

WASHINGTON COUNTY, NEW YORK

Independent Auditors' Report

Financial Statements and
Supplementary Information

December 31, 2011



Whittemore, Downen & Ricciardelli, LLP
333 Aviation Road - Building B
Queensbury, NY 12804

WASHINGTON COUNTY, NEW YORK

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WHITTEMORE, DOWEN & RICCIARDELLI, LLP
Certified Public Accountants and Consultants

333 Aviation Road, Building B • Queensbury, NY 12804
Phone: (518) 792-0918 • Fax: (518) 743-0882
112 Spring Street, Suite 307 • Saratoga Springs, NY 12866
Phone: (518) 584-0770
www.wdr CPA.com

INDEPENDENT AUDITORS' REPORT

To The Chairman and Board of Supervisors
Washington County, New York:

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. In addition, the other auditors conducted the audit of The Pleasant Valley Infirmary in accordance with auditing standards generally accepted in the United States of America, but not in accordance with *Government Auditing Standards*. The effect of which is considered to be immaterial to the audit results. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of Washington County, New York, as of December 31, 2011 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 20, 2012 on our consideration of Washington County, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit

performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Washington County, New York's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Whittemore, Downen & Ricciardelli, LLP

Whittemore, Downen & Ricciardelli, LLP
Queensbury, New York

September 20, 2012

WASHINGTON COUNTY, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

As the management of County of Washington, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities for the fiscal year ending on December 31, 2011.

FINANCIAL HIGHLIGHTS

The 2% tax cap for 2012, with the elimination of Federal stimulus funds and the increase in retirement costs, is making it hard to maintain services as they were done in the past. Washington County is looking at all areas of its operations to find ways to reduce costs and maintain all revenue sources. The County is also reviewing what services we provide and investigating whether or not it is economical for others to provide those services.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Washington County's basic financial statements. The statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements, such as budgetary comparisons.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (i.e.: uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Washington County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Washington County include general government, public safety, highways and streets, sanitation, economic development, culture and recreation, education and health. The business-type activities include the County's nursing home facility, Pleasant Valley.

Component Units

Washington County has three separate legal entities that are reflected in this report as "component units". These units are as follows:

1. **Washington Tobacco Asset Securitization Corporation (WTASC).** The WTASC was incorporated in 2000 under the Not-for-Profit Law of the State of New York for the purpose of bonding the value of future receipts due Washington County, New York under the New York State Tobacco Settlement Agreement. WTASC sold bonds on December 7, 2000, and paid over the proceeds net of issuance costs to Washington County. The funds were used to build the County's Law Enforcement Center which includes the Sheriff's Offices and County jail facility. WTASC will pay off the bonds with future settlement payments and any residual amounts received under the settlement agreement.
2. **Washington County Local Development Corporation (WCLDC).** The WCLDC provides economic development services, Empire Zone information and general business information exclusively for the County. The WCLDC also manages a revolving loan program for local businesses.

WASHINGTON COUNTY, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2011

3. **Washington County Soil and Water Conservation District (SWCD).** The SWCD was founded in 1945 to assist agricultural producers, rural landowners and municipalities with the management, conservation and best use of our natural resources. The County contributed \$140,000 to the SWCD operating budget for 2011.

The government-wide financial statements can be found immediately following this section within the Basic Financial Statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Washington County, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the County's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spend-able resources as well as on balances of spend-able resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Washington County maintains eleven governmental funds: a general fund, car pool fund, county road fund, road machinery fund, solid waste management fund, self insurance fund for workers' compensation, employee health benefits fund, community development fund, capital projects, and two part-County sewer district funds. In addition, Washington Tobacco Asset Securitization Corporation, a blended component unit, is also included in the governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each fund.

The financial statements for governmental funds can be found in the Basic Financial Statements.

Compliance with the County's annual operating budget for the year ended December 31, 2011, which includes the General Fund is reported in the "Statement of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual General Fund" which is provided as required supplemental information following the Basic Financial Statements.

Proprietary Funds

Washington County maintains one proprietary fund. The fund is used to report the same functions presented as business-type activities in the government-wide financial statements. This fund is used to account for the operations of the County's long-term care nursing facility. The proprietary fund financial statements can be found in the Basic Financial Statements section of the report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Fiduciary fund financial statements can be found in the Basic Financial Statements of this report.

WASHINGTON COUNTY, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the Basic Financial Statements section of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Washington County, assets exceed liabilities by \$73,589,207 at the close of the most recent fiscal year. By far, the largest portion of the County's net assets reflects an investment in capital assets (i.e.: land, buildings, machinery and equipment), less any outstanding related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Washington County's Net Assets

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets:						
Current and Other Assets	\$ 68,819,914	\$ 67,219,430	\$ 6,393,323	\$ 8,595,762	\$ 75,213,237	\$ 75,815,192
Capital Assets, Net	82,917,857	85,187,992	4,113,087	4,445,321	87,030,944	89,633,313
Total Assets	151,737,771	152,407,422	10,506,410	13,041,083	162,244,181	165,448,505
Liabilities:						
Long-Term Liabilities	39,356,605	35,719,496	7,641,321	6,980,822	46,997,926	42,700,318
Other Liabilities	40,558,780	40,695,535	1,098,268	1,850,294	41,657,048	42,545,829
Total Liabilities	79,915,385	76,415,031	8,739,589	8,831,116	88,654,974	85,246,147
Net Assets:						
Invested in Capital Assets (Net of Related Debt)	64,488,086	65,515,179	2,146,623	2,256,296	66,634,709	67,771,475
Restricted	8,164,269	907,009	-	-	8,164,269	907,009
Unrestricted (Deficit)	(829,969)	9,570,203	(379,802)	1,953,671	(1,209,771)	11,523,874
Total Net Assets	\$ 71,822,386	\$ 75,992,391	\$ 1,766,821	\$ 4,209,967	\$ 73,589,207	\$ 80,202,358

The total net assets of the County declined by \$6,613,151. The County's unrestricted net assets declined by \$12,733,645. This reduction reflects a reclassification of fund balance from unrestricted to restricted in the amount of \$7,258,193. The balance of \$5,475,452 is due to the net loss of \$2,443,146 in the County-operated nursing home, along with the overall use of County reserve to maintain County operations.

WASHINGTON COUNTY, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

Washington County's Changes in Net Assets

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for Services	\$ 11,116,224	\$11,073,762	\$ 9,431,667	\$10,317,780	\$20,547,891	\$21,391,542
Operating Grants and Contributions	25,874,565	25,394,307	-	-	25,874,565	25,394,307
Capital Grants and Contributions	1,017,751	3,927,783	-	-	1,017,751	3,927,783
Total Program Revenues	38,008,540	40,395,852	9,431,667	10,317,780	47,440,207	50,713,632
General Revenues:						
Property Taxes and Tax Items	30,569,425	29,973,294	-	-	30,569,425	29,973,294
Non-Property Taxes	18,128,002	17,129,025	-	-	18,128,002	17,129,025
Miscellaneous and Inter-governmental Transfers	4,660,900	2,886,115	1,580,541	3,525,436	6,241,441	6,411,551
Investment Earnings	117,882	265,173	11,505	21,331	129,387	286,504
Transfers	-	-	-	-	-	-
Total General Revenues	53,476,209	50,253,607	1,592,046	3,546,767	55,068,255	53,800,374
Total Program and General Revenues	91,484,749	90,649,459	11,023,713	13,864,547	102,508,462	104,514,006
Expenses:						
Governmental Activities Expenses:						
General government support	10,391,011	11,331,964	-	-	10,391,011	11,331,964
Education	2,230,141	1,808,714	-	-	2,230,141	1,808,714
Public Safety	15,017,714	14,635,105	-	-	15,017,714	14,635,105
Health	16,855,346	14,896,444	-	-	16,855,346	14,896,444
Transportation	11,495,098	9,514,511	-	-	11,495,098	9,514,511
Economic Opportunity and Development	31,716,300	28,904,255	-	-	31,716,300	28,904,255
Culture and Recreation	934,841	987,551	-	-	934,841	987,551
Home and Community Services	6,090,814	8,069,933	-	-	6,090,814	8,069,933
Interest on Long-Term Debt	907,092	982,198	-	-	907,092	982,198
Amortization of Bond Cost	16,397	16,397	-	-	16,397	16,397
Total Governmental Activities Expenses	95,654,754	91,147,072	-	-	95,654,754	91,147,072
Business-type Activities						
Nursing Home Expenses	-	-	13,466,859	13,438,733	13,466,859	13,438,733
Total Primary Government Activities Expenses	95,654,754	91,147,072	13,466,859	13,438,733	109,121,613	104,585,805
Net Changes in Net Assets	(4,170,005)	(497,613)	(2,443,146)	425,814	(6,613,151)	(71,799)
Net Assets, Beginning	75,992,391	76,490,004	4,209,967	3,784,153	80,202,358	80,274,157
Net Assets, Ending	\$ 71,822,386	\$75,992,391	\$ 1,766,821	\$ 4,209,967	\$73,589,207	\$80,202,358

WASHINGTON COUNTY, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

GOVERNMENTAL ACTIVITIES

Revenues

The total Governmental Activities revenues for 2011 were \$91,484,749, an increase of \$835,290 from 2010. Charges for services increased by \$42,462. The County saw virtually no change in services from prior years.

Operating grants and contributions were \$408,258 higher in 2011 than 2010. During the first quarter of 2011 New York State snow and ice removal revenues were \$376,000 higher than the prior year due to an increase in winter storms.

The capital grants and contributions were lower in 2011 than in 2010 by \$2,910,032. In 2010, the County completed various capital projects and 2011 have very few new projects accounting for the change.

General revenues for 2011 were \$53,476,209 representing 58.45% of the total revenue. In 2010, the same revenues were \$50,253,607. The 2010 revenues represented 55.44% of the total overall County revenue. This shows the County was more reliant on general revenue sources to fund 2011 County operations.

Real property taxes and tax items showed an increase of \$596,131. The increase in the property tax levy for 2011 accounted for \$706,642 of this increase. The remaining decrease is due primarily to the annual adjustment to deferred property taxes which amounted to \$176,370 for 2011.

In 2011, non-property taxes increased by \$998,977 primarily from the County's sales tax which was \$1,244,925 higher than in 2010.

Miscellaneous and intergovernmental transfers increased in 2011 by \$1,774,785. This was due mainly from the County's share of the sale of its interest in the waste-to-energy plant contract.

Investment earnings decreased by \$147,291 in 2011. Despite the increase in cash balance available, the decline in interest rates led to the decrease in returns on investments for 2011.

Expenses

The Governmental Activities expenses were \$95,654,754 in 2011. This is a \$4,507,682 increase from 2010. The County experienced a decline of \$4,170,005 in net assets (Revenue of \$91,484,749– Expenses \$95,654,754).

Listed below is a line-by-line overview of the major changes in each Governmental Activities expense category between 2010 and 2011.

General Government Support – Costs decreased by \$940,953 over 2010 due to an overall reduction in expenses, the largest coming from the lower claims paid within our self-insured workers compensation fund. The balance was from lower energy costs in Buildings & Grounds and an overall reduction in Board of Elections, District Attorney and County Clerk expenses.

Education – Costs increased by \$421,427 in 2011. Washington County and one of our neighboring counties are joint sponsors of a community college. The amount the County pays for County residents attending other community colleges, our charge back expenses, were higher by \$10,500 over 2010. The remaining increase is from additional capital projects which were paid for in 2011.

Public Safety – Expenses increased by \$382,609 over 2010. The County helped fund a new Fire Training Center along with our neighboring County. There was also an increased salary cost for law enforcement and new equipment purchased for our dispatch center.

Health – Expenses increased by \$1,958,902 over 2010. Mental Health expenses and the cost of the handicapped children's program made up the increase in this category.

Transportation – The 2011 increase in this category was \$1,980,587 in 2010 due to several road and bridge projects funded by Federal and State aid.

**WASHINGTON COUNTY, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS**

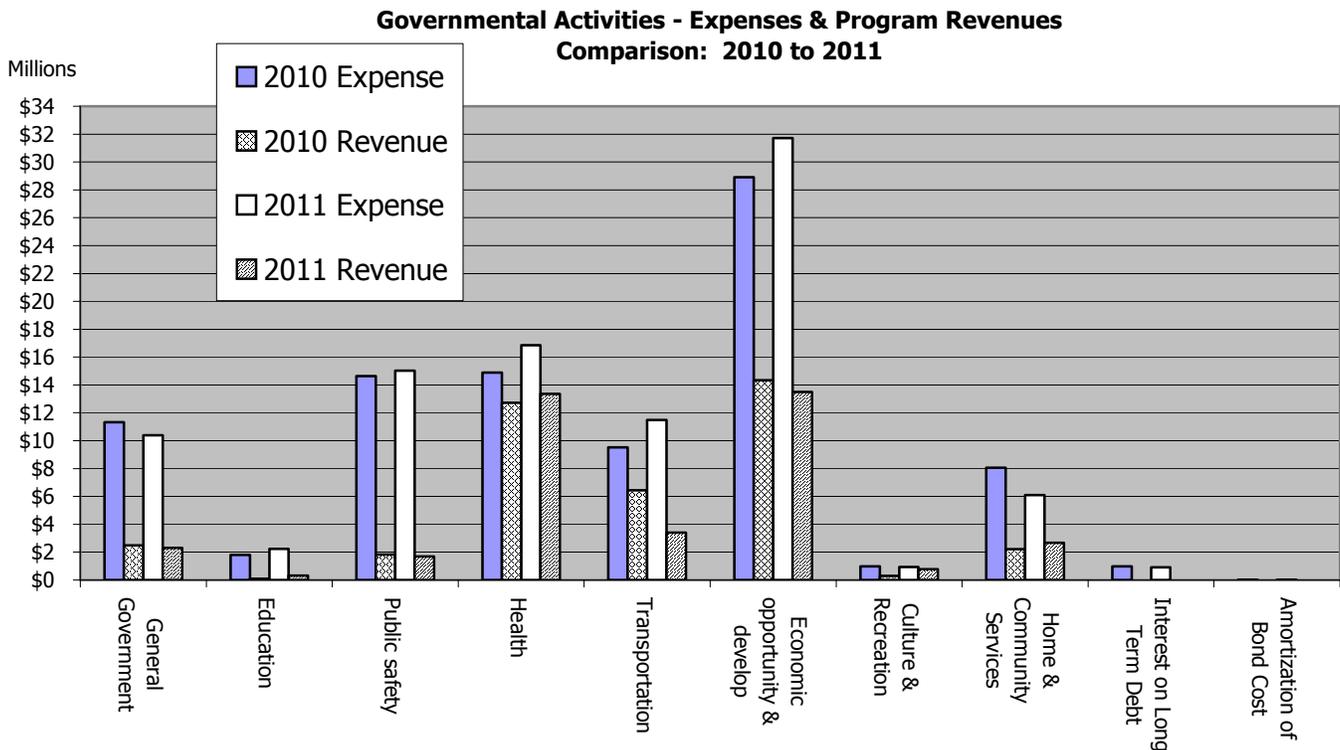
For the Year Ended December 31, 2011

Economic Opportunity and Development – This category shows the largest single obligation at 33.16% of the County's total Government Activities expenditures. The County expenses in this category were \$2,812,045 higher in 2011 than in 2010. Medicaid was the sole reason for this increase. In 2011, the Federal subsidy funded by the stimulus package ended. The County also had to fund its local share of Intergovernmental Transfer (IGT) to fund the County-operated nursing home.

Culture and Recreation – This category reflects a \$52,710 decrease in 2011. Spending was down for the snowmobile trails and youth programs in 2011.

Home and Community Services – Gross expenses declined in 2011 by \$1,979,119. The cost of the last year of the County's disposal contracts were funded by funds held in escrow by the Trustee leading to a reduction of expenses for the County in 2011.

Interest on Long-Term Debt – The \$75,106 reduction in 2011 expenses is the effect of the bond schedule (see long-term liabilities).



BUSINESS TYPE ACTIVITIES

Revenues

Intergovernmental transfer (IGT) received in 2011 totaled \$5,178,627, however only \$1,567,019 of these funds were for 2011. The County's operating revenues declined in 2011 by \$886,113 due mainly to a reduction of State aid and the house census declined by 1,683 bed days, from 40,927 bed days in 2010 to 39,244 bed days in 2011.

Expenses

There was an overall decrease in operating expenses in 2011 totaling \$67,188. It should be noted that the nursing services increased by \$401,306 while the fringe benefit cost actually decreased by \$611,597. This was due to the reliance on hiring outside agency nursing services (contract labor) due to the lack of available new hires.

WASHINGTON COUNTY, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

Federal Medical Assistance Percentages Funding (FMAP)

The New York State Department of Health was able to receive additional funding for County operated nursing homes within the State in the form of an Upper Payment Limit (UPL) draw down from available Federal Medicaid dollars.

The total funds available to Washington County's nursing home were \$1,567,019 for 2011. This means the County paid 38.4% of the local share in 2011, amounting to \$601,735 in 2011 ($\$1,567,019 \times 38.4\% = \$601,735$).

ANALYSIS OF THE COUNTY BUDGET AND FUND BASIS FINANCES IN 2010

Washington County uses fund accounting, as noted earlier, to ensure and demonstrate compliance with finance-related legal requirements.

General Fund

The County's General Fund expenses increased by \$3,715,421 in 2011. The largest increases were from the elimination of the Federal stimulus funding that reduced Medicaid costs in 2010 and the local cost of paying the Medicaid costs for IGT making up \$2,347,013. Employee benefits increased by \$986,318 (\$671,875 from New York State Retirement). The balance of the increase was health insurance costs. Revenues increased by \$141,435 even with a property tax levy increase of \$706,642 and the County's sales tax increase of \$1,011,940. In spite of these increases in revenue, there were significant reductions in state aid for public health, federal stimulus funding, and revenue from boarding prisoners.

The unknown availability of State and Federal aid, along with future Medicaid costs and fringe benefits, are of great concern to the County. During 2012, the County will be looking for ways to reduce operating costs to maintain under the new 2% tax cap imposed by the State of New York. The fund balance is approximately 12.62% of the next year's operating budget, of which \$2,631,000 was appropriated. The 2012 appropriation is a \$1,613,000 increase over the 2011 appropriation.

Non-Major Funds

Based upon available funds, the County was able to provide maintenance funding for its road and bridge projects and to resurface eleven miles of road in 2011. In order to maintain a twelve-year paving project schedule, we must resurface twenty-three miles of road per year.

BUDGETARY HIGHLIGHTS

The County's annual budget, which is prepared on an operating basis, includes estimated revenues and annual appropriations for the proprietary funds as well as the General Fund. The Budget Officer is responsible for the preparation of the proposed County budget and submission of the same to the County Board of Supervisors. A tentative budget is submitted in October. After a public informational meeting and a public hearing, the budget is usually adopted by the County Board of Supervisors in mid-November of each year. Expenditures during the fiscal year may only be made pursuant to appropriations from the General Fund and other special funds established by the County. However, the County Board of Supervisors during the fiscal year may, by resolution, make additional appropriations from any unencumbered balances in appropriations, contingent funds or unanticipated revenues.

Schedule E, p. 18, outlines the variance from 2011 budget to actual. Revenues were lower than budget by \$3,079,525 and the expenditures were lower than budget by \$6,950,036 realizing a net increase in fund balance by \$3,870,511.

The County budgets for State and Federal aid based on total budgeted expenses in Social Services. In 2011, the County had favorable budget variance in Economic Opportunity expenditures, therefore causing a negative budget variance in State and Federal revenues. The other major budget variances were a reduction in Public Health fees due to declining patient visits, and the County jail boarding-in only 40% of outside inmates budgeted.

Overall expenditures are down due to a countywide reduction in staff and a major reduction in the Public Health Department's caseload. The IGT budget for 2010 did not accrue until 2011 and DSS programs did not increase to what was projected within the 2010 budget.

WASHINGTON COUNTY, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

CAPITAL ASSETS

At the end of 2011, the County had \$87.03 million invested in a broad range of capital assets, including the County Municipal Center, Nursing Home, highway infrastructures and equipment (see table below). This amount represents a net decrease (including additions and deductions) of \$2,602,370 or a reduction of approximately 2.90% over last year.

Capital Assets Net of Depreciation

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	\$1,691,229	\$1,691,229	\$661,346	\$800,374	\$2,352,575	\$2,491,603
Buildings and Improvements	27,697,975	28,749,797	2,729,862	2,878,891	30,427,837	31,628,688
Construction in Progress	253,574	309,564	144,023	98,946	397,597	408,510
Bridges	24,309,761	24,115,706	-	-	24,309,761	24,115,706
Roads	13,015,873	14,036,835	-	-	13,015,873	14,036,835
Infrastructure	7,099,931	7,359,012	-	-	7,099,931	7,359,012
Machinery and Equipment	8,849,514	8,925,849	577,856	667,110	9,427,370	9,592,959
Total Net Assets	\$82,917,857	\$85,187,992	\$4,113,087	\$4,445,321	\$87,030,944	\$89,633,313

LONG-TERM DEBT

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Bonds and Notes:						
General Obligation Bonds and Notes	\$ 5,561,536	\$ 4,410,975	\$ 1,966,464	\$ 2,189,025	\$ 7,528,000	\$ 6,600,000
Bond Anticipation Notes	-	2,365,000	-	-	-	2,365,000
WTASC Bonds	13,675,000	13,745,000	-	-	13,675,000	13,745,000
Subtotal	19,236,536	20,520,975	1,966,464	2,189,025	21,203,000	22,710,000
OPEB Liability	20,120,069	15,198,521	4,040,908	3,124,815	24,160,977	18,323,336
Pleasant Valley Workers' Compensation	-	-	1,633,949	1,666,982	1,633,949	1,666,982
Subtotal	20,120,069	15,198,521	5,674,857	4,791,797	25,794,926	19,990,318
Total Long-Term Debt	\$ 39,356,605	\$ 35,719,496	\$ 7,641,321	\$ 6,980,822	\$ 46,997,926	\$ 42,700,318

The New York State Constitution Limits the taxing power for Counties to 1.5 percent of the five-year average full valuation. A county has the authority to increase its tax limit to a maximum rate of two (2) percent by a resolution adopted by the legislative body by two-thirds of its membership. Washington County is subject to the 2% factor. The limitation allows for the exclusion of taxes in the amount of certain debt service. The amount of taxes for this purpose is a deduction from the tax levy resulting in a lower tax levy subject to the tax limit.

The State Constitution also limits the power of Counties to issue debt. The County has the power to contract indebtedness for any County purpose so long as the principal amount, thereof, subject to certain limited exceptions, shall not exceed seven (7) per cent of the five-year average full valuation of taxable real estate of the County and subject to certain exclusions and deductions such as water and certain sewer facilities. The average full valuation, in both the Tax Limit and Debt Limit is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and, dividing the sum by five.

The five-year average full valuation for the 2011 computation was \$4,557,180,207. The Constitutional Tax Limit (2.0% x \$4,557,180,207 is \$91,143,604) - a 8.42% increase.

**WASHINGTON COUNTY, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the Year Ended December 31, 2011

The constitutional tax margin for fiscal year ending December 31, 2011, is \$65,340,651 (\$91,143,604 tax limit less \$25,802,953 2011 tax levy subject to tax limit).

The debt limit for fiscal year ending December 31, 2011, is \$319,002,614 (five year average full valuation \$4,557,180,207 x 7%). As of the end of 2011, Washington County has total of \$7,528,000 in County debt outstanding.

ECONOMIC FACTORS: Future Prospects for Washington County's Finances

The trend of declining revenues that began in mid-2008 has continued through 2011. Despite the County's sales tax increasing by 6.2%, mortgage tax revenues and return on investments continue to decline. The County also experienced a mid-year reduction of State funding due to the State of New York's fiscal problems.

The County has continued to look for ways to reduce costs and increase revenues over the past few years. The County workforce has been reduced and benefits have been reduced for new hires. The County is facing higher costs in retirement and health insurance and expects additional increases for the foreseeable future.

It must be noted that the County's overall property value has declined by 1.5% percent. This decline has continued for two years in a row. Property value is down by 2.12% from it highest level. This is a direct factor of the slow down in the real estate market. Small decreases are likely to continue for the next few years.

In late 2010, the County hired the Center for Government Research, Inc. (CGR) to begin studying what the County's role should be as it relates to health care, specifically home nursing services provided by the County's Public Health Department and the County operated nursing home. In 2011, the County issued an RFP to sell both services and is still negotiating with interested companies to date.

The County has adopted a two-year budgeting practice to better enable the Board of Supervisors and individual County departments to set both short and long-term goals. In response to the current economic climate, the County is reducing its workforce and making cuts to current and future programs. The County's goal is to maintain a stable tax rate while at the same time managing a stable fund balance.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Washington County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Brian Campbell, Budget Officer, Washington County Board of Supervisors, 383 Broadway, Fort Edward, New York, 12828.

WASHINGTON COUNTY, NEW YORK

Statement of Net Assets

December 31, 2011

	Primary Government			Component Units	
	Governmental	Business-Type	Total	Washington	Soil
	Activities	Activities		County	and
ASSETS			Local	Water	Conservation
			Development	Conservation	District
			Corporation		
Cash and cash equivalents	\$ 19,242,545	\$ 3,201,352	\$ 22,443,897	\$ 1,263,320	\$ -
Receivables, net	33,509,819	1,511,561	35,021,380	380	-
Internal balances	239,680	(58,110)	181,570	-	-
Due from state and federal governments	8,325,059	-	8,325,059	-	-
Due from other governments	977,915	1,270,000	2,247,915	-	-
Loans receivable	-	-	-	2,068,688	-
Inventories	999,029	178,189	1,177,218	-	-
Prepaid expenses	1,123,811	174,100	1,297,911	-	-
Bond issuance costs, net	551,765	-	551,765	-	-
Restricted Assets:					
Cash	3,425,994	116,231	3,542,225	78,452	168,061
Receivables, net	424,297	-	424,297	5,977	-
Due from other governments	-	-	-	-	-
Loans receivable	-	-	-	565,971	-
Capital assets, net	82,917,857	4,113,087	87,030,944	-	-
Total Assets	151,737,771	10,506,410	162,244,181	3,982,788	168,061
LIABILITIES					
Accounts payable	3,815,085	532,519	4,347,604	-	-
Accrued liabilities	4,155,157	268,904	4,424,061	-	-
Due to other governments	8,568,557	180,614	8,749,171	-	-
Deferred revenue	23,047,327	-	23,047,327	-	-
Other liabilities	83,234	116,231	199,465	-	-
Payables From Restricted Assets:					
Accounts payable	754	-	754	638	-
Accrued liabilities	578	-	578	-	-
Deferred revenues	888,088	-	888,088	-	-
Noncurrent Liabilities:					
Due within one year	529,829	223,171	753,000	10,419	-
Due in more than one year	38,826,776	7,418,150	46,244,926	181,320	-
Total Liabilities	79,915,385	8,739,589	88,654,974	192,377	-
NET ASSETS					
Invested in capital assets, net of related debt	64,488,086	2,146,623	66,634,709	-	-
Restricted For:					
Debt service	906,076	-	906,076	-	-
Other purposes	7,258,193	-	7,258,193	458,023	168,061
Unrestricted (deficit)	(829,969)	(379,802)	(1,209,771)	3,332,388	-
Total Net Assets	\$ 71,822,386	\$ 1,766,821	\$ 73,589,207	\$ 3,790,411	\$ 168,061

See Independent Auditors' Report and Notes

WASHINGTON COUNTY, NEW YORK

Statement of Activities

Year Ended December 31, 2011

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Component Units	
					Governmental Activities	Business-Type Activities		Local Develop Corporation	Soil and Water
Primary Government:									
Governmental Activities:									
General government	\$ 10,391,011	\$ 1,453,131	\$ 815,221	\$ 46,102	\$ (8,076,557)	\$ -	\$ (8,076,557)	\$ -	\$ -
Education	2,230,141	-	-	313,036	(1,917,105)	-	(1,917,105)	-	-
Public safety	15,017,714	633,948	1,056,824	-	(13,326,942)	-	(13,326,942)	-	-
Health	16,855,346	4,612,797	8,733,832	-	(3,508,717)	-	(3,508,717)	-	-
Transportation	11,495,098	921,513	1,820,009	658,613	(8,094,963)	-	(8,094,963)	-	-
Economic opportunity and develop	31,716,300	802,106	12,687,227	-	(18,226,967)	-	(18,226,967)	-	-
Cultural and recreation	934,841	20,109	760,292	-	(154,440)	-	(154,440)	-	-
Home and community services	6,090,814	2,672,620	1,160	-	(3,417,034)	-	(3,417,034)	-	-
Interest on long-term debt	907,092	-	-	-	(907,092)	-	(907,092)	-	-
Amortization of bond cost	16,397	-	-	-	(16,397)	-	(16,397)	-	-
Total Governmental Activities	<u>95,654,754</u>	<u>11,116,224</u>	<u>25,874,565</u>	<u>1,017,751</u>	<u>(57,646,214)</u>	<u>-</u>	<u>(57,646,214)</u>	<u>-</u>	<u>-</u>
Business-Type Activities:									
Nursing home	13,466,859	9,431,667	-	-	-	(4,035,192)	(4,035,192)	-	-
Total Primary Government	<u>\$ 109,121,613</u>	<u>\$ 20,547,891</u>	<u>\$ 25,874,565</u>	<u>\$ 1,017,751</u>	<u>(57,646,214)</u>	<u>(4,035,192)</u>	<u>(61,681,406)</u>	<u>-</u>	<u>-</u>
Component Units:									
Local Development Corporation	\$ 191,036	\$ 14,940	\$ 85,000	\$ -	-	-	-	(91,096)	-
Soil and Water District	742,800	28,430	412,972	-	-	-	-	-	(301,398)
Total Component Units	<u>\$ 933,836</u>	<u>\$ 43,370</u>	<u>\$ 497,972</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(91,096)</u>	<u>(301,398)</u>
General Revenues:									
Real property taxes and tax items					30,569,425	-	30,569,425	-	-
Non-property taxes					18,128,002	-	18,128,002	-	-
Miscellaneous and intergovernmental transfer					4,660,900	1,580,541	6,241,441	48,890	144,614
Investment earnings					117,882	11,505	129,387	117,188	6,914
Transfers					-	-	-	-	-
Total General Revenues and Transfers					<u>53,476,209</u>	<u>1,592,046</u>	<u>55,068,255</u>	<u>166,078</u>	<u>151,528</u>
Change in net assets					(4,170,005)	(2,443,146)	(6,613,151)	74,982	(149,870)
Net Assets-Beginning					75,992,391	4,209,967	80,202,358	3,715,429	317,931
Net Assets-Ending					<u>\$ 71,822,386</u>	<u>\$ 1,766,821</u>	<u>\$ 73,589,207</u>	<u>\$ 3,790,411</u>	<u>\$ 168,061</u>

See Independent Auditors' Report and Notes

WASHINGTON COUNTY, NEW YORK

Balance Sheet
Governmental Funds

December 31, 2011

ASSETS	General Fund	Washington Tobacco Asset Securitization Corporation	Non-Major Funds	Total Governmental Funds
Cash and cash equivalents	\$ 8,867,880	\$ 74,664	\$ 10,300,001	\$ 19,242,545
Taxes receivable (net of allowance for uncollectibles of \$500,000)	8,899,018	-	-	8,899,018
Accounts receivable (net of allowance for uncollectibles of \$600,000)	818,710	22,683,098	1,111,567	24,613,375
State and federal receivables	6,766,664	-	1,558,395	8,325,059
Due from other funds	2,327,231	-	197,213	2,524,444
Due from other governments	115,087	-	862,828	977,915
Inventories, at cost	10,378	-	988,651	999,029
Prepaid expenses	761,567	-	362,244	1,123,811
Restricted Assets:				
Cash	-	906,076	2,519,918	3,425,994
Other receivables	-	-	424,297	424,297
Total Assets	\$ 28,566,535	\$ 23,663,838	\$ 18,325,114	\$ 70,555,487
LIABILITIES				
Accounts payable	\$ 2,619,646	\$ -	\$ 1,195,439	\$ 3,815,085
Accrued liabilities	562,730	-	109,065	671,795
Other liabilities	79,556	-	3,678	83,234
Due to other funds	331,886	-	1,154,682	1,486,568
Due to other governments	8,475,794	-	92,763	8,568,557
Deferred revenues	2,677,985	22,683,098	352,175	25,713,258
Payables From Restricted Assets:				
Accounts payable	-	-	754	754
Accrued liabilities	-	-	578	578
Due to other funds	-	-	800,770	800,770
Deferred revenues	-	-	888,088	888,088
Total Liabilities	14,747,597	22,683,098	4,597,992	42,028,687

See Independent Auditors' Report and Notes

WASHINGTON COUNTY, NEW YORK

Balance Sheet
Governmental Funds

December 31, 2011

FUND EQUITY	General Fund	Washington Tobacco Asset Securitization Corporation	Non-Major Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances:				
Nonspendable	771,945	-	1,350,895	2,122,840
Assigned	2,969,177	74,664	6,050,882	9,094,723
Restricted	902,113	906,076	6,356,080	8,164,269
Unassigned	9,175,703	-	(30,735)	9,144,968
Total Fund Equity	<u>13,818,938</u>	<u>980,740</u>	<u>13,727,122</u>	<u>28,526,800</u>
Commitments and Contingencies				
Total Liabilities and Fund Equity	<u>\$ 28,566,535</u>	<u>\$ 23,663,838</u>	<u>\$ 18,325,114</u>	<u>\$ 70,555,487</u>

See Independent Auditors' Report and Notes

WASHINGTON COUNTY, NEW YORK

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year Ended December 31, 2011

REVENUES	General Fund	Washington Tobacco Asset Securitization Corporation	Non-Major Funds	Total Governmental Funds
Real property taxes and tax items	\$ 29,932,772	\$ -	\$ 491,400	\$ 30,424,172
Non-property taxes	18,128,002	-	-	18,128,002
Departmental income	7,029,678	-	2,645,041	9,674,719
Intergovernmental charges	546,155	-	11,085,180	11,631,335
Use of money and property	237,374	1,183	134,024	372,581
Licenses and permits	-	-	49,359	49,359
Fines and forfeitures	247,721	-	-	247,721
Sale of property and compensation for loss	602,734	-	1,715,751	2,318,485
Miscellaneous local sources	109,867	777,610	1,619,146	2,506,623
Interfund revenues	689,268	-	2,376,929	3,066,197
State aid	11,238,040	-	1,998,686	13,236,726
Federal aid	8,320,705	-	1,342,476	9,663,181
Total Revenues	77,082,316	778,793	23,457,992	101,319,101
EXPENDITURES				
Current:				
General government support	7,664,076	47,714	1,497,832	9,209,622
Education	1,602,252	-	627,889	2,230,141
Public safety	9,238,416	-	480,273	9,718,689
Health	10,751,166	-	-	10,751,166
Transportation	-	-	10,829,465	10,829,465
Economic opportunity and development	27,812,004	-	543,136	28,355,140
Cultural and recreation	683,215	-	-	683,215
Home and community services	1,119,676	-	3,071,982	4,191,658
Employee benefits	10,476,778	-	10,172,829	20,649,607
Debt Service:				
Principal retirement	825,366	70,000	549,073	1,444,439
Interest	124,256	671,638	89,032	884,926
Total Expenditures	70,297,205	789,352	27,861,511	98,948,068
Excess (Deficit) of Revenues Over (Under) Expenditures	6,785,111	(10,559)	(4,403,519)	2,371,033
OTHER FINANCING SOURCES (USES)				
Operating transfers in	656	-	6,911,223	6,911,879
Operating transfers out	(6,836,103)	-	(75,776)	(6,911,879)
BANs redeemed from appropriations	-	-	97,001	97,001
Bond proceeds	-	-	1,933,000	1,933,000
Total Other Financing Sources (Uses)	(6,835,447)	-	8,865,448	2,030,001

See Independent Auditors' Report and Notes

WASHINGTON COUNTY, NEW YORK

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year Ended December 31, 2011

	General Fund	Washington Tobacco Asset Securitization Corporation	Non-Major Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Change in Fund Balances	(50,336)	(10,559)	4,461,929	4,401,034
Fund Balance at Beginning of Year	13,869,274	991,299	9,265,193	24,125,766
Fund Balance at End of Year	<u>\$ 13,818,938</u>	<u>\$ 980,740</u>	<u>\$ 13,727,122</u>	<u>\$ 28,526,800</u>

See Independent Auditors' Report and Notes

WASHINGTON COUNTY, NEW YORK

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund

Year Ended December 31, 2011

REVENUES	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Real property taxes and tax items	\$ 30,149,442	\$ 30,149,442	\$ 29,932,772	\$ (216,670)
Non-property taxes	16,821,500	16,821,500	18,128,002	1,306,502
Departmental income	8,126,652	8,130,905	7,029,678	(1,101,227)
Intergovernmental charges	997,960	997,960	546,155	(451,805)
Use of money and property	257,824	257,824	237,374	(20,450)
Fines and forfeitures	110,100	149,694	247,721	98,027
Sale of property and compensation for loss	612,516	625,418	602,734	(22,684)
Miscellaneous local sources	145,000	149,500	109,867	(39,633)
Interfund revenues	739,937	739,937	689,268	(50,669)
State aid	11,905,387	12,977,609	11,238,040	(1,739,569)
Federal aid	8,285,219	9,162,052	8,320,705	(841,347)
Total Revenues	<u>78,151,537</u>	<u>80,161,841</u>	<u>77,082,316</u>	<u>(3,079,525)</u>
EXPENDITURES				
Current:				
General government support	8,309,193	8,384,845	7,727,511	657,334
Education	1,648,959	1,608,960	1,602,252	6,708
Public safety	9,446,527	9,897,267	9,270,176	627,091
Health	12,145,287	12,542,241	10,779,674	1,762,567
Economic opportunity and development	27,977,333	30,631,206	27,812,132	2,819,074
Cultural and recreation	827,082	820,582	683,215	137,367
Home and community services	491,262	1,234,572	1,119,676	114,896
Employee benefits	11,324,444	11,297,004	10,476,778	820,226
Debt Service:				
Principal retirement	785,366	825,366	825,366	-
Interest	129,029	129,029	124,256	4,773
Total Expenditures	<u>73,084,482</u>	<u>77,371,072</u>	<u>70,421,036</u>	<u>6,950,036</u>
Excess of Revenues Over Expenditures	<u>5,067,055</u>	<u>2,790,769</u>	<u>6,661,280</u>	<u>3,870,511</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	656	656
Operating transfers out	(6,067,055)	(6,836,103)	(6,836,103)	-
Total Other Financing Sources (Uses)	<u>(6,067,055)</u>	<u>(6,836,103)</u>	<u>(6,835,447)</u>	<u>656</u>
Net Change in Fund Balance - Budget Basis	<u>\$ (1,000,000)</u>	<u>\$ (4,045,334)</u>	<u>(174,167)</u>	<u>\$ 3,871,167</u>
Encumbrances Included in Actual			123,831	
Net Change in Fund Balance			(50,336)	
Fund Balance at Beginning of Year			13,869,274	
Fund Balance at End of Year			<u>\$ 13,818,938</u>	

See Independent Auditors' Report and Notes

WASHINGTON COUNTY, NEW YORK

Statement of Net Assets
Proprietary and Fiduciary Funds

December 31, 2011

ASSETS	Business-Type Activity Enterprise Fund	Fiduciary Fund Type Agency Fund
Current Assets:		
Cash and cash equivalents	\$ 3,201,352	\$ 657,062
Restricted cash	116,231	222,971
Patient accounts receivable, net of estimated allowance for doubtful accounts of \$300,000	1,511,561	-
Due from other funds	261,756	-
Other receivables	-	66,998
Supplies	178,189	-
Due from third-party payors	1,270,000	-
Prepaid expenses	174,100	-
Total Current Assets	6,713,189	947,031
Capital Assets, Net	4,113,087	-
Total Assets	\$ 10,826,276	\$ 947,031
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Current portion of long-term debt	\$ 223,171	\$ -
Accounts payable, trade	532,519	-
Accrued payroll and related benefits	247,418	-
Accrued interest	21,486	-
Due to third-party payors	180,614	-
Due to other funds	319,866	181,570
Other liabilities	116,231	765,461
Total Current Liabilities	1,641,305	947,031
Noncurrent Liabilities:		
Long-term debt, net of current portion	1,743,293	-
Workers' compensation claims and judgments payable	1,633,949	-
Postemployment health benefits	4,040,908	-
Total Noncurrent Liabilities	7,418,150	-
Total Liabilities	9,059,455	947,031
NET ASSETS		
Invested in capital assets, net of related debt	2,146,623	-
Unrestricted deficit	(379,802)	-
Total Net Assets	1,766,821	-
Total Liabilities and Net Assets	\$ 10,826,276	\$ 947,031

See Independent Auditors' Report and Notes

WASHINGTON COUNTY, NEW YORK

Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Fund

Year Ended December 31, 2011

	Business-Type Activity Enterprise Fund
	<u> </u>
Operating Revenues:	
Net resident revenue	\$ 9,419,298
Other operating revenue	12,369
	<u> </u>
Total Operating Revenues	9,431,667
	<u> </u>
Operating Expenses:	
Nursing services	4,666,964
Ancillary services	813,114
Dietary	911,406
Housekeeping	324,875
Laundry service	263,575
Maintenance	773,185
Administrative and business office	977,971
Insurance	25,773
Employee benefits	3,527,175
Provision for bad debts	-
Depreciation	569,429
Cash receipts assessment	518,078
	<u> </u>
Total Operating Expenses	13,371,545
	<u> </u>
Loss From Operations	(3,939,878)
	<u> </u>
Nonoperating Revenues (Expenses):	
Intergovernmental transfers	1,567,019
Interest income	11,505
Other income	12,843
Interest expense	(95,314)
Gain on disposal of equipment	679
	<u> </u>
Total Nonoperating Revenues (Expenses)	1,496,732
	<u> </u>
Change in Net Assets	(2,443,146)
	<u> </u>
Total Net Assets, Beginning of Year	4,209,967
	<u> </u>
Total Net Assets, End of Year	\$ 1,766,821
	<u> </u>

See Independent Auditors' Report and Notes

WASHINGTON COUNTY, NEW YORK

Statement of Cash Flows
Proprietary Fund

Year Ended December 31, 2011

	Business-Type Activity <u>Enterprise Fund</u>
Cash Flows From Operating Activities:	
Receipts from patient services	\$ 12,273,908
Payments to suppliers for goods and services	(3,798,171)
Payments to employees for services	(7,845,860)
Other operating revenues	<u>12,369</u>
Net Cash Provided (Used) by Operating Activities	<u>642,246</u>
Cash Flows From Noncapital Financing Activities:	
Intergovernmental transfer	1,567,019
Contributions and other revenue	<u>13,522</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,580,541</u>
Cash Flows Used By Capital and Related Financing Activities:	
Principal payments on serial bonds	(222,561)
Interest payments on serial bonds	(97,632)
Purchases of property and equipment	<u>(237,195)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(557,388)</u>
Cash Flows From Investing Activities:	
Interest on investments	<u>11,505</u>
Net Cash Provided (Used) by Investing Activities	<u>11,505</u>
Net Increase In Cash and Cash Equivalents	1,676,904
Cash and Cash Equivalents at Beginning of Year	<u>1,524,448</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 3,201,352</u></u>

See Independent Auditors' Report and Notes

WASHINGTON COUNTY, NEW YORK

Statement of Cash Flows
Proprietary Fund

Year Ended December 31, 2011

	<u>Business-Type Activity Enterprise Fund</u>
Reconciliation of Loss From Operations to Net Cash Provided (Used) by Operating Activities:	
Loss From Operations	\$ (3,939,878)
Adjustments to Reconcile Loss From Operations to Net Cash Provided (Used) by Operating Activities:	
Depreciation	569,429
Decrease (Increase) in Assets:	
Residents accounts receivable	(123,244)
Due to/from Washington County	217,733
Supplies	(12,741)
Prepaid expense	(31,657)
Other receivables	1,598
Increase (Decrease) in Liabilities:	
Accounts payable	102,218
Accrued items	(2,126)
Due to/from third-party payors	2,977,854
Workers' Compensation claims and judgments payable	(33,033)
Change in OPEB liability	916,093
Net Cash Provided (Used) by Operating Activities	<u>\$ 642,246</u>

Supplemental Disclosure of Cash Flow Information:

Included in accounts payable at December 31, 2011 is \$30,067 for the purchase of fixed assets.

See Independent Auditors' Report and Notes

WASHINGTON COUNTY, NEW YORK

Reconciliation of Balance Sheet for Governmental Funds
to Statement of Net Assets

December 31, 2011

ASSETS	Total Governmental Funds	Long-term Assets, Liabilities (1)	Reclasses and Eliminations	Statement of Net Assets Totals
Cash and cash equivalents	\$ 19,242,545	\$ -	\$ -	\$ 19,242,545
Taxes receivable (net)	8,899,018	-	-	8,899,018
Accounts receivable (net)	24,613,375	-	(2,574)	24,610,801
State and federal receivables	8,325,059	-	-	8,325,059
Due from other funds	2,524,444	-	(2,284,764)	239,680
Due from other governments	977,915	-	-	977,915
Inventories, at cost	999,029	-	-	999,029
Prepaid expenses	1,123,811	-	-	1,123,811
Restricted Assets:				
Cash	3,425,994	-	-	3,425,994
Other receivables	424,297	-	-	424,297
Bond issue cost	-	551,765	-	551,765
Capital assets, net	-	82,917,857	-	82,917,857
Total Assets	\$ 70,555,487	\$ 83,469,622	\$ (2,287,338)	\$ 151,737,771
LIABILITIES				
Accounts payable	\$ 3,815,085	\$ -	\$ -	\$ 3,815,085
Accrued liabilities	671,795	3,483,362	-	4,155,157
Other liabilities	83,234	-	-	83,234
Due to other funds	1,486,568	-	(1,486,568)	-
Due to other governments	8,568,557	-	-	8,568,557
Deferred revenues	25,713,258	(2,665,931)	-	23,047,327
Payables From Restricted Assets:				
Accounts payable	754	-	-	754
Accrued liabilities	578	-	-	578
Due to other funds	800,770	-	(800,770)	-
Deferred revenues	888,088	-	-	888,088
Noncurrent Liabilities:				
Due within one year	-	529,829	-	529,829
Due in more than one year	-	38,826,776	-	38,826,776
Total Liabilities	42,028,687	40,174,036	(2,287,338)	79,915,385
FUND EQUITY				
Invested in assets net of debt	-	-	64,488,086	64,488,086
Restricted For:				
Debt Service	-	-	906,076	906,076
Other Purposes	-	-	7,258,193	7,258,193
Unrestricted	-	43,295,586	(44,125,555)	(829,969)
Nonspendable	2,122,840	-	(2,122,840)	-
Assigned	9,094,723	-	(9,094,723)	-
Restricted	8,164,269	-	(8,164,269)	-
Unassigned	9,144,968	-	(9,144,968)	-
Total Fund Equity	28,526,800	43,295,586	-	71,822,386
Total Liabilities and Fund Equity	\$ 70,555,487	\$ 83,469,622	\$ (2,287,338)	\$ 151,737,771

See Independent Auditors' Report and Notes

WASHINGTON COUNTY, NEW YORK

Reconciliation of Balance Sheet for Governmental Funds
to Statement of Net Assets

December 31, 2011

(1) Explanations of above adjustments:

Bond issue cost is recognized as an asset for the statement of net assets, but reported as an expenditure in governmental funds	<u>\$ 551,765</u>
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When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the County as a whole:

Cost of capital assets	\$ 145,299,812
Less: accumulated depreciation	<u>(62,381,955)</u>

	<u>\$ 82,917,857</u>
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To recognize outstanding liabilities required to be reported under GASB 34:

Landfill closing cost	\$ 244,226
Compensated absences	883,275
Workers' compensation	2,205,006
Accrued interest	<u>150,855</u>

	<u>\$ 3,483,362</u>
--	---------------------

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures. Those assets (for example, receivables) are offset by deferred revenue in the governmental funds, and thus are not included in fund balance:

Adjustment of Deferred Revenues	<u>\$ (2,665,931)</u>
---------------------------------	-----------------------

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets:

Bonds and Loans Payable	\$ 19,236,536
OPEB Liability	<u>20,120,069</u>

	<u>\$ 39,356,605</u>
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WASHINGTON COUNTY, NEW YORK

Reconciliation of Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities

Year Ended December 31, 2011

Total revenues in the governmental funds differ from total revenues for governmental activities in the statement of activities. The differences result primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The main components of the difference are described below:

Total revenues of the governmental funds. (Exhibit D)	\$ 101,319,101
Because some property taxes will not be collected for several months after the County's fiscal year ends, they are not considered as "available" revenues in the governmental funds.	145,253
Interfund revenues are used to charge the costs of certain activities, such as telecommunications, mailing and printing to individual funds. These interfund revenues are reported with governmental activities, but eliminated for the statement of activities.	(3,518,757)
To record prior year state mental health aid claims settled in current year and previously recorded as unsettled advances/liabilities.	3,214,799
To eliminate interfund revenues of self insurance funds for workers' compensation and health insurance premiums, as well as payments received from the Washington Tobacco Asset Securitization Corporation.	(9,130,361)
To eliminate reimbursement from the escrow agent regarding defeased bond payments against principal paid expense in the governmental funds.	(495,000)
To recognize the loss on disposition of capital assets.	<u>(50,286)</u>
	<u><u>\$ 91,484,749</u></u>

Total revenues of governmental activities in the statement of activities (Exhibit B) are comprised of:

Charges for services	\$ 11,116,224	
Operating grants and contributions	25,874,565	
Capital grants and contributions	1,017,751	
General revenues and transfers	<u>53,476,209</u>	
Total Revenues of Governmental Activities		<u><u>\$ 91,484,749</u></u>

See Independent Auditors' Report and Notes

WASHINGTON COUNTY, NEW YORK

Reconciliation of Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities

Year Ended December 31, 2011

Total expenditures of the governmental funds differ from total expenses of governmental activities in the statement of activities. The difference is attributable primarily to the long-term focus of governmental activities versus the current financial resources focus of governmental funds. The main components of the differences are described below:

Total expenditures of the governmental funds. (Exhibit D)	\$ 98,948,068
When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses. This is the amount by which depreciation (\$5,514,700) exceed capital expenditures (\$3,294,851).	2,219,849
The recording of the County's actuarially calculated liability for retiree health insurance benefits (OPEB expense) is not recognized in the governmental funds, but is recognized in the County-wide financial statements.	4,921,548
Interfund expenditures are eliminated against the respective interfund revenues.	(3,518,757)
Repayment of bond principal is reported as an expenditure in governmental funds. For the County as a whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.	(1,444,439)
To recognize mental health costs for expenses related to prior year claims settled in the current year.	3,602,121
To eliminate interfund expenditures for workers' compensation and health insurance premiums, as well as payments from Washington County Tobacco Asset Securitization Corporation.	(9,130,361)
To recognize compensated absences expense for current year change in liability.	4,312
To recognize landfill closing costs for current year change in liability.	(8,274)
To recognize current year effect of change in workers' compensation liability.	22,124
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Interest and amortization of bonds expense in the statement of activities differs from the amount reported in governmental funds by this amount.	<u>38,563</u>
Total Expenses of Governmental Activities (Exhibit B)	<u>\$ 95,654,754</u>

See Independent Auditors' Report and Notes

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Summary of Significant Accounting Policies

The financial statements of Washington County, New York (Washington County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Financial Reporting Entity

Washington County, New York, which was established in 1784, 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 the Town Supervisors representing the seventeen towns within the County. 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 Chairman of the Finance Committee has been appointed 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, public safety, social services, recreation, health and nursing services, road maintenance, public improvements, home and community services, general administrative services, and solid waste management services. The County participates in the Job Training Partnership Act Program for Saratoga, Warren and Washington Counties as administered by Saratoga County.

All governmental activities and functions performed for Washington County are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

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

The decision to include a potential component unit in the County's reporting entity is based on several criteria set forth in GASB Statement Nos. 14 and 39 including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities considered in determining Washington County's reporting entity.

Included in the Reporting Entity

The Washington County Soil and Water Conservation District is administered by a Board of Directors, of which 40% are members of the Washington County Board of Supervisors. Approximately 24% of the District's revenues are generated by a transfer from the Washington County General Fund. The District is considered a component unit and is discretely presented.

The Washington County Local Development Corporation ("LDC") was incorporated in 1985 under the Not-For-Profit Law of the State of New York. Ten County Board Supervisors serve on the 17 person board of the LDC. The LDC is considered a component unit of the County and is discretely presented.

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Summary of Significant Accounting Policies – Continued

Included in the Reporting Entity – Continued

Washington Tobacco Asset Securitization Corporation (WTASC) was incorporated in 2000 under the Not-for-Profit Law of the State of New York for the purpose of bonding the value of future receipts due Washington County, New York under the New York State Tobacco Settlement Agreement. WTASC sold bonds on December 7, 2000 and paid over the proceeds net of issuance costs to Washington County who used the funds to build a county jail. These bonds were subsequently defeased as described in the accompanying note regarding indebtedness. WTASC is a blended component unit of the County.

Complete financial statements of individual component units can be obtained from their respective administrative offices.

Administrative offices:

Washington County Soil and Water Conservation District
USDA Service Center
2530 State Route 40
Greenwich, NY 12834

Washington County Local Development Corporation
County Office Complex
383 Upper Broadway
Fort Edward, NY 12828

Washington Tobacco Asset Securitization Corporation
County Office Complex
383 Upper Broadway
Fort Edward, NY 12828

Basis of Presentation

1. County-Wide statements:

The statement of net assets and the statement of activities present financial information about the County's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund financial statements:

The fund financial statements provide information about the County's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Summary of Significant Accounting Policies – Continued

Basis of Presentation – Continued

The County Reports the Following Major Governmental Funds:

- a. General Fund
This is the County's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.
- b. Washington Tobacco Assets Securitization Corporation
Used to bond the value of future receipts due to the County under the New York State Tobacco Settlement Agreement.

The County Reports the Following Non-Major Governmental Funds:

Special Revenue Funds

These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes, sewer and county road operations, and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties. Certain revenues may also be committed or assigned by the Board of Supervisors as intended to be used for specific purposes.

- a. Special Grant Fund
Used to account for the use of federal monies received under the Workforce Investment Act.
- b. Road Machinery Fund
Used to account for the purchase, repair, maintenance and storage of highway machinery, tools and equipment pursuant to Section 133 of the Highway Law.
- c. Sewer District Fund
Used to account for taxes and other revenues which are raised or received to provide related services to an area which encompasses less than the whole county.
- d. Solid Waste Management
Used to account for fees charged and other revenues which are raised or received to operate the five County solid waste transfer stations.
- e. Self-Insured Health Benefits Fund
Used to account for the administration and obligations of the County's self-insured health plan for the benefit of County employees.
- f. Self-Insurance Fund
Used to account for the administration, compensation, and other obligations of the County's self-insurance program under the Workers' Compensation Law, Article 5.
- g. Car Pool Fund
Used to account for the purchase, repair, maintenance, and fuel used for the County vehicles.
- h. County Road Fund
This fund is used to account for expenditures for highway purposes authorized by Section 114 of the Highway Law.

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Summary of Significant Accounting Policies – Continued

Basis of Presentation – Continued

i. Capital Projects Funds

Used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment other than those financed by the Enterprise Fund.

The County Reports the Following Proprietary Fund:

Enterprise Fund

Used to account for the operations of the County's long-term care nursing facility which is financed and operated in a manner similar to private business enterprises. The intent of the governing board is that the costs or expenses, including depreciation, of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The County maintains one enterprise fund to account for The Pleasant Valley Infirmary (the Home) which is a New York State licensed 122 bed skilled nursing facility. The Pleasant Valley Infirmary also operates an on-site medical model adult day care program and a 35 bed adult home.

The enterprise fund distinguishes between operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the operation of the long-term care nursing facility and adult care programs. Operating expenses include the cost of the services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Fund

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.

Component Units

Used to report the activities of the following entities:

Washington County Soil and Water Conservation District
Washington County Local Development Corporation
Washington Tobacco Asset Securitization Corporation

See pages 38, 39 and 46 for further information.

Capital Assets

Capital assets include property, plant and equipment, and infrastructure assets with 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 as of 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.

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Summary of Significant Accounting Policies – Continued

Capital Assets – Continued

Capital assets, which include property, plant and equipment of the County are depreciated using the straight-line method over the following useful lives.

Assets

Buildings	40 Years
Road improvements	12 Years
Bridges	50 Years
Sewer lines	50 Years
Equipment	5-15 Years
Vehicles	3-13 Years

Measurement Focus and Basis of Accounting

The County-Wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the County gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Enterprise fund activities apply all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements: Statement and Interpretations of the Financial Accounting Standards Board, Accounting Principles Board Opinions, and Accounting Research Bulletins.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financial sources.

1. General Budget Process

The County employs the following budgetary procedures:

- a. In September, department heads receive budget forms and submit their requests to the budget officer.
- b. No later than November 15, the budget officer submits a tentative budget to the Clerk of the Board of Supervisors for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for the following funds: general, sewer, self insurance, county road, road machinery, solid waste management, and solid waste machinery.
- c. After public hearings are conducted to obtain taxpayer comments, but no later than December 20, the Board of Supervisors adopts the County budget.

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Summary of Significant Accounting Policies – Continued

Measurement Focus and Basis of Accounting – Continued

General Budget Process - Continued

- d. Any revisions that alter total appropriations of any department or fund must be approved by the Board of Supervisors.
- e. Budgetary controls are established for the capital projects fund through resolutions authorizing individual projects which remain in effect for the life of the project. Budgets are prepared for the proprietary fund primarily to establish any estimated contributions required from other funds.

2. Encumbrances

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 assigned fund balances since the commitments do not constitute expenditures or liabilities.

3. Budget Basis of Accounting

Except as indicated below, budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Encumbrances are recorded at year end and are included in Exhibit E for comparing actual results to the budget for the year.

Budgetary controls for the Special Grant Fund are established in accordance with the applicable grant agreements which cover a period other than the County's fiscal year. A reconciliation of budgetary to GAAP results for the general fund is as follows:

	<u>Expenditures</u>
	<u>General Fund</u>
Total funds included in budget comparison (Exhibit E)	\$ 70,421,036
Less: encumbrances recorded in budget comparison (not GAAP)	(123,831)
GAAP Basis (Exhibit D)	<u>\$ 70,297,205</u>

No budget is required for the Washington Tobacco Asset Securitization Corporation.

Cash and Cash in Time Deposits

The County investment policies are governed by State law and various resolutions of the County Board of Legislators. County monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. Collateral is required for deposits not covered by federal deposit insurance. Obligations which may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Summary of Significant Accounting Policies – Continued

Cash and Cash in Time Deposits - Continued

The County's December 31, 2011 bank balances were collateralized and insured as follows:

Total on deposit	\$ 26,483,069
Insured by FDIC	(500,000)
Collateralized by pledged securities held by the financial institutions	<u>(25,983,069)</u>
Uninsured and uncollateralized	<u>\$ -</u>

Washington Tobacco Asset Securitization Corporation, a component unit has \$74,664 on deposit at a local bank on December 31, 2011, which was fully insured by the FDIC.

Washington County Local Development Corporation, a component unit had the following on deposit at December 31, 2011:

Total on deposit	\$ 1,344,877
Insured by FDIC	(328,452)
Collateralized by pledged securities held by the financial institutions	<u>(1,016,425)</u>
Uninsured and uncollateralized	<u>\$ -</u>

The Soil and Water Conservation District, a component unit, had \$221,563 on deposit at local banks on December 31, 2011, which was fully insured by the FDIC.

Cash and Cash Equivalents

Washington County, New York considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Inventories

Inventories are comprised of prescription drugs, medical and other supplies (enterprise fund), and fuel oil, parts, sand and salt (special revenue funds), and are valued at the lower of cost or market. The expenditure is recognized when the inventory is purchased, but for financial statement purposes, the year end balance on hand is reported as an asset in the balance sheet with an offsetting nonspendable fund balance.

Capital Assets

Capital assets purchased for general government purposes are recorded as expenditures in the governmental funds and are capitalized at cost in the statement of net assets. Contributed capital assets are recorded at fair market value at the date received.

No interest on construction in progress has been capitalized.

Capital assets purchased for the enterprise fund are capitalized at cost in the fund. Repairs and maintenance are charged against operations as incurred. When assets are disposed of, their cost and accumulated depreciation are removed from the accounts and the resulting gains or losses are credited or charged to operations.

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Summary of Significant Accounting Policies – Continued

Capital Assets - Continued

Depreciation of plant and equipment is provided using the straight-line method at various rates calculated to write off costs over the estimated useful lives of the assets. No depreciation is taken on assets in the year in which they are acquired but on assets disposed of before they are fully depreciated, a full year's depreciation is taken in the year of disposition.

Vacation and Sick Leave and Compensated Absences

Washington County employees are granted vacation and sick leave and earn compensated absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and unused compensated absences at various rates.

Payment of vacation and compensated absences recorded in accrued liabilities is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payment of vacation and compensated absences when such payments become due.

Postretirement Benefits

In addition to providing pension benefits, Washington County provides health insurance coverage and survivor benefits for 393 employees and their spouses. Substantially all of the County's employees may become eligible for these benefits if they reach normal retirement age while working for the County after 20 years of service. The health care benefits and survivors benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The County recognized the cost of providing benefits by recording its share of insurance premiums of \$1,525,478 as an expenditure during 2011.

Restricted Net Assets

Portions of the net assets are restricted for specific purposes and are not available as spendable resources.

Revenue Recognition, Property Taxes

Property taxes are levied annually on January 1. The principal components are as follows:

1. Taxes for County purposes are based on County budgetary requirements. Such taxes are apportioned to the towns on the basis of full valuation of taxable properties and assessed through use of an ad valorem tax rate.
2. Town and special district taxes are based on their budgetary requirements. These taxes are levied on properties within the appropriate town or district and assessed by use of an ad valorem tax rate or benefit basis.
3. Unpaid school district taxes on town properties and unpaid village taxes are turned over to the County for collection. Any remaining unpaid taxes at year end are relieved as County taxes against the individual properties.

Collection of County property taxes are as follows:

All property taxes are the enforcement responsibility of the County. The town and special districts receive the full amount of their levies annually. School districts and villages are paid by the County for the full amount of delinquent taxes turned over to the County for enforcement.

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Summary of Significant Accounting Policies – Continued

Revenue Recognition, Property Taxes - Continued

County taxes receivable as described above consist in part of direct County tax revenues and in part of taxes initially levied for the purpose of other local governments over which the County exercises no fiscal control. Therefore, the deferred revenues on the County General Fund balance sheet at December 31, 2011 include total taxes receivable owned by the County, less the amount estimated to be available within the first 60 days of the subsequent year.

The following tax calendar pertains to County real property taxes:

Taxable status date	March 1 st
Lien date	August 1 st
Levy date	January 1 st
Date taxes due	January 31 st
Date penalty periods begin	February 1 st
In reim procedure (Article 11 Tax Sale Enforcement)	January 1 st

Non-Property Taxes

The primary non-property tax item is sales tax. The County has enacted a 3% County wide sales tax. Sales tax is recorded as revenue in the general fund when it is received and is adjusted for year end accruals.

Retirement Plans

The County provides retirement benefits for substantially all of its full time and those part-time employees who elect to participate, through contributions to the New York State and Local Employees' Retirement System. These retirement systems are noncontributory except for employees who joined their respective systems after July 27, 1976 and must contribute 3% of their annual salary.

The member contributions are deducted by the County from the employees' paychecks and are sent currently to the systems. The retirement systems compute the cost of retirement benefits based on their respective fiscal years - April 1 to March 31.

Concentrations of Credit Risk

Financial instruments which potentially expose the primary government to concentrations of credit risk, as defined by Governmental Accounting Standards Board Statement No. 40, consist primarily of taxes receivable and tax sale certificates which are secured by property values throughout the County.

Pleasant Valley Infirmary'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, 2011.

Pleasant Valley Infirmary grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows at December 31:

Medicare	11%
Medicaid	69%
Private Pay	20%

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Summary of Significant Accounting Policies – Continued

Concentrations of Credit Risk - Continued

Financial instruments which potentially expose the County's component units to concentrations of credit risk consist primarily of loans receivable of the Local Development Corporation. Management considers all loans net of allowance to be collectible at December 31, 2011.

Adoption of New Accounting Pronouncement

During the year ended December 31, 2011, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which requires the County to change its fund balance classifications for governmental funds. The new classifications are as follows:

Nonspendable fund balance – Amounts that are not in a spendable form such as inventory, prepaid expenses or long-term portions of loans receivable.

Restricted fund balance – Amounts subject to a constraint imposed by providers such as creditors, grantors, contributors or higher levels of government or through constitutional provisions or enabling legislation.

Committed fund balance – Amounts subject to a purpose imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year and that require the same level of formal action to remove the constraint.

Assigned fund balance – Amounts subject to a constraint that represents an intended use established by the government's highest level of decision-making authority or by their designated body or official, which is the Board of Supervisors.

Unassigned fund balance – Amounts available for any purpose, which are only found in the general fund or as a deficit balance in any other fund.

Order of use of fund balance:

In determining the order that expenditures will be applied to the various classifications of fund balance, it is the County's policy to first determine the total fund balance that is nonspendable and to then determine the amount of restricted fund balance. Any remaining fund balance is first committed and/or assigned to a specific purpose. In the general fund the remaining balance is unassigned. Unassigned balances are available for general use. In addition, any deficit fund balance in any other fund is considered to be unassigned. Stabilization amounts may be formally set aside by the Board of Legislators and may be used from any unassigned balance.

Future Impacts of Accounting Pronouncements

The County has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB No. 53*, effective for the year ending June 30, 2012; GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statement No. 14 and No. 34*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* effective for the year ending June 30, 2013. The County is, therefore, unable to disclose the impact that adopting

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Summary of Significant Accounting Policies – Continued

Future Impacts of Accounting Pronouncements - Continued

GASB Statement Nos. 57, 60, 61, 62, 63 and 64 will have on its financial position and results of operations.

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 balances vs. statement of activities:
Differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the statement of activities fall into one of three broad categories. The amounts shown below represent:
 - i) Long-term revenue 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.

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Stewardship, Compliance and Accountability

Compliance with finance related legal and contractual provisions are discussed in a separate "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards".

Deficit Fund Balances - The following funds had a deficit fund balance at December 31, 2011:

<u>Fund</u>	<u>Deficit Fund Balance</u>
Washington Tobacco Asset Securitization Corporation (on its accrual basis financial statements)	\$ 12,200,015
Capital Project – Help America Vote	3,633
Capital Project – Microwave equipment	1,517
Capital Project – Snowplow routing efficiency study	3,355
Capital Project – Fort Edward Sewer lines	<u>22,230</u>
 Total	 <u>\$ 12,230,750</u>

These deficits will be relieved as follows:

- a. The Washington Tobacco Asset Securitization Corporation deficit will be relieved as the tobacco settlements are received and recognized as revenue.
- b. The Capital project deficits will be relieved through additional appropriations.

Restricted Assets

Restricted assets are as follows:

	<u>Cash Checking and Savings</u>	<u>Loans and Other Receivables</u>
Special revenue	\$ 1,537,216	\$ 424,297
Capital projects	982,702	-
Agency	222,971	-
Enterprise	116,231	-
Local Development Corporation	78,452	571,948
Soil and Water District	168,061	-
Washington Tobacco Asset Securitization Corporation	<u>906,076</u>	<u>-</u>
 Total	 <u>\$ 4,011,709</u>	 <u>\$ 996,245</u>

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Restricted Assets - Continued

Special Revenue Fund assets are restricted for the Self-Insurance Funds (workers' compensation claims and employee health benefit claims) and community development grants.

Capital Project assets are restricted due to the nature of individual projects in that they are funded with debt or funded with receipts from other entities for specific purposes.

Agency assets are restricted for Court and Trust Funds.

Enterprise assets are restricted for patient funds purposes.

Local Development Corporation assets are restricted to U.S. Department of Housing and Urban Development (HUD) approved loan programs.

Soil and Water District assets are restricted because they are used to provide services to the farmers of Washington County.

Washington Tobacco Asset Securitization Corporation assets are restricted because they are to be used to repay the WTASC Bonds.

The County uses any restricted assets available for a specific purpose before using unrestricted assets.

Accounts Receivable

Accounts receivable for Washington Tobacco Asset Securitization Corporation include an estimate of the present value of future tobacco settlement receipts in the amount of \$ 22,683,098 in accordance with Government Accounting Standards Board Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues." This receivable is offset by an equal amount included in deferred revenue.

Pleasant Valley Infirmary (PVI) Accounts Receivable and Net Resident Service Revenue

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

Revenue received under third-party reimbursement agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor retroactive adjustments under those agreements are provided in the financial statements if they are able to be reasonably estimated. Differences between amounts accrued and interim and final settlements are reported in operations in the year of settlement.

PVI grants credit to its patients without collateral. Most of the patients are insured under third-party payor agreements (see commitments). Accounts receivable are stated net of an allowance for doubtful accounts. Bad debts are provided for on the allowance method based upon historical experience and management's estimation of collection losses on outstanding receivables. The allowance for doubtful accounts was \$300,000 at December 31, 2011.

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Changes in Capital Assets

A summary of changes in capital assets is as follows:

	Balance January 1, 2011	Additions	Retirements/ Reclass- ifications	Balance December 31, 2011
Governmental Funds:				
Land	\$ 1,691,229	\$ -	\$ -	\$ 1,691,229
Buildings	46,164,483	52,609	-	46,217,092
Construction in progress	309,564	924,631	(980,621)	253,574
Improvements	423,652	-	51,342	474,994
Bridges	27,302,166	212,416	542,787	28,057,369
Roads	30,113,427	830,927	-	30,944,354
Infrastructure	12,954,067	-	-	12,954,067
Machinery and equipment	23,975,289	1,274,268	(542,424)	24,707,133
Total cost	142,933,877	3,294,851	(928,916)	145,299,812
Less: accumulated depreciation:				
Buildings	(17,792,755)	(1,125,783)	-	(18,918,538)
Improvements	(45,583)	(29,990)	-	(75,573)
Bridges	(3,186,460)	(561,148)	-	(3,747,608)
Roads	(16,076,592)	(1,851,889)	-	(17,928,481)
Infrastructure	(5,595,055)	(259,081)	-	(5,854,136)
Machinery and equipment	(15,049,440)	(1,686,809)	878,630	(15,857,619)
Total accumulated depreciation	(57,745,885)	(5,514,700)	878,630	(62,381,955)
Total cost, net	\$ 85,187,992	\$ (2,219,849)	\$ (50,286)	\$ 82,917,857

Depreciation was charged to governmental funds as follows:

General Government	\$ 526,307
Public Safety	872,170
Health and Sanitation	78,954
Transportation	3,067,624
Economic Assistance	88,589
Culture and Recreation	6,875
Home and Community	874,181
Total	\$ 5,514,700

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Changes in Capital Assets - Continued

	Balance January 1, 2011	Net Additions (Deletions)	Balance December 31, 2011
Enterprise Fund:			
Land improvements	\$ 1,388,469	\$ 8,490	\$ 1,396,959
Buildings and improvements	8,927,655	31,828	8,959,483
Fixed equipment	664,105	21,142	685,247
Moveable equipment	2,433,665	127,103	2,560,768
Construction in progress	98,946	45,077	144,023
	<hr/>	<hr/>	<hr/>
Total cost	13,512,840	233,640	13,746,480
Less: accumulated depreciation	<u>(9,067,519)</u>	<u>(565,874)</u>	<u>(9,633,393)</u>
Total cost, net	<u>\$ 4,445,321</u>	<u>\$ (332,234)</u>	<u>\$ 4,113,087</u>

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. Generally, the interfund payables and receivables result from expenditures for other governmental funds and are sometimes made out of the general fund for payroll and related taxes and benefits until interfund balances may be processed.

Individual interfund receivable and payable balances at December 31, 2011 arising from these transactions were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 2,327,231	\$ 331,886
Special Revenue Funds:		
Car Pool	78,813	20,664
County Road	962	72,318
Road Machinery	115,438	265
Sewer District #1	-	2,000
Sewer District #2	2,000	3,483
Solid Waste Management	-	20,483
Self-Insurance – Workers' Compensation	-	770
Self-Insurance – Health Benefits	-	800,000
Agency Fund	-	181,570
Capital Projects Funds	-	1,035,469
Enterprise Fund	<hr/> 251,871	<hr/> 307,407
Total	<hr/> <u>\$ 2,776,315</u>	<hr/> <u>\$ 2,776,315</u>

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Interfund Transactions - Continued

Transfers among funds result as part of the annual budget process and are generally routine in nature. General fund revenues finance, in part, county road and solid waste management expenses including payroll and related taxes and benefits, as well as materials. One capital project received amounts from one of the sewer districts for a project involving that district.

Interfund transfers during the year were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 656	\$ 6,836,103
Special Revenue Funds:		
County Road	5,806,308	-
Sewer District #2	-	59,554
Solid Waste Management	1,028,349	-
Capital Project Funds	76,566	16,222
	<u>\$ 6,911,879</u>	<u>\$ 6,911,879</u>
Total		

The interfund balances between the Washington County records and Pleasant Valley Infirmary records may have immaterial differences due to differences in classifications between the entities.

Indebtedness

Retirement Plan

Washington County participates in the New York State and Local Employees' Retirement System (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, Gov. Alfred E. Smith State Office Building, Albany, NY 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. As of October 1, 2000, employees with 10 years of service or more do not contribute towards the Plan. 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. Washington County is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Indebtedness - Continued

Funding Policy - Continued

	<u>County</u>	<u>Nursing Home</u>	<u>Total ERS</u>
2011	\$ 3,642,003	\$ 664,744	\$ 4,306,747
2010	2,875,161	544,831	3,419,992
2009	1,904,374	382,971	2,287,345

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

Due to Other Governments

The liability for due to other governments represents amounts owed at December 31, 2011 as follows:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Due to other counties	\$ 212,614	\$ 71,100	\$ -
Due to New York State	77,056	12,922	1,112
Due to special districts	18,132	-	-
Due to central school districts	6,851,957	-	-
Due to villages and towns	1,316,035	7,629	-
 Total	 <u>\$ 8,475,794</u>	 <u>\$ 91,651</u>	 <u>\$ 1,112</u>

Compensated Absences

Under the terms of a resolution of the Board of Supervisors and contractual agreements, employees are entitled to vacation leave, personal leave, and sick leave in varying amounts depending upon years of service. Upon termination of employment, employees are entitled to payment for all accumulated vacation leave and personal leave, but they are not entitled to payment for accumulated sick leave. Year end estimated liabilities of \$883,274 for compensated absences were determined based upon a survey of each department made by the County Administrator and are reported on the statement of net assets as an accrued liability. Compensated absences for Pleasant Valley Infirmary totaled \$123,320.

Bonds, Notes and Long-Term Liabilities

The following is a summary of bonds, notes and long-term liabilities for the primary government:

	<u>Payable at January 1, 2011</u>	<u>Additions</u>	<u>Payments and Defeasments</u>	<u>Payable at December 31, 2011</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
Bond anticipation notes payable	\$ 2,365,000	\$ -	\$ (2,365,000)	\$ -	\$ -	\$ -
OPEB liability	15,198,521	6,194,300	(1,272,752)	20,120,069	-	20,120,069
Pleasant Valley OPEB liability	3,124,815	1,168,820	(252,727)	4,040,908	-	4,040,908
Pleasant Valley Debt	2,189,025	-	(222,561)	1,966,464	223,171	1,743,293
Pleasant Valley workers' compensation	1,666,982	-	(33,033)	1,633,949	-	1,633,949

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Indebtedness – Continued

Bonds, Notes and Long-Term Liabilities – Continued

	Payable at January 1, 2011	Additions	Payments and Defeas- ments	Payable at December 31, 2011	Due Within One Year	Due in More Than One Year
State loans payable	280,000	-	(25,000)	255,000	25,000	230,000
General obligations and serial bonds	4,130,975	1,933,000	(757,439)	5,306,536	379,829	4,926,707
WTASC bonds	13,745,000	-	(70,000)	13,675,000	125,000	13,550,000
Total	<u>\$ 42,700,318</u>	<u>\$9,296,120</u>	<u>\$ (4,998,512)</u>	<u>\$ 46,997,926</u>	<u>\$ 753,000</u>	<u>\$ 46,244,926</u>

Bond Anticipation Notes

Bond anticipation notes, (BANS) as of January 1, 2011 represented short-term financing arrangements for various capital projects. The BANS were either paid or refinanced by a new serial bond issue during 2011.

State Loans Payable

\$500,000 in revenue bonds issued by New York State Environmental Facilities Corporation for the State Clean Water and Drinking Water Revolving Fund, payable in annual principal payments ranging from \$20,000 to \$30,000 on April 15 of each year through 2021 with semi-annual interest payments ranging from 1.85% - 5% due on April 15 and October 15 of each year.

\$ 255,000

General Obligation and Serial Bonds

\$6,000,000 Public Improvement serial bonds, due in annual installments ranging from \$245,000 to \$375,000 through 2023 with interest ranging from 4.07% to 4.25%; \$500,000 of the bonds are recorded on Pleasant Valley's Balance Sheet

\$ 3,373,536

\$1,933,000 Public Improvement serial bonds, due in annual installments ranging from \$63,000 to \$160,000 through 2027 with interest ranging from 2.25% to 4.00%.

1,933,000

Total general obligation and serial bonds

\$ 5,306,536

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Indebtedness – Continued

General Obligation and Serial Bonds - Continued

The aggregate maturities of long-term bonds and State loans payable are as follows:

	<u>Principal</u>	<u>Interest</u>
2012	\$ 404,829	\$ 242,716
2013	415,610	195,400
2014	425,000	180,251
2015	443,780	164,309
2016	458,171	147,387
2017-2021	2,066,219	481,127
2022-2026	1,187,927	133,843
2027	160,000	3,200
Total	<u>\$ 5,561,536</u>	<u>\$ 1,548,233</u>

The Pleasant Valley Infirmary issued general obligation serial bonds in April, 1998 in the amount of \$3,800,000 as part of a capital project to build an Alzheimer wing. These bonds are maintained on the infirmary's books as long-term debt and are due in annual installments with interest at 4.75-4.85% as follows:

2012	\$ 200,000	
2013-2015	225,000	
2016-2018	250,000	
Total principal due		\$ 1,625,000

In 2003, the County issued \$500,000 public improvement serial bonds to finance the construction of improvements made to Pleasant Valley's septic system. The bonds are payable annually on August 15th of each year, with various maturities from 2004 to 2023. Interest on the bonds, ranging from 4% to 4.25%, is payable semi-annually in February and August of each year. The bonds are secured by the full faith and credit of the County of Washington, New York

	<u>341,464</u>
Total	1,966,464
Less: current portion	<u>(223,171)</u>
Total Pleasant Valley General Obligation Serial Bonds	<u>\$ 1,743,293</u>

Long-term debt maturities for Pleasant Valley as of December 31, 2011 are as follows:

	<u>Principal</u>	<u>Interest</u>
2012	\$ 223,171	\$ 87,230
2013	249,390	76,209
2014	250,000	64,490
2015	251,220	52,690
2016	276,829	40,241
2017-2021	648,781	57,261
2022-2023	67,073	4,302
Total	<u>\$ 1,966,464</u>	<u>\$ 382,423</u>

Total interest expense for Pleasant Valley was \$95,314 for the year ended December 31, 2011.

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Indebtedness – Continued

Washington Tobacco Asset Securitization Corporation (WTASC)

In December 2000, WTASC issued \$11,160,000 in serial and term bonds for the purpose of funding the building of a county jail. These bonds would have been paid off with receipts from the New York Tobacco Settlement Agreement. On August 25, 2005, WTASC issued \$14,690,000 in bonds to refund the balance of the 2000 Bonds. The remaining balance of the defeased 2000 Bonds of \$9,050,000 was paid in full in June 2010.

Term bonds totaling \$14,690,000 were issued on August 25, 2005. The interest rates vary from 4.25% to 5%. The total debt service has been projected assuming that the tobacco settlement revenues will be at a level that allows the flexible amortization term bonds to be repaid by June 1, 2045. A summary of the future debt maturities follows:

	<u>Term Bonds</u>	<u>Interest</u>	<u>Total Debt Service</u>
2012	\$ 125,000	\$ 690,231	\$ 815,231
2013	135,000	684,706	819,706
2014	145,000	678,756	823,756
2015	150,000	672,488	822,488
2016	145,000	666,219	811,219
2017-2021	1,140,000	3,205,400	4,345,400
2022-2026	1,525,000	2,899,232	4,424,232
2027-2031	1,950,000	2,477,500	4,427,500
2032-2036	2,500,000	1,923,750	4,423,750
2037-2041	3,215,000	1,213,125	4,428,125
2042-2045	2,645,000	326,000	2,971,000
Total	<u>\$ 13,675,000</u>	<u>\$ 15,437,407</u>	<u>\$ 29,112,407</u>

WTASC has pledged, as security for the above bonds, its future tobacco settlement revenues pursuant to the New York State Tobacco Settlement Agreement. For the current year, principal and interest paid by WTASC totaled \$741,638 as compared to its tobacco settlement revenues of \$777,610. To estimate the present value of the receivable for future tobacco settlement revenues, an average bond interest rate of 4.625% was used, compounded annually through the year 2042.

Washington County Local Development Corporation (LDC)

Intermediary Relending Program Loan Payable

Washington County Local Development Corporation entered into a loan agreement on November 25, 1998 with the U.S. Department of Agriculture for \$300,000 to be paid back over 30 years at a fixed rate of 1%. Interest only was paid for the first two years. Principal and interest payments are made in 28 equal annual installments with any remaining balance being paid 30 years from the date of the note. A stipulation of this program is that the Washington County Local Development Corporation must match a portion of the loan. The Corporation's matching requirement was \$75,000, making the program funds total \$375,000. As of December 31, 2011, the Corporation has drawn down \$300,000 and has made eight loans. The terms are as follows:

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Indebtedness – Continued

Intermediary Relending Program Loan Payable - Continued

Installment contract to the U.S. Department of Agriculture payable in annual installments of \$12,339, including interest at 1%, through November 2028.

\$ 191,739

Less: current portion

(10,419)

Long-term debt, net of current portion

\$ 181,320

Maturities of long-term debt are as follows:

Years ending December 31,	<u>Principal</u>	<u>Interest</u>
2012	\$ 10,419	\$ 1,920
2013	10,523	1,816
2014	10,629	1,710
2015	10,735	1,604
2016	10,842	1,497
2017-2021	55,860	5,835
2022-2026	58,709	2,986
2027	24,022	243
	<u>\$ 191,739</u>	<u>\$ 17,611</u>

Postemployment Healthcare Benefits – Prior Year Accounting Change

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In prospectively adopting the requirements of GASB Statement No. 45 during the year ended December 31, 2008, the County recognizes the cost of postemployment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the County's future cash flows. Recognition of the liability accumulated from prior years is being recognized in a thirty year amortization schedule, which commenced in 2008.

Other Postemployment Benefits (OPEB)

Plan Description

Washington County (the "County") administers the Washington County Retiree Medical Plan (the "Plan") as a single-employer defined benefit Other Postemployment Benefit Plan. The Plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the County subject to applicable collective bargaining and employment agreements. The Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Funding Policy

The obligation of the plan members, employers and other entities are established by action of the County pursuant to applicable collective bargaining and employment agreements. The required contribution

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Other Postemployment Benefits (OPEB)

Funding Policy - Continued

rates of the employer and the members vary depending on the applicable agreement. The employer currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the County.

Accounting Policy

The accrual basis of accounting is used. The fair market value of assets is determined by the market value of assets paid by a willing buyer to a willing seller.

Other Disclosure Information

The schedule of funding progress presents multiyear trend information that is useful in determining whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability. The projections of benefits are based on the types of benefits provided under the substantive plan at the time of the valuation date and on the pattern of cost-sharing between the employer and plan members. In addition, the projections do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and plan members in the future.

<u>Annual OPEB Cost – Fiscal Year Ended December 31, 2011</u>	<u>County</u>	<u>Nursing Home</u>	<u>Total</u>
Normal cost	\$ 3,486,900	\$ 660,100	\$ 4,147,000
Past service cost	2,672,400	502,900	3,175,300
Annual Required Contribution (ARC)	6,159,300	1,163,000	7,322,300
Interest on OPEB obligation	607,900	125,000	732,900
Adjustments to ARC	(572,900)	(117,800)	(690,700)
OPEB expense	<u>\$ 6,194,300</u>	<u>\$ 1,170,200</u>	<u>\$ 7,364,500</u>
<u>Reconciliation of Net OPEB Obligation</u>	<u>County</u>	<u>Nursing Home</u>	<u>Total</u>
At December 31, 2011:			
Net OPEB obligation at the beginning of the year	\$ 15,198,521	\$ 3,124,815	\$18,323,336
OPEB expense	6,194,300	1,170,200	7,364,500
Net OPEB contributions made during the fiscal year	<u>(1,272,752)</u>	<u>(254,107)</u>	<u>(1,526,859)</u>
Net OPEB obligation at the end of the year	<u>\$ 20,120,069</u>	<u>\$ 4,040,908</u>	<u>\$24,160,977</u>
Percentage of expense contributed	20.5%	21.7%	20.7%
<u>Reconciliation of Net OPEB Obligation</u>	<u>County</u>	<u>Nursing Home</u>	<u>Total</u>
At December 31, 2010:			
Net OPEB obligation at the beginning of the year	\$ 10,520,297	\$ 2,256,131	\$12,776,428
OPEB expense	5,886,200	1,112,100	6,998,300
Net OPEB contributions made during the fiscal year	<u>(1,207,976)</u>	<u>(243,416)</u>	<u>(1,451,392)</u>
Net OPEB obligation at the end of the year	<u>\$ 15,198,521</u>	<u>\$ 3,124,815</u>	<u>\$18,323,336</u>
Percentage of expense contributed	20.5%	21.9%	20.7%

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Other Postemployment Benefits (OPEB) - Continued

Other Disclosure Information - Continued

Reconciliation of Net OPEB Obligation	County	Nursing Home	Total
At December 31, 2009:			
Net OPEB obligation at the beginning of the Year	\$ 5,008,292	\$ 1,082,363	\$ 6,090,655
OPEB expense	6,606,900	1,417,900	8,024,800
Net OPEB contribution made during the fiscal year	(1,094,895)	(244,132)	(1,339,027)
Net OPEB obligation at the end of the year	\$ 10,520,297	\$ 2,256,131	\$ 12,776,428
Percentage of expense contributed	16.5%	17.2%	16.7%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. Most included coverages are "community-rated" and annual premiums for community-rated coverages were used as a proxy for claims without age adjustment. The actual methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of November 1, 2010, the most recent actuarial valuation, the liabilities were computed using the projected unit credit method with a thirty year amortization. The actuarial assumptions utilized a 4% discount rate. The valuation assumes a variable healthcare cost trend inflation rate ranging from 7.4% down to 4.7% and a postretirement benefit increase of 3% for contract migration. The actuary determined based on information provided by the County that the use of the November 1, 2010 valuation for a subsequent year was appropriate.

Projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point, and the projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Temporary Federal Medical Assistance Program

As part of the Federal stimulus funding under the Federal American Recovery and Reinvestment Act, starting in October 2008, the Federal funding of Medicaid was increased from 50% funding to 58.78%; increased again in April 2009 to 60.18% and starting in July 2009 increased to 61.59% through December 31, 2010; January 1 through March 31, 2011, will decrease to 60.18% and from April 1 to June 30, 2011, be at 58.78%. After July 1, 2011, it will return to the original funding level of 50%.

The local share of Medicaid in New York is shared with the Counties. In Washington County the Medicaid cost was reduced in 2010 from \$10,713,058 to \$9,030,814 or a direct savings of \$1,682,244 for 2010, due to the above increase in Federal aid.

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Intergovernmental Transfer Revenue (IGT)

For all County-owned nursing facilities that are eligible for Intergovernmental Transfer (IGT), the County must pay the entire local share. In the 2010 Washington County Budget, \$1,100,000 was allocated to the Medical line item to pay for the 2009-2010 IGT allocation. Due to delays by the New York State Department of Health getting the IGT plan approved, the funding did not occur until September 28, 2011, in which two years of IGT were released. \$1,567,019 intergovernmental transfer revenue was recognized in the year ended December 31, 2011.

Contingent Liabilities

In June of 2006, the County modified its agreement with the County's Health Insurance provider, Blue Shield, to pay claims only, plus administrative expenses for health insurance benefits for its employees and qualified retirees.

The plan has a stop loss insurance coverage that pays all individual claims over \$100,000 on an annual basis. The County's broker tracks all claims to insure the County receives proper credit from the health insurance provider.

Should the County change providers or plans, the fund will be responsible for all claims incurred during the effective date of the plan. As of December 31, 2011, the total amount of claims incurred but not paid until 2011 was \$239,906. This liability is reflected in accounts payable on the balance sheet and statement of net assets.

A health insurance rate is established for the employee's and employer's portion of the monthly premium to provide for the budgeted/projected annual expense for the administrative costs plus claims. The employee's share of the monthly premium is withheld from the employee's first pay of the month and recorded within the County's Trust & Agency Fund. The employer's share of the monthly premiums is recorded as a liability within the fund that the employee's personal service expense/payroll expense is charged.

The administrative costs are invoiced on a monthly basis to the County by the County's health Insurance provider. The monthly invoice is reconciled to the health insurance payroll deductions and withdrawn monthly on a date scheduled by the County's Health insurance carrier from the account previously established for the health insurance administrative costs and claims.

The employer's share of the monthly premiums is also reconciled to the provider's monthly invoice on a biweekly basis at the same time as the employee's share reconciliation. Once reconciled, the employer's and employees' shares of the monthly premium are transferred to the bank account previously established for the health insurance administrative costs and claims. These transactions are recorded in the Self-insurance Fund for Health Insurance, accordingly.

Claim disbursements to the provider are processed at least bi-monthly to maintain the escrow account held at JP Morgan Chase Bank for the benefit of Empire Blue Cross at a balance of \$210,000.00. The ACH transfers to Blue Cross are journalized as they occur within the Self-insurance for Health Insurance Fund.

Per the New York State Comptroller's accounting bulletin of May 2006, "the Medicare Prescription Drug, Improvement and Modernization Act of 2003" established prescription drug coverage for Medicare-eligible beneficiaries under Medicare Part D. Provisions of Medicare Part D address employers who provided prescription drug benefits to retirees. If an employer provides to its Medicare-eligible retirees prescription

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Contingent Liabilities - Continued

drug benefits that are at least actuarially equivalent to those that otherwise would be provided by Medicare, the Federal government will make subsidy assistance payments either directly to or on behalf of the employer. It is expected that these Federal subsidy payments will equal 28% of allowable retiree costs (about \$600 per participant) for each Part D eligible retiree enrolled in the employer's prescription drug plan and not enrolled in Part D. The provisions of Medicare Part D became effective January 1, 2006.

The federal subsidy offered under this program is intended to provide a financial incentive or assistance to employers to continue providing prescription drug benefits to its Medicare-eligible retirees, thereby relieving the Medicare program of coverage responsibility. Generally, federal subsidy payments will be made directly to the local government employer although there may be situations when payments are made to the prescription drug plan provider on behalf of the local government employer. For the purposes of the Medicare Part D program, *Federal subsidies or "reimbursements" to or on behalf of the employer are not considered Federal Aid.*

A revenue account – Reimbursement of Medicare Part D Expenditures is used to record the amount of the Medicare Part D Federal subsidy. Revenue is recorded in the fund from which prescription drug expenditures where charged.

Medicare Part D subsidy payments are made to the County's prescription drug plan provider on behalf of Washington County and are credited to revenue within the Self-insurance Fund for Health Insurance.

In 1994 the County joined NYMIR (New York Municipal Insurance Reciprocal) for its municipal property and casualty insurance. NYMIR is a consortium whose members are all municipalities. The subscribers pay a 25% capitalization fee that is based on each subscriber's annual premium and is paid over a five year period. This capitalization fee amounts to approximately \$24,000 per year. The County may be eligible for future dividends if the consortium does well or may be liable for its share of ownership if a major loss occurs. NYMIR does carry re-insurance with other companies. The County's premiums charged to 2011 expenditures approximated \$436,000. Washington County was notified in 2008 that NYMIR plans to refund the capital investment over a 3-year period beginning in 2009. Estimated additional revenue per year is \$35,000.

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 for participation. There were 50 participants at December 31, 2011. The County is responsible for administration of the plan and its reserves. This self-insurance plan is managed by a third party administrator selected by the County. This administrator has computed the liability for reported cases to date at \$3,838,955. Of this, \$2,205,006 is reported in the County's accrued liabilities. A provision has been made for \$1,633,949 in the Enterprise Fund for the liability related to Pleasant Valley Infirmary. The plan purchases commercial insurance for claims in excess of \$1,000,000 (each occurrence) involving "third party over actions." Settled claims have not resulted in a claim against this excess liability coverage to date. 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 catastrophic losses. A balance in the amount of \$902,113 has been reserved as of December 31, 2011. Claims and judgments calculated for 2011 totaled \$1,057,552.

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Contingent Liabilities - Continued

Changes in the Workers' Compensation aggregate claims liabilities for the years ended December 31, 2011 and 2010 are as follows:

	<u>Liability Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability End of Year</u>
2011	\$ 5,551,717	\$ 413,355	\$ (1,057,552)	\$ 4,907,520
2010	3,732,087	3,233,036	(1,413,406)	5,551,717

Hudson River/Black River Regulating District

Washington County, along with four other counties, is currently seeking permission from the Court of Appeals to appeal an adverse ruling by the New York State Appellate Division, Third Department which required the County to pay an assessment from the Hudson River Black River Regulating District. That assessment purports to apportion the District's operating costs among five of the counties located within the District. The initial apportionment bill was received for the assessment year July 1, 2009 – June 30, 2010. The County has continued to receive an apportionment invoice for each of the subsequent assessment years which are also subject to the suit. No provision has been made at this time for the potential liability if the County is unsuccessful in the suit.

The cases in which the County has been named a defendant have been determined not to significantly affect the County's finances or are currently being defended by the County's insurance carriers or by the Attorney General's Office of the State of New York under contract.

Pleasant Valley Contingent Liabilities

Third Party Rate Adjustments

As stated in the notes to the financial statements, net patient service revenue is reported at estimated net realizable amounts from residents, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews and investigations.

Revenue from the Medicare and Medicaid programs accounted for approximately 8% and 59%, respectively, of the Home's net patient service revenue for the year ended December 31, 2011. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The 2011 net patient service revenue increased approximately \$369,280 as a result of the final settlements in excess of amounts previously estimated.

Regulatory

The Home is subject to compliance with laws and regulations of various governmental agencies. Recently, governmental review of compliance with these laws and regulations has increased, resulting in fines and penalties for noncompliance by individual health care providers. While no outstanding regulatory actions exist at December 31, 2011 for the Home, compliance with these laws and regulations is subject to future government review, interpretation or actions which are unknown and unasserted at this time.

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Pleasant Valley Contingent Liabilities - Continued

Medical Malpractice Insurance

The Home is covered by professional liability insurance on an occurrence basis. For the year ended December 31, 2011, per claim coverage was \$1,000,000 with an aggregate maximum annual coverage of \$3,000,000. Losses on medical malpractice claims are estimated based on deductibles and claims in excess of per claim or aggregate coverage and claims incurred but not reported during the claim year and represent the Home's best estimate of the ultimate costs of reported and unreported claims, using the Home's past experience, industry experience, and identified asserted claims and reported incidents. There were no estimated losses on medical malpractice claims for the year ended December 31, 2011.

Hudson Falls Resource Recovery Facility

Hudson Falls Resource Recovery Facility is a 510 ton-per-day waste-to-energy facility, which began commercial operation in 1992 under a service agreement with Foster Wheeler Corporation. Warren and Washington counties are obligated to deliver all waste generated within both counties to the facility and to make service payments to the Warren-Washington County Industrial Development Agency (IDA) equal to debt service plus operating expenses less out-of-county tip fees and revenue from the Niagara Mohawk energy sales contracts. The facility has not met initial projections of self-sufficiency, which called for out-of-county tip fees to subsidize in-county waste disposal. Regional landfill capacity in excess of original projections has resulted in lower tip fees and less volume than originally projected. County opposition to the greater than anticipated financial burden manifested itself in a series of lawsuits, now settled, and a general reticence in making timely payments. However, all County obligations were honored, averaging \$4.6 million per year, with a peak of \$7.6 million in 2000. On October 2, 2003, the IDA terminated their Installment Sale Agreement with Foster Wheeler resulting in the issuer becoming the beneficiary owner of the facility. The partnership reassigned its interest in the amended and restated agreement to Wheelabrator Hudson Falls, LLC, a wholly owned subsidiary of Waste Management, Inc., pursuant to a general assignment and bill of sale dated October 2, 2003. This resulted in the project being operated and maintained by Wheelabrator Hudson Falls, LLC. As part of this process, both Washington and Warren counties and the IDA have settled all outstanding litigation involving Foster Wheeler and obtained a more favorable service agreement.

On May 1, 2004, the IDA issued \$48 million refunding revenue bonds Series 2004-C. These bonds are secured by a perfected first lien mortgage and security interest in the Hudson Falls Resource Recovery Facility and security interest in the trust estate. This was the final step in a multi-phased restructuring of both facility operations and debt obligations. The proceeds of this issue refunded all outstanding facility debt, which is comprised of Series 1989A-C and 1991A revenue bonds for a net present value savings approximately 12% of refunded principal. As part of the restructuring, Washington and Warren Counties have pledged a portion of their sales tax revenue up to the annual debt payment (approximately \$7.8 million annually). Each County share is based on that County's tonnage delivered to the plant. In 2010, tonnage was 36% for Washington County and 64% for Warren County.

In October of 2010, Wheelabrator of Hudson Falls LLC agreed to exercise its option to purchase the plant from the IDA for \$3,130,764 and closed on the sale in November 2011. Washington County's share was approximately \$1,000,000 and was recorded in the Solid Waste Fund. After November 1, 2011, Washington County no longer has any obligation for this facility.

Fund Balances

During the year ended December 31, 2011, the County implemented Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type definitions. In the Government Fund Statements, as follows:

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Fund Balances - Continued

Nonspendable amounts represent prepaid expenses and inventories.

Restricted funds represent amounts held for risk retention liabilities involving unemployment and general liability insurance risks, capital projects, and amounts restricted for the repayment of debt.

Assigned funds include the following:

Encumbrances, or commitments for expenditures. General fund encumbrances totaled \$123,831 and non-major fund encumbrances totaled \$2,031 for the year ended December 31, 2011.

Subsequent year's expenditures. The general fund has assigned \$2,631,021 for appropriation to meet expenditure requirements for the 2012 year.

Fund reserved by the Board of Supervisors for various purposes, including insurance of \$3,681,295 and for miscellaneous purposes of \$288,989.

Joint Ventures

Community College: The Adirondack Community College is jointly sponsored by Washington and Warren Counties under provisions of Article 126 of the Education Law. As a joint venture, separate financial statements are issued by the College.

The following is a summary of financial information included in the financial statements of the joint venture:

Adirondack Community College financial statement date: August 31, 2011

Total assets	\$ 40,719,205
Total liabilities	26,386,357
Joint equity	14,332,848
Total revenues	30,064,723
Total expenditures	31,195,255

Joint Venture Equity consists of the following:

Investments in capital assets net of related debt	\$ 16,593,409
Restricted net assets	1,549,801
Unrestricted net assets (deficit)	<u>(3,810,362)</u>
Total	<u>\$ 14,332,848</u>

Complete financial statements of the College can be obtained from their Administrative Office at 640 Bay Road, Queensbury, NY 12804.

Commitments

Deferred Compensation Plan

In October 1993 the County established for its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them

WASHINGTON COUNTY, NEW YORK

Notes to Financial Statements

December 31, 2011

Commitments - Continued

to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The County will fund all amounts of compensation deferred under the Plan, at the direction of the covered employee. The County has no liability for losses under the Plan but does have the duty of due care that would be required of an ordinary prudent investor.

Landfill Closure and Postclosure Care Costs

State and Federal laws and regulations require the County to perform certain maintenance and monitoring functions at the two closed County owned landfills for thirty years after closure.

NYSDEC approved the closure certification reports for the two facilities in late 1999 and early 2000. As a result, the postclosure monitoring commenced in the year 2000 and will continue until 2029 (30 years total).

\$136,472 is reported as landfill closure and postclosure care in accrued liabilities at the Easton Landfill at December 31, 2011 and represents the estimated costs of future monitoring for 18 years. These amounts are based on past expenditures and an annual escalation of 3.5% for each of the following 18 years.

\$107,754 is reported as postclosure care in accrued liabilities for the Fort Ann Landfill on December 31, 2011 and represents the estimated costs of future monitoring for 18 years. These amounts are based on past expenditures and an annual escalation of 3.5% for each of the following 18 years.

In both cases, actual costs may be higher due to inflation, changes in technology, changes in regulations, or an inflation rate different than assumed.

There were no landfill closure and postclosure care expenditures recognized in 2011.

Related Party Transactions

The Washington County Local Development Corporation (LDC) is provided rental space, use of equipment and certain personnel for its operations by the County at no cost to the organization. Also, federal funds received by the County under the Community Development Block Grant Program are transferred to the LDC for administration of the Revolving Loan and Micro-Enterprise Programs.

Subsequent Events

The County has evaluated all events through September 20, 2012, the date which these financial statements were available to be issued, and determined that there are no subsequent events which require disclosure, except for the following:

Potential Sale of Assets

During 2011 the County began the process of the feasibility of potentially selling off a portion of its Public Health services and the County run nursing home. On June 19, 2012, the County entered into a non binding agreement with a company for the sale of the nursing home, adult home, and adult day care assets, including the building and land, and machinery and equipment. The terms of the sale are still being negotiated and the agreement can be terminated by either party.

WASHINGTON COUNTY

Schedule of Funding Progress for Other Postemployment Benefits

Year Ended December 31, 2011

<u>Actuarial Valuation Date</u>	<u>Fiscal Year</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)- Simplified Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
November 1, 2010	December 31, 2011	-	84,219,500	84,219,500	0%	30,098,648	280%
November 1, 2010	December 31, 2010	-	79,080,600	79,080,600	0%	30,549,456	259%
November 1, 2009	December 31, 2009	-	87,997,900	87,997,900	0%	31,813,890	277%

See Independent Auditors' Report and Notes

WASHINGTON COUNTY, NEW YORK

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number		Federal Expenditures
<u>U.S. Department of Labor</u>			
Employment and Training Program			
Passed Through Saratoga County, New York:			
WIA Cluster:			
WIA Adult Program	17.258	\$	155,518
ARRA-WIA Adult Program	17.258		10,549
WIA Dislocated Workers	17.260		181,244
ARRA-WIA Dislocated Workers	17.260		36,775
WIA Youth Activities	17.259		<u>113,400</u>
Total WIA Cluster			497,486
ARRA-Youthbuild	17.274		<u>10,300</u>
Total U. S. Department of Labor			507,786
<u>U.S. Federal Emergency Management Agency</u>			
U.S. Department of Homeland Security			
Homeland Security Cluster:			
Passed Through NYS Office of Homeland Security:			
Law Enforcement Terrorist Prevention Program	97.067		34,887
Passed Through New York State Emergency Management Office:			
Homeland Security Grant Program	97.067		<u>130,436</u>
Total Homeland Security Cluster			165,323
Passed Through New York State Emergency Management Office:			
State and Local Homeland Security Training Program	97.005		26,266
Federal Disaster Assistance	97.039		<u>128,550</u>
Total U.S. Federal Emergency Management Agency			320,139
<u>U.S. Department of Agriculture</u>			
Passed Through New York State Office of Temporary and Disability Assistance:			
SNAP Cluster:			
Supplemental Nutrition Assistance Program	10.561		<u>522,983</u>
Total SNAP Cluster			522,983
Passed Through New York State Department of Health:			
Supplemental Food W.I.C.	10.557		1,619,587
Passed Through New York State Education Department			
Child Nutrition Program	10.555		9,423
Rural Development Intermediary Relending Program (Through Washington County LDC- Component Unit)	10.767		<u>157,339</u>
Total U.S. Department of Agriculture			2,309,332

See Independent Auditors' Report and Notes

WASHINGTON COUNTY, NEW YORK

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures	
<u>U. S. Department of Transportation</u>			
Passed Through New York State Dept. of Transportation:			
Highway Planning and Construction Cluster:			
Highway Construction Program	20.205	377,023	
ARRA-Highway Construction Program	20.205	<u>249,910</u>	
Total Highway Planning and Construction Cluster			626,933
National Traffic Safety Board Administration			
Passed Through New York State Traffic Safety Board:			
Highway Safety Cluster:			
Speed & Seatbelt Compliance Grant	20.600	23,285	
Buckle Up New York Program Grant	20.600	4,525	
Child Passenger Safety Seat Grant	20.602	<u>11,924</u>	
Total Highway Safety Cluster			<u>39,734</u>
Total U. S. Department of Transportation			666,667
<u>U.S. Department of Education</u>			
Passed Through New York State Board of Elections:			
Help America Vote Act Grant	90.401		47,335
Passed Through New York State Department of Education:			
Office of Special Education and Rehabilitative Services			
IDEA Cluster:			
Special Education Grants to States	84.391	<u>21,298</u>	
Total IDEA Cluster			<u>21,298</u>
Total U.S. Department of Education			68,633
<u>U.S. Department of Health and Human Services</u>			
Passed Through New York State Department of Health:			
Bio-Terrorism Grant	93.069		41,135
Immunization Grant Cluster:			
Immunization Grant	93.268	21,911	
ARRA-Immunization Grant	93.712	<u>15,760</u>	
Total Immunization Grant Cluster			37,671
Medicaid Cluster:			
Passed Through New York State Department of Health:			
Medical Assistance Program	93.778	1,023,468	
ARRA-Medical Assistance Program	93.778	473,418	
Passed Through New York State Office of Mental Health:			
Medicaid Salary Sharing	93.778	28,481	
Passed Through New York State Office of People with Developmental Disabilities:			
Medicaid Salary Sharing	93.778	<u>6,055</u>	
Total Medicaid Cluster			1,531,422

See Independent Auditors' Report and Notes

WASHINGTON COUNTY, NEW YORK

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Health and Human Services (continued)</u>		
Passed Through New York State Office of Children & Family Services:		
CCDF Cluster:		
Child Care, Title IV-E	93.596	683,640
Total CCDF Cluster		683,640
TANF Cluster:		
Passed Through Saratoga County, New York:		
Employment TANF Summer Youth	93.558	35,350
Passed Through Office of Temporary and Disability Assistance:		
Assistance Payments / Maintenance (TANF)	93.558	2,794,814
Safety Net	93.558	9,931
Total TANF Cluster		2,840,095
Passed Through Office of Temporary and Disability Assistance:		
Foster Care	93.658	539,430
ARRA-Foster Care	93.658	67,084
Total Foster Care		606,514
Adoption Assistance	93.659	7,285
Child Support Enforcement Title IV-D	93.563	233,433
Passed Through Office of Temporary and Disability Assistance:		
Low Income Home Energy Assistance	93.568	3,597,374
Passed Through New York State Office of Aging:		
Weatherization Referral and Packaging (W.R.A.P.)		
Total Energy Assistance and Weatherization	93.568	26,024
Passed Through New York State Office of Aging:		
Aging Cluster:		
Special Programs for the Aging, Title III-C	93.045	117,821
Special Programs for the Aging, Title III-B	93.044	63,274
Community Living Program	93.044	24,245
Nutrition Services Incentive Program	93.053	65,778
Total Aging Cluster		271,118
Special Programs for the Aging, Title III-D	93.043	10,823
Title III-E	93.052	37,496
HIICAP	93.779	33,016
M.I.P.P.A	93.518	17,716

See Independent Auditors' Report and Notes

WASHINGTON COUNTY, NEW YORK

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Health and Human Services (continued):</u>		
Passed Through New York State Office of Alcoholism and Substance Abuse:		
Block Grants for Prevention and Treatment of Substance Abuse	93.959	221,124
Passed Through Hudson Headwaters Health Network:		
Adolescent Pregnancy Prevention Grant	93.297	<u>4,250</u>
Total U.S. Department of Health and Human Services		10,200,136
<u>U.S. Department of Housing and Urban Development</u>		
ARRA-Homelessness Prevention & Rapid Rehousing	14.257	<u>113,881</u>
Total U. S. Department of Housing and Urban Development		113,881
<u>U.S. Department of Justice</u>		
Violence Against Women Grant	16.588	32,511
Drug Enforcement Administration	16.580	10,673
ARRA-Byrne Video Teleconferencing	16.803	<u>28,500</u>
Total U. S. Department of Justice		71,684
<u>Corporation for National and Community Service</u>		
Americorps	94.006	<u>8,015</u>
Total Corporation for National and Community Service		8,015
Soil and Water Conservation District, Component Unit:		
<u>Environmental Protection Agency</u>		
Passed Through New England Interstate Water Pollution Control Commission:		
Lake Champlain Basin Program	66.481	<u>79,228</u>
Total Environmental Protection Agency		<u>79,228</u>
Total Federal Expenditures		<u>\$ 14,345,501</u>

Grants noted above are direct unless specifically noted as passthrough grants.

WASHINGTON COUNTY, NEW YORK

Notes to Schedule of Expenditures of Federal Awards

December 31, 2011

General

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of Washington County, New York. Washington County's reporting entity is defined in the notes to the County's basic financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the schedule.

Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in the notes to the County's basic financial statements.

Sub-Recipients

Of the federal expenditures presented in the schedule, the County provided federal awards to sub-recipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided Sub-recipients</u>
<u>U.S. Department of Labor</u>		
To Washington County Economic Opportunity Council, Inc./Employment and Training Program:		
WIA:		
WIA Adult Program	17.258	\$ 155,518
ARRA-WIA Adult Program	17.258	10,549
WIA Dislocated Workers	17.260	181,244
ARRA-WIA Dislocated Workers	17.260	36,775
WIA Youth Activities	17.259	<u>113,400</u>
Total WIA Funds		\$ 497,486
ARRA-Youthbuild	17.274	<u>10,300</u>
Total U.S. Department of Labor		<u>\$ 507,786</u>



WHITTEMORE, DOWEN & RICCIARDELLI, LLP
Certified Public Accountants and Consultants

333 Aviation Road, Building B • Queensbury, NY 12804
Phone: (518) 792-0918 • Fax: (518) 743-0882
112 Spring Street, Suite 307 • Saratoga Springs, NY 12866
Phone: (518) 584-0770
www.wdr CPA.com

INDEPENDENT ADITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To The Chairman and Board of Supervisors
Washington County, New York

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Washington County, New York as of and for the year ended December 31, 2011 which collectively comprise Washington County, New York's basic financial statements and have issued our report thereon dated September 20, 2012. 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.

Other auditors audited the financial statements of The Pleasant Valley Infirmary, an enterprise fund of Washington County, New York, as described in our report on Washington County, New York's financial statements. The audit of The Pleasant Valley Infirmary was not performed in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

Management of Washington County, New York, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Washington County, New York's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Washington County, New York's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified one deficiency in internal control over financial

reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting (2011-01). A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington County, New York's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two one instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items 2011-02 and 2011-03.

Washington County, New York's responses to the finding identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Board of Supervisors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Whittemore, Downen & Ricciardelli, LLP

Whittemore, Downen & Ricciardelli, LLP

September 20, 2012



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112 Spring Street, Suite 307 • Saratoga Springs, NY 12866
Phone: (518) 584-0770
www.wdr CPA.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

To The Chairman and Board of Supervisors
Washington County, New York

Compliance

We have audited the compliance of Washington County, New York with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. Washington County, New York's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Washington County, New York's management. Our responsibility is to express an opinion on Washington County, New York's compliance based on our audit.

Washington County, New York's financial statements include the operations of The Pleasant Valley Infirmary, a component unit. This entity may have received federal awards. Such awards, if any, were not included in the schedule of expenditures of federal awards for Washington County, New York, during the year ended December 31, 2011, because the entity engaged other auditors for the year ended December 31, 2011.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The other auditors of the financial statements of Pleasant Valley conducted their audit in accordance with auditing standards generally accepted in the United States of America but not in accordance with *Government Auditing Standards*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Washington County, New York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Washington County, New York's compliance with those requirements.

In our opinion, Washington County, New York, complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements, which is required to be reported in

accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2011-03.

Internal Control Over Compliance

The management of Washington County, New York is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Washington County, New York's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Washington County, New York's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Board of Supervisors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Whittemore, Downen & Ricciardelli, LLP

Whittemore, Downen & Ricciardelli, LLP

September 20, 2012

WASHINGTON COUNTY, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended December 31, 2011

Section I - Summary of Auditor's Results

I. Financial Statements

- A. Type of auditors' report issued
 - 1. Unqualified, with explanatory language relating to the fact we did not audit the financial statements of Pleasant Valley Infirmary. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in Pleasant Valley Infirmary is based solely on the reports of the other auditors.
- B. Internal control over financial reporting
 - 1. No material weaknesses were identified.
 - 2. One significant deficiency was identified that is not considered to be a material weakness.
- C. Two instances of noncompliance was noted.

II. Federal Awards

- A. Internal control over major programs
 - 1. No material weaknesses were identified.
 - 2. No significant deficiencies were identified.
- B. Type of auditors' report issued on compliance for major programs
 - 1. An unqualified opinion has been issued on the County of Washington, New York's compliance for major programs.
- C. One audit finding was disclosed that is required to be reported in accordance with Section 510(a) of Circular A-133.

WASHINGTON COUNTY, NEW YORK
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2011

II. Federal Awards – Continued

D. Identification of major programs

<u>**CFDA Numbers</u>	<u>Name of Federal Program</u>
10.557	Supplemental Food - WIC
17.258	WIA Cluster:
ARRA 17.258	WIA Adult Program
17.260	ARRA-WIA Adult Program
ARRA 17.260	WIA Dislocated Workers
17.259	ARRA-WIA Dislocated Workers
	WIA Youth Activities
	Highway Planning and Construction Cluster:
20.205	Highway Construction Program
ARRA-20.205	ARRA-Highway Construction Program
	TANF Cluster:
93.558	<i>Employment TANF Summer Youth</i>
93.558	<i>Assistance Payments/Maintenance (TANF)</i>
93.558	<i>Safety Net</i>
93.568	Weatherization Referral and Packaging (W.R.A.P.)
93.568	Low Income Home Energy Assistance
	Medicaid Cluster:
93.778	Medicaid Salary Sharing
93.778	Medical Assistance Program
ARRA – 93.778	ARRA – Medical Assistance Program

** CFDA numbers and determination of clusters based upon OMB Circular A-133
 Compliance Supplement dated June 2011.

E. The dollar threshold used to distinguish Type A and Type B programs was \$427,988.

F. The auditee does not qualify as a low-risk auditee.

WASHINGTON COUNTY, NEW YORK
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2011

Section II - Financial Statement Findings

<u>Number</u>	<u>Finding/Non Compliance</u>	<u>Questioned Cost</u>
2011-01	<p><u>Criteria:</u> Risk should be assessed by an entity to assist with the establishment of relevant operating procedures and to ensure sufficient internal control.</p> <p><u>Condition:</u> Management nor the Board of Supervisors of Washington County have documented any form of risk assessment over the financial operations of the County. This is a repeat finding from 2007, 2008, 2009 and 2010.</p> <p><u>Cause of Condition:</u> Oversight.</p> <p><u>Effect of Condition:</u> By not studying risks and not documenting the study, the County is taking a chance that a significant risk of misappropriation and/or misstatement of the financial statements exists and is not being considered in the preparation of its financial statements.</p> <p><u>Recommendation:</u> Management and the Board Audit Committee should conduct a risk assessment regarding the County's financial operations. The assessment should be documented and maintained as part of the County's formal policies and procedures.</p> <p><u>Management Response:</u> The County will develop a formal risk assessment of financial operations to be approved by the Board of Supervisors. The assessment will be reviewed and updated by the Finance Committee of the Board of Supervisors.</p>	N/A
2011-02	<p><u>Criteria</u> All local development corporations are required to submit their annual report to the state within 90 days of year end per NYS Public Authorities Accountability Act using the PARIS reporting system.</p> <p><u>Condition:</u> The Washington Tobacco Asset Securitization Corporation, a component unit, did not submit their annual report to the state within the 90 day requirement.</p> <p><u>Cause of Condition:</u> Accounting records were not prepared on a timely basis in order to complete the report.</p> <p><u>Effect:</u> The Organization is in violation of NYS Law.</p> <p><u>Recommendation:</u> The Organization should submit their annual report within 90 days of year end to ensure compliance with NY state law.</p>	N/A

WASHINGTON COUNTY, NEW YORK
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2011

Section II - Financial Statement Findings - Continued

<u>Number</u>	<u>Finding/Non Compliance</u>	<u>Questioned Cost</u>
	<p><u>Management Response:</u> Management is aware of this requirement and is making a concerted effort to have their books and records prepared more timely in the future to ensure the annual report and audit can be submitted timely.</p>	
2011-03	<p><u>Criteria:</u> OMB Circular A-133, requires that the County's data collection form be filed by the earlier of 30 days after receipt of the auditor's report or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for the audit.</p> <p><u>Condition:</u> The 2010 data collection form was filed in November of 2011.</p> <p><u>Cause of Condition:</u> The 2010 audit was completed after September 30, 2011 because the actuarial report for other post employment benefits (OPEB) was not available by September 30.</p> <p><u>Effect of Condition:</u> The County did not comply with OMB requirements and, therefore, cannot be considered a low-risk auditee for the 2011 audit.</p> <p><u>Recommendation:</u> We recommend that all information needed for the audit be obtained in sufficient time to complete the audit timely.</p> <p><u>Management Response:</u> The County obtained the OPEB information in sufficient time to complete the 2011 audit timely.</p>	

WASHINGTON COUNTY, NEW YORK

Schedule of Status of Findings and Questioned Costs
From 2010 Report

<u>Number</u>	<u>Finding/Non Compliance</u>	<u>Questioned Cost</u>
2010-01	<u>Failure to Document Risk Assessment</u> : Management nor the Board of Supervisors have documented any form of risk assessment over the financial operations of the County. <u>Status</u> : The finding was repeated in 2011 as #2011-01.	N/A