

CITY OF SARATOGA SPRINGS, NEW YORK

FINANCIAL REPORT

December 31, 2011

CITY OF SARATOGA SPRINGS, NEW YORK

FINANCIAL REPORT

December 31, 2011

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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, 2011, 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 opinions.

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, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of and for the year ended December 31, 2011. Adoption of this statement resulted in significant changes to the classification of the components of fund balance in its governmental fund types.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2012, 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, the Schedule of Funding Progress and Employee Contributions, and combining non-major fund financial statements on pages 3 through 11, 45 through 46, 47, and 48 through 50, respectively, to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bollam Sheedy Torani & Co LLP

Albany, New York
August 6, 2012

CITY OF SARATOGA SPRINGS, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2011

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, 2011. We encourage readers to consider the information presented here in conjunction with our financial statements, which can be found on pages 12 through 44 and our supplemental information which can be found on pages 45 through 50 of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities on December 31, 2011, by \$29,938,139 representing net assets. Of this amount, \$38,660,185 represents the City's investment in capital assets net of related debt, and \$14,341,405 is restricted for future capital improvements, debt service, and other purposes. The remaining amount, which represents negative unrestricted net assets, is \$23,063,451.
- At December 31, 2011, the City's governmental funds reported a combined ending fund balance of \$16,329,884. Of this amount, \$10,151,225 of the fund balance was nonspendable, restricted, or assigned for specific purposes. The combined unrestricted unassigned fund balance was \$6,178,659.
- At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$6,178,659.

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 12 and 13 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The 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.

CITY OF SARATOGA SPRINGS, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2011

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

Fund Financial Statements - Continued

Governmental funds - Continued

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 restricted and assigned fund balance as of December 31, 2011, for the SAD was \$327,174, and for the WASAD was \$5,751. SAD intends to use the accumulated fund balance to assist the City in constructing a parking deck on Woodlawn Avenue that will 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 14 through 17 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 18 through 20 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties other than 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 21 through 22 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 44 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 \$29,938,139 at December 31, 2011.

CITY OF SARATOGA SPRINGS, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2011

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

Government-Wide Financial Analysis - Continued

By far, the largest portion, \$38,660,185, of the City's net assets (129%) 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.

CONDENSED STATEMENTS OF NET ASSETS

	December 31,					
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 24,634,422	\$ 19,298,057	\$ 11,993,759	\$ 13,965,924	\$ 36,628,181	\$ 33,263,981
Capital assets	55,437,219	55,197,380	19,959,166	17,633,373	75,396,385	72,830,753
Total assets	<u>80,071,641</u>	<u>74,495,437</u>	<u>31,952,925</u>	<u>31,599,297</u>	<u>112,024,566</u>	<u>106,094,734</u>
Long-term liabilities	56,025,613	49,216,277	9,533,588	8,546,325	65,559,201	57,762,602
Other liabilities	12,922,195	11,125,985	3,605,031	5,250,662	16,527,226	16,376,647
Total liabilities	<u>68,947,808</u>	<u>60,342,262</u>	<u>13,138,619</u>	<u>13,796,987</u>	<u>82,086,427</u>	<u>74,139,249</u>
Net assets:						
Invested in capital assets, net of related debt	26,055,522	25,889,996	12,604,663	10,651,300	38,660,185	36,541,296
Restricted	6,080,594	5,089,257	8,260,811	9,120,367	14,341,405	14,209,624
Unrestricted	(21,012,283)	(16,826,078)	(2,051,168)	(1,969,357)	(23,063,451)	(18,795,435)
Total net assets	<u>\$ 11,123,833</u>	<u>\$ 14,153,175</u>	<u>\$ 18,814,306</u>	<u>\$ 17,802,310</u>	<u>\$ 29,938,139</u>	<u>\$ 31,955,485</u>

The City experienced a decrease in net assets during 2011 totaling \$2,057,969 from operations, as shown in the following statement:

	December 31,					
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 3,882,593	\$ 3,038,214	\$ 6,716,569	\$ 7,009,187	\$ 10,599,162	\$ 10,047,401
Operating grants and contributions	2,992,753	1,440,483	-	-	2,992,753	1,440,483
Capital grants and contributions	334,888	3,652,687	808,341	8,370,657	1,143,229	12,023,344
General revenues						
Property taxes	19,756,644	18,902,330	-	-	19,756,644	18,902,330
Other taxes	11,648,605	11,311,317	874,486	834,141	12,523,091	12,145,458
State aid and mortgage taxes	3,071,188	2,537,712	-	-	3,071,188	2,537,712
Other	479,389	246,422	244,966	140,019	724,355	386,441
Total revenues	<u>42,166,060</u>	<u>41,129,165</u>	<u>8,644,362</u>	<u>16,354,004</u>	<u>50,810,422</u>	<u>57,483,169</u>

CITY OF SARATOGA SPRINGS, NEW YORK

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011**

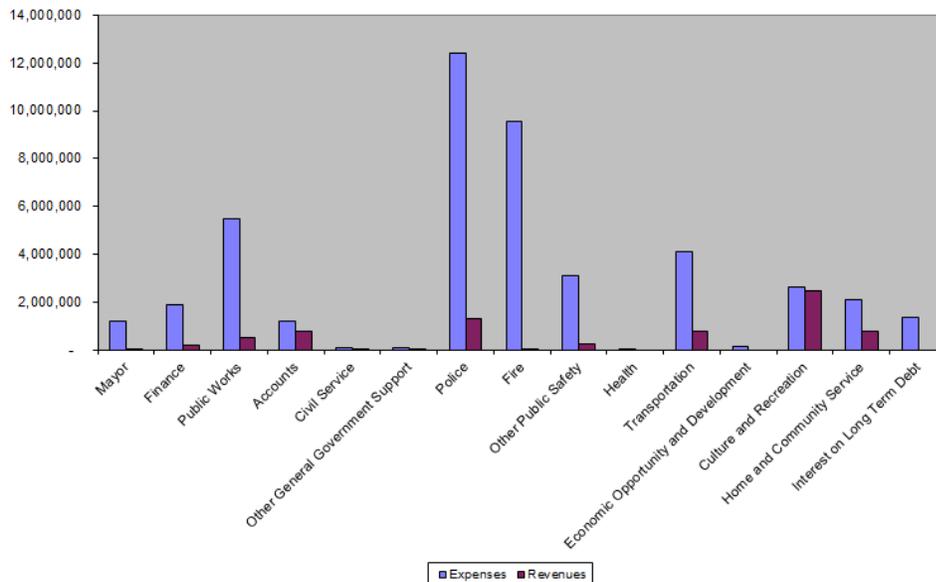
OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

Government-Wide Financial Analysis - Continued

	December 31,					
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Expenses:						
General government support:						
Mayor	1,180,766	1,200,714	-	-	1,180,766	1,200,714
Finance	1,906,778	1,853,204	-	-	1,906,778	1,853,204
Public works	5,505,968	5,760,838	-	-	5,505,968	5,760,838
Accounts	1,198,905	1,239,027	-	-	1,198,905	1,239,027
Civil service	103,447	76,113	-	-	103,447	76,113
Other general government support	70,785	111,000	-	-	70,785	111,000
Public safety:						
Police	12,402,730	11,956,726	-	-	12,402,730	11,956,726
Fire	9,532,930	9,177,550	-	-	9,532,930	9,177,550
Other public safety	3,083,988	2,731,662	-	-	3,083,988	2,731,662
Health	18,230	17,708	-	-	18,230	17,708
Transportation	4,112,993	3,975,708	-	-	4,112,993	3,975,708
Economic opportunity and development	175,209	182,528	-	-	175,209	182,528
Culture and recreation	2,606,374	2,602,162	-	-	2,606,374	2,602,162
Home and community service	2,089,473	2,466,544	-	-	2,089,473	2,466,544
Interest on long-term debt	1,376,292	1,373,369	-	-	1,376,292	1,373,369
Water	-	-	2,432,193	1,931,293	2,432,193	1,931,293
Sewer	-	-	3,603,466	3,724,157	3,603,466	3,724,157
City center authority	-	-	1,467,864	1,168,554	1,467,864	1,168,554
Total expenses	<u>45,364,868</u>	<u>44,724,853</u>	<u>7,503,523</u>	<u>6,824,004</u>	<u>52,868,391</u>	<u>51,548,857</u>
Transfers	(134,148)	(165,766)	134,148	165,766	-	-
Change in net assets	(3,332,956)	(3,761,454)	1,274,987	9,695,766	(2,057,969)	5,934,312
PRIOR PERIOD ADJUSTMENTS	303,614	(1,427,769)	(262,991)	(2,548,767)	40,623	(3,976,536)
NET ASSETS, beginning of year	14,153,175	19,342,398	17,802,310	10,655,311	31,955,485	29,997,709
NET ASSETS, end of year	<u>\$ 11,123,833</u>	<u>\$ 14,153,175</u>	<u>\$ 18,814,306</u>	<u>\$ 17,802,310</u>	<u>\$ 29,938,139</u>	<u>\$ 31,955,485</u>

Governmental activities. Governmental activities decreased the City's net assets by \$3,332,956. The following chart shows the expenses and program revenues of the various governmental activities:

Expenses and Program Revenues - Governmental Activities



CITY OF SARATOGA SPRINGS, NEW YORK

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011**

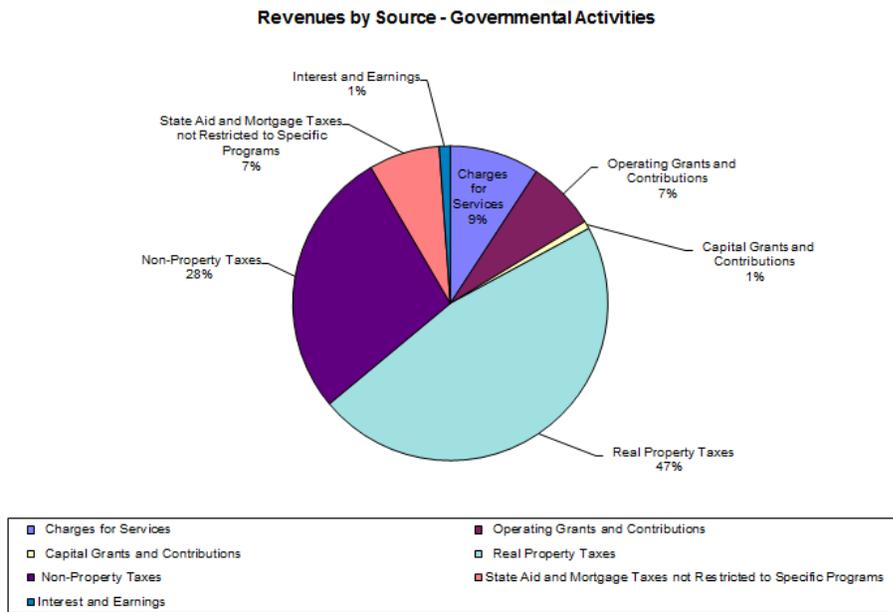
OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

Government-Wide Financial Analysis - Continued

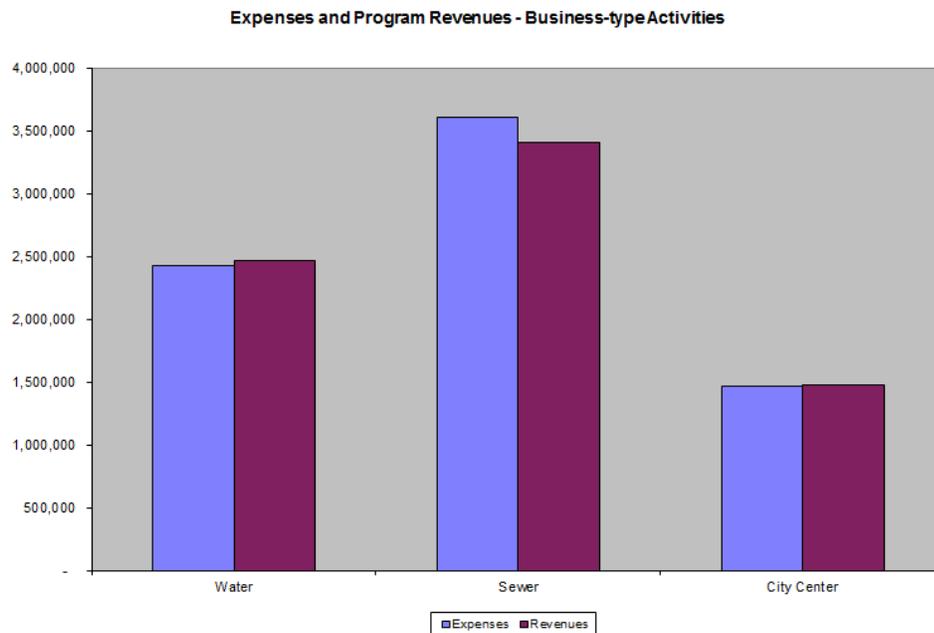
Governmental activities - Continued

For the most part, increases in expenses were the result of an increase of the cost of services provided. 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 rates by 4%. Sales tax receipts increased by 4%.

The following chart shows revenues by source for all governmental activities, with general revenues totaling 83% and program revenues totaling 17%:



Business-type activities. Business-type activities increased the City's net assets by \$1,274,987.



CITY OF SARATOGA SPRINGS, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

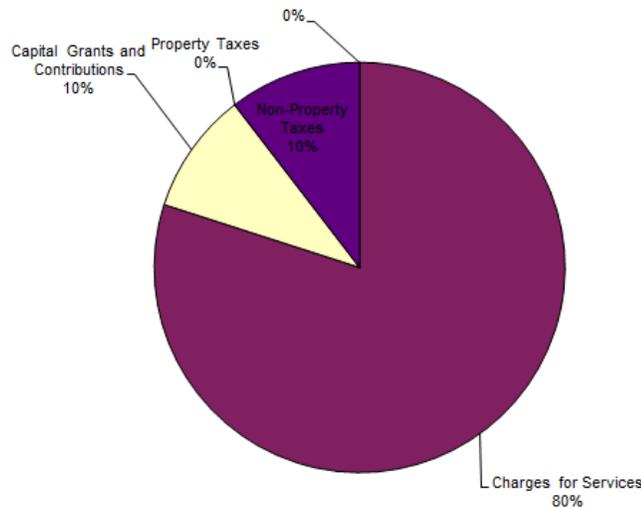
December 31, 2011

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

Government-Wide Financial Analysis - Continued

Program revenues were sufficient to cover water and City Center activity expenses.

Revenues by Source - Business-type Activities



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, unassigned 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 \$16,329,884, an increase of \$3,958,360 from the prior year. \$10,144,064 is restricted and assigned 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 of \$2,774,790, 2) be held for future capital improvements of \$4,502,748, 3) restricted for tax stabilization of \$1,000,491 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 unassigned fund balance of the General Fund was \$6,178,659, while total fund balance reached \$10,498,773. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 18% of total General Fund expenditures, while total fund balance represents 30% of that same amount.

The overall fund balance of the City's General Fund increased by \$3,486,916 during the current fiscal year. Key factors in this increase are as follows:

General Fund Revenues

1. Property Taxes increased by 9% from 2010 as a result of an increase in the tax rates and an enforcement of delinquent taxes by way of foreclosure. The City continued to have a strong collection rate on all taxes of 93.3%. Interest and penalties on property taxes also increased as a result of the foreclosure proceeding by \$73,000.

CITY OF SARATOGA SPRINGS, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2011

FINANCIAL ANALYSIS OF THE CITY'S FUNDS - Continued

General Fund Revenues - Continued

2. Sales tax increased from 2010 by 4% and exceeded the budget. 2011 sales tax collections were \$9,377,000, a \$331,000 increase from 2010 actual collections, and \$277,000 more than the 2011 adopted budget.
3. The City received VLT Aid from the State in 2011 that it did not anticipate receiving and was therefore not included in the 2011 adopted budget. The City received \$1,496,000. Nothing was received in 2010. The City Council created a million dollar tax stabilization reserve with some of this money.
4. Departmental income increased in Public Safety primarily due to aggressively billing for Fire Services. The City received \$129,000 in 2011 and \$19,000 in 2010. However this was \$13,000 less than budgeted.
5. Building permits were \$253,000 in 2011. This exceeded the 2011 adopted budget of \$102,000 and was \$167,000 greater than 2010 actual results.
6. Federal Aid increased due to a full year of reimbursement for seven firefighters under the SAFER grant. \$350,000 was reimbursed in 2011 and \$9,000 in 2010.
7. Overall revenue performance was strong in 2011 with increases in actual receipts for mortgage tax, occupancy tax, admissions tax, and franchise fees, just to name a few. These actual revenues exceeded the 2011 adopted budget amounts.

General Fund Expenses

1. Health insurance costs were \$6,057,000 in 2011. This was an increase of 4% from 2010 but was \$358,000 less than the revised budget for 2011. The difference was due to the City's change to a single carrier coverage for most enrollees and an increase in the co-pay.
2. Retirement costs for all employees were \$3,575,000, an increase of \$600,000 from 2010. However the actual expenses for 2011 was \$377,000 less than anticipated in the adopted budget.
3. Utility costs for City buildings in the General Fund were \$11,000 less than in 2010 and \$105,000 less than budgeted. Total utility costs in 2011 were \$539,000.
4. Overtime costs were \$811,000 in 2011. An increase from 2010 of \$130,000. The expense in 2011 was \$37,000 less than budgeted.
5. Unemployment was budgeted as \$102,000 in 2011. The actual expense was \$68,000, a difference of \$33,000. Unemployment in 2011 decreased by \$100,000 when compared to 2010 actual costs.
6. Payments for compensatory time were \$20,000 less than budgeted and \$44,000 less than actual expense in 2010.
7. Total General Fund expenses were \$1.6 million more than those in 2010. Actual results were \$3.6 million less than budgeted. It is important to note, \$2.2 million in encumbrances exist at year-end. These are goods or services ordered or committed to in 2011, which will be paid for in 2012. Therefore, \$1.4 was the actual unspent/uncommitted variance. The reasons for this variance are noted above.

The difference between the revised General Fund budget and actual amounts for revenues and transfers-in was \$1,633,025. Various budget amendments during the year 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 \$3,629,086. A portion of various unexpended funds, \$2,235,961, was encumbered to 2012 for commitments made by the City.

CITY OF SARATOGA SPRINGS, NEW YORK

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011**

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, 2011, amounts to \$38,660,185 (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, City Center, and improvements to the Casino exterior.
- Completion of the Spring Run Trail, water replacement and improvements, upgrade to the audio system, and the purchase of a sewer truck.

	December 31,					
	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	\$ 3,921,258	\$ 3,921,258	\$ 325,841	\$ 325,841	\$ 4,247,099	\$ 4,247,099
Buildings	14,449,822	13,863,581	749,195	749,195	15,199,017	14,612,776
Improvements other than building	8,625,513	5,939,302	1,433,778	483,792	10,059,291	6,423,094
Machinery and equipment	13,134,228	12,379,869	842,810	932,744	13,977,038	13,312,613
Infrastructure	47,361,897	47,361,898	15,252,189	14,466,751	62,614,086	61,828,649
Work in progress	12,733,695	14,956,674	13,930,135	13,048,176	26,663,830	28,004,850
Totals	<u>100,226,413</u>	<u>98,422,582</u>	<u>32,533,948</u>	<u>30,006,499</u>	<u>132,760,361</u>	<u>128,429,081</u>
Accumulated depreciation	<u>44,789,194</u>	<u>43,225,202</u>	<u>12,574,782</u>	<u>12,373,126</u>	<u>57,363,976</u>	<u>55,598,328</u>
Capital assets net of accumulated depreciation	<u>\$ 55,437,219</u>	<u>\$ 55,197,380</u>	<u>\$ 19,959,166</u>	<u>\$ 17,633,373</u>	<u>\$ 75,396,385</u>	<u>\$ 72,830,753</u>

Additional information on the City's capital assets can be found in Note 1k on page 28 and Note 3c on pages 31 through 33 of this report.

Long-Term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$36,736,200. Of this amount, \$36,477,252 comprises debt backed by the full faith and credit of the City and \$258,948 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 \$446,743 (1%) during the current fiscal year by new debt issued April 5, 2011.

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 \$257,643,387, 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 \$73,612,396, which is also 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 \$356,495 at December 31, 2011, is included in the financial statements as a governmental liability.

CITY OF SARATOGA SPRINGS, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2011

CAPITAL ASSET AND DEBT ADMINISTRATION - Continued

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 \$182,641 for the ERS plan and \$300,495 for the 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 \$1,722,366 for 384E, \$224,058 for 384EB, and \$230,143 for 384D.

Additional information on the City's long-term debt can be found in Note 1n on page 29 and Note 3e on pages 34 through 37 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 decreased at a rate of .5% in 2011. The City has added office buildings, condominiums, and many residences in the past year, however certain assessment claims resulted in a reduction of the overall value.

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, 2011		
	Governmental	Business-type	
ASSETS	Activities	Activities	Total
CURRENT ASSETS			
Cash and equivalents	\$ 9,151,583	\$ 806,433	\$ 9,958,016
Cash and cash equivalents, restricted	6,354,326	8,260,811	14,615,137
Investments, restricted	-	423	423
Receivables, net of uncollectibles	7,267,001	2,845,288	10,112,289
Inventories	-	70,865	70,865
Prepaid expenses	7,161	9,939	17,100
Due from business-type activities	1,812,203	-	1,812,203
Due from fiduciary funds	33	-	33
Accrued interest	42,115	-	42,115
Total current assets	<u>24,634,422</u>	<u>11,993,759</u>	<u>36,628,181</u>
NONCURRENT ASSETS			
Capital assets, net	<u>55,437,219</u>	<u>19,959,166</u>	<u>75,396,385</u>
Total assets	<u>80,071,641</u>	<u>31,952,925</u>	<u>112,024,566</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and other current liabilities	8,098,322	993,932	9,092,254
Current maturities on long-term liabilities	4,599,388	796,743	5,396,131
Due to governmental activities	33	1,812,203	1,812,236
Accrued interest payable	224,452	2,153	226,605
Total current liabilities	<u>12,922,195</u>	<u>3,605,031</u>	<u>16,527,226</u>
NONCURRENT LIABILITIES			
Long-term liabilities, less current maturities	30,242,095	7,357,510	37,599,605
Other postemployment liability	25,783,518	2,176,078	27,959,596
Total liabilities	<u>68,947,808</u>	<u>13,138,619</u>	<u>82,086,427</u>
NET ASSETS			
Invested in capital assets, net of related debt	26,055,522	12,604,663	38,660,185
Restricted for			
Capital improvements	1,013,026	6,525,491	7,538,517
Debt service	1,560,700	-	1,560,700
Tax stabilization	1,000,491	-	1,000,491
Water line extension projects	-	658,410	658,410
Special district	1,960	-	1,960
Capital projects	2,425,966	1,076,910	3,502,876
Other purposes	78,451	-	78,451
Unrestricted	<u>(21,012,283)</u>	<u>(2,051,168)</u>	<u>(23,063,451)</u>
Total net assets	<u>\$ 11,123,833</u>	<u>\$ 18,814,306</u>	<u>\$ 29,938,139</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

Year Ended December 31, 2011

Functions/Programs	Program Revenue				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES							
General Government Support							
Mayor	\$ 1,180,766	\$ 6,000	\$ -	\$ -	\$ (1,174,766)	\$ -	\$ (1,174,766)
Finance	1,906,778	178,114	36,463	-	(1,692,201)	-	(1,692,201)
Public Works	5,505,968	479,654	49,895	-	(4,976,419)	-	(4,976,419)
Accounts	1,198,905	755,858	26,321	-	(416,726)	-	(416,726)
Civil Service	103,447	43,307	-	-	(60,140)	-	(60,140)
Other general government support	70,785	11,000	-	-	(59,785)	-	(59,785)
Public Safety							
Police	12,402,730	752,007	544,457	-	(11,106,266)	-	(11,106,266)
Fire	9,532,930	40,852	3,291	-	(9,488,787)	-	(9,488,787)
Other public safety	3,083,988	257,057	-	-	(2,826,931)	-	(2,826,931)
Health	18,230	-	-	-	(18,230)	-	(18,230)
Transportation	4,112,993	14,627	443,954	334,888	(3,319,524)	-	(3,319,524)
Economic opportunity and development	175,209	-	-	-	(175,209)	-	(175,209)
Culture and recreation	2,606,374	954,047	1,501,857	-	(150,470)	-	(150,470)
Home and community service	2,089,473	390,070	386,515	-	(1,312,888)	-	(1,312,888)
Interest on long-term debt	1,376,292	-	-	-	(1,376,292)	-	(1,376,292)
Total governmental activities	<u>45,364,868</u>	<u>3,882,593</u>	<u>2,992,753</u>	<u>334,888</u>	<u>(38,154,634)</u>	<u>-</u>	<u>(38,154,634)</u>
BUSINESS-TYPE ACTIVITIES							
Water	2,432,193	2,464,673	-	-	-	32,480	32,480
Sewer	3,603,466	3,580,073	-	-	-	(23,393)	(23,393)
City Center Authority	1,467,864	671,823	-	808,341	-	12,300	12,300
Total business-type activities	<u>7,503,523</u>	<u>6,716,569</u>	<u>-</u>	<u>808,341</u>	<u>-</u>	<u>21,387</u>	<u>21,387</u>
Total government	<u>\$ 52,868,391</u>	<u>\$ 10,599,162</u>	<u>\$ 2,992,753</u>	<u>\$ 1,143,229</u>	<u>\$ (38,154,634)</u>	<u>\$ 21,387</u>	<u>\$ (38,133,247)</u>
GENERAL REVENUES:							
Real property tax and related tax items					\$ 19,756,644	\$ -	\$ 19,756,644
Non-property taxes					11,648,605	874,486	12,523,091
Other general revenue items					80,059	212,581	292,640
Interest earnings					399,330	32,385	431,715
State aid and mortgage taxes not restricted to specific purposes					3,071,188	-	3,071,188
Total general revenues					<u>34,955,826</u>	<u>1,119,452</u>	<u>36,075,278</u>
TRANSFERS							
Transfer from governmental to business-type activities					(134,148)	134,148	-
Total general revenues and transfers					<u>34,821,678</u>	<u>1,253,600</u>	<u>36,075,278</u>
CHANGE IN NET ASSETS							
					<u>(3,332,956)</u>	<u>1,274,987</u>	<u>(2,057,969)</u>
NET ASSETS, beginning of year							
					<u>14,153,175</u>	<u>17,802,310</u>	<u>31,955,485</u>
Prior period adjustments					303,614	(262,991)	40,623
NET ASSETS, beginning of year, as restated							
					<u>14,456,789</u>	<u>17,539,319</u>	<u>31,996,108</u>
NET ASSETS, end of year							
					<u>\$ 11,123,833</u>	<u>\$ 18,814,306</u>	<u>\$ 29,938,139</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, 2011

	Special Revenue Funds					Total Governmental Funds
	General	Capital	Debt Service	Community Development	Other Governmental Funds	
ASSETS						
Cash and cash equivalents	\$ 7,301,948	\$ 707,622	\$ -	\$ 15,551	\$ 332,020	\$ 8,357,141
Cash, restricted	2,091,967	3,489,723	1,560,700	273,733	1,960	7,418,083
Receivables, net	4,715,723	-	-	251,779	-	4,967,502
Receivables from other governments	2,001,793	239,990	-	26,120	-	2,267,903
Prepaid expenses	7,161	-	-	-	-	7,161
Due from other funds	2,190,060	-	-	-	-	2,190,060
Total assets	<u>\$ 18,308,652</u>	<u>\$ 4,437,335</u>	<u>\$ 1,560,700</u>	<u>\$ 567,183</u>	<u>\$ 333,980</u>	<u>\$ 25,207,850</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 736,550	\$ 268,793	\$ 1,950	\$ 26,120	\$ 1,055	\$ 1,034,468
Due to other funds	-	-	377,824	-	-	377,824
Due to other governments	4,745,832	-	-	576	-	4,746,408
Deferred tax revenue	916,095	-	-	-	-	916,095
Deferred revenue	1,411,402	139,990	-	251,779	-	1,803,171
Total liabilities	<u>7,809,879</u>	<u>408,783</u>	<u>379,774</u>	<u>278,475</u>	<u>1,055</u>	<u>8,877,966</u>
Fund Balance:						
Non spendable:						
Prepaid expenses	7,161	-	-	-	-	7,161
Restricted for:						
Capital reserve	1,013,025	3,489,723	-	-	-	4,502,748
Tax stabilization reserve	1,000,491	-	-	-	-	1,000,491
Debt	-	-	1,180,926	-	-	1,180,926
Other restrictions	78,451	-	-	273,733	1,960	354,144
Assigned for:						
Special district purposes	-	-	-	-	330,965	330,965
Other assignments	2,220,986	538,829	-	14,975	-	2,774,790
Unassigned	6,178,659	-	-	-	-	6,178,659
Total fund balance	<u>10,498,773</u>	<u>4,028,552</u>	<u>1,180,926</u>	<u>288,708</u>	<u>332,925</u>	<u>16,329,884</u>
Total liabilities and fund balances	<u>\$ 18,308,652</u>	<u>\$ 4,437,335</u>	<u>\$ 1,560,700</u>	<u>\$ 567,183</u>	<u>\$ 333,980</u>	<u>\$ 25,207,850</u>

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, 2011</u>
Total fund balances in the fund financial statements for the governmental funds.	\$ 16,329,884
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.	55,437,219
Long-term liabilities for bonded debt are included as liabilities in the government-wide statements and are deducted.	(29,381,697)
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.	(1,400,099)
Business-type activity bonds are deducted from the restricted cash assets in the government-wide statements.	(800,000)
Business-type activity capital project reserves are added to the government-wide statements.	(263,756)
Long-term liabilities for the lease obligations by the City are included as liabilities in the government-wide statements and are deducted.	(1,318,462)
Long-term liabilities for other post employment benefit obligations by the City are included as liabilities in the government-wide statements and are deducted.	(25,783,518)
Accrued interest on property, school taxes, and community development loans on receivables for revenues earned, measurable, but not available and are added.	42,115
Deferred revenue and deferred tax revenue are added to the government-wide statements as revenue.	2,719,267
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.	31,595
Other current liabilities for compensated absences are included in the government-wide statements as liabilities and are deducted.	(3,156,911)
Current liabilities for interest payable on long-term debt are included in the government-wide statements as liabilities and are deducted.	<u>(1,331,804)</u>
Total net assets, end of year	<u><u>\$ 11,123,833</u></u>

CITY OF SARATOGA SPRINGS, NEW YORK

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

Year Ended December 31, 2011

	Special Revenue Funds						Total Governmental Funds
	General	Capital	Debt Service	Community Development	Other Governmental Funds		
REVENUES							
Real property taxes and tax items	\$ 17,933,005	\$ -	\$ 2,310,790	\$ -	\$ 115,113	\$ 20,358,908	
Non-property taxes	11,648,610	-	-	-	-	11,648,610	
Departmental income	1,668,657	-	-	29,181	-	1,697,838	
Intergovernmental charges	266,847	30,000	-	-	-	296,847	
Use of money and property	384,038	64,756	321,004	9,083	457	779,338	
Licenses and permits	334,651	-	-	-	-	334,651	
Fines and forfeitures	669,047	-	-	-	-	669,047	
Sale of property and compensation for loss	389,886	14,627	-	-	-	404,513	
Miscellaneous	1,636,451	-	-	-	-	1,636,451	
State aid	3,392,003	124,927	-	-	-	3,516,930	
Federal aid	521,365	385,428	-	380,515	-	1,287,308	
Total revenues	<u>38,844,560</u>	<u>619,738</u>	<u>2,631,794</u>	<u>418,779</u>	<u>115,570</u>	<u>42,630,441</u>	
EXPENDITURES							
<i>General Government Support</i>							
Mayor	799,733	-	-	-	-	799,733	
Finance	1,708,344	-	10,799	-	-	1,719,143	
Public Works	3,512,097	-	-	-	-	3,512,097	
Accounts	1,019,089	-	-	-	-	1,019,089	
Unallocated insurance	646,658	-	-	-	-	646,658	
Other general government support	-	-	-	-	3,965	3,965	
<i>Public Safety</i>							
Police	9,923,183	-	-	-	-	9,923,183	
Fire	7,541,118	-	-	-	-	7,541,118	
Other public safety	2,391,924	-	-	-	-	2,391,924	
Health	18,277	-	-	-	-	18,277	
Transportation	4,131,302	-	-	-	-	4,131,302	
Economic opportunity and development	138,615	-	-	-	36,594	175,209	
Culture and recreation	2,166,405	-	-	-	-	2,166,405	
Home and community service	905,660	-	-	308,261	-	1,213,921	
Civil service	104,950	-	-	-	-	104,950	

<i>Debt Service</i>						
Principal	82,574	-	1,580,920	-	13,967	1,677,461
Interest	59,426	-	1,280,023	-	2,735	1,342,184
<i>Capital outlay</i>						
Public works	-	207,507	-	-	-	207,507
Other general government support	-	61,581	-	-	-	61,581
Police	-	30,020	-	-	-	30,020
Fire	-	507,716	-	-	-	507,716
Other public safety	-	75,273	-	-	-	75,273
Transportation	-	258,353	-	-	-	258,353
Culture and recreation	-	266,456	-	-	-	266,456
Home and community service	-	895,609	-	-	-	895,609
Total expenditures	<u>35,149,355</u>	<u>2,302,515</u>	<u>2,871,742</u>	<u>308,261</u>	<u>57,261</u>	<u>40,689,134</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from serial bonds	-	2,151,200	-	-	-	2,151,200
Interfund transfers in	73,578	45,719	148,523	-	-	267,820
Interfund transfers out	(254,867)	(24,020)	-	(73,578)	(49,503)	(401,968)
Total other financing sources and uses	<u>(181,289)</u>	<u>2,172,899</u>	<u>148,523</u>	<u>(73,578)</u>	<u>(49,503)</u>	<u>2,017,052</u>
NET CHANGE IN FUND BALANCE	3,513,916	490,122	(91,425)	36,940	8,806	3,958,359
FUND BALANCE, beginning of year	7,011,857	3,538,430	1,245,351	251,768	324,119	12,371,525
Prior period adjustment	(27,000)	-	27,000	-	-	-
FUND BALANCE, end of year	<u>\$ 10,498,773</u>	<u>\$ 4,028,552</u>	<u>\$ 1,180,926</u>	<u>\$ 288,708</u>	<u>\$ 332,925</u>	<u>\$ 16,329,884</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, 2011</u>
Net change in fund balances shown for total governmental funds		\$ 3,958,360
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 expense. This is the amount by which expenditures for acquisition of capital assets exceeded depreciation expense for the period.		
	Capital expenditures and loss on disposal of capital assets	2,339,178
	Depreciation expense	<u>2,099,344</u>
		239,834
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	257,084
	Prior year revenues	-
		257,084
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 revenues	2,719,267
	Prior year revenues	3,440,733
		(721,466)
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.		
		508,687
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.		
		(7,151,997)
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.		
		1,705,711
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.		
		(2,151,200)
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.		
	2011 Current year expenditures	1,297,696
	2012 Allocated expenses	<u>1,331,804</u>
		(34,108)
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.		
	2010 expenditures	3,213,050
	2011 Expenses incurred during current year	<u>3,156,911</u>
		56,139
Interfund transactions are eliminated in the statement of net assets and the statement of activities. The amounts offset, and have a zero effect on operations.		
	Transfers in	267,820
	Transfers out	<u>267,820</u>
		-
Change in net assets of governmental activities shown in the statement of activities.		<u>\$ (3,332,956)</u>

CITY OF SARATOGA SPRINGS, NEW YORK

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

	December 31, 2011			
	Water Activities	Sewer Activities	City Center Activities	Total
ASSETS				
CURRENT ASSETS				
Cash and equivalents	\$ 140,151	\$ 257,835	\$ 408,447	\$ 806,433
Cash and cash equivalents, restricted	1,443,169	292,151	6,525,491	8,260,811
Investments, restricted	-	-	423	423
Receivables, net of uncollectibles	1,028,217	1,566,095	250,976	2,845,288
Inventories	55,613	15,252	-	70,865
Prepaid expenses	-	-	9,939	9,939
Total current assets	<u>2,667,150</u>	<u>2,131,333</u>	<u>7,195,276</u>	<u>11,993,759</u>
NONCURRENT ASSETS				
Net capital assets	<u>5,552,794</u>	<u>478,857</u>	<u>13,927,515</u>	<u>19,959,166</u>
Total assets	<u>8,219,944</u>	<u>2,610,190</u>	<u>21,122,791</u>	<u>31,952,925</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and other current liabilities	340,824	90,788	562,320	993,932
Current maturities on long-term liabilities	593,647	112,878	90,218	796,743
Internal balances due to governmental activities	809,750	1,002,453	-	1,812,203
Accrued interest payable	1,066	521	566	2,153
Total current liabilities	<u>1,745,287</u>	<u>1,206,640</u>	<u>653,104</u>	<u>3,605,031</u>
NONCURRENT LIABILITIES				
Long-term liabilities, less current maturities	5,745,584	1,491,850	120,076	7,357,510
Other post-employment liability	1,418,356	757,722	-	2,176,078
Total liabilities	<u>8,909,227</u>	<u>3,456,212</u>	<u>773,180</u>	<u>13,138,619</u>
NET ASSETS (DEFICIT)				
Invested in capital assets, net of related debt	(390,315)	(932,537)	13,927,515	12,604,663
Restricted for				
Capital improvements	-	-	6,525,491	6,525,491
Water line extension projects	658,410	-	-	658,410
Capital projects	784,759	292,151	-	1,076,910
Unrestricted	<u>(1,742,137)</u>	<u>(205,636)</u>	<u>(103,395)</u>	<u>(2,051,168)</u>
Total net assets (deficit)	<u>\$ (689,283)</u>	<u>\$ (846,022)</u>	<u>\$ 20,349,611</u>	<u>\$ 18,814,306</u>

CITY OF SARATOGA SPRINGS, NEW YORK

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

	Year Ended December 31, 2011			
	Water	Sewer	City Center	Total
OPERATING REVENUES				
Water sales	\$ 2,464,673	\$ -	\$ -	\$ 2,464,673
Sewer sales	-	3,580,073	-	3,580,073
General operating	-	-	30,618	30,618
Capital grants and contributions	-	-	808,341	808,341
Facility charges	-	-	641,205	641,205
Total operating revenues	<u>2,464,673</u>	<u>3,580,073</u>	<u>1,480,164</u>	<u>7,524,910</u>
OPERATING EXPENSES				
Costs of sales and services	1,465,795	3,097,852	667,880	5,231,527
Administration	588,160	424,472	790,828	1,803,460
Depreciation	230,307	9,531	9,156	248,994
Total operating expenses	<u>2,284,262</u>	<u>3,531,855</u>	<u>1,467,864</u>	<u>7,283,981</u>
Operating income	<u>180,411</u>	<u>48,218</u>	<u>12,300</u>	<u>240,929</u>
NONOPERATING REVENUES (EXPENSES)				
Hotel occupancy tax	-	-	874,486	874,486
Other general revenue items	17,257	8,594	186,730	212,581
Transfer from governmental funds	-	-	134,148	134,148
Interest and earnings	688	-	31,697	32,385
Interest	(147,931)	(71,611)	-	(219,542)
Total nonoperating revenues (expenses)	<u>(129,986)</u>	<u>(63,017)</u>	<u>1,227,061</u>	<u>1,034,058</u>
CHANGE IN NET ASSETS	50,425	(14,799)	1,239,361	1,274,987
NET ASSETS (DEFICIT), beginning of year	(395,198)	(913,556)	19,111,064	17,802,310
Prior period adjustments	<u>(344,510)</u>	<u>82,333</u>	<u>(814)</u>	<u>(262,991)</u>
NET ASSETS (DEFICIT), end of year	<u>\$ (689,283)</u>	<u>\$ (846,022)</u>	<u>\$ 20,349,611</u>	<u>\$ 18,814,306</u>

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

	Year Ended December 31, 2011			
	Water	Sewer	City Center	Total
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES				
Charges for services	\$ 2,504,040	\$ 3,612,415	\$ 624,139	\$ 6,740,594
Grants, contributions, and other revenues	-	-	2,350,889	2,350,889
Payments to contractors and suppliers	(1,265,860)	(3,224,321)	(2,234,310)	(6,724,491)
Payments to employees, payroll taxes, and benefits	147,078	(72,724)	(770,977)	(696,623)
	<u>1,385,258</u>	<u>315,370</u>	<u>(30,259)</u>	<u>1,670,369</u>
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES				
Bond proceeds	640,000	160,000	-	800,000
Loss on disposal of assets	32,244	-	1,672	33,916
Purchase of capital assets	(619,615)	-	(1,989,088)	(2,608,703)
Payment on bonds	(401,021)	(26,549)	-	(427,570)
Interest paid	(407,373)	(133,263)	5	(540,631)
	<u>(755,765)</u>	<u>188</u>	<u>(1,987,411)</u>	<u>(2,742,988)</u>
CASH FLOWS PROVIDED (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Hotel occupancy taxes	-	-	818,775	818,775
Purchases of investments	-	-	(423)	(423)
Transfers and other	17,257	8,594	320,878	346,729
	<u>17,257</u>	<u>8,594</u>	<u>1,139,230</u>	<u>1,165,081</u>
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES				
Interest and dividends received	688	-	31,697	32,385
Allocation to restricted cash and cash equivalents	(636,635)	(303,629)	1,213,543	273,279
	<u>(635,947)</u>	<u>(303,629)</u>	<u>1,245,240</u>	<u>305,664</u>
Net increase (decrease) in cash and cash equivalents	10,803	20,523	366,800	398,126
CASH AND CASH EQUIVALENTS, beginning of year	129,348	237,312	41,647	408,307
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 140,151</u>	<u>\$ 257,835</u>	<u>\$ 408,447</u>	<u>\$ 806,433</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income	\$ 180,411	\$ 48,218	\$ 12,300	\$ 240,929
Depreciation expense	230,307	9,531	9,156	248,994
(Increase) decrease in				
Receivables, net of allowances	39,367	32,344	1,494,864	1,566,575
Inventory	(23,206)	-	-	(23,206)
Prepays	-	-	(2,464)	(2,464)
Increase (decrease) in				
Accounts payable and other liabilities	194,226	46,002	(1,563,966)	(1,323,738)
Retirement and OPEB liability	735,238	351,748	19,851	1,106,837
Due to other funds	28,915	(172,473)	-	(143,558)
Net cash provided (used) by operating activities	<u>\$ 1,385,258</u>	<u>\$ 315,370</u>	<u>\$ (30,259)</u>	<u>\$ 1,670,369</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 FIDUCIARY NET ASSETS - FIDUCIARY FUNDS**

	December 31, 2011	
	Agency Funds	Private Purpose Trust
ASSETS		
Cash	\$ 759,150	\$ 35,292
LIABILITIES		
Accounts payable	604,839	-
Due to other governments	154,278	-
Due to other funds	33	-
Total liabilities	759,150	-
NET ASSETS	\$ -	\$ 35,292

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**

	December 31, 2011
	Private Purpose Trust
ADDITIONS	
Private donations	\$ 400
Interest earnings	37
Total additions	<u>437</u>
DEDUCTIONS	
Culture and recreation	<u>46</u>
CHANGE IN NET ASSETS	391
NET ASSETS, beginning of year	<u>34,901</u>
NET ASSETS, end of year	<u><u>\$ 35,292</u></u>

CITY OF SARATOGA SPRINGS, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
December 31, 2011**

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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.

a. Reporting Entity

The City of Saratoga Springs, New York 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.

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.

CITY OF SARATOGA SPRINGS, NEW YORK

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The City's significant accounting policies are described below.

b. Government-wide and Fund Financial Statements

The governmental reporting model includes 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. Use of Estimates

The preparation of financial statements requires management 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.

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

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

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, 2011

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

d. 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.

e. 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, 2011

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

e. *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 (Community Development) 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 for future expansion of 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, 2011

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

e. 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.

f. 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.

g. 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."

h. Receivables

All property and school tax receivables are shown net of an allowance for uncollectibles. The property and school tax receivables allowance is equal to 9% of outstanding property and school taxes at December 31, 2011. Water and sewer rents not collected by year end are relieved on the subsequent year's tax roll.

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 School District. City property tax revenues are recognized when levied to the extent that they result in current receivables.

i. 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, 2011

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

j. *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.

k. *Capital Assets, Net*

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

l. *Fund Balance*

Effective December 31, 2011, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The Statement establishes accounting and financial reporting standards for governments that report governmental funds as well as criteria for classifying fund balances into specifically defined classifications. Fund balances for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The five fund balance classifications fall into two categories, restricted and unrestricted, and are as follows:

Restricted Fund Balance:

Nonspendable - Amounts that cannot be spent because they are either (a) not in spendable form, or (b) are legally or contractually required to be maintained intact.

Restricted - Amounts that have restraints that are either (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

CITY OF SARATOGA SPRINGS, NEW YORK

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

l. Fund Balance - Continued

Unrestricted Fund Balance:

Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action such as legislation, resolution or ordinance by the government's highest level of decision-making authority.

Assigned - Amounts that are constrained only by the government's *intent* to be used for a specified purpose, but are not restricted or committed in any manner.

Unassigned - The residual amount in the general fund after all of the other classifications have been established. In a special revenue fund, if expenditures and other financing uses exceed the amounts restricted, committed or assigned for those purposes, then a negative unassigned fund balance will occur.

The City's fund balance policy is set by the Council, the highest level of decision-making authority. The City considers "formal action" for a committed fund balance to be the passing of a resolution by Council. The Council has delegated the ability to assign fund balance to the Commissioner of Finance. The City considers funds to be expended in the order of restricted, committed, assigned, and unassigned. In accordance with the City's fund balance policy, unrestricted fund balance in the general fund shall not be less than 10% and not more than 12.5% of the total adopted budgeted expenditures of the general fund. In the event the unrestricted fund balance of the general fund exceeds the maximum requirement, the excess may be utilized for any lawful purpose approved by the Council.

m. 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.

n. 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.

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 scheduled debt payment annually, and WASAD reimburses the City every year at a lower amount than the actual debt. When the bond is fully paid off, WASAD will continue to reimburse the City for its remaining portion of the bond.

o. Subsequent Events

The City has evaluated subsequent events that provide additional evidence about conditions that existed at the financial statement date through August 6, 2012, the date the financial statements were available to be issued.

CITY OF SARATOGA SPRINGS, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
December 31, 2011**

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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. Expenditures may not legally exceed budgeted appropriations at the activity level. 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.

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, 2011.

Cash and Cash Equivalents, Restricted

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

Debt service	\$ 1,560,700
Special assessment district purposes	1,960
Tax stabilization	1,000,491
Capital projects	2,425,965
Capital improvements	1,013,026
Community development	273,733
Council designated purposes	<u>78,451</u>
Total restricted cash and cash equivalents	<u>\$ 6,354,326</u>

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

City Center capital improvements	\$ 6,525,491
Water capital projects	1,443,169
Sewer capital projects	<u>292,151</u>
Total restricted	<u>\$ 8,260,811</u>

CITY OF SARATOGA SPRINGS, NEW YORK

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

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	Center Authority	Total
City and county taxes	\$ 1,101,127	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,101,127
School taxes	726,810	-	-	-	-	-	-	726,810
Tax sales	900,615	-	-	-	-	-	-	900,615
Water rents	-	-	-	-	1,081,139	-	-	1,081,139
Sewer rents	-	-	-	-	-	1,653,962	-	1,653,962
Accounts	2,021,337	-	-	-	6,331	-	30,628	2,058,296
Rehabilitation loans	-	-	-	267,287	-	-	-	267,287
State and federal	1,790,950	239,991	-	26,120	-	-	-	2,057,061
Other governments	450,415	-	-	-	-	-	220,348	670,763
Total net receivables	6,991,254	239,991	-	293,407	1,087,470	1,653,962	250,976	10,517,060
Allowance for uncollectible accounts	(242,143)	-	-	(15,508)	(59,253)	(87,867)	-	(404,771)
Total net receivables	\$ 6,749,111	\$ 239,991	\$ -	\$ 277,899	\$ 1,028,217	\$ 1,566,095	\$ 250,976	\$ 10,112,289

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

Receivables net of allowances	
Governmental activities	\$ 7,267,001
Business-type activities	2,845,288
Total	<u>\$ 10,112,289</u>

c. Capital Assets

Capital asset activity was as follows:

Governmental Activities	Year Ended December 31, 2011			Balance December 31, 2011
	Balance January 1, 2011	Additions/ Adjustment	Retirement Reclassifications	
Capital assets not being depreciated				
Land	\$ 3,921,258	\$ -	\$ -	\$ 3,921,258
Work in progress	14,956,671	1,183,407	(3,406,383)	12,733,695
Total capital assets not being depreciated	18,877,929	1,183,407	(3,406,383)	16,654,953
Depreciable capital assets				
Buildings	13,863,581	586,241	-	14,449,822
Improvements	5,939,302	2,686,211	-	8,625,513
Machinery, equipment, and vehicles	12,379,870	1,328,243	(573,885)	13,134,228
Infrastructure	47,361,898	-	-	47,361,898
Total depreciable capital assets	79,544,651	4,600,695	(573,885)	83,571,461
Less accumulated depreciation				
Buildings	5,640,439	285,864	-	5,926,303
Improvements other than buildings	2,623,213	254,545	-	2,877,758
Machinery, equipment, and vehicles	8,633,929	1,012,359	(535,349)	9,110,939
Infrastructure	26,327,619	546,576	-	26,874,195
Total accumulated depreciation	43,225,200	2,099,344	(535,349)	44,789,195
Net depreciable capital assets	36,319,451	2,501,351	(38,536)	38,782,266
Total net capital assets governmental activities	\$ 55,197,380	\$ 3,684,758	\$ (3,444,919)	\$ 55,437,219

CITY OF SARATOGA SPRINGS, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
December 31, 2011**

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

c. Capital Assets - Continued

Business-type Activities	Year Ended December 31, 2011			Balance December 31, 2011
	Balance January 1, 2011	Additions/ Adjustment	Retirement Reclassifications	
Water activity				
Capital assets not being depreciated				
Land	\$ 325,841	\$ -	\$ -	\$ 325,841
Work in progress	1,107,126	-	(1,107,126)	-
Total capital assets not being depreciated	<u>1,432,967</u>	<u>-</u>	<u>(1,107,126)</u>	<u>325,841</u>
Depreciable capital assets				
Buildings	749,195	-	-	749,195
Improvements	306,064	930,468	-	1,236,532
Machinery, equipment, and vehicles	707,945	10,836	(32,244)	686,537
Infrastructure	14,125,751	785,437	-	14,911,188
Total depreciable capital assets	<u>15,888,955</u>	<u>1,726,741</u>	<u>(32,244)</u>	<u>17,583,452</u>
Less accumulated depreciation				
Buildings	211,285	8,706	-	219,991
Improvements	34,517	35,858	-	70,375
Machinery, equipment, and vehicles	308,215	17,254	-	325,469
Infrastructure	11,572,175	168,489	-	11,740,664
Total accumulated depreciation	<u>12,126,192</u>	<u>230,307</u>	<u>-</u>	<u>12,356,499</u>
Net depreciable capital assets	<u>3,762,763</u>	<u>1,496,434</u>	<u>(32,244)</u>	<u>5,226,953</u>
Total net capital assets water activities	<u>\$ 5,195,730</u>	<u>\$ 1,496,434</u>	<u>\$ (1,139,370)</u>	<u>\$ 5,552,794</u>
Sewer Activity				
Depreciable capital assets				
Improvements	\$ 177,728	\$ 19,518	\$ -	\$ 197,246
Machinery, equipment, and vehicles	34,335	-	(19,518)	14,817
Infrastructure	341,000	-	-	341,000
Total depreciable capital assets	<u>553,063</u>	<u>19,518</u>	<u>(19,518)</u>	<u>553,063</u>
Less accumulated depreciation				
Improvements	1,808	1,305	-	3,113
Machinery, equipment, and vehicles	54,250	698	-	54,948
Infrastructure	8,617	7,528	-	16,145
Total accumulated depreciation	<u>64,675</u>	<u>9,531</u>	<u>-</u>	<u>74,206</u>
Total net capital assets sewer activities	<u>\$ 488,388</u>	<u>\$ 9,987</u>	<u>\$ (19,518)</u>	<u>\$ 478,857</u>
City Center Authority				
Machinery, equipment, and vehicles	\$ 190,464	\$ -	\$ (49,009)	\$ 141,455
Work in progress	11,941,049	1,989,088	-	13,930,137
Accumulated depreciation	<u>182,258</u>	<u>9,156</u>	<u>(47,337)</u>	<u>144,077</u>
Total net capital assets City Center Authority	<u>\$ 11,949,255</u>	<u>\$ 1,979,932</u>	<u>\$ (1,672)</u>	<u>\$ 13,927,515</u>

CITY OF SARATOGA SPRINGS, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
December 31, 2011**

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

c. Capital Assets - Continued

Depreciation expense was charged to functions/programs as follows:

Mayor	\$ 20,204
Finance	20,876
DPW	620,908
DPS	66,987
Accounts	5,591
Police	104,178
Fire	260,185
Home and community service	26,842
Transportation	536,059
Culture and recreation	<u>437,514</u>
 Total depreciation expense for governmental activities	 <u>\$ 2,099,344</u>
 Water	 \$ 230,307
Sewer	9,531
City center authority	<u>9,156</u>
 Total depreciation expense for business-type activities	 <u>\$ 248,994</u>

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, 2011</u>	
	<u>Due From</u>	<u>Due To</u>
General	\$ -	\$ 2,190,060
Water	809,750	-
Sewer	1,002,453	-
Agency	33	-
Debt Service	377,824	-
	<u>\$ 2,190,060</u>	<u>\$ 2,190,060</u>

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

<u>Fund</u>	<u>December 31, 2011</u>	
	<u>Due To</u>	<u>Due From</u>
Internal balances		
Governmental	\$ 1,812,203	\$ -
Business-type	-	1,812,203
	<u>\$ 1,812,203</u>	<u>\$ 1,812,203</u>

CITY OF SARATOGA SPRINGS, NEW YORK

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

d. Interfund Receivables, Payables, and Transfers - Continued

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

Fund	December 31, 2011	
	In	Out
General	\$ 73,578	\$ 120,719
Capital	45,719	24,020
WASAD	-	49,503
Debt service	148,523	-
Community Development	-	73,578
	\$ 267,820	\$ 267,820

In the government-wide statement of net assets, interfund receivables and payables of \$377,857 between governmental activities were eliminated, leaving the balances shown above. In the government-wide statement of activities, interfund transfers of \$267,820 between governmental activities were eliminated, leaving \$134,148 in transfers from the governmental activities to the business-type activities.

e. Indebtedness

i. Tax Anticipation Note

The City issued indebtedness in anticipation of the collection of real property taxes for the 2011 fiscal year. In January 2011, a \$5,000,000 tax anticipation note was issued at an interest rate of 0.5%. In March 2011, the tax anticipation note was paid in full.

ii. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. On April 5, 2011, the City issued a \$2,151,200, 28-year, general obligation bond. Of the total amount, \$1,351,200 was issued to finance governmental activities, \$160,000 to finance sewer activities and \$640,000 was issued to finance water activities.

A summary of the City's general obligation serial bond transactions for the year ended December 31, 2011, is as follows:

Bonds payable, beginning of year	\$ 36,289,457
Bonds issued	2,151,200
Bonds retired	(1,704,457)
Bonds payable, end of year	\$ 36,736,200

CITY OF SARATOGA SPRINGS, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
December 31, 2011**

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

e. Indebtedness - Continued

ii. General Obligation Bonds - Continued

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, 2011</u>
Serial Bond, general obligation	07/93	03/13	4.75%	\$ 320,000
Serial Bond, EFC	03/97	02/17	3.40%	1,120,000
Serial Bond, general obligation	10/97	09/17	4.50%	515,000
Serial Bond, general obligation	06/00	06/14	5.12%	465,000
Serial Bond, general obligation	09/02	09/22	3.90%	1,180,000
Serial Bond, general obligation	04/04	02/34	4.00%	3,390,000
Serial Bond, general obligation	03/05	06/24	3.85%	3,455,000
Serial Bond, general obligation	04/06	04/35	4.25%	7,675,000
Serial Bond, general obligation	07/07	07/30	3.70%	8,195,000
Serial Bond, general obligation	08/08	08/38	5.00%	4,760,000
Serial Bond, general obligation	01/09	01/24	4.25%	660,000
Serial Bond, general obligation	09/09	09/39	4.25%	1,340,000
Serial Bond, general obligation	07/10	07/37	4.42%	1,510,000
Statutory Installment Bond	04/11	04/39	4.630%	2,151,200
				<u>\$ 36,736,200</u>

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, 2012	\$ 1,801,200	\$ 1,585,260	\$ 3,386,460
2013	1,840,000	1,466,595	3,306,595
2014	1,585,000	1,399,696	2,984,696
2015	1,475,000	1,339,408	2,814,408
2016	1,510,000	1,281,015	2,791,015
For the years ending December 31, 2017-2021	7,300,000	5,510,386	12,810,386
2022-2026	7,550,000	3,907,338	11,457,338
2027-2031	7,240,000	2,315,799	9,555,799
2032-2036	5,110,000	887,613	5,997,613
2037-2040	1,325,000	100,750	1,425,750
	<u>\$ 36,736,200</u>	<u>\$ 19,793,860</u>	<u>\$ 56,530,060</u>

Of the total outstanding indebtedness of the City in the sum of \$36,736,200, \$25,895,547 was subject to the statutory debt limit and represented approximately 35% of the City's \$73,612,396 self-imposed debt limit.

CITY OF SARATOGA SPRINGS, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
December 31, 2011**

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

e. Indebtedness - Continued

iii. Special Assessment Debt

At December 31, 2011, the amount of special assessment debt outstanding for SAD and WASAD was \$46,388 and \$212,560, respectively. These amounts are reflected in the governmental activities statement of net assets and included in the schedules above.

iv. Lease Payables

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 \$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 \$82,574 were made in 2011. The outstanding liability in the governmental activity was \$1,280,795, and \$86,011 is due in one year.

The City entered into a lease agreement with Hoselton Chevrolet in February 2010 for eight police cars. The term is thirty-six months and expires April 2013. The outstanding liability in the governmental activity was \$37,666, and \$28,250 is due in one year.

v. 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, 2011	Additions	Deletions	December 31, 2011
Sick time	\$ 2,585,158	\$ 214,188	\$ 231,942	\$ 2,567,404
Compensatory time	606,572	872,066	930,245	548,393
Total	\$ 3,191,730	\$ 1,086,254	\$ 1,162,187	\$ 3,115,797

vi. Long-Term Liabilities, Less Current Maturities

Long-term liabilities, less current maturities are shown on the statement of net assets in the government-wide financial statements in total. The break down includes the following:

	Due In One Year	More Than One Year	Total
Governmental Activities			
Debt			
EPC Lease	\$ 86,011	\$ 1,194,784	\$ 1,280,795
Vehicle Leases	28,250	9,417	37,667
Bonds	1,347,529	28,034,168	29,381,697
Retirement Paid 02/01/12	2,741,225	-	2,741,225
Retirement Due 02/01/13	396,373	1,003,726	1,400,099
	\$ 4,599,388	\$ 30,242,095	\$ 34,841,483

CITY OF SARATOGA SPRINGS, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
December 31, 2011**

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

e. Indebtedness - Continued

vi. Long-Term Liabilities, Less Current Maturities - Continued

	<u>Due In One Year</u>	<u>More Than One Year</u>	<u>Total</u>
Water			
Debt			
Bonds	\$ 423,735	\$ 5,519,374	\$ 5,943,109
Retirement Paid 02/01/12	109,331	-	109,331
Retirement Due 02/01/13	<u>60,581</u>	<u>226,210</u>	<u>286,791</u>
	<u>\$ 593,647</u>	<u>\$ 5,745,584</u>	<u>\$ 6,339,231</u>
Sewer			
Debt			
Bonds	\$ 29,936	\$ 1,381,458	\$ 1,411,394
Retirement Paid 02/01/12	53,377	-	53,377
Retirement Due 02/01/13	<u>29,565</u>	<u>110,392</u>	<u>139,957</u>
	<u>\$ 112,878</u>	<u>\$ 1,491,850</u>	<u>\$ 1,604,728</u>
City Center			
Debt			
Retirement Paid 02/01/12	\$ 58,060	\$ -	\$ 58,060
Retirement Due 02/01/13	<u>32,158</u>	<u>120,076</u>	<u>152,234</u>
	<u>\$ 90,218</u>	<u>\$ 120,076</u>	<u>\$ 210,294</u>
Business Type Activities			
Debt			
Bonds	\$ 453,671	\$ 6,900,832	\$ 7,354,503
Retirement Paid 02/01/12	220,768	-	220,768
Retirement Due 02/01/13	<u>122,304</u>	<u>456,678</u>	<u>578,982</u>
	<u>\$ 796,743</u>	<u>\$ 7,357,510</u>	<u>\$ 8,154,253</u>

f. Employee Retirement Systems and Pension Plan

i. 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, 2011**

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

f. Employee Retirement Systems and Pension Plan - Continued

ii. 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 2011 on or before February 1, 2012. The required contributions for the current and two preceding years were:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
ERS regular contribution	\$ 1,455,513	\$ 965,248	\$ 808,793
ERS 2004 amortization	51,507	51,507	51,507
PFRS regular contribution	1,773,637	1,412,757	1,362,814
PFRS 2004 amortization	85,261	84,743	84,743
PFRS Fire 384E	138,191	138,191	138,191
PFRS Police 384EB	48,467	48,467	48,467
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>\$ 3,974,950</u>	 <u>\$ 3,123,287</u>	 <u>\$ 2,916,889</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, 2011**

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

f. Employee Retirement Systems and Pension Plan - Continued

ii. 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, 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>\$ 182,641</u>	<u>\$ 23,387</u>	<u>\$ 206,028</u>

<u>PFRS Amortization</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 300,495</u>	<u>\$ 38,477</u>	<u>\$ 338,972</u>

The unpaid principal balance of \$483,136 at December 31, 2011, for the above amortizations is included in the financial statements as a non-current governmental liability, of which \$112,093 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 ten installments, which did not include interest. The maturity schedule for this debt is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Payable February 1, 2012	\$ 109,885	\$ 28,306	\$ 138,191
Payable February 1, 2013	118,676	19,515	138,191
Payable February 1, 2014	128,170	10,021	138,191
Totals	<u>\$ 356,731</u>	<u>\$ 57,842</u>	<u>\$ 414,573</u>

CITY OF SARATOGA SPRINGS, NEW YORK

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

f. Employee Retirement Systems and Pension Plan - Continued

ii. Employee Retirement Systems Funding Policy - Continued

The unpaid principal balance of \$356,731 at December 31, 2011, is included in the financial statements as a non-current governmental liability, of which \$109,885 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, 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	344,976	27,598	372,574
Totals	<u>\$ 1,722,366</u>	<u>\$ 513,078</u>	<u>\$ 2,235,444</u>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	44,877	3,590	48,467
Totals	<u>\$ 224,058</u>	<u>\$ 66,744</u>	<u>\$ 290,802</u>

384 EB Police

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	46,096	3,704	49,800
Totals	<u>\$ 230,143</u>	<u>\$ 68,657</u>	<u>\$ 298,800</u>

The unpaid principal balance of \$2,176,567 at December 31, 2011, 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 \$296,699 is shown as due within one year.

CITY OF SARATOGA SPRINGS, NEW YORK

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 4 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description. The City 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 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, 2011, the City contributed \$2,625,362 to the Retiree Health Plan. Some Retiree Health Plan members receiving benefits contribute a percent of their premium costs. Total member contributions were \$225,093 for the year ended December 31, 2011.

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 2011, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation to the Plan:

Required Information	Govt.	Water	Sewer	Total
Annual required contribution	\$ 10,069,410	\$ 444,486	\$ 192,627	\$ 10,706,523
Interest on net OPEB obligation	745,261	41,197	23,011	809,469
Adjustment to annual required contribution	<u>(1,075,129)</u>	<u>(59,431)</u>	<u>(33,196)</u>	<u>(1,167,756)</u>
Annual OPEB cost (expense)	9,739,542	426,252	182,442	10,348,236
Contributions made (expected)	<u>(2,587,546)</u>	<u>(37,816)</u>	<u>-</u>	<u>(2,625,362)</u>
Increase in net OPEB obligation	7,151,996	388,436	182,442	7,722,874
Net OPEB obligation, beginning of year	<u>18,631,522</u>	<u>1,029,920</u>	<u>575,280</u>	<u>20,236,722</u>
Net OPEB obligation, end of year	<u><u>\$ 25,783,518</u></u>	<u><u>\$ 1,418,356</u></u>	<u><u>\$ 757,722</u></u>	<u><u>\$ 27,959,596</u></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 2011 was as follows:

Activity	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2011			
Governmental	\$ 9,739,542	27%	\$ 25,783,518
Water	426,252	9%	1,418,356
Sewer	182,442	0%	757,722
December 31, 2010			
Governmental	9,404,646	25%	18,631,523
Water	405,112	7%	1,029,919
Sewer	172,233	0%	575,280
December 31, 2009			
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, 2011

NOTE 4 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - Continued

Funded Status and Funding Progress - As of December 31, 2011, the actuarial accrued liability for benefits was \$110,427,595, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Retiree Health Plan) was \$19,977,408, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 553%.

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 a 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 and Local Retirement System as prepared by the Department of Civil Service's actuarial consultant in the report titled, *Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation*.

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 is 2.9%. The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of an SOA Project Oversight Group. It represents a reasonable medical trend projection for the current plan provisions and demographics of the City of Saratoga Springs Postemployment Benefits Plan, and no changes to these baseline assumptions are necessary.

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

CITY OF SARATOGA SPRINGS, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
December 31, 2011**

NOTE 4 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - Continued

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, 2011, was twenty-seven years.

NOTE 5 - PRIOR PERIOD ADJUSTMENTS

The City made certain prior period adjustments to correct government-wide and proprietary fund net assets as of the beginning of the year for capital assets not previously classified in the proper fund, capital project reserves, and for amortization of employee retirement liabilities.

NOTE 6 - REMEDIATION COSTS

During 2011, \$91,280 in expenses were included in the government-wide financial statements as a program expense during 2011 for fees paid to a consultant as part of the Environmental Compliance Audit. Identified during the compliance audit and included in the City's Corrective Action Plan were estimates to improve the fleet fueling system and for the removal of soil and overages at the garage and compost facilities, respectively. The City will also need to pay for the Environmental Benefit Plan and continue paying the consultant for project management. It is estimated that these costs will total \$400,000 and will appear as expenses in the government-wide financial statements over the period of a number of years.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

a. 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.

b. 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 2011 annual contribution to the workers' compensation pool was \$498,859.

c. 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.

CITY OF SARATOGA SPRINGS, NEW YORK

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 7 - COMMITMENTS AND CONTINGENCIES - Continued

d. Labor Relations

The City has 311 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 expired on December 31, 2011. The CSEA City Hall and CSEA Public Works contracts will expire on December 31, 2012. All expired contracts are under negotiation.

NOTE 8 - ACCOUNTING STANDARDS ISSUED NOT YET IMPLEMENTED

In December 2010, the GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements (GASB Statement No. 62). This statement incorporates into the GASB's authoritative literature certain accounting and financial reporting pronouncements issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

This statement also supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that statement for enterprise funds and business-type activities to apply post-November 30, 1989, FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989, FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this statement.

GASB Statement No. 62 is effective for financial statements for periods beginning after December 15, 2011.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. This statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. This statement is effective for all state and local governments for periods beginning after December 15, 2011.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of major fund calculations and limiting the use of the term *deferred* in the financial statements. This statement is effective for periods beginning after December 15, 2012, with earlier application encouraged.

In March 2012, GASB issued Statement No. 66, *Technical Corrections*. This statement establishes clarification on two recently issued statements; No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement resolves conflicting guidance created as a result of the issuance of these two statements. This statement is effective for periods beginning after December 15, 2012, with earlier application encouraged.

Management has not estimated the extent of potential impact of these statements on the City's financial statements

NOTE 9 - SUBSEQUENT EVENTS

On May 23, 2012, the City issued \$6,645,383 in general obligation bonds to finance various projects, including water improvements and a new parking deck. The interest rate on the bonds is 2.98%. The bonds will mature on May 15, 2039.

CITY OF SARATOGA SPRINGS, NEW YORK

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

	December 31, 2011			
	Budgeted Amounts		Actual	Variance with
	Adopted	Revised	Amounts	Revised - Positive
				(Negative)
REVENUES				
Real property taxes and tax items	\$ 17,133,682	\$ 17,198,724	\$ 17,933,005	\$ 734,281
Non-property taxes	11,230,608	11,230,608	11,648,610	418,002
Departmental income	1,724,640	1,854,889	1,668,657	(186,232)
Intergovernmental charges	199,275	246,449	266,847	20,398
Use of money and property	342,000	342,000	384,039	42,039
Licenses and permits	156,700	156,700	334,651	177,951
Fines and forfeitures	697,500	703,770	669,047	(34,723)
Sale of property and compensation for loss	1,042,807	1,135,266	389,886	(745,380)
Miscellaneous	41,250	547,758	1,636,451	1,088,693
State aid	3,003,300	3,304,922	3,392,003	87,081
Federal aid	394,766	485,527	521,365	35,838
Total revenues	35,966,528	37,206,614	38,844,561	1,637,947
EXPENDITURES				
General government support	6,358,768	7,927,971	7,790,871	137,100
Public safety	19,890,997	20,484,274	19,856,225	628,049
Health	102,865	193,289	18,277	175,012
Transportation	5,645,239	6,345,038	4,131,302	2,213,736
Economic opportunity and development	138,615	138,615	138,615	-
Culture and recreation	2,416,713	2,445,987	2,166,405	279,582
Home and community service	895,128	1,008,078	905,660	102,418
Debt service	153,903	142,964	142,000	964
Total expenses	35,602,228	38,686,215	35,149,355	3,536,860
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	54,500	78,500	73,578	(4,922)
Interfund transfers out	(418,800)	(347,093)	(254,867)	92,226
Total other financing sources (uses)	(364,300)	(268,593)	(181,289)	87,304
Net change in fund balance (actual) and				
 appropriated fund balance (budget)	\$ -	\$ (1,748,194)	3,513,917	\$ 5,262,111
FUND BALANCE, beginning of year			7,011,857	
Prior period adjustment			(27,000)	
FUND BALANCE, end of year			\$ 10,498,774	

CITY OF SARATOGA SPRINGS, NEW YORK

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

	December 31, 2011			Variance with Revised - Positive (Negative)
	Budgeted Amounts		Actual	
	Adopted	Revised	Amounts	
REVENUES				
Real property taxes and tax items	\$ 2,572,350	\$ 2,572,350	\$ 2,310,790	\$ (261,560)
Use of money and property	30,400	30,400	321,004	290,604
Total revenues	<u>2,602,750</u>	<u>2,602,750</u>	<u>2,631,794</u>	<u>29,044</u>
EXPENDITURES				
General government support	60,000	60,000	10,799	49,201
Debt service, principal	1,421,417	2,559,661	1,580,920	978,741
Debt service, interest	1,245,836	1,368,229	1,280,023	88,206
Total expenditures	<u>2,727,253</u>	<u>3,987,890</u>	<u>2,871,742</u>	<u>1,116,148</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	<u>124,503</u>	<u>124,918</u>	<u>148,523</u>	<u>23,605</u>
Net change in fund balance (actual) and appropriated fund balance (budget)	<u><u>\$ -</u></u>	<u><u>\$ (1,260,222)</u></u>	<u><u>(91,425)</u></u>	<u><u>\$ 1,168,797</u></u>
FUND BALANCE, beginning of year			1,245,351	
Prior period adjustment			<u>27,000</u>	
FUND BALANCE, end of year			<u><u>\$ 1,180,926</u></u>	

CITY OF SARATOGA SPRINGS, NEW YORK

**OTHER POSTEMPLOYMENT BENEFITS - SCHEDULE OF FUNDING
PROGRESS AND EMPLOYEE CONTRIBUTIONS**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL)- Simplified Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b - a)/c)</u>
12/31/11	<u>\$ -</u>	<u>\$ 110,427,595</u>	<u>\$ 110,427,595</u>	<u>0.00%</u>	<u>\$ 19,977,408</u>	<u>553%</u>
12/31/10	<u>\$ -</u>	<u>\$ 104,696,319</u>	<u>\$ 104,696,319</u>	<u>0.00%</u>	<u>\$ 15,199,469</u>	<u>689%</u>

CITY OF SARATOGA SPRINGS, NEW YORK

SUPPLEMENTAL INFORMATION

December 31, 2011

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, 2011</u>		
	<u>Downtown Special Assessment District</u>	<u>West Avenue Special Assessment District</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 326,269	\$ 5,751	\$ 332,020
Cash, special reserves	<u>1,960</u>	<u>-</u>	<u>1,960</u>
Total assets	<u>\$ 328,229</u>	<u>\$ 5,751</u>	<u>\$ 333,980</u>
LIABILITIES			
Accounts payable and accrued liabilities	<u>\$ 1,055</u>	<u>\$ -</u>	<u>\$ 1,055</u>
FUND BALANCE			
Restricted for			
Other restrictions	1,960	-	1,960
Assigned for			
Special district purposes	<u>325,214</u>	<u>5,751</u>	<u>330,965</u>
Total fund balance	<u>327,174</u>	<u>5,751</u>	<u>332,925</u>
Total liabilities and fund balances	<u>\$ 328,229</u>	<u>\$ 5,751</u>	<u>\$ 333,980</u>

CITY OF SARATOGA SPRINGS, NEW YORK

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

	<u>Year Ended December 31, 2011</u>		
	<u>Downtown Special Assessment District</u>	<u>West Avenue Special Assessment District</u>	<u>Total</u>
REVENUES			
Real property taxes and tax items	\$ 84,838	\$ 30,275	\$ 115,113
Interest and earnings	369	88	457
Total revenues	<u>85,207</u>	<u>30,363</u>	<u>115,570</u>
EXPENDITURES			
Current			
Administration	-	3,965	3,965
Economic opportunity and development	36,594	-	36,594
Debt service			
Principal	13,967	-	13,967
Interest	2,735	-	2,735
Total expenditures	<u>53,296</u>	<u>3,965</u>	<u>57,261</u>
OTHER FINANCING SOURCES (USES)			
Interfund transfers out	<u>-</u>	<u>(49,503)</u>	<u>(49,503)</u>
Net change in fund balance	31,911	(23,105)	8,806
FUND BALANCE, beginning of year	<u>295,263</u>	<u>28,856</u>	<u>324,119</u>
FUND BALANCE, end of Year	<u>\$ 327,174</u>	<u>\$ 5,751</u>	<u>\$ 332,925</u>

