

FINAL OFFICIAL STATEMENT

NEW ISSUE

STANDARD & POOR'S RATING: "AA+" STABLE OUTLOOK

SERIAL BONDS

See "RATING" herein

In the opinion of Bond Counsel, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, nor is such interest included in adjusted current earnings of certain corporations for purposes of the federal alternative minimum tax imposed on corporations; and subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. In the opinion of Bond Counsel, under existing law, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. No opinion is expressed regarding other tax consequences arising with respect to the Bonds.

The City will designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

\$4,278,499
CITY of SARATOGA SPRINGS
SARATOGA COUNTY, NEW YORK
GENERAL OBLIGATIONS
\$4,278,499 Public Improvement (Serial) Bonds, 2013
CUSIP BASE: 803531

Dated: June 15, 2013

Due: June 15, 2014-2033

MATURITIES

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>
2014	\$ 83,499	3.00%	.45%	RR5	2021	\$195,000	3.00%	2.15%	RY0	2028	\$245,000*	3.25%	3.40%	SF0
2015	165,000	3.00	.55	RS3	2022	205,000*	3.00	2.35	RZ7	2029	255,000*	3.50	3.50	SG8
2016	170,000	3.00	.80	RT1	2023	210,000*	3.00	2.60	SA1	2030	265,000*	3.50	3.55	SH6
2017	175,000	3.00	1.05	RU8	2024	215,000*	3.00	2.85	SB9	2031	275,000*	3.50	3.65	SJ2
2018	180,000	3.00	1.35	RV6	2025	225,000*	3.00	3.10	SC7	2032	280,000*	3.75	3.70	SK9
2019	185,000	3.00	1.65	RW4	2026	230,000*	3.125	3.20	SD5	2033	290,000*	4.00	3.75	SL7
2020	190,000	3.00	1.90	RX2	2027	240,000*	3.25	3.30	SE3					

* The Bonds maturing in the years 2022 to 2033 are subject to redemption prior to maturity as described herein under the heading "Optional Redemption."

The Bonds are general obligations of the City of Saratoga Springs, Saratoga County, New York, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, without limitation as to rate or amount, subject to statutory limitations which may be imposed by Chapter 97 of the 2011 Laws of New York. See "Tax Levy Limitation Law" herein.

The Bonds will be issued as registered bonds and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof, except for one necessary odd denomination maturing June 15, 2014. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable June 15, 2014, December 15, 2014 and semi-annually thereafter on June 15 and December 15 in each year until maturity. Principal and interest will be paid by the City to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. See "Book-Entry-Only System" herein.

The Bonds are offered and received by the purchaser and subject to the receipt of the unqualified legal opinion as to the validity of the Bonds of Walsh & Walsh, LLP, Bond Counsel, of Saratoga Springs, New York. It is anticipated that the Bonds will be available for delivery in New York, New York on or about June 27, 2013.

June 12, 2013

THIS REVISED COVER SUPPLEMENTS THE OFFICIAL STATEMENT OF THE CITY DATED JUNE 4, 2013 RELATING TO THE OBLIGATIONS THEREOF DESCRIBED THEREIN AND HEREIN BY INCLUDING CERTAIN INFORMATION OMITTED FROM SUCH OFFICIAL STATEMENT IN ACCORDANCE WITH SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12. OTHER THAN AS SET FORTH ON THE REVISED COVER AND THE DATED DATE ON PAGE 27, THERE HAVE BEEN NO REVISIONS TO SAID OFFICIAL STATEMENT.

ROOSEVELT & CROSS, INC. AND ASSOCIATES

CITY OFFICIALS

SCOTT T. JOHNSON

Mayor

MICHELE D. CLARK- MADIGAN

Commissioner of Finance

M. LYNN BACHNER

Deputy Commissioner of Finance

CHRISTINE GILLMETT-BROWN

Director of Finance

JOHN P. FRANCK

Commissioner of Accounts

City Clerk

CHRISTIAN E. MATHIESEN

Commissioner of Public Safety

ANTHONY J. SCIROCCO

Commissioner of Public Works

MATTHEW J. DORSEY, ESQ.

City Attorney

FISCAL ADVISORS & MARKETING, INC.

City Financial Advisor

WALSH & WALSH, LLP

Bond Counsel

No person has been authorized by City of Saratoga Springs to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of City of Saratoga Springs.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
THE BONDS	1	SPECIAL PROVISIONS AFFECTING	
Description of the Bonds	1	REMEDIES UPON DEFAULT	22
Optional Redemption.....	1	CONTINUING DISCLOSURE UNDERTAKING	23
Book-Entry-Only System	2	MARKET AND RISK FACTORS	24
Certificated Bonds	3	TAX EXEMPTION.....	25
Purposes of Issue	4	LITIGATION	26
THE CITY	4	RATING.....	26
General Information	4	FINANCIAL ADVISOR.....	26
Population Trends.....	5	MISCELLANEOUS.....	26
Wealth and Income Indicators.....	5	APPENDIX - A	
Major Employers	5	GENERAL FUND - Balance Sheets	
Banking Facilities	5	APPENDIX - A1	
Recent Development Activity.....	6	GENERAL FUND – Revenues, Expenditures and	
Form of City Government	9	Changes in Fund Balance	
Financial Organization	9	APPENDIX - A2	
Budgetary Procedures.....	9	GENERAL FUND – Revenues, Expenditures and	
Investment Policy	10	Changes in Fund Balance - Budget and Actual	
State Aid	10	APPENDIX – A3	
Employees	10	CHANGES IN FUND EQUITY	
Pension Payments.....	11	APPENDIX - B	
Other Post-Employment Benefits	13	BONDED DEBT SERVICE	
Unemployment Rate Statistics.....	14	APPENDIX - C	
Other Information	14	AUDITED FINANCIAL REPORT-	
Financial Statements.....	14	DECEMBER 31, 2011	
TAX INFORMATION	15		
Valuations.....	15		
Tax Rate Per \$1,000 (Assessed).....	15		
Tax Levy and Collection Record.....	15		
Tax Collection Procedure	15		
Larger Taxpayers - 2012 Assessment Roll for 2013 ..	16		
Constitutional Tax Margin.....	16		
Tax Levy Limitation Law.....	16		
CITY INDEBTEDNESS.....	17		
Constitutional Requirements	17		
Statutory Procedure	17		
Debt Outstanding End of Fiscal Year.....	18		
Details of Outstanding Indebtedness	18		
Debt Statement Summary	19		
Other Obligations	19		
Cash Flow Borrowings.....	19		
Bonded Debt Service.....	19		
Capital Improvement Program Summary	20		
Estimated Overlapping Indebtedness	22		
Debt Ratios	22		

PREPARED WITH THE ASSISTANCE OF
FA FISCAL ADVISORS & MARKETING, INC.
CORPORATE HEADQUARTERS
 120 Walton Street • Suite 600
 Syracuse NY 13202
 Ph • 315.752.0051 • Fax • 315.752.0057
 Internet • <http://www.fiscaladvisors.com>

OFFICIAL STATEMENT
of the
CITY of SARATOGA SPRINGS
SARATOGA COUNTY, NEW YORK

Relating To
\$4,278,499 Public Improvement (Serial) Bonds, 2013

This Official Statement, which includes the cover page, has been prepared by the City of Saratoga Springs, Saratoga County, New York (the "City," "County," and "State," respectively), in connection with the sale by the City of \$4,278,499 principal amount of Public Improvement (Serial) Bonds, 2013 (herein, the "Bonds").

The factors affecting the City's financial condition and the Bonds are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the City tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

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

THE BONDS

Description of the Bonds

The Bonds will be dated June 15, 2013 and will mature in the principal amounts on June 15 in each of the years as shown on the cover page hereof.

The Bonds will be issued in fully registered form and when issued will be registered in the name of Cede & Co. as nominee of DTC. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000, or integral multiples thereof, except for one necessary odd denomination maturing June 15, 2014. Purchasers will not receive certificates representing their interest in the Bonds.

Interest on the Bonds will be payable June 15, 2014, December 15, 2014 and semi-annually thereafter on June 15 and December 15 in each year until maturity. Principal and interest will be paid by the City to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the City referred to therein.

Optional Redemption

Bonds maturing on or before June 15, 2021 shall not be subject to redemption prior to maturity. The Bonds maturing on or after June 15, 2022 shall be subject to redemption prior to maturity on not less than thirty (30) days notice as a whole or in part (and by lot if less than all of a maturity is to be redeemed) at the option of the City on June 15, 2021 or on any date thereafter at par (100%), plus accrued interest to the date of redemption.

If less than all of the bonds of any maturity are to be redeemed, the particular bonds of such maturity to be redeemed shall be selected by the City by lot in any customary manner of selection as determined by the Commissioner of Finance. Notice of such call for redemption shall be given by mailing such notice to the registered holder not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable, together with interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the City, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, disbursement of such payments to Direct Participants

will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE CITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE CITY MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Certificated Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law, or the City may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof for any single maturity, except for one necessary odd denomination maturing June 15, 2014. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State as a fiscal agent bank to be named by the City upon termination of the book-entry-only system. Interest on the Bonds will be payable June 15, 2014, December 15, 2014 and semi-annually thereafter on June 15 and December 15 in each year until maturity. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the last business day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Certificate of Determination of the Commissioner of Finance authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the last business day of the calendar month preceding an interest payment date and such interest payment date.

Purposes of Issue

The Bonds are issued pursuant to the Constitution and Statutes of the State of New York, including among others, the General City Law and the Local Finance Law, the City Charter and bond resolutions duly adopted by the City Council for the following purposes:

<u>Purpose</u>	<u>Amount</u>
Reconstruction of Office Areas for Police Department	\$ 414,000
Wedgewood Avenue Storm Sewer Manholes, Drainage and Site Work	100,000
Water Main Replacements	200,000
Fire Department Breathing Apparatus	97,146
Upgrades to Weibel and Vernon Ice Rinks	36,960
Upgrades to Waste Water Pump Stations	100,000
Dump Truck with Plow and Spreader (Replaces Truck #99)	174,000
Fire Department Hydraulic Rescue Tools	52,169
Reconstruction of Various City Buildings	200,000
Replacement of Traffic Light at Lake Avenue Fire Station	150,000
Replacement of Playground Equipment at North Side Park	24,000
Loader/Tool Carrier Machine	140,000
Tennis/Basketball Court Resurfacing	95,880
Geyser Road Bike/Pedestrian Trail	150,000
Reconstruction of Canfield Casino	300,000
Message and Traffic Signs	27,028
Brush Truck	60,000
West Avenue Fire Station Roof	77,585
Weibel Ice Rink-Flooring Replacement	38,400
Spirit of Life Sculpture Restoration	25,000
Composting Machine	180,000
Renovation/Upgrades to Playgrounds – East and West Side Recreation	12,000
Waterfront Recreation Improvements	325,000
Dump Truck with Plow (Replaces Truck #97)	174,000
Skid Steer Loader (Replaces #123)	31,256
Lake Ave. Fire Station Reconstruction	321,364
Parking Deck - Woodlawn	297,782
Ballston Avenue	35,325
Police Department	214,604
Water Treatment Plant	<u>225,000</u>
Total Amount to be borrowed	\$ 4,278,499

The proceeds of the Bonds will provide new monies for the abovementioned purposes.

THE CITY

General Information

The City, with a land area of 28.4 square miles, is situated in the eastern portion of upstate New York, approximately 30 miles north of the City of Albany. It is approximately equidistant (200 miles) from the Cities of New York and Montreal, Canada. The resort area of Lake George is approximately 20 miles north of the City.

The City has traditionally been a prime summer resort community due to the influx of tourists to the Saratoga Race Track and the Saratoga Performing Arts Center. The City has two colleges, Skidmore College and Empire State College, and has experienced considerable retail and commercial growth in recent years. See “Recent Development Activity”, herein.

Air transportation is provided by the Glens Falls and Albany International Airports. Passenger rail service is available on the Amtrak New York-Montreal line and freight service is provided by the Delaware and Hudson Railroad. Major highways in, and in close proximity to, the City include Interstate Route #87 (The Northway), U. S. Route 9 and New York State Route 29. Both I-87 and U.S. 9 connect the City with Montreal and Albany, where access to The New York State Thruway is available.

Population Trends

	<u>City of Saratoga Springs</u>	<u>Saratoga County</u>	<u>New York State</u>
1970	18,845	121,764	18,236,882
1980	23,906	153,759	17,558,072
1990	25,001	181,276	17,990,455
2000	26,186	200,635	18,976,457
2008	28,844	217,191	19,490,297
2010	26,586	219,607	19,378,102
2011	26,727	220,882	19,501,616

Source: U.S. Census.

Wealth and Income Indicators

Per capita income statistics are available for the City, County and State. Listed below are select figures from the 1990, 2000 and 2011 Census reports.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>1990</u>	<u>2000</u>	<u>2011</u>	<u>1990</u>	<u>2000</u>	<u>2011</u>
City of:						
Saratoga Springs	\$ 15,644	\$ 23,945	\$ 36,148	\$ 41,936	\$ 58,213	\$ 89,266
County of:						
Saratoga	15,644	23,945	33,490	41,936	58,213	83,823
State of:						
New York	16,501	23,389	31,796	39,741	51,691	69,202

Note: 2012 data is not available as of the date of this Official Statement.

Source: U.S. Bureau of the Census, 2007-2011 American Community Survey.

Major Employers

Some of the major employers located within the City are as follows:

<u>Name of Employer</u>	<u>Type of Business</u>	<u>Approximate Number Employed</u>
Saratoga Hospital	Hospital and Nursing Home	1,850
Skidmore College	Higher Education	1,120
Saratoga Springs City School District	Public School System	1,010
Stewart's Ice Cream	Retail	990
Quad Graphics	Manufacturing	800
Wesley Health Care	Health Services	680
Saratoga Casino and Raceway	Casino/Race Track	640
New Country Motor Car Group	Retail	350
Four Winds – Saratoga	Health Services	315
City of Saratoga Springs	Municipal Services	280
Ball Corporation	Manufacturing	230
Espey Manufacturing & Electronics Company	Manufacturing	200
Holiday Inn	Hotel and Conference Center	180

Banking Facilities

The City is served by numerous commercial and savings banks. These include The Adirondack Trust Company, KeyBank, N.A., Ballston Spa National Bank, NBT Bank, N.A., Bank of America, N.A., Saratoga National Bank and Trust Company, Trustco Bank, First National Bank of Scotia, RBS Citizens Bank, N.A., First Niagara Bank, N.A. and Mohawk Community Bank.

Recent Development Activity

Over recent years the City has continued to experience new construction and rehabilitation of businesses within the City.

Recently, the Saratoga Casino & Raceway announced they will invest \$30 million and build a 120-room hotel in Saratoga Springs in its bid to become a full-scale casino. Management of the harness track and slot machine parlor said they will hire 260 workers, increasing total employment at the racino to 900. Construction is scheduled to start in the spring of 2014 and the expansion would open in 2015. “Our next step is turning ourselves into an international tourist resort,” said James Featherstonhaugh, a minority owner of the racino. The gaming center attracted 2.2 million visitors last year.

Source: Capital District Business Review (May 31, 2013).

New construction of commercial buildings that have been completed include:

<u>Name</u>	<u>Type of Business</u>	<u>Type of Development</u>	<u>Estimated Value</u>
Saratoga Surgical Specialists 373 Church Street	Medical	New Construction	\$ 1,150,000
Church St Medical Office 381 Church Street	Medical	New Construction	1,000,000
Excelsior Park Phase 1A	Office/Retail	New Construction	4,000,000
Skidmore College Music Center	Institutional	New Construction	32,000,000
Pallette Stone Storage Bldg	Industrial	New Construction	500,000
Lofts at 54 Phila	Retail/Residential	New Construction	6,200,000
Broadway Mixed-Use Building – Park Place	Retail/Office/Residential	New Construction	30,000,000
Saratoga Strike Zone	Bowling Alley	Rehabilitation	750,000
11 Federal Street	Commercial	Addition	275,000
Adirondack Motel	Motel/Lodging	Addition	200,000
Saratoga Gaming & Raceway	Race Track/Club House	Addition/Rehabilitation	13,000,000
Congress Park Centre Bldg. 2	Retail & Residential	New Construction	3,000,000
Ryder Truck Facility	Truck Repair Facility	New Construction	800,000
Plaza 15 Mini Storage	Self Storage Facility	New Construction	200,000
Franklin Square Dev. Phase II	Retail, Office, Residential	New Construction	5,000,000
Marriott Courtyard Hotel	Hotel/Lodging	New Construction	16,000,000
Congress Park Centre Bldg. 3	Retail & Office	New Construction	11,000,000
Saratoga School Bus Garage	Bus Garage	New Construction	8,000,000
Train Station	Railroad	New Construction	4,500,000
Saratoga Arms	Commercial	Addition	1,000,000
Saratoga Independent School	Education	New Construction	600,000
Empire State College	Education	Rehabilitation	3,500,000
Franklin Square Phase III	Retail & Residential	New Construction	19,900,000
The Mill--Phase 2A	Office	Addition	700,000
Playmore Farms Inn	Inn/Lodging	Additions	900,000
Saratoga Hospital Radiation Therapy Center	Hospital	Addition	1,600,000
Franklin Square Phase IV	Retail & Residential	New Construction	34,000,000
Marriott Residency Inn	Hotel	New Construction	5,000,000
Downtown Parking Deck	Parking	New Construction	2,570,000

Skidmore College Dormitories Adirondack Trust Company	Education/Housing	New Construction	22,700,000
East Ave. Project	Retail/Office	New Construction	3,400,000
Empire State College	Office	New Construction	2,500,000
Saratoga Rowing Boat House	Education	Addition	10,000,000
YMCA	Recreation	New Construction	700,000
Care Lane Office Building	Indoor Recreation	New Construction	10,000,000
Kohl's Department Store	Medical/Professional	New Construction	5,500,000
Franklin Square Phase V	Retail	New Construction	4,000,000
Saratoga Gaming and Raceway	Retail/Office/Residential	New Construction	36,000,000
Mt. Olive Church	Racino Addition	Addition	15,000,000
Kamen Center	Church Addition	Addition	Unknown
Limoncello's Ristorante	Retail/Office/Residential	New Construction	1,250,000
Slack Chemical Warehouse	Restaurant	Rehabilitation	60,000
Eagle Associates Warehouse	Warehouse	Addition	400,000
Ellis Avenue Condominiums	Warehouse/Distribution	New Construction	12,000,000
Price Chopper – Route 50	Residential	New Construction	N/A
Greentree Farms	Retail	Addition	N/A
City Center	Horse Stables	New Construction	Unknown
West Avenue Commons-2 West Ave	Commercial	Addition	17,000,000
Saratoga Hospital Emergency Dept	Retail/Office/Residential	New Construction	10,800,000
Fasig Tipton Saratoga Indoor Recreation Center	Medical	Addition	Unknown
Skidmore North Hall	Horse Sales Facility	Addition/Renovation	Unknown
Old Saratoga Brewing Co.	Indoor Recreation	New Construction	6,000,000
Saratoga Hotel	Educational	Addition	Unknown
Saratoga Eagle	Distribution	Addition	Unknown
McDonald's Rebuild	Hotel/Conference Center	Rehabilitation	11,000,000
Allerdice Glass and Aluminum	Manufacturing	Addition	N/A
Transitional Services	Retail	Rehabilitation	N/A
Posie Peddler 92 West Ave	Retail/Office	Addition	N/A
Leonard Bus Facility	Institutional	Addition	Unknown
Saratoga Cleaners	Florist	Rehabilitation	N/A
Preservation Hall	Commercial	New Construction	N/A
SCA Properties	Dry Cleaner	Rehabilitation	N/A
Market Center at Railroad	Commercial	Addition	3,000,000
Skidmore College: Scribner Village	Medical/Professional	Addition	N/A
Hampton Inn/Condos	Retail/Office Residential	New Construction	30,000,000
Mohr's Service Center	Education/Housing	New Construction	N/A
West Side Stadium Café	Hotel/Office/Retail/Residential	New Construction	35,000,000
Martell Brewing	Commercial	New Construction	312,420
Saratoga Hospital Administrative Bldg.	Restaurant	Addition	N/A
Gridley Street Stable	Restaurant	New Construction	750,000
Thisty Owl Wine Co./Bistro	Office	New Construction	361,000
Leafarc, Inc.	Horse track related	New Construction	N/A
Holiday Inn	Restaurant/retail	Substantial rehabilitation	N/A
KDI Properties	Residential/Commercial	New Construction	1,000,000
Slack Chemical Grande Industrial Park	Hotel/Commercial	Expansion	280,000
Amin Medical Office Addition	Commercial/ Residential	New Construction	N/A
	Warehouse	New Construction	325,000
	Medical Office	New Construction	225,000

New construction of commercial buildings that are under construction include:

<u>Name</u>	<u>Type of Business</u>	<u>Type of Development</u>	<u>Estimated Value</u>
Spa Hotel II – Banquet & Restaurant	Restaurant	New Construction	\$ 1,500,000
60 Weibel Apts. (Phase 1-4) (12 units, 24,000 SF commercial/178 res. Units)	Retail/Office/ Residential	New Construction	21,180,000
Seward Street Apts (6 bldg)	Residential	New Construction	3,360,720
420 Broadway	Retail/ Office/Residential	New Construction	11,050,000
McKenzie's Way Part 1 & 2			
East Broadway	Residential	New Construction	N/A
THP Subdivision	Residential	New Construction	N/A
Dupras Subdivision	Residential		
Unlimited Potential	Office	New Construction	500,000
Doyle Subdivision	Residential	New Construction	N/A
Beaver Pond Subdivision (84 lots)	Residential	New Construction	N/A
Meadow Vista Subdivision (21 lots)	Residential	New Construction	N/A
108 Ash Street Subdivision (4 lots)	Residential	New Construction	N/A
East Broadway/Belmonte Subdivision (4 lots)	Residential	New Construction	N/A
Yaddo, Greenhouse Studio Replacement	Commerical	Addition	N/A
Bowtie Movie Theatre at Market Center	Commercial	New Construction	6,250,000
Pavillion Grand (listed previously as Pavillion Place)	Commercial, Retail and long term hotel	New Construction	7,100,000
Wagner Subdivision			
Joshua Place (5 lots)	Residential	New Construction	N/A
PBA Lacrosse Fields	Recreational fields	Expansion	N/A

New commercial buildings that are approved, but not yet under construction:

<u>Name</u>	<u>Type of Business</u>	<u>Type of Development</u>	<u>Estimated Value</u>
Excelsior Mixed Use Building	Commercial/Residential/Fresh Market	New Construction	N/A
58 Washington St	Office/Retail/Residential	New Construction	N/A
SBA/Verizon Wireless Route 50 S.	Cell Tower	Cell	N/A
Best Western Inn	Hotel	Addition (Pool)	Unknown
Canfield Medical Arts	Office	New Construction	2,500,000
166 Jefferson St Apts	Residential	New Construction	Unknown
Logistics One Flex 29, 31, 33 Cady Hill	Warehouse	New Construction/ Addition	3,500,000
Washington Commons	Retail/ Medical office	New Construction	N/A
Family Dollar	Retail	New Construction	N/A
Old Bryan Inn	Restaurant	Expansion	N/A
Chloe's Way (31 lot subdivision)	Residential	New Construction	N/A
Hearth Stone Development Subdivision	Residential	New Construction	N/A
The Garden	Commercial	Redevelopment	N/A
Doten Avenue Subdivision (2 lots)	Residential	New Construction	N/A
316-318 Ballston Ave (12 units)	Residential	New Construction	N/A
246 West Ave (16 units)	Residential	New Construction	N/A
Piscitelli Subdivision (2 lots)	Residential	Redevelopment	N/A
324 West Avenue Medical Office	Medical Office	Redevelopment	N/A
Latchford Subdivision (2 lots)	Residential	New Construction	N/A
Munter/Grande Industrial Subdivision	Commercial	Expansion	N/A
Union Gables Bed and Breakfast Inn-Pool	Commercial	Expansion	N/A
Cogan Subdivision (2 lots)	Residential	Expansion	N/A
Buff Road Subdivision (15 lots)	Residential	New Construction	N/A
Fecteau Building (plus 3 units)	Commercial/Residential	Redevelopment	N/A
Hidden Fountain Commons	Commercial/Residential	Redevelopment	N/A
135 South Broadway Medical	Medical/Office	Redevelopment	N/A
Subdivision of 250 Grand (3 lots)	Residential	New Construction	N/A
Lands of JC Beekman (2 lots)	Residential	Redevelopment	N/A
Caffe Lenda	Commercial	Expansion	N/A

New commercial buildings that are planned, but do not yet have all development approvals at this time include:

<u>Name</u>	<u>Type of Business</u>	<u>Type of Development</u>	<u>Estimated Value</u>
120 Division Street Mixed Use (formerly Ellsworth Ice Cream)	Commercial/ Residential	N/A	Unknown
Congress Plaza Redevelop	Retail/Office/Residential	Rehabilitation/New Construction	N/A
SBA Verizon Wireless (Weibel)	Cell Tower	New Construction	N/A
Cellco/Verizon (Washington) Washington Street	Cell Tower	New Construction	N/A
129-135 Maple Ave	Residential, mixed use	New Construction	N/A
Schrade Insurance Agency	Commercial and Residential	Redevelopment	N/A
Home of the Good Shepherd	Commercial, Medical, Residential	New Construction	N/A
Agrochem Building	Commercial	Addition	N/A
72-74 Weibel Avenue	Residential, retail, office	New Construction	N/A
Snyder Subdivision (2 lots)	Residential	Redevelopment	N/A
Rip Van Dam Hotel	Hotel, retail	Redevelopment/expansion	N/A
Subdivision Lands of Missionary	Church	Redevelopment	N/A
Paquet Subdivision (2 lots)	Residential	New Construction	N/A
Adelphi Hotel	Hotel, retail	Renovation	N/A
Turf Development	Hotel, retail	Redevelopment	N/A

In the past four years the City has issued 197 building permits (161 single- and two-family units and 36 multi-family units) for new residential units.

Form of City Government

The governing body (City Council) of the City is composed of an elected mayor and four Commissioners. The Mayor and all Commissioners are elected for a term of two years at elections held every odd numbered year and serve from the following January 1. Each Commissioner is the head of one of the four departments of the City government. The four departments are Finance, Public Works, Public Safety and Accounts.

Financial Organization

The Commissioner of Finance is the chief fiscal officer of the City whose responsibility it is to receive, disburse and account for all financial transactions of the City. All financial accounting and cash flow procedures are computerized.

Budgetary Procedures

The Mayor and the Commissioners present their budget for the following fiscal year to the Commissioner of Finance on or before September 15 each year. The Commissioner of Finance then prepares a comprehensive budget for the forthcoming year and submits it to the City Council at the first regularly scheduled meeting of the Council in October each year. After receiving the proposed budget, the City Council shall publish in the Official City newspaper a summary of the budget and a notice stating the times and places where copies of the budget message and comprehensive budget are available for inspection by the public and the time and place, not less than one week after such publication, for at least two public hearings on the proposed budgets, the first of which shall be held on or before November 1. The summary and notice shall be placed on file at the City Clerk’s office to be available for public review. The Council, at a regular or special meeting held after the second public hearing but not later than the 30th day of November shall by resolution adopt, or amend and adopt, the budget, which budget when adopted shall thereupon become the annual budget of the City for the ensuing fiscal year. If a budget is not adopted by November 30, the Comprehensive Budget becomes the budget for the ensuing fiscal year. During the year, several supplementary appropriations by resolution are necessary.

The City is within the allowable tax levy limitations for its fiscal year ending December 31, 2013. See “Tax Levy Limitation Law” herein.

Investment Policy

Pursuant to the statutes of the State of New York, the City is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the City; (6) obligations of a New York public corporation which are made lawful investments by the City pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of City moneys held in certain reserve funds established pursuant to law, obligations issued by the City. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the City's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the City may also purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities be delivered to a third party custodian bank or trust company.

State Aid

The City receives financial assistance from the State. In its budget for the current fiscal year, approximately 8.3% of the revenues of the City are estimated to be received in the form of State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities in the State, including the City, in any year, the City may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, in any year municipalities and cities in the State, including the City, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the City. No assurance can be given that present State aid levels will be maintained in the future. In view of the State's continuing budget problems, future State aid reductions are likely. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the City requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures (See also "MARKET AND RISK FACTORS").

Employees

The City provides services through approximately 280 full-time employees. The bargaining units, approximate number of members and contract expiration dates are as follows:

<u>Bargaining Unit</u>	<u>Number of Members</u> ⁽¹⁾	<u>Contract Expiration Date</u>
Fire Department	54	12/31/13
Fire Chiefs	2	12/31/08 ⁽²⁾
PBA	57	12/31/12 ⁽²⁾
Police Lieutenants	4	12/31/12 ⁽²⁾
Police Chiefs	3	12/31/08 ⁽²⁾
CSEA City Hall	78	12/31/12 ⁽²⁾
CSEA DPW	82	12/31/12 ⁽²⁾

⁽¹⁾ As of May 1, 2013

⁽²⁾ Currently in negotiations.

Pension Payments

Substantially all employees of the City are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"; with ERS, the "Retirement Systems"). The ERS and PFRS together are generally also known as the "Common Retirement Fund". The Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 must contribute 3% of gross annual salary toward the cost of retirement programs.

On December 12, 2009, a new Tier V was signed into law. The law became effective for new hires on January 1, 2010. Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

On March 16, 2012 Governor Cuomo signed into law public employee pension reform that added a new Tier VI. The Tier VI plan only applies to those employees hired after April 1, 2012.

Below is a brief summary highlighting a number of components from the Tier VI legislation:

- The employee contribution rates will vary based on a salary sliding scale from 3% to 6% of salary.
- Under previous tiers, there was no limit to the number of public employers a public employee worked for from which retirement benefits could be calculated. Tier VI only permits two salaries to be included in the calculation
- The legislation includes an optional defined contribution plan for new non-union employees with annual salaries of \$75,000 and over. The employer will make an 8% contribution to employee contribution accounts. This is a voluntary option for those employees.
- The new tier increases the minimum retirement age from 62 to 63 and allows for early retirement with penalties. There will be a permanent reduction of a pension payout for each year a person retires prior to age 63.
- The pension multiplier for Tier VI will be 1.75% for the first 20 years of service and 2% starting in the 21st year.
- Employees will vest after 10 years of service. This is not a change from Tier V.
- The number of sick and leave days that can be applied toward retirement service credit is reduced from 200 to 100.
- The final average salary will be based on a 5-year average instead of the current 3-year average. The annual growth in salary used to determine pension allowances is capped at 10% of the average salary of the previous four years (lump sum payments of unused sick and vacation time are eliminated from the calculation)
- Pension eligible overtime for civilian and non-uniformed employees will be capped at \$15,000 plus inflation. For uniformed employees (primarily police and fire) outside of New York City, the cap is set at 15% of base pay.
- The State will be required to fund any pension enhancements on an ongoing basis. This is a potential future cost savings for local governments.

The 2013-14 State Enacted Budget includes a provision that would provide local governments, including the City, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and PFRS. For 2014 and 2015 the rate is 12.0% for ERS and 20% for PFRS; the rates applicable to 2016 and thereafter are subject to adjustment. The pension contribution rates under this program would reduce near-term payments for employers, but will require higher than normal contributions in later years.

For the years 2002 through 2012 the City's contributions to the ERS and PFRS together were: \$107,623, \$656,344, \$1,445,741, \$2,509,139, \$2,688,776, \$2,920,814, \$3,004,301, \$2,916,890, \$3,123,287, \$3,842,790, and \$4,685,118, respectively. For 2005 the City did not budget for a retirement system payment. The City decided to make the 2005-06 contribution from the 2006 budget.

The City's 2013 budgeted contributions for the PFRS and the ERS are \$3,306,741 and \$1,958,458 respectively.

Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

The annual required pension contribution is due February 1 annually with the ability to pre-pay on December 15 at a discount.

On September 10, 2010, Comptroller Thomas P. DiNapoli announced increases over the previous year in the 2011-2012 employer contribution rates for the New York State Common Retirement Fund. The average contribution rate for ERS increased from 11.9% of salaries in fiscal year 2011 to 16.3% of salaries in fiscal year 2012 while the average PFRS rate increased from 18.2% of salaries in fiscal year 2011 to 21.6% of salaries in fiscal year 2012. On August 24, 2011, the Comptroller announced that for fiscal year 2012-2013, the average employer contribution rate for the ERS would increase from 16.3% of salaries to 18.9% and PFRS rates increased from 21.6% to 25.8% of salaries. On August 31, 2012, the Comptroller announced that for the fiscal year 2013-2014, the average contribution rate for the ERS will increase from 18.9% to 20.9% of salaries and PFRS rates are expected to increase from 25.8% to 28.9% of salaries.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to both ERS and PFRS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a “graded” rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

The City has opted to not amortize any of the contribution.

The investment of monies and assumptions underlying same, of the Retirement Systems covering the City's employees is not subject to the direction of the City. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems (“UAALs”). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the City which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

It should also be noted that the City provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that requires governmental entities, such as the City, to account for post-retirement healthcare benefits as it accounts for vested pension benefits. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), described below, requires such accounting.

School districts and boards of cooperative educational services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

Other Post-Employment Benefits

GASB 45 and OPEB. OPEB refers to "other post-employment benefits," meaning other than pension benefits. OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 45 requires municipalities and school districts to account for OPEB liabilities similar to pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside the necessary funds against this liability. Unlike GASB 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

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

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC.

The City contracted with Armory Associates LLC to calculate its OPEB liability in accordance with GASB 45. The City's present value of total future liability has been determined to be \$122,849,591 at December 31, 2012. The City's annual required contribution ("ARC") is \$8,037,224, of which \$2,236,713 was paid to 297 active employees and 232 retirees. The City has reserved \$0 toward its OPEB liability. The aforementioned liability and ARC will be disclosed in the City's 2012 audited financial report.

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

Unemployment Rate Statistics

Unemployment statistics are not available for the City as such. The smallest area for which such statistics are available (which includes the City) is Saratoga County. The information set forth below with respect to Saratoga County is included for informational purposes only. It should not be implied from the inclusion of such data in this Official Statement that Saratoga County is necessarily representative of the City, or vice versa.

	<u>Year Average</u>						
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Saratoga County	3.6%	3.7%	4.6%	6.4%	6.9%	6.7%	7.0%
New York State	4.6%	4.6%	5.4%	8.4%	8.6%	8.3%	8.5%

	<u>2013 Monthly Figures</u>				
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>
Saratoga County	8.0%	7.6%	6.9%	6.1%	N/A
New York State	9.3%	8.8%	8.0%	7.3%	N/A

Source: Department of Labor, State of New York. (Note: Figures not seasonally adjusted).

Other Information

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

No principal or interest upon any obligation of the City is past due.

The fiscal year of the City is the calendar year.

This Official Statement does not include the financial data of any political subdivision having power to levy taxes within the City.

Financial Statements

The City retains an independent certified public accountant firm for a continuous independent audit of all financial transactions of the City. The last such available final audit covers the fiscal year ending December 31, 2011 and may be found attached hereto as appendices to this Official Statement. The financial affairs of the City are also subject to annual audits by the State Comptroller. Certain financial information of the City may be found in the Appendices to this Official Statement.

The City complies with the Uniform System of Accounts as prescribed for cities in New York State by the State Comptroller. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Beginning with the fiscal year ending December 31, 2003 the City is required to issue its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis.

TAX INFORMATION

Valuations

Fiscal Years Ending December 31:	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Assessed Valuation	\$ 3,028,896,364	\$ 3,071,651,564	\$ 3,056,734,417	\$ 3,066,656,253	\$ 3,065,743,207
New York State					
Equalization Rate	78.38%	81.00%	82.00%	82.00%	82.00%
Full Valuation	\$ 3,864,374,029	\$ 3,792,162,425	\$3,727,724,899	\$ 3,739,824,699	\$ 3,738,711,228

Tax Rate Per \$1,000 (Assessed)

Fiscal Years Ending December 31:	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Inside Area	\$ 5.39	\$ 5.81	\$ 6.06	\$ 6.02	\$ 6.02
Outside Area	5.34	5.76	6.01	5.95	5.95

Tax Levy and Collection Record

Fiscal Years Ending December 31:	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Total Tax Levy	\$ 28,496,816	\$ 29,093,194	\$ 29,701,685	\$ 29,844,116	\$ 28,279,562
Uncollected End of Year	2,551,979	2,096,048	2,001,741	1,744,784	N/A
% Uncollected	8.96%	7.13%	6.67%	5.85%	N/A

Tax Collection Procedure

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

County due dates are the same as City and are collected on one bill. Interest is added on City and County at a rate of 6%, the day after the due date for each quarter. It increases at a rate of 1.5% until it caps at 15%. A discount of 2.25% is offered to taxpayers paying the full year of City and County on or before March 1.

On October 1st of each year, the City enforces the payment of all taxes and assessments (i.e., County, City, School) by tax sale.

The City only counts as tax revenue that part of total taxes and tax sales collected prior to March 1st of the ensuing year. Uncollected taxes, including tax sale receivables and property acquired for taxes, are fully reserved by deferred revenues and an allowance for doubtful receivables.

Larger Taxpayers - 2012 Assessment Roll for 2013

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
NYRA	Race Track	\$ 57,175,000
National Grid	Utility	42,053,199
Quad Graphics	Manufacturing	27,997,400 ⁽¹⁾
Saratoga Harness	Race Track	27,607,600
Saratoga Hotel Associates	Hotel/Lodging	22,121,960 ⁽²⁾
Eton Centers	Apt./Retail	15,702,120
Saratoga Retail Partners LLC	Retail	15,124,200 ⁽²⁾
Darley Stud Management LLC	Farm	12,000,000
Turf Perillo Dev LLC	Hotel	11,600,000
Don Greene Enterprises Inc.	Retail	11,500,000

The ten largest taxpayers listed above have a total assessed valuation of \$242,881,479 which represents 7.92% of the City's tax base.

⁽¹⁾ In litigation to reduce assessment since 2011.

⁽²⁾ In litigation to reduce assessment since 2009.

Constitutional Tax Margin

Computation of Constitutional Tax Margin for fiscal years ending December 31:

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Five-Year Average Full Valuation	\$ 3,680,538,154	\$ 3,741,702,718	\$ 3,771,867,307
Tax Limit - 2% of Five Year Average.....	73,610,763	74,834,054	75,437,346
Add: Exclusions From Tax Limit.....	2,331,716	2,557,518	2,088,853
Total Taxing Power	75,942,479	77,391,572	77,526,199
Less Total Levy	18,458,034	15,794,031	18,356,186
Tax Margin	\$ 57,484,445	\$ 59,040,023	\$ 59,170,013

Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the 2011 Laws of New York was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to virtually all local governments, including school districts (with the exception of New York City, Yonkers, Syracuse, Rochester and Buffalo). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It expires on June 15, 2016 unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for such fiscal year.

The Tax Levy Limitation Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the Tax Levy Limitation Law.

While the Tax Levy Limitation Law may constrict an issuer's power to levy real property taxes for the payment of debt service on debt contracted after the effective date of said Tax Levy Limitation Law, it is clear that no statute is able (1) to limit an issuer's pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit an issuer's levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Levy Limitation Law. Whether the Constitution grants a municipality authority to treat debt service payments as a constitutional exception to such statutory tax levy limitation is not clear.

CITY INDEBTEDNESS

Constitutional Requirements

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

Purpose and Pledge. Subject to certain enumerated exceptions, the City shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

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

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

Debt Limit. The City has the power to contract indebtedness for any City purpose so long as the principal amount thereof, subject to certain limited exceptions, shall not exceed seven per centum of the average full valuation of taxable real estate of the City and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

The City Charter requires approval by voter referendum when long term bonding exceeds 2% of the average full valuation of taxable real estate of the City. The debt limit at 2%, as imposed by the City for fiscal year ending December 31, 2013 is \$75,451,189.

Statutory Procedure

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

Pursuant to the Local Finance Law and its Charter, the City authorizes the issuance of Bonds by the adoption of a bond resolution approved by at least two-thirds of the members of the City Council, the finance board of the City. Customarily, the City Council has delegated to the Commissioner of Finance, as chief fiscal officer of the City, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- (1) Such obligations are authorized for a purpose for which the City is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations and an action contesting such validity is commenced within twenty days after the date of such publication, or,
- (3) Such obligations are authorized in violation of the provisions of the Constitution.

Except on rare occasions the City complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement. The City has complied with this estoppel procedure in connection with the issuance of the Bonds.

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

Statutory law in New York permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first of such notes and provided that such renewals do not exceed five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein).

In general, the Local Finance Law contains provisions providing the City with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget notes (see "Details of Outstanding Indebtedness" herein).

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending December 31:</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Bonds	\$ 35,942,387	\$ 36,447,042	\$ 36,289,457	\$ 36,736,200	\$ 42,135,687
Bond Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>\$ 35,942,387</u>	<u>\$ 36,447,042</u>	<u>\$ 36,289,457</u>	<u>\$ 36,736,200</u>	<u>\$ 42,135,687</u>

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the City as of May 28, 2013.

<u>Bonds</u>	<u>Maturity</u>	<u>Amount</u>
	2013-2039	\$ 41,185,304
	Total Indebtedness	<u>\$ 41,185,304</u>

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin evidenced by bonds and notes as of May 28, 2013:

Five-Year Average Full Valuation of Taxable Real Property	\$ 3,772,559,456
Debt Limit - 7% thereof ⁽¹⁾	264,079,162

Inclusions:

Bonds	\$ 41,185,304	
Bond Anticipation Notes	<u>0</u>	
Total Inclusions.....		<u>\$ 41,185,304</u>

Exclusions:

Sewer Debt ⁽²⁾	\$ 1,323,008	
Water Debt ⁽³⁾	5,742,959	
Appropriations.....	<u>781,383</u>	
Total Exclusions.....		<u>\$ 7,847,350</u>

Total Net Indebtedness Subject to Debt Limit\$ 33,337,954

Net Debt-Contracting Margin.....\$ 230,741,208

The percent of debt contracting power exhausted is 12.62%

Note: The issuance of the Bonds will increase the net indebtedness of the City by \$4,278,499.

- (1) The City Charter requires approval by voter referendum when long term bonding exceeds 2% of the average full valuation of taxable real estate of the City. The debt limit at 2%, as imposed by the City for fiscal year ending December 31, 2013 is \$75,451,189.
- (2) Sewer Debt is excluded pursuant to Section 124.10 of the Local Finance Law. The City has been granted a sewer exclusion by the New York State Office of the State Comptroller.
- (3) Water Debt is excluded pursuant to Article VIII, Section 5B of the New York State Constitution.

Other Obligations

On March 7, 2008, the City entered into a lease agreement in the amount of \$1,721,297 to finance the purchase and installation of energy management 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 \$86,011 were made in 2012. 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 as of December 31, 2012 is \$639,480.

In May 2010, the City entered into a lease agreement in the amount of \$84,750 to finance the purchase of public safety vehicles. Principal payments of \$28,250 were made in 2012. The principal balance remaining on the lease as of December 31, 2012 is \$9,417.

Cash Flow Borrowings

Historically, the City does not issue revenue anticipation notes or tax anticipation notes, however, the City issued \$5 million tax anticipation notes on January 26, 2011 which were paid in full at maturity on March 25, 2011. No revenue anticipation notes or tax anticipation notes were issued in 2012 nor have they been issued to date in 2013.

Bonded Debt Service

A schedule of Bonded Debt Service, including principal of the Bonds, may be found in the Appendices to this Official Statement.

Capital Improvement Program Summary

The City has a Capital Improvement Program which covers six years. It provides a financial plan through which borrowing can be organized and scheduled and debt service impacts on future annual operating budgets can be predicted.

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Total</u>
							<u>Program</u>
Mayor's Department							
Open Space Land Acquisition					\$300,000		\$300,000
Waterfront Property Redevelopment	\$200,000						\$200,000
Jefferson Street Parcel/Parking Lot	\$600,000						\$600,000
Mayor's Department Total	\$800,000				\$300,000		\$1,100,000
Community & Economic Development							
Excelsior Ave Improvements			\$315,000		\$770,000		\$1,085,000
Geyser Road Trail	\$200,000			\$1,100,000	\$1,100,000		\$2,400,000
Community & Economic Development Total	\$200,000		\$315,000	\$1,100,000	\$1,870,000		\$3,485,000
Public Works Department							
Wedgewood Avenue Storm Sewer	\$100,000						\$100,000
Infrastructure Improvement & Replacement	\$200,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$1,950,000
Wastewater Pump Stations Annual Upgrade	\$100,000	\$200,000	\$300,000	\$200,000	\$200,000	\$200,000	\$1,200,000
Dump Truck with Plow Equip/Spreader #99	\$174,000						\$174,000
City Bldgs. and Facilities – Repairs/Upgrades	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,200,000
Loader #51	\$140,000						\$140,000
Canfield Casino Rehabilitation Project	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$1,800,000
Spirit of Life Restoration Project	\$50,000	\$50,000	\$50,000				\$150,000
Music Hall Air Conditioning	\$129,000						\$129,000
Material Trommel Screen	\$180,000						\$180,000
Street Sweeper #85	\$180,000						\$180,000
Dump Truck with Plow Equip/Spreader #97	\$174,000						\$174,000
Loader – Tool Carrier Machine #6	\$140,000						\$140,000
Skid Steer Loader #123	\$31,256						\$31,256
Water Treatment Plant Emergency Generator		\$750,000					\$750,000
Compost Facility Improvement/Expansion		\$150,000					\$150,000
City Public Works Garage Rehab. Project		\$175,000					\$175,000
Genie Lift		\$16,268					\$16,268
Dump Truck with Plow Equip/Spreader #47		\$174,000					\$174,000
Dump Truck with Plow Equip/Spreader #18		\$174,000					\$174,000
Water Treatment Plant Pole Barn for Water Tanks			\$570,000				\$570,000
Dump Truck with Plow Equip/Spreader #53			\$174,000				\$174,000
Dump Truck with Plow Equip/Spreader #31			\$174,000				\$174,000
Old Ballston Ave. Culvert Replacement Project				\$165,000			\$165,000
Dump Truck with Plow Equip/Spreader #11				\$174,000			\$174,000
Dump Truck with Plow Equip/Spreader #34				\$174,000			\$174,000
Dump Truck with Plow Equip/Spreader #16				\$174,000			\$174,000
Dump Truck with Plow Equip/Spreader #42					\$174,000		\$174,000
Dump Truck with Plow Equipment #26					\$174,000		\$174,000
Dump Truck with Plow Equip/Spreader #13						\$174,000	\$174,000
Dump Truck with Plow Equip/Spreader #17						\$174,000	\$174,000
Public Works Department Total	\$2,098,256	\$2,539,268	\$2,118,000	\$1,737,000	\$1,398,000	\$1,398,000	\$11,288,524

	2013	2014	2015	2016	2017	2018	Total
PUBLIC SAFETY DEPT.							Program
Police Department							
Police Department Infrastructure Ren. Project	\$414,000						\$414,000
Variable Message and Traffic Signs	\$27,028						\$27,028
Police Department Total	\$441,028						\$441,028

Public Safety							
Traffic Light – Lake Ave Fire House	\$150,000						\$150,000
Pedestrian Crossing – Union Ave. & Clark St.		\$150,000					\$150,000
HAWK Ped. Signal Circular St. at Park Pl		\$167,000					\$167,000
Traffic Signal Replacement – Washington St. at Franklin St.		\$135,000					\$135,000
Public Safety Total	\$150,000	\$452,000					\$602,000

Fire Department							
Lake Ave. FD Infrastructure Ren. Project	\$63,250						\$63,250
Self-Contained Breathing Apparatus Replacement and Upgrade	\$97,146						\$97,146
Fire Station 2 Roof	\$77,585						\$77,585
Hydraulic Tools	\$52,169						\$52,169
Fire Station 1 Audio PA Replacement	\$18,370						\$18,370
Brush Truck Replacement	\$60,000						\$60,000
Lake Avenue Fire Station – Window Replacement Project	\$21,120	\$21,120	\$21,120	\$21,120	\$21,120	\$21,120	\$126,720
East Side Fire and EMS Facility		\$200,000					\$200,000
Fire Truck (Ladder Truck) EL563		\$1,000,000					\$1,000,000
Fire Department Total	\$389,640	\$1,221,120	\$21,120	\$21,120	\$21,120	\$21,120	\$1,695,240
PUBLIC SAFETY DEPT. TOTAL	\$980,668	\$1,673,120	\$21,120	\$21,120	\$21,120	\$21,120	\$2,738,268

Culture and Recreation Department							
Vernon Ice Rink – Water Heaters	\$36,960						\$36,960
Northside Park – Playground Replacement	\$24,000						\$24,000
Resurfacing of Courts	\$95,880						\$95,880
Weibel Ice Rink – Rink Arena & Lobby Flooring	\$38,400						\$38,400
West and East Side Playground Rehabilitation	\$12,000	\$12,000		\$6,000	\$12,000	\$12,000	\$54,000
West Side – Basketball Court Resurfacing		\$14,400					\$14,400
West Side – Tennis Court Resurfacing		\$19,200					\$19,200
Veterans Memorial Park – Playground Equipment Rehabilitation and Expansion		\$24,000					\$24,000
East Side – Resurfacing of Courts			\$29,330				\$29,330
Veterans Memorial Park – Backstop Replacement					\$31,810		\$31,810
Northside Park Field Upgrade					\$79,380		\$79,380
New Recreation Field			\$500,000	\$200,000	\$200,000		\$900,000
Culture and Recreation Department Total	\$207,240	\$69,600	\$529,330	\$206,000	\$323,190	\$12,000	\$1,347,360

TOTAL PROJECTS	\$ 4,286,164	\$ 4,281,988	\$ 2,983,450	\$ 3,064,120	\$ 3,912,340	\$ 1,431,120	\$19,959,152
-----------------------	---------------------	---------------------	---------------------	---------------------	---------------------	---------------------	---------------------

Estimated Overlapping Indebtedness

In addition to the City, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the City. Estimated bonds and bond anticipation notes are listed as of the close of the 2011 fiscal year of the respective municipalities, adjusted to include subsequent bond issues.

<u>Unit</u>	<u>Outstanding Indebtedness</u>	<u>Exclusions</u> ⁽¹⁾	<u>Net Indebtedness</u>	<u>Approximate % Applicable</u>	<u>Overlapping Indebtedness</u>
County of Saratoga	\$ 69,125,000	\$ 0 ⁽²⁾	\$ 69,125,000	16.92%	\$ 11,695,950
City School District of the City of Saratoga Springs	52,775,000	37,206,375 ⁽³⁾	15,568,625	61.37%	<u>9,554,465</u>
					<u>\$ 21,250,415</u>

⁽¹⁾ Pursuant to applicable constitutional and statutory provisions, this indebtedness is deductible from gross indebtedness for debt limit purposes.

⁽²⁾ Appropriations.

⁽³⁾ Estimated State Building aid.

Source: New York State Office of the State Comptroller 2011.

Debt Ratios

The following table sets forth certain ratios related to the City's indebtedness as of May 28, 2013:

	<u>Amount of Indebtedness</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Valuation</u> ^(b)
Gross Direct Indebtedness ^(c)	\$ 41,185,304	\$ 1,540.96	1.09%
Net Direct Indebtedness ^(c)	33,337,954	1,247.35	0.88%
Gross Direct Plus Net Overlapping Indebtedness ^(d)	62,435,719	2,336.05	1.65%
Net Direct Plus Net Overlapping Indebtedness ^(d)	54,588,369	2,042.44	1.45%

Note: ^(a) The City's 2011 population is 26,727. (See "Population Trends" herein.)

^(b) The City's five year average full valuation of taxable real estate is \$3,772,559,456.

^(c) See "Debt Statement Summary" herein.

^(d) The City's applicable share of net overlapping indebtedness is \$21,250,415. (See "Estimated Overlapping Indebtedness" herein).

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the City upon any judgment or accrued claim against it shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of or interest on the Bonds.

In accordance with the general rule with respect to municipalities, judgments against the City may not be enforced by levy and execution against property owned by the City.

The Federal Bankruptcy Code allows public bodies recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of such obligations.

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the City.

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

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 (the "Rule"), as the same may be amended or officially interpreted from time to time, promulgated by the Securities and Exchange Commission (the "Commission"), the City has agreed to provide, or cause to be provided,

- (i) during any succeeding fiscal year in which the Bonds are outstanding, to the Electronic Municipal Market Access ("EMMA") system created by the Municipal Securities Rulemaking Board and approved by the Commission, certain annual financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced under the headings "The City", "Tax Information", "City Indebtedness", "Litigation" and all Appendices and a copy of the audited financial statement (prepared in accordance with generally accepted accounting principles in effect at the time of audit) for the preceding fiscal year, if any; such information, data and audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if audited financial statements are prepared, sixty days following receipt by the City of audited financial statements for the preceding fiscal year, but, in no event, not later than the last business day of each such succeeding fiscal year.
- (ii) in a timely manner, not in excess of ten business days after the occurrence of the event, to EMMA, notice of the occurrence of any of the following events with respect to the Bonds:
 - (a) principal and interest payment delinquencies
 - (b) non-payment related defaults, if material
 - (c) unscheduled draws on debt service reserves reflecting financial difficulties
 - (d) in the case of credit enhancement, if any, provided in connection with the issuance of the Bonds, unscheduled draws on credit enhancements reflecting financial difficulties
 - (e) substitution of credit or liquidity providers, or their failure to perform
 - (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax- status of the Bonds
 - (g) modifications to rights of Bondholders, if material

- (h) Bond calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Bonds
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the City
- (m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material

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

- (iii) in a timely manner, to EMMA, notice of its failure to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

The City reserves the right to terminate its obligations to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, and notices of material events, as set forth above, if and when the City no longer remains an obligated person with respect to the Bonds within the meaning of the Rule. The City acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds (including holders of beneficial interests in the Bonds). The right of holders of the Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the City's obligations under its continuing disclosure undertaking and any failure by the City to comply with the provisions of the undertaking will neither be a default with respect to the Bonds nor entitle any holder of the Bonds to recover monetary damages.

The City reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City; provided that, the City agrees that any such modification will be done in a manner consistent with the Rule.

An undertaking to provide continuing disclosure as described above will be provided to the purchaser at closing.

The City is in compliance with all prior undertakings pursuant to the Rule.

MARKET AND RISK FACTORS

The financial condition of the City as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the City's control. There can be no assurance that adverse events in the State and in other jurisdictions in the country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Bonds. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction, or any of their respective agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the City to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

The City is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, including the City, in this year or future years, the City may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the City. While no delay in State aid is anticipated this fiscal year, in several recent years, the City has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "State Aid").

TAX EXEMPTION

In the opinion of Walsh & Walsh, LLP, Saratoga Springs, New York, Bond Counsel, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, nor is such interest included in adjusted current earnings of certain corporations for purposes of the federal alternative minimum tax imposed on corporations.

The opinion described above is subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Included among these continuing requirements are certain restrictions on the investment and use of proceeds of the Bonds and certain requirements to rebate arbitrage earnings from the investment of proceeds of the Bonds to the federal government. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance, regardless of when such noncompliance occurs. The City will covenant in its arbitrage and use of proceeds certificate with respect to the Bonds to comply with certain procedures and guidelines designed to assure satisfaction of the continuing requirements of the Code.

Bond Counsel is further of the opinion that, under existing law, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

The Bonds are being designated by the City as "qualified tax-exempt obligations" pursuant to the provisions of Section 265 (b) (3) of the Code. The City will represent in its arbitrage and use of proceeds certificate that (1) the City does not reasonably anticipate that the amount of tax-exempt obligations (within the meaning of Section 265 (b) (3) (C) of the Code) to be issued by the City (and any subordinate entities) in calendar year 2103 will exceed \$10,000,000, and (2) the amount of "qualified tax-exempt obligations" issued by the City (and any subordinate entities) during the current calendar year does not as of this date, and including this issue, exceed \$10,000,000.

Prospective owners of the Bonds should be aware that ownership of governmental obligations, such as the Bonds, may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds and, for taxable years beginning after December 31, 1995, taxpayers who are otherwise eligible for the earned income credit.

PROSPECTIVE OWNERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISORS AS TO ANY POSSIBLE COLLATERAL TAX CONSEQUENCES RESULTING FROM THEIR OWNERSHIP OF THE BONDS. BOND COUNSEL EXPRESSES NO OPINION REGARDING ANY SUCH CONSEQUENCES.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds or the tax consequences of the ownership of the Bonds. Legislation affecting municipal bonds currently is being considered by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds.

Legal matters incident to the authorization, issuance and sale of the Bonds will be covered by the final approving opinion of Walsh & Walsh, LLP, Saratoga Springs, New York, Bond Counsel. Copies of such opinion will be available at the time of delivery of the Bonds. Such legal opinion will state that, under existing law, (1) the Bonds have been duly authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the City, for the payment of which the City has validly pledged its faith and credit, and all the taxable real property within the boundaries of the City is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, without limitation as to the rate or amount, subject to statutory limitations which may be imposed by Chapter 97 of the 2011 Laws of New York, and (2) interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, nor is such interest included in adjusted current earnings of certain corporations for purposes of the federal alternative minimum tax imposed on corporations; and subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Such opinion shall also contain further statements to the effect that (a) the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws affecting creditors' rights generally enacted before or after the date of such opinion, and by equitable principles, whether considered at law or in equity, (b) the scope of its

engagement as Bond Counsel in relation to the issuance of the Bonds has extended solely to rendering the opinions described herein, and such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the City, together with other legally available sources of revenue, if any, will be sufficient to enable the City to pay the principal of or interest on the Bonds as the same respectively become due and payable, and (c) it has not examined, reviewed or passed upon the accuracy, completeness or fairness of any factual information which may have been furnished to the purchaser of the Bonds by or on behalf of the City, and, accordingly, Bond Counsel expresses no opinion as to whether the City, in connection with the sale of the Bonds, has made any untrue statement of a material fact, or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

LITIGATION

The City is subject to a number of lawsuits in the ordinary conduct of its affairs. The City does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the City.

RATING

Standard & Poor's Credit Market Services has given the Bonds a rating of "AA+" with a stable outlook. Such rating reflects only the view of such rating agency, and any desired explanation of the significance of such rating should be obtained from Standard & Poor's Credit Market Services, 55 Water Street – 38th Floor, New York, New York 10041, (212) 438-2118. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of such rating could have an adverse effect on the market price of the Bonds.

FINANCIAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Financial Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Financial Advisor serves as independent financial advisor to the City on matters relating to debt management. The Financial Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Financial Advisor has provided advice as to the plan of financing and the structuring of the Bonds and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Bonds was based on materials provided by the City and other sources of information believed to be reliable. The Financial Advisor has not audited, authenticated, or otherwise verified the information provided by the City or the information set forth in this Official Statement or any other information available to the City with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Financial Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

MISCELLANEOUS

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

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at www.fiscaladvisors.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Fiscal Advisors & Marketing, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the City nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the City disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the City also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The City will act as Paying Agent for the Bonds.

The City's contact information is as follows: Ms. Michele D. Clark-Madigan, Commissioner of Finance, City Hall, Saratoga Springs, New York 12866, Phone: (518) 587-3550, ext. 2577, Telefax: (518) 580-0781, Email: michele.madigan@saratoga-springs.org.

CITY of SARATOGA SPRINGS

Dated: June 12, 2013

MICHELE D. CLARK- MADIGAN
**Commissioner of Finance
and Chief Fiscal Officer**

GENERAL FUND

Balance Sheets

Fiscal Years Ending December 31:	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 5,522,579	\$ 2,674,504	\$ 3,296,887	\$ 7,301,948	\$ 5,345,080
Investments	17,260	17,260	17,260	-	-
Taxes receivable, net of uncollectibles	2,222,231	2,549,448	2,884,140	-	2,385,903
Receivables from Other Governments	1,990,475	1,715,276	1,866,825	2,001,793	1,744,389
Receivables, net	1,765,877	2,154,249	2,227,565	4,715,723	2,119,771
Restricted assets, cash and cash equivalents	1,408,996	1,209,830	1,061,615	2,091,967	2,849,412
Due from Other Funds	1,935,018	1,947,804	2,495,244	2,190,060	1,818,006
Prepaid Expenses	1,623	1,674	1,722	7,161	901,143
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 14,864,059</u>	<u>\$ 12,270,045</u>	<u>\$ 13,851,258</u>	<u>\$ 18,308,652</u>	<u>\$ 17,163,704</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable and Accrued Liabilities	\$ 1,122,944	\$ 778,136	\$ 866,333	\$ 736,550	\$ 926,987
Notes Payable	-	-	-	-	-
Other Liabilities	-	72,475	-	-	69,300
Due to Other Governments	3,436,471	2,799,137	3,127,430	4,745,832	795,591
Due to Other Funds	-	25,000	-	-	-
Deferred Revenue	-	-	-	1,411,402	1,474,595
Deferred Tax Revenue	2,585,014	2,687,951	2,845,638	916,095	1,197,487
Unpaid Interest and Matured Bonds Payable	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>7,144,429</u>	<u>6,362,699</u>	<u>6,839,401</u>	<u>7,809,879</u>	<u>4,463,960</u>
<u>FUND EQUITY</u>					
Non Spendable:					
Prepaid expenses				\$ 7,161	\$ 901,143
Restricted for:					
Capital reserve				1,013,025	1,269,421
Tax Stabilization reserve				1,000,491	1,501,439
Debt				-	-
Other restrictions				78,451	78,552
Assigned Appropriated				2,220,986	550,000
Assigned Unappropriated				0	2,237,284
Unassigned				6,178,659	6,161,905
Reserved	2,954,321	2,992,489	2,809,809		
Unreserved:					
Appropriated	928,535	62,313	-		
Unappropriated	3,836,774	2,852,544	4,202,048		
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUND EQUITY	<u>7,719,630</u>	<u>5,907,346</u>	<u>7,011,857</u>	<u>10,498,773</u>	<u>12,699,744</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES and FUND EQUITY	<u>\$ 14,864,059</u>	<u>\$ 12,270,045</u>	<u>\$ 13,851,258</u>	<u>\$ 18,308,652</u>	<u>\$ 17,163,704</u>

Note: Effective December 31, 2011, the City adopted GASB Statement No. 54 which classifies fund balance into specifically defined classifications. 2011 and 2012 data reflects the adoption of GASB Statement No. 54.

Source: Audited financial reports of the City. Unaudited Annual financial report for 2012. This Appendix is not itself audited.

GENERAL FUND

Fiscal Years Ending December 31:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
REVENUES						
Real Property Taxes and Tax Items	\$ 12,587,029	\$ 13,960,799	\$ 15,434,584	\$ 14,792,368	\$ 16,419,812	\$ 17,933,005
Non-Property Taxes	10,515,707	12,080,642	10,525,763	10,829,845	11,311,352	11,648,610
Departmental Income	1,449,951	1,605,500	1,517,253	1,482,529	1,435,656	1,668,657
Intergovernmental Charges	193,715	208,161	270,964	276,404	249,179	266,847
Use of Money & Property	399,567	472,372	512,826	348,189	421,022	384,039
Licenses and Permits	302,875	246,865	276,351	136,459	154,763	334,651
Fines and Forfeitures	587,857	761,617	664,284	701,984	672,504	669,047
Sale of Property and Compensation for Loss	305,762	319,500	443,254	409,752	385,067	389,886
Miscellaneous	291,873	3,991,808	3,450,198	46,966	197,009	1,636,451
Revenues from State Sources	4,250,003	4,310,689	4,248,433	3,785,530	3,375,398	3,392,003
Revenues from Federal Sources	98,899	35,628	81,529	131,369	272,006	521,365
Total Revenues	<u>\$ 30,983,238</u>	<u>\$ 37,993,581</u>	<u>\$ 37,425,439</u>	<u>\$ 32,941,395</u>	<u>\$ 34,893,768</u>	<u>\$ 38,844,561</u>
EXPENDITURES						
General Government Support	\$ 6,474,312	\$ 4,093,415	\$ 8,163,541	\$ 7,797,791	\$ 7,512,658	\$ 7,790,871
Public Safety	17,457,543	13,034,930	19,116,056	19,175,161	18,741,867	19,856,225
Health	16,844	15,205	19,943	17,864	17,765	18,277
Transportation	4,671,707	4,921,060	4,805,477	4,062,046	4,129,819	4,131,302
Economic Assistance and Opportunity	120,681	131,740	138,615	138,615	138,615	138,615
Culture and Recreation	2,451,507	2,347,466	2,590,051	2,267,561	1,959,304	2,166,405
Home and Community Services	1,065,243	1,013,597	1,097,242	965,439	899,189	905,660
Employee Benefits	-	8,364,032	-	-	-	-
Debt Service	5,597	31,876	91,458	137,904	153,507	142,000
Total Expenditures	<u>\$ 32,263,434</u>	<u>\$ 33,953,321</u>	<u>\$ 36,022,383</u>	<u>\$ 34,562,381</u>	<u>\$ 33,552,724</u>	<u>\$ 35,149,355</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (1,280,196)</u>	<u>\$ 4,040,260</u>	<u>\$ 1,403,056</u>	<u>\$ (1,620,986)</u>	<u>\$ 1,341,044</u>	<u>\$ 3,695,206</u>
Other Financing Sources (Uses):						
Operating Transfers In	238,831	54,500	76,121	73,569	61,604	73,578
Operating Transfers Out	(123,356)	-	(646,673)	(261,848)	(296,037)	(254,867)
Total Other Financing	<u>115,475</u>	<u>54,500</u>	<u>(570,552)</u>	<u>(188,279)</u>	<u>(234,433)</u>	<u>(181,289)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(1,164,721)</u>	<u>4,094,760</u>	<u>832,504</u>	<u>(1,809,265)</u>	<u>1,106,611</u>	<u>3,513,917</u>
FUND BALANCE						
Fund Balance - Beginning of Year	4,528,636	2,792,377	6,887,126	7,719,630	5,907,346	7,011,857
Prior Period Adjustments (net)	(571,538)	-	-	(3,019)	(2,100)	(27,000)
Fund Balance - End of Year	<u>\$ 2,792,377</u>	<u>\$ 6,887,137</u>	<u>\$ 7,719,630</u>	<u>\$ 5,907,346</u>	<u>\$ 7,011,857</u>	<u>\$ 10,498,774</u>

Source: Audited financial reports of the City. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending December 31:	2011			2012		2013
	Adopted Budget	Revised Budget	Actual	Adopted Budget	Unaudited Actual	Adopted Budget
REVENUES						
Real Property Taxes and Tax Items	\$ 17,133,682	\$ 17,198,724	\$ 17,933,005	\$ 16,669,468	\$ 16,519,475	\$ 17,663,240
Non-Property Taxes	11,230,608	11,230,608	11,648,610	11,966,508	12,131,794	12,895,000
Departmental Income	1,724,640	1,854,889	1,668,657	1,530,396	1,986,589	2,305,130
Intergovernmental Charges	199,275	246,449	266,847	297,000	309,061	297,106
Use of Money & Property	342,000	342,000	384,039	384,000	447,777	425,000
Licenses and Permits	156,700	156,700	334,651	237,900	397,762	236,800
Fines and Forfeitures	697,500	703,770	669,047	617,400	590,366	626,000
Sale of Property and Compensation for Loss	1,042,807	1,135,266	389,886	379,226	607,084	396,560
Miscellaneous	41,250	547,758	1,636,451	1,620,800	1,701,896	1,623,300
Revenues from State Sources	3,003,300	3,304,922	3,392,003	3,107,950	3,448,324	3,303,280
Revenues from Federal Sources	394,766	485,527	521,365	334,358	435,740	15,719
Total Revenues	\$ 35,966,528	\$ 37,206,614	\$ 38,844,561	\$ 37,145,006	\$ 38,575,868	\$ 39,787,135
EXPENDITURES						
General Government Support	\$ 6,358,768	\$ 7,927,971	\$ 7,790,871	\$ 5,190,285	\$ 8,316,218	\$ 5,244,346
Public Safety	19,890,997	20,484,274	19,856,225	12,991,334	20,882,005	13,532,780
Health	102,865	193,289	18,277	119,568	17,965	68,065
Transportation	5,645,239	6,345,038	4,131,302	3,789,123	3,974,149	4,040,518
Economic Assistance and Opportunity	138,615	138,615	138,615	131,291	141,291	131,291
Culture and Recreation	2,416,713	2,445,987	2,166,405	2,085,549	2,299,148	2,111,306
Home and Community Services	895,128	1,008,078	905,660	949,275	957,489	943,148
Employee Benefits	-	-	-	11,433,494	-	12,310,157
Debt Service	153,903	142,964	142,000	342,903	137,903	735,103
Total Expenditures	\$ 35,602,228	\$ 38,686,215	\$ 35,149,355	\$ 37,032,822	\$ 36,726,168	\$ 39,116,714
Excess of Revenues Over (Under) Expenditures	\$ 364,300	\$ (1,479,601)	\$ 3,695,206	\$ 112,184	\$ 1,849,700	\$ 670,421
Other Financing Sources (Uses):						
Operating Transfers In	54,500	78,500	73,578	103,671	631,970	79,500
Operating Transfers Out	(418,800)	(347,093)	(254,867)	(215,855)	(276,333)	(749,921)
Total Other Financing	(364,300)	(268,593)	(181,289)	(112,184)	355,637	(670,421)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	(1,748,194)	3,513,917	-	2,205,337	-
FUND BALANCE						
Fund Balance - Beginning of Year	-	1,748,194	7,011,857	-	10,524,774	-
Prior Period Adjustments (net)	-	-	(27,000)	-	(30,321)	-
Fund Balance - End of Year	\$ -	\$ -	\$ 10,498,774	\$ -	\$ 12,699,790	\$ -

Source: 2011 Audited financial report, 2012 Unaudited Annual financial report and budgets of the City. This Appendix is not itself audited.

Changes In Fund Equity

Fiscal Years Ending December 31:	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>WATER FUND</u>						
Fund Equity - Beginning of Year	\$ 737,929	\$ 463,029	\$ 342,395	\$ 440,520	\$ 712,897	\$ 626,048
Prior Period Adjustments (net)	-	-	-	-	-	-
Revenues & Other Sources	2,472,111	2,458,658	2,431,296	2,743,961	2,435,013	3,047,019
Expenditures & Other Uses	2,747,011	2,579,292	2,333,171	2,471,584	2,521,862	2,602,370
Fund Equity - End of Year	\$ 463,029	\$ 342,395	\$ 440,520	\$ 712,897	\$ 626,048	\$ 1,070,697
<u>SEWER FUND</u>						
Fund Equity - Beginning of Year	\$ 302,806	\$ 281,206	\$ 157,272	\$ 1,254	\$ 216,122	\$ 267,273
Prior Period Adjustments (net)	-	-	-	-	-	-
Revenues & Other Sources	3,314,614	3,196,743	3,201,025	3,786,286	3,500,654	3,857,006
Expenditures & Other Uses	336,214	3,320,677	3,357,043	3,571,418	3,449,503	3,576,519
Fund Equity - End of Year	\$ 281,206	\$ 157,272	\$ 1,254	\$ 216,122	\$ 267,273	\$ 547,760

BONDED DEBT SERVICE

Fiscal Year Ending December 31st	Excluding This Issue			Principal of This Issue	Total Principal All Issues
	Principal	Interest	Total		
2013	\$ 1,990,687	\$ 1,742,047.64	\$ 3,732,734.64	\$ 0	\$ 1,990,687
2014	1,820,000	1,585,498.80	3,405,498.80	83,499	1,903,499
2015	1,715,000	1,520,510.88	3,235,510.88	165,000	1,880,000
2016	1,755,000	1,457,267.67	3,212,267.67	170,000	1,925,000
2017	1,735,000	1,391,852.72	3,126,852.72	175,000	1,910,000
2018	1,610,000	1,328,164.76	2,938,164.76	180,000	1,790,000
2019	1,680,000	1,265,381.01	2,945,381.01	185,000	1,865,000
2020	1,745,000	1,199,453.01	2,944,453.01	190,000	1,935,000
2021	1,825,000	1,130,896.75	2,955,896.75	195,000	2,020,000
2022	1,895,000	1,059,280.01	2,954,280.01	205,000	2,100,000
2023	1,805,000	984,621.26	2,789,621.26	210,000	2,015,000
2024	1,875,000	911,728.01	2,786,728.01	215,000	2,090,000
2025	1,545,000	843,423.02	2,388,423.02	225,000	1,770,000
2026	1,615,000	779,872.77	2,394,872.77	230,000	1,845,000
2027	1,680,000	713,207.01	2,393,207.01	240,000	1,920,000
2028	1,755,000	643,031.76	2,398,031.76	245,000	2,000,000
2029	1,830,000	569,100.26	2,399,100.26	255,000	2,085,000
2030	1,915,000	491,666.01	2,406,666.01	265,000	2,180,000
2031	1,350,000	410,436.89	1,760,436.89	275,000	1,625,000
2032	1,400,000	353,739.13	1,753,739.13	280,000	1,680,000
2033	1,470,000	294,847.39	1,764,847.39	290,000	1,760,000
2034	1,525,000	232,978.15	1,757,978.15		1,525,000
2035	1,360,000	173,236.76	1,533,236.76		1,360,000
2036	880,000	126,471.01	1,006,471.01		880,000
2037	925,000	89,149.50	1,014,149.50		925,000
2038	860,000	49,988.00	909,988.00		860,000
2039	575,000	12,718.72	587,718.72		575,000
TOTALS	\$ 42,135,687	\$ 21,360,568.91	\$ 63,496,255.91	\$ 4,278,499	\$ 46,414,186

FINANCIAL STATEMENTS

December 31, 2011

Such Financial Report and opinions were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

CITY OF SARATOGA SPRINGS, NEW YORK

FINANCIAL REPORT

December 31, 2011

C O N T E N T S

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
REQUIRED SUPPLEMENTAL INFORMATION	
Management's Discussion and Analysis	
Financial Highlights	3
Overview of the Financial Statements	3
Financial Analysis of the City's Funds	8
Capital Assets and Debt Administration	10
Economic Factors	11
Requests for Information	11
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Assets	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet - Governmental Funds	14
Reconciliation of the Total Fund Balances Shown in the Governmental Funds to the Statement of Net Assets	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Change in Net Assets Shown in the Statement of Activities	17
Statement of Net Assets - Proprietary Funds	18
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds	19
Statement of Cash Flows - Proprietary Funds	20
Statement of Fiduciary Net Assets - Fiduciary Funds	21
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	22
Notes to Financial Statements	23-44
REQUIRED SUPPLEMENTAL INFORMATION	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	45
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Debt Service Fund	46
Other Postemployment Benefits - Schedule of Funding Progress and Employee Contributions	47
Non-Major Governmental Funds	48
Combining Balance Sheet - Non-Major Governmental Funds	49
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds	50

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Saratoga Springs, New York (City), as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Bollam Sheedy Torani & Co LLP

Albany, New York
August 6, 2012

CITY OF SARATOGA SPRINGS, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2011

As management of the City of Saratoga Springs, New York (City), we offer the readers of the City's financial statements this narrative overview and analysis as of December 31, 2011. We encourage readers to consider the information presented here in conjunction with our financial statements, which can be found on pages 12 through 44 and our supplemental information which can be found on pages 45 through 50 of this report.

FINANCIAL HIGHLIGHTS

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

The government-wide financial statements can be found on pages 12 and 13 of this report.

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

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

CITY OF SARATOGA SPRINGS, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2011

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

Fund Financial Statements - Continued

Governmental funds - Continued

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

The City maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, Debt Service Fund, and Community Development, all of which are considered to be major funds. Data from the other two governmental funds, the Downtown Special Assessment District (SAD) and the West Avenue Special Assessment District (WASAD) are combined into a single, aggregated presentation. The restricted and assigned fund balance as of December 31, 2011, for the SAD was \$327,174, and for the WASAD was \$5,751. SAD intends to use the accumulated fund balance to assist the City in constructing a parking deck on Woodlawn Avenue that will benefit the District. The WASAD intends to use the accumulated fund balance to pay debt on outstanding bonds issued to finance improvements in the District. The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund and Debt Service Fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 14 through 17 of this report.

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

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

The proprietary fund financial statements can be found on pages 18 through 20 of this report.

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

The fiduciary fund financial statements can be found on pages 21 through 22 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 44 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$29,938,139 at December 31, 2011.

CITY OF SARATOGA SPRINGS, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2011

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

Government-Wide Financial Analysis - Continued

By far, the largest portion, \$38,660,185, of the City's net assets (129%) reflects its investment in capital assets (i.e., land, buildings, improvements, infrastructure, work in progress, and machinery and equipment) less accumulated depreciation and any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CONDENSED STATEMENTS OF NET ASSETS

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

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

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

CITY OF SARATOGA SPRINGS, NEW YORK

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

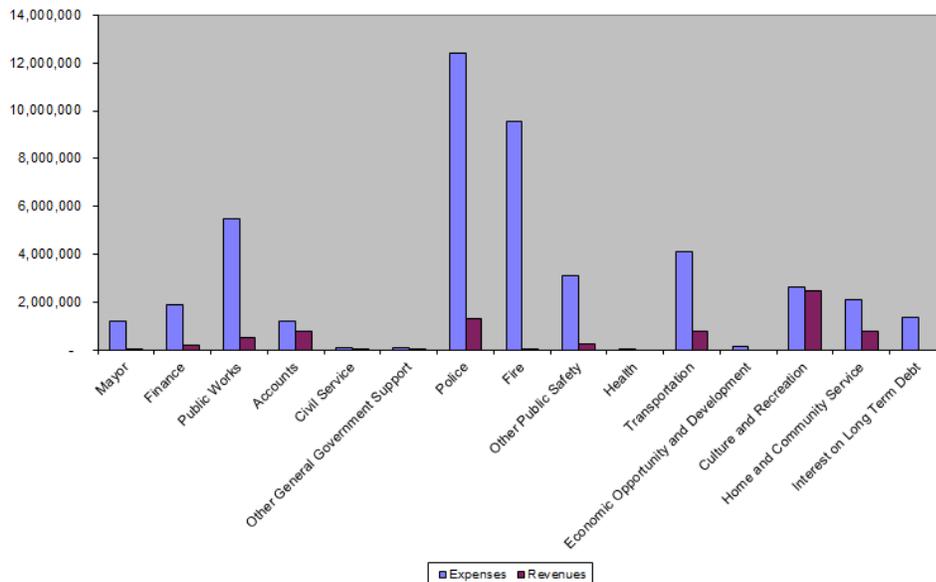
OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

Government-Wide Financial Analysis - Continued

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

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

Expenses and Program Revenues - Governmental Activities



CITY OF SARATOGA SPRINGS, NEW YORK

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

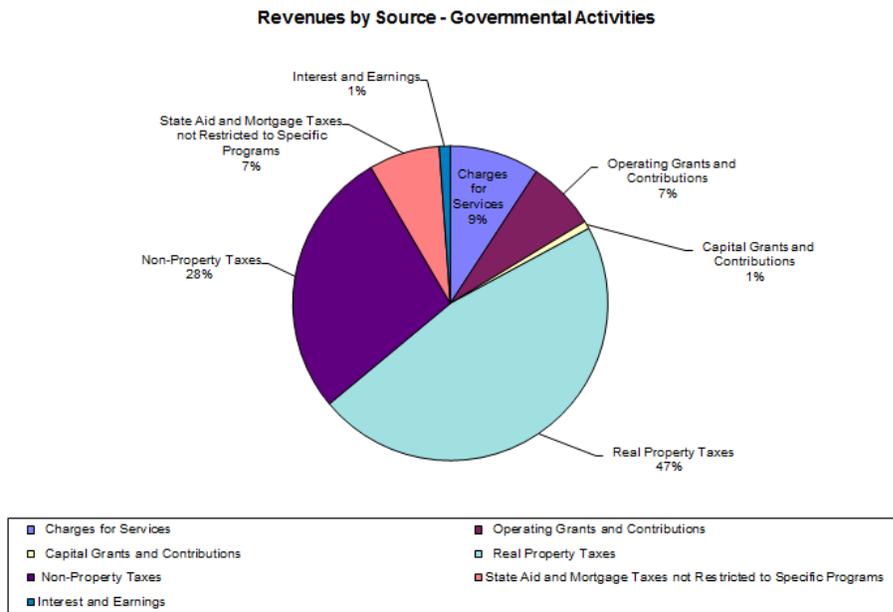
OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

Government-Wide Financial Analysis - Continued

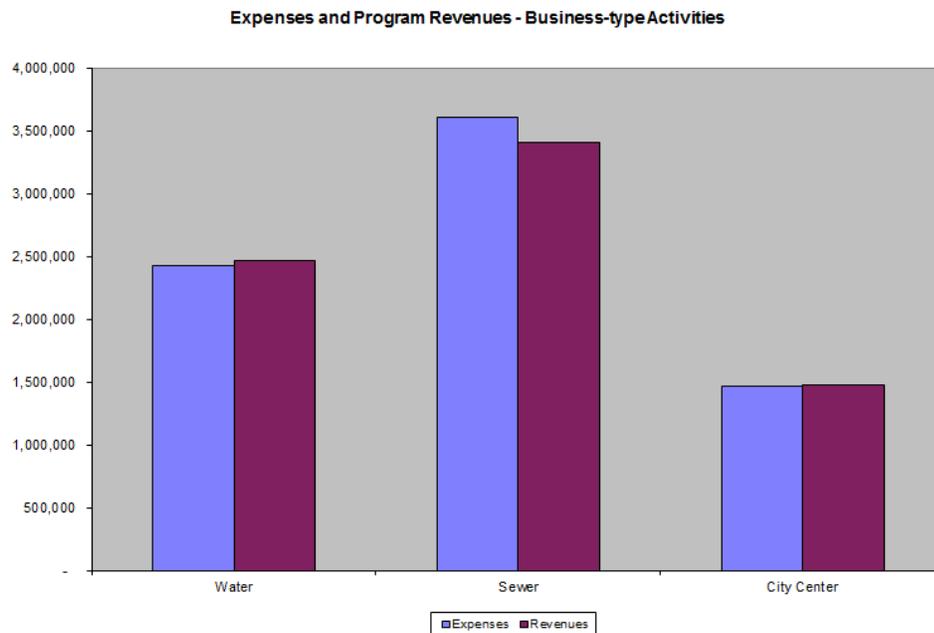
Governmental activities - Continued

For the most part, increases in expenses were the result of an increase of the cost of services provided. The City's major governmental activities are financed almost entirely by real property taxes, non-property taxes, and other general revenues. To meet the demand for these services, the City increased property tax rates by 4%. Sales tax receipts increased by 4%.

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



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



CITY OF SARATOGA SPRINGS, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

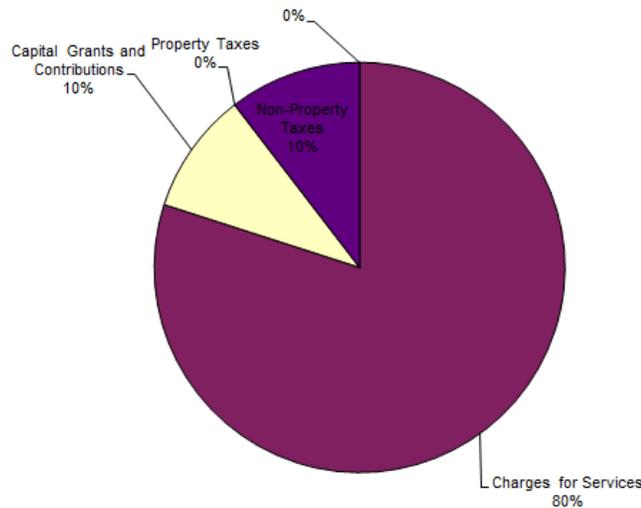
December 31, 2011

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

Government-Wide Financial Analysis - Continued

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

Revenues by Source - Business-type Activities



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balances of \$16,329,884, an increase of \$3,958,360 from the prior year. \$10,144,064 is restricted and assigned to indicate that it is not available for new spending because it has already been committed to 1) liquidate contracts and purchase orders of the prior period of \$2,774,790, 2) be held for future capital improvements of \$4,502,748, 3) restricted for tax stabilization of \$1,000,491 and 4) various other restrictions set by the City Council.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$6,178,659, while total fund balance reached \$10,498,773. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 18% of total General Fund expenditures, while total fund balance represents 30% of that same amount.

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

General Fund Revenues

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

CITY OF SARATOGA SPRINGS, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2011

FINANCIAL ANALYSIS OF THE CITY'S FUNDS - Continued

General Fund Revenues - Continued

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

General Fund Expenses

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

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

CITY OF SARATOGA SPRINGS, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2011

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2011, amounts to \$38,660,185 (net of accumulated depreciation and less outstanding debt). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, work-in-progress, and infrastructure assets, such as roads, streets, and water systems.

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

- Continued construction of Church Street, City Center, and improvements to the Casino exterior.
- Completion of the Spring Run Trail, water replacement and improvements, upgrade to the audio system, and the purchase of a sewer truck.

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

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

Long-Term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$36,736,200. Of this amount, \$36,477,252 comprises debt backed by the full faith and credit of the City and \$258,948 is a special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment.

The City's total bonded debt increased by \$446,743 (1%) during the current fiscal year by new debt issued April 5, 2011.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 7% of its five-year average of the total assessed valuation. The current debt limitation for the City is \$257,643,387, which is significantly in excess of the City's outstanding general obligation debt. In addition, the City has a self-imposed limit of 2% of the five-year average total assessed value. The City's debt limitation is \$73,612,396, which is also significantly in excess of the City's outstanding general obligation debt.

The City participates in the New York State and Local Retirement Systems for police and firefighters (PFRS) and all other employees (ERS). On October 15, 2004, the City opted to provide certain benefits to firefighters for past services under Section 384E of the PFRS plan. The total past service credit costs were \$1,011,118. The City opted to pay for this program over a ten-year term with interest starting the third year at 8% per annum. The unpaid balance of \$356,495 at December 31, 2011, is included in the financial statements as a governmental liability.

CITY OF SARATOGA SPRINGS, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2011

CAPITAL ASSET AND DEBT ADMINISTRATION - Continued

In December 2004, the City opted to amortize the 2004 ERS and PFRS retirement payment over a ten-year period. The principal amount amortized was \$397,330 for the ERS plan and \$654,365 for the PFRS plan. The first principal and interest payments were made February 1, 2006, with interest at 5% per annum. The unpaid principal amounts of \$182,641 for the ERS plan and \$300,495 for the PFRS plan are shown in the financial statements as governmental liabilities.

In accordance with the labor agreements between the City and its police officers signed October 27, 2006, the City was required to provide certain benefits to police personnel for past services under Section 384E and 384EB of the PFRS plan. The total past service credit cost was \$2,700,004 for 384E, \$351,235 for 384EB, and \$360,791 to reopen 384D. The City plans to pay for this program over a ten-year period with interest starting the second year at 8% per annum. The first installment was due February 1, 2008, for the City's 2007 fiscal year. The unpaid principal balance is \$1,722,366 for 384E, \$224,058 for 384EB, and \$230,143 for 384D.

Additional information on the City's long-term debt can be found in Note 1n on page 29 and Note 3e on pages 34 through 37 of this report.

ECONOMIC FACTORS

The City is growing and thriving. The City is home to the Saratoga Race Course, one of the oldest and most prestigious thoroughbred horse racing tracks in the United States. Each summer, the racetrack operates a six-week schedule of races that attracts world-class horses to participate in the various graded events. Operation of the racetrack is a key factor in the area's successful tourism industry, which allows the City to generate additional revenues from sales tax, hotel occupancy tax, and other similar non-property taxes and fees. The City's residential and commercial tax base decreased at a rate of .5% in 2011. The City has added office buildings, condominiums, and many residences in the past year, however certain assessment claims resulted in a reduction of the overall value.

REQUESTS FOR INFORMATION

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

CITY OF SARATOGA SPRINGS, NEW YORK

**GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET ASSETS**

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

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

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

Year Ended December 31, 2011

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

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

CITY OF SARATOGA SPRINGS, NEW YORK
FUND FINANCIAL STATEMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2011

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

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

CITY OF SARATOGA SPRINGS, NEW YORK

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

	<u>December 31, 2011</u>
Total fund balances in the fund financial statements for the governmental funds.	\$ 16,329,884
This amount differs from the amount of net assets shown in the statement of net assets due to the following:	
Capital assets are included as assets in the government-wide statements and are added, net of accumulated depreciation.	55,437,219
Long-term liabilities for bonded debt are included as liabilities in the government-wide statements and are deducted.	(29,381,697)
Long-term liabilities for past service costs for retirement plans and 2004 amortization for retirement plans are included as liabilities in the government-wide statements and are deducted.	(1,400,099)
Business-type activity bonds are deducted from the restricted cash assets in the government-wide statements.	(800,000)
Business-type activity capital project reserves are added to the government-wide statements.	(263,756)
Long-term liabilities for the lease obligations by the City are included as liabilities in the government-wide statements and are deducted.	(1,318,462)
Long-term liabilities for other post employment benefit obligations by the City are included as liabilities in the government-wide statements and are deducted.	(25,783,518)
Accrued interest on property, school taxes, and community development loans on receivables for revenues earned, measurable, but not available and are added.	42,115
Deferred revenue and deferred tax revenue are added to the government-wide statements as revenue.	2,719,267
Net receivables for revenues earned, measurable but not available to provide financial resources are included in the government-wide statements as assets and are added.	31,595
Other current liabilities for compensated absences are included in the government-wide statements as liabilities and are deducted.	(3,156,911)
Current liabilities for interest payable on long-term debt are included in the government-wide statements as liabilities and are deducted.	<u>(1,331,804)</u>
Total net assets, end of year	<u><u>\$ 11,123,833</u></u>

CITY OF SARATOGA SPRINGS, NEW YORK

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

Year Ended December 31, 2011

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

<i>Debt Service</i>						
Principal	82,574	-	1,580,920	-	13,967	1,677,461
Interest	59,426	-	1,280,023	-	2,735	1,342,184
<i>Capital outlay</i>						
Public works	-	207,507	-	-	-	207,507
Other general government support	-	61,581	-	-	-	61,581
Police	-	30,020	-	-	-	30,020
Fire	-	507,716	-	-	-	507,716
Other public safety	-	75,273	-	-	-	75,273
Transportation	-	258,353	-	-	-	258,353
Culture and recreation	-	266,456	-	-	-	266,456
Home and community service	-	895,609	-	-	-	895,609
Total expenditures	<u>35,149,355</u>	<u>2,302,515</u>	<u>2,871,742</u>	<u>308,261</u>	<u>57,261</u>	<u>40,689,134</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from serial bonds	-	2,151,200	-	-	-	2,151,200
Interfund transfers in	73,578	45,719	148,523	-	-	267,820
Interfund transfers out	(254,867)	(24,020)	-	(73,578)	(49,503)	(401,968)
Total other financing sources and uses	<u>(181,289)</u>	<u>2,172,899</u>	<u>148,523</u>	<u>(73,578)</u>	<u>(49,503)</u>	<u>2,017,052</u>
NET CHANGE IN FUND BALANCE	3,513,916	490,122	(91,425)	36,940	8,806	3,958,359
FUND BALANCE, beginning of year	7,011,857	3,538,430	1,245,351	251,768	324,119	12,371,525
Prior period adjustment	(27,000)	-	27,000	-	-	-
FUND BALANCE, end of year	<u>\$ 10,498,773</u>	<u>\$ 4,028,552</u>	<u>\$ 1,180,926</u>	<u>\$ 288,708</u>	<u>\$ 332,925</u>	<u>\$ 16,329,884</u>

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

CITY OF SARATOGA SPRINGS, NEW YORK

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

	<u>Year Ended December 31, 2011</u>	
Net change in fund balances shown for total governmental funds		\$ 3,958,360
This amount differs from the change in net assets shown in the statement of activities because of the following:		
Capital outlays for acquisition of capital assets are recorded in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which expenditures for acquisition of capital assets exceeded depreciation expense for the period.		
	Capital expenditures and loss on disposal of capital assets	2,339,178
	Depreciation expense	<u>2,099,344</u>
		239,834
Major revenues are recorded in the governmental funds when they become susceptible to accrual, that is when they are earned, measurable and available to provide current financial resources. In the statement of activities, major revenues are recognized when they are earned and measurable, regardless of when they become available. This is the amount by which earned revenues for the current period exceeded the amount of prior year earned revenues not recognized as being available until the current period.		
	Current year revenues	257,084
	Prior year revenues	-
		257,084
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds; i.e., deferred revenue.		
	Current year revenues	2,719,267
	Prior year revenues	3,440,733
		(721,466)
Payments on retirement system debt are shown as expenditures in the governmental funds. These payments are shown in the statement of net assets as a reduction of the related liabilities, and not shown as expenses in the statement of activities. This is the principal payment amount for the current year.		
		508,687
Other post employment obligations are not reported in the governmental funds. This liability is shown in the statement of net assets as a non current liability and in the statement of activities as an expense.		
		(7,151,997)
Bond and lease principal payments are shown as expenditures in the governmental funds. These payments are shown in the statement of net assets as a reduction of the related liabilities, and not shown as expenses in the statement of activities. This is the payment amount for the current year.		
		1,705,711
Receipt of bond proceeds is recorded as a financing source in the governmental funds. These proceeds are shown in the statement of net assets as an increase in related liabilities. This is the amount of bonds issued and proceeds received during the current year.		
		(2,151,200)
Certain expenditures for interest on debt are recorded in the governmental funds when the payments are due. In the statement of activities, these costs are allocated over the applicable time period that they pertain to. This is the amount by which the current period expenditures exceed the costs allocated over the applicable periods.		
	2011 Current year expenditures	1,297,696
	2012 Allocated expenses	<u>1,331,804</u>
		(34,108)
Payments for compensated absences are shown in the governmental funds when they are due. In the statement of activities, these costs are reported during the period the liabilities are incurred, regardless of when they are due and payable. This amount represents the difference between the the expenditures recorded in the current year for payments due on prior year liabilities and the expenses incurred during the current year that have not been paid.		
	2010 expenditures	3,213,050
	2011 Expenses incurred during current year	<u>3,156,911</u>
		56,139
Interfund transactions are eliminated in the statement of net assets and the statement of activities. The amounts offset, and have a zero effect on operations.		
	Transfers in	267,820
	Transfers out	<u>267,820</u>
		-
Change in net assets of governmental activities shown in the statement of activities.		<u>\$ (3,332,956)</u>

CITY OF SARATOGA SPRINGS, NEW YORK

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

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

CITY OF SARATOGA SPRINGS, NEW YORK

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

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

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

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

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

CITY OF SARATOGA SPRINGS, NEW YORK

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

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

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

CITY OF SARATOGA SPRINGS, NEW YORK

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

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

CITY OF SARATOGA SPRINGS, NEW YORK

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

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

a. Reporting Entity

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

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

Excluded from the reporting entity:

The City of Saratoga Springs School District

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

The Saratoga Springs Housing Authority

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

CITY OF SARATOGA SPRINGS, NEW YORK

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

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

The City's significant accounting policies are described below.

b. Government-wide and Fund Financial Statements

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

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

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

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

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

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

c. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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

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

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

CITY OF SARATOGA SPRINGS, NEW YORK

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

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

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

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

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

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

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

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

e. Fund Accounting

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

Fund Types

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

CITY OF SARATOGA SPRINGS, NEW YORK

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

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

e. *Fund Accounting* - Continued

Fund Types - Continued

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

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

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

CITY OF SARATOGA SPRINGS, NEW YORK

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

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

e. Fund Accounting - Continued

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

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

f. Cash, Cash Equivalents, and Investments

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

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

Investments are stated at fair market value.

g. Interfund Receivables/Payables

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

h. Receivables

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

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

i. Inventory

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

CITY OF SARATOGA SPRINGS, NEW YORK

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

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

j. *Restricted Assets*

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

k. *Capital Assets, Net*

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

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

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

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

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

l. *Fund Balance*

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

Restricted Fund Balance:

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

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

CITY OF SARATOGA SPRINGS, NEW YORK

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

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

l. Fund Balance - Continued

Unrestricted Fund Balance:

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

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

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

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

m. Compensated Absences

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

n. Long-Term Obligations

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

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

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

o. Subsequent Events

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

CITY OF SARATOGA SPRINGS, NEW YORK

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Legal Compliance and Budgets

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

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

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

NOTE 3 - DETAILED NOTES ON ALL FUNDS

a. Cash, Cash Equivalents, and Investments

Collateral

New York State statutes require the City to collateralize its cash deposits in excess of the Federal Deposit Insurance Corporation limit of \$350,000 (\$100,000 on demand deposits and \$250,000 on time deposits and other cash accounts). This collateral is to be in the form of state and local government securities held in trust for and pledged to secure the City's deposits. The City's deposits were adequately insured or collateralized as of December 31, 2011.

Cash and Cash Equivalents, Restricted

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

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

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

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

CITY OF SARATOGA SPRINGS, NEW YORK

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

b. Receivables

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

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

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

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

c. Capital Assets

Capital asset activity was as follows:

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

CITY OF SARATOGA SPRINGS, NEW YORK

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

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

c. Capital Assets - Continued

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

CITY OF SARATOGA SPRINGS, NEW YORK

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

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

c. Capital Assets - Continued

Depreciation expense was charged to functions/programs as follows:

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

d. Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

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

<u>Fund</u>	<u>December 31, 2011</u>	
	<u>Due From</u>	<u>Due To</u>
General	\$ -	\$ 2,190,060
Water	809,750	-
Sewer	1,002,453	-
Agency	33	-
Debt Service	377,824	-
	<u>\$ 2,190,060</u>	<u>\$ 2,190,060</u>

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

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

CITY OF SARATOGA SPRINGS, NEW YORK

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

d. Interfund Receivables, Payables, and Transfers - Continued

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

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

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

e. Indebtedness

i. Tax Anticipation Note

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

ii. General Obligation Bonds

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

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

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

CITY OF SARATOGA SPRINGS, NEW YORK

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

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

e. Indebtedness - Continued

ii. General Obligation Bonds - Continued

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

<u>Public Improvement Bonds</u>	<u>Issue Date</u>	<u>Maturity</u>	<u>Rate</u>	<u>December 31, 2011</u>
Serial Bond, general obligation	07/93	03/13	4.75%	\$ 320,000
Serial Bond, EFC	03/97	02/17	3.40%	1,120,000
Serial Bond, general obligation	10/97	09/17	4.50%	515,000
Serial Bond, general obligation	06/00	06/14	5.12%	465,000
Serial Bond, general obligation	09/02	09/22	3.90%	1,180,000
Serial Bond, general obligation	04/04	02/34	4.00%	3,390,000
Serial Bond, general obligation	03/05	06/24	3.85%	3,455,000
Serial Bond, general obligation	04/06	04/35	4.25%	7,675,000
Serial Bond, general obligation	07/07	07/30	3.70%	8,195,000
Serial Bond, general obligation	08/08	08/38	5.00%	4,760,000
Serial Bond, general obligation	01/09	01/24	4.25%	660,000
Serial Bond, general obligation	09/09	09/39	4.25%	1,340,000
Serial Bond, general obligation	07/10	07/37	4.42%	1,510,000
Statutory Installment Bond	04/11	04/39	4.630%	2,151,200
				<u>\$ 36,736,200</u>

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

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

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

CITY OF SARATOGA SPRINGS, NEW YORK

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

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

e. Indebtedness - Continued

iii. Special Assessment Debt

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

iv. Lease Payables

On March 7, 2008, the City entered into a lease agreement with Municipal Leasing Consultants for \$1,721,297 to finance various energy-saving equipment. The first \$1,000,000 is at a rate of 2%, and \$721,297 is at a rate of 4.12%. The \$1,000,000 interest rate was bought down by a NYSERDA grant. Principal payments of \$82,574 were made in 2011. The outstanding liability in the governmental activity was \$1,280,795, and \$86,011 is due in one year.

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

v. Other Liabilities

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

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

vi. Long-Term Liabilities, Less Current Maturities

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

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

CITY OF SARATOGA SPRINGS, NEW YORK

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

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

e. Indebtedness - Continued

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

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

f. Employee Retirement Systems and Pension Plan

i. Employee Retirement Systems Plan Description

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

CITY OF SARATOGA SPRINGS, NEW YORK

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

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

f. Employee Retirement Systems and Pension Plan - Continued

ii. Employee Retirement Systems Funding Policy

The Systems are noncontributory except for employees who joined the ERS after July 27, 1976, who contribute 3% of their salary for the first ten years of membership. Under the authority of the NYSRSSL, the Comptroller annually certifies the rates used in computing the employers' contributions. Each year, the Comptroller renders a billing to participating employers requesting payment of amounts due in advance for the plan year April 1 to March 31. The NYSRSSL allows participating employers to pay their annual contributions on either December 15 of the current year, or February 1 of the following year. The City elected to pay their contribution billed in 2011 on or before February 1, 2012. The required contributions for the current and two preceding years were:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
ERS regular contribution	\$ 1,455,513	\$ 965,248	\$ 808,793
ERS 2004 amortization	51,507	51,507	51,507
PFRS regular contribution	1,773,637	1,412,757	1,362,814
PFRS 2004 amortization	85,261	84,743	84,743
PFRS Fire 384E	138,191	138,191	138,191
PFRS Police 384EB	48,467	48,467	48,467
PFRS Police 84E	372,574	372,574	372,574
PFRS Police Re-open 384D	<u>49,800</u>	<u>49,800</u>	<u>49,800</u>
 Totals	 <u>\$ 3,974,950</u>	 <u>\$ 3,123,287</u>	 <u>\$ 2,916,889</u>

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

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

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

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

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

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

CITY OF SARATOGA SPRINGS, NEW YORK

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

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

f. Employee Retirement Systems and Pension Plan - Continued

ii. Employee Retirement Systems Funding Policy - Continued

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

<u>ERS Amortization</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Payable February 1, 2012	\$ 42,375	\$ 9,132	\$ 51,507
Payable February 1, 2013	44,494	7,013	51,507
Payable February 1, 2014	46,718	4,789	51,507
Payable February 1, 2015	49,054	2,453	51,507
Totals	<u>\$ 182,641</u>	<u>\$ 23,387</u>	<u>\$ 206,028</u>

<u>PFRS Amortization</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Payable February 1, 2012	\$ 69,718	\$ 15,025	\$ 84,743
Payable February 1, 2013	73,204	11,539	84,743
Payable February 1, 2014	76,865	7,878	84,743
Payable February 1, 2015	80,708	4,035	84,743
Totals	<u>\$ 300,495</u>	<u>\$ 38,477</u>	<u>\$ 338,972</u>

The unpaid principal balance of \$483,136 at December 31, 2011, for the above amortizations is included in the financial statements as a non-current governmental liability, of which \$112,093 is shown as due within one year.

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

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

CITY OF SARATOGA SPRINGS, NEW YORK

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

f. Employee Retirement Systems and Pension Plan - Continued

ii. Employee Retirement Systems Funding Policy - Continued

The unpaid principal balance of \$356,731 at December 31, 2011, is included in the financial statements as a non-current governmental liability, of which \$109,885 is shown as due within one year.

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

The maturity schedules for this debt are as follows:

384 E - Police

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Payable February 1, 2012	\$ 234,785	\$ 137,789	\$ 372,574
Payable February 1, 2013	253,568	119,006	372,574
Payable February 1, 2014	273,853	98,721	372,574
Payable February 1, 2015	295,762	76,812	372,574
Payable February 1, 2016	319,422	53,152	372,574
Payable February 1, 2017	344,976	27,598	372,574
Totals	<u>\$ 1,722,366</u>	<u>\$ 513,078</u>	<u>\$ 2,235,444</u>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Payable February 1, 2012	\$ 30,542	\$ 17,925	\$ 48,467
Payable February 1, 2013	32,986	15,481	48,467
Payable February 1, 2014	35,625	12,842	48,467
Payable February 1, 2015	38,475	9,992	48,467
Payable February 1, 2016	41,553	6,914	48,467
Payable February 1, 2017	44,877	3,590	48,467
Totals	<u>\$ 224,058</u>	<u>\$ 66,744</u>	<u>\$ 290,802</u>

384 EB Police

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Payable February 1, 2012	\$ 31,372	\$ 18,428	\$ 49,800
Payable February 1, 2013	33,882	15,918	49,800
Payable February 1, 2014	36,592	13,208	49,800
Payable February 1, 2015	39,520	10,280	49,800
Payable February 1, 2016	42,681	7,119	49,800
Payable February 1, 2017	46,096	3,704	49,800
Totals	<u>\$ 230,143</u>	<u>\$ 68,657</u>	<u>\$ 298,800</u>

The unpaid principal balance of \$2,176,567 at December 31, 2011, for the past service retirement costs for police personnel is included in the government-wide statement of activities as a non-current governmental liability, of which \$296,699 is shown as due within one year.

CITY OF SARATOGA SPRINGS, NEW YORK

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 4 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

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

Funding Policy. Contribution requirements also are negotiated between the City and union representatives. The City contributes a percent of the cost of current year premiums for eligible retired Plan members and their spouses. For the year ended December 31, 2011, the City contributed \$2,625,362 to the Retiree Health Plan. Some Retiree Health Plan members receiving benefits contribute a percent of their premium costs. Total member contributions were \$225,093 for the year ended December 31, 2011.

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

Annual OPEB Cost and Net OPEB Obligation - The City’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City’s annual OPEB cost for fiscal year 2011, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation to the Plan:

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

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Retiree Health Plan, and the net OPEB obligation for fiscal year 2011 was as follows:

Activity	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2011			
Governmental	\$ 9,739,542	27%	\$ 25,783,518
Water	426,252	9%	1,418,356
Sewer	182,442	0%	757,722
December 31, 2010			
Governmental	9,404,646	25%	18,631,523
Water	405,112	7%	1,029,919
Sewer	172,233	0%	575,280
December 31, 2009			
Governmental	7,865,016	25%	11,577,472
Water	346,609	4%	653,320
Sewer	208,088	0%	403,047

CITY OF SARATOGA SPRINGS, NEW YORK

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 4 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - Continued

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

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Retiree Health Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

The following simplifying assumptions were made:

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

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

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

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

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

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

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

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

CITY OF SARATOGA SPRINGS, NEW YORK

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

NOTE 4 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - Continued

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 4% was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level period of thirty years. The remaining amortization period at December 31, 2011, was twenty-seven years.

NOTE 5 - PRIOR PERIOD ADJUSTMENTS

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

NOTE 6 - REMEDIATION COSTS

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

NOTE 7 - COMMITMENTS AND CONTINGENCIES

a. Environmental Risks

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

b. Risk Management

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

The City's Safety Committee reviews potential areas of risk and develops safety policies. The Safety Committee reviews, among other things, workers' compensation trends to determine and prevent causation of similar claims in future. The City belongs to the Saratoga County Workers' Compensation pool, and cases are reviewed and paid by Saratoga County. The City's 2011 annual contribution to the workers' compensation pool was \$498,859.

c. Contingent Liabilities

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

CITY OF SARATOGA SPRINGS, NEW YORK

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 7 - COMMITMENTS AND CONTINGENCIES - Continued

d. Labor Relations

The City has 311 employees covered by seven bargaining units. The Police Chiefs', Police Lieutenants', and Police Benevolent Association's contracts expired on December 31, 2008. The Fire Chiefs' contract expired on December 31, 2008. The Firefighters' contract expired on December 31, 2011. The CSEA City Hall and CSEA Public Works contracts will expire on December 31, 2012. All expired contracts are under negotiation.

NOTE 8 - ACCOUNTING STANDARDS ISSUED NOT YET IMPLEMENTED

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

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

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

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

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

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

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

NOTE 9 - SUBSEQUENT EVENTS

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

CITY OF SARATOGA SPRINGS, NEW YORK

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

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

CITY OF SARATOGA SPRINGS, NEW YORK

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

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

CITY OF SARATOGA SPRINGS, NEW YORK

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

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)
12/31/11	\$ -	\$ 110,427,595	\$ 110,427,595	0.00%	\$ 19,977,408	553%
12/31/10	\$ -	\$ 104,696,319	\$ 104,696,319	0.00%	\$ 15,199,469	689%

CITY OF SARATOGA SPRINGS, NEW YORK

SUPPLEMENTAL INFORMATION

December 31, 2011

Non-Major Governmental Funds

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

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

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

CITY OF SARATOGA SPRINGS, NEW YORK

SUPPLEMENTAL INFORMATION - BALANCE SHEET - NON-MAJOR GOVERNMENT FUNDS

	<u>December 31, 2011</u>		
	<u>Downtown Special Assessment District</u>	<u>West Avenue Special Assessment District</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 326,269	\$ 5,751	\$ 332,020
Cash, special reserves	1,960	-	1,960
Total assets	<u>\$ 328,229</u>	<u>\$ 5,751</u>	<u>\$ 333,980</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 1,055	-	\$ 1,055
FUND BALANCE			
Restricted for			
Other restrictions	1,960	-	1,960
Assigned for			
Special district purposes	325,214	5,751	330,965
Total fund balance	<u>327,174</u>	<u>5,751</u>	<u>332,925</u>
Total liabilities and fund balances	<u>\$ 328,229</u>	<u>\$ 5,751</u>	<u>\$ 333,980</u>

CITY OF SARATOGA SPRINGS, NEW YORK

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

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