

COUNTY OF SARATOGA, NEW YORK

Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report

December 31, 2017

COUNTY OF SARATOGA, NEW YORK

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INDEPENDENT AUDITORS' REPORT

Chairman and Members of the
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, 2017, 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, Saratoga County Water Authority and Saratoga County Prosperity Partnership, Inc. which collectively represent 90.0% of the assets, 100.0% of the net position, and 51.4% 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, Saratoga County Water Authority and Saratoga County Prosperity Partnership, Inc. 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 County'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, 2017, 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.

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 10 and the additional information on pages 72 through 75 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 Supplementary 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 supplementary information on pages 76 and 77 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

This information is the responsibility of management and was 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 supplementary 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 26, 2018, 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 solely 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 26, 2018

COUNTY OF SARATOGA, NEW YORK

Management's Discussion and Analysis

December 31, 2017

Our discussion and analysis of the County of Saratoga, New York's (the County) financial performance provides an overview of the County's financial activities for the year ended December 31, 2017. In this section, all amounts are expressed in thousands of dollars, unless otherwise indicated.

Using This Annual Report

This annual report consists of a series of basic financial statements. The statement of net position and the statement of activities (on pages 11 and 12) provide information about the County as a whole and present a longer-term view of the County's finances and are referred to as the Government-wide financial statements. Governmental Fund financial statements begin on page 13. For Governmental Funds, these statements tell how these services were financed in the short-term, as well as what remains for future spending. Governmental Fund financial statements also report the County's operations in greater detail than the Government-wide financial statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government. Following these statements are notes that provide additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the basic financial statements, the annual report contains other information in the form of combining statements for those funds that are not considered major funds and, therefore, are not presented individually in the basic financial statements.

Reporting the County as a Whole

Our analysis of the County as a whole begins on page 11, with the Government-wide financial statements. The statement of net position and the statement of activities report information about the County as a whole and about its activities in a way that helps answer the question of whether the County, as a whole, is better off or worse off as a result of the year's activities. These statements include all assets, deferred outflows, liabilities and deferred inflows using the modified-accrual basis of accounting. All of the current year's revenue and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the County's net position and changes in them. One can think of the County's net position, the residual of assets, deferred outflows, liabilities and deferred inflows, as one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. One needs to consider other nonfinancial factors, however, such as changes in the County's property tax base and the condition of the County's roads, to assess the overall health of the County.

COUNTY OF SARATOGA, NEW YORK

Management's Discussion and Analysis

December 31, 2017

In the statement of net position and the statement of activities, we separate the County into two types of activities:

- **Governmental Activities:** Most of the County's services are reported in this category, including public safety, public health, economic assistance, transportation, and general administration. Property and sales taxes, and New York State (the State) and Federal grants finance most of these activities.
- **Component Units:** The County includes the Saratoga County Industrial Development Agency, Saratoga County Water Authority, Saratoga County Prosperity Partnership, and Maplewood Manor Local Development Corporation in its report as separate legal entities. Complete financial statements for these component units can be obtained from their respective administrative office.

Governmental Fund Financial Statements

Analysis of the County's major funds begins on page 13. The Governmental Fund financial statements provide detailed information about the most significant funds - not the County as a whole. Some funds are required to be established by State law. However, management establishes many other funds to help it control and manage money for particular purposes or to show it is meeting its legal responsibilities for using certain taxes and grants. The County's two kinds of funds - Governmental and Proprietary - use different accounting approaches.

Governmental Funds: All of the County's services are reported in the Governmental Funds which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified-accrual accounting which measures cash and all other financial assets that can be readily converted into cash. The Governmental Fund statements provide a detailed short-term view of the County's general governmental operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

Proprietary Funds: When the County charges customers for the services it provides - whether to outside customers or to other units of the County - these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. After the sale of Maplewood Manor in 2013, Saratoga County Sewer District is the lone remaining Proprietary Fund.

Fiduciary Funds: The County is the trustee, or fiduciary, for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the County's fiduciary activities are reported on the statements on page 20.

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County of Saratoga General Information

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.

Saratoga County's economy is built on a diverse mix of industries with multiple well-established primary economic drivers. While agriculture and tourism have been the County's largest industries, manufacturing is a fast-growing segment of its economy. Its chief manufacturers produce microchips, paper products, chemicals, electronic equipment, knit goods, and ladies' wearing apparel. There are several nationally known manufacturers located within Saratoga County. One specialized facility for energy and propulsion research is located within the County: the West Milton Atomic Project, in the Town of Milton. Additionally, the County has a major shipping hub or distribution center for nationwide retailers Ace, Target, and Walmart in the Town of Wilton at Exit 16.

Saratoga County is home to several internationally-known tourist attractions. The County is well-known for horse racing and hosts the Saratoga Race Course, the oldest horse racing venue in the United States, and the Horse Racing National Hall of Fame. Based on a 2006 Economic Impact Study conducted by the New York Racing Association, the horse racing industry provides a total annual regional impact of between \$202,000,000 and \$232,000,000. Tax revenue to the County generated by the race course in 2013 was between \$5,500,000 and \$6,000,000. These taxes include sales tax, room taxes on lodging, property, admissions and other sundry taxes.

The County is home to the world's most advanced semiconductor foundry manufacturing facility and one of the largest construction projects in the United States. Global Foundries Fab 8, a \$6.9 billion, 2 million square foot computer chip manufacturing facility in the Luther Forest Technology Park located in the Towns of Malta and Stillwater, began production in January 2012. In July 2012, the company announced a \$2.3 billion 90,000 square foot expansion of its cleanroom, which was completed in 2014 and significantly expanded the facility's production capacity. On January 8, 2013, Global Foundries announced it would begin construction on a new research and development facility at the Fab 8 campus. Featuring more than a half million square feet of flexible space to support a range of technology development and manufacturing activities, the new Technology Development Center (TDC) will play a key role in the company's strategy to develop innovative semiconductor solutions. Global Foundries already has 2,176 employees on site and expects to add 1,000 more as a result of the expansion which was completed in 2014. Global Foundries has an administrative building adjacent to the facility. To date, the Fab 8 project has supported approximately 4,300 construction jobs with another 1,000 expected as a result of the cleanroom expansion. The site occupied by Global Foundries within the Luther Forest Technology campus is zoned for two additional chip fab facilities and preliminary discussions about building a second fab are reportedly underway.

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Management's Discussion and Analysis

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In April 2014, Samsung and Global Foundries announced partnership to develop 14-nanometer computer chips to be used in smartphones and tablets. In October 2014, Global Foundries announced that it is acquiring IBM's global commercial semiconductor technology business and will be IBM's exclusive server processor semiconductor technology for low-nanometer chips for the next decade. Global Foundries will also gain substantial intellectual property as a result of this deal including thousands of patents, making Global Foundries the holder of one of the largest semiconductor patent portfolios in the world and further solidifying its position as a world leader in semiconductor foundry technology. Global Foundries purchased 60 acres of land in November 2015 for \$1.2 million as part of its plan to expand Fab 8. In addition Global Foundries is planning to purchase another 135 acres of land for a second Fab.

A development driven by Global Foundries is Ellsworth Commons, a \$53 million new urban lifestyle design retail/mixed-use community in downtown Malta. It is situated on a large plot of land on Route 9 and boasts 70,000 square feet of retail and office space, 312 luxury apartments as well as 22 brownstone-style townhouses.

Economic growth has continued in the County due in part to the expansion of Global Foundries resulting in an increase of home construction, business expansion and hotel development. Recent projects within the County include the following:

- Construction a Homewood Suites by Hilton in the Town of Clifton Park
- Initiation of construction of a 214-unit multi building apartment project in the Town of Malta including 17 three-story buildings of various sizes on approximately 9 acres.
- \$18.4 million expansion project of sewer lines around Saratoga Lake for new development and conversion of season camps to year-round homes completed in the summer of 2014.

Excellent higher education facilities are available in Saratoga Springs (Skidmore College) and in nearby communities: Rensselaer Polytechnic Institute, Russell Sage College (both in Troy), State University at Albany, Albany Medical College, Albany College of Pharmacy, Albany Law School, College of St. Rose in Albany, Union College in Schenectady, and Siena College in Loudonville. The County is also surrounded by four community colleges.

The County is served by first-rate regional and local transportation facilities including Amtrak, Canadian Pacific Railroad, Pan Am Southern Railroad, and local and inter-city bus service. The New York State Canal System extends for 32 miles along the County's eastern border (Champlain Canal/Hudson River) and for 15 miles along its southern border (Erie Canal/Mohawk River). Interstate 87 (the Adirondack Northway) carries traffic from the New York State Thruway exit in Albany, northward to the Canadian border. The former Delaware and Hudson "Mechanicville" rail yard, which was abandoned for over twenty years, has reopened as an intermodal operation featuring both containers and automobiles. The Albany International Airport and the County's own airport in Ballston Spa serve the commercial and general aviation needs of the County.

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Management's Discussion and Analysis

December 31, 2017

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, the majority of its general revenues are used to finance state mandated programs.

The services provided by County government are accounted for through a General Fund, Highway Fund, Equipment Fund, Job Training and Employment Special Revenue Fund, various Capital Project Funds, as well as one Proprietary Fund. Through a separate fund, the County insures itself and most municipalities within the County for workers' compensation. The County also maintains a separate fund to self-insure its health insurance. 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, the Saratoga County Prosperity Partnership and the Saratoga Lake Improvement District.

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

The maintenance of the County's 99 bridges and 365 miles of highway are accounted for in two of the Special Revenue Funds at a total modified-accrual cost. In 2017, \$24,898,106 was expended which is an increase from the previous year of \$2,497,912. Another Special Revenue 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 2017, \$974,375 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 2017 cost of the Sewer Fund was \$14,688,139, with revenues of \$20,981,321, much of which were re-appropriations of unspent capital project funds.

The wide variety of the remaining services provided by County government are accounted for in the County's General Fund, including:

- financial assistance and social services to the County's low-income population, 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;

COUNTY OF SARATOGA, NEW YORK

Management's Discussion and Analysis

December 31, 2017

- promotion of agriculture and tourism and other economic development activities;
- 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 including 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, 2017, the General Fund expended \$227,395,397 and the general real property tax revenue amounted to \$55,523,077. 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.

Analysis of the County's Budget and Fund-Basis Finances in 2017

The 2017 General Fund included \$20,553,017 in transfers to other funds, including the County Road and Road Machinery Funds. The County's Enterprise Fund, the Sewer District, had net operating income of \$6,293,182. The other budgeted funds were balanced without involving fund balance.

The County's actual expenditures in the General Fund during 2017 were \$9,503,431 under the modified budget amount. Actual revenue was also under the modified budget by \$8,587,287. See details on page 72.

Analysis of the County's Government-Wide Financial Position During 2017

During 2017, the County's government-wide net position increased by \$6,309,217. Governmental activities net position increased by \$16,035 which was due in large part to recognition of deferred revenues related to Maplewood Manor offset by expenditures related to long-term liabilities. Business-type activities increased net position by \$6,293,182 due to from operating revenue exceeding operating expenses.

COUNTY OF SARATOGA, NEW YORK
Management's Discussion and Analysis
December 31, 2017

Analysis of the County's Capital Investment and Bond Indebtedness

The County's net investment in capital assets at the end of 2017 is as follows:

	Cost	Accumulated Depreciation	Related Debt	Net
Land	\$ 4,820,105	-	-	4,820,105
Buildings	227,330,275	(113,342,054)	(3,605,000)	110,383,221
Vehicles	21,380,603	(16,485,948)	-	4,894,655
Machinery & Equipment	16,040,754	(7,164,476)	(1,570,000)	7,306,278
Infrastructure	231,162,073	(84,186,691)	(52,499,698)	94,475,684
Totals	\$ 500,733,810	(221,179,169)	(57,674,698)*	221,879,973

*Sewer District is responsible for \$52,499,698 of this amount, which consists of \$49,500,000 in bonds, \$4,495,689 in premiums and \$125,455 of deferred gains on refunding, less \$1,921,446 of deferred losses on refunding.

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 position. 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 position. 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 GASB 68 overall effect of this for Saratoga County for the year ended December 31, 2017 was a decrease of net position of \$3,446,405. Added to the OPEB, this will have a significant drain on the County's net position.

Requests for Additional Information

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

COUNTY OF SARATOGA, NEW YORK

Statement of Net Position

December 31, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets:				
Current:				
Cash and equivalents	\$ 40,713,208	18,166,319	58,879,527	20,113,481
Taxes receivable, net of allowance	15,937,843	-	15,937,843	-
Accounts receivable	11,956,426	92,271	12,048,697	821,289
State and federal receivables	33,848,821	-	33,848,821	-
Due from other governments	24,240,357	-	24,240,357	-
Loans receivable	-	-	-	1,400,000
Prepaid expenses	2,102,362	106,202	2,208,564	69,025
Due from business-type activities	251,607	-	251,607	-
Inventories	789,037	-	789,037	-
Other assets	40,926	-	40,926	-
Restricted assets - cash and equivalents	8,104,475	-	8,104,475	2,935,430
Assets whose use is limited	-	-	-	339,671
Total current assets	137,985,062	18,364,792	156,349,854	25,678,896
Noncurrent assets - capital assets, net of accumulated depreciation	143,067,798	136,486,843	279,554,641	66,647,877
Total assets	281,052,860	154,851,635	435,904,495	92,326,773
Deferred outflows of resources:				
Loss on refunding	-	1,921,446	1,921,446	123,744
Pensions	19,461,759	983,122	20,444,881	3,429,324
Total deferred outflows of resources	19,461,759	2,904,568	22,366,327	3,553,068
Liabilities:				
Current:				
Accounts payable	11,676,176	929,459	12,605,635	381,854
Accrued liabilities	26,719	629,081	655,800	581,298
Due to governmental funds	-	251,607	251,607	-
Due to fiduciary funds	1,488,483	-	1,488,483	-
Due to other governments	23,149,691	-	23,149,691	16,876,026
Retainage payable	-	170,993	170,993	-
Other liabilities	754,945	-	754,945	-
General obligation bonds and premium	1,005,000	2,090,465	3,095,465	695,000
Total current liabilities	38,101,014	4,071,605	42,172,619	18,534,178
Long-term liabilities:				
General obligation bonds and premium	4,170,000	52,205,224	56,375,224	43,600,000
Compensated absences	2,909,225	115,453	3,024,678	-
Self insured claims payable	27,350,567	-	27,350,567	-
Net pension liability	23,223,577	1,173,151	24,396,728	152,062
Other postemployment benefits liability	174,010,769	7,557,357	181,568,126	75,421
Total long-term liabilities	231,664,138	61,051,185	292,715,323	43,827,483
Total liabilities	269,765,152	65,122,790	334,887,942	62,361,661
Deferred inflows of resources:				
Gain on refunding	-	125,455	125,455	-
Premium on bonds	-	-	-	5,007,522
Pensions	7,998,492	404,048	8,402,540	51,179
Unearned revenue	9,065,927	-	9,065,927	-
Total deferred inflows of resources	17,064,419	529,503	17,593,922	5,058,701
Net position:				
Net investment in capital assets	137,892,798	83,987,145	221,879,943	16,513,584
Restricted - self-insurance workers' compensation	7,561,124	-	7,561,124	-
Restricted - self-insurance health benefits	5,914,531	-	5,914,531	-
Restricted - other	884,963	-	884,963	2,935,430
Unrestricted (deficit)	(138,568,368)	8,116,765	(130,451,603)	9,010,465
Total net position	\$ 13,685,048	92,103,910	105,788,958	28,459,479

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Statement of Activities
Year ended December 31, 2017

Functions	Expenses	Program Revenue			Net Revenue (Expenses) and Changes in Net Position			
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Primary Government Business-type activities	Total	Component units
Primary government:								
Governmental activities:								
General government support	\$ 92,709,613	11,347,177	3,505,441	-	(77,856,995)	-	(77,856,995)	-
Education	19,887,240	-	5,919,108	-	(13,968,132)	-	(13,968,132)	-
Public safety	56,426,472	13,824,572	1,276,282	-	(41,325,618)	-	(41,325,618)	-
Health	19,730,236	5,498,050	6,813,288	-	(7,418,898)	-	(7,418,898)	-
Transportation	30,634,084	5,998,424	4,265,427	1,662,899	(18,707,334)	-	(18,707,334)	-
Economic assistance and opportunity	67,697,442	6,110,014	24,720,815	-	(36,866,613)	-	(36,866,613)	-
Culture and recreation	1,298,926	921,064	51,560	-	(326,302)	-	(326,302)	-
Home and community services	3,725,761	1,734,189	150,521	-	(1,841,051)	-	(1,841,051)	-
Debt service	392,899	-	-	-	(392,899)	-	(392,899)	-
Total governmental activities	<u>292,502,673</u>	<u>45,433,490</u>	<u>46,702,442</u>	<u>1,662,899</u>	<u>(198,703,842)</u>	<u>-</u>	<u>(198,703,842)</u>	<u>-</u>
Business-type activities - Sewer District	<u>14,688,139</u>	<u>20,926,919</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,238,780</u>	<u>6,238,780</u>	<u>-</u>
Total primary government	<u>\$ 307,190,812</u>	<u>66,360,409</u>	<u>46,702,442</u>	<u>1,662,899</u>	<u>(198,703,842)</u>	<u>6,238,780</u>	<u>(192,465,062)</u>	<u>-</u>
Component units:								
Saratoga County Industrial Development Agency	107,068	182,900	-	-	-	-	-	75,832
Saratoga County Water Authority	6,442,687	5,467,453	-	-	-	-	-	(975,234)
Saratoga County Prosperity Partnership, Inc.	791,289	-	830,666	-	-	-	-	39,377
Maplewood Manor Local Development Corporation	28,175	23,881	-	-	-	-	-	(4,294)
Total component units	<u>\$ 7,369,219</u>	<u>5,674,234</u>	<u>830,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(864,319)</u>
General revenue:								
Real property tax and related tax items					60,974,868	-	60,974,868	-
Non-property tax items					123,062,904	-	123,062,904	-
Sales of property and compensation for loss					2,874,748	1,050	2,875,798	-
Use of money and property					1,634,841	4,420	1,639,261	49,252
Miscellaneous local sources					2,017,478	48,932	2,066,410	-
Net gain on sale of assets whose use is limited					-	-	-	6,140,510
Transfers in (out)					8,155,038	-	8,155,038	(8,155,038)
Total general revenue					<u>198,719,877</u>	<u>54,402</u>	<u>198,774,279</u>	<u>(1,965,276)</u>
Change in net position					16,035	6,293,182	6,309,217	(2,829,595)
Net position at beginning of year					<u>13,669,013</u>	<u>85,810,728</u>	<u>99,479,741</u>	<u>31,289,074</u>
Net position at end of year					<u>\$ 13,685,048</u>	<u>92,103,910</u>	<u>105,788,958</u>	<u>28,459,479</u>

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Balance Sheet - Governmental Funds
December 31, 2017

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Assets:			
Cash and equivalents	\$ 25,808,878	230,005	26,038,883
Taxes receivable, net of allowance	15,937,843	-	15,937,843
Accounts receivable	10,403,666	1,215,407	11,619,073
State and federal receivables	31,029,862	2,818,959	33,848,821
Due from other governments	6,611,366	-	6,611,366
Due from other funds	7,306,777	2,842,935	10,149,712
Other assets	40,926	-	40,926
Restricted assets - cash and equivalents	<u>543,351</u>	<u>-</u>	<u>543,351</u>
Total assets	<u>\$ 97,682,669</u>	<u>7,107,306</u>	<u>104,789,975</u>
Liabilities, deferred inflows, and fund balances:			
Liabilities:			
Accounts payable	7,660,256	814,443	8,474,699
Due to other funds	8,418,582	1,288,491	9,707,073
Due to other governments	<u>23,149,691</u>	<u>-</u>	<u>23,149,691</u>
Total liabilities	<u>39,228,529</u>	<u>2,102,934</u>	<u>41,331,463</u>
Deferred inflows of resources	<u>27,590,833</u>	<u>3,713,624</u>	<u>31,304,457</u>
Fund balances:			
Nonspendable	40,926	-	40,926
Restricted	658,775	226,188	884,963
Assigned - Maplewood Manor retiree health benefits	5,006,183	-	5,006,183
Assigned - appropriated	1,853,845	-	1,853,845
Assigned - unappropriated	-	1,095,818	1,095,818
Unassigned (deficit)	<u>23,303,578</u>	<u>(31,258)</u>	<u>23,272,320</u>
Total fund balances	<u>30,863,307</u>	<u>1,290,748</u>	<u>32,154,055</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 97,682,669</u>	<u>7,107,306</u>	<u>104,789,975</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
December 31, 2017

Total fund balances - governmental funds	\$ 32,154,055
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	143,067,798
Compensated absences are expensed as paid in governmental funds, expensed as incurred, and reflected as liability on the statement of net position.	(2,909,225)
Significant inventories of materials and supplies are included in the statement of net position as current assets.	789,037
Internal service funds net position are not reported in the governmental funds, but included in the statement of net position.	6,839,501
Deferred property tax revenue is not available to pay current period expenditures and is therefore deferred in the funds.	5,686,404
Deferred revenue from receivables not available to pay for current period expenditures and is therefore deferred in the funds.	16,661,292
Prepaid expenses are not reported in the governmental funds, net of \$3,090 reported in the workers' compensation fund.	2,099,272
Some deferred inflows and outflows of resources are not reported in the governmental funds as they do not provide for or use current resources:	
Deferred outflows of resources - pensions	19,461,759
Deferred inflows of resources - pensions	(7,998,492)
Long-term liabilities that are not due and payable in the current period are not reported in the governmental funds:	
General obligation bonds	(5,175,000)
Accrued interest	(26,719)
Other postemployment benefits liability, net of \$269,712 reported in the workers' compensation fund	(173,741,057)
Net pension liability	<u>(23,223,577)</u>
Total net position of the governmental activities	<u>\$ 13,685,048</u>

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Statement of Revenue, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year ended December 31, 2017

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenue:			
Real property taxes	\$ 55,523,077	-	55,523,077
Real property tax items	4,767,862	-	4,767,862
Non-property tax items	123,062,904	-	123,062,904
Departmental income	11,553,280	832	11,554,112
Intergovernmental charges	4,415,827	331,756	4,747,583
Use of money and property	447,847	1,176,102	1,623,949
Licenses and permits	117,764	-	117,764
Fines and forfeitures	369,493	45,952	415,445
Sale of property and compensation for loss	2,142,477	48,844	2,191,321
Miscellaneous local sources	635,488	281,440	916,928
State aid	25,387,155	1,314,856	26,702,011
Federal aid	17,259,185	3,923,839	21,183,024
Total revenue	<u>245,682,359</u>	<u>7,123,621</u>	<u>252,805,980</u>
Expenditures:			
General government support	84,111,269	423,549	84,534,818
Education	20,000,026	-	20,000,026
Public safety	38,490,862	957,759	39,448,621
Health	16,918,696	-	16,918,696
Transportation	687,584	24,898,106	25,585,690
Economic assistance and opportunity	59,501,780	994,254	60,496,034
Culture and recreation	1,094,680	-	1,094,680
Home and community services	3,367,903	-	3,367,903
Debt service	3,222,597	-	3,222,597
Total expenditures	<u>227,395,397</u>	<u>27,273,668</u>	<u>254,669,065</u>
Other sources (uses):			
Operating transfers in	-	20,553,017	20,553,017
Operating transfers out	<u>(20,553,017)</u>	<u>-</u>	<u>(20,553,017)</u>
Total other sources (uses)	<u>(20,553,017)</u>	<u>20,553,017</u>	<u>-</u>
Excess (deficit) of revenue over expenditures and other sources (uses)	(2,266,055)	402,970	(1,863,085)
Fund balances at beginning of year	<u>33,129,362</u>	<u>887,778</u>	<u>34,017,140</u>
Fund balances at end of year	<u>\$ 30,863,307</u>	<u>1,290,748</u>	<u>32,154,055</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
Year ended December 31, 2017

Net change in fund balances - governmental funds			\$(1,863,085)
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:			
Capital outlay	\$ 1,971,872		
Depreciation	<u>(2,917,205)</u>	(945,333)	
Change in net position from internal service funds which are not reported in governmental funds but included in the statement of activities.			408,455
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Compensated absences			436,714
Other postemployment benefits liability			(9,224,842)
Accrued interest			9,698
Pensions:			
Net pension liability	22,079,695		
Deferred outflows of resources - pensions	(26,051,677)		
Deferred inflows of resources - pensions	<u>525,577</u>	(3,446,405)	
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.			2,820,000
Some revenues are reported in the statement of activities that do not result in current financial resources and therefore are not reported as revenue in the governmental funds.			12,103,250
Expenditure for pensions within certain governmental funds are recorded as expenditures when paid. In the statement of activities, these items are allocated over the time period the items are consumed.			(7,631)
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 period the items are consumed.			<u>(274,786)</u>
Change in net position of governmental activities			<u>\$ 16,035</u>

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK

Statement of Net Position

Proprietary Funds

December 31, 2017

	Business-type Activities	Internal Service Funds		
	Enterprise Fund	Workers'	Health	
	Sewer District	Compensation	Benefits	Total
Assets:				
Current:				
Cash and equivalents	\$ 18,166,319	1,885,679	12,788,646	14,674,325
Accounts receivable	92,271	275,330	62,023	337,353
Due from other governments	-	17,628,991	-	17,628,991
Prepaid expenses	106,202	3,090	-	3,090
Due from other funds	245,736	4,555	1,261,370	1,265,925
Restricted assets - cash and equivalents	-	7,561,124	-	7,561,124
Total current assets	18,610,528	27,358,769	14,112,039	41,470,808
Noncurrent assets - capital assets, net of accumulated depreciation	136,486,843	-	-	-
Total assets	155,097,371	27,358,769	14,112,039	41,470,808
Deferred outflows of resources:				
Loss on refunding	1,921,446	-	-	-
Pensions	983,122	-	-	-
Total deferred outflows of resources	2,904,568	-	-	-
Liabilities:				
Current:				
Accounts payable	929,459	1,987,047	1,214,430	3,201,477
Accrued liabilities	629,081	-	-	-
Due to other funds	497,343	29,990	2,915,450	2,945,440
Retainage payable	170,993	-	-	-
Other liabilities	-	-	754,945	754,945
General obligation bonds and premiums	2,090,465	-	-	-
Total current liabilities	4,317,341	2,017,037	4,884,825	6,901,862
Long-term:				
General obligation bonds and premiums	52,205,224	-	-	-
Compensated absences	115,453	-	-	-
Self insured claims payable	-	24,037,884	3,312,683	27,350,567
Net pension liability	1,173,151	-	-	-
Other postemployment benefits liability	7,557,357	269,712	-	269,712
Total long-term liabilities	61,051,185	24,307,596	3,312,683	27,620,279
Total liabilities	65,368,526	26,324,633	8,197,508	34,522,141
Deferred inflows of resources:				
Gain on refunding	125,455	-	-	-
Pensions	404,048	-	-	-
Unearned revenue	-	109,166	-	109,166
Total deferred inflows of resources	529,503	109,166	-	109,166
Net position:				
Net investment in capital assets	83,987,145	-	-	-
Restricted - self-insurance workers' compensation	-	7,561,124	-	7,561,124
Restricted - self-insurance health benefits	-	-	5,914,531	5,914,531
Unrestricted (deficit)	8,116,765	(6,636,154)	-	(6,636,154)
Total net position	\$ 92,103,910	924,970	5,914,531	6,839,501

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Statement of Revenue, Expenses, and Changes in Net Position -
Proprietary Funds
Year ended December 31, 2017

	Business-type Activities Enterprise Fund	Internal Service Funds		
	Sewer District	Workers' Compensation	Health Benefits	Total
Operating revenue:				
Charges for services	\$ 20,926,919	-	-	-
Participant assessments	-	4,672,821	22,299,333	26,972,154
Use of money and property	4,420	-	10,892	10,892
Sale of property and compensation for loss	1,050	-	-	-
Miscellaneous local sources	48,932	423,466	202,966	626,432
Total operating revenue	20,981,321	5,096,287	22,513,191	27,609,478
Operating expenses:				
Costs of sales and services	6,012,533	-	-	-
Employee benefits	2,414,056	3,763,819	23,437,204	27,201,023
Debt service	1,680,790	-	-	-
Depreciation	4,580,760	-	-	-
Total operating expenses	14,688,139	3,763,819	23,437,204	27,201,023
Gain (loss) from operations	6,293,182	1,332,468	(924,013)	408,455
Net position (deficit) at beginning of year	85,810,728	(407,498)	6,838,544	6,431,046
Net position at end of year	\$ 92,103,910	924,970	5,914,531	6,839,501

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Statement of Cash Flows
Proprietary Funds
Year ended December 31, 2017

	Business-type Activities Enterprise Fund	Internal Service Funds		
	Sewer District	Workers' Compensation	Health Benefits	Total
Cash flows from operating activities:				
Cash received from charges to customers and governmental funds	\$ 20,960,937	3,648,788	22,491,684	26,140,472
Cash paid for interest	(1,825,182)	-	-	-
Cash paid to employees and benefits	(5,011,073)	(2,024,522)	-	(2,024,522)
Cash paid for services and payables	(2,729,119)	-	(19,455,182)	(19,455,182)
Net cash provided by operating activities	<u>11,395,563</u>	<u>1,624,266</u>	<u>3,036,502</u>	<u>4,660,768</u>
Cash flows from non-capital financing activities - increase in restricted cash and equivalents	<u>-</u>	<u>12,643</u>	<u>-</u>	<u>12,643</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(6,492,861)	-	-	-
Repayments of long-term debt	(2,835,000)	-	-	-
Net cash used in capital and related financing activities	<u>(9,327,861)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and equivalents	2,067,702	1,636,909	3,036,502	4,673,411
Cash and equivalents at beginning of year	<u>16,098,617</u>	<u>248,770</u>	<u>9,752,144</u>	<u>10,000,914</u>
Cash and equivalents at end of year	<u>\$ 18,166,319</u>	<u>1,885,679</u>	<u>12,788,646</u>	<u>14,674,325</u>
Reconciliation of gain (loss) from operations to net cash provided by operating activities:				
Gain (loss) from operations	6,293,182	1,332,468	(924,013)	408,455
Depreciation expense	4,580,760	-	-	-
Changes in:				
Accounts receivable	(20,384)	(25,330)	5,648	(19,682)
Due from other governments	-	(1,459,438)	-	(1,459,438)
Prepaid expenses	9,782	484	-	484
Due from other funds	258,278	(621)	880,887	880,266
Deferred outflows of resources	1,622,414	-	-	-
Accounts payable and accrued liabilities	28,756	1,558,560	658,317	2,216,877
Due to other funds	(338,880)	(658)	2,431,926	2,431,268
Retainage payable	155,902	-	-	-
Bond Premium	(195,465)	-	-	-
Compensated absences	(40,962)	-	-	-
Self insured claims payable	-	181,362	-	181,362
Net pension liability	(1,337,198)	-	-	-
Other postemployment benefits liability	468,576	170	-	170
Deferred inflows of resources	(89,198)	37,269	(16,263)	21,006
Net cash provided by operating activities	<u>\$ 11,395,563</u>	<u>1,624,266</u>	<u>3,036,502</u>	<u>4,660,768</u>

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK

Statement of Net Position

Fiduciary Funds

December 31, 2017

	<u>Agency</u>	<u>Permanent</u>	<u>Private Purpose Trust</u>	<u>Total Fiduciary Funds</u>
Assets:				
Cash and equivalents	\$ 15,171,675	-	299	15,171,974
Due from other funds	6,744,041	-	-	6,744,041
Other assets	<u>-</u>	<u>118,472</u>	<u>-</u>	<u>118,472</u>
Total assets	<u>21,915,716</u>	<u>118,472</u>	<u>299</u>	<u>22,034,487</u>
Liabilities:				
Agency liabilities	14,954,728	118,472	299	15,073,499
Due to other funds	5,255,558	-	-	5,255,558
Due to other governments	<u>1,705,430</u>	<u>-</u>	<u>-</u>	<u>1,705,430</u>
Total liabilities	<u>21,915,716</u>	<u>118,472</u>	<u>299</u>	<u>22,034,487</u>
Net position	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Statement of Changes in Net Position
Fiduciary Funds
Year ended December 31, 2017

	Private Purpose <u>Trust</u>
Additions - interest earnings	\$ 299
Deductions - cemeteries	<u>(299)</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, 2017

	Saratoga County Industrial Development Agency	Saratoga County Water Authority	Saratoga County Prosperity Partnership, Inc.	Maplewood Manor Local Development Corporation	Total
Assets:					
Current:					
Cash and equivalents	\$3,510,726	7,270,895	79,727	9,252,133	20,113,481
Accounts receivable	52,500	767,789	1,000	-	821,289
Loans receivable	1,400,000	-	-	-	1,400,000
Prepaid expenses	-	62,560	6,465	-	69,025
Restricted assets - cash and equivalents	-	2,935,430	-	-	2,935,430
Property held for development	339,671	-	-	-	339,671
Total current assets	5,302,897	11,036,674	87,192	9,252,133	25,678,896
Noncurrent assets - capital assets, net of accumulated depreciation	-	66,633,369	14,508	-	66,647,877
Total assets	5,302,897	77,670,043	101,700	9,252,133	92,326,773
Deferred outflows of resources:					
Loss on refunding	-	123,744	-	-	123,744
Pensions	-	3,429,324	-	-	3,429,324
Total deferred outflows of resources	-	3,553,068	-	-	3,553,068
Liabilities:					
Current:					
Accounts payable	128,483	236,383	16,988	-	381,854
Accrued liabilities	-	565,192	16,106	-	581,298
Due to other governments	-	7,623,893	-	9,252,133	16,876,026
General obligation bonds	-	695,000	-	-	695,000
Total current liabilities	128,483	9,120,468	33,094	9,252,133	18,534,178
Long-term liabilities:					
General obligation bonds	-	43,600,000	-	-	43,600,000
Net pension liability	-	152,062	-	-	152,062
Other postemployment benefits liability	-	75,421	-	-	75,421
Total long-term liabilities	-	43,827,483	-	-	43,827,483
Total liabilities	128,483	52,947,951	33,094	9,252,133	62,361,661
Deferred inflows of resources:					
Premium on bonds	-	5,007,522	-	-	5,007,522
Pensions	-	51,179	-	-	51,179
Total deferred inflows of resources	-	5,058,701	-	-	5,058,701
Net position:					
Net investment in capital assets	-	16,513,584	-	-	16,513,584
Restricted	-	2,935,430	-	-	2,935,430
Unrestricted	5,174,414	3,767,445	68,606	-	9,010,465
Total net position	\$5,174,414	23,216,459	68,606	-	28,459,479

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Statement of Activities - Component Units
Year ended December 31, 2017

Functions	Expenses	Program Revenue		Net Revenue (Expense) and Changes in Net Position				Total
		Charges for services	Operating grants and contributions	Saratoga County Industrial Development Agency	Saratoga County Water Authority	Saratoga County Prosperity Partnership, Inc.	Maplewood Manor Local Development Corporation	
Saratoga County Industrial Development Agency	\$ 107,068	182,900	-	75,832	-	-	-	75,832
Saratoga County Water Authority	6,442,687	5,467,453	-	-	(975,234)	-	-	(975,234)
Saratoga County Prosperity Partnership, Inc.	791,289	-	830,666	-	-	39,377	-	39,377
Maplewood Manor Local Development Corporation	28,175	23,881	-	-	-	-	(4,294)	(4,294)
Total component units	<u>\$ 7,369,219</u>	<u>5,674,234</u>	<u>830,666</u>	<u>75,832</u>	<u>(975,234)</u>	<u>39,377</u>	<u>(4,294)</u>	<u>(864,319)</u>
General revenue:								
Use of money and property				14,400	30,558	-	4,294	49,252
Net gain on sale of assets whose use is limited				-	-	-	6,140,510	6,140,510
Transfers to County				-	-	-	(8,155,038)	(8,155,038)
Total general revenue				<u>14,400</u>	<u>30,558</u>	<u>-</u>	<u>(2,010,234)</u>	<u>(1,965,276)</u>
Change in net position				<u>90,232</u>	<u>(944,676)</u>	<u>39,377</u>	<u>(2,014,528)</u>	<u>(2,829,595)</u>
Net position at beginning of year				<u>5,084,182</u>	<u>24,161,135</u>	<u>29,229</u>	<u>2,014,528</u>	<u>31,289,074</u>
Net position at end of year				<u>\$5,174,414</u>	<u>23,216,459</u>	<u>68,606</u>	<u>-</u>	<u>28,459,479</u>

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements

December 31, 2017

(1) Summary of Significant Accounting Policies

The basic financial statements of the County of Saratoga, New York (the County) have been prepared in accordance 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 accordance with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows, the disclosure of contingent 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 support, education assistance for County residents attending community colleges, public safety, social services, health, 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

Included in the 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 County is the sole member of the Partnership, but separate and apart from the County. Although it qualifies as criteria as a blended component unit of the County, management of the County determined that its activity is not material to the primary government and has elected to report it as a discretely presented component unit. The Partnership receives the majority 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. On January 31, 2017, the sale of Maplewood Manor Health Care Center was settled for \$8,155,038, net. The Corporation intends to cease operations once it becomes economically feasible. At the time of closure the Corporation will return all remaining assets to the County.

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 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, deferred outflows, 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, deferred outflows, current liabilities, and deferred inflows 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 fund balance.

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. 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. 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 inflows. 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.

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 System are recorded as expenditures when billed by the System.
- 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 supplementary 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 capital grants generated by and related to the applicable activity. General revenue includes real property taxes, sales taxes, other non-property taxes, sale of property, and interest earnings. 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, deferred outflows, 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 Fund:

- 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 Funds:

- Workers' Compensation 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.
- Health Benefits Fund is used to account for the County's self-insured health benefits plan that provides health insurance coverage for County employees. On January 1, 2016, the County created this fund to properly state the activity of the benefits provided.

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 within the County.

(e) General Budget Process

The County adopts an annual budget for the general, county road, road machinery, employment and training, sewer district and workers' compensation 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 adopted and modified budgets is shown in the required supplementary information on page 72.

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, 2017 totaled \$82,115,976. 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 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, 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.

(h) Capital Assets

Capital assets include property, buildings, vehicles, machinery and 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 Class</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 \$2,909,225 and \$115,453 are reported as compensated absences for governmental activities and the business-type activities, respectively, 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 report a separate section for deferred outflows of resources which 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 three items that qualify for reporting in this category. The first item is the deferred loss the County incurred on its debt refunding transaction. The second 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 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 third item is the County contributions to the pension system subsequent to the measurement date.

The County's statement of net position and governmental funds report a separate section for deferred inflows of resources which will increase net position/fund balance in future periods. The County will not recognize the related revenues until a future event occurs. The County has three types of items that qualify for reporting in this category. The first item is the deferred gain the County incurred on its debt refunding transaction. The second item is related to pensions reported in the County's statement of net position, and represents the change in the proportion between the County's contributions and proportionate share of contributions. The third item occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the fiscal year) under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, deferred property taxes and grants are reported in the governmental funds balance sheet.

A component unit also recognizes a deferred inflow of resources for premiums on bonds.

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

(1) Summary of Significant Accounting Policies, Continued

(k) Net Position 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, 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. Also included are positive fund balances of any special revenue funds.
- iii) Unrestricted net position - 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, principal of endowments, and amounts due from other funds which have fund deficits.
- 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, 2017, the County reported \$658,775 in the general fund, \$226,188 in the federal forfeitures fund, \$7,561,124 in the workers' compensation fund, and \$5,914,531 in the health benefits 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, 2017.

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

(1) Summary of Significant Accounting Policies, Continued

(k) Net Position 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 \$5,006,183 for the retiree health benefits and \$1,853,845 for the 2018 budget in the general fund, and \$1,095,818 in the nonmajor governmental funds 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) Fair Value

Generally accepted accounting principles provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- Level 1 - Valuations are based on quoted prices in active markets for identical asset or liabilities that the component units have the ability to access.
- Level 2 - Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable directly, or indirectly.
- Level 3 - Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

(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.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(2) Cash and Investments, Continued

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, 2017 totaled \$82,155,976. These bank balances were covered by federal depository insurance as follows:

Amount insured by FDIC	\$ 2,408,115
Collateral held by a third party	<u>87,484,834</u>
Total insured and collateral	\$ <u>89,892,949</u>
Bank balance as of December 31, 2017	\$ <u>87,940,984</u>
Percent of coverage	102%

(3) Capital Assets

A summary of changes in capital assets follows:

<u>Governmental Activities</u>	Balance January 1, <u>2017</u>	Additions/ <u>transfers</u>	Retirements/ <u>transfers</u>	Balance December 31, <u>2017</u>
Cost:				
Land	\$ 4,785,105	-	-	4,785,105
Buildings	53,697,606	-	-	53,697,606
Vehicles	20,259,593	538,567	(524,044)	20,274,116
Machinery and equipment	13,503,421	-	-	13,503,421
Infrastructure	<u>140,658,048</u>	<u>1,433,305</u>	<u>-</u>	<u>142,091,353</u>
Total capital assets	<u>232,903,773</u>	<u>1,971,872</u>	<u>(524,044)</u>	<u>234,351,601</u>
Less accumulated depreciation:				
Buildings	25,540,889	1,304,059	-	26,844,948
Vehicles	15,551,056	683,128	(524,044)	15,710,140
Machinery and equipment	6,207,278	570,921	-	6,778,199
Infrastructure	<u>41,591,419</u>	<u>359,097</u>	<u>-</u>	<u>41,950,516</u>
Total accumulated depreciation	<u>88,890,642</u>	<u>2,917,205</u>	<u>(524,044)</u>	<u>91,283,803</u>
Net capital assets	\$ <u>144,013,131</u>	<u>(945,333)</u>	<u>-</u>	<u>143,067,798</u>

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

(3) Capital Assets, Continued

Depreciation expense was charged to the following governmental activities during 2017:

General government support	\$ 684,036
Public safety	786,795
Health	11,564
Transportation	1,215,858
Economic assistance and opportunity	80,623
Home and community services	<u>138,329</u>
Total governmental activities	\$ <u>2,917,205</u>

	Balance January 1, <u>2017</u>	Additions/ <u>Transfers</u>	Retirements/ <u>Transfers</u>	Balance December 31, <u>2017</u>
<u>Sewer District</u>				
Cost:				
Land	\$ 35,000	-	-	35,000
Buildings	170,879,755	2,752,914	-	173,632,669
Vehicles	954,663	151,824	-	1,106,487
Machinery and equipment	2,537,333	-	-	2,537,333
Infrastructure	<u>85,482,597</u>	<u>3,588,123</u>	<u>-</u>	<u>89,070,720</u>
Total capital assets	<u>259,889,348</u>	<u>6,492,861</u>	<u>-</u>	<u>266,382,209</u>
Less accumulated depreciation:				
Buildings	82,833,538	3,663,568	-	86,497,106
Vehicles	760,036	15,772	-	775,808
Machinery and equipment	294,836	91,441	-	386,277
Infrastructure	<u>41,426,196</u>	<u>809,979</u>	<u>-</u>	<u>42,236,175</u>
Total accumulated depreciation	<u>125,314,606</u>	<u>4,580,760</u>	<u>-</u>	<u>129,895,366</u>
Net capital assets	\$ <u>134,574,742</u>	<u>1,912,101</u>	<u>-</u>	<u>136,486,843</u>

Depreciation expense charged to the Sewer District activity during 2017 was \$4,580,760.

(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 and expenditures in the respective funds.

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

(4) Interfund Transactions, Continued

Individual interfund receivable and payable balances at December 31, 2017 arising from these transactions were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 7,306,777	8,418,582
Special Revenue Funds:		
County Road	1,689,793	1,148,446
Road Machinery	1,074,659	122,677
Employment and Training	78,483	17,368
Proprietary Funds:		
Sewer District	245,736	497,343
Workers' compensation	4,555	29,990
Health benefits	1,261,370	2,915,450
Fiduciary Funds - Agency	<u>6,744,041</u>	<u>5,255,558</u>
Totals	\$ <u>18,405,414</u>	<u>18,405,414</u>

Interfund transfers during the year ended December 31, 2017 were as follows:

<u>Fund</u>	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
General	\$ -	20,553,017
Special Revenue Funds:		
County Road	14,609,959	-
Road Machinery	4,588,338	-
Capital Projects	<u>1,354,720</u>	<u>-</u>
Totals	\$ <u>20,553,017</u>	<u>20,553,017</u>

(5) Deferred Inflows of Resources

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

	<u>Governmental activities statement of net position</u>	<u>Balance sheet governmental funds</u>
Advance payments received	\$ 3,446,634	3,337,468
Grant revenue	-	5,725,732
Long-term	5,619,293	15,871,426
Tax revenue	-	5,686,404
Insurance recoveries	-	683,427
ERS Pension deferred actuarial gain	<u>7,998,492</u>	<u>-</u>
	\$ <u>17,064,419</u>	<u>31,304,457</u>

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

(6) Retirement System

(a) Plan Description 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 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:

	Governmental <u>Activities</u>	Sewer <u>District</u>	<u>Total</u>
2017	\$ 8,409,447	424,808	8,834,255
2016	8,439,667	463,937	8,903,604
2015	10,138,512	590,029	10,728,541

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

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

At December 31, 2017, 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.

	<u>Governmental Activities</u>	<u>Sewer District</u>	<u>Total</u>
Measurement date	3/31/2017	3/31/2017	3/31/2017
Net pension liability	\$ 23,223,577	1,173,151	24,396,728
County's proportion of the Plan's net pension liability	0.2471586%	0.0124854%	0.2596440%

For the year ended December 31, 2017, the County recognized pension expense of \$12,431,384 for ERS in the statement of activities. At December 31, 2017 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>Governmental Activities</u>	<u>Sewer District</u>	<u>Total</u>
Differences between expected and actual experience	\$ 581,961	29,398	611,359
Changes of assumption	7,934,024	400,792	8,334,816
Net difference between projected and actual investment earnings on pension plan investments	4,638,689	234,326	4,873,015
Changes in proportion and differences between the County's contributions and proportionate share of contributions	-	-	-
County's contributions subsequent to the March 31, 2017 measurement date	<u>6,307,085</u>	<u>318,606</u>	<u>6,625,691</u>
Total	\$ <u>19,461,759</u>	<u>983,122</u>	<u>20,444,881</u>

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, Continued

	<u>Deferred Inflows of Resources</u>		
	<u>Governmental</u>	<u>Sewer</u>	
	<u>Activities</u>	<u>District</u>	<u>Total</u>
Differences between expected and actual experience	\$ 3,526,631	178,150	3,704,781
Changes of assumptions	-	-	-
Net difference between projected and actual investment earnings on pension plan investments	-	-	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	<u>4,471,861</u>	<u>225,898</u>	<u>4,697,759</u>
Total	<u>\$ 7,998,492</u>	<u>404,048</u>	<u>8,402,540</u>

County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending</u>	<u>Governmental</u>	<u>Sewer</u>	
	<u>Activities</u>	<u>District</u>	<u>Total</u>
2018	\$ 2,926,362	147,827	3,074,189
2019	2,926,362	147,827	3,074,189
2020	2,975,424	150,305	3,125,729
2021	(3,671,966)	(185,491)	(3,857,457)
2022	-	-	-
Thereafter	-	-	-

(c) Actuarial Assumptions

The total pension liability for the March 31, 2017 measurement date was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. The actuarial valuation used the following actuarial assumptions:

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

(6) Retirement System, Continued

(c) Actuarial Assumptions, Continued

Inflation	2.5%
Salary scale	3.8%
Investment rate of return, including inflation	7% compounded annually, net of investment expenses
Cost of living adjustments	1.3% annually
Decrement	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014

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. The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized below:

	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Asset type:		
Domestic equity	36.0%	4.55%
International equity	14.0%	6.35%
Private equity	10.0%	7.75%
Real estate	10.0%	5.80%
Absolute return strategies	2.0%	4.00%
Opportunistic portfolio	3.0%	5.89%
Real assets	3.0%	5.54%
Bonds and mortgages	17.0%	1.31%
Cash	1.0%	(0.25%)
Inflation - indexed bonds	<u>4.0%</u>	1.50%
	<u>100.0%</u>	

The real rate of return is net of the long-term inflation assumption of 2.50%.

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 7.0%. 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 determined. 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 Net Pension Liability to the Discount Rate

The following presents the County's the net pension liability calculated using the discount rate of 7.0%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension asset (liability):			
Sewer District	\$ (3,746,813)	(1,173,151)	1,002,875
Governmental Activities	(74,171,502)	(23,223,577)	19,852,798
Total	\$ (77,918,315)	(24,396,728)	20,855,673

(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)
Measurement date	3/31/2017
Employers' total pension liability	\$(177,400)
Plan net position	<u>168,004</u>
Employers' net pension liability	\$ <u>(9,396)</u>
Ratio of plan net position to the Employers' total pension liability	94.7%

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, 2017 represent the projected employer contribution for the period of April 1, 2017 through March 31, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier. This amount has been recorded as deferred outflows of resources in the accompanying government-wide financial statements.

(7) Due 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, 2017:

Due to villages	\$ 519,977
Due to school districts	12,165,913
Due to other governments and agencies	<u>10,463,801</u>
	\$ <u>23,149,691</u>

(8) Long-term General Obligations

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

<u>Governmental Activities</u>	<u>Payable at</u> <u>January 1,</u> <u>2017</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Payable at</u> <u>December 31,</u> <u>2017</u>	<u>Due</u> <u>Within</u> <u>One Year</u>	<u>Due in</u> <u>More Than</u> <u>One Year</u>
Serial bonds	\$ <u>7,995,000</u>	<u>-</u>	<u>2,820,000</u>	<u>5,175,000</u>	<u>1,005,000</u>	<u>4,170,000</u>

Serial 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%. \$ 3,605,000

\$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%. 1,570,000

Total serial bonds \$ 5,175,000

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

(8) Long-term Obligations, Continued

Governmental Funds, Continued:

The annual requirements to amortize outstanding bonds and loans payable as of December 31, 2017 are as follows:

Governmental Activities:

<u>(MBBA Recovery Act Bonds) 2009</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 235,000	224,500	459,500
2019	250,000	212,491	462,491
2020	260,000	199,716	459,716
2021	275,000	187,730	462,730
2022	285,000	169,679	454,679
2023-2027	1,585,000	554,329	2,139,329
2028-2029	<u>715,000</u>	<u>70,892</u>	<u>785,892</u>
Total	<u>3,605,000</u>	<u>1,619,337</u>	<u>5,224,337</u>
<u>(Emergency Radio Communications Towers Serial Bonds) 2009</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 770,000	62,800	832,800
2019	<u>800,000</u>	<u>32,000</u>	<u>832,000</u>
Total	<u>1,570,000</u>	<u>94,800</u>	<u>1,664,800</u>
Total Governmental Funds	\$ <u>5,175,000</u>	<u>1,714,137</u>	<u>6,889,137</u>

Enterprise Fund - Sewer District

<u>Sewer Fund</u>	<u>Payable at January 1, 2017</u>	<u>Additions</u>	<u>Payments</u>	<u>Payable at December 31, 2017</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
State loans payable	\$ 965,000	-	965,000	-	-	-
Serial bonds	51,670,000	-	1,870,000	49,800,000	1,895,000	47,905,000
Bond premium	<u>4,691,154</u>	-	<u>195,465</u>	<u>4,495,689</u>	<u>195,465</u>	<u>4,300,224</u>
	\$ <u>57,326,154</u>	-	<u>3,030,465</u>	<u>54,295,689</u>	<u>2,090,465</u>	<u>52,205,224</u>

Serial Bonds

\$5,200,000 County Sewer District serial bonds, 2003 series bonds refinanced in 2012, due in annual installments of \$275,000 to \$335,000 through 2023, with interest at 3% to 4%.	\$ 1,820,000
\$23,000,000 County Sewer District serial bonds for 2009A expansion, due in 2018, with interest at 4%. (Balance not refinanced.)	535,000
\$18,200,000 County Sewer District serial bonds for 2014 expansion, due in annual installments of \$745,000 to \$1,225,000 through 2034, with interest at 1% to 3.25%.	16,315,000

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

(8) Long-term Obligations, Continued

Serial Bonds, Continued

\$31,135,000 County Sewer District serial bonds for 2016 refinancing of Bonds 2009A and 2010A totaling \$35,465,000, due in installments of \$340,000 to \$2,005,000 through 2040, with interest at 1% to 5%. \$ 31,130,000

Total serial bonds \$ 49,800,000

Serial Bonds - County

<u>Sewer District Bonds</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 275,000	72,800	347,800
2019	285,000	61,800	346,800
2020	295,000	50,400	345,400
2021	310,000	38,600	348,600
2022	320,000	26,200	346,200
2023	<u>335,000</u>	<u>13,400</u>	<u>348,400</u>
Total	<u>1,820,000</u>	<u>263,200</u>	<u>2,083,200</u>

(Sewer Expansion) 2009A

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ <u>535,000</u>	<u>21,400</u>	<u>556,400</u>

(Sewer Expansion) 2014

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	805,000	405,538	1,210,538
2022	825,000	385,163	1,210,163
2023-2027	4,605,000	1,557,375	6,162,375
2028-2032	5,375,000	810,463	6,185,463
2033-2034	<u>2,410,000</u>	<u>78,975</u>	<u>2,488,975</u>
Total	<u>16,315,000</u>	<u>4,571,377</u>	<u>20,886,377</u>

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

(8) Long-term Obligations, Continued

Serial Bonds, Continued

(Sewer Expansion) 2016

(Refinancing of 2009A/2010A)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 340,000	1,205,581	1,545,581
2019	860,000	1,191,981	2,051,981
2020	910,000	1,148,981	2,058,981
2021	960,000	1,103,481	2,063,481
2022	1,010,000	1,055,481	2,065,481
2023-2027	5,945,000	4,473,955	10,418,955
2028-2032	7,385,000	3,179,055	10,564,055
2033-2037	8,910,000	1,643,400	10,553,400
2038-2040	<u>4,810,000</u>	<u>277,063</u>	<u>5,087,063</u>
Total	<u>31,130,000</u>	<u>15,278,978</u>	<u>46,408,978</u>
Total serial bonds	\$ <u>49,800,000</u>	<u>20,134,955</u>	<u>69,934,955</u>

(9) Other Postemployment 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, 2017, the County contributed \$8,910,545 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, 2017 was \$18,604,133. 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) Other Postemployment 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	\$ 21,617,555	20,540,795	1,076,760
Interest on net OPEB obligation	6,015,609	5,767,502	248,107
Adjustment to annual required contribution	<u>(9,029,031)</u>	<u>(8,656,638)</u>	<u>(372,393)</u>
Annual OPEB cost (expense)	18,604,133	17,651,659	952,474
Contributions made	<u>(8,910,545)</u>	<u>(8,426,647)</u>	<u>(483,898)</u>
Increase in net OPEB obligation	9,693,588	9,225,012	468,576
Net OPEB obligation at beginning of year	<u>171,874,538</u>	<u>164,785,757</u>	<u>7,088,781</u>
Net OPEB obligation at end of year	\$ <u>181,568,126</u>	<u>174,010,769</u>	<u>7,557,357</u>

Included in government activities is \$269,712 in OPEB obligation recorded in the workers' compensation fund, which is reported in the reconciliation on page 14.

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>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation at Year End</u>
12/31/2017	\$ 18,604,133	47.9%	181,568,126
12/31/2016	14,222,762	46.6%	171,874,538
12/31/2015	13,946,803	47.5%	164,285,007

(d) Funded Status and Funding Progress

As of December 31, 2017, the actuarial accrued liability for benefits was \$233,663,182, 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) Other Postemployment 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, 1.3%; 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 3.5% was used in 2017. 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 amortization period used to determine amortization costs for the initial unfunded actuarial accrued liability is a level period of 30 years.

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

(10) Commitments and Contingencies

(a) Litigation

The County is a defendant in various lawsuits, the outcome of which is not determinable at this time including claims related to the Saratoga County Jail and Saratoga County Sheriff Department.

(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) Internal Service Funds

The County established a 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, 2017. 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.

As of January 1, 2017, the County established its own self-insurance health benefits plan. The County is responsible for administration and its reserves.

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

(11) Internal Service Funds, Continued

All funds of the County participate in the program and make payments to the internal service funds 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 \$7,561,124 was reserved at December 31, 2017 in the workers' compensation fund. A balance in the amount of \$5,914,531 was reserved at December 31, 2017 in the health benefits fund.

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. Claims liabilities of \$24,037,884 and \$3,312,683 at December 31, 2017 have been set up as self-insured claims payable for a workers' compensation liability and a health benefit liability, respectively. Changes in the claims liability for 2017 were:

	Balance January 1, <u>2017</u>	Current Year Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	Balance December 31, <u>2017</u>
Workers' compensation	\$ <u>23,856,522</u>	<u>2,738,016</u>	<u>2,556,654</u>	<u>24,037,884</u>
Health benefits	\$ <u>3,312,683</u>	<u>19,455,182</u>	<u>19,455,182</u>	<u>3,312,683</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) Detail Notes to Discretely Presented Component Units

(a) Saratoga County Industrial Development Agency

Organization and Purpose - The Saratoga County Industrial Development Agency (the Agency) was created in 1971 by the Saratoga County Board of Supervisor pursuant to Article 18-A of the General Municipal Law of the State of New York. The purpose of the Agency is to encourage economic growth in Saratoga County. The County appoints the Agency's governing board.

The Agency's function is to authorize the issuance of industrial revenue bonds for industrial development projects and to assist businesses in acquiring or constructing various facilities in order to provide job opportunities and increase economic welfare. In return for its efforts, the Agency receives application and closing fees related to this business financing.

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

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

(a) Saratoga County Industrial Development Agency, Continued

Industrial Revenue Bond and Note Transactions - Certain industrial development revenue bonds and notes issued by the Agency are secured by property that is leased to companies and is retired by lease payments. The bonds and notes are not obligations of the Agency, the County, or New York State. The Agency 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 Agency 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, 2017, the outstanding financing balance of the bonds and notes (issued in the name of the Agency) of the borrowing companies on open projects was \$49,431,455.

Investment Policy - The Agency'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 Agency is authorized to use demand, savings, and money market accounts and certificates of deposit.

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

Deposits and investments at December 31, 2017 were entirely covered by FDIC insurance or collateral investments, as required.

<u>Property Held for Development</u> -	Balance January 1, 2017	Net Additions	Balance December 31, 2017
Land for railroad spur	\$ 168,138	171,533	339,671

Commitments - The Agency has signed a contract to purchase approximately 20 acres of land for \$1,681,660. It is anticipated that the sale will close in 2018.

(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.

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

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

(b) Saratoga County Water Authority, Continued

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.

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 accordance 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.

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

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

(b) Saratoga County Water Authority, Continued

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.

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.

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

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

(b) Saratoga County Water Authority, Continued

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, 2017.

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, <u>2017</u>
Construction fund	\$ 371,535
Debt service reserve fund	2,563,594
Debt service	<u>301</u>
Total cash and cash equivalents held with fiscal agent	\$ <u>2,935,430</u>

Capital Assets, Net - A summary of the Authority's capital assets, net, is as follows:

	January 1, <u>2017</u>	Net Additions (Deletions)	December 31, <u>2017</u>
Land and easement	\$ 1,080,409	-	1,080,409
Land improvements	1,961,969	-	1,961,969
Buildings and improvements	13,284,243	5,313	13,289,556
Infrastructure	60,994,453	10,665	61,005,118
Machinery and equipment	9,303,314	30,191	9,333,505
Vehicles	115,524	16,307	131,831
Office equipment and furniture	76,953	-	76,953
Construction in progress	<u>4,541</u>	<u>67,678</u>	<u>72,219</u>
	86,821,406	130,154	86,951,560
Less accumulated depreciation	<u>(17,599,977)</u>	<u>(2,718,214)</u>	<u>(20,318,191)</u>
Capital assets, net	\$ <u>69,221,429</u>	<u>(2,588,060)</u>	<u>66,633,369</u>

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

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

(b) Saratoga County Water Authority, Continued

Amounts due to the County at December 31, 2017:

Project costs incurred by the County (2003 to 2007), non-interest bearing	\$ 3,246,587
Cash advance, June 2007, interest at 4%	250,000
Service fees	4,117,328
Accrued interest	1,005,378
Repayment	<u>(2,000,000)</u>
	<u>\$ 6,619,293</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. The Authority anticipates that it will repay \$1,000,000 to the County in 2018, and therefore that amount has been reflected as current and the remainder as long-term.

Revenue Bonds - At December 31, 2017, the Authority has \$44,295,000 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. The bonds were refunded in 2016.

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.

The 2016 Water System Refunding Revenue Bonds were issued at \$41,360,000 to refund the 2008 Water System Revenue Bonds. Interest is payable semiannually on March 1 and September 1, at interest rates ranging from 3 to 5%. Principal payments range from \$605,000 to \$32,105,000, and are payable annually on September 1. The bonds are secured by the future operating revenues of the Authority and mature September 1, 2048.

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

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

(b) Saratoga County Water Authority, Continued

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, 2018	\$ 695,000	1,851,219	2,546,219
2019	725,000	1,822,544	2,547,544
2020	765,000	1,786,169	2,551,169
2021	800,000	1,747,794	2,547,794
2022	835,000	1,707,794	2,542,794
2023-2027	4,880,000	7,863,969	12,743,969
2028-2032	6,230,000	6,511,844	12,741,844
2033-2037	7,870,000	4,871,594	12,741,594
2038-2042	9,355,000	3,388,875	12,743,875
2043-2047	10,300,000	1,596,450	11,896,450
2048	<u>1,840,000</u>	<u>73,600</u>	<u>1,913,600</u>
	<u>\$ 44,295,000</u>	<u>33,221,852</u>	<u>77,516,852</u>

Refunded Debt

The Authority issued \$41,360,000 of general obligation refunding bonds to provide resources to purchase U.S. Government and State and Local Government Series Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$42,115,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net position. This advance refunding was undertaken to reduce total debt service payments over the next 32 years by approximately \$11.2 million and resulted in an economic gain of approximately \$6.9 million.

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.

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 2017, the County made a service fee payment of \$250,000.

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

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

(b) Saratoga County Water Authority, Continued

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, 2017 and 2016, there are no retirees.

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

Annual OPEB cost	\$ 10,548
Net OPEB obligation, beginning of year	<u>64,873</u>
Net OPEB obligation, end of year	\$ <u>75,421</u>

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, 2017 and 2016, 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, 2017	\$10,548	0.00%	75,421
December 31, 2016	(\$24)	0.00%	64,873

Funded Status and Funding Progress - As of January 1, 2017, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$22,233 at December 31, 2017, all of which was unfunded.

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

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

(b) Saratoga County Water Authority, Continued
Postemployment Benefits, Continued

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 supplementary 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 2.81% for 2018, 9.50% for 2019, and reduced by annual decrements of 0.5% to an ultimate rate of 5.0%.

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, 2017, was 29 years.

Commitments and Contingencies

Water Service Agreements - The Authority has entered into ten separate water service agreements with the Clifton Park Water Authority, City of Mechanicville, Town of Ballston, Town of Malta, Town of Moreau, Town of Stillwater, Wilton Water and Sewer Authority, Village of Stillwater, Luther Forest Technology Economic Development Corporation and Global Foundries US, Inc. Terms of said 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 84% of operating revenue in 2017 and 2016, respectively, was comprised of user fees received by the Authority related to two of the water service agreements.

Litigation - 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.

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

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

(b) Saratoga County Water Authority, Continued
Commitments and Contingencies, Continued

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.

Debt Defeasance - In 2016, certain outstanding bonds were defeased by placing proceeds of new bonds in an irrevocable trust to provide for all future service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the financial statements. The balance of those defeased bonds, maturing on various dates with a final maturity on September 1, 2048 was \$40,985,000 at December 31, 2017.

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.

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.

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

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

(b) Saratoga County Water Authority, Continued

Pension Plan, Continued

(1) General Information, Continued

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:

2017	\$ 44,155
2016	\$ 55,622
2015	\$ 44,642

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.

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

At December 31, 2017, the Authority reported a liability of \$152,062 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2016, 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, 2017, the Authority's proportion was .0016183%.

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

(13) 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

At December 31, 2017, the Authority reported deferred outflows 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	\$ 3,811	23,091
Changes of assumptions	51,950	-
Net difference between projected and actual investment earnings on pension plan investments	30,373	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,494	28,088
Employer contribution subsequent to the March 31, 2017 measurement date	<u>33,116</u>	<u>-</u>
	<u>\$ 123,744</u>	<u>51,179</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:

2018	\$ 55,663
2019	22,547
2020	17,489
2021	<u>(23,134)</u>
	<u>\$ 72,565</u>

ERS Actuarial Assumptions - The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2016 valuation were a follows:

Interest rate	7.0%
Salary increase	3.8%
Inflation rate	2.5%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

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

(13) 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

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, 2017 for ERS were as follows:

	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Asset type:		
Domestic equity	36.0%	4.55%
International equity	14.0%	6.35%
Private equity	10.0%	7.75%
Real estate	10.0%	5.80%
Absolute return strategies	2.0%	4.00%
Opportunistic portfolio	3.0%	5.89%
Real assets	3.0%	5.54%
Bonds and mortgages	17.0%	1.31%
Cash	1.0%	(0.25%)
Inflation - indexed bonds	<u>4.0%</u>	1.50%
	<u>100.0%</u>	

The real rate of return is net of the long-term inflation assumption of 2.50%.

(3) Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. 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.

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

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

(b) Saratoga County Water Authority, Continued

Pension Plan, Continued

(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 7.0 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

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employers' proportionate share of the net pension asset (liability)	\$ (485,656)	(152,062)	<u>129,199</u>

(5) Pension Plan Fiduciary Net Position

The components of the net pension liability of the employer as of March 31, 2017 was as follows (in millions):

	<u>ERS</u>
Employers' total pension liability	\$ (177,400)
Fiduciary net position	<u>168,004</u>
Employers' net pension liability	\$ <u>(9,396)</u>
Ratio of fiduciary net position to the employers' total pension liability	<u>94.7%</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.

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

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

(c) Saratoga County Prosperity Partnership, Inc., Continued

Transactions with the County of Saratoga - The Partnership receives a contract each year from the County. All unused funds must be returned at the end of the year. In 2017, the County appropriated \$775,000 to the Partnership. The Partnership does not owe any amount back at December 31, 2017.

(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 2017, the Corporation received \$23,881 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:

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

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

(d) Maplewood Manor Local Development Corporation, Continued

	<u>Transfer 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	<u>(10,427,078)</u>
Assets whose use is limited	\$ <u>2,014,528</u>

The sale of these assets was completed on January 31, 2017.

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.

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

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

(d) Maplewood Manor Local Development Corporation, Continued

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.

On January 31, 2017, the Maplewood Manor Health Care Center sale was settled for \$8,385,637, net of a required escrow account and other credits to the purchaser, as described above. Closing costs of \$230,600 were charged against the sale, and the Corporation received net proceeds of \$8,155,038, from which the Corporation recognized a net gain on sale of \$6,140,510.

(14) 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.

(15) Tax Abatements

As of December 31, 2017 the County tax abatement programs include abatements on property taxes, sales taxes and mortgage recording taxes. All abatements agreements are made by various area industrial development agencies, cities and townships.

Property Taxes

All property tax abatements are performed through Payment in Lieu of Tax (PILOT) agreements made by various area industrial development agencies, cities and townships. The PILOT agreements are made to support manufacturing, utilities and other purposes. Total amounts received from PILOT agreements in each of these categories for the year ended December 31, 2017 is as follows:

Manufacturing	\$ 1,562,469
Other	102,397

PILOT agreements entered into by various area industrial development agencies, cities and townships abated \$124,963 of County property taxes in 2017.

(16) Fund Deficits

The Capital Projects fund has a fund deficit of \$31,258 at December 31, 2017. The County intends to remedy this deficit in the subsequent fiscal year.

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

(17) Accounting Standards Not Yet Implemented

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. 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.

GASB Statement No. 83 - "Certain Asset Retirement Obligations." This Statement, issued in November 2016, addresses accounting and financial reporting for certain asset retirement obligations (AROs). Governments that have legal obligations to perform certain future asset retirement activities related to tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, which is the fiscal year beginning January 1, 2019 for the County. 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. 84 - "Fiduciary Activities." This Statement, issued in January 2017, established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement is effective for reporting periods beginning after December 15, 2018, which is the fiscal year beginning January 1, 2019 for the County. This Statement is not expected to have a material effect on the financial statements of the County.

GASB Statement No. 85 - "Omnibus 2017." This Statement, issued in March 2017, addresses issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods 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. 86 - "Certain Debt Extinguishment Issues." This Statement, issued in May 2017, addresses issues related to in substance defeasances occurring through repayment of debt from existing resources. The requirements of this Statement are effective for reporting periods 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 County.

GASB Statement No. 87 - "Leases." This Statement, issued in June 2017, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019, which is the fiscal year beginning January 1, 2020 for the County. Management is in process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the County.

GASB Statement No. 88 - "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This Statement, issued in April of 2018, requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The provisions of this Statement are effective for reporting periods beginning after June 15, 2018, which is the fiscal year beginning January 1, 2019 for the County. Management is in the process of evaluating the potential impact 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. 89 - "Accounting for Interest Cost Incurred before the End of a Construction Period." This Statement, issued in June 2018, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" which are superseded by this Statement. The requirements of this Statements are effective for reporting periods beginning after December 15, 2019, which is the fiscal year beginning January 1, 2020 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 Supplementary Information
Statement of Revenue, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
Year ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Adopted</u>	<u>Modified</u>	<u>Amounts</u>	
Revenue:				
Real property taxes	\$56,927,194	56,927,194	55,523,077	(1,404,117)
Real property tax items	4,953,750	4,953,750	4,767,862	(185,888)
Non-property tax items	120,200,000	120,366,000	123,062,904	2,696,904
Departmental income	10,636,641	10,778,641	11,553,280	774,639
Intergovernmental charges	2,722,591	2,722,591	4,415,827	1,693,236
Use of money and property	401,423	416,459	447,847	31,388
Licenses and permits	65,000	65,000	117,764	52,764
Fines and forfeitures	324,000	324,000	369,493	45,493
Sale of property and compensation for loss	2,554,573	2,554,573	2,142,477	(412,096)
Miscellaneous local sources	2,982,611	4,482,611	635,488	(3,847,123)
State aid	27,090,703	32,093,121	25,387,155	(6,705,966)
Federal aid	17,051,772	18,585,706	17,259,185	(1,326,521)
Total revenue	<u>245,910,258</u>	<u>254,269,646</u>	<u>245,682,359</u>	<u>(8,587,287)</u>
Expenditures:				
General government support	85,359,489	85,235,207	84,111,269	1,123,938
Education	17,985,000	20,006,114	20,000,026	6,088
Public safety	36,063,237	42,062,067	38,490,862	3,571,205
Health	17,693,083	17,772,592	16,918,696	853,896
Transportation	1,306,271	3,586,023	687,584	2,898,439
Economic assistance and opportunity	60,713,357	60,464,514	59,501,780	962,734
Culture and recreation	1,100,425	1,132,478	1,094,680	37,798
Home and community services	3,088,826	3,417,236	3,367,903	49,333
Debt service	3,222,597	3,222,597	3,222,597	-
Total expenditures	<u>226,532,285</u>	<u>236,898,828</u>	<u>227,395,397</u>	<u>9,503,431</u>
Other financing sources (uses):				
Operating transfers in	-	119,057	-	(119,057)
Operating transfers out	(19,377,973)	(20,553,029)	(20,553,017)	12
Total other financing uses	<u>(19,377,973)</u>	<u>(20,433,972)</u>	<u>(20,553,017)</u>	<u>(119,045)</u>
Excess of revenue over expenditures and other sources (uses)	<u>\$ -</u>	<u>(3,063,154)</u>	<u>(2,266,055)</u>	<u>797,099</u>
Fund balance at beginning of year			<u>33,129,362</u>	
Fund balance at end of year			<u>\$30,863,307</u>	

COUNTY OF SARATOGA, NEW YORK
Required Supplementary 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)
January 1, 2017	\$ -	233,663,182	233,663,182	0.00%	57,329,348	406%
January 1, 2016	-	176,430,225	176,430,225	0.00%	56,778,955	311%
January 1, 2015	-	169,681,803	169,681,803	0.00%	61,263,111	277%

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, 2017	\$ -	4,427	4,427	0.00%	352,000	1.3%
December 31, 2016	-	4,257	4,257	0.00%	311,927	1.4%
December 31, 2015	-	3,167	3,167	0.00%	305,011	1.5%

COUNTY OF SARATOGA, NEW YORK
Required Supplementary Information
Schedule of County's Proportionate Share of the Net Pension Liability
Year ended December 31, 2017

<u>NYSERS Pension Plan</u>			
<u>County-wide</u>			
	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability	0.2596440%	0.2978990%	0.2998883%
County's proportionate share of the net pension liability	\$24,396,728	\$47,813,621	\$10,130,958
County's covered payroll	\$57,329,348	\$56,778,955	\$61,263,111
County's proportionate share of the net pension liability as a percentage of its covered payroll	42.56%	84.21%	16.54%
Plan fiduciary net position as a percentage of the total pension liability	0.0%	90.7%	97.9%
<u>Governmental Activities</u>			
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Governmental activities proportion of the net pension liability	0.2471586%	0.2828585%	0.2833960%
Governmental activities proportionate share of the net pension liability	\$23,223,577	\$45,303,272	\$ 9,624,412
Governmental activities covered payroll	\$54,572,585	\$53,797,901	\$58,199,697
Governmental activities proportionate share of the net pension liability as a percentage of its covered payroll	42.56%	84.21%	16.54%
<u>Sewer District</u>			
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Fund's proportion of the net pension liability	0.0124854%	0.0156405%	0.0164930%
Fund's proportionate share of the net pension liability	\$ 1,173,151	\$ 2,510,349	\$ 506,546
Fund's covered payroll	\$ 2,756,763	\$ 2,981,054	\$ 3,063,144
Fund's proportionate share of the net pension liability as a percentage of its covered payroll	42.56%	84.21%	16.54%

* The schedule is presented to illustrate the requirement for 10 years. However, until a full 10 year trend is compiled, the County is presenting information for those years for which information is available from the NYS Retirement System.

COUNTY OF SARATOGA, NEW YORK
Required Supplementary Information
Schedule of County's Pension Contributions
Year ended December 31, 2017

NYSERS Pension Plan						
	<u>County-wide</u>					
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 8,834,255	8,903,604	10,728,541	12,160,083	12,336,753	12,370,870
Contributions in relation to the contractually required contribution	<u>8,834,255</u>	<u>8,903,604</u>	<u>10,728,541</u>	<u>12,160,083</u>	<u>12,336,753</u>	<u>12,370,870</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$57,329,348	56,778,955	61,263,111	63,150,465	62,407,807	66,174,183
Contributions as a percentage of covered payroll	15.41%	15.68%	17.51%	19.26%	19.77%	18.69%
	<u>Governmental Activities</u>					
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 840,947	8,439,667	10,138,512	11,534,897	11,694,724	11,727,065
Contributions in relation to the contractually required contribution	<u>840,947</u>	<u>8,439,667</u>	<u>10,138,512</u>	<u>11,534,897</u>	<u>11,694,724</u>	<u>11,727,065</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$54,572,585	53,797,901	58,199,967	59,903,710	59,159,980	62,730,346
Contributions as a percentage of covered payroll	1.54%	15.69%	17.42%	19.26%	19.77%	18.69%
	<u>Sewer District</u>					
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 424,808	463,937	590,029	625,186	642,029	643,805
Contributions in relation to the contractually required contribution	<u>424,808</u>	<u>463,937</u>	<u>590,029</u>	<u>625,186</u>	<u>642,029</u>	<u>643,805</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund's covered payroll	\$ 2,756,763	2,981,054	3,063,144	3,246,755	3,247,827	3,443,837
Contributions as a percentage of covered payroll	15.41%	15.56%	19.26%	19.26%	19.77%	18.69%

* The schedule is presented to illustrate the requirement for 10 years. However, until a full 10 year trend is compiled, the County is presenting information for those years for which information is available from the NYS Retirement System.

COUNTY OF SARATOGA, NEW YORK
Other Supplementary Information
Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2017

	Special Revenue Funds				Capital	Total
	County	Road	Employment	Federal	Projects	Nonmajor
	Road	Machinery	and Training	Forfeitures		Governmental
						Funds
Assets:						
Cash and equivalents	\$ 2,415	-	1,402	226,188	-	230,005
Accounts receivable	525,866	683,427	6,114	-	-	1,215,407
State and federal receivables	2,818,959	-	-	-	-	2,818,959
Due from other funds	<u>1,689,793</u>	<u>1,074,659</u>	<u>78,483</u>	<u>-</u>	<u>-</u>	<u>2,842,935</u>
Total assets	<u>\$ 5,037,033</u>	<u>1,758,086</u>	<u>85,999</u>	<u>226,188</u>	<u>-</u>	<u>7,107,306</u>
Liabilities, deferred inflows and fund balances:						
Liabilities:						
Accounts payable	396,297	368,506	18,382	-	31,258	814,443
Due to other funds	<u>1,148,446</u>	<u>122,677</u>	<u>17,368</u>	<u>-</u>	<u>-</u>	<u>1,288,491</u>
Total liabilities	<u>1,544,743</u>	<u>491,183</u>	<u>35,750</u>	<u>-</u>	<u>31,258</u>	<u>2,102,934</u>
Deferred inflows of resources	<u>2,979,948</u>	<u>683,427</u>	<u>50,249</u>	<u>-</u>	<u>-</u>	<u>3,713,624</u>
Fund balances:						
Restricted	-	-	-	226,188	-	226,188
Assigned - unappropriated	512,342	583,476	-	-	-	1,095,818
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,258)</u>	<u>(31,258)</u>
Total fund balances (deficit)	<u>512,342</u>	<u>583,476</u>	<u>-</u>	<u>226,188</u>	<u>(31,258)</u>	<u>1,290,748</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 5,037,033</u>	<u>1,758,086</u>	<u>85,999</u>	<u>226,188</u>	<u>-</u>	<u>7,107,306</u>

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Other Supplementary Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
Year ended December 31, 2017

	Special Revenue Funds				Capital	Total
	County <u>Road</u>	Road <u>Machinery</u>	Employment <u>and Training</u>	Federal <u>Forfeitures</u>	Projects	Nonmajor Governmental <u>Funds</u>
Revenue:						
Departmental income	\$ -	-	832	-	-	832
Intergovernmental charges	331,756	-	-	-	-	331,756
Use of money and property	-	1,176,000	-	102	-	1,176,102
Fines and forfeitures	-	-	-	45,952	-	45,952
Sale of property and compensation for loss	20,617	28,227	-	-	-	48,844
Miscellaneous local sources	31,921	230,472	19,047	-	-	281,440
State aid	1,314,856	-	-	-	-	1,314,856
Federal aid	<u>2,949,464</u>	<u>-</u>	<u>974,375</u>	<u>-</u>	<u>-</u>	<u>3,923,839</u>
Total revenue	<u>4,648,614</u>	<u>1,434,699</u>	<u>994,254</u>	<u>46,054</u>	<u>-</u>	<u>7,123,621</u>
Expenditures:						
General government support	-	-	-	-	423,549	423,549
Public safety	935,681	-	-	22,078	-	957,759
Transportation	18,606,134	6,291,972	-	-	-	24,898,106
Economic assistance and opportunity	<u>-</u>	<u>-</u>	<u>994,254</u>	<u>-</u>	<u>-</u>	<u>994,254</u>
Total expenditures	<u>19,541,815</u>	<u>6,291,972</u>	<u>994,254</u>	<u>22,078</u>	<u>423,549</u>	<u>27,273,668</u>
Other sources - operating transfers in	<u>14,609,959</u>	<u>4,588,338</u>	<u>-</u>	<u>-</u>	<u>1,354,720</u>	<u>20,553,017</u>
Excess (deficit) of revenue over expenditures and other sources	(283,242)	(268,935)	-	23,976	931,171	402,970
Fund balance (deficit) at beginning of year	<u>795,584</u>	<u>852,411</u>	<u>-</u>	<u>202,212</u>	<u>(962,429)</u>	<u>887,778</u>
Fund balance (deficit) at end of year	<u>\$ 512,342</u>	<u>583,476</u>	<u>-</u>	<u>226,188</u>	<u>(31,258)</u>	<u>1,290,748</u>