide 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 of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue 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 Local Retirement Systems, 110 State Street, Albany, New York 12244.

(b) Funding Policy

The Systems are noncontributory except for employees who joined the ERS after July 27, 1976 (Tier 4) and who contribute 3% of their salary for the first ten years of membership. Employees who joined the retirement system after January 1, 2010 (Tier 5) are required to contribute 3% for their entire employment and participate in the retirement system. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

SARATOGA COUNTY MAPLEWOOD MANOR
(An Enterprise Fund of the County of Saratoga)
Notes to Financial Statements, Continued

(7) Pension Plan, Continued

(b) Funding Policy, Continued

The Manor is required to contribute at an actuarially determined rate. The required contributions for the current and two preceding years were as follows:

2011	\$ 1,647,313
2010	2,175,229
2009	<u>931,642</u>

The Manor's contributions made to the Systems were equal to 100 percent of the contributions required for each year.

(8) Postemployment Benefits

In addition to providing retirement benefits, the Manor provides certain health insurance benefits to retired employees and their families. Substantially all of the Manor's employees may become eligible for these benefits if they reach normal retirement age while working for the Manor. The cost to the Manor of providing other postemployment benefits to retirees amounted to \$4,936,581 and \$4,955,178 for the years ended December 31, 2011 and 2010, respectively.

(a) Plan Description

The County provides a single-employer self-insured medical plan (the Plan) that offers two options of which the Manor is a participant. The Plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the County subject to the applicable collective bargaining and employment agreements. The Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. Benefit provisions are established through negotiations between the County and the unions representing employees, and are renegotiated at the end of each of the bargaining periods.

(b) Funding Policy

The obligation of the Plan members, employers and other entities, including the Manor, are established by action of the County pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement. The employer currently contributes enough money to the Plan to satisfy current obligations. The costs of administering the Plan are paid by the County. For the years ended December 31, 2011 and 2010, the County contributed \$8,498,242 and \$7,414,081 to the plan, respectively. The Manor represented \$2,009,742 and \$1,779,074 of the total contribution to the Plan in 2011 and 2010, respectively.

SARATOGA COUNTY MAPLEWOOD MANOR
 (An Enterprise Fund of the County of Saratoga)
 Notes to Financial Statements, Continued

(8) Postemployment Benefits, Continued

(c) Other Disclosure Information

The schedule of funding progress presents multiyear trend information that is useful in determining whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability. The projections of benefits are based on the types of benefits provided under the substantive plan at the time of the valuation date and on the pattern of cost-sharing between the employer and Plan members. In addition, the projections do not explicitly incorporate the potential effects of legal or contractual funding limitation of the pattern of cost-sharing between the employer and Plan members in the future. The actuarial calculations reflect a long-term perspective; actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

(d) Annual OPEB Cost at December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Annual required contribution (ARC)	\$ 7,230,967	6,941,566
Interest on net OPEB obligation	729,582	531,375
Adjustment to ARC	<u>(1,014,226)</u>	<u>(738,689)</u>
OPEB expense	\$ <u>6,946,323</u>	<u>6,734,252</u>

(e) Reconciliation of Net OPEB Obligation at December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Net OPEB obligation at the beginning of the year	\$ 18,239,548	13,284,370
OPEB expense	6,946,323	6,734,252
Net OPEB contributions made during the year	<u>(2,009,742)</u>	<u>(1,779,074)</u>
Net OPEB obligation at the end of the year	\$ <u>23,176,129</u>	<u>18,239,548</u>
Percentage of expense contributed	<u>28.9%</u>	<u>26.4%</u>

(9) Concentrations

The majority of services provided by the Manor are paid for by the State. The Manor, therefore, is highly dependent on the New York State health care reimbursement system.

The Manor grants credit without collateral to its residents, most of who are insured under third-party payors. The composition of receivables from patients and third-party payors is as follows:

SARATOGA COUNTY MAPLEWOOD MANOR
 (An Enterprise Fund of the County of Saratoga)
 Notes to Financial Statements, Continued

(9) Concentrations, Continued

	<u>2011</u>	<u>2010</u>
Medicaid	57%	47%
Medicare	6%	6%
Private pay	30%	36%
Insurance	4%	7%
Unbilled charges	<u>3%</u>	<u>4%</u>
	<u>100%</u>	<u>100%</u>

(10) Inter-Governmental Transfers (IGT)

The Inter-Governmental Transfers (IGT) program provides Medicaid rate enhancement to all non-state operated publicly sponsored nursing facilities. Annual State legislation and the approval of the Inter-Governmental Transfer program by the centers for Medicare and Medicaid Services (CMS) for this program are required; therefore, the availability, timing and amount of this funding is not always available in the year the expenditures are incurred by the Manor and subsidies are made by the sponsoring government.

The New York State Department of Health, which administers the Medicaid program in New York State, has been notified by CMS that federal Inter-Government Transfer payment reimbursement was approved through 2011 for the Manor. This amount was recorded as nonoperating revenue on the accompanying statements of revenue, expenses and changes in fund net deficit. In order to receive these funds, the County was required to provide a 50% local share of the total funds to be received by the Manor. Payment was made to the Manor upon remittance of the sponsor's local Medicaid share to New York State. Inter-Governmental Transfer revenue for the year ended December 31, 2011 amounted to \$9,595,577. No inter-governmental transfer revenue was recognized by the Manor in 2010.

During 2011, the New York State Associations of Counties (NYSAC) stated that there was a likelihood that CMS would pursue a recoupment of a portion of prior year nursing home Inter-Governmental Transfer payments for 2006-2007, 2007-2008 and 2008-2009 due to inappropriate federal matching rates being used by the State for the Federal Medical Assistance Percentage (FMAP) payments under the American Recovery and Reinvestment Act (ARRA). Currently, CMS informed the State that a different standard was going to be used for determining federal matching rates under ARRA for supplemental Medicaid payments compared to standard Medicaid payments. This notification, however, came after the State and Counties completed the transactions for the above year. At December 31, 2011, the Manor's potential disallowances by CMS for prior year Inter-Governmental Transfer payments related to the enhanced FMAP under ARRA amounts to \$663,094.

SARATOGA COUNTY MAPLEWOOD MANOR
(An Enterprise Fund of the County of Saratoga)
Notes to Financial Statements, Continued

(11) Medical Malpractice Claims

The Manor was insured for medical malpractice claims under an occurrence based insurance policy during the years ended December 31, 2011 and 2010. There have been no claims, threatened or asserted, against the Manor that in the opinion of the Manor's management and legal counsel would be in excess of the policy's limits of coverage. The Manor's management intends on maintaining the policy in full force and effect and believes any claims asserted would be within the limits of the Manor's policy.

(12) Commitments and Contingencies

Commitments and contingencies at December 31, 2011 are as follows:

(a) Regulatory

The healthcare industry is a highly regulated environment that requires compliance with various Federal, State and local laws and regulations, including contractual and participation agreements with third party payors. The Manor is subject to compliance with these and other requirements in the normal course of the Manor's operations. Recent increases in surveillance and enforcement by regulators have resulted in the imposition of fines and penalties to health care providers. Compliance with these laws and regulations is subject to future review, interpretation and actions by government regulatory agencies, the impact of which are unknown and unasserted.

(b) Self Insurance Plans

The Manor participates in a self-insurance plan sponsored by the County for workers' compensation under Local Law No. 1 and 2, 1956, pursuant to Article 5 of the Workers' Compensation Law. The plan is open to any municipality for participation. The County is responsible for the administration of the plan and it reserves and accounts for this plan in a separate special revenue fund, which is included in the County's combined financial statements. Contributions are based on an estimated claim basis with excess contributions transferred to the reserve at the end of the fiscal year. Additionally, the County has commercial insurance for claims in excess of \$1,000,000 (each occurrence). The Manor's workers' compensation expense for the years ended December 31, 2011 and 2010 amounted to \$287,014 and \$292,578, respectively.

The Manor currently uses reimbursement financing rather than paying contributions under the regular experience rating provisions of New York State Unemployment Insurance Law. Under this method, the Manor is liable to New York State for payments of amounts equal to the benefits paid to its claimants. The Manor's unemployment expense for the years ended December 31, 2011 and 2010 amounted to \$27,093 and \$43,748, respectively.

SARATOGA COUNTY MAPLEWOOD MANOR
(An Enterprise Fund of the County of Saratoga)
Notes to Financial Statements, Continued

(12) Commitments and Contingencies, Continued

(c) Co-Generation Plant Technical Support

The Manor has a Technical Support Program (the Program) for its Co-Generation Plant. The Program requires annual payments through 2012. The initial payment of \$55,953 was made during 2003. Additional payments increase by 4% per year. For the years ended December 31, 2011 and 2010, the payments for the Program amounted to \$76,576 and \$73,630, respectively.

Scheduled payments under the terms of the agreement through December 31, 2012 are \$79,639.

SARATOGA COUNTY MAPLEWOOD MANOR
 (An Enterprise Fund of the County of Saratoga)
 Net Resident Service Revenue and Utilization
 Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Net resident service revenue:		
Medicaid	\$ 15,006,762	12,961,576
Medicare	1,295,731	809,742
Private pay	3,302,861	2,889,133
Insurance	<u>300,476</u>	<u>385,436</u>
Total net resident service revenue:	<u>\$ 19,905,830</u>	<u>17,045,887</u>
Patient days:		
Medicaid	82,825	84,582
Medicare	3,027	2,482
Private pay	12,149	11,114
Insurance	<u>1,174</u>	<u>1,545</u>
Total resident days:	<u>99,175</u>	<u>99,723</u>
Total available days	<u>101,105</u>	<u>101,105</u>
Occupancy rate	<u>98.1%</u>	<u>98.6%</u>

SARATOGA COUNTY MAPLEWOOD MANOR
(An Enterprise Fund of the County of Saratoga)
Other Revenue
Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Other revenue:		
Grant income	\$ 82,080	28,336
Cafeteria income	1,226	1,213
Miscellaneous	<u>33,714</u>	<u>35,197</u>
Total other revenue	<u>\$ 117,020</u>	<u>64,746</u>

SARATOGA COUNTY MAPLEWOOD MANOR
 (An Enterprise Fund of the County of Saratoga)
 Professional Care and Administrative and Support
 Year ended December 31, 2011
 with comparative totals for 2010

	<u>Salaries and fringe benefits</u>	<u>Supplies and other expenses</u>	<u>Total</u>	
			<u>2011</u>	<u>2010</u>
Professional care:				
Nursing	\$ 12,954,993	111,671	13,066,664	12,912,637
Physical therapy	281,977	81,216	363,193	394,864
Occupational therapy	162,975	48,949	211,924	200,887
Speech therapy	-	24,683	24,683	23,355
Pharmacy	14,497	198,893	213,390	231,602
Dental	-	51,064	51,064	50,205
Medical director	86,980	-	86,980	85,128
Social services	505,133	-	505,133	479,478
Activities	566,536	3,381	569,917	562,008
Total professional care	<u>\$ 14,573,091</u>	<u>519,857</u>	<u>15,092,948</u>	<u>14,940,164</u>
Administrative and support:				
Administration	326,237	1,386,389	1,712,626	1,398,402
Fiscal	501,803	52,815	554,618	613,399
Nursing	1,165,109	35,917	1,201,026	1,213,112
Dietary	2,642,825	698,524	3,341,349	3,408,229
Housekeeping	1,761,820	82,480	1,844,300	1,886,995
Laundry	304,580	346,186	650,766	628,007
Maintenance	349,435	561,194	910,629	959,621
Grounds	45,310	5,014	50,324	55,796
Security	257,553	1,000	258,553	267,541
Transportation	70,159	568	70,727	70,581
Central supply	78,134	198,146	276,280	369,501
Trainees	-	-	-	530
Total administrative and support	<u>\$ 7,502,965</u>	<u>3,368,233</u>	<u>10,871,198</u>	<u>10,871,714</u>