

**City of Saratoga Springs, New York**

Financial Report

December 31, 2013

# City of Saratoga Springs, New York

## Financial Report

December 31, 2013

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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the City of Saratoga Springs, New York (City), which comprise the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of December 31, 2013, and the related notes to the financial statements, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents for the year then ended.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, 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 of Saratoga Springs, New York as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Adoption of Accounting Standards*

As discussed in Note 1 to the financial statements, the City adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and the Schedule of Funding Progress and Employee Contributions on pages 4 through 13, 49 through 50, and 51, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining non-major fund financial statements on pages 52 through 54 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

SaxBST LLP

Albany, New York  
August 4, 2014

# City of Saratoga Springs, New York

## Management's Discussion and Analysis December 31, 2013

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, 2013. We encourage readers to consider the information presented here in conjunction with our financial statements, which can be found on pages 14 through 48 and our supplementary information which can be found on pages 49 through 54 of this report.

### Financial Highlights

- The assets of the City exceeded its liabilities on December 31, 2013, by \$25,118,604 representing net position. Of this amount, \$37,717,967 represents the City's investment in capital assets net of related debt, and \$17,674,477 is restricted for future capital improvements, debt service, and other purposes. The remaining amount, which represents negative unrestricted net position, is \$30,273,840. The primary driver of the City's negative unrestricted net position is unfunded other postemployment benefits of \$38,649,369.
- At December 31, 2013, the City's governmental funds reported a combined ending fund balance of \$21,101,950. Of this amount, \$22,678,269 of the fund balance was nonspendable, restricted, or assigned for specific purposes. The combined unassigned fund balance was a negative \$1,576,319 due to encumbrances reported in the Capital Projects Fund.
- At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$7,818,072.

### 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 position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 14 and 15 of this report.

# City of Saratoga Springs, New York

## Management's Discussion and Analysis December 31, 2013

### Overview of the Financial Statements - Continued

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

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

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

The City maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, Debt Service Fund, and Community Development, all of which are considered to be major funds. Data from the other two governmental funds, the Downtown Special Assessment District (SAD) and the West Avenue Special Assessment District (WASAD) are combined into a single, aggregated presentation. The restricted and assigned fund balance as of December 31, 2013, for the SAD was \$144,836, and for the WASAD was \$3,626. SAD intends to use the accumulated fund balance to pay outstanding debt issued for the construction of 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 16 through 19 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 20 through 22 of this report.

# City of Saratoga Springs, New York

## Management's Discussion and Analysis December 31, 2013

### Overview of the Financial Statements - Continued

#### Fund Financial Statements - Continued

**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 23 through 24 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 25 through 48 of this report.

#### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$25,118,604 at December 31, 2013.

By far, the largest portion, \$37,717,967, of the City's net position 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 Position

	December 31,					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 25,350,883	\$ 21,467,730	\$ 10,906,159	\$ 12,541,489	\$ 36,257,042	\$ 34,009,219
Capital assets, net	59,410,033	59,278,769	22,731,433	21,967,901	82,141,466	81,246,670
Total assets	<u>84,760,916</u>	<u>80,746,499</u>	<u>33,637,592</u>	<u>34,509,390</u>	<u>118,398,508</u>	<u>115,255,889</u>
Long-term liabilities	70,964,188	64,211,085	11,788,943	11,069,247	82,753,131	75,280,332
Other liabilities	9,322,115	9,427,802	1,204,658	2,923,202	10,526,773	12,351,004
Total liabilities	<u>80,286,303</u>	<u>73,638,887</u>	<u>12,993,601</u>	<u>13,992,449</u>	<u>93,279,904</u>	<u>87,631,336</u>
Net position						
Net investment in capital assets	24,027,011	26,158,914	13,690,956	12,952,069	37,717,967	39,110,983
Restricted	9,501,522	7,377,230	8,172,955	8,718,984	17,674,477	16,096,214
Unrestricted	<u>(29,053,920)</u>	<u>(26,428,532)</u>	<u>(1,219,920)</u>	<u>(1,154,112)</u>	<u>(30,273,840)</u>	<u>(27,582,644)</u>
Total net position	<u>\$ 4,474,613</u>	<u>\$ 7,107,612</u>	<u>\$ 20,643,991</u>	<u>\$ 20,516,941</u>	<u>\$ 25,118,604</u>	<u>\$ 27,624,553</u>

# City of Saratoga Springs, New York

## Management's Discussion and Analysis December 31, 2013

### Overview of the Financial Statements - Continued

### Government-Wide Financial Analysis - Continued

The City experienced a decrease in net position during 2013 totaling \$(2,505,949) from operations, as shown in the following statement:

	December 31,					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 3,725,103	\$ 5,315,540	\$ 8,275,176	\$ 7,918,701	\$ 12,000,279	\$ 13,234,241
Operating grants and contributions	3,241,765	3,126,464	-	-	3,241,765	3,126,464
Capital grants and contributions	187,268	339,036	-	-	187,268	339,036
Property taxes	19,488,778	19,600,397	-	-	19,488,778	19,600,397
Other taxes	14,801,687	12,131,794	995,753	956,954	15,797,440	13,088,748
State aid and mortgage taxes	3,354,608	2,976,451	-	-	3,354,608	2,976,451
Other	482,383	524,473	76,727	104,486	559,110	628,959
Total revenues	<u>45,281,592</u>	<u>44,014,155</u>	<u>9,347,656</u>	<u>8,980,141</u>	<u>54,629,248</u>	<u>52,994,296</u>
<b>Expenses</b>						
General government support						
Mayor	1,129,309	1,151,232	-	-	1,129,309	1,151,232
Finance	2,143,848	2,012,901	-	-	2,143,848	2,012,901
Public Works	5,888,278	1,931,299	-	-	5,888,278	1,931,299
Accounts	1,056,843	1,447,622	-	-	1,056,843	1,447,622
Civil Service	82,153	149,754	-	-	82,153	149,754
Human Resources	505	-	-	-	505	-
Other general government support	5,885	3,628	-	-	5,885	3,628
Public safety						
Police	12,416,810	11,727,714	-	-	12,416,810	11,727,714
Fire	10,379,205	10,003,236	-	-	10,379,205	10,003,236
Other public safety	3,106,189	3,012,423	-	-	3,106,189	3,012,423
Health	21,416	17,916	-	-	21,416	17,916
Transportation	4,659,108	7,640,167	-	-	4,659,108	7,640,167
Economic opportunity and development	166,873	183,370	-	-	166,873	183,370
Culture and recreation	2,904,177	3,118,840	-	-	2,904,177	3,118,840
Home and community service	1,671,628	1,546,113	-	-	1,671,628	1,546,113
Interest on long-term debt	1,483,163	1,425,854	-	-	1,483,163	1,425,854
Water	-	-	3,764,372	3,040,984	3,764,372	3,040,984
Sewer	-	-	3,841,095	3,705,467	3,841,095	3,705,467
City Center Authority	-	-	2,414,340	1,473,944	2,414,340	1,473,944
Total expenses	<u>47,115,390</u>	<u>45,372,069</u>	<u>10,019,807</u>	<u>8,220,395</u>	<u>57,135,197</u>	<u>53,592,464</u>
Transfers	(799,201)	575,504	799,201	(575,504)	-	-
<b>CHANGE IN NET POSITION</b>	<u>(2,632,999)</u>	<u>(782,410)</u>	<u>127,050</u>	<u>184,242</u>	<u>(2,505,949)</u>	<u>(598,168)</u>
Prior period adjustments	-	(3,233,811)	-	1,518,393	-	(1,715,418)
<b>NET POSITION, beginning of year</b>	<u>7,107,612</u>	<u>11,123,833</u>	<u>20,516,941</u>	<u>18,814,306</u>	<u>27,624,553</u>	<u>29,938,139</u>
<b>NET POSITION, end of year</b>	<u>\$ 4,474,613</u>	<u>\$ 7,107,612</u>	<u>\$ 20,643,991</u>	<u>\$ 20,516,941</u>	<u>\$ 25,118,604</u>	<u>\$ 27,624,553</u>

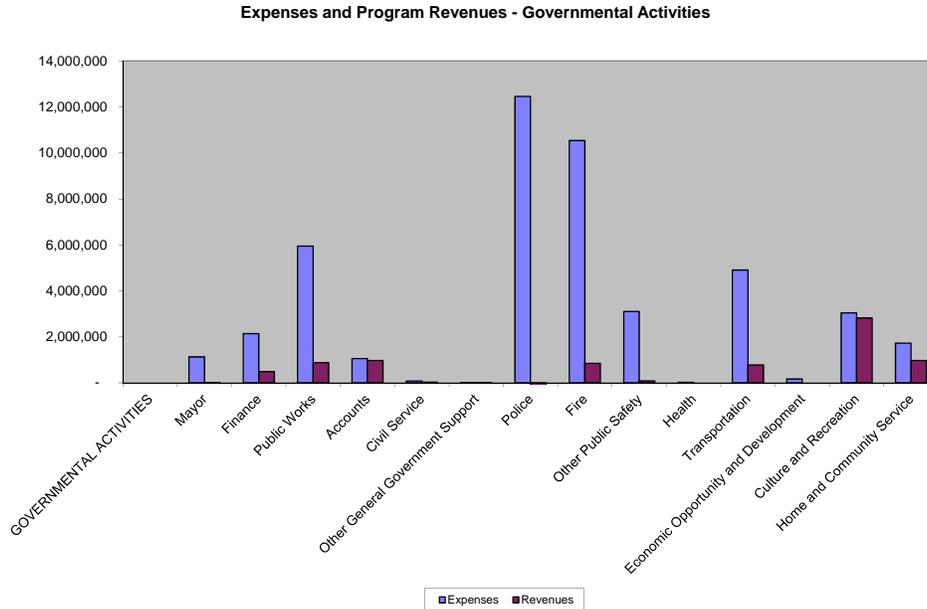
# City of Saratoga Springs, New York

## Management's Discussion and Analysis December 31, 2013

### Overview of the Financial Statements - Continued

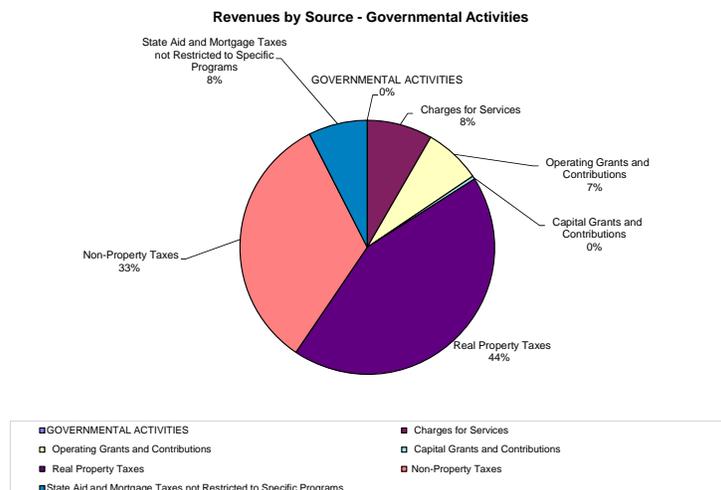
### Government-Wide Financial Analysis - Continued

**Governmental activities.** Governmental activities decreased the City's net position by \$2,505,949. The following chart shows the expenses and program revenues of the various governmental activities:



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. Sales tax receipts increased by 7%.

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



# City of Saratoga Springs, New York

Management's Discussion and Analysis  
December 31, 2013

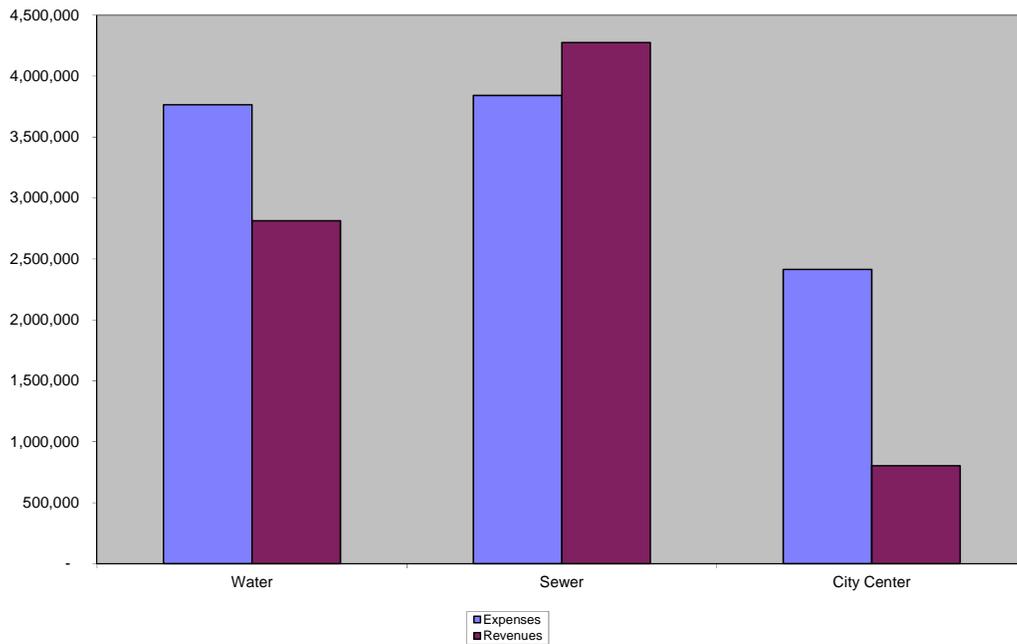
## Overview of the Financial Statements - Continued

## Government-Wide Financial Analysis - Continued

## Governmental activities - Continued

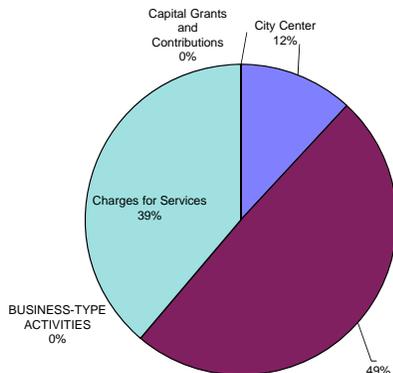
Business-type activities. Business-type activities increased the City's net position by \$127,050.

Expenses and Program Revenues - Business-type Activities



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

Revenues by Source - Business-type Activities



# City of Saratoga Springs, New York

## Management's Discussion and Analysis December 31, 2013

### 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 \$21,101,950, an increase of \$4,257,518 from the prior year. \$22,678,269 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 \$10,802,713, 2) be held for future capital improvements of \$4,883,054, 3) restricted for tax stabilization of \$1,502,227, 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 \$7,818,072, while total fund balance reached \$15,439,414. 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 21% of total General Fund expenditures, while total fund balance represents 41% of that same amount.

The overall fund balance of the City's General Fund increased by \$2,739,670 during the current fiscal year. Key factors in this increase are as follows:

#### General Fund Revenues

1. Sales tax increased from 2012 by 7% and exceeded the budget. 2013 sales tax collections were \$10,650,000, a \$732,000 increase from 2012 actual collections, and \$50,000 more than the 2013 adopted budget.
2. Hotel room occupancy tax increased by 4%. 2013 actual collections were \$498,000, an increase of \$19,400 from 2012. Actual amounts, however, did not meet the 2013 adopted budget.
3. Utilities gross receipts tax also increased in 2013 by 6%. Amounts received were \$463,000, which was \$25,000 more than in 2012. Receipts did not meet the 2013 adopted budget.
4. Franchise fees increased \$30,000 in 2013, or 6%. Actual receipts of \$513,000 exceeded the adopted budget by \$33,000.
5. Ambulance fees increased in 2013 by \$225,000. This was a new revenue source in April 2012, therefore, 2013 was the first full year of operation. \$812,000 was collected for ambulance services, a 38% increase from last year. Actual amounts exceeded the budget by \$91,000.
6. Planning fees increased \$158,000, or 249% from 2012. Actual amounts received for 2013 were \$221,000. The budget was exceeded by \$123,000.
7. Rental of property increased by more than \$182,000. This was due to the rent received from National Grid for the Weibel Avenue facility. It was recorded in the Capital Projects fund in prior years. Rent for Weibel Avenue was \$213,000, which exceeded the adopted budget of \$187,000.
8. VLT aid was \$1,827,000 in 2013. This was an increase of \$331,000, or 22% from 2012. The adopted budget was \$1,496,000.
9. Mortgage tax receipts were stronger in 2013 than in 2012. Actual receipts for 2013 were \$1,752,000, 51% higher than 2012. The budget for 2013 was \$1,200,000.
10. Overall revenues were strong in 2013. Total revenues for the General Fund were \$41.6 million, \$849,000 higher than budgeted and \$2.4 million greater than in 2012.

# City of Saratoga Springs, New York

## Management's Discussion and Analysis December 31, 2013

### Financial Analysis of the City's Funds - Continued

#### General Fund Expenses

1. Health insurance costs were \$5,872,000 in 2013. This was an increase of 4% from 2012 and was \$257,000 less than the revised budget for 2013.
2. Retirement costs increased 10% for police and fire and 13% for all other employees. 2013 actual expenses of \$4,759,000 were \$40,000 less than budgeted.
3. Health reimbursement costs were \$41,000 in 2013. These costs were less than 2012, when costs totaled \$52,000. \$335,000 was budgeted in 2013.
4. Social Security expenses in 2013 were \$1,371,000, \$105,000 less than budgeted.
5. Utility costs were budgeted for \$603,000 and actual expenses were \$556,000.
6. Overtime costs totaled \$882,000 in 2013, which was a 6% increase from 2012. Overtime was budgeted as \$952,000 for 2013.
7. Unemployment costs were budgeted for \$92,000 in 2013. The actual expenses were \$5,000. Unemployment in 2013 decreased by \$23,000 from 2012.
8. Payments for compensatory time amounted to \$678,000, a 4.5% increase from 2012. Compensatory time pay outs were budgeted for \$711,000.
9. Total General Fund expenses were \$1.8 million more than those in 2012, but \$3.6 million less than budgeted. It is important to note that of this \$3.6 million, \$1.8 million was encumbered at year end. Encumbrances are goods or services which are ordered or committed to in 2013 but will be received and paid for in 2014. Therefore, the actual unspent/uncommitted variance was \$1.8 million. The primary reasons for this budget versus actual variance are noted above, as well as the increase in actual expenses from 2012 to 2013.

#### 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, 2013, amounts to \$37,717,967 (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 improvements to many City buildings as well as the replacement of filters at the water treatment plant.

	December 31,					
	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 3,920,918	\$ 3,921,258	\$ 325,841	\$ 325,841	\$ 4,246,759	\$ 4,247,099
Buildings	15,063,201	14,548,399	15,455,422	15,455,422	30,518,623	30,003,821
Improvements other than building	8,856,641	8,692,073	1,464,716	1,433,778	10,321,357	10,125,851
Machinery and equipment	14,003,958	13,317,157	787,479	857,809	14,791,437	14,174,966
Infrastructure	56,277,083	56,277,083	15,708,344	15,409,845	71,985,427	71,686,928
Work in progress	10,385,116	9,450,257	2,780,568	1,369,035	13,165,684	10,819,292
Totals	108,506,917	106,206,227	36,522,370	34,851,730	145,029,287	141,057,957
Accumulated depreciation	49,096,884	58,707,910	13,790,937	50,313,307	62,887,821	109,021,217
Capital assets net of accumulated depreciation	\$ 59,410,033	\$ 47,498,317	\$ 22,731,433	\$ (15,461,577)	\$ 82,141,466	\$ 32,036,740

Additional information on the City's capital assets can be found in Note 1k on page 30 and Note 3c on pages 35 and 36 of this report.

# City of Saratoga Springs, New York

## Management's Discussion and Analysis December 31, 2013

### Financial Analysis of the City's Funds - Continued

#### Capital Asset and Debt Administration - Continued

**Long-Term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$44,423,499. Of this amount, \$43,814,211 comprises debt backed by the full faith and credit of the City and \$609,288 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 \$4,278,499 (10%) during the current fiscal year by new debt issued June 15, 2013.

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 \$264,079,162, 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 \$75,451,189, 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 City paid this debt in full in December 2013.

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 \$49,054 for the ERS plan and \$80,708 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 \$960,160 for 384E, \$124,905 for 384EB, and \$128,297 for 384D.

Additional information on the City's long-term debt can be found in Note 1n on page 32 and Note 3e on pages 38 through 40 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 remained the same in 2013. 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.

# **City of Saratoga Springs, New York**

Management's Discussion and Analysis  
December 31, 2013

## **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 Position

	December 31, 2013		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and equivalents	\$ 8,044,832	\$ 648,200	\$ 8,693,032
Cash and cash equivalents, restricted	9,501,522	8,172,955	17,674,477
Receivables, net of uncollectibles	5,483,098	3,166,388	8,649,486
Inventories	-	50,314	50,314
Prepaid expenses	1,045,580	127,015	1,172,595
Internal balances	1,258,713	(1,258,713)	-
Due from fiduciary funds	17	-	17
Accrued interest	17,121	-	17,121
Total current assets	25,350,883	10,906,159	36,257,042
<b>NONCURRENT ASSETS</b>			
Capital assets, net	59,410,033	22,731,433	82,141,466
Total assets	84,760,916	33,637,592	118,398,508
<b>LIABILITIES AND NET POSITION</b>			
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	5,776,347	481,330	6,257,677
Current maturities on long-term liabilities	2,078,249	374,273	2,452,522
Accrued interest payable	1,467,519	349,055	1,816,574
Total current liabilities	9,322,115	1,204,658	10,526,773
<b>NONCURRENT LIABILITIES</b>			
Long-term liabilities, less current maturities	35,232,123	8,677,770	43,909,893
Other post-employment liability	35,732,065	2,917,304	38,649,369
Unearned revenues	-	193,869	193,869
Total liabilities	80,286,303	12,993,601	93,279,904
<b>NET POSITION</b>			
Net investment in capital assets	24,027,011	13,690,956	37,717,967
Restricted for			
Capital improvements	3,668,268	6,989,949	10,658,217
Debt service	2,433,043	-	2,433,043
Tax stabilization	1,502,227	-	1,502,227
Retirement reserve	472,592	-	472,592
Insurance reserve	130,010	-	130,010
Water line extension projects	-	921,696	921,696
Special district	1,965	-	1,965
Capital projects	1,214,786	261,310	1,476,096
Other purposes	78,631	-	78,631
Unrestricted	(29,053,920)	(1,219,920)	(30,273,840)
<b>Total net position</b>	<b>\$ 4,474,613</b>	<b>\$ 20,643,991</b>	<b>\$ 25,118,604</b>

See accompanying Notes to Financial Statements.

# City of Saratoga Springs, New York

## Government-Wide Financial Statements Statement of Activities

Functions/Programs	Year Ended December 31, 2013						
	Expenses	Program Revenue		Net (Expenses) Revenues and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>							
General Government Support							
Mayor	\$ 1,129,309	\$ 1,080	\$ -	\$ -	\$ (1,128,229)	\$ -	\$ (1,128,229)
Finance	2,143,848	488,215	1,680	-	(1,653,953)	-	(1,653,953)
Public Works	5,244,583	793,367	62,614	23,275	(4,365,327)	-	(4,365,327)
Accounts	1,056,843	940,150	28,507	-	(88,186)	-	(88,186)
Civil Service	82,153	30,223	-	-	(51,930)	-	(51,930)
Other general government support	8,782	5,314	-	-	(3,468)	-	(3,468)
Public Safety							
Police	12,460,269	720,040	70,854	-	(11,669,375)	-	(11,669,375)
Fire	10,541,355	849,542	(3,360)	-	(9,695,173)	-	(9,695,173)
Other public safety	3,106,189	96,288	-	-	(3,009,901)	-	(3,009,901)
Health	21,416	-	-	-	(21,416)	-	(21,416)
Transportation	4,905,437	-	612,056	396,106	(3,897,275)	-	(3,897,275)
Economic opportunity and development	166,873	-	-	-	(166,873)	-	(166,873)
Culture and recreation	3,042,978	986,072	1,829,211	-	(227,695)	-	(227,695)
Home and community service	1,722,192	459,420	640,203	-	(622,569)	-	(622,569)
Interest on long-term debt	1,483,163	4,628	-	-	(1,478,535)	-	(1,478,535)
Total governmental activities	<u>47,115,390</u>	<u>5,374,339</u>	<u>3,241,765</u>	<u>419,381</u>	<u>(38,079,905)</u>	<u>-</u>	<u>(38,079,905)</u>
<b>BUSINESS-TYPE ACTIVITIES</b>							
Water	3,764,372	3,168,712	-	-	-	(595,660)	(595,660)
Sewer	3,841,095	4,275,605	-	-	-	434,510	434,510
City Center Authority	2,414,340	830,859	-	-	-	(1,583,481)	(1,583,481)
Total business-type activities	<u>10,019,807</u>	<u>8,275,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,744,631)</u>	<u>(1,744,631)</u>
<b>Total government</b>	<u><b>\$ 57,135,197</b></u>	<u><b>\$ 13,649,515</b></u>	<u><b>\$ 3,241,765</b></u>	<u><b>\$ 419,381</b></u>	<u><b>\$ (38,079,905)</b></u>	<u><b>\$ (1,744,631)</b></u>	<u><b>\$ (39,824,536)</b></u>
<b>GENERAL REVENUES</b>							
					\$ 19,488,778	\$ -	\$ 19,488,778
					12,920,338	995,753	13,916,091
					127,374	68,325	195,699
					355,009	8,402	363,411
					3,354,608	-	3,354,608
					<u>36,246,107</u>	<u>1,072,480</u>	<u>37,318,587</u>
<b>TRANSFERS</b>							
					(799,201)	799,201	-
					<u>35,446,906</u>	<u>1,871,681</u>	<u>37,318,587</u>
<b>CHANGE IN NET POSITION</b>							
					(2,632,999)	127,050	(2,505,949)
<b>NET POSITION, beginning of year</b>							
					<u>7,107,612</u>	<u>20,516,941</u>	<u>27,624,553</u>
<b>NET POSITION, end of year</b>							
					<u><b>\$ 4,474,613</b></u>	<u><b>\$ 20,643,991</b></u>	<u><b>\$ 25,118,604</b></u>

See accompanying Notes to Financial Statements.

# City of Saratoga Springs, New York

## Fund Financial Statements Balance Sheet - Governmental Funds

	December 31, 2013						
	Major Funds				Non-Major Funds Other Governmental Funds	Eliminations	Total Governmental Funds
	General	Capital	Debt Service	Community Development			
<b>ASSETS</b>							
Cash and cash equivalents	\$ 7,245,313	\$ 201,410	\$ -	\$ 18,725	\$ 160,179	\$ -	\$ 7,625,627
Cash, special reserves	3,398,246	3,668,268	2,433,043	419,205	1,965	-	9,920,727
Receivables, net	4,082,200	-	-	102,874	-	-	4,185,074
Receivables from other governments	2,042,330	255,387	300	57,917	-	-	2,355,934
Prepaid expenses	1,045,580	-	-	-	-	-	1,045,580
Due from other funds	1,831,442	-	-	-	-	(572,712)	1,258,730
<b>Total assets</b>	<b>\$ 19,645,111</b>	<b>\$ 4,125,065</b>	<b>\$ 2,433,343</b>	<b>\$ 598,721</b>	<b>\$ 162,144</b>	<b>\$ (572,712)</b>	<b>\$ 26,391,672</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
Liabilities							
Accounts payable and accrued liabilities	808,334	658,390	325	57,917	13,682	-	1,538,648
Due to other funds	-	-	572,712	-	-	(572,712)	-
Due to other governments	663,394	-	-	1,037	-	-	664,431
	<u>1,471,728</u>	<u>658,390</u>	<u>573,037</u>	<u>58,954</u>	<u>13,682</u>	<u>(572,712)</u>	<u>2,203,079</u>
Deferred inflows of resources							
Deferred inflows, tax	1,205,294	-	-	-	-	-	1,205,294
Deferred inflows, other	1,528,675	232,112	-	120,562	-	-	1,881,349
	<u>2,733,969</u>	<u>232,112</u>	<u>-</u>	<u>120,562</u>	<u>-</u>	<u>-</u>	<u>3,086,643</u>
Total liabilities and deferred inflows of resources	<u>4,205,697</u>	<u>890,502</u>	<u>573,037</u>	<u>179,516</u>	<u>13,682</u>	<u>(572,712)</u>	<u>5,289,722</u>
Fund balance							
Nonspendable	1,045,580	-	-	-	-	-	1,045,580
Restricted for							
Capital reserve	1,214,786	3,668,268	-	-	-	-	4,883,054
Tax stabilization reserve	1,502,227	-	-	-	-	-	1,502,227
Retirement reserve	472,592	-	-	-	-	-	472,592
Insurance reserve	130,010	-	-	-	-	-	130,010
Debt	-	-	1,860,306	-	-	-	1,860,306
Other restrictions	78,631	-	-	419,205	1,965	-	499,801
Assigned for							
Encumbrances	1,842,027	8,960,686	-	-	-	-	10,802,713
2014 budget	483,000	-	-	-	-	-	483,000
Other assignments	852,489	-	-	-	-	-	852,489
Special district purposes	-	-	-	-	146,497	-	146,497
Unrestricted unassigned	7,818,072	(9,394,391)	-	-	-	-	(1,576,319)
Total fund balance	<u>15,439,414</u>	<u>3,234,563</u>	<u>1,860,306</u>	<u>419,205</u>	<u>148,462</u>	<u>-</u>	<u>21,101,950</u>
<b>Total liabilities and fund balances</b>	<b>\$ 19,645,111</b>	<b>\$ 4,125,065</b>	<b>\$ 2,433,343</b>	<b>\$ 598,721</b>	<b>\$ 162,144</b>	<b>\$ (572,712)</b>	<b>\$ 26,391,672</b>

See accompanying Notes to Financial Statements.

## City of Saratoga Springs, New York

### Reconciliation of the Total Fund Balances Shown in the Governmental Funds to the Statement of Net Position

	<b>December 31, 2013</b>
Total fund balances in the fund financial statements for the governmental funds.	\$ 21,101,950
This amount differs from the amount of net assets shown in the statement of net position due to the following:	
Capital assets are included as assets in the government-wide statements and are added, net of accumulated depreciation.	59,410,033
Long-term liabilities for bonded debt are included as liabilities in the government-wide statements and are deducted.	(35,383,022)
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.	(1,331,557)
Long-term liabilities for the lease obligations by the City are included as liabilities in the government-wide statements and are deducted.	(595,793)
Long-term liabilities for other post employment benefit obligations by City are included as liabilities in the government-wide statements and are deducted.	(35,732,065)
Accrued interest on property, school taxes, and community development loans on receivables for revenues earned, measurable, but not available are added.	17,121
Net receivables for revenues earned, measurable but not available to provide financial resources are reported as deferred inflows or resources in the governmental funds, and revenues in the government-wide statement of activities, net of the allowance for uncollectible balances.	2,028,733
Other current liabilities for compensated absences are included in the government-wide statements as liabilities and are deducted.	(3,573,268)
Current liabilities for interest payable on long-term debt are included in the government-wide statements as liabilities and are deducted.	(1,467,519)
<b>Total net assets, end of year</b>	<b>\$ 4,474,613</b>

# City of Saratoga Springs, New York

## Fund Financial Statements Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

	Year Ended December 31, 2013					
	Major Funds				Non-Major Funds	Total Governmental Funds
	General	Capital	Debt Service	Community Development	Other Governmental Funds	
	General	Capital	Debt Service	Community Development	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Real property taxes and tax items	\$ 17,149,114	\$ -	\$ 2,157,434	\$ -	\$ 162,190	\$ 19,468,738
Non-property taxes	12,920,338	-	-	-	-	12,920,338
Departmental income	2,471,577	-	-	34,065	-	2,505,642
Intergovernmental charges	317,313	23,275	-	-	-	340,588
Use of money and property	631,448	5,250	373,841	6,841	144	1,017,524
Licenses and permits	463,270	-	-	-	-	463,270
Fines and forfeitures	618,735	-	-	-	-	618,735
Sale of property and compensation for loss	728,875	199,200	-	-	-	928,075
Miscellaneous	1,991,983	81,268	-	-	-	2,073,251
State aid	4,163,663	6,196	-	-	-	4,169,859
Federal aid	33,754	50,707	-	628,359	-	712,820
Total revenues	41,490,070	365,896	2,531,275	669,265	162,334	45,218,840
<b>EXPENDITURES</b>						
<i>General Government Support</i>						
Mayor	863,329	-	-	-	-	863,329
Finance	1,884,098	-	27,468	-	-	1,911,566
Public Works	3,648,812	-	-	-	-	3,648,812
Accounts	930,871	-	-	-	-	930,871
Civil Service	160,974	-	-	-	-	160,974
Unallocated insurance	716,546	-	-	-	-	716,546
Other general government support	-	-	-	-	1,300	1,300
<i>Public Safety</i>						
Police	10,709,928	-	-	-	-	10,709,928
Fire	8,476,737	-	-	-	-	8,476,737
Other public safety	2,619,746	-	-	-	-	2,619,746
Health	21,467	-	-	-	-	21,467
Transportation	4,361,440	-	-	-	-	4,361,440
Economic opportunity and development	141,291	-	-	-	25,582	166,873
Culture and recreation	2,341,427	-	-	-	-	2,341,427
Home and community service	977,363	-	-	557,700	-	1,535,063

<i>Debt service</i>						
Principal	43,687	-	1,467,314	-	23,018	1,534,019
Interest	25,901	-	1,375,134	-	21,129	1,422,164
<i>Capital outlay</i>						
Public Works	-	207,486	-	-	-	207,486
Other general government support	-	8,496	-	-	-	8,496
Police	-	154,332	-	-	-	154,332
Fire	-	575,821	-	-	-	575,821
Transportation	-	874,758	-	-	-	874,758
Culture and recreation	-	492,905	-	-	-	492,905
Home and community service	-	179,560	-	-	-	179,560
Total expenditures	<u>37,923,617</u>	<u>2,493,358</u>	<u>2,869,916</u>	<u>557,700</u>	<u>71,029</u>	<u>43,915,620</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<b><u>3,566,453</u></b>	<b><u>(2,127,462)</u></b>	<b><u>(338,641)</u></b>	<b><u>111,565</u></b>	<b><u>91,305</u></b>	<b><u>1,303,220</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Bond proceeds	-	3,753,499	-	-	-	3,753,499
Interfund transfers in	95,704	-	839,626	-	-	935,330
Interfund transfers out	<u>(922,487)</u>	<u>(343,837)</u>	<u>(323,000)</u>	<u>(95,704)</u>	<u>(49,503)</u>	<u>(1,734,531)</u>
Total other financing sources and uses	<u>(826,783)</u>	<u>3,409,662</u>	<u>516,626</u>	<u>(95,704)</u>	<u>(49,503)</u>	<u>2,954,298</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>2,739,670</b>	<b>1,282,200</b>	<b>177,985</b>	<b>15,861</b>	<b>41,802</b>	<b>4,257,518</b>
<b>FUND BALANCE, <i>beginning of year</i></b>	<u>12,699,744</u>	<u>1,952,363</u>	<u>1,682,321</u>	<u>403,344</u>	<u>106,660</u>	<u>16,844,432</u>
<b>FUND BALANCE, <i>end of year</i></b>	<b><u>\$ 15,439,414</u></b>	<b><u>\$ 3,234,563</u></b>	<b><u>\$ 1,860,306</u></b>	<b><u>\$ 419,205</u></b>	<b><u>\$ 148,462</u></b>	<b><u>\$ 21,101,950</u></b>

See accompanying Notes to Financial 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 Position Shown in the Statement of Activities

		<u>Year Ended December 31, 2013</u>
Net change in fund balances shown for total governmental funds		\$ 4,257,518
This amount differs from the change in net position 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	3,002,813
	Depreciation expense	<u>(2,871,549)</u>
		131,264
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	295,778
	Prior year revenues	<u>407,907</u>
		(112,129)
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	3,086,643
	Prior year revenues	<u>2,911,761</u>
		174,882
Payments on retirement system debt are shown as expenditures in the governmental funds. These payments are shown in the statement of net position 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.		
		586,807
Other postemployment obligations are not reported in the governmental funds. This liability is shown in the statement of net position as a non-current liability in the statement of activities as an expense.		
		(5,077,853)
Bond and lease principal payments are shown as expenditures in the governmental funds. These payments are shown in the statement of net position 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.		
		1,543,436
Receipt of bond proceeds is recorded as a financing source in the governmental funds. These proceeds are shown in the statement of net position as an increase in related liabilities. This is the amount of bonds issued and proceeds received during the current year.		
		(3,753,499)
Certain expenditures for interest on debt are recorded in the governmental funds when 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.		
	2013 current year expenditures	1,406,520
	2014 allocated expenses	<u>1,467,519</u>
		(60,999)
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.		
	2013 current year expenditures	3,250,843
	2013 expenses incurred during current year	<u>3,573,269</u>
		<u>(322,426)</u>
<b>Change in net position of governmental activities shown in the statement of activities.</b>		<b><u>\$ (2,632,999)</u></b>

See accompanying Notes to Financial Statements.

# City of Saratoga Springs, New York

## Fund Financial Statements Statement of Net Position - Proprietary Funds

	December 31, 2013			
	Water Activities	Sewer Activities	City Center Activities	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and equivalents	\$ 162,486	\$ 296,607	\$ 189,107	\$ 648,200
Cash and cash equivalents, restricted	1,508,714	261,310	6,402,931	8,172,955
Receivables, net of uncollectibles	1,278,741	1,658,155	229,492	3,166,388
Inventories	35,062	15,252	-	50,314
Prepaid expenses	57,609	28,127	41,279	127,015
Total current assets	3,042,612	2,259,451	6,862,809	12,164,872
<b>NONCURRENT ASSETS</b>				
Net capital assets	7,139,124	1,523,352	14,068,957	22,731,433
Total assets	10,181,736	3,782,803	20,931,766	34,896,305
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	138,867	58,049	284,414	481,330
Current maturities on long-term liabilities	330,662	40,570	3,041	374,273
Internal balances due to governmental activities	643,788	614,925	-	1,258,713
Accrued interest payable	276,555	72,500	-	349,055
Total current liabilities	1,389,872	786,044	287,455	2,463,371
<b>NONCURRENT LIABILITIES</b>				
Long-term liabilities, less current maturities	7,166,775	1,510,995	-	8,677,770
Other postemployment liability	1,886,107	1,031,197	-	2,917,304
Unearned revenues	84,456	109,413	-	193,869
Total liabilities	10,527,210	3,437,649	287,455	14,252,314
<b>NET POSITION (DEFICIT)</b>				
Invested in capital assets, net of related debt	(352,584)	(25,417)	14,068,957	13,690,956
Restricted for				
Capital improvements	587,018	-	6,402,931	6,989,949
Water line extension projects	921,696	-	-	921,696
Capital projects	-	261,310	-	261,310
Unrestricted	(1,501,604)	109,261	172,423	(1,219,920)
<b>Total net position</b>	<b>\$ (345,474)</b>	<b>\$ 345,154</b>	<b>\$ 20,644,311</b>	<b>\$ 20,643,991</b>

# City of Saratoga Springs, New York

## Fund Financial Statements Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds

	<b>Year Ended December 31, 2013</b>			
	<b>Water</b>	<b>Sewer</b>	<b>City Center</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Water charges	\$ 3,168,712	\$ -	\$ -	\$ 3,168,712
Sewer charges	-	4,275,605	-	4,275,605
General operating	-	-	67,724	67,724
Facility charges	-	-	763,135	763,135
Total operating revenues	<u>3,168,712</u>	<u>4,275,605</u>	<u>830,859</u>	<u>8,275,176</u>
<b>OPERATING EXPENSES</b>				
Costs of sales and services	2,365,536	3,256,331	877,699	6,499,566
Administration	742,340	498,539	948,392	2,189,271
Depreciation	323,920	13,060	588,249	925,229
Loss on disposal of capital assets	57,816	-	-	57,816
Total operating expenses	<u>3,489,612</u>	<u>3,767,930</u>	<u>2,414,340</u>	<u>9,671,882</u>
<b>Operating income (loss)</b>	<u><b>(320,900)</b></u>	<u><b>507,675</b></u>	<u><b>(1,583,481)</b></u>	<u><b>(1,396,706)</b></u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Hotel occupancy tax	-	-	995,753	995,753
Other general revenue items	-	6,010	62,315	68,325
Interest and earnings	826	-	7,576	8,402
Interest expense	(274,760)	(73,165)	-	(347,925)
Total nonoperating revenues	<u>(273,934)</u>	<u>(67,155)</u>	<u>1,065,644</u>	<u>724,555</u>
<b>Income before transfers</b>	<u><b>(594,834)</b></u>	<u><b>440,520</b></u>	<u><b>(517,837)</b></u>	<u><b>(672,151)</b></u>
Transfer from governmental funds	<u>972,662</u>	<u>(306,730)</u>	<u>133,269</u>	<u>799,201</u>
<b>CHANGE IN NET POSITION</b>	<u><b>377,828</b></u>	<u><b>133,790</b></u>	<u><b>(384,568)</b></u>	<u><b>127,050</b></u>
<b>NET POSITION (DEFICIT), <i>beginning of year</i></b>	<u>(723,302)</u>	<u>211,364</u>	<u>21,028,879</u>	<u>20,516,941</u>
<b>NET POSITION (DEFICIT), <i>end of year</i></b>	<u><u><b>\$ (345,474)</b></u></u>	<u><u><b>\$ 345,154</b></u></u>	<u><u><b>\$ 20,644,311</b></u></u>	<u><u><b>\$ 20,643,991</b></u></u>

# City of Saratoga Springs, New York

## Fund Financial Statements Statement of Cash Flows - Proprietary Funds

	Year Ended December 31, 2013			
	Water	Sewer	City Center	Total
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Charges for services	\$ 3,269,679	\$ 4,348,042	\$ 826,923	\$ 8,444,644
Payments to contractors and suppliers	(1,255,562)	(2,805,581)	(997,680)	(5,058,823)
Payments to employees, payroll taxes and benefits	(1,629,231)	(812,732)	(948,392)	(3,390,355)
	<u>384,886</u>	<u>729,729</u>	<u>(1,119,149)</u>	<u>(4,534)</u>
<b>CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Bond proceeds	425,000	100,000	-	525,000
Purchase of capital assets	(1,666,038)	(80,540)	-	(1,746,578)
Payment on bonds	(473,123)	(35,352)	(2,896)	(511,371)
Interest paid	(289,158)	(71,141)	-	(360,299)
	<u>(2,003,319)</u>	<u>(87,033)</u>	<u>(2,896)</u>	<u>(2,093,248)</u>
<b>CASH FLOWS PROVIDED (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Hotel occupancy taxes	-	-	995,753	995,753
Transfers and other	943,787	(449,527)	195,584	689,844
	<u>943,787</u>	<u>(449,527)</u>	<u>1,191,337</u>	<u>1,685,597</u>
<b>CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES</b>				
Interest and dividends received	826	-	7,576	8,402
Allocation (use) to restricted cash and cash equivalents	684,546	(175,245)	36,728	546,029
	<u>685,372</u>	<u>(175,245)</u>	<u>44,304</u>	<u>554,431</u>
<b>Net increase in cash and cash equivalents</b>	<b>10,726</b>	<b>17,924</b>	<b>113,596</b>	<b>142,246</b>
<b>CASH AND CASH EQUIVALENTS, <i>beginning of year</i></b>	<b>151,760</b>	<b>278,683</b>	<b>75,511</b>	<b>505,954</b>
<b>CASH AND CASH EQUIVALENTS, <i>end of year</i></b>	<b>\$ 162,486</b>	<b>\$ 296,607</b>	<b>\$ 189,107</b>	<b>\$ 648,200</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (320,900)	\$ 507,675	\$ (1,583,481)	\$ (1,396,706)
Depreciation expense	323,920	13,060	588,249	925,229
Loss on disposal of capital assets	57,816	-	-	57,816
(Increase) decrease in				
Receivables, net of allowances	16,511	(36,976)	(3,936)	(24,401)
Inventory	13,387	-	-	13,387
Prepays	(7,693)	(3,757)	(4,702)	(16,152)
Increase (decrease) in				
Accounts payable and other liabilities	(17,858)	461	(115,279)	(132,676)
Unearned revenues	84,456	109,413	-	193,869
Retirement and OPEB liability	235,247	139,853	-	375,100
<b>Net cash provided (used) by operating activities</b>	<b>\$ 384,886</b>	<b>\$ 729,729</b>	<b>\$ (1,119,149)</b>	<b>\$ (4,534)</b>

See accompanying Notes to Financial Statements.

# City of Saratoga Springs, New York

## Fund Financial Statements Statement of Fiduciary Net Position - Fiduciary Funds

	<u>December 31, 2013</u>	
	<u>Agency Funds</u>	<u>Private Purpose Trust</u>
<b>ASSETS</b>		
Cash	\$ 1,000,488	\$ 35,402
<b>LIABILITIES</b>		
Accounts payable	929,798	-
Due to other governments	70,673	-
Due to other funds	17	-
Total liabilities	<u>1,000,488</u>	<u>-</u>
<b>NET POSITION</b>	<u>\$ -</u>	<u>\$ 35,402</u>

# City of Saratoga Springs, New York

## Fund Financial Statements Statement of Changes in Fiduciary Net Position - Fiduciary Funds

	<b>December 31, 2013</b>
	<b>Private Purpose Trust</b>
<b>ADDITIONS</b>	
Private donations	\$ 700
Interest earnings	35
	<u>735</u>
<b>DEDUCTIONS</b>	
Culture and recreation	<u>440</u>
<b>CHANGE IN NET POSITION</b>	<b>296</b>
<b>NET POSITION, <i>beginning of year</i></b>	<u>35,106</u>
<b>NET POSITION, <i>end of year</i></b>	<b><u><u>\$ 35,402</u></u></b>

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

### 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 (U.S. 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. 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 U.S. 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, 2013

### 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 position 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 position 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. Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. 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.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *d. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued*

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.

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 inflows of resources on its fund financial statements for certain revenues other than property taxes. Deferred inflows of resources arise when potential revenue does not meet both of the "measurable" and "available" criteria for recognition in the current period. Deferred inflows of resources 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 its deferred inflows of resources is removed from the 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.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### 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:

- 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.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *e. Fund Accounting - Continued*

##### *Fund Types - Continued*

##### *Proprietary Funds - Continued*

- 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.

*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 position.

#### *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.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *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, 2013. 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.

#### *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.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### k. Capital Assets, Net - Continued

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. Net Position

Net position is reported as restricted when constraints placed on net position use are either:

- a. Externally imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.

Enabling legislation authorizes the City to assess, levy, or otherwise mandate payment of resources and includes legally enforceable requirements that those resources be used for that specific purpose stipulated in legislation. A legally enforceable requirement is one that an outside party (such as citizens, public interest groups, or the judiciary) can compel the government to honor. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Net investment in capital assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Unrestricted net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position described above.

#### m. Fund Balance

Fund balances for governmental funds are 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 are as follows:

*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, 2013

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *m. Fund Balance - Continued*

*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.

#### *n. 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.

#### *o. 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 position. 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.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *p. Adoption of New Accounting Standards*

On January 1, 2013, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). As a result of adopting GASB 65, the City now presents resources that do not meet the availability criterion as a deferred inflow of resources. For the period ended December 31, 2013, the City has \$3,086,643 of deferred inflows of resources, mostly consisting of property and sales tax related items, and amounts due from other governments.

On January 1, 2013, the City adopted the provisions of GASB Statement No. 66, *Technical Corrections* (GASB No. 66). This statement establishes clarifications on two recently issued statements, statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and statement 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. The adoption of GASB No. 66 did not significantly impact the City's financial statements.

#### *q. Subsequent Events*

The City has evaluated subsequent events for potential recognition or disclosure through August 4, 2014, the date the financial statements were available to be issued.

### 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.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

### 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, 2013.

##### *Cash and Cash Equivalents, Restricted*

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

Debt service	\$ 2,433,043
Special assessment district purposes	1,965
Tax stabilization	1,502,227
Retirement reserve	472,592
Insurance reserve	130,010
Capital projects	795,581
Capital improvements	3,668,268
Community development	419,205
Council designated purposes	<u>78,631</u>
Total restricted cash and cash equivalents	<u>\$ 9,501,522</u>

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

City Center capital improvements	\$ 6,402,931
Water capital projects	1,508,714
Sewer capital projects	<u>261,310</u>
Total restricted	<u>\$ 8,172,955</u>

#### b. Receivables

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

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

### Note 3 - Detailed Notes on all Funds - Continued

#### b. Receivables - Continued

Receivables	General	Capital	Debt Service	Special Grant	Water	Sewer	Center Authority	Total
City and county taxes	\$ 718,664	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 718,664
School taxes	530,131	-	-	-	-	-	-	530,131
Tax sales	958,442	-	-	-	-	-	-	958,442
Water rents	-	-	-	-	1,324,244	-	-	1,324,244
Sewer rents	-	-	-	-	-	1,719,639	-	1,719,639
Accounts	1,909,129	-	-	-	3,423	11	13,183	1,925,746
Rehabilitation loans	-	-	-	136,069	-	-	-	136,069
State and federal	1,814,964	232,113	-	57,917	-	-	-	2,104,994
Other governments	587,970	23,274	300	-	-	-	216,309	827,853
Total net receivables	6,519,300	255,387	300	193,986	1,327,667	1,719,650	229,492	10,245,782
Allowance for uncollectible accounts	(1,452,680)	-	-	(33,195)	(48,926)	(61,495)	-	(1,596,296)
Total net receivables	\$ 5,066,620	\$ 255,387	\$ 300	\$ 160,791	\$ 1,278,741	\$ 1,658,155	\$ 229,492	\$ 8,649,486

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

Receivables, net of allowances	
Governmental activities	\$ 5,483,098
Business-type activities	<u>3,166,388</u>
 Total	 <u>\$ 8,649,486</u>

#### c. Capital Assets

Capital asset activity was as follows:

Governmental Activities	Year Ended December 31, 2013			Balance December 31, 2013
	Balance January 1, 2013	Additions/ Adjustment	Retirement Reclassifications	
Capital assets not being depreciated				
Land	\$ 3,921,258	\$ -	\$ (340)	\$ 3,920,918
Work in progress	9,450,257	1,400,915	(466,056)	10,385,116
Total capital assets not being depreciated	<u>13,371,515</u>	<u>1,400,915</u>	<u>(466,396)</u>	<u>14,306,034</u>
Depreciable capital assets				
Buildings	14,548,399	514,802	-	15,063,201
Improvements	8,692,073	164,568	-	8,856,641
Machinery, equipment, and vehicles	13,317,157	1,210,236	(523,435)	14,003,958
Infrastructure	56,277,083	-	-	56,277,083
Total depreciable capital assets	<u>92,834,712</u>	<u>1,889,606</u>	<u>(523,435)</u>	<u>94,200,883</u>
Less accumulated depreciation				
Buildings	6,267,324	891,628	390,341	7,549,293
Improvements other than buildings	3,270,015	354,104	-	3,624,119
Machinery, equipment, and vehicles	9,914,134	773,860	(1,052,186)	9,635,808
Infrastructure	27,475,985	851,957	(40,278)	28,287,664
Total accumulated depreciation	<u>46,927,458</u>	<u>2,871,549</u>	<u>(702,123)</u>	<u>49,096,884</u>
Net depreciable capital assets	<u>45,907,254</u>	<u>(981,943)</u>	<u>178,688</u>	<u>45,103,999</u>
Total net capital assets governmental activities	<u>\$ 59,278,769</u>	<u>\$ 418,972</u>	<u>\$ (287,708)</u>	<u>\$ 59,410,033</u>

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

### Note 3 - Detailed Notes on all Funds - Continued

#### c. Capital Assets - Continued

Business-type Activities	Year Ended December 31, 2013			Balance December 31, 2013
	Balance January 1, 2013	Additions/ Adjustment	Retirement Reclassifications	
<b>Water activity</b>				
Capital assets not being depreciated				
Land	\$ 325,841	\$ -	\$ -	\$ 325,841
Work in progress	381,888	1,360,993	-	1,742,881
Total capital assets not being depreciated	<u>707,729</u>	<u>1,360,993</u>	<u>-</u>	<u>2,068,722</u>
Depreciable capital assets				
Buildings	749,195	-	-	749,195
Improvements	1,236,532	938	-	1,237,470
Machinery, equipment, and vehicles	701,537	5,609	(75,939)	631,207
Infrastructure	15,068,845	298,499	-	15,367,344
Total depreciable capital assets	<u>17,756,109</u>	<u>305,046</u>	<u>(75,939)</u>	<u>17,985,216</u>
Less accumulated depreciation				
Buildings	230,308	26,070	-	256,378
Improvements	125,217	48,640	937	174,794
Machinery, equipment, and vehicles	355,020	21,282	(21,965)	354,337
Infrastructure	11,898,472	227,928	2,905	12,129,305
Total accumulated depreciation	<u>12,609,017</u>	<u>323,920</u>	<u>(18,123)</u>	<u>12,914,814</u>
Net depreciable capital assets	<u>5,147,092</u>	<u>(18,874)</u>	<u>(57,816)</u>	<u>5,070,402</u>
Total net capital assets water activities	<u>\$ 5,854,821</u>	<u>\$ 1,342,119</u>	<u>\$ (57,816)</u>	<u>\$ 7,139,124</u>
<b>Sewer activity</b>				
Capital assets not being depreciated				
Work in progress	\$ 987,147	\$ 50,540	\$ -	\$ 1,037,687
Depreciable capital assets				
Improvements	197,246	30,000	-	227,246
Machinery, equipment, and vehicles	14,817	-	-	14,817
Infrastructure	341,000	-	-	341,000
Total depreciable capital assets	<u>553,063</u>	<u>30,000</u>	<u>-</u>	<u>583,063</u>
Less accumulated depreciation				
Improvements	5,110	2,949	-	8,059
Machinery, equipment, and vehicles	56,108	236	-	56,344
Infrastructure	23,120	9,875	-	32,995
Total accumulated depreciation	<u>84,338</u>	<u>13,060</u>	<u>-</u>	<u>97,398</u>
Net depreciable capital assets	<u>468,725</u>	<u>16,940</u>	<u>-</u>	<u>485,665</u>
Total net capital assets sewer activities	<u>\$ 1,455,872</u>	<u>\$ 67,480</u>	<u>\$ -</u>	<u>\$ 1,523,352</u>
<b>City Center Authority</b>				
Machinery, equipment, and vehicles	\$ 141,455	\$ -	\$ -	\$ 141,455
Buildings	14,706,228	95,691	-	14,801,919
Accumulated depreciation	<u>147,713</u>	<u>585,249</u>	<u>-</u>	<u>732,962</u>
Net capital assets City Center Authority	<u>\$ 14,558,515</u>	<u>\$ (489,558)</u>	<u>\$ -</u>	<u>\$ 14,068,957</u>

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

### Note 3 - Detailed Notes on all Funds - Continued

*c. Capital Assets - Continued*

Depreciation expense was charged to functions/programs as follows:

Mayor	\$ 12,783
Finance	8,420
DPW	1,268,945
DPS	68,648
Accounts	3,716
Police	102,033
Fire	274,246
Home and community service	17,452
Transportation	469,713
Culture and recreation	<u>645,213</u>
Total depreciation expense for governmental activities	<u><u>\$ 2,871,549</u></u>
Water	\$ 323,920
Sewer	13,060
City Center Authority	<u>588,249</u>
Total depreciation expense for business-type activities	<u><u>\$ 925,229</u></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:

	December 31, 2013	
	Due From	Due To
General	\$ -	\$ 1,831,442
Water	643,788	-
Sewer	614,925	-
Trust	17	-
Debt Service	<u>572,712</u>	<u>-</u>
	<u><u>\$ 1,831,442</u></u>	<u><u>\$ 1,831,442</u></u>

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

	December 31, 2013	
	Due To	Due From
General	\$ -	\$ 1,258,713
Water	643,788	-
Sewer	<u>614,925</u>	<u>-</u>
	<u><u>\$ 1,258,713</u></u>	<u><u>\$ 1,258,713</u></u>

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

### 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:

Transfers Out	December 31, 2013					
	Transfers In					
	Debt Service	City Center	General Fund	Water	Sewer	Totals
General Fund	\$ 785,000	\$ 133,269	\$ -	\$ 2,834	\$ 1,384	\$ 922,487
Capital Projects	5,123	-	-	646,828	(308,114)	343,837
WASAD	49,503	-	-	-	-	49,503
Debt Service	-	-	-	323,000	-	323,000
Community Development	-	-	95,704	-	-	95,704
	<u>\$ 839,626</u>	<u>\$ 133,269</u>	<u>\$ 95,704</u>	<u>\$ 972,662</u>	<u>\$ (306,730)</u>	<u>\$ 1,734,531</u>

In the government-wide statement of net position, interfund receivables and payables of \$572,712 between governmental activities were eliminated, leaving the balances shown above. In the government-wide statement of activities, interfund transfers of \$935,330 between governmental activities were eliminated, leaving \$799,201 in transfers from the governmental activities to the business-type activities.

*e. Indebtedness*

*i. General Obligation Bonds*

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. On June 15, 2013, the City issued a \$4,278,499, 20-year general obligation bond. Of the total amount, \$3,753,499 was issued to finance governmental activities, \$100,000 to finance sewer activities, and \$425,000 was issued to finance water activities.

A summary of the City's general obligation serial bond transactions for the year ended December 31, 2013, is as follows:

Bonds payable, <i>beginning of year</i>	\$ 42,135,687
Bonds issued	4,278,499
Bonds retired	<u>(1,990,687)</u>
Bonds payable, <i>end of year</i>	<u>\$ 44,423,499</u>

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

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

### Note 3 - Detailed Notes on all Funds - Continued

e. *Indebtedness - Continued*

i. *General Obligation Bonds - Continued*

<u>Public Improvement Bonds</u>	<u>Issue Date</u>	<u>Maturity</u>	<u>Rate</u>	<u>December 31, 2013</u>
Serial Bond, general obligation	07/93	03/13	4.750%	\$ -
Serial Bond, EFC	03/97	02/17	3.400%	300,000
Serial Bond, general obligation	10/97	09/17	4.500%	560,000
Serial Bond, general obligation	06/00	06/14	5.120%	165,000
Serial Bond, general obligation	09/02	09/22	3.900%	935,000
Serial Bond, general obligation	04/04	02/34	4.000%	3,205,000
Serial Bond, general obligation	03/05	06/24	3.850%	3,045,000
Serial Bond, general obligation	04/06	04/35	4.250%	7,305,000
Serial Bond, general obligation	07/07	07/30	3.700%	7,615,000
Serial Bond, general obligation	08/08	08/38	5.000%	4,585,000
Serial Bond, general obligation	01/09	01/24	4.250%	580,000
Serial Bond, general obligation	09/09	09/39	4.250%	1,290,000
Serial Bond, general obligation	07/10	07/37	4.420%	1,440,000
Statutory Installment Bond	04/11	04/39	4.630%	2,070,000
Serial Bond, general obligation	05/12	05/39	2.975%	6,545,000
Serial Bond, general obligation	12/12	12/22	2.000%	505,000
Serial Bond, general obligation	04/13	06/33	3.372%	4,278,499
				<u>\$ 44,423,499</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,			
2014	\$ 1,903,499	\$ 1,792,491	\$ 3,695,990
2015	1,880,000	1,654,361	3,534,361
2016	1,925,000	1,586,093	3,511,093
2017	1,910,000	1,515,503	3,425,503
2018	1,790,000	1,446,490	3,236,490
For the years ending December 31,			
2019-2023	9,935,000	6,145,832	16,080,832
2024-2028	9,625,000	4,235,338	13,860,338
2029-2033	9,330,000	2,251,177	11,581,177
2034-2038	5,550,000	671,823	6,221,823
2039	575,000	12,719	587,719
	<u>\$ 44,423,499</u>	<u>\$ 21,311,827</u>	<u>\$ 65,735,326</u>

Of the total outstanding indebtedness of the City in the sum of \$44,423,499, \$31,675,328 was subject to the statutory debt limit and represented approximately 42% of the City's \$75,451,189 self-imposed debt limit.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

### Note 3 - Detailed Notes on all Funds - Continued

e. *Indebtedness - Continued*

ii. *Special Assessment Debt*

At December 31, 2013, the amount of special assessment debt outstanding for SAD and WASAD was \$516,460 and \$92,828, respectively. These amounts are reflected in the governmental activities statement of net position and included in the schedules above.

iii. *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 rate of interest on the first \$1,000,000 is 2%, which was bought down by a New York State Energy Research and Development Authority (NYSERDA) grant. Principal payments of \$43,687 were made in 2013. On December 14, 2012, the City issued a statutory installment bond in the amount of \$555,304 to refinance the portion of the lease not subsidized by NYSERDA. The principal balance remaining on the lease is \$595,793.

iv. *Other Liabilities*

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

	January 1, 2013	Additions	Deletions	December 31, 2013
Sick time	\$ 2,608,259	\$ 319,181	\$ 168,329	\$ 2,759,111
Compensatory time	750,714	202,670	179,550	773,834
 Total	 \$ 3,358,973	 \$ 521,851	 \$ 347,879	 \$ 3,532,945

v. *Long-Term Liabilities, Less Current Maturities*

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

	Due In One Year	More Than One Year	Total
<b>Governmental Funds</b>			
EPC lease	\$ 45,505	\$ 550,288	\$ 595,793
Bonds	1,540,792	33,842,230	35,383,022
Retirement due December 15, 2014	491,952	839,605	1,331,557
	\$ 2,078,249	\$ 35,232,123	\$ 37,310,372
 <b>Water</b>			
Bonds	\$ 324,933	\$ 7,166,775	\$ 7,491,708
Retirement due December 15, 2014	5,729	-	5,729
	\$ 330,662	\$ 7,166,775	\$ 7,497,437

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

### Note 3 - Detailed Notes on all Funds - Continued

v. *Long-Term Liabilities, Less Current Maturities - Continued*

	Due In One Year	More Than One Year	Total
Sewer			
Bonds	\$ 37,774	\$ 1,510,995	\$ 1,548,769
Retirement due December 15, 2014	2,796	-	2,796
	\$ 40,570	\$ 1,510,995	\$ 1,551,565
City Center			
Bonds due December 15, 2014	\$ 3,041	\$ -	\$ 3,041
Total Business Type Activities			
Bonds	\$ 362,707	\$ 8,677,770	\$ 9,040,477
Retirement due December 15, 2014	11,566	-	11,566
	\$ 374,273	\$ 8,677,770	\$ 9,052,043

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.

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 2013 on or before February 1, 2013. The required contributions for the current and two preceding years were:

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

### Note 3 - Detailed Notes on all Funds - Continued

*f. Employee Retirement Systems and Pension Plan - Continued*

*ii. Employee Retirement Systems Funding Policy - Continued*

	2013	2012	2011
ERS regular contribution	\$ 1,989,509	\$ 1,769,014	\$ 1,455,513
ERS 2004 amortization	51,194	51,194	51,507
PFRS regular contribution	2,665,093	2,367,796	1,773,637
PFRS 2004 amortization	84,743	84,743	85,261
PFRS Fire 384E	136,868	136,868	138,191
PFRS Police 384EB	48,003	48,003	48,467
PFRS Police 84E	369,007	369,007	372,574
PFRS Police Re-open 384D	49,323	49,323	49,800
	\$ 5,393,740	\$ 4,875,948	\$ 3,974,950
Totals			

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 1<sup>st</sup> (e.g., billings due February 2008 would be based on the pension value as of March 31, 2007).

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

- For State fiscal year (SFY) 2004-05, the amount in excess of 7% 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, 2013

### 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:

ERS Amortization	Principal	Interest	Total
Payable February 1, 2015	<u>\$ 49,054</u>	<u>\$ 2,453</u>	<u>\$ 51,507</u>
PFRS Amortization	Principal	Interest	Total
Payable February 1, 2015	<u>\$ 80,708</u>	<u>\$ 4,035</u>	<u>\$ 88,778</u>

The unpaid principal balance of \$129,762 at December 31, 2013, for the above amortizations is included in the financial statements as a non-current governmental liability, of which \$129,762 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 was paid February 1, 2008, for the City's 2007 fiscal year and the final installment is due in December 2016.

The maturity schedules for this debt are as follows:

384 E - Police

	Principal	Interest	Total
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>\$ 960,160</u>	<u>\$ 157,562</u>	<u>\$ 1,117,722</u>
	Principal	Interest	Total
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>\$ 128,297</u>	<u>\$ 21,103</u>	<u>\$ 149,400</u>

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

### Note 3 - Detailed Notes on all Funds - Continued

f. *Employee Retirement Systems and Pension Plan* - Continued

ii. *Employee Retirement Systems Funding Policy* - Continued

384 EB Police

	Principal	Interest	Total
Payable February 1, 2015	\$ 38,475	\$ 99,992	\$ 138,467
Payable February 1, 2016	41,553	6,914	48,467
Payable February 1, 2017	44,877	3,590	48,467
Totals	\$ 124,905	\$ 110,496	\$ 235,401

The unpaid principal balance of \$1,213,362 at December 31, 2013, 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 \$373,757 is shown as due within one year.

### 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, 2013, the City contributed \$2,365,889 to the Retiree Health Plan. Some Retiree Health Plan members receiving benefits contribute a percent of their premium costs. Total member contributions were \$319,220 for the year ended December 31, 2013.

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 2013, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation to the Plan:

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

### Note 4 - Postemployment Benefits Other Than Pensions - Continued

Required Information	Govt.	Water	Sewer	Total
Annual required contribution	\$ 7,845,036	\$ 347,659	\$ 161,528	\$ 8,354,223
Interest on net OPEB obligation	1,226,169	66,034	35,654	1,327,857
Adjustment to annual required contribution	<u>(1,886,766)</u>	<u>(101,610)</u>	<u>(54,862)</u>	<u>(2,043,238)</u>
Annual OPEB cost (expense)	7,184,439	312,083	142,320	7,638,842
Contributions made (expected)	<u>(2,286,586)</u>	<u>(76,836)</u>	<u>(2,467)</u>	<u>(2,365,889)</u>
Increase in net OPEB obligation	4,897,853	235,247	139,853	5,272,953
Net OPEB obligation, beginning of year	<u>30,654,212</u>	<u>1,650,860</u>	<u>891,344</u>	<u>33,196,416</u>
Net OPEB obligation, end of year	<u>\$ 35,552,065</u>	<u>\$ 1,886,107</u>	<u>\$ 1,031,197</u>	<u>\$ 38,469,369</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 2013 was as follows:

Activity	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2013			
Governmental	\$ 7,364,439	31%	\$ 35,732,065
Water	312,083	25%	1,886,107
Sewer	142,320	2%	1,031,197
December 31, 2012			
Governmental	\$ 7,043,424	31%	30,654,212
Water	296,668	22%	1,650,860
Sewer	133,622	0%	891,344
December 31, 2011			
Governmental	9,739,542	27%	25,783,518
Water	426,252	9%	1,418,356
Sewer	182,442	0%	757,722

*Funded Status and Funding Progress* - As of December 31, 2013, the actuarial accrued liability for benefits was \$82,267,426, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Retiree Health Plan) was \$21,128,302, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 389%.

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.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

### Note 4 - Postemployment Benefits Other Than Pensions - Continued

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.

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, 2013, was twenty-six years.

### Note 5 - Remediation Costs

During 2013, \$5,887 in expenses were included in the government-wide financial statements as a program expense during 2013 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.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

### Note 6 - 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 effect 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 2013 annual contribution to the workers' compensation pool was \$372,590.

#### *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.

#### *d. Labor Relations*

The City has 334 employees covered by seven bargaining units. The Police Chiefs' contract expires on December 31, 2014, Police Lieutenants', Police Benevolent Association's, CSEA City Hall and CSEA Public Works contracts all expired on December 31, 2012. The Fire Chiefs' and the Firefighters' contracts expired on December 31, 2013. All expired contracts are actively under negotiation.

### Note 7 - Accounting Standards Issued Not Yet Implemented

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this statement.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

### **Note 7 - Accounting Standards Issued Not Yet Implemented - Continued**

The scope of this statement also addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have certain characteristics as defined in the statement. It establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. This statement is effective for periods beginning after June 15, 2014, with early implementation encouraged.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement established accounting and financial reporting standards related to government combinations and disposals of government operations. Government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement provides specific accounting and financial reporting guidance for combinations in this environment and improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement provides financial reporting and disclosure guidance to those governments that extend and receive nonexchange financial guarantees, thereby enhancing comparability of financial statements among governments.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68. This statement addresses an issue regarding the application of the transition provisions of statement No. 68, *Accounting and Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of the statement are to be adopted simultaneously with Statement 68.

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

### **Note 8 - Subsequent Events**

On June 26, 2014, the City issued \$5,123,686 in general obligation bonds to finance various projects, including water improvements and a new parking deck. The interest rate on the bonds is 2.81%. The bonds will mature on June 15, 2034.

# City of Saratoga Springs, New York

## Required Supplementary Information Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund

	December 31, 2013			Variance with Revised - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Adopted	Revised		
<b>REVENUES</b>				
Real property taxes and tax items	\$ 17,663,240	\$ 17,846,378	\$ 17,149,114	\$ (697,264)
Non-property taxes	12,895,000	12,895,000	12,920,338	25,338
Departmental income	2,305,130	2,426,523	2,471,577	45,054
Intergovernmental charges	297,106	305,728	317,313	11,585
Use of money and property	425,000	425,000	631,448	206,448
Licenses and permits	236,800	236,800	463,270	226,470
Fines and forfeitures	626,000	628,770	618,735	(10,035)
Sale of property and compensation for loss	396,560	450,587	728,875	278,288
Miscellaneous	1,623,300	1,724,150	1,991,983	267,833
State aid	3,303,280	3,609,720	4,163,663	553,943
Federal aid	15,719	45,435	33,754	(11,681)
Total revenues	39,787,135	40,594,091	41,490,070	895,979
<b>EXPENDITURES</b>				
General government support	8,848,644	10,334,869	8,204,630	2,130,239
Public safety	21,923,639	22,599,828	21,806,411	793,417
Health	68,065	222,484	21,467	201,017
Transportation	4,040,518	4,567,383	4,361,440	205,943
Economic opportunity and development	146,291	146,291	141,291	5,000
Culture and recreation	2,411,306	2,395,558	2,341,427	54,131
Home and community service	943,148	1,169,991	977,363	192,628
Debt service	735,103	136,070	69,588	66,482
Total expenses	39,116,714	41,572,474	37,923,617	3,648,857
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers in	79,500	142,814	95,704	(47,110)
Interfund transfers out	(749,921)	(929,139)	(922,487)	6,652
Total other financing sources (uses)	(670,421)	(786,325)	(826,783)	(40,458)
<b>Net change in fund balance (actual) and appropriated fund balance (budget)</b>	-	(1,764,708)	2,739,670	(2,793,336)
<b>FUND BALANCE, <i>beginning of year</i></b>	12,699,744	12,699,744	12,699,744	12,699,744
<b>FUND BALANCE, <i>end of year</i></b>	<b>\$ 12,699,744</b>	<b>\$ 10,935,036</b>	<b>\$ 15,439,414</b>	<b>\$ 9,906,408</b>

# City of Saratoga Springs, New York

## Required Supplementary Information Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Debt Service Fund

December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Revised - Positive (Negative)</u>
	<u>Adopted</u>	<u>Revised</u>		
<b>REVENUES</b>				
Real property taxes and tax items	\$ 2,353,393	\$ 2,415,814	\$ 2,157,434	\$ (258,380)
Use of money and property	40,400	40,400	373,841	333,441
Total revenues	<u>2,393,793</u>	<u>2,456,214</u>	<u>2,531,275</u>	<u>75,061</u>
<b>EXPENDITURES</b>				
General government support	40,000	71,619	27,468	(44,151)
Debt service, principal	1,670,166	2,674,016	1,467,314	(1,206,702)
Debt service, interest	1,347,963	1,462,055	1,375,134	(86,921)
Total expenditures	<u>3,058,129</u>	<u>4,207,690</u>	<u>2,869,916</u>	<u>(1,337,774)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers in	664,336	664,336	839,626	175,290
Interfund transfers out	-	(62,420)	(323,000)	(385,420)
Total other financing sources (uses)	<u>664,336</u>	<u>601,916</u>	<u>516,626</u>	<u>(210,130)</u>
<b>Net change in fund balance (actual) and appropriated fund balance (budget)</b>	<b>-</b>	<b>(1,149,560)</b>	<b>177,985</b>	<b>1,202,705</b>
<b>FUND BALANCE, <i>beginning of year</i></b>	<u>1,682,321</u>	<u>1,682,321</u>	<u>1,682,321</u>	<u>-</u>
<b>FUND BALANCE, <i>end of year</i></b>	<u><b>\$ 1,682,321</b></u>	<u><b>\$ 532,761</b></u>	<u><b>\$ 1,860,306</b></u>	<u><b>\$ 1,202,705</b></u>

# City of Saratoga Springs, New York

## Required Supplementary Information Other Postemployment Benefits - Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Simplified Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
12/31/12	\$ -	\$ 78,232,416	\$ 78,232,416	0.00%	\$ 20,837,019	375%
12/31/10	\$ -	\$ 104,696,319	\$ 104,696,319	0.00%	\$ 15,199,469	689%
12/31/08	\$ -	\$ 79,897,486	\$ 79,897,486	0.00%	\$ 20,438,926	391%

# City of Saratoga Springs, New York

Supplementary Information  
December 31, 2013

## **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

## Supplementary Information - Balance Sheet - Non-Major Government Funds

	December 31, 2013		
	Downtown Special Assessment District	West Avenue Special Assessment District	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 156,553	\$ 3,626	\$ 160,179
Cash, special reserves	1,965	-	1,965
<b>Total assets</b>	<b><u>\$ 158,518</u></b>	<b><u>\$ 3,626</u></b>	<b><u>\$ 162,144</u></b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 13,682	\$ -	\$ 13,682
<b>FUND BALANCE</b>			
Restricted for			
Other restrictions	1,965	-	1,965
Assigned for			
Special district purposes	142,871	3,626	146,497
Total fund balance	<u>144,836</u>	<u>3,626</u>	<u>148,462</u>
<b>Total liabilities and fund balances</b>	<b><u>\$ 158,518</u></b>	<b><u>\$ 3,626</u></b>	<b><u>\$ 162,144</u></b>

## City of Saratoga Springs, New York

### Supplementary Information - Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Government Funds

	Year Ended December 31, 2013		
	Downtown Special Assessment District	West Avenue Special Assessment District	Total
<b>REVENUES</b>			
Real property taxes and tax items	\$ 111,187	\$ 51,003	\$ 162,190
Interest and earnings	119	25	144
Total revenues	111,306	51,028	162,334
<b>EXPENDITURES</b>			
Current			
Administration	-	1,300	1,300
Economic opportunity and development	25,582	-	25,582
Debt service			
Principal	23,018	-	23,018
Interest	21,129	-	21,129
Total expenditures	69,729	1,300	71,029
<b>OTHER FINANCING SOURCES (USES)</b>			
Interfund transfers out	-	(49,503)	(49,503)
<b>Net change in fund balance</b>	<b>41,577</b>	<b>225</b>	<b>41,802</b>
<b>FUND BALANCE, <i>beginning of year</i></b>	<b>103,259</b>	<b>3,401</b>	<b>106,660</b>
<b>FUND BALANCE, <i>end of Year</i></b>	<b>\$ 144,836</b>	<b>\$ 3,626</b>	<b>\$ 148,462</b>