

COUNTY OF SARATOGA, NEW YORK
Financial Statements and
Supplemental Information
December 31, 2011
(With Independent Auditors' Report Thereon)

COUNTY OF SARATOGA, NEW YORK

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INDEPENDENT AUDITORS' REPORT

Chairman and Board of Supervisors
County of Saratoga, New York:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Saratoga, New York as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Saratoga County Industrial Development Agency and Saratoga County Water Authority, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Saratoga, New York, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in note 1 to the financial statements, the County adopted the provisions of GASB Statement No. 54 - "Fund Balance Reporting and Governmental Fund Type Definitions," in 2011.

In accordance with Government Auditing Standards, we have also issued our report dated July 12, 2012, on our consideration of County of Saratoga, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 and schedule of funding progress on pages 56 and 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors 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 regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic 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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Saratoga, New York's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the 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, based on our audit and the report of other auditors, 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
July 12, 2012

COUNTY OF SARATOGA, NEW YORK
Management's Discussion and Analysis

EXECUTIVE SUMMARY

Saratoga County faces economic pressure from increasing inflation, insufficient reimbursement of costs associated with its medical facility, Maplewood Manor, other unreimbursed social programs mandated by New York State and the federal governments.

In recent history, Saratoga County had a growing property and sales tax base, and tight fiscal management allowed it to face ever increasing costs, other expanding New York State mandates, and the ups and downs of the business cycle, without tax rate increases. Now, the short to mid-range fiscal outlook is guarded. The U.S. and the State economies are strained due to ongoing high unemployment with workers who no longer are seeking employment, as well as a deep recession bordering on fiscal depression. It is a challenge for the County to remain economically sound and continue to prosper.

The County's finances have leveled off. Real property taxable full valuation of the County has increased in 2011 by 3.3%, and since 2006 it has increased by 21.7% to \$22,748,224,995. The level of taxation in 2011 was \$2.16 per thousand, or 14.29% of the County's constitutional tax limit. Property Tax revenues for 2011 increased from 2010 by 1.6% to \$46,974,930. The 2011 sales tax revenue increased from 2010 by 4.56 % to \$50,921,175. The County's government-wide net assets decreased by \$15,331,530. This was caused primarily by the recognition of additional other postemployment benefit (OPEB) expenses of \$16,919,543 in 2011.

COUNTY OF SARATOGA'S ECONOMY

The County, located in the upper Hudson Valley and foothills of the Adirondack Mountains, is part of the Census Bureau's Albany-Schenectady-Troy Standard Metropolitan Statistical Area. The County's 814 square miles include the cities of Saratoga Springs and Mechanicville, the incorporated villages of Ballston Spa, Corinth, Galway, Round Lake, Schuylerville, South Glens Falls, Stillwater, Victory, and Waterford, and nineteen townships.

The 2010 census officially records the County population at 219,607. Approximately 61.27% of the population is between the ages of 20 and 65. The County-wide median age is 40.9 years. The population over 18 years of age is 77.3% of the total population, or 169,751 individuals. Of that population 48.59% are male while 51.41% are female.

The average household size is 2.44 individuals. The owner-occupied housing units contain 76.39% of the County population.

While agriculture and tourism are the County's largest industries, manufacturing is an important and growing segment of its economy. Its chief manufacturers produce paper products, chemicals, electronic equipment, knit goods, and ladies' wearing apparel. General Electric Silicone Division and Quad/Graphics, Inc. are just two nationally known manufacturers located within Saratoga County. One specialized facility for energy and propulsion research is located within the County: the West Milton Atomic Project, in the Town of Milton. To open in 2012, employing in excess of 1,300 employees, is Global Foundries, a computer chip manufacturing facility, which has been built in the Luther Forest Technology Park in the Towns of Malta and Stillwater. Global Foundries has constructed a campus with an investment of approximately \$7 billion which includes: 1.3 million square foot plant within these towns that will employ 1,400 within the next few years. Also, there is

COUNTY OF SARATOGA, NEW YORK

Management's Discussion and Analysis, Continued

site infrastructure, equipment and specialized tooling. The construction and operation of a semiconductor manufacturing campus is located in the Luther Forest Technology Campus. The Fab 8 Campus is comprised of four major building elements: (2) administrative office buildings; (2) manufacturing support buildings, including spine building and bump-test facility; (3) fabrication production building; and (4) central utility building. These buildings are approximately 2,178,745 gross square feet. They include a 300,000 square foot clean room, which will produce approximately 60,000 wafers per month.

COUNTY OF SARATOGA GOVERNMENT SERVICES

Saratoga County government services are those typically provided by New York State counties. Much of any county's operation and finances are mandated by the State, and little flexibility or discretion is left to individual counties. In the case of Saratoga, well over 75% of its general revenues are used to comply with State mandates. Those revenues are received from the State and Federal governments.

The services provided by County government are accounted for through a General Fund and five Special Purpose Funds, two of which are Enterprise Funds. Through a separate fund, the County insures itself and most municipalities in the County for workers' compensation. Other services are provided by entities related to the County: the Saratoga County Industrial Development Agency, the Saratoga County Soil and Water District, the Saratoga County Water Authority and the Saratoga Lake Improvement District.

The County is also the custodian of a wide variety of funds held for the benefit of others. To the extent that these funds are in the custody of the County Treasurer, they are accounted for in a Trust and Agency Fund and have been included in the fund-basis financial statements (but generally excluded from the entity-wide statements, as prescribed by the Governmental Accounting Standards Board).

The maintenance of the County's 99 bridges and 360 miles of highway are accounted for in two of the Special Purpose Funds at a total "modified accrual" cost. In 2011, \$19,183,483 was expended which is a reduction from the previous year by \$1,082,452. \$14,278,450 was provided by Saratoga County taxpayers that also was a reduction from 2010 by \$197,822. Another Special Purpose Fund accounts for the County's employment and training activities to the extent that they are paid for with Federal funds under the Work Force Investment Act. During 2011, \$800,426 was expended and reimbursed by the Federal government.

Activities of the County's Sewer District that serves the southern and eastern portions of the County are accounted for in one of the County's Enterprise Funds. The Sewer District received sewage from 64,000 "equivalent domestic units," through a 310-mile collector system and treated it at a 21.3 million-gallon/day treatment plant. The 2011 cost of the Sewer Fund was \$15,348,017 with revenues of \$14,525,045.

Maplewood Manor, the County's long-term care facility, is accounted for in the County's other Enterprise Fund. 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 Maplewood Manor as of December 31, 2010. During 2011, the State adjustments were paid up to date. The new updated rates did increase Medicaid

COUNTY OF SARATOGA, NEW YORK
Management's Discussion and Analysis, Continued

revenue, but are still insufficient to maintain the high level of service at the facility that our patients are entitled to, and which is required by the New York State Department of Health. For the year ended December 31, 2011, overall operating revenue increased to approximately \$20.0 million from \$17.0 million at December 31, 2010. Grant funding in the amount of \$82,080 was received from New York State for safe patient handling. Maplewood Manor used these funds to install 17 ceiling lifts at the facility. Overall expenses increased approximately \$100 thousand in 2011. Total expenses for 2011 were \$31.7 million as compared to \$31.6 million in 2010.

IGT funding was received in 2011 in the amount of \$9,595,577 compared to \$0 funds being received in 2010. The County transferred \$6,547,653 in 2010 to subsidize the nursing home. Due to the substantial IGT funding received in 2011, the County did not transfer any additional funds to subsidize the nursing home. The net deficit of Maplewood 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 non-operating revenue of \$29.5 million.

The wide variety of the remaining services provided by County government are accounted for in the County's General Fund, including financial assistance to the poor and social services to the poor, the elderly, veterans, children at risk and children in general; public safety services such as a sheriffs road patrol, fire and other emergency response coordination and communications, a jail, and an animal shelter; education funding to those attending community college and to preschool children with special needs; health services to the general public in the form of public health service and mental health coordination and individual care in the form of home health care and mental health services; promotion of agriculture and tourism and other economic development activities; and services to the court system including prosecution (District Attorney), recordkeeping (County Clerk), the holding of bail and other court funds (County Treasurer), and a variety of other services. Other services to the public include the preservation and cataloging of important documents (County Clerk and Historian), motor vehicle offices, consumer protection, and environmental and forestry management. The County serves the public and other levels of local government through the Planning Board, the Board of Elections, Real Property Tax Service, and the tax collection services of the County Treasurer. These services, together with the County's administrative costs and a small number of grants to community, historical, and cultural organizations, are provided at a total "modified accrual" cost. For the year ended December 31, 2011, the General Fund expended \$204,078,472 and the general tax revenue amounted to \$46,974,930.

Many of these services are mandated by New York State and in several areas the expenditures themselves are mandated, with the County having little or no control over the expenditure level. In most cases, the County receives State and/or Federal reimbursement for some, but not all, of those expenditures.

ANALYSIS OF THE COUNTY'S BUDGET AND FUND-BASIS FINANCES IN 2011

The 2011 General Fund budget included \$20,633,865 in transfers to other funds. Of the County's two Enterprise Funds, the Sewer District had an operating loss of \$822,972, while Maplewood Manor had an operating loss of \$11,649,679. This loss is primarily from the recognition of \$4,936,581 for additional OPEB expense in 2011 and Medicaid reimbursement does not reimburse more than 55% of the daily bed cost. The other budgeted funds were balanced without involving fund balance.

COUNTY OF SARATOGA, NEW YORK
Management's Discussion and Analysis, Continued

The County's actual expenditures in the General Fund during 2011 were \$13,513,348 under the revised budget amount. Revenue was also under the revised budget by \$12,286,178.

ANALYSIS OF THE COUNTY'S CAPITAL INVESTMENT AND BONDED INDEBTEDNESS

The County's investment, including Maplewood Manor, in capital assets at the end of 2011 is as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Debt</u>	<u>Net</u>
Land	\$ 4,503,590	-	-	4,503,590
Buildings	212,175,500	91,612,025	-	120,563,475
Machinery and equipment	33,483,172	19,248,126	353,978	13,881,068
Roads and bridges	87,127,427	40,156,979	-	46,970,448
Sewer infrastructure	51,070,508	37,263,360	48,410,000	(34,602,852)
Work-in-progress	<u>18,897,797</u>	<u>-</u>	<u>15,890,000</u>	<u>3,007,797</u>
Totals	<u>\$ 407,257,994</u>	<u>188,280,490</u>	<u>64,653,978</u>	<u>154,323,526</u>

ANALYSIS OF COUNTY'S GOVERNMENT-WIDE FINANCIAL POSITION DURING 2010

Growth is, of course, a challenge. People continue to move into Saratoga County from neighboring counties. We can expect near economic stability that others will not.

During 2011, the County's government-wide net assets decreased by \$18,206,698. Governmental activities net assets decreased by \$15,331,530 which was due in large part by the recognition of additional OPEB expense.

FUTURE PROSPECTS FOR THE COUNTY'S FINANCES

Maplewood Manor's fiscal condition will continue to drain the County's very good fiscal position.

The recognition, beginning in 2008, of other postemployment benefit liabilities has had a negative effect on the County's net assets. The County has maintained a health insurance program for its retirees and the calculation of the present value of that promise will induce some substantial reductions in net assets. In spite of the Maplewood drain, the County's financial position and its prospects for near-term revenue growth provide it with an opportunity to responsibly fund this promise over several decades.

Growth is, of course, both an opportunity and a challenge. Saratoga County will continue to seize that opportunity and meet that challenge. The development of fabrication industries in the County will bring employment opportunities along with revenue growth. People continue to move into Saratoga County from neighboring counties. We can expect near economic stability that others will not.

REQUESTS FOR INFORMATION

Additional information about the County's financial statements may be obtained from the Saratoga County Treasurer's Office, County Municipal Center, Building 1, 40 McMaster Street, Ballston Spa, New York 12020.

COUNTY OF SARATOGA, NEW YORK
Government-Wide Financial Statements
Statement of Net Assets
December 31, 2011

	Primary Government			Component Units		
	Governmental Activities	Business- Type Activities	Total	Saratoga County IDA	Saratoga County Water Authority	Total
Assets:						
Cash and equivalents	\$ 27,643,053	8,275,531	35,918,584	3,687,836	1,087,082	4,774,918
Receivables, net of allowance for uncollectibles	25,038,311	3,842,665	28,880,976	900,545	1,742,048	2,642,593
Due from other governments	44,764,504	-	44,764,504	-	-	-
Due from other activities and funds	9,790,896	8,774,094	18,564,990	-	-	-
Inventories	1,524,267	74,786	1,599,053	-	-	-
Prepaid expenses	1,727,224	137,518	1,864,742	-	39,660	39,660
Bond issuance discount, net of amortization	-	-	-	-	702,376	702,376
Long-term due from other governments	3,142	-	3,142	-	-	-
Restricted assets:						
Cash and equivalents	7,109,124	-	7,109,124	-	3,383,433	3,383,433
Resident assets	-	263,744	263,744	-	-	-
Capital assets, net of accumulated depreciation	<u>112,407,408</u>	<u>106,570,096</u>	<u>218,977,504</u>	<u>168,138</u>	<u>77,278,087</u>	<u>77,446,225</u>
Total assets	<u>230,007,929</u>	<u>127,938,434</u>	<u>357,946,363</u>	<u>4,756,519</u>	<u>84,232,686</u>	<u>88,989,205</u>
Liabilities:						
Accounts payable and other current liabilities	24,450,910	1,483,712	25,934,622	-	1,591,620	1,591,620
Due to other governments	30,769,014	10,969	30,779,983	-	3,971,630	3,971,630
Due to other activities and funds	13,142,681	1,593,245	14,735,926	-	-	-
Bond anticipation notes	-	-	-	-	-	-
Accrued compensated absences	2,521,550	978,673	3,500,223	-	16,451	16,451
Deferred revenue	155,959	-	155,959	-	-	-
Resident funds and security deposits	-	263,744	263,744	-	-	-
Retainage payable	22,227	2,313,255	2,335,482	-	-	-
Long-term liabilities:						
Due within one year	2,370,000	2,284,167	4,654,167	-	470,000	470,000
Due in more than one year	18,345,000	46,479,811	64,824,811	-	43,832,944	43,832,944
Other postemployment benefits liability	<u>80,479,387</u>	<u>27,574,036</u>	<u>108,053,423</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>172,256,728</u>	<u>82,981,612</u>	<u>255,238,340</u>	<u>-</u>	<u>49,882,645</u>	<u>49,882,645</u>
Net assets:						
Invested in capital assets, net of related debt	96,517,408	57,806,118	154,323,526	-	29,206,457	29,206,457
Restricted for self-insurance contributed reserve	7,109,124	-	7,109,124	-	-	-
Restricted	53,638	-	53,638	-	3,383,433	3,383,433
Unrestricted (deficit)	<u>(45,928,969)</u>	<u>(12,849,296)</u>	<u>(58,778,265)</u>	<u>4,756,519</u>	<u>1,760,151</u>	<u>6,516,670</u>
Total net assets	<u>\$ 57,751,201</u>	<u>44,956,822</u>	<u>102,708,023</u>	<u>4,756,519</u>	<u>34,350,041</u>	<u>39,106,560</u>

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Government-Wide Financial Statements
Statement of Activities
Year Ended December 31, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expenses) Revenue and Changes in Net Assets</u>			<u>Component Units</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Primary Government Total</u>	
Governmental activities:								
General government support	\$ 79,118,236	9,037,410	2,201,990	-	(67,878,836)	-	(67,878,836)	-
Education	17,056,871	-	3,923,771	-	(13,133,100)	-	(13,133,100)	-
Public safety	34,963,343	2,135,152	431,000	-	(32,397,191)	-	(32,397,191)	-
Health	19,396,853	5,275,396	6,908,003	-	(7,213,454)	-	(7,213,454)	-
Transportation	20,510,985	1,523,507	2,570,354	65,792	(16,351,332)	-	(16,351,332)	-
Economic opportunity and development	65,633,161	2,436,029	28,800,694	-	(34,396,438)	-	(34,396,438)	-
Culture and recreation	578,225	558,374	16,743	-	(3,108)	-	(3,108)	-
Home and community services	4,602,263	22,500	465,625	-	(4,114,138)	-	(4,114,138)	-
Interest on long-term debt	912,551	-	-	-	(912,551)	-	(912,551)	-
Total governmental activities	<u>242,772,488</u>	<u>20,988,368</u>	<u>45,318,180</u>	<u>65,792</u>	<u>(176,400,148)</u>	<u>-</u>	<u>(176,400,148)</u>	<u>-</u>
Business-type activities:								
Maplewood Manor	31,672,529	20,022,850	-	-	-	(11,649,679)	(11,649,679)	-
Sewer District	15,348,017	14,473,764	-	-	-	(874,253)	(874,253)	-
Total business-type activities	<u>47,020,546</u>	<u>34,496,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,523,932)</u>	<u>(12,523,932)</u>	<u>-</u>
	<u>\$ 289,793,034</u>	<u>55,484,982</u>	<u>45,318,180</u>	<u>65,792</u>	<u>(176,400,148)</u>	<u>(12,523,932)</u>	<u>(188,924,080)</u>	<u>-</u>
Component unit:								
Saratoga County Water Authority	6,822,779	2,845,633	-	90,422	-	-	-	(3,886,724)
Saratoga County Industrial Development Agency	\$ 217,655	1,741,074	-	-	-	-	-	1,523,419
General revenue:								
Real property tax and related tax items					52,539,417	-	52,539,417	-
Non-property tax items					102,624,219	-	102,624,219	-
Intergovernmental transfers					-	9,595,577	9,595,577	-
Sales of property and compensation for loss					3,171,969	3,516	3,175,485	-
Interest earnings					27,354	1,906	29,260	26,196
Other general revenue					2,705,659	47,765	2,753,424	-
Total general revenue and transfers					<u>161,068,618</u>	<u>9,648,764</u>	<u>170,717,382</u>	<u>26,196</u>
Change in net assets					<u>(15,331,530)</u>	<u>(2,875,168)</u>	<u>(18,206,698)</u>	<u>(2,337,109)</u>
Net assets at beginning of year, as originally stated					73,082,731	47,831,990	120,914,721	41,477,832
Prior period adjustment					-	-	-	(34,163)
Net assets at beginning of year, restated					<u>73,082,731</u>	<u>47,831,990</u>	<u>120,914,721</u>	<u>41,443,669</u>
Net assets at end of year					<u>\$ 57,751,201</u>	<u>44,956,822</u>	<u>102,708,023</u>	<u>39,106,560</u>

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Fund Financial Statements
Balance Sheet - Governmental Funds
December 31, 2011

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total</u>
Assets:				
Cash and equivalents	\$22,065,075	5,440,650	127,895	27,633,620
Taxes receivables, net of allowance for uncollectibles	23,234,481	-	-	23,234,481
Receivables from other governments	39,059,458	-	230,689	39,290,147
Other receivables, net of allowance for uncollectibles	1,557,077	95,626	157,331	1,810,034
Inventories	31,167	-	-	31,167
Due from other funds	-	5,338,717	2,999,360	8,338,077
Miscellaneous	-	-	3,142	3,142
Total assets	<u>\$85,947,258</u>	<u>10,874,993</u>	<u>3,518,417</u>	<u>100,340,668</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	9,259,955	255,122	772,143	10,287,220
Other liabilities	2,181,412	-	335,909	2,517,321
Retained percentages	9,273	11,318	1,636	22,227
Due to other governments	23,851,538	-	-	23,851,538
Deferred revenue	25,071,392	-	123,202	25,194,594
Due to other funds	11,751,892	-	1,390,789	13,142,681
Total liabilities	<u>72,125,462</u>	<u>266,440</u>	<u>2,623,679</u>	<u>75,015,581</u>
Fund balances:				
Non-spendable	31,167	-	-	31,167
Restricted	-	-	53,638	53,638
Assigned - appropriated	7,233,721	-	-	7,233,721
Assigned - unappropriated	-	10,608,553	841,100	11,449,653
Unassigned	6,556,908	-	-	6,556,908
Total fund balances	<u>13,821,796</u>	<u>10,608,553</u>	<u>894,738</u>	<u>25,325,087</u>
Total liabilities and fund balances	<u>\$85,947,258</u>	<u>10,874,993</u>	<u>3,518,417</u>	<u>100,340,668</u>

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
 Reconciliation of the Total Fund Balances in the
 Governmental Funds to the Statement of Net Assets
 December 31, 2011

Total fund balances in the fund financial statements for the Governmental Funds	\$25,325,087
This amount differs from the amount of net assets shown in the statement of net assets for governmental activities due to the following:	
Capital assets are included as assets in the government-wide statements and are added, net of accumulated depreciation.	112,407,408
Payments for retirement system contributions covering the period January 1, 2012 to March 31, 2012 are recognized as prepaid expenses, a current asset in the government-wide statements.	1,720,667
Levied but uncollected real property taxes shown as deferred tax revenue in the Governmental Fund financial statements and collection of prior year taxes are recognized as revenue and additions to net assets in the government-wide statements.	8,518,400
Revenue that was earned, measurable but not available is recorded as revenue in the government-wide financial statements.	13,219,548
Significant inventories of materials and supplies are included in the government-wide statements as current assets.	1,493,100
Long-term debt accrued interest	(157,321)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(23,009,000)
Principal payments on long-term debt	2,294,000
Assessment from a local government district is recognized as a long-term liability in the government-wide statements which will be recorded in the Governmental Fund financial statements in the year of settlement.	(3,584,032)
Internal service fund is reported in the governmental funds.	(246,295)
Other postemployment benefits liability	(80,230,361)
Total net assets of the governmental activities	<u>\$57,751,201</u>

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Fund Financial Statements
Statement of Revenue, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended December 31, 2011

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total</u>
Revenue:				
Real property taxes	\$46,974,930	-	-	46,974,930
Other real property tax items	4,033,243	-	-	4,033,243
Non-property taxes	102,624,219	-	-	102,624,219
Departmental income	15,004,117	-	1,392,403	16,396,520
Intergovernmental charges	2,237,287	-	-	2,237,287
Use of money and property	482,223	-	601	482,824
Licenses and permits	21,071	-	-	21,071
Fines and forfeitures	314,482	-	22,934	337,416
Sale of property and compensation for loss	2,326,883	-	845,086	3,171,969
Miscellaneous	558,997	-	216,273	775,270
State aid	22,304,024	-	2,277,475	24,581,499
Federal aid	<u>20,989,768</u>	<u>490,448</u>	<u>1,093,305</u>	<u>22,573,521</u>
Total revenue	<u>217,871,244</u>	<u>490,448</u>	<u>5,848,077</u>	<u>224,209,769</u>
Expenditures:				
Current:				
General government support	71,846,844	-	-	71,846,844
Education	17,056,871	-	-	17,056,871
Public safety	29,522,776	-	578,080	30,100,856
Health	17,045,497	-	-	17,045,497
Transportation	262,101	-	18,639,828	18,901,929
Economic opportunity and development	61,312,916	-	800,426	62,113,342
Culture and recreation	975,004	306,129	-	1,281,133
Home and community service	2,926,049	-	-	2,926,049
Capital outlay:				
General government support	-	6,346,258	-	6,346,258
Debt interest	<u>3,130,414</u>	<u>-</u>	<u>-</u>	<u>3,130,414</u>
Total expenditures	<u>204,078,472</u>	<u>6,652,387</u>	<u>20,018,334</u>	<u>230,749,193</u>
Other financing sources (uses):				
Interfund transfers in	-	3,086,839	14,278,450	17,365,289
Interfund transfers out	<u>(17,365,289)</u>	<u>-</u>	<u>-</u>	<u>(17,365,289)</u>
Total other financing sources (uses)	<u>(17,365,289)</u>	<u>3,086,839</u>	<u>14,278,450</u>	<u>-</u>
Net change in fund balances	(3,572,517)	(3,075,100)	108,193	(6,539,424)
Fund balances at beginning of year	<u>17,394,313</u>	<u>13,683,653</u>	<u>786,545</u>	<u>31,864,511</u>
Fund balances at end of year	<u>\$13,821,796</u>	<u>10,608,553</u>	<u>894,738</u>	<u>25,325,087</u>

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
 Reconciliation of the Statement of Revenue, Expenditures, and
 Changes in Fund Balances of the Governmental Funds to the
 Change in Net Assets in the Statement of Activities
 Year Ended December 31, 2011

Net change in fund balances shown for total Governmental Funds \$ (6,539,424)

This amount differs from the change in net assets of governmental activities shown in the statement of activities because of the following:

Capital outlays for acquisition of capital assets are recorded in Governmental Funds as expenditures. However, in the statement of activities, costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This amount represents the differences between expenditures for acquisition of capital assets and depreciation expense for the period.

Expenditures for acquisition of capital assets	\$12,748,158	
Depreciation expense	(5,944,434)	6,803,724

Revenue that was earned and measurable, but not available, is recorded as revenue in the government-wide financial statements.	(1,278,511)
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Collections of prior year real property taxes and other revenue are shown as deferred revenue in the prior year and current year revenue in the year collected. This amount represents collections of prior year unpaid taxes and other revenue received in 2011 that are deducted from revenue in the government-wide financial statements.	1,531,244
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Expenditures for inventory within certain Governmental Funds are recorded as expenditures when paid. In the statement of activities, these costs are allocated over the time periods the items are consumed.	251,135
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The annual payment for retirement system contributions is billed in advance for the payroll period April 1 to March 31. In the Governmental Funds, these contributions are shown as expenditures when the payment is due, which initially is December 15. In the statement of activities, these costs are allocated over the payroll period they pertain to. The allocations for the period January 1 to March 31 of the subsequent year are shown as prepaid expenses. This is the difference between the amounts billed and allocated over the applicable periods.	193,387
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Increase in other postemployment benefits liability is recorded in the statement of net asset but not in the government funds.	(16,919,543)
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Assessment from a local government district is recognized as a long-term liability in the government-wide statements which will be recorded in the Governmental Fund financial statements in the year of settlement.	(1,542,090)
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Principal payments on long-term debt	2,294,000
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Accrued interest on long-term debt	(76,137)
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Internal service funds are proprietary funds that are combined with governmental activities on the government-wide statements.	(49,315)
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Change in net assets of governmental activities shown in the statement of activities	<u>\$ (15,331,530)</u>
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See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Fund Financial Statements
Statement of Revenue, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Adopted</u>	<u>Revised</u>	<u>Amounts</u>	<u>Revised</u>
Revenue:				
Real property taxes	\$48,969,539	48,969,539	46,974,930	(1,994,609)
Other real property tax items	3,850,500	3,850,500	4,033,243	182,743
Non-property taxes	106,928,000	106,928,000	102,624,219	(4,303,781)
Departmental income	15,687,566	15,825,566	15,004,117	(821,449)
Intergovernmental charges	2,087,141	2,087,141	2,237,287	150,146
Use of money and property	782,514	782,514	482,223	(300,291)
Licenses and permits	22,000	22,000	21,071	(929)
Fines and forfeitures	419,500	419,500	314,482	(105,018)
Sale of property and compensation for loss	2,512,500	2,524,500	2,326,883	(197,617)
Miscellaneous	3,438,898	3,488,898	558,997	(2,929,901)
State aid	24,949,036	26,599,545	22,304,024	(4,295,521)
Federal aid	18,464,449	18,659,719	20,989,768	2,330,049
Total revenue	<u>228,111,643</u>	<u>230,157,422</u>	<u>217,871,244</u>	<u>(12,286,178)</u>
Expenditures:				
General government support	74,417,134	74,774,558	71,846,844	2,927,714
Education	18,586,745	18,254,788	17,056,871	1,197,917
Public safety	29,921,607	30,760,697	29,522,776	1,237,921
Health	19,557,741	19,381,077	17,045,497	2,335,580
Transportation	2,125,048	2,290,337	262,101	2,028,236
Economic opportunity and development	58,506,769	64,133,907	61,312,916	2,820,991
Culture and recreation	1,005,677	998,116	975,004	23,112
Home and community service	3,544,545	3,784,862	2,926,049	858,813
Debt service	3,213,478	3,213,478	3,130,414	83,064
Total expenditures	<u>210,878,744</u>	<u>217,591,820</u>	<u>204,078,472</u>	<u>13,513,348</u>
Other financing uses - interfund transfers out	<u>(20,633,865)</u>	<u>(20,831,725)</u>	<u>(17,365,289)</u>	<u>3,466,436</u>
Net change in appropriated fund balance (budget) and fund balance (actual)	<u>\$ (3,400,966)</u>	<u>(8,266,123)</u>	<u>(3,572,517)</u>	<u>4,693,606</u>
Fund balance at beginning of year			<u>17,394,313</u>	
Fund balance at end of year			<u>\$13,821,796</u>	

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Fund Financial Statements
Statement of Net Assets - Proprietary Funds and Internal Service Fund
December 31, 2011

	Business-type Activities Enterprise Funds			Internal Service
	Maplewood Manor	Sewer District	Total	Fund Self Insurance
Assets:				
Cash and equivalents	\$ 3,337,857	4,937,674	8,275,531	9,434
Receivables, net of allowance for uncollectibles	3,062,125	780,540	3,842,665	-
Due from other governments	-	-	-	5,468,153
Due from other funds	-	8,774,094	8,774,094	1,452,819
Inventories	74,786	-	74,786	-
Prepaid expenses	40,064	97,454	137,518	6,556
Restricted assets:				
Cash and equivalents	145,968	-	145,968	7,109,124
Resident assets	117,776	-	117,776	-
Capital assets, net of accumulated depreciation	3,640,255	102,929,841	106,570,096	-
Total assets	<u>10,418,831</u>	<u>117,519,603</u>	<u>127,938,434</u>	<u>14,046,086</u>
Liabilities:				
Accounts payable and other current liabilities	299,112	1,254,922	1,554,034	14,006,369
Due to other governments	10,969	-	10,969	-
Due to other funds	1,522,923	-	1,522,923	-
Bond anticipation notes	-	-	-	-
Accrued compensated absences	811,328	167,345	978,673	4,229
Deferred revenue	-	-	-	32,757
Resident funds and security deposits	263,744	-	263,744	-
Retainage payable	-	2,313,255	2,313,255	-
Noncurrent liabilities:				
Due within one year	353,978	1,930,189	2,284,167	-
Due in more than one year	-	46,479,811	46,479,811	-
Other postemployment benefits liability	23,176,129	4,397,907	27,574,036	249,026
Total liabilities	<u>26,438,183</u>	<u>56,543,429</u>	<u>82,981,612</u>	<u>14,292,381</u>
Net assets (deficit):				
Invested in capital assets, net of related debt	3,286,277	54,519,841	57,806,118	-
Restricted for self insurance contributed reserve	-	-	-	7,109,124
Unrestricted (deficit)	<u>(19,305,629)</u>	<u>6,456,333</u>	<u>(12,849,296)</u>	<u>(7,355,419)</u>
Total net assets (deficit)	<u><u>\$(16,019,352)</u></u>	<u><u>60,976,174</u></u>	<u><u>44,956,822</u></u>	<u><u>(246,295)</u></u>

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Fund Financial Statements
Statement of Revenue, Expenses, and Changes in Net Assets -
Proprietary Funds and Internal Service Fund
Year Ended December 31, 2011

	Business-type Activities Enterprise Funds			Internal Service
	Maplewood Manor	Sewer District	Total	Fund Self Insurance
Operating revenue:				
Rents and charges for sales and services	\$ -	14,473,764	14,473,764	-
Resident service revenue, net of allowances	19,905,830	-	19,905,830	-
Participant assessments	-	-	-	2,507,649
Sale of property and compensation for losses	-	3,516	3,516	-
Miscellaneous local sources	-	47,765	47,765	443,441
Other grants and revenue	117,020	-	117,020	27,364
Total operating revenue	<u>20,022,850</u>	<u>14,525,045</u>	<u>34,547,895</u>	<u>2,978,454</u>
Operating expenses:				
Costs of sales and services	26,128,116	8,603,901	34,732,017	3,027,769
Other postemployment benefits expense	4,936,581	-	4,936,581	-
Interest	56,100	1,964,261	2,020,361	-
Depreciation	551,732	4,779,855	5,331,587	-
Total operating expenses	<u>31,672,529</u>	<u>15,348,017</u>	<u>47,020,546</u>	<u>3,027,769</u>
Operating loss	<u>(11,649,679)</u>	<u>(822,972)</u>	<u>(12,472,651)</u>	<u>(49,315)</u>
Nonoperating revenue - interest earnings	<u>1,906</u>	<u>-</u>	<u>1,906</u>	<u>-</u>
Loss before transfers	(11,647,773)	(822,972)	(12,470,745)	(49,315)
Intergovernmental transfers	<u>9,595,577</u>	<u>-</u>	<u>9,595,577</u>	<u>-</u>
Change in net assets	(2,052,196)	(822,972)	(2,875,168)	(49,315)
Net assets (deficit) at beginning of year	<u>(13,967,156)</u>	<u>61,799,146</u>	<u>47,831,990</u>	<u>(196,980)</u>
Net assets (deficit) at end of year	<u>\$(16,019,352)</u>	<u>60,976,174</u>	<u>44,956,822</u>	<u>(246,295)</u>

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Fund Financial Statements
Statement of Cash Flows - Proprietary Funds and Internal Service Fund
Year Ended December 31, 2011

	Business-type Activities Enterprise Funds			Internal Service Fund Self Insurance
	Maplewood Manor	Sewer District	Subtotal	
Cash flows from operating activities:				
Cash received from charges to customers	\$ -	14,477,925	14,477,925	3,353,977
Cash received from residents and third-party payers	19,563,015	-	19,563,015	-
Payment to employees, payroll taxes, and benefits	(21,983,334)	(3,587,440)	(25,570,774)	(79,939)
Payment for interest	(56,100)	(2,068,964)	(2,125,064)	(2,936,121)
Payment to suppliers, vendors	(3,917,989)	(11,984,748)	(15,902,737)	-
Net cash provided by (used in) operating activities	<u>(6,394,408)</u>	<u>(3,163,227)</u>	<u>(9,557,635)</u>	<u>337,917</u>
Cash flows from non-capital financing activities:				
Intergovernmental transfers	9,595,577	-	9,595,577	-
Increase in restricted cash and equivalents	-	-	-	(1,226,956)
Net cash provided by (used in) non-capital financing activities	<u>9,595,577</u>	<u>-</u>	<u>9,595,577</u>	<u>(1,226,956)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(172,028)	(3,566,273)	(3,738,301)	-
Net repayments of bond short-term financing	-	(6,625,000)	(6,625,000)	-
Repayments of long-term debt	(477,954)	(1,825,000)	(2,302,954)	-
Net cash used in capital and related financing activities	<u>(649,982)</u>	<u>(12,016,273)</u>	<u>(12,666,255)</u>	<u>-</u>
Cash flows from investing activities - interest earned on cash in time deposits	<u>1,906</u>	<u>-</u>	<u>1,906</u>	<u>-</u>
Net increase (decrease) in cash and equivalents	2,553,093	(15,179,500)	(12,626,407)	(889,039)
Cash and equivalents at beginning of year	<u>784,764</u>	<u>20,117,174</u>	<u>20,901,938</u>	<u>898,473</u>
Cash and equivalents at end of year	<u>\$ 3,337,857</u>	<u>4,937,674</u>	<u>8,275,531</u>	<u>9,434</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating loss	(11,649,679)	(822,972)	(12,472,651)	(49,315)
Depreciation expense	551,732	4,779,855	5,331,587	-
Provision for doubtful accounts	163,970	-	163,970	-
Other postemployment benefits expense	4,936,581	879,324	5,815,905	49,847
Changes in:				
Receivables, net of allowances	(1,012,872)	(47,120)	(1,059,992)	380,971
Inventories	1,737	-	1,737	-
Prepaid expenses	2,979	(13,770)	(10,791)	(533)
Due from other funds	-	(5,099,418)	(5,099,418)	(206,435)
Due to Saratoga County	(104,937)	-	(104,937)	-
Due to other funds	-	(195,445)	(195,445)	-
Estimated third-party payers settlements	607,863	-	607,863	-
Accounts payable and accrued liabilities	30,830	(2,781,526)	(2,750,696)	171,309
Retainage payable	-	128,825	128,825	-
Accrued compensated absences	92,722	9,020	101,742	(2,479)
Deferred revenue	(15,334)	-	(15,334)	(5,448)
Net cash provided by (used in) operating activities	<u>\$(6,394,408)</u>	<u>(3,163,227)</u>	<u>(9,557,635)</u>	<u>337,917</u>

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Statement of Fiduciary Net Assets - Fiduciary Funds
December 31, 2011

	<u>Agency Funds</u>	<u>Permanent Fund</u>	<u>Private Purpose Trust Fund</u>	<u>Total Fiduciary Funds</u>
Assets				
Cash and equivalents	\$23,466,780	118,424	-	23,585,204
Restricted cash	-	-	22,758	22,758
Due from other funds	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
Total assets	<u>23,469,780</u>	<u>118,424</u>	<u>22,758</u>	<u>23,610,962</u>
Liabilities				
Agency liabilities	16,777,473	118,424	22,758	16,918,655
Due to other funds	3,899,386	-	-	3,899,386
Due to other governments	<u>2,792,921</u>	<u>-</u>	<u>-</u>	<u>2,792,921</u>
Total liabilities	<u>23,469,780</u>	<u>118,424</u>	<u>22,758</u>	<u>23,610,962</u>
Net Assets	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
 Statement of Changes in Fiduciary Net Assets -
 Fiduciary Funds
 Year Ended December 31, 2011

	Private Purpose <u>Trust Fund</u>
Additions - interest earnings	\$ 398
Deductions - cemeteries	<u>(398)</u>
Change in net assets	-
Net assets at beginning of year	<u>-</u>
Net assets at end of year	<u><u>\$ -</u></u>

See accompanying notes to financial statements.