

SARATOGA COUNTY, NEW YORK

FINANCIAL REPORT

December 31, 2008

SARATOGA COUNTY, NEW YORK

FINANCIAL REPORT

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INDEPENDENT AUDITOR'S REPORT

Chairman and Board of Supervisors
Saratoga County, New York
Ballston Spa, New York

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Saratoga County, New York (County) as of and for the year ended December 31, 2008, 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 an opinion on these financial statements based on our audit. We did not audit the discretely presented component unit. 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 the Saratoga County Industrial Development Agency, is based on the report 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Saratoga County, New York, as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2009, on our consideration of Saratoga County, 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 and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 2 through 4 are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Bollam Sheedy Torani & Co. LLP

Albany, New York
September 21, 2009

SARATOGA COUNTY, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2008

EXECUTIVE SUMMARY

Saratoga County's growing property and sales tax bases and tight fiscal management have allowed it to face exploding Medicaid costs, other expanding State mandates, and a sluggish economy, without tax rate increases. Now, with Medicaid capped and the economy recovering, the County's short to mid-range fiscal outlook is very healthy. Confident that it can and will manage its continuing growth responsibly, the County is sanguine about its long-range prospects as well.

The County's finances are strong and are expected to remain as such for the near future. Real property taxable full valuation of the County has increased in the past year by 6.18%, 18.04% from 2007, and since 2004 it has increased by 83.16% to \$22,056,450,448. The level of taxation - \$2.15 per thousand, or 17.64% of the County's constitutional tax limit, 2008 sales tax revenue increased from the previous year by 2.35%, from 2006 by 6.68%, and over the past five years by 25.01%. The County's government-wide net assets decreased by approximately \$16 million, caused partly by the implementation of GASB 45 which caused the County to book \$40,201,920 in other post-employment benefits (OPEB) expenses and corresponding liability that have been hitherto unrecorded. Moody's Financial Services "expects the County will continue to maintain a strong financial position, given continued sales tax and property tax levy growth, supported by the expansion of the property tax base, and strong financial management, despite the challenges facing all New York counties."

COUNTY OF SARATOGA'S ECONOMY

The County's economic pillars are agriculture and tourism. Centered on the world famous Saratoga Racetrack, the County's tourism offerings are varied and impervious to recession. Agriculture constitutes the base, not only of Saratoga's economy, but also of its character and culture.

COUNTY OF SARATOGA GOVERNMENT SERVICES

The services provided by Saratoga County government are generally those typically provided by New York State counties. Much of any county's operation and finances are mandated by New York State, 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.

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, 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 highways is accounted for in two of the Special Purpose Funds at a total "modified accrual" cost. In 2008, \$18,706,116 was expended of which \$14,815,460 was provided by Saratoga County taxpayers. 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 (JTPA). During 2008, \$1,115,005 was expended to serve County residents in need of this service.

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 2008 cost of the Sewer Fund was \$10,828,116.

SARATOGA COUNTY, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2008

Saratoga County Maplewood Manor (SCMM), the County's long-term care facility, is accounted for in the County's other Enterprise Fund.

The wide variety of the remaining services provided by County government are accounted for in the County's General Fund, including financial assistance and social services to the low-income, the elderly, veterans, children at risk and children in general; public safety services such as a sheriff's 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), record keeping (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 period ended December 31, 2008, the General Fund expended \$199,862,841, and the general tax revenue amounted to \$47,949,810.

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 2008

The 2008 General Fund budget, including \$17,561,907 million in transfers to other funds, of the County's two enterprise funds, the Sewer District made a profit of \$1,336,266, and Maplewood Manor \$192,399. The other budgeted funds were balanced without involving fund balance.

The County's actual expenditures in the General Fund during 2008 were \$33,978,593 over budget, and revenues were also over budget by \$36,106,933. This was due in large part to the recognizing of both sales tax revenue and sales tax proportionate distribution to the various municipalities within the County in the General Fund, which was not anticipated when the 2008 budget was prepared. The sales tax revenues and expenses were recorded during the year in the Trust Fund and not shown in the General Fund until preparation of the Annual Financial Report Update Document (AFRUD). The New York State Office of the State Comptroller amended the 2007 AFRUD during 2008 to reflect the Comptroller's pronouncement to distort sales tax revenues and expenses in this fashion. The distortion occurs due to the fact that approximately 50% of the "revenue" is, in fact, to be distributed to the municipalities within the County in a proscribed manner and is, therefore, never true revenue to the County. The expense too is distorted due to the resolutions that have been in effect stating that the towns, villages, and cities are entitled to their portion of the proceeds that are sent to the County by the state. The gross proceeds have never been the County's to do with as it sees fit. Regardless, these are the reporting rules by which the Comptroller's Office wishes Counties to adhere. The fund balance decreased by \$8,499,269.

Management believes SCMM has maintained its financial position in an always challenging and changing environment. The following highlights support management's assertions.

Our most recent census data shows our resident population to be 82% Medicaid, 4% Medicare, and the remaining 14% a combination of private pay, insurance, and hospice. Occupancy rates remained high throughout 2008, showing an overall occupancy rate of 99%.

SARATOGA COUNTY, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2008

As is the case for virtually all nursing homes, Medicaid rates are insufficient to maintain the high level of service at the SCMM facility that our patients are entitled to, and which is required by the New York State Department of Health. In 2008 and 2007, the "full accrual" cost of operating the 277-bed facility was \$24,359,969 and \$23,291,562, respectively, of which only \$19,270,329 and \$16,885,094, respectively, was covered by fees and other revenue. Due to the insufficiency of Medicaid fees, the County transferred \$946,447 in 2007 and \$6,305,465 in 2008 from its General Fund to SCMM. In 2008, IGT money (in the amount of \$10,087,134) provided some relief to the insufficiency of Medicaid fees. The release of IGT funding comes at a critical time when state and local governments are facing severe budget problems. One casualty of the current budget crisis is the public facility grant program which was terminated in August as part of a state cost-cutting measure. More IGT funding is anticipated in late 2009, which will help compensate for the loss of the grant funding and provide a needed financial boost to publicly-sponsored nursing homes.

ANALYSIS OF THE COUNTY'S CAPITAL INVESTMENT AND BONDED INDEBTEDNESS

The County's investment in capital assets at the end of 2008 is as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Debt</u>	<u>Net</u>
Land and buildings	\$ 173,146,481	\$ 78,136,986	\$ 8,580,000	\$ 86,429,495
Roads and bridges	82,288,549	38,246,763	-	44,041,786
Sewer infrastructure	40,614,573	35,512,403	4,230,000	872,170
Machinery and equipment	<u>29,605,064</u>	<u>14,734,488</u>	<u>1,733,504</u>	<u>13,137,072</u>
Totals	<u>\$ 325,654,667</u>	<u>\$ 166,630,640</u>	<u>\$ 14,543,504</u>	<u>\$ 144,480,523</u>

ANALYSIS OF COUNTY'S ENTITY-WIDE FINANCIAL POSITION DURING 2008

During 2008, the County's entity-wide net assets decreased by \$26,274,275. Governmental funds decreased by \$28,618,263, which was due in large part by the recognition of OPEB. The Sewer District's \$1,336,266 increase in net assets was due to construction of and maintenance to infrastructure as well as the reduction in outstanding debt.

FUTURE PROSPECTS FOR THE COUNTY'S FINANCES

The capping and fixing of New York State counties' Medicaid liability has prompted a sigh of fiscal relief throughout the State. Nevertheless, Saratoga County's relief as a Medicaid payer does not give it any relief as a provider of Medicaid services. Maplewood Manor's fiscal hemorrhaging will continue to sap the County's otherwise excellent fiscal position.

The recognition, beginning in 2008, of other post-employment benefit liabilities has had a negative effect on the County's net assets. The County has maintained a very generous health insurance program for its retirees and the calculation of the present value of that promise will induce a substantial reduction of 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.

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.

SARATOGA COUNTY, NEW YORK

**GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET ASSETS
December 31, 2008**

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
ASSETS				
Cash and cash equivalents	\$ 27,495,799	\$ 22,878,379	\$ 50,374,178	\$ 1,457,395
Receivables, net of allowance for uncollectibles	18,937,847	3,458,626	22,396,473	650,101
Due from other governments	29,027,985	-	29,027,985	
Due from other activities and funds	2,238,826	119,836	2,358,662	-
Inventories	1,557,548	60,533	1,618,081	-
Prepaid expenses	1,003,886	144,090	1,147,976	-
Long-term due from other governments	3,142	-	3,142	-
Restricted assets				
Cash and cash equivalents	-	29,995,101	29,995,101	-
Resident assets	-	127,349	127,349	-
Capital assets, net of accumulated depreciation				
Land	3,909,357	89,000	3,998,357	168,138
Buildings	28,619,429	62,375,603	90,995,032	-
Improvements other than buildings	-	17,108	17,108	-
Autos	8,532,652	177,439	8,710,091	-
Machinery and equipment	6,199,590	1,099,314	7,298,904	-
Infrastructure	44,041,786	5,102,170	49,143,956	-
Total assets	<u>171,567,847</u>	<u>125,644,548</u>	<u>297,212,395</u>	<u>2,275,634</u>
LIABILITIES				
Accounts payable and other current liabilities	8,273,791	12,991,975	21,265,766	-
Due to other governments	15,970,615	1,875,262	17,845,877	-
Due to other activities and funds	536,481	5,818,880	6,355,361	-
Bond anticipation notes payable	6,760,000	32,000,000	38,760,000	-
Accrued compensated absences	2,221,722	719,390	2,941,112	-
Deferred revenue	4,731,719	54,120	4,785,839	-
Resident funds and security deposits	-	243,643	243,643	-
Retainage payable	19,429	-	19,429	-
Noncurrent liabilities				
Due within one year	-	1,521,290	1,521,290	-
Due in more than one year	-	13,022,214	13,022,214	-
Other postemployment benefits	29,966,341	10,235,579	40,201,920	-
Total liabilities	<u>68,480,098</u>	<u>78,482,353</u>	<u>146,962,451</u>	<u>-</u>
COMMITMENTS AND CONTINGENCIES				
NET ASSETS				
Invested in capital assets, net of related debt	91,302,814	54,317,130	145,619,944	168,138
Restricted for self-insurance contributed reserve	-	4,433,035	4,433,035	-
Restricted for inventories	1,568,217	-	1,568,217	-
Restricted for law enforcement activities	11,872	-	11,872	-
Restricted for other purposes	14,492	-	14,492	-
Restricted for capital improvements	2,937,500	(6,367,517)	(3,430,017)	-
Unrestricted	7,252,854	(5,220,453)	2,032,401	2,107,496
Total net assets	<u>\$ 103,087,749</u>	<u>\$ 47,162,195</u>	<u>\$ 150,249,944</u>	<u>\$ 2,275,634</u>

The accompanying Notes to Basic Financial Statements are an integral part of these statements.

SARATOGA COUNTY, NEW YORK

**GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2008**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expenses) Revenues and Changes in Net Assets</u>			<u>Component Unit</u>
		<u>Charges for Services</u>	<u>Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>			
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
Governmental activities								
General government support	\$ 96,199,638	\$ 5,289,327	\$ 1,301,849	\$ 1,448,257	\$ (88,160,205)	\$ -	\$ (88,160,205)	\$ -
Education	17,301,779	-	6,160,129	-	(11,141,650)	-	(11,141,650)	-
Public safety	24,670,381	2,208,135	300,535	-	(22,161,711)	-	(22,161,711)	-
Health	18,437,500	8,093,398	6,074,603	-	(4,269,499)	-	(4,269,499)	-
Transportation	19,846,995	2,320,961	692,776	2,317,540	(14,515,718)	-	(14,515,718)	-
Economic opportunity and development	64,180,735	2,141,965	24,510,125	-	(37,528,645)	-	(37,528,645)	-
Culture and recreation	1,096,720	290,671	1,033,870	-	227,821	-	227,821	-
Home and community services	3,063,296	-	83,738	-	(2,979,558)	-	(2,979,558)	-
Total governmental activities	<u>244,797,044</u>	<u>20,344,457</u>	<u>40,157,625</u>	<u>3,765,797</u>	<u>(180,529,165)</u>	<u>-</u>	<u>(180,529,165)</u>	<u>-</u>
Business-type activities								
Maplewood Manor	28,545,117	16,753,983	11,015,870	-	-	(775,264)	(775,264)	-
Sewer District	10,828,116	11,204,243	-	-	-	376,127	376,127	-
Self insurance	4,437,625	3,380,444	-	-	-	(1,057,181)	(1,057,181)	-
Total business-type activities	<u>43,810,858</u>	<u>31,338,670</u>	<u>11,015,870</u>	<u>-</u>	<u>-</u>	<u>(1,456,318)</u>	<u>(1,456,318)</u>	<u>-</u>
	\$ 288,607,902	\$ 51,683,127	\$ 51,173,495	\$ 3,765,797	(180,529,165)	(1,456,318)	(181,985,483)	-
Component Unit								
Saratoga County Industrial Development Agency	\$ 55,330	\$ 500	\$ -	\$ -	-	-	-	(54,830)
GENERAL REVENUES								
Real property tax and related tax items					48,424,818	-	48,424,818	-
Non-property tax items					101,110,923	-	101,110,923	-
Tobacco settlements proceeds					2,404,380	-	2,404,380	-
Interest earnings					1,319,590	1,189,759	2,509,349	57,703
Other general revenues					737,059	-	737,059	-
					<u>153,996,770</u>	<u>1,189,759</u>	<u>155,186,529</u>	<u>57,703</u>
Transfers from governmental to business-type activities					(946,447)	946,447	-	-
Total general revenues and transfers					<u>153,050,323</u>	<u>2,136,206</u>	<u>155,186,529</u>	<u>-</u>
CHANGE IN NET ASSETS					(27,478,842)	679,888	(26,798,954)	2,873
NET ASSETS, beginning of year, as originally stated					130,566,591	55,810,418	186,377,009	2,272,761
Prior period adjustment					-	(9,328,111)	(9,328,111)	-
NET ASSETS, beginning of year, restated					<u>130,566,591</u>	<u>46,482,307</u>	<u>177,048,898</u>	<u>2,272,761</u>
NET ASSETS, end of year					\$ 103,087,749	\$ 47,162,195	\$ 150,249,944	\$ 2,275,634

The accompanying Notes to Basic Financial Statements are an integral part of these statements.

SARATOGA COUNTY, NEW YORK

**FUND FINANCIAL STATEMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2008**

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 20,832,043	\$ 6,597,055	\$ 66,701	\$ 27,495,799
Taxes receivables, net of allowance for uncollectibles	17,215,847	-	-	17,215,847
Receivables from other governments	29,027,985	-	-	29,027,985
Other receivables, net of allowance for uncollectibles	1,576,760	22,065	123,176	1,722,001
Inventories	20,732	-	-	20,732
Due from other funds	6,239,167	8,835,006	1,864,005	16,938,178
Miscellaneous	-	-	3,142	3,142
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 74,912,534</u>	<u>\$ 15,454,126</u>	<u>\$ 2,057,024</u>	<u>\$ 92,423,684</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 7,655,865	\$ 278,539	\$ 339,385	\$ 8,273,789
Accrued compensated absences	1,883,285	-	338,437	2,221,722
Bond anticipation notes payable	-	6,760,000	-	6,760,000
Retainage payable	5,816	12,313	1,300	19,429
Due to other governments	11,899,840	-	-	11,899,840
Deferred revenue	17,262,133	-	10,232	17,272,365
Due to other funds	9,135,422	5,194,967	905,444	15,235,833
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>47,842,361</u>	<u>12,245,819</u>	<u>1,594,798</u>	<u>61,682,978</u>
Fund balances				
Reserved for				
Encumbrances	124,831	270,807	464,280	859,918
Inventories	31,401	-	-	31,401
Capital improvements	-	2,937,500	-	2,937,500
Law enforcement activities	-	-	11,872	11,872
Other purposes	14,492	-	-	14,492
Unreserved				
Appropriated for 2009	3,037,351	-	707	3,038,058
Unappropriated	23,862,098	-	(14,633)	23,847,465
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>27,070,173</u>	<u>3,208,307</u>	<u>462,226</u>	<u>30,740,706</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 74,912,534</u>	<u>\$ 15,454,126</u>	<u>\$ 2,057,024</u>	<u>\$ 92,423,684</u>

The accompanying Notes to Basic Financial Statements are an integral part of these statements.

SARATOGA COUNTY, NEW YORK

**RECONCILIATION OF THE TOTAL FUND BALANCES IN
THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
December 31, 2008**

Total fund balances in the fund financial statements for the governmental funds	\$ 30,740,706
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.	91,302,814
Payments for retirement system contributions covering the period January 1, 2009 to March 31, 2009 are recognized as prepaid expenses, a current asset, in the government-wide statements.	1,003,886
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.	4,606,332
Revenues that were earned and measurable, but not available, are recorded as revenue in the government-wide financial statements.	3,863,536
Significant inventories of materials and supplies are included in the government-wide statements as current assets.	1,536,816
Other postemployment benefits for healthcare costs for retirees reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as an expenditure or liability in governmental funds.	<u>(29,966,341)</u>
Total net assets of the governmental activities, shown in the Statement of Net Assets	<u>\$103,087,749</u>

The accompanying Notes to Basic Financial Statements are an integral part of these statements.

SARATOGA COUNTY, NEW YORK

**FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2008**

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total</u>
REVENUES				
Real property taxes	\$ 44,450,112	\$ -	\$ -	\$ 44,450,112
Other real property tax items	3,499,698	-	-	3,499,698
Non-property taxes	101,110,923	-	-	101,110,923
Departmental income	15,627,367	-	22,950	15,650,317
Intergovernmental charges	2,352,207	575,076	177,279	3,104,562
Use of money and property	1,545,108	22,774	1,176,408	2,744,290
Licenses and permits	17,691	-	-	17,691
Fines and forfeitures	396,516	-	5,648	402,164
Sale of property and compensation for loss	2,496,460	-	846,269	3,342,729
Miscellaneous	1,882,264	28,527	385,864	2,296,655
State aid	21,637,689	-	2,243,564	23,881,253
Federal aid	15,048,862	326,296	958,706	16,333,864
Total revenues	<u>210,064,897</u>	<u>952,673</u>	<u>5,816,688</u>	<u>216,834,258</u>
EXPENDITURES				
Current				
General government support	70,530,441	-	-	70,530,441
Education	17,301,779	-	-	17,301,779
Public safety	25,093,158	-	708,352	25,801,510
Health	18,580,906	-	-	18,580,906
Transportation	130,149	-	17,631,638	17,761,787
Economic opportunity and development	63,106,989	61,450	1,115,005	64,283,444
Culture and recreation	1,117,943	-	-	1,117,943
Home and community service	1,904,568	-	-	1,904,568
Capital outlay				
General government support	763,527	2,403,743	-	3,167,270
Public safety	659,996	-	-	659,996
Health	54,748	-	-	54,748
Transportation	543,013	-	1,074,478	1,617,491
Economic opportunity and development	45,357	-	-	45,357
Culture and recreation	-	-	-	-
Home and community service	1,169,685	-	-	1,169,685
Total expenditures	<u>201,002,259</u>	<u>2,465,193</u>	<u>20,529,473</u>	<u>223,996,925</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	-	1,500,000	15,115,460	16,615,460
Interfund transfers out	<u>(17,561,907)</u>	-	-	<u>(17,561,907)</u>
Total other financing sources (uses)	<u>(17,561,907)</u>	<u>1,500,000</u>	<u>15,115,460</u>	<u>(946,447)</u>
Net change in fund balances	(8,499,269)	(12,520)	402,675	(8,109,114)
FUND BALANCE, beginning of year	<u>35,569,442</u>	<u>3,220,827</u>	<u>59,551</u>	<u>38,849,820</u>
FUND BALANCE, end of year	<u>\$ 27,070,173</u>	<u>\$ 3,208,307</u>	<u>\$ 462,226</u>	<u>\$ 30,740,706</u>

The accompanying Notes to Basic Financial Statements are an integral part of these statements.

SARATOGA COUNTY, NEW YORK

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE CHANGE IN NET ASSETS SHOWN IN THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2008**

Net change in fund balances shown for total governmental funds \$ (8,109,114)

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 expenses. This amount represents the differences between expenditures for acquisition of capital assets and depreciation expense for the period.

Expenditures for acquisition of capital assets	10,711,242	
Depreciation expense	<u>5,913,671</u>	4,797,571

Revenue that was deferred for the Youth Bureau because it was not collected during the availability period. 3,816,349

Collections of prior year real property taxes and other revenues are shown as deferred revenue in the prior year and current year revenue in the year collected. This amount represents the difference between collections of prior year unpaid taxes and other revenues received in 2008 that are deducted from revenue in the government-wide financial statements.	4,131,324	
	<u>4,606,332</u>	475,008

Collections of prior year Planning Department revenue is shown as deferred revenue in the prior year and current year revenue in the year collected.		47,189
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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.		1,536,816
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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.

Current year prepaid amount	1,003,886	
Prior year prepaid amount	<u>1,080,206</u>	(76,320)

Interfund transfers within the governmental funds are eliminated in the statement of net assets and the statement of activities. The amounts offset, and have a zero effect of operations.

Transfers in	16,615,460	
Transfers out	<u>16,615,460</u>	-

Interfund transactions within the governmental funds shown as chargebacks for services, participant assessments for self insurance, and rental of equipment between the road funds are duplicative transactions that are eliminated in the statement of activities. The amounts offset, and have a zero effect of operations.

Various revenues	2,908,154	
Various expenditures	<u>2,908,154</u>	-

Other postemployment benefits for healthcare costs for retirees reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as an expenditure or liability in governmental funds.		<u>(29,966,341)</u>
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Change in net assets of governmental activities shown in the statement of activities		<u>\$ (27,478,842)</u>
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The accompanying Notes to Basic Financial Statements are an integral part of these statements.

SARATOGA COUNTY, NEW YORK

**FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance
	<u>Adopted</u>	<u>Revised</u>		with Revised Positive Negative (Negative)
REVENUES				
Real property taxes	\$ 44,348,622	\$ 44,348,622	\$ 44,450,112	\$ 101,490
Real property tax items	2,627,075	2,627,075	3,499,698	872,623
Non-property taxes	56,025,000	56,025,000	101,110,923	45,085,923
Departmental income	14,570,761	14,667,461	15,627,367	959,906
Intergovernmental charges	2,415,670	2,415,670	2,352,207	(63,463)
Use of money and property	2,977,514	2,977,514	1,545,108	(1,432,406)
Licenses and permits	22,050	22,050	17,691	(4,359)
Fines and forfeitures	430,000	430,000	396,516	(33,484)
Sale of property and compensation for loss	2,391,000	2,394,000	2,496,460	102,460
Miscellaneous	1,825,200	1,886,501	1,882,264	(4,237)
State aid	27,731,299	31,999,287	21,637,689	(10,361,598)
Federal aid	14,721,616	15,153,702	15,048,862	(104,840)
Total revenues	<u>170,085,807</u>	<u>174,946,882</u>	<u>210,064,897</u>	<u>35,118,015</u>
EXPENDITURES				
General government support	22,787,674	23,563,875	71,293,968	(47,730,093)
Education	19,188,380	17,497,366	17,301,779	195,587
Public safety	26,050,286	26,572,935	25,753,154	819,781
Health	19,979,972	19,748,520	18,635,654	1,112,866
Transportation	1,808,530	5,284,957	673,162	4,611,795
Economic opportunity and development	55,491,864	63,516,896	63,152,346	364,550
Culture and recreation	968,467	1,020,067	1,117,943	(97,876)
Home and community service	3,037,435	3,989,091	3,074,253	914,838
Total expenditures	<u>149,312,608</u>	<u>161,193,707</u>	<u>201,002,259</u>	<u>(39,808,552)</u>
OTHER FUNDING SOURCES (USES)				
Appropriated fund balance	2,409,913	10,136,762	-	(10,136,762)
Interfund transfers out	<u>(23,183,112)</u>	<u>(23,889,937)</u>	<u>(17,561,907)</u>	<u>6,328,030</u>
Total other financing sources (uses)	<u>(20,773,199)</u>	<u>(13,753,175)</u>	<u>(17,561,907)</u>	<u>(3,808,732)</u>
Appropriated fund balance (budget) and net change in fund balances (actual)	-	-	(8,499,269)	(8,499,269)
FUND BALANCE, beginning of year	<u>33,159,529</u>	<u>23,022,767</u>	<u>35,569,442</u>	<u>12,546,675</u>
FUND BALANCE, end of year	<u>\$ 33,159,529</u>	<u>\$ 23,022,767</u>	<u>\$ 27,070,173</u>	<u>\$ 4,047,406</u>

The accompanying Notes to Basic Financial Statements are an integral part of these statements.

SARATOGA COUNTY, NEW YORK

**FUND FINANCIAL STATEMENTS
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
December 31, 2008**

	Proprietary Funds			Internal Service Fund	Grand Total
	Maplewood Manor	Sewer District	Total	Self Insurance	
ASSETS					
Cash and cash equivalents	\$ 6,080,457	\$ 13,983,962	\$ 20,064,419	\$ 2,813,960	\$ 22,878,379
Receivables, net of allowance for uncollectibles	2,396,282	1,010,266	3,406,548	52,078	3,458,626
Due from other funds	-	20,172	20,172	99,664	119,836
Inventories	60,533	-	60,533	-	60,533
Prepaid expenses	100,509	39,756	140,265	3,825	144,090
Restricted assets					
Cash and cash equivalents	116,294	25,609,382	25,725,676	4,269,425	29,995,101
Resident assets	127,349	-	127,349	-	127,349
Capital assets not being depreciated					
Land	54,000	35,000	89,000	-	89,000
Capital assets, net of accumulated depreciation					
Buildings	3,832,943	58,542,660	62,375,603	-	62,375,603
Improvements other than buildings	17,108	-	17,108	-	17,108
Machinery and equipment	1,025,283	74,031	1,099,314	-	1,099,314
Autos	69,101	108,338	177,439	-	177,439
Infrastructure	-	5,102,170	5,102,170	-	5,102,170
Total assets	<u>13,879,859</u>	<u>104,525,737</u>	<u>118,405,596</u>	<u>7,238,952</u>	<u>125,644,548</u>
LIABILITIES					
Accounts payable and other current liabilities	309,830	1,532,754	1,842,584	11,149,391	12,991,975
Due to other funds	1,632,071	4,186,809	5,818,880	-	5,818,880
Bond Anticipation Notes	-	32,000,000	32,000,000	-	32,000,000
Estimated third-party payer settlements	1,875,262	-	1,875,262	-	1,875,262
Accrued compensated absences	719,390	-	719,390	-	719,390
Deferred revenues	23,658	-	23,658	30,462	54,120
Resident funds and security deposits	243,643	-	243,643	-	243,643
Non-current liabilities					
Due within one year	441,290	1,080,000	1,521,290	-	1,521,290
Due in more than one year	1,292,214	11,730,000	13,022,214	-	13,022,214
Other post employment benefits liability	<u>8,503,299</u>	<u>1,649,598</u>	<u>10,152,897</u>	<u>82,682</u>	<u>10,235,579</u>
Total liabilities	<u>15,040,657</u>	<u>52,179,161</u>	<u>67,219,818</u>	<u>11,262,535</u>	<u>78,482,353</u>
NET ASSETS					
Invested in capital assets, net of related debt	3,264,931	51,052,199	54,317,130	-	54,317,130
Restricted for self insurance contributed reserve	-	-	-	4,433,035	4,433,035
Restricted for capital improvements		(6,367,517)	(6,367,517)		(6,367,517)
Unrestricted	<u>(4,425,729)</u>	<u>7,661,894</u>	<u>3,236,165</u>	<u>(8,456,618)</u>	<u>(5,220,453)</u>
Total net assets	<u>\$ (1,160,798)</u>	<u>\$ 52,346,576</u>	<u>\$ 51,185,778</u>	<u>\$ (4,023,583)</u>	<u>\$ 47,162,195</u>

The accompanying Notes to Basic Financial Statements are an integral part of these statements.

SARATOGA COUNTY, NEW YORK

**FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -
PROPRIETARY FUNDS
Year Ended December 31, 2008**

	Proprietary Funds			Internal Service Fund	Grand Total
	Maplewood Manor	Sewer District	Total	Self Insurance	
OPERATING REVENUES					
Rents and charges for sales and services	\$ -	\$ 10,770,437	\$ 10,770,437	\$ -	\$ 10,770,437
Resident service revenue, net of allowances	18,320,377	-	18,320,377	-	18,320,377
Participant assessments	-	-	-	3,152,422	3,152,422
Sale of property and compensation for losses	-	385,463	385,463	-	385,463
Miscellaneous local sources	-	-	-	228,022	228,022
Other grants and revenues	928,736	48,343	977,079	-	977,079
Total operating revenues	19,249,113	11,204,243	30,453,356	3,380,444	33,833,800
OPERATING EXPENSES					
Costs of sales and services	23,723,666	6,199,554	29,923,220	4,354,943	34,278,163
Other postemployment benefits expense	4,185,148	1,649,598	5,834,746	82,682	5,917,428
Interest	85,782	430,264	516,046	-	516,046
Depreciation	550,521	2,548,700	3,099,221	-	3,099,221
Total operating expenses	28,545,117	10,828,116	39,373,233	4,437,625	43,810,858
Operating income (loss)	(9,296,004)	376,127	(8,919,877)	(1,057,181)	(9,977,058)
NONOPERATING REVENUES (EXPENSES)					
Interest earnings	21,216	960,139	981,355	208,404	1,189,759
Inter-governmental transfer	10,087,134	-	10,087,134	-	10,087,134
OMIG audit recoupment	(1,566,394)	-	(1,566,394)	-	(1,566,394)
Total nonoperating revenues	8,541,956	960,139	9,502,095	208,404	9,710,499
Income (loss) before transfers	(754,048)	1,336,266	582,218	(848,777)	(266,559)
TRANSFERS					
Transfer from governmental activities to business-type activities	946,447	-	946,447	-	946,447
CHANGE IN NET ASSETS	192,399	1,336,266	1,528,665	(848,777)	679,888
NET ASSETS, beginning of year, as originally stated	(1,353,197)	51,010,310	49,657,113	6,153,305	55,810,418
Prior period adjustment	-	-	-	(9,328,111)	(9,328,111)
NET ASSETS, beginning of year, restated	(1,353,197)	51,010,310	49,657,113	(3,174,806)	46,482,307
NET ASSETS, end of year	\$ (1,160,798)	\$ 52,346,576	\$ 51,185,778	\$ (4,023,583)	\$ 47,162,195

The accompanying Notes to Basic Financial Statements are an integral part of these statements.

SARATOGA COUNTY, NEW YORK

**FUND FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended December 31, 2008**

	<u>Proprietary Funds</u>			<u>Internal Service Fund Self Insurance</u>
	<u>Maplewood Manor</u>	<u>Sewer District</u>	<u>Total Enterprise Funds</u>	
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES				
Cash received from providing services	\$ -	\$ 10,236,098	\$ 10,236,098	\$ 3,132,887
Cash received from residents and third-party payers	17,805,285	-	17,805,285	-
Cash received from other operating sources	1,028,368	745,688	1,774,056	228,022
Payments to employees, payroll taxes, and benefits	(18,883,775)	-	(18,883,775)	-
Payments to suppliers, vendors, and benefit recipients	(4,483,464)	(6,045,649)	(10,529,113)	(2,679,011)
	<u>(4,533,586)</u>	<u>4,936,137</u>	<u>402,551</u>	<u>681,898</u>
CASH FLOWS PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES				
Contribution from the General Fund	946,447	-	946,447	-
Advances to other funds	-	4,622,670	4,622,670	22,623
Inter-governmental transfer	10,087,134	-	10,087,134	-
Increase in restricted cash and cash equivalents	-	(25,609,382)	-	(1,311,177)
	<u>11,033,581</u>	<u>(20,986,712)</u>	<u>(9,953,131)</u>	<u>(1,288,554)</u>
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(210,409)	(10,373,756)	(10,584,165)	-
Proceeds from bond short-term financing	-	32,000,000	32,000,000	-
Interest on capital leases and long-term capital debt	(85,782)	-	(85,782)	-
Payment on capital leases and long-term capital debt	(423,127)	(1,055,000)	(1,478,127)	-
	<u>(719,318)</u>	<u>20,571,244</u>	<u>19,851,926</u>	<u>-</u>
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES				
Interest earned on cash in time deposits	<u>21,216</u>	<u>960,139</u>	<u>981,355</u>	<u>208,404</u>
Net increase (decrease) in cash and cash equivalents	5,801,893	5,480,808	11,282,701	(398,252)
CASH AND CASH EQUIVALENTS, beginning of year	<u>278,564</u>	<u>8,503,154</u>	<u>8,781,718</u>	<u>3,212,212</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 6,080,457</u>	<u>\$ 13,983,962</u>	<u>\$ 20,064,419</u>	<u>\$ 2,813,960</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (9,296,004)	\$ 376,127	\$ (8,919,877)	\$ (1,057,181)
Depreciation expense	550,521	2,548,700	3,099,221	-
Other postemployment benefits liability	4,185,148	1,649,598	5,834,746	82,682
Interest paid	85,782	-	85,782	-
(Increase) decrease in				
Receivables, net of allowances	976	(222,457)	(221,481)	(28,106)
Inventories	14,265	-	14,265	-
Prepaid expenses	(2,732)	17,368	14,636	271
Increase (decrease) in				
Due to Saratoga County	297,894	-	297,894	-
Current liabilities	47,664	520,028	567,692	1,675,661
Estimated third-party payers settlements	(418,997)	-	(418,997)	-
Accrued compensated absences	(664)	46,773	46,109	-
Deferred revenue	2,561	-	2,561	8,571
Net cash provided (used) by operating activities	<u>\$ (4,533,586)</u>	<u>\$ 4,936,137</u>	<u>\$ 402,551</u>	<u>\$ 681,898</u>

The accompanying Notes to Basic Financial Statements are an integral part of these statements.

SARATOGA COUNTY, NEW YORK

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
December 31, 2008

	Agency Fund	Permanent Fund	Private Purpose Trust Fund	Total Fiduciary Funds
ASSETS				
Cash and cash equivalents	\$ 9,822,894	\$ 118,363	\$ -	\$ 9,941,257
Restricted cash	-	-	26,026	26,026
Due from other funds	6,274,052	-	-	6,274,052
Other assets	8,391	-	-	8,391
Total assets	16,105,337	118,363	26,026	16,249,726
LIABILITIES				
Agency liabilities	13,827,984	-	3,820	13,831,804
Due to other funds	2,277,353	-	-	2,277,353
Total liabilities	16,105,337	-	3,820	16,109,157
NET ASSETS	\$ -	\$ 118,363	\$ 22,206	\$ 140,569

The accompanying Notes to Basic Financial Statements are an integral part of these statements.

SARATOGA COUNTY, NEW YORK

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
Year Ended December 31, 2008

	<u>Private Purpose Trust Fund</u>
ADDITIONS	
Interest earnings	\$ 3,820
DEDUCTIONS	
Cemeteries	<u>3,820</u>
CHANGE IN NET ASSETS	-
NET ASSETS, beginning of year	<u>22,206</u>
NET ASSETS, end of year	<u>\$ 22,206</u>

The accompanying Notes to Basic Financial Statements are an integral part of these statements.

SARATOGA COUNTY, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Saratoga County, New York (County) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the significant accounting policies consistently applied in the preparation of the accompanying basic financial statements follows.

In preparing the basic financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

1. Financial Reporting Entity

The County was established in 1791 and is governed by the general laws of the State of New York and various local laws and ordinances. The County Board of Supervisors, which is the legislative body responsible for the overall operation of the County, consists of 23 supervisors representing the 19 towns and 2 cities within the County. The Town of Clifton Park and the County of Saratoga each are represented by two Supervisors. The Chairman of the Board, elected by the Board each year, is the Chief Executive Officer of the County. The Board of Supervisors also appoints a County Administrator and a Clerk of the Board. The County Administrator acts as the Budget Officer. The County Treasurer, elected at large to a four-year term, is the Chief Fiscal Officer of the County. The County Clerk, Sheriff, and District Attorney are constitutional officials and are elected in accordance with constitutional provisions.

The County provides the following basic services: general government, education assistance for County residents attending community colleges, public safety, social services, health and nursing services, road maintenance, public improvements, and a part-county sewer system. The County administers the Employment and Training Program for Saratoga, Warren, and Washington Counties.

The financial reporting entity consists of (a) the primary government which is the County of Saratoga, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement 14.

SARATOGA COUNTY, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

1. Financial Reporting Entity - Continued

In evaluating how to define the County for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependence. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to influence operations significantly, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the County and/or its citizens, or whether the activity is conducted within the geographic boundaries of the County and is generally available to its citizens. A third criterion used in evaluating potential component units is the existence of special financing relationships, regardless of whether the County is able to exercise oversight responsibilities.

Based on the application of these criteria, a brief review of each potential component unit addressed in defining the County's reporting entity follows:

Included In the Reporting Entity:

Saratoga County Industrial Development Agency

The Saratoga County Industrial Development Agency (IDA) was created in 1971 by the New York State Legislature pursuant to Article 18-A and Section 890-h of the General Municipal Law. The members of the IDA Board are appointed by the County Board of Supervisors. The County provides office space to support its operations. The IDA is considered a component unit of the County and is discretely presented. Complete financial statements of the component unit can be obtained from its administrative office.

Administrative Office
Saratoga County Industrial Development Agency
50 West High Street
Ballston Spa, New York 12020

Excluded From the Reporting Entity - Although the following organizations, functions, or activities are related to the County, they are not included in the County reporting entity because of the reasons noted:

Saratoga County Water Authority

The Saratoga County Water Authority (Authority) was created by the New York State Legislature. The governing board of the Authority is appointed by the County Board of Supervisors. The County provides no subsidy to the Authority nor is it responsible for debt or operating deficits of the Authority. The Authority's debt is essentially supported by operating revenues of the Authority which may include service agreement fee payments from the County and is not guaranteed by the County. Any such service agreement fee payments will constitute amounts due to the County from the Authority and will accrue interest at 4% per year. The County does not appoint management of the Authority nor does it approve the Authority's budget, contracts, or hiring of staff. The County has no oversight responsibility for funds of the Authority.

SARATOGA COUNTY, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

1. Financial Reporting Entity - Continued

Saratoga County Soil and Water Conservation District

The Saratoga County Soil and Water Conservation District (District) was created by the New York State Legislature. The governing board of the District is appointed by the County Board of Supervisors. The County is not responsible for operating deficits of the District. The District cannot issue any debt. The County does not appoint management of the District nor does it approve the District's budget, contracts, or hiring of staff. The County has no oversight responsibility for the funds of the District.

Saratoga County Economic Development Corporation

The Saratoga Economic Development Corporation (SEDC) was incorporated under the laws of New York State as a 501(c)(4) not-for-profit organization to promote economic growth within the County. Members of the governing board are not appointed by the County Board of Supervisors, and the County exercises no oversight responsibility. SEDC Board members have complete responsibility for management of the corporation and accountability for fiscal matters. The County is not liable for SEDC debt.

2. Government-wide and Fund Financial Statements

The basic financial statements include the following sections: Management's Discussion and Analysis, government-wide financial statements, fund financial statements, notes to financial statements, and other required supplemental information.

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report all of the County's non-fiduciary activities and eliminate most of the interfund activity normally included in the County's separate fund financial statements. Governmental activities, which are the County's main activities financed primarily by taxes and other intergovernmental revenues, are reported separately from business-type activities, which are intended to be self-sustaining activities financed by charges to customers using the services.

The statement of net assets presents the financial condition of the County's activities at year-end. The statement of activities presents a comparison between direct expenses needed to provide specific services and the program revenues that are generated by those services. Program revenues include charges for services, operating grants and contributions, and capital grants and contributions generated by and related to the applicable activity. General revenues are revenues such as real property taxes, sales taxes, other non-property taxes, interest earnings, and unrestricted intergovernmental revenues that generally can be used to finance most applicable activities. The statement of activities identifies the net expense or revenue from each activity and identifies the amount of general revenues needed to help finance the specific activities.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting, as are the proprietary funds. All assets and liabilities are recorded in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. This measurement focus and basis of accounting are similar to private sector reporting.

SARATOGA COUNTY, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financial uses) in net current assets.

Under the modified accrual basis of accounting, governmental fund revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be reasonably determined and “available” means the related cash resources are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County follows GAAP and considers property taxes available if they are collected within 60 days after year-end. Property taxes determined to be collectible after the 60-day period are recorded as deferred revenues. The County uses a similar availability period for other significant governmental revenue sources. In addition to property taxes, governmental revenues susceptible to accrual include sales tax, state and federal aid, and certain other significant revenues. Fines, permits, and other miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received.

The County also reports deferred revenue on its fund financial statements for certain revenues other than property taxes. Deferred revenues arise when potential revenue does not meet both of the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when the County receives resources before it has a legal claim to them, as when grant monies, general state aid, and other intergovernmental aid are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for deferred revenue is removed from the applicable balance sheet and revenue is recognized.

Governmental fund expenditures are recorded when the fund liability is incurred except that:

- Payment of prepaid expenses and purchase of inventory type items are recorded as expenditures when the related amounts are due and payable. This method is generally referred to as the “purchase” method, as opposed to the “consumption” method used in the government-wide financial statements.
- Principal and interest on indebtedness are recorded as expenditures when the related debt service amounts are due and payable, which normally approximates the date the debt is paid.
- Compensated absences, such as vacation leave and compensation time, which vest or accumulate with eligible employees, are recorded as expenditures in the payroll period that the leave credits are used by employees.
- Current pension costs payable to the New York State Retirement Systems are recorded as expenditures when billed by the Systems.
- Costs of acquiring capital assets are recorded as expenditures when the related acquisition amounts are due and payable.

SARATOGA COUNTY, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Fund Accounting

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The activities of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. The accounts of each fund are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations. The County's fund types are as follows:

Fund Types

Governmental Funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The County's governmental fund types are as follows:

- a. General Fund is the principal operating fund of the County and accounts for the general tax revenues, miscellaneous receipts not allocated by law or contractual agreement to another fund, and general operating expenditures. This fund operates within the financial limits of an annual budget adopted by the Board of Supervisors.
- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds of the County include the following:

County Road Fund is used to account for revenues generated to finance maintenance, repairs, and improvements to County roads and bridges, snow removal, and other transportation related purposes.

Road Machinery Fund is used to account for revenues generated to finance purchases, repairs, and maintenance of highway machinery, tools, and equipment.

Employment and Training Fund is used to account for federal grants and other revenues generated to finance job training and employment activities.

Federal Forfeitures Fund is used to account for moneys received from the Federal Equitable Sharing program involving the proceeds of crime from Drug Enforcement Agency cases and certain moneys confiscated during police actions. This money is restricted to certain law enforcement activities.

- c. Capital Projects Funds are used to account for financial resources generated for the acquisition or construction of major capital assets for governmental activities. Financing is generally provided from proceeds of bonds, notes, federal and state grants, and transfers from other governmental funds.

Proprietary Funds represent the County's business-type activities, and include Enterprise Funds and Internal Service Funds. Enterprise Funds are used to report activities for which fees are charged to external customers for goods and services provided, and the County's fee pricing policies are designed to recover the costs of providing such services, including capital costs such as depreciation or debt service. Internal Service Funds may be used to report any activity that provides goods and services to other funds or departments on a cost-reimbursement basis.

SARATOGA COUNTY, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. *Fund Accounting* - Continued

The County reports the following Enterprise Funds:

Maplewood Manor Fund is used to account for the operations of the County of Saratoga Maplewood Manor (SCMM). SCMM is a long-term care skilled nursing facility which provides room, board, and health care to eligible individuals.

Sewer District Fund is used to report operations of the County's wastewater treatment facilities and sanitary sewer system that is provided to residents and organizations located within the County's Sewer District.

The County reports the following Internal Service Fund:

Self-Insurance Fund is used to account for the County's self-insured workers' compensation plan that provides workers' compensation insurance coverage for County employees and for other local governments and related organizations located within the County.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of these funds are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds - These funds are used to account for fiduciary activities. Fiduciary activities are those in which the County acts as trustee or agent for resources that belong to others. These activities are not included in the County-wide financial statements because their resources do not belong to the County and are not available to be used.

The County reports the following Fiduciary Funds:

Agency Fund is used to account for moneys and other resources held by the County in a trustee or agent pending payment to the applicable agencies.

Private Purpose Trust Fund is used to account for moneys donated to the County to benefit certain private cemeteries and other non-County operations.

Component Unit - The component unit consists of the Saratoga County Industrial Development Agency (IDA). The IDA was created in 1971 under the provisions of Article 18-A of the General Municipal Law for the purpose of encouraging economic growth in Saratoga County. The IDA is exempt from federal, New York, and local income taxes. This IDA is included as a component unit because the Board of Supervisors has oversight authority over management through board member appointment. See Notes A1 and N for further disclosures.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

SARATOGA COUNTY, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. General Budget Process

The County adopts an annual budget for its main operating funds. Prior to November 15 of each year, the County Administrator submits to the Board of Supervisors a proposed tentative operating budget for the fiscal year commencing the following January 1. The operating budget includes expenditures and the sources of financing. Public hearings are conducted to obtain taxpayers' comments. Prior to December 20, the budget is adopted by the Board of Supervisors. The County Administrator is authorized to approve budget transfer requests within departments within a fund; however, any revisions that alter total expenditures of any department or fund must be approved by the Board of Supervisors. These budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Budgetary controls are established for the Capital Projects Fund through resolutions authorizing individual projects that remain in effect for the life of the project. Budgets are prepared for Proprietary Funds primarily to establish the estimated contributions required from other funds.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the Governmental Funds. Open encumbrances at year-end are reported as reservations of fund balances since the commitments do not constitute expenditures or liabilities.

Budgetary controls for certain special grants are established in accordance with the applicable grant agreements, which may cover a period other than the County's fiscal year. Budgetary controls for the Federal Forfeitures Fund are established on an as needed basis after revenues have been received.

A comparison of General Fund transactions with the original and revised budget estimates is shown in the fund financial statements.

6. Cash and Cash Equivalents

The carrying amount of cash and cash equivalents at December 31, 2008, totaled \$97,547,296. Checking, savings, and certificate of deposit bank balances totaled \$94,880,372. These deposits were entirely covered by Federal depository insurance or by collateral held by the County's agent in the County's name.

The Proprietary Funds and component unit consider all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

7. Accounts Receivable

SCMM's accounts receivable are reported herein, net of an allowance for uncollectible accounts of \$350,000 at December 31, 2008. SCMM uses the allowance method for uncollectible accounts and write-offs are made on a case-by-case basis after all collection efforts have been exhausted.

SARATOGA COUNTY, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. Inventories

Inventories in the government-wide financial statements are comprised of general and highway supplies (governmental activities), prescription drugs, medical, and other supplies (Maplewood Manor Fund) and are valued at the lower of cost or market. In the Governmental Funds, expenditures are recognized when inventory is purchased, but for financial statement purposes, the year-end balance on hand is reported as an asset in the balance sheet with a related reservation of the fund balance for the maximum amount allowed for inventory levels.

9. Resident Assets

SCMM requires that private pay residents provide security deposits as a condition of admission. These security deposits are classified as assets limited as to use. Patient funds, which are expended on personal items at the direction of SCMM patients, are also in resident assets. A corresponding current liability has been recorded to reflect the security deposits, to be returned to the residents when they are discharged, and the patient funds.

10. Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets, such as roads and bridges. Capital assets are defined by the County as assets with an initial unit cost of \$10,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the County are depreciated using the straight-line method over the following useful lives.

<u>Asset</u>	<u>Years</u>
Buildings	50
Improvements other than buildings	20
Vehicles	5
Computer equipment	5
Other equipment	5-10
Roads	18
Bridges	50
Sewer infrastructure	30

11. Compensated Absences

As described in the union contract between the County and Local 846 of the Civil Service Employees' Association, employees are granted the following compensated absences each year:

Personal leave	3 days
Sick leave	12 days
Vacation	10 days

SARATOGA COUNTY, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

11. Compensated Absences - Continued

Vacation days granted are increased on the basis of longevity of service to the maximum of 20 days. Vacation days do not vest. However, unused vacation days may be carried forward three months into the succeeding year upon approval by the Personnel Department. Sick leave vests for both union and non-union employees to a maximum of 200 days. Accordingly, liabilities for leave time of \$2,941,112 are reported in the appropriate funds.

12. Reserves

The County records reserves to indicate the portion of the fund balance that is legally segregated for a specific future use or not available for current appropriation.

13. Real Property Taxes

The levy and collection of real property taxes is governed by the Real Property Tax Law of the State of New York. Real property taxes are levied each year and become a property lien on January 1. County taxes are levied together with town taxes as a single tax bill. The tax levy is fully accrued at the beginning of the fiscal year and accounted for in the General Fund. Accruals for amounts due to other funds are recorded in the General Fund for the portion of the tax levy allocated to other funds or activities. The current year's property taxes are levied based on the assessed value of real property within the County. The town tax collecting officials are responsible for collection of taxes until the warrant for collection expires on March 31. At that time, settlement proceedings take place wherein the County becomes the enforcement agent for tax liens on all County real property except property within the cities of Saratoga Springs and Mechanicville. These cities assess and collect all County taxes on property within the cities and serve as enforcement agent for tax liens on such property. County taxes collected by these cities are remitted to the County periodically.

The County enforces collection of unpaid taxes levied by the villages and non-city school districts located within the County. Uncollected tax accounts are returned to the County in November of each year for collection. Any amounts remaining unpaid are relevied in the County's subsequent January 1 tax levy. On or before the next April 1, the County is required to pay the villages and school districts the amount of unpaid taxes returned for collection and enforcement. Unpaid village and school taxes are included in the financial statements as taxes receivable, and are offset by corresponding liabilities to the applicable village and school district governments.

14. Non-Property Taxes

The primary non-property tax item is sales tax. Effective June 1, 1982, the County enacted a 3% County-wide sales tax, which it shares with other local governments within the County. Sales tax is initially recorded in an agency fund to facilitate distribution to local governments and allocation of the portion retained by the County.

SARATOGA COUNTY, NEW YORK

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

15. Resident Service Revenue, Net

Net resident service revenue is reported at the estimated net realizable amounts from residents, third-party payers, and others for services rendered.

Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payer settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

NOTE B - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with finance related legal and contractual provisions are discussed in a separate "Compliance Report on an Audit of Basic Financial Statements Performed in Accordance with Government Auditing Standards."

NOTE C - RESTRICTED ASSETS

Restricted assets are comprised of \$127,349 in security deposits and patient funds which are expended on personal items at the direction of SCMM patients, and \$29,995,101 of workers' compensation reserve funds and bond anticipation notes' proceeds for Sewer Fund capital projects.

NOTE D - CAPITAL ASSETS

A summary of changes in capital assets follows:

<u>Governmental Activities</u>	Balance January 1, 2008	Additions	Retirements/ Reclassifications	Balance December 31, 2008
Land	\$ 2,565,524	\$ 1,343,833	\$ -	\$ 3,909,357
Buildings	43,645,002	1,014,711	-	44,659,713
Autos	15,095,774	2,091,342	770,288	16,416,828
Machinery and equipment	7,628,284	2,195,974	1,106,267	8,717,991
Infrastructure	81,352,038	4,065,382	3,128,871	82,288,549
Total capital assets	<u>150,286,622</u>	<u>10,711,242</u>	<u>5,005,426</u>	<u>155,992,438</u>
Less accumulated depreciation				
Buildings	15,160,535	879,749	-	16,040,284
Autos	7,584,109	1,055,230	755,163	7,884,176
Machinery and equipment	2,181,436	336,965	-	2,518,401
Infrastructure	36,147,736	3,641,727	1,542,700	38,246,763
Total accumulated depreciation	<u>61,073,816</u>	<u>\$ 5,913,671</u>	<u>\$ 2,297,863</u>	<u>64,689,624</u>
Net capital assets	<u>\$ 89,212,806</u>			<u>\$ 91,302,814</u>

The additions for machinery and equipment include \$1,139,421 of voting machines and other Help America Vote Act (HAVA) compliant election equipment purchased by the State and given to the County during 2008.

SARATOGA COUNTY, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2008

NOTE D - CAPITAL ASSETS - Continued

Depreciation expense was charged to the following governmental activities during 2008:

General government support	\$ 938,020
Public safety	575,552
Health	64,101
Transportation	4,335,998
Total governmental activities	\$ 5,913,671

	Balance January 1, <u>2008</u>	<u>Additions</u>	Retirements/ <u>Reclassifications</u>	Balance December 31, <u>2008</u>
<u>Sewer District Activity</u>				
Land	\$ 35,000	\$ -	\$ -	\$ 35,000
Buildings	106,212,846	9,385,726	-	115,598,572
Autos	680,923	54,354	46,047	689,230
Machinery and equipment	89,752	40,000	-	129,752
Infrastructure	39,720,897	893,676	-	40,614,573
Total capital assets	146,739,418	10,373,756	46,047	157,067,127
Less accumulated depreciation				
Buildings	54,912,709	2,143,203	-	57,055,912
Autos	538,599	42,293	-	580,892
Machinery and equipment	52,850	2,871	-	55,721
Infrastructure	35,141,199	371,204	-	35,512,403
Total accumulated depreciation	90,645,357	\$ 2,559,571	\$ -	93,204,928
Net capital assets	\$ 56,094,061			\$ 63,862,199

	Balance January 1, <u>2008</u>	<u>Additions</u>	Retirements/ <u>Reclassifications</u>	Balance December 31, <u>2008</u>
<u>SCMM Activity</u>				
Land	\$ 54,000	\$ -	\$ -	\$ 54,000
Buildings	8,715,573	33,493	-	8,749,066
Improvements other than buildings	140,773	-	-	140,773
Machinery and equipment	4,722,826	176,916	109,058	4,790,684
Total capital assets	13,633,172	210,409	109,058	13,734,523
Less accumulated depreciation				
Buildings	4,568,046	349,078	-	4,917,124
Improvements other than buildings	115,584	8,082	-	123,666
Machinery and equipment	3,610,995	193,361	109,058	3,695,298
Total accumulated depreciation	8,294,625	\$ 550,521	\$ 109,058	8,736,088
Net capital assets	\$ 5,338,547			\$ 4,998,435

SARATOGA COUNTY, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2008

NOTE D - CAPITAL ASSETS - Continued

Component Unit (Saratoga County IDA)

	Balance January 1, <u>2008</u>	Net <u>Additions</u>	Balance December 31, <u>2008</u>
Land for Railroad Spur	<u>\$ 168,138</u>	<u>\$ -</u>	<u>\$ 168,138</u>

NOTE E - INTERFUND TRANSACTIONS

During the course of normal operations, the County has numerous transactions between funds, including expenditures and transfers of resources to provide services. These transactions are recorded as interfund revenues, interfund transfers, and expenditures in the respective funds.

Individual interfund receivable and payable balances at December 31, 2008, arising from these transactions were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 6,239,167	\$ 9,135,422
Special Revenue Funds		
County Road Fund	1,445,545	717,935
Machinery Fund	414,597	140,148
Employment and Training Fund	3,863	47,361
Capital Projects Funds	8,835,006	5,194,967
Proprietary Funds		
Maplewood Manor	-	1,632,071
Sewer District	20,172	4,186,809
Internal Service Fund	99,664	-
Fiduciary Funds		
Agency	<u>6,274,052</u>	<u>2,277,353</u>
Totals	<u>\$23,332,066</u>	<u>\$23,332,066</u>

Interfund receivables and payables in the government-wide statements were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental activities	\$ 2,238,826	\$ 536,481
Business-type activities	119,836	5,818,880
Agency funds	<u>6,274,052</u>	<u>2,277,353</u>
Totals	<u>\$ 8,632,714</u>	<u>\$ 8,632,714</u>

SARATOGA COUNTY, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2008

NOTE E - INTERFUND TRANSACTIONS - Continued

Interfund transfers as of December 31, 2008, were as follows:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
General Fund	\$ -	\$ 17,561,907
Special Revenue Funds		
County Road Fund	12,299,714	-
Machinery Fund	2,515,746	-
Employment and Training Fund	300,000	-
Capital Projects Fund	1,500,000	-
Proprietary Funds		
Maplewood Manor	<u>946,447</u>	<u>-</u>
	<u>\$ 17,561,907</u>	<u>\$ 17,561,907</u>

Interfund transfers in the government-wide statements as of December 31, 2008, were as follows:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
Governmental activities	\$ -	\$ 946,447
Business-type activities	<u>946,447</u>	<u>-</u>
	<u>\$ 946,447</u>	<u>\$ 946,447</u>

NOTE F - RETIREMENT SYSTEM

Retirement Plan - The County participates in the New York State and Local Retirement System, Employees Retirement System program (System). This is a cost sharing multiple public employer retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of their funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

SARATOGA COUNTY, NEW YORK

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2008

NOTE F - RETIREMENT SYSTEM - Continued

Funding Policy - The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership. Under the authority of the NYSRSSL, the Comptroller annually certifies the rates used in computing the employee's contributions. The County is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	<u>ERS</u>
2008	\$ 5,538,905
2007	6,053,411
2006	6,172,880

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

Chapter 49 of the Laws of 2003 of the State of New York was enacted which made the following changes to the System:

- Requires minimum contributions by employers of 4.5% of payroll every year, including years in which the investment performance would make a lower contribution possible.
- Changes the cycle of annual billing such that the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1st (e.g., billings due February 2008 would be based on the pension value as of March 31, 2007).

NOTE G - LIABILITIES TO OTHER GOVERNMENTS

As indicated in Note A13, the County acts as a tax enforcement agent for the villages and non-city school districts in the County. The County also receives other monies which are distributed to certain local governments. The following represents the liabilities "due to other governments" in the General Fund and governmental activities at December 31, 2008:

Due to villages	\$ 389,471
Due to school districts	11,076,397
Due to NYS Mental Health	4,070,775
Due to other governments and agencies	<u>433,972</u>
Total due to other governments	<u>\$ 15,970,615</u>

SARATOGA COUNTY, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2008

NOTE H - INDEBTEDNESS

The following is a summary of the County's indebtedness:

	Payable at January 1, <u>2008</u>	<u>Additions</u>	Principal Payments	Payable at December 31, <u>2008</u>	Due Within <u>One Year</u>	Due in More Than <u>One Year</u>
Capital lease obligations	\$ 2,053,697	\$ -	\$ 396,846	\$ 1,656,851	\$ 415,009	\$ 1,241,842
Software license	102,934	-	26,281	76,653	26,281	50,372
State loans payable	9,425,000	-	845,000	8,580,000	865,000	7,715,000
General obligations bonds	<u>4,440,000</u>	<u>-</u>	<u>210,000</u>	<u>4,230,000</u>	<u>215,000</u>	<u>4,015,000</u>
	<u>\$ 16,021,631</u>	<u>\$ -</u>	<u>\$ 1,478,127</u>	<u>\$ 14,543,504</u>	<u>\$ 1,521,290</u>	<u>\$ 13,022,214</u>

Capital Lease Obligations

In December 2002, the County, on behalf of SCMM, completed construction of a co-generation project which is being accounted for as a capitalized lease. As of December 31, 2008, future minimum lease payments under this capital lease are as follows:

2009	\$ 482,629
2010	482,629
2011	482,629
2012	<u>361,972</u>
	1,809,859
Less amounts representing interest	<u>153,008</u>
Present value	<u>\$1,656,851</u>
Current portion	\$ 415,009
Long-term portion	<u>1,241,842</u>
	<u>\$1,656,851</u>

Capitalized property and equipment covered by this lease consist of the following:

Building improvements	\$ 3,750,403
Fixed equipment	<u>147,773</u>
	3,898,176
Less accumulated depreciation	<u>1,287,407</u>
	<u>\$ 2,610,769</u>

SARATOGA COUNTY, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2008

NOTE H - INDEBTEDNESS - Continued

Software License

During 2006, SCMM purchased a software package which included a five-year license. SCMM will pay the license fee monthly over the five-year period. As of December 31, 2008, future minimum license payments under this software package are as follows:

2009	\$ 26,281
2010	26,281
2011	<u>24,091</u>
	<u>\$ 76,653</u>

State Loans Payable

Principal

\$16,501,800 Revenue Bond Series 1997A by New York State Environmental Facilities Corporation for the financing of the Sewer Plant Upgrade, with a maturity date of August 15, 2017, and interest rates from 3.40% to 5.65% \$ 8,580,000

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Environmental Facilities - 1997 and 1999A			
2009	\$ 865,000	\$ 469,404	\$ 1,334,404
2010	885,000	424,648	1,309,648
2011	910,000	377,967	1,287,967
2012	935,000	329,041	1,264,041
2013	965,000	278,288	1,243,288
2014-2017	<u>4,020,000</u>	<u>563,859</u>	<u>4,583,859</u>
Total	<u>\$ 8,580,000</u>	<u>\$ 2,443,207</u>	<u>\$ 11,023,207</u>

General Obligation Bonds

\$5,200,000 County Sewer District serial bonds, due in annual installments of \$180,000 to \$360,000 through 2023 with interest at 3.65% \$ 4,230,000

SARATOGA COUNTY, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2008

NOTE H - INDEBTEDNESS - Continued

General Obligation Bonds - Continued

The annual requirements to amortize debt outstanding on bonds and loans payable as of December 31, 2008, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 215,000	\$ 154,395	\$ 369,395
2010	225,000	146,548	371,548
2011	230,000	138,335	368,335
2012	240,000	129,940	369,940
2013	250,000	121,180	371,180
2014-2018	1,400,000	461,725	1,861,725
2019-2023	<u>1,670,000</u>	<u>187,428</u>	<u>1,857,428</u>
Total	<u>\$4,230,000</u>	<u>\$ 1,339,551</u>	<u>\$ 5,569,551</u>

Bond Anticipation Note

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Bond anticipation notes (BANs)	\$ -	\$ 32,000,000	\$ -	\$ 32,000,000

During July 2008, the County issued bond anticipation notes with an interest rate of 2.75% to yield 1.57% for the expansion and upgrade of the County sewer system.

NOTE I - POST-RETIREMENT EMPLOYEE BENEFITS

Plan Description. The County provides a single-employer self-insured medical plan (Plan) that offers two options. The Plan provides lifetime healthcare insurance and prescription drug coverage for eligible retirees and their spouses through the County's Plan, which covers both active and retired members. 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.

Funding Policy. Contribution requirements also are negotiated between the County and union representatives. The County contributes a percent of the cost of current year premiums for eligible retired Plan members and their spouses. For the year ended December 31, 2008, the County contributed \$6,304,720 to the Plan. Plan members receiving benefits hired on or after January 1, 2000, contribute 15% of their premium costs. Total member contributions were \$79,032 for the year ended December 31, 2008.

SARATOGA COUNTY, NEW YORK

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2008

NOTE I - POST-RETIREMENT EMPLOYEE BENEFITS - Continued

Annual OPEB Cost and Net OPEB Obligation. The County's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution* of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year. Unfunded actuarial liabilities (or funding excess) are amortized over a period not to exceed thirty years. The County's OPEB cost (expense) for the year ended December 31, 2008, was \$26,031,978. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation to the Plan:

Annual required contribution	\$ 26,351,502
Interest on net OPEB obligation	818,986
Adjustment to annual required contribution	<u>(1,138,513)</u>
Annual OPEB cost	26,031,975
Contributions made	<u>(6,304,720)</u>
Net OPEB obligation	19,727,255
Net OPEB obligation, beginning of year	<u>20,474,665</u>
Net OPEB obligation, end of year	<u>\$ 40,201,920</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation is as follows:

<u>Fiscal</u> <u>Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u> <u>at Year End</u>
12/31/2008	\$26,031,975	24.2%	\$40,201,920
12/31/2007	\$26,351,503	22.3%	\$20,474,664

Funded Status and Funding Progress. As of December 31, 2008, the actuarial accrued liability for benefits was \$265,706,592, all of which was unfunded.

The projection of future benefit payments for an ongoing Plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

SARATOGA COUNTY, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2008

NOTE I - POST-RETIREMENT EMPLOYEE BENEFITS - Continued

The following simplifying assumptions were made:

Retirement Age for Active Employees - The rates of decrement due to retirement based on the experience under the New York State and Local Retirement System were prepared by the Department of Civil Service's actuarial consultant in the report titled, *Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation*.

Marital Status - It is assumed that 70% of retirees will be married at the time of their retirement, and the male spouse is assumed to be approximately three years older than the female.

Mortality - Life expectancies were based on RP-2000 mortality tables for males and for females.

Turnover - The rates of decrement due to turnover based on the experience under the New York State and Local Retirement System were prepared by the Department of Civil Service's actuarial consultant in the report titled, *Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation*.

Healthcare Cost Trend Rate - The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 11 percent initially, reduced to an ultimate rate of five percent after six years, was used.

Health Insurance Premiums - The 2008 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation Rate - The expected long-term inflation assumption of 3.3 percent was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in *The 2008 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds* for an intermediate growth scenario.

Payroll Growth Rate - The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the County's short-term investment portfolio, a discount rate of four percent was used in 2008. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008, was 29 years.

NOTE J - COMMITMENTS AND CONTINGENCIES

1. *Lawsuits* - The County is a defendant in a number of lawsuits. In the opinion of the County Attorney, after considering all relevant facts, such litigation will not exceed the amount of coverage by insurance carriers.

SARATOGA COUNTY, NEW YORK

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2008

NOTE J - COMMITMENTS AND CONTINGENCIES - Continued

2. *Grant Programs* - The County participates in a number of grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The audits of these programs may be conducted, in accordance with grantor requirements, on a periodic basis. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amounts, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County believes, based upon its review of current activity and prior experience, the amount of such disallowances, if any, will be minimal.
3. *Contracts* - The County has entered into various contracts with outside vendors for goods and services, which were unperformed at year-end. The County has provided authority to fund these transactions in the subsequent year's budget.
4. *Environmental Risks* - Certain facilities are subject to federal, state, and local regulations relating to the discharge of materials into the environment. Compliance with these provisions has not had, nor does the County expect such compliance to have, any material effect upon the capital expenditures or financial condition of the County. Management believes that its current practices and procedures for control and disposition of regulated wastes comply with applicable federal, state, and local requirements. The notice of alleged permit violations received by the County from the New York State Department of Environmental Conservation for Sewer District #1 will be defended through all available appeals.

NOTE K - SELF INSURANCE (INTERNAL SERVICE) FUND

The County established its own self-insurance plan for workers' compensation under Local Law Nos. 1 and 2, 1956, pursuant to Article 5 of the Workers' Compensation Law. The plan is open to any eligible municipality or public entity for participation. There were 54 participants at December 31, 2008. The County is responsible for administration of the plan and its reserves. The plan purchases commercial insurance for employer's liability in third-party suits; the limit is \$1,000,000 with a retention of \$10,000. Settled claims have not resulted in a claim against this excess liability coverage since the inception of the plan.

All funds of the County participate in the program and make payments to the Self-Insurance Fund based on historical estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses. A balance in the amount of \$4,433,035 was reserved at December 31, 2008.

Claims and judgments are recognized consistent with requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Losses*, which requires that claims and judgments be recognized when it is probable that an asset has been impaired or a liability has been incurred, and the amount of loss can be reasonably estimated. Claims liability of \$10,992,211 at December 31, 2008, is recorded in accrued liabilities in the fund. Changes in the claims liability for 2008 were:

<u>Balance</u> <u>January 1</u>	<u>Current Year</u> <u>Claims and</u> <u>Changes in</u> <u>Estimates</u>	<u>Claim</u> <u>Payments</u>	<u>Balance</u> <u>December 31</u>
\$ 9,328,111	\$ 2,027,219	\$ 363,119	\$ 10,992,211

SARATOGA COUNTY, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2008

NOTE L - INTER-GOVERNMENTAL TRANSFER

The New York State Association of Counties (NYSAC) and the State Division of the Budget agreed upon a methodology to bring additional federal revenues to county nursing homes. This methodology, known as the Inter-governmental Transfer program (IGT), provides for certain Medicaid rate enhancements to all nonstate operated, publicly sponsored nursing facilities. In order to receive these funds, Saratoga County was required to provide a 50% local share of the total funds to be received by SCMM.

During November 2008, SCMM received \$10,087,134 in IGT from the Department of Health.

NOTE M - DETAIL NOTES TO DISCRETELY PRESENTED COMPONENT UNIT

Saratoga County Industrial Development Agency

Industrial Revenue Bond and Note Transactions - Certain industrial development revenue bonds and notes issued by the IDA are secured by property that is leased to companies and is retired by lease payments. The bonds and notes are not obligations of the IDA or the County. The IDA does not record the assets or liabilities resulting from completed bonds and notes issued in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond and note holders, and funds arising there from are controlled by trustees or banks acting as fiscal agents. For providing this conduit debt financing service, the IDA receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and notes, or the closing of straight lease transactions. At December 31, 2008, the outstanding financing balance of the bonds and notes (issued in the name of the IDA) of the borrowing companies on open projects was \$90,571,428.

Investment Policy - The IDA's investment policies are governed by statutes of the State. Agency monies must be deposited in FDIC-insured commercial banks or trust companies located within New York State. The Treasurer of the IDA is authorized to use demand, savings, and money market accounts and certificates of deposit.

Collateral is required for demand deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States of America and its agencies and obligations of the State and its municipalities and school districts.

Deposits and investments at December 31, 2008, were entirely covered by FDIC insurance or collateral investments, as required.

NOTE N - CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially expose the County to concentrations of credit risk, as defined by Financial Accounting Standards Board Statement No. 105, consist primarily of taxes receivable and tax sale certificates which are secured by property values throughout the County.

SCMM's patient census includes a large number of patients who are eligible for federal and state assistance under the Medicare and Medicaid programs. Although the nursing home is directly affected by the financial well being of the state and federal health care reimbursement programs, management does not believe significant credit risk exists at December 31, 2008.

SARATOGA COUNTY, NEW YORK

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2008

NOTE O - PRIOR PERIOD ADJUSTMENT

Net assets within the Internal Service Fund have been restated at December 31, 2008, to reflect the implementation of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Losses*, and the recognition of claims liability in the amount of \$9,328,111.

	As originally <u>Stated</u>	<u>Adjustment</u>	As <u>Restated</u>
Internal Service Fund			
Accrued liabilities	\$ -	\$ 9,328,111	\$ 9,328,111
Net assets	6,153,305	(9,328,111)	(3,174,806)

NOTE P - ACCOUNTING STANDARDS NOT YET IMPLEMENTED

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, establishes accounting and financial reporting requirements for intangible assets in an effort to reduce inconsistencies in accounting and financial reporting of intangible assets. This statement is effective for the County as of January 1, 2010.

GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. Although this statement is effective for the County as of January 1, 2009, the County will likely not be required to implement this standard as it will not be applicable.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Although this statement is effective for the City as of January 1, 2010, the County will likely not be required to implement this standard as it will not be applicable.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes accounting and financial reporting requirements intended to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This statement is effective for the County as of January 1, 2011.

The County has not yet determined the full impact that the adoption of these GASB statements will have on the basic financial statements.

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

Chairman and Board of Supervisors
Saratoga County, New York
Ballston Spa, New York

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole of Saratoga County, New York, as of and for the year ended December 31, 2008, which are presented in the preceding section of this report. The supplemental information listed in the Contents of this report is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bollam Sheedy Torani & Co. LLP

Albany, New York
September 21, 2009

SARATOGA COUNTY, NEW YORK

**BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
December 31, 2008**

	County Road Fund	Road Machinery Fund	Employment and Training Fund	Federal Forfeitures Fund	Total
ASSETS					
Cash and cash equivalents	\$ 23,184	\$ -	\$ 31,645	\$ 11,872	\$ 66,701
Other receivables, net of allowance for uncollectibles	40,535	124	82,517	-	123,176
Due from other funds	1,445,545	414,597	3,863	-	1,864,005
Other current assets	<u>3,142</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,142</u>
Total assets	<u>\$ 1,512,406</u>	<u>\$ 414,721</u>	<u>\$ 118,025</u>	<u>\$ 11,872</u>	<u>\$ 2,057,024</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	\$ 206,765	\$ 105,771	\$ 26,849	\$ -	\$ 339,385
Other liabilities	265,991	39,570	32,876	-	338,437
Retained percentages	1,300	-	-	-	1,300
Deferred revenue	-	-	10,232	-	10,232
Due to other funds	<u>717,935</u>	<u>140,148</u>	<u>47,361</u>	<u>-</u>	<u>905,444</u>
Total liabilities	<u>1,191,991</u>	<u>285,489</u>	<u>117,318</u>	<u>-</u>	<u>1,594,798</u>
Fund balances					
Reserved for					
Encumbrances	335,048	129,232	-	-	464,280
Law enforcement activities	-	-	-	11,872	11,872
Unreserved					
Appropriated	-	-	707	-	707
Unappropriated	<u>(14,633)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,633)</u>
Total fund balances	<u>320,415</u>	<u>129,232</u>	<u>707</u>	<u>11,872</u>	<u>462,226</u>
Total liabilities and fund balances	<u>\$ 1,512,406</u>	<u>\$ 414,721</u>	<u>\$ 118,025</u>	<u>\$ 11,872</u>	<u>\$ 2,057,024</u>

SARATOGA COUNTY, NEW YORK

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2008**

	County	Road	Employment	Federal	
	Road	Machinery	and Training	Forfeitures	Total
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
REVENUES					
Departmental income	\$ 21,282	\$ -	\$ 1,668	\$ -	\$ 22,950
Intergovernmental charges	177,279	-	-	-	177,279
Use of money and property	86	1,176,000	-	322	1,176,408
Fines and forfeitures	-	-	-	5,648	5,648
Sale of property and compensation for loss	826,988	19,281	-	-	846,269
Miscellaneous	110,389	275,475	-	-	385,864
State aid	2,243,564	-	-	-	2,243,564
Federal aid	<u>73,976</u>	<u>-</u>	<u>884,730</u>	<u>-</u>	<u>958,706</u>
Total revenues	<u>3,453,564</u>	<u>1,470,756</u>	<u>886,398</u>	<u>5,970</u>	<u>5,816,688</u>
EXPENDITURES					
Current					
Public safety	688,655	-	-	19,697	708,352
Transportation	14,660,132	2,971,506	-	-	17,631,638
Economic opportunity and development	-	-	1,115,005	-	1,115,005
Capital Outlay					
Transportation	<u>127,321</u>	<u>947,157</u>	<u>-</u>	<u>-</u>	<u>1,074,478</u>
Total expenditures	<u>15,476,108</u>	<u>3,918,663</u>	<u>1,115,005</u>	<u>19,697</u>	<u>20,529,473</u>
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	<u>12,299,714</u>	<u>2,515,746</u>	<u>300,000</u>	<u>-</u>	<u>15,115,460</u>
Net change in fund balances	277,170	67,839	71,393	(13,727)	402,675
FUND BALANCE, beginning of year	<u>43,245</u>	<u>61,393</u>	<u>(70,686)</u>	<u>25,599</u>	<u>59,551</u>
FUND BALANCE, end of year	<u>\$ 320,415</u>	<u>\$ 129,232</u>	<u>\$ 707</u>	<u>\$ 11,872</u>	<u>\$ 462,226</u>

See Independent Auditor's Report on Supplemental Information.