

**COUNTY OF RENSSELAER,  
NEW YORK**

*Basic Financial Statements, Required  
Supplementary Information, and Federal and  
New York State Department of Transportation  
Financial Assistance Schedules for the  
Year Ended December 31, 2009 and  
Independent Auditors' Reports*



**COUNTY OF RENSSELAER, NEW YORK**  
**Table of Contents**  
**Year Ended December 31, 2009**

---

	<b>Page</b>
Independent Auditors' Report .....	1
Management's Discussion and Analysis .....	3
Basic Financial Statements:	
<b>Government-wide Financial Statements:</b>	
Statement of Net Assets (Deficits).....	16
Statement of Activities.....	17
<b>Fund Financial Statements:</b>	
Balance Sheet—Governmental Funds .....	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets (Deficits) .....	19
Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds .....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	21
Statement of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—General Fund .....	22
Statement of Net Assets (Deficit)—Proprietary Funds.....	23
Statement of Revenues, Expenses and Changes in Fund Net Assets (Deficit)—Proprietary Funds .....	24
Statement of Cash Flows—Proprietary Funds.....	25
Statement of Fiduciary Net Assets—Fiduciary Fund .....	27
Notes to the Financial Statements .....	28
<b>Supplemental Schedules:</b>	
Combining Balance Sheet – Non-Major Governmental Funds .....	58
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds .....	59

(continued)

**COUNTY OF RENSSELAER, NEW YORK**  
**Table of Contents**  
**Year Ended December 31, 2009**

---

(concluded)

**Page**

**Federal Awards:**

Schedule of Expenditures of Federal Awards .....	60
Notes to the Schedule of Expenditures of Federal Awards .....	63
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	64
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	66
Schedule of Findings and Questioned Costs .....	68
Schedule of Prior Year Audit Findings .....	71

**New York State Department of Transportation**  
**Part 43 OF NYCRR Schedules and Reports:**

Schedule of Expenditures of New York State Department of Transportation Assistance .....	72
Notes to Schedule of Expenditures of New York State Department of Transportation Assistance .....	73
Independent Auditors' Report on Compliance and Internal Control Over State Transportation Assistance Expended Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards .....	74
Schedule of Findings and Questioned Costs of New York State Department of Transportation Assistance .....	76

---

Certified Public Accountants

## **INDEPENDENT AUDITORS' REPORT**

Honorable County Executive and County Legislature  
County of Rensselaer, New York:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of County of Rensselaer, New York (the "County") as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Hudson Valley Community College and the Rensselaer County Industrial Development Agency, which are shown as discretely presented component units. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for discretely presented component units, 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 of material misstatement. The financial statements of the Rensselaer County Industrial Development Agency were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provides a reasonable basis for our 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, each major fund, and the aggregate remaining fund information of the County at December 31, 2009, and the respective changes in financial position and cash flows, where applicable thereof and respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 18 to the basic financial statements, the Enterprise Fund of the County has deficit net assets.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated May 7, 2010, on our consideration of County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis as listed in the forgoing table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United State of America. This information is the responsibility of the County's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the County's respective financial statements that collectively comprise the County's basic financial statements. The accompanying Combining Balance Sheet – Non-Major Governmental Funds and Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds are presented for purpose of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of New York State Department of Transportation assistance as listed in the table of contents is presented for the purpose of additional analysis as required by the New York State Department of Transportation and Draft Part 43 of the New York State Codification of Rules and Regulations, and is not a required part of the basic financial statements. These schedules are the responsibility of the County's management. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects when considered in relation to the basic financial statements taken as a whole. The County's basic financial statements include the operations of the Hudson Valley Community College and the Rensselaer County Industrial Development Agency, which expended \$27,206,247 and \$-0- of federal awards, respectively, which are not included in the County's Schedule of Expenditures of Federal Awards for the year ended December 31, 2009. Our audit, as described in our report on compliance and internal control over compliance applicable to each major federal award program, did not include the operations of the Hudson Valley Community College and the Rensselaer County Industrial Development Agency, as other auditors were engaged to perform such audits in accordance with OMB Circular A-133, as applicable.



May 7, 2010

**COUNTY OF RENSSELAER, NEW YORK**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2009**

---

As management of the County of Rensselaer (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2009. We encourage readers to consider the information presented here in conjunction with additional information contained in the financial statements and notes to the financial statements. All amounts, unless otherwise indicated, are expressed in dollars.

**Financial Highlights**

- ◆ The assets of the County, excluding discretely presented component units (the Rensselaer County Industrial Development Agency and the Hudson Valley Community College), exceeded total liabilities at the close of the most recent fiscal year by \$9,227,701 (*net assets*). The County has a net deficit in its *unrestricted net assets* category of \$7,748,997.
- ◆ The primary government's total net assets increased by \$1,490,132 during the current fiscal year. The increase, which occurred in the governmental activities, represents the degree to which increases in revenues have outpaced similar increases in expenses.
- ◆ As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$25,339,074, a decrease of \$11,018,964 in comparison with the prior year. Approximately 82 percent of this total amount, or \$20,776,450, is *available for spending* at the County's discretion (*unreserved, undesignated fund balance*).
- ◆ At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$8,850,995 or 4.0 percent of total General Fund expenditures.
- ◆ Net assets for the discretely presented component units, the Rensselaer County Industrial Development Agency and the Hudson Valley Community College, were \$5,191,571 at December 31, 2009 and \$34,311,891 at August 31, 2009, respectively.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) governmental-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to remove all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government support, education, public safety, health, transportation, economic assistance and opportunity, culture and recreation, and home and community services. The business-type activity of the County is the Van Rensselaer Manor.

The government-wide financial statements include, not only the County itself (known as the *primary government*), but also a legally separate college (Hudson Valley Community College) and a legally separate development agency (Rensselaer County Industrial Development Agency) for which the County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 16-17 of this report.

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

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

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

The County maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General and Capital Projects Funds, which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregate presentation.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18-22 of this report.

**Proprietary funds.** The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses an enterprise fund to account for its Van Rensselaer Manor (nursing home) operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for the operation of the health self-insurance, workers' compensation self-insurance and central internal services programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Van Rensselaer Manor, which is considered to be a major fund of the County. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 23-26 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fiduciary funds are *not* reflected in the government-wide financial statements because the resources of the funds are *not* available to support the County's own programs. The accounting used for the fiduciary funds are much like that used for proprietary funds. The County maintains one fiduciary fund, the Agency Fund.

The basic fiduciary fund financial statement can be found on page 27 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-57 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$9,227,701 at the close of the most recent fiscal year.

**THE COUNTY OF RENSSELAER'S NET ASSETS**

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Current assets	\$ 101,813,978	\$ 106,592,124	\$ 16,543,759	\$ 14,177,282	\$ 118,357,737	\$ 120,769,406
Capital assets	106,617,435	94,928,557	15,189,213	16,443,961	121,806,648	111,372,518
Total assets	<u>208,431,413</u>	<u>201,520,681</u>	<u>31,732,972</u>	<u>30,621,243</u>	<u>240,164,385</u>	<u>232,141,924</u>
Current liabilities	67,808,380	64,041,537	3,111,013	2,320,722	70,919,393	66,362,259
Non-current liabilities	124,858,117	123,194,268	35,159,174	34,847,828	160,017,291	158,042,096
Total liabilities	<u>192,666,497</u>	<u>187,235,805</u>	<u>38,270,187</u>	<u>37,168,550</u>	<u>230,936,684</u>	<u>224,404,355</u>
Net assets (deficit):						
Invested in capital assets						
net of related debt	24,682,148	23,217,432	(10,436,084)	(10,247,888)	14,246,064	12,969,544
Restricted	2,730,634	3,721,007	-	-	2,730,634	3,721,007
Unrestricted	<u>(11,647,866)</u>	<u>(12,653,563)</u>	<u>3,898,869</u>	<u>3,700,581</u>	<u>(7,748,997)</u>	<u>(8,952,982)</u>
Total net assets (deficit)	<u>\$ 15,764,916</u>	<u>\$ 14,284,876</u>	<u>\$ (6,537,215)</u>	<u>\$ (6,547,307)</u>	<u>\$ 9,227,701</u>	<u>\$ 7,737,569</u>

At the end of the current fiscal year, the County's governmental activities is able to report positive balances in two categories of net assets, both invested in capital assets, net of related debt and restricted net assets report positive balances. Unrestricted net assets show a deficit balance, which indicates its long term outlook does rely on future revenue streams.

The business-type activity reports a positive unrestricted net assets and a deficit in the invested in capital assets, net of related debt category.

The deficit in the County's net assets that are invested in capital assets, net of related debt, indicates that the County has borrowed to finance the acquisition of a substantial portion of its assets and that the assets are depreciating more quickly than the debt to acquire such assets is being paid. This deficit is largely attributable to the business-type activities of the Van Rensselaer Manor.

An additional portion of the County's net assets represents resources that are subject to external restrictions on how they may be used.

There was an improvement of \$1,005,697 (from a prior year deficit balance of \$12,653,563 at December 31, 2008) in unrestricted net assets reported in the County's governmental activities. The change reflects the overall change in total net assets as a result of operating activities during 2009.

The County's total net assets increased \$1,490,132 during the current fiscal year. Key elements of this increase are as follows:

**THE COUNTY OF RENSSELAER'S CHANGES IN NET ASSETS (DEFICIT)**

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 30,891,052	\$ 35,418,892	\$ 29,458,424	\$ 30,248,192	\$ 60,349,476	\$ 65,667,084
Operating grants and contributions	90,615,176	74,368,972	5,358,618	15,776,843	95,973,794	90,145,815
Capital grants and contributions	5,939,206	2,140,980	-	-	5,939,206	2,140,980
General revenues:						
Real property taxes and tax items	59,466,760	56,762,050	-	-	59,466,760	56,762,050
Non-property taxes	68,644,880	71,889,693	-	-	68,644,880	71,889,693
Use of money and property	2,851,092	3,434,297	-	-	2,851,092	3,434,297
Other	978,983	1,237,749	-	-	978,983	1,237,749
Total revenues	<u>259,387,149</u>	<u>245,252,633</u>	<u>34,817,042</u>	<u>46,025,035</u>	<u>294,204,191</u>	<u>291,277,668</u>
Expenses:						
General government support	39,491,133	42,200,395	-	-	39,491,133	42,200,395
Education	22,293,129	20,563,367	-	-	22,293,129	20,563,367
Public safety	31,970,009	30,476,148	-	-	31,970,009	30,476,148
Health	21,462,496	21,685,740	-	-	21,462,496	21,685,740
Transportation	11,425,142	11,306,539	-	-	11,425,142	11,306,539
Economic opportunity and development	117,263,631	110,479,391	-	-	117,263,631	110,479,391
Culture and recreation	554,491	526,966	-	-	554,491	526,966
Home and community services	4,721,228	5,079,484	-	-	4,721,228	5,079,484
Interest and fiscal charges	5,269,811	5,951,939	-	-	5,269,811	5,951,939
Van Rensselaer Manor	-	-	38,262,989	44,772,612	38,262,989	44,772,612
Total expenses	<u>254,451,070</u>	<u>248,269,969</u>	<u>38,262,989</u>	<u>44,772,612</u>	<u>292,714,059</u>	<u>293,042,581</u>
Transfers	<u>(3,456,039)</u>	<u>(2,244,209)</u>	<u>3,456,039</u>	<u>2,244,209</u>	<u>-</u>	<u>-</u>
Change in net assets (deficit)	1,480,040	(5,261,545)	10,092	3,496,632	1,490,132	(1,764,913)
Net assets (deficit)—beginning	<u>14,284,876</u>	<u>19,546,421</u>	<u>(6,547,307)</u>	<u>(10,043,939)</u>	<u>7,737,569</u>	<u>9,502,482</u>
Net assets (deficit)—ending	<u>\$ 15,764,916</u>	<u>\$ 14,284,876</u>	<u>\$ (6,537,215)</u>	<u>\$ (6,547,307)</u>	<u>\$ 9,227,701</u>	<u>\$ 7,737,569</u>

**Governmental activities.** Governmental activities increased the County's net assets by \$1,480,040. A summary of revenues for governmental activities for the years ended December 31, 2009 and 2008 is presented on the following page.

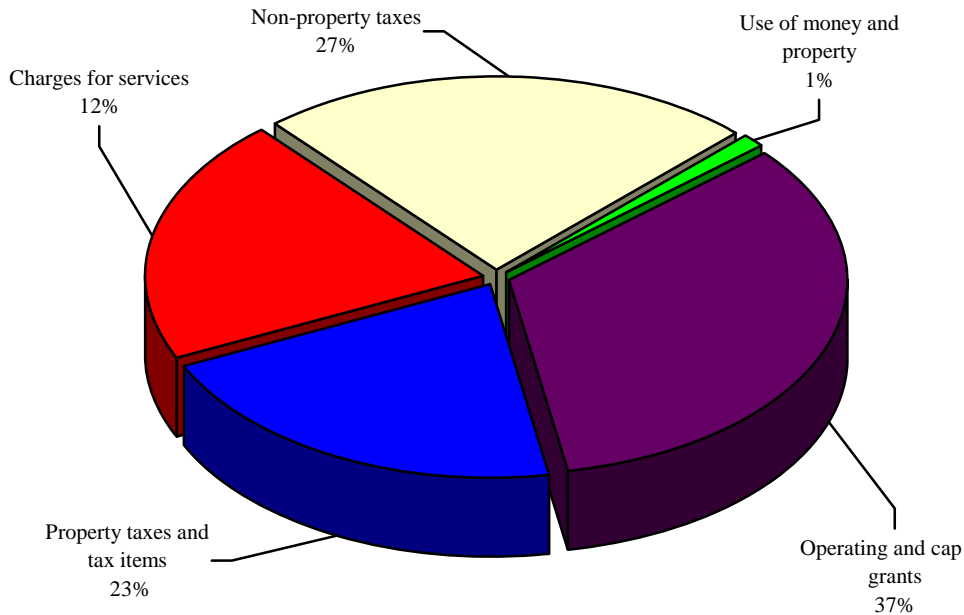
**SUMMARY OF REVENUES — GOVERNMENTAL ACTIVITIES**

	Year Ended December 31,		Increase/(Decrease)	
	2009	2008	\$	%
Charges for services	\$ 30,891,052	\$ 35,418,892	\$ (4,527,840)	(12.8)
Operating and capital grants	96,554,382	76,509,952	20,044,430	26.2
Property taxes and tax items	59,466,760	56,762,050	2,704,710	4.8
Non-property taxes	68,644,880	71,889,693	(3,244,813)	(4.5)
Use of money and property	2,851,092	3,434,297	(583,205)	(17.0)
Other	978,983	1,237,749	(258,766)	(20.9)
Total revenues	<u>\$ 259,387,149</u>	<u>\$ 245,252,633</u>	<u>\$ 14,134,516</u>	5.8

- ◆ Operating and capital grants increased by \$20,044,430, from the prior year. The increase is primarily due to federal stimulus funds received as a result of the passage of the American Recovery and Reinvestment Act (ARRA) of 2009 and from expansion of eligibility and benefits under the federal Food Stamp Program.
- ◆ Charges for services decreased by \$4,527,840 or 12.8% from the prior year. The decrease is a result of a decrease in charges from the County to Van Rensselaer Manor for administrative and operating services provided.
- ◆ Non-property taxes (primarily sales tax) decreased by \$3,244,813, or 4.5 percent from the prior year, which is a result of a decrease in sales within the County.

As presented below, the most significant sources of revenues for governmental activities are operating and capital grants, which account for 37 percent of total revenues; non-property taxes, which account for 27 percent of total revenue; and property taxes and tax items, which account for 23 percent of total revenues for the year ended December 31, 2009.

**REVENUES BY SOURCE — GOVERNMENTAL ACTIVITIES**



A summary of program expenses of governmental activities for the years ended December 31, 2009 and 2008 is presented below.

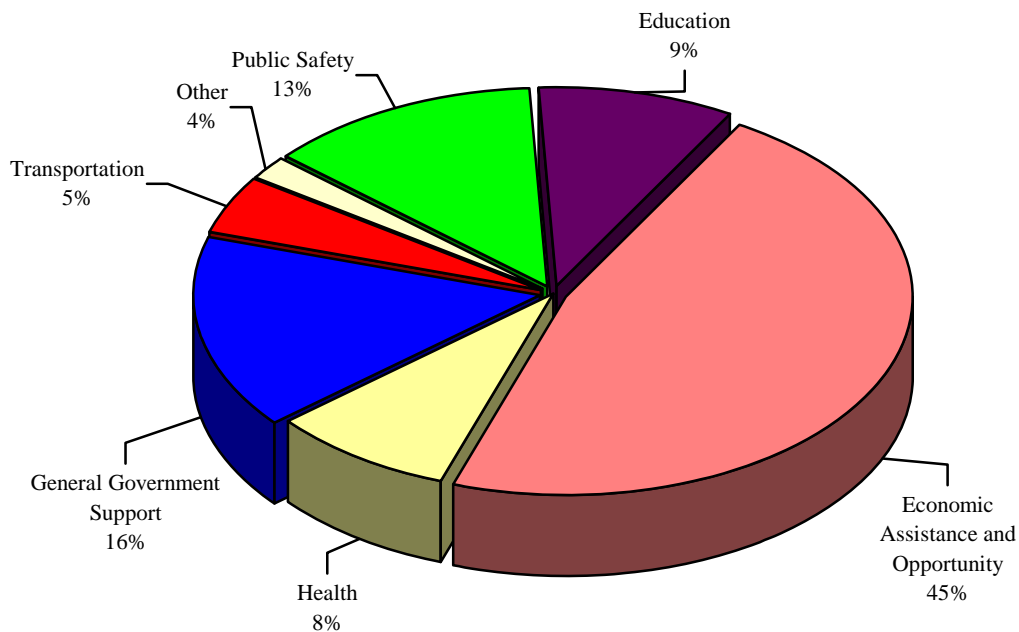
**SUMMARY OF PROGRAM EXPENSES — GOVERNMENTAL ACTIVITIES**

	Year Ended December 31,		Increase/(Decrease)	
	2009	2008	Dollars	Percent
General government support	\$ 39,491,133	\$ 42,200,395	\$ (2,709,262)	(6.4)
Education	22,293,129	20,563,367	1,729,762	8.4
Public safety	31,970,009	30,476,148	1,493,861	4.9
Health	21,462,496	21,685,740	(223,244)	(1.0)
Transportation	11,425,142	11,306,539	118,603	1.0
Economic assistance and opportunity	117,263,631	110,479,391	6,784,240	6.1
Culture and recreation	554,491	526,966	27,525	5.2
Home and community services	4,721,228	5,079,484	(358,256)	(7.1)
Interest and fiscal charges	5,269,811	5,951,939	(682,128)	(11.5)
Total program expenses	<u>\$ 254,451,070</u>	<u>\$ 248,269,969</u>	<u>\$ 6,181,101</u>	2.5

The most significant increase in expenses occurred in the economic assistance and opportunity category, which increased \$6,784,240 or 6.1% from the prior year. The increase was driven primarily by additional expenditures in the County’s federal programs, resulting from federal stimulus funds received during the year ended December 31, 2009.

As presented below, the County’s most significant expense categories for governmental activities are economic assistance and opportunity (primarily composed of social service costs), which accounts for approximately 45 percent of program expenses; general government support expenses, which accounts for approximately 16 percent of program expenses; and public safety expenses which are approximately 13 percent of program expenses.

**EXPENSES BY TYPE — GOVERNMENTAL ACTIVITIES**



**Business-type activities.** Business-type activities (Van Rensselaer Manor) increased the County’s net assets by \$10,092. Operating revenues and expenses for the year ended December 31, 2009 decreased 24.4 percent and 14.6 percent, respectively, from the year ended December 31, 2008.

A summary of operating revenues and operating expenses for the County’s business-type activities for the years ended December 31, 2009 and 2008 is presented as follows:

**SUMMARY OF OPERATING REVENUES AND EXPENSES — BUSINESS-TYPE ACTIVITIES**

	Year Ended December 31,		Increase/(Decrease)	
	2009	2008	\$	%
Operating revenues:				
Charges for services	\$ 29,458,424	\$ 30,248,192	\$ (789,768)	(2.6)
Operating grants and contributions	5,358,618	15,776,843	(10,418,225)	(66.0)
Total operating revenues	<u>\$ 34,817,042</u>	<u>\$ 46,025,035</u>	<u>\$ (11,207,993)</u>	(24.4)
Operating expenses:				
Nursing and medical	\$ 15,728,348	\$ 15,153,405	\$ 574,943	3.8
Ancillary	7,136,021	7,256,032	(120,011)	(1.7)
Administrative and general	3,635,661	10,368,915	(6,733,254)	(64.9)
Fringe benefits	6,595,780	6,431,076	164,704	2.6
Other post-employment benefits	1,553,737	1,657,796	(104,059)	(6.3)
Interest expense	1,661,761	1,798,930	(137,169)	(7.6)
Depreciation	1,535,242	1,535,745	(503)	(0.0)
Bad debt expense	132,300	257,637	(125,337)	(48.6)
Total operating expenses	<u>\$ 37,978,850</u>	<u>\$ 44,459,536</u>	<u>\$ (6,480,686)</u>	(14.6)

The most significant source of revenues relating to the County’s business-type activities is charges for services, of which remained relatively flat during 2009. However, operating grants and contributions decreased by \$10,418,225 or 66% of which is primarily the result of a decrease in intergovernmental transfer revenue (“IGT”) received, as in the prior year the revenues received were for the prior three years as opposed to revenues received for one year’s allocation in 2009.

Overall expenses decreased by \$6,480,686 or 14.6%. The decrease is primarily the result of a reduction in the Manor’s reimbursement to the County for indirect costs charges associated with administration and operations.

**Financial Analysis of the Government’s Funds**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental funds.** The focus of the County’s *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the County’s financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

**THE COUNTY OF RENSSELAER'S GOVERNMENTAL FUNDS' FUND BALANCES**

**December 31, 2009**

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Reserved	\$ 916,488	\$ -	\$ 2,983,219	\$ 3,899,707
Unreserved:				
Designated	-	-	662,917	662,917
Undesignated	<u>8,850,995</u>	<u>7,519,757</u>	<u>4,405,698</u>	<u>20,776,450</u>
Total fund balances	<u>\$ 9,767,483</u>	<u>\$ 7,519,757</u>	<u>\$ 8,051,834</u>	<u>\$ 25,339,074</u>

**December 31, 2008**

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Reserved	\$ 205,819	\$ -	\$ 3,756,676	\$ 3,962,495
Unreserved:				
Designated	-	-	635,727	635,727
Undesignated	<u>5,453,152</u>	<u>22,815,619</u>	<u>3,491,045</u>	<u>31,759,816</u>
Total fund balances	<u>\$ 5,658,971</u>	<u>\$ 22,815,619</u>	<u>\$ 7,883,448</u>	<u>\$ 36,358,038</u>

As of the end of the current fiscal year, the County governmental funds reported combined ending fund balances of \$25,339,074, a decrease of \$11,018,964 in comparison with the prior year. Of the total governmental fund, fund balance of \$25,339,074, approximately 82 percent (\$20,776,450) constitutes *unreserved, undesignated fund* balance, of which \$7,519,757 is set aside for capital projects, and the remaining is available for spending at the government's discretion. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed for a variety of purposes. The decrease in total fund balance is primarily the result of capital projects activity for 2009.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$8,850,995, while total fund balance was \$9,767,483. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved, undesignated fund balance and total fund balance to total General Fund expenditures. Unreserved, undesignated fund balance represents approximately 4.0 percent of total General Fund expenditures, while total fund balance represents approximately 4.4 percent of that same amount. The fund balance of the General Fund increased by \$4,108,512 during the current fiscal year primarily as a result of the County's ability to control costs across many areas of County government, especially in the areas of general government support and public safety. In addition, American Recovery and Reinvestment Act (ARRA) revenues were available to offset the loss of general revenues, such as sales and property taxes, which were negatively impacted by the economic downturn.

The fund balance in the Capital Projects Fund decreased from \$22,815,619 at December 31, 2008 to \$7,519,757 at December 31, 2009. The decrease is the result of expenditures associated with ongoing capital projects exceeding revenues.

**Proprietary funds.** The County's proprietary funds provide the same type of information found in the governmental-wide financial statements, but in more detail.

The unrestricted net assets of Van Rensselaer Manor (the County's only enterprise fund) at the end of year amounted to \$3,898,869 and the total net asset deficit was \$6,537,215. During 2009, this total net deficit was reduced by \$10,092. The operating activities of the Manor for 2009 showed an operating loss of \$3,161,808 and the nonoperating revenues and expenses (primarily a contribution from the County's General Fund) netted to a total nonoperating revenue of \$3,171,900, which resulted in the reduction in the net deficit by \$10,092.

### **General Fund Budgetary Highlights**

The *Statements of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual* for the County's major funds which adopt an annual budget provide the reader of the statements detailed information about how the County's budgets were amended throughout the year. In addition, "budget to actual" variances are displayed.

The County's adopted budget assumed that the General Fund would not require the use of appropriated fund balance to meet operational needs; however, outstanding encumbrances from the prior year resulted in the appropriation of \$70,789 of fund balance.

Throughout the year, the County's budget is modified, usually to reflect the acceptance of new state and federal grants. These grants explain the majority of the increases in appropriations and revenue from the adopted to modified budget scenarios. Significant grants for which the budget was amended throughout the year included state grants for terrorism response and various social service programs. Overall, the General Fund's budgeted appropriations increased by approximately 4 percent during the year.

For the General Fund, actual revenues were less than budgeted by \$8,198,454. This significant variance in budgeted revenues is attributable to nonproperty tax items, which is largely due to sales tax and the prediction of an increase which given the state of the economy, did not happen and state aid, which consisted primarily of aid for social service programs and is offset as discussed in the ensuing paragraph.

The General Fund had a favorable variance from budgetary appropriations of \$14,427,966. The primary positive variances were realized in public safety and general government support. The County achieved savings in several other budgeted areas, with the most significant being economic assistance and opportunity, health and home and community services.

### **Capital Asset and Debt Administration**

**Capital assets.** The County's investment in capital assets for its governmental and business-type activities as of December 31, 2009 amounts to \$121,806,648 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and building improvements, infrastructure, and machinery and equipment.

A summary of the County's capital assets is as follows:

**THE COUNTY OF RENNELAER'S CAPITAL ASSETS  
(Net of Depreciation)**

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 672,880	\$ 672,880	\$ 550,000	\$ 550,000	\$ 1,222,880	\$ 1,222,880
Construction in progress	34,914,480	19,795,188	-	-	34,914,480	19,795,188
Land improvements	68,200	66,200	-	-	68,200	66,200
Buildings and building improvements	29,015,915	30,865,752	9,871,577	10,594,516	38,887,492	41,460,268
Equipment	7,201,839	7,777,442	4,767,636	5,299,445	11,969,475	13,076,887
Infrastructure	34,744,121	35,751,095	-	-	34,744,121	35,751,095
<b>Total</b>	<b>\$ 106,617,435</b>	<b>\$ 94,928,557</b>	<b>\$ 15,189,213</b>	<b>\$ 16,443,961</b>	<b>\$ 121,806,648</b>	<b>\$ 111,372,518</b>

Total government activities capital asset additions for 2009 were \$18,931,612, with major additions being in the construction in progress (representing ongoing capital projects) for County jail renovations and expansion. Governmental activities depreciation for 2009 was \$7,107,743.

Business-type activities had capital asset acquisitions of \$280,494 for 2009, which represents new equipment purchases. Business-type activities depreciation for 2009 was \$1,535,242.

In the business-type activity depreciation expense and capital asset disposals exceeded the value of assets added, leading to the total net decrease in the book value of assets of \$1,254,748.

For additional information on capital assets, please refer to the notes to the financial statements.

**Long-term debt.** The County currently has approximately \$99,000,000 in total bonded debt for functions considered governmental activities. This includes serial bonds (and accreted interest on capital appreciation bonds) and bonds issued by the Rensselaer Tobacco Asset Securitization Corporation (the "RTASC").

As previously discussed, the RTASC is considered a component unit of the County and its long-term debt is included within the non-current liabilities of the County. The long-term debt of RTASC is \$44,832,584. The County created the RTASC in 2001. The purpose of RTASC was to issue bonds backed by the County's interests in the national tobacco Master Settlement Agreement ("MSA") in exchange for the County's future rights to a portion of this revenue stream. The County was entitled to the proceeds of this sale as compensation. In turn, the County set aside the majority of the proceeds in an irrevocable trust to legally defease over \$26,000,000 in outstanding long-term bonds; the additional proceeds were set aside for capital projects.

The County's business-type activity, Van Rensselaer Manor, also has long-term debt issued and recorded as a liability. The amount outstanding primarily consists of leasehold revenue bonds originally issued in 1994 and refunded in 2009, for purposes of constructing a new nursing home. The outstanding principal totals \$28,980,000 as of December 31, 2009.

The County also has debt for deferred pension liabilities, compensated absences and capital leases.

The County has an “A3” rating from Moody’s Investors Service and a AA- rating from Standard & Poor’s.

For additional information on the County’s long-term debt, refer to the notes to the financial statements.

### **Economic Factors and Next Year’s Budgets**

New York State requires that counties expend significant local resources for unfunded mandates. In recent years, rapid growth in some of these programs has placed fiscal stress on many counties, including Rensselaer.

In particular, the expansion of the state run Medicaid program has caused the County to experience expenditure increases despite a “cap” in the percentage of annual growth. New York State’s current financial difficulties only increase the likelihood that they will continue to pass additional costs down to the county level.

The current national economic downturn will also place stress on New York State counties over the foreseeable future. As a result of the difficult economy, the County may need to fund increases in mandated economic assistance programs. However, the County has benefited from significant Local Medicaid FMAP (Federal Medicaid Assistance Percentage) increases as part of the America Recovery and Reinvestment Act of 2009. However, this additional “stimulus” is currently expected to expire on December 31, 2010, or June 30, 2011 if an additional six month extension is approved by Congress.

Other significant risks include:

- ◆ Rising employee benefit costs in the form of increased contributions to the New York State Local Retirement System, which has recently lost significant value, and for rising health insurance premiums for both active employees and retirees.
- ◆ The uncertainty of the local economic recovery and the effect that the difficult economy is having on general revenue collections such as property, mortgage and sales taxes.
- ◆ Increasing public safety costs, including new debt service and personnel costs related to the mandated expansion of the Rensselaer County Jail.
- ◆ The ability of the County to continue to control costs at the Van Rensselaer Manor Nursing Home, combined with potential decreases in state and federal reimbursement for providing these services.
- ◆ New York State’s current cash flow problems which have been passed down to local governments in the form of delayed or reduced reimbursements.

Despite these factors, Rensselaer County was able to develop a budget for 2010 which did not rely upon fund balance or a significant property tax increase to fund its operations. The County’s economic development efforts have been successful in attracting new technology jobs and adding additional retail business. As part of New York’s Capital Region, the County continues to experience lower unemployment rates as compared to other regions of the State. The County’s property tax base has remained stable despite the overall national housing market.

### **Requests for Information**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Fiscal Officer, Rensselaer County Bureau of Finance, 1600 Seventh Avenue, Troy, New York 12180.

\*\* THIS PAGE INTENTIONALLY LEFT BLANK \*\*

# BASIC FINANCIAL STATEMENTS



**COUNTY OF RENSSELAER, NEW YORK**

**Statement of Net Assets (Deficits)**

**December 31, 2009**

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Industrial Development Agency</u>	<u>Hudson Valley Community College August 31, 2009</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 26,156,161	\$ 3,448	\$ 26,159,609	\$ 4,360,850	\$ 45,564,435
Restricted cash	3,750,000	166,156	3,916,156	-	-
Investments	-	-	-	-	4,957,945
Property taxes receivable (net of allowance)	25,206,704	-	25,206,704	-	-
Other receivables (net of allowance)	15,728,043	7,264,786	22,992,829	682,494	7,917,447
State and federal receivables	23,356,560	-	23,356,560	-	-
Internal balances	479,233	6,027,049	6,506,282	-	-
Due from other governments	6,610,157	-	6,610,157	-	-
Inventories	248,629	179,150	427,779	-	400,428
Prepays	278,491	1,667	280,158	-	1,298,315
Other assets	-	-	-	168,878	2,114,214
Assets held by trustee	-	2,901,503	2,901,503	-	15,030,774
Capital assets not being depreciated	35,587,360	550,000	36,137,360	-	-
Capital assets, net of accumulated depreciation	<u>71,030,075</u>	<u>14,639,213</u>	<u>85,669,288</u>	<u>2,279,236</u>	<u>103,767,315</u>
Total assets	<u>208,431,413</u>	<u>31,732,972</u>	<u>240,164,385</u>	<u>7,491,458</u>	<u>181,050,873</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	12,691,153	1,003,260	13,694,413	637,498	10,456,465
Accrued liabilities	14,061,791	2,106,625	16,168,416	-	6,753,849
Pension contributions payable	2,516,809	-	2,516,809	-	-
Internal balances	8,277,421	-	8,277,421	-	-
Due to other governments	20,344,061	1,128	20,345,189	-	-
Unearned revenues	2,167,145	-	2,167,145	-	20,009,639
Bond anticipation notes payable	3,750,000	-	3,750,000	-	-
Tax anticipation notes payable	4,000,000	-	4,000,000	-	-
Non-current liabilities:					
Due within one year	6,454,908	2,040,312	8,495,220	177,669	7,477,712
Due within more than one year	<u>118,403,209</u>	<u>33,118,862</u>	<u>151,522,071</u>	<u>1,484,720</u>	<u>102,041,317</u>
Total liabilities	<u>192,666,497</u>	<u>38,270,187</u>	<u>230,936,684</u>	<u>2,299,887</u>	<u>146,738,982</u>
<b>NET ASSETS (DEFICITS)</b>					
Invested in capital assets, net of related debt	24,682,148	(10,436,084)	14,246,064	-	32,936,065
Restricted for:					
Contractual receivable	82,500	-	82,500	-	-
Handicapped parking	30,488	-	30,488	-	-
Debt service	2,617,646	-	2,617,646	-	-
Scholarships and fellowships	-	-	-	-	4,594,286
Capital projects and debt service	-	-	-	-	2,077,323
South Troy Industrial Park Project	-	-	-	52,009	-
Unrestricted	<u>(11,647,866)</u>	<u>3,898,869</u>	<u>(7,748,997)</u>	<u>5,139,562</u>	<u>(5,295,783)</u>
Total net assets (deficits)	<u>\$ 15,764,916</u>	<u>\$ (6,537,215)</u>	<u>\$ 9,227,701</u>	<u>\$ 5,191,571</u>	<u>\$ 34,311,891</u>

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

**COUNTY OF RENSSELAER, NEW YORK**

Statement of Activities

Year Ended December 31, 2009

Function/Program	Expense	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units	
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Industrial Development Agency	Hudson Valley Community College August 31, 2009
Primary government:									
Governmental activities:									
General government support	\$ 39,491,133	\$ 7,352,001	\$ 1,242,199	\$ -	\$ (30,896,933)	\$ -	\$ (30,896,933)		
Education	22,293,129	5,388,143	5,812,884	3,151,029	(7,941,073)	-	(7,941,073)		
Public safety	31,970,009	700,049	2,406,919	-	(28,863,041)	-	(28,863,041)		
Health	21,462,496	8,354,554	18,017,789	-	4,909,847	-	4,909,847		
Transportation	11,425,142	-	104,458	2,724,324	(8,596,360)	-	(8,596,360)		
Economic assistance and opportunity	117,263,631	4,156,236	62,656,747	-	(50,450,648)	-	(50,450,648)		
Culture and recreation	554,491	-	350,759	-	(203,732)	-	(203,732)		
Home and community services	4,721,228	4,940,069	23,421	63,853	306,115	-	306,115		
Interest and fiscal charges	5,269,811	-	-	-	(5,269,811)	-	(5,269,811)		
Total governmental activities	<u>254,451,070</u>	<u>30,891,052</u>	<u>90,615,176</u>	<u>5,939,206</u>	<u>(127,005,636)</u>	<u>-</u>	<u>(127,005,636)</u>		
Business-type activities:									
Van Rensselaer Manor	38,262,989	29,458,424	5,358,618	-	-	(3,445,947)	(3,445,947)		
Total primary government	<u>\$ 292,714,059</u>	<u>\$ 60,349,476</u>	<u>\$ 95,973,794</u>	<u>\$ 5,939,206</u>	<u>(127,005,636)</u>	<u>(3,445,947)</u>	<u>(130,451,583)</u>		
Component units:									
Industrial Development Agency	\$ 1,274,827	\$ 1,828,642	\$ -	\$ -				\$ 553,815	\$ -
Hudson Valley Community College	114,645,452	56,130,862	54,885,782	6,084,210				-	2,455,402
Total component units	<u>\$ 115,920,279</u>	<u>\$ 57,959,504</u>	<u>\$ 54,885,782</u>	<u>\$ 6,084,210</u>				<u>553,815</u>	<u>2,455,402</u>
General revenues:									
Real property taxes and tax items					59,466,760	-	59,466,760	-	-
Non-property taxes					68,644,880	-	68,644,880	-	-
Use of money and property					2,851,092	-	2,851,092	-	411,836
Fines and forfeitures					348,439	-	348,439	-	-
Sale of property and compensation for loss					49,808	-	49,808	-	-
Miscellaneous					580,736	-	580,736	-	2,260,776
Transfers					(3,456,039)	3,456,039	-	-	-
Total general revenues and transfers					<u>128,485,676</u>	<u>3,456,039</u>	<u>131,941,715</u>	<u>-</u>	<u>2,672,612</u>
Change in net assets					1,480,040	10,092	1,490,132	553,815	5,128,014
Net assets (deficit)—beginning					<u>14,284,876</u>	<u>(6,547,307)</u>	<u>7,737,569</u>	<u>4,637,756</u>	<u>29,183,877</u>
Net assets (deficit)—ending					<u>\$ 15,764,916</u>	<u>\$ (6,537,215)</u>	<u>\$ 9,227,701</u>	<u>\$ 5,191,571</u>	<u>\$ 34,311,891</u>

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

**COUNTY OF RENSSELAER, NEW YORK**

**Balance Sheet  
Governmental Funds  
December 31, 2009**

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,719,834	\$ 9,150,026	\$ 6,013,743	\$ 22,883,603
Cash with fiscal agent	-	3,750,000	-	3,750,000
Property taxes receivable (net of allowance)	18,060,569	-	-	18,060,569
Other receivables	10,978,935	906,845	3,210,731	15,096,511
State and federal receivables	19,609,974	2,454,650	1,291,936	23,356,560
Due from other funds	1,175,691	33,693	1,869,336	3,078,720
Due from other governments	6,610,157	-	-	6,610,157
Inventories	4,921	-	243,708	248,629
Prepaid expenditures	-	-	8,050	8,050
Total assets	<u>\$ 64,160,081</u>	<u>\$ 16,295,214</u>	<u>\$ 12,637,504</u>	<u>\$ 93,092,799</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 7,733,572	\$ 3,308,775	\$ 1,122,875	\$ 12,165,222
Accrued liabilities	929,768	-	73,984	1,003,752
Due to other funds	10,859,255	35,199	1,561,767	12,456,221
Due to other governments	18,662,578	1,681,483	-	20,344,061
Deferred revenues	9,988,752	-	1,611,516	11,600,268
Pension contributions payable	2,218,673	-	215,528	2,434,201
Bond anticipation notes payable	-	3,750,000	-	3,750,000
Tax anticipation notes payable	4,000,000	-	-	4,000,000
Total liabilities	<u>54,392,598</u>	<u>8,775,457</u>	<u>4,585,670</u>	<u>67,753,725</u>
Fund balances:				
Reserved for:				
Contractual receivables	82,500	-	-	82,500
Encumbrances	602,065	-	113,815	715,880
Handicapped parking	30,488	-	-	30,488
Tax stabilization	201,435	-	-	201,435
Inventories	-	-	243,708	243,708
Debt service	-	-	2,617,646	2,617,646
Prepaid expenditures	-	-	8,050	8,050
Unreserved, designated for:				
Subsequent years' expenditures	-	-	662,917	662,917
Unreserved, undesignated reported in:				
General fund	8,850,995	-	-	8,850,995
Special revenue funds	-	-	4,405,698	4,405,698
Capital projects fund	-	7,519,757	-	7,519,757
Total fund balances	<u>9,767,483</u>	<u>7,519,757</u>	<u>8,051,834</u>	<u>25,339,074</u>
Total liabilities and fund balances	<u>\$ 64,160,081</u>	<u>\$ 16,295,214</u>	<u>\$ 12,637,504</u>	<u>\$ 93,092,799</u>

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

**COUNTY OF RENSSELAER, NEW YORK**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets (Deficits)**  
**December 31, 2009**

---

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

Total fund balance—governmental funds	\$	25,339,074
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$222,392,882 and the accumulated depreciation is \$115,775,447.		106,617,435
To recognize interest accrual on long term debt. Accrued interest for general obligation bonds is \$952,287 and accrued interest on RTASC bonds is \$137,402 at year end.		(1,089,689)
Uncollected property taxes are not available to pay for current period expenditures and therefore are deferred in the funds.		9,433,123
Internal service funds are used by management to charge the costs of management information systems and other internal services in addition to health insurance and workers' compensation. The assets and liabilities of the internal service funds are included in the governmental statement of net assets.		323,090
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds, as follows:		
Bonds payable	\$	(54,432,463)
RTASC bonds and accreted interest		(45,162,703)
Compensated absences		(9,526,986)
Retirement liabilities		(2,320,883)
Judgements and claims		(531,976)
Other post employment benefits		<u>(13,213,225)</u>
		(125,188,236)
Bond issuance costs have been recognized as an expenditure within the fund statements, but are amortized over the life of the debt issuance for the government-wide statements. The balance of these deferred costs, net of amortization is \$330,119.		<u>330,119</u>
Total net assets—governmental activities	\$	<u><u>15,764,916</u></u>

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

**COUNTY OF RENSSELAER, NEW YORK**

**Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds**  
**Year Ended December 31, 2009**

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Real property taxes	\$ 41,362,387	\$ -	\$ 6,720,975	\$ 48,083,362
Real property tax items	5,691,716	-	-	5,691,716
Nonproperty tax items	67,744,734	-	900,146	68,644,880
Departmental income	13,709,644	-	5,103,630	18,813,274
Intergovernmental charges	8,413,426	3,064,025	-	11,477,451
Use of money and property	191,144	201,327	2,458,621	2,851,092
Fines and forfeitures	348,439	-	-	348,439
Sale of property and compensation for loss	17,295	-	32,513	49,808
Miscellaneous	475,824	-	104,912	580,736
Interfund revenues	1,126,269	-	-	1,126,269
State aid	39,037,852	3,169,605	2,076,601	44,284,058
Federal aid	49,522,688	5,872	2,741,764	52,270,324
Tobacco settlement revenue	-	-	2,764,832	2,764,832
Total revenues	<u>227,641,418</u>	<u>6,440,829</u>	<u>22,903,994</u>	<u>256,986,241</u>
<b>EXPENDITURES</b>				
Current:				
General government support	36,617,375	-	931,891	37,549,266
Education	16,194,362	-	-	16,194,362
Public safety	27,598,906	-	277,657	27,876,563
Health	20,412,260	-	-	20,412,260
Transportation	544,608	-	8,963,121	9,507,729
Economic assistance and opportunity	112,957,796	-	2,533,857	115,491,653
Culture and recreation	482,407	-	-	482,407
Home and community services	1,031,200	-	3,215,809	4,247,009
Employee benefits	-	-	1,640,884	1,640,884
Debt service:				
Principal	4,821,047	-	2,693,022	7,514,069
Interest	3,246,890	-	2,445,674	5,692,564
Capital outlay	-	21,349,015	-	21,349,015
Total expenditures	<u>223,906,851</u>	<u>21,349,015</u>	<u>22,701,915</u>	<u>267,957,781</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,734,567</u>	<u>(14,908,186)</u>	<u>202,079</u>	<u>(10,971,540)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	421,369	33,693	96,676	551,738
Transfers out	(3,456,039)	(421,369)	(130,369)	(4,007,777)
Tax sale certificates proceeds	4,153,249	-	-	4,153,249
Tax sale certificates reserve and issuance costs	(744,634)	-	-	(744,634)
Total other financing sources (uses)	<u>373,945</u>	<u>(387,676)</u>	<u>(33,693)</u>	<u>(47,424)</u>
Net change in fund balances	4,108,512	(15,295,862)	168,386	(11,018,964)
Fund balances—beginning	<u>5,658,971</u>	<u>22,815,619</u>	<u>7,883,448</u>	<u>36,358,038</u>
Fund balances—ending	<u>\$ 9,767,483</u>	<u>\$ 7,519,757</u>	<u>\$ 8,051,834</u>	<u>\$ 25,339,074</u>

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

**COUNTY OF RENSSELAER, NEW YORK**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**Year Ended December 31, 2009**

---

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

Net change in fund balances—total governmental funds \$ (11,018,964)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and capital disposals in the current period. 11,688,878

The issuance of long-term debt (e.g., bonds, capital leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, the governmental funds report the effects of issuance costs when the debt is first issued, whereas these items are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 4,550,084

Governmental funds report interest expenditures on long-term debt when such interest is paid. However, in the statement of activities interest on long-term debt is reported as an expense as it accrues. 104,727

In the statement of activities, certain operating expenses -- compensated absences (vacation & sick leave), amounts due to retirement systems, judgments and claims, and other post-employment benefits -- are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences is as follows:

Compensated absences	\$ (833,346)	
Retirement liability	(804,219)	
Other post-employment benefits	(4,226,969)	
Workers' compensation judgment and claims	<u>(349,399)</u>	(6,213,933)

Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 2,283,067

Internal service funds are used by management to charge the costs of management information systems and other internal services in addition to health insurance and workers' compensation. The net revenue of certain activities of internal service funds is reported within the governmental activities. 86,181

Change in net assets of governmental activities \$ 1,480,040

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

**COUNTY OF RENSSELAER, NEW YORK**  
**Statement of Revenues, Expenditures and Changes in Fund Balances—**  
**Budget and Actual—General Fund**  
**Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Real property taxes	\$ 43,219,025	\$ 43,219,025	\$ 41,362,387	\$ (1,856,638)
Real property tax items	5,554,843	5,554,843	5,691,716	136,873
Nonproperty tax items	73,482,133	73,482,133	67,744,734	(5,737,399)
Departmental income	16,259,180	16,316,672	13,709,644	(2,607,028)
Intergovernmental charges	9,026,395	9,026,395	8,413,426	(612,969)
Use of money and property	375,165	375,165	191,144	(184,021)
Fines and forfeitures	460,470	460,470	348,439	(112,031)
Sale of property and compensation for loss	9,000	9,000	17,295	8,295
Miscellaneous	462,200	748,488	475,824	(272,664)
Interfund revenues	1,017,634	1,017,634	1,126,269	108,635
State aid	39,444,135	43,828,718	39,037,852	(4,790,866)
Federal aid	15,284,920	16,807,632	24,528,991	7,721,359
Total revenues	<u>204,595,100</u>	<u>210,846,175</u>	<u>202,647,721</u>	<u>(8,198,454)</u>
<b>EXPENDITURES</b>				
Current:				
General government support	39,844,531	39,962,168	36,617,375	3,344,793
Education	15,584,322	16,237,205	16,194,362	42,843
Public safety	31,239,208	32,748,074	27,598,906	5,149,168
Health	21,852,307	22,524,178	20,412,260	2,111,918
Transportation	539,199	687,092	544,608	142,484
Economic assistance and opportunity	88,555,307	90,328,017	87,964,099	2,363,918
Culture and recreation	618,517	629,473	482,407	147,066
Home and community services	747,115	2,148,122	1,031,200	1,116,922
Debt service:				
Principal	4,757,515	4,829,812	4,821,047	8,765
Interest	3,246,040	3,246,979	3,246,890	89
Total expenditures	<u>206,984,061</u>	<u>213,341,120</u>	<u>198,913,154</u>	<u>14,427,966</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,388,961)</u>	<u>(2,494,945)</u>	<u>3,734,567</u>	<u>6,229,512</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	35,199	421,369	386,170
Transfers out	(456,039)	(3,456,039)	(3,456,039)	-
Tax sale certificates proceeds	3,650,000	3,650,000	4,153,249	503,249
Tax sale certificates reserve and issuance costs	(805,000)	(805,000)	(744,634)	60,366
Total other financing sources (uses)	<u>2,388,961</u>	<u>(575,840)</u>	<u>373,945</u>	<u>949,785</u>
Net change in fund balances	-	(3,070,785)	4,108,512	7,179,297
Fund balances—beginning	<u>5,658,971</u>	<u>5,658,971</u>	<u>5,658,971</u>	<u>-</u>
Fund balances—ending	<u>\$ 5,658,971</u>	<u>\$ 2,588,186</u>	<u>\$ 9,767,483</u>	<u>\$ 7,179,297</u>

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

# COUNTY OF RENSSELAER, NEW YORK

## Statement of Net Assets (Deficit)

### Proprietary Funds

December 31, 2009

	Business-type Activities — Enterprise Fund	Governmental Activities — Internal Service Funds
	Van Rensselaer Manor	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,448	\$ 3,272,558
Restricted cash and cash equivalents	166,156	-
Accounts receivable (net of allowance for uncollectibles)	7,264,786	631,532
Due from other funds	6,027,049	1,872,206
Inventories	179,150	-
Prepaid assets	1,667	270,441
Total current assets	13,642,256	6,046,737
Non-current assets:		
Assets held by trustee	2,901,503	-
Capital assets not being depreciated	550,000	-
Capital assets, net of accumulated depreciation	14,639,213	-
Total non-current assets	18,090,716	-
Total assets	31,732,972	6,046,737
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	1,003,260	525,931
Accrued liabilities	2,106,625	4,822,215
Pension contributions payable	-	82,608
Due to other funds	-	292,893
Due to other governments	1,128	-
Retirement costs—current	885,312	-
Long-term debt—current	1,155,000	-
Total current assets	5,151,325	5,723,647
Non-current liabilities:		
Accrued workers' compensation liability	456,295	-
Accrued retirement costs—excluding current portion	351,318	-
Accrued other post employment benefits	4,939,449	-
Long-term debt—excluding current portion	27,371,800	-
Total non-current liabilities	33,118,862	-
Total liabilities	38,270,187	5,723,647
<b>NET ASSETS (DEFICIT)</b>		
Invested in capital assets, net of related debt	(10,436,084)	-
Unrestricted	3,898,869	323,090
Total net assets (deficit)	\$ (6,537,215)	\$ 323,090

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

**COUNTY OF RENSSELAER, NEW YORK**  
**Statement of Revenues, Expenses and Changes in Net Assets (Deficit)**  
**Proprietary Funds**  
**Year Ended December 31, 2009**

	<b>Business-type Activities — Enterprise Fund</b>	<b>Governmental Activities — Internal Service Funds</b>
	<b>Van Rensselaer Manor</b>	
Operating revenues:		
Net patient service revenue	\$ 29,336,064	\$ -
Charges for services—interfund	-	20,737,656
Charges for services—intergovernmental	5,306,173	581,205
Other operating revenues	<u>174,805</u>	<u>-</u>
Total operating revenues	<u>34,817,042</u>	<u>21,318,861</u>
Operating expenses:		
Nursing and medical services	15,728,348	-
Dietary	3,056,610	-
Household and plant operation	4,079,411	-
Administrative and general services	3,635,661	-
Fringe benefits	6,595,780	549,280
Other post employment benefits	1,553,737	-
Interest expense	1,661,761	-
Depreciation	1,535,242	-
Personal service	-	1,807,426
Contractual expenses	-	18,867,414
Equipment	-	20,127
Bad debt expense	<u>132,300</u>	<u>-</u>
Total operating expenses	<u>37,978,850</u>	<u>21,244,247</u>
Operating (loss) income	<u>(3,161,808)</u>	<u>74,614</u>
Non-operating revenues (expenses):		
Contribution from County	3,456,039	-
Other non-operating expenses	(284,139)	-
Interest income	<u>-</u>	<u>11,567</u>
Total non-operating revenues (expenses)	<u>3,171,900</u>	<u>11,567</u>
Change in net assets (deficit)	10,092	86,181
Total net assets (deficit)—beginning	<u>(6,547,307)</u>	<u>236,909</u>
Total net assets (deficit)—ending	<u>\$ (6,537,215)</u>	<u>\$ 323,090</u>

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

# COUNTY OF RENSSELAER, NEW YORK

## Statement of Cash Flows

### Proprietary Funds

Year Ended December 31, 2009

	Business-type Activities — Enterprise Fund <u>Van Rensselaer Manor</u>	Governmental Activities — Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts for patient care or services provided	\$ 30,768,668	\$ 20,859,539
Payments to suppliers for goods and services	(8,038,707)	(19,000,431)
Payments to employees for services	(24,376,402)	(1,883,437)
Payments for interest	(1,645,472)	-
Internal activity—payment made from County	1,308,543	(548,548)
Other operating revenue	174,805	-
Net cash used by operating activities	(1,808,565)	(572,877)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Contributions and advances from (to) County	3,456,039	-
Other non-operating expenditures	(284,139)	-
Interest earned (fees incurred) on bank accounts	(259)	11,567
Net cash provided (used) by non-capital financing activities	3,171,641	11,567
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital expenditures, net	(280,494)	-
Net decrease in assets held by trustee	241,648	-
Proceeds from refunding bonds	28,980,000	-
Payment of bond issuance costs	(469,489)	-
Defeasance of long-term debt	(28,755,000)	-
Principal payments on long-term debt	(1,080,000)	-
Net cash used by capital and related financing activities	(1,363,335)	-
Net decrease in cash and cash equivalents	(259)	(561,310)
Cash and cash equivalents at January 1	3,707	3,833,868
Cash and cash equivalents at December 31	\$ 3,448	\$ 3,272,558

(continued)

# COUNTY OF RENSSELAER, NEW YORK

## Statement of Cash Flows

### Proprietary Funds

Year Ended December 31, 2009

(concluded)

	<b>Business-type Activities — Enterprise Fund</b>	<b>Governmental Activities — Internal Service Funds</b>
	<b>Van Rensselaer Manor</b>	
<b>Reconciliation of operating (loss) income to net cash (used) provided by operating activities:</b>		
Operating (loss) income	\$ (3,161,808)	\$ 74,614
Adjustments to reconcile operating (loss) income to net cash (used) provided by operating activities:		
Depreciation expense	1,535,242	-
Amortization of issuance costs	16,289	-
(Increase) in accounts receivable	(3,957,648)	(459,322)
(Increase) in inventory	(1,666)	-
Decrease in prepaid expenses	3,300	-
(Increase) decrease in due from other funds	1,308,543	(617,062)
Increase (decrease) in accounts payable	256,889	(112,890)
Increase in due to other governments	216,379	68,514
Increase in compensation and related costs	153,740	-
Increase (decrease) in retirement and workers' compensation	65,809	(15,350)
Increase in other post employment benefits	1,553,737	-
Increase in other accrued expenses	202,629	488,619
Total adjustments	1,353,243	(647,491)
Net cash used by operating activities	\$ (1,808,565)	\$ (572,877)

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

**COUNTY OF RENSSELAER, NEW YORK**

**Statement of Fiduciary Net Assets**

**Fiduciary Fund**

**December 31, 2009**

---

	<b>Agency Fund</b>
	<u>                    </u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,673,400
Accounts receivable	333,632
Due from other funds	<u>2,250,372</u>
Total assets	<u>\$ 7,257,404</u>
 <b>LIABILITIES</b>	
Accounts payable	\$ 235,325
Agency liabilities	6,542,846
Due to other funds	<u>479,233</u>
Total liabilities	<u>\$ 7,257,404</u>

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

**COUNTY OF RENSSELAER, NEW YORK**  
**Notes to the Financial Statements**  
**December 31, 2009**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting entity**

The County was established in 1791 and is governed by County Law, other general laws of the State of New York and various local laws. The County Charter was adopted September 7, 1972, effective January 1, 1974. The County Executive and County Legislature govern the County. The County Executive appoints the Chief Fiscal Officer, the Administrator of the Bureau of Finance.

Independently elected officials of the County include:

County Executive  
County Legislators (19)  
District Attorney  
County Clerk  
Sheriff

The County provides mandated social service programs such as Medicaid, Temporary Assistance for Needy Families and Safety Net. The County also provides services and facilities in the areas of culture, recreation, education, police, youth, health, senior services, roads, and sanitary sewerage. These general government programs and services are financed by various taxes, state and federal aid and departmental revenue (which is primarily comprised of service fees and various types of program-related charges). Additionally, the County also operates a nursing home.

The component units subsequently discussed are included in the County’s reporting entity because of the significance of their operational and financial relationships with the County.

**Discretely Presented Component Units**—The component unit columns in the basic financial statements include the financial data of the County’s two discretely presented component units. These units are reported in a separate column to emphasize that they are legally separate from the County.

- **Rensselaer County Industrial Development Agency**—The Rensselaer County Industrial Development Agency (the “Agency”) was created April 1, 1974 by a special act of the New York State Legislature based upon the need to maintain and stimulate the economy and industry of Rensselaer County by providing attractive programs of industrial financing. The financial statements of the Agency have been prepared on an accrual basis.

The Agency does not record the property and related bond financing on its books since it only assists in obtaining monies for such projects. Equipment owned by the Agency is stated at cost less accumulated depreciation. Depreciation is recognized on a straight-line basis over the estimated useful life of the asset. The annual financial report can be obtained by writing the Rensselaer County Industrial Agency, Rensselaer County Economic Development and Planning Department, 1600 Seventh Avenue, Troy, New York 12180.

- **Hudson Valley Community College**—The Hudson Valley Community College (“HVCC”) was established under Article 126 of the Education Act of the State of New York under the sponsorship of Rensselaer County. A Board of Trustees operates the College under paragraph (C) of the Subdivision 6 of Section 6304 of the Education Act of the State of New York. There are ten board members, five are appointed by the County Legislature, the Governor appoints four, and one is an elected student. HVCC is included based on its August 31, 2009 fiscal year end. The annual financial report can be obtained by writing the Chief Fiscal Officer, Hudson Valley Community College, 80 Vandenburg Avenue, Troy, New York 12180.

The financial statements of HVCC have been prepared on the accrual basis.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as: (1) expenditures, in the case of normal replacement of moveable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt amortization and interest and equipment renewal and replacement; and (3) transfers of a non-mandatory nature for all other cases.

The financial statements of HVCC include two discretely presented component units; the Faculty Student Association and the Hudson Valley Community College Endowment Corporation.

**Blended Component Units**—The following blended component units are legally separate entities from the County, but are, in substance, part of the County’s operations and therefore data from these units are combined with data of the primary government.

- **Rensselaer Municipal Leasing Corporation**—The Rensselaer Municipal Leasing Corporation (“Corporation”), a not-for-profit corporation incorporated in the State of New York, was established in 1994 to assist the County in acquiring, financing, constructing, and leasing any buildings, equipment or other facilities that may be useful to or usable by the County. The Corporation is exempt from Federal income taxes on related income pursuant to Section 501 (a) of the Internal Revenue Code.

In June 1994, by resolution, the Corporation issued leasehold mortgage revenue bonds to finance the construction of a new County nursing home, the Van Rensselaer Manor (the “Manor”), on land leased from the County. During 2009, the Corporation completed a transaction which refunded the previously existing bonds with the proceeds of the 2009 issuance.

The County entered into an agreement with the Corporation to lease the project facility, with the option to buy, through June 1, 2024, for amounts equal to the annual bond principal and interest payments. Upon termination of the lease term, title to the project facility will transfer to the County.

The annual financial report may be obtained by writing the Rensselaer County Bureau of Economic Development and Planning, Rensselaer County Office Building, 1600 Seventh Avenue, Troy, New York 12180.

- **Rensselaer Tobacco Asset Securitization Corporation**—The Rensselaer Tobacco Asset Securitization Corporation (“RTASC”) is a special purpose local development corporation organized under the Not-for-Profit Corporation Law of the State of New York and is an instrumentality of, but separate and apart from, the County. Although legally separate and independent of the County, RTASC is considered an affiliated organization and, therefore, is reported as a blended component unit of the County. The annual financial report may be obtained by writing the Rensselaer County Bureau of Finance, Rensselaer County Office Building, 1600 Seventh Avenue, Troy, New York 12180.

## **B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., statement of net assets and the statement of governmental activities) report information on all the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Indirect expenses* have been included as part of the program expenses reported for the various functional activities. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items are not properly included among program revenues are reported instead as *general revenues*.

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

## **C. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when the underlying exchange transaction has occurred and the resources are available. Revenues are

considered *available* when they are collectible within the current period, or soon enough thereafter to pay liabilities of the current period.

For this purpose, the County considers revenues to be available if they are collected within 180 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Real property taxes, non-property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County considers the following governmental funds as major funds:

- *General Fund*—This fund is the principal operating fund of the County and is used to account for all financial resources except those required to be accounted for in other funds.
- *Capital Projects Fund*—The capital projects fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

The County reports one major proprietary fund as follows:

- *Enterprise Fund*—This fund is used to account for operations which provide goods or services to the general public. These ongoing activities are similar to those found in the private sector; therefore, the determination of net income is necessary for sound financial administration. The County maintains one enterprise fund to account the Manor, which is a New York State licensed 362-bed skilled nursing and health related facility.

Additionally, the County reports the following fund types:

- *Internal Service Funds*—These funds are used to account for the financing of goods or services provided by one department to other departments on a cost-reimbursement basis. The County maintains the following internal service funds:
  - ◆ *Self-Insurance Fund*—This fund is used to account for the County’s self-insurance program for workers’ compensation benefits.
  - ◆ *Risk Retention Funds*—The County maintains two separate risk retention funds; one to account for the County’s insurance program for health, dental, and unemployment benefits and another to account for the County’s insurance program for liability coverage.
  - ◆ *Internal Service Fund*—This fund is used to account for a variety of services including data processing, purchasing, printing, automotive maintenance and several finance-oriented services.
- *Fiduciary Fund*—The Agency Fund is used to account for assets held by the County as an agent for other governments or other funds, such as payroll withholdings.

Private-sector standard of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise buds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments and charges between the County's sewer and various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise and Internal Service Funds are charges to patients for care and charges to County departments for services, respectively. Operating expenses for the Enterprise and Internal Service Funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as *nonoperating* revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

#### **D. Assets, liabilities and net assets or equity**

***Cash, cash equivalents and investments***—Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with a maturity date within three months of the date acquired by the County. State statutes and various resolutions of the County Legislature govern the County's investment policies. Permissible investments include obligations of the U.S. Treasury and U.S. Government agencies, repurchase agreements and obligations of New York State or its localities. Investments are stated at fair value based on quoted market prices.

***Restricted cash***—Represents New York State Environmental Facilities Corporation ("EFC") loan proceeds held by the trustee bank to be drawn down as the County incurs eligible project costs and deposits held in custody for patients of the Van Rensselaer Manor.

***Inventories***—All inventories, which are comprised of general supplies, prescription drugs, and medical and other supplies, are valued at the lower of cost using the first-in/first out method or market value. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

***Prepaid items***—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

***Assets held by trustees***—Certain resources set aside for the repayment of the County's Enterprise

Fund’s revenue bonds are classified as assets held by trustees on the balance sheet because they are maintained by the trustee agent and their use is limited.

**Capital assets**—Capital assets include property, buildings, equipment and infrastructure assets (e.g. roads, bridges, drainage systems and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial individual cost of more than \$5,000 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 incurred.

The County depreciates capital assets using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Land improvements	20
Infrastructure:	
Dams and drainage systems	100
Water and sewer systems	50
Traffic control systems	40
Bridges and culverts	30
Roads	20
Machinery and equipment	3-10

**Long-term obligations**—In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and are amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**Compensated absences**—According to various union contracts, County employees are entitled to personal leave, sick leave and vacations annually as follows:

Personal leave	0-5 days
Sick leave	13 days
Vacation	10-25 days

Vacation time vests for both union and non-union employees to a maximum of 30 days. Accordingly, liabilities for vacation time of \$3,743,365 are reported as long-term debt in the government-wide financial statements. These payments are also budgeted annually without accrual and expenditure will be recorded when paid. Similar liabilities related to services rendered to the Manor are included in accrued expenses of the enterprise fund in the amount of \$742,005.

An additional accrued liability of \$5,783,620 is reported within long-term debt in the government-wide financial statements for the value of sick leave, which will eventually be used to pay the retired employee's share of post employment health insurance premiums. A similar liability is included in accrued expenses of the enterprise fund in the amount of \$703,156.

Payment of compensated absences recorded as long-term debt in the government-wide financial statements is dependent upon many factors; therefore, timing of future payment is not readily determinable. However, management believes that sufficient resources will be made available for the future payment of compensated absences when such payments become due.

**Encumbrances**—Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of budgetary control in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

**Fund balances**—In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

## **E. Insurance**

The County assumes liability for some risk including, but not limited to, workers' compensation. Asserted and incurred but not reported claims and judgments are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonable estimated. Such recording is consistent with the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*.

Governmental fund type estimated current contingent liabilities (i.e., those to be liquidated with available financial resources in the ensuing year) for property damage and personal injury liabilities are recorded in the General Fund. The long-term portion (i.e., liabilities to be paid from future resources) is recorded within long-term debt in the government-wide financial statements.

#### **F. Net resident service revenue at Van Rensselaer Manor**

Van Rensselaer Manor recognizes revenue at the standard room rates as patient days are incurred. Payments for services rendered to patients covered by Medicare, Medicaid and certain other prospective rate or cost based third-party payers are generally less than established rates and contractual allowances are recorded to reflect these differences.

The rate established by the third-party payers is based on a defined cost of service in providing patient care and is subject to audit by the third-party payers. Any adjustments to previously reimbursed amounts resulting from these audits are recognized when they are known.

Final determination of amounts due the facility under these cost reimbursement programs is subject to audit or review by the respective administrative agencies and provision has been made for estimated adjustments that may result. Differences between estimated amounts accrued and final settlements are reported in operations in the year of settlement. The Medicare cost report has been audited and settled through 2008. The Medicaid cost reports for years 2008 and prior have been submitted to the regulators.

#### **G. Recognition of federal aid related to food stamps**

The Department of Health and Human Services requires disclosure of cash payments for food stamps made to the residents of the County. For the year ended December 31, 2009, the value of cash payments made to residents of the County for food stamps totaled \$24,993,697 and has been recorded in the General Fund as a revenue and expenditure per GASB Statement No. 24.

#### **H. Pensions**

Nearly all County employees are members of various New York State retirement systems. The County is invoiced annually by the systems for its share of the costs.

#### **I. Interfund revenues**

The County allocates General Fund costs incurred in the general administration of the County to other funds based on their proportionate benefit of the total costs allocated. In 2009, the County has reported interfund revenues in the General Fund of \$1,126,269 representing an allocation of costs to various special revenue funds and Van Rensselaer Manor. The amounts are reported as general government support expenditures in the General Fund as well as in the benefiting funds.

#### **J. Medicaid services**

The New York State Department of Health processes payments for Medicaid services through a third-party contractor. The County is subsequently billed for its share of expenditures as established by State laws and regulations. A new law was enacted (Chapter 58 of the Laws of 2006) to cap county Medicaid costs at calendar 2006 levels and permanently capped future growth rates at 3.0%. The cap is established based on each County's local share of expenditures during 2005 calendar base year.

## **K. Use of estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures, assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and during the reported period. Actual results could differ from those estimates.

## **L. Impacts of accounting pronouncements**

The County has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, Statement No. 53, *Accounting for Financial Reporting for Derivative Instruments*, and Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*, effective for the year ending December 31, 2010; GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is effective for the year ending December 31, 2011; and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, effective for the year ending December 31, 2012. The County is therefore unable to disclose the impact that adopting GASB Statements No. 51, 53, 54, 57, and 58 will have on its financial position and results of operations when such statements are adopted.

During the year ended December 31, 2009, the County implemented GASB Statements No. 52, *Land and Other Real Estate Held as Investments by Endowments*; Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. These statements did not have a material impact on the County's financial position or results of operation.

## **2. BUDGETS AND BUDGETARY DATA**

The County's annual procedures in establishing the budgetary data reflected in the basic financial statements are as follows:

- Prior to October 20th of the year, the Budget Director, on behalf of the County Executive, submits to the County Legislature a tentative budget for the following fiscal year to commence on January 1.
- The tentative budget includes expenditures and the sources of financing. Public hearings are conducted to obtain taxpayers' comments.
- The Legislature acts on the tentative budget prior to December 5.
- The Budget Director is authorized to approve all budget transfer requests within departmental budgets except for personal service transfers and interdepartmental and interfund transfers, which must be approved by the Legislature.
- Formal annual budgetary accounts are adopted and employed for control of all governmental funds except the Capital Projects Fund. Budgetary control over individual capital projects is provided by Legislative approval or bond authorizations and provision of bond indebtedness.

- Total expenditures for each object may not legally exceed the total appropriations for that object. Encumbrances outstanding at year-end are accounted for by a reservation of fund balance. During the year ended December 31, 2009, supplemental appropriations in the amount of \$9,357,059 were approved in the General Fund. These additional appropriations were funded by increases to estimated revenues and an appropriation of fund balance of \$3,070,785, of which, \$3,000,000 represents an additional subsidy to Van Rensselaer Manor to help sustain facility operations.
- The County does not budget for the value of revenues and expenditures related to food stamps that is passed through the County. In the current year, food stamps, with a 2009 value of \$24,993,697 is excluded from both federal revenues and economic assistance and opportunity on the budgetary basis schedules.

### 3. CASH, CASH EQUIVALENTS AND INVESTMENTS

County monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. Collateral is required for demand deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

Total cash and cash equivalents reported by the County at December 31, 2009 is as follows:

Governmental Funds	\$ 22,883,603
Enterprise Fund	3,448
Internal Service Fund	3,272,558
Agency Fund	4,673,400
Total	<u>\$ 30,833,009</u>

The County's cash and cash equivalents were comprised of the following at December 31, 2009:

	Maturity Date	Fair Value at December 31, 2009
Petty cash (uncollateralized)	n/a	\$ 4,820
Deposits with financial institutions	n/a	28,220,965
Money market funds	n/a	15
Discount note	1/4/2010	2,607,209
Total		<u>\$ 30,833,009</u>

**Restricted cash**—Total restricted cash of \$3,916,156, represents \$3,750,000 of New York State Environmental Facilities Corporation (“EFC”) loan proceeds held by the trustee bank to be drawn down as the County incurs eligible project costs and deposits totaling \$166,156, which are held in custody for patients of the Van Rensselaer Manor.

**Deposits with financial institutions**—All deposits are carried at fair value, and are classified by credit risk category as follows:

	<u>December 31, 2009</u>	
Credit risk category:	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 9,675,247	\$ 12,921,903
Uninsured:		
Collateral held by bank's agent in County's name	<u>18,545,718</u>	<u>18,712,327</u>
Total deposits	<u>\$ 28,220,965</u>	<u>\$ 31,634,230</u>

**Cash equivalents**—Cash equivalents, in the case of RTASC, include money market accounts and a discount note with a maturity date within three months of year end, and are, therefore, considered to be cash equivalents at December 31, 2009. These cash equivalents are carried at fair value as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Money market funds	\$ 15	\$ 15
Discount note	<u>2,607,209</u>	<u>2,607,209</u>
Total	<u>\$ 2,607,224</u>	<u>\$ 2,607,224</u>

**Custodial credit risk – deposits**—Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2009, all of the County's deposits were insured or collateralized.

**Industrial Development Agency Component Unit**—Deposits totaled \$4,360,750 and were fully collateralized at December 31, 2009.

**HVCC Component Unit**—Deposits and investments totaled \$60,566,021 and were fully collateralized or insured at August 31, 2009.

#### **4. REAL PROPERTY AND NONPROPERTY TAXES**

Real property tax levies are fully accrued at the beginning of the fiscal year and are received and accounted for in the General Fund. Accruals for "due to other funds" are recorded in the General Fund for the portion of the tax revenue allocated to other funds. The current year's property taxes are levied and the prior year's unpaid school taxes are re-levied on a warrant to collect taxes by December 31 based on the fully assessed value of real property within the County. The fourteen towns are responsible for collection of the tax warrant until March 31. At that time, settlement proceedings take place whereby the County becomes the collecting agent and the towns receive full credit for their entire levy. The County becomes the enforcement agent for tax liens on all County real property except property within the cities of Troy and Rensselaer. The County has entered into agreements with these cities whereby the cities assess and collect all City and County taxes on property within each City and serve as enforcement agent for tax liens on such property. County taxes collected by the cities are remitted to the County periodically.

Uncollected property taxes assumed by the County as a result of the settlement proceedings are reported as receivables in the General Fund to maintain central control and provide for tax settlement and enforcement proceedings. The portion of the receivable \$8,953,158 that represents taxes re-levied for schools is recognized as a liability and is included in due to other governments. Another portion of the receivable \$9,433,123 that is not considered available under the modified accrual basis of accounting, i.e. not collected within sixty days, is recorded as deferred revenue.

Tax rates are calculated using assessments prepared by individual town and city assessors as adjusted by the New York State Board of Equalization and Assessment for the purpose of comparability. The total taxable assessed value of real property included in the tax levy of 2009 is approximately \$2.6 billion. The total County levy, including all charge backs, for 2009 was \$72.0 million. County tax rates vary by each assessing unit due to differences in equalization rates. The statutory maximum tax rate is 1.5% of the 5-year average of the equalized assessment. The 2009 levy represents approximately 43.12% of the maximum statutory levy.

Pursuant to section 1048 of the State Real Property Tax Law (RPTL) and County Local Law No. 3-93, the County is authorized to sell certain tax sale certificates (TSCs). These TSCs, which represent liens on certain outstanding property taxes, are sold to a trust, which in turn issues certificates of participation in the trust. Under the terms of sale, the County transfers all tax and interest collected by the County for these TSCs to the trustee. The trustee will use these collections to redeem the certificates of participation and to make semi-annual interest payments to the holders of the certificates of participation. These certificates of participation do not constitute debt of the County.

During 2009, 2008 and 2007, the County sold TSCs totaling \$4,153,249, \$3,432,348, and, \$3,156,659, respectively, which represented liens on certain outstanding property taxes for 2008, 2007 and 2006. Of these amounts, \$1,402,127 and \$1,901,739 were collected related to the 2008 and 2007 TSC sales and subsequently transferred to the trustee during 2009. As of December 31, 2009, \$4,153,249, \$2,030,221 and \$1,254,921 remained outstanding on the 2009, 2008 and 2007 sales, respectively.

The primary non-property tax item is sales tax, which is accrued as revenue based on the date on which the underlying sale occurs. The resultant receivable \$7,386,355 is included in other receivables.

Effective September 1, 1994, the countywide sales tax was increased from seven percent to eight percent. The County's current authorization for the additional 1% sales tax was commenced on December 1, 2009 and extends to November 30, 2011. The County allocates a percentage of the sales tax to the cities, towns and villages within the County. The agreements with cities relating to calculation and distribution of their proportional share of sales tax are negotiated through November 30, 2014.

## **5. INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables are short term in nature and exist because of temporary advances or payments made on behalf of other funds. All interfund balances are expected to be collected/paid within the subsequent year. Interfund transfers are routine annual events for both the budget and accounting process and are necessary to present funds in their proper fund classification. The County also utilizes a pooled cash account between County governmental funds and the enterprise fund (Van Rensselaer Manor), whereby, the General Fund maintains the enterprise fund cash and utilizes an interfund receivable/payable for amount being pooled.

Interfund receivables, payables, and transfers of the County as of, and for the year ended December 31, 2009 are presented below.

<u>Fund</u>	<u>Interfund</u>			
	<u>Receivables</u>	<u>Payables</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,175,691	\$ 10,859,255	\$ 421,369	\$ 3,456,039
Capital Projects Fund	33,693	35,199	33,693	421,369
Other governmental funds	1,869,336	1,561,767	96,676	130,369
Enterprise Fund	6,027,049	-	3,456,039	-
Internal Service Fund	1,872,206	292,893	-	-
Agency Fund	2,250,372	479,333	-	-
Total	<u>\$ 13,228,347</u>	<u>\$ 13,228,447</u>	<u>\$ 4,007,777</u>	<u>\$ 4,007,777</u>

## 6. RECEIVABLES

Revenues accrued by the County consist of the following:

**A. Other receivables**—Represent amounts due from various sources. Amounts accrued at December 31, 2009 are:

<u>Fund</u>	
General Fund	\$ 10,978,935
Capital Projects Fund	906,845
Other governmental funds	3,210,731
Enterprise Fund	7,264,786
Internal Service Fund	631,532
Agency Fund	333,632
Total	<u>\$ 23,326,461</u>

**B. State and federal receivables**—Primarily represent claims for reimbursement of expenditures in administering various mental health and social service programs. Amounts are net of related advances from New York State. Amounts accrued at December 31, 2009 are:

<u>Fund</u>	
General Fund	\$ 19,609,974
Capital Projects Fund	2,454,650
Other governmental funds	1,291,936
Total	<u>\$ 23,356,560</u>

**C. Due from other governments**—Represents amounts due primarily from other local municipalities for chargebacks and other miscellaneous items. Amounts accrued at December 31, 2009 are:

<u>Fund</u>	
General Fund	<u>\$ 6,610,157</u>

## 7. CAPITAL ASSETS

**A. Governmental activities**—Capital asset activity for the primary government’s governmental activities, for fiscal year ending December 31, 2009, was as follows:

	Primary Government - Governmental Activities			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 672,880	\$ -	\$ -	\$ 672,880
Construction in progress	19,795,188	15,247,795	(128,503)	34,914,480
Total capital assets not being depreciated	<u>20,468,068</u>	<u>15,247,795</u>	<u>(128,503)</u>	<u>35,587,360</u>
Capital assets, being depreciated:				
Land improvements	6,918,050	-	-	6,918,050
Buildings and building improvements	63,230,520	-	-	63,230,520
Infrastructure	84,039,792	2,246,474	-	86,286,266
Equipment	29,338,274	1,437,343	(404,931)	30,370,686
Total capital assets being depreciated	<u>183,526,636</u>	<u>3,683,817</u>	<u>(404,931)</u>	<u>186,805,522</u>
Less accumulated depreciation for:				
Land improvements	(6,809,050)	(40,800)	-	(6,849,850)
Buildings and building improvements	(32,407,568)	(1,807,037)	-	(34,214,605)
Infrastructure	(48,288,697)	(3,253,448)	-	(51,542,145)
Equipment	(21,560,832)	(2,006,458)	398,443	(23,168,847)
Total accumulated depreciation	<u>(109,066,147)</u>	<u>(7,107,743)</u>	<u>398,443</u>	<u>(115,775,447)</u>
Total capital assets, being depreciated, net	<u>74,460,489</u>	<u>(3,423,926)</u>	<u>(6,488)</u>	<u>71,030,075</u>
Governmental activities capital assets, net	<u>\$ 94,928,557</u>	<u>\$ 11,823,869</u>	<u>\$ (134,991)</u>	<u>\$ 106,617,435</u>

Depreciation expense, for governmental activities, was charged to functions and programs of the primary government as follows:

Governmental activities:	
General government support	\$ 1,078,358
Public safety	1,918,570
Health	7,901
Transportation	3,548,018
Economic assistance and opportunity	55,700
Culture and recreation	28,096
Home and community service	471,100
Total depreciation expense—governmental activities	<u>\$ 7,107,743</u>

**B. Business-type activities**—Capital asset activity for the primary government’s business-type activities (Enterprise Fund), for fiscal year ending December 31, 2009, as presented below:

	Primary Government - Business-type Activities			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 550,000	\$ -	\$ -	\$ 550,000
Total capital assets not being depreciated	<u>550,000</u>	<u>-</u>	<u>-</u>	<u>550,000</u>
Capital assets, being depreciated:				
Buildings	20,439,030	-	-	20,439,030
Fixed equipment	10,873,490	-	-	10,873,490
Major moveable equipment	4,663,635	280,494	-	4,944,129
Total capital assets being depreciated	<u>35,976,155</u>	<u>280,494</u>	<u>-</u>	<u>36,256,649</u>
Less accumulated depreciation for:				
Buildings	(9,844,514)	(722,939)	-	(10,567,453)
Fixed equipment	(6,632,854)	(541,261)	-	(7,174,115)
Major moveable equipment	<u>(3,604,826)</u>	<u>(271,042)</u>	<u>-</u>	<u>(3,875,868)</u>
Total accumulated depreciation	<u>(20,082,194)</u>	<u>(1,535,242)</u>	<u>-</u>	<u>(21,617,436)</u>
Total capital assets, being depreciated, net	<u>15,893,961</u>	<u>(1,254,748)</u>	<u>-</u>	<u>14,639,213</u>
Business-type activities capital assets, net	<u>\$ 16,443,961</u>	<u>\$ (1,254,748)</u>	<u>-</u>	<u>\$ 15,189,213</u>

**C. Discretely presented component units**

A summary of the discretely presented component units’ capital assets by major classification follows:

**i) Rensselaer County Industrial Development Agency**

	Balance 12/31/2009
Building	\$ 2,817,497
Equipment	<u>120,232</u>
Total capital assets	2,937,729
Less: accumulated depreciation	<u>(658,493)</u>
Total capital assets, net	<u>\$ 2,279,236</u>

**ii) Hudson Valley Community College**

	Balance 8/31/2009
Land, land improvements and infrastructure	\$ 19,605,143
Buildings and building improvements	132,874,810
Furniture and equipment	28,647,238
Construction in progress	<u>5,162,364</u>
Total capital assets	186,289,555
Less: accumulated depreciation	<u>(86,992,646)</u>
Total primary institution, capital assets, net	99,296,909
Add: component unit capital assets, net	<u>4,470,406</u>
Total Hudson Valley Community College	<u>\$ 103,767,315</u>

**8. SHORT-TERM DEBT**

Short-term debt of the County consists of tax anticipation notes (“TANs”) and bond anticipation notes (“BANs”) at December 31, 2009.

The liability for TANs is recorded within the General Fund, as that fund received the proceeds from the note. TANs have a maximum maturity of one year, and are supported by a guaranteed source of revenue, which must be used to pay off the outstanding TAN debt.

Additionally, during the year ended December 31, 2009, the County entered into a short-term project financing agreement with the New York State Environmental Facilities Corporation (the “Corporation”). As a result of this agreement, the County issued \$3,750,000 in zero interest financing for the County’s sewer system improvements capital project. The bond anticipation note is dated September 17, 2009 and matures on September 17, 2012. A repayment schedule is not yet available at this time.

The following is an analysis of the County’s short-term debt as of, and for the year ending, December 31, 2009:

Description	Interest Rate	Beginning Balance	Increases	Decreases	Ending Balance
<b>General Fund:</b>					
<i>Tax anticipation notes:</i>					
Issued: 9/11/2008					
Maturity: 4/30/2009	3.00%	\$ 6,000,000	\$ -	\$ 6,000,000	\$ -
<i>Tax anticipation notes:</i>					
Issued: 9/29/2009					
Maturity: 4/30/2010	1.02%	-	<u>4,000,000</u>	-	<u>4,000,000</u>
Total		<u>\$ 6,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 6,000,000</u>	<u>\$ 4,000,000</u>
<b>Capital Projects Fund:</b>					
<i>Bond anticipation notes:</i>					
Issued: 9/17/2009					
Maturity: 9/17/2012	0.00%	\$ -	<u>\$ 3,750,000</u>	\$ -	<u>\$ 3,750,000</u>
Total		<u>\$ -</u>	<u>\$ 3,750,000</u>	<u>\$ -</u>	<u>\$ 3,750,000</u>

## 9. LONG-TERM DEBT

The following is a summary of changes in the County's long-term liabilities for the year ended December 31, 2009:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Serial bonds/CAB principal	\$ 53,225,117	\$ -	\$ 3,567,904	\$ 49,657,213	\$ 3,836,713
CAB interest accretions	4,704,664	370,148	299,562	4,775,250	933,891
RTASC bonds and interest	46,163,974	1,079,737	2,081,008	45,162,703	885,000
RTASC bond issuance costs	(350,920)		20,801	(330,119)	-
Capital leases payable	72,296	-	72,296	-	-
Compensated absences	8,693,640	833,346	-	9,526,986	476,349
Retirement obligations	1,516,664	990,498	186,279	2,320,883	322,955
Other post-employment benefits	8,986,256	5,481,840	1,254,871	13,213,225	-
Other long-term liabilities	182,577	349,399	-	531,976	-
Total governmental activities	<u>\$ 123,194,268</u>	<u>\$ 9,104,968</u>	<u>\$ 7,482,721</u>	<u>\$ 124,858,117</u>	<u>\$ 6,454,908</u>
<b>Business type activities:</b>					
Bond and mortgage	\$ 29,835,000	\$ 28,980,000	\$ 29,835,000	\$ 28,980,000	\$ 1,155,000
Bond issuance costs	(469,489)	-	16,289	(453,200)	-
Retirement obligations	1,450,925	824,761	1,039,056	1,236,630	885,312
Other post-employment benefits	3,385,712	1,932,531	378,794	4,939,449	-
Other long-term liabilities	176,191	280,104	-	456,295	-
Total business-type activities	<u>\$ 34,378,339</u>	<u>\$ 32,017,396</u>	<u>\$ 31,269,139</u>	<u>\$ 35,159,174</u>	<u>\$ 2,040,312</u>

	Discretely Presented Component Units				
	Balance January 1, 2009	Increases	Decreases	Balance December 31, 2009	Due Within One Year
<b>IDA:</b>					
Note payable	\$ 102,798	\$ -	\$ 102,798	\$ -	\$ -
Mortgage payable	1,840,058	-	177,669	1,662,389	177,669
Total IDA	<u>\$ 1,942,856</u>	<u>\$ -</u>	<u>\$ 280,467</u>	<u>\$ 1,662,389</u>	<u>\$ 177,669</u>
	Balance September 1, 2008	Increases	Decreases	Balance August 31, 2009	Due Within One Year
<b>HVCC:</b>					
Serial bonds	\$ 25,082,409	\$ -	\$2,065,434	\$ 23,016,975	\$ 1,988,296
DASNY bonds	36,674,524	12,429,575	1,487,054	47,617,045	4,033,547
Termination benefits	14,840,261	1,618,215	-	16,458,476	-
Other post-employment benefits	4,615,000	2,295,826	463,921	6,446,905	461,000
Association financing agreement	1,560,018	-	68,772	1,491,246	281,523
Capital leases	14,444,142	2,267,000	4,085,378	12,625,764	3,043,589
Other long-term liabilities	1,683,835	178,783	-	1,862,618	-
Total HVCC	<u>\$ 98,900,189</u>	<u>\$ 18,789,399</u>	<u>\$8,170,559</u>	<u>\$ 109,519,029</u>	<u>\$ 9,807,955</u>

During the fiscal year ended August 31, 2009, Hudson Valley Community College (“HVCC”) restated its 2008 financial statements to increase the previously reported liability for termination benefits from \$13,138,692 to \$14,840,261. The increase in termination benefits liability of \$1,701,569 also reduced HVCC’s previously reported net assets from \$30,885,446 to \$29,183,877.

- A. Bond indebtedness**—The County issues bonds to provide funds for the acquisition and construction of major capital facilities. Bonds have been issued for both governmental and business-type activities and the Hudson Valley Community College discretely presented component unit. A summary of bond transactions for the year ended December 31, 2009 is presented on the following pages.

<u>Description</u>	<u>Year Issue/ Maturity</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental funds:</b>							
<b>General:</b>							
Public Safety Bldg	1991/2021	6.70	\$ 19,245,000	\$ 8,248,000	\$ -	\$ -	\$ 8,248,000
Jail (CAB)	1995/2011	4.6/5.85	942,000	90,975	-	10,467	80,508
Industrial Pk (CAB)	1995/2011	4.6/5.85	821,000	153,425	-	17,651	135,774
E-911 (CAB)	1995/2011	4.6/5.85	1,500,000	144,890	-	16,668	128,222
Radios (CAB)	1995/2011	4.6/5.85	250,000	24,119	-	2,775	21,344
Courts (CAB)	1995/2011	4.6/5.85	500,000	48,288	-	5,556	42,732
Courts (G/208/90)	1998/2013	4.00/5.25	290,000	101,487	-	23,641	77,846
Courts (G168/94)	1998/2013	4.00/5.25	1,223,000	427,997	-	99,699	328,298
Courts (G/405/96)	1998/2013	4.00/5.25	5,000,000	1,749,782	-	407,602	1,342,180
Courts (G/521/97)	1998/2013	4.00/5.25	10,000,000	3,499,565	-	815,204	2,684,361
800 Mhz Radio	1998/2013	4.00/5.25	3,750,000	1,312,336	-	305,702	1,006,634
Senior Center	1998/2013	4.00/5.25	101,419	35,493	-	8,268	27,225
Jail	2004/2011	3.0/5.0	103,980	53,048	-	13,200	39,848
Industrial Park	2004/2011	3.0/5.0	175,357	89,463	-	22,261	67,202
E-911	2004/2011	3.0/5.0	165,601	84,486	-	21,022	63,464
Radios	2004/2011	3.0/5.0	27,567	14,064	-	3,500	10,564
Courts	2004/2011	3.0/5.0	55,191	28,158	-	7,006	21,152
Fac Master Plan	2005/2025	4.0/4.2	1,500,000	1,350,050	-	54,659	1,295,391
Jail Expansion	2005/2025	4.0/4.2	5,000,000	4,500,164	-	182,198	4,317,966
Jail Expansion	2008/2028	3.25/4.375	20,300,000	20,300,000	-	675,000	19,625,000
Highway:				-			
1995 Roads (CAB)	1995/2013	3.0/5.0	2,899,459	571,497	-	65,751	505,746
1996 Improvemts	1998/2013	4.00/5.25	2,288,000	800,700	-	186,519	614,181
1997 Improvemts	1998/2013	4.00/5.25	1,000,000	349,956	-	81,520	268,436
2001 Improvemts	2001/2014	4.00/4.25	3,547,403	3,547,403	-	141,777	3,405,626
1995 Roads	2004/2011	3.0/5.0	656,262	334,812	-	83,310	251,502
2005 Improvemts	2005/2025	4.0/4.2	2,000,000	1,800,062	-	72,879	1,727,183
2005 Machinery	2005/2025	4.0/4.2	2,500,000	2,250,082	-	91,099	2,158,983
Sewer:							
Odor Control	1998/2013	4.00/5.25	480,000	167,979	-	39,130	128,849
Monofill	1998/2013	4.00/5.25	592,000	207,174	-	48,260	158,914
Clarifier	2001/2014	4.00/4.25	575,579	304,661	-	45,579	259,082
Monofill Expansion Phase II	2008/2028	3.25/4.375	635,000	635,000	-	20,000	615,000
<b>Total serial bonds and capital appreciation bond principal</b>				<u>53,225,117</u>	<u>-</u>	<u>3,567,904</u>	<u>49,657,213</u>
Capital appreciation bonds (interest accretions):							
Accum appreciation	1995/2013	4.60/5.85	N/A	2,858,306	195,738	299,562	2,754,482
Accum appreciation	1998/2013	4.00/5.25	N/A	1,846,358	174,410	-	2,020,768
Total capital appreciation bond interest accretions				<u>4,704,664</u>	<u>370,148</u>	<u>299,562</u>	<u>4,775,250</u>
Total government activities bonded debt				<u>\$ 57,929,781</u>	<u>\$ 370,148</u>	<u>\$ 3,867,466</u>	<u>\$ 54,432,463</u>

Description	Year Issue/ Maturity	Interest Rate	Original Issue Amount	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities—</b>							
<b>Van Rensselaer Manor:</b>							
Enterprise Fund:							
Leasehold mortgage	1994/2024	5.00/6.90	\$38,615,000	\$29,835,000	\$ -	\$ 29,835,000	\$ -
Leasehold mortgage	2009/2024	3.55/5.88	\$29,980,000	-	28,980,000	-	28,980,000
Total business-type activities				<u>\$29,835,000</u>	<u>\$ 28,980,000</u>	<u>\$ 29,835,000</u>	<u>\$ 28,980,000</u>

<b>Component Unit—</b>							
<b>Hudson Valley Community College ("HVCC"):</b>							
HPER Center	1989/2019	6.90/7.00	\$ 2,000,000	\$ 690,000	\$ -	\$ 65,000	\$ 625,000
HPER Center	1991/2020	6.70	5,500,000	2,518,800	-	209,900	2,308,900
COMP/COMM (CAB)	1995/2013	4.6/5.85	7,000,000	875,175	-	100,689	774,486
Building renovations (CAB)	1995/2013	4.6/5.85	2,040,000	255,051	-	29,344	225,707
Roads/parking (CAB)	1995/2013	4.6/5.85	663,000	82,891	-	9,537	73,354
HVAC System	1998/2013	4.00/5.25	905,000	316,711	-	73,775	242,936
Roofs	1998/2013	4.00/5.25	269,000	94,138	-	21,930	72,209
Gas system	1998/2013	4.00/5.25	46,000	16,098	-	3,750	12,348
Reconstruction	2001/2014	4.00/4.25	2,460,890	1,302,583	-	194,875	1,107,708
HVAC	2001/2014	4.00/4.25	967,290	512,000	-	76,598	435,402
Electrical System	2001/2014	4.00/4.25	479,650	253,884	-	37,983	215,901
Tennis Courts	2001/2014	4.00/4.25	24,941	13,202	-	1,975	11,227
Parking Lot	2001/2014	4.00/4.25	213,638	113,082	-	16,918	96,164
Guenther Hall	2001/2014	4.00/4.25	251,817	133,291	-	19,941	113,350
Renovations/improve.	2001/2014	4.00/4.25	3,022,581	1,599,894	-	239,354	1,360,540
COMP/COMM	2004/2011	3.0/5.0	2,157,816	1,100,873	-	273,926	826,947
Building renovations	2004/2011	3.0/5.0	628,850	320,826	-	79,830	240,996
Roads/parking	2004/2011	3.0/5.0	204,376	104,268	-	25,944	78,324
Campus Center	2005/2025	4.0/4.2	4,057,687	3,652,048	-	147,860	3,504,188
Various Projects	2005/2025	4.0/4.2	1,236,000	1,112,441	-	45,039	1,067,402
Admin Building	2005/2025	4.0/4.2	4,700,000	4,230,153	-	171,266	4,058,887
Various Projects	2006/2026	4.4/4.5	6,200,000	5,785,000	-	220,000	5,565,000
Total component unit				<u>\$25,082,409</u>	<u>\$ -</u>	<u>\$ 2,065,434</u>	<u>\$ 23,016,975</u>

The annual repayment of principal and interest on bonded debt are as follows:

	Governmental Activities		Business-Type Activities		Component Unit	
	Serial Bond / CAB		Enterprise Fund		HVCC	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 3,836,713	\$ 2,552,958	\$ 1,155,000	\$ 1,427,681	\$ 1,988,296	\$ 1,489,570
2011	5,015,056	1,916,515	1,235,000	1,382,456	2,809,944	881,439
2012	4,390,933	3,395,806	1,315,000	1,331,456	2,021,322	1,417,213
2013	4,391,243	3,349,123	1,410,000	1,276,956	2,053,683	1,369,966
2014	3,093,263	1,447,804	1,505,000	1,218,656	1,716,737	625,703
2015-2019	11,320,881	5,401,831	9,235,000	4,849,655	5,484,119	2,214,898
2020-2024	11,009,596	2,656,301	13,125,000	1,875,929	5,337,403	956,845
2025-2029	6,599,528	657,516	-	-	1,605,471	74,436
Total	<u>\$ 49,657,213</u>	<u>\$ 21,377,855</u>	<u>\$ 28,980,000</u>	<u>\$ 13,362,789</u>	<u>\$ 23,016,975</u>	<u>\$ 9,030,069</u>

Debt service expenditures are recorded in the fund that benefited from the capital project financed by the debt.

The County is guarantor of, and makes debt service payments on bonds issued on behalf of Hudson Valley Community College (HVCC). Regular debt service related to the bonds issued for the College are funded by the College and are reported in the General Fund as intergovernmental charges. Regular payments funded in the current year amounted to \$2,065,434 in principal and \$1,225,340 interest.

**B. Capital Appreciation Bonds (“CABs”)**—On May 18, 1995, the County issued \$4,999,459 in capital appreciation bonds dated May 24, 1995 which mature over 18 years, beginning in the year 2001 and ending in the year 2013, require the payment of \$10,076,000 principal (plus interest of \$5,076,541) based on the stated value of the bonds. The bonds are not redeemable prior to maturity. On June 1, 1998, the County issued an additional \$2,399,419 in capital appreciation bonds dated June 24, 1998 which upon maturity over the next 15 years, beginning in the year 2012 and ending in the year 2013, require the payment of \$4,928,000 principal (plus interest of \$2,528,582) based upon the stated value of the bonds. The bonds are not redeemable prior to maturity. As of December 31, 2009, accreted interest less interest paid for both issuances amounts to \$4,775,250 and is included as a long-term liability in the governmental activities.

**C. Rensselaer Tobacco Asset Securitization Corporation**—Changes in RTASC’s long-term debt for the year ended December 31, 2009 are as follows:

	Balance 1/1/2009	Increases	Decreases	Balance 12/31/2009	Due Within One Year
Tobacco Settlement Bonds:					
Series 2001A	\$ 30,605,000	\$ -	\$ 830,000	\$ 29,775,000	\$ 885,000
Subordinate Turbo CABs:					
Series 2005 - Original Principal	12,640,298	-	987,198	11,653,100	-
Accreted Interest	2,918,676	1,079,737	263,810.00	3,734,603	-
Total Subordinated Turbo CABs	15,558,974	1,079,737	1,251,008	15,387,703	-
Bond issuance costs	(350,920)	-	20,801	(330,119)	-
Net Long Term Debt	\$ 45,813,054	\$ 1,079,737	\$ 2,101,809	\$ 44,832,584	\$ 885,000

**Series 2001A**—In 2001, the RTASC issued \$34,555,000 of Tobacco Settlement Asset Backed Bonds, Series A pursuant to an indenture dated as of December 1, 2001. The net proceeds of the Series A Bonds were used to purchase from the County all of the County’s right, title and interest, under the MSA and the Decree, including the Tobacco Settlement Revenues (“TSR”).

The payment of the Series A Bonds is dependent on the receipt of TSR’s. The amount of TSR’s actually collected is dependent on many factors including cigarette consumption and the continued operations of the OPMs. Such bonds are secured by and payable solely from TSR’s and investment earnings pledged under the bond indenture, and amounts established and held in accordance with the bond indenture.

In the event sufficient funds are not available to meet Planned Payment Maturities, Rated Maturity dates will be used.

Each Series A Bond has a Rated Maturity Date and a Planned Principal Payment Date. Planned Principal Payment Dates are based upon a maturity of debt that began June 1, 2002 extending through 2027 at variable rates. Interest is payable June 1 and December 1 of each year. Planned Principal Payments and Rate Maturities are scheduled only on June 1 of each year although principal could be paid semiannually if actual principal payments are slower than Planned Principal Payments. Failure to pay interest on the Series A Bonds when due or principal of the Series A Bonds when due on a Rated Maturity Date will constitute a default.

In the event it is determined that residual revenues exist as a result of debt service reserve requirements being met on an annual basis, such residual revenues shall be payable to the County.

Debt service requirements for the Series 2001A bonds, based upon planned principal payments, are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 885,000	\$ 1,648,823	\$ 2,533,823
2011	970,000	1,600,613	2,570,613
2012	1,030,000	1,548,484	2,578,484
2013	1,095,000	1,492,908	2,587,908
2014	1,135,000	1,433,546	2,568,546
2015 - 2019	7,220,000	6,094,535	13,314,535
2020 - 2024	10,575,000	3,556,696	14,131,696
2025 - 2026	6,865,000	552,431	7,417,431
Total	<u>\$ 29,775,000</u>	<u>\$ 17,928,036</u>	<u>\$ 47,703,036</u>

**Series 2005**—In 2005, RTASC participated in the New York Counties Tobacco Trust V (“NYCTT V”), along with 23 other New York County Tobacco Corporations, and issued subordinate Capital Appreciation Bonds (Subordinate Turbo CABs) in various series for the purpose of securitizing additional future tobacco settlement revenues. Net proceeds of the 2005 series, after closing costs, amounted to \$12,225,328.

Interest on the Subordinate Turbo CABs is compounded semiannually on June 1 and December 1, but is not payable until bond maturity. Interest accretes until both principal and accreted interest are paid. Future interest accretion has been recorded as bond discount and amortized as the current interest accretes. The accrued interest on the Subordinate Turbo CABs is reflected as long-term accreted interest payable.

As discussed in Note 1, during the year ended December 31, 2009, the rating of Reynolds American rose above the allowable threshold resulting in the termination of the Downgrade Trapping Event. RTASC used amounts previously reserved for the Downgrade Trapping Event to make a \$1,251,008 payment on its Subordinate Turbo CABs, of which \$987,198 represented a redemption payment; the remaining \$263,810 was a payment reducing accreted interest payable.

Redemption of the Subordinate Turbo CABs as outlined in the original official statement totals \$67,955,251 with interest ranging from 6.00% to 7.85% and are scheduled to be paid from 2017

through 2040, while early payment is allowed. As of December 31, 2009, RTASC has made \$987,198 total redemption payments. Any debt service amounts not paid in accordance with the Subordinated Turbo CAB's redemption payments schedule will be due and payable on the following maturity dates:

Series	Maturity Date
2005 S1	June 1, 2038
2005 S2	June 1, 2050
2005 S3	June 1, 2055
2005 4B	June 1, 2060

**Advance Refunding**—During 2001, on behalf of the County, the RTASC deposited \$27,520,954 of proceeds from the sale of tobacco settlement monies with an escrow agent to advance refund \$26,415,100 in County serial bonds (with \$1,090,106 for HVCC bonds). Therefore, at December 31, 2009, the value of the refunded bonds has been removed from the County's liabilities. The principal value of these defeased bonds at December 31, 2009 is \$1,845,100.

**D. Leases payable**—The County leases certain property and equipment. Leased property having elements of ownership is recorded in the government-wide financial statements. The related obligation, in amounts equal to the present value of minimum lease payments payable during the remaining term of the leases, is also recorded in the government-wide financial statements. Other leased property, not having elements of ownership, are classified as operating leases. Both capital and operating lease payments are recorded as expenditures when payable in the fund financial statements. Total expenditures on capital and operating leases for the fiscal year ended December 31, 2009 were approximately \$1,497,384.

The County had future minimum payments under capital and operating leases with a remaining term in excess of one year as follows:

<b>Governmental activities:</b>	Operating
<u>Fiscal year ending December 31,</u>	<u>Leases</u>
2010	\$ 1,372,501
2011	1,349,380
2012	1,367,024
2013	1,265,953
2014	804,157
2015-2019	2,814,318
2020-2024	517,752
2025-2027	79,610
Future minimum payments	<u>\$ 9,570,695</u>

**E. Retirement obligations**—As explained in Note 1, the County records the value of government fund type pension obligations in the governmental activities. The annual budgets of the operating funds provide for these benefits as they become due.

**F. Other Long-Term Liabilities**—Consists of liabilities relating to compensated absences and judgments and claims for workers’ compensation. As explained in Note 1, the County records the value of governmental fund type compensated absences in the governmental activities. The payment of both compensated absences and judgments and claims is dependent on many factors and, therefore, cannot be reasonably estimated as to future timing of payment. The annual budgets of the operating funds provide for such as amounts become payable.

**10. RETIREMENT PLANS**

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

The System is noncontributory, except for employees who joined after July 27, 1976 who contribute 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employees to the pension accumulation fund.

The County is required to contribute at an actuarially determined rate on or before February 1<sup>st</sup> of each year for the period April 1<sup>st</sup> through March 31<sup>st</sup>. The required contributions for the regular retirement payment (excluding group term life insurance and amortized amounts paid for early retirements, etc.) are listed on the following page.

<u>Year</u>	<u>Contribution</u>
2009	\$ 4,600,827
2008	5,274,757
2007	5,666,452

Chapter 49 of the Laws of 2003 of the State of New York was enacted which made the following changes to the Systems:

- ◆ Requires minimum contributions by employers of 4.5 percent of payroll every year, including years in which the investment performance would make a lower contribution possible
- ◆ Changes the cycle of annual billing such that the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1<sup>st</sup> (e.g., billings due February 2008 would be based on the pension value as of March 31, 2007).

Chapter 260 of the Laws of 2004 of the State of New York was enacted that allows local employers to bond or amortize a portion of their retirement bill for up to 10 years in accordance with the following schedule:

- ◆ For State fiscal year (SFY) 2004-05, the amount in excess of 7 percent of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the bonding/amortization was instituted.
- ◆ For SFY 2005-06, the amount in excess of 9.5 percent of employees' covered pensionable salaries.
- ◆ For SFY 2006-07, the amount in excess of 10.5 percent of employees' covered pensionable salaries.

Legislation requires participating employers to make payments on a current basis. The County's contributions made to the Systems were equal to 100 percent of the contributions required for each year.

## 11. SEGMENT INFORMATION FOR ENTERPRISE FUND

Segment information for the Manor as of, and for the year ended, December 31, 2009 follows:

	Van Rensselaer Manor
Operating revenues	\$ 34,817,042
Operating expenses:	
Services provided	36,427,119
Depreciation and amortization	<u>1,551,731</u>
Operating loss	(3,161,808)
Non-operating revenue (expense), net	<u>3,171,900</u>
Net income	<u>\$ 10,092</u>
Current assets	\$ 13,642,256
Current liabilities	<u>5,151,325</u>
Net working capital (deficiency)	<u>\$ 8,490,931</u>
Total assets	\$ 31,732,972
Total liabilities	<u>38,270,187</u>
Net assets (deficit)	<u>\$ (6,537,215)</u>
Fixed asset additions	<u>\$ 280,494</u>
Long-term liabilities—excluding current portions	<u>\$ 33,118,862</u>

## 12. OTHER POST-EMPLOYMENT BENEFITS

The County pays for a portion of eligible retirees' health insurance, depending on the type of health plan provided. Eligibility for postretirement benefits requires a minimum age of 55 with at least ten (10) years of service. In addition, the employee must qualify for retirement as a member of the New York State retirement system and immediately begin receiving a New York State pension upon leaving the County.

Authorization for the County to pay a portion of retiree health insurance premiums was enacted through a union contract, which was ratified by the County Legislature. Upon retirement, the then dollar equivalent of a retiree’s accumulated sick leave shall be credited to such retiree, and such retiree shall be reimbursed for the premium cost of the health insurance program that is available to the retiree group, should the retiree be eligible and elect to enroll in such coverage after retirement.

The County recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. County governmental activities and business type activities contributed \$755,182 and \$190,529, respectively for the fiscal year ended December 31, 2009.

The County’s annual other postemployment benefit (“OPEB”) cost is calculated based on the annual required contribution (“ARC”) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. 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 Manor’s net OPEB obligation.

	<b><u>Governmental Activities</u></b>	<b><u>Business -Type Activities</u></b>
Annual required contribution	\$ 5,122,389	\$ 1,797,103
Interest on net OPEB obligation	359,451	135,428
Adjustment to annual required contribution	<u>(499,689)</u>	<u>(188,265)</u>
Annual OPEB cost (expense)	4,982,151	1,744,266
Contributions made	<u>(755,182)</u>	<u>(190,529)</u>
Increase in net OPEB obligation	4,226,969	1,553,737
Net OPEB obligation—beginning of year	<u>8,986,256</u>	<u>3,385,712</u>
Net OPEB obligation—end of year	<b><u>\$ 13,213,225</u></b>	<b><u>\$ 4,939,449</u></b>

As of December 31, 2009, the most recent actuarial valuation date, the plan was not funded. Since there were no assets, the unfunded actuarial accrued liability for benefits for governmental activities and business type activities was \$39,768,759 and \$12,380,735, respectively.

Actuarial valuations of an ongoing plan involve 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 health care 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.

As of December 31, 2009, the County had an actuarial valuation performed with a valuation date of January 1, 2009. Accordingly, information from this study is presented in the County’s Schedule of Funding Progress and the Schedule of Contributions

The County's schedule of funding progress is presented below:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL")	Unfunded AAL ("UAAL")	Funded Ratio	Budgeted Covered Payroll	Ratio of UAAL to Budget Covered Payroll
Governmental activities:						
As of January 1, 2007	\$ -	\$ 46,036,935	\$ 46,036,935	-	Not Available	-
As of January 1, 2009	-	39,768,759	39,768,759	-	\$ 53,158,000	75%
Business type activities:						
As of January 1, 2007	\$ -	\$ 15,383,081	\$ 15,383,081	-	Not Available	-
As of January 1, 2009	-	12,380,735	12,380,735	-	\$ 18,251,000	68%

The County's schedule of contributions for governmental activities is shown below:

Year Ended December 31,	Annual Required Contribution	Contributions Made	Percentage Contributed
2009	\$ 5,122,389	\$ 755,182	14.7%
2008	5,518,350	1,048,581	19.0%
2007	5,518,350	930,262	16.9%

The County's schedule of contributions for business type activities is shown below:

Year Ended December 31,	Annual Required Contribution	Contributions Made	Percentage Contributed
2009	\$ 1,797,103	\$ 190,529	10.6%
2008	2,019,148	334,387	16.6%
2007	2,019,148	291,232	14.4%

Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the January 1, 2009 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a valuation date and measurement date of January 1, 2009. The expected investment rate of return on employer's assets is 4.0%. The RP-2000 Mortality Table for males and females is used for mortality rates. The rates of decrement due to retirement is based on the experience under the New York State & 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. The unfunded actuarial accrued liability is being amortized over 30 years, therefore the remaining amortization period at December 31, 2009, was twenty seven years.

### 13. LABOR RELATIONS

Four bargaining units represent the unionized county employees. The County's largest bargaining unit (UPSEU) has a contract settled through December 31, 2009, while another contract (PBA) is settled through December 31, 2010. The remaining two bargaining units (CSEA and SEARCO) have contracts settled through December 31, 2011 and December 31, 2012, respectively.

### 14. NET ASSETS, RESERVES AND DESIGNATIONS

**A. Net assets**—The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- ***Invested in capital assets, net of related debt***—This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- ***Restricted net assets***—This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- ***Unrestricted net assets*** – This category represents net assets of the County not restricted for any project or other purpose.

**B. Fund balances**—In the fund financial statements, reservations represent portions of fund balance that has been legally segregated for a specific use or is not appropriable for expenditure by the County at December 31, 2009, and include:

- ***Reserved for contractual receivables***—Represents funds which will not be available for current expenditures as payment terms are set by contract.
- ***Reserved for encumbrances***—Represents commitments related to unperformed (executory) contracts for goods or services.
- ***Reserved for handicapped parking***—Represents revenues restricted to pay for the handicapped parking program.
- ***Reserved for tax stabilization***—Represents amounts set aside for future use to stabilize real property tax levies.
- ***Reserved for inventories***—Represents the portion of fund balance composed of inventory and is reserved since inventory is not an available spendable resource.
- ***Reserved for debt service***—Represents amounts reserved for payment of debt.
- ***Reserved for prepaid expenditures***—Represents expenditures paid in advance and therefore do not represent available spendable resources.

Designations are not legally required restrictions, but are segregated for a specific purpose. At December 31, 2009 designations include:

- **Designated for Subsequent Years Expenditures**—Represents amount of fund balance which per the subsequent year adopted budget will be utilized to support subsequent years expenditures.

**15. RISK FINANCING ACTIVITIES**

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; business interruption; errors or omissions, injuries to employees and natural disasters. The County assumes the risk of loss relating to health, dental, unemployment and worker’s compensation. The County has established internal service funds to account for losses, claims and judgments, relating to these exposures. These internal service funds are used to account for and finance the County, the Manor and in the case of the worker’s compensation, it’s plan members uninsured risk of loss. The County insures itself (“self insures”) for all dental, unemployment claims and its’ primary health insurance plan. The County purchases insurance for claims in excess of coverage provided by the internal service funds and for all other risks or loss. Settled claims have not exceeded the annual self insurance funding in any of the past three fiscal years.

All funds of the County and the Manor participate in the self insurance programs and make payments to the internal service funds based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish reserves for unforeseen losses. Claims and judgments are recognized consistent with the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Losses*, (“GASB Statement No. 10”) 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. Internal service fund claim liabilities reported for health, dental and unemployment at December 31, 2009 were \$787,557.

<b>Year Ended December 31,</b>	<b>Liability Beginning of Year</b>	<b>Claims and Ajustments</b>	<b>Claim Payments</b>	<b>Liability End of Year</b>
2009	\$ 790,261	\$ 15,843,996	\$ 15,846,700	\$ 787,557
2008	78,693	15,188,599	14,477,031	790,261

Worker’s compensation liability, reported in the Internal Service Fund, for the County and 20 other plan members at December 31, 2009 was \$4,007,550. Other plan members participate in the program and make payments on the same basis as County funds and departments. The liability for worker’s compensation is also established based on the requirements of GASB Statement No. 10.

<b>Year Ended December 31,</b>	<b>Liability Beginning of Year</b>	<b>Claims and Ajustments</b>	<b>Claim Payments</b>	<b>Liability End of Year</b>
2009	\$ 3,522,182	\$ 1,595,135	\$ 1,109,767	\$ 4,007,550
2008	3,308,773	1,528,778	1,315,369	3,522,182

**16. OTHER CONTINGENT LIABILITIES**

- A. Grant and aid programs**—The County receives significant financial assistance from numerous federal and state agencies. The receipt of such funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed expenditures resulting from such audits could become a liability of the County. The amount of disallowance, if any, cannot be determined at this time, although the County expects any such amounts to be immaterial.
- B. Other**—The County is also involved in litigation arising in the ordinary course of its operations. The County believes that its ultimate liability, if any, in connection with these matters will not have a material effect on the County’s financial condition or results of operations.

On March 31, 2010, the Hudson River – Black River Regulating District prepared an apportionment report of operation and maintenance costs associated with the Great Sacandaga Lake Reservoir. The District’s report, approved by the NYS Department of Environmental Conservation, attempts to recover the total costs from public corporations and parcels of real estate benefitted by the reservoir. The County’s proportion of cost is cited as \$961,676. However, the County has partnered with the other parties involved and plans to contest the apportionment. Therefore, the County has not recorded a liability at December 31, 2009.

**17. AGENCY FUNDS**

An agency fund exists for employee withholding and temporary deposits funds. The following is a summary of changes in assets and liabilities for the fiscal year ended December 31, 2009.

	Beginning Balance	Increases	Decreases	Ending Balance
<b>ASSETS</b>				
Cash	\$ 4,451,046	\$ 64,509,572	\$ (64,287,218)	\$ 4,673,400
Accounts receivable	238,079	333,632	(238,079)	333,632
Due from other funds	2,948,943	71,425,639	(72,124,210)	2,250,372
Total assets	<u>\$ 7,638,068</u>	<u>\$ 136,268,843</u>	<u>\$ (136,649,507)</u>	<u>\$ 7,257,404</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 89,635	\$ 33,954,258	\$ (33,808,568)	\$ 235,325
Agency liabilities	6,938,688	78,513,681	(78,909,523)	6,542,846
Due to other funds	609,745	271,050	(401,562)	479,233
Total liabilities	<u>\$ 7,638,068</u>	<u>\$ 112,738,989</u>	<u>\$ (113,119,653)</u>	<u>\$ 7,257,404</u>

**18. DEFICIT NET ASSETS**

**Enterprise Fund**—The Manor had a net asset deficit of \$6,537,215 at December 31, 2009. This deficit is primarily caused by operating losses incurred during past years. The major factors contributing to the deficit are the increasing costs of operations, combined with Medicaid reimbursement rates and other state/federal funding sources that are not sufficient to cover the cost of providing care. The County annually provides contributions to the Manor to support operations.

\* \* \* \* \*

# **SUPPLEMENTAL SCHEDULES**



**COUNTY OF RENSSELAER, NEW YORK**

**Combining Balance Sheet**

**Non-Major Governmental Funds**

**December 31, 2009**

	<b>Special Revenue</b>					<b>Total Non-major Governmental Funds</b>
	<b>Special Grant</b>	<b>Community Development</b>	<b>Highway</b>	<b>Sewer</b>	<b>RTASC</b>	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 83,126	\$ 398,805	\$ 768,510	\$ 1,918,306	\$ 2,844,996	\$ 6,013,743
Other receivables	1,524	1,609,941	65,106	1,523,738	10,422	3,210,731
State and federal receivables	39,649	-	1,252,287	-	-	1,291,936
Due from other funds	26,661	-	1,842,675	-	-	1,869,336
Inventories	-	-	243,708	-	-	243,708
Prepaid expenditures	-	-	-	-	8,050	8,050
Total assets	<u>\$ 150,960</u>	<u>\$ 2,008,746</u>	<u>\$ 4,172,286</u>	<u>\$ 3,442,044</u>	<u>\$ 2,863,468</u>	<u>\$ 12,637,504</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 69,708	\$ -	\$ 701,134	\$ 352,033	\$ -	\$ 1,122,875
Accrued liabilities	9,359	-	34,497	30,128	-	73,984
Due to other funds	16,201	7,410	1,222,117	316,039	-	1,561,767
Deferred revenues	-	1,609,941	-	1,575	-	1,611,516
Pension contributions payable	24,269	-	117,686	73,573	-	215,528
Total liabilities	<u>119,537</u>	<u>1,617,351</u>	<u>2,075,434</u>	<u>773,348</u>	<u>-</u>	<u>4,585,670</u>
Fund balances:						
Reserved for:						
Debt service	-	-	-	-	2,617,646	2,617,646
Encumbrances	-	-	86,825	26,990	-	113,815
Inventories	-	-	243,708	-	-	243,708
Prepaid expenditures	-	-	-	-	8,050	8,050
Unreserved, designated for:						
Subsequent year's expenditures	-	-	-	662,917	-	662,917
Unreserved, undesignated	31,423	391,395	1,766,319	1,978,789	237,772	4,405,698
Total fund balances	<u>31,423</u>	<u>391,395</u>	<u>2,096,852</u>	<u>2,668,696</u>	<u>2,863,468</u>	<u>8,051,834</u>
Total liabilities and fund balance	<u>\$ 150,960</u>	<u>\$ 2,008,746</u>	<u>\$ 4,172,286</u>	<u>\$ 3,442,044</u>	<u>\$ 2,863,468</u>	<u>\$ 12,637,504</u>

**COUNTY OF RENSSELAER, NEW YORK**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**December 31, 2009**

	<b>Special Revenue</b>					<b>Total</b>
	<b>Special Grant</b>	<b>Community Development</b>	<b>Highway</b>	<b>Sewer</b>	<b>RTASC</b>	<b>Non-major Governmental Funds</b>
<b>REVENUES</b>						
Real property taxes	\$ -	\$ -	\$ 6,720,975	\$ -	\$ -	\$ 6,720,975
Nonproperty tax items	-	-	900,146	-	-	900,146
Departmental income	-	163,561	-	4,940,069	-	5,103,630
Use of money and property	-	3,379	2,316,795	6,218	132,229	2,458,621
Sale of property and compensation for loss	-	-	24,128	8,385	-	32,513
Miscellaneous	30,580	-	74,332	-	-	104,912
Tobacco settlement revenue	-	-	-	-	2,764,832	2,764,832
State aid	-	-	2,074,380	2,221	-	2,076,601
Federal aid	2,078,494	-	649,945	13,325	-	2,741,764
Total revenues	<u>2,109,074</u>	<u>166,940</u>	<u>12,760,701</u>	<u>4,970,218</u>	<u>2,897,061</u>	<u>22,903,994</u>
<b>EXPENDITURES</b>						
Current:						
General government support	28,414	-	472,465	372,887	58,125	931,891
Public safety	-	-	277,657	-	-	277,657
Transportation	-	-	8,963,121	-	-	8,963,121
Economic assistance and opportunity	2,080,660	453,197	-	-	-	2,533,857
Home and community services	-	-	-	3,215,809	-	3,215,809
Employee benefits	-	-	1,045,654	595,230	-	1,640,884
Debt service:						
Principal	-	-	722,855	152,969	1,817,198	2,693,022
Interest	-	-	437,904	50,512	1,957,258	2,445,674
Total expenditures	<u>2,109,074</u>	<u>453,197</u>	<u>11,919,656</u>	<u>4,387,407</u>	<u>3,832,581</u>	<u>22,701,915</u>
Excess of revenues over expenditures	-	(286,257)	841,045	582,811	(935,520)	202,079
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	96,676	96,676
Transfers out	-	-	(33,693)	-	(96,676)	(130,369)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(33,693)</u>	<u>-</u>	<u>-</u>	<u>(33,693)</u>
Net change in fund balances	-	(286,257)	807,352	582,811	(935,520)	168,386
Fund balances—beginning	31,423	677,652	1,289,500	2,085,885	3,798,988	7,883,448
Fund balances—ending	<u>\$ 31,423</u>	<u>\$ 391,395</u>	<u>\$ 2,096,852</u>	<u>\$ 2,668,696</u>	<u>\$ 2,863,468</u>	<u>\$ 8,051,834</u>

**FEDERAL AWARD  
SCHEDULES AND REPORTS**



**COUNTY OF RENSSELAER, NEW YORK**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2009**

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<b>U.S. Department of Agriculture:</b>			
Direct Program:			
Summer Food Service Program for Children	10.559	N/A	\$ 166,359
Passed through New York State:			
Supplemental Nutrition Assistance Program	10.551	N/A	24,993,697
Special Milk Program for Children	10.556	N/A	7,169
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	1,034,730
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	70,661
<b>Total U.S. Department of Agriculture</b>			<u>26,272,616</u>
<b>U.S. Department of Housing and Urban Development:</b>			
Direct Program:			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	975HO74-06	163,561
EDI Special Projects Program-Guiderail Grants	14.251	N/A	199,856
<b>Total U.S. Department of Housing and Urban Development</b>			<u>363,417</u>
<b>U.S. Department of Justice:</b>			
Passed through New York State:			
Crime Victim Assistance	16.575	N/A	87,858
State Criminal Alien Assistance Program	16.606	N/A	27,114
<b>Total U.S. Department of Justice</b>			<u>114,972</u>
<b>U.S. Department of Labor:</b>			
Passed through New York State:			
Senior Community Service Employment Program	17.235	N/A	38,312
Trade Adjustment Assistance	17.245	N/A	30,093
WIA Adult Program	17.258	N/A	288,318
ARRA - WIA Adult Program	17.258	N/A	90,150
WIA Youth Activities	17.259	N/A	362,043
ARRA - WIA Youth Activities	17.259	N/A	495,149
WIA Dislocated Workers	17.260	N/A	397,714
ARRA - WIA Dislocated Workers	17.260	N/A	210,165
<b>Total U.S. Department of Labor</b>			<u>1,911,944</u>

(continued)

**COUNTY OF RENSSELAER, NEW YORK**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2009**

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<b>U.S. Department of Transportation:</b>			
Passed through New York State:			
Highway Planning and Construction Projects	20.205	D011426	35,706
Formula Grants for Other Than Urbanized Areas	20.509	C003665	34,600
State and Community Highway Safety	20.600	N/A	31,873
Occupant Protection	20.602	N/A	8,355
Interagency Hazardous Materials Public Sector Planning and Training Grants	20.703	N/A	54,496
<b>Total U.S. Department of Transportation</b>			<u>165,030</u>
<b>U.S. Department of Education:</b>			
Passed through New York State:			
Special Education Grants for Infants and Families with Disabilities	84.181	C013305	96,609
Rehabilitation Services Demonstration and Training Programs	84.235	N/A	10,167
<b>Total U.S. Department of Education</b>			<u>106,776</u>
<b>U.S. Department of Health and Human Services:</b>			
Passed through New York State:			
Medical Reserve Corp Small Grant Program	93.008	N/A	3,546
Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	93.042	N/A	3,248
Special Programs for the Aging - Title III, Part F - Disease Prevention and Health Promotion Services	93.043	N/A	8,559
Special Programs for the Aging - Title III, Part B - Grants for Supportive Service and Senior Centers	93.044	N/A	147,384
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	N/A	272,973
National Family Caregiver Support, Title III, Part E	93.052	N/A	66,310
Nutrition Services Incentive Program	93.053	N/A	99,861
Immunization Grants	93.268	C-015679	38,458

(continued)

**COUNTY OF RENSSELAER, NEW YORK**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2009**

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
			(concluded)
Drug-Free Communities Support Program Grants	93.276	N/A	107,783
Centers for Disease Control and Prevention			
Investigations and Technical Assistance	93.283	N/A	187,621
Temporary Assistance for Needy Families	93.558	N/A	7,577,018
ARRA - Child Support Enforcement	93.563	N/A	397,345
Child Support Enforcement	93.563	N/A	108,942
Low - Income Home Energy Assistance (HEAP)	93.568	N/A	7,287,980
Child Care & Development Block Grant	93.575	N/A	115,255
Child Welfare Services - State Grants	93.645	N/A	149,777
Foster Care - Title IV-E	93.658	N/A	1,993,681
ARRA - Foster Care - Title IV-E	93.658	N/A	61,963
Adoption Assistance	93.659	N/A	622,622
ARRA - Adoption Assistance	93.659	N/A	54,144
Social Services Block Grant	93.667	N/A	969,351
Chafee Foster Care Independence Program	93.674	N/A	39,916
ARRA - Aging Home-Delivered Nutrition Services for States	93.705	N/A	13,000
ARRA - Aging Congregate Nutrition Services for States	93.707	N/A	26,541
ARRA - Emergency Contingency Fund for TANF State Programs	93.714	N/A	842,901
Medical Assistance Program	93.778	N/A	1,636,278
Centers for Medicare and Medicaid Services (CMS)			
Research, Demonstrations and Evaluations	93.779	N/A	17,470
Community Mental Health Services Block Grant	93.958	N/A	193,206
Block Grant For Prevention and Treatment of Substance Abuse	93.959	N/A	1,059,774
Preventive Health & Health Services Block Grant	93.991	N/A	
Maternal and Child Health Services Block Grant to the States	93.994	C-013854	38,650
<b>Total U.S. Department of Health and Human Services</b>			<u>24,141,557</u>
<b>U.S. Department of Homeland Security</b>			
Passed through New York State:			
Disaster Grants - Public Assistance	97.036	N/A	513,943
Homeland Security Grant Program	97.067	N/A	165,557
<b>Total U.S. Department of Homeland Security</b>			<u>679,500</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<u>\$ 53,755,812</u>

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**COUNTY OF RENSSELAER, NEW YORK**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2009**

---

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of County of Rensselaer, New York (the "County") and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements. A reconciliation between the basic financial statements and the schedule of expenditures of federal awards exists.

**2. SUBRECIPIENTS**

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows:

	<u>CFDA</u>	
WIA Youth Activities	17.259	\$ 86,940
Community Mental Health Services Block Grant	93.958	\$ 106,423
Substance Abuse Prevention and Treatment	93.959	\$ 1,059,774

---

*Certified Public Accountants*

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

Honorable County Executive and County Legislature  
County of Rensselaer, New York:

We have audited the financial statements of County of Rensselaer, New York (the "County"), as of and for the year ended December 31, 2009, and have issued our report thereon dated May 7, 2010 (which report refers to other auditors and contains an explanatory paragraph regarding deficit net assets at Van Rensselaer Manor). 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not to provide an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2009-01 that we consider to be a significant deficiency in internal control over financial reporting. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County in a separate letter dated May 7, 2010.

This report is intended solely for the information and use of the County Legislature, management, the Office of the State Comptroller of the State of New York and federal awarding and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Drescher & Malecki LLP*

May 7, 2010

---

*Certified Public Accountants*

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

Honorable County Executive and County Legislature  
County of Rensselaer, New York:

**Compliance**

We have audited the compliance of County of Rensselaer, New York, (the "County") with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of County management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Hudson Valley Community College and the Rensselaer County Industrial Development Agency, which expended \$27,206,247 and \$-0- of federal awards, respectively, which are not included in the County's schedule of expenditures of federal awards for the year ended December 31, 2009. Our audit, described below, did not include the operation of the Hudson Valley Community College and the Rensselaer County Industrial Development Agency, as other auditors were engaged to perform such audits in accordance with OMB Circular A-133.

We conducted our audit of compliance 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements. The financial statements of the Rensselaer County Industrial Development Agency were not audited in accordance with *Governmental Auditing Standards*.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

## Internal Control Over Compliance

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

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

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

This report is intended solely for the information and use of the County Legislature, management, the Office of the State Comptroller of the State of New York and federal awarding and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Drescher & Malecki LLP*

May 7, 2010

**COUNTY OF RENSSELAER, NEW YORK**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2009**

---

**Part I. Summary of auditors' results**

**Financial Statements**

Type of auditors' report issued: Unqualified\*

\* (which report refers to other auditors and contains an explanatory paragraphs regarding deficit net assets at Van Rensselaer Manor)

Internal control over financial reporting:

1. Material weakness(es) identified?        Yes   ✓   No
2. Significant deficiency(ies) identified?   ✓   Yes        None reported
3. Noncompliance material to financial statements noted?        Yes   ✓   No

**Federal Awards:**

Internal control over major programs:

4. Material weakness(es) identified?        Yes   ✓   No
5. Significant deficiency (ies) identified?        Yes   ✓   None reported

Type of auditors' report issued on compliance for major programs: Unqualified

6. Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?        Yes   ✓   No
7. The County's major programs were:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
SNAP Cluster:	
Supplemental Nutrition Assistance Program	10.551
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561
ARRA - State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561
WIA Cluster:	
WIA Adult Program	17.258
ARRA - WIA Adult Program	17.258
WIA Youth Activities	17.259
ARRA - Youth Activities	17.259
WIA Dislocated Workers	17.260
ARRA - WIA Dislocated Workers	17.260

(continued)

**COUNTY OF RENSSELAER, NEW YORK**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2009**

---

TANF Cluster:	
Temporary Assistance for Needy Families	
State Programs	93.558
ARRA – Emergency Contingency Fund for	
Temporary Assistance for Needy Families	
State Programs	93.714
Child Support Enforcement	93.563
ARRA - Child Support Enforcement	93.563
Foster Care – Title IV-E	93.658
ARRA – Foster Care – Title IV-E	93.658
Medical Assistance Program, Title XIX (Medicaid)	93.778

8. Dollar threshold used to distinguish between Type A and Type B programs? \$ 1,612,674

9. Auditee qualified as low-risk auditee?   ✓   Yes        No

(concluded)

**COUNTY OF RENSSELAER, NEW YORK**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2009**

---

**Part II. Financial statement findings section**

**Finding 2009-01— *Capital Assets***

Condition:

- I. We noted an instance in which the County did not record a capital asset addition in a timely manner.
- II. We noted that the County has not had a complete capital assets inventory performed in several years.

Criteria:

- I. In accordance with the County's Capital Asset Policy, assets should be listed as additions in the year that they are purchased and received (i.e. placed in service).
- II. A complete inventory of capital assets should be performed periodically to ensure accurate and complete records.

Cause:

- I. The County missed an addition that should have been included in the prior year and instead included it in current year; however, the capital asset was purchased and received in the prior year.
- II. A complete inventory of capital assets has not been performed in several years.

Effect:

- I. This practice jeopardizes the accuracy of the County's capital asset records.
- II. The County is at risk of carrying assets on their books that had been previously disposed of or otherwise taken out of operation in prior years.

Recommendation:

- I. We recommend that the County improve its recording keeping and communication surrounding capital asset additions to ensure that they are properly capitalized, in accordance with County policy.
- II. A complete and accurate inventory of capital assets will provide for much stronger control over capital asset records.

**Part III. Federal award findings and questioned costs section**

No findings or questioned costs reported.

**COUNTY OF RENSSELAER, NEW YORK**  
**Schedule of Prior Year Audit Findings**  
**Year Ended December 31, 2009**  
**(Follow Up on December 31, 2008 Findings)**

---

There were no findings related to the 2008 Single Audit procedures.

**COUNTY OF RENSSELAER, NEW YORK**  
**Schedule of Expenditures of New York State Department of Transportation Assistance**  
**Year Ended December 31, 2009**

---

<u><b>Program Title / Description</b></u>	<b>NYS Reference Number</b>	<u><b>Expenditures</b></u>
Consolidated Highway Improvement Program (CHIPS)	140000	\$ <u>1,907,930</u>
<b>Total New York State Department of Transportation Expenditures</b>		<b>\$ <u>1,907,930</u></b>

See note to the schedule of expenditures of New York State Department of Transportation assistance.

**COUNTY OF RENSSELAER, NEW YORK**  
**Notes to Schedule of Expenditures of New York State Department of Transportation Assistance**  
**Year Ended December 31, 2009**

---

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of New York State Department of Transportation (the "NYSDOT") assistance includes the financial assistance provided by NYSDOT.

The accompanying schedule is presented on the modified accrual basis of accounting.

---

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND  
INTERNAL CONTROL OVER STATE TRANSPORTATION  
ASSISTANCE EXPENDED BASED ON AS AUDIT OF THE  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Honorable County Executive and County Legislature  
County of Rensselaer, New York:

**Compliance**

We have audited the compliance of County of Rensselaer, New York, (the "County") with the types of compliance requirements described in Draft Part 43 of the New York State Codification of Rules and Regulations (NYCRR) that are applicable to each state transportation assistance program tested for the year ended December 31, 2009. The programs tested are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each program tested is the responsibility of County's management. Our responsibility is to express an opinion on County's compliance based on our audit.

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; and Draft Part 43 of NYCRR. Those standards and Draft Part 43 of NYCRR require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a state transportation assistance programs tested has occurred. An audit includes examining, on a test basis, evidence about County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its state transportation assistance programs for the year ended December 31, 2009.

**Internal Control Over Compliance**

The management of County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state transportation assistance programs tested. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on state transportation assistance programs tested in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Draft 43 of NYCRR.

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

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

### **Schedule of State Transportation Assistance Expended**

We have audited the financial statements of the County as of and for the year ended December 31, 2009, and have issued our report thereon dated May 7, 2010 (which report refers to other auditors and contains an explanatory paragraph regarding deficit net assets at Van Rensselaer Manor). Our audit was performed for the purpose of forming an opinion on the County's financial statements taken as a whole. The accompanying schedule of state transportation assistance expended is presented for purposes of additional analysis as required by Draft 43 of NYCRR, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the County Legislature, management, the New York State Department of Transportation, the Office of the State Comptroller of the State of New York and is not intended to be and should not be used by anyone other than these specified parties.

*Drescher & Malecki LLP*

May 7, 2010

**COUNTY OF RENSSELAER, NEW YORK**  
**Schedule of Findings and Questioned Costs**  
**New York State Department of Transportation Assistance**  
**For the Year Ended December 31, 2009**

---

**Part I. SUMMARY OF AUDITORS' RESULTS**

**New York State Department of Transportation Assistance:**

Internal control over major programs:

- |   |           |   |               |
|---|-----------|---|---------------|
| 1. Material weakness(es) identified?        | _____ Yes | _____ <input checked="" type="checkbox"/> | No            |
| 2. Significant deficiency (ies) identified? | _____ Yes | _____ <input checked="" type="checkbox"/> | None Reported |

Type of auditors' report issued on compliance for programs tested:

Unqualified

- |   |           |   |    |
|---|-----------|---|----|
| 3. Any audit findings disclosed that are required to be reported in accordance with Draft Part 43 of NYCRR? | _____ Yes | _____ <input checked="" type="checkbox"/> | No |
|---|-----------|---|----|

4. The County's programs tested were:

**Name of Program**

Consolidated Highway Improvement Program (CHIPS)

**Part II. COMPLIANCE FINDINGS AND QUESTIONED COSTS**

No matters are reportable.