

**OFFICIAL STATEMENT**

**NEW ISSUE**  
**STANDARD & POOR'S: "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.*

**\$5,978,242**  
**CITY of SARATOGA SPRINGS**  
**SARATOGA COUNTY, NEW YORK**  
**GENERAL OBLIGATIONS**  
**\$5,978,242 Public Improvement (Serial) Bonds, 2015**  
**CUSIP BASE: 803531**

**Dated: June 23, 2015**

**Due: June 15, 2016-2040**

<b>MATURITIES</b>														
<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>
2016	\$ 168,242	2.250%	0.500%	UE0	2025	\$ 210,000*	2.375%	2.200%	UP5	2034	\$ 280,000*	3.500%	3.300%	UY6
2017	170,000	2.250	0.800	UF7	2026	220,000*	3.000	2.400	UQ3	2035	285,000*	3.500	3.400	UZ3
2018	175,000	2.250	1.050	UG5	2027	225,000*	3.000	2.600	UR1	2036	295,000*	3.625	3.500	VA7
2019	180,000	2.250	1.200	UH3	2028	230,000*	3.000	2.700	US9	2037	305,000*	3.625	3.550	VB5
2020	185,000	2.250	1.400	UJ9	2029	240,000*	3.000	2.800	UT7	2038	320,000*	3.750	3.600	VC3
2021	190,000	2.375	1.600	UK6	2030	245,000*	3.000	2.900	UU4	2039	330,000*	3.750	3.650	VD1
2022	195,000	2.375	1.750	UL4	2031	255,000*	3.125	3.000	UV2	2040	340,000*	3.750	3.700	VE9
2023	200,000	2.375	1.900	UM2	2032	260,000*	3.250	3.100	UW0					
2024	205,000*	2.375	2.050	UN0	2033	270,000*	3.375	3.200	UX8					

\* The Bonds maturing in the years 2024-2040 are subject to redemption prior to maturity. See "DESCRIPTION OF THE BONDS - Optional Redemption" herein.

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, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as 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, 2016. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable December 15, 2015 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 when, as and if issued 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 Jersey City, New Jersey on or about June 23, 2015.

June 9, 2015

THIS REVISED COVER SUPPLEMENTS THE OFFICIAL STATEMENT OF THE CITY DATED MAY 29, 2015 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 REVISION OF "APPENDIX - B" AND THE DATED DATE ON PAGE 29, THERE HAVE BEEN NO REVISIONS TO SAID OFFICIAL STATEMENT.

**ROOSEVELT & CROSS, INC. AND ASSOCIATES**

# **CITY OFFICIALS**

JOANNE D. YEPSEN

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

VINCENT J. DELEONARDIS, ESQ.

City Attorney



FISCAL ADVISORS & MARKETING, INC.

City Municipal 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.

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*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**  
**\$5,978,242 Public Improvement (Serial) Bonds, 2015**

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 \$5,978,242 principal amount of Public Improvement (Serial) Bonds, 2015 (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.

**DESCRIPTION OF THE BONDS**

The Bonds will be dated June 23, 2015 and will mature in the principal amounts and on the dates as set forth on the cover page. The Bonds are subject to redemption prior to maturity as described herein under the heading "Optional Redemption." The "Record Date" of the Bonds will be the last business day of the calendar month preceding each such interest payment date.

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of DTC, 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 a necessary odd denomination maturing on June 15, 2016. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable December 15, 2015 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.

**Optional Redemption**

The Bonds maturing on or before June 15, 2023 shall not be subject to redemption prior to maturity. The Bonds maturing on or after June 15, 2024 shall be subject to redemption prior to maturity 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, 2023 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](http://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 or any integral multiple thereof, except for a necessary odd denomination maturing June 15, 2016. 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 to be named as the fiscal agent by the City. Interest on the Bonds will be payable December 15, 2015 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>
Emergency Management City Wide Radio Replacement	\$ 519,605
Risk & Safety Security Project: City Hall Security Expansion	227,011
East Side Storm Water Project Phase I	400,000
Aerial Apparatus Replacement (Ladder Truck)	840,000
Welding and Paint Spray Booth Project	371,000
Lake Avenue Fire Station Window Replacement	174,845
City Buildings and Facilities Repairs and Upgrades	300,000
Back Hoe	125,000
Dump Truck International	77,000
Canfield Casino Rehabilitation Program	250,000
Music Hall Upgrade Project	250,000
Complete Streets/Greenbelt Trail Implementation	50,000
Waste Water Pump Stations Upgrades (Sewer)	500,000
Adams Street Pump Station Upgrade (Sewer)	150,000
Infrastructure Improvement and Replacement (Water)	950,000
Water Treatment Plant Security System	29,273
Ice Resurfacer	134,958
Weibel Avenue Landfill	410,000
Police Department Renovations	200,000
Ballston Avenue	<u>19,550</u>
Total Amount to be borrowed	\$ 5,978,242

## 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
2013	27,315	224,119	19,695,680

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 2009-2013 Census reports.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>1990</u>	<u>2000</u>	<u>2009-2013</u>	<u>1990</u>	<u>2000</u>	<u>2009-2013</u>
City of:						
Saratoga Springs	\$ 15,644	\$ 23,945	\$ 38,552	\$ 41,936	\$ 58,213	\$ 94,519
County of:						
Saratoga	15,644	23,945	35,176	41,936	58,213	87,058
State of:						
New York	16,501	23,389	32,382	39,741	51,691	70,670

Note: 2010-2014 American Community Survey data is not available as of the date of this Official Statement.

Source: U.S. Bureau of the Census, 2009-2013 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	314
Ball Corporation	Manufacturing	230
Espey Manufacturing & Electronics Company	Manufacturing	200
Holiday Inn	Hotel and Conference Center	180

## Unemployment Rate Statistics

Unemployment statistics are available for the City, County and State. 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>Annual Average</u>							
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
City of Saratoga Springs	3.5%	4.3%	5.8%	6.9%	7.1%	7.0%	5.7%	4.6%
County of Saratoga	3.7%	4.6%	6.3%	6.9%	6.7%	6.8%	5.8%	4.6%
State of New York	4.6%	5.4%	8.3%	8.6%	8.3%	8.5%	7.7%	6.3%

	<u>2015 Monthly Figures</u>				
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>
City of Saratoga Springs	4.8%	4.7%	4.2%	4.1%	N/A
County of Saratoga	5.0%	4.9%	4.4%	4.1%	N/A
State of New York	6.5%	6.4%	5.8%	5.5%	N/A

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

## 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.

### Completed – New Construction

<u>Project</u>	<u>Approval Date</u>	<u>Location</u>	<u>Status</u>	<u># Residential Units</u>	<u>Commercial Square Footage</u>
Seward St. Apartments	1/11/12	Seward St. & Morgan St.	Constructed	57	n/a
Pavillion Grand	1/23/08	30 Lake Avenue	Constructed	48	8,500
Piscitelli Subdivision	6/27/12	95 Meadowbrook Road	Constructed	1	n/a
Saratoga Exit 15 Cell Tower	3/13/13	84 Weibel Avenue	Constructed	n/a	n/a
9N Medical Building	6/25/14	373 Church Street	Constructed	n/a	9,700
Munter/Grande Industrial Park Site Plan	10/24/12	Unlimited Potential Way	Constructed	n/a	30,000
Yaddo, Greenhouse Studio Replacement	6/27/12	Union Ave./Rt. 87	Constructed	2	2,600
Moore Subdivision	12/11/13	120 Catherine Street	Constructed	1	n/a
Congress Plaza Hotel (Embassy Suites)	4/24/13	46 Congress St.	Constructed	n/a	86,000
Skidmore College – Scribner Village	12/8/10	815 North Broadway	Constructed	446 dormitory beds created	n/a
Schrade Insurance Agency	3/13/13	227 Washington Street	Constructed	3	3,680
Plaza 15 Storage	7/10/13	30 Gick Road	Constructed	n/a	26,200
Doten Avenue Subdivision/RAVMOR	11/22/11	Doten Avenue	Constructed	2	n/a
Subdivision of 250 Grand Avenue	2/27/13	250 Grand Avenue	Constructed	3	n/a
72-74 Weibel Avenue	5/8/13	72-74 Weibel Avenue	Constructed	120	12,500
THP Subdivison (THP Builders)	2/10/10	Doten Avenue	Under Construction	2	n/a
			<b>Subtotal</b>	<b>239</b>	<b>179,180</b>

**Completed – Redevelopment Additions**

<b>Project</b>	<b>Approval Date</b>	<b>Location</b>	<b>Status</b>	<b># Residential Units</b>	<b>Commercial Square Footage</b>
135 South Broadway Medical Office (Saratoga County Mental Health Facility)	3/13/13	135 South Broadway	Constructed	n/a	Reuse of existing structures, no net increase
75 Weibel Avenue (medical, retail, office)	2/26/14	75 Weibel Avenue	Constructed	n/a	No net increase
Unlimited Potential Addition	2011	36 Cady Hill Blvd.	Constructed	n/a	9,352
Fecteau Building	9/25/12	53-55 Church Street	Constructed	3	n/a
Four Winds Parking Lot	6/26/13	South Broadway	Constructed	n/a	n/a
Hannaford to Go	4/23/14	97 Weibel Avenue	Constructed	n/a	n/a
WJ Morris Storage Facility	1/28/15	225 Excelsior Avenue	Under Construction	n/a	No net increase
325 West Avenue Medical Office Building Site Plan	12/12/12	324 West Avenue	Under Construction	n/a	Reuse of existing structures, no net increase
			<b>Subtotal</b>	<b>3</b>	<b>9,352</b>

**Total Completed Construction in 2014: 242 188,532**

**Under Construction**

<b>Project</b>	<b>Approval Date</b>	<b>Location</b>	<b>Status</b>	<b># Residential Units</b>	<b>Commercial Square Footage</b>
McKenzie's Way Part 1	5/26/2010	East Broadway	Under Construction	8	n/a
McKenzie's Way Part 2	5/26/2010	East Broadway	Under Construction	6	n/a
Lands of JC Beekman	3/27/2013	East Side of Beekman Street, North of Division Street, West Side of Walworth Street	Under Construction	1	n/a
City Square (Ellsworth Redevelopment)	3/26/2014	120 Division Street	Under Construction	41	4,000
Project PUREsource	1/8/2014	Duplainville Road	Under Construction	n/a	7,000
Adelphi Hotel Redevelopment	5/1/13, 7/17/13 & 3/5/14	365 Broadway	Under Construction	n/a	No net increase
Verizon Cell Tower - Hutchins Route 50	1/14/2015	2202 NYS Route 50 South	Under Construction	n/a	n/a
Family Vision Center-parking lot	1/4/2015	205 Lake Avenue	Under Construction	n/a	n/a
Beaver Pond Subdivision	2/23/2011	Geyser Road	Under Construction	84	n/a
Meadow Vista Subdivision	7/9/2008	Grand Avenue	Under Construction	21	n/a
East Broadway Subdivision (Belmonte)	4/11/2012	5 East Broadway	Under Construction	4	n/a
15 Church Street Restaurant Patio	5/8/2014	15 Church St.	Under Construction	n/a	590
2 West Ave Mixed Use Development	4/9/2014	2 West Avenue	Under Construction	63	5,500
Wagner Subdivision (Joshua Place)	4/29/2009	East Broadway	Under Construction	5	n/a

<b>Project</b>	<b>Approval Date</b>	<b>Location</b>	<b>Status</b>	<b># Residential Units</b>	<b>Commercial Square Footage</b>
Saratoga Honda Expansion	5/8/13	3402 Route 9 (South Broadway)	Under Construction	n/a	29,000
Excelsior Avenue Mixed Use Development (formerly Lexington Club) (Includes modification)	3/27/2013	Excelsior/ Marion	Under Construction	41	53,707
Saratoga Hospital ICU	10/23/2013	211 Church Street	Under Construction	n/a	33,900
Home of the Good Shepherd Senior Assisted Living and Senior Housing- total of 146 units/beds (within facility and 14 cottage units)	7/24/2013	394-402 Church Street	Under Construction	14	45,905
Latchford Subdivision	9/12/2012	22 Doten Avenue	Under Construction	2	n/a
Rood & Riddle- Saratoga Equine Hospital	4/9/2014	63 Henning Road	Under Construction	n/a	9,000
316-318 Ballston Ave	1/25/2012	215 Grand Avenue	Under Construction	12	n/a
Washington Commons Site Plan	7/3/2011	Washington Street and Central Ave	Under Construction	12	15,000
Greenfield Manufacturing	9/10/2014	25 Freedom Way	Under Construction	n/a	24,750
St. John Neumann Rehabilitation	7/23/2014	231 Lake Ave	Under Construction	76	n/a
Trojanski Subdivision	10/8/2014	Intersection of East Broadway and Cleveland Avenue	Under Construction	1	n/a
McIntyre Subdivision	11/12/2014	28-32 White Street	Under Construction	1	n/a
Triple Crown Subdivision	extension approved 3/25/15	Richard Ave	Under Construction	3	n/a
Stewarts Shop #104 new construction	1/28/2015	30 Church Street	Under Construction	n/a	475
86 Woodlawn 1 Unit to 4 Unit Conversion	11/25/2014	86 Woodlawn Avenue	Under Construction	4	n/a
166-168 Jefferson Street	12/10/2014	166-168 Jefferson Street	Under Construction	10	n/a
Benedict Street Lot Subdivision	9/23/2014	165 Ash Street	Under Construction	1	n/a
Chloe's Way	9/29/2010	East Broadway	Under Construction	31	n/a
			<b>Subtotal</b>	<b>441</b>	<b>228,827</b>

*Approved and awaiting construction*

<b>Project</b>	<b>Approval Date</b>	<b>Location</b>	<b>Status</b>	<b># Residential Units</b>	<b>Commercial Square Footage</b>
Logistics One Flex Warehouse Expansion Site Plan	12/8/2010	29, 31, 33 Cady Hill Blvd, WJ Grande Industrial Park	Site Plan	n/a	145,000
Caffe Lena Addition	4/10/2013	47 Phila Street	Site Plan	n/a	836
Addition to 137 Maple Avenue	9/10/2014	137 Maple Ave	Site Plan	n/a	1,067
109 Washington Street (Kay-Graham Multi-Family)	7/9/2014	109 Washington St.	Site Plan	3	n/a
246 West Ave Residences	2/22/2012	246 West Ave	Site Plan	16	n/a
Subdivision of Lands on Kaydeross Avenue West	4/23/2014	11-17 Kaydeross Avenue West	Subdivision	4	n/a
Druther's BrewPub	1/28/2015	381 Broadway	Site Plan	n/a	887
Cogan Subdivision	11/14/2012	165 West Circular	Subdivision	1	n/a
Buff Road Subdivision	11/14/2012	Buff Road and Route 9N	Subdivision	15	n/a
Hidden Fountain Commons	1/23/2013	Northwest Corner of Lawrence Street and Church Street	Site Plan	6	3,420
Yaddo Artist Cottages	6/25/2014	Union Ave & I-87	Site Plan	3	n/a
Holiday Inn Renovations	6/11/2014	232 Broadway	Site Plan	n/a	1,200
Old Bryan Inn	7/27/2011	123 Maple Ave	Site Plan	n/a	2,600
Security Supply Addition	6/12/2013	50 West Avenue	Site Plan	n/a	3,900
Downton Walk	11/12/2014	27 Jumel Place	Site Plan	7	n/a
130 Excelsior Mixed Use	4/8/2014	130 Excelsior Avenue	Site Plan	65	2,750
Paquet Subdivision	9/11/2013	Old Schuylerville Road	Subdivision	2	n/a
Doten Avenue Subdivision	9/11/2013	54 Doten Avenue	Subdivision	3	n/a
79 Henry Street Mixed Use Building	4/9/2014	79 Henry Street	Site Plan	n/a	19,160
Nurture Green Salon and Spa	7/23/2014	182 South Broadway	Site Plan	n/a	Reuse of existing space, no net increase
569 North Broadway	11/12/2014	569 North Broadway	Site Plan	n/a	756
Hidden Fountain Commons	4/23/2014	Washington Street and Central Ave	Site Plan	6	3,420
Saratoga Springs Homewood Suites (112 rooms) (Turf Hotels)	9/10/2014	3368 South Broadway	Site Plan	n/a	102,401
Rip Van Dam Hotel (176 room expansion, banquet space)	3/26/2014	353 Broadway	Site Plan	n/a	108,000
Hamilton Street Parking Garage (4-story, 274 spaces, affiliated with Rip Van Dam Hotel)	6/25/2014	Hamilton Street, between Congress and Williams	Site Plan	n/a	n/a
Saratoga Spring Water Warehouse Expansion	4/22/2015	11 Geyser Road	Site Plan	n/a	13,423
			<b>Subtotal Approved</b>	<b>131</b>	<b>408,820</b>

**Development Total (Constructed, Under Construction, Pending Construction): 814 826,179**

*Pending Approval/Potential 2015*

<b>Project</b>	<b>Approval Date</b>	<b>Location</b>	<b>Status</b>	<b># Residential Units</b>	<b>Commercial Square Footage</b>
Subdivision Lands of Harrison	-	178 and 180 Meadowbrook Road	Subdivision	1	n/a
77 Excelsior Mixed Use Development	-	77 Excelsior Avenue	Special Use Permit/ Site Plan	101	1,300
Hoffman Carwash Facility	-	2214 NYS Route 50	Site Plan	n/a	4,280
East Ave Mixed Use Development	-	East and Excelsior Avenues	Sketch Plan	tbd	tbd
Union Fox Apartments	-	72 Union Avenue	Site Plan	2	n/a
Adelphi Expansion	-	19-23 Washington Street	Site Plan	n/a	tbd
21 Park Place Condominiums	-	21 Park Place	Site Plan	7	n/a
City Center Parking Garage	-	Maple Ave, York St., High Rock Ave	Site Plan	n/a	n/a
Pallette Stone Corp Precast Building	-	Brook Road (CR-23)	Site Plan	n/a	14,000
Rite Aid Redevelopment	-	91 West Avenue and 242 Washington Street	Site Plan	n/a	14,368
Oak Ridge Phase 2 Subdivision	-	Meadowbrook Road	Subdivision	72	n/a
Williamsburg Court Garage	-	150 Lincoln Avenue	Site Plan	n/a	n/a
			<b>Subtotal Pending</b>	<b>183</b>	<b>33,948</b>

**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 publishes in the official City newspapers 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 is held on or before November 1. The summary and notice are 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 30<sup>th</sup> day of November, by resolution adopts, or amends and adopts, the budget, which budget when adopted thereupon becomes 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 did not exceed the Tax Cap for Fiscal Year 2015. In fact, the City has a carryover of \$294,599 toward the 2016 Tax Cap calculation. 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 8.02% 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 314 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> <sup>(1)</sup>	<u>Contract Expiration Date</u>
Fire Department	57	12/31/13 <sup>(2)</sup>
Fire Chiefs	2	12/31/13 <sup>(2)</sup>
PBA	65	12/31/12 <sup>(2)</sup>
Police Lieutenants	3	12/31/12 <sup>(2)</sup>
Police Chiefs	2	12/31/14 <sup>(2)</sup>
CSEA City Hall	87	12/31/16
CSEA DPW	82	12/31/16

<sup>(1)</sup> As of May 6, 2015.

<sup>(2)</sup> 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% 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.

The City’s contributions to the ERS and PFRS together for the years 2010 through 2014 and budgeted for 2015 are as follows:

<u>Year</u>	<u>Amount</u>
2010	\$ 3,123,287
2011	3,842,790
2012	4,685,118
2013	5,233,768
2014	5,131,779
2015 (Budgeted)	4,899,532

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.

A chart of average ERS and PFRS rates (2010 to 2016) is shown below:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2010	7.4%	15.1%
2011	11.9	18.2
2012	16.3	21.6
2013	18.9	25.8
2014	20.9	28.9
2015	20.1	27.6
2016	18.2	24.7

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 not to 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 following tables show the components of the City's annual OPEB cost, the amount actuarially contributed to the plan, changes in the City's net OPEB obligation and funding status for the fiscal years ending December 31, 2013 and December 31, 2014.

<i><b>Annual OPEB Cost and Net OPEB Obligation:</b></i>	<u><b>2013</b></u>	<u><b>2014</b></u>
Annual required contribution (ARC)	\$ 8,354,223	\$ 8,409,939
Interest on net OPEB obligation	1,327,857	1,545,975
Adjustment to ARC	<u>(2,043,238)</u>	<u>(2,437,394)</u>
Annual OPEB cost (expense)	7,638,842	7,518,520
Contributions made	<u>(2,365,889)</u>	<u>(2,075,904)</u>
Increase in net OPEB obligation	5,272,953	5,442,616
Net OPEB obligation - beginning of year	<u>33,196,416</u>	<u>38,649,369</u>
Net OPEB obligation - end of year	<u><b>\$ 38,469,369</b></u>	<u><b>\$ 44,091,985</b></u>
Percentage of annual OPEB cost contributed	30.97%	27.61%

**Funding Status:**

Actuarial Accrued Liability (AAL)	\$ 82,267,424	\$ 77,687,462
Actuarial Value of Assets	<u>0</u>	<u>0</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>82,267,424</u>	<u>77,687,462</u>
Funded Ratio (Assets as a Percentage of AAL)	0.0%	0.0%

Source: Audited and Unaudited financial reports of the City.

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.

**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, 2013 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.

**New York State Comptroller Fiscal Stress Monitoring System**

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "Significant Fiscal Stress", in "Moderate Fiscal Stress", as "Susceptible To Stress" or "No Designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in the category of "No Designation". This classification should not be interpreted to imply that the entity is completely free of stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place it in one of the three established stress categories.

The most current applicable report at the website of the State Comptroller for fiscal year 2013 classified the City as “No Designation”.

Additional details regarding FSMS can be found at the website of the State Comptroller.

### New York State Comptroller Report of Examination

The New York State Comptroller’s office released an audit report of the City on February 15, 2013. The purpose of the audit was to review the financial condition of the City’s general, water and sewer funds for the period January 1, 2008, to December 31, 2011.

The Comptroller’s office outlined the following key findings:

- Since the last audit of the City’s financial condition, the general fund’s unexpended surplus has significantly increased from \$165,723 on December 31, 2006 to \$6.2 million on December 31, 2011. As of October 31, 2012, the fiscal year 2012 general fund budget of \$37.2 million appears on track with City officials not anticipating an operating deficit. Also, while the financial condition of the water and sewer funds has improved during the audit period, the water fund balance continues to remain in a deficit. As of October 31, 2012, the fiscal year 2012 water budget of \$2.97 million and sewer budget of \$3.67 million appear generally on track with City officials anticipating a small operating deficit in each fund.
- During the period reviewed, the Council did not address cash flow problems in the water and sewer funds. Instead, the Council routinely relied on increasing amounts of inter-fund loans from the general fund to finance operations in the water and sewer funds. The combined balance of outstanding inter-fund loans from the general fund to the water and sewer funds has increased from approximately \$1.4 million on January 1, 2008 to \$1.8 million on December 31, 2011, with no plan for repayment.

The Comptroller’s office outlined the following key recommendations:

- Monitor whether recurring revenue sources are sufficient to finance operations in the water and sewer funds and take appropriate action as necessary to improve the funds’ financial condition.
- Establish a plan to repay the inter-fund loans between the general, water and sewer funds.

The City provided a complete response to the NYS Comptroller’s office. A copy of the complete report can be found via the following link:

<http://www.osc.state.ny.us/localgov/audits/cities/2013/saratogasprings.htm>

### TAX INFORMATION

#### Valuations

Fiscal Years Ending December 31:	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Assessed Valuation New York State	\$ 3,056,734,417	\$ 3,066,656,253	\$ 3,065,743,207	\$ 3,086,042,153	\$ 3,104,158,047
Equalization Rate	82.00%	82.00%	82.00%	82.00%	80.00%
Full Valuation	\$ 3,727,724,899	\$ 3,739,824,699	\$ 3,738,711,228	\$ 3,763,466,040	\$ 3,880,197,559

#### Tax Rate Per \$1,000 (Assessed)

Fiscal Years Ending December 31:	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Inside Area	\$ 6.06	\$ 6.02	\$ 6.02	\$ 6.07	\$ 6.07
Outside Area	6.01	5.95	5.95	5.99	5.99

## Tax Levy and Collection Record

Fiscal Years Ending December 31:	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total Tax Levy	\$ 29,701,685	\$ 29,844,116	\$ 29,731,170	\$ 29,735,729	\$ 30,207,260
Uncollected End of Year	2,001,741	1,744,784	1,677,105	1,733,092	N/A
% Uncollected	6.67%	5.85%	5.64%	5.82%	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 1<sup>st</sup> 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 1<sup>st</sup> 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.

## Largest Taxpayers – 2014-15 Assessment Roll for 2015

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
NYRA	Race Track	\$ 57,175,000
National Grid	Utility	42,042,995
Saratoga Harness	Race Track	27,607,600
Saratoga Hotel Associates	Hotel/Lodging	22,121,960 <sup>(1)</sup>
Quad Graphics	Manufacturing	27,997,400
Eton Centers	Apt./Retail	15,702,120
Saratoga Retail Partners LLC	Retail	15,124,200
Darley Stud Management LLC	Farm	12,007,300
Turf Perillo Dev LLC	Hotel	11,600,000
Saratoga Pelican Associates	Hotel	10,060,800

The ten largest taxpayers listed above have a total assessed valuation of \$230,648,375 which represents 7.43% of the City's tax base.

<sup>(1)</sup> In litigation to reduce assessment since 2009.

## Constitutional Tax Margin

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Five-Year Average Full Valuation.....	\$ 3,771,867,307	\$ 3,751,685,710	\$ 3,769,292,736
Tax Limit - 2% of Five Year Average .....	75,437,346	75,033,714	75,385,855
Add: Exclusions From Tax Limit .....	2,088,853	2,289,799	2,637,370
Total Taxing Power .....	77,526,199	77,323,513	78,023,225
Less Total Levy .....	18,356,186	18,661,564	18,725,016
Tax Margin .....	\$ 59,170,013	\$ 58,661,949	\$ 59,298,209

## 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 due to 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 (60%) vote of the total voting strength of such body, a local law (or 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 each fiscal year.

The Tax Levy Limitation Law does not contain an exception from the tax 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 provisions.

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 the Tax Levy Limitation Law, it is clear that no statute is able (a) to limit an issuer’s pledge of its faith and credit to the payment of any of its general obligation indebtedness or (b) 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 outside of any statutorily determined tax levy amount is not clear.

**Real Property Tax Rebate.** Chapter 59 of the 2014 Laws of New York (“Chapter 59”) includes provisions which provide a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts are eligible for the tax credit in the 2014 and 2015 taxable years of those such property owners. Real property taxpayers in certain other municipal units of government are eligible for the tax credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction’s compliance with the provisions of the Tax Levy Limitation Law. School district budgets must comply in their 2014-2015 and 2015-2016 fiscal years. Other municipal units of government must have their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must be within the tax cap limits set by the Tax Levy Limitation Law for the real property taxpayers to be eligible for the tax credit. The affected jurisdictions include counties, cities (other than a city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

Certain additional restrictions on the amount of the tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The tax credit amount is increased in the second year if compliance occurs in both taxable years.

For the second taxable year of the program, the tax credit for real property taxpayers is additionally contingent upon adoption by the school district or municipal unit of government of a state approved "government efficiency plan" which demonstrates "three year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies".

Municipalities and school districts must provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the tax credit.

While the provisions of Chapter 59 do not directly further restrict the taxing power of the affected school districts and municipal units of government, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law. The implications of this for future tax levies and for operations and services of the City are uncertain at this time.

## 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, 2015, is \$75,385,855.

## 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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Bonds	\$ 36,289,457	\$ 36,736,200	\$ 42,135,687	\$ 44,423,499	\$ 46,618,686
Bond Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>\$ 36,289,457</u>	<u>\$ 36,736,200</u>	<u>\$ 42,135,687</u>	<u>\$ 44,423,499</u>	<u>\$ 46,618,686</u>

## Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the City as of May 20, 2015.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
Bonds	2015-2039	<u>\$ 45,413,686</u>
	Total Indebtedness	<u>\$ 45,413,686</u>

## Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin evidenced by bonds and notes as of May 20, 2015:

Five-Year Average Full Valuation of Taxable Real Property ..... \$ 3,769,984,884  
Debt Limit - 7% thereof <sup>(1)</sup> ..... 263,898,942

### Inclusions:

Bonds..... \$ 45,413,686  
Bond Anticipation Notes ..... 0  
Total Inclusions ..... \$ 45,413,686

### Exclusions:

Sewer Debt <sup>(2)</sup> ..... \$ 1,697,221  
Water Debt <sup>(3)</sup> ..... 8,971,199  
Appropriations ..... 683,373  
Total Exclusions ..... \$ 11,351,793

Total Net Indebtedness Subject to Debt Limit..... \$ 34,061,893  
Net Debt-Contracting Margin ..... \$ 229,837,049  
The percent of debt contracting power exhausted is..... 12.91%

Note: The issuance of the Bonds will increase the net indebtedness of the City by \$5,978,242.

- <sup>(1)</sup> 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, 2015, is \$75,385,855.  
<sup>(2)</sup> Sewer Debt is excluded pursuant to Section 124.10 of the Local Finance Law. The City has been granted sewer debt exclusions by the New York State Office of the State Comptroller.  
<sup>(3)</sup> 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. 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. Principal payments of \$45,505 were made during 2014. The principal balance remaining on the lease as of December 31, 2014 is \$550,288.

## Cash Flow Borrowings

Historically, the City does not issue revenue anticipation notes or tax anticipation notes.

No revenue anticipation notes or tax anticipation notes were issued in 2014 nor have they been issued to date in 2015.

## 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 Project Plans

The City is contemplating issuing bond anticipation notes in the amount of \$1.13 million in the fall of 2015 to finance the Pitney Farm open space land purchase.

## 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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Total</u>
							<b>Program</b>
<b>Mayor's Department</b>							
Waterfront Park Redevelopment	\$220,000						\$220,000
OCA Required Courtroom Part B Construction		\$1,100,000					\$1,100,000
<b>Mayor's Department Total</b>	<b>\$220,000</b>	<b>\$1,100,000</b>					<b>\$1,320,000</b>
<b>Community &amp; Economic Development</b>							
City Way Finding Program	\$200,000	\$300,000					\$500,000
Greenbelt Trail Implementation	\$50,000	\$200,000					\$250,000
<b>Community &amp; Economic Development Total</b>	<b>\$250,000</b>	<b>\$500,000</b>					<b>\$750,000</b>
<b>Public Works Department</b>							
East Side Storm Water Project Phase I	\$400,000	\$250,000	\$250,000	\$250,000	\$250,000	\$0	\$1,400,000
Welding and Paint Spray Booth Project	\$371,000						\$371,000
Spirit of Life Restoration Project	\$359,900						\$359,900
City Buildings and Facilities Repairs and Upgrades	\$350,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,350,000
Back Hoe	\$125,000						\$125,000
Dump Truck	\$77,000						\$77,000
Canfield Casino Rehabilitation Program	\$250,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$1,750,000
Music Hall Upgrade Project	\$350,000						\$350,000
Waste Water Pump Stations Annual Upgrades	\$500,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,500,000
Adams St. Pump Station Upgrade (Sewer)	\$950,000						\$950,000
Infrastructure Improvement and Replacement (Water )	\$950,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$2,700,000
Water Treatment Plant Security System	\$29,273						\$29,273
Saratoga Arts Council Renovations Project		\$130,000					\$130,000
Utility Bucket Lift (International)		\$109,000					\$109,000
Trailer Mounted Water Valve Turning Machine		\$29,250					\$29,250
Leaf Machine		\$36,209					\$36,209
Dump Truck (International, replace #8)		\$77,000					\$77,000
Katina Trask Stairway – Congress Park		\$90,000	\$60,000				\$150,000
Loader/Tool Carrier Machine (replace #65)		\$152,000					\$152,000
Dump Truck w/ Plow and Spreader (replace #16)		\$174,000					\$174,000
Dump Truck w/ Plow and Spreader (replace #34)		\$174,000					\$174,000
Water Treatment Plant Pole Barn for Water Tanks		\$570,000					\$570,000
Dump Truck w/ Plow and Spreader (replace #11)			\$174,000				\$174,000
Dump Truck w/ Plow Equipment (replace #26)			\$174,000				\$174,000
Dump Truck w/ Plow and Spreader (replace #42)			\$174,000				\$174,000
Old Ballston Ave Culvert Replacement Project			\$165,000				\$165,000
Dump Truck w/ Plow and Spreader (replace #13)				\$174,000			\$174,000
Dump Truck w/ Plow and Spreader (replace #17)				\$174,000			\$174,000
	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b>Total</b>

							<b>Program</b>
Dump Truck w/ Plow and Spreader (replace #63)				\$174,000			\$174,000
Dump Truck w/ Plow and Spreader (replace #70)					\$174,000		\$174,000
Dump Truck w/ Plow and Spreader (replace #59)					\$174,000		\$174,000
Dump Truck w/ Plow and Spreader (replace #58)					\$174,000		\$174,000
Dump Truck w/ Plow and Spreader (replace # as needed)						\$174,000	\$174,000
Dump Truck w/ Plow and Spreader (replace an International Dump Truck)						\$174,000	\$174,000
<b>Public Works Department Total</b>	<b>\$4,712,173</b>	<b>\$2,841,459</b>	<b>\$2,047,000</b>	<b>\$1,822,000</b>	<b>\$1,822,000</b>	<b>\$1,398,000</b>	<b>\$14,642,632</b>
<b>PUBLIC SAFETY DEPT</b>							
<b>Police Department</b>							
Emergency Management City Wide Radio Replacement County Interoperability	\$519,605						\$519,605
<b>Police Department Total</b>	<b>\$519,605</b>						<b>\$519,605</b>

<b>Fire Department</b>							
Ariel Apparatus Replacement	\$840,000						\$840,000
Lake Ave. Fire Station Window Replacement Project	\$174,845						\$174,845
East Side Fire and EMS Facility		\$3,000,000					\$3,000,000
<b>Fire Department Total</b>	<b>\$1,014,845</b>	<b>\$3,000,000</b>					<b>\$4,014,845</b>
<b>PUBLIC SAFETY DEPT. TOTAL</b>	<b>\$1,534,450</b>	<b>\$3,000,000</b>					<b>\$4,534,450</b>
<b>ACCOUNTS DEPARTMENT</b>							
Risk & Safety Security Project: City Hall Security Expansion	\$227,011						\$227,011

<b>Culture and Recreation Department</b>							
Playgrounds and Facilities	\$26,000	\$14,500		\$14,500		\$15,000	\$70,000
New Recreation Field	\$200,000	\$1,550,000	\$200,000	\$200,000			\$2,150,000
East Side and West Side Rec Improvements	\$35,000	\$35,000	\$35,000	\$35,000	\$40,000	\$40,000	\$220,000
Court Resurfacing					\$268,750	\$118,534	\$387,284
Field Rehabilitation			\$95,256				\$95,256
Veterans Memorial Park - Backstop					\$31,810		\$31,810
<b>Culture and Recreation Department Total</b>	<b>\$261,000</b>	<b>\$1,599,500</b>	<b>\$330,256</b>	<b>\$249,500</b>	<b>\$340,560</b>	<b>\$173,534</b>	<b>\$2,954,350</b>
<b>TOTAL PROJECTS</b>	<b>\$ 7,204,634</b>	<b>\$ 9,040,959</b>	<b>\$ 2,377,256</b>	<b>\$ 2,071,500</b>	<b>\$ 2,162,560</b>	<b>\$ 1,571,534</b>	<b>\$24,428,443</b>

## 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 2013 fiscal year of the respective municipalities, adjusted to include subsequent bond issues.

<u>Unit</u>	<u>Outstanding Indebtedness</u>	<u>Exclusions</u> <sup>(1)</sup>	<u>Net Indebtedness</u>	<u>Approximate % Applicable</u>	<u>Overlapping Indebtedness</u>
County of Saratoga	\$ 78,735,000	\$ 0 <sup>(2)</sup>	\$ 78,735,000	16.98%	\$ 13,369,203
City School District of the City of Saratoga Springs	45,019,292	31,738,601 <sup>(3)</sup>	13,280,691	100.00%	<u>13,280,691</u>
					<u>\$ 26,649,894</u>

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

<sup>(2)</sup> Appropriations.

<sup>(3)</sup> Estimated State building aid.

Source: 2013 New York State Office of the State Comptroller Report.

## Debt Ratios

The following table sets forth certain ratios related to the City's indebtedness as of May 20, 2015:

	<u>Amount of Indebtedness</u>	<u>Per Capita</u> <sup>(a)</sup>	<u>Percentage of Full Valuation</u> <sup>(b)</sup>
Gross Direct Indebtedness <sup>(c)</sup>	\$ 45,413,686	\$ 1,662.59	1.20%
Net Direct Indebtedness <sup>(c)</sup>	34,061,893	1,247.00	.90%
Gross Direct Plus Net Overlapping Indebtedness <sup>(d)</sup>	72,063,580	2,638.24	1.91%
Net Direct Plus Net Overlapping Indebtedness <sup>(d)</sup>	60,711,787	2,222.65	1.61%

Note: <sup>(a)</sup> The City's 2013 population is 27,315. (See "Population Trends" herein.)

<sup>(b)</sup> The City's five year average full valuation of taxable real estate is \$3,769,984,885.

<sup>(c)</sup> See "Debt Statement Summary" herein.

<sup>(d)</sup> The City's applicable share of net overlapping indebtedness is \$26,649,894. (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 each fiscal year in which the Bonds are outstanding, to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in this Official Statement under the headings "The City", "Tax Information", "City Indebtedness" and "Litigation" and in all Appendices (other than any related to bond insurance) 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 (10) business days after the occurrence of the event, during the period in which the Bonds are outstanding, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, 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

Event (c) is included pursuant to a letter from the Commission staff to the National Association of Bond Lawyers dated September 19, 1995. Event (c) is not applicable, however, since no “debt service reserves” will be established for the Bonds.

With respect to event (d), the City does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds.

With respect to event (l), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

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 or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, 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, on occasion, has failed to provide material event notices relating to bond insurance rating changes by Moody's Investors Service as required by an existing continuing disclosure undertaking. A material event notice relating to such bond insurance rating changes was provided to EMMA on June 4, 2014. All required annual financial information and operating data and audited financial statements have been provided to EMMA in a timely manner within the past five years.

## 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 2015 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 – 38<sup>th</sup> 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](http://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](mailto:michele.madigan@saratoga-springs.org).

**CITY of SARATOGA SPRINGS**

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

**Dated: June 9, 2015**

GENERAL FUND

Balance Sheets

Fiscal Years Ending December 31:	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u> Unaudited
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,296,887	\$ 7,301,948	\$ 5,345,080	\$ 7,245,313	\$ 8,448,466
Investments	17,260	-	-	-	-
Taxes receivable, net of uncollectibles	2,884,140	-	-	-	2,270,819
Receivables from Other Governments	1,866,825	2,001,793	1,744,389	2,042,330	2,675,722
Receivables, net	2,227,565	4,715,723	4,505,674	4,082,200	2,043,029
Restricted assets, cash and cash equivalents	1,061,615	2,091,967	2,849,412	3,398,246	3,352,669
Due from Other Funds	2,495,244	2,190,060	1,818,006	1,831,442	1,211,847
Prepaid Expenses	1,722	7,161	901,143	1,045,580	1,045,452
<b>TOTAL ASSETS</b>	<b>\$ 13,851,258</b>	<b>\$ 18,308,652</b>	<b>\$ 17,163,704</b>	<b>\$ 19,645,111</b>	<b>\$ 21,048,004</b>
<b>LIABILITIES AND FUND EQUITY</b>					
Accounts Payable and Accrued Liabilities	\$ 866,333	\$ 736,550	\$ 996,287	\$ 808,334	\$ 1,249,783
Notes Payable	-	-	-	-	-
Other Liabilities	-	-	-	-	67,800
Due to Other Governments	3,127,430	4,745,832	795,591	663,394	545,581
Due to Other Funds	-	-	-	-	2,536
Deferred Revenue	-	1,411,402	1,474,595	1,528,675	2,154,498
Deferred Tax Revenue	2,845,638	916,095	1,197,487	1,205,294	1,497,310
Unpaid Interest and Matured Bonds Payable	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>6,839,401</b>	<b>7,809,879</b>	<b>4,463,960</b>	<b>4,205,697</b>	<b>5,517,508</b>
<b>FUND EQUITY</b>					
Non Spendable:					
Prepaid expenses	-	\$ 7,161	\$ 901,143	\$ 1,045,580	\$ 1,045,452
Restricted for:					
Retirement Contribution Reserve	-	-	-	472,592	637,935
Insurance Reserve	-	-	-	130,010	175,530
Capital reserve	-	1,013,025	1,269,421	1,214,786	957,264
Tax Stabilization reserve	-	1,000,491	1,501,439	1,502,227	1,503,230
Debt	-	-	-	-	-
Other restrictions	-	78,451	78,552	78,631	78,709
Assigned Appropriated	-	2,220,986	550,000	483,000	380,000
Assigned Unappropriated	-	-	2,237,284	2,694,516	2,950,311
Unassigned	-	6,178,659	6,161,905	7,818,072	7,802,065
Reserved	2,809,809	-	-	-	-
Unreserved:					
Appropriated	-	-	-	-	-
Unappropriated	4,202,048	-	-	-	-
<b>TOTAL FUND EQUITY</b>	<b>7,011,857</b>	<b>10,498,773</b>	<b>12,699,744</b>	<b>15,439,414</b>	<b>15,530,496</b>
<b>TOTAL LIABILITIES and FUND EQUITY</b>	<b>\$ 13,851,258</b>	<b>\$ 18,308,652</b>	<b>\$ 17,163,704</b>	<b>\$ 19,645,111</b>	<b>\$ 21,048,004</b>

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: 2010-2013 Audited and 2014 Unaudited financial reports of the City.

GENERAL FUND  
Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending December 31:	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>REVENUES</b>						
Real Property Taxes and Tax Items	\$ 15,434,584	\$ 14,792,368	\$ 16,419,812	\$ 17,933,005	\$ 16,519,475	\$ 17,149,114
Non-Property Taxes	10,525,763	10,829,845	11,311,352	11,648,610	12,131,794	12,920,338
Departmental Income	1,517,253	1,482,529	1,435,656	1,668,657	1,986,589	2,471,577
Intergovernmental Charges	270,964	276,404	249,179	266,847	309,061	317,313
Use of Money & Property	512,826	348,189	421,022	384,039	447,779	631,448
Licenses and Permits	276,351	136,459	154,763	334,651	397,762	463,270
Fines and Forfeitures	664,284	701,984	672,504	669,047	590,366	618,735
Sale of Property and Compensation for Loss	443,254	409,752	385,067	389,886	607,084	728,875
Miscellaneous	3,450,198	46,966	197,009	1,636,451	1,701,896	1,991,983
Revenues from State Sources	4,248,433	3,785,530	3,375,398	3,392,003	3,448,324	4,163,663
Revenues from Federal Sources	81,529	131,369	272,006	521,365	435,740	33,754
Total Revenues	<u>\$ 37,425,439</u>	<u>\$ 32,941,395</u>	<u>\$ 34,893,768</u>	<u>\$ 38,844,561</u>	<u>\$ 38,575,870</u>	<u>\$ 41,490,070</u>
<b>EXPENDITURES</b>						
General Government Support	\$ 8,163,541	\$ 7,797,791	\$ 7,512,658	\$ 7,790,871	\$ 7,739,609	\$ 8,204,630
Public Safety	19,116,056	19,175,161	18,741,867	19,856,225	20,882,005	21,806,411
Health	19,943	17,864	17,765	18,277	17,965	21,467
Transportation	4,805,477	4,062,046	4,129,819	4,131,302	4,550,758	4,361,440
Economic Assistance and Opportunity	138,615	138,615	138,615	138,615	141,291	141,291
Culture and Recreation	2,590,051	2,267,561	1,959,304	2,166,405	2,299,148	2,341,427
Home and Community Services	1,097,242	965,439	899,189	905,660	957,489	977,363
Employee Benefits	-	-	-	-	-	-
Debt Service	91,458	137,904	153,507	142,000	137,903	69,588
Total Expenditures	<u>\$ 36,022,383</u>	<u>\$ 34,562,381</u>	<u>\$ 33,552,724</u>	<u>\$ 35,149,355</u>	<u>\$ 36,726,168</u>	<u>\$ 37,923,617</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 1,403,056</u>	<u>\$ (1,620,986)</u>	<u>\$ 1,341,044</u>	<u>\$ 3,695,206</u>	<u>\$ 1,849,702</u>	<u>\$ 3,566,453</u>
Other Financing Sources (Uses):						
Operating Transfers In	76,121	73,569	61,604	73,578	631,970	95,704
Operating Transfers Out	(646,673)	(261,848)	(296,037)	(254,867)	(276,333)	(922,487)
Total Other Financing	<u>(570,552)</u>	<u>(188,279)</u>	<u>(234,433)</u>	<u>(181,289)</u>	<u>355,637</u>	<u>(826,783)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>832,504</u>	<u>(1,809,265)</u>	<u>1,106,611</u>	<u>3,513,917</u>	<u>2,205,339</u>	<u>2,739,670</u>
<b>FUND BALANCE</b>						
Fund Balance - Beginning of Year	6,887,126	7,719,630	5,907,346	7,011,857	10,498,774	12,699,744
Prior Period Adjustments (net)	-	(3,019)	(2,100)	(27,000)	(4,368)	-
Fund Balance - End of Year	<u>\$ 7,719,630</u>	<u>\$ 5,907,346</u>	<u>\$ 7,011,857</u>	<u>\$ 10,498,774</u>	<u>\$ 12,699,744</u>	<u>\$ 15,439,414</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:

	2014			2015
	Adopted Budget	Revised Budget	Unaudited Actual	Adopted Budget
<b>REVENUES</b>				
Real Property Taxes and Tax Items	\$ 17,522,484	\$ 18,936,669	\$ 16,675,873	\$ 18,181,436
Non-Property Taxes	12,799,000	12,799,000	13,726,684	13,528,082
Departmental Income	2,522,180	2,659,459	2,565,133	2,305,276
Intergovernmental Charges	297,702	305,513	323,752	300,424
Use of Money & Property	432,600	432,600	432,351	610,634
Licenses and Permits	296,200	296,200	491,218	361,900
Fines and Forfeitures	576,000	652,531	651,150	676,000
Sale of Property and Compensation for Loss	372,907	461,080	556,685	429,517
Miscellaneous	1,949,651	2,050,212	2,552,078	1,942,151
Revenues from State Sources	3,559,901	3,854,786	3,132,378	3,341,901
Revenues from Federal Sources	21,000	50,904	62,719	15,000
<b>Total Revenues</b>	<b>\$ 40,349,625</b>	<b>\$ 42,498,954</b>	<b>\$ 41,170,022</b>	<b>\$ 41,692,321</b>
<b>EXPENDITURES</b>				
General Government Support	\$ 5,319,637	\$ 7,151,400	\$ 5,807,331	\$ 5,500,761
Public Safety	14,469,668	15,195,069	14,367,279	14,871,250
Health	120,765	203,663	195,724	20,765
Transportation	3,981,355	4,760,575	4,559,179	4,056,561
Economic Assistance and Opportunity	131,291	131,291	131,291	146,291
Culture and Recreation	2,143,290	2,181,917	1,969,299	2,283,622
Home and Community Services	1,063,466	1,326,654	1,182,956	1,141,305
Employee Benefits	12,475,027	12,214,098	11,710,232	12,562,409
Debt Service	289,588	116,462	69,588	459,588
<b>Total Expenditures</b>	<b>\$ 39,994,087</b>	<b>\$ 43,281,128</b>	<b>\$ 39,992,879</b>	<b>\$ 41,042,552</b>
Excess of Revenues Over (Under) Expenditures	\$ 355,538	\$ (782,174)	\$ 1,177,143	\$ 649,769
Other Financing Sources (Uses):				
Operating Transfers In	90,396	140,051	113,843	716,969
Operating Transfers Out	(445,934)	(1,199,904)	(1,199,904)	(67,200)
<b>Total Other Financing</b>	<b>(355,538)</b>	<b>(1,059,853)</b>	<b>(1,086,061)</b>	<b>649,769</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	(1,842,027)	91,082	-
<b>FUND BALANCE</b>				
Fund Balance - Beginning of Year	-	-	15,439,414	15,530,496
Prior Period Adjustments (net)	-	-	-	-
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ (1,842,027)</b>	<b>\$ 15,530,496</b>	<b>\$ 15,530,496</b>

Source: 2014 Unaudited Annual Report and budgets of the City. This Appendix is not itself audited.

**Changes In Fund Equity**

Fiscal Years Ending December 31:	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b><u>WATER FUND</u></b>						
Fund Equity - Beginning of Year	\$ 342,395	\$ 440,520	\$ 712,897	\$ 626,048	\$ 1,070,697	\$ 1,565,319
Prior Period Adjustments (net)	-	-	-	-	-	-
Revenues & Other Sources	2,431,296	2,743,961	2,435,013	3,047,019	3,367,121	3,360,810
Expenditures & Other Uses	2,333,171	2,471,584	2,521,862	2,602,370	2,872,499	2,892,544
Fund Equity - End of Year	\$ 440,520	\$ 712,897	\$ 626,048	\$ 1,070,697	\$ 1,565,319	\$ 2,033,585
<b><u>SEWER FUND</u></b>						
Fund Equity - Beginning of Year	\$ 157,272	\$ 1,254	\$ 216,122	\$ 267,273	\$ 547,760	\$ 860,840
Prior Period Adjustments (net)	-	-	-	-	-	-
Revenues & Other Sources	3,201,025	3,786,286	3,500,654	3,857,006	4,055,633	3,950,767
Expenditures & Other Uses	3,357,043	3,571,418	3,449,503	3,576,519	3,742,553	3,820,883
Fund Equity - End of Year	\$ 1,254	\$ 216,122	\$ 267,273	\$ 547,760	\$ 860,840	\$ 990,724

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

**BONDED DEBT SERVICE**

Fiscal Year Ending December 31st	Excluding This Issue			Principal of This Issue	Total Principal All Issues
	Principal	Interest	Total		
2015	\$ 2,073,686	\$ 1,670,919.95	\$ 3,744,605.95	\$ 0	\$ 2,073,686
2016	2,065,000	1,677,838.50	3,742,838.50	168,242	2,233,242
2017	2,020,000	1,597,609.00	3,617,609.00	170,000	2,190,000
2018	1,910,000	1,520,257.25	3,430,257.25	175,000	2,085,000
2019	1,985,000	1,442,308.25	3,427,308.25	180,000	2,165,000
2020	2,070,000	1,360,454.50	3,430,454.50	185,000	2,255,000
2021	2,165,000	1,274,697.25	3,439,697.25	190,000	2,355,000
2022	2,260,000	1,184,696.75	3,444,696.75	195,000	2,455,000
2023	2,200,000	1,092,686.50	3,292,686.50	200,000	2,400,000
2024	2,290,000	999,254.00	3,289,254.00	205,000	2,495,000
2025	2,005,000	910,398.00	2,915,398.00	210,000	2,215,000
2026	2,100,000	827,985.00	2,927,985.00	220,000	2,320,000
2027	2,185,000	745,504.75	2,930,504.75	225,000	2,410,000
2028	2,260,000	667,358.50	2,927,358.50	230,000	2,490,000
2029	2,345,000	590,796.75	2,935,796.75	240,000	2,585,000
2030	2,430,000	511,065.25	2,941,065.25	245,000	2,675,000
2031	1,900,000	437,037.38	2,337,037.38	255,000	2,155,000
2032	1,960,000	368,714.38	2,328,714.38	260,000	2,220,000
2033	2,035,000	297,310.39	2,332,310.39	270,000	2,305,000
2034	1,805,000	227,672.13	2,032,672.13	280,000	2,085,000
2035	1,315,000	169,956.00	1,484,956.00	285,000	1,600,000
2036	880,000	126,471.25	1,006,471.25	295,000	1,175,000
2037	925,000	89,149.75	1,014,149.75	305,000	1,230,000
2038	860,000	49,987.75	909,987.75	320,000	1,180,000
2039	575,000	12,718.75	587,718.75	330,000	905,000
2040				340,000	340,000
<b>TOTALS</b>	<b>\$ 46,618,686</b>	<b>\$ 19,852,847.98</b>	<b>\$ 66,471,533.97</b>	<b>\$ 5,978,242</b>	<b>\$ 52,596,928</b>

# **FINANCIAL STATEMENTS**

**December 31, 2013**

**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, 2013

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## Independent Auditor's Report

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

### Report on the Financial Statements

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

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

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

### *Auditor's Responsibility*

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Saratoga Springs, New York as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Adoption of Accounting Standards*

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

### *Required Supplementary Information*

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

### *Other Information*

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

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



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

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

SaxBST LLP

Albany, New York  
August 4, 2014

# City of Saratoga Springs, New York

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

As management of the City of Saratoga Springs, New York (City), we offer the readers of the City's financial statements this narrative overview and analysis as of December 31, 2013. We encourage readers to consider the information presented here in conjunction with our financial statements, which can be found on pages 14 through 48 and our supplementary information which can be found on pages 49 through 54 of this report.

### Financial Highlights

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

### Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements can be found on pages 14 and 15 of this report.

# City of Saratoga Springs, New York

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

### Overview of the Financial Statements - Continued

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

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

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

The City maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, Debt Service Fund, and Community Development, all of which are considered to be major funds. Data from the other two governmental funds, the Downtown Special Assessment District (SAD) and the West Avenue Special Assessment District (WASAD) are combined into a single, aggregated presentation. The restricted and assigned fund balance as of December 31, 2013, for the SAD was \$144,836, and for the WASAD was \$3,626. SAD intends to use the accumulated fund balance to pay outstanding debt issued for the construction of a parking deck on Woodlawn Avenue that will benefit the District. The WASAD intends to use the accumulated fund balance to pay debt on outstanding bonds issued to finance improvements in the District. The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund and Debt Service Fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 16 through 19 of this report.

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

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

The proprietary fund financial statements can be found on pages 20 through 22 of this report.

# City of Saratoga Springs, New York

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

### Overview of the Financial Statements - Continued

#### Fund Financial Statements - Continued

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

The fiduciary fund financial statements can be found on pages 23 through 24 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 through 48 of this report.

#### Government-Wide Financial Analysis

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

By far, the largest portion, \$37,717,967, of the City's net position reflects its investment in capital assets (i.e., land, buildings, improvements, infrastructure, work in progress, and machinery and equipment) less accumulated depreciation and any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### Condensed Statements of Net Position

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

# City of Saratoga Springs, New York

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

### Overview of the Financial Statements - Continued

### Government-Wide Financial Analysis - Continued

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

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

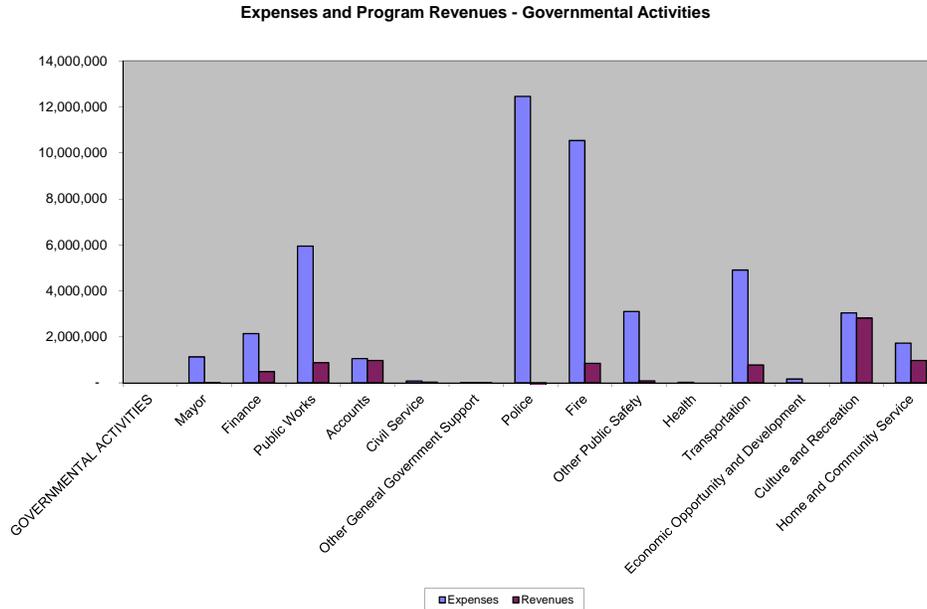
# City of Saratoga Springs, New York

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

### Overview of the Financial Statements - Continued

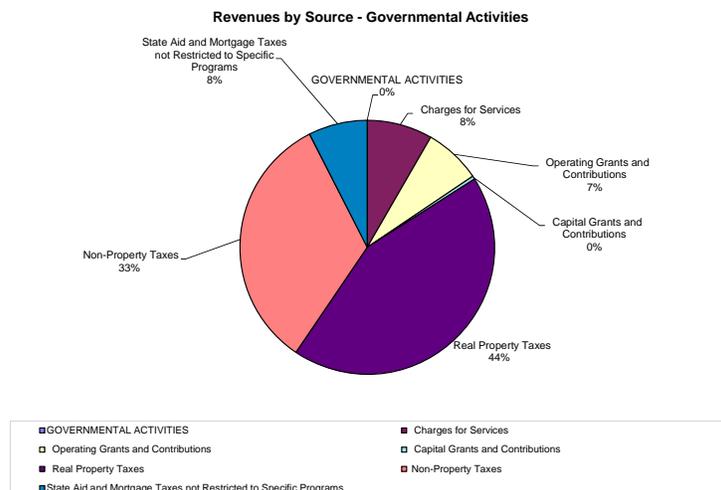
### Government-Wide Financial Analysis - Continued

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



For the most part, increases in expenses were the result of an increase of the cost of services provided. The City's major governmental activities are financed almost entirely by real property taxes, non-property taxes, and other general revenues. Sales tax receipts increased by 7%.

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



# City of Saratoga Springs, New York

Management's Discussion and Analysis  
December 31, 2013

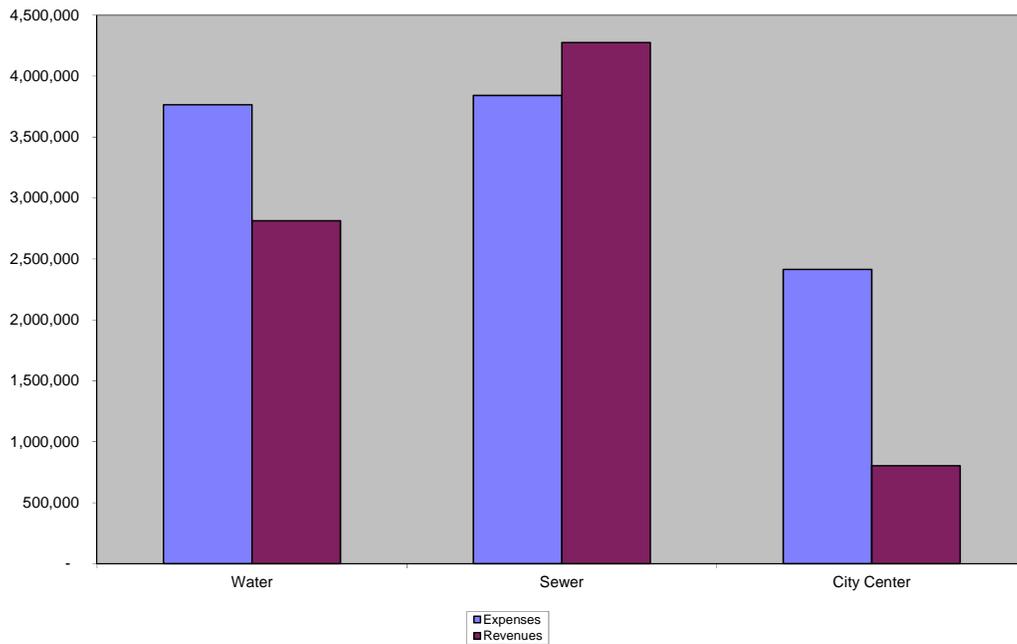
## Overview of the Financial Statements - Continued

## Government-Wide Financial Analysis - Continued

## Governmental activities - Continued

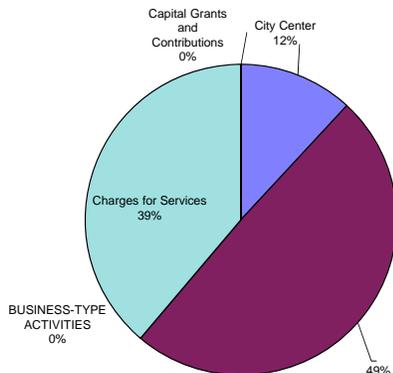
Business-type activities. Business-type activities increased the City's net position by \$127,050.

Expenses and Program Revenues - Business-type Activities



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

Revenues by Source - Business-type Activities



# City of Saratoga Springs, New York

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

### Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balances of \$21,101,950, an increase of \$4,257,518 from the prior year. \$22,678,269 is restricted and assigned to indicate that it is not available for new spending because it has already been committed to 1) liquidate contracts and purchase orders of the prior period of \$10,802,713, 2) be held for future capital improvements of \$4,883,054, 3) restricted for tax stabilization of \$1,502,227, and 4) various other restrictions set by the City Council.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$7,818,072, while total fund balance reached \$15,439,414. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 21% of total General Fund expenditures, while total fund balance represents 41% of that same amount.

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

#### General Fund Revenues

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

# City of Saratoga Springs, New York

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

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

#### General Fund Expenses

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

#### Capital Asset and Debt Administration

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2013, amounts to \$37,717,967 (net of accumulated depreciation and less outstanding debt). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, work-in-progress, and infrastructure assets, such as roads, streets, and water systems.

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

- Continued improvements to many City buildings as well as the replacement of filters at the water treatment plant.

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

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

# City of Saratoga Springs, New York

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

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

#### Capital Asset and Debt Administration - Continued

**Long-Term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$44,423,499. Of this amount, \$43,814,211 comprises debt backed by the full faith and credit of the City and \$609,288 is a special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment.

The City's total bonded debt increased by \$4,278,499 (10%) during the current fiscal year by new debt issued June 15, 2013.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 7% of its five-year average of the total assessed valuation. The current debt limitation for the City is \$264,079,162, which is significantly in excess of the City's outstanding general obligation debt. In addition, the City has a self-imposed limit of 2% of the five-year average total assessed value. The City's debt limitation is \$75,451,189, which is also significantly in excess of the City's outstanding general obligation debt.

The City participates in the New York State and Local Retirement Systems for police and firefighters (PFRS) and all other employees (ERS). On October 15, 2004, the City opted to provide certain benefits to firefighters for past services under Section 384E of the PFRS plan. The total past service credit costs were \$1,011,118. The City opted to pay for this program over a ten-year term with interest starting the third year at 8% per annum. The City paid this debt in full in December 2013.

In December 2004, the City opted to amortize the 2004 ERS and PFRS retirement payment over a ten-year period. The principal amount amortized was \$397,330 for the ERS plan and \$654,365 for the PFRS plan. The first principal and interest payments were made February 1, 2006, with interest at 5% per annum. The unpaid principal amounts of \$49,054 for the ERS plan and \$80,708 for the PFRS plan are shown in the financial statements as governmental liabilities.

In accordance with the labor agreements between the City and its police officers signed October 27, 2006, the City was required to provide certain benefits to police personnel for past services under Section 384E and 384EB of the PFRS plan. The total past service credit cost was \$2,700,004 for 384E, \$351,235 for 384EB, and \$360,791 to reopen 384D. The City plans to pay for this program over a ten-year period with interest starting the second year at 8% per annum. The first installment was due February 1, 2008, for the City's 2007 fiscal year. The unpaid principal balance is \$960,160 for 384E, \$124,905 for 384EB, and \$128,297 for 384D.

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

#### Economic Factors

The City is growing and thriving. The City is home to the Saratoga Race Course, one of the oldest and most prestigious thoroughbred horse racing tracks in the United States. Each summer, the racetrack operates a six-week schedule of races that attracts world-class horses to participate in the various graded events. Operation of the racetrack is a key factor in the area's successful tourism industry, which allows the City to generate additional revenues from sales tax, hotel occupancy tax, and other similar non-property taxes and fees. The City's residential and commercial tax base remained the same in 2013. The City has added office buildings, condominiums, and many residences in the past year, however, certain assessment claims resulted in a reduction of the overall value.

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

Management's Discussion and Analysis  
December 31, 2013

## **Requests for Information**

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

# City of Saratoga Springs, New York

## Government-Wide Financial Statements Statement of Net Position

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

See accompanying Notes to Financial Statements.

# City of Saratoga Springs, New York

## Government-Wide Financial Statements Statement of Activities

Functions/Programs	Year Ended December 31, 2013				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Program Revenue		Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
		Charges for Services	Operating Grants and Contributions				
<b>GOVERNMENTAL ACTIVITIES</b>							
General Government Support							
Mayor	\$ 1,129,309	\$ 1,080	\$ -	\$ -	\$ (1,128,229)	\$ -	\$ (1,128,229)
Finance	2,143,848	488,215	1,680	-	(1,653,953)	-	(1,653,953)
Public Works	5,244,583	793,367	62,614	23,275	(4,365,327)	-	(4,365,327)
Accounts	1,056,843	940,150	28,507	-	(88,186)	-	(88,186)
Civil Service	82,153	30,223	-	-	(51,930)	-	(51,930)
Other general government support	8,782	5,314	-	-	(3,468)	-	(3,468)
Public Safety							
Police	12,460,269	720,040	70,854	-	(11,669,375)	-	(11,669,375)
Fire	10,541,365	849,542	(3,360)	-	(9,695,173)	-	(9,695,173)
Other public safety	3,106,189	96,288	-	-	(3,009,901)	-	(3,009,901)
Health							
Transportation	4,905,437	-	612,056	396,106	(3,897,275)	-	(3,897,275)
Economic opportunity and development	166,873	-	-	-	(166,873)	-	(166,873)
Culture and recreation	3,042,978	986,072	1,829,211	-	(227,695)	-	(227,695)
Home and community service	1,722,192	459,420	640,203	-	(622,569)	-	(622,569)
Interest on long-term debt	1,483,163	4,628	-	-	(1,478,535)	-	(1,478,535)
Total governmental activities	<u>47,115,590</u>	<u>5,374,359</u>	<u>3,241,765</u>	<u>419,381</u>	<u>(38,079,905)</u>	<u>-</u>	<u>(38,079,905)</u>
<b>BUSINESS-TYPE ACTIVITIES</b>							
Water	3,764,372	3,168,712	-	-	-	(595,660)	(595,660)
Sewer	3,841,095	4,275,605	-	-	-	434,510	434,510
City Center Authority	2,414,340	830,859	-	-	-	(1,583,481)	(1,583,481)
Total business-type activities	<u>10,019,807</u>	<u>8,275,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,744,631)</u>	<u>(1,744,631)</u>
<b>Total government</b>	<b>\$ 57,135,197</b>	<b>\$ 13,649,515</b>	<b>\$ 3,241,765</b>	<b>\$ 419,381</b>	<b>\$ (38,079,905)</b>	<b>\$ (1,744,631)</b>	<b>\$ (39,824,536)</b>
<b>GENERAL REVENUES</b>							
Real property tax and related tax items					\$ 19,488,778	\$ -	\$ 19,488,778
Non-property taxes					12,920,338	995,753	13,916,091
Other general revenue items					127,374	68,325	195,699
Interest earnings					355,009	8,402	363,411
State aid and mortgage taxes not restricted to specific purposes					3,354,608	-	3,354,608
Total general revenues					<u>36,246,107</u>	<u>1,072,480</u>	<u>37,318,587</u>
<b>TRANSFERS</b>							
Transfer from governmental to business-type activities					(799,201)	799,201	-
Total general revenues and transfers					<u>35,446,906</u>	<u>1,871,681</u>	<u>37,318,587</u>
<b>CHANGE IN NET POSITION</b>					(2,632,999)	127,050	(2,505,949)
<b>NET POSITION, beginning of year</b>					7,107,612	20,516,941	27,624,553
<b>NET POSITION, end of year</b>					<b>\$ 4,474,613</b>	<b>\$ 20,643,991</b>	<b>\$ 25,118,604</b>

See accompanying Notes to Financial Statements.

# City of Saratoga Springs, New York

## Fund Financial Statements Balance Sheet - Governmental Funds

December 31, 2013

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

## City of Saratoga Springs, New York

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

	<b>December 31, 2013</b>
Total fund balances in the fund financial statements for the governmental funds.	\$ 21,101,950
This amount differs from the amount of net assets shown in the statement of net position due to the following:	
Capital assets are included as assets in the government-wide statements and are added, net of accumulated depreciation.	59,410,033
Long-term liabilities for bonded debt are included as liabilities in the government-wide statements and are deducted.	(35,383,022)
Long-term liabilities for past service costs for retirement plans and 2004 amortization for retirement plans are included as liabilities in the government-wide statements and are deducted.	(1,331,557)
Long-term liabilities for the lease obligations by the City are included as liabilities in the government-wide statements and are deducted.	(595,793)
Long-term liabilities for other post employment benefit obligations by City are included as liabilities in the government-wide statements and are deducted.	(35,732,065)
Accrued interest on property, school taxes, and community development loans on receivables for revenues earned, measurable, but not available are added.	17,121
Net receivables for revenues earned, measurable but not available to provide financial resources are reported as deferred inflows or resources in the governmental funds, and revenues in the government-wide statement of activities, net of the allowance for uncollectible balances.	2,028,733
Other current liabilities for compensated absences are included in the government-wide statements as liabilities and are deducted.	(3,573,268)
Current liabilities for interest payable on long-term debt are included in the government-wide statements as liabilities and are deducted.	(1,467,519)
<b>Total net assets, end of year</b>	<b><u>\$ 4,474,613</u></b>

# City of Saratoga Springs, New York

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

Year Ended December 31, 2013

	Major Funds				Non-Major Funds		Total Governmental Funds
	General	Capital	Debt Service	Community Development	Other		
					Governmental Funds	Governmental Funds	
<b>REVENUES</b>							
Real property taxes and tax items	\$ 17,149,114	\$ -	\$ 2,157,434	\$ -	\$ 162,190	\$ -	\$ 19,468,738
Non-property taxes	12,920,338	-	-	-	-	-	12,920,338
Departmental income	2,471,577	-	-	34,065	-	-	2,505,642
Intergovernmental charges	317,313	23,275	-	-	-	-	340,588
Use of money and property	631,448	5,250	373,841	6,841	144	-	1,017,524
Licenses and permits	463,270	-	-	-	-	-	463,270
Fines and forfeitures	618,735	-	-	-	-	-	618,735
Sale of property and compensation for loss	728,875	199,200	-	-	-	-	928,075
Miscellaneous	1,991,983	81,268	-	-	-	-	2,073,251
State aid	4,163,663	6,196	-	-	-	-	4,169,859
Federal aid	33,754	50,707	-	628,359	-	-	712,820
Total revenues	41,490,070	365,896	2,531,275	669,265	162,334	-	45,218,840
<b>EXPENDITURES</b>							
<i>General Government Support</i>							
Mayor	863,329	-	-	-	-	-	863,329
Finance	1,884,098	-	27,468	-	-	-	1,911,566
Public Works	3,648,812	-	-	-	-	-	3,648,812
Accounts	930,871	-	-	-	-	-	930,871
Civil Service	160,974	-	-	-	-	-	160,974
Unallocated insurance	716,546	-	-	-	-	-	716,546
Other general government support	-	-	-	-	1,300	-	1,300
<i>Public Safety</i>							
Police	10,709,928	-	-	-	-	-	10,709,928
Fire	8,476,737	-	-	-	-	-	8,476,737
Other public safety	2,619,746	-	-	-	-	-	2,619,746
Health	21,467	-	-	-	-	-	21,467
Transportation	4,361,440	-	-	-	-	-	4,361,440
Economic opportunity and development	141,291	-	-	-	-	-	141,291
Culture and recreation	2,341,427	-	-	-	25,582	-	2,367,009
Home and community service	977,363	-	-	557,700	-	-	1,535,063

<i>Debt service</i>									
Principal	43,687	-	1,467,314	-	23,018	1,534,019			
Interest	25,901	-	1,375,134	-	21,129	1,422,164			
<i>Capital outlay</i>									
Public Works	-	207,486	-	-	-	207,486			
Other general government support	-	8,496	-	-	-	8,496			
Police	-	154,332	-	-	-	154,332			
Fire	-	575,821	-	-	-	575,821			
Transportation	-	874,758	-	-	-	874,758			
Culture and recreation	-	492,905	-	-	-	492,905			
Home and community service	-	179,560	-	-	-	179,560			
Total expenditures	37,923,617	2,493,358	2,869,916	-	71,029	43,915,620			
	<b>3,566,453</b>	<b>(2,127,462)</b>	<b>(338,641)</b>	<b>111,565</b>	<b>91,305</b>	<b>1,303,220</b>			
<b>Excess (deficiency) of revenues over expenditures</b>									
<b>OTHER FINANCING SOURCES (USES)</b>									
Bond proceeds	-	3,753,499	-	-	-	3,753,499			
Interfund transfers in	95,704	-	839,626	-	-	935,330			
Interfund transfers out	(922,487)	(343,837)	(323,000)	(95,704)	(49,503)	(1,734,531)			
Total other financing sources and uses	(826,783)	3,409,662	516,626	(95,704)	(49,503)	2,954,238			
<b>NET CHANGE IN FUND BALANCE</b>	<b>2,739,670</b>	<b>1,282,200</b>	<b>177,985</b>	<b>15,861</b>	<b>41,802</b>	<b>4,257,518</b>			
<b>FUND BALANCE, beginning of year</b>	12,699,744	1,952,363	1,682,321	403,344	106,660	16,844,432			
<b>FUND BALANCE, end of year</b>	<b>\$ 15,439,414</b>	<b>\$ 3,234,563</b>	<b>\$ 1,860,306</b>	<b>\$ 419,205</b>	<b>\$ 148,462</b>	<b>\$ 21,101,950</b>			

# City of Saratoga Springs, New York

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Change in Net Position Shown in the Statement of Activities

		<u>Year Ended December 31, 2013</u>
Net change in fund balances shown for total governmental funds		\$ 4,257,518
This amount differs from the change in net position shown in the statement of activities because of the following:		
Capital outlays for acquisition of capital assets are recorded in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which expenditures for acquisition of capital assets exceeded depreciation expense for the period.		
	Capital expenditures	3,002,813
	Depreciation expense	<u>(2,871,549)</u>
		131,264
Major revenues are recorded in the governmental funds when they become susceptible to accrual, that is when they are earned, measurable, and available to provide current financial resources. In the statement of activities, major revenues are recognized when they are earned and measurable, regardless of when they become available. This is the amount by which earned revenues for the current period exceeded the amount of prior year earned revenues not recognized as being available until the current period.		
	Current year revenues	295,778
	Prior year revenues	<u>407,907</u>
		(112,129)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds; i.e., deferred revenue.		
	Current year revenues	3,086,643
	Prior year revenues	<u>2,911,761</u>
		174,882
Payments on retirement system debt are shown as expenditures in the governmental funds. These payments are shown in the statement of net position as a reduction of the related liabilities, and not shown as expenses in the statement of activities. This is the principal payment amount for the current year.		
		586,807
Other postemployment obligations are not reported in the governmental funds. This liability is shown in the statement of net position as a non-current liability in the statement of activities as an expense.		
		(5,077,853)
Bond and lease principal payments are shown as expenditures in the governmental funds. These payments are shown in the statement of net position as a reduction of the related liabilities, and not shown as expenses in the statement of activities. This is the payment amount for the current year.		
		1,543,436
Receipt of bond proceeds is recorded as a financing source in the governmental funds. These proceeds are shown in the statement of net position as an increase in related liabilities. This is the amount of bonds issued and proceeds received during the current year.		
		(3,753,499)
Certain expenditures for interest on debt are recorded in the governmental funds when payments are due. In the statement of activities, these costs are allocated over the applicable time period that they pertain to. This is the amount by which the current period expenditures exceed the costs allocated over the applicable periods.		
	2013 current year expenditures	1,406,520
	2014 allocated expenses	<u>1,467,519</u>
		(60,999)
Payments for compensated absences are shown in the governmental funds when they are due. In the statement of activities, these costs are reported during the period the liabilities are incurred, regardless of when they are due and payable. This amount represents the difference between the the expenditures recorded in the current year for payments due on prior year liabilities and the expenses incurred during the current year that have not been paid.		
	2013 current year expenditures	3,250,843
	2013 expenses incurred during current year	<u>3,573,269</u>
		(322,426)
<b>Change in net position of governmental activities shown in the statement of activities.</b>		<b><u>\$ (2,632,999)</u></b>

See accompanying Notes to Financial Statements.

# City of Saratoga Springs, New York

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

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

# City of Saratoga Springs, New York

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

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

# City of Saratoga Springs, New York

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

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

See accompanying Notes to Financial Statements.

# City of Saratoga Springs, New York

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

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

# City of Saratoga Springs, New York

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

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

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

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

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

#### *a. Reporting Entity*

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

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

Excluded from the reporting entity:

#### *The City of Saratoga Springs School District*

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

#### *The Saratoga Springs Housing Authority*

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

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

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

The City's significant accounting policies are described below.

#### *b. Government-wide and Fund Financial Statements*

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

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

The statement of net position presents the financial condition of the City's activities at year-end. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The statement of activities identifies the net expense or revenue from each activity, and identifies the amount of general revenues needed to help finance the specific activities.

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

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

#### *c. Estimates*

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

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

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

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

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

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

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

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

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

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

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

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

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

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

#### e. Fund Accounting

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

#### *Fund Types*

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

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

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

- i. The *Water Fund* is used to report operations of the City's water treatment and supply facilities that provide drinking water to all City residents, as well as to certain local communities outside the City's corporate boundaries. Users of the water system, inside and outside the City limits, are charged a user fee to pay for the operation of the Water Fund. The fund also records revenues and expenses associated with extending the water line. A water service connection fee is collected when a new user taps into the system, and the revenue is reserved for future expansion of the system.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

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

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

##### *Fund Types - Continued*

##### *Proprietary Funds - Continued*

- ii. The *Sewer Fund* is used to report operations of the City's wastewater treatment facilities and sanitary sewer system that is provided to all City residents. The sewer system infrastructure is owned by the Saratoga County Sewer District. Users of the sewer system are charged a fee based on an annual bill from the Saratoga County Sewer District.
- iii. The *City Center Authority Fund (Authority)* accounts for the day-to-day business operations of the convention and tourism center. The Authority was created by State legislation for the purpose of operating and maintaining the Saratoga City Center (City Center). The execution of the daily operations of the City Center rests with the Authority. The City Council maintains fiscal control over the Authority through various aspects of State legislation and, therefore, has included the financial position as well as the operations of the City Center in the City's financial statements.

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

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

#### *f. Cash, Cash Equivalents, and Investments*

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

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

Investments are stated at fair market value.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

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

#### *g. Interfund Receivables/Payables*

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

#### *h. Receivables*

All property and school tax receivables are shown net of an allowance for uncollectibles. The property and school tax receivables allowance is equal to 9% of outstanding property and school taxes at December 31, 2013. Water and sewer rents not collected by year end are relieved on the subsequent year's tax roll.

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

#### *i. Inventory*

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

#### *j. Restricted Assets*

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

#### *k. Capital Assets, Net*

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

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

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

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

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

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

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

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

#### l. Net Position

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

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

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

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

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

#### m. Fund Balance

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The five fund balance classifications are as follows:

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

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

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

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

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

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

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

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

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

#### *n. Compensated Absences*

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

#### *o. Long-Term Obligations*

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

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

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

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

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

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

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

On January 1, 2013, the City adopted the provisions of GASB Statement No. 66, *Technical Corrections* (GASB No. 66). This statement establishes clarifications on two recently issued statements, statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement resolves conflicting guidance created as a result of the issuance of these two statements. The adoption of GASB No. 66 did not significantly impact the City's financial statements.

#### *q. Subsequent Events*

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

### Note 2 - Stewardship, Compliance, and Accountability

#### *Legal Compliance and Budgets*

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

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

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

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

### Note 3 - Detailed Notes on all Funds

#### a. Cash, Cash Equivalents, and Investments

##### *Collateral*

New York State statutes require the City to collateralize its cash deposits in excess of the Federal Deposit Insurance Corporation limit of \$350,000 (\$100,000 on demand deposits and \$250,000 on time deposits and other cash accounts). This collateral is to be in the form of state and local government securities held in trust for and pledged to secure the City's deposits. The City's deposits were adequately insured or collateralized as of December 31, 2013.

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

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

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

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

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

#### b. Receivables

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

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

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

#### b. Receivables - Continued

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

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

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

#### c. Capital Assets

Capital asset activity was as follows:

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

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

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

#### c. Capital Assets - Continued

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

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

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

*c. Capital Assets - Continued*

Depreciation expense was charged to functions/programs as follows:

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

*d. Interfund Receivables, Payables, and Transfers*

The composition of interfund balances is as follows:

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

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

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

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

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

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

*d. Interfund Receivables, Payables, and Transfers - Continued*

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

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

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

*e. Indebtedness*

*i. General Obligation Bonds*

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

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

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

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

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

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

e. *Indebtedness - Continued*

i. *General Obligation Bonds - Continued*

<u>Public Improvement Bonds</u>	<u>Issue Date</u>	<u>Maturity</u>	<u>Rate</u>	<u>December 31, 2013</u>
Serial Bond, general obligation	07/93	03/13	4.750%	\$ -
Serial Bond, EFC	03/97	02/17	3.400%	300,000
Serial Bond, general obligation	10/97	09/17	4.500%	560,000
Serial Bond, general obligation	06/00	06/14	5.120%	165,000
Serial Bond, general obligation	09/02	09/22	3.900%	935,000
Serial Bond, general obligation	04/04	02/34	4.000%	3,205,000
Serial Bond, general obligation	03/05	06/24	3.850%	3,045,000
Serial Bond, general obligation	04/06	04/35	4.250%	7,305,000
Serial Bond, general obligation	07/07	07/30	3.700%	7,615,000
Serial Bond, general obligation	08/08	08/38	5.000%	4,585,000
Serial Bond, general obligation	01/09	01/24	4.250%	580,000
Serial Bond, general obligation	09/09	09/39	4.250%	1,290,000
Serial Bond, general obligation	07/10	07/37	4.420%	1,440,000
Statutory Installment Bond	04/11	04/39	4.630%	2,070,000
Serial Bond, general obligation	05/12	05/39	2.975%	6,545,000
Serial Bond, general obligation	12/12	12/22	2.000%	505,000
Serial Bond, general obligation	04/13	06/33	3.372%	4,278,499
				<u>\$ 44,423,499</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For the year ending December 31,			
2014	\$ 1,903,499	\$ 1,792,491	\$ 3,695,990
2015	1,880,000	1,654,361	3,534,361
2016	1,925,000	1,586,093	3,511,093
2017	1,910,000	1,515,503	3,425,503
2018	1,790,000	1,446,490	3,236,490
For the years ending December 31,			
2019-2023	9,935,000	6,145,832	16,080,832
2024-2028	9,625,000	4,235,338	13,860,338
2029-2033	9,330,000	2,251,177	11,581,177
2034-2038	5,550,000	671,823	6,221,823
2039	575,000	12,719	587,719
	<u>\$ 44,423,499</u>	<u>\$ 21,311,827</u>	<u>\$ 65,735,326</u>

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

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

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

e. *Indebtedness - Continued*

ii. *Special Assessment Debt*

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

iii. *Lease Payables*

On March 7, 2008, the City entered into a lease agreement with Municipal Leasing Consultants for \$1,721,297 to finance various energy-saving equipment. The rate of interest on the first \$1,000,000 is 2%, which was bought down by a New York State Energy Research and Development Authority (NYSERDA) grant. Principal payments of \$43,687 were made in 2013. On December 14, 2012, the City issued a statutory installment bond in the amount of \$555,304 to refinance the portion of the lease not subsidized by NYSERDA. The principal balance remaining on the lease is \$595,793.

iv. *Other Liabilities*

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

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

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

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

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

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

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

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

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

f. *Employee Retirement Systems and Pension Plan*

i. *Employee Retirement Systems Plan Description*

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

ii. *Employee Retirement Systems Funding Policy*

The Systems are noncontributory except for employees who joined the ERS after July 27, 1976, who contribute 3% of their salary for the first ten years of membership. Under the authority of the NYSRSSL, the Comptroller annually certifies the rates used in computing the employers' contributions. Each year, the Comptroller renders a billing to participating employers requesting payment of amounts due in advance for the plan year April 1 to March 31. The NYSRSSL allows participating employers to pay their annual contributions on either December 15 of the current year, or February 1 of the following year. The City elected to pay their contribution billed in 2013 on or before February 1, 2013. The required contributions for the current and two preceding years were:

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

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

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

*ii. Employee Retirement Systems Funding Policy - Continued*

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

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

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

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

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

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

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

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

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

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

*ii. Employee Retirement Systems Funding Policy - Continued*

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

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

The unpaid principal balance of \$129,762 at December 31, 2013, for the above amortizations is included in the financial statements as a non-current governmental liability, of which \$129,762 is shown as due within one year.

In accordance with the labor agreements between the City and its police officers signed October 27, 2006, the City is required to provide certain benefits to police personnel for past services under Section 384E and 384EB of the PFRS plan. The total past service credit cost was \$2,700,004 for 384E, \$351,235 for 384EB, and \$360,791 to reopen 384D. The City plans to pay for this program over a ten-year period with interest starting the second year at 8% per annum. The first installment was paid February 1, 2008, for the City's 2007 fiscal year and the final installment is due in December 2016.

The maturity schedules for this debt are as follows:

384 E - Police

	Principal	Interest	Total
Payable February 1, 2015	\$ 295,762	\$ 76,812	\$ 372,574
Payable February 1, 2016	319,422	53,152	372,574
Payable February 1, 2017	344,976	27,598	372,574
Totals	<u>\$ 960,160</u>	<u>\$ 157,562</u>	<u>\$ 1,117,722</u>
	Principal	Interest	Total
Payable February 1, 2015	\$ 39,520	\$ 10,280	\$ 49,800
Payable February 1, 2016	42,681	7,119	49,800
Payable February 1, 2017	46,096	3,704	49,800
Totals	<u>\$ 128,297</u>	<u>\$ 21,103</u>	<u>\$ 149,400</u>

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

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

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

ii. *Employee Retirement Systems Funding Policy* - Continued

384 EB Police

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

The unpaid principal balance of \$1,213,362 at December 31, 2013, for the past service retirement costs for police personnel is included in the government-wide statement of activities as a non-current governmental liability, of which \$373,757 is shown as due within one year.

### Note 4 - Postemployment Benefits Other Than Pensions

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

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

*Funding Policy.* Contribution requirements also are negotiated between the City and union representatives. The City contributes a percent of the cost of current year premiums for eligible retired Plan members and their spouses. For the year ended December 31, 2013, the City contributed \$2,365,889 to the Retiree Health Plan. Some Retiree Health Plan members receiving benefits contribute a percent of their premium costs. Total member contributions were \$319,220 for the year ended December 31, 2013.

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

*Annual OPEB Cost and Net OPEB Obligation* - The City’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City’s annual OPEB cost for fiscal year 2013, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation to the Plan:

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

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

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

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Retiree Health Plan, and the net OPEB obligation for fiscal year 2013 was as follows:

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

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

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

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

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

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

The following simplifying assumptions were made:

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

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

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

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

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

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

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

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

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 4% was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level period of thirty years. The remaining amortization period at December 31, 2013, was twenty-six years.

### Note 5 - Remediation Costs

During 2013, \$5,887 in expenses were included in the government-wide financial statements as a program expense during 2013 for fees paid to a consultant as part of the Environmental Compliance Audit. Identified during the compliance audit and included in the City's Corrective Action Plan were estimates to improve the fleet fueling system and for the removal of soil and overages at the garage and compost facilities, respectively. The City will also need to pay for the Environmental Benefit Plan and continue paying the consultant for project management. It is estimated that these costs will total \$400,000 and will appear as expenses in the government-wide financial statements over the period of a number of years.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

### Note 6 - Commitments and Contingencies

#### *a. Environmental Risks*

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

#### *b. Risk Management*

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

The City's Safety Committee reviews potential areas of risk and develops safety policies. The Safety Committee reviews, among other things, workers' compensation trends to determine and prevent causation of similar claims in future. The City belongs to the Saratoga County Workers' Compensation pool, and cases are reviewed and paid by Saratoga County. The City's 2013 annual contribution to the workers' compensation pool was \$372,590.

#### *c. Contingent Liabilities*

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

#### *d. Labor Relations*

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

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

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

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2013

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

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

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

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

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

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

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

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

# City of Saratoga Springs, New York

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

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

# City of Saratoga Springs, New York

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

December 31, 2013

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

# City of Saratoga Springs, New York

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

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

# City of Saratoga Springs, New York

Supplementary Information  
December 31, 2013

## **Non-Major Governmental Funds**

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

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

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

# City of Saratoga Springs, New York

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

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

## City of Saratoga Springs, New York

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

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