

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements

December 31, 2011

(1) Summary of Significant Accounting Policies

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

The accounting policies of the County conform to accounting principles generally accepted in the United States of America as applicable to governmental units. A summary of the significant accounting policies consistently applied in the preparation of the accompanying basic financial statements follows.

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

(a) Financial Reporting Entity

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

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

The financial reporting entity consists of (a) the primary government which is the County of Saratoga, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement No. 14.

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(a) Financial Reporting Entity, Continued

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

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

Included In the Reporting Entity:

Saratoga County Industrial Development Agency - The Saratoga County Industrial Development Agency (the IDA) was created in 1971 by the New York State Legislature pursuant to Article 18-A and Section 890-h of the General Municipal Law. The members of the IDA Board are appointed by the County Board of Supervisors. The County provides office space to support its operations. The IDA is considered a component unit of the County and is discretely presented. Complete financial statements of the component unit can be obtained from its administrative office: Administrative Office, Saratoga County Industrial Development Agency, 50 West High Street, Ballston Spa, New York 12020.

Saratoga County Water Authority - The Saratoga County Water Authority (the Authority) was created by the New York State Legislature. The governing board of the Authority is appointed by the County Board of Supervisors. Currently, the County provides no subsidy to the Authority, but ultimately is responsible for debt or operating deficits of the Authority. The Authority's debt is essentially supported by its operating revenue. The County does not appoint management of the Authority nor does it approve the Authority's budget, contracts, or hiring of staff. The County has no oversight responsibility for funds of the Authority. The Authority is comprised of 7 board members, 3 of whom are on the Saratoga County Board of Supervisors.

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(a) Financial Reporting Entity, Continued

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

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

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

(b) Government-Wide and Fund Financial Statements

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

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

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

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued

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

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

(d) Fund Accounting

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

Fund Types:

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

- (1) General Fund is the principal operating fund of the County and accounts for the general tax revenue, miscellaneous receipts not allocated by law or contractual agreement to another fund, and general operating expenditures. This fund operates within the financial limits of an annual budget adopted by the Board of Supervisors.
- (2) Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds of the County include the following:
  - County Road Fund is used to account for revenue generated to finance maintenance, repairs, and improvements to County roads and bridges, snow removal, and other transportation related purposes.

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Fund Accounting, Continued

- Road Machinery Fund is used to account for revenue generated to finance purchases, repairs, and maintenance of highway machinery, tools, and equipment.
- Employment and Training Fund is used to account for Federal grants and other revenue generated to finance job training and employment activities.
- Federal Forfeitures Fund is used to account for moneys received from the Federal Equitable Sharing program involving the proceeds of crime from Drug Enforcement Agency cases and certain moneys confiscated during police actions. This money is restricted to certain law enforcement activities.

(3) Capital Projects Funds are used to account for financial resources generated for the acquisition or construction of major capital assets for governmental activities. Financing is generally provided from proceeds of bonds, notes, Federal and State grants, and transfers from other Governmental Funds.

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

The County reports the following Enterprise Funds:

- Maplewood Manor Fund is used to account for the operations of the County of Saratoga Maplewood Manor (SCMM or Maplewood Manor). SCMM is a long-term care skilled nursing facility which provides room, board, and health care to eligible individuals.
- Sewer District Fund is used to report operations of the County's wastewater treatment facilities and sanitary sewer system that is provided to residents and organizations located within the County's Sewer District.

The County reports the following Internal Service Fund:

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

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

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Fund Accounting, Continued

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

The County reports the following Fiduciary Funds:

- Agency Fund is used to account for monies and other resources held by the County in a trustee or agent pending payment to the applicable agencies.
- Private Purpose Trust Fund is used to account for monies donated to the County to benefit certain private cemeteries and other non-County operations.

Component Units - The component units consist of the Saratoga County Industrial Development Agency and the Saratoga County Water Authority.

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

(e) General Budget Process

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

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

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

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

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

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(f) Cash and Equivalents

The carrying amount of cash and equivalents at December 31, 2011 totaled \$66,671,556. These deposits were entirely covered by Federal depository insurance or by collateral held by the County's agent in the County's name.

For purposes of the statement of cash flows, the Proprietary Funds and component units consider all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(g) Accounts Receivable

SCMM's accounts receivable are reported herein, net of an allowance for uncollectible accounts, of \$700,000 at December 31, 2011.

(h) Inventories

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

(i) Resident Assets

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

(j) Capital Assets

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

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

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Capital Assets, Continued

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

(k) Compensated Absences

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

Personal leave	1-3 days
Compensatory leave	as accrued
Vacation	10-25 days

Vacation days granted are increased on the basis of longevity of service to the maximum of 25 days. Vacation days do not vest. However, unused vacation days may be carried forward three months into the succeeding year upon approval by the Personnel Department. Accordingly, liabilities for leave time of \$3,500,223 are reported as accrued liabilities in the appropriate funds.

(l) Equity and Fund Balance Classifications

In the government-wide statements equity is classified as net assets and displayed in three components:

- i) Investment in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- ii) Restricted net assets - consists of net assets with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- iii) Unrestricted - consists of net assets without constraints.

In fiscal 2011, the County implemented Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). GASB 54 changed the classification of fund balance to focus on the constraints imposed on resources in governmental funds, instead of the previous focus on availability for appropriation.

Fund balance is now broken down into five different classifications: nonspendable, restricted, committed, assigned, and unassigned.

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(l) Equity and Fund Balance Classifications, Continued

- i) Nonspendable 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.
- ii) Restricted 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.
- iii) Committed 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 Board resolution, commit fund balance.
- iv) Assigned 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.
- v) Unassigned represents the residual classification for the government'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 assigned.

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

(m) Real Property Taxes

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

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(m) Real Property Taxes, Continued

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

(n) Non-Property Taxes

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

(o) Resident Service Revenue, Net

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

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

(p) Subsequent Events

The County has evaluated events occurring after December 31, 2011 and through July 12, 2012, which is the date the financial statements were available to be issued, and determined that any events or transactions occurring during this period that would require recognition or disclosure are properly addressed in these financial statements.

(2) Stewardship, Compliance and Accountability

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

(3) Restricted Assets

Restricted assets are comprised of \$263,744 in security deposits and patient funds which are expended on personal items at the direction of the SCMM patients and \$7,109,124 of workers' compensation reserve funds.

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(4) Capital Assets

A summary of changes in capital assets follows:

<u>Governmental Activities</u>	Balance January 1, 2011	Additions	Retirements/ Reclassifications	Balance December 31, 2011
Land	\$ 3,910,757	503,833	-	4,414,590
Buildings	48,589,211	843,180	-	49,432,391
Autos	17,280,964	1,009,153	(385,249)	17,904,868
Machinery and equipment	8,881,579	109,450	-	8,991,029
Infrastructure	86,238,494	3,630,154	(2,741,221)	87,127,427
Construction work in progress	<u>10,999,117</u>	<u>6,652,387</u>	<u>-</u>	<u>17,651,504</u>
Total capital assets	<u>175,900,122</u>	<u>12,748,157</u>	<u>(3,126,470)</u>	<u>185,521,809</u>
Less accumulated depreciation:				
Buildings	18,114,253	890,074	(353,885)	18,650,442
Autos	9,591,141	1,038,632	(307,583)	10,322,190
Machinery and equipment	3,454,381	530,409	-	3,984,790
Infrastructure	<u>39,136,664</u>	<u>3,761,536</u>	<u>(2,741,221)</u>	<u>40,156,979</u>
Total accumulated depreciation	<u>70,296,439</u>	<u>6,220,651</u>	<u>(3,402,689)</u>	<u>73,114,401</u>
Net capital assets	<u>\$ 105,603,683</u>			<u>112,407,408</u>

Depreciation expense was charged to the following governmental activities during 2011:

General government support	\$ 539,031
Public safety	794,237
Health	186,448
Transportation	4,622,510
Economic opportunity and development	<u>78,425</u>
Total governmental activities	<u>\$ 6,220,651</u>

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(4) Capital Assets, Continued

	Balance January 1, 2011	Additions	Retirements/ Reclassifications	Balance December 31, 2011
<u>Maplewood Manor</u>				
Land	\$ 54,000	-	-	54,000
Buildings	8,784,709	45,288	-	8,829,997
Improvements other than buildings	140,773	-	-	140,773
Machinery and equipment	<u>4,775,329</u>	<u>126,740</u>	<u>(21,932)</u>	<u>4,880,137</u>
Total capital assets	<u>13,754,811</u>	<u>172,028</u>	<u>(21,932)</u>	<u>13,904,907</u>
Less accumulated depreciation:				
Buildings	5,622,363	354,735	-	5,977,098
Improvements other than buildings	137,253	795	-	138,048
Machinery and equipment	<u>3,975,236</u>	<u>196,202</u>	<u>(21,932)</u>	<u>4,149,506</u>
Total accumulated depreciation	<u>9,734,852</u>	<u>551,732</u>	<u>(21,932)</u>	<u>10,264,652</u>
Net capital assets	<u>\$ 4,019,959</u>			<u>3,640,255</u>

Depreciation expense charged to SCMM activity during 2011 was \$551,732.

	Balance January 1, 2011	Additions	Retirements/ Reclassifications	Balance December 31, 2011
<u>Sewer District</u>				
Land	\$ 35,000	-	-	35,000
Buildings	153,272,339	500,000	-	153,772,339
Autos	1,055,231	334,950	(16,206)	1,373,975
Machinery and equipment	303,683	29,480	-	333,163
Infrastructure	49,614,958	1,455,550	-	51,070,508
Work in progress	<u>-</u>	<u>1,246,293</u>	<u>-</u>	<u>1,246,293</u>
Total capital assets	<u>204,281,211</u>	<u>3,566,273</u>	<u>(16,206)</u>	<u>207,831,278</u>
Less accumulated depreciation:				
Buildings	62,851,736	3,994,701	-	66,846,437
Autos	622,459	93,891	(16,206)	700,144
Machinery and equipment	72,372	19,124	-	91,496
Infrastructure	<u>36,591,221</u>	<u>672,139</u>	<u>-</u>	<u>37,263,360</u>
Total accumulated depreciation	<u>100,137,788</u>	<u>4,779,855</u>	<u>(16,206)</u>	<u>104,901,437</u>
Net capital assets	<u>\$ 104,143,423</u>			<u>102,929,841</u>

Depreciation expense charged to the Sewer District activity during 2011 was \$4,779,854.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(5) Interfund Transactions

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

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

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	11,751,892
Special Revenue Funds:		
County Road Fund	2,330,170	1,346,830
Road Machinery	669,190	-
Employment and Training Fund	-	43,959
Capital Projects Fund	5,338,717	-
Proprietary Funds:		
Maplewood Manor	-	1,522,923
Sewer District	8,774,094	-
Internal Service Fund	1,452,819	-
Fiduciary Funds - Agency	<u>-</u>	<u>3,899,386</u>
Totals	<u>\$ 18,564,990</u>	<u>18,564,990</u>

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental activities	\$ 7,997,367	13,142,681
Business-type activities	10,567,623	1,522,923
Agency Funds	<u>-</u>	<u>3,899,386</u>
Totals	<u>\$ 18,564,990</u>	<u>18,564,990</u>

Interfund transfers during the year ended December 31, 2011 were as follows:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
General Fund	\$ -	17,365,289
Special Revenue Funds:		
County Road Fund	12,359,736	-
Machinery Fund	1,918,714	-
Capital Project Fund	<u>3,086,839</u>	<u>-</u>
Totals	<u>\$ 17,365,289</u>	<u>17,365,289</u>

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(6) Retirement System

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

Funding Policy - The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) 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 Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

2011	\$ 12,815,354
2010	7,944,334
2009	5,002,367

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

(7) Liabilities to Other Governments

As indicated in note 1(m), the County acts as a tax enforcement agent for its villages and non-city school districts. The County also receives other monies which are distributed to certain local governments. The following represents the liabilities "due to other governments" in the General Fund and governmental activities at December 31, 2011:

Due to villages	\$ 405,133
Due to school districts	13,162,220
Due to districts for special levies	798,120
Due to other governments and agencies	16,414,510
	<u>\$ 30,779,983</u>

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(8) Indebtedness

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

<u>Bond Anticipation Notes</u>	Payable at January 1, 2011	<u>Additions</u>	Principal Payments	Payable at December 31, 2011
Bond anticipation notes (BANs)	\$ <u>6,625,000</u>	<u>-</u>	<u>6,625,000</u>	<u>-</u>

  

<u>Governmental Funds</u>	Payable at January 1, 2011	<u>Additions</u>	Principal Payments	Payable at December 31, 2011	Due Within One Year	Due in More Than One Year
General obligation bonds	\$ <u>23,009,000</u>	<u>-</u>	<u>2,294,000</u>	<u>20,715,000</u>	<u>2,370,000</u>	<u>18,345,000</u>

General Obligation Bonds

\$5,180,000 MBBA Recovery Act bonds, due in annual installments of \$185,000 to \$365,000 through 2029, with interest at 4.11% to 6.564%.	\$ 4,825,000
\$6,760,000 Emergency Radio Communication Towers serial bonds, due in annual installments of \$605,000 to \$800,000 through 2019, with interest at 2.5% to 4%.	\$ 5,600,000
\$11,819,000 Emergency Radio Communication Towers serial bonds, due in annual installments of \$1,580,000 to \$1,855,000 through 2017, with interest at 3% to 4%.	<u>10,290,000</u>
Total general obligation bonds	\$ <u>20,715,000</u>

<u>Proprietary Funds</u>	Payable at January 1, 2011	<u>Additions</u>	Principal Payments	Payable at December 31, 2011	Due Within One Year	Due in More Than One Year
Capital lease obligations	\$ 807,841	-	453,863	353,978	353,978	-
Software license	24,091	-	24,091	-	-	-
State loans payable	6,830,000	-	910,000	5,920,000	935,000	4,985,000
General obligation bonds	<u>43,405,000</u>	<u>-</u>	<u>915,000</u>	<u>42,490,000</u>	<u>995,189</u>	<u>41,494,811</u>
	\$ <u>51,066,932</u>	<u>-</u>	<u>2,302,954</u>	<u>48,763,978</u>	<u>2,284,167</u>	<u>46,479,811</u>

State Loans Payable

\$16,501,800 Revenue Bond Series 1997A by New York State Environmental Facilities Corporation for the financing of the sewer plant upgrade with a maturity date of August 15, 2017, and interest rates from 1.01% to 3.00%.	\$ 5,795,000
\$350,909 Revenue Bond Series 1999A by New York State Environmental Facilities Corporation, due in annual installments through 2017, with interest at 1.32% to 3.01%.	<u>125,000</u>
Total state loans payable	\$ <u>5,920,000</u>

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(8) Indebtedness, Continued

General Obligation Bonds

\$5,200,000 County Sewer District serial bonds, due in annual installments of \$240,000 to \$360,000 through 2023, with interest at 3.65%.	\$ 3,560,000
\$23,000,000 County Sewer District serial bonds for 2009 expansion, due in annual installments of \$410,000 to \$1,360,000 through 2039, with interest at 4% to 4.75%.	22,235,000
\$16,990,000 County Sewer District serial bonds for 2010 expansion, due in annual installments of \$300,000 to \$985,000 through 2040, with interest at 4% to 4.375%.	<u>16,695,000</u>
Total general obligation bonds	\$ <u>42,490,000</u>

The annual requirements to amortize outstanding bonds and loans payable as of December 31, 2011 are as follows:

Governmental Funds:

<u>(MBBA Recovery Act Bonds) 2009</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 185,000	279,042	464,042
2013	190,000	271,438	461,438
2014	200,000	263,629	463,629
2015	205,000	255,409	460,409
2016	215,000	246,984	461,984
2017-2019	710,000	672,989	1,382,989
2020-2024	1,420,000	839,706	2,259,706
2025-2029	<u>1,700,000</u>	<u>342,642</u>	<u>2,042,642</u>
Total	<u>4,825,000</u>	<u>3,171,839</u>	<u>7,996,839</u>

(Emergency Radio Communications

<u>Towers Serial Bonds) 2009</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	605,000	203,838	808,838
2013	630,000	188,713	818,713
2014	655,000	172,961	827,961
2015	685,000	148,400	833,400
2016	715,000	121,000	836,000
2017-2019	<u>2,310,000</u>	<u>187,200</u>	<u>2,497,200</u>
Total	<u>5,600,000</u>	<u>1,022,112</u>	<u>6,622,112</u>

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(8) Indebtedness, Continued

Governmental Funds, Continued:

(Emergency Radio Communications

Towers Serial Bonds) 2010

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,580,000	379,500	1,959,500
2013	1,630,000	332,100	1,962,100
2014	1,685,000	283,200	1,968,200
2015	1,740,000	215,800	1,955,800
2016	1,800,000	146,200	1,946,200
2017	<u>1,855,000</u>	<u>74,200</u>	<u>1,929,200</u>
Total	<u>10,290,000</u>	<u>1,431,000</u>	<u>11,721,000</u>
Total Governmental Funds	\$ <u>20,715,000</u>	<u>5,624,951</u>	<u>26,339,951</u>

Proprietary Funds:

State Loans Payable

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	935,000	121,414	1,056,414
2013	965,000	111,871	1,076,871
2014	990,000	98,244	1,088,244
2015	1,015,000	80,218	1,095,218
2016	1,050,000	56,622	1,106,622
2017	<u>965,000</u>	<u>28,915</u>	<u>993,915</u>
Total	<u>5,920,000</u>	<u>497,284</u>	<u>6,417,284</u>

General Obligation Bonds - County

Sewer District Bonds

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	240,000	129,940	369,940
2013	250,000	121,180	371,180
2014	260,000	112,056	372,056
2015	270,000	102,564	372,564
2016	280,000	92,710	372,710
2017-2019	900,000	215,350	1,115,350
2020-2023	<u>1,360,000</u>	<u>126,472</u>	<u>1,486,472</u>
Total	<u>3,560,000</u>	<u>900,272</u>	<u>4,460,272</u>

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(8) Indebtedness, Continued

<u>(Sewer Expansion) 2009</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 410,000	985,353	1,395,353
2013	425,000	968,953	1,393,953
2014	445,000	951,953	1,396,953
2015	465,000	934,152	1,399,152
2016	490,000	915,553	1,405,553
2017-2019	1,605,000	2,625,658	4,230,658
2020-2024	3,195,000	3,914,163	7,109,163
2025-2029	3,990,000	3,203,763	7,193,763
2030-2034	4,980,000	2,209,720	7,189,720
2035-2039	<u>6,230,000</u>	<u>914,371</u>	<u>7,144,371</u>
Total	<u>22,235,000</u>	<u>17,623,639</u>	<u>39,858,639</u>

(Sewer Expansion) 2010

2012	300,000	690,379	990,379
2013	315,000	678,379	993,379
2014	325,000	665,779	990,779
2015	340,000	652,779	992,779
2016	355,000	639,179	994,179
2017-2019	1,140,000	1,830,537	2,970,537
2020-2024	2,240,000	2,725,495	4,965,495
2025-2029	2,810,000	2,234,695	5,044,695
2030-2034	3,530,000	1,606,268	5,136,268
2035-2039	<u>5,340,000</u>	<u>834,357</u>	<u>6,174,357</u>
Total	<u>16,695,000</u>	<u>12,557,847</u>	<u>29,252,847</u>
Total general obligation bonds	\$ <u>42,490,000</u>	<u>31,081,758</u>	<u>73,571,758</u>

Capital Lease Obligations

In December 2002, the County, on behalf of Maplewood Manor, completed construction of a co-generation project which is being accounted for as a capitalized lease. As of December 31, 2011, future minimum lease payments under this capital lease are as follows:

2012	\$ 361,972
Less amounts representing interest	<u>7,994</u>
Present value	353,978
Less current portion	<u>353,978</u>
Long-term portion	\$ <u>          -</u>

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(8) Indebtedness, Continued

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

Building improvements	\$ 3,750,405
Equipment	<u>147,773</u>
	3,898,178
Less accumulated depreciation	<u>(1,917,476)</u>
	\$ <u>1,980,702</u>

Software License

During 2006, Maplewood Manor purchased a software package which included a five-year license. Maplewood Manor will pay the license fee monthly over the five-year period. As of December 31, 2011, the final license payment of \$24,091 under this software package was paid.

(9) Postemployment Employee Benefits

(a) Plan Description

The County provides a single-employer self-insured medical plan (the Plan) that offers two options. The Plan provides lifetime healthcare insurance and prescription drug coverage for eligible retirees and their spouses through the County's Plan, which covers both active and retired members. Benefit provisions are established through negotiations between the County and the unions, representing employees, and are renegotiated at the end of each of the bargaining periods.

(b) Funding Policy

Contribution requirements also are negotiated between the County and union representatives. The County contributes a percentage of the cost of current year premiums for eligible retired Plan members and their spouses. For the year ended December 31, 2011, the County contributed \$8,498,242 to the Plan. Plan members receiving benefits hired on or after January 1, 2000 contribute 15% of their premium costs.

(c) Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year. Unfunded actuarial liabilities (or funding excess) are amortized over a period not to exceed 30 years. The County's OPEB expense for the year ended December 31, 2011 was \$31,283,537. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation to the Plan:

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(9) Postemployment Employee Benefits, Continued

(c) Annual OPEB Cost and Net OPEB Obligation, Continued

	<u>Total</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
Annual required contribution	\$ 32,614,220	24,025,475	8,588,745
Interest on net OPEB obligation	3,410,725	2,540,400	870,325
Adjustment to annual required contribution	<u>(4,741,408)</u>	<u>(3,531,528)</u>	<u>(1,209,880)</u>
Annual OPEB cost (expense)	31,283,537	23,034,347	8,249,190
Contributions made	<u>(8,498,242)</u>	<u>(6,064,957)</u>	<u>(2,433,285)</u>
Net OPEB obligation for 2011	22,785,295	16,969,390	5,815,905
Net OPEB obligation at beginning of year	<u>85,268,128</u>	<u>63,509,997</u>	<u>21,758,131</u>
Net OPEB obligation at end of year	\$ <u>108,053,423</u>	<u>80,479,387</u>	<u>27,574,036</u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation at Year End</u>
12/31/2011	\$ 31,283,537	27.2%	108,053,423
12/31/2010	30,252,898	24.5%	85,268,126
12/31/2009	29,018,090	23.4%	62,429,309

(d) Funded Status and Funding Progress

As of December 31, 2011, the actuarial accrued liability for benefits was \$305,460,471, all of which was unfunded.

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

(e) Methods and Assumptions

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

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(9) Postretirement Employee Benefits, Continued

(e) Methods and Assumptions, Continued

The following simplifying assumptions were made:

- Retirement Age for Active Employees - The rates of decrement due to retirement based on the experience under the New York State and Local Retirement System were prepared by the Department of Civil Service's actuarial consultant in the report titled, "Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation."
- Marital Status - It is assumed that 70% of retirees will be married at the time of their retirement, and the male spouse is assumed to be approximately three years older than the female.
- Mortality - Life expectancies were based on RP-2000 mortality tables for males and for females.
- Turnover - The rates of decrement due to turnover based on the experience under the New York State and Local Retirement System were prepared by the Department of Civil Service's actuarial consultant in the report titled, "Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation."
- Healthcare Cost Trend Rate - The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 11% initially, reduced to an ultimate rate of 5% after six years, was used.
- Health Insurance Premiums - The 2009 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.
- Inflation Rate - The expected long-term inflation assumption of 3.3% was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in The 2008 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds for an intermediate growth scenario.
- Payroll Growth Rate - The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the County's short-term investment portfolio, a discount rate of 4% was used in 2011. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011 was 26 years.

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(10) Commitments and Contingencies

(a) Lawsuits

Albany, Rensselaer, Saratoga, Warren and Washington Counties are Co-Plaintiffs/Petitioners in a legal action against the Hudson River Black River Regulating District (HRBRRD) in which the Counties seek nullification of multi-million dollar fee assessments levied against them by HRBRRD, whose fiscal year ends June 30. HRBRRD's pending claim against Saratoga County totals \$4,355,077 and consists of claimed assessments due for the 2009-2010 year in the amount of \$1,270,897 and claimed assessments due for the 2010-2011 year in the amount of \$1,542,090 and \$1,542,090 for the year ended 2011-2012. The County anticipates receiving an assessment for the 2012-2013 year in a similar amount, but no such assessment has yet been made by HRBRRD. This matter was initially heard in Saratoga County Supreme Court which rendered a decision adverse to the Counties and upheld HRBRRD apportionment on April 1, 2011. Appeal was taken to the Supreme Court Appellate Division Third Department which entered an Opinion and Order on May 10, 2012, upholding HRBRRD's apportionment methodology, but finding that HRBRRD erred by failing to deduct amounts attributable to the State of New York from its apportionment. The matter was remanded by the Court to HRBRRD for further administrative proceedings.

The Counties have moved for leave to appeal to the Court of Appeals. Although the Counties arguments have substantial merit and are deserving of Court of Appeals review, the vast majority of such motions are denied.

Due to the above mentioned legal issues, Saratoga County has accrued \$1,270,897 for the HRBRRD assessment for fiscal year ended June 30, 2010, \$1,542,090 for the fiscal year ended June 30, 2011 and \$771,045 for the period ending December 31, 2011, for a total of \$3,584,032 as a long-term liability in the government-wide financial statements at December 31, 2011. When final settlement is realized, the expenditure, if any, will be recorded in the County's government funds.

(b) Grant Programs

The County participates in a number of grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The audits of these programs may be conducted, in accordance with grantor requirements, on a periodic basis. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amounts, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County believes, based upon its review of current activity and prior experience, the amount of such disallowances, if any, will be minimal.

(c) Contracts

The County has entered into various contracts with outside vendors for goods and services, which were unperformed at year-end. The County has provided authority to fund these transactions in the subsequent year's budget.

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(10) Commitments and Contingencies, Continued

(d) Environmental Risks

Certain facilities are subject to Federal, State, and local regulations relating to the discharge of materials into the environment. Compliance with these provisions has not had, nor does the County expect such compliance to have, any material effect upon the capital expenditures or financial condition of the County. Management believes that its current practices and procedures for control and disposition of regulated wastes comply with applicable Federal, State, and local requirements. The notice of alleged permit violation received by the County from the New York State Department of Environmental Conservation for Sewer District #1 will be defended through all available appeals.

(11) Self Insurance (Internal Service) Fund

The County established its own self-insurance plan for workers' compensation under Local Law Nos. 1 and 2, 1956, pursuant to Article 5 of the Workers' Compensation Law. The plan is open to any eligible municipality or public entity for participation. There were 54 participants at December 31, 2011. The County is responsible for administration of the plan and its reserves. The plan purchases commercial insurance for employer's liability in third-party suits; the limit is \$1,000,000 with a retention of \$10,000. Settled claims have not resulted in a claim against this excess liability coverage since the inception of the plan.

All funds of the County participate in the program and make payments to the self-insurance fund based on historical estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses. A balance in the amount of \$7,109,124 was reserved at December 31, 2011.

Claims and judgments are recognized in accordance with the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Losses," which requires that claims and judgments be recognized when it is probable that an asset has been impaired or a liability has been incurred, and the amount of loss can be reasonably estimated. A claims liability of \$13,944,091 at December 31, 2011 has been recorded in accrued liabilities in the fund. Changes in the claims liability for 2011 were:

Balance January 1, 2011	Current Year Claims and Changes in Estimates	Claim Payments	Balance December 31, 2011
\$ <u>13,663,154</u>	<u>2,239,557</u>	<u>1,958,620</u>	<u>13,944,091</u>

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(12) Detail Notes to Discretely Presented Component Units

(a) Saratoga County Industrial Development Agency

Industrial Revenue Bond and Note Transactions - Certain industrial development revenue bonds and notes issued by the IDA are secured by property that is leased to companies and is retired by lease payments. The bonds and notes are not obligations of the IDA or the County. The IDA does not record the assets or liabilities resulting from completed bond and note issuances in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond and note holders, and funds arising there from are controlled by trustees or banks acting as fiscal agents. For providing this conduit debt financing service, the IDA receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and notes, or the closing of straight lease transactions. At December 31, 2011, the outstanding financing balance of the bonds and notes (issued in the name of the IDA) of the borrowing companies on open projects was \$90,541,776.

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

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

Deposits and investments at December 31, 2010 were entirely covered by FDIC insurance or collateral investments, as required.

<u>Capital Asset</u> -	Balance January 1, <u>2011</u>	Net Additions	Balance December 31, <u>2011</u>
Land for railroad spur	\$ <u>168,138</u>	- _____	<u>168,138</u>

(b) Saratoga County Water Authority

Organization - The Saratoga County Water Authority (Authority) was created during 1990 as a public benefit corporation under New York State Public Authorities Law Title 8-F of Article 5. The Authority is a component unit of the County. The Authority is charged with providing water services for public benefit. A governing board of seven members, appointed by the chairperson of the Board of Supervisors of Saratoga County governs the Authority.

The Authority began operations during February 2010 with the substantial completion of the Saratoga County Water Treatment and Transmission Facilities System (System). The System is designed to provide safe, reliable, and affordable drinking water to the residents of Saratoga County.

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(12) Detail Notes to Discretely Presented Component Units, Continued

(b) Saratoga County Water Authority, Continued

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Accounting Method - The Authority's financial statements are prepared using the accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With the measurement focus, all assets and liabilities associated with the operations are included on the statement of net assets. Net assets are segregated into restricted and unrestricted components, as follows:

- Invested in capital assets, net of related debt consisted of capital assets, net of accumulated depreciation reduced by the net outstanding debt balances;
- Restricted net assets have constraints placed on use by the Authority's Revenue Bond, and
- Unrestricted net assets consist of assets and liabilities that do not meet the definition of "invested in capital assets, net of related debt."

Revenues are recognized when earned and expenses are recognized when incurred. The Authority distinguishes operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing water services. The principal operating revenue of the Authority are charges to customers for user services. Operating expenses include the costs associated with providing those user services. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

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

Cash and Cash Equivalents - Cash and cash equivalents consist of cash deposits and other short-term investments, whether unrestricted or restricted, with original maturities of three months or less.

Statutes authorize the Authority to maintain deposits with financial institutions and to invest in certificates of deposit obligations of New York State, the United States Government and its agencies, and repurchase agreements collateralized by U.S. obligations.

Unrestricted and restricted cash and cash equivalents are either covered by federal depository insurance or collateralized by securities held by the pledging bank's trust department in Authority's name, or U.S. Government and/or federal agency held by the Trustee.

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(12) Detail Notes to Discretely Presented Component Units, Continued

(b) Saratoga County Water Authority, Continued

Accounts Receivable - Accounts receivable are carried at original invoice less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines if an allowance for doubtful accounts is needed by identifying troubled accounts and by using historical experience applied to an aging of accounts as well as regularly economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. Management has deemed that an allowance for doubtful accounts is not necessary at December 31, 2011.

Property, Plant, and Equipment, Net - Property, plant and equipment, net, are recorded at cost, except for contributed property and equipment, which is recorded at fair market value or the contributor's net book value if fair market value is not readily ascertainable. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. The Authority uses a capitalization threshold of \$1,000 to analyze expenditures for capitalization. When equipment is retired or otherwise disposed of, the appropriate accounts are relieved of costs, and accumulated depreciation and any resultant gain or loss is credited or charged to operations.

The Authority evaluated prominent events or changes in circumstances affecting property and equipment to determine if impairment of any capital assets has occurred. A capital asset is considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. These were no impaired capital assets at December 31, 2011.

Interest expenses incurred during construction of assets are capitalized. Constructed assets financed with the proceeds of tax-exempt debt (if those funds are externally restricted to finance the acquisitions of the asset or used to service the related debt) include capitalized interest to the extent that interest cost (including any related financing costs) over the asset construction period exceeds interest earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowing.

Depreciation is provided for in amounts to relate the cost of depreciable assets to operations over their estimated useful lives, using the straight-line method. The estimated useful lives established to determine depreciation for vehicles, machinery, and equipment vary from three to twenty years. Building and building improvements are depreciated over thirty years. Land improvements are depreciated over twenty years. Infrastructure is depreciated over forty years.

Bond Issuance Costs, Net - The Authority incurred costs related to the issuance of bonds and discounts received on the bond issuance. These amounts are being amortized over the life of the bond using the effective interest method.

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(12) Detail Notes to Discretely Presented Component Units, Continued

(b) Saratoga County Water Authority, Continued

Tax Status - The Authority is exempt from federal income taxes under Internal Revenue Service Code Section 115.

Subsequent Events - In preparing the financial statements and notes thereto, the Authority has considered subsequent events through June 21, 2012, the date the financial statements were available to be issued.

Restricted Assets - In accordance with the terms of the Authority's bond indenture, the use of certain Authority assets is restricted for specific purposes as summarized below:

	December 31, <u>2011</u>
Construction fund	\$ 749,232
Cost of issuance	36,038
Debt service reserve fund	2,598,147
Other	<u>16</u>
Total cash and cash equivalents held with fiscal agent	\$ <u>3,383,433</u>

Property, Plant and Equipment, Net - A summary of the Authority's property and equipment, net, is as follows:

	January 1, <u>2011</u>	<u>Additions</u>	<u>Reclassifications</u>	<u>Prior period adjustment</u>	December 31, <u>2011</u>
Land	\$ 989,573	23,107	-	-	1,012,680
Land improvements	1,753,182	9,149	-	-	1,762,331
Buildings and improvements	9,257,629	41,726	-	-	9,299,355
Infrastructure	60,650,522	189,984	(507,310)	-	60,333,196
Machinery and equipment	9,184,513	96,398	-	-	9,280,911
Vehicles	139,296	9,038	-	-	148,334
Office equipment and furniture	<u>76,953</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,953</u>
	82,051,668	369,402	(507,310)	-	81,913,760
Less accumulated depreciation and amortization	<u>2,084,507</u>	<u>2,561,735</u>	<u>(10,569)</u>	<u>-</u>	<u>4,635,673</u>
Capital assets in service, net	79,967,161	(2,192,333)	(496,741)	-	77,278,087
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Property, plant and equipment, net	\$ <u>79,967,161</u>	<u>(2,192,333)</u>	<u>(496,741)</u>	<u>-</u>	<u>77,278,087</u>

Bond Issuance Discount, Net - The Authority has received a discount on the issuance of a \$45,000,000 Water System Revenue Bond dated September 2008. This discount, \$702,376 at December 31, 2011, is reported as bond issuance discount and is amortized over the life of the bond using the effective interest method, beginning with the issuance of the bond. Accumulated amortization at December 31, 2011 is \$101,298. Future amortization on the intangible asset is as follows for the next five years and thereafter:

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(12) Detail Notes to Discretely Presented Component Units, Continued

(b) Saratoga County Water Authority, Continued

2012	\$ 30,110
2013	29,776
2014	29,427
2015	29,065
2016	28,685
Thereafter	<u>555,313</u>
	<u>\$ 702,376</u>

Amounts due to the County at December 31, 2011, consist of the following:

Project costs incurred by the County (2003 to 2007), non-interest bearing, due on demand	\$ 3,246,587
Cash advance, June 2007, interest at 4%, due on demand	250,000
Accrued interest	45,288
Service fee, July 2011, interest at 4%	421,328
Accrued interest on service fee	<u>8,427</u>
	<u>\$ 3,971,630</u>

Although these liabilities are due on demand, the intent of the County and the Authority is to have these amounts paid over a period of time, after the Authority has commenced significant operations. As such, these liabilities have been reported as long-term liabilities in these financial statements.

Revenue Bond - At December 31, 2011, the Authority has outstanding \$44,100,000 related to a 2008 Water System Revenue Bond. The bond was originally issued at \$45,000,000 to finance costs incurred in connection with the construction of the Saratoga County Waste Treatment and Transmission Facilities System. The 2008 bond was issued at a premium of \$213,895, which is amortized over the life of the bond using the effective interest method. Amortization of the premium began in 2008. Accumulated amortization at December 31, 2011, totaled \$26,961. Interest is payable semi-annually at interest rates ranging from 3% to 5%. Principal payments range from \$445,000 to \$2,470,000 payable annually on March 1. The bond is secured by future operating revenue of the Authority.

Future debt service payments required on the revenue bond are as follows:

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(12) Detail Notes to Discretely Presented Component Units, Continued

(b) Saratoga County Water Authority, Continued

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For the year ending December 31, 2012	\$ 470,000	2,122,313	2,592,313
2013	485,000	2,108,213	2,593,213
2014	505,000	2,088,813	2,593,813
2015	525,000	2,068,613	2,593,613
2016	550,000	2,042,363	2,592,363
2017 through 2021	3,190,000	9,770,563	12,960,563
2022 through 2026	4,010,000	8,956,763	12,966,763
2027 through 2031	4,970,000	7,991,706	12,961,706
2032 through 2036	6,320,000	6,636,813	12,956,813
2037 through 2041	8,060,000	4,902,825	12,962,825
2042 through 2046	10,195,000	2,768,675	12,963,675
2047 through 2048	<u>4,820,000</u>	<u>364,496</u>	<u>5,184,496</u>
	44,100,000	<u>51,822,156</u>	<u>95,922,156</u>
Less current installments	<u>470,000</u>		
Revenue bonds, less current installments	<u>\$ 43,630,000</u>		

Provision for Compensated Absences

All full-time employees meeting certain conditions are provided with vacation, sick pay, and certain other leave credits based on the terms of employment. Accumulated unpaid vacation and compensatory time are accrued when incurred, and are included in accounts payable and accrued liabilities in the statements of net assets, and totaled \$16,451 at December 31, 2011. Sick pay and other leave credits do not vest with the employee and are expensed when paid.

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

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(12) Detail Notes to Discretely Presented Component Units, Continued

(b) Saratoga County Water Authority, Continued

The System is noncontributory except for (a) employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary for the first ten years of membership, and (b) employees who join after January 1, 2010, will contribute 3% of their salary for their entire career. Under the authority of the NYSRSSL, the Comptroller annually certifies the rates expressed used in computing the employers' contributions.

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

2011	\$124,903
2010	36,710
2009	5,517

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

Related Party Agreement - Saratoga County Service Agreement - On September 1, 2008, the Authority entered into a Service Agreement (Agreement) with the County. The Agreement will terminate when there is no Service Agreement Revenue Bond. The 2008 Revenue Bond will mature in 2048. The Agreement requires the Authority to construct, operate, and maintain the Saratoga County Water System. The Agreement requires the County to pay a service fee to the Authority based on the annual budget prepared by the Authority. The Authority is to repay the County for any and all amounts paid by the County as a service fee with interest at a rate of 4%. During 2011, the County made a service fee payment of \$421,328.

Commitments and Contingencies - Water Service Agreements - The Authority has entered into four separate water service agreements with the Clifton Park Water Authority, Town of Ballston, Town of Wilton Water and Sewer Authority, and Luther Forest Technology Campus Economic Development Corporation. Terms of the agreements are for the provision of water services and other services as described by the individual agreements. These agreements expire in 2020. Eighty-nine percent of operating revenue in 2011 is comprised of user fees received by the Authority related to two of the water service agreements.

Postemployment Benefits - The Authority provides for a continuation of medical insurance benefits for eligible retirees that reach age 65 and have 20 years of service. The Authority pays eighty percent of the retiree's medical benefits and contributes towards the cost of eligible spouses during the retiree's lifetime. The spouse is required to pay twenty-five percent of the cost of the benefits following the death of the retired employee. Healthcare benefits are provided through insurance companies whose premiums are based on the benefits provided.

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(12) Detail Notes to Discretely Presented Component Units, Continued

(b) Saratoga County Water Authority, Continued

During 2011, the Authority adopted Governmental Accounting Standards Board Statement No. 45 - "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (GASB No. 45). GASB No. 45 views a postemployment benefit plan as a deferred compensation agreement, whereby an employer promises to exchange future benefits for employees' current services. GASB No. 45 specifies that accounting for these benefits should be determined under an accrual basis, where the expected value of the benefit is actuarially calculated and recognized as a cost over the working lifetime of employees.

Plan Description - The Authority provides health insurance coverage for certain employees and their spouses. The plan provides for continuation of medical insurance benefits for eligible retirees who reach age 65 and have 20 years of service.

Funding Policy - The authority's benefits are provided through fully insured plans that are sponsored by a regional health insurance group. The Authority pays eighty percent of the retiree's medical benefits depending on the employee group and contributes toward the cost of eligible spouses during the retiree's lifetime, with spouses paying from zero to twenty percent for coverage. The spouse is required to pay twenty-five percent of the cost of the benefits following the death of the retired employee. Currently, the Authority's cost of its postemployment benefits program is determined on a pay-as-you-go basis and is, therefore, unfunded. As of December 31, 2011, there are no retirees.

Annual OPEB Cost and Net OPEB Obligation - The Authority's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount of premiums actually paid and changes in the Authority's net OPEB obligation:

Annual required contribution and OPEB expense cost	\$ 16,010
Net OPEB obligation, beginning of year	_____ -
Net OPEB obligation, end of year	\$ <u>16,010</u>

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year ended December 31, 2011, was as follows:

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(12) Detail Notes to Discretely Presented Component Units, Continued

(b) Saratoga County Water Authority, Continued

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2011	<u>\$ 16,010</u>	0.00%	<u>16,010</u>

Funded Status and Funding Progress - As of February 3, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$350,767 at December 31, 2011, all of which was unfunded.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations, and new estimates are made about the future. The schedule of funding progress, presented as required supplemental information at the end of this note, presents whether the actuarial value of plan assets is relative to the actuarial accrued liabilities of benefits.

Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial computations under GASB No. 45 were provided by the Authority's independent actuaries for the year ended December 31, 2011.

The following simplifying assumptions were made:

- Retirement Age for Active Employees - Based on the historical average retirement age for the covered group according to the New York State Retirement System schedule, active plan members were assumed to retire as early as age fifty-five.
- Marital Status - 80% of employees are assumed married, with males spouses assumed to be three years older than female spouse.
- Termination and Retirement Incidence - Retirement rates for eligible employees range from 5.52% for employees 55 years old to 100% for employees who are 65 or older. Termination rates for reasons other than death or retirement range from 2.63% for employees who are 35 years old or 1.36% for employees who are 50 years old.

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(12) Detail Notes to Discretely Presented Component Units, Continued

(b) Saratoga County Water Authority, Continued

- Healthcare Cost Trend Rate - The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare and Medicaid Services. A rate of 8% initially, increased to 9% in the next year, and then reduced to an ultimate rate of 5% after four years, was used. The dental trend rate used was 4%.
- Healthcare Insurance Premiums - 2011 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.
- Payroll Growth Rate - No salary increases were assumed since benefits are not based on compensation.

Based on the historical and expected returns of the Authority's short-term investment portfolio, a discount rate of 4% was used. A percentage unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized on an open basis. The remaining amortization period at December 31, 2011, was twenty-nine years.

Risks and Uncertainties - Litigation - The Authority is involved in various lawsuits relating to the construction of the water plant and transmission line, including contractual claims and property condemnation. The Authority intends to defend all these claims vigorously. A summary of the more significant unrecorded claims is as follows:

- Condemnation claims have been filed concerning ten separate properties. A partial "settlement in principal" was reached regarding one of the properties with payment being made in 2009. In regard to the remaining claims, the Authority expects to prevail since no appraisals were filed by the claimants.
- A real property damage claim was filed by property owners alleging damages to the septic system in the amount of \$18,000,000. By a letter dated January 2011, a settlement offer in the amount of approximately \$428,000 has been presented to the Authority. The Authority will continue to negotiate a settlement, but the Authority is unable to reasonably estimate the final outcome of this claim, and no adjustment has been made to the financial statements.

The Authority is involved in other suits and claims arising from a variety of sources. It is the opinion of management and counsel that the liabilities that may arise from such actions would not result in losses that would materially affect the financial position of the Authority or the results of its operations.

Environmental Risks - Certain facilities are subject to federal, state, and local regulations relating to the discharge of materials into the environment. Compliance with these provisions has not had, nor does the Authority expect such compliance to have, any material effect upon the capital expenditures or financial condition of the Authority. The Authority believes that its current practices and procedures for control and disposition or regulated wastes comply with applicable federal, state, and local requirements.

COUNTY OF SARATOGA, NEW YORK  
Notes to Financial Statements, Continued

(12) Detail Notes to Discretely Presented Component Units, Continued

(b) Saratoga County Water Authority, Continued

Prior Period Adjustments - During 2011, the Authority reclassified bonds issuance costs which were reported as property, plant, and equipment at December 31, 2010. As a result of this reclassification, the Authority reported a prior period adjustment for the amortization of these bond issuance costs for periods prior to 2011. Amortization expense totally \$34,163 has been reported as a prior period adjustment, resulting in a decrease in net assets as of December 31, 2010.

Subsequent Events - The Authority has reflected the amount due from the Luther Forest Technology Campus, Economic Development Corp. (LFTCEDC) as a long-term accounts receivable. As of June 21, 2012, the Authority and LFTCEDC are in the process of drafting and executing a ten-year note receivable from LFTCEDC. No payment of principal or interest will be required for the first two years of the note. Payments of principal and interest will commence in year three and will be amortized over the remaining term of the note. Interest will be calculated based on the one-year LIBOR rate which will be adjusted annually on the date of the note beginning in year three. The note will be secured with lands owned by LFTCEDC within the Luther Forest Technology Campus.

(13) Concentration of Credit Risk

Financial instruments which potentially expose the County to concentrations of credit risk consist primarily of taxes receivable and tax sale certificates which are secured by property values throughout the County.

Maplewood Manor's patient census includes a large number of patients who are eligible for Federal and State assistance under the Medicare and Medicaid programs. Although the nursing home is directly affected by the financial well being of the State and Federal health care reimbursement programs, management does not believe significant credit risk exists at December 31, 2011.

(14) Accounting Standards Not Yet Implemented

Recently, the GASB issued two new statements, GASB Nos. 63 and 65, that provide guidance for reporting deferred outflows and inflows of resources. In addition, the GASB issued Statement No. 66 that establishes clarification of two recently issued statements. These statements are effective for periods beginning after December 31, 2011. The County has not yet adopted these statements. Management has not estimated the extent of potential impact of these statements, if any, on the Authority's current or future financial statements.

COUNTY OF SARATOGA, NEW YORK  
Balance Sheet - Non-Major Governmental Funds  
December 31, 2011

	County Road <u>Fund</u>	Road Machinery <u>Fund</u>	Employment and Training <u>Fund</u>	Federal Forfeitures <u>Fund</u>	<u>Total</u>
<b>Assets:</b>					
Cash and equivalents	\$ 62,175	-	12,082	53,638	127,895
Receivables from other governments	118,916	-	111,773	-	230,689
Other receivables, net of allowance for uncollectibles	92,540	-	64,791	-	157,331
Due from other funds	2,330,170	669,190	-	-	2,999,360
Miscellaneous	3,142	-	-	-	3,142
	<u>3,142</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,142</u>
Total assets	<u>\$ 2,606,943</u>	<u>669,190</u>	<u>188,646</u>	<u>53,638</u>	<u>3,518,417</u>
<b>Liabilities and fund balances:</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	469,100	295,733	7,310	-	772,143
Other liabilities	280,071	41,663	14,175	-	335,909
Retained percentages	1,636	-	-	-	1,636
Deferred revenue	-	-	123,202	-	123,202
Due to other funds	1,346,830	-	43,959	-	1,390,789
	<u>1,346,830</u>	<u>-</u>	<u>43,959</u>	<u>-</u>	<u>1,390,789</u>
Total liabilities	<u>2,097,637</u>	<u>337,396</u>	<u>188,646</u>	<u>-</u>	<u>2,623,679</u>
<b>Fund balances - reserved for:</b>					
Restricted	-	-	-	53,638	53,638
Assigned unappropriated	509,306	331,794	-	-	841,100
	<u>509,306</u>	<u>331,794</u>	<u>-</u>	<u>-</u>	<u>841,100</u>
Total fund balances	<u>509,306</u>	<u>331,794</u>	<u>-</u>	<u>53,638</u>	<u>894,738</u>
Total liabilities and fund balances	<u>\$ 2,606,943</u>	<u>669,190</u>	<u>188,646</u>	<u>53,638</u>	<u>3,518,417</u>

COUNTY OF SARATOGA, NEW YORK  
Schedule of Revenue, Expenditures, and Changes in Fund Balances -  
Non-Major Governmental Funds  
Year Ended December 31, 2011

	County Road <u>Fund</u>	Road Machinery <u>Fund</u>	Employment and Training <u>Fund</u>	Federal Forfeitures <u>Fund</u>	<u>Total</u>
Revenue:					
Departmental income	\$ 216,403	1,176,000	-	-	1,392,403
Use of money and property	-	-	-	601	601
Fines and forfeitures	-	-	-	22,934	22,934
Sale of property and compensation for loss	666,722	178,364	-	-	845,086
Miscellaneous	(91,915)	308,188	-	-	216,273
State aid	2,277,475	-	-	-	2,277,475
Federal aid	292,879	-	800,426	-	1,093,305
	<u>3,361,564</u>	<u>1,662,552</u>	<u>800,426</u>	<u>23,535</u>	<u>5,848,077</u>
Total revenue					
Expenditures:					
Public safety	543,655	-	-	34,425	578,080
Transportation	15,179,676	3,460,152	-	-	18,639,828
Economic opportunity and development	-	-	800,426	-	800,426
	<u>15,723,331</u>	<u>3,460,152</u>	<u>800,426</u>	<u>34,425</u>	<u>20,018,334</u>
Total expenditures					
Other financing sources:					
Interfund transfers in	12,359,736	1,918,714	-	-	14,278,450
Net change in fund balances	(2,031)	121,114	-	(10,890)	108,193
Fund balance at beginning of year	511,337	210,680	-	64,528	786,545
Fund balance at end of year	<u>\$ 509,306</u>	<u>331,794</u>	<u>-</u>	<u>53,638</u>	<u>894,738</u>

COUNTY OF SARATOGA, NEW YORK  
 Required Supplemental Information  
 Schedule of Funding Progress

Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 2011	\$ -	305,460,471	305,460,471	0.00%	66,920,683	456%
December 31, 2010	-	294,753,579	294,753,579	0.00%	68,010,690	433%
December 31, 2009	<u>-</u>	<u>276,834,796</u>	<u>276,834,796</u>	0.00%	<u>67,813,445</u>	408%