

CITY OF SARATOGA SPRINGS, NEW YORK

FINANCIAL REPORT

December 31, 2009

CITY OF SARATOGA SPRINGS, NEW YORK

FINANCIAL REPORT

December 31, 2009

C O N T E N T S

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	
Financial Highlights	2
Overview of the Financial Statements	2-7
Financial Analysis of the City's Funds	8-9
Capital Assets and Debt Administration	9-10
Economic Factors	10
Requests for Information	10
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet - Governmental Funds	13
Reconciliation of the Total Fund Balances Shown in the Governmental Funds to the Statement of Net Assets	14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Change in Net Assets Shown in the Statement of Activities	16
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	17
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Debt Service Fund	18
Statement of Net Assets - Proprietary Funds	19
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds	20
Statement of Cash Flows - Proprietary Funds	21
Statement of Fiduciary Net Assets - Fiduciary Funds	22
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	23
Notes to Financial Statements	24-46
SUPPLEMENTAL INFORMATION	
Non-Major Governmental Funds	47
Balance Sheet - Non-Major Governmental Funds	48
Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds	49

BOLLAM, SHEEDY, TORANI & CO. LLP
Certified Public Accountants
Albany, New York

INDEPENDENT AUDITOR'S REPORT

Mayor and Members of the City Council
City of Saratoga Springs, New York
Saratoga Springs, New York

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Saratoga Springs, New York (City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2009, and the respective changes in financial position and the cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America (GAAP).

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 2 through 10 are not a required part of the basic financial statements but are supplemental information required by GAAP. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements. The supplemental information on pages 48 through 50 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bollam Sheedy Torani & Co. LLP

Albany, New York
August 3, 2010

CITY OF SARATOGA SPRINGS, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

As management of the City of Saratoga Springs, New York (City), we offer the readers of the City's financial statements this narrative overview and analysis as of December 31, 2009. We encourage readers to consider the information presented here in conjunction with our financial statements, which can be found on pages 11 through 47 and our supplemental information which can be found on pages 48 through 50 of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities on December 31, 2009, by \$27,997,709 representing net assets. Of this amount, \$21,125,937 represents the City's investment in capital assets net of related debt, and \$21,089,965 is restricted for future capital improvements, debt service, and other purposes. The remaining amount, which represents negative unrestricted net assets, is \$12,218,193.
- At December 31, 2009, the City's governmental funds reported a combined ending fund balance of \$16,060,750. All of the fund balance was reserved for specific purposes. The combined unreserved fund balance was a deficit of \$6,696,146, which resulted from outstanding commitments in the Capital Projects Fund.
- At the end of the current fiscal year, the unreserved and unappropriated fund balance of the General Fund was \$2,852,544.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's financial statements. The City's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government support, public safety, health, highways and streets, economic development, and culture and recreation. The business-type activities of the City include the Water and Sewer Funds and the City Center Authority.

The government-wide financial statements can be found on pages 11 and 12 of this report.

CITY OF SARATOGA SPRINGS, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

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

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

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

The City maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, Debt Service Fund, and Community Development all of which are considered to be major funds. Data from the other two governmental funds, the Downtown Special Assessment District (SAD) and the West Avenue Special Assessment District (WASAD) are combined into a single, aggregated presentation. The unreserved unappropriated fund balance as of December 31, 2009, for the SAD was \$268,893, and for the WASAD was \$52,565. SAD intends to use the accumulated fund balance for parking projects that benefit the District. The WASAD intends to use the accumulated fund balance to pay debt on outstanding bonds issued to finance improvements in the District. The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund and Debt Service Fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 13 through 18 of this report.

Proprietary funds. The City maintains enterprise funds to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer operations and the City Center Authority.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer operations and the City Center Authority, all of which are considered to be major funds of the City.

The proprietary fund financial statements can be found on pages 19 through 21 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City-owned programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 22 through 23 of this report.

CITY OF SARATOGA SPRINGS, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 47 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$29,997,709 at December 31, 2009.

By far, the largest portion, \$21,125,937, of the City's net assets (72%) reflects its investment in capital assets (i.e., land, buildings, improvements, infrastructure, work in progress, and machinery and equipment) less accumulated depreciation and any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets, \$21,089,965, represents resources that are subject to restrictions on how they may be used. The remaining balance of negative unrestricted net assets is \$12,218,193.

CONDENSED STATEMENTS OF NET ASSETS

	December 31,					
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 26,058,380	\$ 30,877,087	\$ 14,268,968	\$ 11,833,043	\$ 40,327,348	\$ 42,710,130
Capital assets	49,709,591	42,962,768	7,863,388	5,129,686	57,572,979	48,092,454
Total assets	<u>75,767,971</u>	<u>73,839,855</u>	<u>22,132,356</u>	<u>16,962,729</u>	<u>97,900,327</u>	<u>90,802,584</u>
Long-term liabilities	43,888,353	42,723,297	7,908,259	6,501,774	51,796,612	49,225,071
Other liabilities	12,537,220	8,008,023	3,568,786	2,831,660	16,106,006	10,839,683
Total liabilities	<u>56,425,573</u>	<u>50,731,320</u>	<u>11,477,045</u>	<u>9,333,434</u>	<u>67,902,618</u>	<u>60,064,754</u>
Net assets:						
Invested in capital assets, net of related debt	19,871,360	13,005,824	1,254,577	(855,757)	21,125,937	12,150,067
Restricted	10,036,280	13,668,732	11,053,685	8,849,197	21,089,965	22,517,929
Unrestricted	<u>(10,565,242)</u>	<u>(3,566,021)</u>	<u>(1,652,951)</u>	<u>(364,145)</u>	<u>(12,218,193)</u>	<u>(3,930,166)</u>
Total net assets	<u>\$ 19,342,398</u>	<u>\$ 23,108,535</u>	<u>\$ 10,655,311</u>	<u>\$ 7,629,295</u>	<u>\$ 29,997,709</u>	<u>\$ 30,737,830</u>

CITY OF SARATOGA SPRINGS, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

Government-Wide Financial Analysis - Continued

The City experienced a decrease in net assets during 2009 totaling \$3,894,582 from operations, as shown in the following statement:

	December 31,					
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues						
Charges for services	\$ 3,423,401	\$ 3,661,188	\$ 6,164,915	\$ 6,147,102	\$ 9,588,316	\$ 9,808,290
Operating grants and contributions	1,388,473	4,640,797	-	728,988	1,388,473	5,369,785
Capital grants and contributions	2,286,295	3,058,565	2,108,474	-	4,394,769	3,058,565
General revenues						
Property taxes	17,283,446	17,144,867	-	-	17,283,446	17,144,867
Other taxes	10,420,995	10,934,188	761,019	791,181	11,182,014	11,725,369
State aid and mortgage taxes	2,793,724	3,249,414	-	-	2,793,724	3,249,414
Other	164,347	389,276	170,836	370,172	335,183	759,448
Total revenues	<u>37,760,681</u>	<u>43,078,295</u>	<u>9,205,244</u>	<u>8,037,443</u>	<u>46,965,925</u>	<u>51,115,738</u>
Expenses:						
General government support						
Mayor	1,395,746	1,210,044	-	-	1,395,746	1,210,044
Finance	1,772,607	1,835,949	-	-	1,772,607	1,835,949
Public Works	1,200,476	5,672,035	-	-	1,200,476	5,672,035
Accounts	1,143,531	1,273,200	-	-	1,143,531	1,273,200
Other general government support	936,044	537,622	-	-	936,044	537,622
Public Safety						
Police	10,637,746	11,804,097	-	-	10,637,746	11,804,097
Fire	9,559,902	9,010,523	-	-	9,559,902	9,010,523
Other public safety	3,063,646	2,655,832	-	-	3,063,646	2,655,832
Health	17,864	19,943	-	-	17,864	19,943
Transportation	4,990,740	5,580,823	-	-	4,990,740	5,580,823
Economic opportunity and development	177,503	168,867	-	-	177,503	168,867
Culture and recreation	2,417,681	1,942,554	-	-	2,417,681	1,942,554
Home and community service	5,186,127	1,976,824	-	-	5,186,127	1,976,824
Human resources	76,239	172,356	-	-	76,239	172,356
Interest on long-term debt	1,412,671	456,399	-	-	1,412,671	456,399
Water	-	-	2,299,612	2,960,177	2,299,612	2,960,177
Sewer	-	-	3,405,683	3,222,935	3,405,683	3,222,935
City Center authority	-	-	1,166,689	1,147,081	1,166,689	1,147,081
Total expenses	<u>43,988,523</u>	<u>44,317,068</u>	<u>6,871,984</u>	<u>7,330,193</u>	<u>50,860,507</u>	<u>51,647,261</u>
Transfers	<u>125,171</u>	<u>(122,484)</u>	<u>(125,171)</u>	<u>122,484</u>	<u>-</u>	<u>-</u>
Change in net assets	(6,353,013)	(1,361,257)	2,458,431	829,734	(3,894,582)	(531,523)
PRIOR PERIOD ADJUSTMENTS	2,586,876	(1,217,655)	567,585	(706,816)	3,154,461	(1,924,471)
NET ASSETS, beginning of year	<u>23,108,535</u>	<u>25,687,447</u>	<u>7,629,295</u>	<u>7,506,377</u>	<u>30,737,830</u>	<u>33,193,824</u>
NET ASSETS, end of year	<u>\$ 19,342,398</u>	<u>\$ 23,108,535</u>	<u>\$ 10,655,311</u>	<u>\$ 7,629,295</u>	<u>\$ 29,997,709</u>	<u>\$ 30,737,830</u>

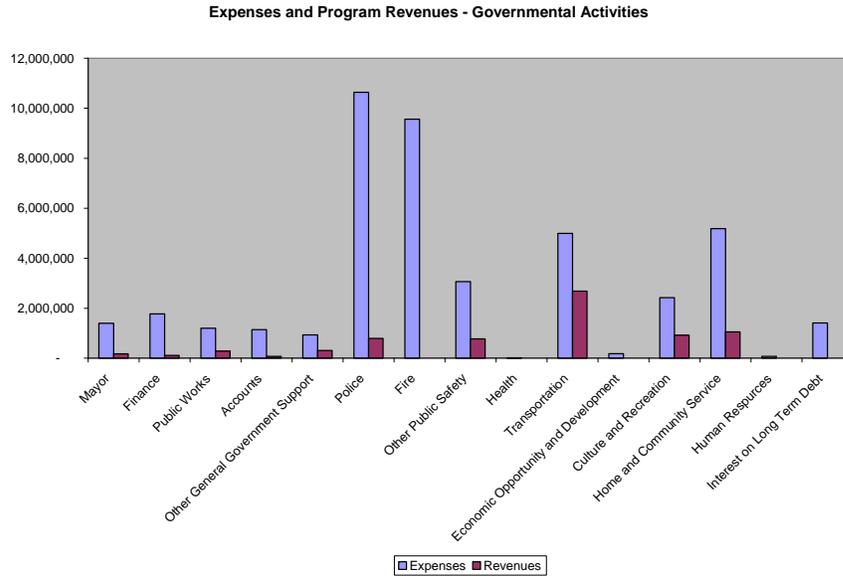
CITY OF SARATOGA SPRINGS, NEW YORK

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2009**

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

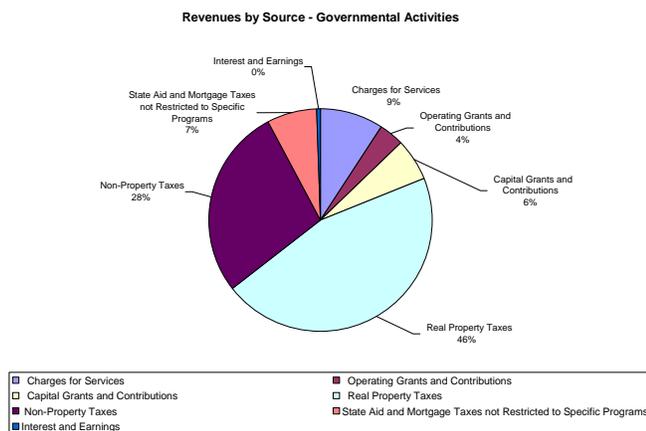
Government-Wide Financial Analysis - Continued

Governmental activities. Governmental activities decreased the City's net assets by \$6,353,013. The following chart shows the expenses and program revenues of the various governmental activities:



For the most part, decreases in expenses were a result of a decrease in services provided and a reduction of labor force. The City's major governmental activities are financed almost entirely by real property taxes, non-property taxes, and other general revenues. To meet the demand for these services, the City increased property tax revenues by 1%. Sales tax decreased in 2009, as a direct reflection of the economy. State aid continued to decrease as well as mortgage taxes.

The following chart shows revenues by source for all governmental activities, with general revenues totaling 81% and program revenues totaling 19%:



CITY OF SARATOGA SPRINGS, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

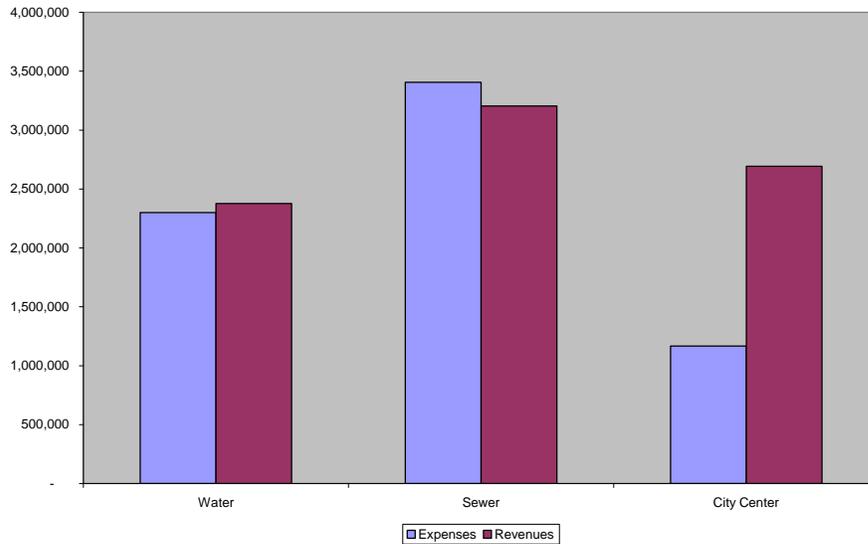
December 31, 2009

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

Government-Wide Financial Analysis - Continued

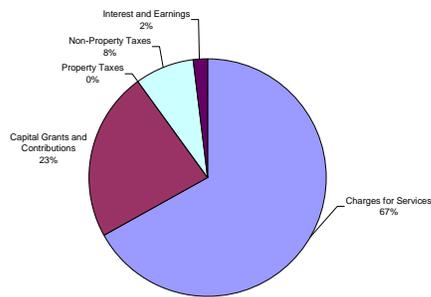
Business-type activities. Business-type activities increased the City's net assets by \$2,458,431. Key elements are as follows. The City Center Authority received grant funds from the New York State Dormitory Authority to construct an expansion project at the center.

Expenses and Program Revenues - Business-type Activities



Program revenues were sufficient to cover water and sewer activity expenses. Water activities reported negative net assets.

Revenues by Source - Business-type Activities



CITY OF SARATOGA SPRINGS, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balances of \$16,060,750, a decrease of \$6,567,462 from the prior year. The entire fund balance is reserved to indicate that it is not available for new spending because it has already been committed to 1) liquidate contracts and purchase orders of the prior period \$11,591,586, 2) pay for the capital improvements of \$9,179,270, 3) be held for future capital improvements of \$1,131,722, and 4) various other restrictions set by the City Council.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved unappropriated fund balance of the General Fund was \$2,852,544, while total fund balance reached \$5,907,346. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved unappropriated fund balance represents 8% of total General Fund expenditures, while total fund balance represents 17% of that same amount.

The overall fund balance of the City's General Fund decreased by \$1,809,265 during the current fiscal year. Key factors in this operating deficit are as follows:

General Fund Revenues

1. Sales tax decreased approximately \$400,000 from prior year.
2. Interest and earnings decreased about \$100,000.
3. Building permits declined in 2009, approximately \$128,000 less than in 2008.
4. The City did not receive VLT money from the State. In previous years it was over \$3,000,000.
5. Other State aid decreased by about \$400,000.

General Fund Expenses

1. Health insurance (hospitalization) costs increased \$466,000 in 2009 as a result of increased rates.
2. Utility costs decreased approximately \$179,000 and gas and oil by about \$191,000.
3. Salary and salary related expenses, such as social security, were \$467,000 less than in 2008. However, firefighter salaries were approximately \$400,000 more than in the prior year.

CITY OF SARATOGA SPRINGS, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

FINANCIAL ANALYSIS OF THE CITY'S FUNDS - Continued

The difference between the revised General Fund budget and actual amounts for revenues and transfers in was \$103,576. Various budget amendments during the year and reliance on unreserved unappropriated fund balances kept the City's actual revenue in line with the budget. The difference between the revised General Fund budget and actual amounts for expenditures and transfers out was \$2,934,857. A portion of various unexpended funds, \$1,782,659, was encumbered to 2010 for commitments made by the City.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2009, amounts to \$21,125,937 (net of accumulated depreciation and less outstanding debt). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, work-in-progress, and infrastructure assets, such as roads, streets, and water systems.

Major capital asset events that occurred during the current fiscal year included the following:

- Continued construction of Church Street, continued expansion of the City Center, and a new recreation facility.
- Completion of the South Broadway road construction, storm sewer projects throughout the City, Geyser Industrial Park sewer upgrade, and the purchase of a new fire truck.

CAPITAL ASSETS

Asset Category	December 31,					
	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Land	\$ 3,921,258	\$ 3,921,258	\$ 325,841	\$ 325,841	\$ 4,247,099	\$ 4,247,099
Buildings	13,863,581	13,889,983	749,195	749,195	14,612,776	14,639,178
Improvements other than building	5,288,598	4,208,269	483,792	306,064	5,772,390	4,514,333
Machinery and equipment	12,380,196	12,132,529	932,744	958,244	13,312,940	13,090,773
Infrastructure	47,259,338	39,354,266	12,679,317	12,449,647	59,938,655	51,803,913
Work-in-progress	8,538,783	9,672,081	4,852,830	2,347,770	13,391,613	12,019,851
Totals	91,251,754	83,178,386	20,023,719	17,136,761	111,275,473	100,315,147
Accumulated depreciation	41,542,163	40,215,618	12,160,331	12,007,075	53,702,494	52,222,693
Capital assets net of accumulated depreciation	\$ 49,709,591	\$ 42,962,768	\$ 7,863,388	\$ 5,129,686	\$ 57,572,979	\$ 48,092,454

Additional information on the City's capital assets can be found in Note 1j on page 29 and Note 3c on pages 32 and 33 of this report.

Long-Term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$36,447,042. Of this amount, \$36,053,349 comprises debt backed by the full faith and credit of the City, and \$393,693 is a special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment.

The City's total bonded debt increased by \$2,107,042 (1.4%) during the current fiscal year by new debt issued January 30, 2009, for \$720,497 and issued September 15, 2009 for \$1,386,545.

CITY OF SARATOGA SPRINGS, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

CAPITAL ASSET AND DEBT ADMINISTRATION - Continued

The City maintains an "AA" rating from Standard & Poor's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7% of its five-year average of the total assessed valuation. The current debt limitation for the City is \$227,496,948, which is significantly in excess of the City's outstanding general obligation debt. In addition, the City has a self-imposed limit of 2% of the five-year average total assessed value. The City's debt limitation is \$64,999,128, which is significantly in excess of the City's outstanding general obligation debt.

The City participates in the New York State and Local Retirement Systems for police and firefighters (PFRS) and all other employees (ERS). On October 15, 2004, the City opted to provide certain benefits to firefighters for past services under Section 384E of the PFRS plan. The total past service credit costs were \$1,011,118. The City opted to pay for this program over a ten-year term with interest starting the third year at 8% per annum. The unpaid balance of \$552,685 at December 31, 2009, is included in the financial statements as a governmental liability.

In December 2004, the City opted to amortize the 2004 ERS and PFRS retirement payment over a ten-year period. The principal amount amortized was \$397,330 for the ERS plan and \$654,365 for the PFRS plan. The first principal and interest payments were made February 1, 2006, with interest at 5% per annum. The unpaid principal amounts of \$261,434 for ERS plan and \$430,131 for PFRS plan are shown in the financial statements as governmental liabilities.

In accordance with the labor agreements between the City and its police officers signed October 27, 2006, the City was required to provide certain benefits to police personnel for past services under Section 384E and 384EB of the PFRS plan. The total past service credit cost was \$2,700,004 for 384E, \$351,235 for 384EB, and \$360,791 to reopen 384D. The City plans to pay for this program over a ten-year period with interest starting the second year at 8% per annum. The first installment was due February 1, 2008, for the City's 2007 fiscal year. The unpaid principal balance is \$2,141,050 for 384E, \$278,523 for 384EB, and \$286,087 for 384D.

Additional information on the City's long-term debt can be found in Note 11 on pages 29 and 30 and Note 3e on pages 36 through 38 of this report.

ECONOMIC FACTORS

The City is growing and thriving. The City is home to the Saratoga Race Course, one of the oldest and most prestigious thoroughbred horse racing tracks in the United States. Each summer, the racetrack operates a six-week schedule of races that attracts world-class horses to participate in the various graded events. Operation of the racetrack is a key factor in the area's successful tourism industry, which allows the City to generate additional revenues from sales tax, hotel occupancy tax, and other similar non-property taxes and fees. The City's residential and commercial tax base grew at a rate of 7.6% in 2009. The City has added hotels, office buildings, condominiums, and many residences in the past year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Commissioner of Finance, 474 Broadway, Saratoga Springs, New York 12866-2296.

CITY OF SARATOGA SPRINGS, NEW YORK
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET ASSETS

	December 31, 2009		
	Governmental Activities	Business Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and equivalents	\$ 3,788,609	\$ 452,059	\$ 4,240,668
Cash and cash equivalents, restricted	11,484,859	10,042,348	21,527,207
Investments, restricted	17,260	1,011,338	1,028,598
Receivables, net	8,844,381	2,713,202	11,557,583
Inventories	-	32,599	32,599
Prepaid expenses	1,674	17,422	19,096
Due from business-type activities	1,855,943	-	1,855,943
Due from fiduciary funds	115	-	115
Accrued interest	65,539	-	65,539
Total current assets	<u>26,058,380</u>	<u>14,268,968</u>	<u>40,327,348</u>
NONCURRENT ASSETS			
Capital assets, net	49,709,591	7,863,388	57,572,979
Total assets	<u>\$ 75,767,971</u>	<u>\$ 22,132,356</u>	<u>\$ 97,900,327</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and other current liabilities	\$ 6,796,113	\$ 1,100,378	\$ 7,896,491
Current maturities on long-term liabilities	3,248,142	609,752	3,857,894
Due to governmental activities	-	1,855,943	1,855,943
Due to other governments	861,864	-	861,864
Accrued interest payable	1,631,101	2,713	1,633,814
Total current liabilities	<u>12,537,220</u>	<u>3,568,786</u>	<u>16,106,006</u>
NONCURRENT LIABILITIES			
Long-term liabilities, less current maturities	32,310,881	6,851,892	39,162,773
Other post-employment benefits liability	11,577,472	1,056,367	12,633,839
Total liabilities	<u>56,425,573</u>	<u>11,477,045</u>	<u>67,902,618</u>
NET ASSETS			
Invested in capital assets, net of related debt	19,871,360	1,254,577	21,125,937
Restricted for			
Capital Improvements	1,131,722	7,418,145	8,549,867
Debt service	711,795	-	711,795
Water line extension projects	-	574,525	574,525
Special district	1,952	-	1,952
Capital projects	8,112,703	3,061,015	11,173,718
Other purposes	78,108	-	78,108
Unrestricted	<u>(10,565,242)</u>	<u>(1,652,951)</u>	<u>(12,218,193)</u>
Total net assets	<u>\$ 19,342,398</u>	<u>\$ 10,655,311</u>	<u>\$ 29,997,709</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF SARATOGA SPRINGS, NEW YORK
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES

Functions/Programs	Year Ended December 31, 2009						
	Expenses	Program Revenue			Net (Expenses) Revenues And Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES							
General government support							
Mayor	\$ 1,395,746	\$ 164,531	\$ 6,216	\$ -	\$ (1,224,999)	\$ -	
Finance	1,772,607	109,953	-	-	(1,662,654)	-	
Public works	1,200,476	189,994	30,656	64,800	(915,026)	-	
Accounts	1,143,531	58,707	18,541	-	(1,066,283)	-	
Other general government support	936,044	307,108	-	-	(628,936)	-	
Public safety							
Police	10,637,746	780,626	10,935	-	(9,846,185)	-	
Fire	9,559,902	11,143	(85,345)	-	(9,634,104)	-	
Other public safety	3,063,646	511,027	265,030	-	(2,287,589)	-	
Health	17,864	-	-	-	(17,864)	-	
Transportation	4,990,740	-	464,659	2,221,495	(2,304,586)	-	
Economic opportunity and development	177,503	-	-	-	(177,503)	-	
Culture and recreation	2,417,681	878,987	40,544	-	(1,498,150)	-	
Home and community service	5,186,127	411,325	637,237	-	(4,137,565)	-	
Human resources	76,239	-	-	-	(76,239)	-	
Interest on long-term debt	1,412,671	-	-	-	(1,412,671)	-	
Interfund transfers	125,171	-	-	-	(125,171)	-	
Total governmental activities	<u>44,113,694</u>	<u>3,423,401</u>	<u>1,388,473</u>	<u>2,286,295</u>	<u>(37,015,525)</u>	<u>-</u>	
BUSINESS-TYPE ACTIVITIES							
Water	2,299,612	2,376,952	-	-	-	77,340	
Sewer	3,405,683	3,203,933	-	-	-	(201,750)	
City Center Authority	1,166,689	584,030	-	2,108,474	-	1,525,815	
Total business-type activities	<u>6,871,984</u>	<u>6,164,915</u>	<u>-</u>	<u>2,108,474</u>	<u>-</u>	<u>1,401,405</u>	
Total government	<u>\$ 50,985,678</u>	<u>\$ 9,588,316</u>	<u>\$ 1,388,473</u>	<u>\$ 4,394,769</u>	<u>\$ (37,015,525)</u>	<u>\$ 1,401,405</u>	
						<u>\$ (35,614,120)</u>	
GENERAL REVENUES							
Real property tax and related tax items				\$ 17,283,446	\$ -	\$ 17,283,446	
Nonproperty taxes				10,420,995	761,019	11,182,014	
Other general revenue items				22,432	27,911	50,343	
Interest earnings				141,915	142,925	284,840	
State aid and mortgage taxes not restricted to specific purposes				2,793,724	-	2,793,724	
Total general revenues				<u>30,662,512</u>	<u>931,855</u>	<u>31,594,367</u>	
TRANSFERS							
Transfer from governmental to business-type activities				-	125,171	125,171	
Total general revenues and transfers				<u>30,662,512</u>	<u>1,057,026</u>	<u>31,719,538</u>	
CHANGE IN NET ASSETS							
				<u>(6,353,013)</u>	<u>2,458,431</u>	<u>(3,894,582)</u>	
NET ASSETS, beginning of year							
				<u>23,108,535</u>	<u>7,629,295</u>	<u>30,737,830</u>	
Prior Period Adjustments							
Reclassification of various accounts				2,937,523	219,957	3,157,480	
Capital project reserves adjustment				(1,075,557)	1,075,557	-	
Retirement amortization				727,929	(727,929)	-	
Deferred revenue grant adjustment				(3,019)	-	(3,019)	
NET ASSETS, beginning of year, as restated				<u>25,695,411</u>	<u>8,196,880</u>	<u>33,892,291</u>	
NET ASSETS, end of year							
				<u>\$ 19,342,398</u>	<u>\$ 10,655,311</u>	<u>\$ 29,997,709</u>	

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF SARATOGA SPRINGS, NEW YORK

**FUND FINANCIAL STATEMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS**

	December 31, 2009					
	General	Capital Projects	Debt Service	Community Development	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 2,674,504	\$ 535,478	\$ -	\$ 227,375	\$ 351,252	\$ 3,788,609
Cash, special reserves	1,209,830	9,179,270	711,795	-	1,952	11,102,847
Investments in securities	17,260	-	-	-	-	17,260
Receivables, net	4,703,697	5,400	600	290,352	-	5,000,049
Receivables from other governments	1,715,276	2,108,795	150	19,371	-	3,843,592
Prepaid expenses	1,674	-	-	-	-	1,674
Due from other funds	1,947,804	-	-	25,000	-	1,972,804
Total assets	\$ 12,270,045	\$ 11,828,943	\$ 712,545	\$ 562,098	\$ 353,204	\$ 25,726,835
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued liabilities	\$ 850,611	\$ 2,890,206	\$ 600	\$ 19,371	\$ 14,014	\$ 3,774,802
Due to other funds	25,000	75,966	-	-	15,780	116,746
Due to other governments	860,698	-	-	1,166	-	861,864
Due to employees' retirement system	1,938,439	-	-	-	-	1,938,439
Deferred tax revenue	1,418,137	-	-	-	-	1,418,137
Deferred revenue	1,269,814	-	-	286,283	-	1,556,097
Total liabilities	6,362,699	2,966,172	600	306,820	29,794	9,666,085
Fund balances						
Reserved for						
Encumbrances	1,782,659	9,808,895	-	32	-	11,591,586
Capital reserve	1,131,722	-	-	-	-	1,131,722
Debt	-	-	711,945	-	-	711,945
Capital improvements	-	9,179,270	-	-	-	9,179,270
Other reserves	78,108	-	-	-	1,952	80,060
Unreserved						
Appropriated for 2009	62,313	-	-	-	-	62,313
Unappropriated	2,852,544	(10,125,394)	-	255,246	321,458	(6,696,146)
Total fund balance	5,907,346	8,862,771	711,945	255,278	323,410	16,060,750
Total liabilities and fund balances	\$ 12,270,045	\$ 11,828,943	\$ 712,545	\$ 562,098	\$ 353,204	\$ 25,726,835

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF SARATOGA SPRINGS, NEW YORK

**RECONCILIATION OF THE TOTAL FUND BALANCES SHOWN IN
THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS**

	<u>December 31, 2009</u>
Total fund balances in the fund financial statements for the governmental funds.	\$ 16,060,750
This amount differs from the amount of net assets shown in the statement of net assets due to the following:	
Capital assets are included as assets in the government-wide statements and are added, net of accumulated depreciation.	49,709,591
Long-term liabilities for bonded debt are included as liabilities in the government-wide statements and are deducted.	(29,838,231)
Long-term liabilities for past service costs for retirement plans and 2004 amortization for retirement plans are included as liabilities in the government-wide statements and are deducted.	(2,329,452)
Business-type activity bonds are deducted from the restricted cash assets in the government-wide statements.	(995,545)
Business-type activity capital project reserves are added to the government-wide statements.	1,377,557
Long-term liabilities for the lease obligations by the City are included as liabilities in the government-wide statements and are deducted.	(1,452,901)
Long-term liabilities for other post-employment benefit obligations by the City are included as liabilities in the government-wide statements and are deducted.	(11,577,472)
Accrued interest on property, school taxes, and community development loans on receivables for revenues earned, measurable, but not available and are added.	65,539
Deferred revenue and deferred tax revenue are added to the government-wide statements as revenue.	2,974,234
Net receivables for revenues earned, measurable but not available to provide financial resources are included in the government-wide statements as assets and are added.	740
Other current liabilities for compensated absences are included in the government-wide statements as liabilities and are deducted.	(3,313,627)
Current liabilities for interest payable on long-term debt are included in the government-wide statements as liabilities and are deducted.	<u>(1,338,785)</u>
Total net assets, end of year	<u>\$ 19,342,398</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF SARATOGA SPRINGS, NEW YORK

**FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

	Year Ended December 31, 2009					
	General	Capital	Debt Service	Special Revenue Funds		Total Governmental Funds
				Community Development	Other Governmental Funds	
REVENUES						
Real property taxes and tax items	\$ 14,792,368	\$ -	\$ 2,340,620	\$ -	\$ 130,380	\$ 17,263,368
Nonproperty taxes	10,829,845	-	-	-	-	10,829,845
Departmental income	1,482,529	-	-	55,979	-	1,538,508
Intergovernmental charges	276,404	-	-	-	-	276,404
Use of money and property	348,189	67,715	26,419	12,415	1,383	456,121
Licenses and permits	136,459	-	-	-	-	136,459
Fines and forfeitures	701,984	-	-	-	-	701,984
Sale of property and compensation for loss	409,752	-	-	-	-	409,752
Miscellaneous	46,966	64,800	-	-	-	111,766
Bond proceeds	-	2,107,042	-	-	-	2,107,042
State aid	3,785,530	133,967	-	-	-	3,919,497
Federal aid	131,369	2,087,528	-	566,706	-	2,785,603
Total revenues	<u>32,941,395</u>	<u>4,461,052</u>	<u>2,367,039</u>	<u>635,100</u>	<u>131,763</u>	<u>40,536,349</u>
EXPENDITURES						
Current						
<i>General government support</i>						
Mayor	1,283,326	-	-	-	-	1,283,326
Finance	1,592,815	-	-	-	-	1,592,815
Public Works	2,568,185	-	-	-	-	2,568,185
Accounts	969,434	-	-	-	-	969,434
Unallocated insurance	631,438	-	-	-	-	631,438
Other general government support	-	-	26,353	-	3,120	29,473
<i>Public safety</i>						
Police	8,852,592	-	-	-	-	8,852,592
Fire	7,733,630	-	-	-	-	7,733,630
Other public safety	2,398,532	-	-	-	-	2,398,532
Health	17,864	-	-	-	-	17,864
Transportation	4,643,033	-	-	-	-	4,643,033
Economic opportunity and development	138,615	-	-	-	38,888	177,503
Culture and recreation	2,236,624	-	-	-	-	2,236,624
Home and community service	957,189	-	-	492,156	-	1,449,345
Human resources	81,708	-	-	-	-	81,708

	<u>Special Revenue Funds</u>					<u>Total Governmental Funds</u>
	<u>General</u>	<u>Capital</u>	<u>Debt Service</u>	<u>Community Development</u>	<u>Other Governmental Funds</u>	
<i>Debt service</i>						
Principal	76,107	-	1,519,740	-	12,470	1,608,317
Interest	61,797	-	1,342,950	-	4,077	1,408,824
<i>Capital outlay</i>						
General government support	-	-	-	-	-	-
Mayor	-	-	-	-	-	-
Finance	26,171	-	-	-	-	26,171
Public Works	-	474,349	-	-	-	474,349
Accounts	7,032	-	-	-	-	7,032
Other general government support	-	912,334	-	-	-	912,334
<i>Public safety</i>						
Police	111,461	146,951	-	-	-	258,412
Fire	36,279	398,203	-	-	-	434,482
Other public safety	42,667	118,839	-	-	-	161,506
Transportation	56,695	2,342,875	-	-	-	2,399,570
Culture and recreation	30,937	2,696,267	-	-	-	2,727,204
Home and community service	8,250	1,886,687	-	-	-	1,894,937
Total expenditures	<u>34,562,381</u>	<u>8,976,505</u>	<u>2,889,043</u>	<u>492,156</u>	<u>58,555</u>	<u>46,978,640</u>
Excess (deficiency) of revenues over expenditures	<u>(1,620,986)</u>	<u>(4,515,453)</u>	<u>(522,004)</u>	<u>142,944</u>	<u>73,208</u>	<u>(6,442,291)</u>
OTHER FINANCING SOURCES (USES)						
Interfund transfers, in	73,569	135,202	331,646	-	-	540,417
Interfund transfers, out	<u>(261,848)</u>	<u>(280,668)</u>	<u>-</u>	<u>(73,569)</u>	<u>(49,503)</u>	<u>(665,588)</u>
Total other financing sources and uses	<u>(188,279)</u>	<u>(145,466)</u>	<u>331,646</u>	<u>(73,569)</u>	<u>(49,503)</u>	<u>(125,171)</u>
Excess (deficiencies) of revenues over expenditures and other financing sources (uses)	<u>(1,809,265)</u>	<u>(4,660,919)</u>	<u>(190,358)</u>	<u>69,375</u>	<u>23,705</u>	<u>(6,567,462)</u>
FUND BALANCE, beginning of year, as originally stated	7,719,630	13,524,161	902,303	185,903	299,705	22,631,702
Prior period adjustment	<u>(3,019)</u>	<u>(471)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,490)</u>
FUND BALANCE, beginning of year, as restated	<u>7,716,611</u>	<u>13,523,690</u>	<u>902,303</u>	<u>185,903</u>	<u>299,705</u>	<u>22,628,212</u>
FUND BALANCE, end of year	<u>\$ 5,907,346</u>	<u>\$ 8,862,771</u>	<u>\$ 711,945</u>	<u>\$ 255,278</u>	<u>\$ 323,410</u>	<u>\$ 16,060,750</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF SARATOGA SPRINGS, NEW YORK

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE CHANGE IN NET ASSETS SHOWN IN THE STATEMENT OF ACTIVITIES**

		<u>Year Ended December 31, 2009</u>
Net change in fund balances shown for total governmental funds.		\$ (6,567,462)
This amount differs from the change in net assets shown in the statement of activities because of the following:		
Capital outlays for acquisition of capital assets are recorded in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses. This is the amount by which expenditures for acquisition of capital assets exceeded depreciation expense for the period.		
	Capital expenditures	8,073,365
	Depreciation expense	<u>1,326,541</u>
		6,746,824
Major revenues are recorded in the governmental funds when they become susceptible to accrual, that is when they are earned, measurable, and available to provide current financial resources. In the statement of activities, major revenues are recognized when they are earned and measurable, regardless of when they become available. This is the amount by which earned revenues for the current period exceeded the amount of prior year earned revenues not recognized as being available until the current period.		
	Current year revenues	162,735
	Prior year revenues	<u>911,360</u>
		(748,625)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds; i.e., deferred revenue.		
	Current year deferred revenues	2,974,234
	Prior year deferred revenues	<u>2,894,235</u>
		79,999
Payments on retirement system debt are shown as expenditures in the governmental funds. These payments are shown in the statement of net assets as a reduction of the related liabilities, and not shown as expenses in the statement of activities. This is the principal payment amount for the current year.		
		442,276
Other post-employment obligations are not reported in the governmental funds. This liability is shown in the statement of net assets as a non-current liability and in the statement of activities as an expense.		
		(5,870,319)
Bond and lease principal payments are shown as expenditures in the governmental funds. These payments are shown in the statement of net assets as a reduction of the related liabilities, and not shown as expenses in the statement of activities. This is the payment amount for the current year.		
		1,634,781
Receipt of bond proceeds is recorded as a financing source in the governmental funds. These proceeds are shown in the statement of net assets as an increase in related liabilities. This is the amount of bonds issued and proceeds received during the current year.		
		(2,107,042)
Certain expenditures for interest on debt are recorded in the governmental funds when the payments are due. In the statement of activities, these costs are allocated over the applicable time period that they pertain to. This is the amount by which the current period expenditures exceed the costs allocated over the applicable periods.		
	Current year expenditures	1,334,938
	Allocated expenses	<u>1,338,785</u>
		(3,847)
Payments for compensated absences are shown in the governmental funds when they are due. In the statement of activities, these costs are reported during the period the liabilities are incurred, regardless of when they are due and payable. This amount represents the difference between the the expenditures recorded in the current year for payments due on prior year liabilities and the expenses incurred during the current year that have not been paid.		
	Prior year liabilities	3,354,029
	Expenses incurred during current year	<u>3,313,627</u>
		40,402
Interfund transactions are eliminated in the statement of net assets and the statement of activities. The amounts offset, and have a zero effect of operations.		
	Transfers in	540,417
	Transfers out	<u>540,417</u>
		-
Change in net assets of governmental activities shown in the statement of activities		<u><u>\$ (6,353,013)</u></u>

CITY OF SARATOGA SPRINGS, NEW YORK

**FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**

	Year Ended December 31, 2009			
	Budgeted Amounts		Actual	Variance with Revised
	Adopted	Revised	Amounts	- Positive (Negative)
REVENUES				
Real property taxes and tax items	\$ 14,752,493	\$ 14,593,512	\$ 14,792,368	\$ 198,856
Nonproperty taxes	11,474,728	10,504,808	10,829,845	325,037
Departmental income	1,310,450	1,573,749	1,482,529	(91,220)
Intergovernmental charges	321,120	310,408	276,404	(34,004)
Use of money and property	542,000	354,769	348,189	(6,580)
Licenses and permits	229,700	114,626	136,459	21,833
Fines and forfeitures	785,000	731,759	701,984	(29,775)
Sale of property and compensation for loss	269,292	328,768	409,752	80,984
Miscellaneous	1,946,750	111,496	46,966	(64,530)
State aid	4,077,688	4,051,071	3,785,530	(265,541)
Federal aid	46,300	151,240	131,369	(19,871)
Total revenues	<u>35,755,521</u>	<u>32,826,206</u>	<u>32,941,395</u>	<u>115,189</u>
EXPENDITURES				
General government support	6,809,486	7,864,889	7,160,109	704,780
Public safety	19,685,912	19,553,838	19,175,161	378,677
Health	21,365	17,865	17,864	1
Transportation	6,069,533	6,141,710	4,699,728	1,441,982
Economic opportunity and development	140,150	140,150	138,615	1,535
Culture and recreation	2,559,442	2,488,262	2,267,561	220,701
Home and community service	1,069,358	1,134,333	965,439	168,894
Debt service	170,153	155,153	137,904	17,249
Total expenditures	<u>36,525,399</u>	<u>37,496,200</u>	<u>34,562,381</u>	<u>2,933,819</u>
Excess (deficiency) in revenues over expenditures	<u>(769,878)</u>	<u>(4,669,994)</u>	<u>(1,620,986)</u>	<u>(2,818,630)</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers - in	54,500	85,182	73,569	(11,613)
Other budgetary purposes	928,535	3,309,380	-	(3,309,380)
Interfund transfers - out	(213,157)	(262,886)	(261,848)	1,038
Total other financing sources (uses)	<u>769,878</u>	<u>3,131,676</u>	<u>(188,279)</u>	<u>(3,319,955)</u>
Excess (deficiency) in revenues over expenditures and other financing sources (uses)	<u>-</u>	<u>(1,538,318)</u>	<u>(1,809,265)</u>	<u>(6,138,585)</u>
FUND BALANCE, beginning of year, as originally stated	7,719,630	7,719,630	7,719,630	-
Prior period adjustment	(3,019)	(3,019)	(3,019)	(3,019)
FUND BALANCE, beginning of year, as restated	<u>7,716,611</u>	<u>7,716,611</u>	<u>7,716,611</u>	<u>(3,019)</u>
FUND BALANCE, end of year	<u>\$ 7,716,611</u>	<u>\$ 6,178,293</u>	<u>\$ 5,907,346</u>	<u>\$ (6,141,604)</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF SARATOGA SPRINGS, NEW YORK

**FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - DEBT SERVICE FUND**

	Year Ended December 31, 2009			
	Budgeted Amounts		Actual	Variance with Revised
	Adopted	Revised	Amounts	- Positive (Negative)
REVENUES				
Real property taxes and tax items	\$ 2,428,143	\$ 2,428,143	\$ 2,340,620	\$ (87,523)
Use of money and property	-	-	26,419	26,419
Total revenues	<u>2,428,143</u>	<u>2,428,143</u>	<u>2,367,039</u>	<u>(61,104)</u>
EXPENDITURES				
General government support	65,000	59,390	26,353	33,037
Debt service, principal	1,391,091	1,847,806	1,519,740	328,066
Debt service, interest	1,419,532	1,692,898	1,342,950	349,948
Total expenditures	<u>2,875,623</u>	<u>3,600,094</u>	<u>2,889,043</u>	<u>711,051</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers, in	276,557	405,170	331,646	(73,524)
Other budgetary purposes	170,923	170,923	-	(170,923)
Interfund transfers, out	-	(40,000)	-	(40,000)
Total other financing sources (uses)	<u>447,480</u>	<u>536,093</u>	<u>331,646</u>	<u>(284,447)</u>
Net change in fund balance (actual) and appropriated fund balance (budget)	-	(635,858)	(190,358)	(1,056,602)
FUND BALANCE, beginning of year	<u>902,303</u>	<u>902,303</u>	<u>902,303</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 902,303</u>	<u>\$ 266,445</u>	<u>\$ 711,945</u>	<u>\$ (1,056,602)</u>

CITY OF SARATOGA SPRINGS, NEW YORK

**FUND FINANCIAL STATEMENTS
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**

	December 31, 2009			
	Water Activities	Sewer Activities	City Center Authority	Total
ASSETS				
CURRENT ASSETS				
Cash and equivalents	\$ 119,019	\$ 217,617	\$ 115,423	\$ 452,059
Cash and cash equivalents, restricted	2,300,577	1,334,963	6,406,808	10,042,348
Investments, restricted	-	-	1,011,338	1,011,338
Receivables, net	889,684	1,272,713	550,805	2,713,202
Inventories	17,347	15,252	-	32,599
Prepaid expenses	-	-	17,422	17,422
Total current assets	3,326,627	2,840,545	8,101,796	14,268,968
NONCURRENT ASSETS				
Net capital assets	4,310,380	499,089	3,053,919	7,863,388
Total assets	\$ 7,637,007	\$ 3,339,634	\$ 11,155,715	\$ 22,132,356
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and other current liabilities	\$ 352,712	\$ 43,787	\$ 640,880	\$ 1,037,379
Current maturities on long-term liabilities	452,437	106,688	50,627	609,752
Internal balances due to governmental activities	816,201	1,040,618	(876)	1,855,943
Accrued interest payable	1,068	64,014	630	65,712
Total current liabilities	1,622,418	1,255,107	691,261	3,568,786
NONCURRENT LIABILITIES				
Long-term liabilities, less current maturities	5,189,724	1,515,796	146,372	6,851,892
Other post-employment liability	653,320	403,047	-	1,056,367
Total liabilities	7,465,462	3,173,950	837,633	11,477,045
NET ASSETS				
Invested in capital assets, net of related debt	(995,630)	(803,712)	3,053,919	1,254,577
Restricted for				
Capital improvements	-	-	7,418,145	7,418,145
Water line extension projects	574,525	-	-	574,525
Capital projects	1,726,052	1,334,963	-	3,061,015
Unrestricted	(1,133,402)	(365,567)	(153,982)	(1,652,951)
Total net assets	\$ 171,545	\$ 165,684	\$ 10,318,082	\$ 10,655,311

CITY OF SARATOGA SPRINGS, NEW YORK

**FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -
PROPRIETARY FUNDS**

	Year Ended December 31, 2009			
	Water	Sewer	City Center Authority	Total
OPERATING REVENUES				
Water sales	\$ 2,376,952	\$ -	\$ -	\$ 2,376,952
Sewer sales	-	3,203,933	-	3,203,933
General operating	-	-	93,882	93,882
Capital grants and contributions	-	-	2,108,474	2,108,474
Facility charges	-	-	490,148	490,148
Total operating revenues	<u>2,376,952</u>	<u>3,203,933</u>	<u>2,692,504</u>	<u>8,273,389</u>
OPERATING EXPENSES				
Costs of sales and services	1,558,350	2,546,193	406,501	4,511,044
Administration	506,142	781,375	749,737	2,037,254
Interest	107,431	62,999	-	170,430
Depreciation	127,689	15,116	10,451	153,256
Total operating expenses	<u>2,299,612</u>	<u>3,405,683</u>	<u>1,166,689</u>	<u>6,871,984</u>
Operating income (loss)	<u>77,340</u>	<u>(201,750)</u>	<u>1,525,815</u>	<u>1,401,405</u>
NONOPERATING REVENUES				
Hotel occupancy tax	-	-	761,019	761,019
Other general revenue items	21,294	-	6,617	27,911
Transfer from governmental funds	3,102	2,947	119,122	125,171
Interest and earnings	776	-	142,149	142,925
Total nonoperating revenues	<u>25,172</u>	<u>2,947</u>	<u>1,028,907</u>	<u>1,057,026</u>
CHANGE IN NET ASSETS	<u>102,512</u>	<u>(198,803)</u>	<u>2,554,722</u>	<u>2,458,431</u>
NET ASSETS, beginning of year, as originally stated	(937,486)	635,437	7,931,344	7,629,295
PRIOR PERIOD ADJUSTMENTS				
Capital project reserves adjustment	1,066,007	9,550	-	1,075,557
Reclassification of various accounts	227,484	(7,527)	-	219,957
Retirement amortization	(286,972)	(272,973)	(167,984)	(727,929)
NET ASSETS, beginning of year, as restated	<u>69,033</u>	<u>364,487</u>	<u>7,763,360</u>	<u>8,196,880</u>
NET ASSETS, end of year	<u>\$ 171,545</u>	<u>\$ 165,684</u>	<u>\$ 10,318,082</u>	<u>\$ 10,655,311</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF SARATOGA SPRINGS, NEW YORK
FUND FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

	Year Ended December 31, 2009			
	Water	Sewer	City Center Authority	Total
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES				
Charges for sales and services	\$ 2,376,952	\$ 3,316,435	\$ 584,030	\$ 6,277,417
Operating grants and contributions	-	-	2,108,474	2,108,474
Payments to contractors and suppliers	(786,061)	(2,405,758)	(340,482)	(3,532,301)
Payments to employees, payroll taxes and benefits	(1,396,079)	(898,648)	(749,737)	(3,044,464)
	194,812	12,029	1,602,285	1,809,126
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES				
Bond proceeds	962,045	33,500	-	995,545
Loss on disposal of assets	119,830	25,500	-	145,330
Purchase of capital assets	(579,995)	(518,728)	(2,257,515)	(3,356,238)
Payment on bonds	(47,565)	(22,612)	-	(70,177)
Interest paid	(323,547)	(62,619)	-	(386,166)
	130,768	(544,959)	(2,257,515)	(2,671,706)
CASH FLOWS PROVIDED (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Hotel occupancy taxes	-	-	761,019	761,019
Miscellaneous	24,396	2,947	125,739	153,082
	24,396	2,947	886,758	914,101
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES				
Interest and dividends received	776	-	142,149	142,925
Allocation to restricted cash and cash equivalents	(342,480)	545,106	(702,688)	(500,062)
	(341,704)	545,106	(560,539)	(357,137)
Net increase (decrease) in cash and cash equivalents	8,272	15,123	(329,011)	(305,616)
CASH AND CASH EQUIVALENTS, beginning of year	110,747	202,494	444,434	757,675
CASH AND CASH EQUIVALENTS, end of year	\$ 119,019	\$ 217,617	\$ 115,423	\$ 452,059
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 77,340	\$ (201,750)	\$ 1,525,815	\$ 1,401,405
Depreciation expense	127,074	15,116	10,451	152,641
(Increase) decrease in				
Receivables, net of allowances	86,554	112,502	(129,590)	69,466
Inventory	11,123	-	-	11,123
Prepaid expenses	-	-	(11,000)	(11,000)
Increase (decrease) in				
Accounts payable and other liabilities	(40,524)	24,217	208,931	192,624
Due to other funds	(66,755)	61,944	(2,322)	(7,133)
Net cash provided by operating activities	\$ 194,812	\$ 12,029	\$ 1,602,285	\$ 1,809,126

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF SARATOGA SPRINGS, NEW YORK

**FUND FINANCIAL STATEMENTS
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS**

	December 31, 2009	
	Agency Funds	Private Purpose Trust
ASSETS		
Cash and cash equivalents	\$ 989,572	\$ 34,370
LIABILITIES		
Accounts payable	799,212	-
Due to other governments	166,685	-
Due to employees' retirement system	23,560	-
Due to other funds	115	-
Total liabilities	989,572	-
NET ASSETS	\$ -	\$ 34,370

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF SARATOGA SPRINGS, NEW YORK

**FUND FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS**

	Year Ended December 31, 2009
	Private Purpose Trust
ADDITIONS	
Private donations	\$ 1,400
Interest earnings	51
Total additions	<u>1,451</u>
DEDUCTIONS	
Culture and recreation	<u>819</u>
CHANGE IN NET ASSETS	632
NET ASSETS, beginning of year	<u>33,738</u>
NET ASSETS, end of year	<u><u>\$ 34,370</u></u>

CITY OF SARATOGA SPRINGS, NEW YORK

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

a. Reporting Entity

The City of Saratoga Springs was incorporated as a City in 1915 and is governed by its Charter, City Local Laws, General City Law, and other general laws of the State of New York. The City is a municipal corporation governed by a five-member elected Council, one Mayor, and four Commissioners. Each Commissioner serves as the head of a department: Finance, Public Works, Public Safety, and Accounts. The Mayor serves as Chief Executive Officer, and the Commissioner of Finance serves as the Chief Fiscal Officer. The City provides water, sewer, police and fire protection, highway and street, cultural and recreational, public improvement, planning and zoning, and general administrative services to the residents of the City.

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

Excluded from the reporting entity:

The City of Saratoga Springs School District

The City of Saratoga Springs School District (District) was created by State legislation that designates the School Board as the governing authority. School Board members are elected by the qualified voters of the District. The School Board designates management and exercises complete responsibility for all fiscal matters. The City Council exercises no oversight over school operations.

CITY OF SARATOGA SPRINGS, NEW YORK

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

a. Reporting Entity - Continued

The Saratoga Springs Housing Authority

The Saratoga Springs Housing Authority's (Housing Authority) governing board is appointed by the Chief Executive Officer of the City. The City provides no subsidy to the Housing Authority nor is it responsible for debt or operating deficits of the Housing Authority. The Housing Authority's debt is essentially supported by operating revenues of the Housing Authority and is not guaranteed by the City. The City does not appoint management of the Housing Authority nor does it approve the Authority's budget, contracts, or hiring staff. The City has no oversight responsibility for funds of the Housing Authority.

b. Government-wide and Fund Financial Statements

The governmental reporting model has the following sections: Management's Discussion and Analysis, Government-wide Financial Statements, and Fund Financial Statements.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all nonfiduciary activities of the primary government. The effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net assets presents the financial condition of the City's activities at year-end. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include

1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The statement of activities identifies the net expense or revenue from each activity, and identifies the amount of general revenues needed to help finance the specific activities.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types."

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. A fund is a separate accounting entity with a self-balancing set of accounts.

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

CITY OF SARATOGA SPRINGS, NEW YORK

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

Under the modified accrual basis of accounting, governmental fund revenues are recognized when susceptible to accrual (i.e., as soon as they are both measurable and available). "Measurable" means the amount of the transaction can be reasonably determined and "available" means the related cash resources are collectible within the current period or soon enough thereafter to be used to pay current liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, water and sewer rents, sales taxes, mortgage taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the City receives cash, i.e., fines, permits, and parking meter revenues.

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

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

- Payments for acquisition of inventory type items are recorded as expenditures when the related amounts are due and payable. This method is generally referred to as the "purchase" method, as opposed to the "consumption" method used in the government-wide financial statements.
- Principal and interest on indebtedness are recorded as expenditures when the related debt service amounts are due and payable, which normally approximates the date the debt is paid.
- Compensated absences, such as vacation leave and compensation time, which vest or accumulate with eligible employees are recorded as expenditures in the payroll period that the credits are used by employees.
- Costs of acquiring capital assets are recorded as expenditures when the related acquisition amounts are due and payable.

d. Fund Accounting

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

Fund Types

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

CITY OF SARATOGA SPRINGS, NEW YORK

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

d. *Fund Accounting* - Continued

Fund Types - Continued

- i. The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. This fund operates within the financial limits of an annual budget adopted by the City Council.
- ii. The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- iii. The *Capital Project Funds* account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). Financing is generally provided from proceeds of bonds, notes, federal and state grants, and transfers from other governmental funds.
- iv. *Special Revenue Funds* are used to account for specific revenues (other than those generated for major capital projects) that are legally restricted to expenditures for particular purposes. The Special Grant Fund is used to account for federally-funded community development block grants, revolving loan funds, and other federally-funded programs. The City has two special districts: the Down City Special Assessment District (SAD) and the West Avenue Special Assessment District (WASAD). Both were established to make improvements within the boundaries of the applicable districts and are funded by special assessments on the property owners within each district.

Proprietary Funds represent the City's business-type activities and include Enterprise Funds. Enterprise Funds are used to report activities for which fees are charged to external customers for goods and services provided, and the City's fee pricing policies are established to recover costs of providing such service, including capital costs such as depreciation or debt service. Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The City maintains the following enterprise funds:

- i. The *Water Fund* is used to report operations of the City's water treatment and supply facilities that provide drinking water to all City residents, as well as to certain local communities outside the City's corporate boundaries. Users of the water system, inside and outside the City limits, are charged a user fee to pay for the operation of the Water Fund. The fund also records revenues and expenses associated with extending the water line. A water service connection fee is collected when a new user taps into the system, and the revenue is reserved to expanding the system.
- ii. The *Sewer Fund* is used to report operations of the City's wastewater treatment facilities and sanitary sewer system that is provided to all City residents. The sewer system infrastructure is owned by the Saratoga County Sewer District. Users of the sewer system are charged a fee based on an annual bill from the Saratoga County Sewer District.
- iii. The *City Center Authority Fund* (Authority) accounts for the day-to-day business operations of the convention and tourism center. The Authority was created by State legislation for the purpose of operating and maintaining the Saratoga City Center (City Center). The execution of the daily operations of the City Center rests with the Authority. The City Council maintains fiscal control over the Authority through various aspects of State legislation and, therefore, has included the financial position as well as the operations of the City Center in the City's financial statements.

CITY OF SARATOGA SPRINGS, NEW YORK

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

d. Fund Accounting - Continued

Fiduciary Funds are used to report resources that are held by the City in a trustee or agency capacity for others and cannot be used to support the City's own programs. The City maintains agency funds to account for assets that the City holds on behalf of others as their agent. The City maintains a private purpose trust fund to account for private donations to support a veterans' memorial in Congress Park.

In addition to the various funds, the City also maintains schedules of non-current governmental assets and non-current governmental liabilities. Non-current governmental assets include capital assets used in governmental activities, and non-current governmental liabilities include bonds, retirement system debt, accumulated sick and compensatory time, and other long-term debt used to finance governmental activities. These non-current governmental assets and liabilities are included under governmental activities in the government-wide statement of net assets.

e. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits, time deposits, and short-term investments with a maturity date within three months of the date acquired by the City, and cash on hand.

The City's investment policies are governed by New York State statutes. In addition, the City has its own investment policy. In accordance with New York State statutes and the City's investment policy, City monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The City is authorized to use demand deposits, time deposits, and certificates of deposit. Permissible investments include obligations of the United States Treasury and United States agencies, and obligations of New York State or its localities.

Investments are stated at fair market value.

f. Interfund Receivables/Payables

During the year, transactions often occur between the various funds. Transactions considered loans or advances to be repaid are recorded as current assets and liabilities in the fund financial statements as either "due to or due from other funds." In the government-wide financial statements, amounts due to and from the same activities are eliminated. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

g. Receivables

All property and school tax receivables and water and sewer rents are shown net of an allowance for uncollectibles. The property and school tax receivables and water and sewer rents receivable allowance is equal to 9% of outstanding property and school taxes and water and sewer rents at December 31, 2009.

Property taxes attach as an enforceable lien on property as of October 1. Taxes are levied on January 1 and are payable in four installments on the first of March, June, September, and December. The City bills and collects its own property taxes and also collects taxes for Saratoga County and the delinquent taxes for the Saratoga Springs City School District. City property tax revenues are recognized when levied to the extent that they result in current receivables.

h. Inventory

Inventory in the proprietary funds is valued at the lower of cost (first-in, first-out method) or net realizable value. Inventory consists of expendable supplies held for consumption.

CITY OF SARATOGA SPRINGS, NEW YORK

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

i. *Restricted Assets*

Certain resources of the governmental and proprietary funds are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts, and the City Council limits their use.

j. *Capital Assets*

Capital assets include land, buildings, improvements other than buildings, machinery and equipment, and infrastructure (e.g., roads, sidewalks, and similar items). Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of six or more years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements	20
Streets/roads	25
Sewer and water infrastructure	75
Other infrastructure	25-30
Equipment	5-20

k. *Compensated Absences*

It is the City's policy to permit employees to accumulate earned but unused sick pay benefits. All sick pay is accrued when incurred in the government-wide financial statements. Expenditures for these amounts are reported in governmental funds when paid to employees.

l. *Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds payable are reported net of applicable bond premium or discount, if any.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF SARATOGA SPRINGS, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

l. Long-Term Obligations - Continued

The City's special assessment districts, SAD and WASAD, have outstanding bonded debt. SAD currently makes the annual debt payment on the Putnam Street parking deck project when due and has an arrangement with the City for reimbursement in the event there is default by a taxpayer. WASAD is repaying its 50% share of the betterment on the West Avenue improvement project debt on an extended payment plan. The City makes the debt payment annually, and WASAD reimburses the City every year at a lower amount than the actual debt, but when the bond is fully paid off, WASAD will continue reimbursing the City for its portion of the bond.

m. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted for use for a specific purpose.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

a. Legal Compliance and Budgets

The City's budget adoption process is described in the City Charter. The Mayor and the Commissioners present their budget requirements for the following fiscal year to the Commissioner of Finance on or before October 1 each year for the General, Debt Service, Water, Sewer, Special Assessment Districts, and City Center funds. The Commissioner of Finance then prepares a proposed budget for the forthcoming year and submits it to the City Council on or before the third Monday in October. After receiving the proposed budget, the City Council establishes a date, time, and place for a public hearing with public notice duly advertised of such hearing. At a regular or special meeting held after the public hearing but not later than the 30th day of November, the City Council adopts, or amends and adopts, the budget for the ensuing fiscal year. During the year, several supplementary appropriations are usually necessary.

Budgets for the Special Grant Fund are adopted for each federal program as they occur, and generally on a federal program year. Budgets for major capital projects are adopted on an as needed basis and remain in effect for the life of the project. Generally, major capital projects are financed by bonds, capital grants, and/or other applicable financing sources. Current appropriations for capital expenditures are adopted according to the above-described timetable.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

b. Excess of Expenditures Over Appropriations

Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplementary appropriations were necessary.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

a. Cash, Cash Equivalents, and Investments

Collateral

New York State statutes require the City to collateralize its cash deposits in excess of the Federal Deposit Insurance Corporation limit of \$350,000 (\$100,000 on demand deposits and \$250,000 on time deposits and other cash accounts). This collateral is to be in the form of state and local government securities held in trust for and pledged to secure the City's deposits. The City's deposits were adequately insured or collateralized as of December 31, 2009.

CITY OF SARATOGA SPRINGS, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

a. Cash, Cash Equivalents, and Investments - Continued

Investments, Restricted

The City's General Fund had an investment balance of \$17,260 as of December 31, 2009. This consisted of a workers' compensation bond on deposit with New York State.

The City Center Authority had restricted investments of \$1,011,338 as of December 31, 2009. This balance consisted of U. S. Treasury Notes for \$1,006,450 and accrued interest for \$4,888. The investments are restricted for future expansion of the Center.

Cash and Cash Equivalents, Restricted

The City had restricted cash and cash equivalents for governmental activities, comprised of the following:

Debt service	\$ 711,795
Special assessment district purposes	1,952
Capital projects	9,561,282
Capital improvements	1,131,722
Council designated purposes	<u>78,108</u>
Total restricted cash and cash equivalents	<u>\$ 11,484,859</u>

The City had restricted cash and cash equivalents for business-type activities, comprised of the following:

City Center capital improvements	\$ 6,406,808
Water capital projects	2,300,577
Sewer capital projects	<u>1,334,963</u>
Total restricted	<u>\$ 10,042,348</u>

b. Receivables

Receivables at year-end for the City's governmental and business-type activities, categorized by individual fund in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

Receivables	General	Capital	Debt Service	Special Grant	Water	Sewer	City Center Authority	Total
City and County taxes	\$ 884,394	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 884,394
School taxes	766,428	-	-	-	-	-	-	766,428
Tax sales	898,626	-	-	-	-	-	-	898,626
Water rents	-	-	-	-	1,118,522	-	-	1,118,522
Sewer rents	-	-	-	-	-	1,188,508	-	1,188,508
Accounts	2,188,415	5,400	600	-	15,000	-	40,814	2,250,229
Rehabilitation loans	-	-	-	305,860	-	-	-	305,860
State and Federal	1,514,864	2,108,795	-	19,371	-	-	321,730	3,964,760
Other governments	462,379	-	150	-	-	-	188,261	650,790
Total receivables	6,715,106	2,114,195	750	325,231	1,133,522	1,188,508	550,805	12,028,117
Allowance for uncollectible accounts	(295,393)	-	-	(15,508)	(91,523)	(68,110)	-	(470,534)
Total net receivables	<u>\$ 6,419,713</u>	<u>\$ 2,114,195</u>	<u>\$ 750</u>	<u>\$ 309,723</u>	<u>\$ 1,041,999</u>	<u>\$ 1,120,398</u>	<u>\$ 550,805</u>	<u>\$ 11,557,583</u>

These receivables are shown in the statement of net assets as follows:

Receivables net of allowances	
Governmental activities	\$ 8,844,381
Business-type activities	<u>2,713,202</u>
Total	<u>\$ 11,557,583</u>

CITY OF SARATOGA SPRINGS, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

c. Capital Assets

Capital asset activity, as adjusted, was as follows:

Governmental Activities	Year Ended December 31, 2009			Balance December 31, 2009
	Balance January 1, 2009	Additions/ Adjustments	Retirements/ Reclassifications	
Capital assets not being depreciated				
Land	\$ 3,921,258	\$ -	\$ -	\$ 3,921,258
Work-in-progress	9,672,081	5,954,362	(7,087,663)	8,538,780
Total capital assets not being depreciated	<u>13,593,339</u>	<u>5,954,362</u>	<u>(7,087,663)</u>	<u>12,460,038</u>
Depreciable capital assets				
Buildings	13,889,983	159,210	(185,612)	13,863,581
Improvements other than buildings	4,208,269	1,080,328	-	5,288,597
Machinery and equipment	12,132,529	1,704,208	(1,456,541)	12,380,196
Infrastructure	39,354,266	7,905,072	-	47,259,338
Total depreciable capital assets	<u>69,585,047</u>	<u>10,848,818</u>	<u>(1,642,153)</u>	<u>78,791,712</u>
Less accumulated depreciation				
Buildings	5,073,260	283,386	(773)	5,355,873
Improvements other than buildings	2,213,537	174,035	11,001	2,398,573
Machinery and equipment	7,394,617	801,402	(225,108)	7,970,911
Infrastructure	25,534,208	310,088	(27,494)	25,816,802
Total accumulated depreciation	<u>40,215,622</u>	<u>1,568,911</u>	<u>(242,374)</u>	<u>41,542,159</u>
Net depreciable capital assets	<u>29,369,425</u>	<u>9,279,907</u>	<u>(1,399,779)</u>	<u>37,249,553</u>
Total net capital assets governmental activities	<u>\$ 42,962,764</u>	<u>\$ 15,234,269</u>	<u>\$ (8,487,442)</u>	<u>\$ 49,709,591</u>

Business-type Activities	Year Ended December 31, 2009			Balance December 31, 2009
	Balance January 1, 2009	Additions/ Adjustments	Retirements/ Reclassifications	
<u>Water Activity</u>				
Capital assets not being depreciated				
Land	\$ 325,841	\$ -	\$ -	\$ 325,841
Work in progress	1,245,237	571,495	-	1,816,732
Total capital assets not being depreciated	<u>1,571,078</u>	<u>571,495</u>	<u>-</u>	<u>2,142,573</u>
Depreciable capital assets				
Buildings	749,195	-	-	749,195
Improvements other than building	306,064	-	-	306,064
Machinery and equipment	707,945	8,500	(8,500)	707,945
Infrastructure	12,449,647	-	(111,330)	12,338,317
Total depreciable capital assets	<u>14,212,851</u>	<u>8,500</u>	<u>(119,830)</u>	<u>14,101,521</u>
Less accumulated depreciation				
Buildings	193,273	8,988	-	202,261
Improvements other than building	12,821	9,790	619	23,230
Machinery and equipment	255,699	50,475	(14,178)	291,996
Infrastructure	11,344,232	79,000	(7,005)	11,416,227
Total accumulated depreciation	<u>11,806,025</u>	<u>148,253</u>	<u>(20,564)</u>	<u>11,933,714</u>
Net depreciable capital assets	<u>2,406,826</u>	<u>(139,753)</u>	<u>(99,266)</u>	<u>2,167,807</u>
Total net capital assets water activity	<u>\$ 3,977,904</u>	<u>\$ 431,742</u>	<u>\$ (99,266)</u>	<u>\$ 4,310,380</u>

CITY OF SARATOGA SPRINGS, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

c. Capital Assets - Continued

Business-type Activities	Year Ended December 31, 2009			Balance December 31, 2008
	Balance January 1, 2008	Additions/ Adjustments	Retirements/ Reclassifications	
<u>SewerActivity</u>				
Capital assets not being depreciated				
Work-in-progress	\$ 323,950	\$ -	\$ (323,950)	\$ -
Total capital assets not being depreciated	<u>323,950</u>	<u>-</u>	<u>(323,950)</u>	<u>-</u>
Depreciable capital assets				
Improvements other than building	-	177,728	-	177,728
Machinery and equipment	59,835	-	(25,500)	34,335
Infrastructure	-	341,000	-	341,000
Total depreciable capital assets	<u>59,835</u>	<u>518,728</u>	<u>(25,500)</u>	<u>553,063</u>
Less accumulated depreciation				
Improvements other than building	-	816	52	868
Machinery and equipment	38,858	18,070	(5,076)	51,852
Infrastructure	-	1,376	(122)	1,254
Total accumulated depreciation	<u>38,858</u>	<u>20,262</u>	<u>(5,146)</u>	<u>53,974</u>
Net depreciable capital assets	<u>20,977</u>	<u>498,466</u>	<u>(20,354)</u>	<u>499,089</u>
Total net capital assets sewer activity	<u>\$ 344,927</u>	<u>\$ 498,466</u>	<u>\$ (344,304)</u>	<u>\$ 499,089</u>
<u>City Center Authority</u>				
Machinery and equipment	\$ 190,464	\$ -	\$ -	\$ 190,464
Work in progress	778,583	2,257,515	-	3,036,098
Less accumulated depreciation	<u>162,192</u>	<u>10,451</u>	<u>-</u>	<u>172,643</u>
Net capital assets City Center Authority	<u>\$ 806,855</u>	<u>\$ 2,247,064</u>	<u>\$ -</u>	<u>\$ 3,053,919</u>
Total net capital assets business-type activities	<u>\$ 5,129,686</u>	<u>\$ 3,177,272</u>	<u>\$ (443,570)</u>	<u>\$ 7,863,388</u>

Depreciation expense was charged to functions/programs as follows:

Mayor	\$ 1,953
Finance	12,722
DPW	236,863
DPS	46,797
Accounts	3,824
Other General government support	-
Police	54,296
Fire	169,332
Home and community service	61,308
Transportation	506,909
Culture and recreation	232,200
HR	334
Total depreciation expense for governmental activities	<u>\$ 1,326,538</u>
Water	\$ 127,689
Sewer	15,117
City Center Authority	10,451
Total depreciation expense for business-type activities	<u>\$ 153,257</u>

CITY OF SARATOGA SPRINGS, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

d. Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Amounts due to/from other funds in the fund financial statements:

<u>Fund</u>	<u>December 31, 2009</u>	
	<u>Due To</u>	<u>Due From</u>
General	\$ 25,000	\$ 1,947,804
City Center Authority	-	876
Water	816,201	-
Sewer	1,040,618	-
Capital	75,966	-
SAD	15,780	-
Agency	115	-
Community development	-	25,000
Total	<u>\$ 1,973,680</u>	<u>\$ 1,973,680</u>

Amounts due to/from activities in the government-wide financial statements:

<u>Fund</u>	<u>December 31, 2009</u>	
	<u>Due To</u>	<u>Due From</u>
Internal balances		
Governmental	\$ -	\$ 1,855,944
Business-type	1,855,944	-
	<u>\$ 1,855,944</u>	<u>\$ 1,855,944</u>

Interfund transfers in the governmental fund financial statements were as follows:

<u>Fund</u>	<u>December 31, 2009</u>	
	<u>In</u>	<u>Out</u>
General	\$ 73,569	\$ 136,677
Capital	135,203	280,668
WASAD	-	49,503
Debt Service	331,645	-
Community Development	-	73,569
Total	<u>\$ 540,417</u>	<u>\$ 540,417</u>

In the government-wide statement of net assets, interfund receivables and payables of \$116,746 between governmental activities were eliminated, leaving the balances shown above. In the government-wide statement of activities, interfund transfers of \$116,746 between governmental activities were eliminated, leaving no transfer from the governmental activities to the business-type activities.

CITY OF SARATOGA SPRINGS, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

e. Indebtedness

i. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. On January 30, 2009, the City issued a \$720,497, 15-year, general obligation bond and on September 15, 2009, the City issued a \$1,386,545, 30-year, general obligation bond. Of the total amount, \$1,111,497 was issued to finance governmental activities, \$962,045 was issued to finance water activities, and \$33,500 was issued to finance sewer activities.

A summary of the City's general obligation serial bond transactions for the year ended December 31, 2009, is as follows:

Bonds payable, beginning of year	\$ 35,942,387
Bonds issued	2,107,042
Bonds retired	<u>(1,602,387)</u>
Bonds payable, end of year	<u><u>\$ 36,447,042</u></u>

General obligation bonds are direct obligations of the City and are pledged by the full faith and credit of the City. Generally, the City's general obligation bonds are tax exempt for federal and New York State income tax purposes. These bonds generally are issued as 20-year to 30-year serial bonds with equal amounts of principal and interest maturing each year. General obligation bonds currently outstanding for governmental and water activities are as follows:

<u>Public Improvement Bonds</u>	<u>Issue Date</u>	<u>Maturity</u>	<u>Rate</u>	<u>December 31, 2009</u>
Serial Bond, EFC	03/97	02/17	3.40%	\$ 1,645,000
Serial Bond, general obligation	07/93	03/13	4.75%	640,000
Serial Bond, general obligation	10/97	09/17	4.50%	850,000
Serial Bond, general obligation	06/00	06/14	5.12%	735,000
Serial Bond, general obligation	09/02	09/22	3.90%	1,410,000
Serial Bond, general obligation	04/04	02/34	4.00%	3,560,000
Serial Bond, general obligation	03/05	06/24	3.85%	3,835,000
Serial Bond, general obligation	04/06	04/35	4.25%	8,010,000
Serial Bond, general obligation	07/07	07/30	3.70%	8,730,000
Serial Bond, general obligation	08/08	08/38	5.00%	4,925,000
Serial Bond, general obligation	01/09	01/24	4.25%	720,497
Serial Bond, general obligation	09/09	09/39	4.25%	<u>1,386,545</u>
				<u><u>\$ 36,447,042</u></u>

CITY OF SARATOGA SPRINGS, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

e. Indebtedness - Continued

i. General Obligation Bonds - Continued

Annual debt service requirements to maturity for general obligation bonds are as follows:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For the year ending December 31,	2010	\$ 1,697,042	\$ 1,587,201	\$ 3,284,243
	2011	1,675,000	1,495,830	3,170,830
	2012	1,725,000	1,419,299	3,144,299
	2013	1,765,000	1,340,229	3,105,229
	2014	1,505,000	1,263,148	2,768,148
For the years ending December 31,	2015 through 2019	6,805,000	5,398,870	12,203,870
	2020 through 2024	7,335,000	3,936,816	11,271,816
	2025 through 2029	6,520,000	2,482,368	9,002,368
	2030 through 2034	5,375,000	1,087,270	6,462,270
	2035 through 2039	<u>2,045,000</u>	<u>214,525</u>	<u>2,259,525</u>
Total		<u>\$ 36,447,042</u>	<u>\$ 20,225,556</u>	<u>\$ 56,672,598</u>

Of the total outstanding indebtedness of the City in the sum of \$36,447,042, \$26,057,770 was subject to the statutory debt limit and represented approximately 40% of the City's \$64,999,128 self-imposed debt limit.

ii. Special Assessment Debt

At December 31, 2009, the amount of special assessment debt outstanding for SAD and WASAD was \$73,324 and \$320,369, respectively. These amounts are reflected in the governmental activities statement of net assets and included in the schedules above.

iii. Lease Payables

In May 2006, the City entered into a lease agreement with Union Leasing Inc. for two cars for the Fire Department. The City extended that lease for one more year at the same terms and conditions on July 1, 2009. The City made six lease payments and has six outstanding for a total \$2,928 due in one year.

In April 2007, the City entered into a lease agreement with Hoselton Chevrolet for ten police cars. The City has made 33 payments and has three remaining for an outstanding governmental activity liability of \$7,005, all due in one year. The City has not determined if it will purchase the vehicles at the end of lease period.

On March 7, 2008, the City entered into a lease agreement with Municipal Leasing Consultants for \$1,721,297 to finance various energy-saving equipment. The first \$1,000,000 is at a rate of 2%, and the \$721,297 is at a rate of 4.12%. The \$1,000,000 interest rate was bought down by a NYSERDA grant. Principal payments of \$76,106 were made in 2009. The outstanding liability in the governmental activity was \$1,442,644, and \$58,629 is due in one year.

On February 1, 2009, the City entered into a lease agreement with Matt's Service Center to lease a Honda Ridgeline for one year. Eleven lease payments were made in 2009. The outstanding liability is \$325, due in one year.

CITY OF SARATOGA SPRINGS, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

e. Indebtedness - Continued

iv. Other Liabilities

Other liabilities shown in the past as part of long-term debt, but now shown in the government-wide financial statements as current liabilities for compensated absences, include the following:

	January 1, 2009	Additions	Deletions	December 31, 2009
Sick time	\$ 2,771,563	\$ 143,665	\$ 196,489	\$ 2,718,739
Compensatory time	650,942	916,703	975,316	592,329
	<u>\$ 3,422,505</u>	<u>\$ 1,060,368</u>	<u>\$ 1,171,805</u>	<u>\$ 3,311,068</u>

f. Other Items

i. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The General, Water, Sewer, and City Center Authority funds pay insurance premiums.

The City's Safety Committee reviews potential areas of risk and develops safety policies. The Safety Committee reviews, among other things, workers' compensation trends to determine and prevent causation of similar claims in future. The City belongs to the Saratoga County Workers' Compensation pool, and cases are reviewed and paid by Saratoga County. The City's 2009 annual contribution to the workers' compensation pool was \$544,027.

ii. Contingent Liabilities

The City is involved in certain suits and claims arising from a variety of sources. It is the opinion of counsel and management that the liabilities that may arise from such actions would be covered by the City's insurance carrier or would not result in losses that would materially affect the financial position of the City or the results of its operations.

iii. Employee Retirement Systems and Pension Plan

(a.) Employee Retirement Systems Plan Description

The City participates in the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS), and the Public Employees' Group Life Insurance Plan (GTLI) (collectively, the Systems). These are cost sharing multi-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244.

CITY OF SARATOGA SPRINGS, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

f. Other Items - Continued

iii. Employee Retirement Systems and Pension Plan - Continued

(b.) Employee Retirement Systems Funding Policy

The Systems are noncontributory except for employees who joined the ERS after July 27, 1976, who contribute 3% of their salary for the first ten years of membership. Under the authority of the NYSRSSL, the Comptroller annually certifies the rates used in computing the employers' contributions. Each year, the Comptroller renders a billing to participating employers requesting payment of amounts due in advance for the plan year April 1 to March 31. The NYSRSSL allows participating employers to pay their annual contributions on either December 15 of the current year, or February 1 of the following year. The City elected to pay their contribution billed in 2006 on or before February 1, 2007. The required contributions for the current and two preceding years were:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
ERS regular contribution	\$ 808,793	\$ 813,204	\$ 896,766
ERS 2004 amortization	51,507	51,506	51,507
PFRS regular contribution	1,362,814	1,439,941	1,255,276
PFRS 2004 amortization	84,743	85,261	85,260
PFRS Fire 384E	138,191	138,191	138,191
PFRS Police 384EB	48,467	48,467	48,767
PFRS Police 84E	372,574	372,574	372,574
PFRS Police Re-open 384D	<u>49,800</u>	<u>49,800</u>	<u>49,800</u>
Totals	<u>\$ 2,916,889</u>	<u>\$ 2,998,944</u>	<u>\$ 2,898,141</u>

Contributions made to the Systems were equal to 100% of the contributions required for each year, less the applicable amortizations.

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

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

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

- For State fiscal year (SFY) 2004-05, the amount in excess of 7% of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the bonding/amortization was instituted.
- For SFY 2005-06, the amount in excess of 9.5% of employees' covered pensionable salaries.
- For SFY 2007-08, the amount in excess of 10.5% of employees' covered pensionable salaries.

This law requires participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 2005 through 2008.

CITY OF SARATOGA SPRINGS, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

f. Other Items - Continued

iii. Employee Retirement Systems and Pension Plan - Continued

(b.) Employee Retirement Systems Funding Policy - Continued

In December 2004, the City opted to amortize the allowable portions of the 2004 ERS and PFRS retirement payment over a ten-year period. The principal amount amortized was \$397,330 for ERS plan and \$654,365 for PFRS plan. The first principal and interest payments were paid February 1, 2006, with interest at 5% per annum. The maturity schedules for this debt are as follows:

<u>ERS Amortization</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Payable February 1, 2010	\$ 38,436	\$ 13,071	\$ 51,507
Payable February 1, 2011	40,357	11,150	51,507
Payable February 1, 2012	42,375	9,132	51,507
Payable February 1, 2013	44,494	7,013	51,507
Payable February 1, 2014	46,718	4,789	51,507
Payable February 1, 2015	49,054	2,453	51,507
Totals	<u>\$ 261,434</u>	<u>\$ 47,608</u>	<u>\$ 309,042</u>

<u>PFRS Amortization</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Payable February 1, 2010	\$ 63,237	\$ 21,506	\$ 84,743
Payable February 1, 2011	66,399	18,344	84,743
Payable February 1, 2012	69,718	15,025	84,743
Payable February 1, 2013	73,204	11,539	84,743
Payable February 1, 2014	76,865	7,878	84,743
Payable February 1, 2015	80,708	4,035	84,743
Totals	<u>\$ 430,131</u>	<u>\$ 78,327</u>	<u>\$ 508,458</u>

The unpaid principal balance of \$691,565 at December 31, 2009, for the above amortizations is included in the financial statements as a non-current governmental liability, of which \$101,673 is shown as due within one year.

On October 15, 2004, the City opted to provide certain benefits to firefighters for past services under Section 384E of the PFRS plan. The total past service credit costs were \$1,011,118. The City opted to pay for this program over a ten-year term with interest starting the third year at 8% per annum. In fiscal year ended December 31, 2006, the City recorded a liability for the second of 10 installments, which did not include interest. The maturity schedule for this debt is as follows:

CITY OF SARATOGA SPRINGS, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

f. Other Items - Continued

iii. Employee Retirement Systems and Pension Plan - Continued

(b.) Employee Retirement Systems Funding Policy - Continued

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Payable February 1, 2010	\$ 94,209	\$ 43,982	\$ 138,191
Payable February 1, 2011	101,745	36,446	138,191
Payable February 1, 2012	109,885	28,306	138,191
Payable February 1, 2013	118,676	19,515	138,191
Payable February 1, 2014	<u>128,170</u>	<u>10,021</u>	<u>138,191</u>
Totals	<u>\$ 552,685</u>	<u>\$ 138,270</u>	<u>\$ 690,955</u>

The unpaid principal balance of \$552,685 at December 31, 2009, is included in the financial statements as a non-current governmental liability, of which \$94,209 is shown as due within one year.

In accordance with the labor agreements between the City and its police officers signed October 27, 2006, the City is required to provide certain benefits to police personnel for past services under Section 384E and 384EB of the PFRS plan. The total past service credit cost was \$2,700,004 for 384E, \$351,235 for 384EB, and \$360,791 to reopen 384D. The City plans to pay for this program over a ten-year period with interest starting the second year at 8% per annum. The first installment is due February 1, 2008, for the City's 2007 fiscal year.

The maturity schedules for this debt are as follows:

384 E - Police

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Payable February 1, 2010	\$ 201,290	\$ 171,284	\$ 372,574
Payable February 1, 2011	217,394	155,180	372,574
Payable February 1, 2012	234,785	137,789	372,574
Payable February 1, 2013	253,568	119,006	372,574
Payable February 1, 2014	273,853	98,721	372,574
Payable February 1, 2015	295,762	76,812	372,574
Payable February 1, 2016	319,422	53,152	372,574
Payable February 1, 2017	<u>344,976</u>	<u>27,598</u>	<u>372,574</u>
Totals	<u>\$ 2,141,050</u>	<u>\$ 839,542</u>	<u>\$ 2,980,592</u>

CITY OF SARATOGA SPRINGS, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

f. Other Items - Continued

iii. Employee Retirement Systems and Pension Plan - Continued

(b.) Employee Retirement Systems Funding Policy - Continued

Re-open 384 D - Police

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Payable February 1, 2010	\$ 26,185	\$ 22,282	\$ 48,467
Payable February 1, 2011	28,280	20,187	48,467
Payable February 1, 2012	30,542	17,925	48,467
Payable February 1, 2013	32,986	15,481	48,467
Payable February 1, 2014	35,625	12,842	48,467
Payable February 1, 2015	38,475	9,992	48,467
Payable February 1, 2016	41,553	6,914	48,467
Payable February 1, 2017	<u>44,877</u>	<u>3,590</u>	<u>48,467</u>
Totals	<u>\$ 278,523</u>	<u>\$ 109,213</u>	<u>\$ 387,736</u>

384 EB Police

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Payable February 1, 2010	\$ 26,896	\$ 22,904	\$ 49,800
Payable February 1, 2011	29,048	20,752	49,800
Payable February 1, 2012	31,372	18,428	49,800
Payable February 1, 2013	33,882	15,918	49,800
Payable February 1, 2014	36,592	13,208	49,800
Payable February 1, 2015	39,520	10,280	49,800
Payable February 1, 2016	42,681	7,119	49,800
Payable February 1, 2017	<u>46,096</u>	<u>3,704</u>	<u>49,800</u>
Totals	<u>\$ 286,087</u>	<u>\$ 112,313</u>	<u>\$ 398,400</u>

The unpaid principal balance of \$2,705,660 at December 31, 2009, for the past service retirement costs for police personnel is included in the government-wide statement of activities as a non-current governmental liability, of which \$254,371 is shown as due within one year.

iv. Labor Relations

The City has 297 employees covered by seven bargaining units. The Police Chiefs', Police Lieutenants', and Police Benevolent Association's contracts expired on December 31, 2008. The Fire Chiefs' contract expired on December 31, 2008. The Firefighters' contract expires on December 31, 2010. The CSEA City Hall and CSEA Public Works contracts expired on December 31, 2008. All expired contracts are under negotiation.

CITY OF SARATOGA SPRINGS, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE 4 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description. The City of Saratoga Springs administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The Retiree Health Plan provides lifetime healthcare insurance and prescription drug coverage for eligible retirees and their spouses through the City’s group health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the City and the seven unions representing City employees and are renegotiated at the end of each of the bargaining periods. The Retiree Health Plan does not issue a publicly available financial report. The City offers four community rated HMO’s and one experience rated Traditional PPO. Upon turning 65, a retiree may choose to participate in two Medicare Advantage plans.

The City of Saratoga Springs offers life insurance to active and retired firefighters and police officers who retired prior to January 1, 2007. The plan pays a beneficiary upon death of the retiree.

Funding Policy. Contribution requirements also are negotiated between the City and union representatives. The City contributes a percent of the cost of current year premiums for eligible retired Plan members and their spouses. For the year ended December 31, 2009, the City contributed \$5,838,176 to the Retiree Health Plan. Some Retiree Health Plan members receiving benefits contribute a percent of their premium costs. Total member contributions were \$181,321 for the year ended December 31, 2009.

The City pays the full premium for the life insurance coverage.

Annual OPEB Cost and Net OPEB Obligation - The City’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City’s annual OPEB cost for fiscal year 2009, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation to the Plan:

<u>Required Information</u>	<u>Govt.</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Annual required contribution	\$ 7,959,842	\$ 351,949	\$ 211,328	\$ 8,523,119
Interest on net OPEB obligation	228,286	12,855	7,798	248,939
Adjustment to annual required contribution	<u>(323,112)</u>	<u>(18,195)</u>	<u>(11,038)</u>	<u>(352,345)</u>
Annual OPEB cost (expense)	7,865,016	346,609	208,088	8,419,713
Contributions made (expected)	<u>(1,994,697)</u>	<u>(14,661)</u>	-	<u>(2,009,358)</u>
Increase in net OPEB obligation	5,870,319	331,948	208,088	6,410,355
Net OPEB obligation - beginning of year	<u>5,707,153</u>	<u>321,372</u>	<u>194,959</u>	<u>6,223,484</u>
Net OPEB obligation - end of year	<u>\$ 11,577,472</u>	<u>\$ 653,320</u>	<u>\$ 403,047</u>	<u>\$ 12,633,839</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Retiree Health Plan, and the net OPEB obligation for fiscal year 2008 was as follows:

<u>Activity</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
Governmental	\$ 7,865,016	25%	\$ 11,577,472
Water	346,609	4%	653,320
Sewer	208,088	0%	403,047

CITY OF SARATOGA SPRINGS, NEW YORK

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 4 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - Continued

Funded Status and Funding Progress - As of December 31, 2009, the actuarial accrued liability for benefits was \$84,696,390, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Retiree Health Plan) was \$20,562,018, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 412%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Retiree Health 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.

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

The following simplifying assumptions were made:

Retirement Age for Active Employees - Rates of decrement due to retirement based on the experience under the New York State & Local Retirement System as prepared by the Department of Civil Service's actuarial consultant in the report titled, *Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation*.

Marital Status - It is assumed that 70% of retirees will be married and participating in a non-shared health insurance plan at the time of their retirement, with the male spouse assumed to be approximately three years older than the female.

Mortality - Life expectancies were based on mortality tables from the RP-2000 Mortality Table for Males and for Females.

Turnover - Rates of decrement due to turnover based on the experience under the New York State & Local Retirement System as prepared by the Department of Civil Service's actuarial consultant in the report titled, *Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation*.

Healthcare Cost Trend Rate - The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 11% initially, reduced to an ultimate rate of 8% after six years, was used.

Health Insurance Premiums - The current enrollment of retirees in each of the City's available plans was used to make assumptions about the health plans that current active employees would enroll in upon retiring.

Inflation Rate - The expected long-term inflation assumption of 3.3% was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in *The 20X1 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds* for an intermediate growth scenario.

CITY OF SARATOGA SPRINGS, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE 4 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - Continued

Payroll Growth Rate - The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 4% was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level period of thirty years. The remaining amortization period at December 31, 2009, was thirty years.

**REQUIRED SUPPLEMENTAL INFORMATION
Schedule of Funding Progress
for the Retiree Health Plan**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Simplified Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
12/31/09	\$ -	\$ 84,696,390	\$ 84,696,390	0.00%	\$ 20,562,018	412%

NOTE 5 - PRIOR PERIOD ADJUSTMENTS

The City made certain prior period adjustments to correct government-wide net assets as of the beginning of the year for capital assets not previously classified in the proper fund.

The following is a summary of the prior period adjustments made in the financial statements for the year ended December 31, 2009:

Description	Fund	Governmental Activities	Business-type Activities	Total
PY Federal revenue adjustment	General	\$ (88,364)	\$ -	\$ (88,364)
PY Federal deferred revenue adjustment	General	85,345	-	85,345
Retirement Liability previously recorded in General	City Center	167,984	(167,984)	-
Retirement Liability previously recorded in General	Water	286,972	(286,972)	-
Retirement Liability previously recorded in General	Sewer	272,973	(272,973)	-
Capital project reserves in Capital Fund	Water	(1,066,007)	1,066,007	-
Capital project reserves in Capital Fund	Sewer	(9,550)	9,550	-
Reclassify government capital assets not previously recorded	General	2,937,523	-	2,937,523
Reclassify sewer capital assets not previously recorded	Sewer	-	(7,527)	(7,527)
Reclassify water capital assets not previously recorded	Water	-	227,484	227,484
Total prior period adjustments		\$ 2,586,876	\$ 567,585	\$ 3,154,461

CITY OF SARATOGA SPRINGS, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE 6 - REMEDIATION COSTS

During 2007, the City encountered an oil spill at the City garage which required pollution remediation as well as the replacement of the lift. The lift was leaking the oil onto the floor and seeping into the ground. The City recorded the expense in the fund financial statements as a capital expense and capitalized the lift replacement only. In addition, the City bonded the entire cost of the project as part of the 2007 bond dated July 1, 2007. The reconstruction of the flooring was bonded for \$97,250 and the replacement of the lift for \$102,750. The entire expense was included in the government-wide financial statements as a program expense. All expenses were incurred in 2007, and there are no outstanding liabilities.

The City recorded an accrued liability on December 31, 2008, in the government-wide statements for \$85,000 in fines required, which were paid on February 24, 2009, by order of consent.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Environmental Risks

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

NOTE 8 - ACCOUNTING STANDARDS NOT YET IMPLEMENTED

GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which establishes accounting and financial reporting requirements for intangible assets in an effort to reduce inconsistencies in accounting and financial reporting of intangible assets. This statement is effective for the City as of January 1, 2010.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. This statement is effective for the City as of January 1, 2010.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes accounting and financial reporting requirements intended to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This statement is effective for the City as of January 1, 2011.

The City has not yet determined the financial effects of implementing the requirements of these accounting standards.

NOTE 9 - SUBSEQUENT EVENTS

On January 13, 2010, the City entered into a Tax Anticipation Note for \$7,000,000 to meet payroll and accounts payable expenses. The note matures on April 30, 2010, and will be paid in full. The interest rate is .75%.

CITY OF SARATOGA SPRINGS, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

NOTE 9 - SUBSEQUENT EVENTS - Continued

On July 1, 2010, the City issued \$1,539,457 in general obligation bonds to finance various projects, primarily water. The interest rate on the bonds is 4.42% and assigned a rating of "AA" by Standard and Poor's. The bonds will mature on July 1, 2037.

On July 2, 2010, a jury awarded a settlement of \$1 million against the City. Defendants' motions for a directed verdict and to dismiss all claims are currently pending, and the City will likely file an appeal. If any liability results after the motions and appeal, there will be minimal financial impact to the City as it will be covered by insurance.

CITY OF SARATOGA SPRINGS, NEW YORK

SUPPLEMENTAL INFORMATION

December 31, 2009

Non-Major Governmental Funds

The City maintains two Special Revenue Funds that are not considered major governmental funds. These non-major special revenue funds include the following:

- Downtown Special Assessment District (SAD) was created to make improvements in the boundaries of the district and is funded through a special assessment on the property owners in the district.
- West Avenue Special Assessment District (WASAD) was created to make improvements in the boundaries of the district and is funded through a special assessment on the property owners in the district.

The following are financial statements for these non-major governmental funds:

CITY OF SARATOGA SPRINGS, NEW YORK

SUPPLEMENTAL INFORMATION - BALANCE SHEET - NON-MAJOR GOVERNMENT FUNDS

	<u>December 31, 2009</u>		
	<u>Downtown Special Assessment District</u>	<u>West Avenue Special Assessment District</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 295,567	\$ 55,685	\$ 351,252
Cash, special reserves	1,952	-	1,952
Total assets	<u>\$ 297,519</u>	<u>\$ 55,685</u>	<u>\$ 353,204</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 10,894	\$ 3,120	\$ 14,014
Due to other funds	15,780	-	15,780
Total liabilities	<u>26,674</u>	<u>3,120</u>	<u>29,794</u>
FUND BALANCES			
Reserved for			
Other reserves	1,952	-	1,952
Unreserved			
Unappropriated	<u>268,893</u>	<u>52,565</u>	<u>321,458</u>
Total fund balances	<u>270,845</u>	<u>52,565</u>	<u>323,410</u>
Total liabilities and fund balances	<u>\$ 297,519</u>	<u>\$ 55,685</u>	<u>\$ 353,204</u>

CITY OF SARATOGA SPRINGS, NEW YORK

**SUPPLEMENTAL INFORMATION - STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
NON-MAJOR GOVERNMENT FUNDS**

	December 31, 2009		
	Downtown Special Assessment District	West Avenue Special Assessment District	Total
REVENUES			
Real property taxes and tax items	\$ 76,375	\$ 54,005	\$ 130,380
Interest and earnings	401	982	1,383
Total revenues	76,776	54,987	131,763
EXPENDITURES			
Current			
Administration	-	3,120	3,120
Economic opportunity and development	38,888	-	38,888
Debt service			
Principal	12,470	-	12,470
Interest	4,077	-	4,077
Total expenditures	55,435	3,120	58,555
OTHER FINANCING USES			
Interfund transfers, out	-	(49,503)	(49,503)
Total other financing uses	-	(49,503)	(49,503)
Net change in fund balances	21,341	2,364	23,705
FUND BALANCE, beginning of year	249,504	50,201	299,705
FUND BALANCE, end of year	\$ 270,845	\$ 52,565	\$ 323,410