

MADISON COUNTY

BASIC FINANCIAL STATEMENTS

Year Ended
December 31, 2011



CINDY J. EDICK, TREASURER

MADISON COUNTY

BASIC FINANCIAL STATEMENTS

Year Ended
December 31, 2011

PREPARED BY MADISON COUNTY TREASURER'S OFFICE

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**MADISON COUNTY, NEW YORK
BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

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INDEPENDENT
AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

Members of the Madison County
Board of Supervisors
County of Madison, New York:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate and discretely presented component units, each major fund and the aggregate remaining fund information of the County of Madison, New York (the County), as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Madison County Industrial Development Agency, which represent 27%, 44% and 18%, respectively, of the assets, net assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Madison County Industrial Development Agency, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit 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 aggregate and discretely presented component units, each major fund, and aggregate remaining fund information of the County of Madison, New York as of December 31, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with Government Auditing Standards, we have also issued our report dated September 14, 2012, on our consideration of the County'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 13 and 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 on 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 the County's financial statements as a whole. The combining financial information section is presented for purposes of additional analysis and is not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us 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, based on our audit, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Toski & Co., CPAs, P.C.

Williamsville, New York
September 14, 2012

MANAGEMENT'S DISCUSSION
AND ANALYSIS
(Unaudited)

MADISON COUNTY, NEW YORK
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2011

Our discussion and analysis of Madison County, New York's (the County) financial performance provides for an overview of the County's financial activities for the year ended December 31, 2011. Please read this discussion and analysis in conjunction with the County's Basic Financial Statements that begin on page 14 and the Notes to the Basic Financial Statements that begin on page 26.

FINANCIAL HIGHLIGHTS

- The County finished the fiscal year with governmental activities net assets of \$89,724,030, a decrease of \$2,966,791 from 2010, and business-type activities net assets of \$7,231,757, a decrease of \$877,977 from 2010.
- Upon adoption of the 2011 budget, the County's tax margin was \$50,388,456, or 68.3% of its total taxing power, compared to 63.9% at the end of 2010.
- The County's primary government reported a liability of \$20,648,316 for other postemployment benefits (OPEB) as of December 31, 2011, an increase of \$5,128,671, or 33.0%, compared with the prior year.
- Governmental activities capital assets, net of accumulated depreciation, increased by \$4,744,080, to \$88,198,824. This increase is mainly attributable to additional construction in progress recorded for the Public Safety Communication Upgrade project.
- Governmental activities cash and cash equivalents decreased by \$12,077,842, or 30.6%, primarily due to the liquidation of considerable accounts payable for the Public Safety Communication Upgrade project recorded at December 31, 2010, and additional capital outlay for the project that occurred during fiscal year 2011.
- The County reported unassigned fund balance of \$10,399,849 for governmental funds as of December 31, 2011.
- The State of New York, through a Public Protection and General Government Budget Bill, awarded the County of Madison a \$980,000 grant in 2011 to provide interim financial assistance to mitigate shortfalls in real property tax revenue resulting from non-payment of real property taxes by the Oneida Indian Nation of New York. Although the County received the grant during the past five fiscal years, the amount of the award has decreased significantly and it was not certain that this grant would be made again in 2011. Therefore, it was not included in the 2011 Adopted Budget or the 2011 Modified Budget.

USING THIS ANNUAL BASIC FINANCIAL STATEMENT

The Statement of Net Assets and the Statement of Activities provide information about the County on a government-wide level basis and present a longer-term view of the County's finances. Fund level financial statements start on page 16 for governmental activities. These statements tell how these services were financed in the short-term as well as what remains for future spending. Fund level financial statements also report the County's operation in more detail than government-wide level statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as an agent for the benefit of those outside of the government.

REPORTING THE COUNTY ON A GOVERNMENT-WIDE BASIS

The Statement of Net Assets and the Statement of Activities

MADISON COUNTY, NEW YORK
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2011

The Statement of Net Assets and the Statement of Activities provide information on the financial condition and results of operations of the primary government, along with its aggregate discretely presented component units. These statements focus on the two main types of activities carried out by the County – governmental and business-type. The Statement of Net Assets and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting, which is similar to the reporting used by most private-sector companies. All of the current year's revenues and expenses are reported and accounted for regardless of when cash is received or paid. The difference between assets and liabilities measures the County's financial health or financial position. Over time, increases and decreases in the County's net assets are an indication of whether the financial health of the County is improving or deteriorating. The analysis of other non-financial factors, such as changes in the County's tax base, will assist in assessing the overall financial position of the County.

The Statement of Net Assets and Statement of Activities reported three types of activities:

- **Governmental Activities** – The County's basic services are reported here, including public safety, education, public works, economic assistances, health and general administration. Property taxes, sales taxes, state and federal aid and grants finance most of these activities.
- **Business-type Activities** – The County's solid waste operations are supported primarily by user fees and are accounted for and reported in the business-type activities. In addition, the County sponsors a municipal public entity risk pool for workers' compensation claims and benefits, which are accounted for and reported in the business-type activities.
- **Component Units** – The County includes its Soil and Water Conservation District and Industrial Development Agency as component units. Although legally separate, these component units are included as required by GASB Statement No. 14.

REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Governmental Funds – Most of the County's basic services are reported in governmental funds that focus on how resources flow into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The governmental fund statement provides a detailed short-term view of the County's general government operations and the basic services it provides. Governmental funds information assists you in determining whether there are more or fewer financial resources available that can be spent in the near future to finance the County's varied programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and Statement of Activities) and governmental funds are shown in reconciliations on pages 17 and 19.

Proprietary Funds – When the County charges customers for the services it provides, whether to outside customers or units of the County, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statements of Net Assets and Activities. The reports specific to the County's enterprise funds (components of proprietary funds) are the same as the business-type activities reported in the government-wide statements, except they provide more detailed information and an additional statement, the Statement of Cash Flows.

THE COUNTY AS TRUSTEE

Reporting the County's Fiduciary Responsibilities

Fiduciary Funds – Those funds that the County has fiduciary responsibilities for because of a trust arrangement are Fiduciary Funds. At December 31, 2011, the County had no trust arrangements.

MADISON COUNTY, NEW YORK
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2011

Agency Funds – Agency Funds account for assets held by the County as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds are custodial in nature and do not involve measurement of results of operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Condensed Statement of Net Assets

In the government-wide financial statements, net assets report the financial condition at year-end for both the governmental and business-type activities. The following summarizes the County's financial position related to each of these activities as of December 31, 2011 and 2010:

Table 1
Condensed Statement of Net Assets
As of December 31

	2011			2010		
	Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
Assets						
Current & other assets	\$ 57,436,331	\$ 4,181,360	\$ 61,617,691	\$ 68,916,536	\$ 3,964,695	\$ 72,881,231
Capital assets, net of accumulated depreciation	88,198,824	10,458,886	98,657,710	83,454,744	10,696,255	94,150,999
Total Assets	145,635,155	14,640,246	160,275,401	152,371,280	14,660,950	167,032,230
Liabilities						
Long-term debt outstanding	15,010,000	-	15,010,000	16,390,000	-	16,390,000
Other postemployment benefits (OPPB) liability	19,997,204	651,112	20,648,316	15,034,863	484,782	15,519,645
Other liabilities	20,903,921	6,757,377	27,661,298	28,255,596	6,066,434	34,322,030
Total Liabilities	55,911,125	7,408,489	63,319,614	59,680,459	6,551,216	66,231,675
Net Assets						
Invested in capital assets, net of related debt	76,779,617	10,458,886	87,238,503	78,163,567	10,696,255	88,859,822
Restricted*	13,190,074	773,678	13,963,752	15,066,427	771,143	15,837,570
Unrestricted:						
Undesignated*	(245,661)	(4,000,807)	(4,246,468)	(539,173)	(3,357,664)	(3,896,837)
Total Net Assets	\$ 89,724,030	\$ 7,231,757	\$ 96,955,787	\$ 92,690,821	\$ 8,109,734	\$ 100,800,555

*2010 as restated

The largest portion of the County's net assets are reflected in the invested in capital assets (e.g. land, building, infrastructure, machinery, equipment) less accumulated depreciation and any related debt used to acquire the capital assets that is still outstanding. The County's capital assets are used to provide the various services to the citizens of the County; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is net of related debt, the resources required to repay the debt must be provided from other sources since the capital assets themselves cannot be used to liquidate the debt liability. The total primary government investment in capital assets, net of related debt at December 31, 2011 was \$87,238,503, compared with \$88,859,822 at December 31, 2010.

The total primary government capital assets of \$98,657,710 (net of accumulated depreciation) are detailed, including the current year activity, in Note 4 of the Notes to the Basic Financial Statements.

As of December 31, 2011, The County has governmental activities restricted net assets of \$13,190,074, which are restricted for inventory and prepaid expenses of \$2,666,297, various employee benefits

MADISON COUNTY, NEW YORK
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2011

programs of \$1,945,662, insurance of \$703,760, capital projects of \$7,723,806, and miscellaneous reserves of \$150,549. The County has restricted net assets in business-type activities of \$773,678, which are restricted for capital equipment purchases. Governmental activities unrestricted net assets (deficit) amounted to (\$245,661), as compared with 2010 unrestricted net assets (deficit) of (\$539,173). Business-type activities unrestricted net assets (deficit) amounted to (\$4,000,807), as compared with 2010 unrestricted net assets (deficit) of (\$3,357,664).

Condensed Statement of Changes in Net Assets

In the government-wide financial statements, changes in net assets provide the results of operations for both the governmental and business-type activities for the past year. The following summarizes these activities for the years ended December 31, 2011 and 2010:

Table 2
Condensed Statement of Change in Net Assets
For the Years Ended December 31

	2011			2010		
	Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 13,382,648	\$ 5,288,864	\$ 18,671,512	\$ 13,250,855	\$ 5,065,126	\$ 18,315,981
Operating grants and contributions	23,995,893	292,883	24,288,776	24,571,868	1,060,250	25,632,118
Capital grants and contributions	468,756	-	468,756	281,959	-	281,959
General revenues:						
Taxes and other tax items	54,027,417	-	54,027,417	52,900,805	-	52,900,805
Tobacco settlement	901,477	-	901,477	950,843	-	950,843
Off-track betting	79,383	-	79,383	143,045	-	143,045
Investment income	211,005	23,566	234,571	305,974	28,930	334,904
Transfers	19,002	(19,002)	-	44,607	(44,607)	-
Total revenues	93,085,581	5,586,311	98,671,892	92,449,956	6,109,699	98,559,655
Expenses						
General government	20,562,232	-	20,562,232	20,080,948	-	20,080,948
Education	5,119,643	-	5,119,643	5,209,881	-	5,209,881
Public safety	13,008,554	-	13,008,554	12,373,674	-	12,373,674
Health	11,417,142	-	11,417,142	12,709,523	-	12,709,523
Transportation	13,219,502	-	13,219,502	10,845,795	-	10,845,795
Economic assistance and opportunity	29,138,642	-	29,138,642	28,070,949	-	28,070,949
Culture and recreation	637,362	-	637,362	654,898	-	654,898
Home and community services	2,319,891	-	2,319,891	2,429,420	-	2,429,420
Interest on debt	629,404	-	629,404	420,261	-	420,261
Environmental landfill	-	5,144,666	5,144,666	-	5,657,136	5,657,136
Workers' compensation	-	1,319,622	1,319,622	-	810,267	810,267
Total expenses	96,052,372	6,464,288	102,516,660	92,795,349	6,467,403	99,262,752
Change in net assets	(2,966,791)	(877,977)	(3,844,768)	(345,393)	(357,704)	(703,097)
Net assets-beginning	92,690,821	8,109,734	100,800,555	93,036,214	8,467,438	101,503,652
Net assets-ending	\$ 89,724,030	\$ 7,231,757	\$ 96,955,787	\$ 92,690,821	\$ 8,109,734	\$ 100,800,555

MADISON COUNTY, NEW YORK
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2011

The County's primary government net assets decreased by \$3,844,768 in 2011. Governmental activities net assets decreased by \$2,966,791 and business-type activities net assets decreased by \$877,977. Key elements of these changes are as follows:

Governmental Activities

Revenues:

- *Charges for Services* – There was a modest increase of \$131,793, or 1.0%, for this category of program revenues. The increase is mainly due to increases in County Clerk fees, charges for care of handicapped children, and charges to other governments for public safety services. These increases were partially offset by decreases in repayments of various social services programs and home nursing charges.
- *Operating Grants and Contributions* – This category of program revenues decreased by \$575,975, or 2.3%, compared with 2010. This decrease is primarily due to a marked reduction in the amount of State Aid received to mitigate shortfalls in real property tax revenue resulting from non-payment of real property taxes by the Oneida Indian Nation of New York. There was also a decline in State Aid for public health services during 2011. These decreases were partially offset by an increase in aid for transportation.
- *Capital Grants and Contributions* – This category of program revenues increased by \$186,797, or 66.2%. This increase is mainly attributable to the receipt of Federal Aid for the purchase of public safety vehicles.
- *Sales tax* – The County's gross sales tax revenue increased by \$638,255, or 2.8%, compared with 2010.
- *Tobacco Settlement* – As a result of a Master Settlement Agreement with the tobacco industry, the County receives annual payments to compensate for medical costs incurred due to illness resulting from the use of tobacco products. The 2011 tobacco settlement payment decreased by \$49,366, or 5.2%, compared with 2010.

Expenses:

- *Transportation* – Overall, transportation expense increased by \$2,373,707. This increase is due in part to increases in contractual expenditures for routine maintenance of roads and bridges. A 16.2% increase in fringe benefits for this functional activity also attributed to the overall increase.
- *Health* – Health expense decreased by \$1,292,381, or 10.2%. This decrease in expense is mainly due to decreases in personal services and fringe benefits relative to public health home care services.
- *Economic Assistance and Opportunity* – Expense for this functional activity increased by \$1,067,693, or 3.8%. This increase is largely due to an increase in Medicaid expense of \$1,230,197.

Business-type Activities

Revenues:

- *Environmental Landfill* – Net non-operating revenues decreased by \$738,675. This 71.5% decrease is mainly due to a decrease in state and federal aid of \$767,367. This decrease in aid is

MADISON COUNTY, NEW YORK
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2011

primarily attributable to a one-time \$990,000 grant from the United States Department of Energy for a gas-to-energy project that was received in 2010. Charges for services declined by a modest \$42,890, or 1.1%.

- *Workers' Compensation* – Revenue from participant charges increased by \$256,908, or 24.7%, compared with 2010. Interest income decreased by \$3,693, or 38.0%, as a result of continued interest rate reductions.

Expenses:

- *Environmental Landfill* – Overall, total operating expenses decreased by \$517,432. This 9.2% decrease is primarily due to a \$547,481 decrease in contractual expense. The decrease in contractual expense is due in part to expenses associated with the \$990,000 United States Department of Energy grant for a gas-to-energy project that were incurred in 2010. Also attributing to the decrease was an decrease in personal services expense of \$42,981. Depreciation expense decreased by \$5,124.
- *Workers' Compensation* – Contractual expense increased by \$509,355, or 62.9%, compared to 2010. This increase is the result of a \$411,293 increase in claims expense and a \$98,062 increase in service fees and assessments.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Beginning with fiscal year 2011, the County has adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The fund equity portion of governmental funds balance sheet has been classified into the appropriate fund balance categories. The new fund balance classifications are nonspendable, restricted, committed, assigned and unassigned. More detailed information on the fund balance classifications can be found in Note 1(b) of the Notes to the Basic Financial Statements of this report.

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in analyzing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year or funds available in the subsequent year for appropriation to reduce the County tax levy. When resources are available from multiple classifications, the County spends funds in the following order: restricted, committed, assigned, unassigned.

As of December 31, 2011, the County governmental funds reported combined fund balances of \$35,071,788. This represents a decrease of \$4,881,545, or 12.2%, as compared with a prior-year fund balance of \$39,953,333. Unassigned fund balance of \$10,399,849 is available for spending at the government's discretion. The remaining fund balance of \$24,671,939 is nonspendable, restricted, or assigned to indicate that it is not available for new spending. The following tables present the County's governmental fund balances as of December 31, 2011 and 2010:

MADISON COUNTY, NEW YORK
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2011

Table 3
Condensed Schedule of Governmental Funds
Fund Balances

	<u>December 31, 2011</u>		
	<u>General</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:			
Inventories	\$ 145,563	\$ 1,384,437	\$ 1,530,000
Prepaid expenses	986,220	150,077	1,136,297
Restricted:			
Fringe benefits reserves	1,886,740	58,922	1,945,662
Insurance reserve	703,760	-	703,760
Capital reserve	267,315	7,456,491	7,723,806
Other reserve	150,549	-	150,549
Assigned:			
Appropriated	6,000,000	728,054	6,728,054
Unappropriated	644,587	4,109,224	4,753,811
Unassigned	<u>10,399,849</u>	<u>-</u>	<u>10,399,849</u>
Total fund balances	<u>\$ 21,184,583</u>	<u>\$ 13,887,205</u>	<u>\$ 35,071,788</u>

Table 4
Condensed Schedule of Governmental Funds
Fund Balances

	<u>December 31, 2010</u>		
	<u>General</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:			
Inventories	\$ 154,098	\$ 1,358,481	\$ 1,512,579
Prepaid expenses	743,355	107,588	850,943
Restricted:			
Fringe benefits reserves	1,991,267	46,726	2,037,993
Insurance reserve	611,679	-	611,679
Capital reserve	205,677	11,541,483	11,747,160
Other reserve	115,875	-	115,875
Assigned:			
Appropriated	6,550,386	1,218,559	7,768,945
Unappropriated	732,896	4,679,261	5,412,157
Unassigned	<u>9,896,002</u>	<u>-</u>	<u>9,896,002</u>
Total fund balances	<u>\$ 21,001,235</u>	<u>\$ 18,952,098</u>	<u>\$ 39,953,333</u>

MADISON COUNTY, NEW YORK
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2011

The following table presents the County's governmental fund balances as of December 31, 2011 and 2010, and the changes in fund balance for the years then ended:

Table 5
Condensed Schedule of Governmental Funds
Changes in Fund Balances
For the years ended December 31

	2011			2010		
	General	Non-major	Total	General	Non-major	Total
	Fund	Governmental	Governmental	Fund	Governmental	Governmental
		Funds	Funds		Funds	Funds
Fund balances, beginning	\$ 21,001,235	\$ 18,952,098	\$ 39,953,333	\$ 20,117,844	\$ 10,156,836	\$ 30,274,680
Revenues	88,503,929	6,569,628	95,073,557	88,196,946	7,063,999	95,260,945
Expenditures	(78,669,814)	(21,305,288)	(99,975,102)	(77,311,374)	(24,685,776)	(101,997,150)
Other financing sources, net	20,000	11,217,274	11,237,274	25,000	26,515,566	26,540,566
Other financing uses, net	(9,670,767)	(1,546,507)	(11,217,274)	(10,027,181)	(98,527)	(10,125,708)
Fund balances, ending	<u>\$ 21,184,583</u>	<u>\$ 13,887,205</u>	<u>\$ 35,071,788</u>	<u>\$ 21,001,235</u>	<u>\$ 18,952,098</u>	<u>\$ 39,953,333</u>

Proprietary Funds

The County's proprietary funds provide the same information found in the business-type activities as presented on the government-wide financial statements, but with more detail.

Enterprise Fund – Environmental Landfill – As of December 31, 2011, the net assets of the environmental landfill operation were \$7,006,797, a decrease of \$862,387 from 2010. As of December 31, 2011, the restricted net assets of the enterprise environmental landfill fund were \$11,232,564 and the unrestricted net assets were (\$4,225,767).

Enterprise Fund – Workers' Compensation – The County is the sponsor of a public entity risk pool for Workers' Compensation claims/benefits. The pool consists of 41 participating municipal entities that share in the risk of the pool on a pro-rata basis of their estimated claim expense to the total estimated claim expense. At year-end 2011, the total net assets of this enterprise fund were \$224,960, a decrease from the prior year of \$15,590.

Table 6
Condensed Schedule of Proprietary Fund
Net Assets
As of December 31

	2011			2010		
	Environmental	Workers'	Total	Environmental	Workers'	Total
	Landfill	Compensation		Landfill	Compensation	
Invested in capital assets, net of related debt	\$ 10,458,886	\$ -	\$ 10,458,886	\$ 10,696,255	\$ -	\$ 10,696,255
Restricted	773,678	-	773,678	771,143	-	771,143
Unrestricted						
Undesignated	(4,225,767)	224,960	(4,000,807)	(3,598,214)	240,550	(3,357,664)
Total net assets	<u>\$ 7,006,797</u>	<u>\$ 224,960</u>	<u>\$ 7,231,757</u>	<u>\$ 7,869,184</u>	<u>\$ 240,550</u>	<u>\$ 8,109,734</u>

MADISON COUNTY, NEW YORK
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2011

Table 7
Condensed Schedule of Proprietary Funds
Changes in Net Assets
For the years ended December 31

	2011			2010		
	Environmental Landfill	Workers' Compensation	Total	Environmental Landfill	Workers' Compensation	Total
Net assets, beginning	\$ 7,869,184	\$ 240,550	\$ 8,109,734	\$ 8,467,438	\$ -	\$ 8,467,438
Total operating revenue	3,981,131	1,298,013	5,279,144	4,024,021	1,041,105	5,065,126
Total operating expense	(5,138,095)	(1,319,622)	(6,457,717)	(5,655,527)	(810,267)	(6,465,794)
Operating income (loss)	(1,156,964)	(21,609)	(1,178,573)	(1,631,506)	230,838	(1,400,668)
Non-operating revenue, net	294,577	6,019	300,596	1,033,252	9,712	1,042,964
Net assets, ending	\$ 7,006,797	\$ 224,960	\$ 7,231,757	\$ 7,869,184	\$ 240,550	\$ 8,109,734

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget was increased at the beginning of the year by \$743,896 for incomplete 2010 special projects and other incomplete budget obligations. This compares with a fiscal year 2010 beginning-of-year increase in budget appropriations of \$780,531. These incomplete projects and obligations included payroll and timekeeping software upgrades of \$218,818, continued Indian affairs research of \$131,632, miscellaneous minor County building projects of \$75,249, and various minor departmental projects and budget obligations of \$318,197.

The County did not authorize the use of additional General Fund unappropriated fund balance during fiscal year 2011.

For 2011, actual expenditures in the General Fund were \$11,016,115 lower than the modified budget, compared to \$12,283,351 lower in 2010. Actual revenues were \$3,538,485 lower than modified revenue estimates in 2011, compared with \$3,819,429 lower than modified revenue estimates in 2010.

Actual General Fund revenues were \$183,348 more than General Fund expenditures in 2011. This compares with a 2010 surplus of revenues over expenditures of \$883,391.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets – The County's investment in capital assets for its governmental and business-type activities as of December 31, 2011, amounted to \$98,657,710, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads and bridges. The County's investment in capital assets for the current fiscal year increased 5.7% for governmental activities and decreased 2.2% for business-type activities. Overall, the County's investment in capital assets for the current fiscal year for the primary government, including governmental and business-type activities, increased 4.8%.

The following tables are Condensed Schedules of Capital Assets for the current fiscal year and the preceding fiscal year.

MADISON COUNTY, NEW YORK
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2011

Table 8
Condensed Schedule of Capital Assets
As of December 31, 2011

At the end of 2011, the County had invested \$98,657,710 in capital assets, net of depreciation, in a broad range of capital assets, including infrastructure, which included roads, bridges, culverts and sewer.

	Governmental Activities	Business-type Activities	Total Primary Government	Percent of Total
Land	\$ 935,082	\$ 715,347	\$ 1,650,429	0.8%
Construction in progress	14,755,042	547,431	15,302,473	7.6%
Buildings	32,309,496	1,467,936	33,777,432	16.8%
Improvements other than buildings	1,575,787	11,354,334	12,930,121	6.4%
Infrastructure	112,572,057	650,015	113,222,072	56.2%
Machinery and equipment	20,444,287	4,000,871	24,445,158	12.2%
Total capital assets	182,591,751	18,735,934	201,327,685	100.0%
Accumulated depreciation	(94,392,927)	(8,277,048)	(102,669,975)	
Total net capital assets	\$ 88,198,824	\$ 10,458,886	\$ 98,657,710	

Table 9
Condensed Schedule of Capital Assets
As of December 31, 2010

At the end of 2010, the County had invested \$94,150,999 in capital assets, net of depreciation, in a broad range of capital assets, including infrastructure, which included roads, bridges, culverts and sewer.

	Governmental Activities	Business-type Activities	Total Primary Government	Percent of Total
Land	\$ 933,643	\$ 715,347	\$ 1,648,990	0.9%
Construction in progress	11,109,409	149,480	11,258,889	5.8%
Buildings	31,673,797	1,467,936	33,141,733	17.2%
Improvements other than buildings	1,462,071	11,354,334	12,816,405	6.7%
Infrastructure	109,490,565	650,015	110,140,580	57.3%
Machinery and equipment	19,624,656	3,696,925	23,321,581	12.1%
Total capital assets	174,294,141	18,034,037	192,328,178	100.0%
Accumulated depreciation	(90,839,397)	(7,337,782)	(98,177,179)	
Total net capital assets	\$ 83,454,744	\$ 10,696,255	\$ 94,150,999	

Major capital acquisitions during the current fiscal year included the following:

Governmental activities

- Infrastructure improvements to roads and bridges \$3,518,469.
- Public Safety Communication Upgrade project construction in progress \$3,090,996.
- Five buses for County rural transportation program \$280,852.
- Wampsville salt storage building \$249,104.

Business-type activities

- West side landfill closure construction in progress \$398,951.
- Environmental landfill rebuild of trash compactor \$256,220.

MADISON COUNTY, NEW YORK
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2011

Additional information on capital assets can be found in Note 4 in the Notes to the Basic Financial Statements of this report.

Long-term Debt – At the end of 2011, the County had total bonded debt outstanding of \$15,010,000, which is comprised of debt backed by the full faith and credit of the County.

In May 2010, the County issued tax-exempt bonds, Build America Bonds, and Recovery Zone Economic Development bonds totaling \$16,390,000, with an interest rate of from 3.11% to 5.28%, which will be fully amortized in 2020.

The following table presents the County's outstanding debt and the changes that occurred during 2011 and 2010:

Table 10
Outstanding Debt
As of December 31

	2011			2010		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Beginning outstanding debt	\$ 16,390,000	\$ -	\$ 16,390,000	\$ 350,000	\$ -	\$ 350,000
Bonds issued	-	-	-	16,390,000	-	16,390,000
Scheduled debt payments	(1,380,000)	-	(1,380,000)	(350,000)	-	(350,000)
Ending outstanding debt	<u>\$ 15,010,000</u>	<u>\$ -</u>	<u>\$ 15,010,000</u>	<u>\$ 16,390,000</u>	<u>\$ -</u>	<u>\$ 16,390,000</u>

The County's statutory debt limitation is \$258,220,212. The County has used 5.8% of its limitation at the end of 2011, compared with 6.7% at the end of 2010.

Economic Factors and Ensuing Year's Budget and Rates

The unemployment rate for the County as of June 2012 is 8.7%, which compares to 8.0% for the previous year. The New York State average is 9.1%, and the national unemployment rate is 8.4% as of June 2012 (*Sources: New York State Department of Labor and Bureau of Labor Statistics*).

As of June 2012, the Consumer Price Index for the area has risen 1.4% compared to the previous year. The national average for the same period has risen 1.7%.

General Fund unassigned fund balance amounted to \$10,399,849 as of December 31, 2011. The County appropriated \$6,000,000 for spending in the 2012 budget.

The tax levy increased by \$570,033, to \$29,454,421, for tax year 2012. At December 31, 2011, the County had a maximum taxing power of \$73,777,203, and had used 31.70% of its limit as compared with 32.44% for the previous year.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens, taxpayers, investors and creditors with a general overview of the County's finances and to provide accountability for the funds the County receives and disburses. If you have any questions about this report or need additional financial information, please contact Cindy J. Edick, Madison County Treasurer, Post Office Box 665, Wampsville, New York 13163, or the Madison County Treasurer's Office, County Office Building, North Court Street, Wampsville, New York 13163.

BASIC FINANCIAL STATEMENTS

MADISON COUNTY, NEW YORK
STATEMENT OF NET ASSETS
As of December 31, 2011

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 27,374,648	\$ 3,122,546	\$ 30,497,194	\$ 1,117,771
Accounts receivable, net	12,478,830	107,510	12,586,340	141,913
Prepaid expenses	1,136,297	32,315	1,168,612	-
Due from other governments	9,141,133	163,878	9,305,011	854,767
Due from other funds	5,692,685	-	5,692,685	-
Internal balances	82,738	(82,738)	-	-
Inventories	1,530,000	64,171	1,594,171	-
Total current assets	<u>57,436,331</u>	<u>3,407,682</u>	<u>60,844,013</u>	<u>2,114,451</u>
Non-current assets:				
Restricted assets:				
Cash and cash equivalents	-	773,678	773,678	-
Capital assets, net	88,198,824	10,458,886	98,657,710	384,016
Total non-current assets	<u>88,198,824</u>	<u>11,232,564</u>	<u>99,431,388</u>	<u>384,016</u>
Total Assets	<u>145,635,155</u>	<u>14,640,246</u>	<u>160,275,401</u>	<u>2,498,467</u>
LIABILITIES				
Current liabilities:				
Accounts payable, accrued liabilities and retained percentages	3,949,702	308,093	4,257,795	160,758
Due to other governments	12,686,333	-	12,686,333	-
Compensated absences	82,254	3,102	85,356	-
Bonds payable	1,425,000	-	1,425,000	-
Bond accrued interest payable	96,123	-	96,123	-
Other liabilities	2,522	1,092,650	1,095,172	844,745
Total current liabilities	<u>18,241,934</u>	<u>1,403,845</u>	<u>19,645,779</u>	<u>1,005,503</u>
Current liabilities payable from restricted assets:				
Customer deposits payable	-	11,000	11,000	-
Non-current liabilities:				
Bonds payable	13,585,000	-	13,585,000	-
Deferred bond premium	513,774	-	513,774	-
Compensated absences	3,573,213	111,820	3,685,033	-
Other postemployment benefits (OPEB) liability	19,997,204	651,112	20,648,316	-
Landfill closure/post closure	-	5,230,712	5,230,712	-
Total non-current liabilities	<u>37,669,191</u>	<u>5,993,644</u>	<u>43,662,835</u>	<u>-</u>
Commitments and contingencies (Notes 9 and 10)	-	-	-	-
Total Liabilities	<u>55,911,125</u>	<u>7,408,489</u>	<u>63,319,614</u>	<u>1,005,503</u>
NET ASSETS				
Invested in capital assets, net of related debt	76,779,617	10,458,886	87,238,503	384,016
Restricted for:				
Employee benefits	1,945,662	-	1,945,662	595,823
Insurance	703,760	-	703,760	-
Capital projects	7,723,806	-	7,723,806	-
Other	2,816,846	773,678	3,590,524	-
Unrestricted:				
Undesignated	(245,661)	(4,000,807)	(4,246,468)	513,125
Total Net Assets	<u>\$ 89,724,030</u>	<u>\$ 7,231,757</u>	<u>\$ 96,955,787</u>	<u>\$ 1,492,964</u>

The notes to the basic financial statements are an integral part of this statement.

**MADISON COUNTY, NEW YORK
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Operating		Governmental Activities	Primary Government		Component Units
		Charges for Services	Grants and Contributions		Capital Grants and Contributions	Business-type Activities	
FUNCTIONS/PROGRAMS							
PRIMARY GOVERNMENT							
Governmental activities:							
General government support	\$ 20,562,232	\$ 2,825,071	\$ 1,468,289	\$ 3,000	\$ (16,265,872)	\$ -	\$ -
Education	5,119,643	675,516	1,561,939	-	(2,882,188)	-	(2,882,188)
Public safety	13,008,554	1,377,862	494,902	139,904	(10,995,886)	-	(10,995,886)
Health	11,417,142	5,388,550	3,440,961	-	(2,587,631)	-	(2,587,631)
Transportation	13,219,502	1,191,208	3,399,807	280,852	(8,347,635)	-	(8,347,635)
Economic assistance and opportunity	29,138,642	1,209,390	12,964,343	45,000	(14,919,909)	-	(14,919,909)
Culture and recreation	637,362	7,102	218,312	-	(411,948)	-	(411,948)
Home and community services	2,319,891	707,949	447,340	-	(1,164,602)	-	(1,164,602)
Interest on long-term debt	629,404	-	-	-	(629,404)	-	(629,404)
Total governmental activities	96,052,372	13,382,648	23,995,893	468,756	(58,205,075)	-	(58,205,075)
Business-type activities:							
Environmental landfill	5,144,666	3,990,851	292,883	-	-	(860,932)	(860,932)
Workers' compensation	1,319,622	1,298,013	-	-	-	(21,609)	(21,609)
Total business-type activities	6,464,288	5,288,864	292,883	-	-	(882,541)	(882,541)
Total primary government	\$ 102,516,660	\$ 18,671,512	\$ 24,288,776	\$ 468,756	(58,205,075)	-	(59,087,616)
Component units:							
Madison County Industrial Dev Agency	276,903	36,855	164,616	-	-	-	(75,432)
Madison County Soil & Water Cons Dist	1,194,753	64,994	866,248	-	-	-	(263,511)
Total component units	\$ 1,471,656	\$ 101,849	\$ 1,030,864	\$ -	-	-	(338,943)
General revenues:							
Taxes:							
Real property tax and other tax items					30,083,162		30,083,162
Sales tax					23,055,541		23,055,541
Other non-property tax items					888,714		888,714
Tobacco settlement revenues					901,477		901,477
Off-track betting revenues					79,383		79,383
Unrestricted interest income					211,005	23,566	234,571
Transfers					19,002	(19,002)	-
Total general revenues					55,238,284	4,564	55,242,848
Change in net assets					(2,966,791)	(877,977)	(3,844,768)
Net assets - beginning					92,690,821	8,109,734	100,800,555
Net assets - ending					\$ 89,724,030	\$ 7,231,757	\$ 96,955,787

The notes to the basic financial statements are an integral part of this statement.

MADISON COUNTY, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
As of December 31, 2011

	<u>General</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 13,619,745	\$ 13,754,903	\$ 27,374,648
Taxes receivable, net	7,877,647	-	7,877,647
Accounts receivable	1,925,190	1,718,268	3,643,458
Due from other funds	6,331,597	59,273	6,390,870
Loans receivable	-	827,333	827,333
State and federal receivables	8,835,492	305,641	9,141,133
Inventories	145,563	1,384,437	1,530,000
Prepaid expenses	986,220	150,077	1,136,297
Total Assets	<u>\$ 39,721,454</u>	<u>\$ 18,199,932</u>	<u>\$ 57,921,386</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 3,256,213	\$ 353,972	\$ 3,610,185
Accrued liabilities	158,503	84,864	243,367
Retained percentages	8,155	87,995	96,150
Other liabilities	2,522	-	2,522
Due to other funds	60,225	424,830	485,055
Due to other governments	12,686,333	-	12,686,333
Deferred revenue	2,364,920	3,361,066	5,725,986
Total Liabilities	<u>18,536,871</u>	<u>4,312,727</u>	<u>22,849,598</u>
Fund Balances:			
Nonspendable	1,131,783	1,534,514	2,666,297
Restricted	3,008,364	7,515,413	10,523,777
Assigned	6,644,587	4,837,278	11,481,865
Unassigned	10,399,849	-	10,399,849
Total Fund Balances	<u>21,184,583</u>	<u>13,887,205</u>	<u>35,071,788</u>
Total Liabilities and Fund Balances	<u>\$ 39,721,454</u>	<u>\$ 18,199,932</u>	<u>\$ 57,921,386</u>

The notes to the basic financial statements are an integral part of this statement.

**MADISON COUNTY, NEW YORK
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
As of December 31, 2011**

Total fund balances - governmental funds \$ 35,071,788

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Non-depreciable assets:

Land	\$ 935,082	
Construction in progress	<u>14,755,042</u>	
	<u>15,690,124</u>	

Depreciable assets:

Buildings	32,309,496	
Improvements other than buildings	1,575,787	
Infrastructure	112,572,057	
Machinery and equipment	20,444,287	
Accumulated depreciation	<u>(94,392,927)</u>	
	<u>72,508,700</u>	

Total capital assets 88,198,824

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These long-term liabilities are included in the governmental activities in the statement of net assets and consist of:

Compensated absences	(3,655,467)	
Other postemployment benefits (OPEB)	(19,997,204)	
Deferred bond premium	(513,774)	
Bonds payable	(15,010,000)	
Accrued bond interest payable	<u>(96,123)</u>	
Total long-term liabilities		(39,272,568)

Some of the County's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds

5,725,986

Net assets of governmental activities **\$ 89,724,030**

The notes to the basic financial statements are an integral part of this statement.

MADISON COUNTY, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011

	General	Non-major Governmental Funds	Total Governmental Funds
REVENUES			
Real property taxes	\$ 29,060,888	\$ 5,400	\$ 29,066,288
Real property tax items	1,349,941	-	1,349,941
Non-property tax items	23,524,592	416,045	23,940,637
Departmental income	8,401,212	685,090	9,086,302
Intergovernmental charges	465,534	911,576	1,377,110
Use of money and property	154,404	164,903	319,307
Licenses and permits	14,995	-	14,995
Fines and forfeitures	182,051	-	182,051
Sale of property and compensation for loss	1,119,315	98,076	1,217,391
Miscellaneous local sources	2,007,420	28,347	2,035,767
Interfund	1,817,222	747,081	2,564,303
State aid	11,717,049	2,370,114	14,087,163
Federal aid	8,689,306	1,142,996	9,832,302
Total Revenues	<u>88,503,929</u>	<u>6,569,628</u>	<u>95,073,557</u>
EXPENDITURES			
General government support	20,150,748	-	20,150,748
Education	5,047,373	-	5,047,373
Public safety	11,233,902	3,097,668	14,331,570
Health	10,135,159	-	10,135,159
Transportation	835,264	11,934,711	12,769,975
Economic assistance and opportunity	26,730,556	908,553	27,639,109
Culture and recreation	674,883	-	674,883
Home and community services	1,185,686	952,193	2,137,879
Employee benefits	2,676,243	1,982,436	4,658,679
Debt service:			
Principal	-	1,380,000	1,380,000
Interest	-	1,049,727	1,049,727
Total Expenditures	<u>78,669,814</u>	<u>21,305,288</u>	<u>99,975,102</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,834,115</u>	<u>(14,735,660)</u>	<u>(4,901,545)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	20,000	11,217,274	11,237,274
Transfers out	(9,670,767)	(1,546,507)	(11,217,274)
Total other financing sources (uses)	<u>(9,650,767)</u>	<u>9,670,767</u>	<u>20,000</u>
Net change in fund balances	183,348	(5,064,893)	(4,881,545)
Fund balances at beginning of year	<u>21,001,235</u>	<u>18,952,098</u>	<u>39,953,333</u>
Fund balances at end of year	<u>\$ 21,184,583</u>	<u>\$ 13,887,205</u>	<u>\$ 35,071,788</u>

**MADISON COUNTY, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011**

Net change in fund balances - total governmental funds **\$ (4,881,545)**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives.

	Capital outlays	\$ 8,944,899	
	Capital asset transfer to Environmental Landfill	(998)	
	Retirement of capital assets	(54,046)	
	Less depreciation expense	<u>(4,145,775)</u>	4,744,080

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 313,891

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

	Repayment bond principal	<u>1,380,000</u>	1,380,000
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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.

	Compensated absences	18,801	
	Other postemployment benefits (OPEB)	(4,962,341)	
	Change in accrued interest, net of unamortized bond premium	<u>420,323</u>	<u>(4,523,217)</u>

Change in net assets of governmental activities **\$ (2,966,791)**

The notes to the basic financial statements are an integral part of this statement.

MADISON COUNTY, NEW YORK
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
As of December 31, 2011

	Business-type Activities Enterprise Funds		Totals
	Environmental Landfill	Workers' Compensation	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,671,092	\$ 1,451,454	\$ 3,122,546
Accounts receivable, net	107,510	-	107,510
State & federal receivables	163,878	-	163,878
Prepaid expenses	32,315	-	32,315
Internal balances	(82,738)	-	(82,738)
Inventories	64,171	-	64,171
Total current assets	<u>1,956,228</u>	<u>1,451,454</u>	<u>3,407,682</u>
Non-current assets:			
Restricted assets:			
Cash and cash equivalents	773,678	-	773,678
Total restricted assets	<u>773,678</u>	<u>-</u>	<u>773,678</u>
Capital assets:			
Non-depreciable capital assets:			
Land	715,347	-	715,347
Construction in progress	547,431	-	547,431
Depreciable capital assets:			
Buildings and building improvements	1,467,936	-	1,467,936
Improvements other than buildings	12,004,349	-	12,004,349
Machinery and equipment	4,000,871	-	4,000,871
Less accumulated depreciation	(8,277,048)	-	(8,277,048)
Total capital assets net of accumulated depreciation	<u>10,458,886</u>	<u>-</u>	<u>10,458,886</u>
Total non-current assets	<u>11,232,564</u>	<u>-</u>	<u>11,232,564</u>
Total Assets	<u>13,188,792</u>	<u>1,451,454</u>	<u>14,640,246</u>
LIABILITIES			
Current liabilities:			
Accounts payable, accrued liabilities and retained percentages	174,249	133,844	308,093
Compensated absences payable	3,102	-	3,102
Other liabilities	-	1,092,650	1,092,650
Total current liabilities	<u>177,351</u>	<u>1,226,494</u>	<u>1,403,845</u>
Current liabilities payable from restricted assets:			
Customer deposits payable	11,000	-	11,000
Total current liabilities payable from restricted assets	<u>11,000</u>	<u>-</u>	<u>11,000</u>
Noncurrent liabilities:			
Compensated absences payable	111,820	-	111,820
Other postemployment benefits payable	651,112	-	651,112
Landfill closure/post-closure	5,230,712	-	5,230,712
Total noncurrent liabilities	<u>5,993,644</u>	<u>-</u>	<u>5,993,644</u>
Total Liabilities	<u>6,181,995</u>	<u>1,226,494</u>	<u>7,408,489</u>
NET ASSETS			
Invested in capital assets, net of related debt	10,458,886	-	10,458,886
Restricted:			
Other purposes	773,678	-	773,678
Unrestricted:			
Undesignated	(4,225,767)	224,960	(4,000,807)
Total Net Assets	<u>\$ 7,006,797</u>	<u>\$ 224,960</u>	<u>\$ 7,231,757</u>

The notes to the basic financial statements are an integral part of this statement.

MADISON COUNTY, NEW YORK
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2011

	Business-type Activities		
	Enterprise Funds		
	Environmental Landfill	Workers' Compensation	Totals
Operating revenues:			
Charges for services	\$ 3,981,131	\$ 1,298,013	\$ 5,279,144
Operating expenses:			
Personal services	887,199	-	887,199
Employee benefits	425,929	-	425,929
Other postemployment benefit expense	166,330	-	166,330
Contractual expense	2,707,764	1,319,622	4,027,386
Depreciation	950,873	-	950,873
Total operating expenses	5,138,095	1,319,622	6,457,717
Operating income (loss)	(1,156,964)	(21,609)	(1,178,573)
Non-operating revenues (expenses):			
Interest revenue	17,547	6,019	23,566
Rental of real property	9,720	-	9,720
State and federal aid	292,883	-	292,883
Loss on disposal of assets	(6,571)	-	(6,571)
Gifts and donations	998	-	998
Transfer to other funds	(20,000)	-	(20,000)
Total non-operating revenues	294,577	6,019	300,596
Increase (decrease) in net assets	(862,387)	(15,590)	(877,977)
Net assets at beginning of year	7,869,184	240,550	8,109,734
Net assets at end of year	\$ 7,006,797	\$ 224,960	\$ 7,231,757

The notes to the basic financial statements are an integral part of this statement.

MADISON COUNTY, NEW YORK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2011

	Business-type activities Enterprise Funds		Totals
	Environmental Landfill	Workers' Compensation	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and users	\$ 3,990,145	\$ 1,298,013	\$ 5,288,158
Cash paid for contractual services	(2,226,487)	(1,119,063)	(3,345,550)
Cash paid to and on behalf of employees	(1,301,906)	-	(1,301,906)
Net cash provided (used) by operating activities	<u>461,752</u>	<u>178,950</u>	<u>640,702</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State and federal aid	219,450	-	219,450
Transfers to/from other funds	(20,000)	-	(20,000)
Net cash provided by noncapital financing activities	<u>199,450</u>	<u>-</u>	<u>199,450</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash outlay for capital assets, net	(719,077)	-	(719,077)
Net cash used by capital and related financing activities	<u>(719,077)</u>	<u>-</u>	<u>(719,077)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from interest and dividends	17,547	6,019	23,566
Cash received from rental of real property	9,720	-	9,720
Net cash provided by investing activities	<u>27,267</u>	<u>6,019</u>	<u>33,286</u>
Net increase (decrease) in cash and cash equivalents	(30,608)	184,969	154,361
Cash and cash equivalents, January 1	<u>2,475,378</u>	<u>1,266,485</u>	<u>3,741,863</u>
Cash and cash equivalents, December 31	<u>\$ 2,444,770</u>	<u>\$ 1,451,454</u>	<u>\$ 3,896,224</u>
Classified as:			
Cash and cash equivalents - unrestricted	1,671,092	1,451,454	3,122,546
Cash and cash equivalents - restricted	<u>773,678</u>	<u>-</u>	<u>773,678</u>
Total cash and cash equivalents	<u>\$ 2,444,770</u>	<u>\$ 1,451,454</u>	<u>\$ 3,896,224</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	<u>\$ (1,156,964)</u>	<u>\$ (21,609)</u>	<u>\$ (1,178,573)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	950,873	-	950,873
Changes in assets and liabilities:			
Decrease in accounts receivable	4,574	-	4,574
Increase in prepaid expense	(8,238)	-	(8,238)
Decrease in internal balances	5,440	-	5,440
Decrease in inventories	9,353	-	9,353
Increase in accounts payable	5,231	200,559	205,790
Increase in retained percentages	27,061	-	27,061
Decrease in customer deposits	(1,000)	-	(1,000)
Increase in accrued liabilities	885	-	885
Increase in compensated absences	5,611	-	5,611
Increase in closure/post closure payable	452,596	-	452,596
Increase in OPEB liability	166,330	-	166,330
Net cash provided (used) by operating activities	<u>\$ 461,752</u>	<u>\$ 178,950</u>	<u>\$ 640,702</u>

The notes to the basic financial statements are an integral part of this statement.

MADISON COUNTY, NEW YORK
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
As of December 31, 2011

ASSETS	
Cash and cash equivalents	\$ 4,787,916
Accounts receivable	<u>1,785,713</u>
Total Assets	<u>6,573,629</u>
LIABILITIES	
Due to other funds	5,823,077
Accounts payable and accrued expenses	<u>750,552</u>
Total Liabilities	<u>6,573,629</u>
NET ASSETS	<u><u>\$ -</u></u>

The notes to the basic financial statements are an integral part of this statement.

MADISON COUNTY, NEW YORK
STATEMENT OF NET ASSETS
COMPONENT UNITS
As of December 31, 2011

	<u>Madison County Industrial Development Agency</u>	<u>Madison County Soil and Water Conservation District</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 282,553	\$ 835,218	\$ 1,117,771
Accounts receivable, net	-	141,913	141,913
Due from other governments	-	854,767	854,767
Total current assets	<u>282,553</u>	<u>1,831,898</u>	<u>2,114,451</u>
Noncurrent assets:			
Capital assets, net	<u>384,016</u>	-	<u>384,016</u>
Total noncurrent assets	<u>384,016</u>	-	<u>384,016</u>
Total Assets	<u>666,569</u>	<u>1,831,898</u>	<u>2,498,467</u>
LIABILITIES			
Current liabilities:			
Accounts payable	8,823	151,935	160,758
Other liabilities	-	844,745	844,745
Total Liabilities	<u>8,823</u>	<u>996,680</u>	<u>1,005,503</u>
NET ASSETS			
Invested in capital assets, net of related debt	384,016	-	384,016
Restricted for:			
Other purposes	15,142	580,681	595,823
Unrestricted:			
Undesignated	<u>258,588</u>	<u>254,537</u>	<u>513,125</u>
	<u>\$ 657,746</u>	<u>\$ 835,218</u>	<u>\$ 1,492,964</u>

The notes to the basic financial statements are an integral part of this statement.

**MADISON COUNTY, NEW YORK
STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Year Ended December 31, 2011**

	<u>Madison County Industrial Development Agency</u>	<u>Madison County Soil and Water Conservation District</u>	<u>Total</u>
Expenses	<u>\$ 276,903</u>	<u>\$ 1,194,753</u>	<u>\$ 1,471,656</u>
Program revenues:			
Charges for services	36,855	64,994	101,849
Operating grants and contributions	<u>164,616</u>	<u>866,248</u>	<u>1,030,864</u>
Total program revenues	<u>201,471</u>	<u>931,242</u>	<u>1,132,713</u>
Net program expense	<u>(75,432)</u>	<u>(263,511)</u>	<u>(338,943)</u>
Non-operating revenues:			
Unrestricted interest income	<u>998</u>	<u>1,817</u>	<u>2,815</u>
Total non-operating revenue	<u>998</u>	<u>1,817</u>	<u>2,815</u>
Change in net assets	(74,434)	(261,694)	(336,128)
Total net assets at beginning of year	<u>732,180</u>	<u>1,096,912</u>	<u>1,829,092</u>
Total net assets at end of year	<u>\$ 657,746</u>	<u>\$ 835,218</u>	<u>\$ 1,492,964</u>

The notes to the basic financial statements are an integral part of this statement.

NOTES TO THE
BASIC FINANCIAL STATEMENTS

1. BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background

Madison County, New York (the County) was incorporated in 1806 and is governed by County Law and other General Laws of the State of New York. The Board of Supervisors, which is the legislative body responsible for the overall operation of the County, consists of 19 members, with each member's vote weighted on the basis of population in the town or district represented. The Chairman of the Board of Supervisors serves as the Chief Executive Officer. The County Treasurer serves as the Chief Fiscal Officer and the Budget Officer.

The basic services provided are highway maintenance, social services, health services, public safety, cultural and recreational programs and certain administrative services.

Summary of Significant Accounting Policies

The accounting policies of the County conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies.

(a) Reporting Entity

The financial reporting entity consists of the County (primary government) and organizations for which the primary government is financially accountable and the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Aggregate discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

Based upon the foregoing criteria and the significant factors presented below, the following organizations, functions, or activities are included in the County's aggregate discretely presented component units:

Madison County Industrial Development Agency

The Madison County Industrial Development Agency (IDA) is a public benefit corporation created by the New York State Legislature and established to promote the economic welfare, recreation opportunities and prosperity of the County inhabitants and to develop economically sound commerce and industry. Members of the Agency's Board of Directors are appointed by the County Board of Supervisors. The Agency's Board has complete responsibility for management of the agency and accountability for fiscal matters. The County is not liable for agency bonds and exercises no oversight responsibility. Separate financial statements may be obtained from the Madison County IDA at 3215 Seneca Turnpike, Canastota, New York 13032.

Basis of accounting – The financial statements for the IDA are presented on the accrual basis of accounting.

Madison County Soil and Water Conservation District

The Madison County Soil and Water Conservation District (the District) was created by the New York State Legislature to provide for the conservation of soil and water resources and prevention of soil erosion. The District provides technical assistance relative to natural resource conservation and water quality to the residents of the County. Although the Board of Supervisors appoints the five members of the District board, the members have complete responsibility for management and

accountability for fiscal matters of the District. Separate financial statements may be obtained from the Madison County Soil and Water Conservation District at 6503 Wes Road, Hamilton, New York 13346.

Basis of accounting – The financial statements for the District are presented on the modified accrual basis of accounting.

(b) Accounting and Reporting Change

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, is intended to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. This Statement has been adopted by the County effective for the year beginning January 1, 2011, and has required the County to amend its fund balance classifications for governmental funds. The new classifications are explained below:

Nonspendable fund balance consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

Restricted fund balance consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or through constitutional provisions or enabling legislation.

Committed fund balance consists of amounts that are subject to a purpose constraint 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. The County Board of Supervisors is the decision-making authority that can, by resolution, commit fund balance.

Assigned fund balance consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

Unassigned fund balance represents the residual classification for the County's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or unassigned.

When resources are available from multiple classifications, the County spends funds in the following order: restricted, committed, assigned, unassigned.

GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, amends GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension*, to allow agent employers that have individual OPEB plans with less than 100 plan members to use the alternate measurement method, regardless of the total number of plan members in the multiple-employer OPEB plan in which it participates. This Statement has been adopted by the County effective for the year beginning January 1, 2011.

GASB Statement No. 59, *Financial Instruments Omnibus*, is intended to help preparers of government financial statements improve the consistency and completeness of reporting and disclosure for certain types of financial instruments. This Statement has been adopted by the County effective for the year beginning January 1, 2011.

The following accounting standards have been issued, but have not yet been implemented by the County:

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, is intended to improve financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The requirements of the Statement are effective for periods beginning after December 15, 2011, which is the fiscal year beginning January 1, 2012 for the County. This Statement is not expected to have a material effect on future financial statements of the County.

GASB Statement No. 61, *Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*, is intended to improve financial reporting for a governmental financial reporting entity. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity, amends the criteria for reporting component units as if they were part of the primary government in certain circumstances, and clarifies the reporting of equity interests in legally separate organizations. The requirements of the Statement are effective for periods beginning after June 15, 2012, which is the fiscal year beginning January 1, 2013 for the County. Management has not yet determined the effect that this Statement will have on the future financial statements of the County.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, is intended to provide a complete set of all pre-November 30, 1989 FASB and AICPA pronouncements that are currently in place and in use by governments. The requirements of the Statement are effective for periods beginning after December 15, 2011, which is the fiscal year beginning January 1, 2012 for the County. This Statement is not expected to have a material effect on future financial statements of the County.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, is intended to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources on the statement of net assets. The requirements of the Statement are effective for periods beginning after December 15, 2011, which is the fiscal year beginning January 1, 2012 for the County. This Statement is not expected to have a material effect on future financial statements of the County.

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*, is intended to amend GASB Statement No. 53 and clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. The requirements of the Statement are effective for periods beginning after June 15, 2011, which is the fiscal year beginning January 1, 2012 for the County. This Statement is not expected to have a material effect on future financial statements of the County.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, is intended to clarify the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The requirements of the Statement are effective for periods beginning after December 15, 2012, which is the fiscal year beginning January 1, 2013 for the County. This Statement is not expected to have a material effect on future financial statements of the County.

GASB Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statement No. 10 and No. 62*, is intended to enhance the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The requirements of the Statement are effective for periods beginning after December 15, 2012, which is the fiscal year beginning January 1, 2013 for the County. This Statement is not expected to have a material effect on future financial statements of the County.

(c) *Basis of Presentation*

Government-wide Financial Statements

The government-wide financial statements (the Statement of Net Assets and the Statement of Activities) concentrate on the County as a whole and do not emphasize fund types but rather a governmental or a business-type activities classification, which are presented separately. The governmental activities and business-type activities comprise the primary government and are reported separately from the discretely presented component units of the County. General governmental and intergovernmental revenues support the governmental activities, whereas the business-type activities are primarily supported by user fees and charges for services.

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 Statement of Activities reflects the expenses of a given function or segment and the extent they are offset by program revenues. Program revenues are defined as charges for services, operating grants and contributions, and capital grants and contributions, directly associated within a given function. Taxes and other revenues not associated with a specific function are reported as general revenue.

The effect of interfund activity has been removed from the government-wide financial statements. However, the interfund services between functions are not eliminated.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity/net assets, revenues and expenditures/expenses.

Governmental Fund Types

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers certain revenues (i.e. property taxes) to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are

recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments and certain other long-term liabilities are recorded only when payment is due.

The County reports the following major governmental fund:

General Fund – The General Fund is the County’s principal operating fund. It is used to account for all financial resources except those required to be accounted for in other funds.

The County reports the following governmental funds collectively in the Non-major Governmental funds:

Capital Projects Fund – Used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by the enterprise funds.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specified revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The primary funds included in the Special Revenue Funds are:

County Road Fund – Used to account for expenditures for highway purposes authorized by Section 114 of the Highway Law.

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.

Community Development Grant Fund – Used to account for funds received under the U.S. Department of Housing and Urban Development’s Community Development Small Cities Block Grant Program.

Proprietary Fund Types

All proprietary funds are major funds and are used to account for a government’s business-type activities, which are similar to those often found in the private sector. Proprietary fund types use the economic resources measurement focus and accrual basis of accounting. Proprietary funds are comprised of:

Enterprise Funds – The Enterprise Funds are used to account for operations that provide services primarily to customers other than governments outside the financial reporting entity and are financed primarily by user charges. The Enterprise Funds are:

Environmental Landfill Fund – The Environmental Landfill Fund accounts for the planning, development, operation and maintenance of County solid waste handling facilities. Substantially all revenues are from user fees, and it is the County’s intention that the solid waste operation be self-supporting.

Workers’ Compensation Fund – The Workers’ Compensation Fund accounts for the activities of a County-sponsored, 41-member municipal workers’ compensation pool.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the County in a trustee capacity or as agent for individuals, private organizations, other governments and/or funds. They cannot be used to support the government's own programs. Fiduciary funds are comprised of:

Agency Funds – Agency Funds account for situations where the government's role is purely custodial. Accordingly, all assets are offset by a liability to the authorized party.

(d) Basis of Accounting/Measurement Focus

The accounting basis for each fund is determined by its measurement focus. The measurement focus for governmental funds is based upon determination of current financial resources. Proprietary funds are accounted for on a flow of economic resources measurement focus. Agency Funds are custodial in nature (assets equal liabilities) and do not measure the result of operations.

The government-wide financial statements are prepared on a full accrual basis using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all of the eligibility requirements have been met. Fiduciary fund financial statements are also prepared on an accrual basis.

Modified Accrual Basis – All governmental funds are accounted for using the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. The two primary revenue sources which are treated as susceptible to accrual are property taxes collected within 60 days of the reporting period, and sales tax which is recorded based on the date of sales. Expenditures are recognized when the related fund liability is incurred, except for principal and interest on long-term debt, which are recorded as expenditures when paid, and compensated absences and claims/judgments, which are recognized as a liability in the applicable fund if payable with current financial resources.

Allowances have been provided for any receivables where collection is doubtful. In addition, revenues relating to property taxes and revolving loans in the governmental funds that are not available to finance current operations have been deferred. At the government-wide level, these are recognized as revenues.

Accrual Basis – Proprietary and fiduciary fund types and discretely presented component units are accounted for using the accrual basis of accounting. Under this method, revenues including unbilled amounts are recognized when earned and expenses are recorded when the liabilities are incurred, regardless of the timing of related cash inflows and outflows. Capital assets, the related outstanding debt and other long-term liabilities related to activities of the proprietary and fiduciary fund types, and the discretely presented component units, are recorded within these fund types.

Operating revenues and expenses generally result from the proprietary funds' principal operations, providing services and producing and delivering goods. Non-operating revenues and expenses are reported as capital and related financing activities, non-capital financing activities, or investing activities which normally would not be reported as components of operating income.

Enterprise funds apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research

Bulletins (ARBs) of the Committee on Accounting Procedures. The County has elected not to adopt the option as allowed by paragraph 7 of GASB 20 to adopt all FASB pronouncements issued after November 30, 1989.

Inventories – The County uses the purchase method of accounting for inventories. At the end of the period, material and supplies inventories are taken and significant inventories are recorded as an asset with an offset to reserve for inventories. Inventories are valued at cost using the first-in, first-out (FIFO) method.

Designation for use in next year's budget – This account represents resources to be used in the 2012 budget period.

State and Federal receivables – This account includes reimbursement claims for various grant-in-aid programs from State and Federal agencies.

Restricted/Unrestricted Assets – If both restricted and unrestricted assets are available for an incurred expenditure, the County shall first apply the unrestricted assets.

(e) Deposits and Investments

Deposit and Investment Policies – The County maintains an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conform with federal, state and other legal requirements; provide sufficient liquidity of invested funds in order to meet obligations as they become due; and attain a market rate of return. Oversight of investment activity is the responsibility of the County Treasurer who is also the Chief Fiscal Officer of the County.

Interest Rate Risk – The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – New York State General Municipal Law and the County's Investment and Deposit Policy authorize the County to purchase the following types of investments:

- Obligations of the United States of America;
- Obligations where payment of principal and interest are guaranteed by the United States of America;
- Obligations of the State of New York;
- Special time deposit accounts;
- Certificates of Deposit;
- Obligations of public authorities, public housing authorities, urban renewal agencies, and industrial development agencies where the general State statutes governing such entities or whose specific enabling legislation authorizes such investments;
- Obligations issued pursuant to New York State Local Finance Law Section 24.00 and 25.00 (with approval of the New York State Comptroller) by any municipality, school district or district corporation other than the County of Madison, New York; and

- Repurchase agreements authorized subject to the following restrictions: All repurchase agreements must be entered into subject to a master repurchase agreement. Trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers. Obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America. No substitutions will be allowed and the custodian shall be a party other than the trading partner.

Custodial Credit Risk – For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, the County may not recover its deposits. In accordance with New York State General Municipal Law and the County’s Investment and Deposit Policy, all deposits of the County, including certificates of deposits and special time deposits in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by a pledge of securities with an aggregate value equal to the aggregate amount of deposits. The County restricts the securities to the following eligible items: (a) obligations issued or fully insured or guaranteed as to the payment of principal and interest by the United States of America, an agency thereof or a United States government sponsored corporation; (b) obligations issued or fully guaranteed by the International Bank for Reconstruction and Development, the Intern-American Development Bank, the Asian Development Bank, and the African Development Bank; (c) obligations partially insured or guaranteed by any agency of the United States of America; (d) obligations issued or fully insured or guaranteed by the State of New York, obligations issued by municipal corporation, school district or district corporation of New York State or obligations of any public benefit corporation which under a specific State statute may be accepted as security for deposit of public monies; (e) obligations issued by states (other than the State of New York) of the United States rated in one of the two highest rating categories by at least one Nationally Recognized Statistical Rating Organization; (f) obligations of Puerto Rico rated in the highest rating category by at least one Nationally Recognized Statistical Rating Organization; (g) obligations of counties, cities and other governmental entities of a state other than the State of New York having the power to levy taxes that are backed by the full faith and credit of such governmental entity and rated in one of the two highest categories by at least one Nationally Recognized Statistical Rating Organization; (h) obligations of domestic corporations rated in one of the two highest rating categories by at least one Nationally Recognized Statistical Rating Organization; and (i) Zero coupon obligations of the United States of America marketed at “treasury strips.”

As of December 31, 2011, the County’s bank balance of \$37.9 million was covered by depository insurance or collateralized by pledged securities held by the pledging banks’ trust departments not in the County’s name and exposed to custodial credit risk.

Investments – For investments, custodial risk is the risk that a government will not be able to recover the value of an investment or collateral securities that are in the possession of an outside party if the counter-party to the transaction fails. The County’s investment policy requires all County investments be registered or insured in the County’s name and held in the custody of the bank or the bank’s trust department. Pledged securities are not required to be registered or inscribed in the name of the County of Madison. In the event that the pledged securities are not registered or inscribed in the name of the County of Madison, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the County of Madison or its custodial bank.

Concentration of Credit Risk – The County places no limit on the amount that may be invested in any one issue. At year-end 2011, the County had no investments.

Custodial Accounts – Custodial assets refer to cash and cash equivalents held by the County for a third party. During 2011, the County held no custodial assets for third parties.

Funds Held by Trustee – Funds held by trustee for the primary government refer to cash and investments held by a third party for the County. During 2011, there were no funds held by a trustee for the primary government.

(f) *Compensated Absences*

Under the terms of personnel policies and union contracts, County employees, other than elected officials, are granted personal, sick, and vacation leave credits and may accumulate these credits as follows:

Personal Leave – Employees are granted from between three and five days personal leave each year depending on their contracts, coverage and hiring date. At December 31, all unused personal leave is converted to sick leave. Employees are not paid for the value of their unused personal leave credits upon termination.

Sick Leave – Employees are granted sick leave credits of one-half day to one day per month depending on their contracts and hiring date. All covered employees are allowed to accumulate up to 165 days of sick leave credits, except those in the White Collar Bargaining Unit, who are allowed to accumulate up to 200 days of sick leave. Covered employees are allowed to buy-back sick leave credits in accordance with their contracts. The buy-back of sick leave credits is limited to those days in excess of 100 days accumulated and may not exceed 30 days of buy-back credits. In addition, the benefit buy-back is paid at 50% of the employee's current hourly rate. Employees at termination, except those in the Management Compensation Plan, with at least 10 years of service, are compensated from a minimum of between 10 and 20 days of accumulated sick leave and as many as between 20 and 60 days depending on contract and length of service.

Vacation Leave – Employees are granted vacation leave credits of from 10 to 20 days per year depending on contract and years of service. The maximum accumulation per employee is 40 days. Full time employees, except those in the Nurses Bargaining Unit, may receive up to 30 days' pay in lieu of vacation time. Employees receive payment at termination from 10 days to 40 days vacation leave credits depending on contract and years of service.

(g) *Medicaid Claims*

During 2005, the New York State Legislature enacted major changes to the funding of the County's share of Medicaid cost. Chapter 58 of the Laws of 2005 capped Medicaid cost at 2005 levels and limited the growth rates to 3.5% in 2006, 3.25% in 2007, and permanently capped the growth at 3% starting in 2008. The cap is established based on the County's local share expenditure made during the 2005 calendar base year. In 2012, the New York State Legislature amended the law to further reduce the growth rates to 2.0% in 2013, 1.0% in 2014, and 0.0% thereafter. As a result of this legislation, the County will receive a long-term benefit because of future costs to the County being limited to the growth rates described above.

The County received a short-term benefit from the Federal Medical Assistance Percentage (FMAP) enhancement contained in the American Recovery and Reinvestment Act (ARRA) during fiscal years 2009 through 2011.

(h) *Environmental Landfill Closure and Post-closure Care Costs*

In accordance with Governmental Accounting Standards Board Statement 18, *Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Cost*, the County has accrued future costs of its solid waste landfill operations. The amounts accrued as of December 31, 2011 are discussed in note 6(c).

(i) *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. Significant estimates made by the County in the determination of recorded assets and liabilities include, but are not limited to, allowances for uncollectible property taxes, landfill closure and post-closure liabilities and reserves for self-insurance claim liabilities.

2. PROPERTY TAXES AND COLLECTION

County real property taxes are levied on December 31 of each year for the following fiscal year and become a tax lien on January 1. For fiscal year 2011, the County's real property tax levy (for county-wide purposes) was \$28,884,388, and the composite tax rate was \$7.47049.

Taxes are collected by Town Tax Collectors commencing on January 1 to the expiration of their warrant, which generally is April 30. No later than May 10, uncollected taxes are returned by the Town Tax Collectors to the County Treasurer for collection as delinquent taxes under Article 11 (In Rem proceedings) of the New York State Real Property Tax Law. Taxes for County purposes are levied together with taxes for town and special district purposes as a single tax bill. The towns and special districts receive the full amount of their levies annually out of the first amounts collected on the combined tax bill. The collection of County taxes levied on properties within the City of Oneida is enforced by the City, and the County receives the full amount of such taxes from the City within the tax levy year.

The County guarantees the real property tax levies of the town, village, and school district real property tax levies located within the County except city school district taxes levied on property located within the City of Oneida. At December 31, 2011, the County reflected liabilities to the non-city school districts of \$5,193,516, the city school district of \$230,815, and the villages of \$366,166, for amounts of real property taxes that the County had assumed responsibility for collecting. The County paid the respective school districts and villages the amounts owed by April 1, 2012. The amounts payable are included in "Due to Other Governments" in the accompanying basic financial statements. Any such taxes remaining unpaid at year-end are relieved onto the County tax bill on December 31.

At December 31, 2011, the total real property taxes receivable was \$7,877,647 (after deduction of an allowance for uncollectible taxes of \$925,000). An estimate of these tax liens that will not be collected within the first 60 days of the subsequent year totaled \$2,204,424 and is included in deferred revenue.

3. SALES AND USE TAX

The County of Madison imposes a 4% local sales and use tax in the area outside of the City of Oneida and a 2% local sales and use tax within the City of Oneida. All sales and use tax received by the County is treated as a general sales tax revenue. By State statute, the County shares 50% of the gross sales tax collected in the County and outside the boundaries of the City of Oneida.

The towns' and villages' 50% share is distributed to each municipality based on the percentage each contributes toward the annual County tax levy. Eight villages have opted to receive their sales tax distribution as a direct payment and can use the sales tax revenue for any purpose. The other two villages and 15 townships, by State statute, must first have their sales tax distribution used to reduce their respective County taxes based on the percentage each contributes to the annual County tax levy. Any sales tax surplus at the end of the year is used to reduce the ensuing year's town tax rates.

MADISON COUNTY, NEW YORK
Notes to the Basic Financial Statements
Year Ended December 31, 2011

On June 1, 2004, the County increased its local sales and use tax from 3% to 4%. In 2007, 2009, and again in 2011, the County extended the additional 1% sales and compensating use tax. The current County sales and use tax legislation is scheduled to expire on November 30, 2013, at which time it must be rescinded, amended or renewed.

The sales tax portion of the General Fund's non-property tax items amounted to \$23,055,541 in 2011, of which \$9,680,848 was distributed to towns and villages to decrease County and town tax rates. At December 31, 2011, this amount included an accrual of approximately \$1,568,168 for sales tax transactions that occurred in the State of New York in 2011 that had not been received by the County at December 31, 2011. At December 31, 2011, undistributed excess sales tax collections for towns and villages amounted to \$2,381,428, and this governmental activity and general fund liability is included in "Due to Other Governments" in the accompanying basic financial statements.

The County recognizes as sales tax revenue the entire four percent in the General Fund as required by GASB Statements Number 33 and 36. The subsequent payments to the towns and villages are recognized in the General Fund as general government expenditures.

MADISON COUNTY, NEW YORK
Notes to the Basic Financial Statements
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4. CAPITAL ASSETS

Primary Government

Standard capitalization thresholds for capitalizing assets have been established for each major class of assets as summarized below:

<u>Class of Asset</u>	<u>Threshold</u>
Land	All
Construction in progress	Aggregate costs
Buildings	\$20,000
Improvements other than buildings	\$10,000
Infrastructure	\$50,000
Machinery and equipment	\$ 1,000

All capitalized assets are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly increase the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Asset Category</u>	<u>Useful Life</u>
Land	Not depreciable
Construction in progress	Not depreciable
Buildings	25-50 years
Improvements other than buildings	15-20 years
Infrastructure	10-65 years
Machinery and equipment	5-30 years

Depreciation expense of the primary government for the year ended December 31, 2011 was as follows:

Governmental activities:

General government support	\$ 460,151
Education	272
Public safety	558,622
Health	60,967
Transportation	2,763,407
Economic assistance and opportunity	170,936
Culture and recreation	10,679
Home and community services	120,741
	<hr/>
Total depreciation expense - governmental activities	<u>\$ 4,145,775</u>

Business-type activities:

Environmental landfill	950,873
	<hr/>
Total depreciation expense - business-type activities	<u>\$ 950,873</u>

MADISON COUNTY, NEW YORK
Notes to the Basic Financial Statements
Year Ended December 31, 2011

Capital asset activity of the primary government for the year ended December 31, 2011 is detailed below.

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 933,643	\$ 1,439	\$ -	\$ 935,082
Construction in progress	11,109,409	4,025,720	380,087	14,755,042
Total capital assets, not being depreciated	<u>12,043,052</u>	<u>4,027,159</u>	<u>380,087</u>	<u>15,690,124</u>
Capital assets, being depreciated:				
Buildings	31,673,797	637,917	2,218	32,309,496
Improvements other than buildings	1,462,071	113,716	-	1,575,787
Infrastructure	109,490,565	3,097,948	16,456	112,572,057
Machinery and equipment	19,624,656	1,448,246	628,615	20,444,287
Total capital assets being depreciated	<u>162,251,089</u>	<u>5,297,827</u>	<u>647,289</u>	<u>166,901,627</u>
Less accumulated depreciation for:				
Buildings	(10,985,876)	(627,075)	843	(11,612,108)
Improvements other than buildings	(1,072,400)	(31,927)	-	(1,104,327)
Infrastructure	(66,026,467)	(2,108,702)	13,329	(68,121,840)
Machinery and equipment	(12,754,654)	(1,378,071)	578,073	(13,554,652)
Total accumulated depreciation	<u>(90,839,397)</u>	<u>(4,145,775)</u>	<u>592,245</u>	<u>(94,392,927)</u>
Total capital assets, being depreciated, net	<u>71,411,692</u>	<u>1,152,052</u>	<u>55,044</u>	<u>72,508,700</u>
Governmental activities capital assets, net	<u>\$ 83,454,744</u>	<u>\$ 5,179,211</u>	<u>\$ 435,131</u>	<u>\$ 88,198,824</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 715,347	\$ -	\$ -	\$ 715,347
Construction in progress	149,480	398,951	1,000	547,431
Total capital assets, not being depreciated	<u>864,827</u>	<u>398,951</u>	<u>1,000</u>	<u>1,262,778</u>
Capital assets, being depreciated:				
Buildings	1,467,936	-	-	1,467,936
Improvements other than buildings	11,354,334	-	-	11,354,334
Infrastructure	650,015	-	-	650,015
Machinery and equipment	3,696,925	324,246	20,300	4,000,871
Total capital assets, being depreciated	<u>17,169,210</u>	<u>324,246</u>	<u>20,300</u>	<u>17,473,156</u>
Less accumulated depreciation for:				
Buildings	(433,090)	(29,528)	-	(462,618)
Improvements other than buildings	(4,366,513)	(697,787)	-	(5,064,300)
Infrastructure	(23,401)	(23,401)	-	(46,802)
Machinery and equipment	(2,514,778)	(200,279)	11,729	(2,703,328)
Total accumulated depreciation	<u>(7,337,782)</u>	<u>(950,995)</u>	<u>11,729</u>	<u>(8,277,048)</u>
Total capital assets, being depreciated, net	<u>9,831,428</u>	<u>(626,749)</u>	<u>8,571</u>	<u>9,196,108</u>
Business-type activities capital assets, net	<u>\$ 10,696,255</u>	<u>\$ (227,798)</u>	<u>\$ 9,571</u>	<u>\$ 10,458,886</u>

5. RETIREMENT BENEFITS

(a) *Retirement System*

- (1) Plan Description – The County of Madison participates in the New York State and Local Employees’ Retirement System (ERS). This is a cost-sharing, multiple-employer retirement system. The system provides retirement benefits as well as death and disability benefits. Obligations of the 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 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 found at <http://www.osc.state.ny.us/retire/publications/index.php> or obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.
- (2) Funding Policy – The System is non-contributory except for employees who joined the ERS after July 27, 1976, who contribute 3% of their salary for the first ten years of membership and employees who joined on or after January 1, 2010 who generally contribute 3% of their salary for the entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressed used in computing the employers’ contributions based on salaries paid during the System’s fiscal year ending March 31.

The required contributions for the current year and two preceding years were:

	<u>ERS</u>
2011	\$3,923,184
2010	3,014,188
2009	1,785,777

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

Chapter 260 of the Laws of 2004 of the State of New York was enacted that allows local employers to bond or amortize a portion of their retirement bill for up to 10 years. Chapter 57 of the Laws of 2010 of the State of New York was enacted that allows local employers to amortize a portion of their retirement bill for 10 years. Madison County has not elected to bond or amortize any portion of its retirement bills as allowed by the aforementioned Laws of the State of New York.

(b) *Other Postemployment Benefits*

Madison County provides certain healthcare benefits for retired employees, their dependents and certain survivors. The County adopted 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 services are received and reports the accumulated liability from prior years. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing in 2008.

MADISON COUNTY, NEW YORK
Notes to the Basic Financial Statements
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Plan Description – The County provides continuation of medical insurance coverage to eligible employees who retire directly into the New York State Retirement System, and to eligible elected officials who have attained at least 10 years of service with the County. The plan is a single-employer, postemployment healthcare benefits plan. The retirees and their beneficiaries receive this medical insurance coverage for the remainder of their lives. The plan does not currently 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 – Retirees do not contribute anything toward the cost of these post-employment benefits, with the exception of one bargaining unit which requires the retiree to contribute 10% of the premium for their plan. However, all retiree beneficiaries are required to contribute the full premiums for the respective plans. Actual medical claims paid on behalf of retirees and their beneficiaries are self-funded by the County. The County currently pays for postemployment healthcare benefits on a pay-as-you-go basis.

Annual Other Postemployment Benefit (OPEB) Cost – The County’s annual OPEB cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty (30) years. The following table summarizes the County’s ARC, the annual OPEB cost, the amount contributed to the plan, and the resulting net OPEB obligation by governmental activities and business-type activities:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Primary Government</u>
Annual required contribution	\$6,890,284	\$208,746	\$7,099,030
Employer contributions	<u>(1,927,943)</u>	<u>(42,416)</u>	<u>(1,970,359)</u>
Increase in net OPEB obligation	4,962,341	166,330	5,128,671
Net OPEB obligation 1/1/11	<u>15,034,863</u>	<u>484,782</u>	<u>15,519,645</u>
Net OPEB obligation 12/31/11	<u>\$19,997,204</u>	<u>\$651,112</u>	<u>\$20,648,316</u>

Funded Status and Funding Progress – The following tables provide the funded status and funding progress for the primary government for the current year and the two preceding years:

<u>Funded Status</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Actuarial Accrued Liability (AAL)	\$62,187,080	\$72,092,368	\$72,092,368
Actuarial Value of Plan Assets	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$62,187,080</u>	<u>\$72,092,368</u>	<u>\$72,092,368</u>
Actuarial Value of Assets as a Percentage of AAL	-0-%	-0-%	-0-%
Annual Covered Payroll	\$23,356,736	\$26,445,509	\$26,445,509
Ratio of UAAL to Annual Covered Payroll	266%	273%	273%
<u>Funding Progress</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Annual OPEB Costs (ARC)	\$6,743,086	\$7,099,030	\$7,099,030
Percentage Funded	25.71%	24.95%	27.76%
Year-end Balance	\$10,191,898	\$15,519,645	\$20,648,316

Actuarial Methods and Assumptions – The valuation of postemployment healthcare benefits involves estimates and assumptions about the probability of events occurring in the future. Examples are assumptions about future employment, mortality, and the health care cost trend.

MADISON COUNTY, NEW YORK
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Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of the valuation and on the pattern of cost sharing between the County and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

For the valuation dated January 1, 2010, the Projected Unit Credit cost method was used. Since Madison County does not currently segregate funding for these benefits, the investment rate of return, 4.309%, is the expected return on the County's general assets. The rates of turnover and rates of retirement were based on the experience under the New York State Employees' Retirement System and the New York Police and Fire Retirement System. It was assumed that 100% of future retirees eligible will elect to receive postretirement healthcare benefits, including medical coverage. Current retirees were assumed to continue participation in their current plans.

The County is currently eligible to receive the Medicare Part D prescription drug subsidy, which is accrued as revenue in the current year. Subsidies for future years cannot be recognized as a reduction in the actuarial accrued liability.

6. LONG-TERM OBLIGATIONS

(a) Bonds and Loans Payable

The County borrows funds on a long-term basis for the purpose of financing acquisition of equipment and construction of buildings and improvements. This policy enables the cost of capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term obligations represent a reconciling item between the fund and government-wide statements. Interest expense net of bond premium amortization for governmental activities for the year ended December 31, 2011 was \$629,404. Detail relating to general obligation bonds of the County, outstanding at December 31, 2011, is summarized as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
Governmental Activities				
Public safety communications	2010	2020	3.11 – 5 28%	<u>\$15,010,000</u>
Total governmental activities				<u>\$15,010,000</u>
Total primary government				<u>\$15,010,000</u>

Principal and interest payments due on the bonds outstanding at December 31, 2011, for the primary government, are as follows:

Governmental Activities		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2012	\$1,425,000	\$663,897
2013	1,465,000	615,295
2014	1,520,000	557,615
2015	1,580,000	493,910
2016	1,645,000	419,412
2017	1,730,000	333,180
2018	1,820,000	244,098
2019	1,880,000	150,976
2020	<u>1,945,000</u>	<u>51,367</u>
Total	<u>\$15,010,000</u>	<u>\$3,529,750</u>

MADISON COUNTY, NEW YORK
Notes to the Basic Financial Statements
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The debt service on these bonds and other obligations will be financed through real property taxes, proceeds from OTB revenues, use charges or other existing available resources for the retirement of debt.

(b) Long-term Liabilities

The following is a summary of long-term liabilities for the primary government as of December 31, 2011:

	Balance 12/31/10	Additions	Deductions	Balance 12/31/11	Current Portion
Governmental Activities					
Compensated absences	\$ 3,674,268	\$ 242,267	\$ (261,068)	\$ 3,655,467	\$ 82,254
Other postemployment benefits (OPEB) obligation	15,034,863	6,890,284	(1,927,943)	19,997,204	-
Bonds payable	16,390,000	-	(1,380,000)	15,010,000	1,425,000
Deferred bond premium	575,222	-	(61,448)	513,774	-
Total long-term liabilities	<u>\$35,674,353</u>	<u>\$7,132,551</u>	<u>\$(3,630,459)</u>	<u>\$39,176,445</u>	<u>\$1,507,254</u>
Business-type Activities/Environmental Landfill					
Compensated absences	\$ 109,311	\$ 5,611	\$ -	\$ 114,922	\$ 3,102
Other postemployment benefits (OPEB) obligation	484,782	208,746	(42,416)	651,112	-
Landfill closure/post closure	4,778,116	452,596	-	5,230,712	-
Total long-term liabilities	<u>\$ 5,372,209</u>	<u>\$ 666,953</u>	<u>\$ (42,416)</u>	<u>\$ 5,996,746</u>	<u>\$ 3,102</u>

(c) Accrued Landfill Closing Costs

State and Federal laws and regulations require the County to place a final cover on its municipal landfill site when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as a liability based on landfill capacity used each year. The \$5,230,712 reported as landfill closure and post-closure care liability represents the cumulative amount reported to date. The County will recognize the remaining estimated cost of closure and post-closure care of \$926,288 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2011. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

7. AMOUNTS DUE TO AND DUE FROM OTHER FUNDS

Amounts due to and due from other funds at December 31, 2011 are as follows:

MADISON COUNTY, NEW YORK
Notes to the Basic Financial Statements
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	Interfund Receivables						Business-type Activities	Total
	Governmental Activities							
	Non-major Governmental Funds							
	General Fund	Community Development	County Road	Road Machinery	Sewer District	Capital Projects		
Interfund Payables								
Governmental activities:								
General Fund	\$ -	\$ 3,676	\$ 5,925	\$ 18,879	\$ 2,459	\$ 23,886	\$ 5,400	\$ 60,225
Non-major Governmental Funds:								
Special Revenue:								
Community Development	30,730	-	-	-	-	-	-	30,730
County Road	236,196	-	-	-	-	-	-	236,196
Road Machinery	142,087	-	-	-	-	-	-	142,087
Sewer District	3,240	-	-	-	-	-	-	3,240
Capital Projects	12,577	-	-	-	-	-	-	12,577
Total Non-major	424,830	-	-	-	-	-	-	424,830
Total Governmental Activities	424,830	3,676	5,925	18,879	2,459	23,886	5,400	485,055
Business-type activities:								
Environmental Landfill	83,690	-	-	4,448	-	-	-	88,138
Agency Funds	5,823,077	-	-	-	-	-	-	5,823,077
Total Primary Government	<u>\$ 6,331,597</u>	<u>\$ 3,676</u>	<u>\$ 5,925</u>	<u>\$ 23,327</u>	<u>\$ 2,459</u>	<u>\$ 23,886</u>	<u>\$ 5,400</u>	<u>\$ 6,396,270</u>

8. OPERATING TRANSFERS

The following is a summary of operating transfers for the year ended December 31, 2011. All of the operating transfers were normal budgeted transfers.

	Interfund Transfers To					Total
	Governmental Activities					
	Nonmajor Governmental Funds					
	General Fund	County Road	Road Machinery	Capital Projects	Debt Service	
Interfund Transfers From						
Governmental activities:						
General Fund	\$ -	\$ 6,735,987	\$ 1,725,110	\$ 326,450	\$ 883,220	\$ 9,670,767
Non-major Governmental Funds:						
Capital Projects	-	-	-	-	1,546,507	1,546,507
Total Non-major	-	-	-	-	1,546,507	1,546,507
Total Governmental Activities	-	6,735,987	1,725,110	326,450	2,429,727	11,217,274
Business-type activities:						
Environmental Landfill	20,000	-	-	-	-	20,000
Total primary government	<u>\$ 20,000</u>	<u>\$ 6,735,987</u>	<u>\$ 1,725,110</u>	<u>\$ 326,450</u>	<u>\$ 2,429,727</u>	<u>\$ 11,237,274</u>

9. SIGNIFICANT CLAIMS AND CONTINGENT LIABILITIES

The County had been a co-defendant in litigation in which certain Indian tribes collectively claimed approximately 200,000 acres in Madison County and sought monetary damages for allegedly illegal transfers of these lands to the State of New York in the late eighteenth and early nineteenth centuries. However, the Oneida land claim has recently been dismissed. A motion to dismiss the land claim filed by the Stockbridge-Munsee Community has been filed and is pending on submission before the United States District Judge.

The County is a party to a number of other lawsuits arising out of or related to the land claim litigation. These other lawsuits involve a number of complex issues, including the assessment and enforcement of real property taxes on land owned by the Oneida Indian Nation of New York and a challenge to the decision by the Secretary of the Interior to take land into trust for the benefit of the Oneida Indian Nation of New York. These various cases are at various stages in the legal process and the ultimate outcome is uncertain at this time.

The County is subject to a number of lawsuits in addition to the ones described above in the ordinary conduct of its affairs. Such lawsuits and claims are not, in the opinion of management, expected to have a material effect on the County's financial condition.

10. INSURANCE AND COMMITMENTS

The County purchases commercial insurance coverage and is self-insured for the deductible portion of its general liability risks. The County also funds its Workers' Compensation claim liability through a municipal workers' compensation risk pool, of which the County is the sponsoring member. In addition, the County is self-funded for its major medical, surgical, and hospital claims, which are administered by a third-party claims administrator. At December 31, 2011, the County has accrued a liability in its governmental activities and general fund of \$511,859, representing incurred but not yet reported health insurance claims and \$517,446 representing general liability claims. The governmental fund liability at December 31, 2011 is recorded entirely in the General Fund as accounts payable. The County has also accrued a liability of \$1,092,650 for workers' compensation premiums, unresolved claims and legal costs in its business-type activities and major enterprise fund (Workers' Compensation) at December 31, 2011.

County employees are entitled to coverage under the New York State Unemployment Insurance Law. The County has elected to discharge its liability to the New York State Unemployment Insurance Fund by the benefit reimbursement method, a dollar-for-dollar reimbursement for benefits paid to County employees and charged to the County's account.

There was no change in commercial coverage during 2011, and settled claims have not exceeded commercial coverage in any of the past five fiscal years.

The County has also entered into numerous operating lease agreements which, in the opinion of management, are not considered to be material.

11. FEDERAL AND STATE FUNDED PROGRAMS

The County participates in a number of Federal and New York State grant and assistance programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial. Expenditures disallowed by completed audits have generally been immaterial in nature and, accordingly, have been reflected as adjustments to revenues in the year the expenditure was determined to be unallowable since such amounts have been immaterial in nature.

REQUIRED SUPPLEMENTARY
INFORMATION
(Unaudited)

MADISON COUNTY, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Real property taxes	\$ 28,884,388	\$ 28,884,388	\$ 29,060,888	\$ 176,500
Real property tax items	1,270,000	1,270,000	1,349,941	79,941
Non-property tax items	22,943,000	23,324,668	23,524,592	199,924
Departmental income	10,123,030	10,147,830	8,401,212	(1,746,618)
Intergovernmental charges	467,800	479,600	465,534	(14,066)
Use of money and property	260,025	228,700	154,404	(74,296)
Licenses and permits	14,000	14,000	14,995	995
Fines and forfeitures	193,881	174,210	182,051	7,841
Sale of property and compensation for loss	1,056,794	1,083,689	1,119,315	35,626
Miscellaneous local sources	1,597,070	1,928,974	2,007,420	78,446
Interfund	2,299,394	2,362,107	242,820	(2,119,287)
State aid	10,099,954	11,252,914	11,717,049	464,135
Federal aid	7,574,518	8,822,434	8,689,306	(133,128)
Total Revenues	86,783,854	89,973,514	86,929,527	(3,043,987)
EXPENDITURES				
General government support	20,734,000	22,086,092	19,107,600	2,978,492
Education	5,810,396	5,825,661	5,047,373	778,288
Public safety	11,114,974	12,522,354	10,754,522	1,767,832
Health	11,602,708	11,754,344	10,109,862	1,644,482
Transportation	480,000	1,282,453	835,264	447,189
Economic assistance and opportunity	29,553,785	29,806,930	26,721,556	3,085,374
Culture and recreation	667,626	748,441	674,883	73,558
Home and community services	1,195,229	1,254,242	1,168,109	86,133
Unallocated employee benefits	2,909,308	3,057,460	2,676,243	381,217
Total Expenditures	84,068,026	88,337,977	77,095,412	11,242,565
Excess of revenues over expenditures	2,715,828	1,635,537	9,834,115	8,198,578
OTHER FINANCING SOURCES (USES)				
Appropriation of Reserves	425,000	494,498	-	(494,498)
Transfers in	20,000	20,000	20,000	-
Transfers out	(9,711,214)	(9,444,317)	(9,670,767)	(226,450)
Total other financing sources (uses)	(9,266,214)	(8,929,819)	(9,650,767)	(720,948)
Net change in fund balance	(6,550,386)	(7,294,282)	183,348	7,477,630
Fund balance - beginning	21,001,235	21,001,235	21,001,235	-
Fund balance - ending	\$ 14,450,849	\$ 13,706,953	\$ 21,184,583	\$ 7,477,630

1. **BUDGETARY DATA**

(a) *Budget Policies*

- (1) Budgets are generally adopted on a basis consistent with U.S. Generally Accepted Accounting Principles, with the following exception: Appropriations authorized for the current year are increased by the amount of encumbrances and reservations of fund balance carried forward from the prior year. In addition, interfund eliminations are accounted for through an adjustment from budgetary basis to U.S. GAAP basis for revenue, expenditures and other financing sources and uses.
- (2) No later than the first Monday after the first Tuesday in November, the Budget Officer submits a tentative budget to the County Board of Supervisors for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing them.
- (3) Public hearings are conducted to obtain citizen comment.
- (4) Prior to December 20, the budget is legally enacted through passage of a Board resolution adopting the tentative budget as revised or modified. In the event the tentative budget is not adopted by December 20, the tentative budget as submitted by the Budget Officer with any modifications or changes duly adopted by the Board is then the official adopted budget for the ensuing fiscal year.

(b) *Legally Adopted Budgets*

The General Fund has a legally adopted budget. Appropriations lapse at fiscal year-end and are not eligible to be carried over. All budgets are adopted on a departmental line item level-of-expenditure basis in which expenditures may not legally exceed appropriations on a departmental and line item object-of-expenditure level. Individual governmental fund comparison of budget and actual data at the legal level of control established by the adopted budget is not presented in this report for those funds with legally adopted budgets due to the excessive detail involved. However, a separate budgetary comparison report is available which contains this information.

(c) *Budget Carryover and Amendment*

The budget is adopted annually on a basis generally consistent with U.S. GAAP. The County budget treats carryover projects as encumbrances, and the carryover appropriations are added to the next year. The budget is amended for increased grants or State aid received during the year.

MADISON COUNTY, NEW YORK
Notes to Required Supplementary Information
Year Ended December 31, 2011

2. BUDGETARY SUMMARIES

(a) General Fund

A summary of legally adopted budgetary activity for the County's General Fund for the fiscal year 2011 follows:

	<u>General Fund</u>
Original Revenue Budget:	
Estimated revenues and other financing sources	\$87,228,854
Appropriated fund balance	<u>6,550,386</u>
Total Original Budget	93,779,240
Authorized Revisions:	
Authorized revisions and transfers	2,211,298
Additional appropriation of reserves	69,498
Grant reappropriations	<u>1,722,258</u>
Modified Revenue Budget-Budget Basis	<u>\$97,782,294</u>
Original Appropriations Budget:	
Appropriations and other financing uses	<u>\$93,779,240</u>
Total Original Budget	93,779,240
Authorized Revisions:	
Authorized revisions and transfers	2,280,796
Grant reappropriations	<u>1,722,258</u>
Modified Appropriations Budget-Budget Basis	<u>\$97,782,294</u>

MADISON COUNTY, NEW YORK
Notes to Required Supplementary Information
Year Ended December 31, 2011

(b) Reconciliation of Budget to GAAP - General Fund

A comparative summary of revenues and expenditures for the General Fund on a budgetary basis and a GAAP basis for the fiscal year 2011 follows:

Revenues and other financing sources (budgetary basis)	\$86,949,527
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Adjustment:

Interdepartmental and intrafund reimbursements treated as revenue for GAAP purposes and as an offset to such costs (contra revenue) for budgetary purposes	<u>1,574,402</u>
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Revenue and other financing sources (GAAP basis)	<u>\$88,523,929</u>
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Expenditures and other financing uses (budgetary basis)	\$86,766,179
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Adjustment:

Interdepartmental and intrafund reimbursements treated as expenditures for GAAP purposes and as an offset to such costs (contra expenditures) for budgetary purposes	<u>1,574,402</u>
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Expenditures and other financing uses (GAAP basis)	<u>\$88,340,581</u>
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COMBINING FINANCIAL INFORMATION

**MADISON COUNTY, NEW YORK
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
As of December 31, 2011**

	Special Revenue Funds	Capital Projects	Debt Service	Total Non-major Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,489,376	\$ 7,265,527	\$ -	\$ 13,754,903
Accounts receivable	1,718,268	-	-	1,718,268
Due from other funds	35,387	23,886	-	59,273
Loans receivable	827,333	-	-	827,333
State and federal receivables	305,641	-	-	305,641
Inventories	1,384,437	-	-	1,384,437
Prepaid expenses	150,077	-	-	150,077
	Total Assets	\$ 7,289,413	\$ -	\$ 18,199,932
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 263,924	\$ 90,048	\$ -	\$ 353,972
Accrued liabilities	84,864	-	-	84,864
Retained percentages	5,006	82,989	-	87,995
Due to other funds	412,253	12,577	-	424,830
Deferred revenue	3,361,066	-	-	3,361,066
	Total Liabilities	185,614	-	4,312,727
 Fund Balances:				
Nonspendable	1,534,514	-	-	1,534,514
Restricted	411,614	7,103,799	-	7,515,413
Assigned	4,837,278	-	-	4,837,278
	Total Fund Balances	7,103,799	-	13,887,205
	Total Liabilities and Fund Balances	\$ 7,289,413	\$ -	\$ 18,199,932

The notes to the basic financial statements are an integral part of this statement.

MADISON COUNTY, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011

	Special Revenue Funds	Capital Projects	Debt Service	Total Non-major Governmental Funds
REVENUES				
Real property taxes	\$ 5,400	\$ -	\$ -	\$ 5,400
Non-property tax items	416,045	-	-	416,045
Departmental income	685,090	-	-	685,090
Intergovernmental charges	911,576	-	-	911,576
Use of money and property	124,050	40,853	-	164,903
Sale of property and compensation for loss	98,076	-	-	98,076
Miscellaneous local sources	28,347	-	-	28,347
Interfund	747,081	-	-	747,081
State aid	2,297,614	72,500	-	2,370,114
Federal aid	1,142,996	-	-	1,142,996
Total Revenues	6,456,275	113,353	-	6,569,628
 EXPENDITURES				
Public safety	6,563	3,091,105	-	3,097,668
Transportation	11,934,711	-	-	11,934,711
Economic assistance and opportunity	711,844	196,709	-	908,553
Home and community services	909,027	43,166	-	952,193
Employee benefits	1,982,436	-	-	1,982,436
Debt service:				
Principal	-	-	1,380,000	1,380,000
Interest	-	-	1,049,727	1,049,727
Total Expenditures	15,544,581	3,330,980	2,429,727	21,305,288
Excess of expenditures over revenues	(9,088,306)	(3,217,627)	(2,429,727)	(14,735,660)
 OTHER FINANCING SOURCES (USES)				
Transfers in	8,461,097	326,450	2,429,727	11,217,274
Transfers out	-	(1,546,507)	-	(1,546,507)
Total other financing sources	8,461,097	(1,220,057)	2,429,727	9,670,767
Net change in fund balances	(627,209)	(4,437,684)	-	(5,064,893)
Fund balances at beginning of year	7,410,615	11,541,483	-	18,952,098
Fund balances at end of year	\$ 6,783,406	\$ 7,103,799	\$ -	\$ 13,887,205

**MADISON COUNTY, NEW YORK
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
As of December 31, 2011**

	Community Development	Cowaselon Creek	Law Enforcement Trust	County Road
ASSETS				
Cash and cash equivalents	\$ 1,221,431	\$ 26,696	\$ 28,244	\$ 3,471,911
Accounts receivable	1,692,647	-	-	24,358
Due from other funds	3,676	-	-	5,925
Loans receivable	827,333	-	-	-
State and federal receivables	2,799	-	-	246,895
Inventories	-	-	-	716,612
Prepaid expenses	11,881	-	-	115,765
Total Assets	\$ 3,759,767	\$ 26,696	\$ 28,244	\$ 4,581,466
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 21,566	\$ -	\$ -	\$ 206,076
Accrued liabilities	215	-	-	72,083
Retained percentages	-	-	-	-
Due to other funds	30,730	-	-	236,196
Deferred revenue	2,591,902	-	-	769,164
Total Liabilities	2,644,413	-	-	1,283,519
Fund Balances:				
Nonspendable	11,881	-	-	832,377
Restricted	-	-	-	50,061
Assigned	1,103,473	26,696	28,244	2,415,509
Total Fund Balances	1,115,354	26,696	28,244	3,297,947
Total Liabilities and Fund Balances	\$ 3,759,767	\$ 26,696	\$ 28,244	\$ 4,581,466

The notes to the basic financial statements are an integral part of this statement.

**MADISON COUNTY, NEW YORK
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
As of December 31, 2011**

	Road Machinery	Madison County Sewer District	Total Special Revenue Funds
ASSETS			
Cash and cash equivalents	\$ 817,799	\$ 923,295	\$ 6,489,376
Accounts receivable	1,263	-	1,718,268
Due from other funds	23,327	2,459	35,387
Loans receivable	-	-	827,333
State and federal receivables	55,947	-	305,641
Inventories	667,825	-	1,384,437
Prepaid expenses	22,431	-	150,077
	Total Assets	\$ 925,754	\$ 10,910,519
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 30,231	\$ 6,051	\$ 263,924
Accrued liabilities	12,566	-	84,864
Retained percentages	5,006	-	5,006
Due to other funds	142,087	3,240	412,253
Deferred revenue	-	-	3,361,066
	Total Liabilities	9,291	4,127,113
Fund Balances:			
Nonspendable	690,256	-	1,534,514
Restricted	361,553	-	411,614
Assigned	346,893	916,463	4,837,278
	Total Fund Balances	916,463	6,783,406
	Total Liabilities and Fund Balances	\$ 925,754	\$ 10,910,519

The notes to the basic financial statements are an integral part of this statement.

MADISON COUNTY, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2011

	Community Development	Cowaselon Creek	Law Enforcement Trust	County Road
REVENUES				
Real property taxes	\$ -	\$ 5,400	\$ -	\$ -
Non-property tax items	-	-	-	416,045
Departmental income	184,232	-	-	-
Intergovernmental charges	-	-	-	911,576
Use of money and property	109,957	-	29	7,386
Sale of property and compensation for loss	-	-	-	1,368
Miscellaneous local sources	24,342	-	1,232	2,228
Interfund	120,747	-	-	26,860
State aid	-	-	-	2,297,614
Federal aid	894,982	-	-	157,643
Total Revenues	<u>1,334,260</u>	<u>5,400</u>	<u>1,261</u>	<u>3,820,720</u>
EXPENDITURES				
Public safety	-	-	6,563	-
Transportation	-	-	-	9,126,428
Economic assistance and opportunity	711,844	-	-	-
Home and community services	504,124	8,810	-	-
Employee benefits	109,217	-	-	1,559,661
Total Expenditures	<u>1,325,185</u>	<u>8,810</u>	<u>6,563</u>	<u>10,686,089</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,075</u>	<u>(3,410)</u>	<u>(5,302)</u>	<u>(6,865,369)</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	-	6,735,987
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,735,987</u>
Net change in fund balances	9,075	(3,410)	(5,302)	(129,382)
Fund balances at beginning of year	<u>1,106,279</u>	<u>30,106</u>	<u>33,546</u>	<u>3,427,329</u>
Fund balances at end of year	<u>\$ 1,115,354</u>	<u>\$ 26,696</u>	<u>\$ 28,244</u>	<u>\$ 3,297,947</u>

MADISON COUNTY, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2011

	<u>Road Machinery</u>	<u>Madison County Sewer District</u>	<u>Total Special Revenue Funds</u>
REVENUES			
Real property taxes	\$ -	\$ -	\$ 5,400
Non-property tax items	-	-	416,045
Departmental income	-	500,858	685,090
Intergovernmental charges	-	-	911,576
Use of money and property	3,089	3,589	124,050
Sale of property and compensation for loss	96,708	-	98,076
Miscellaneous local sources	-	545	28,347
Interfund	599,474	-	747,081
State aid	-	-	2,297,614
Federal aid	90,371	-	1,142,996
Total Revenues	<u>789,642</u>	<u>504,992</u>	<u>6,456,275</u>
EXPENDITURES			
Public safety	-	-	6,563
Transportation	2,808,283	-	11,934,711
Economic assistance and opportunity	-	-	711,844
Home and community services	-	396,093	909,027
Employee benefits	263,287	50,271	1,982,436
Total Expenditures	<u>3,071,570</u>	<u>446,364</u>	<u>15,544,581</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,281,928)</u>	<u>58,628</u>	<u>(9,088,306)</u>
OTHER FINANCING SOURCES			
Transfers in	1,725,110	-	8,461,097
Total other financing sources	<u>1,725,110</u>	<u>-</u>	<u>8,461,097</u>
Net change in fund balances	(556,818)	58,628	(627,209)
Fund balances at beginning of year	<u>1,955,520</u>	<u>857,835</u>	<u>7,410,615</u>
Fund balances at end of year	<u>\$ 1,398,702</u>	<u>\$ 916,463</u>	<u>\$ 6,783,406</u>

