

PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 12, 2011

NEW ISSUE

RATING: MOODY'S INVESTORS SERVICE:

In the opinion of Hodgson Russ LLP, Albany, New York, Bond Counsel, based on existing statutes, regulations, rulings and court decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants described in "Tax Exemption" herein, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is further of the opinion that interest on the Bonds is not treated as a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest will be included in adjusted current earnings for purposes of calculation the alternative minimum tax on certain corporations. Interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). The Bonds will NOT be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX EXEMPTION" herein.

COUNTY OF SCHENECTADY, NEW YORK

(the "County")

\$4,712,458 VARIOUS PURPOSES SERIAL BONDS – 2011

[BOOK-ENTRY-ONLY BONDS]

(The "Bonds")

Dated: Date of Delivery

SEE BOND MATURITY SCHEDULES HEREIN

Security and Sources of Payment: The Bonds are general obligations of the County of Schenectady, New York (the "County"), and will contain a pledge of the faith and credit of the County for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied upon all the taxable real property within the County, subject to certain statutory limitations imposed by Chapter 97 of the Laws of 2011 (the "New Tax Levy Limit Law"). See "Legal Matters and the New Tax Levy Limit Law" and "New Tax Levy Limit Law," herein.

Prior Redemption: The Bonds will not be subject to redemption prior to maturity.

Form and Denomination: The Bonds will be issued as registered bonds, and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Bonds. Individual purchases of the Bonds may be made only in book-entry form in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination. Bondholders will not receive certificates representing their interests in the Bonds purchased. See "Book-Entry-Only System" under "The Bonds," herein.

Payment: Payment of the principal of and interest on the Bonds to the Beneficial Owners of the Bonds will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name." Payment will be the responsibility of the DTC Participant or Indirect Participant and not of DTC or the County, subject to any statutory and regulatory requirements as may be in effect from time to time. See "Book-Entry-Only System" under "The Bonds," herein.

The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of the legal opinion as to the validity of the Bonds of Hodgson Russ LLP, Bond Counsel, Albany, New York. It is anticipated that the Bonds will be available for delivery in New York, New York or at such other place as may be agreed with the purchaser on or about December 29, 2011.

THE COUNTY DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12, EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. IN ADDITION, THE COUNTY WILL COVENANT IN AN UNDERTAKING TO PROVIDE ANNUAL FINANCIAL INFORMATION AND OPERATING DATA AND NOTICE OF CERTAIN MATERIAL EVENTS (AS DEFINED IN THE RULE) AS REQUIRED BY THE RULE (SEE "CONTINUING DISCLOSURE UNDERTAKING," HEREIN).

COUNTY OF SCHENECTADY, NEW YORK
(the "County")

\$4,712,458 VARIOUS PURPOSES SERIAL BONDS – 2011

BOND MATURITY SCHEDULE

Dated: December 29, 2011

Principal Due: December 15, 2013-2016, inclusive
Interest Due: June 15, 2012, December 15, 2012 and
semi-annually thereafter on June 15
and December 15 in each year to
maturity.

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield or</u> <u>Price</u>	<u>CUSIP #</u>
2013	\$ 1,112,458			
2014	1,200,000			
2015	1,200,000			
2016	1,200,000			

COUNTY OF SCHENECTADY, NEW YORK

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District 4

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Anthony W. Jasenski, Sr.
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Kathleen Rooney, County Manager
Deborah M. Mancini, Commissioner of Finance
John J. Woodward, County Clerk
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* * *

BOND COUNSEL

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PRELIMINARY OFFICIAL STATEMENT

\$4,712,458

COUNTY OF SCHENECTADY, NEW YORK

VARIOUS PUPOSES SERIAL BONDS - 2011 [BOOK-ENTRY-ONLY BONDS]

This Official Statement, including the cover page and appendices, presents certain information relating to the County of Schenectady, New York (the "County" and "State," respectively) in connection with the sale of the County's \$4,712,458 Various Purposes Serial Bonds - 2011 (the "Bonds").

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the County contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Bonds and the proceedings of the County relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

THE BONDS

Description of the Bonds

The Bonds will be dated date of delivery, and will mature in the principal amounts on December 15, in each of the years 2013 to 2016, inclusive, as set forth on the cover page

The Bonds will be issued in fully registered form and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as Securities Depository for the Bonds. Individual purchases of the Bonds may be made in book-entry form only, in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination. Purchasers will not receive certificates representing their interest in the Bonds.

Interest on the Bonds will be payable June 15, 2012, December 15, 2012 and semi-annually thereafter in each year until maturity. Principal and interest will be paid by the County to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the County referred to therein.

The Record Date of the Bonds will be the last business day of the month preceding each interest payment date.

Optional Redemption

The Bonds will not be subject to redemption prior to maturity.

Book-entry-only System

DTC, will act as securities depository for the Bonds issued as book-entry bonds. The Bonds will be issued as fully-registered securities, in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued and deposited with DTC for all of the Bonds bearing the same rate of interest and CUSIP number.

DTC is limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct

Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of certificates.

Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). Effective August 9, 2011, Standard & Poor’s assigns a rating of “AA+” to DTC. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping accounts of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them or notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to the Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the County on the payable date, in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC (nor its nominee) or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

Source: The Depository Trust Company, New York, New York.

The information contained in the above section concerning DTC and DTC’s book-entry system has been obtained from sample offering document language supplied by DTC, but the County takes no responsibility for the accuracy thereof. In addition, the County will not have any responsibility or obligation to participants, to indirect participants or to any beneficial owner with respect to: (i) the accuracy of any records maintained by DTC, and participant or any indirect participant; (ii) the payments by DTC or any participant or any indirect participant of any amount with respect to the principal of, or premium, if any, or interest on the bonds or (iii) any notice which is permitted or required to be given to Bondowners.

THE COUNTY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANTS, OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OR ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS; OR (IV) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

THE COUNTY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO DIRECT PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (I) PAYMENTS OF THE PRINCIPAL OF OR INTEREST ON THE BONDS; (II) CONFIRMATION OF THEIR OWNERSHIP INTEREST IN THE BONDS; OR (III) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO. AS NOMINEE, AS REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SO SERVE AND ACT IN THE MANNER DESCRIBED IN THE OFFICIAL STATEMENT.

Authorization and Purpose

The Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including the Local Law, constituting Chapter 33-a of the Consolidated Laws of the State, various bond resolutions adopted by the County Legislature and other proceedings and determinations relating thereto. The proceeds of the Bonds will be used to provide finds for various capital projects of the County, as set forth below:

<u>Date</u>	<u>Purpose</u>	<u>Amount to be Issued</u>
04/2011	Replacement of County Officer Chiller	\$160,000
04/2011	Install Telephone Infrastructure and Software System	82,000
04/2011	Hardware Replacement and Additions	180,000
04/2011	Continuity of Business	100,000
09/2007	Expansion and Upgrade Music and Drama	594,750
04/2010	Acquisition of Property	130,000
04/2011	Develop A Campus Master Plan	50,000
04/2011	Replacement of Jail Fire Alarm System	195,000
04/2011	Bridge Repairs and Stream Stabilization	400,000
04/2011	2011 County Highway Improvements	2,430,708
04/2011	Tandem Axle Dump Truck with Snow and Ice Equipment	215,000
04/2011	Upgrades to Recreational Facility Equipment	60,000
04/2011	Used Portable Screener	<u>115,000</u>
		<u>\$4,712,458</u>

Security and Source of Payment

Each Bond when duly issued and paid for will constitute a contract between the County and the holder thereof.

The Bonds will be general obligations of the County and will contain a pledge of the faith and credit of the County for the payment of the principal thereof and the interest thereon. For the payment of such principal of and interest on the Bonds, the County has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the County, subject to certain statutory limitations imposed by the New Tax Levy Limit Law. See "Legal Matters and the New Tax Levy Limit Law" and "New Tax Levy Limit Law," herein.

Under the Constitution of the State, the County is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the County to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the New Tax Levy Limit Law imposes a statutory limitation on the County's power to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in the New Tax Levy Limit Law. See "Legal Matters and the New Tax Levy Limit Law" and "New Tax Levy Limit Law," herein.

Remedies Upon Default

Under current law, provision is made for contract creditors (including the Bondholders) of the County to enforce payments upon such contracts, if necessary, through court action, although the present statute limits interest on the amount adjudged due to creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates to officials to appropriate and pay judgments out of current funds or the proceeds of a tax levy have been issued.

Remedies for enforcement of payment are not expressly included in the County's contract with holders of its bonds and notes, although any permanent repeal by statute or constitutional amendment of a Bondholder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

The State has consented that any municipality in the State may file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness. Subject to such consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debts, including judicial control over identifiable and unidentifiable creditors.

In recent times, certain events and legislation affecting remedies on default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in municipalities of the State require the exercise by the State of its emergency police powers to assure the continuation of essential services.

There is in the Constitution of the State, Article VIII, Section 2, the following provisions relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriating, a sufficient sum, shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness."

No principal or interest payments on County indebtedness are past due. The County has never defaulted in the payment of the principal of and interest on any indebtedness.

THE COUNTY

There follows in this Official Statement a brief description of the County, together with certain information concerning its economy and governmental organization, its indebtedness, current major revenue sources and expenditures and general and specific funds.

General Information

Schenectady County, incorporated in 1809, is an urban/suburban County located in the Mohawk Valley northwest of the City of Albany. The County comprises an area of approximately 206 square miles and includes the City of Schenectady (the County Seat), the Towns of Duanesburg, Glenville, Niskayuna, Princetown and Rotterdam, and the Incorporated Villages of Delanson and Scotia.

In 2010, the population of the County was 154,727, a slight increase from the 2000 population. The County has a varied economic base including manufacturing, engineering, research, wholesale distribution outlets, retail shopping centers and office buildings. A substantial portion of the resident population commutes to job sites within the County and the surrounding Counties of Albany and Saratoga.

Governmental Organization

Subject to the State Constitution, the County operates pursuant to the County Law and the General Municipal Law and with other laws governing the County generally to the extent that such laws are applicable. In addition, the County is subject to its Charter which was adopted at a general election held in 1965 and which established the County Legislature as the elective governing body of the County. The County Manager, the chief administrative officer of the County, is appointed by the County Legislature.

The legislative power of the County is vested in the County Legislature. Its 15 members are elected for staggered four-year terms every two years by the voters in their respective Districts. Both the number of members and boundaries of their areas of representation may be varied from time to time in accordance with requirements of the Federal and State constitutions or the provisions of the Municipal Home Rule Law.

The County Legislature meets at both regular and special meetings throughout the year and utilizes the committee system. Among its powers and duties, the County Legislature reviews and adopts the annual County Budget, levies taxes, reviews and approves any modifications to the budget and authorizes the incurrence of all indebtedness of the County. The County Legislature oversees the general operations of County government through the office of the County Manager.

The County Legislature retains the services of UHY Advisors NY, Inc. to conduct an annual independent audit of key departments. The auditor's report is filed with the County Manager and is open to public inspection. In addition, the County is subject to audit and review by the Comptroller of the State of New York.

Employees

The County provides services through approximately 1,129 full-time and 176 part-time employees. County employees are represented by seven labor organizations, as follows:

<u>Name of Union</u>	<u>Approximate Membership</u>	<u>Date Contract Expires</u>
Civil Service Employees Association	940 ^a	12-31-12
Service Employees International Union 1199	169	12-31-13
Sheriff's Benevolent Association:		
Correction Officers and Cooks	181	12-31-10 ^b
Correction Lieutenants and Sergeants	18	12-31-10 ^b
Patrol Unit.....	8	12-31-10 ^b
SCCC, Chairmen Administrators & Directors Association	11	03-31-13
SCCC Faculty Association	79	08-31-10 ^b

a. Includes Schenectady County Community College.

b. In negotiations

While labor relations between the County and the seven recognized labor organizations have been reasonable and amicable, there can be no assurance that such relationship will be maintained under current economic conditions.

Economy and Employment

The County has a retail trading zone of about 500,000 people served by numerous sizeable shopping centers as well as many small to medium size retail businesses and wholesale business establishments and a rebounding downtown. Health care employers such as Ellis Hospital, St. Clare's Hospital, Sunnyview Rehabilitation Center and MVP Health Plan provide employment opportunities throughout the County. Banking facilities such as Trustco, Bank of America and First National Bank of Scotia have either main offices or multiple branches throughout the County. Golub Corporation, the largest private sector employer in the capital region, has its corporation headquarters and distribution facility located in the County. The company operates a large chain of Price Chopper supermarkets throughout the Northeastern United States.

The unemployment rate in the County was 6.9% for the month of October 2011. The largest job gains have been in services, construction and wholesale/retail. A large number of State employees live in the County, working at agency locations both within the County and in Albany, the State capital located nearby. Government employment gives the areas relative stability compared to many other regions.

Manufacturing jobs have declined in recent years due to fewer orders for electrical generating equipment (turbines) manufactured by the General Electric Company (“GE”) at a large 600 acre plant in the County which employees approximately 3,400 workers. The power generation market is expected to rebound due to growing demands for electricity and this should help to stabilize local employment levels as well. GE has invested over \$350 million in the local plant within the past five years. In addition, GE has invested over \$125 million at its Global Research Facility which is located in the Town of Niskayuna.

Transportation

There are two airports serving Schenectady County: the Schenectady County Airport, which operates a general aviation as well as an Air National Guard operation, and the Albany County Airport, which provides commercial air passenger service. Rail transportation is provided by Amtrak (passenger service) and three freight lines (PanAm, Canadian Pacific and CSX). Water freight transportation is available through the use of the New York State Barge Canal System as well as the nearby Port of Albany on the Hudson River.

The extensive highway network serving the County includes Interstate Highways I-90 (New York State Thruway), I-88 (to Binghamton), I-890, U.S. Route 20 and New York State Routes 5, 7, 50, 146, 147 and 158 as well as numerous County and Town roads.

Utility Services

National Grid provides electricity and gas to residential, commercial and industrial users. The majority of the public’s drinking water is supplied from the largest aquifer in Upstate New York along the Mohawk River Valley. Other sources of water are found in underground streams, springs, lakes, wells and reservoirs. Municipal water departments and private water companies serve the needs of the County residents. The County is not involved in the supply and distribution of water. The County is also not involved in the collection and treatment of sewage, which is provided by its underlying municipalities.

Recreational and Cultural Facilities

The County has a wide variety of recreational and cultural facilities. There are about 50 separate public parks and recreation areas located throughout the County; facilities include swimming, picnicking, aviary, playfields, winter sports, tennis courts, etc.

Union College and Schenectady County Community College are among the major educational and cultural organizations in the County. In addition, there are numerous libraries, museums, golf courses and other organizations and facilities providing a variety of recreational and cultural outlets.

Schenectady County Community College

The Schenectady County Community College, a unit of the State University of New York, was established in 1968. Capital costs are shared by the County and the State of New York; operating costs are financed by student tuitions and fees, State aid and contributions from the County.

The contributions of the County to the General ("operating") Fund of the Community College for the last five years are presented below:

Community College Fiscal Year Ending <u>August 31:</u>	Schenectady County <u>Contribution</u>	<u>Per Cent</u>
	<u>Amount</u>	
2007	\$1,918,694	9.4%
2008	1,918,694	9.0
2009	1,998,694	9.0
2010	2,098,694	9.1
2011	2,098,694	8.7
2012 (Budget).....	2,098,694	8.0

In addition to its annual contribution to the General Fund of the Community College, debt service on Community College bonds are payable in the first instance from the capital chargebacks to other Counties for non-resident students and if not paid therefrom, said principal and interest will be payable from a tax levied on all the taxable real property in the County.

Unemployment Rate Statistics

The diversified and stable economic base of the County is reflected in the comparative unemployment rate statistics presented below:

Annual Averages:	<u>Schenectady County</u>	<u>Albany Schenectady Troy (SMSA)</u>	<u>New York State</u>
2005	4.2%	4.0%	5.0%
2006	4.2	4.0	4.6
2007	4.2	4.0	4.5
2008	5.0	4.9	5.3
2009	7.2	6.9	8.4
2010	7.7	7.2	8.6
2011 (10 month average)	7.4	7.2	8.1

Source: Department of Labor, State of New York

Partial Listing of Larger Employers

<u>Name</u>	<u>Type</u>	<u>Approx. No. of Employees</u>
General Electric Power Systems	Power Systems	4,000
Ellis Hospital	Health Care	3,300
Schenectady City School District	Education	2,790
Knolls Atomic Power Laboratory	Research Laboratory	2,600
Golub Corporation /Price Choppers	Food Distribution/Supermarkets	2,473
GE Research & Development.....	Commercial Physical Research	2,000
Developmental Services	State Gov't Social/Human Resources	1,600
County of Schenectady	Local Government	1,385
New York Air National Guard	Military	1,300
MVP Health Plan.....	Health Maintenance/Insurance	1,100
Union College	Education	851
Niskayuna School District	Education	806
Trustco	Banking	755
City of Schenectady	Local Government	685

Source: Schenectady County's Department of Economic Planning & Development, 2009

INDEBTEDNESS OF THE COUNTY

Constitutional Requirements

The New York State Constitution limits the power of the County (and other municipalities and school districts of the State) to issue obligations and to contract indebtedness. Such constitutional limitations include the following, in summary form, as generally applicable to the County and the Bonds:

Purpose and Pledge. The County shall not give or loan any money or property to or in aid of any individual, or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The County may contract indebtedness only for a County purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose determined by statute; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the County has authorized the issuance of indebtedness having substantially level or declining annual debt service. The County is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for payment of principal on its serial bonds, bond anticipation notes and capital notes.

Debt Limit. The County has the power to contract indebtedness for any County purpose so long as the principal amount thereof shall not exceed seven per centum of the most recent five-year average full valuation of taxable real estate of the County and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the final equalization rate as determined by the State Board of Real Property Services. The State Legislature is required to prescribe the manner by which such rate shall be determined. The average full valuation is determined by taking the sum of full valuations of such last completed assessment roll and the four preceding assessment rolls, and dividing such sum by five.

There is no constitutional limitation on the amount that may be raised by the County by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the New Tax Levy Limit Law, imposes a statutory limitation on the power of the County to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in the New Tax Levy Limit Law. See "Legal Matters and the New Tax Levy Limit Law" and "New Tax Levy Limit Law," herein.

General The County is further subject to constitutional limitation by the general constitutionally imposed duty of the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such powers. As has been noted under "Nature of Obligation", the State Legislature is prohibited by a specific constitutional provision from restricting the power of the County to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the New Tax Levy Limit Law imposes a statutory limitation on the County's power to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in the New Levy Limit Law. See "Legal Matters and the New Tax Levy Limit Law" and "New Tax Levy Limit Law," herein.

Statutory Procedure

In general, the State Legislature has authorized the power and procedure for the County to borrow and incur indebtedness by the enactment of the Local Finance Law subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including the County Law and General Municipal Law of the State.

Pursuant to the Local Finance Law, the County authorizes the incurrence of indebtedness, including bonds and bond anticipation notes issued in anticipation of such bonds, by the adoption of a resolution, approved by at least two-thirds of the members of the County Legislature the finance board of the County. Certain of such resolutions may be subject to permissive referendum, or may be submitted to the County voters at the discretion of the County Legislature.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution, which in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

Each bond resolution also authorizes the issuance of bond anticipation notes prior to the issuance of serial bonds. Statutory law in New York permits notes to be renewed each year, provided annual principal reductions are made and provided that such renewals generally do not extend five years beyond the original date of borrowing. However, notes issued in anticipation of the sale of serial bonds for assessable improvements are not subject to such five year limit and may be renewed subject to annual principal reductions for the entire period of probable usefulness of the purpose for which such notes were originally issued. (See "Payment and Maturity" under "Constitutional Requirements," and "Details of Short-Term Indebtedness Outstanding.")

In general, the Local Finance Law contains similar provisions providing the County with power to issue general obligation revenue and tax anticipation notes and general obligation budget and capital notes.

The following tables set forth the computation of debt limit and the calculation of total net indebtedness of the County in accordance with the constitutional requirements hereinabove described.

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of December 12, 2011)

Fiscal Year Ending December 31:	Full Valuation ^a
2007	\$ 8,808,984,048
2008	9,667,679,247
2009	10,219,831,423
2010	10,444,791,772
2011	<u>10,150,188,290</u>
Total Five Year Full Valuation	\$49,291,474,780
Average Five Year Full Valuation	9,858,294,956
Debt Limit - 7% of Average Full Valuation	<u>690,080,646</u>
Inclusions:	
Outstanding Bonds (General Purposes)	\$52,004,665
Other Debt	<u>-0-</u>
Total Inclusions	<u>\$52,004,665</u>
Exclusions: Appropriations	
	<u>1,314,246</u>
Total Net Indebtedness	<u>50,690,419</u>
The Bonds.....	4,712,458
Less BANs to be paid from Proceeds	<u>-0-</u>
Net Effect of Issuing the Bonds	<u>4,712,458</u>
Total Net Indebtedness After Issuing the Bonds	<u>55,402,877^b</u>
Net Debt Contracting Margin	<u>\$ 634,677,769</u>

a. For details of Assessed and Full Valuations please refer to Appendix B.

b. Represents 8.03% of the Debt Limit.

Debt Service Requirements - Outstanding Bonds*

Fiscal Year Ending December 31:	Principal	Interest	Total
2011	\$ 1,314,246	\$ 399,274	\$1,713,520
2012	7,005,419	1,904,745	8,910,164
2013	6,330,000	1,683,499	8,013,499
2014	5,335,000	1,485,081	6,820,081
2015	4,340,000	1,318,812	5,658,812
2016	3,295,000	1,158,037	4,453,037
2017	2,830,000	1,030,394	3,860,394
2018	2,850,000	919,162	3,769,162
2019	2,450,000	804,960	3,254,960
2020	2,295,000	706,381	3,001,381
2021.....	2,120,000	611,331	2,731,331
2022.....	1,940,000	522,125	2,462,125
2023.....	1,500,000	436,125	1,936,125
2024.....	1,525,000	370,250	1,895,250
2025.....	1,525,000	303,125	1,828,125
2026.....	1,250,000	235,750	1,485,750
2027.....	1,150,000	181,500	1,331,500
2028.....	1,150,000	131,250	1,281,250
2029.....	600,000	81,000	681,000
2030.....	600,000	54,000	654,000
2031	<u>600,000</u>	<u>27,000</u>	<u>627,000</u>
Totals	<u>\$52,004,665</u>	<u>\$14,363,801</u>	<u>\$66,368,466</u>

*Includes results of the County's 2011 Refunding Bond Issue.

Trend of County Indebtedness

The following table represents the outstanding indebtedness of the County at the end of the last five preceding fiscal years.

	Fiscal Year Ending December 31:				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt Outstanding End of Year:					
Subject to Debt Limit:					
Bonds	\$55,580,000	\$58,652,000	\$60,138,000	57,330,246	\$57,714,665
Bond Anticipation Notes.....	-	-	-	-	-
Capital Notes	-	-	-	-	-
Not Subject to Debt Limit:					
Bonds	-	-	-	-	-
Bond Anticipation Notes.....	-	-	-	-	-
Other Notes	-	-	-	-	-
Total Outstanding Debt	<u>\$55,580,000</u>	<u>\$58,652,000</u>	<u>\$60,138,000</u>	<u>\$57,330,246</u>	<u>\$57,714,665</u>

Authorized But Unissued Items

As of the date of this Official Statement the County has authorized but unissued indebtedness in the amount of \$69,629,680 of which a portion will fund the bond issuance.

Capital Projects

In general, the County authorizes construction and financing of facilities which are of service to its residents on a County-wide basis. The County maintains a road system necessitating road and bridge improvements. The County has jurisdiction over certain streams requiring drainage improvements. The County is active in health and social service related activities, including the reconstruction of the Glendale Home.

A condition precedent to the construction of any facilities to be financed by borrowing is the adoption of a bond resolution pursuant to the Local Finance Law which requires the County to estimate the maximum amount to be expended and sets forth certain other matters relating to the borrowing. The period of usefulness is determined subject to the maximum periods set forth in the Local Finance Law. Notwithstanding the period set forth in the Local Finance Law, the bond resolution may provide for a shorter period of amortization.

The County Legislature reviews departmental requests for capital improvements for the succeeding five years and annually adopts a capital budget based on the review of the departmental requests. The following table set forth anticipated capital expenditures which are expected to be funded in 2011 and expected in future years from borrowings, appropriations and other sources.

Capital Improvement Program - 2011 (Construction and Equipment)

<u>Purpose</u>	<u>Amount</u>	<u>Sources of Funds</u>			
		<u>County</u>	<u>State</u>	<u>Federal</u>	<u>Other</u>
Community College.....	\$ 100,000	\$ 50,000	\$ 50,000	\$ 0	\$ 0
Engineering and Public Works	5,407,500	3,348,708	1,486,792	557,000	15,000
Facilities.....	565,000	565,000	0	0	0
Aviation	35,000	875	875	33,250	0
Compost Facility.....	130,000	115,000	0	0	15,000
Information Technology	<u>362,000</u>	<u>362,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$6,599,500</u>	<u>\$4,441,583</u>	<u>\$ 1,537,667</u>	<u>\$ 590,250</u>	<u>\$ 30,000</u>

Anticipation Capital Expenditures: 2012-2016

<u>Purpose</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Economic Development & Planning:					
County	\$ 25,000	\$ 0	\$ 0	\$ 0	\$ 0
State	0	0	0	0	0
Engineering and Public Works:					
County	2,538,129	2,578,737	2,987,600	2,735,783	2,817,856
State	1,513,870	1,452,681	2,490,762	1,541,150	1,587,384
Federal	<u>552,000</u>	<u>0</u>	<u>5,304,000</u>	<u>0</u>	<u>0</u>
Totals	<u>\$ 4,628,999</u>	<u>\$4,031,418</u>	<u>\$10,782,362</u>	<u>\$4,276,933</u>	<u>\$4,405,240</u>

Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percent^a Within County</u>	<u>Total Outstanding Indebtedness^b</u>	<u>Excludable Indebtedness^c</u>	<u>Net Indebtedness After Exclusions</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
City of Schenectady	04-27-11	100.00%	\$89,260,594	\$12,396,761	\$76,863,833	\$89,260,594	\$76,863,833
Towns:							
Duanesburg	12-31-08	100.00	7,577,057	0 ^a	7,577,057	7,577,057	7,577,057
Glenville.....	12-31-08	100.00	22,732,756	13,199,510	9,533,246	22,732,756	9,533,246
Niskayuna	05-19-10	100.00	8,948,697	294,647	8,654,050	8,948,697	8,654,050
Princetown	12-31-08	100.00	2,450,800	0 ^a	2,450,800	2,450,800	2,450,800
Rotterdam.....	09-16-09	100.00	8,332,500	506,600	7,825,900	8,332,500	7,825,900
Villages:							
Delanson	05-31-09	100.00	464,600	0 ^a	464,600	464,600	464,600
Scotia	05-31-09	100.00	1,477,190	0 ^a	1,477,190	1,477,190	1,477,190
School Districts:							
Schenectady City SD	08-09-10	100.00	86,736,464	14,680,000	72,056,464	86,736,464	72,056,464
Duanesburg CSD	06-30-09	93.93	8,437,601	6,961,020	1,476,581	7,925,438	1,386,952
Schalmont CSD.....	06-30-09	97.35	37,162,640	23,338,137	13,824,503	36,177,830	13,458,153
Scotia-Glenville CSD	07-19-10	99.74	37,538,000	0	37,538,000	37,538,000	37,538,000
Niskayuna CSD.....	01-11-10	88.04	104,952,251	76,195,334	28,756,917	92,399,961	25,317,589
Rotterdam-Mhnsn CSD	06-30-09	90.33	22,887,529	17,009,203	5,878,326	20,674,304	5,309,891
Amsterdam City SD.....	06-30-09	1.11	50,927,162	1,696,535	49,230,627	565,291	546,459
Schoharie CSD.....	06-30-09	1.34	13,730,872	11,506,470	2,224,402	183,993	29,806
Burnt Hills-Ballson Lk CSD..	05-26-10	45.92	36,699,214	0	36,699,214	16,852,279	16,852,279
Galway CSD	06-30-09	0.04	5,515,000	3,739,169 ^b	1,775,831	2,206	710
South Colonie CSD.....	07-13-09	7.35	50,949,678	0	50,949,678	50,949,678	50,949,678
Fire Districts (Est.).....	12-31-09	100.00	<u>5,898,492</u>	<u>0</u>	<u>5,898,492</u>	<u>5,898,492</u>	<u>5,898,492</u>
			<u>\$602,679,097</u>	<u>\$181,523,386</u>	<u>\$421,155,711</u>	<u>\$497,148,130</u>	<u>\$344,191,149</u>

a. Based on respective taxable full valuations.

b. Outstanding Indebtedness only - authorized but unissued debt not included.

c. For the City of Schenectady, the Towns and the Villages: excluded water and sewer debt, urban renewal bonds, appropriations, TANs, and Budget Notes as applicable to each unit. For School Districts: estimated State Aid for School Buildings are excluded.

Sources: Annual Reports of the Respective Units for the most recently completed Fiscal Year filed with the Office of the State Comptroller or more recently published Official Statements.

FINANCES OF THE COUNTY

Financial Statements and Accounting Procedures

The County maintains its financial records in accordance with the Uniform System of Accounts for Counties prescribed by the State Comptroller. The financial records of the County are audited by independent accountants. The last such audit made available for public inspection covers the fiscal year ended December 31, 2010. In addition, the financial affairs of the County are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the County has complied with the requirements of various State and Federal statutes.

UHY LLP, the County's independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. UHY LLP also has not performed any procedures relating to this official statement.

The Balance Sheets and Statements of Revenues, Expenditures and Changes in Fund Balances presented in Appendix A of this Official Statement are based on the audited Annual Financial Reports of the County for the fiscal years of the County from 2006 through 2010.

Fund Structure and Accounts

The County utilizes fund accounting to record and report its various service activities. A fund represents both a legal and an accounting entity which segregates the transactions of specific programs in accordance with special regulations, restrictions or limitations.

There are three basic fund types: (1) governmental funds that are used to account for basic services and capital projects; (2) proprietary funds that account for operations of a commercial nature; and (3) fiduciary funds that account for assets held in a trustee capacity. Account groups, which do not represent funds, are used to record fixed assets and long-term obligations that are not accounted for in a specific fund.

The County presently maintains the following governmental funds: General Fund, Special Revenue Funds (County Road Fund, Road Machinery Fund, Library Fund and the Special Grant Fund), the Capital Projects Fund, the Glendale Home Enterprise Fund, and the Community College. Fiduciary funds consist of a Trust and Agency Fund. Account groups are maintained for fixed assets and long-term debt.

Basis of Accounting

The County's governmental funds are accounted for on a modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become susceptible to accrual - that is, when they become "measurable" and "available" to finance expenditures related to the current period. Material revenues susceptible to accrual include real property taxes, intergovernmental revenues (State and Federal aid) and certain surcharges.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule are expenditures for prepaid expenses or inventory-type items, which are recognized at the time of the disbursements; principal and interest on indebtedness, which are not recognized as an expenditure until due; compensated absences, such as vacation and sick leave which vests or accumulates, which are charged as an expenditure when paid; and pension costs, which are not recognized as an expenditure until due.

Proprietary funds are accounted for on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when incurred. Fixed assets and long-term liabilities related to these activities are recorded within the funds.

Budgetary Procedures

The County Manager, as Budget Officer, with the assistance of various other County Officers prepares a recommended budget for submission to the County Legislature on or before October 1 of each year. During the month of October, each departmental budget request is reviewed by the Ways and Means Committee of the County Legislature. A public hearing is held before the end of October each year. Such recommended budget is made available for public inspection prior to the public hearing. Subsequent to the public hearing, the County Legislature meets, such revisions as the County Legislature deems appropriate are made and the final budget is adopted on or before November 1 of each year. If the County Legislature fails to adopt the final budget by said date, the budget as submitted by the County manager shall be deemed to be adopted.

The budget is presented on a program basis by object of expenses indicating the last completed years actual expenditures, the current budget as approved and modified, the departmental request and the Budget Officer's recommendation. The budget, as adopted, gives full details indicating therein the prior year's information, the current year's information, departmental requests, the Budget Officer's recommendations and the final adopted budget for the County. The County Legislature may, during the course of the year, make changes in the appropriations and other modifications of the budget as it deems necessary.

A summary of budgeted revenues and expenditures for the current fiscal year may be found in Appendix A.

Investment Policy

Investments

Pursuant to the statutes of the State of New York and the County's adopted Investment Policy, the County is permitted to temporarily invest moneys which are not required for immediate expenditures, with the exception of moneys the investment of which is otherwise provided for by law, in the following investments: (1) special time deposit accounts in, or certificates of deposit issued by a commercial bank or trust company located and authorized to do business in the State, provided however, that such time deposit account or certificate of deposit is payable within such time as the proceeds shall be needed to meet the expenditures for which such moneys were obtained and provided further that such time deposit account or certificate of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (4) Repurchase Agreements involving the purchase and sale of direct obligations of the United States; (5) obligations of the State of New York; (6) with the approval of the New York State Comptroller in tax anticipation notes or revenue anticipation notes issued by any municipalities, school district, or district corporation, other than those notes issued by the County; (7) certificates of participation issued by political subdivisions of the State, as those terms are defined in the law; (8) obligations of a New York public corporation which are made lawful investments for the County pursuant to the enabling laws of such public corporation; or (9) in the case of moneys held in certain reserve funds established by the County pursuant to law, in obligations of the County. Any investments made by the County pursuant to law are required to be payable or redeemable at the option of the County within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. These statutes also require that the County's investments, unless registered or inscribed in the name of the County, must be purchased through, delivered to and held in custody of a bank or trust company in the State. All such investments held in the custody of a bank or trust company must be held pursuant to a written custodial agreement as that term is defined in the law.

Collateral

Collateral is required for demand deposit, money market accounts and certificates of deposit not covered by Federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities and school districts. Securities purchased through a repurchase agreement, not otherwise secured by collateral, shall be valued to market at least weekly. The value of collateral provided to secure any repurchase agreement shall be valued weekly. Collateral shall not be required with respect to the direct purchase of obligations of New York State, obligations of the United States, and obligations of federal agencies the principal and interest of which are guaranteed by the United States Government.

Other Matters

All trading partners must be credit worthy. Their financial statements must be reviewed at least annually by the Chief Fiscal Officer, or representative, to determine satisfactory financial strength. Credit rating agencies may be also used to determine credit worthiness of trading partners.

Investments in time deposits and certificates of deposit are to made with banks or trust companies. Their annual reports must be reviewed by the Chief Fiscal Officer, or representative, to determine satisfactory financial strength.

When purchasing eligible securities, the seller shall be required to deliver the securities, or other satisfactory collateral, to the Custodial Bank named.

Repurchase Agreements shall be entered into only with banks or trust companies or registered and primary reporting dealers in government securities.

A margin of 2% or higher of the market value of purchased securities in Repurchase Agreements must be maintained.

Financial Organization

The responsibility for the administration and control of finances is delegated to the Commissioner of Finance, who is appointed by the County Manager and approved by the County Legislature, and who is the chief fiscal officer of the County. The present Commissioner of Finance, Deborah M. Mancini, has served in the County Finance Office since 1986.

Revenues

The County receives most of its revenue from a real property tax on all non-exempt real property situated within the County, non-property taxes (including sales and use tax) and State aid and Federal aid. A summary of such revenues for the five most recently completed fiscal years may be found in Appendix A.

Real Property Taxes

See "Tax Information", herein

State Aid

The County receives financial assistance from the State. If the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the County, may be affected by a delay in the payment of State aid. Additionally, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the County, in this year of future years, the County may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments.

Based on the unaudited Annual Financial Report Update Document of the County, the County received approximately 17.46% of its total General Fund operating revenue from State aid in 2010. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and, in fact, the State has drastically reduced funding to municipalities and school districts in the last several years in order to balance its own budget.

Although the County cannot predict at this time whether there will be any delays and/or reductions in State aid in the current year or in future fiscal years or whether there will be additional Federal Stimulus Act monies made available to pay State aid in future years, the County may be able to mitigate the impact of any delays or reductions by reducing expenditures, increasing revenues appropriating other available funds on hand, and/or by any combination of the foregoing.

Sales Tax

The County of Schenectady was notified by the New York State Department of Taxation and Finance in March of 2004 that an audit of a taxpayer was recently completed by the department. The audit period was from September 1, 1996 to February 28, 2000. As a result of the audit, it was discovered that a large overpayment of sales tax was made by the taxpayer which necessitated a rebate by the County of approximately \$5.0 million. The County's share of the \$5.0 million rebate amounted to \$4.7 million. The balance of approximately \$.3 million was attributable to monies derived from the dedicated ½ of 1% additional sales tax rate first imposed in 1998 and accruing to the benefit of the Metroplex Development Authority. The County recognized the rebate as a reduction in County sales tax revenues in its 2003 statements and as a liability.

In May 2005 the County was notified that a subsequent audit of the same taxpayer for the period March 1, 2000 to May 31, 2004 had been finalized by the New York State Department of Taxation and Finance, at which time it was determined that a further refund of approximately \$9.2 million would be required as the reporting methodology utilized by the taxpayer which caused the overpayment was not fully corrected for several years subsequent to the audit. The County's share of the repayment approximates \$8.3 million, the balance attributable to repayments due from the Metroplex Development Authority. The County's statements as of December 31, 2005 reflect the reduction in sales tax (\$8.3 million) as well as the liability. In 2006, the County issued a bond in the amount of \$13,005,000 to fund the County's share of the recovery by NYS Tax and Finance of the overpayment of sales tax as determined by the audits.

Expenditures

The major categories of expenditure for the County are General Government Support, Public Safety Education, Health, Economic Assistance and Opportunity. A summary of the expenditures for the five most recently completed fiscal years may be found in Appendix A.

Pension Systems

Substantially all employees of the County are members of the New York State and Local Employees' Retirement System ("ERS"). (The System is referred to hereinafter as the "Retirement System" where appropriate.) The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The Retirement System Law generally provides that all participating employers in the retirement system are jointly and severally liable for any unfunded investments. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All employees who became members on or after July 27, 1976 must contribute 3% of their gross annual salary towards the cost of their retirement program except for members of the PFRS; after 10 years of service, such 3% contribution is waived. Chapter 86 of the Laws of 2000 eliminated the 3% contribution for Tier 3 and Tier 4 members with 10 years of membership. On December 10, 2009, the Governor Paterson signed into law the creation of a new Tier 5, which is effective for new ERS and TRS employees hired after January 1, 2010. New ERS employees in Tier 5 will now contribute 3% of their salaries and new TRS employees in Tier 5 will contribute 3.5% of their salaries. There is no provision for these contributions to cease for Tier 5 employees after a certain period of service.

With regard to the ERS, a Pension Reform Bill Chapter 49 of the Laws of 2003 ("Chapter 49") signed by the governor in May of 2003, changed the cycle of billing to match budget cycles of the County. Under the previous method, the County was unsure of how much was to be paid to the system until after the County budget was adopted. Under the new system the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1 instead of the following April 1 so that the County will be able to build the cost of the contribution into its budget.

Chapter 49 requires the County to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the fund would make a lower contribution possible. The December, 2003 bill was 4.5% of payroll. Chapter 260 of the Laws of 2004 ("Chapter 260"), signed by the governor in July of 2004, contains additional relief provisions. The annual payment required each December 15 has been pushed back to the following February 1. Required annual contributions, to the extent they exceed 7% of payroll for the payment due in 2005, may be paid to the State Comptroller in installments over a ten year period with an effective financing rate of 5% per annum. Payments due in 2006 and 2007 may similarly be amortized to the extent they exceed 9.5% of payroll or 10.5% of payroll, respectively. Presently, the statutory financing rate for the amortizations of such excess amounts through the State Comptroller is 5% per annum, but Chapter 260 permits the State Comptroller to change the 5% to a rate more closely approximating a market rate of return on taxable fixed rate securities with similar terms issued by comparable issuers.

Chapter 260 also amends the Local Finance Law to permit municipalities to issue their own notes or bonds, payable over a period of up to ten years, to finance the amount of such required payments that could have been amortized with the Comptroller. Interest on such borrowing would be taxable for federal income tax purposes.

The pension contribution rate applicable to the County for the 2010 required payment for employees who are members of ERS was approximately 11.48% of payroll; for employees who are members of TIAA/CREF the pension contribution rate was approximately 11.3% for 2009 required payment.

Although Chapter 49 and Chapter 260 offer temporary relief from the short term actuarial effects of the decline in the value of pension fund investments experienced over the last several years, neither shifts the burden of providing retirement benefits to County employees away from County taxpayers.

Contributions to Employees Retirement Funds

<u>Fiscal Year</u> <u>Ending</u>	<u>N.Y.S.</u> <u>Employees'</u> <u>Retirement</u> <u>System</u>	<u>N.Y.S.</u> <u>Teacher's</u> <u>Retirement</u> <u>System</u>	<u>TIAA/</u> <u>CREF</u>	<u>Total</u>
2006	\$6,628,023	\$110,359	\$492,914	\$7,231,296
2007	5,389,523	114,300	493,537	5,997,360
2008	5,459,824	113,772	562,397	6,135,993
2009	4,808,067	100,635	583,587	5,492,289
2010	7,984,447	65,712	644,619	8,694,778
2011 (Budgeted)	11,238,000	125,000	662,216	12,025,216

Other Post Employment Benefits

The County provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. Accounting rules now require governmental entities, such as the County, to account for post-retirement health care benefits as its accounts for vested pension benefits. GASB Statement No. 45 (“GASB 45”) described below requires such accounting.

GASB 45 and OPEB. OPEB refers to "other post-employment benefits," meaning benefits other than pension benefits. OPEB consists primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Before GASB 45, OPEB costs were generally accounted for and managed as current expenses in the year paid and were not reported as a liability on governmental financial statements.

GASB 45 requires municipalities and school districts to account for OPEB liabilities in the same manner as they already account for pension liabilities. It requires them to adopt the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB Statement No. 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") is determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 does not require that the liability actually be amortized nor that it be funded only that the municipality or school district account for its unfunded accrued liability and comply in meeting its ACR. The County has retained an independent firm to conduct the actuarial valuation and, as of January 1, 2009 the actuarial accrued liability for the County is \$240.4 million and the ARC is \$20.2 million. These amounts include both governmental and business – type activities for the County.

Actuarial Valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are less than 200 members.

REAL PROPERTY TAX INFORMATION

Real Property Taxes

The County derives a major portion of its revenues from a tax on real property (see “Statement of Revenues, Expenditures and Changes in Fund Balance” in Appendix B, herein.) Property taxes accounted for 21.94% of total general fund revenues, for the fiscal year ended December 31, 2010. On June 24, 2011, the New Tax Levy Limit Law was enacted, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the County, without providing an exclusion for debt service on obligations issued by municipalities and fire districts, including the County. See “New Tax Levy Limit Law,” herein.

Constitutional Tax Limit

	<u>2011</u>
Five Year Average Full Valuation	\$9,858,294,954
Constitutional Tax Limit.....	147,874,424
Tax Levy.....	<u>65,995,136</u>
Less: Total Exclusions	<u>8,783,064</u>
Tax Levy Subject to Tax Limit.....	<u>57,213,072</u>
Constitutional Tax Margin.....	<u>\$ 90,661,352</u>
Percentage of Tax Limit Exhausted.....	38.69%

Tax Collection Procedure

County taxes are collected by the City of Schenectady and the Towns in the following manner:

In the City of Schenectady: County taxes are levied and collected with City taxes and payable quarterly. The City pays the County an amount proportionate to the County's share of the total City-County tax levy from the quarterly collections during the first three quarters. Before December 31, the City pays the County the balance of its tax levy. A penalty charge of 1 $\frac{3}{4}$ % is added to tax bills each month after the due date of each quarterly installment. Twenty-one percent per year is added if the year's taxes are not paid.

In the Towns: County taxes are also collected by each of the towns in the County. Taxes are due January 1, payable without penalty to January 31. Penalties are paid to Town Receiver of Taxes at rate of 1 $\frac{1}{4}$ % per month. The Towns retain from their gross tax collections the full amount of their respective tax levies for both general and special district purposes, and return the balance of such gross collections, which includes the collections of relieved school taxes, to the Commissioner of Finance. The Commissioner of Finance is responsible for and collects delinquent taxes and imposes an additional penalty of 5% and interest on the total of such taxes and penalty at the rate of 15% per annum commencing on February 1 of the current year.

In School Districts: with respect to taxes levied by School Districts (other than the City School District's of Schenectady and Amsterdam), the County is responsible for paying to each School District the amount of any deficiency with respect to its own tax collections prior to the close of the School District's fiscal year. The County relieves such uncollected taxes as part of its own tax bill, and such amounts are then collected by the Towns.

New Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the Laws of 2011 (the "New Tax Levy Limit Law") on June 24, 2011, all the taxable real property within the County has been subject to the levy of ad valorem taxes to pay the bonds and notes of the County and interest thereon without limitation as to rate or amount. However, the New Tax Levy Limit Law imposes a tax levy limitation upon the County for any fiscal year commencing after January 1, 2012, without providing an exclusion for debt service on obligations issued by the County. As a result, the power of the County to levy real estate taxes on all the taxable real property within the County, without limitation as to rate or amount, may or may not be subject to statutory limitations, according to the formulas set forth in New Tax Levy Limit Law. The actual effect of the New Tax Levy Limit Law would depend upon the interpretation of such law by a court of competent jurisdiction in the event of a legal challenge.

The following is a brief summary of certain relevant provisions of New Tax Levy Limit Law. The summary is not complete and the full text of the New Tax Levy Limit Law should be read in order to understand the details and implications thereof.

The New Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the County, subject to certain exceptions. The New Tax Levy Limit Law permits the County to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor", which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The County is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The New Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the County, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the County. The governing board of the County may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the governing board of the County first enacts, by a vote of at least sixty percent of the total voting power of the governing board of the County, a local law to override such limit for such coming fiscal year.

The New Tax Levy Limit Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation bonds or notes of the County or such indebtedness incurred after the effective date of the New Tax Levy Limit Law. As such, there can be no assurances that the New Tax Levy Limit Law will not come under legal challenge for violating (i) Article VIII, Section 12 of the State Constitution for not providing an exception for debt service on obligations issued prior to the enactment of the New Tax Levy Limit Law, (ii) Article VIII, Section 10 of the State Constitution by effectively eliminating the exception for debt service to general real estate tax limitations, and (iii) Article VIII, Section 2 of the State Constitution by limiting the pledge of its faith and credit by a municipality or school district for the payment of debt service on obligations issued by such municipality or school district. See "Legal Matters and the New Tax Levy Limit Law", herein.

Tax Levy and Collection Record and Tax Rates

	2006	2007	2008	2009	2010	2011
County and State Taxes	\$57,976,335	\$57,960,614	\$60,551,771	\$65,989,088	\$64,560,457	\$64,432,235
Miscellaneous County Items (Net)	292,084	460,935	767,151	1,392,454	1,474,659	1,565,034
Town Taxes	34,035,667	36,497,072	38,221,583	39,217,945	40,081,852	41,940,386
Returned Taxes and Penalties:						
School Districts	4,386,288	4,722,887	5,138,272	5,378,542	5,919,227	5,869,994
Villages	183,964	203,646	280,274	220,417	285,093	234,602
Election Expense	8,247	0	0	0	0	0
Total Tax Levy	<u>\$96,882,585</u>	<u>\$99,845,154</u>	<u>\$104,959,051</u>	<u>\$112,198,446</u>	<u>\$112,321,288</u>	<u>\$114,042,251</u>
Uncollected End of Year of Levy:						
Amount	1,597,375	1,969,779	2,369,304	3,069,217	2,934,829	3,045,631 ^a
Per Cent	1.65%	1.97%	2.26%	2.74%	2.61%	2.67%
Tax Rate Per \$1,000 of Full Valuation	\$7.68	\$6.56	\$6.25	\$6.44	\$6.17	\$6.34

a. As of October 31, 2011

Large Taxable Properties – 2010

<u>Name</u>	<u>Type</u>	<u>Estimated Full Valuation</u>
General Electric Company	Industrial	\$385,394,984
National Grid	Public Utility	198,789,558
Buffalo-Niskayuna Assoc.	Industrial	52,900,000
Golub Corp.	Supermarkets	50,860,526
Rotterdam Square	Shopping Center	48,947,368
Verizon	Public Utility	46,842,189
Schenectady International	Industrial	34,216,211
Niagara Mohawk	Public Utility	31,670,619
Rotterdam Ventures	Commercial	29,473,684
Altamount Avenue Properties	Commercial	28,814,632
Dominion Transmission Co.	Public Utility	20,783,133
Walmart Stores, Inc.	Retail Outlet	17,536,941
Target Corporation	Shopping Center	16,875,000
Rotterdam Rail LLC	Utility	16,842,105
Home Depot	Retail Outlet	14,334,219
		<u>\$994,281,169^a</u>

a. Represents 9.52% of the 2010 Full Valuation of \$10,439,146,457.

LITIGATION

In common with other counties, the County may from time to time receive notices of claim and become a party to litigation. In the opinion of the County, after consultation with its attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or actions pending.

BONDHOLDER RISKS

There are various forms of risk associated with investing in the Bonds. Although none of such risks have recently occurred with respect to the County or the Bonds, there can be no assurance that one or more of such events will not occur in the future. One such risk is that the County will be unable to promptly pay interest and principle on the Bonds as they become due (see "Remedies Upon Default", herein). If a Bondholder elects to sell his investment prior to its scheduled maturity date, market access or price risk may be incurred. The following is a discussion of certain events that could affect the risk of investing in the Bonds. In addition, there may be other risk factors which a potential investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential risk.

There are a number of factors which could have a detrimental effect on the ability of the County to continue to generate revenues, particularly its property taxes. For instance, the termination of a major commercial enterprise or an unexpected increase in certiorari proceedings could result in a large reduction in the assessed valuation of taxable real property in the County. In addition, to the extent that the County is dependent on State aid, there can be no assurance that such aid will be continued in the future (see "Discussion of Financial Matters", herein). Unforeseen developments could also result in substantial increases in County expenditures, thus placing considerable strain on the County's financial condition.

A deterioration of County finances could cause the credit rating of the Bonds to be lowered, suspended or withdrawn, if such action were to be deemed appropriate by Moody's Investors Service. Any of such actions on the part of Moody's Investors Service could have an adverse effect on the market price of the Bonds or the availability of a secondary market for the Bonds.

If and when a holder of any of the Bonds should elect to sell a Bond prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Bonds. In addition, the price and principal value of the Bonds is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond will decline, causing the bondholder to incur a capital loss upon the sale of such bond.

Amendments to U.S. Internal Revenue Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Tax-Exempt Bonds and other debt issued by the County. Any such future legislation would have an adverse effect on the market value of the Tax-Exempt Bonds (See "Tax Exemption" herein).

The enactment of the New Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the County, without providing an exclusion for debt service on obligations issued by municipalities and fire districts, including the County, could have an impact upon the market price for the Bonds. See "Legal Matters and the New Tax Levy Limit Law" and "New Tax Levy Limit Law," herein.

TAX EXEMPTION

The Bonds

In the opinion of Hodgson Russ LLP, Albany, New York, Bond Counsel, under existing law, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, assuming compliance with certain covenants and the accuracy of certain representations. Further, (a) the County or another Person, by failing to comply with the requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), may cause interest on the Bonds to become subject to federal income taxation from the date of issuance thereof, (b) interest on the Bonds is not an "item of tax preference" for purposes of the individual and corporate alternative minimum taxes imposed by the Code, and (c) interest on the Bonds is included in the tax base for purposes of computing the alternative minimum tax on corporations under Section 56 of the Code and the branch profits tax under Section 884 of the Code.

Tax Requirements

In rendering the foregoing opinions, Bond Counsel noted that exclusion of the interest on the Bonds from gross income for federal income tax purposes may be dependent, among other things, on compliance with the applicable requirements of Sections 141, 142, 148 and 149 of the Code and the regulations thereunder (collectively, the "Tax Requirements"). In the opinion of Bond Counsel, the Tax Regulatory Agreement establishes requirements and procedures, compliance with which will satisfy the Tax Requirements.

In the Tax Regulatory Agreement, the County has covenanted to comply with the Tax Requirements, and refrain from taking any action which would cause the interest on the Bonds to be includable in gross income for federal income tax purposes. Any violation of the Tax Requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes from the date of issuance of the Bonds. Hodgson Russ LLP expresses no opinion regarding other federal tax consequences arising with respect to the Bonds.

Bank Qualified

The Bonds will NOT be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

Other Impacts

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on, or disposition of, the Bonds may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S Corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisers as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Bonds. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest and the proceeds of the sale of a Bond before maturity within the United States. Backup withholding may apply to holders of the Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States Federal income tax provided the required information is furnished to the Internal Revenue Service.

Future Legislation

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. The Code has been continuously subject to legislative modifications, amendments and revisions and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government. No representation is made as to the likelihood of such proposals being enacted in their current or similar form, or if enacted, the effective date of any such legislation and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Bonds or the tax consequences of ownership of the Bonds.

New York State Taxes

In the opinion of Bond Counsel, interest on the Bonds is exempt, under existing statutes, from New York State and New York City personal income taxes.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds. For example, on September 12, 2011, President Obama sent to Congress draft legislation entitled the “American Jobs Act of 2011” (the “Proposed Act”). On September 13, 2011, Senator Harry Reid introduced the Proposed Act in the Senate (S.1549). The Proposed Act included a provisions that, if enacted as proposed, would have limited the amount of exclusions (including tax-exempt interest, such as interest on the Bonds) and deductions certain high income taxpayers could use to reduce their income tax liability for taxable years after 2012. On October 11, 2011, a procedural vote in the Senate to end debate and thus allow a vote on the Proposed Act, as amended, did not pass. This or other legislative proposals may be considered or introduced that could affect the market price or marketability of tax-exempt bonds, such as the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Absence of Litigation

Upon delivery of the Bonds, the County will furnish a certificate, dated the date of delivery of the Bonds, to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution, or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds. The certificate will also state that there is no controversy or litigation of any nature now pending or threatened by or against the County wherein an adverse judgement or ruling could have a material adverse impact on the financial condition of the County or adversely affect the power of the County to levy, collect, and enforce the collection of taxes or other revenues for the payment of the Bonds, which has not been disclosed in this Official Statement.

Legal Matters and the New Tax Levy Limit

Legal matters incident to the authorization, issuance and sale of the Bonds will be subject to the final approving opinion of the law firm of Hodgson Russ LLP to the County with respect to the Bonds, which will be available at the time of delivery of the Bonds. Such opinion will be to the effect that the Bonds are valid and legally binding general obligations of the County for which the County has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the County is subject to the levy of ad valorem real estate taxes to pay the Bonds and interest thereon, subject to the limitations imposed by the New Tax Levy Limit Law. Prior to the enactment of the New Tax Levy Limit Law, all the taxable real property within the County had been subject to the levy of ad valorem taxes to pay the Bonds and interest thereon without limitation as to rate or amount; however, the power of the County to levy unlimited real estate taxes on all the real property in the County may or may not be subject to the statutory limitations imposed by the New Tax Levy Limit Law, depending upon the interpretation of such statute by a court of competent jurisdiction in the event of a legal challenge. See “New Tax Levy Limit Law,” herein. The enforceability of rights or remedies with respect to such Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

CONTINUING DISCLOSURE UNDERTAKING

At the time of the delivery of the Bonds, the County will provide an executed copy of its “Undertaking to Provide Continuing Disclosure” (the “Undertaking”). Said Undertaking will constitute a written agreement or contract of the County for the benefit of holders of and owners of beneficial interests in the Bonds, to provide, or cause to be provided to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking:

- (1) (i) certain annual financial information, in a form generally consistent with the information contained or cross-referenced in this Official Statement under the headings “The County”, “Indebtedness of the County”, “Finances of the County”, “Real Property Tax Information” and “Litigation”, and in Appendix A, on or prior to the 180th day following the end of each fiscal year, commencing with the fiscal year ending December 31, 2011 and (ii) the audited financial statement, if any, of the County for each fiscal year commencing with the fiscal year ending December 31, 2011 unless such audited financial statement,

if any, shall not then be available in which case the unaudited financial statement shall be provided and an audited financial statement shall be provided within 30 days after it becomes available and in no event later than 360 days after the end of each fiscal year;

(2) in a timely manner, not in excess of ten (10) business days after occurrence, notice of the following events:

(i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (vii) modifications to rights of Bondholders, if material; (viii) Bond calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Bonds, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the Issuer; [note to clause (xii): For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer]; (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

The County may provide notice of the occurrence of certain other events, in addition to those listed above, if it determines that any such other event is material with respect to the Bonds; but the County does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above; and

(3) in a timely manner, not in excess of ten (10) business days after occurrence, notice of a failure to provide the annual financial information by the date specified.

The County's Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Bonds shall have been paid in full or in the event that those portions of the Rule which require the Undertaking, or such provision, as the case may be, do not or no longer apply to the Bonds. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the County, and no person or entity, including a Holder of the Bonds, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the County to comply with the Undertaking will not constitute a default with respect to the Bonds.

The County reserves the right to amend or modify the Undertaking under certain circumstances set forth therein; provided that any such amendment or modification will be done in a manner consistent with Rule 15c2-12, as amended.

The County is in compliance in all material respects with all previous undertakings made pursuant to the Rule 15c2-12.

BOND RATING

The County has applied to Moody's Investors Service for a rating on the Bonds and such rating is pending at this time. Such rating will reflect only the view of such rating agency, and any desired explanation of the significance of such rating should be obtained from such rating agency. Generally, a rating agency bases its rating on the information and materials furnished it and on investigation, studies and assumptions by the rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of such rating, or either of them, could have an adverse effect on the market price of the Bonds. Such rating should not be taken as a recommendation to buy or hold the Bonds.

FINANCIAL ADVISOR

Munistat Services, Inc. has acted as the financial advisor to the County in connection with the sale of the Bonds.

OTHER MATTERS

The statutory authority for the power to spend money for the objects or purposes, or to accomplish the objects or purposes, for which the Bonds are to be issued is the County Law and the Local Finance Law.

The procedure for the validation of the Bonds provided in Title 6 of Article 2 of the Local Finance Law has been complied with.

There is no bond or note principal or interest past due.

The fiscal year of the County is January 1 to December 31.

This Official Statement does not include the financial data of any political subdivision of the State of New York having power to levy taxes within the County, except as expressed in the "Calculation of Estimated Overlapping and Underlying Indebtedness."

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the office of the Commissioner of Finance, Deborah M. Mancini, County of Schenectady, County Office Building, 620 State Street, Schenectady, New York 12305, telephone number 518/388-4260, email: Deborah.mancini@schenectadycounty.com, or from the office of, Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888.

MISCELLANEOUS

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are "forward-looking statements", within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the County's management's beliefs as well as assumptions made by, and information currently available to, the County's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the County's files with the repositories. When used in County's documents or oral presentation, the words "anticipate", "believe", "intend", "plan", "forsee", "likely", "estimate", "expect", "objective", "projection", "forecast", "goal", "will", or "should", or similar words or phrases are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Bonds.

Hodgson Russ LLP, Albany, New York, Bond Counsel to the County, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the County for use in connection with the offer and sale of the Bonds, including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Bonds, the County will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to limitation as to information in the Official Statement obtained from sources other than the County, as to which no representation can be made.

The Official Statement is submitted only in connection with the sale of the Bonds by the County and may not be reproduced or used in whole or in part for any other purpose.

The County hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Any statements made in this Official Statement and indicated to involve matters of opinion or estimates are represented to be opinions or estimates in good faith. No assurance can be given, however, that the facts will materialize as so opined or estimated. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Bonds.

This Official Statement has been duly executed and delivered by the Commissioner of Finance of the County of Schenectady.

SCHENECTADY COUNTY

By: s/ DEBORAH M. MANCINI
Commissioner of Finance
County of Schenectady, New York

APPENDIX A

FINANCIAL INFORMATION

**Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund**

	Fiscal Year Ending December 31:				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues:					
Real Property Taxes	\$ 40,558,248	38,664,741	47,911,205	48,483,180	50,652,865
Real Property Tax Items	2,364,136	2,405,770	3,474,006	2,660,835	3,099,810
Non-property Taxes	53,906,319	82,802,775	87,032,586	81,206,384	83,286,146
Departmental Income	11,597,068	11,253,502	10,937,618	12,133,161	10,558,767
Intergovernmental Charges	2,361,351	2,838,268	3,005,159	2,891,572	2,613,194
Use of Money and Property	2,480,696	2,554,873	1,465,946	748,110	623,029
Fines and Forfeitures	350,135	358,616	336,534	285,991	262,959
Sale of Property and Comp. for Loss	2,491,685	2,823,763	3,928,161	3,023,929	2,715,386
Miscellaneous	418,319	552,243	479,616	321,127	608,556
Interfund Revenues	3,185,258	3,616,264	4,300,498	4,021,024	4,190,877
State Aid	38,499,100	40,514,156	43,594,050	41,671,346	40,312,565
Federal Aid	<u>25,976,330</u>	<u>24,401,617</u>	<u>21,308,626</u>	<u>29,867,918</u>	<u>31,980,871</u>
Total Revenues	<u>184,188,645</u>	<u>212,786,588</u>	<u>227,774,005</u>	<u>227,314,577</u>	<u>230,905,025</u>
Other Financing Sources:					
Proceeds of Obligations	13,005,000	0	0	0	0
Operating Transfers In	<u>150,000</u>	<u>600,000</u>	<u>233,149</u>	<u>75,000</u>	<u>75,000</u>
Total Revenues and Other Financing Sources	<u>197,343,645</u>	<u>213,386,588</u>	<u>228,007,154</u>	<u>227,389,577</u>	<u>230,980,025</u>
Expenditures:					
General Government Support	16,313,886	46,074,306 a	47,557,659 a	46,733,038 a	47,287,277
Education	10,666,205	11,766,937	13,066,112	12,207,953	12,947,567
Public Safety	19,206,567	19,420,279	20,210,968	20,556,169	21,362,369
Health	11,440,608	12,100,179	11,713,471	12,103,212	11,680,149
Transportation	748,874	826,286	796,961	779,766	807,627
Economic Assistance and Opportunity	96,947,349	97,398,766	100,655,296	99,738,035	103,650,993
Culture and Recreation	1,068,895	1,685,613	1,223,740	1,034,617	1,065,211
Home and Community Services	1,882,160	1,901,868	1,737,170	1,707,823	1,841,585
Employee Benefits	18,597,133	19,204,753	18,565,751	18,114,862	21,752,172
Debt Service (principal and interest)	<u>6,836,780</u>	<u>8,644,010</u>	<u>8,502,822</u>	<u>8,444,538</u>	<u>8,468,132</u>
Total Expenditures	<u>183,708,457</u>	<u>219,022,997</u>	<u>224,029,950</u>	<u>221,420,013</u>	<u>230,863,082</u>
Other Financing Uses:					
Operating Transfers Out	<u>739,297</u>	<u>758,778</u>	<u>539,232</u>	<u>810,828</u>	<u>230,239</u>
Total Expenditures and Other Financing Uses	<u>184,447,754</u>	<u>219,781,775</u>	<u>224,569,182</u>	<u>222,230,841</u>	<u>231,093,321</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>12,895,891</u>	<u>(6,395,187)</u>	<u>3,437,972</u>	<u>5,158,736</u>	<u>(113,296)</u>
Fund Equity Beginning of Year	24,213,031	36,914,086	30,408,492	33,846,464	39,005,200
Prior Period Adjustment	<u>(305,243)</u>	<u>(110,407)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Equity, Restated	<u>23,907,788</u>	<u>36,803,679</u>	<u>30,408,492</u>	<u>33,846,464</u>	<u>39,005,200</u>
Fund Equity End of Year	<u>\$ 36,803,679</u>	<u>30,408,492</u>	<u>33,846,464</u>	<u>39,005,200</u>	<u>38,891,904</u>

a. Includes Distribution of Sales Tax for 2007 (\$28,905,942), 2008 (\$30,056,097), 2009 (\$28,821,102) & 2010 (\$29,129,122).

Sources: Audited Annual Financial Reports of the County (2006-2010).

Note: This Schedule Not Audited

**Statement of Revenues, Expenditures and Fund Balances
Other Governmental Funds(a)**

	Fiscal Year Ending December 31:				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues:					
Real Property Taxes	\$ 10,384,527	\$ 10,998,865	\$ 10,676,309	\$ 10,916,864	\$ 10,909,005
Departmental Income	472,729	424,829	444,674	1,429,794	1,341,853
Intergovernmental Charges	1,906,775	2,078,706	2,542,306	834,086	868,384
Use of Money and Property	89,712	102,230	52,630	20,928	7,736
Licenses and Permits	3,754	3,052	3,296	1,890	2,345
Sale of Property and Comp. for Loss	64,990	57,989	54,957	32,615	72,106
Miscellaneous	42,374	350,386	305,592	166,146	982,500
Interfund Revenues	4,507,351	5,005,930	4,990,693	5,124,075	4,985,416
State Aid	4,354,943	3,903,974	2,872,665	3,200,355	3,043,605
Federal Aid	6,411,449	2,008,672	3,124,181	2,929,003	3,486,941
Total Revenues	<u>28,238,604</u>	<u>24,934,633</u>	<u>25,067,303</u>	<u>24,655,756</u>	<u>25,699,891</u>
Other Financing Sources:					
Operating Transfers In	1,940,051	1,967,632	1,848,165	2,180,121	1,607,882
Proceeds of Obligations	7,575,000	9,797,000	8,176,000	3,589,246	6,800,419
Total Revenues and Other Financing Sources	<u>37,753,655</u>	<u>36,699,265</u>	<u>35,091,468</u>	<u>30,425,123</u>	<u>34,108,192</u>
Expenditures:					
Public Safety	257,192	273,382	275,313	274,196	251,170
Transportation	6,781,245	7,950,451	8,342,708	7,996,039	8,505,467
Economic Assistance and Opportunity	3,481,297	3,429,433	3,137,762	3,234,559	2,736,180
Culture and Recreation	4,332,759	4,461,392	4,285,799	4,239,135	4,230,960
Home and Community Services	94,338	0	34,900	98	670,571
Employee Benefits	3,152,520	3,253,367	2,869,049	2,835,179	3,093,666
Capital Outlay	15,270,810	13,971,780	9,921,073	9,480,337	11,300,941
Total Expenditures	<u>33,370,161</u>	<u>33,339,805</u>	<u>28,866,604</u>	<u>28,059,543</u>	<u>30,788,955</u>
Other Financing Uses:					
Operating Transfers Out	1,350,754	1,808,854	1,616,938	1,444,293	1,452,643
Total Expenditures and Other Financing Uses	<u>34,720,915</u>	<u>35,148,659</u>	<u>30,483,542</u>	<u>29,503,836</u>	<u>32,241,598</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>3,032,740</u>	<u>1,550,606</u>	<u>4,607,926</u>	<u>921,287</u>	<u>1,866,594</u>
Fund Equity Beginning of Year	10,338,600	13,371,340	14,921,946	19,529,872	20,451,159
Prior Period Adjustment	0	0	0	0	0
Fund Equity, Restated	<u>10,338,600</u>	<u>13,371,340</u>	<u>14,921,946</u>	<u>19,529,872</u>	<u>20,451,159</u>
Fund Equity End of Year	<u>\$ 13,371,340</u>	<u>\$ 14,921,946</u>	<u>\$ 19,529,872</u>	<u>\$ 20,451,159</u>	<u>\$ 22,317,753</u>

a. Includes the following funds: County Road, Road Machinery, Library, Special Grant and Capital Projects.

Sources: Audited Annual Financial Reports of the County (2006-2010).

Note: This Schedule Not Audited

**Statement of Revenues, Expenditures and Retained Earnings/Net Assets
Glendale Home Enterprise Fund**

	Fiscal Year Ending December 31:				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues:					
Charges For Services	\$ 20,201,297	\$ 19,339,667	\$ 18,707,900	\$ 16,571,139	16,580,738
Net Patient Service Revenues	20,201,297	19,339,667	18,707,900	16,571,139	16,580,738
Other Revenue	<u>59,685</u>	<u>13,167</u>	<u>32,198</u>	<u>23,194</u>	<u>12,564</u>
Total Revenues	<u>20,260,982</u>	<u>19,352,834</u>	<u>18,740,098</u>	<u>16,594,333</u>	<u>16,593,302</u>
Expenses:					
Nursing Administration	1,346,026	1,162,848	1,102,520	975,245	950,034
Nursing/Personal Services	7,590,398	7,814,767	7,669,642	7,668,312	7,562,876
Other Medical Services/Contractual Exp	2,651,286	2,507,238	2,424,898	2,452,957	2,513,522
Dietary	1,738,091	2,488,300	2,362,847	2,318,645	2,439,995
Cafeteria	275,674	0	0	0	0
Plant Operations and Maintenance	1,462,096	1,578,738	1,595,446	1,351,475	1,348,116
Housekeeping	941,560	927,941	874,523	839,545	749,126
Laundry and Linen	529,824	521,567	532,922	586,713	494,080
Fiscal Services and Employee Benefits	15,069,610 a	11,621,123 a	10,404,301 a	8,251,375 a	9,069,757 a
Administrative Services	850,467	841,988	590,186	563,463	794,048
Depreciation	782,008	771,930	726,382	691,960	665,478
Interest/Bad Debt Expense	699,171	355,000	546,021	1,096,978	2,275,618
Intra-County Charges	917,654	838,490	779,043	865,125	864,405
Health Facilities Assessment	<u>860,893</u>	<u>1,047,617</u>	<u>848,229</u>	<u>847,806</u>	<u>761,796</u>
Total Expenses	<u>35,714,758</u>	<u>32,477,547</u>	<u>30,456,960</u>	<u>28,509,599</u>	<u>30,488,851</u>
Income (Loss) From Operations	<u>(15,453,776)</u>	<u>(13,124,713)</u>	<u>(11,716,862)</u>	<u>(11,915,266)</u>	<u>(13,895,549)</u>
Non-Operating Revenues (Expenses)					
Real Property Taxes	6,404,726	6,967,374	2,362,745	4,804,255	2,044,834
Interfund Transfers incl. grants	232,439	897,623	10,073,866	3,364,131	2,941,250
Meals On Wheels, net	(412,094)	(13,322)	18,383	(58,512)	(120,131)
NYS Public Facilities Grant	0	0	303,879	0	2,714,684
Other Income	0	0	74,856	133,222	31,927
Interest Expense	(80,185)	(62,908)	(45,576)	(34,775)	(27,797)
Interest Income	<u>10,200</u>	<u>32,263</u>	<u>28,208</u>	<u>23,575</u>	<u>22,917</u>
Sub-Total	<u>6,155,086</u>	<u>7,821,030</u>	<u>12,816,361</u>	<u>8,231,896</u>	<u>7,607,684</u>
Change in Net Assets	(9,298,690)	(5,303,683)	1,099,499	(3,683,370)	(6,287,865)
Retained Earnings - Beginning of Fiscal Year	<u>3,451,284</u>	<u>(5,847,406)</u>	<u>(11,151,089)</u>	<u>(10,051,590)</u>	<u>(13,734,960)</u>
Net Assets - Beginning of Fiscal Year	<u>3,451,284</u>	<u>(5,847,406)</u>	<u>(11,151,089)</u>	<u>(10,051,590)</u>	<u>(13,734,960)</u>
Net Assets - End of Fiscal Year	<u>(5,847,406)</u>	<u>\$ (11,151,089)</u>	<u>\$ (10,051,590)</u>	<u>\$ (13,734,960)</u>	<u>(20,022,825)</u>

a. Reflects change in accounting presentation due to implementation of GASB Statement No. 45.

Sources: Audited Annual Financial Reports of the County (2006-2010).

Note: This Schedule Not Audited.

Balance Sheets

Fiscal Year Ending December 31, 2010

	General	Other	Glendale
	Fund	Governmental	Home
	<u>Fund</u>	<u>Funds</u>	<u>Enterprise</u>
			<u>Fund</u>
ASSETS			
Unrestricted Cash & Cash Equivalents	\$ 16,626,335	\$ 14,664,305	\$ 140,334
Restricted Cash & Cash Equivalents	0	2,331,279	255,001
Taxes Receivable	13,443,724	0	0
Accounts Receivable	979,673	661,959	4,996,491
Current Portion of Note Receivable	0	0	14,398
State & Federal Aid Receivable	34,073,046	4,296,486	0
Due from Other Governments	3,500,175	169,325	8,039,596
Due from Other Funds	19,158,799	6,974,139	0
Due from Component Units	1,641,704	25,130	0
Prepaid Expenses	1,080,357	0	0
Inventory	0	0	351,325
Note Receivable	0	0	471,989
Restricted Assets - Customers Deposits	0	0	533,461
Capital Assets (Net)	<u>0</u>	<u>0</u>	<u>5,415,525</u>
 Total Assets	 <u>\$ 90,503,813</u>	 <u>\$ 29,122,623</u>	 <u>\$ 20,218,120</u>
LIABILITIES AND FUND EQUITY			
Accounts Payable	\$ 13,705,009	\$ 2,320,173	\$ 584,352
Accrued Liabilities	1,582,009	152,316	0
Accrued Expenses	0	0	322,536
Bonds Payable (Current & Long-Term)	0	0	662,583
Accrued Post Emp. Benefits Expenses and Liabilit	0	0	17,533,000
Other Long-term Liabilities (Current & Long-Term)	0	0	2,428,383
Patient Funds	0	0	533,461
Due to Other Funds	6,976,536	3,417,940	15,729,571
Due to Component Units	3,078,768	0	0
Due to Other Governments	18,780,727	67,536	2,447,059
Deferred Revenues	<u>7,488,860</u>	<u>846,905</u>	<u>0</u>
 Total Liabilities	 <u>51,611,909</u>	 <u>6,804,870</u>	 <u>40,240,945</u>
FUND EQUITY:			
Fund Balances:			
Reserved for Encumbrances	810,203	5,395,343	0
Reserve for Debt	0	404,705	0
Capital Reserves	0	2,331,279	0
Miscellaneous Reserves	738,558	0	0
Unreserved:			
Designated for Subsequent			
Year's Expenditures	8,846,000	1,120,461	0
Undesignated	28,497,143	13,065,965	0
Net Assets - Invested in Capital			
Assets, Net of Related Debt	0	0	4,752,942
Restricted	0	0	255,001
Unrestricted	<u>0</u>	<u>0</u>	<u>(25,030,768)</u>
 Total Fund Equity	 <u>38,891,904</u>	 <u>22,317,753</u>	 <u>(20,022,825)</u>
 Total Liabilities & Fund Equity	 <u>\$ 90,503,813</u>	 <u>\$ 29,122,623</u>	 <u>\$ 20,218,120</u>

Sources: Audited Annual Financial Report of the County (2010).
 Note: This Schedule NOT audited.

Summary of Budget By Funds: 2011

	<u>Appropriations</u>	Less: Est Revenues and Appropriated Surplus	<u>Amount of Property Tax</u>
General Fund	\$ 246,286,047	\$ 195,662,554	\$ 50,623,493
Glendale Home Enterprise Fund	27,920,994	23,863,244	4,057,750
County Road Fund	8,112,186	3,371,292	4,740,894
Road Machinery Fund	4,938,461	4,938,461	0
Library Fund	<u>5,677,962</u>	<u>669,031</u>	<u>5,008,931</u>
TOTAL	<u>\$ 292,935,650</u>	<u>\$ 228,504,582</u>	<u>\$ 64,431,068</u>

Summary of Budget By Funds: 2012

	<u>Appropriations</u>	Less: Est Revenues and Appropriated Surplus	<u>Amount of Property Tax</u>
General Fund	\$ 247,919,547	\$ 201,001,431	\$ 46,918,116
Glendale Home Enterprise Fund	28,429,699	20,706,389	7,723,310
County Road Fund	8,224,180	3,461,511	4,762,669
Road Machinery Fund	4,975,412	4,975,412	0
Library Fund	<u>5,709,727</u>	<u>682,754</u>	<u>5,026,973</u>
TOTAL	<u>\$ 295,258,565</u>	<u>\$ 230,827,497</u>	<u>\$ 64,431,068</u>

APPENDIX B

ASSESSED AND FULL VALUATIONS

COUNTY OF SCHENECTADY, NEW YORK

ASSESSED AND FULL VALUATIONS

		<u>Assessed Valuations</u>	<u>State Equalization Rates</u>	<u>Full Valuations</u>
2009	City of Schenectady	\$ 1,421,227,342	64.00%	\$ 2,220,667,722
	Towns:			
	Duanesburg	152,820,198	26.21%	583,060,656
	Glenville	1,950,149,987	85.00%	2,294,294,102
	Niskayuna	2,414,482,448	100.00%	2,414,482,448
	Princetown	59,040,608	28.43%	207,670,095
	Rotterdam	<u>2,374,673,580</u>	95.00%	<u>2,499,656,400</u>
		\$ <u><u>8,372,394,163</u></u>		\$ <u><u>10,219,831,423</u></u>
2010	City of Schenectady	\$ 2,419,418,936	100.00%	\$ 2,419,418,936
	Towns:			
	Duanesburg	153,523,737	26.61%	576,940,011
	Glenville	1,965,909,804	85.00%	2,312,835,064
	Niskayuna	2,411,475,477	100.00%	2,411,475,477
	Princetown	58,935,976	29.40%	200,462,503
	Rotterdam	<u>2,397,476,792</u>	95.00%	<u>2,523,659,781</u>
		\$ <u><u>9,406,740,722</u></u>		\$ <u><u>10,444,791,772</u></u>
2011	City of Schenectady	\$ 2,446,002,733	100.00%	\$ 2,446,002,733
	Towns:			
	Duanesburg	155,229,542	31.45%	493,575,650
	Glenville	1,983,570,863	91.00%	2,179,748,201
	Niskayuna	2,417,914,785	100.00%	2,417,914,785
	Princetown	59,500,823	32.25%	184,498,676
	Rotterdam	<u>2,428,448,245</u>	100.00%	<u>2,428,448,245</u>
		\$ <u><u>9,490,666,991</u></u>		\$ <u><u>10,150,188,290</u></u>

COUNTY OF SCHENECTADY, NEW YORK

ASSESSED AND FULL VALUATIONS

		<u>Assessed Valuations</u>	<u>State Equalization Rates</u>	<u>Full Valuations</u>
2006	City of Schenectady	\$ 1,416,960,992	83.00%	\$ 1,707,181,918
	Towns:			
	Duanesburg	146,174,170	39.20%	372,893,291
	Glenville	1,232,242,522	74.00%	1,665,192,597
	Niskayuna	1,257,632,797	71.00%	1,771,313,799
	Princetown	57,619,171	41.80%	137,844,907
	Rotterdam	<u>63,445,925</u>	3.39%	<u>1,871,561,209</u>
		\$ <u><u>4,174,075,577</u></u>		\$ <u><u>7,525,987,721</u></u>
2007	City of Schenectady	\$ 1,422,318,728	75.00%	\$ 1,896,424,971
	Towns:			
	Duanesburg	149,573,705	31.70%	471,841,341
	Glenville	1,941,761,673	100.00%	1,941,761,673
	Niskayuna	1,265,661,260	60.00%	2,109,435,433
	Princetown	58,730,750	35.50%	165,438,732
	Rotterdam	<u>65,610,416</u>	2.95%	<u>2,224,081,898</u>
		\$ <u><u>4,903,656,532</u></u>		\$ <u><u>8,808,984,048</u></u>
2008	City of Schenectady	\$ 1,429,784,142	68.00%	\$ 2,102,623,738
	Towns:			
	Duanesburg	151,379,089	28.25%	535,855,182
	Glenville	1,939,091,718	90.00%	2,154,546,353
	Niskayuna	1,275,255,434	55.00%	2,318,646,244
	Princetown	58,301,505	30.96%	188,312,355
	Rotterdam	<u>2,367,695,375</u>	100.00%	<u>2,367,695,375</u>
		\$ <u><u>7,221,507,263</u></u>		\$ <u><u>9,667,679,247</u></u>

APPENDIX C

**FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010**

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND/OR UPDATED BY THE COUNTY'S AUDITORS IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT. CONSENT OF THE AUDITORS FOR INCLUSION OF THE AUDITED FINANCIAL REPORTS IN THIS OFFICIAL STATEMENT HAS NOT BEEN REQUESTED NOR OBTAINED.

COUNTY OF SCHENECTADY, NEW YORK

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INDEPENDENT AUDITORS' REPORT

To the Schenectady County Legislature
County of Schenectady

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Schenectady, New York, (the County) as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Schenectady County Industrial Development Agency, the Schenectady Metroplex Development Authority, and the Schenectady County Community College which represent approximately 99% and 96%, respectively, of the assets and operating revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United

States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplemental information on pages 54 - 57 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

UHY LLP

Albany, New York
September 29, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

This discussion and analysis of Schenectady County's (The County's) financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2010. The MD&A should be read in conjunction with the County's financial statements.

FINANCIAL HIGHLIGHTS

- County's net assets decreased \$9.7 million as a result of 2010 operations. Net assets of business-type activities decreased by \$6.3 million, net assets of governmental activities decreased by \$3.4 million.
- \$9.6 million of the decrease in net assets can be attributed to the impact of recognizing other post employment benefits in the statements as required under GASB 45 (\$7.9 million government funds and \$1.7 million business type activities).
- During the year, Governmental Fund Revenues totaled \$257.1 million or \$3.4 million less than Governmental Fund Expenditures which totaled \$260.5 million.
- In the County's business-type activity (Glendale Nursing Home), revenues and transfers in (\$24.2 million), were less than expenditures (\$30.5 million) by \$6.3 million.
- The General Fund reported revenues totaling approximately \$230.9 million and expenditures totaling approximately \$230.9 million before the application of other financing sources (uses).
- General Fund revenues were less than original budget estimates by \$5.5 million and expenditures were \$7.7 million less than originally budgeted.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the County as a whole and present a longer-term view of County's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the County as a Whole

The Statement of Net Assets and the Statement of Activities

The analysis of the County as a whole begins on page 11. One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net assets and changes. The County's net assets – the difference between assets and liabilities – are one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether financial health is improving or deteriorating. Other non-financial factors, however, need to be considered, such as, for

example, changes in the County's property tax base and the condition of the County's roads and infrastructure in order to assess the overall health of the County.

In the Statement of Net Assets and the Statement of Activities, the County is divided into three kinds of activities:

- Governmental activities – Most of the County's basic services are reported here, including: General Administration, Education, Public Safety, Health, Social Services, Library services and Public Works. Property taxes, sales taxes, fees and State and Federal grants finance most of these activities.
- Business type activities – The County operates a nursing home (Glendale). Activities of the home are presented here.
- Component units – The County includes four separate legal entities in its report – the Schenectady County Soil & Water Conservation District, the Schenectady Metroplex Development Authority, the County Industrial Development Agency, and the Schenectady County Community College.

Reporting the County's Most Significant Funds

Fund Financial Statements

Analysis of the County's major funds begins on page 13, with additional detail beginning on page 54 and provides detailed information about the County's most significant funds, not the County as a whole. Some funds are required to be established by State law and by bond covenants – others by acts of the County Legislature. The County's two kinds of funds – Governmental and Proprietary – use different accounting approaches.

- Governmental Funds – most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental Fund information helps establish whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and Governmental Funds is described in a reconciliation at the bottom of the fund financial statements.
- Proprietary Funds – Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets. In fact, Enterprise Funds (a component of Proprietary Funds) are the same as business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for Proprietary Funds.

THE COUNTY AS TRUSTEE

Reporting the County's Fiduciary Responsibilities

The County is accountable for various assets that, because of trust arrangements or fiduciary responsibilities, can be used only for specifically designated or otherwise legally restricted purposes. All of the County's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on page 21. These activities are excluded from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE COUNTY AS A WHOLE

- The County combined net assets from a year ago decreased from \$24.3 million to \$14.6 million. Net assets of the County governmental activities decreased \$3.4 million (\$38.0 million to \$34.6 million). Net assets of the business type activities (nursing home) reflected a decrease of \$6.3 million in 2010. \$9.6 million of the decrease in net assets is attributable to the impact of recognizing other post employment benefits in the statements as required under GASB 45, \$7.9 million governmental funds and \$1.7 million business type activities.

**Table 1
Net Assets
(in millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Current and other assets	\$ 103.9	\$ 109.3	\$ 2.0	\$ (0.9)	\$ 105.9	\$ 108.4
Capital assets	<u>81.4</u>	<u>84.7</u>	<u>5.7</u>	<u>5.4</u>	<u>87.1</u>	<u>90.1</u>
Total assets	<u>\$ 185.3</u>	<u>\$ 194.0</u>	<u>\$ 7.7</u>	<u>\$ 4.5</u>	<u>\$ 193.0</u>	<u>\$ 198.5</u>
Long-term liabilities	\$ (98.6)	\$ (107.1)	\$ (15.2)	\$ (16.7)	\$ (113.8)	\$ (123.8)
Current and other liabilities	<u>(48.7)</u>	<u>(52.3)</u>	<u>(6.2)</u>	<u>(7.8)</u>	<u>(54.9)</u>	<u>(60.1)</u>
Total liabilities	<u>\$ (147.3)</u>	<u>\$ (159.4)</u>	<u>\$ (21.4)</u>	<u>\$ (24.5)</u>	<u>\$ (168.7)</u>	<u>\$ (183.9)</u>
Net assets:						
Invested in capital assets, net of debt	\$ 34.1	\$ 36.3	\$ 4.9	\$ 4.7	\$ 39.0	\$ 41.0
Restricted	-	-	0.2	0.3	0.2	0.3
Unrestricted (deficit)	<u>3.9</u>	<u>(1.7)</u>	<u>(18.8)</u>	<u>(25.0)</u>	<u>(14.9)</u>	<u>(26.7)</u>
Total net assets	<u>\$ 38.0</u>	<u>\$ 34.6</u>	<u>\$ (13.7)</u>	<u>\$ (20.0)</u>	<u>\$ 24.3</u>	<u>\$ 14.6</u>

The following analysis focuses on the Net Assets (Table 1) and Changes in the Net Assets (Table 2) of the County’s governmental and business-type activities.

Table 2
Statement of Changes in Net Assets
(in millions)

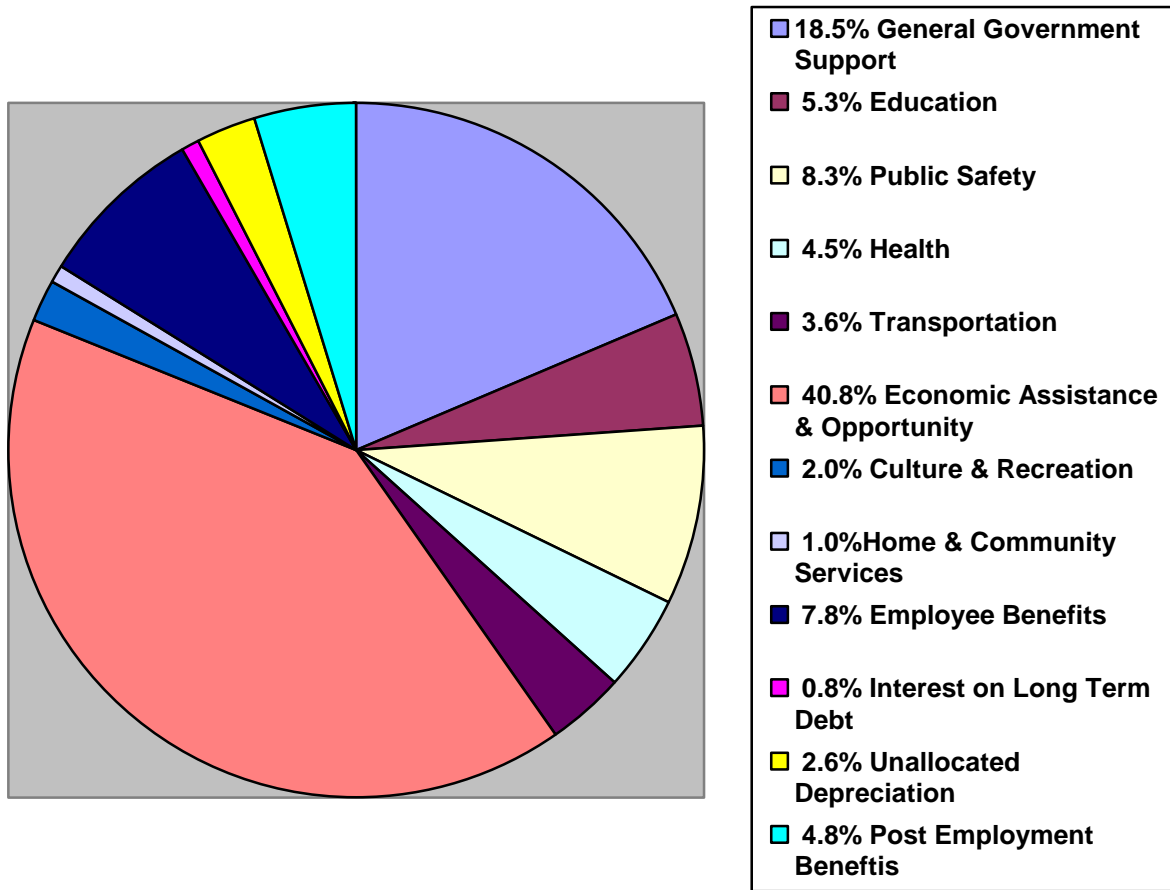
	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Revenues						
Program revenues:						
Charges for services	\$ 17.4	\$ 15.4	\$ 20.0	\$ 16.6	\$ 37.4	\$ 32.0
Grants entitlements	77.7	78.8	-	2.7	77.7	81.5
General revenues:						
Property taxes	60.6	62.2	4.8	2.0	65.4	64.2
Other tax	83.9	86.4	-	-	83.9	86.4
Other general revenues	7.4	5.1	-	2.9	7.4	8.0
Interfund revenues	<u>9.1</u>	<u>9.2</u>	<u>-</u>	<u>-</u>	<u>9.1</u>	<u>9.2</u>
Total revenues	256.1	257.1	24.8	24.2	280.9	281.3
Transfers in						
Total revenues and transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and transfers in	<u>256.1</u>	<u>257.1</u>	<u>24.8</u>	<u>24.2</u>	<u>280.9</u>	<u>281.3</u>
Program expenses:						
General government	49.2	48.1	-	-	49.2	48.1
Public safety	20.8	21.6	-	-	20.8	21.6
Transportation	8.8	9.3	-	-	8.8	9.3
Health	12.1	11.7	-	-	12.1	11.7
Economic assistance and opportunities	103.0	106.4	28.5	30.5	131.5	136.9
Culture and recreation	5.3	5.3	-	-	5.3	5.3
Home and community services	1.7	2.5	-	-	1.7	2.5
Education	12.9	13.8	-	-	12.9	13.8
Interest on long-term debt	2.2	2.1	-	-	2.2	2.1
Employee benefits	16.7	20.4	-	-	16.7	20.4
Postemployment benefits	10.3	12.5	-	-	10.3	12.5
Unallocated depreciation	<u>6.5</u>	<u>6.8</u>	<u>-</u>	<u>-</u>	<u>6.5</u>	<u>6.8</u>
Total expenses	249.5	260.5	28.5	30.5	278.0	291.0
Transfers out						
Total expenses and transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses and transfers out	<u>249.5</u>	<u>260.5</u>	<u>28.5</u>	<u>30.5</u>	<u>278.0</u>	<u>291.0</u>
Increase (decrease) in net assets	<u>\$ 6.6</u>	<u>\$ (3.4)</u>	<u>\$ (3.7)</u>	<u>\$ (6.3)</u>	<u>\$ 2.9</u>	<u>\$ (9.7)</u>

County revenues, exclusive of transfers in, totaled \$281.3 million. The cost of all programs and services, exclusive of transfers out, totaled \$291.0 million. The analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Expenditures, exclusive of transfers out, for the County's governmental activities totaled \$260.5 million. The following pie chart reflects the distribution of governmental activities for the year ended December 31, 2010.

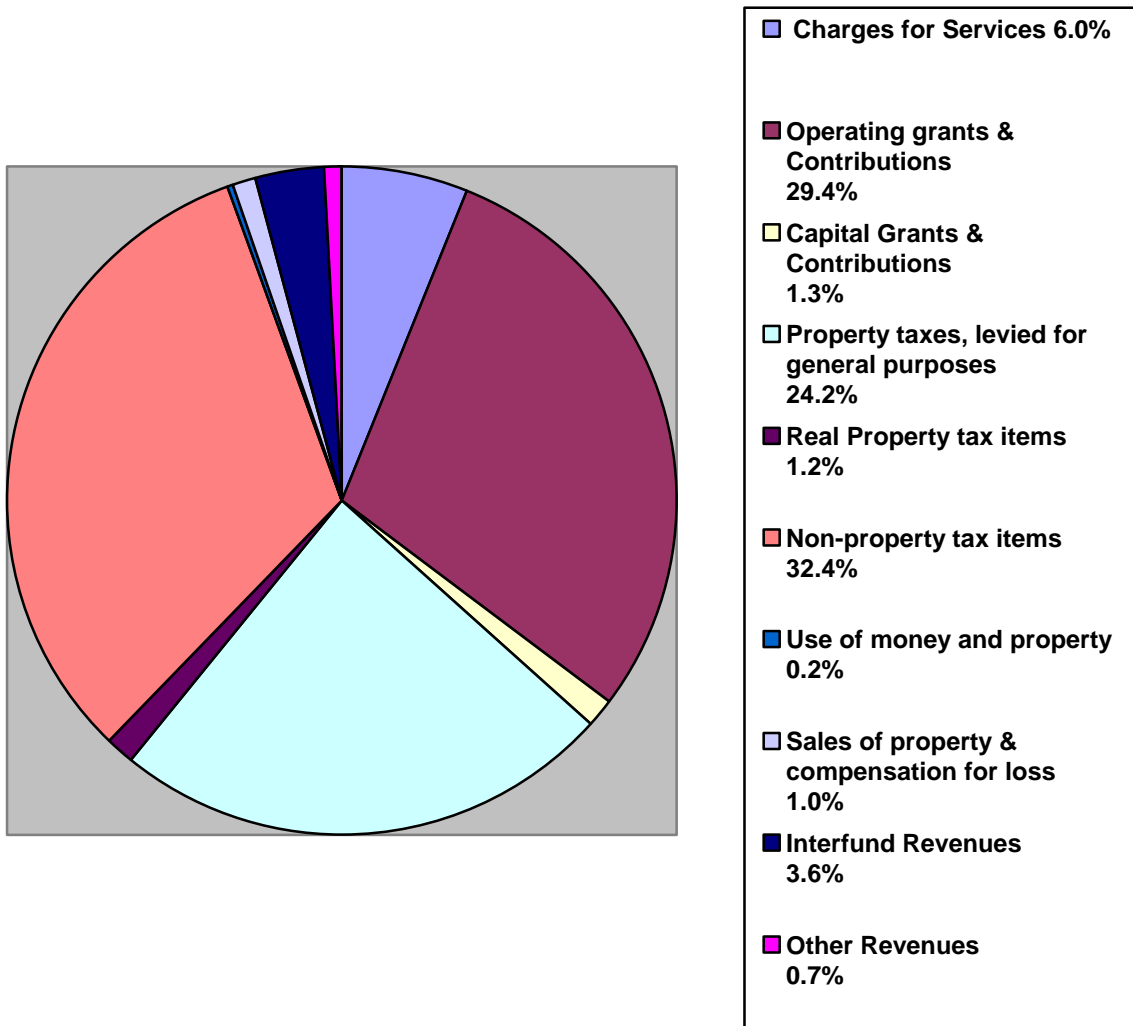
**Schenectady County
Governmental Activities by Type
For the Year Ended December 31, 2010**



Government Activity Revenues totaled \$257.1 million or \$3.4 million less than expenditures (exclusive of transfers out).

The following pie chart reflects the distribution of Governmental Revenues by type for the year ended December 31, 2010.

Schenectady County
Governmental Revenues by Type
For the Year Ended December 31, 2010



Business-type Activities

Revenues of the County’s business-type activity (nursing home), exclusive of transfers in and property taxes, totaled \$24.2 million in 2010, whereas expenditures totaled \$30.5 million, a net deficit of \$6.3 million.

THE COUNTY'S FUNDS

- County Governmental Activity Net Assets as of December 31, 2010 totaled \$34.6 million, a decrease of \$3.4 million over the 2009 level of \$38.0 million.
- General Fund Budgetary Highlights

Over the course of the year, the County Legislature revised the budget several times.

General Fund revenues were less than original budget estimates by \$5.5 million in 2010. Expenditures were approximately \$7.7 million less than originally budgeted. The primary areas of under-expenditure were in the Economic Assistance and Opportunity program area – \$4.1 million less than originally budgeted and Public Safety – \$1.3 million less than originally budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Governmental Fund investments in capital assets, net of accumulated depreciation totaled \$81.4 million at the end of 2009 and \$84.7 million at the end of 2010. Capital Assets, net of accumulated depreciation, in business type activities (nursing home) totaled \$5.7 million and \$5.4 million respectively as of December 31, 2009 and December 31, 2010.

Table 4
Capital Assets at Year-end
(Net of Depreciation, in Millions)

	Governmental Activities		Business-type Activities		Totals	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Land and buildings	\$ 38.5	\$ 38.5	\$ 13.5	\$ 13.5	\$ 52.0	\$ 52.0
Equipment	20.2	22.0	8.1	8.2	28.3	30.2
Construction in progress	4.3	6.2	0.4	0.6	4.7	6.8
Infrastructure	89.9	93.4	1.5	1.5	91.4	94.9
Less depreciation	<u>(71.5)</u>	<u>(75.4)</u>	<u>(17.8)</u>	<u>(18.4)</u>	<u>(89.3)</u>	<u>(93.8)</u>
Totals	<u>\$ 81.4</u>	<u>\$ 84.7</u>	<u>\$ 5.7</u>	<u>\$ 5.4</u>	<u>\$ 87.1</u>	<u>\$ 90.1</u>

Expenditures for capital improvements and equipment totaled \$11.3 million in 2010.

This year's major expenditures included (in millions):

Public Safety	\$ 0.5
General Government Facilities	1.4
Community College	0.8
Highway Improvements	6.7
Library	0.8
Other Improvements	<u>1.1</u>
Total	<u>\$11.3</u>

The County's fiscal year 2011 adopted budget appropriated \$6.6 million for capital projects and equipment. Areas of appropriations include Highway (\$5.4 million), Facilities and Communications System Improvements (\$1.1 million), and Community College (\$0.1 million).

Financing for these projects includes the proposed issuance of \$4.3 million in bonds to fund these projects.

Debt

At year-end, the County had \$57.7 million in bonds outstanding versus \$57.3 million last year – an increase of \$0.4 million.

General Obligation Bonds	Governmental Activities		Business-type Activities		Total	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Outstanding beginning of year	\$ 59.2	\$ 56.5	\$ 0.9	\$ 0.8	\$ 60.1	\$ 57.3
Issued during year	6.6	6.8	0.1	-	6.7	6.8
Paid during year	<u>(9.3)</u>	<u>(6.3)</u>	<u>(0.2)</u>	<u>(0.1)</u>	<u>(9.5)</u>	<u>(6.4)</u>
Outstanding end of year	<u>\$ 56.5</u>	<u>\$ 57.0</u>	<u>\$ 0.8</u>	<u>\$ 0.7</u>	<u>\$ 57.3</u>	<u>\$ 57.7</u>

Outstanding debt approximated 8.83% of the County's Constitutional Debt Limit as of December 31, 2010.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County Legislature and Management considered many factors when setting the fiscal year 2011 budget, tax rates, and fees that will be charged. One of these factors is the economy. Unemployment in the County as of July 2011 stands at 7%. This compares with the State's unemployment rate of 8%. The Northeast urban area CPI increase was 1.97% for fiscal year 2010 compared with the average U.S. National rate for all urban areas of 1.64%.

Amounts available for appropriation in the 2011 budget totaled \$292.9 million, an increase of \$5.1 million from the adopted 2010 budget of \$287.8 million of which \$2.9 million of the increase in appropriations was driven by a mandated increase in required employer contributions to the New York State Retirement System for employee pension cost. Based on the 2011 County Operating Budget, if these estimates are realized, the County's Fund Balance could be expected to decrease by the close of 2011.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Deborah M. Mancini, Commissioner of Finance, 620 State Street, Schenectady, New York 12305.

COUNTY OF SCHENECTADY, NEW YORK
STATEMENT OF NET ASSETS
December 31, 2010

	Primary-Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 31,290,640	\$ 140,334	\$ 31,430,974	\$ 14,659,058
Cash and cash equivalents - restricted	2,331,279	110,579	2,441,858	2,980,556
Deposits with trustee	-	-	-	1,394,281
Investments, restricted	-	144,422	144,422	6,678,329
Receivables				
Taxes, interest and penalties receivable (net of allowance for uncollectibles of \$750,000)	13,443,724	-	13,443,724	-
Accounts receivable (net of allowance for uncollectibles of \$6,317,600)	1,641,632	4,996,491	6,638,123	1,230,988
Due from:				
State and federal governments	38,369,532	-	38,369,532	1,951,973
Other governments	3,669,500	8,039,596	11,709,096	3,550,119
Component units	1,666,834	-	1,666,834	-
Interfund receivable/(payable)	15,738,462	(15,729,571)	8,891	-
Inventory	-	351,325	351,325	521,224
Prepaid expenses	1,080,357	-	1,080,357	170,547
Other assets	-	486,387	486,387	1,187,627
Patient funds	-	533,461	533,461	-
Mortgages and loans receivable	-	-	-	14,270,047
Capital assets (net)	84,719,311	5,415,525	90,134,836	22,463,047
Total assets	\$ 193,951,271	\$ 4,488,549	\$ 198,439,820	\$ 71,057,796
LIABILITIES				
Accounts payable	\$ 16,025,182	\$ 584,352	\$ 16,609,534	\$ 1,673,558
Accrued liabilities	2,240,149	1,587,624	3,827,773	2,117,939
Due to:				
Other governments	18,848,263	2,447,059	21,295,322	327,448
Component units	3,078,768	-	3,078,768	-
Other liabilities	-	-	-	126,215
Bonds payable - due within one year	5,726,134	105,800	5,831,934	3,124,386
Accrued post employment benefit obligation - due within one year	5,190,000	2,598,000	7,788,000	992,813
Deferred revenue	1,150,272	-	1,150,272	2,626,690
Premium on bonds payable, net of amortization	-	-	-	97,053
Obligations under grant agreement	-	-	-	1,146,878
Noncurrent liabilities				
Bonds payable - due in more than one year	42,722,131	556,783	43,278,914	65,247,210
Accrued workers compensation	1,004,457	599,408	1,603,865	-
Accrued compensated absences	7,587,072	563,887	8,150,959	1,150,000
Accrued post employment benefit obligation	55,802,381	14,935,000	70,737,381	12,577,485
Due to other governments	-	-	-	999,699
Patient funds	-	533,461	533,461	-
Total liabilities	159,374,809	24,511,374	183,886,183	92,207,374
NET ASSETS (DEFICIT)				
Invested in capital assets, net of related debt	36,271,046	4,752,942	41,023,988	4,061,645
Restricted	-	255,001	255,001	6,642,291
Unrestricted (deficit)	(1,694,584)	(25,030,768)	(26,725,352)	(31,853,514)
Total net assets (deficit)	34,576,462	(20,022,825)	14,553,637	(21,149,578)
Total liabilities and net assets (deficit)	\$ 193,951,271	\$ 4,488,549	\$ 198,439,820	\$ 71,057,796

See notes to financial statements.

COUNTY OF SCHENECTADY, NEW YORK
STATEMENT OF ACTIVITIES
Year Ended December 31, 2010

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
Governmental Activities								
Primary government								
General government support	\$ 48,188,662	\$ 5,874,378	\$ 870,810	\$ 1,526,247	\$ (39,917,227)	\$ -	\$ (39,917,227)	\$ -
Education	13,780,667	-	4,193,573	418,749	(9,168,345)	-	(9,168,345)	-
Public safety	21,613,539	868,394	2,755,606	267,242	(17,722,297)	-	(17,722,297)	-
Health	11,680,149	1,397,346	15,480,522	-	5,197,719	-	5,197,719	-
Transportation	9,313,094	2,690,700	1,377,643	914,966	(4,329,785)	-	(4,329,785)	-
Economic assistance and opportunity	106,387,173	3,169,199	50,151,594	127,655	(52,938,725)	-	(52,938,725)	-
Culture and recreation	5,296,171	651,696	220,352	-	(4,424,123)	-	(4,424,123)	-
Home and community services	2,512,156	755,107	468,305	26,096	(1,262,648)	-	(1,262,648)	-
Employee benefits	20,386,211	-	-	-	(20,386,211)	-	(20,386,211)	-
Post employment benefit expense	12,522,038	-	-	-	(12,522,038)	-	(12,522,038)	-
Interest on long-term debt	2,099,271	-	-	-	(2,099,271)	-	(2,099,271)	-
Unallocated depreciation	6,784,703	-	-	-	(6,784,703)	-	(6,784,703)	-
Total governmental activities	<u>260,563,834</u>	<u>15,406,820</u>	<u>75,518,405</u>	<u>3,280,955</u>	<u>(166,357,654)</u>	<u>-</u>	<u>(166,357,654)</u>	<u>-</u>
Business-type activities								
Schenectady County Nursing Home	30,516,648	16,580,738	2,714,684	-	-	(11,221,226)	(11,221,226)	-
Total primary government	<u>\$ 291,080,482</u>	<u>\$ 31,987,558</u>	<u>\$ 78,233,089</u>	<u>\$ 3,280,955</u>	<u>\$ (166,357,654)</u>	<u>\$ (11,221,226)</u>	<u>\$ (177,578,880)</u>	<u>\$ -</u>
Component units								
Schenectady County Soil and Water Conservation District	\$ 1,191,793	\$ 1,261,038	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,245
Schenectady Metroplex Development Authority	8,955,714	-	-	-	-	-	-	(8,955,714)
Schenectady County Industrial Development Authority	99,207	27,575	-	-	-	-	-	(71,632)
Schenectady County Community College	34,528,119	7,291,014	20,477,064	1,750,705	-	-	-	(5,009,336)
Total component units	<u>\$ 44,774,833</u>	<u>\$ 8,579,627</u>	<u>\$ 20,477,064</u>	<u>\$ 1,750,705</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,967,437)</u>
General Revenues								
Property taxes, levied for general purposes					\$ 62,191,524	\$ 2,044,834	\$ 64,236,358	\$ -
Real property tax items					3,099,810	-	3,099,810	-
Nonproperty tax items					83,286,146	-	83,286,146	7,226,736
Use of money and property					630,765	22,917	653,682	929,636
Sale of property and compensation for loss					2,743,542	-	2,743,542	-
Interfund revenues					9,176,293	-	9,176,293	-
Loss on disposal of fixed assets					(238,386)	-	(238,386)	-
Other revenues					2,020,360	2,865,610	4,885,970	5,470,148
Total general revenue					<u>162,910,054</u>	<u>4,933,361</u>	<u>167,843,415</u>	<u>13,626,520</u>
Change in net assets					<u>(3,447,600)</u>	<u>(6,287,865)</u>	<u>(9,735,465)</u>	<u>(340,917)</u>
Net assets (deficit), beginning of year -					<u>38,024,062</u>	<u>(13,734,960)</u>	<u>24,289,102</u>	<u>(20,808,661)</u>
Net assets (deficit), end of year					<u>\$ 34,576,462</u>	<u>\$ (20,022,825)</u>	<u>\$ 14,553,637</u>	<u>\$ (21,149,578)</u>

See notes to financial statements.

COUNTY OF SCHENECTADY, NEW YORK
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2010

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents - unrestricted	\$ 16,626,335	\$ 14,664,305	\$ 31,290,640
Cash and cash equivalents - restricted	-	2,331,279	2,331,279
Receivables			
Taxes, interest and penalties receivable (net of allowance for uncollectibles of \$750,000)	13,443,724	-	13,443,724
Accounts receivable (net of allowance for uncollectibles of \$311,000)	979,673	661,959	1,641,632
Due from:			
State and federal governments	34,073,046	4,296,486	38,369,532
Other funds	19,158,799	6,974,139	26,132,938
Other governments	3,500,175	169,325	3,669,500
Component units	1,641,704	25,130	1,666,834
Prepaid expenses	1,080,357	-	1,080,357
	<u>\$ 90,503,813</u>	<u>\$ 29,122,623</u>	<u>\$ 119,626,436</u>
LIABILITIES			
Accounts payable	\$ 13,705,009	\$ 2,320,173	\$ 16,025,182
Accrued liabilities	1,582,009	152,316	1,734,325
Due to:			
Other governments	18,780,727	67,536	18,848,263
Other funds	6,976,536	3,417,940	10,394,476
Component units	3,078,768	-	3,078,768
Deferred revenues	7,488,860	846,905	8,335,765
	<u>51,611,909</u>	<u>6,804,870</u>	<u>58,416,779</u>
FUND EQUITY			
Fund balance - reserved			
Reserve for encumbrances	810,203	5,395,343	6,205,546
Reserve for debt	-	404,705	404,705
Capital reserve	-	2,331,279	2,331,279
Miscellaneous reserves	738,558	-	738,558
Fund balance - unreserved			
Designated for subsequent year's expenditures	8,846,000	1,120,461	9,966,461
Undesignated	28,497,143	13,065,965	41,563,108
	<u>38,891,904</u>	<u>22,317,753</u>	<u>61,209,657</u>
	<u>\$ 90,503,813</u>	<u>\$ 29,122,623</u>	<u>\$ 119,626,436</u>

See notes to financial statements.

COUNTY OF SCHENECTADY, NEW YORK
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
December 31, 2010

Total fund equity as reported on balance sheet - governmental funds	\$ 61,209,657
Amounts reported for governmental activities in the statement of net assets are different due to the following:	
Property tax revenues are recorded as revenue when levied under the accrual basis and when "available" under the modified accrual basis.	7,185,493
Interest expense is reported under the accrual basis.	(505,824)
Capital assets, net, used in governmental activities are not financial resources and therefore are not reported in the funds.	84,719,311
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	<u>(118,032,175)</u>
Net assets of governmental activities	<u><u>\$ 34,576,462</u></u>

COUNTY OF SCHENECTADY, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2010

	General Fund	Other Funds	Total
Revenues			
Real property tax	\$ 50,652,865	\$ 10,909,005	\$ 61,561,870
Real property tax items	3,099,810	-	3,099,810
Non-property tax items	83,286,146	-	83,286,146
Departmental income	10,558,767	1,341,853	11,900,620
Intergovernmental charges	2,613,194	868,384	3,481,578
Use of money and property	623,029	7,736	630,765
Licenses and permits	-	2,345	2,345
Fines and forfeitures	262,959	-	262,959
Sale of property and compensation for loss	2,715,386	72,106	2,787,492
Miscellaneous local sources	608,556	982,500	1,591,056
Interfund revenues	4,190,877	4,985,416	9,176,293
State aid	40,312,565	3,043,605	43,356,170
Federal aid	31,980,871	3,486,941	35,467,812
	<u>230,905,025</u>	<u>25,699,891</u>	<u>256,604,916</u>
Other Financing Sources			
Transfers from other funds	75,000	1,607,882	1,682,882
Proceeds of obligations	-	6,800,419	6,800,419
	<u>230,980,025</u>	<u>34,108,192</u>	<u>265,088,217</u>
Expenditures			
General government support	47,287,277	-	47,287,277
Education	12,947,567	-	12,947,567
Public safety	21,362,369	251,170	21,613,539
Health	11,680,149	-	11,680,149
Transportation	807,627	8,505,467	9,313,094
Economic assistance and opportunity	103,650,993	2,736,180	106,387,173
Culture and recreation	1,065,211	4,230,960	5,296,171
Home and community services	1,841,585	670,571	2,512,156
Employee benefits	21,752,172	3,093,666	24,845,838
Capital outlay	-	11,300,941	11,300,941
Debt service	8,468,132	-	8,468,132
	<u>230,863,082</u>	<u>30,788,955</u>	<u>261,652,037</u>
Other Financing Uses			
Transfers to other funds	230,239	1,452,643	1,682,882
	<u>231,093,321</u>	<u>32,241,598</u>	<u>263,334,919</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(113,296)	1,866,594	1,753,298
Fund balance, beginning of year	<u>39,005,200</u>	<u>20,451,159</u>	<u>59,456,359</u>
Fund balance, end of year	<u><u>\$ 38,891,904</u></u>	<u><u>\$ 22,317,753</u></u>	<u><u>\$ 61,209,657</u></u>

See notes to financial statements.

COUNTY OF SCHENECTADY, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES AND
EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2010

Net changes in fund balance - total governmental funds			\$ 1,753,298
Property taxes are reported as revenue in governmental funds when available. Property taxes that are levied but not considered available are reported as deferred revenue. However, for governmental activities property tax revenues are recognized when levied.			629,654
Interest is recognized as an expense in governmental funds when paid. For governmental activities interest expense is recognized as it accrues.			68,361
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their useful lives as depreciation expense in the statement of activities. This is the amount by which capital outlays exceed depreciation in the period:			
	Depreciation expense	\$ (6,784,703)	
	Capital outlays	10,399,556	
	Disposal of capital assets	<u>(282,336)</u>	3,332,517
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceed repayments:			
	Bond proceeds	(6,636,419)	
	Repayment of bond principal	<u>5,467,400</u>	(1,169,019)
Accrued post employment benefit obligation liability increases long-term liabilities in the statement of net assets and related expenditures in the statement of activities, but not to governmental funds. Net post employment benefit contribution is an expenditure in governmental funds, but the contribution reduces long-term liabilities in the statement of net assets. This is the amount by which accrued post employment benefit liability adjustment exceeds the contribution.			
	Accrued post employment benefit liability adjustment	(12,522,038)	
	Post employment benefit contribution paid	<u>4,655,545</u>	(7,866,493)
Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in government funds.			<u>(195,918)</u>
Change in net assets governmental activities			<u><u>\$ (3,447,600)</u></u>

See notes to financial statements.

COUNTY OF SCHENECTADY, NEW YORK
COMBINED STATEMENT OF REVENUES AND OTHER FINANCING SOURCES AND
EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL – GENERAL FUND
Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Real property tax	\$ 51,607,164	\$ 50,457,164	\$ 50,652,865	\$ 195,701
Real property tax items	2,430,000	2,900,000	3,099,810	199,810
Non-property tax items	84,110,000	82,860,000	83,286,146	426,146
Departmental income	10,968,382	10,947,382	10,558,767	(388,615)
Intergovernmental charges	3,118,197	2,732,620	2,613,194	(119,426)
Use of money and property	730,993	730,993	623,029	(107,964)
Fines and forfeitures	269,000	269,000	262,959	(6,041)
Sale of property and compensation for loss	2,790,450	2,790,450	2,715,386	(75,064)
Miscellaneous local sources	396,514	607,514	608,556	1,042
Interfund revenues	5,143,154	4,764,633	4,190,877	(573,756)
State aid	37,773,714	39,139,287	40,312,565	1,173,278
Federal aid	37,085,566	39,627,161	31,980,871	(7,646,290)
Total revenues	236,423,134	237,826,204	230,905,025	(6,921,179)
Expenditures				
General government support	47,984,199	48,626,299	47,287,277	1,339,022
Education	12,732,694	12,832,694	12,947,567	(114,873)
Public safety	22,632,078	22,815,244	21,362,369	1,452,875
Health	12,346,046	12,999,251	11,680,149	1,319,102
Transportation	880,101	880,901	807,627	73,274
Economic assistance and opportunity	107,739,371	108,202,218	103,650,993	4,551,225
Culture and recreation	1,079,935	1,109,935	1,065,211	44,724
Home and community services	2,028,117	2,194,873	1,841,585	353,288
Employee benefits	22,150,000	22,450,000	21,752,172	697,828
Debt service	9,156,593	9,156,593	8,468,132	688,461
Total expenditures	238,729,134	241,268,008	230,863,082	10,404,926
Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	(2,306,000)	(3,441,804)	41,943	3,483,747
Other Financing Sources (Uses)				
Proceeds of obligations			-	-
Appropriation of prior year's fund balance	2,122,000	3,457,619	-	(3,457,619)
Other	300,000	-	-	-
Transfers from other funds	-	404,705	75,000	(329,705)
Transfers to other funds	(116,000)	(420,520)	(230,239)	190,281
Total other financing sources (uses)	2,306,000	3,441,804	(155,239)	(3,597,043)
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ -	\$ -	\$ (113,296)	\$ (113,296)

See notes to financial statements.

COUNTY OF SCHENECTADY, NEW YORK
STATEMENT OF NET ASSETS
PROPRIETARY FUND
December 31, 2010

	<u>Glendale Home</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 140,334
Cash - restricted	110,579
Investments - restricted	144,422
Accounts receivable (net of allowance for uncollectibles of \$6,317,600)	4,996,491
Current portion of note receivable	14,398
Due from:	
Other governments	8,039,596
Inventory	351,325
Total current assets	<u>13,797,145</u>
OTHER ASSETS	
Note receivable	471,989
Patient funds	533,461
Total other assets	<u>1,005,450</u>
PROPERTY, PLANT AND EQUIPMENT	
Capital assets (net)	<u>5,415,525</u>
Total assets	<u>\$ 20,218,120</u>
LIABILITIES AND NET ASSETS (DEFICIT)	
CURRENT LIABILITIES	
Accounts payable	\$ 584,352
Accrued expenses	322,536
Current portion of bonds payable	105,800
Current portion of accrued post employment benefit obligation liability	2,598,000
Due to other governments	2,447,059
Current portion of other long-term liabilities	1,265,088
Total current liabilities	<u>7,322,835</u>
LONG-TERM LIABILITIES	
Bonds payable	556,783
Accrued post employment benefit obligation liability	14,935,000
Other long-term liabilities	1,163,295
Total long-term liabilities	<u>16,655,078</u>
OTHER LIABILITIES	
Patient funds	533,461
Due to:	
Other funds	15,729,571
Total other liabilities	<u>16,263,032</u>
Total liabilities	<u>40,240,945</u>
NET ASSETS (DEFICIT)	
Invested in capital assets, net of related debt	4,752,942
Restricted	255,001
Unrestricted	<u>(25,030,768)</u>
Total net assets (deficit)	<u>(20,022,825)</u>
Total liabilities and net assets	<u>\$ 20,218,120</u>

See notes to financial statements.

COUNTY OF SCHENECTADY, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
For the Year Ended December 31, 2010

	Glendale Home
Operating Revenues	
Charges for services	\$ 16,580,738
Miscellaneous	12,564
Total revenues	<u>16,593,302</u>
Operating Expenses	
Nursing administration	950,035
Nursing	7,562,876
Other medical services	2,513,522
Dietary	2,439,995
Plant operations and maintenance	1,348,116
Housekeeping	749,126
Laundry and linen	494,080
Fiscal services	485,068
Administrative services	794,048
Employee / retiree benefits	8,584,688
Depreciation	665,478
Bad debt expense	2,275,618
Health facility assessment	761,796
Intra-county charges	864,405
Total expenses	<u>30,488,851</u>
Net Loss from Operations	<u>(13,895,549)</u>
Nonoperating Revenues (Expenses)	
Transfers in from County (property taxes)	2,044,834
Interest income	22,917
Intergovernmental transfer	2,941,250
NYS public facilities grants	2,714,684
Interest expense	(27,797)
Meals on Wheels, net	(120,131)
Other income	31,927
Change in Net Assets	(6,287,865)
Net Assets (Deficit), Beginning of Year	<u>(13,734,960)</u>
Net Assets (Deficit), End of Year	<u><u>\$ (20,022,825)</u></u>

See notes to financial statements.

COUNTY OF SCHENECTADY, NEW YORK
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended December 31, 2010

	Glendale Home
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from residents and third party payors	\$ 9,759,283
Cash received from others	12,564
Cash paid to employees and suppliers	<u>(16,953,426)</u>
Net cash used by operating activities	<u>(7,181,579)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Operating transfers from other funds	2,076,761
Intergovernmental transfers	2,941,250
NYS public facilities grants	2,714,684
Cash received from Meals on Wheels program	622,514
Cash paid for Meals on Wheels program	<u>(742,645)</u>
Net cash provided by non-capital financing activities	<u>7,612,564</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Expenditures for property, plant and equipment	(374,068)
Repayment of long-term debt	(115,500)
Repayment on note receivable	13,778
Interest expense	<u>(29,745)</u>
Net cash used by capital and related financing activities	<u>(505,535)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net proceeds of investments	(296)
Change in restricted cash	(5,125)
Interest income	<u>22,917</u>
Net cash provided by investing activities	<u>17,496</u>
NET DECREASE IN CASH	(57,054)
CASH, Beginning of Year	<u>197,388</u>
CASH, End of Year	<u>\$ 140,334</u>
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Net loss from operations	\$ (13,895,549)
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation	665,478
Bad debt expense	2,275,618
(Increase) decrease in assets:	
Accounts receivable	(2,638,620)
Due from other governments	(4,182,835)
Inventory	3,980
Increase (decrease) in liabilities:	
Accounts payables	(18,484)
Accrued post-employment benefit obligation	1,746,000
Accrued expenses	282,494
Other liabilities	27,104
Due to other funds	<u>8,553,235</u>
Net cash used by operating activities	<u>\$ (7,181,579)</u>

See notes to financial statements.

COUNTY OF SCHENECTADY, NEW YORK
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2010

	<u>Agency Fund</u>	<u>Private Purpose Trust</u>
ASSETS		
Cash	\$ 6,441,462	\$ 13,659
Investments - unrestricted	414,836	
Investments - restricted	11,556	3,000
Total assets	<u>\$ 6,867,854</u>	<u>\$ 16,659</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 6,858,963	\$ 2,485
Due to other funds	8,891	-
Total liabilities	<u>6,867,854</u>	<u>2,485</u>
NET ASSETS		
Restricted	<u>-</u>	<u>14,174</u>
Total liabilities and net assets	<u>\$ 6,867,854</u>	<u>\$ 16,659</u>

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Year Ended December 31, 2010

Additions:		
Gifts and donations		\$ 6,166
Other		20
Total additions		<u>6,186</u>
Deductions:		
Economic assistance		20
Home and community services		7,976
Total deductions		<u>7,996</u>
Change in net assets		(1,810)
Net assets, beginning of year		<u>15,984</u>
Net assets, end of year		<u>\$ 14,174</u>

See notes to financial statements.

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Financial Reporting Entity*

The County of Schenectady, New York (the "County") was incorporated in 1809, and is governed by the Charter of the County of Schenectady, county law and other general laws of the State of New York and various local laws and ordinances. The Schenectady County Legislature (Legislature) is the legislative body responsible for the overall operations and consists of thirteen elected legislators representing four legislative districts in five towns and the City of Schenectady. Legislators are elected for a term of four years. The Legislature appoints a County Manager who serves as chief administrative officer. The County Manager appoints, subject to confirmation by the Legislature, a Commissioner of Finance who serves as chief fiscal officer.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In accordance with the provisions of applicable GASB pronouncements, the County has elected not to apply all Financial Accounting Standards Board statements and interpretations issued after November 30, 1989.

The reporting entity of the County is based upon criteria set forth by applicable GASB pronouncements. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County of Schenectady (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Operational or financial responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

Component Units:

In conformity with generally accepted accounting principles, the financial statements of the component units have been included in the financial reporting entity either as blended component units or as discretely presented units.

Blended Component Unit:

Schenectady County Public Library

The Schenectady County Public Library was established by the County and granted a charter by the State Board of Regents as provided in Article 5 of the Education Law. The County Manager appoints trustees subject to the approval of the County Legislature. Library operations are funded by the general County tax levy and are recorded as a governmental activity of the County. The County has title to real property used by the library and issues all library indebtedness which is supported by the full faith and credit of the County.

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Financial Reporting Entity, continued

Discretely Presented Component Units:

Schenectady County Soil and Water Conservation District

The Board of Legislators has declared the County to be a soil and water conservation district in accordance with provisions of the Soil and Water Conservation District Law. Significant factors requiring inclusion of the soil and water conservation district in the County reporting entity are as follows:

- (i) Members of the Board of Directors are appointed by the County Manager with approval by the Legislature.
- (ii) Administrative costs of the district are provided primarily through County appropriations.

Schenectady Metroplex Development Authority (“Authority”)

The Schenectady Metroplex Development Authority is a Public Benefit Corporation created on June 30, 1998, by State Legislation to provide the State of New York and the County with the capability to effectively and efficiently develop, renovate, and optimize the economic and social activities of the Route 5 and Route 7 corridors of the County. The Authority began operations on January 1, 1999. The Authority is governed by a board of eleven members who are residents of the County and are appointed by a majority vote of the County Legislature. The County is not liable for Authority bonds or notes.

Schenectady County Industrial Development Agency (“IDA”)

The Schenectady County Industrial Development Agency is a Public Benefit Corporation created by State Legislation to promote the economic welfare, recreation opportunities, and prosperity of the County inhabitants. Members of the agency are appointed by the County Board of Legislators which exercises no oversight responsibility. The agency members have complete responsibility for management of the agency and accountability for fiscal matters. The County is not liable for agency bonds or notes. Net assets of the IDA were restated as of December 31, 2009 to correct a \$3,000 understatement of grant revenue and receivable. The restatement is reflected in “Net asset, beginning of year” of the component units in the Statement of Activities and in the Combining Statement of Activities – Component Units.

Schenectady County Community College (“Community College”)

The Community College was established in 1969 and is administered by a Board of Trustees consisting of ten voting members; five are appointed by the County Legislature, four by the Governor and one by the Student Body. The Community College is sponsored by Schenectady County and is part of the overall County educational system. The budget is subject to the approval of the County Legislature and in addition, the County provides one-half of capital costs and a substantial portion of net operating costs of the Community College. Real property of the Community College, not purchased with current appropriations, rests with the County and bonds and notes for Community College capital costs are issued by the County and are County debt. The Community College’s year end is August 31. The Community College includes the following component units: The Schenectady County Community College Foundation (“Foundation”) which has an August 31 year end and is discretely presented and the Faculty Student Association, Incorporated (“FSA”) which has a May 31 year end and is blended with the financial statements of the Community College.

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Financial Reporting Entity, continued

Discretely Presented Component Units: (Continued)

Schenectady County Community College (“Community College”) (Continued)

The County has reported approximately \$574,000 as due from the Community College at December 31, 2010. The Community College has reported approximately \$268,000 in amounts due to the County at August 31, 2010. Activity giving rise to amounts due between the County and the Community College relate to employee health insurance premiums initially paid by the County and reimbursed by the Community College.

Discretely Presented Component Unit of Schenectady County Community College:

Schenectady County Community College Foundation (“Foundation”)

The Foundation’s revenue, including scholarship grants, is recognized when earned and expenses, including scholarship awards, are recognized when incurred.

Component Unit Financial Statements

Complete financial statements of the individual component units can be obtained directly from their administrative offices.

Administrative Offices:

Schenectady County
Soil and Water Conservation District
24 Hetcheltown Road
Scotia, New York 12302

Schenectady County
Industrial Development Agency
One Broadway Center
Suite 750
Schenectady, New York 12305

Schenectady County Community College
78 Washington Avenue
Schenectady, New York 12305

Schenectady Metroplex
Development Authority
Center City Plaza
433 State Street
Schenectady, New York 12305

B. Basis of Presentation

The County’s basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The County’s sheriff department, maintenance of County roads, public works, health and nursing services, educational activities, and general administrative services are classified as governmental activities.

Government-wide Financial Statements:

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County’s net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, continued

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions and business-type activities. The functions are also supported by general government revenues (property, sales and uses taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.).

This government-wide focus is on the sustainability of the County as an entity and the change in the County's net assets resulting from the current year's activities.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Focus is placed on major funds within the governmental and proprietary categories.

(i) **Governmental Fund Types** - Governmental funds are those through which most governmental functions of the County are financed. The acquisition, use and balance of the County's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position. The following are the County's governmental fund types:

(a) **General Fund** - The general fund is the principal fund and includes all operations not required to be recorded in other funds.

(b) **Special Revenue Funds** - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds are:

County Road Fund
Road Machinery Fund
Library Fund
Special Grant Funds:
 Job Training Partnership Act
 Work Incentive Act
 Community Development Block Grants

(c) **Capital Projects Fund** - Used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the enterprise fund).

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, continued

- (ii) Proprietary Funds - Proprietary funds are used to account for ongoing organizations or activities which are similar to those often found in the private sector. The measurement focus is determination of net income, financial position, and cash flows. The following proprietary fund is utilized.

Enterprise Fund - Used to account for the operations of Glendale Home.

(iii) Fiduciary Funds

- (a) Trust and Agency Funds - Trust and agency funds are used to account for money (and/or property) received and held in the capacity of trustee, custodian or agent. These include expendable trusts, non-expendable trust and agency funds.

These activities are not included in the County-wide financial statements, because their resources do not belong to the County, and are not available to be used.

C. Measurement Focus and Basis of Accounting

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund (Glendale Home) utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.
- c. Fiduciary funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting, continued

Basis of Accounting

Primary Government

Accrual

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Proprietary funds

Proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used. Fixed assets and long-term liabilities related to these activities are recorded within the proprietary funds. Certain significant and specific accrual-based accounting policies include:

- (a) Patient revenue for Glendale Home is recognized as care days are incurred at the estimated net realizable amounts from patients, third party payors and others for services rendered. Rates are based on such factors as actual costs incurred, patient case mix, and costs incurred by other facilities in New York State. Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for material estimated third-party payor settlements are provided for in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year they are known. Laws and regulations governing the third-party payor programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.
- (b) Glendale Home and the Schenectady County Industrial Development Agency use the allowance method to account for bad debts based on management's estimate of the amount deemed uncollectible.
- (c) The cost of supporting services from central service cost centers has been allocated to Glendale Home based on a county-wide Central Services Cost Allocation Plan; approximately \$720,672 is included in expenses of Glendale Home.
- (d) Intergovernmental Transfer

The Intergovernmental Transfer (IGT) program provided Medicaid rate enhancements to all non-state operated public sponsored nursing facilities. As a result, during 2010 the Glendale Home has recorded approximately \$2,941,000 covering the period from January 1 through December 31, 2010. The IGT revenue has been classified as a component of other revenues in the business type activities in the Statement of Activities.

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting, continued

Proprietary funds (continued)

(e) NYS Public Facilities Grant

In February 2009 the DOH awarded the Facility with a HEAL NY "Implementation of Commission Mandates" (HEAL) grant in the amount of \$3 million for the period from January 1, 2007 to December 31, 2010 to assist the Facility with the downsizing of its bed capacity. The HEAL grant funds are awarded on a reimbursement basis, the facility submitted vouchers and received reimbursement of \$2,714,684 in 2010. The remaining grant expenses of \$285,316 related to 2010 was submitted in 2011, but was not recorded in 2010. Funding of the HEAL program is subject to appropriation and budget approval by NYS. Due to the uncertainty in timing of receipt of the HEAL grant funds the Facility has not recognized the remaining grant funds related to the HEAL grant as of December 31, 2010.

Modified Accrual

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County has established an availability period of one year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

Component Units

Schenectady Metroplex Development Authority (a component unit)

Pursuant to Subdivision (c) Section 1210 (c) of the tax law, the County shall dedicate one-half of one percent of County sales and compensating use tax on all sales and compensating uses taxable pursuant to Article 29 of the tax law, beginning on September 1, 1998, and ending on August 31, 2033, and shall annually deposit such net collections received therefrom in the Schenectady Metroplex Development Authority Support Fund. On January 1, 1999, and then quarterly thereafter, the County shall transfer 70% of all net collections received from the one-half of one percent to the Authority.

Revenues are recognized as earned and expenses are recognized as incurred whether or not cash is received or paid out at that time.

Schenectady County Community College (a component unit)

The Community College maintains its books and records and prepares its financial statements on the accrual basis.

- (a) Revenues - major sources of revenue are accrued and recorded in the period earned. Deferred revenues are used to recognize tuition paid in advance. Material adjustments to State aid for prior years are credited or charged directly to fund balance. If expenditure is the primary factor for determining reimbursement under the terms of a grant, revenue is recognized when the expenditure is incurred.
- (b) Expenditures are accrued and recorded in the period incurred, including retirement costs. Funds used to finance fixed assets are accounted for as capital assets and depreciated over their useful lives.

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting, continued

Schenectady County Community College (a component unit) (continued)

- (c) **Compensated Absences** - The Community College recognizes a liability for vacation leave and additional salary-related payments as the benefits are earned by the employees, based on the rendering of past service and the probability that the employees will be compensated for the benefits through paid time off or some other means. This includes vacation leave that was earned but not used during the current or prior period and for which employees can receive compensation in a future period. Amounts do not include leave expected to lapse and includes leave that new employees will eventually qualify for.

In addition, the Community College recognizes a liability for vesting sick leave and additional salary-related payments for employees who, at the balance sheet date, currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

The liability for compensated absences is calculated at rates in effect as of the balance sheet date.

D. Budgetary Data

(i) **Budget Policies**

(a) The budget policies of the primary government are as follows:

- (1) No later than October 1, the County Manager submits a tentative budget to the Legislature for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- (2) After public hearings are conducted to obtain taxpayer comments, no later than November 1, the Legislature adopts the budget.
- (3) All modifications of the budget must be approved by the Legislature. However, the County Manager is authorized to transfer certain budgeted amounts within departments.
- (4) A budget is prepared for the proprietary fund to establish estimated contributions required from other funds and to control expenditures.
- (5) Budgetary controls are established for the capital projects fund through resolutions authorizing individual projects and a six-year capital program budget. Appropriations remain in effect for the life of the project.

(b) The budget policies of the Community College are as follows:

- (1) The Community College Board of Trustees submits a tentative budget to the Schenectady County Legislature for the fiscal year commencing the following September 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- (2) After public hearings are conducted to obtain taxpayer comments, the Schenectady County Legislature adopts the budget.

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Data (continued)

(c) The budget policy of the Schenectady Metroplex Development Authority are as follows:

(1) On or before August 15th of each year, the Chairman of the Authority is required to submit to the Director of the Budget of the State of New York and/or the Chairman of the County Legislature's Ways and Means Committee, a budget that requests financial support for the operation of the Authority for the forthcoming year of the State of New York and the County. The State and/or the County may appropriate and provide to the Authority an amount it deems necessary to provide the Authority to assist it in its successful operation and achievement of its lawful goals, powers and purposes.

(ii) Encumbrances

Encumbrances are reservations of fund balance for outstanding purchase commitments. Expenditures for such commitments are recorded in the period in which the liability is incurred.

(iii) Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

E. Cash and Investments

Schenectady County

The County's investment policies are governed by State statutes. In addition, the County has its own written investment policy. Monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. Demand accounts and certificates of deposit are authorized to be used. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and obligations of New York State or its localities.

Certificates of deposit are classified as investments. The repurchase agreements invested in during the year were all overnight repurchase agreements. The securities underlying the repurchase agreements were held by the counterparty to the repurchase agreements.

Schenectady County Community College

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

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

Investments are stated at fair value.

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, capital assets with an original cost of \$5,000 or more are reported at historical cost, or estimated historical cost if actual is unavailable, except for donated assets which are recorded at their estimated fair value at the date of donation.

Prior to January 1, 1980, governmental funds infrastructure assets were not capitalized. These assets have been valued at estimated historical cost, less applicable accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Buildings and improvements	20 - 40
Fixed equipment	6 - 20
Major moveable	3 - 20
Minor equipment	3
Leasehold improvements	9
Infrastructure	15 - 50

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as in the government-wide statements.

G. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from these estimates. The significant estimates included in these financial statements include the estimate of incurred but not reported (IBNR) claims for the self-insured workers' compensation and medical plans, the realizable value of taxes receivable, compensated absences, allowances for uncollectible amounts, other post employment benefits, and depreciation of capital assets. It is reasonably possible that the estimates noted above will change in the near term due to one or more future events which would be material to the financial statements.

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Cash and Cash Equivalents

The County and its component units classify all highly liquid investments, with original maturities of three months or less, excluding amounts whose use is limited, as cash equivalents.

I. Inventories

Supplies inventories in the proprietary fund are stated at the lower of cost or market, principally on the first-in, first-out basis. The inventory consists of housekeeping, medical, and dietary supplies.

Inventories in the Community College component unit are comprised of Community College Bookstore items held for sale and are carried at the lower of cost (first-in, first-out basis) or market.

J. Compensated Absences

The County recognizes a liability for vacation leave and additional salary-related payments as the benefits are earned by the employees, based on the rendering of past service and the probability that the employees will be compensated for the benefits through paid time off or some other means. This includes vacation leave that was earned but not used during the current or prior period and for which employees can receive compensation in a future period. Amounts do not include leave expected to lapse.

In addition, the County recognizes a liability for vesting sick leave and additional salary-related payments for employees who, at the balance sheet date, currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

The liability for compensated absences is calculated at rates in effect as of the balance sheet date.

K. Deferred Revenue

Deferred revenue is reported on the statement of net assets and balance sheet. Deferred revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the County before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the County has legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

L. Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Equity Classifications *(continued)*

- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

M. Reclassifications

Certain prior year balances have been reclassified to conform to current year presentation.

NOTE 2 — CASH AND INVESTMENTS

(i) Cash

At December 31, 2010, the book amount of the County's deposits, including Proprietary and Fiduciary funds, was \$40,031,695 (excluding petty cash, Court and Trust funds, and support collections) and the bank balance was \$42,374,557. The insured and collateral status of the year end bank balance was as follows:

County

Covered by federal deposit insurance	\$ 2,350,553
Collateralization with securities held by third party custodians for the benefit of the County, pursuant to three-party custody agreements	<u>44,869,673</u>
Total	<u><u>\$ 47,220,226</u></u>

Component Units

At August 31, 2010, the book amount of the Community College's deposits was \$10,644,648 and the bank balance was approximately \$9,902,195. The entire bank balance was covered by FDIC insurance or by collateral held by the Community College's agent in the Community College's name.

At December 31, 2010, the book amount of the Schenectady County Soil and Water District's deposits was \$823,140 and the bank balances were \$649,106. This entire amount was covered by federal deposit insurance (FDIC).

At December 31, 2010, the book amount of the Schenectady County Industrial Development Agency's deposits and bank balances were \$167,350. The bank account is fully insured by FDIC or collateralized at December 31, 2010.

Cash and cash equivalents of the Schenectady Metroplex Development Authority consist of cash deposits and other investments with maturity dates of three months or less. The collateral securing these cash deposits consists of direct obligations of the U.S. Treasury and U.S. Agencies. The Authority's bank deposits were fully collateralized or insured by the FDIC at December 31, 2010.

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 2 — CASH AND INVESTMENTS (Continued)

(ii) Investments

The County's investments in fiduciary and proprietary funds are categorized in the following schedule to give an indication of the level of risk assumed by the County at year end.

<u>Investment Type</u>	<u>Risk Category</u>	<u>Fair Value</u>
Money Market (Proprietary Funds)	A	\$ 144,422
Certificates of Deposit (Fiduciary Funds)	A	414,836
Stocks (Fiduciary Funds)	C	11,556
Government Bonds (Fiduciary Funds)	B	<u>3,000</u>
Total		<u><u>\$ 573,814</u></u>

<u>Risk Category</u>	<u>Description</u>
A	All fully insured or collateralized with securities held by a third party custodian for the benefit of the County, pursuant to a three-party custody agreement.
B	Investments that are held by the County in the County's name.
C	Investments that are held by the Library Board of Trustees pledged to the Library Expansion Capital Project.

Community College

The Community College's investments consist of cash funds, mutual funds, common stock, corporate bonds, and U.S. government securities held by the Foundation. Investments are subject to the risk that market values may decline. As of August 31, 2010, total investment holdings had a cost balance of \$3,106,592 and a market value of \$3,228,441.

(iii) Restricted Cash and Investments

Enterprise Fund

At December 31, 2010 restricted cash and investments of \$255,001 consists of funds held for capital projects.

Fiduciary Funds

Cash of \$6,856,298 held by various County departments and \$13,659 held for Private Purpose Trusts.

Capital Projects Fund

Restricted cash of \$2,331,279 is restricted for capital reserves.

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 2 — CASH AND INVESTMENTS (Continued)

(iii) Restricted Cash and Investments (Continued)

Schenectady Metroplex Development Authority

At December 31, 2010 restricted cash of approximately \$1,147,000 consisted of escrow deposits held for the Downtown Schenectady Façade Program, the Upper Union Street Façade Program, the Countywide Façade Program, and a deposit held for BN Partners Associates, LLC as a payment in lieu of taxes.

Community College

At August 31, 2010 restricted cash of \$2,635,489 consists of \$865,320 held for scholarships by the Schenectady County Community College Foundation and \$1,770,169 restricted for the Faculty Student Association. Restricted investments of \$3,228,441 consist of funds held for scholarships by the Schenectady County Community College Foundation.

NOTE 3 — RECEIVABLES

Schenectady County - Taxes Receivable

County real property taxes are levied annually no later than December 31, and become a lien on January 1. Taxes are collected during the period January 1 to the date of the tax sale, generally in December. Taxes for County purposes apportioned to the area of the County outside the City of Schenectady are levied together with taxes for town and special district purposes as a single bill.

The towns and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. The County assumes enforcement responsibility for all taxes levied in the towns. The collection of County taxes levied on properties within the City of Schenectady are enforced by the City; the County receives the full amount of such taxes within the year of levy.

Unpaid village taxes, city school district taxes outside City boundaries and non-city school district taxes are turned over to the County for enforcement. Any such taxes remaining unpaid at year-end are received as County taxes in the subsequent year.

At December 31, 2010, the total real property tax receivables of \$14,193,724 are offset by an allowance for uncollectible taxes of \$750,000. In the balance sheet of governmental funds, these tax receivables are offset by deferred tax revenue of \$7,185,493 representing an estimate of the tax liens which will not be collected within the first sixty (60) days of the subsequent year. Current year returned village and school taxes, other than city school taxes, of \$5,705,216 are offset by liabilities to the village and school districts which will be paid no later than April 1, 2011.

Schenectady Metroplex Development Authority – Accounts Receivable

Accounts receivable generally consists of amounts due from the County from the sales and compensating use tax collections plus interest thereon. These amounts, based upon estimates by management, are being held by the County in the Schenectady Metroplex Development Authority Support Fund, but have not yet been transferred to the Authority as of December 31, 2010.

Management considers accounts receivable to be fully collectible. If, in the future, management determines that amounts may be uncollectible, the account will be written off or an allowance will be established and operations will be charged when that determination is made.

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 3 — RECEIVABLES (Continued)

Schenectady Metroplex Development Authority – Notes and Loans Receivable

The Authority has various notes and loans receivable at December 31, 2010 totaling \$14,270,047 (net of allowance of \$1,060,187, with approximately \$936,000 of that amount due in 2011. The notes and loans receivable have various interest rates and maturity dates. Most of the notes and loans receivable are secured by mortgages and/or other assets.

Interest earnings on loans receivable was \$24,104 for the year ended December 31, 2010.

NOTE 4 — CAPITAL ASSETS

Capital asset activity for the County for the year ended December 31, 2010 was as follows:

	Primary Government				Balance December 31
	Balance January 1	Additions	Reclassifications	Deletions	
Governmental activities:					
Land	\$ 3,960,576	\$ 51,473	\$ -	\$ (200,718)	\$ 3,811,331
Construction in progress	4,316,959	2,123,363	(210,235)	(7,752)	6,222,335
Buildings and improvements	34,566,320	84,383	-	-	34,650,703
Furniture and equipment	20,235,869	2,313,117	-	(564,710)	21,984,276
Infrastructure	89,901,606	5,827,220	210,235	(2,500,000)	93,439,061
Totals at historical cost	<u>152,981,330</u>	<u>10,399,556</u>	<u>-</u>	<u>(3,273,180)</u>	<u>160,107,706</u>
Less accumulated depreciation:					
Buildings and improvements	16,140,378	2,183,529	-	-	18,323,907
Furniture and equipment	12,087,970	1,222,983	-	(490,844)	12,820,109
Infrastructure	43,366,188	3,378,191	-	(2,500,000)	44,244,379
Total accumulated depreciation	<u>71,594,536</u>	<u>6,784,703</u>	<u>-</u>	<u>(2,990,844)</u>	<u>75,388,395</u>
Governmental activities capital, net	<u>\$ 81,386,794</u>	<u>\$ 3,614,853</u>	<u>\$ -</u>	<u>\$ (282,336)</u>	<u>\$ 84,719,311</u>
Business-type activities:					
Land	\$ 8,000	\$ -	\$ -	\$ -	\$ 8,000
Land improvements	181,298	5,849	-	-	187,147
Construction in progress	434,488	403,241	(201,076)	-	636,653
Buildings and improvements	13,313,547	-	-	-	13,313,547
Furniture and equipment	8,103,541	166,054	(30,895)	-	8,238,700
Infrastructure	1,477,402	-	-	-	1,477,402
Totals at historical cost	<u>23,518,276</u>	<u>575,144</u>	<u>(231,971)</u>	<u>-</u>	<u>23,861,449</u>
Less accumulated depreciation:					
Land improvements	160,762	-	-	-	160,762
Buildings and improvements	10,415,401	312,645	-	-	10,728,046
Furniture and equipment	6,736,688	294,302	(30,895)	-	7,000,095
Infrastructure	498,490	58,531	-	-	557,021
Total accumulated depreciation	<u>17,811,341</u>	<u>665,478</u>	<u>(30,895)</u>	<u>-</u>	<u>18,445,924</u>
Business-type capital assets, net	<u>\$ 5,706,935</u>	<u>\$ (90,334)</u>	<u>\$ (201,076)</u>	<u>\$ -</u>	<u>\$ 5,415,525</u>

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 4 — CAPITAL ASSETS (Continued)

Fixed Assets - Schenectady County Community College (a component unit)

The College maintains its books and records on the accrual basis in accordance with the Uniform System of Accounts for Community Colleges of New York State. A fiscal year ending August 31 is mandated by State Law for the Community College.

Community College capital assets consist of the following:

	Balance at August 31, 2010
Land	\$ 713,209
Buildings and improvements	45,033,381
Equipment	5,889,134
Totals at historical cost	<u>51,635,724</u>
Less accumulated depreciation for:	
Buildings and improvements	25,958,062
Equipment	3,280,353
Total accumulated depreciation	<u>29,238,415</u>
Capital assets, net	<u><u>\$22,397,309</u></u>

NOTE 5 — PENSION PLANS

(i) Pension Plans

General Information

The County of Schenectady participates in the New York State and Local Employees' Retirement System (ERS), the Public Employees' Group Life Insurance Plan, the New York State Teachers' Retirement System (TRS) (Community College only), and the Teachers Insurance and Annuity Association of America College Retirement Equity Fund (TIAA-CREF) (Community College only). These are cost-sharing multiple employer, public employee retirement systems. The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

Plan Descriptions

(a) Employees' Retirement System (ERS)

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12208.

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 5 — PENSION PLANS (Continued)

(b) Teachers Retirement System (TRS)

The NYS TRS is administered by the New York State Teachers' Retirement Board. The System provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The NYS TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

(c) Teachers Insurance and Annuity Association of America College Retirement Equity Fund (TIAA-CREF)

The Community College also participates in the Teachers Insurance and Annuity Association of America College Retirement Equity Fund (TIAA-CREF). This is a cost sharing multiple public employer retirement system. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law. TIAA-CREF offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and an optional method of benefit payments. All benefits generally vest after ten years of credited service.

TIAA-CREF provides that all participating employers in TIAA-CREF are jointly and severally liable for any actuarial unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate.

Funding Policies

ERS and TRS are noncontributory except for employees who joined the Systems after July 27, 1976 with less than ten years experience, who contribute 3% of their salary. For those employed after December 31, 2009 they are required to contribute 3% of their salary for the term of their employment. For the New York State and Local Employees' Retirement System, the Comptroller annually certifies the rates expressed as proportions of members' payroll, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, rates are established annually for TRS by the New York State Teachers' Retirement Board. For the TIAA-CREF obligations of employers and employees to contribute are governed by the New York State Retirement and Social Security Law.

The County and Community College are required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

<u>County</u>		<u>Community College</u>			
<u>Year</u>	<u>ERS</u>	<u>Year</u>	<u>ERS</u>	<u>TRS</u>	<u>TIAA-CREF</u>
2010	\$ 7,391,525	2009-2010	\$ 267,794	\$ 65,712	\$ 644,619
2009	4,465,297	2008-2009	317,078	121,496	585,587
2008	5,111,334	2007-2008	306,985	113,772	562,397

The County and Community College's contributions were equal to 100 percent of the contributions required for each year.

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 6 — LONG-TERM DEBT

At December 31, 2010 the total outstanding bonded indebtedness of the County aggregated \$57,714,665. All of this amount was subject to the constitutional debt limit and represented approximately 8.83% of its statutory debt limit. \$9,466,000 of the outstanding bonds relate to the Community College and are reported as part of bonds payable of the Community College in the Combining Balance Sheet — Component Units.

- (a) Serial Bonds – The County, like most governmental units, borrows money in order to acquire land or equipment or construct buildings and improvements. This policy enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of these capital assets. These long-term liabilities are full faith and credit debt of the County.

These long-term liabilities for governmental funds are maintained separately and represent a reconciling item between the funds and government-wide statements except for those amounts, which relate to and are, therefore, accounted for in, the proprietary fund types and discretely presented component units. Interest associated with long-term debt is recorded as an expenditure when such amounts are due. Interest expense for governmental and business type activities for the year ended December 31, 2010, approximated \$2,160,000 and \$26,000, respectively. Business type activities interest expense was directly related to Glendale Home and has been included as a direct function expense.

- (b) Other Long-Term Debt - In addition to the above long-term debt, the County had the following noncurrent liabilities:

Compensated Absences - represents the value of earned and unused portion of the liability for compensated absences.

Workers' Compensation - represents the estimate of the County's share of unpaid workers compensation claims costs.

Judgments and Claims - represents the non-current portion of legal judgments and claims that have been or will probably be settled against the County.

Other Post-employment Benefits ("OPEB") - represents the County's actuarial determined estimated liability of other post-employment benefits (OPEB – see Note 7).

The following is a summary of long-term liabilities outstanding at December 31, 2010 by fund type and account group:

<u>Fund Type/Liability</u>	<u>Balance</u> <u>1/1/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/10</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental activities					
Serial bonds	\$ 56,552,146	\$ 6,800,419	\$ 6,300,500	\$ 57,052,065	\$ 6,598,446
Less amount applicable to the Community College	(9,272,900)	(164,000)	833,100	(8,603,800)	(872,312)
Compensated absences	7,426,320	160,752	-	7,587,072	-
Workers' compensation	969,291	35,166	-	1,004,457	-
OPEB	53,125,888	12,522,038	4,655,545	60,992,381	5,190,000
Total governmental activities	<u>\$ 108,800,745</u>	<u>\$ 19,354,375</u>	<u>\$ 11,789,145</u>	<u>\$ 118,032,175</u>	<u>\$ 10,916,134</u>
Business type activities					
Workers' compensation	\$ 1,333,920	\$ -	\$ 2,512	\$ 1,331,408	\$ 732,000
Serial bonds	778,083	-	115,500	662,583	105,800
Compensated absences	1,067,359	29,616	-	1,096,975	533,088
OPEB	15,787,000	4,194,000	2,448,000	17,533,000	2,598,000
Total business type activities	<u>\$ 18,966,362</u>	<u>\$ 4,223,616</u>	<u>\$ 2,566,012</u>	<u>\$ 20,623,966</u>	<u>\$ 3,968,888</u>

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 6 — LONG-TERM DEBT (Continued)

Additions and deletions to workers' compensation and compensated absences are shown net since it is impractical to determine these amounts separately.

The following is a schedule of the County's serial bonds with corresponding maturity schedules, excluding bonds included on the Community College's financial statements:

<u>Payable From/Description</u>	<u>Issued</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Outstanding</u>
Serial Bonds					
<u>Governmental Activities:</u>					
Various Purpose	2000	\$ 3,282,000	4.5-5.1%	2016	\$ 450,000
Various Purpose	2001	7,254,000	3.25-4.375%	2016	2,150,000
Various Purpose	2002	7,429,598	4-4.5%	2022	4,200,000
Various Purpose	2003	6,934,028	2.6-4%	2018	2,188,400
Various Purpose	2004	4,573,000	3-4.125%	2019	1,325,000
Various Purpose	2005	6,938,000	3.8-4.0%	2025	3,425,000
Various Purpose	2006	7,575,000	3.75-4.0%	2026	4,225,000
General Obligation	2006	13,005,000	4.25-4.5%	2031	11,200,000
Various Purpose	2007	9,797,000	3.5-4.0%	2028	7,950,000
Various Purpose	2008	8,176,000	4.125-4.5%	2028	7,350,000
Various Purpose	2009	3,589,246	2-2.25%	2105	3,533,246
Refunding Series	2009	3,509,000	2.5-4.5%	2014	2,255,000
Various ("ARRA")	2010	4,861,000	1.30-5.00%	2025	4,861,000
Various	2010	1,939,419	2.50-4.00%	2019	1,939,419
Less: Reported on Community College		<u>(12,352,770)</u>			<u>(8,603,800)</u>
Total Governmental Activities		<u>76,509,521</u>			<u>48,448,265</u>
<u>Business Type Activity:</u>					
Sewer System	2001	1,000,000	3.25-4.375%	2016	420,000
Water Main	2003	300,000	2.60-4.60%	2018	186,600
Glendale Home Project	2005	32,000	3.8-4.0%	2010	-
Various Purpose-Refunding	2009	<u>516,000</u>	2.5-4.5%	2014	<u>55,983</u>
Total Business Type Activity		<u>1,848,000</u>			<u>662,583</u>
Total Primary Government		<u>\$ 78,357,521</u>			<u>\$ 49,110,848</u>

Principal and interest payments due on serial bonds outstanding (including \$8,603,800 related to the Community College) at December 31, 2010 for the primary government are as follows:

	<u>Principal</u>	<u>Interest</u>
2011	\$ 6,704,246	\$ 2,185,857
2012	7,010,419	1,968,572
2013	6,350,000	1,733,512
2014	5,370,000	1,521,457
2015	4,385,000	1,339,149
2016-2020	13,870,000	4,668,996
2021-2025	8,675,000	2,245,906
2026-2030	4,750,000	683,500
Thereafter	<u>600,000</u>	<u>27,000</u>
Total	<u>\$ 57,714,665</u>	<u>\$ 16,373,949</u>

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 6 — LONG-TERM DEBT (Continued)

In addition to the debt shown above, the County has authorized an additional \$69,903,469 which remained unissued through the date of this report.

The following is a summary of long-term debt liabilities outstanding at August 31, 2010 for the Community College:

<u>Fund Type/Liability</u>	<u>Balance 8/31/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 8/31/10</u>	<u>Due Within One Year</u>
Schenectady County Community College					
Workers' compensation	\$ 11,123	\$ 2,200	\$ (11,073)	\$ 2,250	\$ -
Compensated absences	1,326,715	250,592	-	1,577,307	427,307
Bonds payable	<u>22,935,029</u>	<u>2,625,413</u>	<u>3,933,846</u>	<u>21,626,596</u>	<u>1,194,386</u>
Total Community College	<u>\$ 24,272,867</u>	<u>\$ 2,878,205</u>	<u>\$ 3,922,773</u>	<u>\$ 23,206,153</u>	<u>\$ 1,194,386</u>

The Community College has entered into financing agreements with the Dormitory Authority of the State of New York (DASNY) to finance some of its educational facilities. The DASNY bonds for these facilities, which have a maximum 30 year life, will be repaid from the appropriations received from the State of New York. The County has issued various serial bonds, which will be paid from County appropriations. The Community College has no obligation to repay this debt.

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Original Amount</u>	<u>Interest Rates (%)</u>	<u>Outstanding August 31, 2010</u>
Serial Bonds					
County of Schenectady	1996-2009	2009-2028	\$ 12,352,770	3.0 - 5.25%	\$ 8,603,800
Dormitory Authority of the State of New York	1999-2009	2023-2039	<u>18,662,590</u>	.85 - 5.7%	<u>13,022,796</u>
Total			<u>\$31,015,360</u>		<u>\$ 21,626,596</u>

As of August 31, 2010, Community College debt service requirements relating to the DASNY bonds and County obligations are as follows:

	<u>Principal</u>	<u>Interest</u>
Year Ending August 31,		
2011	\$ 1,194,386	\$ 999,766
2012	1,344,998	954,238
2013	1,372,291	897,838
2014	1,423,978	838,534
2015	1,431,931	776,829
Thereafter	<u>14,859,012</u>	<u>5,989,597</u>
Total	<u>\$ 21,626,596</u>	<u>\$ 10,456,802</u>

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 6 — LONG-TERM DEBT (Continued)

Industrial Revenue Bonds – Schenectady County Industrial Development Agency

Bonds authorized by the IDA and issued through various lending institutions are not obligations of the Agency and are payable solely from the revenues and other assets pledged as collateral against the bonds. The Agency does not record the assets or liabilities resulting from completed bonds and notes issues in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond and note holders, and funds arising there from are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives a bond administration fee from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and notes. Original issue value of industrial revenue bonds authorized by the IDA at December 31, 2010 was \$74,232,500 and the outstanding balance was \$41,035,763.

Bonds and Notes – Schenectady Metroplex Development Authority

The Authority has the ability to issue bonds, notes, or other obligations to pay for the cost of any project. As more fully described in the Act, the aggregate principal amount of such obligations shall not exceed \$75,000,000. At December 31, 2010, there were \$46,745,000 of outstanding obligations.

A summary of future principal payments and estimated interest payments is as follows:

	<u>Principal</u>	<u>Interest</u>
For the year ending December 31, 2011	\$ 1,930,000	\$ 2,432,741
2012	2,060,000	2,303,621
2013	2,150,000	2,214,423
2014	2,250,000	2,110,567
2015	2,355,000	2,007,721
For the years ending December 31, 2016 through 2020	13,585,000	8,227,330
2021 through 2025	13,170,000	4,643,211
2026 through 2030	7,535,000	1,460,548
2031 through 2033	1,710,000	186,861
	<u>\$ 46,745,000</u>	<u>\$ 25,587,023</u>

Bond principal paid during the year ended December 31, 2010, totaled \$1,730,000. Interest expense and interest paid during the year ended December 31, 2010, was \$2,258,550 and \$2,109,304, respectively.

As required by the bond document, the Authority is required to establish and maintain certain reserves for the benefit of the bondholders. These reserves are held in trust by M&T Investment Group and are reported at fair value at December 31, 2010, as follows:

Investments, restricted	
Debt Service Reserve Fund	\$ 2,416,262
Bond Issuance Cost Fund	2,822
Debt Service Fund	1,030,804
	<u>\$ 3,449,888</u>

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 7 — OTHER POST-EMPLOYMENT BENEFITS (“OPEB”)

In addition to providing pension benefits (See Note 5), the County also provides certain health care benefits for retired employees, their dependents and certain survivors. Substantially all of the County's employees may become eligible for those benefits if they reach normal retirement age while working for the County.

The County and the Community College have implemented, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, prospectively. The County's other component units (the Authority, IDA and Soil and Water) have not implemented this standard. *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* establishes standards for the recognition, measurement, and display of other postemployment benefits (retiree health insurance) expenses and related liabilities and note disclosures.

Plan Description

The County administers its Retiree Medical Plan (the Plan) as a single-employer defined benefit other postemployment benefit (OPEB) plan. The Plan provides for continuation of medical insurance benefits for certain qualifying retirees and their spouses and can be amended by action of the County subject to applicable collective bargaining and employment agreements. The plan does not currently issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Funding Policy

The obligations of the plan members, employers and other entities are established by action of the County pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members varies depending on the applicable agreement covering the retiree, the retiree's hire date and number of years of service to the County. The County (and Glendale Home) currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis, with the possibility of pre-funding additional benefits if so determined by the County. For 2010, the County contributed approximately \$4,656,000, \$2,448,000 and \$1,070,000 for current estimated premiums under governmental activities, business-type activities and the Community College, respectively. The costs of administering this plan are paid by the County.

Funded Status and Funding Progress

The schedule of funding progress presents multiyear (when available) trend information that is useful in determining whether the actuarial value of plan assets, if any, is increasing or decreasing over time relative to the actuarial accrued liability.

The following table sets forth the actuarial accrued liability and funded status of the plan as of January 1, 2010, the latest valuation date.

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 7 — OTHER POST-EMPLOYMENT BENEFITS (Continued)

	Primary Government			Component Units (Community College)
	Governmental Activities	Business-Type Activities	Total	
<u>Actuarial Accrued Liability ("AAL")</u>				
Currently retired	\$ 54,552,000	\$ 31,481,000	\$ 86,033,000	\$ 12,668,000
Actives eligible to retire	31,349,000	8,499,000	39,848,000	11,628,000
Actives not yet eligible to retire	68,276,000	18,717,000	86,993,000	11,018,000
Actuarial accrued liability	154,177,000	58,697,000	212,874,000	35,314,000
Actuarial value of plan assets	-	-	-	-
Unfunded actuarial accrued liability ("UAAL")	<u>\$ 154,177,000</u>	<u>\$ 58,697,000</u>	<u>\$ 212,874,000</u>	<u>\$ 35,314,000</u>
Funded ratio	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Annual covered payroll	<u>not applicable</u>	<u>not applicable</u>	<u>not applicable</u>	<u>not applicable</u>
Ratio of unfunded actuarial accrued liability to covered payroll	<u>not applicable</u>	<u>not applicable</u>	<u>not applicable</u>	<u>not applicable</u>
2010 normal cost	<u>\$ 4,379,000</u>	<u>\$ 1,040,000</u>	<u>\$ 5,419,000</u>	<u>\$ 913,000</u>

The following table summarizes the amortization calculation of the UAAL (open level dollar method) as of the latest valuation date:

	Primary Government			Component Units (Community College)
	Governmental Activities	Business-Type Activities	Total	
UAAL	\$ 154,177,000	\$ 58,697,000	\$ 212,874,000	\$ 35,314,000
Amortization period (years)	30	30		30
Amortization discount rate	4%	4%		4%
Present value factor	17.9837	17.9837		17.9837
2010 UAAL amortization amount	\$ 8,573,000	\$ 3,264,000	\$ 11,837,000	\$ 1,964,000

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 7 — OTHER POST-EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*. 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 2010:

	Primary Government			Component Units (Community College)
	Governmental Activities	Business-Type Activities	Total	
Normal cost	\$ 4,378,071	\$ 1,039,835	\$ 5,417,906	\$ 913,452
Amortization of UAAL	8,573,163	3,263,891	11,837,054	1,963,660
Interest	518,050	172,149	690,199	115,084
ARC	13,469,284	4,475,875	17,945,159	2,992,196
Interest on OPEB obligation	2,125,035	631,460	2,756,495	474,401
Adjustment to ARC	(3,072,281)	(912,937)	(3,985,218)	(685,868)
OPEB expense	<u>\$ 12,522,038</u>	<u>\$ 4,194,398</u>	<u>\$ 16,716,436</u>	<u>\$ 2,780,729</u>

The following table reconciles the County's OPEB obligation at December 31, 2010:

	Primary Government			Component Units (Community College)
	Governmental Activities	Business-Type Activities	Total	
Net OPEB obligation at beginning of year	\$ 53,125,888	\$ 15,786,505	\$ 68,912,393	\$ 11,860,024
2010 OPEB expense	12,522,038	4,194,398	16,716,436	2,780,729
2010 OPEB contributions	(4,655,545)	(2,448,000)	(7,103,545)	(1,070,455)
Net OPEB obligation at end of year	60,992,381	17,532,903	78,525,284	13,570,298
Less: estimated current portion of OPEB obligation	5,190,000	2,598,000	7,046,000	1,146,000
Estimated long-term portion of OPEB obligation	<u>\$ 55,802,381</u>	<u>\$ 14,934,903</u>	<u>\$ 70,737,284</u>	<u>\$ 12,424,298</u>
Percentage of expense contributed	<u>37.2%</u>	<u>58.4%</u>	<u>42.5%</u>	<u>38.5%</u>

Actuarial Methods and Assumptions

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 healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs (if any) between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 7 — OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions (Continued)

The actuarial cost method used to calculate the costs of the Plan for age, disability, vested and surviving spouse's benefits is the Projected Unit Credit Actuarial Cost Method. Under this method, each participant's projected benefit is calculated at all possible ages based on the Plan provisions as well as the initial data and actuarial assumptions. For active participants, the AAL is determined by pro-rating the projected benefit based upon service accrued to the valuation date divided by service projected to be accrued at the first age of benefit eligibility. The normal cost is determined by dividing the projected benefit by service projected to be accrued at the first age of benefit eligibility.

The measurement date for the calculation was December 31st and the discount rate utilized was 4%. No salary increases were assumed since benefits are not based on compensation. Health care costs for both governmental and business-type activities were assumed to increase as follows:

<u>Year</u>	<u>Trend Increase</u>
2011	7%
2012	8%
2013	7%
2014	6%
2015	5%
Thereafter	5%

Estimated future payments for retiree health insurance for the next five years are as follows:

	<u>Primary Government</u>			<u>Component Units (Community College)</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
2011	\$ 5,190,000	\$ 2,598,000	\$ 7,788,000	\$ 1,146,000
2012	5,559,000	2,726,000	8,285,000	1,308,000
2013	6,007,000	2,832,000	8,839,000	1,441,000
2014	6,426,000	2,917,000	9,343,000	1,571,000
2015	6,758,000	3,008,000	9,766,000	1,709,000

NOTE 8 — SELF-INSURED HEALTH INSURANCE AND WORKERS' COMPENSATION PLANS

(i) Health Insurance Plan

The County is self-insured for certain medical benefits on a cost-reimbursement basis. Under the program, the County is responsible for the cost of claims.

All known claims and an estimate of incurred but unreported claims at December 31, 2010 have been recorded as a liability in the individual governmental and proprietary funds. The County provides an insurance arrangement to the Community College and the Soil and Water District, whereby the County bills a premium and self-insures any excess claims over the premium billed.

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 8 — SELF-INSURED HEALTH INSURANCE AND WORKERS' COMPENSATION PLANS
(Continued)

(ii) Workers' Compensation Plan

The County is self-insured for workers' compensation claims. A provision for estimated future payments on claims filed by December 31, 2010 has been recorded as a liability in the primary government, the Glendale Home enterprise fund and the Community College.

In addition, the County has retained a portion of the liability to cover losses under Section 207-C of the Workers' Compensation Law for police officers. Officers are entitled to their full pay when out on leave. The County is required to cover any amount of losses not reimbursed by Workers' Compensation. The County has accounted for these benefits paid in the General Fund. The amounts incurred for this benefit is not material for the year ended December 31, 2010.

Method of Calculating Expense of the Plans

The County establishes health insurance claims liabilities based on estimates of the ultimate cost of claims. Claims under this plan are paid during the year or in the subsequent year.

The County establishes workers compensation claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved.

Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are recomputed periodically using a variety of statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to the liability in the periods in which they are made.

As discussed above, the County establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents changes in those aggregate liabilities for the County and Community College during the past and previous year:

	<u>2010</u>	
	<u>Workers'</u>	<u>Health</u>
	<u>Compensation</u>	<u>Health</u>
Unpaid claims and claim adjustment expenses at beginning of year	\$ 2,314,334	\$ 784,583
Incurred claims and claim adjustment expenses:		
Provision for incurred claims expenses for events of the current year and change in provision for incurred events of prior years	1,386,440	6,483,049
Payments made for claims arising during the current and prior years	<u>(1,362,659)</u>	<u>(6,418,095)</u>
Total unpaid claims and claim adjustment expenses at end of year	<u><u>\$ 2,338,115</u></u>	<u><u>\$ 849,537</u></u>

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 8 — SELF-INSURED HEALTH INSURANCE AND WORKERS' COMPENSATION PLANS
(Continued)

The liabilities at December 31, 2010 are accounted for as follows:

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u>
Primary Government	\$ 1,004,457	\$ 849,537
Enterprise Fund	1,331,408	-
Schenectady County Community College	<u>2,250</u>	<u>-</u>
Total	<u>\$ 2,338,115</u>	<u>\$ 849,537</u>

NOTE 9 — INTERFUND RECEIVABLES AND PAYABLES/INTERFUND TRANSFERS

Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding at year-end, and other miscellaneous receivables/payables between funds. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are described as "due to/from other funds."

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Similar activities in which a component unit is a party are captioned as "receivables/payables" for both the current and non-current portions between a component unit and the primary government. Balances to which a fiduciary fund is a party are reported as "due to/from fiduciary funds."

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various-projects or programs.

The government-wide statement of activities eliminates transfers as reported within the segregated governmental columns.

Interfund receivables and payables at December 31, 2010 were as follows:

<u>Fund</u>	<u>Due From</u> <u>Other Funds</u>	<u>Due To</u> <u>Other Funds</u>
General	\$ 19,158,799	\$ 6,976,536
Special Grant	-	1,001
County Road	2,557,417	-
Road Machinery	3,062,090	-
Glendale Home	-	15,729,571
Capital Projects	75	3,416,321
Library	1,354,557	618
Agency	<u>-</u>	<u>8,891</u>
	<u>\$ 26,132,938</u>	<u>\$ 26,132,938</u>

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 10 — FUND EQUITY RESERVES / NET ASSET RESTRICTIONS

(i) The General Fund equity includes reserved funds established by the County Legislature for the following purposes:

<u>Purpose</u>	
Miscellaneous reserves	
DWI	\$ 698,301
Hotel/Motel tax	26,317
Handicapped Parking	<u>13,940</u>
Total miscellaneous reserves	<u>\$ 738,558</u>
Reserved for encumbrances	<u>\$ 810,203</u>

(ii) The Capital Projects Fund equity includes reserved funds established by the County Legislature for the following purposes:

Capital reserve	
Courthouse renovations	<u>\$ 2,331,279</u>
Reserve for debt	<u>\$ 404,705</u>
Reserve for encumbrances	<u>\$ 4,995,258</u>

(iii) The Fiduciary Fund includes reserved funds established by the County Legislature for the following purpose:

Private Purpose Trust	<u>\$ 14,174</u>
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(iv) The Special Revenue Fund equity includes reserved funds established by the County Legislature for the following purpose:

Reserve for encumbrances	<u>\$ 400,085</u>
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(v) The Proprietary Fund has net assets restricted for the following purpose:

Capital Projects	<u>\$ 255,001</u>
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(vi) The Community College has restricted net assets for the following purposes:

Restricted for Community College Foundation, Inc.	<u>\$ 1,422,234</u>
Restricted for Community College Faculty Student Association	<u>\$ 1,770,169</u>

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 11 — COMMITMENTS AND CONTINGENCIES

A. Effective December 1, 2008, the County approved a Sales Tax Distribution Agreement for the period commencing December 1, 2008 through November 30, 2012. Significant provisions of the agreement are:

- 3% sales tax rate, with distribution as follows:
 - City's minimum annual guarantee:
 - 2009 - \$11,025,000
 - 2010 - \$11,050,000
 - 2011 - \$11,075,000
 - 2012 - \$11,100,000
 - Towns and Villages \$7,772,064 minimum annual guarantee

Each town shall receive a proportionate share based upon its portion of full valuation of real property as related to the total full valuation of taxable real property of the towns as adopted by the County for tax apportionment purposes for the period indicated. The distribution to Villages shall be pursuant to New York State Statute.

- 0.5% sales tax rate, with distribution as follows:
 - Schenectady County Metroplex Authority 70%
 - Town and Villages 30%

Distribution to the towns and villages of the County of Schenectady shall be on the basis of the respective populations as determined in accordance with the latest decennial Federal Census.

The County shall retain for County purposes the balance of funds collected from the above sales tax rates (3.5%).

- 0.5% sales tax rate, with distribution as follows:
 - The County shall retain all sales tax revenues generated by this additional 0.5% sales tax imposed pursuant to section 1210(i)(31) of the Tax Law.

B. The County leases office and parking space throughout Schenectady County, New York under various operating leases, containing various terms and renewal options which extend through February 2028. The following table summarizes minimum future payment requirements as of December 31, 2010 under these leases:

<u>Year Ending December 31,</u>	
2011	\$ 987,668
2012	933,813
2013	857,853
2014	793,427
2015	795,676
2016-2020	3,944,050
2021-2025	4,218,700
2026-2028	<u>2,584,530</u>
Total minimum future lease payments	<u><u>\$ 15,115,717</u></u>

Total rent expense approximated \$1,495,000 for 2010.

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 11 — COMMITMENTS AND CONTINGENCIES (Continued)

- C. The County has been named as defendant in various actions. A review of pending litigation by the County Attorney indicates that several of these actions may result in a verdict or out-of-court settlement against the County. However, it is the opinion of the County Attorney that the outcome would have no material effect on the financial position of the County.
- D. Amounts received or receivable by Glendale Home under Medicare and Medicaid programs are subject to audit and adjustment by the Medicare intermediary, Blue Cross, and the State of New York for the Medicaid program. Any adjustment required as a result of an audit is accounted for in the year when known.
- E. The County and the Community College have received significant amounts of Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the County believes such disallowance, if any, will be immaterial.
- F. In 1998, the State of New York created a new public authority, the Schenectady Metroplex Development Authority, and amended the existing tax law to authorize additional sales and compensating use taxes in Schenectady County. The Authority was established and empowered to perform certain construction and development projects in the County of Schenectady within the Schenectady Metroplex Development Authority service district, primarily within the Route 5 and Route 7 corridors, and the downtown section of the City of Schenectady.

As authorized by the amended tax law, the County of Schenectady imposed, for the period September 1, 1998 through August 31, 2033, an additional one-half of one percent sales and compensating use tax rate dedicated for deposit into the Schenectady County Metroplex Development Authority Support Fund. Seventy percent of the one-half of one percent additional sales and compensating use tax is dedicated to the Metroplex Development Authority Support Fund and is to be transferred quarterly to the Authority for deposit into its general fund.

At December 31, 2010 the County was holding \$3,078,768 in sales tax dedicated for the Schenectady County Metroplex Development Authority. The remaining 30% of the 0.5% of 1% additional sales and compensating use tax would be transferred quarterly to a dedicated Schenectady County Real Property Tax Abatement and Economic Development Fund for the purpose of County real property tax abatement and economic development. Real property tax abatement, for this purpose, is meant to include aid to municipalities for the purpose of reducing Town, City and/or Village real property taxes. At December 31, 2010 the County was holding \$1,319,472 in sales tax dedicated for this purpose.

- G. Schenectady Metroplex Development Authority

Return of Revenues

In the event that the sales tax revenues the Authority receives from Schenectady County exceed its current liabilities by more than 10% at the end of its fiscal year, after a lawful deposit in its reserve fund of not less than 5% of its revenues, and after a lawful deposit into its construction and development account in the amount necessary to provide payment for the anticipated projects of the next fiscal year, then the Authority shall return to the County, 75% of such surplus amount. As of December 31, 2010, the Authority was not obligated to return revenues to the County.

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 11 — COMMITMENTS AND CONTINGENCIES (Continued)

G. Schenectady Metroplex Development Authority (Continued)

Development Projects

The Authority has approved the funding of various development projects within its jurisdiction and has significant commitments related to these projects as described in the footnotes to the Authority's December 31, 2010 financial statements.

H. Glendale Home Replacement Project

In December 2006, the Commission on Health Care Facilities in the 21st Century ("the Commission") created by the Governor and the New York State Legislature issued recommendations on health care capacity and resources in New York State. The Commission's recommendations included consolidation, closures, conversions and restructuring of hospital and nursing home systems throughout New York State. As it relates to the Facility, the Commission's recommendation was that the Facility be downsized to 168 skilled nursing beds from the then present 360 certified bed capacity. After negotiations with the New York State Department of Health (DOH) concerning number of beds, the County has resolved to replace the existing Glendale home facility with a new, 200 bed facility. As such, the Facility reduced its bed capacity to 210 beds at December 31, 2009 and to 200 beds at December 31, 2010. The cost to construct the new facility is estimated to be \$50.5 million. Early site work is expected to start in 2011 with the facility construction expected to begin in 2012 with a construction period of two years. The County's certificate of need application for the new 200 bed replacement facility was approved by DOH in December 2008. The County has authorized but not yet issued serial bonds to finance the new building in the amount of \$50.5 million.

In February 2009 the DOH awarded the Facility with a HEAL NY "Implementation of Commission Mandates" (HEAL) grant in the amount of \$3 million for the period from January 1, 2007 to December 31, 2010 to assist the Facility with the downsizing of its bed capacity. The HEAL grant funds are awarded on a reimbursement basis, the facility submitted vouchers and received reimbursement of \$2,714,684 in 2010. The remaining grant expenses of \$285,316 related to 2010 was submitted in 2011, but was not recorded in 2010. Funding of the HEAL program is subject to appropriation and budget approval by NYS. Due to the uncertainty in timing of receipt of the HEAL grant funds the Facility has not recognized the remaining grant funds related to the HEAL grant as of December 31, 2010.

NOTE 12 — RISK MANAGEMENT

The County and Community College are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County and Community College have purchased commercial insurance for all risk above minimal deductible amounts except for certain health benefits insurance and workers' compensation insurance. Settled claims have not exceeded the commercial coverage by any material amounts during the year ended December 31, 2010. There was no material reduction in insurance coverage during 2010.

COUNTY OF SCHENECTADY, NEW YORK
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 13 — SUBSEQUENT EVENTS

Bond Refunding

In June 2011, the County issued \$6,045,000 in General Obligation Refunding bonds. The bonds carry interest rates ranging from 2.00% to 5.00%. The bonds mature at various dates ranging from 2016 to 2022.

The proceeds of the Bonds were used to advance refund the 2000, 2001, and 2002 series bonds.

Other

Subsequent to year end the County was affected by two tropical storms that caused significant flooding and related damage within the County. Currently the County is in the process of evaluating the impact on the County and potential recoveries if any from New York State or the Federal Government.

COUNTY OF SCHENECTADY, NEW YORK
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
December 31, 2010

	Special Revenue Funds					Capital Projects Fund	Total Other Governmental Funds
	County Road	County Road Machinery	Library	Special Grant	Totals		
ASSETS							
Cash and cash equivalents - unrestricted	\$ 10,767	\$ 47,963	\$ 16,849	\$ 325,988	\$ 401,567	\$ 14,262,738	\$ 14,664,305
Cash and cash equivalents - restricted	-	-	-	-	-	2,331,279	2,331,279
Receivables							
Accounts receivable	-	-	7,056	201,940	208,996	452,963	661,959
Prepaid expense	-	-	-	-	-	-	-
Due from:							
State and federal governments	-	-	135,000	670,669	805,669	3,490,817	4,296,486
Other funds	2,557,417	3,062,090	1,354,557	-	6,974,064	75	6,974,139
Other governments	23,825	136,750	-	-	160,575	8,750	169,325
Component Units	-	-	-	-	-	25,130	25,130
Total assets	<u>\$ 2,592,009</u>	<u>\$ 3,246,803</u>	<u>\$ 1,513,462</u>	<u>\$ 1,198,597</u>	<u>\$ 8,550,871</u>	<u>\$ 20,571,752</u>	<u>\$ 29,122,623</u>
LIABILITIES							
Accounts payable	\$ 35,315	\$ 344,930	\$ 121,492	\$ 670,571	\$ 1,172,308	\$ 1,147,865	\$ 2,320,173
Accrued liabilities	95,169	29,859	27,288	-	152,316	-	152,316
Due to:							
Other governments	13,602	-	-	310	13,912	53,624	67,536
Other funds	-	-	618	1,001	1,619	3,416,321	3,417,940
Deferred revenues	499,203	-	-	201,940	701,143	145,762	846,905
Total liabilities	<u>643,289</u>	<u>374,789</u>	<u>149,398</u>	<u>873,822</u>	<u>2,041,298</u>	<u>4,763,572</u>	<u>6,804,870</u>
FUND EQUITY							
Fund balance - reserved							
Reserve for encumbrances	8,000	341,724	361	50,000	400,085	4,995,258	5,395,343
Reserve for debt	-	-	-	-	-	404,705	404,705
Capital reserve	-	-	-	-	-	2,331,279	2,331,279
Fund balance - unreserved							
Designated for subsequent year's expenditures	430,000	390,461	300,000	-	1,120,461	-	1,120,461
Undesignated	1,510,720	2,139,829	1,063,703	274,775	4,989,027	8,076,938	13,065,965
Total fund equity	<u>1,948,720</u>	<u>2,872,014</u>	<u>1,364,064</u>	<u>324,775</u>	<u>6,509,573</u>	<u>15,808,180</u>	<u>22,317,753</u>
Total liabilities and fund equity	<u>\$ 2,592,009</u>	<u>\$ 3,246,803</u>	<u>\$ 1,513,462</u>	<u>\$ 1,198,597</u>	<u>\$ 8,550,871</u>	<u>\$ 20,571,752</u>	<u>\$ 29,122,623</u>

COUNTY OF SCHENECTADY, NEW YORK
COMBINING STATEMENT OF REVENUES AND OTHER FINANCING SOURCES,
EXPENDITURES AND OTHER FINANCING USES, AND CHANGES IN FUND BALANCE
OTHER GOVERNMENTAL FUNDS
Year Ended December 31, 2010

	Special Revenue Funds					Capital Projects Fund	Total Other Governmental Funds
	County Road	County Road Machinery	Library	Special Grant	Totals		
Revenues							
Real property tax	\$ 5,094,245	\$ 627,911	\$ 5,163,373	\$ 23,476	\$ 10,909,005	\$ -	\$ 10,909,005
Departmental income	-	1,008,416	281,701	51,736	1,341,853	-	1,341,853
Intergovernmental charges	893,006	-	-	-	893,006	(24,622)	868,384
Use of money and property	-	-	-	-	-	7,736	7,736
Licenses and permits	2,345	-	-	-	2,345	-	2,345
Sale of property and compensation for loss	7,191	64,915	-	-	72,106	-	72,106
Miscellaneous local sources	-	-	7,404	97,855	105,259	877,241	982,500
Interfund revenues	351,602	2,988,920	-	1,644,894	4,985,416	-	4,985,416
State aid	1,377,643	-	40,500	-	1,418,143	1,625,462	3,043,605
Federal aid	-	-	-	1,806,826	1,806,826	1,680,115	3,486,941
Total revenues	<u>7,726,032</u>	<u>4,690,162</u>	<u>5,492,978</u>	<u>3,624,787</u>	<u>21,533,959</u>	<u>4,165,932</u>	<u>25,699,891</u>
Other Financing Sources							
Transfers from other funds	-	-	-	-	-	1,607,882	1,607,882
Proceeds of obligations	-	-	-	-	-	6,800,419	6,800,419
Total revenues and other financing sources	<u>7,726,032</u>	<u>4,690,162</u>	<u>5,492,978</u>	<u>3,624,787</u>	<u>21,533,959</u>	<u>12,574,233</u>	<u>34,108,192</u>
Expenditures							
Public safety	251,170	-	-	-	251,170	-	251,170
Transportation	4,668,155	3,837,312	-	-	8,505,467	-	8,505,467
Economic assistance and opportunity	-	-	-	2,736,180	2,736,180	-	2,736,180
Culture and recreation	-	-	4,230,960	-	4,230,960	-	4,230,960
Home and community services	-	-	-	670,571	670,571	-	670,571
Employee benefits	1,419,692	581,351	926,323	166,300	3,093,666	-	3,093,666
Capital outlay	-	-	-	-	-	11,300,941	11,300,941
Total expenditures	<u>6,339,017</u>	<u>4,418,663</u>	<u>5,157,283</u>	<u>3,573,051</u>	<u>19,488,014</u>	<u>11,300,941</u>	<u>30,788,955</u>
Other Financing Sources (Uses)							
Transfers to other funds	1,377,643	-	-	-	1,377,643	75,000	1,452,643
Total expenditures and other financing uses	<u>7,716,660</u>	<u>4,418,663</u>	<u>5,157,283</u>	<u>3,573,051</u>	<u>20,865,657</u>	<u>11,375,941</u>	<u>32,241,598</u>
Revenues and other financing sources over (under) expenditures and other financing uses	9,372	271,499	335,695	51,736	668,302	1,198,292	1,866,594
Fund Balance, Beginning of Year	<u>1,939,348</u>	<u>2,600,515</u>	<u>1,028,369</u>	<u>273,039</u>	<u>5,841,271</u>	<u>14,609,888</u>	<u>20,451,159</u>
Fund Balance, End of Year	<u>\$ 1,948,720</u>	<u>\$ 2,872,014</u>	<u>\$ 1,364,064</u>	<u>\$ 324,775</u>	<u>\$ 6,509,573</u>	<u>\$ 15,808,180</u>	<u>\$ 22,317,753</u>

COUNTY OF SCHENECTADY, NEW YORK
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
December 31, 2010

	Schenectady	Schenectady	Schenectady	(As of August 31, 2010)		Total
	County	Schenectady	County	Schenectady County		
	Soil and Water Conservation District	Metroplex Development Authority	Industrial Development Agency	Community College Primary Institution	Component Unit Foundation	
ASSETS						
Cash and cash equivalents	\$ 823,140	\$ 2,158,600	\$ 167,350	\$ 10,644,648	\$ 865,320	\$ 14,659,058
Restricted cash	-	1,146,878	-	1,833,678	-	2,980,556
Deposits with trustee	-	-	-	1,394,281	-	1,394,281
Investments, restricted	-	3,449,888	-	-	3,228,441	6,678,329
Receivables, net	46,414	3,899,787	14,500	262,721	86,334	4,309,756
Due from:						
State and federal governments	-	-	-	1,951,973	-	1,951,973
Other governments	-	-	-	434,514	36,837	471,351
Due from component units	-	-	-	-	-	-
Inventory	-	-	-	521,224	-	521,224
Prepaid expenses	-	40,540	1,875	128,132	-	170,547
Bond issuance costs, net	-	1,187,627	-	-	-	1,187,627
Notes and loans receivable	-	14,270,047	-	-	-	14,270,047
Capital assets, net	-	65,738	-	22,397,309	-	22,463,047
Total assets	<u>\$ 869,554</u>	<u>\$ 26,219,105</u>	<u>\$ 183,725</u>	<u>\$ 39,568,480</u>	<u>\$ 4,216,932</u>	<u>\$ 71,057,796</u>
LIABILITIES						
Accounts payable	\$ 89,596	\$ 839,511	\$ 10,620	\$ 733,831	\$ -	\$ 1,673,558
Accrued liabilities	-	895,442	-	1,142,699	79,798	2,117,939
Due to:						
Other governments	27,472	42,145	78,570	179,261	-	327,448
Other liabilities	-	-	-	126,215	-	126,215
Bonds payable within one year	-	1,930,000	-	1,194,386	-	3,124,386
Bond anticipation noted payable	-	-	-	-	-	-
Deferred revenue	290,000	-	-	2,261,690	75,000	2,626,690
Premium on bonds payable, net of amortization	-	97,053	-	-	-	97,053
Obligations under grant agreement	-	1,146,878	-	-	-	1,146,878
Accrued post employment benefits - current	-	-	-	992,813	-	992,813
Due to component units	-	-	-	-	-	-
Noncurrent liabilities						
Bonds payable in more than one year	-	44,815,000	-	20,432,210	-	65,247,210
Accrued compensated absences	-	-	-	1,150,000	-	1,150,000
Accrued post employment benefits	-	-	-	12,577,485	-	12,577,485
Due to other governments	-	999,699	-	-	-	999,699
Total liabilities	<u>407,068</u>	<u>50,765,728</u>	<u>89,190</u>	<u>40,790,590</u>	<u>154,798</u>	<u>92,207,374</u>
NET ASSETS (DEFICIT)						
Invested in capital assets, net of related debt	-	65,738	-	3,995,907	-	4,061,645
Restricted	-	3,449,888	-	1,770,169	1,422,234	6,642,291
Unrestricted (deficit)						
Unreserved	462,486	(28,062,249)	94,535	(6,988,186)	2,639,900	(31,853,514)
Total net assets (deficit)	<u>462,486</u>	<u>(24,546,623)</u>	<u>94,535</u>	<u>(1,222,110)</u>	<u>4,062,134</u>	<u>(21,149,578)</u>
Total liabilities and net assets (deficit)	<u>\$ 869,554</u>	<u>\$ 26,219,105</u>	<u>\$ 183,725</u>	<u>\$ 39,568,480</u>	<u>\$ 4,216,932</u>	<u>\$ 71,057,796</u>

COUNTY OF SCHENECTADY, NEW YORK
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
Year Ended December 31, 2010

	Schenectady	Schenectady	Schenectady	(As of August 31, 2009)		Total
	County	Schenectady	County	Schenectady County		
	Soil and Water	Metroplex	Industrial	Community College		
	Conservation	Development	Development	Primary	Component Unit	
	District	Authority	Agency	Institution	Foundation	
Operating Revenues						
Departmental income	\$ 340,877	\$ -	\$ -	\$ -	\$ -	\$ 340,877
Charges for services	920,161	-	27,575	-	-	947,736
Sales tax revenue	-	7,226,736	-	-	-	7,226,736
Student tuition and fees	-	-	-	6,143,472	-	6,143,472
Grant revenue	-	-	-	-	-	-
Charges to other counties	-	-	-	1,147,542	-	1,147,542
Federal aid and grants	-	-	-	9,780,199	-	9,780,199
Investment and interest income	-	-	-	-	198,178	198,178
Contributions	-	-	-	-	485,505	485,505
Other revenue	-	85,118	26,000	1,879,079	1,446	1,991,643
Auxiliary enterprises	-	-	-	3,470,573	-	3,470,573
Total operating revenues	<u>1,261,038</u>	<u>7,311,854</u>	<u>53,575</u>	<u>22,420,865</u>	<u>685,129</u>	<u>31,732,461</u>
Project Expenditures	-	5,600,380	-	-	-	5,600,380
Expenses						
Instruction	-	-	-	12,969,705	-	12,969,705
Extension and public services	-	-	-	753,601	-	753,601
Library	-	-	-	868,590	-	868,590
Student services	-	-	-	1,896,544	-	1,896,544
Economic development	-	855,690	-	-	-	855,690
Home and community services	1,191,793	-	-	-	-	1,191,793
Maintenance and operation of plant	-	-	-	2,659,441	-	2,659,441
General administration	-	-	99,207	2,725,196	-	2,824,403
General institutional services	-	-	-	1,486,353	-	1,486,353
Student aid	-	-	-	2,557,396	-	2,557,396
Foundation	-	-	-	-	462,158	462,158
Auxiliary enterprises	-	-	-	3,405,204	-	3,405,204
Interest expense	-	2,381,363	-	1,079,836	-	3,461,199
OPEB expense (GASB 45)	-	-	-	1,963,660	-	1,963,660
Debt service paid for other governments	-	14,500	-	-	-	14,500
Amortization of bond issuance costs	-	89,251	-	-	-	89,251
Depreciation and amortization	-	14,530	-	1,700,435	-	1,714,965
Total expenses	<u>1,191,793</u>	<u>8,955,714</u>	<u>99,207</u>	<u>34,065,961</u>	<u>462,158</u>	<u>39,174,453</u>
Net income (loss) before other revenues	<u>69,245</u>	<u>(1,643,860)</u>	<u>(45,632)</u>	<u>(11,645,096)</u>	<u>222,971</u>	<u>(13,042,372)</u>
Other Revenues						
State aid	-	-	-	8,112,666	-	8,112,666
Sponsoring county contribution	-	-	-	2,098,694	-	2,098,694
Debt service paid by other governments	-	-	-	1,750,705	-	1,750,705
Interest and investment income	-	39,973	324	691,161	-	731,458
Miscellaneous income	-	7,932	-	-	-	7,932
Total other revenues	<u>-</u>	<u>47,905</u>	<u>324</u>	<u>12,653,226</u>	<u>-</u>	<u>12,701,455</u>
Net Income (Loss)	<u>69,245</u>	<u>(1,595,955)</u>	<u>(45,308)</u>	<u>1,008,130</u>	<u>222,971</u>	<u>(340,917)</u>
Net Assets (Deficit), Beginning of Year	<u>393,241</u>	<u>(22,950,668)</u>	<u>139,843</u>	<u>(2,230,240)</u>	<u>3,839,163</u>	<u>(20,808,661)</u>
Net Assets (Deficit), End of Year	<u>\$ 462,486</u>	<u>\$ (24,546,623)</u>	<u>\$ 94,535</u>	<u>\$ (1,222,110)</u>	<u>\$ 4,062,134</u>	<u>\$ (21,149,578)</u>

APPENDIX D

FORM OF BOND COUNSEL OPINION

December 29, 2011

County of Schenectady
Department of Finance
County Office Building
Schenectady, New York 12305

Re: \$4,712,458 County of Schenectady, New York
Various Purposes Serial Bonds - 2011

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the County of Schenectady, New York (the "County") of its Various Purposes Serial Bonds - 2011, dated December 29, 2011, in the aggregate principal amount of \$4,712,458 (the "Bonds").

We have examined (A) such portions of the Constitution and statutes of the State of New York, (B) such portions of the Internal Revenue Code of 1986, as amended, and the regulations of the United States Treasury Department thereunder (collectively the "Code"), and (C) such applicable court decisions, regulations and published rulings as we have deemed necessary or relevant for the purposes of the opinions set forth below. We have also examined the first numbered Bond of each series of the Bonds as executed by the County and the transcript of proceedings of the County relating to the authorization and issuance of the Bonds and related matters (the "Transcript of Proceedings"), which Transcript of Proceedings includes a certain tax certificate and a certain arbitrage certificate, each dated the date hereof, executed by the County (collectively, the "Tax Compliance Certificate").

As to questions of fact material to our opinions, we have relied upon the Transcript of Proceedings of the County furnished to us without undertaking to verify the same by independent investigation. In our examination, we have assumed, without inquiry or other investigation, the genuineness of all signatures, the authenticity and completeness of all documents submitted to us as originals and the conformity with the original documents of all documents submitted to us as copies. In rendering such opinions, we have also assumed that all Bonds of a series of the Bonds are executed in the same manner as the first numbered Bond of such series.

Based upon our examination of the foregoing and in reliance upon the matters and subject to the limitations contained in the concluding paragraphs hereof, we are of the opinion under existing law that:

(A) The Bonds have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the County, for the payment of which the County has validly pledged its faith and credit, and all the taxable real property within the boundaries of the County is subject to the levy of ad valorem real estate taxes to pay the principal of the Bonds and interest thereon, without limitation as to rate or amount (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York).

(B) Except as set forth below, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an "item of tax preference" for purposes of the federal alternative minimum tax imposed on individuals and corporations, however, such is interest taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax on

corporations (as defined for federal income tax purposes). Moreover, interest on the Bonds earned by foreign corporations doing business in the United States could be subject to the branch profits tax imposed by Section 884 of the Code. Furthermore, the United States Treasury Department has promulgated regulations which might have the effect of imposing a tax at ordinary income rates with respect to interest on the Bonds held by “S corporations” in certain cases.

(C) Except as set forth below, the Bonds are not “arbitrage bonds” within the meaning of Section 148 of the Code.

(D) Interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

The opinions set forth in paragraphs (B), (C) and (D) above are subject to the condition that the County comply with the applicable requirements of Sections 141, 148 and 149 of the Code and the regulations promulgated thereunder (the “Tax Requirements”) that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes, including covenants and requirements regarding use, expenditure of proceeds and timely payment of certain investment earnings to the United States Treasury. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. In our opinion, the Tax Compliance Certificate establishes requirements and procedures, compliance with which will satisfy the Tax Requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

It is to be understood that the enforceability (but not the validity) of the Bonds may be limited or otherwise affected by (1) any applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar statute, rule, regulation or other law affecting the enforcement of creditors’ rights and remedies heretofore or hereafter enacted, to the extent applicable, and (2) the unavailability of equitable remedies or the application thereto of equitable principles.

The scope of our engagement as bond counsel in relation to the issuance of the Bonds has extended solely to rendering the opinions expressed herein, and the opinions expressed herein are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the County, together with other legally available sources of revenue, if any, will be sufficient to enable the County to pay the principal of or interest on the Bonds as the same respectively become due and payable. Reference should be made to the Official Statement for factual information which, in the judgment of the County, would materially affect the ability of the County to pay such principal and interest. While we have participated in the preparation of the Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the County, in connection with the sale of the Bonds, has made any untrue statement of a material fact, or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

HODGSON RUSS LLP

By: _____
George W. Cregg, Jr.