

COUNTY OF SARATOGA, NEW YORK
Basic Financial Statements and
Supplemental Information
December 31, 2015
(With Independent Auditors' Report Thereon)

COUNTY OF SARATOGA, NEW YORK

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INDEPENDENT AUDITORS' REPORT

Chairman and Board of Supervisors
County of Saratoga, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Saratoga, New York as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Saratoga County Industrial Development Agency and Saratoga County Water Authority which collectively represent 76% of the assets, 93% of the net position, and 77% of the revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Saratoga County Industrial Development Agency and Saratoga County Water Authority, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Saratoga, New York, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As discussed in note 1(o) to the financial statements, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" and GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68," during the year ended December 31, 2015. Our opinions are not modified with respect to these matters.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8, budgetary comparison for the general fund on page 73, the schedule of funding progress - other postemployment benefits on page 74, the schedule of the County's proportionate share of the net pension liability on page 75, and the schedule of the County's employer's pension contributions on page 76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Saratoga, New York's basic financial statements. The supplemental information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This information on pages 77 and 78 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 22, 2016, on our consideration of the County of Saratoga's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
July 22, 2016

COUNTY OF SARATOGA, NEW YORK
Management's Discussion and Analysis
December 31, 2015

EXECUTIVE SUMMARY

While there are economic pressures from insufficient reimbursement of costs associated with Federal and State mandated centralized social engineering programs, increasing inflation, and central planning policies such as health insurance requirements, Saratoga County maintains a conservative financial approach.

For many years, Saratoga County has had a growing property and sales tax base, and tight fiscal management which allowed it to face ever increasing costs, other expanding Federal and New York State mandates, and the ups and downs of the business cycle, without tax rate increases. Now, the short to mid-range fiscal outlook is guarded. The U.S. and the State economies are strained due to ongoing high unemployment with workers who no longer are seeking employment, as well as a deep recession inflationary spiral which has continued since 2008. It is a challenge for the County to remain economically sound and continue to prosper.

Finances have leveled off. Real property taxable full valuation of the County has trended as follows: 2012 - \$22,106,339,320; 2013 - \$22,021,494,902; 2014 - \$22,678,781,112; 2015 - \$22,659,283,846; and 2016 - \$23,301,512,046. In eleven years, 2004 to 2015, the real property taxable full valuation of the County has increased by 93.50% from \$12,041,967,109. The level of tax limit exhausted in 2015 was only a miniscule 14.93% of the County's constitutional tax limit. The 2015 equalized full value tax rate was \$2.2850. Property tax revenues for 2015 were virtually the same compared to 2014. The 2015 sales tax revenue increased from 2014 by 2.67%. The County's government activities net position decreased by \$6,933,217. This was caused primarily by the recognition of additional other postemployment benefit (OPEB) expenses of \$13,201,802 in 2015 and the net pension liability of \$9,624,412 for the NYS Employees Retirement System.

COUNTY OF SARATOGA'S ECONOMY

The County, located in the upper Hudson Valley and foothills of the Adirondack Mountains, is part of the Census Bureau's Albany-Schenectady-Troy Standard Metropolitan Statistical Area. The County's 814 square miles include the cities of Saratoga Springs and Mechanicville, the incorporated villages of Ballston Spa, Corinth, Galway, Round Lake, Schuylerville, South Glens Falls, Stillwater, Victory, and Waterford, and nineteen townships.

The 2010 census officially records the County population at 219,607. Approximately 61.27% of the population is between the ages of 20 and 65. The County-wide median age is 40.9 years. The population over 18 years of age is 77.3% of the total population, or 169,751 individuals. Of that population 48.59% are male while 51.41% are female.

The average household size is 2.44 individuals. The owner-occupied housing units contain 76.39% of the County population.

COUNTY OF SARATOGA, NEW YORK

Management's Discussion and Analysis, Continued

Agriculture and tourism have been, historically, the County's largest industries. Now, manufacturing is the fastest growing segment of its economy. The largest manufacturer in Saratoga County is Global Foundries, now employing over 2,800. The Global Foundries facilities cover approximately 2,584,000 square feet including 390,000 square feet of clean room. One specialized facility for energy and propulsion research is located within the County. The Kesselring Site, located in the Town of Milton, is a training site for Navy personnel on nuclear propulsion systems for naval vessels. Economic impact from the site for the region is over \$855 million.

Momentive Performance Materials (formerly GE Silicones) employs approximately 1,000. Other nationally recognizable employers include Quad/Graphics, Ball Metal Container, State Farm Insurance, and the Target and Ace Hardware distribution centers.

COUNTY OF SARATOGA GOVERNMENT SERVICES

Saratoga County government services are those typically provided by New York State counties. Much of any county's operation and finances are mandated by the State, and little flexibility or discretion is left to individual counties. In the case of Saratoga, well over 75% of its general revenues are used to comply with State mandates.

The services provided by County government are accounted for through a General Fund and four Special Purpose Funds, one of which is an Enterprise Fund. Through a separate fund, the County insures itself and most municipalities in the County for workers' compensation. Other services are provided by entities related to the County: the Saratoga County Industrial Development Agency, the Saratoga County Soil and Water District, the Saratoga County Water Authority and the Saratoga County Prosperity Partnership.

The County is also the custodian of a wide variety of funds held for the benefit of others. To the extent that these funds are in the custody of the County Treasurer, they are accounted for in a Trust and Agency Fund and have been included in the fund-basis financial statements (but generally excluded from the entity-wide statements, as prescribed by the Governmental Accounting Standards Board).

The maintenance of the County's 99 bridges and 360 miles of highway are accounted for in two of the Special Purpose Funds at a total "modified accrual" cost. In 2015, \$27,600,995 was expended which is an increase from the previous year by \$3,551,068. \$19,562,918 was provided by Saratoga County taxpayers. That also was an increase from 2014 by \$3,910,671. Another Special Purpose Fund accounts for the County's employment and training activities to the extent that they are paid for with Federal funds under the Work Force Investment Act. During 2015, \$1,222,427 was expended and reimbursed by the Federal government.

Activities of the County's Sewer District that serves the southern and eastern portions of the County are accounted for in the County's Enterprise Fund. The Sewer District received sewage from greater than 72,000 "equivalent domestic units," through a 320-mile collector system and treated it at a 43.4 million-gallon/day treatment plant. The 2015 cost of the Sewer Fund was \$14,803,405, with revenues of \$18,955,853.

COUNTY OF SARATOGA, NEW YORK
Management's Discussion and Analysis, Continued

Maplewood Manor was closed on February 1, 2015 as an enterprise fund of the County of Saratoga. The facility was a 277 bed, skilled nursing operation which provided rehabilitation services and skilled nursing care. There was no Inter-Governmental Transfer funding in 2015. The facility continued to lose substantial amounts of money due to both the cost of operations and the inability of the federal government, through its Medicaid program, to cover costs of operations. Maplewood Manor was unable to be a going concern. It would need to rely on an ever increasing subsidy from the General Fund, which is substantially funded by property tax payers in the county, a majority of whom receive no benefit from the enterprise fund.

Because of the financial issues at Maplewood Manor, the Board of Supervisors decided in 2012 to sell the complex. On January 1, 2013 Maplewood Manor Local Development Corporation was created to enhance the County's ability to complete a sale in a timely manner and get the best value out of that transaction. In December 2013, the County entered into a purchase and sale agreement with a buyer and, on February 1, 2015, the operation of the facility was turned over to Saratoga Center for Care, LLC.

The wide variety of the remaining services provided by County government are accounted for in the County's General Fund, including financial assistance to the poor and social services to the poor, the elderly, veterans, children at risk and children in general; public safety services such as a sheriff's road patrol, fire and other emergency response coordination and communications, a jail, and an animal shelter; education funding to those attending community college and to preschool children with special needs; health services to the general public in the form of public health service and mental health coordination and individual care in the form of home health care and mental health services; promotion of agriculture and tourism and other economic development activities; and services to the court system including prosecution (District Attorney), recordkeeping (County Clerk), the holding of bail and other court funds (County Treasurer), and a variety of other services. Other services to the public include the preservation and cataloging of important documents (County Clerk and Historian), motor vehicle offices, consumer protection, and environmental and forestry management. The County serves the public and other levels of local government through the Planning Board, the Board of Elections, Real Property Tax Service, and the tax collection services of the County Treasurer. These services, together with the County's administrative costs and a small number of grants to community, historical, and cultural organizations, are provided at a total "modified accrual" cost. For the year ended December 31, 2015, the General Fund expended \$218,286,513 and the general tax revenue amounted to \$51,438,009.

Many of these services are mandated by New York State and in several areas the expenditures themselves are mandated, with the County having little or no control over the expenditure level. In most cases, the County receives State and/or Federal reimbursement for some, but not all, of those expenditures.

COUNTY OF SARATOGA, NEW YORK
Management's Discussion and Analysis, Continued

ANALYSIS OF THE COUNTY'S BUDGET AND FUND-BASIS FINANCES IN 2015

The 2015 General Fund included \$19,562,919 in transfers to other funds, including the County Roads and Machinery Funds. The County's Enterprise Fund, the Sewer District, had operating income of \$4,152,448. The other budgeted funds were balanced without involving fund balance.

The County's actual expenditures in the General Fund during 2015 were \$13,436,823 under the revised budget amount. Actual revenue was under the revised budget by \$13,419,814.

ANALYSIS OF THE COUNTY'S CAPITAL INVESTMENT AND BONDED INDEBTEDNESS

The County's net investment in capital assets at the end of 2015 is as follows:

| | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Debt</u> | <u>Net</u> |
|-------------------------|-----------------------|-------------------------------------|---------------------|---------------------|
| Land | \$ 4,820,105 | - | - | 4,820,105 |
| Buildings | 224,438,361 | (103,402,800) | (4,045,000) | 116,990,561 |
| Autos | 20,414,269 | (16,619,921) | - | 3,794,348 |
| Machinery and equipment | 14,337,791 | (5,973,694) | (6,680,000) | 1,684,097 |
| Roads and bridges | 138,774,847 | (41,809,171) | - | 96,965,676 |
| Sewer infrastructure | <u>80,559,087</u> | <u>(40,757,830)</u> | <u>(58,015,000)</u> | <u>(18,213,743)</u> |
| Totals | \$ <u>483,344,460</u> | <u>(208,563,416)</u> | <u>(68,740,000)</u> | <u>206,041,044</u> |

ANALYSIS OF COUNTY'S GOVERNMENT-WIDE FINANCIAL POSITION DURING 2015

During 2015, the County's government-wide net position increased by \$21,186,648 primarily as a result of new roads valued at \$22,401,853 contributed by the Town of Malta and accepted by the County. Governmental activities net position decreased by \$6,933,217 which was due in large part by the recognition of additional OPEB expense. Business-type activities increased net position by \$28,119,865 primarily from the transfer of all assets and liabilities of the Maplewood Manor to the general fund, government-wide and Maplewood Manor LDC.

FUTURE PROSPECTS FOR THE COUNTY'S FINANCES

The recognition, beginning in 2008, of other postemployment benefit liabilities has had a negative effect on the County's net assets. The County has maintained a health insurance program for its retirees and the calculation of the present value of that promise will induce some substantial reductions in net assets. The County's financial position and its prospects for near-term revenue growth provide it with an opportunity to responsibly fund this promise over several decades.

Yet another drain on the fund balance is the newly implemented GASB 68. The Net Pension Liability for Saratoga County for December 31, 2015 is \$10,130,958. Added to the OPEB, this will have a significant drain on the County's net position.

COUNTY OF SARATOGA, NEW YORK
Management's Discussion and Analysis, Continued

Growth is, of course, both an opportunity and a challenge. Saratoga County will continue to seize that opportunity and meet that challenge. The development of fabrication industries in the County will bring employment opportunities along with revenue growth. People continue to move into Saratoga County from neighboring counties. We can expect near economic stability that others will not.

REQUESTS FOR INFORMATION

Additional information about the County's financial statements may be obtained from the Saratoga County Treasurer's Office, County Municipal Center, Building 1, 40 McMaster Street, Ballston Spa, New York 12020.

COUNTY OF SARATOGA, NEW YORK
Government-Wide Financial Statements
Statement of Net Position
December 31, 2015

| | Primary Government | | | Component Units |
|--|----------------------------|---------------------------------|----------------------|--------------------|
| | Governmental Activities | Business- Type Activities | Total | |
| Assets: | | | | |
| Cash and equivalents | \$ 13,201,766 | 13,060,541 | 26,262,307 | 9,321,169 |
| Receivables, net of allowance for uncollectibles | 21,213,648 | 180,604 | 21,394,252 | 2,721,621 |
| Due from other governments | 53,481,569 | - | 53,481,569 | - |
| Due from other activities and funds | 9,463,382 | 444,835 | 9,908,217 | - |
| Inventories | 1,122,433 | - | 1,122,433 | - |
| Prepaid expenses | 3,020 | 1,100 | 4,120 | 40,429 |
| Restricted assets - cash and equivalents | 7,562,389 | - | 7,562,389 | 3,824,607 |
| Capital assets, net of accumulated depreciation | <u>140,883,107</u> | <u>133,897,937</u> | <u>274,781,044</u> | <u>73,319,676</u> |
| Total assets | <u>246,931,314</u> | <u>147,585,017</u> | <u>394,516,331</u> | <u>89,227,502</u> |
| Deferred outflows of resources - pension | <u>12,171,840</u> | <u>640,623</u> | <u>12,812,463</u> | <u>65,351</u> |
| Liabilities: | | | | |
| Accounts payable and other current liabilities | 9,318,843 | 1,567,653 | 10,886,496 | 1,199,164 |
| Due to other governments | 21,748,109 | - | 21,748,109 | 11,463,439 |
| Due to other activities and funds | 8,683,655 | 784,949 | 9,468,604 | - |
| Accrued compensated absences | 2,761,469 | 171,503 | 2,932,972 | - |
| Retainage payable | - | 489,289 | 489,289 | - |
| Long-term liabilities: | | | | - |
| Due within one year | 2,730,000 | 2,865,000 | 5,595,000 | 620,000 |
| Due in more than one year | 7,995,000 | 55,150,000 | 63,145,000 | 45,835,000 |
| Self insured claims payable | 21,385,509 | - | 21,385,509 | - |
| Net pension liability - proportionate share - ERS | 9,624,412 | 506,546 | 10,130,958 | 56,982 |
| Other postemployment benefits liability | <u>157,650,063</u> | <u>6,634,944</u> | <u>164,285,007</u> | <u>64,924</u> |
| Total liabilities | <u>241,897,060</u> | <u>68,169,884</u> | <u>310,066,944</u> | <u>59,239,509</u> |
| Deferred inflows of resources - aggregated deferred inflows | <u>16,041,940</u> | <u>267,794</u> | <u>16,309,734</u> | <u>714,993</u> |
| Net position: | | | | |
| Net investment in capital assets | 130,158,107 | 75,882,937 | 206,041,044 | 19,313,280 |
| Restricted for self-insurance contributed reserve | 7,562,389 | - | 7,562,389 | - |
| Restricted | - | - | - | 4,636,096 |
| Unrestricted (deficit) | <u>(136,556,342)</u> | <u>3,905,025</u> | <u>(132,651,317)</u> | <u>5,388,975</u> |
| Total net position | <u>\$ 1,164,154</u> | <u>79,787,962</u> | <u>80,952,116</u> | <u>29,338,351</u> |

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Government-Wide Financial Statements
Statement of Activities
Year ended December 31, 2015

| Functions/Programs | Program Revenue | | | Net (Expenses) Revenue and Changes in Net Position | | | Component Units |
|--|-----------------|----------------------|--------------------------|--|--------------------------|---------------|-----------------|
| | Expenses | Operating | | Governmental Activities | Business-type Activities | Total | |
| | | Charges for Services | Grants and Contributions | | | | |
| Governmental activities: | | | | | | | |
| General government support | \$ 86,908,389 | 8,882,446 | 1,118,249 | (76,907,694) | - | (76,907,694) | - |
| Education | 17,326,763 | - | 5,881,898 | (11,644,865) | - | (11,644,865) | - |
| Public safety | 36,107,292 | 2,032,589 | 1,751,843 | (32,322,860) | - | (32,322,860) | - |
| Health | 18,406,361 | 4,453,388 | 5,752,082 | (8,200,891) | - | (8,200,891) | - |
| Transportation | 21,512,700 | 391,083 | 6,089,450 | (14,495,165) | - | (14,495,165) | - |
| Economic opportunity and development | 61,331,350 | 771,384 | 26,322,696 | (34,237,270) | - | (34,237,270) | - |
| Culture and recreation | 838,692 | 743,596 | 53,158 | (39,938) | - | (39,938) | - |
| Home and community services | 3,437,395 | 22,500 | 414,650 | (2,510,537) | - | (2,510,537) | - |
| Interest on long-term debt | 610,220 | - | - | (610,220) | - | (610,220) | - |
| Total governmental activities | 246,679,162 | 17,298,986 | 47,384,026 | (180,969,440) | - | (180,969,440) | - |
| Business-type activities: | | | | | | | |
| Maplewood Manor | 8,014,499 | 1,192,346 | - | (6,822,153) | - | (6,822,153) | - |
| Sewer District | 14,803,405 | 18,398,999 | - | 3,595,594 | - | 3,595,594 | - |
| Total business-type activities | 22,817,904 | 19,591,345 | - | (3,226,559) | - | (3,226,559) | - |
| Total primary government | \$ 269,497,066 | 36,890,331 | 47,384,026 | (180,969,440) | - | (184,195,999) | - |
| Component units: | | | | | | | |
| Saratoga County Industrial Development Agency | 683,955 | 920,921 | - | - | - | - | 236,966 |
| Saratoga County Water Authority | 6,673,445 | 6,108,317 | - | - | - | - | (565,128) |
| Maplewood Manor LDC | 119,771 | 114,296 | - | - | - | - | (5,475) |
| Saratoga County Prosperity Partnership, Inc. | 518,025 | - | 518,025 | - | - | - | - |
| Total component units | \$ 7,995,196 | 7,143,534 | 518,025 | - | - | - | (333,637) |
| General revenue: | | | | | | | |
| Real property tax and related tax items | | | | 57,454,772 | - | 57,454,772 | - |
| Non-property tax items | | | | 117,977,561 | - | 117,977,561 | - |
| Sales of property and compensation for loss | | | | 3,257,861 | 545,187 | 3,803,048 | - |
| Interest earnings | | | | 1,488,881 | 1,133 | 1,490,014 | 23,698 |
| Other general revenue | | | | 4,258,260 | 11,667 | 4,269,927 | - |
| Contributed capital assets | | | | 22,401,853 | - | 22,401,853 | - |
| Net transfers | | | | (32,802,965) | 30,788,437 | (2,014,528) | 2,014,528 |
| Total general revenue and transfers | | | | 174,036,223 | 31,346,424 | 205,382,647 | 2,038,226 |
| Change in net position | | | | (6,933,217) | 28,119,865 | 21,186,648 | 1,704,589 |
| Net position at beginning of year | | | | 11,561,359 | 52,635,579 | 64,196,938 | 27,633,762 |
| Cumulative change in accounting principal | | | | (3,463,988) | (967,482) | (4,431,470) | - |
| Net position at beginning of year, as restated | | | | 8,097,371 | 51,668,097 | 59,765,468 | 27,633,762 |
| Net position at end of year | | | | \$ 1,164,154 | 79,787,962 | 80,952,116 | 29,338,351 |

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Fund Financial Statements
Balance Sheet - Governmental Funds
December 31, 2015

| | <u>General</u> | Capital Projects <u>Fund</u> | Non-major Governmental <u>Funds</u> | <u>Total</u> |
|--|---------------------|------------------------------------|---|-------------------|
| Assets: | | | | |
| Cash and equivalents | \$12,655,402 | - | 335,510 | 12,990,912 |
| Taxes receivables, net of allowance for uncollectibles | 16,750,294 | - | - | 16,750,294 |
| Receivables from other governments | 36,949,725 | - | 2,928,290 | 39,878,015 |
| Other receivables | 4,237,198 | - | 216,215 | 4,453,413 |
| Inventories | 49,930 | - | - | 49,930 |
| Due from other funds | <u>7,206,749</u> | - | <u>2,254,969</u> | <u>9,461,718</u> |
| Total assets | <u>\$77,849,298</u> | <u>-</u> | <u>5,734,984</u> | <u>83,584,282</u> |
| Liabilities, Deferred Inflows, and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | 6,335,934 | 5,821 | 2,392,344 | 8,734,099 |
| Due to other governments | 21,748,109 | - | - | 21,748,109 |
| Due to other funds | <u>6,836,119</u> | <u>804,003</u> | <u>1,013,561</u> | <u>8,653,683</u> |
| Total liabilities | <u>34,920,162</u> | <u>809,824</u> | <u>3,405,905</u> | <u>39,135,891</u> |
| Deferred inflows of resources - aggregated deferred inflows | <u>22,899,853</u> | - | <u>1,230,391</u> | <u>24,130,244</u> |
| Fund balances: | | | | |
| Non-spendable | 49,930 | - | - | 49,930 |
| Restricted | 503,384 | - | 219,274 | 722,658 |
| Assigned - appropriated | 2,354,144 | - | - | 2,354,144 |
| Assigned - unappropriated | - | - | 879,414 | 879,414 |
| Unassigned | <u>17,121,825</u> | <u>(809,824)</u> | - | <u>16,312,001</u> |
| Total fund balances | <u>20,029,283</u> | <u>(809,824)</u> | <u>1,098,688</u> | <u>20,318,147</u> |
| Total liabilities, deferred inflows, and fund balances | <u>\$77,849,298</u> | <u>-</u> | <u>5,734,984</u> | <u>83,584,282</u> |

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
 Reconciliation of the Balance Sheet - Governmental Funds to the
 Statement of Net Position - Governmental Activities
 December 31, 2015

| | |
|---|---------------------|
| Total fund balances in the fund financial statements for the Governmental Funds | \$ 20,318,147 |
| This amount differs from the amount of net assets shown in the statement of net assets for governmental activities due to the following: | |
| Capital assets are included as assets in the government-wide statements, net of accumulated depreciation. | 140,883,107 |
| Compensated absences expensed as paid in governmental fund statements, expensed as incurred in entity wide statements, and reflected as liability on statement of net assets. | (2,761,469) |
| Significant inventories of materials and supplies are included in the government-wide statements as current assets. | 1,072,503 |
| Long-term debt accrued interest | (46,317) |
| Other postemployment benefits liability, net of \$284,952 reported in the internal service fund. | (157,365,111) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | (10,725,000) |
| Internal service fund net deficit position is reported in the governmental funds. | (891,166) |
| Levied but uncollected real property taxes reported as deferred inflows in the Governmental Fund financial statements and collection of prior year taxes are recognized as revenue and additions to net position in the government-wide statements. | 7,028,826 |
| Revenue that was earned, measurable but not available is recorded as revenue in the government-wide financial statements. | 3,013,108 |
| Some deferred inflows and outflows are not reported in the governmental funds as they do not provide for or use current resources: | |
| Deferred outflows - pension | 12,171,840 |
| Deferred inflows - pension | (1,909,902) |
| Employee Retirement System - pension liability | (9,624,412) |
| Total net position of the governmental activities | <u>\$ 1,164,154</u> |

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Fund Financial Statements
Statement of Revenue, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year ended December 31, 2015

| | <u>General</u> | <u>Capital Projects Fund</u> | <u>Non-major Governmental Funds</u> | <u>Total</u> |
|---|---------------------|--------------------------------------|---|---------------------|
| Revenue: | | | | |
| Real property taxes | \$51,438,009 | - | - | 51,438,009 |
| Other real property tax items | 4,888,116 | - | - | 4,888,116 |
| Non-property taxes | 117,977,561 | - | - | 117,977,561 |
| Departmental income | 11,563,271 | - | 987 | 11,564,258 |
| Intergovernmental charges | 2,495,763 | - | 276,170 | 2,771,933 |
| Use of money and property | 400,718 | 67 | 1,078,095 | 1,478,880 |
| Licenses and permits | 49,568 | - | - | 49,568 |
| Fines and forfeitures | 318,326 | - | 386,050 | 704,376 |
| Sale of property and compensation for loss | 2,248,997 | - | 1,008,864 | 3,257,861 |
| Miscellaneous | 3,578,842 | - | 513,771 | 4,092,613 |
| State aid | 22,138,114 | - | 3,296,545 | 25,434,659 |
| Federal aid | <u>20,227,935</u> | - | <u>3,917,910</u> | <u>24,145,845</u> |
| Total revenue | <u>237,325,220</u> | <u>67</u> | <u>10,478,392</u> | <u>247,803,679</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government support | 81,263,634 | 511,058 | - | 81,774,692 |
| Education | 17,706,125 | - | - | 17,706,125 |
| Public safety | 34,677,737 | - | 882,243 | 35,559,980 |
| Health | 17,671,605 | - | - | 17,671,605 |
| Transportation | 307,549 | - | 27,600,995 | 27,908,544 |
| Economic opportunity and development | 59,091,627 | - | 1,222,427 | 60,314,054 |
| Culture and recreation | 808,057 | - | - | 808,057 |
| Home and community service | 3,510,570 | - | - | 3,510,570 |
| Debt service | <u>3,249,609</u> | - | - | <u>3,249,609</u> |
| Total expenditures | <u>218,286,513</u> | <u>511,058</u> | <u>29,705,665</u> | <u>248,503,236</u> |
| Other financing sources (uses): | | | | |
| Interfund transfers in | 2,660,017 | - | 19,562,918 | 22,222,935 |
| Interfund transfers out | <u>(19,562,919)</u> | <u>(2,003,736)</u> | - | <u>(21,566,655)</u> |
| Total other financing sources (uses) | <u>(16,902,902)</u> | <u>(2,003,736)</u> | <u>19,562,918</u> | <u>656,280</u> |
| Net change in fund balances | 2,135,805 | (2,514,727) | 335,645 | (43,277) |
| Fund balances at beginning of year | <u>17,893,478</u> | <u>1,704,903</u> | <u>763,043</u> | <u>20,361,424</u> |
| Fund balances at end of year | <u>\$20,029,283</u> | <u>(809,824)</u> | <u>1,098,688</u> | <u>20,318,147</u> |

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances -
 Governmental Funds to the Statement of Activities - Governmental Activities
 Year ended December 31, 2015

| | | |
|---|-------------------|-----------------------------|
| Net change in fund balances shown for total Governmental Funds | | \$ (43,277) |
| This amount differs from the change in net assets of governmental activities shown in the statement of activities because of the following: | | |
| Capital outlays for acquisition of capital assets are recorded in Governmental Funds as expenditures. However, in the statement of activities, costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This amount represents the differences between expenditures for acquisition of capital assets and depreciation expense for the period. | | |
| Expenditures for acquisition of capital assets, net of disposals of \$3,403,795 | \$10,627,028 | |
| Depreciation expense | (2,906,920) | |
| Roads transferred from Town of Malta and accepted by the County | <u>22,401,853</u> | 30,121,961 |
| Revenue that was earned and measurable, but not available, is recorded as revenue in the government-wide financial statements. | | (1,652,928) |
| Collections of prior year real property taxes and other revenue are shown as deferred inflows in the prior year and current year revenue in the year collected. | | 1,128,647 |
| Expenditures for inventory within certain Governmental Funds are recorded as expenditures when paid. In the statement of activities, these costs are allocated over the time periods the items are consumed. | | (87,740) |
| Increase in other postemployment benefits liability is recorded in the statement of net position but not in the government funds, net of \$15,157 reported in the internal service fund. | | (6,931,656) |
| Transfer of OPEB liability of Maplewood Manor Nursing Home upon transfer of operations to a private operator. | | (33,216,294) |
| Changes in compensated absences are recorded in the statement of net position and not in the governmental funds. | | (80,651) |
| Principal payments on long-term debt | | 2,630,000 |
| Accrued interest on long-term debt | | 9,389 |
| Internal service funds activity is combined with governmental activities on the government-wide statements. | | (453,103) |
| Increase resulting from implementation of GASB Statements 68 and 71. | | <u>1,642,435</u> |
| Change in net position of governmental activities shown in the statement of activities | | <u><u>\$(6,933,217)</u></u> |

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Fund Financial Statements
Statement of Net Position - Proprietary Funds and Internal Service Fund
December 31, 2015

| | Business-type Activities Enterprise Funds | | | Internal Service Fund Self Insurance |
|--|--|--------------------------|--------------------------|---|
| | Maplewood Manor | Sewer District | Total | |
| Assets: | | | | |
| Cash and equivalents | \$ - | 13,060,541 | 13,060,541 | 210,854 |
| Receivables, net of allowance for uncollectibles | - | 180,604 | 180,604 | 9,941 |
| Due from other governments | - | - | - | 13,603,554 |
| Due from other funds | - | 444,835 | 444,835 | 1,664 |
| Prepaid expenses | - | 1,100 | 1,100 | 3,020 |
| Restricted assets - cash and equivalents | - | - | - | 7,562,389 |
| Capital assets, net of accumulated depreciation | - | <u>133,897,937</u> | <u>133,897,937</u> | - |
| Total assets | - | <u>147,585,017</u> | <u>147,585,017</u> | <u>21,391,422</u> |
| Deferred outflows of resources - aggregated deferred outflows | - | <u>640,623</u> | <u>640,623</u> | - |
| Liabilities: | | | | |
| Accounts payable and other current liabilities | - | 1,567,653 | 1,567,653 | 538,427 |
| Due to other funds | - | 784,949 | 784,949 | 29,972 |
| Accrued compensated absences | - | 171,503 | 171,503 | - |
| Retainage payable | - | 489,289 | 489,289 | - |
| Noncurrent liabilities: | | | | |
| Due within one year | - | 2,865,000 | 2,865,000 | - |
| Due in more than one year | - | 55,150,000 | 55,150,000 | - |
| Self insured claims payable | - | - | - | 21,385,509 |
| Net pension liability - proportionate share - ERS | - | 506,546 | 506,546 | - |
| Other postemployment benefits liability | - | <u>6,634,944</u> | <u>6,634,944</u> | <u>284,952</u> |
| Total liabilities | - | <u>68,169,884</u> | <u>68,169,884</u> | <u>22,238,860</u> |
| Deferred inflows of resources - aggregated deferred inflows | - | <u>267,794</u> | <u>267,794</u> | <u>43,728</u> |
| Net position: | | | | |
| Net investment in capital assets | - | 75,882,937 | 75,882,937 | - |
| Restricted for self insurance contributed reserve | - | - | - | 7,562,389 |
| Unrestricted (deficit) | - | <u>3,905,025</u> | <u>3,905,025</u> | <u>(8,453,555)</u> |
| Total net position | \$ - | <u><u>79,787,962</u></u> | <u><u>79,787,962</u></u> | <u><u>(891,166)</u></u> |

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Fund Financial Statements
Statement of Revenue, Expenses, and Changes in Net Position -
Proprietary Funds and Internal Service Fund
Year ended December 31, 2015

| | Business-type Activities Enterprise Funds | | | Internal Service Fund Self Insurance |
|--|--|-------------------|--------------------|---|
| | Maplewood Manor | Sewer District | Total | |
| Operating revenue: | | | | |
| Rents and charges for sales and services | \$ - | 18,398,999 | 18,398,999 | - |
| Resident service revenue, net of allowances | 1,192,346 | - | 1,192,346 | - |
| Participant assessments | - | - | - | 2,692,011 |
| Sale of property and compensation for losses | - | 545,187 | 545,187 | - |
| Miscellaneous local sources | - | 11,667 | 11,667 | 165,647 |
| Other grants and revenue | - | - | - | 10,001 |
| Total operating revenue | <u>1,192,346</u> | <u>18,955,853</u> | <u>20,148,199</u> | <u>2,867,659</u> |
| Operating expenses: | | | | |
| Costs of sales and services | 7,990,603 | 5,387,558 | 13,378,161 | 3,320,762 |
| Other postemployment benefits expense | - | 2,211,695 | 2,211,695 | - |
| Interest | - | 2,376,836 | 2,376,836 | - |
| Depreciation | 23,896 | 4,827,316 | 4,851,212 | - |
| Total operating expenses | <u>8,014,499</u> | <u>14,803,405</u> | <u>22,817,904</u> | <u>3,320,762</u> |
| Operating income (loss) | <u>(6,822,153)</u> | <u>4,152,448</u> | <u>(2,669,705)</u> | <u>(453,103)</u> |
| Nonoperating revenue - interest earnings | <u>1,133</u> | <u>-</u> | <u>1,133</u> | <u>-</u> |
| Income (loss) before transfers | (6,821,020) | 4,152,448 | (2,668,572) | (453,103) |
| Transfers to General Fund | (656,280) | - | (656,280) | - |
| Transfers to Maplewood Manor Local Development Corporation of capital assets | (2,014,528) | - | (2,014,528) | - |
| Transfers from County | <u>33,459,245</u> | <u>-</u> | <u>33,459,245</u> | <u>-</u> |
| Change in net position | 23,967,417 | 4,152,448 | 28,119,865 | (453,103) |
| Net position (deficit) at beginning of year, as originally stated | (23,277,021) | 75,912,600 | 52,635,579 | (438,063) |
| Cumulative effect of change in accounting principal | <u>(690,396)</u> | <u>(277,086)</u> | <u>(967,482)</u> | <u>-</u> |
| Net position (deficit) at beginning of year, as restated | <u>(23,967,417)</u> | <u>75,635,514</u> | <u>51,668,097</u> | <u>(438,063)</u> |
| Net position (deficit) at end of year | <u>\$ -</u> | <u>79,787,962</u> | <u>79,787,962</u> | <u>(891,166)</u> |

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Fund Financial Statements
Statement of Cash Flows - Proprietary Funds and Internal Service Fund
Year ended December 31, 2015

| | Business-type Activities Enterprise Funds | | | Internal Service Fund Self Insurance |
|--|--|--------------------|--------------------|---|
| | Maplewood Manor | Sewer District | Subtotal | |
| Cash flows from operating activities: | | | | |
| Cash received from charges to customers | \$ - | 18,925,317 | 18,925,317 | (563,180) |
| Cash received from residents and third-party payers | 3,056,013 | - | 3,056,013 | - |
| General fund payments for operating expenses | 4,018,040 | - | 4,018,040 | - |
| Payment to employees, payroll taxes, and benefits | (5,426,895) | (5,251,620) | (10,678,515) | (114,570) |
| Payment for interest | - | (2,376,837) | (2,376,837) | - |
| Payment to suppliers, vendors | (5,321,063) | (2,702,861) | (8,023,924) | 242,765 |
| Net cash provided by (used in) operating activities | <u>(3,673,905)</u> | <u>8,593,999</u> | <u>4,920,094</u> | <u>(434,985)</u> |
| Cash flows from non-capital financing activities - increase in restricted cash and equivalents | <u>-</u> | <u>-</u> | <u>-</u> | <u>299,456</u> |
| Cash flows from capital and related financing activities: | | | | |
| Acquisition of capital assets | - | (6,800,044) | (6,800,044) | - |
| Transfer to general fund | (656,280) | - | (656,280) | - |
| Repayments of long-term debt | <u>-</u> | <u>(2,520,000)</u> | <u>(2,520,000)</u> | <u>-</u> |
| Net cash used in capital and related financing activities | <u>(656,280)</u> | <u>(9,320,044)</u> | <u>(9,976,324)</u> | <u>-</u> |
| Cash flows from investing activities - interest earned on cash in time deposits | <u>1,133</u> | <u>-</u> | <u>1,133</u> | <u>-</u> |
| Net decrease in cash and equivalents | (4,329,052) | (726,045) | (5,055,097) | (135,529) |
| Cash and equivalents at beginning of year | <u>4,329,052</u> | <u>13,786,586</u> | <u>18,115,638</u> | <u>346,383</u> |
| Cash and equivalents at end of year | <u>\$ -</u> | <u>13,060,541</u> | <u>13,060,541</u> | <u>210,854</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Operating income (loss) | (6,822,153) | 4,152,448 | (2,669,705) | (453,103) |
| Depreciation expense | 23,896 | 4,827,316 | 4,851,212 | - |
| Cumulative effect of change in accounting principal | (690,396) | (277,086) | (967,482) | - |
| Changes in: | | | | |
| Receivables, net of allowances | 1,624,375 | (89,239) | 1,535,136 | 158,321 |
| Inventories | 69,387 | - | 69,387 | - |
| Prepaid expenses | 33,787 | 132,397 | 166,184 | 554 |
| Due from Saratoga County | 439,073 | - | 439,073 | (3,597,764) |
| Due from other funds | - | (54,699) | (54,699) | (778) |
| Deferred outflows | (1,789,779) | (640,623) | (2,430,402) | - |
| Due to other funds | (1,853,152) | (117,604) | (1,970,756) | (8,687) |
| Estimated third-party payers settlements | (140) | - | (140) | - |
| Accounts payable and accrued liabilities | (56,266) | (218,392) | (274,658) | 3,473,025 |
| Retainage payable | - | (74,084) | (74,084) | - |
| Accrued compensated absences | (503,666) | (19,543) | (523,209) | - |
| Other postemployment benefits liability | - | 407,859 | 407,859 | (15,157) |
| Net pension liability | 2,032,730 | 506,546 | 2,539,276 | - |
| Deferred inflows | <u>3,818,399</u> | <u>58,703</u> | <u>3,877,102</u> | <u>8,604</u> |
| Net cash provided by (used in) operating activities | <u>\$ (3,673,905)</u> | <u>8,593,999</u> | <u>4,920,094</u> | <u>(434,985)</u> |

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Fund Financial Statements
Statement of Net Position - Fiduciary Funds
December 31, 2015

| | <u>Agency Funds</u> | <u>Permanent Fund</u> | <u>Private Purpose Trust Fund</u> | <u>Total Fiduciary Funds</u> |
|----------------------------|-------------------------|---------------------------|---|--------------------------------------|
| Assets: | | | | |
| Cash and equivalents | \$ 20,199,954 | 118,458 | 249 | 20,318,661 |
| Due from other funds | 6,535,187 | - | - | 6,535,187 |
| Due from other governments | 590,617 | - | - | 590,617 |
| Miscellaneous Assets | <u>156</u> | <u>-</u> | <u>-</u> | <u>156</u> |
| Total assets | <u>27,325,914</u> | <u>118,458</u> | <u>249</u> | <u>27,444,621</u> |
| Liabilities: | | | | |
| Agency liabilities | 13,920,775 | 118,458 | 249 | 14,039,482 |
| Due to other funds | 6,974,800 | - | - | 6,974,800 |
| Due to other governments | <u>6,430,339</u> | <u>-</u> | <u>-</u> | <u>6,430,339</u> |
| Total liabilities | <u>27,325,914</u> | <u>118,458</u> | <u>249</u> | <u>27,444,621</u> |
| Net position | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> |

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Fund Financial Statements
Statement of Changes in Net Position - Fiduciary Funds
Year ended December 31, 2015

| | <u>Private Purpose Trust Fund</u> |
|-----------------------------------|---|
| Additions - interest earnings | \$ 278 |
| Deductions - cemeteries | <u>(278)</u> |
| Change in net position | - |
| Net position at beginning of year | <u>-</u> |
| Net position at end of year | <u><u>\$ -</u></u> |

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Statement of Net Position - Component Units
December 31, 2015

| | Saratoga County IDA | Saratoga County Water Authority | Maplewood Manor LDC | Saratoga County Prosperity Partnership, Inc. | Total |
|---|---------------------------|---------------------------------------|---------------------------|---|-------------------|
| Assets: | | | | | |
| Cash and equivalents | \$3,318,181 | 3,758,740 | 1,936,179 | 308,069 | 9,321,169 |
| Receivables: | | | | | |
| Accounts, net of allowance for uncollectible amounts | - | 971,621 | - | - | 971,621 |
| Loans | 1,750,000 | - | - | - | 1,750,000 |
| Prepaid expenses | - | 30,822 | - | 9,607 | 40,429 |
| Restricted assets - cash and equivalents | - | 3,824,607 | - | - | 3,824,607 |
| Capital assets, net of accumulated depreciation | <u>168,138</u> | <u>71,137,010</u> | <u>2,014,528</u> | <u>-</u> | <u>73,319,676</u> |
| Total assets | <u>5,236,319</u> | <u>79,722,800</u> | <u>3,950,707</u> | <u>317,676</u> | <u>89,227,502</u> |
| Deferred outflows of resources | <u>-</u> | <u>65,351</u> | <u>-</u> | <u>-</u> | <u>65,351</u> |
| Liabilities: | | | | | |
| Accounts payable | 28,069 | 451,321 | 9,560 | - | 488,950 |
| Accrued liabilities | - | 698,500 | - | 11,714 | 710,214 |
| Due to other governments | - | 9,230,858 | 1,926,619 | 305,962 | 11,463,439 |
| Non-current liabilities: | | | | | |
| Due within one year | - | 620,000 | - | - | 620,000 |
| Due in more than one year | - | 45,835,000 | - | - | 45,835,000 |
| Net pension liability | - | 56,982 | - | - | 56,982 |
| Other post employment benefits liability | <u>-</u> | <u>64,924</u> | <u>-</u> | <u>-</u> | <u>64,924</u> |
| Total liabilities | <u>28,069</u> | <u>56,957,585</u> | <u>1,936,179</u> | <u>317,676</u> | <u>59,239,509</u> |
| Deferred inflows of resources | <u>-</u> | <u>714,993</u> | <u>-</u> | <u>-</u> | <u>714,993</u> |
| Net position: | | | | | |
| Net investment in capital assets | 168,138 | 19,145,142 | - | - | 19,313,280 |
| Restricted | 811,489 | 3,824,607 | - | - | 4,636,096 |
| Unrestricted | <u>4,228,623</u> | <u>(854,176)</u> | <u>2,014,528</u> | <u>-</u> | <u>5,388,975</u> |
| Total net position | <u>\$5,208,250</u> | <u>22,115,573</u> | <u>2,014,528</u> | <u>-</u> | <u>29,338,351</u> |

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Statement of Activities - Component Units
Year ended December 31, 2015

| Functions/Programs | Net Revenue (Expense) and Changes in Net Position | | | | | | |
|---|---|------------------------------------|-------------|---------------------------------|---------------------|--|------------|
| | Program Revenue | Saratoga County | | Saratoga County Water Authority | Maplewood Manor LDC | Saratoga County Prosperity Partnership, Inc. | |
| Expenses | Charges for Services | Operating Grants and Contributions | IDA | Authority | LDC | Partnership, Inc. | Total |
| Saratoga County Industrial Development Agency | \$ 683,955 | 920,921 | 236,966 | - | - | - | 236,966 |
| Saratoga County Water Authority | 6,673,445 | 6,108,317 | - | (565,128) | - | - | (565,128) |
| Maplewood Manor Local Development Corporation | 119,771 | 114,296 | - | - | (5,475) | - | (5,475) |
| Saratoga County Prosperity Partnership, Inc. | 518,025 | - | 518,025 | - | - | - | - |
| Total component units | \$ 7,995,196 | 7,143,534 | 518,025 | (565,128) | (5,475) | - | (333,637) |
| General revenue: | | | | | | | |
| Interest earnings | | | 10,175 | 8,048 | 5,475 | - | 23,698 |
| Transfers | | | - | - | 2,014,528 | - | 2,014,528 |
| Total general revenue | | | 10,175 | 8,048 | 2,020,003 | - | 2,038,226 |
| Change in net position | | | 247,141 | (557,080) | 2,014,528 | - | 1,704,589 |
| Net position at beginning of year | | | 4,961,109 | 22,672,653 | - | - | 27,633,762 |
| Net position at end of year | | | \$5,208,250 | 22,115,573 | 2,014,528 | - | 29,338,351 |

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements

December 31, 2015

(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 Authority is considered a component unit of the County and is discretely presented. 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

Saratoga County Prosperity Partnership, Inc. - The Saratoga County Prosperity Partnership, Inc. (the Partnership) is a special purpose, local development corporation organized under the Not-For-Profit Corporation Law of the State of New York. The Partnership is an instrumentality of, but separate and apart from the County. Although legally separate from the County, the Partnership is a component unit of the County and, accordingly, is included in the County's financial statements as a discretely presented component unit. The Partnership receives all of its support from the County.

Maplewood Manor Local Development Corporation - The Maplewood Manor Local Development Corporation (the Corporation) is a local development corporation organized under the Not-For-Profit Corporation Law of the State of New York. The Corporation is an instrumentality of, but separate and apart from the County. Although legally separate from the County, the Corporation is a component unit of the County and, accordingly, is included in the County's financial statements as a discretely presented component unit. The Corporation owns the capital assets of the County's nursing home, operations of which were leased to a private operator on February 1, 2015.

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.

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

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles.

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial reports.

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

(1) Summary of Significant Accounting Policies, Continued

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

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

(b) 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.

(c) 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 position 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 position 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

(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, deferred inflows, 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.
- 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.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Fund Accounting, Continued

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 was 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, whose operations were transferred to a private operator effective February 1, 2015.
- 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.

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.

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

(1) Summary of Significant Accounting Policies, Continued

(d) Fund Accounting, Continued

- Private Purpose Trust Fund is used to account for monies donated to the County to benefit certain private cemeteries and other non-County operations.
- Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used to support a cemetery with in the County.

Component Units - The component units consist of the Saratoga County Industrial Development Agency, Saratoga County Water Authority, the Saratoga County Prosperity Partnership, Inc. and Maplewood Manor Local Development Corporation.

(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 required supplementary information on page 73.

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, 2015 totaled \$54,143,357.

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) Inventories

Inventories in the government-wide financial statements are comprised of general and highway supplies (governmental activities), prescription drugs, medical, and other supplies 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.

(h) Capital Assets

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

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

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

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

(1) Summary of Significant Accounting Policies, Continued

(i) 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 | 1-4 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 \$2,761,469 are reported as accrued compensated absences for governmental activities in the government-wide financial statements.

(j) Deferred Outflows and Inflows of Resources

In the statement of net position, in addition to assets, the County will sometimes report a separate section of deferred outflows of resources and another for deferred inflows of resources.

Deferred outflows of resources - pensions, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category. The first item is related to pensions reported in the County-wide statement of net position. This represents the effect of the net change in the County's proportion of the collective net pension asset or liability and difference during the measurement period between the County's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the County contributions to the pension system subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows arise where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The County has reported deferred inflows of \$7,028,826 for real property taxes receivable, \$7,970,970 from the Saratoga County Water Authority, and \$7,900,057 for various departmental grant income receivables in the general fund, \$1,194,106 in the County road fund and \$36,285 in the employment and training fund. Such amounts have been deemed to be measureable but not "available" pursuant to generally accepted accounting principles. The County's "availability" policy for its government funds is to recognize accounts receivable in which cash is received within the next 60 days.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Deferred Outflows and Inflows of Resources, Continued

Deferred inflows in the government-wide statement of net position includes \$14,132,038 for governmental grants not yet expended in governmental activities, \$1,909,902 for the difference between the County's contribution and its proportionate share of total contributions to the pension system, and \$167,273 for advanced payment received in the proprietary funds, and \$100,521 for the proprietary fund difference between the sewer funds contribution and its proportionate share of total contributions to the pension system.

(k) Equity and Fund Balance Classifications

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

- i) Net investment in capital assets - 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 position - consists of net position 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 position without constraints.

Fund balance in the governmental funds is comprised of five classifications: nonspendable, restricted, committed, assigned, and unassigned.

- 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. At December 31, 2015, the County reported \$503,384 in the general fund and \$219,274 in the federal forfeitures fund.
- 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. There are no committed fund balances at December 31, 2015.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(k) Equity and Fund Balance Classifications, Continued

- 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. The County has an assigned fund balance of \$2,354,144 and \$879,414 in the general fund and non-major governmental funds, respectively, at year end.
- 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.

(l) Real Property Taxes

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

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

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

(1) Summary of Significant Accounting Policies, Continued

(m) 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.

(n) 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.

(o) Accounting and Financial Reporting for Pensions

During the year ended December 31, 2015, the County adopted the provisions of GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" and GASB Statement No. 71 - "Pension Transitions for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68," as required by the New York State Comptroller. The primary objective of the Statements is to improve accounting and financial reporting by state and local governments for pensions. The implementation of the Statements requires the County to report as an asset and/or liability its proportionate share of the collective pension asset and/or liability in the New York State Employees' Retirement System. The implementation of the Statements also requires the County to report a deferred outflow and/or inflow for the effect of the net change in the County's proportionate share of the collective net pension asset and/or liability and difference during the measurement period between the County's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Also included as deferred outflows are the County contributions to the pension systems subsequent to the measurement date. See notes 6 and 16 for the financial statement impact of implementation on the financial statements.

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

(2) Cash and Investments

The County's investment policies are governed by State statutes. The County's monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit at 102% of all deposits not covered by Federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the Federal government. Underlying securities must have a market value of at least 102% of the cost of the repurchase agreement.

For purposes of reporting cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity.

Deposits and investments at year-end were covered by Federal depository insurance or by collateral held by the County's custodial banks in the County's name. All deposits, including certificates of deposit, are carried at cost. The carrying amount (book balance) of cash and equivalents at December 31, 2015 totaled \$54,143,357. These bank balances were covered by federal depository insurance as follows:

| | |
|--|----------------------|
| Amount insured by FDIC | \$ 3,000,000 |
| Collateral held by a third party | <u>60,502,101</u> |
| Total insured and collateralized cash balances | \$ <u>63,502,101</u> |
| Bank balance as of December 31, 2015 | \$ <u>58,446,887</u> |
| Percent of coverage | 109% |

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

(3) Capital Assets

A summary of changes in capital assets follows:

| <u>Governmental Activities</u> | Balance January 1, <u>2015</u> | Additions/ <u>transfers</u> | Retirements/ <u>transfers</u> | Balance December 31, <u>2015</u> |
|--------------------------------|--------------------------------------|--------------------------------|----------------------------------|--|
| Land | \$ 4,775,856 | 9,249 | - | 4,785,105 |
| Buildings | 53,371,489 | 326,117 | - | 53,697,606 |
| Autos | 18,874,490 | 1,450,445 | (865,329) | 19,459,606 |
| Machinery and equipment | 9,987,054 | 1,822,317 | - | 11,809,371 |
| Infrastructure | 98,649,317 | 44,557,653 | (4,432,123) | 138,774,847 |
| Construction work in progress | <u>11,733,105</u> | <u>-</u> | <u>(11,733,105)</u> | <u>-</u> |
| Total capital assets | <u>197,391,311</u> | <u>48,165,781</u> | <u>(17,030,557)</u> | <u>228,526,535</u> |
| Less accumulated depreciation: | | | | |
| Buildings | 22,932,770 | 1,304,060 | - | 24,236,830 |
| Autos | 16,162,423 | 554,534 | (786,031) | 15,930,926 |
| Machinery and equipment | 5,152,239 | 514,262 | - | 5,666,501 |
| Infrastructure | <u>42,382,733</u> | <u>534,064</u> | <u>(1,107,626)</u> | <u>41,809,171</u> |
| Total accumulated depreciation | <u>86,630,165</u> | <u>2,906,920</u> | <u>(1,893,657)</u> | <u>87,643,428</u> |
| Net capital assets | \$ <u>110,761,146</u> | <u>45,258,861</u> | <u>(15,136,900)</u> | <u>140,883,107</u> |

Depreciation expense was charged to the following governmental activities during 2015:

| | |
|-------------------------------|---------------------|
| General government support | \$ 1,033,442 |
| Public safety | 789,815 |
| Health | 253,845 |
| Transportation | <u>829,818</u> |
| Total governmental activities | \$ <u>2,906,920</u> |

The County received a transfer of assets totaling \$22,401,853 from the Town of Malta. The assets were made up of a total of 6 miles of roads.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(3) Capital Assets, Continued

| | Balance January 1, <u>2015</u> | <u>Additions</u> | <u>Transfers</u> | Balance December 31, <u>2015</u> |
|--------------------------------------|--------------------------------------|------------------|---------------------|--|
| <u>Maplewood Manor</u> | | | | |
| Land | \$ 54,000 | - | (54,000) | - |
| Buildings | 7,375,346 | - | (7,375,346) | - |
| Improvements other than buildings | 140,773 | - | (140,773) | - |
| Machinery and equipment | <u>4,871,487</u> | <u>-</u> | <u>(4,871,487)</u> | <u>-</u> |
| Total capital assets | <u>12,441,606</u> | <u>-</u> | <u>(12,441,606)</u> | <u>-</u> |
| Less accumulated depreciation: | | | | |
| Buildings | 5,782,363 | 13,860 | (5,796,223) | - |
| Improvements other than buildings | 138,735 | 24 | (138,759) | - |
| Machinery and equipment | <u>4,482,084</u> | <u>10,012</u> | <u>(4,492,096)</u> | <u>-</u> |
| Total accumulated depreciation | <u>10,403,182</u> | <u>23,896</u> | <u>(10,427,078)</u> | <u>-</u> |
| Net capital assets | \$ <u>2,038,424</u> | <u>(23,896)</u> | <u>(2,014,528)</u> | <u>-</u> |

Depreciation expense charged to SCMM activity during 2015 was \$23,896.

The remaining capital assets have been transferred to Maplewood Manor Local Development Corporation pending final sale to the private operator.

| | Balance January 1, <u>2015</u> | <u>Additions</u> | <u>Transfers</u> | Balance December 31, <u>2015</u> |
|-------------------------|--------------------------------------|------------------|------------------|--|
| <u>Sewer District</u> | | | | |
| Land | \$ 35,000 | - | - | 35,000 |
| Buildings | 166,711,458 | 4,029,297 | - | 170,740,755 |
| Autos | 927,394 | 27,269 | - | 954,663 |
| Machinery and equipment | 2,383,498 | 144,922 | - | 2,528,420 |
| Infrastructure | <u>77,960,531</u> | <u>2,598,556</u> | <u>-</u> | <u>80,559,087</u> |
| Total capital assets | <u>248,017,881</u> | <u>6,800,044</u> | <u>-</u> | <u>254,817,925</u> |

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

(3) Capital Assets, Continued

| <u>Sewer District</u> | Balance January 1, 2015 | <u>Additions</u> | <u>Transfers</u> | Balance December 31, 2015 |
|-----------------------------------|-------------------------------|------------------|------------------|---------------------------------|
| Less accumulated depreciation: | | | | |
| Buildings | \$ 75,370,072 | 3,795,898 | - | 79,165,970 |
| Autos | 617,954 | 71,041 | - | 688,995 |
| Machinery and equipment | 215,752 | 91,441 | - | 307,193 |
| Infrastructure | <u>39,888,894</u> | <u>868,936</u> | - | <u>40,757,830</u> |
| Total accumulated depreciation | <u>116,092,672</u> | <u>4,827,316</u> | - | <u>120,919,988</u> |
| Net capital assets | \$ <u>131,925,209</u> | <u>1,972,728</u> | - | <u>133,897,937</u> |

Depreciation expense charged to the Sewer District activity during 2015 was \$4,827,316.

(4) 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, 2015 arising from these transactions were as follows:

| <u>Fund</u> | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|--------------------------|----------------------------------|-------------------------------|
| General Fund | \$ 7,206,749 | 6,836,119 |
| Special Revenue Funds: | | |
| County Road | 1,768,960 | 943,725 |
| Road Machinery | 468,807 | 69,836 |
| Employment and Training | 17,202 | - |
| Capital Projects Fund | - | 804,003 |
| Proprietary Funds: | | |
| Sewer District | 444,835 | 784,949 |
| Internal Service Fund | 1,664 | 29,972 |
| Fiduciary Funds - Agency | <u>6,535,187</u> | <u>6,974,800</u> |
| Totals | \$ <u>16,443,404</u> | <u>16,443,404</u> |

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(4) Interfund Transactions, Continued

Interfund transfers during the year ended December 31, 2015 were as follows:

| | <u>Interfund Transfers In</u> | <u>Interfund Transfers Out</u> |
|------------------------|-----------------------------------|------------------------------------|
| General Fund | \$ 2,660,017 | 19,562,919 |
| Special Revenue Funds: | | |
| County Road Fund | 16,680,775 | - |
| Machinery Fund | 2,882,143 | - |
| Capital Project Fund | - | 2,003,736 |
| Maplewood Manor | <u>-</u> | <u>656,280</u> |
| Totals | \$ <u>22,222,935</u> | <u>22,222,935</u> |

(5) Deferred Inflows of Resources

Certain revenues have been deferred in the fund and/or government-wide statements as the revenue relates to future reporting periods:

| | <u>Statement of net position</u> | <u>Balance sheet governmental funds</u> |
|-------------------------------------|--------------------------------------|---|
| Advance payments received | \$ 167,273 | - |
| Grant revenue | 14,132,038 | 17,101,418 |
| Tax revenue | - | 7,028,826 |
| ERS Pension deferred actuarial gain | <u>2,010,423</u> | <u>-</u> |
| | \$ <u>16,309,734</u> | <u>24,130,244</u> |

(6) Retirement System

(a) Plan Descriptions and Benefits Provided

Employees' Retirement System (ERS)

The County participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the County and is the administrative head of the System. System benefits are established under the provision of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(6) Retirement System

(a) Plan Descriptions and Benefits Provided

relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The County also participates in the Public Employees; Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/inex.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 and before April 1, 2012 who generally contribute 3 percent of their salary for their entire length of service. Those joining on or after April 21, 2012 are required to contribute between 3 and 6 percent, dependent on salary, throughout their working careers. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly 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 percent of the contributions required, and were as follows:

| | |
|------|---------------|
| 2015 | \$ 10,728,541 |
| 2014 | 12,160,083 |
| 2013 | 12,336,753 |

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

(b) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2015, the County reported the following liability for its proportionate share of the net pension liability for ERS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The County's proportionate share of the net pension liability was based on a projection of the County's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS in reports provided to the County.

| | |
|---|---------------|
| Measurement date | 3/31/2015 |
| Actuarial valuation date | 4/1/2014 |
| Net pension liability | \$ 10,130,958 |
| County's proportion of the Plan's net pension liability | 0.2998883% |

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(6) Retirement System, Continued

(b) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, the County recognized pension expense of \$8,666,012 for ERS in the primary government in the statement of net position. At December 31, 2015 the County's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 324,303 | - |
| Net difference between projected and actual earnings on pension plan investments | 1,759,619 | - |
| Changes in proportion and differences between the County's contributions and proportionate share of contributions | - | 2,010,423 |
| County's contributions subsequent to the March 31, 2015 measurement date | <u>10,728,541</u> | <u>-</u> |
| Total | \$ <u>12,812,463</u> | <u>2,010,423</u> |

County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2015. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year ended</u> | <u>ERS</u> |
|-------------------|------------|
| 2016 | \$ 18,374 |
| 2017 | 18,375 |
| 2018 | 18,375 |
| 2019 | 18,375 |
| 2020 | - |
| Thereafter | - |

(c) Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

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

(6) Retirement System, Continued

(c) Actuarial Assumptions

Significant actuarial assumptions used in the valuations were as follows:

| | |
|--------------------------|---|
| Measurement date | March 31, 2015 |
| Actuarial valuation date | April 1, 2014 |
| Interest rate | 7.5% |
| Salary scale | 4.9% Average |
| Decrement tables | April 1, 2005 - March 31, 2010 System's Experience |
| Inflation rate | 2.7% |

Annuitant mortality rates are based on April 1, 2005 - March 31, 2011 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 - March 31, 2010.

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

| | |
|----------------------------|----------------|
| Measurement date | March 31, 2015 |
| Asset type: | |
| Domestic equity | 7.30% |
| International equity | 8.55% |
| Real estate | 8.25% |
| Private equity | 11.00% |
| Absolute return strategies | 6.75% |
| Opportunities portfolio | 8.60% |
| Real assets | 8.65% |
| Bonds and mortgages | 4.00% |
| Cash | 2.25% |
| Inflation - indexed bonds | 4.00% |

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

(6) Retirement System, Continued

(d) Discount Rate

The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(e) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate:

(e) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

| | 1% Decrease (6.5%) | Current Assumption (7.5%) | 1% Increase (8.5%) |
|---|--------------------------|---------------------------------|--------------------------|
| Employer's proportionate share of the net pension (asset) liability | \$ <u>67,527,231</u> | <u>10,130,958</u> | <u>(38,325,725)</u> |

(f) Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of all participating employers as of the respective valuation dates, were as follows:

| | (Dollars in Millions) |
|--|-----------------------|
| Valuation date | 3/31/2015 |
| Employers' total pension liability | \$(164,592) |
| Plan net position | <u>161,213</u> |
| Employers' net pension liability | \$ <u>(3,379)</u> |
| Ratio of plan net position to the Employers' total pension liability | 97.9% |

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(6) Retirement System, Continued

(g) Contributions to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Retirement contributions as of December 31, 2015 represent the projected employer contribution for the period of April 1, 2015 through March 31, 2016 based on paid ERS wages multiplied by the employer's contribution rate, by tier. This amount (\$10,728,541) has been recorded as deferred outflows of resources in the accompanying government-wide financial statements.

(7) Liabilities to Other Governments

As indicated in note 1(l), 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 governmental activities at December 31, 2015:

| | |
|---------------------------------------|----------------------|
| Due to villages | \$ 432,562 |
| Due to school districts | 11,523,296 |
| Due to other governments and agencies | <u>9,792,251</u> |
| | <u>\$ 21,748,109</u> |

(8) Long-term Obligations

The following is a summary of the County's long-term obligations:

| <u>Governmental Funds</u> | Payable at January 1, <u>2015</u> | <u>Additions</u> | Principal <u>Payments</u> | Payable at December 31, <u>2015</u> | Due Within <u>One Year</u> | Due in More Than <u>One Year</u> |
|-----------------------------|---|------------------|------------------------------|---|----------------------------------|--|
| General obligation bonds | \$ <u>13,355,000</u> | - | <u>2,630,000</u> | <u>10,725,000</u> | <u>2,730,000</u> | <u>7,995,000</u> |

General Obligation Bonds

| | |
|---|----------------------|
| \$5,180,000 MBBA Recovery Act bonds, due in annual installments of \$200,000 to \$365,000 through 2029, with interest at 4.11% to 6.564%. | \$ 4,045,000 |
| \$6,760,000 Emergency Radio Communication Towers serial bonds, due in annual installments of \$655,000 to \$800,000 through 2019, with interest at 3.75% to 4%. | 3,025,000 |
| \$11,819,000 Emergency Radio Communication Towers serial bonds, due in annual installments of \$1,685,000 to \$1,855,000 through 2017, with interest at 4%. | <u>3,655,000</u> |
| Total general obligation bonds | <u>\$ 10,725,000</u> |

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

(8) Long-term Obligations, Continued

| <u>Sewer Fund</u> | Payable at January 1, 2015 | Principal Additions | Payments | Payable at December 31, 2015 | Due Within One Year | Due in More Than One Year |
|-----------------------------|----------------------------------|------------------------|------------------|------------------------------------|---------------------------|---------------------------------|
| State loans payable | \$ 3,030,000 | - | 1,015,000 | 2,015,000 | 1,050,000 | 965,000 |
| General obligation bonds | <u>57,505,000</u> | - | <u>1,505,000</u> | <u>56,000,000</u> | <u>1,815,000</u> | <u>54,185,000</u> |
| | <u>\$ 60,535,000</u> | - | <u>2,520,000</u> | <u>58,015,000</u> | <u>2,865,000</u> | <u>55,150,000</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 1.82% to 3.00%. | \$ 1,970,000 |
| \$350,909 Revenue Bond Series 1999A by New York State Environmental Facilities Corporation, due in annual installments through 2017, with interest at 2.01% to 3.01%. | <u>45,000</u> |
| Total state loans payable | \$ <u>2,015,000</u> |

General Obligation Bonds

| | |
|--|----------------------|
| \$5,200,000 County Sewer District serial bonds, due in annual installments of \$245,000 to \$335,000 through 2023, with interest at 3% to 4%. | 2,345,000 |
| \$23,000,000 County Sewer District serial bonds for 2009 expansion, due in annual installments of \$445,000 to \$1,360,000 through 2039, with interest at 4% to 4.75%. | 20,490,000 |
| \$16,990,000 County Sewer District serial bonds for 2010 expansion, due in annual installments of \$325,000 to \$985,000 through 2040, with interest at 4% to 4.375%. | 15,415,000 |
| \$18,200,000 County Sewer District serial bonds for 2014 expansion, due in annual installments of \$450,000 to \$1,225,000 through 2034, with interest at 1% to 3.25%. | <u>17,750,000</u> |
| Total general obligation bonds | \$ <u>56,000,000</u> |

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(8) Long-term Obligations, Continued

The annual requirements to amortize outstanding bonds and loans payable as of December 31, 2015 are as follows:

Governmental Funds:

| <u>(MBBA Recovery Act Bonds) 2009</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------------|------------------|------------------|------------------|
| 2016 | \$ 215,000 | 246,984 | 461,984 |
| 2017 | 225,000 | 235,998 | 460,998 |
| 2018 | 235,000 | 224,500 | 459,500 |
| 2019 | 250,000 | 212,491 | 462,491 |
| 2020 | 260,000 | 199,716 | 459,716 |
| 2021-2025 | 1,475,000 | 751,578 | 2,226,578 |
| 2026-2029 | <u>1,385,000</u> | <u>231,053</u> | <u>1,616,053</u> |
| Total | <u>4,045,000</u> | <u>2,102,320</u> | <u>6,147,320</u> |

(Emergency Radio Communications

| <u>Towers Serial Bonds) 2009</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|------------------|-----------------|------------------|
| 2016 | 715,000 | 121,000 | 836,000 |
| 2017 | 740,000 | 92,400 | 832,400 |
| 2018 | 770,000 | 62,800 | 832,800 |
| 2019 | <u>800,000</u> | <u>32,000</u> | <u>832,000</u> |
| Total | <u>3,025,000</u> | <u>308,200</u> | <u>3,333,200</u> |

(Emergency Radio Communications

| <u>Towers Serial Bonds) 2010</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|----------------------|------------------|-------------------|
| 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>3,655,000</u> | <u>220,400</u> | <u>3,875,400</u> |
| Total Governmental Funds | \$ <u>10,725,000</u> | <u>2,630,920</u> | <u>13,355,920</u> |

Proprietary Funds:

| <u>State Loans Payable</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|------------------|-----------------|------------------|
| 2016 | 1,050,000 | 56,623 | 1,106,623 |
| 2017 | <u>965,000</u> | <u>28,915</u> | <u>993,915</u> |
| Total | <u>2,015,000</u> | <u>85,538</u> | <u>2,100,538</u> |

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

(8) Long-term Obligations, Continued

Proprietary Funds, Continued:

General Obligation Bonds - County

Sewer District Bonds

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|------------------|-----------------|------------------|
| 2016 | \$ 260,000 | 91,200 | 351,200 |
| 2017 | 265,000 | 83,400 | 348,400 |
| 2018 | 275,000 | 72,800 | 347,800 |
| 2019 | 285,000 | 61,800 | 346,800 |
| 2020 | 295,000 | 50,400 | 345,400 |
| 2021-2023 | <u>965,000</u> | <u>78,200</u> | <u>1,043,200</u> |
| Total | <u>2,345,000</u> | <u>437,800</u> | <u>2,782,800</u> |

(Sewer Expansion) 2009

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|-------------------|-------------------|-------------------|
| 2016 | 490,000 | 915,553 | 1,405,553 |
| 2017 | 510,000 | 895,953 | 1,405,953 |
| 2018 | 535,000 | 875,553 | 1,410,553 |
| 2019 | 560,000 | 854,152 | 1,414,152 |
| 2020 | 585,000 | 831,752 | 1,416,752 |
| 2021-2025 | 3,340,000 | 3,786,362 | 7,126,362 |
| 2026-2030 | 4,170,000 | 3,031,830 | 7,201,830 |
| 2031-2035 | 5,205,000 | 1,973,625 | 7,178,625 |
| 2036-2039 | <u>5,095,000</u> | <u>618,450</u> | <u>5,713,450</u> |
| Total | <u>20,490,000</u> | <u>13,783,230</u> | <u>34,273,230</u> |

(Sewer Expansion) 2010

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|-------------------|------------------|-------------------|
| 2016 | 355,000 | 639,179 | 994,179 |
| 2017 | 365,000 | 624,979 | 989,979 |
| 2018 | 380,000 | 610,379 | 990,379 |
| 2019 | 395,000 | 595,179 | 990,179 |
| 2020 | 410,000 | 579,379 | 989,379 |
| 2021-2025 | 2,340,000 | 2,635,894 | 4,975,894 |
| 2026-2030 | 2,945,000 | 2,122,294 | 5,067,294 |
| 2030-2035 | 3,690,000 | 1,458,245 | 5,148,245 |
| 2036-2040 | <u>4,535,000</u> | <u>605,006</u> | <u>5,140,006</u> |
| Total | <u>15,415,000</u> | <u>9,870,534</u> | <u>25,285,534</u> |

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(8) Long-term Obligations, Continued

Proprietary Funds, Continued:

| <u>(Sewer Expansion) 2015</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------|----------------------|-------------------|-------------------|
| 2016 | \$ 710,000 | 498,200 | 1,208,200 |
| 2017 | 725,000 | 482,038 | 1,207,038 |
| 2018 | 745,000 | 463,663 | 1,208,663 |
| 2019 | 765,000 | 444,787 | 1,209,787 |
| 2020 | 785,000 | 425,413 | 1,210,413 |
| 2021-2025 | 4,300,000 | 1,807,650 | 6,107,650 |
| 2026-2030 | 5,065,000 | 1,124,225 | 6,189,225 |
| 2031-2034 | <u>4,655,000</u> | <u>305,638</u> | <u>4,960,638</u> |
| Total | <u>17,750,000</u> | <u>5,551,614</u> | <u>23,301,614</u> |
| Total general obligation bonds | \$ <u>56,000,000</u> | <u>29,643,178</u> | <u>85,643,178</u> |

(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, 2015, the County contributed \$6,622,445 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, 2015 was \$13,946,803. 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 | \$ 16,396,310 | 15,554,130 | 842,180 |
| Interest on net OPEB obligation | 6,278,426 | 6,029,343 | 249,083 |
| Adjustment to annual required contribution | <u>(8,727,933)</u> | <u>(8,381,671)</u> | <u>(346,262)</u> |
| Annual OPEB cost (expense) | 13,946,803 | 13,201,802 | 745,001 |
| Contributions made | <u>(6,622,445)</u> | <u>(6,285,303)</u> | <u>(337,142)</u> |
| Net OPEB obligation for 2015 | 7,324,358 | 6,916,499 | 407,859 |
| Transfer from Maplewood Manor to County | - | 33,216,294 | (33,216,294) |
| Net OPEB obligation at beginning of year | <u>156,960,649</u> | <u>117,517,270</u> | <u>39,443,379</u> |
| Net OPEB obligation at end of year | \$ <u>164,285,007</u> | <u>157,650,063</u> | <u>6,634,944</u> |

Maplewood Manor Nursing Home operations were discontinued and transferred to a private entity effective February 1, 2015. The remaining OPEB obligation for vested former employees was transferred to the governmental activities, as future benefits will be budgeted in the general fund.

Included in government activities is \$284,952 in OPEB obligation recorded in the internal service fund, which is reported in the reconciliation on page 12 as part of the \$(891,166) net deficit position.

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> |
|----------------------------------|---------------------------------|---|--|
| 12/31/2015 | \$ 13,946,803 | 47.5% | 164,285,007 |
| 12/31/2014 | 21,140,640 | 35.3% | 156,960,649 |
| 12/31/2013 | 20,780,105 | 47.4% | 143,279,466 |

(d) Funded Status and Funding Progress

As of December 31, 2015, the actuarial accrued liability for benefits was \$169,681,803, 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.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(9) Postemployment Employee Benefits, Continued

(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.

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 RPH-2014 SOA 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 as 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."
- Medical Trend Rate - The expected rate of increase in healthcare insurance premiums were developed using the baseline projection of the SOA long term medical cost trend model. Short-term trend rates were based on the recent premium rate history for the County. Long-term rates were based on the following assumptions: rate of inflation, 2.2%; rate in growth in real income/GDP per capita, 1.6%; extra trend due to technology and other factors, 1.4%; health share of GDP resistance part, 25%.

Based on the historical and expected returns of the County's short-term investment portfolio, a discount rate of 4% was used in 2015. In addition, the projected unit credit actuarial 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, 2015 was 30 years.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(10) Commitments and Contingencies

(a) Litigation

The County and its nursing home are named defendants in two negligence cases that will be settled through insurance programs subject to deductible amounts.

(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.

(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.

(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 within the County for participation. There were 31 participants at December 31, 2015. 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 \$7,562,389 was reserved at December 31, 2015.

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

(11) Self Insurance (Internal Service) Fund, Continued

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 \$21,385,509 at December 31, 2015 has been recorded in accrued liabilities in the fund. Changes in the claims liability for 2015 were:

| <u>Balance</u> <u>January 1, 2015</u> | <u>Current Year</u> <u>Claims and</u> <u>Changes in</u> <u>Estimates</u> | <u>Claim</u> <u>Payments</u> | <u>Balance</u> <u>December 31, 2015</u> |
|--|---|---------------------------------|--|
| \$ <u>17,787,744</u> | <u>6,962,853</u> | <u>3,365,088</u> | <u>21,385,509</u> |

(12) Subsequent Events

Management has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(13) Sale of Saratoga County Maplewood Manor

The County of Saratoga created Maplewood Manor Local Development Corporation (the Corporation) to facilitate the marketing, sale and transfer of the Manor's assets and licensed operations.

During 2013, the Corporation entered into a purchase and sale agreement with a purchaser for the Maplewood Manor Health Care Center. The terms of the sale call for a purchase price of \$14,100,000, payable with a 15% non-refundable escrow deposit of \$2,115,000 and the balance of \$11,985,000 at the final closing.

The purchaser has deposited \$1,965,000 and \$150,000 as non-refundable payments. The \$1,965,000 is in an escrow account established in January 2014. A bid deposit in the amount of \$150,000 was received by the Corporation from the purchase and was subtracted from the required escrow deposit. The balance in the escrow account at December 31, 2015 is \$1,936,179.

In December 2014, the purchase and sale contract was amended to provide a post-closing payment to the purchaser of \$4,000,000, of which \$2,500,000 would be escrowed to provide for periodic funding for necessary facility expenditures, and \$1,500,000 to the purchaser for extraordinary operational costs associated with the transfer of operations, which has occurred as of February 1, 2015.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(13) Sale of Saratoga County Maplewood Manor, Continued

On January 30, 2015, the second amendment to the purchase and sale agreement was initiated, which extended the closing date on the transfer of real property no later than December 31, 2018, with the provision that if the closing did not occur prior to December 31, 2015, there would be increases to the remaining acquisition price (\$11,985,000), ratably monthly of \$320,000 for the year ended December 31, 2016, \$320,000 for the year ended December 31, 2017 and \$480,000 for the year ended December 31, 2018.

Additionally, the parties entered into an interim lease, in which the County of Saratoga will convey the title of facility assets to the Corporation, which will lease the facility assets to the purchaser effective February 1, 2015, with base rent of \$1 per year, through December 31, 2018. The purchaser will be required to pay all expenses incurred in connection with the operation, maintenance, servicing and repairs of the facility.

On February 1, 2015, the County entered into an agreement with the purchaser to sell accounts receivable for patient services on or after February 1, 2015, with the exception of certain accounts in collection with the County, for \$1,400,000. The purchaser has instituted litigation questioning the contents of the receivable, with maximum exposure of \$264,000. The County is vigorously defending this action and management believes it will prevail.

(14) 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, the County, or New York State. 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, 2015, the outstanding financing balance of the bonds and notes (issued in the name of the IDA) of the borrowing companies on open projects was \$91,334,860.

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.

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

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

(a) Saratoga County Industrial Development Agency, Continued

Deposits and investments at December 31, 2015 were entirely covered by FDIC insurance or collateral investments, as required.

| <u>Capital Asset -</u> | Balance January 1, <u>2015</u> | Net Additions | Balance December 31, <u>2015</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.

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 (U.S. GAAP). The Governmental Accounting Standards Board (GASB) 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 position. Net position is segregated into restricted and unrestricted components, as follows:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation reduced by the net outstanding debt balances;
- Restricted net position has constraints placed on use by the Authority's Revenue Bond, and
- Unrestricted net position consists of assets and liabilities that do not meet the definition of net investment in capital assets, net of related debt or restricted net position.

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

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

(b) Saratoga County Water Authority, Continued

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 revenues and expenses not meeting this definition are reported as non-operating revenues 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 revenues 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 cash deposits with financial institutions are either covered by federal depository insurance or collateralized by securities held by the pledging bank's trust department in the Authority's name, or U.S. Government and/or federal agency securities held by the Trustee. Restricted cash equivalents and investments are held in the Authority's name by their custodian and; therefore, not subject to custodial risk. The Authority's restricted cash equivalents are considered investments for cash flow statement purposes.

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 not provided for an allowance at December 31, 2015 relating to the receivable from the Luther Forest Economic Development Corporation.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

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

(b) Saratoga County Water Authority, Continued

Property, Plant, and Equipment, Net - Capital assets, 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 \$5,000 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.

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 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.

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. There were no impaired capital assets at December 31, 2015.

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

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, 2015 |
|--|----------------------|
| Construction fund | \$ 853,829 |
| Debt service reserve fund | 2,959,429 |
| Accrued interest and other | <u>11,349</u> |
| Total cash and cash equivalents held with fiscal agent | \$ <u>3,824,607</u> |

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

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

(b) Saratoga County Water Authority, Continued

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

| | January 1, 2015 | Net Additions (Deletions) | December 31, 2015 |
|---|----------------------|---------------------------------|----------------------|
| Land | \$ 1,080,409 | - | 1,080,409 |
| Land improvements | 1,961,969 | - | 1,961,969 |
| Buildings and improvements | 9,305,404 | 4,000,883 | 13,306,287 |
| Infrastructure | 60,299,037 | (164,649) | 60,134,388 |
| Machinery and equipment | 9,294,722 | 8,592 | 9,303,314 |
| Vehicles | 148,334 | - | 148,334 |
| Office equipment and furniture | 76,953 | - | 76,953 |
| Construction in progress | <u>1,511,466</u> | <u>(1,407,348)</u> | <u>104,118</u> |
| | 83,678,294 | 2,437,478 | 86,115,772 |
| Less accumulated depreciation and amortization | <u>12,352,117</u> | <u>2,626,645</u> | <u>14,978,762</u> |
| Capital assets, net | \$ <u>71,326,177</u> | <u>(189,167)</u> | <u>71,137,010</u> |

Amounts due to the County at December 31, 2015:

| | |
|---|---------------------|
| 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 on June 2007 cash advance | 55,288 |
| Service fee, 2011, interest at 4% | 421,328 |
| Accrued interest on service fee | 25,280 |
| Service fee, 2012, interest at 4% | 1,656,000 |
| Accrued interest on service fee | 52,771 |
| Service fee, 2013, interest at 4% | 890,000 |
| Accrued interest on service fee | 102,936 |
| Service fee, 2014, interest at 4% | 900,000 |
| Accrued interest on service fee | 172,523 |
| Service fee, 2015, interest at 4% | 250,000 |
| Accrued interest on service fee | <u>203,545</u> |
| | \$ <u>8,226,258</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.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

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

(b) Saratoga County Water Authority, Continued

Revenue Bonds - At December 31, 2015, the Authority has \$46,455,000 outstanding related to Water System Revenue Bonds.

In 2008, Water System Revenue Bonds were 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. 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 September 1. The bonds are secured by future operating revenue of the Authority and mature September 1, 2048.

In 2014, Water System Revenue Bonds of \$4,340,000 were issued to finance costs incurred in connection with the construction of upgrades at the water treatment plant. Interest is payable semi-annually on June 1 and December 1, at 5%. Principal payments range from \$70,000 to \$275,000, and are payable annually on June 1. The bonds are collateralized by future operating revenues of the Authority and mature June 1, 2044.

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

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|----------------------|-------------------|-------------------|
| For the year ending December 31, 2016 | \$ 620,000 | 2,254,913 | 2,874,913 |
| 2017 | 655,000 | 2,225,663 | 2,880,663 |
| 2018 | 680,000 | 2,193,737 | 2,873,737 |
| 2019 | 715,000 | 2,159,613 | 2,874,613 |
| 2020 | 755,000 | 2,123,737 | 2,878,737 |
| 2021-2025 | 4,320,000 | 10,054,081 | 14,374,081 |
| 2026-2030 | 5,370,000 | 9,007,638 | 14,377,638 |
| 2031-2035 | 6,820,000 | 7,555,563 | 14,375,563 |
| 2036-2040 | 8,705,000 | 5,669,212 | 14,374,212 |
| 2041-2045 | 10,755,000 | 3,347,025 | 14,102,025 |
| 2046-2048 | <u>7,060,000</u> | <u>717,500</u> | <u>7,777,500</u> |
| | 46,455,000 | <u>47,308,682</u> | <u>93,763,682</u> |
| Less current installments | <u>620,000</u> | | |
| | 45,835,000 | | |
| Premium (deferred inflows of resources) | <u>714,993</u> | | |
| | <u>\$ 46,549,993</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. Sick pay and other leave credits do not vest with the employee and are expensed when paid.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

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

(b) Saratoga County Water Authority, Continued

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 2015, the County made a service fee payment of \$250,000.

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.

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 upon the death of a retiree, a surviving spouse may continue coverage in the health insurance plan by making a contribution of 25%. Currently, the Authority's cost of its postemployment benefits program is unfunded. As of December 31, 2015 and 2014, 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:

| | <u>2015</u> | <u>2014</u> |
|--|------------------|---------------|
| Annual required contribution and OPEB expense cost | \$ (160) | (269) |
| Net OPEB obligation, beginning of year | <u>65,084</u> | <u>65,353</u> |
| Net OPEB obligation, end of year | \$ <u>64,924</u> | <u>65,084</u> |

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

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

(b) Saratoga County Water Authority, Continued

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for years ended December 31, 2015 and 2014, was as follows:

| <u>Fiscal Year</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|--------------------|-------------------------|---|----------------------------|
| December 31, 2015 | (\$160) | 0.00% | 64,924 |
| December 31, 2014 | (\$269) | 0.00% | 65,084 |

Funded Status and Funding Progress - As of December 23, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$3,167 at December 31, 2015, 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.

Healthcare Cost Trend Rate - The expected rate of increase in healthcare insurance premiums was based on projections of 8% for 2016, 7% for 2017, 6% for 2018 and 5% thereafter.

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, 2015, was twenty-five years.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

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

(b) Saratoga County Water Authority, Continued

Commitments and Contingencies

Water Service Agreements - The Authority has entered into eight separate water service agreements with the Clifton Park Water Authority, Town of Ballston, Town of Malta, Town of Moreau, Wilton Water and Sewer Authority, Village of Stillwater, Luther Forest Technology Economic Development Corporation and Global Foundries US, Inc. Terms of the agreements are for the provision of water services and other services as described by the individual agreements. These agreements are for ten years subject to various conditions and qualifying events. 83% and 78% of operating revenue in 2015 and 2014, respectively, was comprised of user fees received by the Authority related to two of the water service agreements.

Litigation - The Authority was previously involved in litigation arising from construction of the Saratoga County Water Treatment and Transmission Facilities Project. In that action, landowners claimed that the Authority and/or its agents installed Authority waterline on their property rather than in the easement obtained over the neighboring property. This matter has been resolved through mutual agreement of the parties and a formal "Stipulation of Discontinuance and to Cancel Lis Pendens" was filed in the Saratoga County Clerk's Office on February 18, 2016.

The Authority is also involved in other suits and claims (possible actions) arising from a variety of sources. It is the opinion of management and counsel that the liabilities that may arise from such possible 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 of regulated wastes comply with applicable federal, state, and local requirements.

Capital Improvements - The Authority is in the construction phase for the construction of a wastewater outfall project that is estimated to cost \$1,500,000.

Pension Plan

(1) General Information

The Authority participates in the New York State and Local Employees' Retirement System ("ERS"). The System is a cost sharing multiple-employer, public employee retirement system. The System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

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

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

(b) Saratoga County Water Authority, Continued

Pension Plan, Continued

(1) General Information, Continued

Plan Description and Benefits Provided - The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund, which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York (the "Comptroller") serves as sole trustee and administrative head of the System. System benefits are established under provisions of the New York State Retirement and Social Security Laws ("NYSRSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. 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, NY 12244.

The System is noncontributory except for employees who joined the 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 who generally must contribute 3% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100% of the contributions required as follows:

| | |
|------|-----------|
| 2015 | \$ 44,642 |
| 2014 | \$ 94,109 |
| 2013 | \$ 91,171 |

Chapter 260 of the laws of the State of New York allows local employers to bond or amortize a portion (limitations established by fiscal year) of their retirement bill up to 10 years for fiscal years ended March 31, 2005 through 2008. Chapter 57 of the laws of the State of New York allows local employers to amortize a portion (limitations established by fiscal year) of their retirement bill for 10 years for fiscal years ended March 31, 2011 and forward.

These laws require participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts. The Authority has not bonded or amortized any portion of their retirement obligations.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

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

(b) Saratoga County Water Authority, Continued

Pension Plan, Continued

(2) Pension Liabilities, Pension Expense, and Deferred Inflows and Outflows of Resources Related to Pensions

At December 31, 2015, the Authority reported a liability of \$56,982 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2015, the Authority's proportion was .0016867% percent.

At December 31, 2015, the Authority reported deferred outflows of resources related to pensions from the following sources:

| | <u>Total Deferred Outflows of Resources</u> |
|--|---|
| Differences between expected and actual experience | \$ 1,824 |
| Net difference between projected and actual earnings on pension plan investments | 9,897 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions subsequent to the measurement date | 8,988 |
| Employer contribution subsequent to the measurement date | <u>44,642</u> |
| | <u>\$ 65,351</u> |

The net amount of the employer's balances of deferred outflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|-------------------|------------------|
| December 31, 2016 | \$ 49,820 |
| December 31, 2017 | 5,177 |
| December 31, 2018 | 5,177 |
| December 31, 2019 | <u>5,177</u> |
| | <u>\$ 65,351</u> |

ERS Actuarial Assumptions - The total pension liability at March 31, 2015 was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liability to March 31, 2015. The actuarial valuation used the following actuarial assumptions.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

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

(b) Saratoga County Water Authority, Continued

Pension Plan, Continued

(2) Pension Liabilities, Pension Expense, and Deferred Inflows and Outflows of Resources Related to Pensions, Continued

Significant actuarial assumptions used in the April 1, 2014 valuation were a follows:

| | |
|------------------|---|
| Interest rate | 7.5% |
| Salary increase | 4.9% |
| Decrement tables | April 1, 2005 - March 31, 2010 System's Experience |
| Inflation rate | 2.7% |

Annuitant mortality rates are based on April 1, 2005 - March 31, 2011 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period August 1, 2005 - March 31, 2010.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 for ERS were as follows:

| <u>Asset Class</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------|---|
| | ERS |
| Domestic equity | 7.30% |
| International equity | 8.55% |
| Private equity | 11.0% |
| Real estate | 8.25% |
| Absolute return strategies | 6.75% |
| Opportunistic portfolio | 8.60% |
| Real assets | 8.65% |
| Bonds and mortgages | 4.00% |
| Cash | 2.25% |
| Inflation-indexed bonds | 4.00% |

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

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

(b) Saratoga County Water Authority, Continued

Pension Plan, Continued

(3) Discount Rate

The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(4) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Authority's proportionate share of the net pension asset/liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

ERS

| | <u>1% Decrease</u> | <u>Current Assumption</u> | <u>1% Increase</u> |
|--|------------------------|-------------------------------|------------------------|
| Employers' proportionate share of the net pension asset (liability) | \$ <u>(379,808)</u> | (56,982) | <u>215,564</u> |

(5) Pension Plan Fiduciary Net Position

The components of the net pension liability of the employer as of March 31, 2015 was as follows (in thousands):

| | <u>ERS</u> |
|--|-----------------------|
| Employers' total pension liability | \$ (164,591,504) |
| Fiduciary net position | <u>161,213,259</u> |
| Employers' net pension liability | \$ <u>(3,378,245)</u> |
| Ratio of fiduciary net position to the employers' total pension liability | <u>97.9%</u> |

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

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

(b) Saratoga County Water Authority, Continued

Pension Plan, Continued

(6) Restatement of Net Position

For the year ended December 31, 2015, the Authority implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions - Amendment to GASB Statement No. 27." The implementation of Statement No. 68 resulted in the reporting of a liability related to the Authority's participation in the New York State Employees' retirement system. The Authority's net assets has been restated as follows:

| | |
|--------------------------------------|----------------------|
| Net assets, as previously stated | \$ 22,654,765 |
| GASB Statement No. 68 implementation | <u>17,888</u> |
| Net assets, as restated | \$ <u>22,672,653</u> |

(c) Saratoga County Prosperity Partnership, Inc.

The Saratoga County Prosperity Partnership, Inc. (the Partnership) is a special purpose, bankruptcy-remote local development corporation organized under the Not-For-Profit Corporation Law of the State of New York. The Partnership is an instrumentality of, but separate and apart from the County of Saratoga, New York (the County). Although legally separate from the County, the Partnership is a component unit of the County and, accordingly, is included in the County's financial statements as a discretely presented component unit.

The Partnership's mission is to publicize and promote the advantages of the County and the Region as a place where employers and entrepreneurs can successfully locate new and expanded operations. The Partnership, through its promotional program, shall attract and encourage prospective employers in a wide range of economic activity, including but not limited to manufacturing, agri-business, education, clean and renewable energy production and technology, business services, international trade, high tech and broadband services and infrastructure, information technology, research, and tourism to locate to or expand within the County.

Transactions with the County of Saratoga - The Partnership receives a grant each year from the County. All unused funds must be returned at the end of the year. In 2015, the County appropriated \$800,000 to the Partnership. The Partnership owes back a total of \$305,962, whereas \$281,975 is related to the 2015 grant award, and \$23,987 due to the 2014 grant award.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

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

(d) Maplewood Manor Local Development Corporation

The Maplewood Manor Local Development Corporation (the Corporation) is a special purpose, bankruptcy-remote local development corporation organized under the Not-For-Profit Corporation Law of the State of New York. The Corporation is an instrumentality of, but separate and apart from the County of Saratoga, New York (the County). Although legally separate from the County, the Corporation is a component unit of the County and, accordingly, is included in the County's financial statements as a discretely presented component unit.

The Corporation's mission is to seek and transfer the land and the facilities of the Maplewood Manor Health Care Center to the highest qualified bidder. In doing so, the Corporation shall examine and consider, where applicable, the bidders' competency and character, history of employee relations and practices, quality of care of residents, record of retaining facilities subsequent to acquisition, willingness to agree to build a new facility at the site, willingness to continue to care for all existing residents at the time of acquisition (unless otherwise indicated by the New York State Department of Health criteria), financial stability, and willingness to consider existing staff as potential employees.

All proceeds realized from the sale will be distributed to the County.

Transactions with the County of Saratoga - The Corporation uses office space and telephone services from the County, and shares overhead and operating services and expenses with the County (including employees, consultants and agents).

Additionally, the County offsets operating and legal costs of the Corporation through an agreement, which effectively reduces the final amount to be paid to the County upon the final closing. During 2015 and 2014, the Corporation received \$114,296 and \$73,785, respectively, to cover its operating expenses.

On February 1, 2015, Saratoga County transferred capital assets from Maplewood Manor Nursing Home, totaling \$2,014,528 net of depreciation, to the Corporation. These assets are being held by the Corporation pending future sale. A summary of the Corporation's capital assets is as follows:

| | |
|--------------------------|------------------------------------|
| | <u>Transferred from County</u> |
| Land | \$ 54,000 |
| Land improvements | 140,773 |
| Building improvements | 7,375,347 |
| Fixed equipment | 3,152,296 |
| Major moveable equipment | <u>1,719,190</u> |
| Total | 12,441,606 |
| Accumulated depreciation | (10,427,078) |
| Total net capital assets | \$ <u>2,014,528</u> |

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

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

(d) Maplewood Manor Local Development Corporation, Continued

Sale of the Maplewood Manor Health Care Center - During 2013, the Corporation entered into a purchase and sale agreement with a purchaser for the Maplewood Manor Health Care Center. The terms of the sale called for a purchase price of \$14,100,000, payable with a 15% non-refundable escrow deposit of \$2,115,000 and the balance of \$11,985,000 at the final closing.

The purchaser deposited \$1,965,000 and \$150,000 as non-refundable payments. The \$1,965,000 was in an escrow account established in January 2014 which was subsequently deposited to the Corporation's bank account. A bid deposit in the amount of \$150,000 was received by the Corporation from the purchase and was subtracted from the required escrow deposit.

In December 2014, the purchase and sale contract was amended to provide a post-closing payment to the purchaser of \$4,000,000, of which \$2,500,000 would be escrowed to provide for periodic funding for necessary facility expenditures, and \$1,500,000 to the purchaser for extraordinary operational costs associated with the transfer of operations, which has occurred as of February 1, 2015.

On January 30, 2015, the second amendment to the purchase and sale agreement was initiated, which extended the closing date on the transfer of real property to the purchaser no later than December 31, 2018, with the provision that if the closing did not occur prior to December 31, 2015, there would be increases to the acquisition price, ratably monthly, of \$320,000 for the year ended December 31, 2016, \$320,000 for the year ended December 31, 2017 and \$480,000 for the year ended December 31, 2018.

Additionally, the parties entered into an interim lease, in which the County of Saratoga conveyed the title of facility assets to the Corporation, which will lease the facility assets to the purchaser effective February 1, 2015, with base rent of \$1 per year, through December 31, 2018. The purchaser will be required to pay all expenses incurred in connection with the operation, maintenance, servicing and repair of the facility. On February 1, 2015, the County transferred the capital assets of Maplewood Manor Health Care Center, net of depreciation, totaling \$2,014,528 to the Corporation (note 3).

(15) 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.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(16) Cumulative Effect of Change in Accounting Principle

During the year ended December 31, 2015, the County implemented GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment to GASB Statement No. 27" and GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment to GASB Statement No. 68." The implementation of these Statements resulted in the reporting of deferred outflows of resources and a liability related to the County's participation in the New York State Employees' retirement systems. The County's net position at January 1, 2015 has been restated as follows:

| | |
|---|----------------------|
| Net position at beginning of year, as previously stated | \$ 64,196,938 |
| GASB Statement No. 68 implementation: | |
| Beginning System liability - Employees' Retirement System as of March 31, 2014 | (13,551,532) |
| Beginning deferred outflow of resources resulting from contributions subsequent to the measurement date | <u>9,120,062</u> |
| Cumulative effect of implementation | <u>(4,431,470)</u> |
| Net position at beginning of year, as restated | \$ <u>59,765,468</u> |

(17) Accounting Standards Not Yet Implemented

GASB Statement No. 72 - "Fair Value Measurement and Application." This Statement, issued in February 2015, establishes a hierarchy of inputs to valuation techniques to determine fair value measurements for financial statement purposes. The requirements of this statement are effective for financial statements for reporting periods after June 15, 2015, which is the fiscal year beginning January 1, 2016 for the County. This statement is not expected to have a material effect on the financial statements of the County.

GASB Statement No. 73 - "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." This Statement, issued in June 2015, establishes requirements for defined benefit pension plans and defined contribution pension plans that are not within the scope of Statement No. 68 - "Accounting and Financial Reporting for Pensions," as well as requirements for the assets accumulated for purposes of providing those pensions. The requirements of this Statement for pensions that are not within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2016, which is the fiscal year beginning January 1, 2017 for the County. Requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions as well as the requirements for pension plans within the scope of Statements 67 and 68 are effective for fiscal years beginning after June 15, 2015, which is the fiscal year beginning January 1, 2016. This statement is not expected to have a material effect on the financial statements of the County.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(17) Accounting Standards Not Yet Implemented, Continued

GASB Statement No. 74 - "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This Statement, issued in June 2015, replaces existing standards of accounting and financial reporting for postemployment benefit plans other than pension plans and also replaces existing requirements for defined contribution OPEB plans. The provisions of this Statement are effective for financial statements for fiscal years beginning after June 15, 2016, which is the fiscal year beginning January 1, 2017 for the County. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the County.

GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This Statement, issued in June 2015, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This Statement is effective for fiscal years beginning after June 15, 2017, which is the fiscal year beginning January 1, 2018 for the County. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the County.

GASB Statement No. 76 - "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." This Statement, issued in June 2015, supersedes Statement No. 55 - "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments," and reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements for this Statement are effective for financial statements for periods beginning after June 15, 2015, which is the fiscal year beginning January 1, 2016 for the County. This Statement is not expected to have a material effect on the financial statements of the County.

GASB Statement No. 77 - "Tax Abatement Disclosures." This Statement requires disclosure of the tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015, which is the fiscal year beginning January 1, 2016 for the County. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the County.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(17) Accounting Standards Not Yet Implemented, Continued

GASB Statement No. 78 - "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans." This Statement, issued in December 2015 amends GASB Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The provisions of this Statement are effective for financial statements for years beginning after December 15, 2015, which is the fiscal year beginning January 1, 2016 for the County. This Statement is not expected to have a material effect on the financial statements of the County.

GASB Statement No. 79 - "Certain External Investment Pools and Pool Participants." This Statement, issued in December 2015, addresses the accounting and financial reporting for certain external investment pools and pool participants. It establishes the criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The provisions of this Statement are effective for financial statements for years beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. For the County, this statement becomes effective for the fiscal year beginning January 1, 2016. This Statement is not expected to have a material effect on the financial statements of the County.

GASB Statement No. 80 - "Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14." This Statement, issued in January 2016, amends blending requirements established in paragraph 53 of GASB Statement No. 14 - "The Financial Reporting Entity, as Amended" for the financial statement presentation of component units of all state and local governments. An additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of GASB Statement No. 39 - "Determining Whether Certain Organizations are Component Units." The provisions of this Statement are effective for financial statements for years beginning after June 15, 2016, which is the fiscal year beginning January 1, 2017 for the County. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the County.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(17) Accounting Standards Not Yet Implemented, Continued

GASB Statement No. 81 - "Irrevocable Split-Interest Agreements." This Statement, issued in March 2016, establishes accounting and reporting standards for irrevocable split-interest agreements with characteristics that are equivalent to irrevocable split-interest agreements in which a donor irrevocably transfers resources to an intermediary who administers these resources for the unconditional benefit of a government and at least one other beneficiary. The provisions of this Statement are effective for financial statements for years beginning after December 15, 2016. For the County, this statement becomes effective for the fiscal year beginning January 1, 2017. This Statement is not expected to have a material effect on the financial statements of the County.

GASB Statement No. 82 - "Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73." This Statement, issued in March 2016, addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, which is the fiscal year beginning January 1, 2017 for the County, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017, which is the fiscal year beginning January 1, 2018 for the County. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the County.

COUNTY OF SARATOGA, NEW YORK
 Required Supplemental Information
 Statement of Revenue, Expenditures, and Changes in
 Fund Balance - Budget and Actual - General Fund
 Year ended December 31, 2015

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance Revised</u> |
|---|-------------------------|--------------------|---------------------------|-----------------------------|
| | <u>Adopted</u> | <u>Revised</u> | | |
| Revenue: | | | | |
| Real property taxes | \$53,293,777 | 53,293,777 | 51,438,009 | (1,855,768) |
| Other real property tax items | 4,786,304 | 4,786,304 | 4,888,116 | 101,812 |
| Non-property taxes | 118,702,200 | 118,702,200 | 117,977,561 | (724,639) |
| Departmental income | 14,214,783 | 14,274,783 | 11,563,271 | (2,711,512) |
| Intergovernmental charges | 2,234,242 | 2,234,242 | 2,495,763 | 261,521 |
| Use of money and property | 444,266 | 444,266 | 400,718 | (43,548) |
| Licenses and permits | 35,000 | 35,000 | 49,568 | 14,568 |
| Fines and forfeitures | 348,209 | 348,209 | 318,326 | (29,883) |
| Sale of property and compensation for loss | 2,307,000 | 2,307,000 | 2,248,997 | (58,003) |
| Miscellaneous | 2,719,402 | 2,719,402 | 3,578,842 | 859,440 |
| State aid | 29,990,675 | 33,569,034 | 22,138,114 | (11,430,920) |
| Federal aid | 17,817,929 | 18,030,817 | 20,227,935 | 2,197,118 |
| Total revenue | <u>246,893,787</u> | <u>250,745,034</u> | <u>237,325,220</u> | <u>(13,419,814)</u> |
| Expenditures: | | | | |
| General government support | 86,141,406 | 85,424,928 | 81,263,634 | 4,161,294 |
| Education | 18,265,000 | 18,261,107 | 17,706,125 | 554,982 |
| Public safety | 34,392,059 | 35,950,578 | 34,677,737 | 1,272,841 |
| Health | 17,977,666 | 18,284,755 | 17,671,605 | 613,150 |
| Transportation | 743,369 | 1,628,757 | 307,549 | 1,321,208 |
| Economic opportunity and development | 63,503,289 | 63,784,238 | 59,091,627 | 4,692,611 |
| Culture and recreation | 1,114,558 | 1,196,531 | 808,057 | 388,474 |
| Home and community service | 3,748,491 | 3,942,832 | 3,510,570 | 432,262 |
| Debt service | 3,249,610 | 3,249,610 | 3,249,609 | 1 |
| Total expenditures | <u>229,135,448</u> | <u>231,723,336</u> | <u>218,286,513</u> | <u>13,436,823</u> |
| Other financing sources (uses), net | <u>19,171,839</u> | <u>19,654,992</u> | <u>(16,902,902)</u> | <u>2,752,090</u> |
| Net change in appropriated fund balance | <u>\$ (1,413,500)</u> | <u>(633,294)</u> | 2,135,805 | <u>2,769,099</u> |
| Fund balances at beginning of year | | | <u>17,893,478</u> | |
| Fund balances at end of year | | | <u>\$20,029,283</u> | |

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

County of Saratoga

| 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, 2015 | \$ - | 169,681,803 | 169,681,803 | 0.00% | 61,263,111 | 277% |
| December 31, 2014 | - | 223,099,924 | 223,099,924 | 0.00% | 67,151,956 | 332% |
| December 31, 2013 | - | 213,915,031 | 213,915,031 | 0.00% | 64,824,129 | 330% |
| December 31, 2012 | - | 324,130,057 | 324,130,057 | 0.00% | 66,174,183 | 490% |

* Required disclosure of adoption of standard per actuarial report.

Saratoga County Water Authority

| 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, 2015 | \$ - | 3,167 | 3,167 | 0.00% | 305,011 | 1.5% |
| December 31, 2014 | - | 2,191 | 2,191 | 0.00% | 470,000 | 0.5% |
| December 31, 2013 | - | 537,842 | 537,842 | 0.00% | 316,886 | 170% |
| December 31, 2012 | - | 470,883 | 470,883 | 0.00% | 277,886 | 169% |

COUNTY OF SARATOGA, NEW YORK
 Required Supplemental Information
 Schedule of County's Proportionate Share of the Net Pension Liability
 Year ended December 31, 2015

| NYSERS Pension Plan | |
|--|--------------|
| County's proportion of the net pension liability | 0.299883% |
| County's proportionate share of the net pension liability | \$10,130,958 |
| County's covered payroll | \$61,263,111 |
| County's proportionate share of the net pension liability as a percentage of its covered - employee payroll | 16.54% |
| Plan fiduciary net position as a percentage of the total pension liability | 97.9% |

* The amounts presented for each fiscal year were determined as of the March 31, 2015.

COUNTY OF SARATOGA, NEW YORK
 Required Supplemental Information
 Schedule of County's Employer's Pension Contributions
 Year ended December 31, 2015

NYSERS Pension Plan Year Ended March 31

| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|---|-------------------|-------------------|-------------------|------------------|------------------|
| Contractually required contribution | \$10,728,541 | 12,160,083 | 12,336,753 | 7,083,415 | 6,099,397 |
| Contributions in relation to the contractually required contribution | <u>10,728,541</u> | <u>12,160,083</u> | <u>12,336,753</u> | <u>7,083,415</u> | <u>6,099,397</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| County's covered employee payroll | \$61,263,111 | 63,150,465 | 62,407,807 | 40,096,478 | 39,326,386 |
| Contributions as a percentage of covered employee payroll | 17.51% | 19.26% | 19.77% | 17.67% | 15.51% |

COUNTY OF SARATOGA, NEW YORK
 Supplemental Information
 Combining Balance Sheet - Non-Major Governmental Funds
 December 31, 2015

| | County Road Fund | Road Machinery Fund | Employment and Training Fund | Federal Forfeitures Fund | Total |
|---|------------------------|---------------------------|------------------------------------|--------------------------------|------------------|
| Assets: | | | | | |
| Cash and equivalents | \$ 94,726 | - | 21,510 | 219,274 | 335,510 |
| Receivables from other governments | 2,928,290 | - | - | - | 2,928,290 |
| Other receivables | 216,215 | - | - | - | 216,215 |
| Due from other funds | <u>1,768,960</u> | <u>468,807</u> | <u>17,202</u> | <u>-</u> | <u>2,254,969</u> |
| Total assets | <u>\$ 5,008,191</u> | <u>468,807</u> | <u>38,712</u> | <u>219,274</u> | <u>5,734,984</u> |
| Liabilities, deferred inflows and fund balances: | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued liabilities | 2,170,155 | 219,762 | 2,427 | - | 2,392,344 |
| Due to other funds | <u>943,725</u> | <u>69,836</u> | <u>-</u> | <u>-</u> | <u>1,013,561</u> |
| Total liabilities | <u>3,113,880</u> | <u>289,598</u> | <u>2,427</u> | <u>-</u> | <u>3,405,905</u> |
| Deferred inflows of resources - aggregate deferred inflows | <u>1,194,106</u> | <u>-</u> | <u>36,285</u> | <u>-</u> | <u>1,230,391</u> |
| Fund balances - reserved for: | | | | | |
| Restricted | - | - | - | 219,274 | 219,274 |
| Assigned unappropriated | <u>700,205</u> | <u>179,209</u> | <u>-</u> | <u>-</u> | <u>879,414</u> |
| Total fund balances | <u>700,205</u> | <u>179,209</u> | <u>-</u> | <u>219,274</u> | <u>1,098,688</u> |
| Total liabilities, deferred inflows and fund balances | <u>\$ 5,008,191</u> | <u>468,807</u> | <u>38,712</u> | <u>219,274</u> | <u>5,734,984</u> |

COUNTY OF SARATOGA, NEW YORK
Supplemental Information

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances -
Non-Major Governmental Funds
Year ended December 31, 2015

| | County Road Fund | Road Machinery Fund | Employment and Training Fund | Federal Forfeitures Fund | Total |
|--|------------------------|---------------------------|------------------------------------|--------------------------------|-------------------|
| Revenue: | | | | | |
| Departmental income | \$ - | - | 987 | - | 987 |
| Intergovernmental charges | 276,170 | - | - | - | 276,170 |
| Use of money and property | - | 1,078,000 | - | 95 | 1,078,095 |
| Fines and forfeitures | - | - | - | 386,050 | 386,050 |
| Sale of property and compensation for loss | 115,722 | 893,142 | - | - | 1,008,864 |
| Miscellaneous | 256,303 | 257,468 | - | - | 513,771 |
| State aid | 3,296,545 | - | - | - | 3,296,545 |
| Federal aid | 2,702,976 | - | 1,214,934 | - | 3,917,910 |
| Total revenue | <u>6,647,716</u> | <u>2,228,610</u> | <u>1,215,921</u> | <u>386,145</u> | <u>10,478,392</u> |
| Expenditures: | | | | | |
| Public safety | 655,346 | - | - | 226,897 | 882,243 |
| Transportation | 22,486,557 | 5,114,438 | - | - | 27,600,995 |
| Economic opportunity and development | - | - | 1,222,427 | - | 1,222,427 |
| Total expenditures | <u>23,141,903</u> | <u>5,114,438</u> | <u>1,222,427</u> | <u>226,897</u> | <u>29,705,665</u> |
| Other financing sources - interfund transfers in | <u>16,680,775</u> | <u>2,882,143</u> | - | - | <u>19,562,918</u> |
| Net change in fund balances | 186,588 | (3,685) | (6,506) | 159,248 | 335,645 |
| Fund balance at beginning of year | 513,617 | 182,894 | 6,506 | 60,026 | 763,043 |
| Fund balance at end of year | <u>\$ 700,205</u> | <u>179,209</u> | - | <u>219,274</u> | <u>1,098,688</u> |