

**SARATOGA COUNTY, NEW YORK**

**FINANCIAL REPORT**

**December 31, 2006**

# SARATOGA COUNTY, NEW YORK

## FINANCIAL REPORT

December 31, 2006

### CONTENTS

	<b>Page</b>
<b>REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON THE BASIC FINANCIAL STATEMENTS</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	
Executive Summary	2
County of Saratoga's Economy	2
County of Saratoga's Government Services	2
Analysis of the County's Budget and Fund - Basis Finances in 2006	3
Analysis of the County's Capital Investment and Bonded Indebtedness	4
Analysis of the County's Entity-Wide Financial Position During 2006	4
Future Prospects for the County's Finances	4
Requests for Information	4
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements:	
Statement of Net Assets	5
Statement of Activities	6
Fund Financial Statements:	
Balance Sheet - Governmental Funds	7
Reconciliation of the Total Fund Balances Shown in the Governmental Funds to the Statement of Net Assets	8
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	9
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	10
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	11
Statement of Net Assets - Proprietary Funds	12
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds	13
Statement of Cash Flows - Proprietary Funds	14
Statement of Fiduciary Net Assets - Fiduciary Funds	15
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	16
Notes to Basic Financial Statements	17-37
<b>REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON THE SUPPLEMENTAL INFORMATION</b>	38
<b>SUPPLEMENTAL INFORMATION</b>	
Balance Sheet - Non-Major Governmental Funds	39
Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds	40

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
ON THE BASIC FINANCIAL STATEMENTS**

Chairman and Board of Supervisors  
Saratoga County, 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, 2006, 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 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.

As described in Note K, accounting principles generally accepted in the United States of America require that the estimated loss from the incurrence of a contingent liability be accrued by a charge to income. The County has not computed or recorded the estimated unpaid claims liability nor the estimated incurred but not reported claims liability of its self-insurance fund. Therefore, the financial statements for the Internal Service Fund, as presented, are not in accordance with accounting principles generally accepted in the United States of America.

In our opinion, with the exception of the matter disclosed in the preceding paragraph, 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, 2006, 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 24, 2007, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering 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 24, 2007

# **SARATOGA COUNTY, NEW YORK**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **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 growth has been robust. The real property tax base has expanded by 11.23% in 2006 and by 62.59% over the past five years, while its sales tax revenue has risen over 48.54% over the same period. This strong performance increased the County's government-wide net assets during 2006 by \$3,647,432 to a total of \$189,866,320, giving the County the cushion it needs to face the many fiscal challenges presented by the state of the nation's economy and the State of New York, while offering tax stability to its residents and businesses. Moreover, that stability has been achieved at a modest level of taxation - \$2.35 per thousand, or 18% of the County's constitutional tax limit. 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 twin economic backbones of agriculture and tourism, generally considered vulnerable to economic difficulties, have proved to be resilient in the face of the nation's economic woes. While centered around the world famous Saratoga Racetrack, the County's tourism offerings are surprisingly varied and seemingly impervious to recession. And its agriculture constitutes the unchanging bedrock, 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. In fact, so 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 are accounted for in two of the Special Purpose Funds at a total "modified accrual" cost of \$19,790,239 in 2006; of that amount, \$13,608,293 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 2006, 3,690 Saratoga County residents were trained, placed, or otherwise served at a cost to the federal government of \$783,454.

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 at a total 2006 cost of \$10,891,947.

Maplewood Manor, 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 is accounted for in the County's General Fund, including financial assistance to the poor and social services to the poor, the elderly, veterans, children at risk and children in general; public safety services such as a 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 of \$134,488,560. Of that amount, \$88,214,624 comes from the general tax resources of the County.

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. In excess of 75% of the tax resources of the County goes to programs and expenditures mandated by New York State.

### **ANALYSIS OF THE COUNTY'S BUDGET AND FUND-BASIS FINANCES IN 2006**

The 2006 General Fund budget, including \$19.2 million in transfers to other funds, was balanced using \$2,505,584 of fund balance. Of the County's two enterprise funds, the Sewer District made a profit of \$3,552,607, and Maplewood Manor lost \$789,597. The other budgeted funds were balanced without involving fund balance.

The largest single General Fund budget amendment was the recognition of a \$2,126,268 increase in the Sheriff's Department for the 911 project.

The County's fiscal performance during 2006 was better than expected in several areas. The categories of General Government Support, Public Safety, Health, and Economic Opportunity and Development were significantly under budget by \$8,838,774, while revenues were also under budget dramatically in the categories of non property tax and, State and Federal Aid. The Fund Balance decreased overall by \$2,505,584, which was \$4,190,795 less than budgeted.

In the area of public works, the shifting of priorities and delays by the federal government reduced both expenditures and revenues during 2006. The FAA delayed a major federally-funded project at the County's airport, delaying \$1,130,301 in expenditures and revenues. Reordered priorities in the area of road reconstruction increased the overall net highway fund expenses by \$1,145,618.

The Sewer District in 2006 received more revenue than in 2005. The savings of \$457,896 in the collection system and treatment plant resulted from good management. The additional revenue, \$3,403,688, is a direct result of growth and a growing economy.

As a result of the County's highly effective safety award program, workers' compensation awards were \$230,396 less than in 2005.

The most recent census data shows resident population to be 80% Medicaid, 5% Medicare, and the remaining 16% a combination of private pay, insurance, and hospice. Occupancy rates remained high throughout 2006, showing an overall occupancy rate of 98%.

As is the case for virtually all public nursing homes, Medicaid rates are insufficient to maintain the high level of service at the Maplewood Manor facility that our patients are entitled to, which is required by the New York Department of Health. In 2006, the “full accrual” cost of operating the 277-bed facility was \$22,174,475 of which only \$16,233,589 was covered by fees and other revenue. Due to the insufficiency of Medicaid fees, the County transferred \$4,280,414 in 2006 from its general fund to Maplewood Manor.

**Analysis of the County’s Capital Investment and Bonded Indebtedness**

The County’s investment in capital assets at the end of 2006 is as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Debt</u>	<u>Net</u>
Land and buildings	\$ 136,444,082	\$ 61,767,360	\$ 12,585,940	\$ 62,090,782
Roads and bridges	79,972,986	34,053,916	-	45,919,070
Sewer infrastructure	56,024,931	43,787,005	4,640,000	7,597,926
Machinery and equipment	24,584,041	13,952,129	221,452	10,410,460
Work-in-progress	<u>1,793,307</u>	<u>-</u>	<u>-</u>	<u>1,793,307</u>
Totals	<u>\$298,819,347</u>	<u>\$153,560,410</u>	<u>\$ 17,447,392</u>	<u>\$127,811,545</u>

**ANALYSIS OF COUNTY’S ENTITY-WIDE FINANCIAL POSITION DURING 2006**

During 2006, the County’s entity-wide net assets increased by \$3,647,432 to \$189,866,320. Governmental funds added \$884,422 to their fund balances while adding \$4,910,787, net of current year depreciation, to buildings, equipment, and infrastructure assets. On the other hand, Maplewood Manor continued to struggle, even after the \$4 million subsidy from the General Fund. The Sewer District’s \$3,552,607 increase in net assets was substantial due to developers dedicating infrastructure, etc. to the sewer fund.

**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 2007, of other post-employment benefit liabilities will have a cataclysmic 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 some substantial sticker shock. Nevertheless, 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 4, 25 West High Street, Ballston Spa, New York 12020.

**SARATOGA COUNTY, NEW YORK**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF NET ASSETS  
December 31, 2006**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 38,556,478	\$ 8,384,589	\$ 46,941,067	\$ 1,356,348
Receivables, net of allowance for uncollectibles	39,254,674	1,921,099	41,175,773	675,461
Due from other activities and funds	2,267,692	2,707,762	4,975,454	-
Inventories	540,744	86,104	626,848	-
Prepaid expenses	1,054,129	121,618	1,175,747	-
Restricted assets				
Cash and cash equivalents	2,109,488	-	2,109,488	-
Resident assets	-	353,631	353,631	-
Capital assets, net of accumulated depreciation				
Land	2,565,524	89,000	2,654,524	168,138
Buildings	28,610,903	43,378,024	71,988,927	-
Improvements other than buildings	-	33,271	33,271	-
Machinery and equipment	9,287,203	1,344,709	10,631,912	-
Infrastructure	45,919,070	12,237,926	58,156,996	-
Construction work in progress	-	1,793,307	1,793,307	-
Total assets	<u>170,165,905</u>	<u>72,451,040</u>	<u>242,616,945</u>	<u>2,199,947</u>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	12,858,983	2,284,757	15,143,740	-
Due to other governments	10,581,336	-	10,581,336	56,165
Due to other activities and funds	3,614,828	1,720,062	5,334,890	-
Deferred revenue	3,874,588	15,048	3,889,636	-
Resident funds and security deposits	-	353,631	353,631	-
Noncurrent liabilities				
Due within one year	-	1,425,761	1,425,761	-
Due in more than one year	-	16,021,631	16,021,631	-
Total liabilities	<u>30,929,735</u>	<u>21,820,890</u>	<u>52,750,625</u>	<u>56,165</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	86,382,700	41,428,845	127,811,545	168,138
Restricted for self-insurance contributed reserve	2,109,488	-	2,109,488	-
Unrestricted	50,743,982	9,201,305	59,945,287	1,975,644
<b>Total net assets</b>	<b><u>\$ 139,236,170</u></b>	<b><u>\$ 50,630,150</u></b>	<b><u>\$ 189,866,320</u></b>	<b><u>\$ 2,143,782</u></b>

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, 2006

Functions/Programs	Expenses	Program Revenue			Net (Expenses) Revenues and Changes in Net Assets			Component Unit
		Charges for Services	Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Governmental activities								
General government support	\$ 22,053,284	\$ 4,909,567	\$ 1,176,085	\$ -	\$ (15,967,632)	\$ -	\$ (15,967,632)	\$ -
Education	15,320,310	-	5,820,181	-	(9,500,129)	-	(9,500,129)	-
Public safety	20,976,639	1,704,349	491,101	-	(18,781,189)	-	(18,781,189)	-
Health	17,649,907	7,097,728	6,412,804	-	(4,139,375)	-	(4,139,375)	-
Transportation	15,044,688	354,845	233,891	3,928,897	(10,527,055)	-	(10,527,055)	-
Economic opportunity and development	56,513,973	1,227,539	27,066,949	-	(28,219,485)	-	(28,219,485)	-
Culture and recreation	916,475	279,771	343,571	-	(293,133)	-	(293,133)	-
Home and community services	2,296,005	-	68,342	-	(2,227,663)	-	(2,227,663)	-
Total governmental activities	<u>150,771,281</u>	<u>15,573,799</u>	<u>41,612,924</u>	<u>3,928,897</u>	<u>(89,655,661)</u>	<u>-</u>	<u>(89,655,661)</u>	<u>-</u>
Business-type activities								
Maplewood Manor	22,174,475	15,788,957	1,287,084	-	-	(5,098,434)	(5,098,434)	-
Sewer District	11,381,530	10,376,379	-	4,182,498	-	3,177,347	3,177,347	-
Total business-type activities	<u>33,556,005</u>	<u>26,165,336</u>	<u>1,287,084</u>	<u>4,182,498</u>	<u>-</u>	<u>(1,921,087)</u>	<u>(1,921,087)</u>	<u>-</u>
	<b><u>\$ 184,327,286</u></b>	<b><u>\$ 41,739,135</u></b>	<b><u>\$ 42,900,008</u></b>	<b><u>\$ 8,111,395</u></b>	<b><u>(89,655,661)</u></b>	<b><u>(1,921,087)</u></b>	<b><u>(91,576,748)</u></b>	<b><u>-</u></b>
Component Unit								
Saratoga County Industrial Development Agency	<u>\$ 164,363</u>	<u>\$ 22,100</u>	<u>\$ 21,507</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(120,756)</u>
<b>GENERAL REVENUES</b>								
Real property tax and related tax items					38,045,334	-	38,045,334	-
Non-property tax items					50,113,936	-	50,113,936	-
Tobacco settlements proceeds					2,262,882	-	2,262,882	-
Interest earnings					2,604,744	403,683	3,008,427	53,650
Other general revenues					1,793,601	-	1,793,601	-
Total general revenues					94,820,497	403,683	95,224,180	53,650
Transfers from governmental to business-type activities					(4,280,414)	4,280,414	-	-
Total general revenues and transfers					90,540,083	4,684,097	95,224,180	-
<b>CHANGE IN NET ASSETS</b>					<b>884,422</b>	<b>2,763,010</b>	<b>3,647,432</b>	<b>(67,106)</b>
<b>NET ASSETS, beginning of year</b>					138,351,748	47,867,140	186,218,888	2,210,888
<b>NET ASSETS, end of year</b>					<b><u>\$ 139,236,170</u></b>	<b><u>\$ 50,630,150</u></b>	<b><u>\$ 189,866,320</u></b>	<b><u>\$ 2,143,782</u></b>

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, 2006**

	<u>General</u>	<u>Non-major Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 38,316,305	\$ 90,977	\$ 38,407,282
Taxes receivables, net of allowance for uncollectibles	14,319,708	-	14,319,708
Receivables from other governments	22,201,327	1,305,754	23,507,081
Other receivables, net of allowance for uncollectibles	1,366,827	57,871	1,424,698
Inventories	40,744	-	40,744
Due from other funds	<u>5,795,287</u>	<u>13,024,265</u>	<u>18,819,552</u>
<b>Total assets</b>	<b><u>\$ 82,040,198</u></b>	<b><u>\$ 14,478,867</u></b>	<b><u>\$ 96,519,065</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable and accrued liabilities	\$ 11,558,705	\$ 1,178,697	\$ 12,737,402
Due to other governments	10,581,336	-	10,581,336
Deferred revenue	7,693,417	102,788	7,796,205
Due to other funds	<u>16,504,132</u>	<u>6,262,243</u>	<u>22,766,375</u>
Total liabilities	<u>46,337,590</u>	<u>7,543,728</u>	<u>53,881,318</u>
Fund balances			
Reserved for			
Encumbrances	560,609	214,012	774,621
Inventory	40,736	-	40,736
Law enforcement activities	-	27,006	27,006
Other purposes	79,941	-	79,941
Unreserved			
Appropriated for 2007	307,570	-	307,570
Unappropriated	<u>34,713,752</u>	<u>6,694,121</u>	<u>41,407,873</u>
Total fund balances	<u>35,702,608</u>	<u>6,935,139</u>	<u>42,637,747</u>
<b>Total liabilities and fund balances</b>	<b><u>\$ 82,040,198</u></b>	<b><u>\$ 14,478,867</u></b>	<b><u>\$ 96,519,065</u></b>

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, 2006**

Total fund balances in the fund financial statements for the governmental funds	\$ 42,637,747
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.	86,382,700
Payments for retirement system contributions covering the period January 1, 2006 to March 31, 2006, are recognized as prepaid expenses, a current asset in the government-wide statements.	1,054,129
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.	3,933,049
Revenues that were earned, measurable but not available, are recorded as revenue in the government-wide financial statements.	(16,729)
Significant inventories of materials and supplies are included in the government-wide statements as current assets.	500,000
Net assets of the Internal Service Fund for self insurance are included with governmental activities.	<u>4,745,274</u>
<b>Total net assets of the governmental activities, end of year</b>	<b><u>\$139,236,170</u></b>

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, 2006**

	<u>General</u>	<u>Non-major Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>			
Real property taxes	\$ 35,475,018	\$ -	\$ 35,475,018
Other real property tax items	2,625,670	-	2,625,670
Non-property taxes	50,113,936	-	50,113,936
Departmental income	13,736,286	1,139	13,737,425
Intergovernmental charges	1,943,346	142,182	2,085,528
Use of money and property	2,683,623	1,177,181	3,860,804
Licenses and permits	15,253	-	15,253
Fines and forfeitures	408,328	11,346	419,674
Sale of property and compensation for loss	2,334,417	668,112	3,002,529
Miscellaneous	1,041,106	350,381	1,391,487
State aid	24,780,793	2,185,964	26,966,757
Federal aid	16,013,907	2,549,811	18,563,718
Total revenues	<u>151,171,683</u>	<u>7,086,116</u>	<u>158,257,799</u>
<b>EXPENDITURES</b>			
Current			
General government support	19,071,827	-	19,071,827
Education	15,320,310	-	15,320,310
Public safety	20,172,072	514,748	20,686,820
Health	17,750,278	-	17,750,278
Transportation	102,278	18,677,632	18,779,910
Economic opportunity and development	55,625,223	1,084,394	56,709,617
Culture and recreation	933,913	-	933,913
Home and community service	1,708,291	-	1,708,291
Capital outlay			
General government support	368,646	2,159,231	2,527,877
Public safety	2,414,481	-	2,414,481
Health	109,131	-	109,131
Transportation	433,946	1,112,607	1,546,553
Economic opportunity and development	19,121	-	19,121
Culture and recreation	2,044	-	2,044
Home and community service	456,999	-	456,999
Total expenditures	<u>134,488,560</u>	<u>23,548,612</u>	<u>158,037,172</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Interfund transfers in	-	14,908,293	14,908,293
Interfund transfers out	(19,188,707)	-	(19,188,707)
Total other financing sources (uses)	<u>(19,188,707)</u>	<u>14,908,293</u>	<u>(4,280,414)</u>
<b>Net change in fund balances</b>	<b>(2,505,584)</b>	<b>(1,554,203)</b>	<b>(4,059,787)</b>
<b>FUND BALANCE, beginning of year</b>	<u>38,208,192</u>	<u>8,489,342</u>	<u>46,697,534</u>
<b>FUND BALANCE, end of year</b>	<u><b>\$ 35,702,608</b></u>	<u><b>\$ 6,935,139</b></u>	<u><b>\$ 42,637,747</b></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, 2006**

Net change in fund balances shown for total governmental funds		\$ (4,059,787)
<p>This amount differs from the change in net assets of governmental activities shown in the statement of activities because of the following:</p>		
<p>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.</p>		
Expenditures for acquisition of capital assets	13,012,965	
Depreciation expense	<u>9,281,134</u>	3,731,831
<p>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 collections of prior year unpaid taxes and other revenues received in 2006 that are deducted from revenue in the government-wide financial statements.</p>		
		(55,354)
<p>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.</p>		
		99,388
<p>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.</p>		
Current year prepaid amount	1,054,129	
Prior year prepaid amount	<u>1,148,560</u>	(94,431)
<p>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.</p>		
Transfers in	14,908,293	
Transfers out	<u>14,908,293</u>	-
<p>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.</p>		
Various revenues	5,748,314	
Various expenditures	<u>5,748,314</u>	-
<p>The increase in net assets generated by the Internal Service Fund for self insurance is included with the governmental activities since the primary users of the services are the governmental funds.</p>		
		<u>1,262,775</u>
<b>Change in net assets of governmental activities shown in the statement of activities</b>		<b><u>\$ 884,422</u></b>

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  
Year Ended December 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Adopted</u>	<u>Revised</u>	<u>Amounts</u>	<u>Revised</u>
<b>REVENUES</b>				
Real property taxes	\$ 35,329,415	\$ 35,329,415	\$ 35,475,018	\$ 145,603
Real property tax items	2,752,000	2,752,000	2,625,670	(126,330)
Non-property taxes	53,830,000	53,830,000	50,113,936	(3,716,064)
Departmental income	13,756,178	13,952,121	13,736,286	(215,835)
Intergovernmental charges	2,106,581	2,106,584	1,943,346	(163,238)
Use of money and property	1,774,950	1,774,950	2,683,623	908,673
Licenses and permits	22,050	22,050	15,253	(6,797)
Fines and forfeitures	416,500	416,500	408,328	(8,172)
Sale of property and compensation for loss	2,606,000	2,606,000	2,334,417	(271,583)
Miscellaneous	545,350	577,727	1,041,106	463,379
Interfund revenues	1,000	1,000	-	(1,000)
State aid	25,392,951	28,240,648	24,780,793	(3,459,855)
Federal aid	17,505,381	19,174,631	16,013,907	(3,160,724)
Total revenues	<u>156,038,356</u>	<u>160,783,626</u>	<u>151,171,683</u>	<u>(9,611,943)</u>
<b>EXPENDITURES</b>				
General government support	20,832,695	20,974,654	19,440,473	1,534,181
Education	16,857,536	15,753,786	15,320,310	433,476
Public safety	20,740,818	24,743,495	22,586,553	2,156,942
Health	19,564,189	19,957,970	17,859,409	2,098,561
Transportation	808,664	1,419,465	536,224	883,241
Economic opportunity and development	56,680,345	58,693,434	55,644,344	3,049,090
Culture and recreation	884,769	938,449	935,957	2,492
Home and community service	2,620,267	3,174,660	2,165,290	1,009,370
Total expenditures	<u>138,989,283</u>	<u>145,655,913</u>	<u>134,488,560</u>	<u>11,167,353</u>
<b>OTHER FUNDING SOURCES (USES)</b>				
Interfund transfers out	<u>(21,824,092)</u>	<u>(21,824,092)</u>	<u>(19,188,707)</u>	<u>2,635,385</u>
Appropriated fund balance (budget) and net change in fund balances (actual)	(4,775,019)	(6,696,379)	(2,505,584)	4,190,795
<b>FUND BALANCE, beginning of year</b>	<u>4,775,019</u>	<u>6,696,379</u>	<u>38,208,192</u>	<u>31,511,813</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,702,608</u>	<u>\$ 35,702,608</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, 2006**

	<b>Business-type Activities Enterprise Funds</b>			<b>Governmental Activities Internal Service Fund Self Insurance</b>
	<b>Maplewood Manor</b>	<b>Sewer District</b>	<b>Total</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,220,991	\$ 7,163,598	\$ 8,384,589	\$ 149,196
Receivables, net of allowance for uncollectibles	1,239,614	681,485	1,921,099	19,916
Due from other funds	-	2,707,762	2,707,762	2,599,687
Inventories	86,104	-	86,104	-
Prepaid expenses	121,618	-	121,618	-
Restricted assets				
Cash and cash equivalents	-	-	-	2,109,488
Resident assets	353,631	-	353,631	-
Capital assets not being depreciated				
Land	54,000	35,000	89,000	-
Construction work in progress	-	1,793,307	1,793,307	-
Capital assets, net of accumulated depreciation				
Buildings	4,477,657	38,900,367	43,378,024	-
Improvements other than buildings	33,271	-	33,271	-
Machinery and equipment	1,219,225	125,484	1,344,709	-
Infrastructure	-	12,237,926	12,237,926	-
Total assets	<u>8,806,111</u>	<u>63,644,929</u>	<u>72,451,040</u>	<u>4,878,287</u>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	1,353,641	931,116	2,284,757	121,581
Due to other funds	1,455,432	264,630	1,720,062	-
Deferred revenues	15,048	-	15,048	11,432
Resident funds and security deposits	353,631	-	353,631	-
Non-current liabilities				
Due within one year	405,761	1,020,000	1,425,761	-
Due in more than one year	2,156,631	13,865,000	16,021,631	-
Total liabilities	<u>5,740,144</u>	<u>16,080,746</u>	<u>21,820,890</u>	<u>133,013</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	3,221,761	38,207,084	41,428,845	-
Restricted for self insurance contributed reserve	-	-	-	2,109,488
Unrestricted	(155,794)	9,357,099	9,201,305	2,635,786
<b>Total net assets</b>	<b><u>\$ 3,065,967</u></b>	<b><u>\$ 47,564,183</u></b>	<b><u>\$ 50,630,150</u></b>	<b><u>\$ 4,745,274</u></b>

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, 2006**

	<b>Maplewood Manor</b>	<b>Business-type Activities Enterprise Funds Sewer District</b>	<b>Total</b>	<b>Governmental Activities Internal Service Fund Self Insurance</b>
<b>OPERATING REVENUES</b>				
Rents and charges for sales and services	\$ -	\$ 10,376,379	\$ 10,376,379	\$ -
Resident service revenue, net of allowances	15,788,957	-	15,788,957	-
Participant assessments	-	-	-	3,104,487
Other grants and revenues	444,632	4,182,498	4,627,130	242,510
Total operating revenues	<u>16,233,589</u>	<u>14,558,877</u>	<u>30,792,466</u>	<u>3,346,997</u>
<b>OPERATING EXPENSES</b>				
Costs of sales and services	21,573,982	6,858,610	28,432,592	2,219,211
Depreciation	480,737	4,033,337	4,514,074	-
Total operating expenses	<u>22,054,719</u>	<u>10,891,947</u>	<u>32,946,666</u>	<u>2,219,211</u>
<b>Operating income (loss)</b>	<b><u>(5,821,130)</u></b>	<b><u>3,666,930</u></b>	<b><u>(2,154,200)</u></b>	<b><u>1,127,786</u></b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest earnings	28,423	375,260	403,683	134,989
Inter-governmental transfer	842,452	-	842,452	-
Interest on capital leases and long term debt	(119,756)	(489,583)	(609,339)	-
Total nonoperating revenues	<u>751,119</u>	<u>(114,323)</u>	<u>636,796</u>	<u>134,989</u>
<b>Income (loss) before transfers</b>	<b><u>(5,070,011)</u></b>	<b><u>3,552,607</u></b>	<b><u>(1,517,404)</u></b>	<b><u>1,262,775</u></b>
<b>TRANSFERS</b>				
Transfer from governmental activities to business-type activities	<u>4,280,414</u>	<u>-</u>	<u>4,280,414</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	<b><u>(789,597)</u></b>	<b><u>3,552,607</u></b>	<b><u>2,763,010</u></b>	<b><u>1,262,775</u></b>
<b>NET ASSETS, beginning of year</b>	<u>3,855,564</u>	<u>44,011,576</u>	<u>47,867,140</u>	<u>3,482,499</u>
<b>NET ASSETS, end of year</b>	<b><u>\$ 3,065,967</u></b>	<b><u>\$ 47,564,183</u></b>	<b><u>\$ 50,630,150</u></b>	<b><u>\$ 4,745,274</u></b>

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, 2006

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Fund
	Maplewood Manor	Sewer District	Total Enterprise Funds	Self Insurance
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Cash received from charges to customers	\$ -	\$ 10,540,696	\$ 10,540,696	\$ 3,095,581
Cash received from residents and third-party payers	16,332,466	-	16,332,466	-
Grants, contributions, and other revenues	430,171	4,182,498	4,612,669	242,510
Payments to employees, payroll taxes, and benefits	(16,604,741)	-	(16,604,741)	-
Payments to suppliers, vendors, and benefit recipients	(4,226,093)	(6,514,924)	(10,741,017)	(2,296,630)
	<u>(4,068,197)</u>	<u>8,208,270</u>	<u>4,140,073</u>	<u>1,041,461</u>
<b>CASH FLOWS PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>				
Contribution from the General Fund	4,280,415	-	4,280,415	-
Advances to other funds	-	(2,622,254)	(2,622,254)	(2,486,973)
Inter-governmental transfer	842,452	-	842,452	-
Increase in restricted cash and cash equivalents	-	-	-	(293,256)
	<u>5,122,867</u>	<u>(2,622,254)</u>	<u>2,500,613</u>	<u>(2,780,229)</u>
<b>CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(716,085)	(5,689,988)	(6,406,073)	-
Losses recognized on disposal of capital assets	-	(7,192)	(7,192)	-
Interest on capital leases and long-term capital debt	(119,756)	(489,583)	(609,339)	-
Payment on capital leases and long-term capital debt	(365,064)	(1,220,000)	(1,585,064)	-
	<u>(1,200,905)</u>	<u>(7,406,763)</u>	<u>(8,607,668)</u>	<u>-</u>
<b>CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES</b>				
Interest earned on cash in time deposits	<u>28,422</u>	<u>375,260</u>	<u>403,682</u>	<u>134,989</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(117,813)</u>	<u>(1,445,487)</u>	<u>(1,563,300)</u>	<u>(1,603,779)</u>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>1,338,804</u>	<u>8,609,085</u>	<u>9,947,889</u>	<u>1,752,975</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 1,220,991</u>	<u>\$ 7,163,598</u>	<u>\$ 8,384,589</u>	<u>\$ 149,196</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (5,821,130)	\$ 3,666,930	\$ (2,154,200)	\$ 1,127,786
Depreciation expense	480,737	4,033,337	4,514,074	-
(Increase) decrease in				
Receivables, net of allowances	507,919	164,317	672,236	(3,150)
Inventories	10,747	-	10,747	-
Prepaid expenses	63,413	65,668	129,081	-
Increase (decrease) in				
Current liabilities	690,117	278,018	968,135	(83,175)
<b>Net cash provided (used) by operating activities</b>	<u>\$ (4,068,197)</u>	<u>\$ 8,208,270</u>	<u>\$ 4,140,073</u>	<u>\$ 1,041,461</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, 2006**

	<b><u>Agency Funds</u></b>	<b><u>Private Purpose Trust Funds</u></b>	<b><u>Total Fiduciary Funds</u></b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,873,254	\$ 145,895	\$ 11,019,149
Due from other funds	1,592,651	-	1,592,651
Other assets	<u>16,510</u>	<u>1,038</u>	<u>17,548</u>
Total assets	<u>12,482,415</u>	<u>146,933</u>	<u>12,629,348</u>
<b>LIABILITIES</b>			
Accounts payable	11,249,348	5,652	11,255,000
Due to other funds	<u>1,233,067</u>	<u>148</u>	<u>1,233,215</u>
Total liabilities	<u>12,482,415</u>	<u>5,800</u>	<u>12,488,215</u>
<b>NET ASSETS</b>	<b><u>\$ -</u></b>	<b><u>\$ 141,133</u></b>	<b><u>\$ 141,133</u></b>

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, 2006**

	<b><u>Private Purpose Trust Fund</u></b>
<b>ADDITIONS</b>	
Interest earnings	\$ 5,652
Miscellaneous	<u>1,327</u>
Total additions	6,979
<b>DEDUCTIONS</b>	
Cemeteries	<u>5,652</u>
<b>CHANGE IN NET ASSETS</b>	<b>1,327</b>
<b>NET ASSETS, beginning of year</b>	<u>139,806</u>
<b>NET ASSETS, end of year</b>	<b><u>\$ 141,133</u></b>

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, 2006**

**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.

The accounting policies of the County conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units except for the Internal Service Fund's unpaid workers' compensation claims liability (see Note K). 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 Government Accounting Standards Board (GASB) Statement 14.

**SARATOGA COUNTY, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2006**

**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 and is not guaranteed by the County. 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, 2006**

**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 is similar to private sector reporting.

**SARATOGA COUNTY, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2006**

**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, 2006**

**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, 2006**

**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 *nonoperating* 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 nonoperating 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 monies 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 monies 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 M 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, 2006**

**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, 2006, totaled \$60,423,335. Checking, savings, and certificate of deposit bank balances totaled \$60,811,362. These deposits were entirely covered by Federal depository insurance or by collateral held by the County's agent in the County's name.

For purposes of the statement of cash flows, 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*

Maplewood Manor's accounts receivable are reported herein, net of an allowance for uncollectible accounts, of \$350,000 at December 31, 2006.

**SARATOGA COUNTY, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2006**

**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*

Maplewood Manor 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 the Maplewood Manor 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, 2006**

**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 nonunion employees to a maximum of 200 days. Accordingly, liabilities for leave time of \$2,315,174 are reported as accrued liabilities in the appropriate Governmental Funds.

*12. Post-Retirement Benefits*

The County provides certain health care benefits for retired employees. Substantially all of the County's employees may become eligible for these benefits if they reach normal retirement age while working for the County. The cost of the retiree health care benefits is recognized as an expenditure as premiums are paid. Total premiums paid on behalf of 534 retirees for 2006 was \$3,179,323. See Notes A17 and K.

*13. 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.

*14. 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 relieved 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.

*15. 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, 2006**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*16. Resident Service Revenue, Net*

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

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

*17. Accounting Standards Not Yet Implemented*

During June 2005, GASB issued Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB)*. This Statement establishes new standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities, note disclosures, and applicable supplementary information in the financial reports of state and local government employers throughout the United States. When implemented, it will require new information regarding current and long-term liabilities for post-employment healthcare and other similar benefits. The County will be required to implement this standard in its fiscal year beginning January 1, 2007. Implementation of this Statement will require assistance of an actuary, and failure to comply may impact the County's bonding ability. Also see Note K.

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, established standards for accounting and financial reporting for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities, such as site assessments and cleanups. This statement is effective for the County as of January 1, 2008.

GASB Statement No. 50, *Pension Disclosures, an amendment of GASB Statements No. 25 and No. 27*, more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and enhances information disclosed in notes to financial statements or presented as required supplementary information by employers that provide pension benefits. This Statement amends GASB Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 27, *Accounting for Pensions by State and Local Governmental Employers*, to conform with requirements of Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions Plans*, and No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement is effective for the County as of January 1, 2008.

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.

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

**SARATOGA COUNTY, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2006**

**NOTE B - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND COUNTY-WIDE STATEMENTS**

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the County-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the statement of activities, compared with the current financial resources focus of the Governmental Funds.

A. Total fund balances of Governmental Funds vs. net assets of governmental activities:

Total fund balances of the County's Governmental Funds differs from "net assets" of governmental activities reported in the statement of net assets. This difference primarily results from the additional long-term economic focus of the statement of net assets versus the solely current financial resources focus of the Governmental Fund balance sheet.

B. Statement of revenues, expenditures, and changes in fund balance vs. statement of activities:

Differences between the Governmental Funds statement of revenues, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts represent:

i) Long-term revenue and expense differences:

Long-term revenue differences arise because Governmental Funds report revenues only when they are considered "available," whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because Governmental Funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities.

ii) Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on Governmental Fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and the difference between recording an expenditure for the purchase of capital items in the Governmental Fund statements and depreciation expense on those items as recorded in the statement of activities.

iii) Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the Governmental Fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net assets.

**NOTE C - 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*."

# SARATOGA COUNTY, NEW YORK

## NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2006

### NOTE D - RESTRICTED ASSETS

Restricted assets are comprised of \$353,631 in security deposits and patient funds which are expended on personal items at the direction of the Maplewood Manor patients, and \$2,109,488 of workers' compensation reserve funds.

### NOTE E - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

<u>Governmental Activities</u>	Balance January 1, <u>2006</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	Balance December 31, <u>2006</u>
Land	\$ 2,358,424	\$ 207,100	\$ -	\$ 2,565,524
Buildings	42,514,300	401,923	-	42,916,223
Machinery and equipment	14,550,483	6,361,549	(1,727,647)	19,184,385
Infrastructure	75,986,147	7,221,349	(3,234,510)	79,972,986
Work in progress	<u>1,178,956</u>	<u>-</u>	<u>(1,178,956)</u>	<u>-</u>
Total capital assets	<u>136,588,310</u>	<u>14,191,921</u>	<u>(6,141,113)</u>	<u>144,639,118</u>
Less accumulated depreciation				
Buildings	\$ 13,459,977	\$ 845,343	\$ -	\$ 14,305,320
Machinery and equipment	9,103,389	2,521,440	(1,727,647)	9,897,182
Infrastructure	<u>31,374,075</u>	<u>5,914,351</u>	<u>(3,234,510)</u>	<u>34,053,916</u>
Total accumulated depreciation	<u>53,937,441</u>	<u>9,281,134</u>	<u>(4,962,157)</u>	<u>58,256,418</u>
Net capital assets	<u>\$ 82,650,869</u>	<u>\$ 4,910,787</u>	<u>\$(1,178,956)</u>	<u>\$ 86,382,700</u>

Depreciation expense was charged to the following governmental activities during 2006:

General government support	\$ 274,222
Public safety	560,234
Health	91,541
Transportation	8,134,425
Economic opportunity and development	82,383
Home and community services	<u>138,329</u>
Total governmental activities	<u>\$ 9,281,134</u>

**SARATOGA COUNTY, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2006**

**NOTE E - CHANGES IN CAPITAL ASSETS - Continued**

<u>Sewer District Activity</u>	Balance January 1, <u>2006</u>	<u>Additions</u>	Retirements/ <u>Reclassifications</u>	Balance December 31, <u>2006</u>
Land	\$ 35,000	\$ -	\$ -	\$ 35,000
Buildings	82,029,579	-	-	82,029,579
Machinery and equipment	660,041	67,238	(41,067)	686,212
Infrastructure	52,195,488	3,829,443	-	56,024,931
Work in progress	<u>-</u>	<u>1,793,307</u>	<u>-</u>	<u>1,793,307</u>
Total capital assets	<u>134,920,108</u>	<u>5,689,988</u>	<u>(41,067)</u>	<u>140,569,029</u>
Less accumulated depreciation				
Buildings	40,954,419	2,174,793	-	43,129,212
Machinery and equipment	571,556	37,431	(48,259)	560,728
Infrastructure	<u>41,965,892</u>	<u>1,821,113</u>	<u>-</u>	<u>43,787,005</u>
Total accumulated depreciation	<u>83,491,867</u>	<u>4,033,337</u>	<u>(48,259)</u>	<u>87,476,945</u>
Net capital assets	<u>\$ 51,428,241</u>	<u>\$ 1,656,651</u>	<u>\$ (7,192)</u>	<u>\$ 53,092,084</u>

Depreciation expense charged to the Sewer District activity during 2006 was \$4,033,337.

**SARATOGA COUNTY, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2006**

**NOTE E - CHANGES IN CAPITAL ASSETS - Continued**

<u>Maplewood Manor Activity</u>	Balance January 1, 2006	<u>Additions</u>	Retirements/ <u>Reclassifications</u>	Balance December 31, 2006
Land	\$ 54,000	\$ -	\$ -	\$ 54,000
Buildings	8,267,793	435,190	-	8,702,983
Improvements other than buildings	140,773	-	-	140,773
Machinery and equipment	<u>4,407,276</u>	<u>412,301</u>	<u>(106,133)</u>	<u>4,713,444</u>
Total capital assets	<u>12,869,842</u>	<u>847,491</u>	<u>(106,133)</u>	<u>13,611,200</u>
Less accumulated depreciation				
Buildings	3,898,414	326,912	-	4,225,326
Improvements other than buildings	98,753	8,749	-	107,502
Machinery and equipment	<u>3,455,276</u>	<u>145,076</u>	<u>(106,133)</u>	<u>3,494,219</u>
Total accumulated depreciation	<u>7,452,443</u>	<u>480,737</u>	<u>(106,133)</u>	<u>7,827,047</u>
Net capital assets	<u>\$ 5,417,399</u>	<u>\$ 366,754</u>	<u>\$ -</u>	<u>\$ 5,417,399</u>

Depreciation expense charged to the Maplewood Manor activity during 2006 was \$480,737.

Component Unit (Saratoga County IDA)

	Balance January 1, 2006	Net <u>Additions</u>	Balance December 31, 2006
Land for Railroad Spur	<u>\$ 168,138</u>	<u>\$ -</u>	<u>\$ 168,138</u>

**NOTE F - 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.

**SARATOGA COUNTY, NEW YORK**

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2006**

**NOTE F - INTERFUND TRANSACTIONS - Continued**

Individual interfund receivable and payable balances at December 31, 2006, arising from these transactions were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 5,795,287	\$ 16,504,132
Special Revenue Funds		
County Road Fund	2,652,389	1,978,529
Machinery Fund	1,322,042	1,174,209
Employment and Training Fund	911	121,145
Capital Projects Funds	9,048,923	2,988,360
Proprietary Funds		
Maplewood Manor	-	1,455,432
Sewer District	2,707,762	264,630
Internal Service Fund	2,599,687	-
Fiduciary Funds		
Agency	1,592,651	1,233,067
Private Purpose Trust Fund	-	148
	<u>\$ 25,719,652</u>	<u>\$ 25,719,652</u>
Totals		

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental activities	\$ 2,267,692	\$ 3,614,828
Business-type activities	2,707,762	1,720,062
Agency funds	1,592,651	1,233,067
Private purpose trust funds	-	148
	<u>\$ 6,568,105</u>	<u>\$ 6,568,105</u>
Totals		

Interfund transfers as of December 31, 2006, were as follows:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
General Fund		
Special Revenue Funds	\$ -	\$ 19,188,707
County Road Fund	11,731,210	-
Machinery Fund	1,877,083	-
Employment and Training Fund	300,000	-
Capital Projects Fund	1,000,000	-
Proprietary Funds		
Maplewood Manor	4,280,414	-
	<u>\$ 19,188,707</u>	<u>\$ 19,188,707</u>
Totals		

**SARATOGA COUNTY, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2006**

**NOTE F - INTERFUND TRANSACTIONS - Continued**

Interfund transfers in the government-wide statements as of December 31, 2006, were as follows:

	Interfund Transfers In	Interfund Transfers Out
Governmental activities	\$ -	\$ 4,280,414
Business-type activities	4,280,414	-
	\$ 4,280,414	\$ 4,280,414

**NOTE G - RETIREMENT SYSTEM**

Retirement Plan - The County participates in the New York State and Local Retirement System, Employees Retirement System program (ERS). This is a cost sharing multiple public employer retirement system. 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.

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. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund. The County is required to contribute at an actuarially determined rate. The required contribution for the current year and two preceding years were:

	<u>ERS</u>
2006	\$ 5,538,905
2005	6,053,411
2004	6,172,880

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

Since 1989, the System's billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 (which otherwise were to have been paid on June 30, 1989 and 1990, respectively) over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability. The County elected to make full payment on December 15, 1989.

# SARATOGA COUNTY, NEW YORK

## NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2006

### NOTE H - LIABILITIES TO OTHER GOVERNMENTS

As indicated in Note A14, 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, 2006:

	<u>General</u>
Due to villages	\$ 339,516
Due to school districts	9,819,551
Due to other governments and agencies	<u>422,269</u>
 Total due to other governments	 <u>\$ 10,581,336</u>

### NOTE I - INDEBTEDNESS

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

	Payable at January 1, <u>2006</u>	<u>Additions</u>	Principal <u>Payments</u>	Payable at December 31, <u>2006</u>	Due Within <u>One Year</u>	Due in More Than <u>One Year</u>
Capital lease obligations	\$ 2,796,050	\$ -	\$ 362,873	\$ 2,433,177	\$ 379,480	\$ 2,053,697
Software license	-	131,406	2,191	129,215	26,281	102,934
State loans payable	11,045,000	-	800,000	10,245,000	820,000	9,425,000
General obligations bonds	<u>5,060,000</u>	<u>-</u>	<u>420,000</u>	<u>4,640,000</u>	<u>200,000</u>	<u>4,440,000</u>
	<u>\$ 18,901,050</u>	<u>\$ 131,406</u>	<u>\$ 1,585,064</u>	<u>\$ 17,447,392</u>	<u>\$ 1,425,761</u>	<u>\$ 16,021,631</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%	\$ 10,020,000
\$350,909 Revenue Bond Series 1999A by New York State Environmental Facilities Corporation, due in annual installments through 2017 with interest at 2.77%-4.86%	<u>225,000</u>
	<u>\$ 10,245,000</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%	<u>\$ 4,640,000</u>
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**SARATOGA COUNTY, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2006**

**NOTE I - INDEBTEDNESS - Continued**

The annual requirements to amortize debt outstanding on bonds and loans payable as of December 31, 2006, are as follows:

<u>General Obligation Bonds</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 200,000	\$ 169,360	\$ 369,360
2008	210,000	162,060	372,060
2009	215,000	154,395	369,395
2010	225,000	146,547	371,547
2011	230,000	138,335	368,335
2012-2016	1,300,000	558,450	1,858,450
2017-2021	1,555,000	302,950	1,857,950
2022-2023	<u>705,000</u>	<u>38,873</u>	<u>743,873</u>
Total	<u>\$ 4,640,000</u>	<u>\$ 1,670,970</u>	<u>\$ 6,310,970</u>

<u>State Loans Payable</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Environmental Facilities - 1997 and 1999A			
2007	\$ 820,000	\$ 553,041	\$ 1,373,041
2008	845,000	512,265	1,357,265
2009	865,000	469,404	1,334,404
2010	885,000	216,096	1,101,096
2011	910,000	377,967	1,287,967
2012-2016	4,955,000	1,116,862	6,071,862
2017	<u>965,000</u>	<u>54,325</u>	<u>1,019,325</u>
Total	<u>\$10,245,000</u>	<u>\$ 3,299,960</u>	<u>\$ 13,544,960</u>

Capital Lease Obligations

In December 2002, the County, on behalf of Maplewood Manor, completed construction of a co-generation project which is being accounted for as a capitalized lease. As of December 31, 2006, future minimum lease payments under this capital lease are as follows:

2007	\$ 482,629
2008	482,629
2009	482,629
2010	482,649
2011	482,629
Thereafter	<u>361,972</u>
	2,775,117
Less amounts representing interest	<u>341,940</u>
Present value	<u>\$ 2,433,177</u>
Current portion	\$ 379,480
Long-term portion	<u>2,053,697</u>
	<u>\$ 2,433,177</u>

**SARATOGA COUNTY, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2006**

**NOTE I - INDEBTEDNESS - Continued**

Capital Lease Obligations - Continued

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>865,572</u>
	<u>\$ 3,032,604</u>

Amortization on the leased facility was \$211,977 for the year ended December 31, 2006, and is included within depreciation expense.

Construction period interest of \$157,240 was capitalized and included in the above components of property and equipment.

Software License

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

2007	\$ 26,281
2008	26,281
2009	26,281
2010	26,281
2011	<u>24,091</u>
	<u>\$ 129,215</u>

**NOTE J - CONTINGENT LIABILITIES**

The County is a defendant in a number of lawsuits. It is the opinion of the County attorney, after considering all relevant facts, that the ultimate losses not covered by insurance carriers resulting from such litigation will not exceed \$2,104,000. The County has recorded such amount as accounts payable in the General Fund.

**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, 2006. 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.

**SARATOGA COUNTY, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2006**

**NOTE K - SELF INSURANCE (INTERNAL SERVICE) FUND - Continued**

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 \$2,109,488 was reserved at December 31, 2006.

Accounting principles generally accepted in the United States of America require that the estimated loss from the incurrence of a contingent liability be accrued by a charge to income. The County has not computed or recorded the estimated unpaid claims liability, nor the estimated "incurred but not reported" claims liability of its self-insurance fund. Therefore, the financial statements for the Internal Service Fund, as presented, are not in accordance with accounting principles generally accepted in the United States of America. Also see Note A17.

**NOTE L - INTER-GOVERNMENTAL TRANSFER**

The County did not receive the inter-governmental transfer funds during 2006. The transfer is intended to represent a subsidy from the State of New York. The New York State Association of Counties and the State Division of the Budget developed this "Inter-governmental Transfer" to bring additional federal revenues to help finance County nursing homes in New York. The County received \$842,452 in May 2006, which will be recorded as revenue in the Maplewood Manor Fund.

**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 bond and note 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, 2006, 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, 2006, were entirely covered by FDIC insurance or collateral investments, as required.

**SARATOGA COUNTY, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2006**

**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.

Maplewood Manor'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, 2006.

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
ON THE SUPPLEMENTAL INFORMATION**

Chairman and Board of Supervisors  
Saratoga County, 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, 2006, 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 24, 2007

**SARATOGA COUNTY, NEW YORK**

**BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**

**December 31, 2006**

	<b>County Road Fund</b>	<b>Road Machinery Fund</b>	<b>Employment and Training Fund</b>	<b>Federal Forfeitures Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 35,060	\$ -	\$ 28,911	\$ 27,006	\$ -	\$ 90,977
Receivables from other governments	1,043,572	38	162,144	-	100,000	1,305,754
Other receivables, net of allowance for uncollectibles	57,092	124	655	-	-	57,871
Due from other funds	<u>2,652,389</u>	<u>1,322,042</u>	<u>911</u>	<u>-</u>	<u>9,048,923</u>	<u>13,024,265</u>
<b>Total assets</b>	<b><u>\$ 3,788,113</u></b>	<b><u>\$ 1,322,204</u></b>	<b><u>\$ 192,621</u></b>	<b><u>\$ 27,006</u></b>	<b><u>\$ 9,148,923</u></b>	<b><u>\$14,478,867</u></b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accounts payable and accrued liabilities	\$ 802,855	\$ 92,817	\$ 67,777	\$ -	\$ 215,248	\$ 1,178,697
Other deferred revenue	-	-	2,788	-	100,000	102,788
Due to other funds	<u>1,978,529</u>	<u>1,174,209</u>	<u>121,145</u>	<u>-</u>	<u>2,988,360</u>	<u>6,262,243</u>
Total liabilities	<u>2,781,384</u>	<u>1,267,026</u>	<u>191,710</u>	<u>-</u>	<u>3,303,608</u>	<u>7,543,728</u>
Fund balances						
Reserved for						
Encumbrances	160,718	53,294	-	-	-	214,012
Law enforcement activities	-	-	-	27,006	-	27,006
Unreserved						
Unappropriated	<u>846,011</u>	<u>1,884</u>	<u>911</u>	<u>-</u>	<u>5,845,315</u>	<u>6,694,121</u>
Total fund balances	<u>1,006,729</u>	<u>55,178</u>	<u>911</u>	<u>27,006</u>	<u>5,845,315</u>	<u>6,935,139</u>
<b>Total liabilities and fund balances</b>	<b><u>\$ 3,788,113</u></b>	<b><u>\$ 1,322,204</u></b>	<b><u>\$ 192,621</u></b>	<b><u>\$ 27,006</u></b>	<b><u>\$ 9,148,923</u></b>	<b><u>\$14,478,867</u></b>

SARATOGA COUNTY, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
NON-MAJOR GOVERNMENTAL FUNDS  
Year Ended December 31, 2006

	<u>County Road Fund</u>	<u>Road Machinery Fund</u>	<u>Employment and Training Fund</u>	<u>Federal Forfeitures Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b>REVENUES</b>						
Departmental income	\$ -	\$ -	\$ 1,139	\$ -	\$ -	\$ 1,139
Intergovernmental charges	142,182	-	-	-	-	142,182
Use of money and property	455	1,176,000	-	726	-	1,177,181
Fines and forfeitures	-	-	-	11,346	-	11,346
Sale of property and compensation for loss	660,531	7,581	-	-	-	668,112
Miscellaneous	89,091	256,345	712	-	4,233	350,381
State aid	2,185,964	-	-	-	-	2,185,964
Federal aid	1,742,933	-	783,454	-	23,424	2,549,811
Total revenues	<u>4,821,156</u>	<u>1,439,926</u>	<u>785,305</u>	<u>12,072</u>	<u>27,657</u>	<u>7,086,116</u>
<b>EXPENDITURES</b>						
Current						
Public safety	512,953	-	-	1,795	-	514,748
Transportation	16,211,398	2,466,234	-	-	-	18,677,632
Economic opportunity and development	-	-	1,084,394	-	-	1,084,394
Capital Outlay						
General government support	-	-	-	-	2,159,231	2,159,231
Transportation	23,567	1,089,040	-	-	-	1,112,607
Total expenditures	<u>16,747,918</u>	<u>3,555,274</u>	<u>1,084,394</u>	<u>1,795</u>	<u>2,159,231</u>	<u>23,548,612</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Interfund transfers in	<u>11,731,210</u>	<u>1,877,083</u>	<u>300,000</u>	<u>-</u>	<u>1,000,000</u>	<u>14,908,293</u>
<b>Net change in fund balances</b>	<b>(195,552)</b>	<b>(238,265)</b>	<b>911</b>	<b>10,277</b>	<b>(1,131,574)</b>	<b>(1,554,203)</b>
<b>FUND BALANCE, beginning of year</b>	<u>1,202,281</u>	<u>293,443</u>	<u>-</u>	<u>16,729</u>	<u>6,976,889</u>	<u>8,489,342</u>
<b>FUND BALANCE, end of year</b>	<b>\$ 1,006,729</b>	<b>\$ 55,178</b>	<b>\$ 911</b>	<b>\$ 27,006</b>	<b>\$ 5,845,315</b>	<b>\$ 6,935,139</b>