

OFFICIAL STATEMENT

NEW ISSUE
STANDARD & POOR'S: "AA+" STABLE OUTLOOK

SERIAL BONDS
See "BOND 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.

\$3,029,324
CITY of SARATOGA SPRINGS
SARATOGA COUNTY, NEW YORK
GENERAL OBLIGATIONS
\$3,029,324 Public Improvement (Serial) Bonds, 2016
CUSIP BASE: 803531

Dated: June 22, 2016

Due: June 15, 2017-2033

MATURITIES

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>
2017	\$ 149,324	2.000%	0.650%	VF6	2023	\$ 165,000	2.000%	1.350%	VM1	2029	\$ 195,000*	2.000%	2.00%	VT6
2018	150,000	2.000	0.800	VG4	2024	170,000	2.000	1.460	VN9	2030	200,000*	2.000	2.150	VU3
2019	155,000	2.000	0.860	VH2	2025	175,000*	2.000	1.580	VP4	2031	205,000*	2.500	2.150	VV1
2020	160,000	2.000	1.000	VJ8	2026	180,000*	2.000	1.750	VQ2	2032	210,000*	2.500	2.200	VW9
2021	160,000	2.000	1.100	VK5	2027	185,000*	2.000	1.900	VR0	2033	215,000*	3.000	2.350	VX7
2022	165,000	2.000	1.240	VL3	2028	190,000*	2.000	1.980	VS8					

* The Bonds maturing in the years 2025-2033 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, 2017. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable December 15, 2016 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 22, 2016.

June 8, 2016

THIS REVISED COVER SUPPLEMENTS THE OFFICIAL STATEMENT OF THE CITY DATED MAY 25, 2016 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, THE REVISION OF THE DATED DATE ON PAGE 29 AND REVISED APPENDIX-B THERE HAVE BEEN NO REVISIONS TO SAID OFFICIAL STATEMENT

CITY OF SARATOGA SPRINGS

SARATOGA COUNTY, NEW YORK



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

Relating To
\$3,029,324 Public Improvement (Serial) Bonds, 2016

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 \$3,029,324 principal amount of Public Improvement (Serial) Bonds, 2016 (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 22, 2016 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, 2017. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable December 15, 2016 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, 2024 shall not be subject to redemption prior to maturity. The Bonds maturing on or after June 15, 2025 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, 2024 or on any date thereafter at par (100%), plus accrued interest to the date of redemption.

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

Book-Entry-Only System

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

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

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

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

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

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

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

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

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

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

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

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

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

Certificated Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law, or the City may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof, except for a necessary odd denomination maturing June 15, 2017. 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, 2016 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>
Waterfront Park Redevelopment	\$ 120,000
City Way Finding Program	100,000
Saratoga Arts Council Foundation Drainage and Entrance	327,000
Sewer Jet Machine	252,000
Dump Truck w/ Plow and Spreader (replace #11)	174,000
City Buildings and Facilities Repairs and Upgrades	250,000
Chassis Cab with Boom (International; replace #29)	137,000
Canfield Casino Rehabilitation Program	350,000
Ice Resurfacer Machine	134,958
Dump Truck w/ Plow and Spreader (International; replace #38)	89,000
Loader/Tool Carrier Machine (replace #51)	162,000
East Side Storm Water Project Phase II, III, IV, V	250,000
Road Striping Truck Replacement	178,218
SS Police Dept 911 System	202,100
Ambulance	165,000
Stryker Powered Stretcher Ambulance	58,037
Security System Infrastructure	55,011
Loughberry Lake Open Space Purchase	<u>25,000</u>
Total Amount to be borrowed	\$ 3,029,324

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.

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.

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.

SmartAsset, a New York financial technology company, recently released its second annual study on the Best Places to Retire. The study rates cities by their tax friendliness, recreational and social opportunities for seniors, and availability of medical care. Saratoga Springs ranked number 6 in the State this year.

The 2016 County Health Rankings have deemed the County as the healthiest county in the State. The study is conducted annually by the University of Wisconsin's Population Health Institute. The County ranked fifth in 2013 and 2014 and third in 2015. In 2013, the Saratoga County Chamber of Commerce authorized the formation of a Health and Wellness Council that organizes annual events. Over 125 companies have signed a pledge to ensure that the County is one of the healthiest places to live and work.

Source: City Officials.

Population Trends

<u>Year</u>	<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
2014	27,436	224,921	19,746,227

Source: U.S. Census.

Selected Wealth and Income Indicators

Per capita income statistics are available for the City, County and State. Listed below are select figures from the 2000 census and 2006-2010 and 2010-2014 American Community Survey data.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2010-2014</u>	<u>2000</u>	<u>2006-2010</u>	<u>2010-2014</u>
City of:						
Saratoga Springs	\$ 23,945	\$ 35,342	\$ 39,395	\$ 58,213	\$ 86,114	\$ 97,253
County of:						
Saratoga	23,945	32,186	35,860	58,213	81,251	87,721
State of:						
New York	23,389	30,948	32,829	51,691	67,405	71,419

Note: 2011-2015 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2010-2014 American Community Survey data.

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 Hotel	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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
City of Saratoga Springs	5.8%	6.9%	7.1%	7.0%	5.7%	4.6%	4.2%
County of Saratoga	6.3%	6.9%	6.7%	6.8%	5.8%	4.6%	4.2%
State of New York	8.3%	8.6%	8.3%	8.5%	7.7%	6.3%	5.3%

	<u>2016 Monthly Figures</u>				
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>
City of Saratoga Springs	4.3%	4.2%	4.0%	4.0%	N/A
County of Saratoga	4.4%	4.3%	4.1%	3.7%	N/A
State of New York	5.4%	5.4%	5.2%	4.6%	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 and Trustco 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>
Paquet Subdivision	9/11/2013	Old Schuylerville Rd	Constructed	1	N/A
Benedict Street Lot Subdivision	9/23/2014	165 Ash Street	Constructed	1	N/A
2 West Ave Mixed Use Development	4/9/2014	2 West Avenue	Constructed	63	5,500
15 Church Street Restaurant Patio	5/8/2014	15 Church Street	Constructed	N/A	590
Verizon Cell Tower – Hutchins Rt 60	1/14/2015	2202 NYS Rt 50 South	Constructed	N/A	N/A
McIntyre Subdivision	1/12/2014	28-32 White Street	Constructed	1	N/A
			Subtotal:	66	6,090

Completed – Redevelopment Additions

<u>Project</u>	<u>Approval Date</u>	<u>Location</u>	<u>Status</u>	<u># Residential Units</u>	<u>Commercial Square Footage</u>
St. John Neumann Rehabilitation	7/23/2014	231 Lake Avenue	Constructed	76	N/A
Stewarts Shop #104 Addition	1/28/2015	30 Church Street	Constructed	N/A	475
Nurture Green Salon and Spa	7/23/2014	182 South Broadway	Constructed	N/A	No increase
569 North Broadway	11/12/2014	569 North Broadway	Constructed	N/A	756
Family Vision Center Parking Lot	1/4/2015	205 Lake Avenue	Constructed	N/A	N/A
			Subtotal	76	1,231
Total Completed in 2015:				142	7,321

Under Construction

<u>Project</u>	<u>Approval Date</u>	<u>Location</u>	<u>Status</u>	<u># Residential Units</u>	<u>Commercial Square Footage</u>
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
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
Wagner Subdivision (Joshua Place)	4/29/2009	East Broadway	Under Construction	5	n/a
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
Trojanski Subdivision	10/8/2014	Intersection of East Broadway and Cleveland Avenue	Under Construction	1	n/a
Triple Crown Subdivision	extension approved 3/25/15	Richard Ave	Under Construction	3	n/a
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
Druther's Brew Pub	1/28/2015	381 Broadway	Under Construction	N/A	887
130 Excelsior Mixed Use	4/8/2014	130 Excelsior Ave	Under Construction	65	2,750
Yaddo Artist Cottages	6/25/2014	Union Avenue & I-87	Under Construction	3	N/A
Hidden Fountain Commons	4/23/2014	61 Lawrence Street & 87 Church Street	Under Construction	6	3,420
Doten Avenue Subdivision	9/11/2013	54 Doten Avenue	Under Construction	3	N/A
79 Henry Street Mixed Use Building	4/9/2014	79 Henry Street	Under Construction	N/A	19,160
Saratoga Springs Homewood Suites (112 Rooms)	9/10/2014	3368 South Broadway	Under Construction	N/A	102,401
Agrochem Farm & Dairy Products	7/22/2015	Freedom Way	Under Construction	N/A	35,200
ANG Natural Gas Vehicle Fueling Station	7/8/2015	34 Cady Hill Boulevard	Under Construction	N/A	N/A
Hickey Subdivision	7/8/2015	10 Avery Street	Under Construction	1	N/A
Saratoga Independent School Expansion	5/27/2015	459-539 Lake Avenue	Under Construction	N/A	20,200
Williamsburg Court Garage	5/27/2015	150 Lincoln Avenue	Under Construction	N/A	N/A
Excelsior Park Phase 2	9/9/2015	Excelsior Avenue	Under Construction	105	N/A
			Subtotal	452	406,280

Approved and awaiting construction

Project	Approval Date	Location	Status	# Residential Units	Commercial Square Footage
Spa Solar Park Development	7/8/2015	Weibel Avenue Landfill	Council Approved Action	N/A	N/A
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
Old Bryan Inn	7/27/2011	123 Maple Avenue	Site Plan	N/A	2,600
Rytodebar Realty Office Expansion	9/10/2014	137 Maple Avenue	Site Plan	N/A	1,067
Caffe Lena Addition	4/10/2013	47 Phila Street	Site Plan	n/a	836
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
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
Holiday Inn Renovations	6/11/2014	232 Broadway	Site Plan	n/a	1,200
Downtown Walk	11/12/2014	27 Jumel Place	Site Plan	7	n/a
Rip Van Dam Hotel (176 room expansion, banquet space)	3/26/2014	353 Broadway	Site Plan	n/a	108,000
Hamilton Street Parking	6/25/2014	Hamilton Street,	Site Plan	n/a	n/a

Garage (4-story, 274 spaces, affiliated with Rip Van Dam Hotel)		between Congress and Williams			
Saratoga Spring Water Warehouse Expansion	4/22/2015	11 Geysers Road	Site Plan	n/a	13,423
Graziano Property Subdivision	7/22/2015	33 Joseph Street	Subdivision	1	N/A
Bazaar Subdivision	N/A	2 North Circular Street	Subdivision	1	N/A
East Ave Mixed Use Development	11/12/2015	East and Excelsior Avenues	Special Use Permit/Site Plan	12	6,028
City Center Parking Garage	11/12/2015	Maple Avenue, New York Street, High Rock Avenue	Site Plan	N/A	N/A
Oak Ridge Phase 2 Subdivision	10/28/2015	Meadowbrook Road	Subdivision	72	N/A
East Avenue Residences	11/12/2015	East and Excelsior Avenues	Special Use Permit/Site Plan	2	N/A
Children's Museum Addition	9/9/2015	69 Caroline Street	Site Plan	N/A	1,114
Excelsior Park Phase 2A	11/12/2015	Excelsior Avenue	Site Plan	18	N/A
Bethesda Parish House Expansion	9/9/2015	28 Washington Street	Site Plan	N/A	30,602
Church of Latter Day Saints	12/9/2015	Glenmore Avenue	Special Use Permit	N/A	1,800
Hoffman Carwash Facility	9/24/2015	2214 NYS Route 50	Special Use/Site Plan	N/A	4,280
			Subtotal Approved	46	272,126
DEVELOPMENT TOTAL: (Constructed, Under Construction, Pending Construction)				640	685,727

Pending Approval/Potential 2016

Project	Approval Date	Location	Status	# Residential Units	Commercial Square Footage
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
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
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
Saratoga Hospital Medical Office Building	-	1 and 17 Morgan Street		n/a	88,500
			Subtotal Pending	98	118,168

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 30th 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 levy limitation for Fiscal Year 2016. In fact, the City has a carryover of \$148,687 toward the 2017 tax levy limitation 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 8.3% of the revenues of the City are estimated to be received in the form of State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities in the State, including the City, in any year, the City may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, in any year municipalities and cities in the State, including the City, may be affected by a delay in the payment of State aid.

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

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> ⁽¹⁾	<u>Contract Expiration Date</u>
Fire Department	60	December 31, 2013 ⁽²⁾
Fire Chiefs	2	December 31, 2017
PBA	66	December 31, 2017
Police Lieutenants	4	December 31, 2016
Police Chiefs	2	December 31, 2019
CSEA City Hall	87	December 31, 2016
CSEA DPW	83	December 31, 2016

⁽¹⁾ As of March 16, 2016.

⁽²⁾ Currently in negotiations.

Status and Financing of Employee Pension Benefits

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 2015 and budgeted for 2016 are as follows:

<u>Fiscal 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	4,898,232
2016	4,732,281 (Budgeted)

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The City does not have any early retirement incentives outstanding.

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 Systems 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 2017) 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
2017	15.5	24.3

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.

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

Healthcare Benefits. It should also be noted that the City provides employment 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 will require governmental entities, such as the City, to account for employment 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 health benefits received by or increasing health care contributions 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.

GASB 45 and OPEB. OPEB refers to "other post-employment benefits," meaning other than pension benefits. OPEB consists 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 much like they already account for 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 any 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, 2014 and December 31, 2015.

<i>Annual OPEB Cost and Net OPEB Obligation:</i>	<u>2014</u>	<u>2015</u>
Annual required contribution (ARC)	\$ 8,409,939	\$ 8,968,865
Interest on net OPEB obligation	1,545,975	1,763,679
Adjustment to ARC	<u>(2,437,394)</u>	<u>(2,853,644)</u>
Annual OPEB cost (expense)	7,518,520	7,878,900
Contributions made	<u>(2,075,904)</u>	<u>(2,186,551)</u>
Increase in net OPEB obligation	5,442,616	5,692,349
Net OPEB obligation - beginning of year	<u>38,649,369</u>	<u>44,091,985</u>
Net OPEB obligation - end of year	<u>\$ 44,091,985</u>	<u>\$ 49,784,334</u>
Percentage of annual OPEB cost contributed	27.6%	27.8%

Funding Status:

Actuarial Accrued Liability (AAL)	\$ 77,687,462	82,033,722
Actuarial Value of Assets	<u>0</u>	<u>0</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 77,687,462</u>	<u>\$ 82,033,722</u>
Funded Ratio (Assets as a Percentage of AAL)	0.0%	0.0%

Note: The above tables are not audited.

Source: Audited financial reports and actuarial reports of the City.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The City has reserved \$0 towards its OPEB liability. The City funds this liability on a pay-as-you-go basis.

The City's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the City's finances and could force the City to reduce services, raise taxes or both.

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

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would allow the following:

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- Establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the state and participating eligible local governments;
- Designate the president of the Civil Service Commission as the trustee of the State's OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

Under the State Comptroller's proposal, there were no restrictions on the amount a government can deposit into the trust. The proposal for an optional investment pool for OPEB liability was not adopted in the last State legislative session.

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, 2014 and may be found attached hereto as Appendix – C 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 2014 classified the City as "No Designation" (Fiscal Score: 6.3%).

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 May 27, 2015. The purpose of the audit was to determine if local government officials' use of municipal resources resulted in an effective enforcement of the 2010 Fire Code of New York State (the "Fire Code") (i.e., fire safety of buildings) within their jurisdictions for the period January 1 through December 31, 2013.

Key Findings

- None of the municipalities fully complied with their Fire Code responsibilities. For example, officials from five municipalities (Hempstead, Lindenhurst, North Tonawanda, Plattsburgh and Poughkeepsie) did not review or approve fire safety or evacuation plans.
- Of the 96 buildings visited, 73 (76 percent) did not have a fire safety plan on file that met the minimum Fire Code requirements. Forty-four (46 percent) did not have an evacuation plan on file that complied with the Fire Code. Finally, 54 (56 percent) did not conduct the required number of evacuation drills.
- Five municipalities (Lindenhurst, Hempstead, North Tonawanda, Saratoga Springs and White Plains) did not submit their 2013 Uniform Code Administration and Enforcement Report to the New York State Department of State, as required.

Key Recommendations

- Identify which buildings must have a fire plan and evacuation plan and ensure they have plans that meet the minimum Fire Code requirements.
- Review and approve all fire plans and evacuation plans in accordance with the Fire Code.
- Keep documented evidence detailing when fire plans and evacuation plans were reviewed and approved.

The City provided a complete response to the New York State Comptroller's office. A copy of the complete report can be found via the following link: <http://www.osc.state.ny.us/localgov/audits/swr/2015/firesafety/global.pdf>

Note: Reference to website implies no warranty of accuracy of information therein.

TAX INFORMATION

Valuations

<u>Fiscal Year Ending December 31:</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Assessed Valuations	\$ 3,066,656,253	\$ 3,065,743,207	\$ 3,086,042,153	\$ 3,104,158,047	\$ 3,127,817,524
New York State Equalization Rate	82.00%	82.00%	82.00%	80.00%	78.00%
Total Taxable Full Valuation	\$ 3,739,824,699	\$ 3,738,711,228	\$ 3,763,466,040	\$ 3,880,197,559	\$ 4,010,022,467

Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending December 31:</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Inside Area	\$ 6.02	\$ 6.02	\$ 6.07	\$ 6.07	\$ 6.06
Outside Area	5.95	5.95	5.99	5.99	5.98

Tax Levy and Collection Record

<u>Fiscal Year Ending December 31:</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total Tax Levy	\$ 29,844,116	\$ 29,731,170	\$ 29,735,729	\$ 30,207,260	\$ 30,779,183
Uncollected End of Year	1,744,784	1,677,105	1,733,092	27,938,143	N/A
% Uncollected	5.85%	5.64%	5.83%	6.54%	N/A

Tax Collection Procedure

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

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

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

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

Largest Taxpayers – 2015-16 Assessment Roll for 2016

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
NYRA	Race Track	\$ 57,175,000
National Grid	Utility	42,042,995
Saratoga Harness	Race Track	31,567,000
Saratoga Hotel Associates	Hotel/Lodging	22,121,960 ⁽¹⁾
Quad Graphics	Manufacturing	17,206,400
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

⁽¹⁾ In litigation to reduce assessment.

The ten largest taxpayers listed above have a total assessed valuation of \$234,607,775 which represents 7.5% of the City's tax base.

Source: City tax rolls.

Constitutional Tax Margin

Computation of Constitutional Tax Margin for fiscal years ending December 31, 2014 through 2016:

<u>Fiscal Year Ending December 31:</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Five Year Average Full Valuation.....	\$ 3,751,685,710	\$ 3,769,292,736	\$ 3,825,752,181
Tax Limit - (2%).....	75,033,714	75,385,855	76,515,044
Add: Exclusions from Tax Limit.....	2,289,799	2,460,645	2,819,015
Total Taking Power.....	<u>\$ 77,323,513</u>	<u>\$ 77,846,500</u>	<u>\$ 79,334,059</u>
Less: Total Levy.....	18,661,564	18,725,016	18,841,113
Constitutional Tax Margin.....	<u>\$ 58,661,949</u>	<u>\$ 59,121,484</u>	<u>\$ 60,492,946</u>

Source: City officials.

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, 2020 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, 2016, is \$76,515,044.

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Bonds	\$ 36,736,200	\$ 42,135,687	\$ 44,423,499	\$ 46,618,686	\$ 50,523,242
Bond Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>\$ 36,736,200</u>	<u>\$ 42,135,687</u>	<u>\$ 44,423,499</u>	<u>\$ 46,618,686</u>	<u>\$ 50,523,242</u>

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the City as of May 25, 2016.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
Bonds	2016-2040	<u>\$ 49,428,242</u>
	Total Indebtedness	<u>\$ 49,428,242</u>

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin evidenced by bonds and notes as of May 25, 2016:

Five-Year Average Full Valuation of Taxable Real Property\$ 3,826,444,398
 Debt Limit - 7% thereof ⁽¹⁾..... \$ 267,851,108

Inclusions:

Bonds \$ 49,428,242
 Bond Anticipation Notes..... 0
 Total Inclusions..... \$ 49,428,242

Exclusions:

Sewer Debt ⁽²⁾\$ 2,300,208
 Water Debt ⁽³⁾ 9,919,869
 Appropriations..... 857,418
 Total Exclusions..... \$ 13,077,495

Total Net Indebtedness Subject to Debt Limit\$ 36,350,747

Net Debt-Contracting Margin.....\$ 231,500,361

The percent of debt contracting power exhausted is 13.57%

Note: The issuance of the Bonds will increase the net indebtedness of the City by \$3,029,324.

- (1) The City Charter requires approval by voter referendum when long term bonding exceeds 2% of the average full valuation of taxable real estate of the City. The debt limit at 2%, as imposed by the City for fiscal year ending December 31, 2016, is \$76,515,044.
- (2) 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.
- (3) Water Debt is excluded pursuant to Article VIII, Section 5B of the New York State Constitution.

Other Obligations

On March 7, 2008, the City entered into a lease agreement in the amount of \$1,721,297 to finance the purchase and installation of energy management equipment. The rate of interest on the first \$1,000,000 is 2%, which was bought down by a New York State Energy Research and Development Authority (“NYSERDA”) grant. 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 \$47,399 were made during 2015. The principal balance remaining on the lease as of December 31, 2015 is \$502,889.

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 2015 nor have they been issued to date in 2016.

Bonded Debt Service

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

Capital Improvement Program Summary

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

	2016	2017	2018	2019	2020	2021	Total Program
Mayor's Department							
Waterfront Park Redevelopment	\$120,000						\$120,000
Pitney Farm	\$1,165,000						\$1,165,000
Mayor's Department Total	\$1,285,000						\$1,285,000
Community & Economic Development							
City Way Finding Program	\$100,000						\$100,000
Complete Streets/Greenbelt Trail Implementation	\$100,000						\$100,000
Community & Economic Development Total	\$200,000						\$200,000
Public Works Department							
Landfill at Weible Avenue	\$1,000,000						\$1,000,000
Saratoga Arts Council Foundation Drainage Gallery & Theatre Entrance	\$327,000						\$327,000
Sewer Jet Machine	\$252,000						\$252,000
Dump Truck w/ Plow and Spreader (replace #11)	\$174,000						\$174,000
City Buildings and Facilities Repairs and Upgrades	\$300,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,300,000
Chassis Cab with Boom (International; replace #29)	\$137,000						\$137,000
Canfield Casino Rehabilitation Program	\$350,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$1,850,000
Ice Resurfacer Machine (Zamboni)	\$134,958						\$134,958
Dump Truck w/ Plow and Spreader (International; replace #38)	\$89,000						\$89,000
Loader/Tool Carrier Machine (replace #51)	\$162,000						\$162,000
East Side Storm Water Project Phase II, III, IV, V	\$250,000	\$250,000	\$250,000	\$250,000			\$1,000,000
Dump Truck w/ Plow (replace #17)		\$174,000					\$174,000
Dump Truck (International; replace #8)		\$89,000					\$89,000
Katrina Trask Stairway in Congress Park		\$90,000	\$60,000				\$150,000
Waste Water Pump Stations Annual Upgrades (Sewer)		\$650,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,450,000
Infrastructure Improvement and Replacement Project (Water)		\$1,200,000	\$350,000	\$350,000	\$350,000	\$350,000	\$2,600,000
Water Treatment Plant Pole Barn for Water Tanks		\$570,000					\$570,000
OCA Required Courtroom Part B (Construction)		\$2,000,000					\$2,000,000
Spider Slope Lawn Mower		\$35,000					\$35,000
Old Ballston Avenue Culvert Replacement Project		\$165,000					\$165,000
Leaf Machine (Smithco; new)							
Dump Truck w/ Plow and Spreader (replace #34)		\$174,000					\$174,000
Dump Truck w/ Plow and Spreader (replace #42)		\$174,000					\$174,000
Dump Truck w/ Plow and Spreader (replace an International Dump Truck)		\$174,000					\$174,000
Dump Truck w/ Plow and Spreader (replace #13)			\$174,000				\$174,000
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 #16)					\$174,000		\$174,000
Dump Truck w/ Plow and Spreader (replace an International Dump Truck)					\$174,000		\$174,000
Loader/Tool Carrier Machine (replace #x, as needed))						\$162,000	\$162,000
Public Works Department Total	\$3,175,958	\$6,245,000	\$1,708,000	\$1,822,000	\$1,398,000	\$1,212,000	\$15,560,958
PUBLIC SAFETY DEPT							
Road Striping Truck Replacement	\$178,218						\$178,218
Arial Bucket Truck Replacement		\$140,999					\$140,999
Public Safety Department Total							
Police Department	\$178,218	\$140,999					\$319,217
SS Police Dept 911 System	\$202,100						\$202,100
Police Department Total	\$202,100						\$202,100
Fire Department							
Ambulance	\$165,000						\$165,000
Stryker Powered Stretcher Ambulance	\$58,037						\$58,037
Station 1 Doors		\$169,550					\$169,550
East Side Fire and EMS Facility		\$3,000,000					\$3,000,000
Fire Department Total	\$223,037	\$3,169,550					\$3,392,587
PUBLIC SAFETY DEPT. TOTAL	\$603,355	\$3,310,549					\$3,913,904
ACCOUNTS DEPARTMENT							
Security System Infrastructure	\$55,011						\$55,011
Culture and Recreation Department							
Playgrounds and Facilities	\$500,000	\$325,000					\$825,000
Skate Park	\$19,770						\$19,770
East Side and West Side Rec Improvements	\$35,000	\$35,000	\$35,000	\$40,000	\$40,000	\$40,000	\$225,000
New Recreation Field		\$1,550,000	\$200,000				\$1,750,000
Field Rehabilitation		\$95,256					\$95,256
Veterans Memorial Park - Backstop				\$31,810			\$31,810
Culture and Recreation Department Total	\$554,770	\$2,005,256	\$235,000	\$71,810	\$40,000	\$40,000	\$2,946,836
TOTAL PROJECTS	\$ 5,874,094	\$ 11,560,805	\$ 1,943,000	\$ 1,893,810	\$ 1,438,000	\$ 1,252,000	\$23,961,709

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 2014 fiscal year of the respective municipalities.

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Estimated Exclusions</u>	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Applicable Indebtedness</u>
County of:						
Saratoga	12/31/2014	\$ 73,890,000	\$ - ⁽²⁾	\$ 73,890,000	16.97%	\$ 12,539,133
School District:						
Saratoga Springs	6/30/2014	38,205,000	26,934,525 ⁽³⁾	11,270,475	61.89%	<u>6,975,297</u>
Total:						<u>\$ 19,514,430</u>

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

⁽²⁾ Appropriations.

⁽³⁾ Estimated State building aid.

Source: State Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2014.

Note: The 2015 Comptroller's Special Report is currently unavailable as of the date of this Official Statement.

Debt Ratios

The following table sets forth certain ratios related to the City's indebtedness as of May 25, 2016:

	<u>Amount of Indebtedness</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Valuation</u> ^(b)
Net Direct Indebtedness ^(c)	\$ 36,350,747	\$1,324.93	0.95%
Net Direct Plus Net Overlapping Indebtedness ^(d)	55,865,177	2,036.20	1.46%

Note: ^(a) The City's 2014 population is 27,436. (See "Population Trends" herein.)

^(b) The City's five year average full valuation of taxable real estate is \$3,826,444,398.

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

^(d) The City's applicable share of net overlapping indebtedness is \$19,514,430. (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 2016 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.

BOND RATING

Standard & Poor's Credit Market Services has given the Bonds a rating of "AA+" with a stable outlook. A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Any desired explanation of the significance of such rating should be obtained from Standard & Poor's Credit Market Services, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 553-0038, Fax: (212) 553-1390.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. 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 the rating of the Bonds may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent Municipal Advisor to the City on matters relating to debt management. The Municipal 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 Municipal 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 Municipal 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 Municipal 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 that may have been made verbally or in writing is to be construed as a contract with the holders of the Bonds.

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the City management's beliefs as well as assumptions made by, and information currently available to, the City's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the City files with the repositories. When used in City documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

Walsh & Walsh, LLP, Saratoga Springs, New York, Bond Counsel to the City, expresses no opinions as to the accuracy or completeness of information in any documents prepared by or on behalf of the City for use in connection with the offer and sale of the Bonds, including, but not limited to, this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Bonds, the City will furnish a certificate to the effect that as of the date of this Official Statement, this Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to limitation as to information in this Official Statement obtained from sources other than the City, as to which no representation can be made.

This Official Statement is submitted only in connection with the sale of the Bonds by the City and may not be reproduced or used in whole or in part for any other purpose.

The Municipal Advisor may place a copy of this Official Statement on its website at www.fiscaladvisors.com. Unless this Official Statement specifically indicates otherwise, no statement on its website is included by specific reference or constitutes a part of this Official Statement. The Municipal Advisor has prepared its website information for your convenience, but you should not make any decision in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and the Municipal Advisor assumes no liability or responsibility for errors or omissions on its website. Further, the Municipal Advisor disclaims 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 its website. The Municipal Advisor also assumes no liability or responsibility for any errors or omissions or for any updates to dated website information.

The City will act as Paying Agent for the Bonds.

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

CITY of SARATOGA SPRINGS

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

Dated: June 8, 2016

GENERAL FUND

Balance Sheets

Fiscal Years Ending December 31:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u> Unaudited
ASSETS					
Cash and Cash Equivalents	\$ 7,301,948	\$ 5,345,080	\$ 7,245,313	\$ 8,448,466	\$ 8,926,329
Investments	-	-	-	-	-
Taxes receivable, net of uncollectibles	-	-	-	-	-
Receivables from Other Governments	2,001,793	1,744,389	2,042,330	2,675,722	2,297,169
Receivables, net	4,715,723	4,505,674	4,082,200	4,313,848	4,626,837
Restricted assets, cash and cash equivalents	2,091,967	2,849,412	3,398,246	3,352,669	3,671,065
Due from Other Funds	2,190,060	1,818,006	1,831,442	1,211,847	504,466
Prepaid Expenses	7,161	901,143	1,045,580	1,045,452	966,711
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 18,308,652</u>	<u>\$ 17,163,704</u>	<u>\$ 19,645,111</u>	<u>\$ 21,048,004</u>	<u>\$ 20,992,577</u>
LIABILITIES AND FUND EQUITY					
Accounts Payable and Accrued Liabilities	\$ 736,550	\$ 996,287	\$ 808,334	\$ 1,317,583	\$ 862,564
Notes Payable	-	-	-	-	-
Other Liabilities	-	-	-	-	77,050
Due to Other Governments	4,745,832	795,591	663,394	545,580	547,204
Due to Other Funds	-	-	-	2,536	-
Deferred Revenue	1,411,402	1,474,595	1,528,675	2,154,498	1,763,389
Deferred Tax Revenue	916,095	1,197,487	1,205,294	1,497,310	1,201,169
Unpaid Interest and Matured Bonds Payable	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>7,809,879</u>	<u>4,463,960</u>	<u>4,205,697</u>	<u>5,517,507</u>	<u>4,451,376</u>
FUND EQUITY					
Non Spendable:					
Prepaid expenses	\$ 7,161	\$ 901,143	\$ 1,045,580	\$ 1,045,452	\$ 966,711
Restricted for:					
Capital reserve	1,013,025	1,269,421	1,214,786	957,265	1,172,980
Tax Stabilization reserve	1,000,491	1,501,439	1,502,227	1,503,230	1,504,824
Retirement Contribution Reserve	-	-	472,592	637,935	738,630
Insurance Reserve	-	-	130,010	175,530	175,842
Debt	-	-	-	-	-
Other restrictions	78,451	78,552	78,631	78,709	78,789
Assigned Appropriated	2,220,986	550,000	483,000	380,000	300,000
Assigned Unappropriated	-	2,237,284	2,694,516	2,950,311	2,243,927
Unassigned	6,178,659	6,161,905	7,818,072	7,802,065	9,359,498
Reserved	-	-	-	-	-
Unreserved:					
Appropriated	-	-	-	-	-
Unappropriated	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUND EQUITY	<u>10,498,773</u>	<u>12,699,744</u>	<u>15,439,414</u>	<u>15,530,497</u>	<u>16,541,201</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES and FUND EQUITY	<u>\$ 18,308,652</u>	<u>\$ 17,163,704</u>	<u>\$ 19,645,111</u>	<u>\$ 21,048,004</u>	<u>\$ 20,992,577</u>

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

Source: 2011-2014 Audited financial reports of the City. 2015 Unaudited Annual Update Document. This table is not audited.

GENERAL FUND
Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending December 31:	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
REVENUES						
Real Property Taxes and Tax Items	\$ 14,792,368	\$ 16,419,812	\$ 17,933,005	\$ 16,519,475	\$ 17,149,114	\$ 16,675,873
Non-Property Taxes	10,829,845	11,311,352	11,648,610	12,131,794	12,920,338	13,726,684
Departmental Income	1,482,529	1,435,656	1,668,657	1,986,589	2,471,577	2,565,133
Intergovernmental Charges	276,404	249,179	266,847	309,061	317,313	323,752
Use of Money & Property	348,189	421,022	384,039	447,779	631,448	432,352
Licenses and Permits	136,459	154,763	334,651	397,762	463,270	491,218
Fines and Forfeitures	701,984	672,504	669,047	590,366	618,735	651,150
Sale of Property and Compensation for Loss	409,752	385,067	389,886	607,084	728,875	556,684
Miscellaneous	46,966	197,009	1,636,451	1,701,896	1,991,983	2,552,079
Revenues from State Sources	3,785,530	3,375,398	3,392,003	3,448,324	4,163,663	3,132,377
Revenues from Federal Sources	131,369	272,006	521,365	435,740	33,754	62,719
Total Revenues	<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>	<u>\$ 41,170,022</u>
EXPENDITURES						
General Government Support	\$ 7,797,791	\$ 7,512,658	\$ 7,790,871	\$ 7,739,609	\$ 8,204,630	\$ 9,064,313
Public Safety	19,175,161	18,741,867	19,856,225	20,882,005	21,806,411	22,487,909
Health	17,864	17,765	18,277	17,965	21,467	119,116
Transportation	4,062,046	4,129,819	4,131,302	4,550,758	4,361,440	4,559,178
Economic Assistance and Opportunity	138,615	138,615	138,615	141,291	141,291	141,291
Culture and Recreation	2,267,561	1,959,304	2,166,405	2,299,148	2,341,427	2,368,529
Home and Community Services	965,439	899,189	905,660	957,489	977,363	1,182,955
Employee Benefits	-	-	-	-	-	-
Debt Service	137,904	153,507	142,000	137,903	69,588	69,588
Total Expenditures	<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>	<u>\$ 39,992,879</u>
Excess of Revenues Over (Under) Expenditures	<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>	<u>\$ 1,177,143</u>
Other Financing Sources (Uses):						
Operating Transfers In	73,569	61,604	73,578	631,970	95,704	113,843
Operating Transfers Out	(261,848)	(296,037)	(254,867)	(276,333)	(922,487)	(1,199,903)
Total Other Financing	<u>(188,279)</u>	<u>(234,433)</u>	<u>(181,289)</u>	<u>355,637</u>	<u>(826,783)</u>	<u>(1,086,060)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<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>	<u>91,083</u>
FUND BALANCE						
Fund Balance - Beginning of Year	7,719,630	5,907,346	7,011,857	10,498,774	12,699,744	15,439,414
Prior Period Adjustments (net)	(3,019)	(2,100)	(27,000)	(4,368)	-	-
Fund Balance - End of Year	<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>	<u>\$ 15,530,497</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		2016
	Adopted Budget	Revised Budget	Actual	Adopted Budget	Unaudited Actual	Adopted Budget
REVENUES						
Real Property Taxes and Tax Items	\$ 17,522,484	\$ 18,936,669	\$ 16,675,873	\$ 18,181,436	\$ 17,171,289	\$ 17,911,209
Non-Property Taxes	12,799,000	12,799,000	13,726,684	13,528,082	14,202,315	14,894,009
Departmental Income	2,522,180	2,659,459	2,565,133	2,305,276	2,774,659	2,327,327
Intergovernmental Charges	297,702	305,513	323,752	300,424	352,333	345,503
Use of Money & Property	432,600	432,600	432,352	610,634	627,632	615,954
Licenses and Permits	296,200	296,200	491,218	361,900	387,164	416,750
Fines and Forfeitures	576,000	652,531	651,150	676,000	650,747	665,000
Sale of Property and Compensation for Loss	372,907	461,080	556,684	429,517	665,652	461,129
Miscellaneous	1,949,651	2,050,212	2,552,079	1,942,151	2,538,972	1,957,651
Revenues from State Sources	3,559,901	3,854,787	3,132,377	3,341,901	4,300,302	3,639,101
Revenues from Federal Sources	21,000	50,904	62,719	15,000	52,552	556,911
Total Revenues	\$ 40,349,625	\$ 42,498,955	\$ 41,170,022	\$ 41,692,321	\$ 43,723,617	\$ 43,790,544
EXPENDITURES						
General Government Support	\$ 9,794,664	\$ 11,365,498	\$ 9,064,313	\$ 5,500,761	\$ 9,786,949	\$ 6,028,740
Public Safety	22,469,668	23,195,069	22,487,909	14,871,250	23,519,039	16,387,450
Health	120,765	203,663	119,116	20,765	111,090	25,765
Transportation	3,981,355	4,760,575	4,559,178	4,056,561	4,252,603	4,409,402
Economic Assistance and Opportunity	131,291	131,291	141,291	146,291	136,684	141,291
Culture and Recreation	2,143,290	2,181,917	2,368,529	2,283,622	2,636,156	2,459,264
Home and Community Services	1,063,466	1,326,654	1,182,955	1,141,305	1,227,233	1,269,031
Employee Benefits	-	-	-	12,562,409	-	12,550,516
Debt Service	289,588	116,462	69,588	459,588	69,588	394,589
Total Expenditures	\$ 39,994,087	\$ 43,281,129	\$ 39,992,879	\$ 41,042,552	\$ 41,739,342	\$ 43,666,048
Excess of Revenues Over (Under) Expenditures	\$ 355,538	\$ (782,174)	\$ 1,177,143	\$ 649,769	\$ 1,984,275	\$ 124,496
Other Financing Sources (Uses):						
Operating Transfers In	90,396	140,051	113,843	67,200	228,416	222,472
Operating Transfers Out	(445,934)	(1,199,904)	(1,199,903)	(716,969)	(1,401,186)	(346,968)
Total Other Financing	(355,538)	(1,059,853)	(1,086,060)	(649,769)	(1,172,770)	(124,496)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	(1,842,027)	91,083	-	811,505	-
FUND BALANCE						
Fund Balance - Beginning of Year	-	1,842,027	15,439,414	-	15,530,496	-
Prior Period Adjustments (net)	-	-	-	-	199,200	-
Fund Balance - End of Year	\$ -	\$ -	\$ 15,530,497	\$ -	\$ 16,541,201	\$ -

Source: Annual financial report and budgets of the City. This Appendix is not itself audited.

Changes In Fund Equity

Fiscal Years Ending December 31:	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>WATER FUND</u>						
Fund Equity - Beginning of Year	\$ 440,520	\$ 712,897	\$ 626,048	\$ 1,070,697	\$ 1,565,319	\$ 2,033,585
Prior Period Adjustments (net)	-	-	-	-	-	-
Revenues & Other Sources	2,743,961	2,435,013	3,047,019	3,367,121	3,360,810	3,944,659
Expenditures & Other Uses	2,471,584	2,521,862	2,602,370	2,872,499	2,892,544	3,309,189
Fund Equity - End of Year	\$ 712,897	\$ 626,048	\$ 1,070,697	\$ 1,565,319	\$ 2,033,585	\$ 2,669,055
<u>SEWER FUND</u>						
Fund Equity - Beginning of Year	\$ 1,254	\$ 216,122	\$ 267,273	\$ 547,760	\$ 860,840	\$ 990,724
Prior Period Adjustments (net)	-	-	-	-	-	-
Revenues & Other Sources	3,786,286	3,500,654	3,857,006	4,055,633	3,950,767	4,582,927
Expenditures & Other Uses	3,571,418	3,449,503	3,576,519	3,742,553	3,820,883	4,065,096
Fund Equity - End of Year	\$ 216,122	\$ 267,273	\$ 547,760	\$ 860,840	\$ 990,724	\$ 1,508,555

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

BONDED DEBT SERVICE

Fiscal Year Ending December 31st	Excluding the Bonds to be Issued			Principal of the Bonds	Total Principal All Issues
	Principal	Interest	Total		
2016	\$ 2,233,242	\$ 1,693,535.36	\$ 3,926,777.36	\$ 0	\$ 2,233,242
2017	2,190,000	1,612,975.11	3,802,975.11	149,324	2,339,324
2018	2,085,000	1,535,286.03	3,620,286.03	150,000	2,235,000
2019	2,165,000	1,456,989.91	3,621,989.91	155,000	2,320,000
2020	2,255,000	1,374,779.25	3,629,779.25	160,000	2,415,000
2021	2,355,000	1,288,644.98	3,643,644.98	160,000	2,515,000
2022	2,455,000	1,198,247.09	3,653,247.09	165,000	2,620,000
2023	2,400,000	1,105,829.11	3,505,829.11	165,000	2,565,000
2024	2,495,000	1,011,978.55	3,506,978.55	170,000	2,665,000
2025	2,215,000	922,694.22	3,137,694.22	175,000	2,390,000
2026	2,320,000	839,777.70	3,159,777.70	180,000	2,500,000
2027	2,410,000	756,717.33	3,166,717.33	185,000	2,595,000
2028	2,490,000	677,977.90	3,167,977.90	190,000	2,680,000
2029	2,585,000	600,803.40	3,185,803.40	195,000	2,780,000
2030	2,675,000	520,439.58	3,195,439.58	200,000	2,875,000
2031	2,155,000	445,745.95	2,600,745.95	205,000	2,360,000
2032	2,220,000	376,709.37	2,596,709.37	210,000	2,430,000
2033	2,305,000	304,542.16	2,609,542.16	215,000	2,520,000
2034	2,085,000	234,082.06	2,319,082.06		2,085,000
2035	1,600,000	175,506.60	1,775,506.60		1,600,000
2036	1,175,000	131,123.65	1,306,123.65		1,175,000
2037	1,230,000	92,856.93	1,322,856.93		1,230,000
2038	1,180,000	52,692.91	1,232,692.91		1,180,000
2039	905,000	14,364.63	919,364.63		905,000
2040	340,000	554.06	340,554.06		340,000
TOTALS	\$ 50,523,242	\$ 18,424,853.86	\$ 68,948,095.85	\$ 3,029,324	\$ 53,552,566

FINANCIAL STATEMENTS

December 31, 2014

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, 2014

City of Saratoga Springs, New York

Financial Report

December 31, 2014

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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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Saratoga Springs, New York (City) as of and for the year ended December 31, 2014, 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 as of December 31, 2014, 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

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 and 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 and individual 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 and individual 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 and individual 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 June 24, 2015, 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
June 24, 2015

City of Saratoga Springs, New York

Management's Discussion and Analysis December 31, 2014

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, 2014. 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 and deferred outflows of the City exceeded its liabilities on December 31, 2014, by \$21,774,288 representing net position. Of this amount, \$38,467,337 represents the City's investment in capital assets net of related debt, and \$18,877,261 is restricted for future capital improvements, debt service, and other purposes. The remaining amount, which represents negative unrestricted net position, is \$35,570,310. The primary driver of the City's negative unrestricted net position is unfunded other postemployment benefits of \$44,091,985.
- At December 31, 2014, the City's governmental funds reported a combined ending fund balance of \$20,530,825. Of this amount, \$26,950,164 of the fund balance was nonspendable, restricted, or assigned for specific purposes. The combined unassigned fund balance was a negative \$6,419,339 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 \$7,802,065.

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, deferred outflows, liabilities, and deferred inflows 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, 2014

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, 2014 for the SAD was \$182,389, and for the WASAD was \$2,813. 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 and the reconciliations to the government-wide 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, 2014

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 \$21,774,288 at December 31, 2014.

By far, the largest portion, \$38,467,337, 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	
	2014	2013	2014	2013	2014	2013
Current assets and deferred outflows	\$ 27,489,666	\$ 25,350,883	\$ 12,038,625	\$ 10,906,159	\$ 39,528,291	\$ 36,257,042
Capital assets, net	62,499,330	59,410,033	23,668,785	22,731,433	86,168,115	82,141,466
Total assets	<u>89,988,996</u>	<u>84,760,916</u>	<u>35,707,410</u>	<u>33,637,592</u>	<u>125,696,406</u>	<u>118,398,508</u>
Long-term liabilities	77,651,988	70,964,188	14,212,230	11,788,943	91,864,218	82,753,131
Other liabilities	10,564,605	9,322,115	1,493,295	1,204,658	12,057,900	10,526,773
Total liabilities	<u>88,216,593</u>	<u>80,286,303</u>	<u>15,705,525</u>	<u>12,993,601</u>	<u>103,922,118</u>	<u>93,279,904</u>
Net position						
Net investment in capital assets	25,726,285	24,027,011	12,741,052	13,690,956	38,467,337	37,717,967
Restricted	10,242,645	9,501,522	8,634,616	8,172,955	18,877,261	17,674,477
Unrestricted	(34,196,527)	(29,053,920)	(1,373,783)	(1,219,920)	(35,570,310)	(30,273,840)
Total net position	<u>\$ 1,772,403</u>	<u>\$ 4,474,613</u>	<u>\$ 20,001,885</u>	<u>\$ 20,643,991</u>	<u>\$ 21,774,288</u>	<u>\$ 25,118,604</u>

City of Saratoga Springs, New York

Management's Discussion and Analysis December 31, 2014

Overview of the Financial Statements - Continued

Government-Wide Financial Analysis - Continued

The City experienced a decrease in net position during 2014 totaling \$(3,344,316), as shown in the following statement:

	December 31,					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
REVENUES						
Program revenues						
Charges for services	\$ 5,320,612	\$ 5,374,339	\$ 8,078,892	\$ 8,275,176	\$ 13,399,504	\$ 13,649,515
Operating grants and contributions	3,727,650	3,241,765	-	-	3,727,650	3,241,765
Capital grants and contributions	174,896	419,381	-	-	174,896	419,381
Property taxes	19,772,637	19,488,778	-	-	19,772,637	19,488,778
Other taxes	13,726,684	12,920,338	1,107,656	995,753	14,834,340	13,916,091
State aid and mortgage taxes	2,805,968	3,354,608	-	-	2,805,968	3,354,608
Other	451,907	482,383	305,028	76,727	756,935	559,110
Total revenues	<u>45,980,354</u>	<u>45,281,592</u>	<u>9,491,576</u>	<u>9,347,656</u>	<u>55,471,930</u>	<u>54,629,248</u>
EXPENSES						
General government support						
Mayor	402,322	1,129,309	-	-	402,322	1,129,309
Finance	2,445,342	2,143,848	-	-	2,445,342	2,143,848
Public Works	4,565,604	5,888,278	-	-	4,565,604	5,888,278
Accounts	2,228,681	1,056,843	-	-	2,228,681	1,056,843
Civil Service	160,020	82,153	-	-	160,020	82,153
Human Resources	-	505	-	-	-	505
Other general government support	494,206	5,885	-	-	494,206	5,885
Public safety						
Police	12,477,534	12,416,810	-	-	12,477,534	12,416,810
Fire	10,698,218	10,379,205	-	-	10,698,218	10,379,205
Other public safety	3,282,888	3,106,189	-	-	3,282,888	3,106,189
Health	119,062	21,416	-	-	119,062	21,416
Transportation	5,280,018	4,659,108	-	-	5,280,018	4,659,108
Economic opportunity and development	162,041	166,873	-	-	162,041	166,873
Culture and recreation	3,863,352	2,904,177	-	-	3,863,352	2,904,177
Home and community service	1,125,024	1,671,628	-	-	1,125,024	1,671,628
Interest on long-term debt	1,303,867	1,483,163	-	-	1,303,867	1,483,163
Water	-	-	3,359,473	3,764,372	3,359,473	3,764,372
Sewer	-	-	4,004,753	3,841,095	4,004,753	3,841,095
City Center Authority	-	-	2,843,841	2,414,340	2,843,841	2,414,340
Total expenses	<u>48,608,179</u>	<u>47,115,390</u>	<u>10,208,067</u>	<u>10,019,807</u>	<u>58,816,246</u>	<u>57,135,197</u>
Transfers	(74,385)	(799,201)	74,385	799,201	-	-
CHANGE IN NET POSITION	(2,702,210)	(2,632,999)	(642,106)	127,050	(3,344,316)	(2,505,949)
NET POSITION, beginning of year	<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>
NET POSITION, end of year	<u>\$ 1,772,403</u>	<u>\$ 4,474,613</u>	<u>\$ 20,001,885</u>	<u>\$ 20,643,991</u>	<u>\$ 21,774,288</u>	<u>\$ 25,118,604</u>

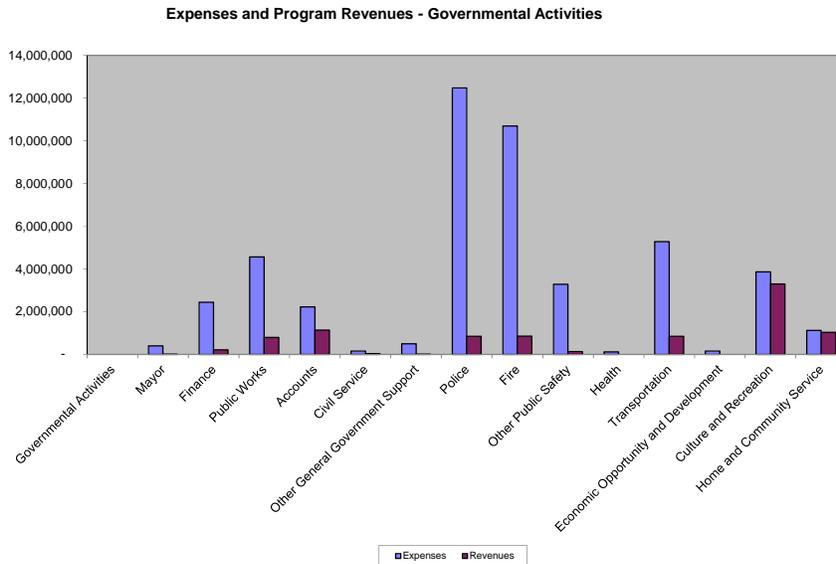
City of Saratoga Springs, New York

Management's Discussion and Analysis December 31, 2014

Overview of the Financial Statements - Continued

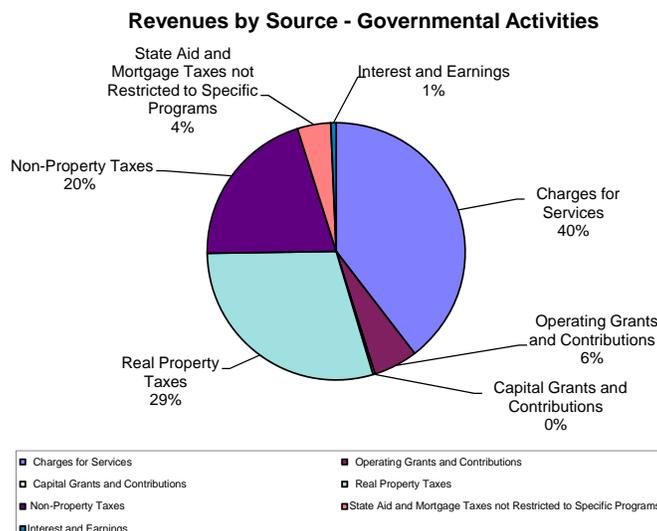
Government-Wide Financial Analysis - Continued

Governmental activities. Governmental activities decreased the City's net position by \$2,702,210. 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 charges for services. Sales tax receipts increased by 5%.

The following chart shows revenues by source for all governmental activities, with general revenues totaling 45% and program revenues totaling 55%:



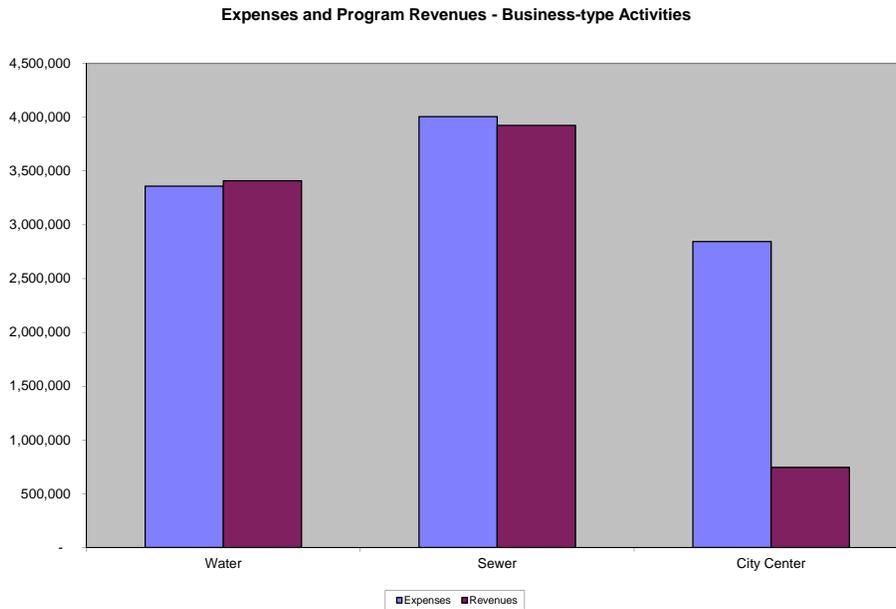
City of Saratoga Springs, New York

Management's Discussion and Analysis
December 31, 2014

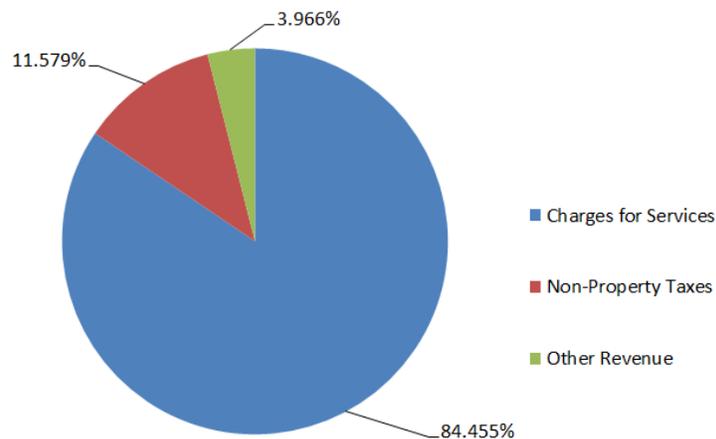
Overview of the Financial Statements - Continued

Government-Wide Financial Analysis - Continued

Business-type activities. Business-type activities decreased the City's net position by \$642,106.



Program revenues were sufficient to cover water expenses but not sewer and City Center activity expenses.



City of Saratoga Springs, New York

Management's Discussion and Analysis December 31, 2014

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 \$20,530,825, a decrease of \$571,125 from the prior year. \$26,950,164 is nonspendable, 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 \$14,043,823, 2) be held for future capital improvements of \$4,903,783, 3) restricted for tax stabilization of \$1,503,230, 4) various other restrictions set by the City Council, and 5) not in spendable form.

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 \$7,802,065, while total fund balance reached \$15,530,497. 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 20% of total General Fund expenditures, while total fund balance represents 39% of that same amount.

The overall fund balance of the City's General Fund increased by \$91,083 during the current fiscal year. Key factors in this increase are as follows:

General Fund Revenues

1. Sales tax increased from 2013 by 5% and exceeded the budget. 2014 sales tax collections were \$11,234,000, a \$583,000 increase from 2013 actual collections, and \$734,000 more than the 2014 adopted budget.
2. Hotel Room Occupancy Tax increased by 11%. 2014 actual collections were \$554,000, an increase of \$56,000 from 2013. Actual amounts exceeded the 2014 adopted budget.
3. Utilities Gross Receipts Tax remained constant. Amounts received were \$463,000 in 2013 and 2014. Receipts did not meet the 2014 adopted budget by \$36,000.
4. Franchise Fees increased \$34,000 in 2014, or 6.5%. Actual receipts of \$547,000 exceeded the adopted budget by \$63,000.
5. Ambulance Fees decreased in 2014 by \$14,000. \$798,000 was collected for Ambulance services, a 2% decrease from last year. Actual amounts exceeded the budget by \$13,000.
6. Admission Tax increased \$132,000, or 31% from 2013. Actual amounts received for 2014 were \$563,000. The budget was exceeded by \$122,000.
7. VLT Aid was \$2,326,000 in 2014. This was an increase of \$498,000 or 27% from 2013. The adopted budget was \$1,827,000.
8. Mortgage Tax. Total state aid decreased by \$1,031,000 from the prior year, including a \$561,000 decrease in mortgage taxes.
9. Overall revenues were not as strong in 2014 as they were in 2013. Total revenues for the General Fund were \$41.3 million, \$1,355,000 less than budgeted and \$302,000 below 2013.

City of Saratoga Springs, New York

Management's Discussion and Analysis December 31, 2014

Financial Analysis of the City's Funds - Continued

General Fund Expenses

1. Health insurance costs were \$6,093,000 in 2014. This was an increase of 4% from 2013. However, 2014 actual expenses were \$215,000 less than the revised budget.
2. Retirement costs decreased 3% for police and fire and other employees increased by 1%. 2014 actual expenses of \$4,697,000 were \$148,000 less than budgeted.
3. Social Security expenses in 2014 were \$1,442,000, \$97,000 less than budgeted.
4. Utility costs were budgeted for \$505,000, and actual expenses were \$472,000. Actual expenses in 2014 were \$84,000 less than fiscal year 2013.
5. Overtime costs totaled \$927,000 in 2014, which was a 5% increase from 2013. Overtime was budgeted as \$972,000 for 2014.
6. Payments for compensatory time amounted to \$565,000, a 20% decrease from 2013. Compensatory time pay outs were budgeted for \$582,000.
7. Total personal services costs were \$1,009,000 higher in 2014. This was primarily the result of the settlement of numerous union contracts.
8. Total General Fund expenses were \$2.3 million more than in 2013, but \$3.3 million less than budgeted. It is important to note that of this \$3.2 million, \$1.3 million was encumbered at year end. Encumbrances are goods or services which are ordered or committed to in 2014 but will be received and paid for in 2015. Therefore, the actual unspent/uncommitted variance was \$1.9 million. The primary reasons for this budget versus actual variance are noted above, as well as the increase in actual expenses from 2013 to 2014.

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, 2014, amounts to \$38,467,337 (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 the City Police Department, a generator at the water treatment plant, and an alternative water source at Bog Meadow.

	December 31,					
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 3,961,353	\$ 3,920,918	\$ 325,841	\$ 325,841	\$ 4,287,194	\$ 4,246,759
Buildings	15,369,036	15,063,201	15,455,422	15,455,422	30,824,458	30,518,623
Improvements other than building	9,078,117	8,856,641	3,380,432	1,464,716	12,458,549	10,321,357
Machinery and equipment	14,579,086	14,003,958	796,839	787,479	15,375,925	14,791,437
Infrastructure	56,381,753	56,277,083	15,995,998	15,708,344	72,377,751	71,985,427
Work in progress	13,668,781	10,385,116	2,349,458	2,780,568	16,018,239	13,165,684
Totals	113,038,126	108,506,917	38,303,990	36,522,370	151,342,116	145,029,287
Accumulated depreciation	50,538,796	49,096,884	14,770,160	13,790,937	65,308,956	62,887,821
Capital assets net of accumulated depreciation	\$ 62,499,330	\$ 59,410,033	\$ 23,533,830	\$ 22,731,433	\$ 86,033,160	\$ 82,141,466

Additional information on the City's capital assets can be found in Note 1k on pages 30 and 31 and Note 3c on pages 35 through 37 of this report.

City of Saratoga Springs, New York

Management's Discussion and Analysis December 31, 2014

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 \$46,618,686. Of this amount, \$46,115,586 comprises debt backed by the full faith and credit of the City and \$503,100 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 \$5,123,686 (10%) during the current fiscal year by new debt issued June 26, 2014. In December 2014, the City issued \$19,370,000 of general obligation refunding bonds at a premium of \$1,795,222 for the purposes of advance refunding \$20,395,000 in prior year bonds (Refunded Bonds). This advance refunding was undertaken to reduce total debt service payments over the next 20 years by \$2,347,209 and resulted in an economic gain of \$1,758,143.

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 \$262,617,999, 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 \$75,033,714, 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).

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 City paid this in full in December 2014.

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 is paying 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 \$664,398 for 384E, \$86,430 for 384EB, and \$88,777 for 384D.

Additional information on the City's long-term debt can be found in Note 1o on page 32 and Note 3e on pages 38 through 41 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 2014. 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, 2014

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, 2014		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and equivalents	\$ 8,743,663	\$ 292,334	\$ 9,035,997
Cash and cash equivalents, restricted	10,242,644	8,634,616	18,877,260
Receivables, net of uncollectibles	6,161,959	3,500,754	9,662,713
Inventories	-	61,370	61,370
Prepaid expenses	1,045,452	115,852	1,161,304
Internal balances	566,301	(566,301)	-
Due from fiduciary funds	1,250	-	1,250
Accrued interest	15,267	-	15,267
Total current assets	26,776,536	12,038,625	38,815,161
NONCURRENT ASSETS			
Depreciable capital assets	62,499,330	23,668,785	86,168,115
Total assets	89,275,866	35,707,410	124,983,276
DEFERRED OUTFLOWS OF RESOURCES			
Deferred refunding charges	713,130	-	713,130
Total assets and deferred outflows	89,988,996	35,707,410	125,696,406
LIABILITIES AND NET POSITION			
LIABILITIES			
Accounts payable and other current liabilities	7,203,706	638,441	7,842,147
Current maturities on long-term liabilities	2,066,615	458,126	2,524,741
Due to fiduciary funds	2,536	-	2,536
Accrued interest payable	1,291,748	396,728	1,688,476
Total current liabilities	10,564,605	1,493,295	12,057,900
NONCURRENT LIABILITIES			
Long-term liabilities, less current maturities	36,809,453	10,469,607	47,279,060
Other post-employment liability	40,842,535	3,249,450	44,091,985
Unearned revenues	-	493,173	493,173
Total liabilities	88,216,593	15,705,525	103,922,118
NET POSITION			
Net investment in capital assets	25,726,285	12,741,052	38,467,337
Restricted for			
Capital improvements	3,946,518	7,645,233	11,591,751
Debt service	2,575,834	-	2,575,834
Tax stabilization	1,503,231	-	1,503,231
Retirement reserve	637,936	-	637,936
Insurance reserve	175,530	-	175,530
Water line extension projects	-	989,383	989,383
Special district	1,967	-	1,967
Capital projects	957,264	-	957,264
Other purposes	444,365	-	444,365
Unrestricted	(34,196,527)	(1,373,783)	(35,570,310)
Total net position	\$ 1,772,403	\$ 20,001,885	\$ 21,774,288

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, 2014						
	Expenses	Program Revenue		Net (Expenses) Revenues and Changes in Net Assets			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
GOVERNMENTAL ACTIVITIES							
General Government Support							
Mayor	\$ 402,322	\$ 1,400	\$ -	\$ -	\$ (400,922)	\$ -	\$ (400,922)
Finance	2,445,342	217,097	-	-	(2,228,245)	-	(2,228,245)
Public Works	4,565,604	751,971	46,629	540	(3,766,464)	-	(3,766,464)
Accounts	2,228,681	1,116,809	16,682	-	(1,095,190)	-	(1,095,190)
Civil Service	160,020	34,927	-	-	(125,093)	-	(125,093)
Other general government support	494,206	4,165	-	-	(490,041)	-	(490,041)
Public Safety							
Police	12,477,534	750,848	96,821	-	(11,629,865)	-	(11,629,865)
Fire	10,698,218	845,676	10,939	-	(9,841,603)	-	(9,841,603)
Other public safety	3,282,888	138,655	-	-	(3,144,233)	-	(3,144,233)
Health	119,062	-	-	-	(119,062)	-	(119,062)
Transportation	5,280,018	-	676,407	174,356	(4,429,255)	-	(4,429,255)
Economic opportunity and development	162,041	-	-	-	(162,041)	-	(162,041)
Culture and recreation	3,863,352	960,847	2,339,992	-	(562,513)	-	(562,513)
Home and community service	1,125,024	498,217	540,180	-	(86,627)	-	(86,627)
Interest on long-term debt	1,303,867	-	-	-	(1,303,867)	-	(1,303,867)
Total governmental activities	<u>48,608,179</u>	<u>5,320,612</u>	<u>3,727,650</u>	<u>174,896</u>	<u>(39,385,021)</u>	<u>-</u>	<u>(39,385,021)</u>
BUSINESS-TYPE ACTIVITIES							
Water	3,359,473	3,409,356	-	-	-	49,883	49,883
Sewer	4,004,753	3,923,506	-	-	-	(81,247)	(81,247)
City Center Authority	2,843,841	746,030	-	-	-	(2,097,811)	(2,097,811)
Total business-type activities	<u>10,208,067</u>	<u>8,078,892</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,129,175)</u>	<u>(2,129,175)</u>
Total government	\$ 58,816,246	\$ 13,399,504	\$ 3,727,650	\$ 174,896	\$ (39,385,021)	\$ (2,129,175)	\$ (41,514,196)
GENERAL REVENUES							
Real property tax and related tax items					\$ 19,772,637	\$ -	\$ 19,772,637
Non-property taxes					13,726,684	1,107,656	14,834,340
Other general revenue items					184,369	297,167	481,536
Interest earnings					267,538	7,861	275,399
State aid and mortgage taxes not restricted to specific purposes					2,805,968	-	2,805,968
Total general revenues					<u>36,757,196</u>	<u>1,412,684</u>	<u>38,169,880</u>
TRANSFERS							
Transfer from governmental to business-type activities					(74,385)	74,385	-
Total general revenues and transfers					<u>36,682,811</u>	<u>1,487,069</u>	<u>38,169,880</u>
CHANGE IN NET POSITION					(2,702,210)	(642,106)	(3,344,316)
NET POSITION, beginning of year					4,474,613	20,643,991	25,118,604
NET POSITION, end of year					\$ 1,772,403	\$ 20,001,885	\$ 21,774,288

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

Fund Financial Statements Balance Sheet - Governmental Funds

December 31, 2014

	Major Funds				Non-Major Funds	Eliminations	Total Governmental Funds
	General	Capital Projects	Debt Service	Community Development	Other Governmental Funds		
ASSETS							
Cash and cash equivalents	\$ 8,448,466	\$ 65,183	\$ -	\$ 34,587	\$ 195,427	\$ -	\$ 8,743,663
Cash, special reserves	3,352,669	3,946,518	2,575,834	365,656	1,967	-	10,242,644
Receivables, net	4,313,848	39,940	1,375	143,385	-	-	4,498,548
Receivables from other governments	2,675,722	79,381	450	58,626	-	-	2,814,179
Prepaid expenses	1,045,452	-	-	-	-	-	1,045,452
Due from other funds	1,211,847	-	-	-	2,955	(647,251)	567,551
Total assets	\$ 21,048,004	\$ 4,131,022	\$ 2,577,659	\$ 602,254	\$ 200,349	\$ (647,251)	\$ 27,912,037
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable and accrued liabilities	\$ 1,317,583	\$ 1,590,225	\$ 1,375	\$ 51,148	\$ 2,192	\$ -	\$ 2,962,523
Due to other funds	2,536	-	626,824	7,472	12,955	(647,251)	2,536
Due to other governments	545,580	-	-	1,232	-	-	546,812
	<u>1,865,699</u>	<u>1,590,225</u>	<u>628,199</u>	<u>59,852</u>	<u>15,147</u>	<u>(647,251)</u>	<u>3,511,871</u>
Deferred inflows of resources							
Deferred inflows, tax	1,497,310	-	-	-	-	-	1,497,310
Deferred inflows, other	2,154,498	40,162	625	176,746	-	-	2,372,031
	<u>3,651,808</u>	<u>40,162</u>	<u>625</u>	<u>176,746</u>	<u>-</u>	<u>-</u>	<u>3,869,341</u>
Total liabilities and deferred inflows of resources	5,517,507	1,630,387	628,824	236,598	15,147	(647,251)	7,381,212
Fund balance							
Nonspendable	1,045,452	-	-	-	-	-	1,045,452
Restricted for							
Capital reserve	957,265	2,356,293	-	-	-	-	3,313,558
Tax stabilization reserve	1,503,230	-	-	-	-	-	1,503,230
Retirement reserve	637,935	-	-	-	-	-	637,935
Insurance reserve	175,530	-	-	-	-	-	175,530
Debt	-	-	1,948,835	-	-	-	1,948,835
Other restrictions	78,709	-	-	365,656	1,967	-	446,332
Assigned for							
Encumbrances	1,268,302	12,775,521	-	-	-	-	14,043,823
2015 budget	380,000	-	-	-	-	-	380,000
Other assignments	1,682,009	-	-	-	-	-	1,682,009
Special district purposes	-	-	-	-	183,235	-	183,235
Unassigned	7,802,065	(12,631,179)	-	-	-	-	(4,829,114)
Total fund balance	15,530,497	2,500,635	1,948,835	365,656	185,202	-	20,530,825
Total liabilities and fund balances	\$ 21,048,004	\$ 4,131,022	\$ 2,577,659	\$ 602,254	\$ 200,349	\$ (647,251)	\$ 27,912,037

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

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

	December 31, 2014
Total fund balances in the fund financial statements for the governmental funds.	\$ 20,530,825
This amount differs from amounts reported for governmental activities due to the following:	
Capital assets are included as assets in the government-wide statements and are added, net of accumulated depreciation.	62,499,330
Long-term liabilities for bonded debt are included as liabilities in the government-wide statements and are deducted.	(35,690,952)
Premiums on the bond issuances are being amortized using the effective interest method.	(1,795,222)
The difference between the bond reacquisition price and the net carrying amount of the bond is deferred and amortized to interest expense.	713,130
Long-term liabilities for retirements plan past service costs are included as liabilities in the government-wide statements and are deducted.	(839,605)
Long-term liabilities for the lease obligations by the City are included as liabilities in the government-wide statements and are deducted.	(550,288)
Long-term liabilities for other post-employment benefit obligations of the City are included as liabilities in the government-wide statements and are deducted.	(40,842,535)
Accrued interest on property, school taxes, and community development loans on receivables for revenues earned, measurable, but not available are added.	15,268
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.	2,718,570
Other current liabilities for compensated absences are included in the government-wide statements as liabilities and are deducted.	(3,694,370)
Current liabilities for interest payable on long-term debt are included in the government-wide statements as liabilities and are deducted.	(1,291,748)
Net position of governmental activities	<u><u>\$ 1,772,403</u></u>

City of Saratoga Springs, New York

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

	Year Ended December 31, 2014					
	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Capital	Debt Service	Community Development		
REVENUES						
Real property taxes and tax items	\$ 16,675,874	\$ -	\$ 2,643,667	\$ -	\$ 165,353	\$ 19,484,894
Non-property taxes	13,726,684	-	-	-	-	13,726,684
Departmental income	2,565,133	-	-	23,169	-	2,588,302
Intergovernmental charges	323,752	540	-	-	-	324,292
Use of money and property	432,352	5,773	244,279	-	-	682,404
Licenses and permits	491,218	-	-	2,393	186	493,797
Fines and forfeitures	651,150	-	-	-	-	651,150
Sale of property and compensation for loss	556,684	48,100	-	-	-	604,784
Miscellaneous	2,552,079	76,748	5,393	-	-	2,634,220
State aid	3,132,377	19,519	-	-	-	3,151,896
Federal aid	62,719	366,307	-	529,932	-	958,958
Total revenues	41,170,022	516,987	2,893,339	555,494	165,539	45,301,381
EXPENDITURES						
<i>General Government Support</i>						
Mayor	802,523	-	-	-	-	802,523
Finance	2,018,708	-	170,306	-	-	2,189,014
Public Works	4,094,174	-	-	-	-	4,094,174
Accounts	1,309,385	-	-	-	-	1,309,385
Civil Service	152,743	-	-	-	-	152,743
Unallocated insurance	686,780	-	-	-	-	686,780
Other general government support	-	-	-	-	1,918	1,918
<i>Public Safety</i>						
Police	10,888,272	-	-	-	-	10,888,272
Fire	8,772,850	-	-	-	-	8,772,850
Other public safety	2,826,787	-	-	-	-	2,826,787
Health	119,116	-	-	-	-	119,116
Transportation	4,559,178	-	-	-	-	4,559,178
Economic opportunity and development	141,291	-	-	-	33,357	174,648
Culture and recreation	2,368,529	-	-	-	-	2,368,529
Home and community service	1,182,955	-	-	495,200	-	1,678,155

<i>Debt service</i>					-	
Principal	45,505	-	1,510,413	-	30,380	1,586,298
Interest	24,083	-	1,441,915	-	13,642	1,479,640
<i>Capital outlay</i>						
Finance	-	219,867	-	-	-	219,867
Public Works	-	194,402	-	-	-	194,402
Other general government support	-	492,682	-	-	-	492,682
Police	-	1,366,885	-	-	-	1,366,885
Fire	-	442,135	-	-	-	442,135
Transportation	-	966,044	-	-	-	966,044
Culture and recreation	-	1,170,367	-	-	-	1,170,367
Home and community service	-	173,043	-	-	-	173,043
Total expenditures	<u>39,992,879</u>	<u>5,025,425</u>	<u>3,122,634</u>	<u>495,200</u>	<u>79,297</u>	<u>48,715,435</u>
Excess (deficiency) of revenues over expenditures	<u>1,177,143</u>	<u>(4,508,438)</u>	<u>(229,295)</u>	<u>60,294</u>	<u>86,242</u>	<u>(3,414,054)</u>
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	2,773,686	19,370,000	-	-	22,143,686
Premiums on bond issuance	-	-	1,947,518	-	-	1,947,518
Repayment to Escrow Agent	-	-	(21,173,889)	-	-	(21,173,889)
Interfund transfers in	113,843	1,006,610	680,288	-	-	1,800,741
Interfund transfers out	(1,199,903)	(5,786)	(506,093)	(113,843)	(49,502)	(1,875,127)
Total other financing sources and uses	<u>(1,086,060)</u>	<u>3,774,510</u>	<u>317,824</u>	<u>(113,843)</u>	<u>(49,502)</u>	<u>2,842,929</u>
NET CHANGE IN FUND BALANCE	91,083	(733,928)	88,529	(53,549)	36,740	(571,125)
FUND BALANCE, <i>beginning of year</i>	<u>15,439,414</u>	<u>3,234,563</u>	<u>1,860,306</u>	<u>419,205</u>	<u>148,462</u>	<u>21,101,950</u>
FUND BALANCE, <i>end of year</i>	<u>\$ 15,530,497</u>	<u>\$ 2,500,635</u>	<u>\$ 1,948,835</u>	<u>\$ 365,656</u>	<u>\$ 185,202</u>	<u>\$ 20,530,825</u>

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

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

		<u>Year Ended December 31, 2014</u>
Net change in fund balances shown for total governmental funds	\$	(571,125)
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	5,054,630
	Depreciation expense	<u>(2,030,162)</u>
		3,024,468
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	265,892
	Prior year revenues	<u>295,778</u>
		(29,886)
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	3,869,341
	Prior year revenues	<u>3,086,643</u>
		782,698
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.		
		491,953
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.		
		(5,110,470)
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.		
		2,511,261
Advance refunding bonds were issued at a premium that will be amortized into interest expense. Money placed into escrow to pay principal and interest on the old bonds in excess of book value is reported as deferred outflow of resources and amortized into interest expense.		
	Premiums on refunding bonds	(1,795,222)
	Deferred charge on refunding bonds	<u>713,130</u>
		(1,082,092)
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.		
		(2,773,686)
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	1,467,519
	2014 allocated expenses	<u>1,291,748</u>
		175,771
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.		
	2014 current year expenditures	3,573,268
	2014 expenses incurred during current year	<u>3,694,370</u>
		(121,102)
Change in net position of governmental activities shown in the statement of activities.		<u>\$ (2,702,210)</u>

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

Fund Financial Statements Statement of Net Position - Proprietary Funds

	December 31, 2014			
	Water Activities	Sewer Activities	City Center Activities	Total
ASSETS				
CURRENT ASSETS				
Cash and equivalents	\$ 75,068	\$ 116,308	\$ 100,958	\$ 292,334
Cash and cash equivalents, restricted	1,810,125	425,381	6,399,110	8,634,616
Due from other funds	-	-	610	610
Receivables, net of uncollectibles	1,441,171	1,774,943	284,030	3,500,144
Inventories	46,118	15,252	-	61,370
Prepaid expenses	43,816	29,486	42,550	115,852
Total current assets	3,416,298	2,361,370	6,827,258	12,604,926
NONCURRENT ASSETS				
Net capital assets	8,537,859	1,515,263	13,615,663	23,668,785
Total assets	11,954,157	3,876,633	20,442,921	36,273,711
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and other current liabilities	163,059	82,452	392,930	638,441
Current maturities on long-term liabilities	410,353	47,773	-	458,126
Internal balances due to governmental activities	253,418	312,883	-	566,301
Accrued interest payable	321,744	74,984	-	396,728
Total current liabilities	1,148,574	518,092	392,930	2,059,596
NONCURRENT LIABILITIES				
Long-term liabilities, less current maturities	8,813,026	1,656,581	-	10,469,607
Other postemployment liability	2,102,513	1,146,937	-	3,249,450
Unearned revenues	222,246	270,927	-	493,173
Total liabilities	12,286,359	3,592,537	392,930	16,271,826
NET POSITION (DEFICIT)				
Invested in capital assets, net of related debt	(685,520)	(189,091)	13,615,663	12,741,052
Restricted for				
Capital improvements	820,741	425,381	6,399,110	7,645,232
Water line extension projects	989,384	-	-	989,384
Unrestricted	(1,456,807)	47,806	35,218	(1,373,783)
Total net position	\$ (332,202)	\$ 284,096	\$ 20,049,991	\$ 20,001,885

City of Saratoga Springs, New York

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

	Year Ended December 31, 2014			
	Water	Sewer	City Center	Total
OPERATING REVENUES				
Water charges	\$ 3,409,356	\$ -	\$ -	\$ 3,409,356
Sewer charges	-	3,923,506	-	3,923,506
General operating	-	-	7,940	7,940
Facility charges	-	-	738,090	738,090
Total operating revenues	<u>3,409,356</u>	<u>3,923,506</u>	<u>746,030</u>	<u>8,078,892</u>
OPERATING EXPENSES				
Costs of sales and services	1,943,365	3,403,296	1,210,073	6,556,734
Administration	726,887	508,598	1,045,519	2,281,004
Depreciation	379,598	17,876	588,249	985,723
Total operating expenses	<u>3,049,850</u>	<u>3,929,770</u>	<u>2,843,841</u>	<u>9,823,461</u>
Operating income (loss)	<u>359,506</u>	<u>(6,264)</u>	<u>(2,097,811)</u>	<u>(1,744,569)</u>
NONOPERATING REVENUES (EXPENSES)				
Hotel occupancy tax	-	-	1,107,656	1,107,656
Other general revenue items	35,144	7,346	254,677	297,167
Interest and earnings	979	7	6,875	7,861
Interest expense	(309,623)	(74,984)	-	(384,607)
Total nonoperating revenues	<u>(273,500)</u>	<u>(67,631)</u>	<u>1,369,208</u>	<u>1,028,077</u>
Income before transfers	<u>86,006</u>	<u>(73,895)</u>	<u>(728,603)</u>	<u>(716,492)</u>
Transfer to governmental funds	(425,000)	(20,288)	-	(445,288)
Transfer from governmental funds	352,266	33,125	134,283	519,674
CHANGE IN NET POSITION	<u>13,272</u>	<u>(61,058)</u>	<u>(594,320)</u>	<u>(642,106)</u>
NET POSITION (DEFICIT), <i>beginning of year</i>	<u>(345,474)</u>	<u>345,154</u>	<u>20,644,311</u>	<u>20,643,991</u>
NET POSITION (DEFICIT), <i>end of year</i>	<u><u>\$ (332,202)</u></u>	<u><u>\$ 284,096</u></u>	<u><u>\$ 20,049,991</u></u>	<u><u>\$ 20,001,885</u></u>

City of Saratoga Springs, New York

Fund Financial Statements Statement of Cash Flows - Proprietary Funds

	Year Ended December 31, 2014			
	Water	Sewer	City Center	Total
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES				
Charges for services	\$ 3,304,421	\$ 3,758,963	\$ 690,883	\$ 7,754,267
Payments to contractors and suppliers	(720,972)	(2,848,230)	(1,105,870)	(4,675,072)
Payments to employees, payroll taxes and benefits	(1,725,905)	(862,379)	(1,045,519)	(3,633,803)
	857,544	48,354	(1,460,506)	(554,608)
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES				
Bond proceeds	2,150,000	200,000	-	2,350,000
Purchase of capital assets	(3,521,214)	(9,787)	-	(3,531,001)
Payment on bonds	(418,329)	(44,415)	-	(462,744)
Interest paid	(276,555)	(72,500)	-	(349,055)
	(2,066,098)	73,298	-	(1,992,800)
CASH FLOWS PROVIDED (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Hotel occupancy taxes	-	-	1,107,656	1,107,656
Transfers and other	(72,734)	12,836	134,283	74,385
	(72,734)	12,836	1,241,939	1,182,041
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES				
Interest and dividends received	979	7	6,875	7,861
Allocation (use) to restricted cash and cash equivalents	1,192,891	(314,794)	123,543	1,001,640
	1,193,870	(314,787)	130,418	1,009,501
Net increase in cash and cash equivalents	(87,418)	(180,299)	(88,149)	(355,866)
CASH AND CASH EQUIVALENTS, beginning of year	162,486	296,607	189,107	648,200
CASH AND CASH EQUIVALENTS, end of year	\$ 75,068	\$ 116,308	\$ 100,958	\$ 292,334
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 359,506	\$ (6,264)	\$ (2,097,811)	\$ (1,744,569)
Depreciation expense	379,598	17,876	588,249	985,723
(Increase) decrease in				
Receivables, net of allowances	(163,030)	(116,787)	(55,147)	(334,964)
Inventory	(11,056)	-	-	(11,056)
Prepays	13,793	(1,359)	(1,272)	11,162
Increase (decrease) in				
Accounts payable and other liabilities	(241,298)	(267,952)	105,475	(403,775)
Unearned revenues	137,790	161,514	-	299,304
Retirement and OPEB liability	382,241	261,326	-	643,567
	857,544	48,354	(1,460,506)	(554,608)
Net cash provided (used) by operating activities	\$ 857,544	\$ 48,354	\$ (1,460,506)	\$ (554,608)

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

Fund Financial Statements Statement of Fiduciary Net Position - Fiduciary Funds

	December 31, 2014	
	Agency Funds	Private Purpose Trust
ASSETS		
Cash	\$ 1,383,811	\$ 35,738
Accrued interest	2,500	-
Due to other funds	1,926	-
Total assets	1,388,237	35,738
LIABILITIES		
Accounts payable	1,297,439	-
Due to other governments	89,548	-
Due to other funds	1,250	-
Total liabilities	1,388,237	-
NET POSITION	\$ -	\$ 35,738

City of Saratoga Springs, New York

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

	December 31, 2014
	Private Purpose Trust
ADDITIONS	
Private donations	\$ 300
Interest earnings	36
	<hr/> 336
DEDUCTIONS	
Culture and recreation	<hr/> -
CHANGE IN NET POSITION	336
NET POSITION, <i>beginning of year</i>	<hr/> 35,402
NET POSITION, <i>end of year</i>	<u><u>\$ 35,738</u></u>

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2014

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, 2014

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, 2014

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, 2014

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 Downtown 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, 2014

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. When applicable, the City values investment securities at fair market value.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2014

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 6% of outstanding property and school taxes at December 31, 2014. 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 have externally imposed constraints or constraints imposed by law through constitutional provisions or enabling legislation.

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, 2014

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, 2014

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 the 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, 2014

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

p. Deferred Outflows and Inflows of Resources

The City reports certain financial transactions that do not meet the definition of an asset or liability as a deferred outflow or deferred inflow of resources. Deferred outflows and deferred inflows of resources are reported in separate sections following assets and liabilities, respectively. During 2014, the City advance refunded bonds, which required money to be placed in an irrevocable trust to ensure principal and interest payments. The money placed into the trust exceeded the book value of the bonds by \$713,130 and is reported as a deferred outflow of resources, and will be amortized over the life of the old bonds as a component of interest expense. The City also reports deferred inflows of resources in the governmental funds for receivable balances that do not meet the "availability" criterion for revenue recognition.

q. Adoption of New Accounting Standards

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes 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.

There was no impact to the City's financial statements as a result of adopting the aforementioned accounting standards.

r. Subsequent Events

The City has evaluated subsequent events for potential recognition or disclosure through June 24, 2015, 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.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2014

Note 2 - Stewardship, Compliance, and Accountability - Continued

Legal Compliance and Budgets - Continued

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

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

Note 3 - Detailed Notes on all Funds

a. Cash and Cash Equivalents

Collateral

New York State statutes require the City to collateralize its cash deposits in excess of the Federal Deposit Insurance Corporation limit of \$250,000. 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, 2014.

Cash and Cash Equivalents, Restricted

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

Debt service	\$ 2,575,834
Special assessment district purposes	1,967
Tax stabilization	1,503,230
Retirement reserve	637,936
Insurance reserve	175,530
Capital improvements	4,903,782
Community development	365,656
Council designated purposes	<u>78,709</u>
Total restricted cash and cash equivalents	<u>\$ 10,242,644</u>

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

City Center capital improvements	\$ 6,399,110
Water capital projects	1,810,125
Sewer capital projects	<u>425,381</u>
Total restricted	<u>\$ 8,634,616</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, 2014

Note 3 - Detailed Notes on all Funds - Continued

b. Receivables - Continued

Receivables	Governmental Funds				Enterprise Funds			Total
	General	Capital	Debt Service	Special Grant	Water	Sewer	Center Authority	
City and county taxes	\$ 769,433	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 769,433
School taxes	537,726	-	-	-	-	-	-	537,726
Tax sales	963,660	-	-	-	-	-	-	963,660
Water rents	-	-	-	-	1,476,990	-	-	1,476,990
Sewer rents	-	-	-	-	-	1,859,951	-	1,859,951
Accounts	2,077,195	-	1,375	-	33,000	-	36,652	2,148,222
Rehabilitation loans	-	-	-	176,580	-	-	-	176,580
State and federal	2,446,970	79,381	-	58,626	-	-	-	2,584,977
Other governments	228,752	-	450	-	-	-	247,378	476,580
Total net receivables	<u>7,023,736</u>	<u>79,381</u>	<u>1,825</u>	<u>235,206</u>	<u>1,509,990</u>	<u>1,859,951</u>	<u>284,030</u>	<u>10,994,119</u>
Allowance for uncollectible accounts	(34,166)	-	-	(33,195)	(68,819)	(85,008)	-	(221,188)
Total net receivables	<u>\$ 6,989,570</u>	<u>\$ 79,381</u>	<u>\$ 1,825</u>	<u>\$ 202,011</u>	<u>\$ 1,441,171</u>	<u>\$ 1,774,943</u>	<u>\$ 284,030</u>	<u>\$ 10,772,931</u>

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

Receivables, net of allowances	
Governmental activities	\$ 6,161,959
Business-type activities	<u>3,500,144</u>
 Total	 <u>\$ 9,662,103</u>

c. Capital Assets

Capital asset activity was as follows:

Governmental Activities	Year Ended December 31, 2014			Balance December 31, 2014
	Balance January 1, 2014	Additions/ Adjustment	Retirement Reclassifications	
Capital assets not being depreciated				
Land	\$ 3,920,918	\$ 40,435	\$ -	\$ 3,961,353
Work in progress	10,385,116	3,670,260	(386,595)	13,668,781
Total capital assets not being depreciated	<u>14,306,034</u>	<u>3,710,695</u>	<u>(386,595)</u>	<u>17,630,134</u>
Depreciable capital assets				
Buildings	15,063,201	305,835	-	15,369,036
Improvements	8,856,641	221,476	-	9,078,117
Machinery, equipment, and vehicles	14,003,958	1,250,298	(675,170)	14,579,086
Infrastructure	56,277,083	104,670	-	56,381,753
Total depreciable capital assets	<u>94,200,883</u>	<u>1,882,279</u>	<u>(675,170)</u>	<u>95,407,992</u>
Less accumulated depreciation				
Buildings	7,549,293	598,166	-	8,147,459
Improvements other than buildings	3,624,119	308,641	-	3,932,760
Machinery, equipment, and vehicles	9,635,808	274,094	(588,250)	9,321,652
Infrastructure	28,287,664	849,261	-	29,136,925
Total accumulated depreciation	<u>49,096,884</u>	<u>2,030,162</u>	<u>(588,250)</u>	<u>50,538,796</u>
Net depreciable capital assets	<u>45,103,999</u>	<u>(147,883)</u>	<u>(86,920)</u>	<u>44,869,196</u>
Total net capital assets governmental activities	<u>\$ 59,410,033</u>	<u>\$ 3,562,812</u>	<u>\$ (473,515)</u>	<u>\$ 62,499,330</u>

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2014

Note 3 - Detailed Notes on all Funds - Continued

c. Capital Assets - Continued

Business-type Activities	Year Ended December 31, 2014			Balance December 31, 2014
	Balance January 1, 2014	Additions/ Adjustment	Retirement Reclassifications	
Water activity				
Capital assets not being depreciated				
Land	\$ 325,841	\$ -	\$ -	\$ 325,841
Work in progress	1,742,881	1,304,434	(1,742,881)	1,304,434
Total capital assets not being depreciated	<u>2,068,722</u>	<u>1,304,434</u>	<u>(1,742,881)</u>	<u>1,630,275</u>
Depreciable capital assets				
Buildings	749,195	-	-	749,195
Improvements	1,237,470	1,915,716	-	3,153,186
Machinery, equipment, and vehicles	631,207	13,410	-	644,617
Infrastructure	15,367,344	287,654	-	15,654,998
Total depreciable capital assets	<u>17,985,216</u>	<u>2,216,780</u>	<u>-</u>	<u>20,201,996</u>
Less accumulated depreciation				
Buildings	256,378	29,159	-	285,537
Improvements	174,794	107,203	-	281,997
Machinery, equipment, and vehicles	354,337	12,119	-	366,456
Infrastructure	12,129,305	231,117	-	12,360,422
Total accumulated depreciation	<u>12,914,814</u>	<u>379,598</u>	<u>-</u>	<u>13,294,412</u>
Net depreciable capital assets	<u>5,070,402</u>	<u>1,837,182</u>	<u>-</u>	<u>6,907,584</u>
Total net capital assets water activities	<u>\$ 7,139,124</u>	<u>\$ 3,141,616</u>	<u>\$ (1,742,881)</u>	<u>\$ 8,537,859</u>
Sewer activity				
Capital assets not being depreciated				
Work in progress	\$ 1,037,687	\$ 7,337	\$ -	\$ 1,045,024
Depreciable capital assets				
Improvements	227,246	-	-	227,246
Machinery, equipment, and vehicles	14,817	2,450	-	17,267
Infrastructure	341,000	-	-	341,000
Total depreciable capital assets	<u>583,063</u>	<u>2,450</u>	<u>-</u>	<u>585,513</u>
Less accumulated depreciation				
Improvements	8,059	7,726	-	15,785
Machinery, equipment, and vehicles	56,344	325	-	56,669
Infrastructure	32,995	9,825	-	42,820
Total accumulated depreciation	<u>97,398</u>	<u>17,876</u>	<u>-</u>	<u>115,274</u>
Net depreciable capital assets	<u>485,665</u>	<u>(15,426)</u>	<u>-</u>	<u>470,239</u>
Total net capital assets sewer activities	<u>\$ 1,523,352</u>	<u>\$ (8,089)</u>	<u>\$ -</u>	<u>\$ 1,515,263</u>
City Center Authority				
Machinery, equipment, and vehicles	\$ 141,455	\$ -	\$ (6,500)	\$ 134,955
Buildings	14,801,919	-	-	14,801,919
Accumulated depreciation	732,962	588,249	-	1,321,211
Net capital assets City Center Authority	<u>\$ 14,210,412</u>	<u>\$ (588,249)</u>	<u>\$ (6,500)</u>	<u>\$ 13,615,663</u>

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2014

Note 3 - Detailed Notes on all Funds - Continued

c. Capital Assets - Continued

Depreciation expense was charged to functions/programs as follows:

Mayor	\$ 4,427
Finance	3,242
DPW	1,102,449
DPS	63,557
Accounts	1,287
Police	51,404
Fire	137,292
Home and community service	6,105
Transportation	192,379
Culture and recreation	<u>468,020</u>
 Total depreciation expense for governmental activities	 <u><u>\$ 2,030,162</u></u>
 Water	 \$ 379,598
Sewer	17,876
City Center Authority	<u>588,249</u>
 Total depreciation expense for business-type activities	 <u><u>\$ 985,723</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, 2014	
	Due From	Due To
General	\$ 2,536	\$ 1,211,847
City Center	-	610
Water	253,418	-
Sewer	312,883	-
SAD	12,955	-
WASAD	-	2,955
Trust	1,250	1,926
Debt Service	626,824	-
Community Development	<u>7,472</u>	<u>-</u>
	<u><u>\$ 1,217,338</u></u>	<u><u>\$ 1,217,338</u></u>

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2014

Note 3 - Detailed Notes on all Funds - Continued

d. Interfund Receivables, Payables, and Transfers - Continued

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

	December 31, 2014	
	Due To	Due From
General	\$ 566,301	\$ 610
City Center	610	-
Water	-	253,418
Sewer	-	312,883
	\$ 566,911	\$ 566,911

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

Transfers Out	December 31, 2014						
	Transfers In						
	Debt Service	City Center	General Fund	Water	Sewer	Capital	Totals
General Fund	\$ 625,000	\$ 134,283	\$ -	\$ 18,266	\$ 33,125	\$ 389,229	\$ 1,199,903
Capital Projects	5,786	-	-	-	-	-	5,786
Water	-	-	-	-	-	425,000	425,000
Sewer	-	-	-	-	-	20,288	20,288
WASAD	49,502	-	-	-	-	-	49,502
Debt Service	-	-	-	334,000	-	172,093	506,093
Community Development	-	-	113,843	-	-	-	113,843
	\$ 680,288	\$ 134,283	\$ 113,843	\$ 352,266	\$ 33,125	\$ 1,006,610	\$ 2,320,415

In the government-wide statement of net position, interfund receivables and payables between governmental activities were eliminated, leaving \$566,301 due from the business-type activities. In the government-wide statement of activities, interfund transfers of \$935,330 between governmental activities were eliminated, leaving \$74,385 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 26, 2014, the City issued a \$5,123,686, 20-year general obligation bond. Of the total amount, \$2,773,686 was issued to finance governmental activities, \$200,000 to finance sewer activities, and \$2,150,000 was issued to finance water activities.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2014

Note 3 - Detailed Notes on all Funds - Continued

e. *Indebtedness - Continued*

i. *General Obligation Bonds - Continued*

A summary of the City's general obligation serial bond transactions for the year ended December 31, 2014, is as follows:

Bonds payable, <i>beginning of year</i>	\$ 44,423,499
Bonds issued	5,123,686
Refunding bonds issued	19,370,000
Refunded bonds	(20,395,000)
Bonds retired	<u>(1,903,499)</u>
 Bonds payable, <i>end of year</i>	 <u><u>\$ 46,618,686</u></u>

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

Public Improvement Bonds	Issue Date	Maturity	Rate	December 31, 2014
Serial Bond, EFC	03/97	02/17	3.400%	\$ 420,000
Serial Bond, general obligation	04/04	02/34	4.000%	100,000
Serial Bond, general obligation	04/06	04/35	4.250%	205,000
Serial Bond, general obligation	07/07	07/30	3.700%	665,000
Serial Bond, general obligation	08/08	08/38	5.000%	4,490,000
Serial Bond, general obligation	01/09	01/24	4.250%	540,000
Serial Bond, general obligation	09/09	09/39	4.250%	1,265,000
Serial Bond, general obligation	07/10	07/37	4.420%	1,405,000
Statutory Installment Bond	04/11	04/39	4.630%	2,025,000
Serial Bond, general obligation	05/12	05/39	2.975%	6,360,000
Serial Bond, general obligation	12/12	12/22	2.000%	455,000
Serial Bond, general obligation	04/13	06/33	3.372%	4,195,000
Serial Bond, general obligation	06/14	06/34	2.810%	5,123,686
Refunding Bond	12/14	02/35	2.878%	<u>19,370,000</u>
				<u><u>\$ 46,618,686</u></u>

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2014

Note 3 - Detailed Notes on all Funds - Continued

e. Indebtedness - Continued

i. General Obligation Bonds - Continued

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

	Principal	Interest	Total
For the year ending December 31,			
2015	\$ 2,073,686	\$ 1,666,288	\$ 3,739,974
2016	2,065,000	1,675,475	3,740,475
2017	2,020,000	1,597,459	3,617,459
2018	1,910,000	1,520,257	3,430,257
2019	1,985,000	1,442,309	3,427,309
For the years ending December 31,			
2020-2024	10,985,000	5,911,788	16,896,788
2025-2029	10,895,000	3,742,042	14,637,042
2030-2034	10,130,000	1,841,797	11,971,797
2035-2039	4,555,000	448,281	5,003,281
	<u>\$ 46,618,686</u>	<u>\$ 19,845,696</u>	<u>\$ 66,464,382</u>

Of the total outstanding indebtedness of the City in the sum of \$46,618,686, \$42,687,280 was subject to the statutory debt limit and represented approximately 57% of the City's \$75,033,714 self-imposed debt limit.

In December 2014, the City issued \$19,370,000 of general obligation refunding bonds at a premium of \$1,795,222 for the purpose of refunding \$20,395,000 in prior year bonds (Refunded Bonds). The City transferred \$21,173,889 of the total proceeds to an irrevocable trust escrow account for the purchase of U.S. Treasury securities will be held therein until all Refunded Bonds are redeemed. As a result, \$20,395,000 in refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. This advance refunding was undertaken to reduce total debt service payments over the next 20 years by \$2,347,209 and resulted in an economic gain of \$1,758,143.

ii. Special Assessment Debt

At December 31, 2014, the amount of special assessment debt outstanding for SAD and WASAD was \$478,525 and \$24,575, 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 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 \$45,505 were made in 2014. 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 \$550,288.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2014

Note 3 - Detailed Notes on all Funds - Continued

e. Indebtedness - Continued

iv. Other Liabilities - Continued

Other liabilities include the following:

	January 1, 2014	Additions	Deletions	December 31, 2014
Sick time	\$ 2,759,111	\$ 282,352	\$ 171,530	\$ 2,869,934
Compensatory time	773,834	769,322	766,333	776,823
Total	\$ 3,532,945	\$ 1,051,674	\$ 937,863	\$ 3,646,757

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
Governmental Funds			
EPC lease	\$ 47,399	\$ 502,889	\$ 550,288
Bonds	1,615,560	34,075,393	35,690,953
Bond premiums	-	1,795,222	1,795,222
Retirement due December 15, 2015	403,656	435,949	839,605
	\$ 2,066,615	\$ 36,809,453	\$ 38,876,068
Water			
Bonds	\$ 410,353	\$ 8,813,026	\$ 9,223,379
	\$ 410,353	\$ 8,813,026	\$ 9,223,379
Sewer			
Bonds	\$ 47,773	\$ 1,656,581	\$ 1,704,354
	\$ 47,773	\$ 1,656,581	\$ 1,704,354
Total Business Type Activities			
Bonds	\$ 458,126	\$ 10,469,607	\$ 10,927,733
	\$ 458,126	\$ 10,469,607	\$ 10,927,733

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2014

Note 3 - Detailed Notes on all Funds - Continued

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 2014 on or before February 1, 2014. The required contributions for the current and two preceding years were:

	2014	2013	2012
ERS regular contribution	\$ 1,905,391	\$ 1,989,509	\$ 1,769,014
ERS 2004 amortization	51,194	51,194	51,194
PFRS regular contribution	2,612,734	2,665,093	2,367,796
PFRS 2004 amortization	84,742	84,743	84,743
PFRS Fire 384E	-	136,868	136,868
PFRS Police 384EB	48,003	48,003	48,003
PFRS Police 84E	369,007	369,007	369,007
PFRS Police Re-open 384D	49,323	49,323	49,323
	<u>\$ 5,120,394</u>	<u>\$ 5,393,740</u>	<u>\$ 4,875,948</u>
Totals	<u>\$ 5,120,394</u>	<u>\$ 5,393,740</u>	<u>\$ 4,875,948</u>

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

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2014

Note 3 - Detailed Notes on all Funds - Continued

f. Employee Retirement Systems and Pension Plan - Continued

ii. Employee Retirement Systems Funding Policy - Continued

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

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

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

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

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

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 December 15, 2015	\$ 319,422	\$ 53,152	\$ 372,574
Payable December 15, 2016	344,976	27,598	372,574
Totals	\$ 664,398	\$ 80,750	\$ 745,148

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2014

Note 3 - Detailed Notes on all Funds - Continued

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

ii. *Employee Retirement Systems Funding Policy - Continued*

	Principal	Interest	Total
Payable December 15, 2015	\$ 42,681	\$ 7,119	\$ 49,800
Payable December 15, 2016	46,096	3,704	49,800
Totals	\$ 88,777	\$ 10,823	\$ 99,600

	Principal	Interest	Total
Payable December 15, 2015	\$ 41,553	\$ 6,914	\$ 48,467
Payable December 15, 2016	44,877	3,590	48,467
Totals	\$ 86,430	\$ 10,504	\$ 96,934

The unpaid principal balance of \$839,605 at December 31, 2014, 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 \$403,656 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, 2014, the City contributed \$2,075,904 to the Retiree Health Plan. Some Retiree Health Plan members receiving benefits contribute a percent of their premium costs. Total member contributions were \$383,054 for the year ended December 31, 2014.

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

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2014

Note 4 - Postemployment Benefits Other Than Pensions - Continued

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 2014, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Plan:

Required Information	Govt.	Water	Sewer	Total
Annual required contribution	\$ 7,941,440	\$ 312,392	\$ 156,107	\$ 8,409,939
Interest on net OPEB obligation	1,429,283	75,444	41,248	1,545,975
Adjustment to annual required contribution	<u>(2,253,416)</u>	<u>(118,946)</u>	<u>(65,032)</u>	<u>(2,437,394)</u>
Annual OPEB cost (expense)	7,117,307	268,890	132,323	7,518,520
Contributions made (expected)	<u>(2,006,837)</u>	<u>(52,484)</u>	<u>(16,583)</u>	<u>(2,075,904)</u>
Increase in net OPEB obligation	5,110,470	216,406	115,740	5,442,616
Net OPEB obligation, beginning of year	<u>35,732,065</u>	<u>1,886,107</u>	<u>1,031,197</u>	<u>38,649,369</u>
Net OPEB obligation, end of year	<u>\$ 40,842,535</u>	<u>\$ 2,102,513</u>	<u>\$ 1,146,937</u>	<u>\$ 44,091,985</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 2014 was as follows:

Activity	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2014			
Governmental	\$ 7,117,307	28%	\$ 40,842,535
Water	132,323	13%	1,146,937
Sewer	268,890	20%	2,102,513
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

Funded Status and Funding Progress - As of December 31, 2014, the actuarial accrued liability for benefits was \$77,687,462, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Retiree Health Plan) was \$22,258,925, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 349%.

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.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2014

Note 4 - Postemployment Benefits Other Than Pensions - Continued

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

The following simplifying assumptions were made:

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

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

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

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

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

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

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

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

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, 2014, was twenty-six years.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2014

Note 5 - Commitments and Contingencies

a. *Environmental Risks*

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

b. *Risk Management*

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

The City's Safety Committee reviews potential areas of risk and develops safety policies. The Safety Committee reviews, among other things, workers' compensation trends to determine and prevent causation of similar claims in future. The City belongs to the Saratoga County Workers' Compensation pool, and cases are reviewed and paid by Saratoga County. The City's 2014 annual contribution to the workers' compensation pool was \$377,614.

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 314 employees covered by seven bargaining units. The Police Chiefs' contract expired on December 31, 2014, the Police Lieutenants' and Police Benevolent Association's contracts expired on December 31, 2012, and the Fire Chiefs' and Firefighters' contracts expired on December 31, 2013. The CSEA City Hall and CSEA DPW contracts are set to expire on December 31, 2016. All expired contracts are actively under negotiation.

Note 6 - Accounting Standards Issued Not Yet Implemented

GASB 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, 2014

Note 6 - 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. 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 7 - Subsequent Events

On June 9, 2015, the City issued \$5,843,284 in general obligation bonds to finance various projects, including water improvements and a new fire truck. The effective interest rate on the bonds is 3.31%. The bonds will mature on June 15, 2040.

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Revised - Positive (Negative)</u>
	<u>Adopted</u>	<u>Revised</u>		
REVENUES				
Real property taxes and tax items	\$ 17,522,484	\$ 18,936,669	\$ 16,675,874	\$ (2,260,795)
Non-property taxes	12,799,000	12,799,000	13,726,684	927,684
Departmental income	2,522,180	2,659,459	2,565,133	(94,326)
Intergovernmental charges	297,702	305,513	323,752	18,239
Use of money and property	432,600	432,600	432,352	(248)
Licenses and permits	296,200	296,200	491,218	195,018
Fines and forfeitures	576,000	652,531	651,150	(1,381)
Sale of property and compensation for loss	372,907	461,080	556,684	95,604
Miscellaneous	1,949,651	2,050,212	2,552,079	501,867
State aid	3,559,901	3,854,786	3,132,377	(722,409)
Federal aid	21,000	50,904	62,719	11,815
Total revenues	<u>40,349,625</u>	<u>42,498,954</u>	<u>41,170,022</u>	<u>(1,328,932)</u>
EXPENDITURES				
General government support	9,794,664	11,365,498	9,064,313	2,301,185
Public safety	22,469,668	23,195,069	22,487,909	707,160
Health	120,765	203,663	119,116	84,547
Transportation	3,981,355	4,760,575	4,559,178	201,397
Economic opportunity and development	131,291	131,291	141,291	(10,000)
Culture and recreation	2,143,290	2,181,917	2,368,529	(186,612)
Home and community service	1,063,466	1,326,654	1,182,955	143,699
Debt service	289,588	116,462	69,588	46,874
Total expenses	<u>39,994,087</u>	<u>43,281,129</u>	<u>39,992,879</u>	<u>3,288,250</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	90,396	140,051	113,843	(26,208)
Interfund transfers out	(445,934)	(1,199,904)	(1,199,903)	1
Total other financing sources (uses)	<u>(355,538)</u>	<u>(1,059,853)</u>	<u>(1,086,060)</u>	<u>(26,207)</u>
Net change in fund balance (actual) and appropriated fund balance (budget)	-	(1,842,028)	91,083	(4,643,389)
FUND BALANCE, beginning of year	<u>15,439,414</u>	<u>15,439,414</u>	<u>15,439,414</u>	<u>15,439,414</u>
FUND BALANCE, end of year	<u>\$ 15,439,414</u>	<u>\$ 13,597,386</u>	<u>\$ 15,530,497</u>	<u>\$ 10,796,025</u>

See Independent Auditor's Report.

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Revised - Positive (Negative)
	Adopted	Revised		
REVENUES				
Real property taxes and tax items	\$ 2,972,550	\$ 3,052,030	\$ 2,643,667	\$ (408,363)
Use of money and property	-	-	244,278	244,278
Miscellaneous	-	-	5,393	5,393
Total revenues	2,972,550	3,052,030	2,893,338	(158,692)
EXPENDITURES				
General government support	40,000	44,907	170,306	(125,399)
Debt service, principal	1,612,011	2,484,713	1,510,413	974,300
Debt service, interest	1,445,898	1,532,820	1,441,915	90,905
Total expenditures	3,097,909	4,062,440	3,122,634	939,806
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	314,859	314,859	680,289	365,430
Proceeds from advanced bond refunding, net	-	-	143,629	143,629
Interfund transfers out	(189,500)	(268,980)	(506,093)	(237,113)
Total other financing sources (uses)	125,359	45,879	317,825	271,946
Net change in fund balance (actual) and appropriated fund balance (budget)	-	(964,531)	88,529	(826,552)
FUND BALANCE, <i>beginning of year</i>	1,860,306	1,860,306	1,860,306	1,860,306
FUND BALANCE, <i>end of year</i>	\$ 1,860,306	\$ 895,775	\$ 1,948,835	\$ 1,033,754

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)
12/31/2014	\$ -	\$ 77,687,462	\$ 77,687,462	0.00%	\$ 22,258,925	349%
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%

City of Saratoga Springs, New York

Supplementary Information
December 31, 2014

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, 2014		
	Downtown Special Assessment District	West Avenue Special Assessment District	Total
ASSETS			
Cash and cash equivalents	\$ 195,342	\$ 85	\$ 195,427
Cash, special reserves	1,967	-	1,967
Due to other funds	-	2,955	2,955
	\$ 197,309	\$ 3,040	\$ 200,349
LIABILITIES			
Accounts payable and accrued liabilities	\$ 1,965	\$ 227	\$ 2,192
Due to other funds	12,955	-	12,955
Total liabilities	14,920	227	15,147
FUND BALANCE			
Restricted for			
Other restrictions	1,967	-	1,967
Assigned for			
Special district purposes	180,422	2,813	183,235
Total fund balance	182,389	2,813	185,202
	\$ 197,309	\$ 3,040	\$ 200,349

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, 2014		
	Downtown Special Assessment District	West Avenue Special Assessment District	Total
REVENUES			
Real property taxes and tax items	\$ 114,769	\$ 50,584	\$ 165,353
Interest and earnings	163	23	186
Total revenues	114,932	50,607	165,539
EXPENDITURES			
Current			
Administration	-	1,918	1,918
Economic opportunity and development	33,357	-	33,357
Debt service			
Principal	30,380	-	30,380
Interest	13,642	-	13,642
Total expenditures	77,379	1,918	79,297
OTHER FINANCING SOURCES (USES)			
Interfund transfers out	-	(49,502)	(49,502)
Net change in fund balance	37,553	(813)	36,740
FUND BALANCE, <i>beginning of year</i>	144,836	3,626	148,462
FUND BALANCE, <i>end of Year</i>	\$ 182,389	\$ 2,813	\$ 185,202