

**City of Saratoga Springs, New York**

Financial Report

December 31, 2018

# City of Saratoga Springs, New York

## Financial Report

December 31, 2018

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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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***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, 2018, 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.

### ***Emphasis of Matters***

#### *Adoption of New Accounting Standard*

As discussed in Note 1o to the financial statements, in 2018 the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

#### *Correction of Error*

As discussed in Note 1o to the financial statements, the net position of the governmental activities', water fund, and sewer fund have been restated to correct a misstatement. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the required supplementary information listed in the accompanying table of contents on pages 4 to 13 and 57 to 61 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.

#### *Supplementary 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 and individual non-major fund financial statements on pages 62 through 64 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

*Supplementary Information - Continued*

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 September 11, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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 the City's internal control over financial reporting and compliance.

BST & CO. CPAs, LLP

Albany, New York  
September 11, 2019



# City of Saratoga Springs, New York

## Management's Discussion and Analysis December 31, 2018

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, 2018. We encourage readers to consider the information presented here in conjunction with our financial statements, which can be found on pages 14 through 56 and our required and other supplementary information which can be found on pages 57 through 64 of this report.

### Financial Highlights

- The assets and deferred outflows of resources of the City were exceeded by its liabilities and deferred inflows of resources on December 31, 2018, by \$44,305,556 representing deficit net position. Of this amount, \$45,994,805 represents the City's investment in capital assets net of related debt, and \$24,987,501 is restricted for future capital improvements, debt service, and other purposes. The remaining amount, which represents negative unrestricted net position, is (\$115,287,862). The primary driver of the City's negative unrestricted net position is unfunded other postemployment benefits, compensated absences, and net pension liability of \$118,866,228, \$4,275,789, and \$4,869,121, respectively.
- At December 31, 2018, the City's governmental funds reported a combined ending fund balance of \$26,645,528. Of this amount, \$22,305,174 of the fund balance was nonspendable, restricted, or assigned for specific purposes.
- At the end of the current year, the unassigned fund balance of the General Fund was \$9,588,406.

### 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 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 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, transportation, economic opportunity and development, culture and recreation, home and community service, and interest on long-term debt. 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, 2018

### 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 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, 2018 for the SAD was \$411,337, and for the WASAD was \$5,200. 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 and an improved signage system in the downtown core. 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, 2018

### 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 and 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 56 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 and deferred outflows of resources did not exceed liabilities and deferred inflows of resources by \$44,305,556 at December 31, 2018.

By far, the largest portion, \$45,994,805, of the City's net position reflects its investment in capital assets (i.e., land, buildings, improvements, infrastructure, work in progress, and machinery, equipment and vehicles) 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	
	2018	2017 (Restated)	2018	2017 (Restated)	2018	2017 (Restated)
Current assets	\$ 34,824,357	\$ 32,173,495	\$ 16,928,143	\$ 15,030,028	\$ 51,752,500	\$ 47,203,523
Capital assets, net and deferred outflows of resources	93,742,319	83,243,338	25,351,743	24,526,033	119,094,062	107,769,371
Total	<u>128,566,676</u>	<u>115,416,833</u>	<u>42,279,886</u>	<u>39,556,061</u>	<u>170,846,562</u>	<u>154,972,894</u>
Current liabilities	7,793,861	6,219,299	1,193,719	1,071,886	8,987,580	7,291,185
Non-current liabilities and deferred inflows of resources	184,040,622	172,529,825	22,123,916	19,484,767	206,164,538	192,014,592
Total	<u>191,834,483</u>	<u>178,749,124</u>	<u>23,317,635</u>	<u>20,556,653</u>	<u>215,152,118</u>	<u>199,305,777</u>
Net position						
Net investment in capital assets	34,150,284	33,940,533	11,844,521	13,465,618	45,994,805	47,406,151
Restricted	14,764,555	12,224,249	10,222,946	9,957,637	24,987,501	22,181,886
Unrestricted	<u>(112,182,646)</u>	<u>(109,497,073)</u>	<u>(3,105,216)</u>	<u>(4,423,847)</u>	<u>(115,287,862)</u>	<u>(113,920,920)</u>
Total net position	<u>\$ (63,267,807)</u>	<u>\$ (63,332,291)</u>	<u>\$ 18,962,251</u>	<u>\$ 18,999,408</u>	<u>\$ (44,305,556)</u>	<u>\$ (44,332,883)</u>

# City of Saratoga Springs, New York

## Management's Discussion and Analysis December 31, 2018

### Overview of the Financial Statements - Continued

### Government-Wide Financial Analysis - Continued

The City experienced an increase in net position during 2018 totaling \$27,327, as shown in the following statement:

	Years Ended December 31,					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 5,019,475	\$ 4,567,727	\$ 9,827,688	\$ 8,705,374	\$ 14,847,163	\$ 13,273,101
Operating grants and contributions	432,417	623,593	-	-	432,417	623,593
Capital grants and contributions	1,075,299	808,242	-	-	1,075,299	808,242
General revenues						
Property taxes	23,314,196	19,257,592	-	-	23,314,196	19,257,592
Other taxes	15,534,499	14,408,999	1,376,005	1,348,748	16,910,504	15,757,747
State aid and mortgage taxes	2,981,175	3,342,879	-	-	2,981,175	3,342,879
Other	5,330,845	4,254,307	5,966	28,974	5,336,811	4,283,281
Total revenues	<u>53,687,906</u>	<u>47,263,339</u>	<u>11,209,659</u>	<u>10,083,096</u>	<u>64,897,565</u>	<u>57,346,435</u>
<b>EXPENSES</b>						
General governmental support	12,627,000	11,767,006	-	-	12,627,000	11,767,006
Public safety	27,239,455	31,558,914	-	-	27,239,455	31,558,914
Health	149,200	577,392	-	-	149,200	577,392
Transportation	6,494,127	5,521,929	-	-	6,494,127	5,521,929
Economic opportunity and development	210,659	209,281	-	-	210,659	209,281
Culture and recreation	3,355,952	3,956,030	-	-	3,355,952	3,956,030
Home and community service	1,982,408	2,199,119	-	-	1,982,408	2,199,119
Interest on long-term debt	1,430,666	1,543,484	-	-	1,430,666	1,543,484
Water	-	-	3,780,676	3,811,505	3,780,676	3,811,505
Sewer	-	-	5,085,275	4,413,918	5,085,275	4,413,918
City Center Authority	-	-	2,514,820	2,403,869	2,514,820	2,403,869
Total expenses	<u>53,489,467</u>	<u>57,333,155</u>	<u>11,380,771</u>	<u>10,629,292</u>	<u>64,118,759</u>	<u>67,962,447</u>
Transfers	(133,955)	(140,404)	133,955	140,404	-	-
<b>CHANGE IN NET POSITION</b>	<u>64,484</u>	<u>(10,210,220)</u>	<u>(37,157)</u>	<u>(405,792)</u>	<u>27,327</u>	<u>(10,616,012)</u>
<b>NET POSITION, beginning of year, as previously stated</b>	<u>(63,332,291)</u>	<u>(7,209,096)</u>	<u>18,999,408</u>	<u>20,622,243</u>	<u>(44,332,883)</u>	<u>13,413,147</u>
Adjustment for adoption of GASB 75	-	(47,117,454)	-	(1,581,109)	-	(48,698,563)
Other	-	1,204,479	-	364,066	-	1,568,545
	<u>-</u>	<u>(45,912,975)</u>	<u>-</u>	<u>(1,217,043)</u>	<u>-</u>	<u>(47,130,018)</u>
<b>NET POSITION, beginning of year, as restated</b>	<u>(63,332,291)</u>	<u>(53,122,071)</u>	<u>18,999,408</u>	<u>19,405,200</u>	<u>(44,332,883)</u>	<u>(33,716,871)</u>
<b>NET POSITION, end of year</b>	<u>\$ (63,267,807)</u>	<u>\$ (63,332,291)</u>	<u>\$ 18,962,251</u>	<u>\$ 18,999,408</u>	<u>\$ (44,305,556)</u>	<u>\$ (44,332,883)</u>

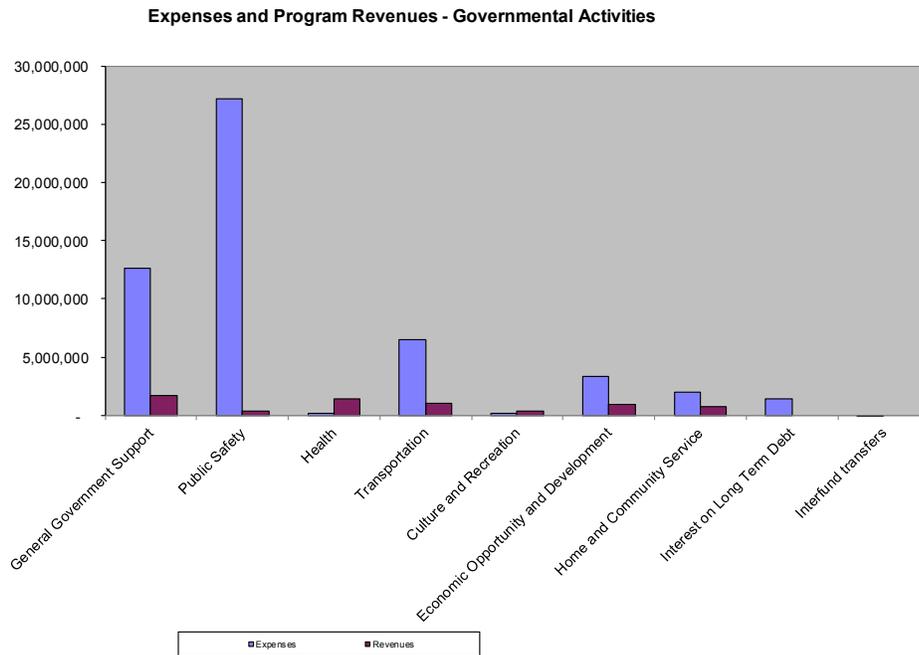
# City of Saratoga Springs, New York

## Management's Discussion and Analysis December 31, 2018

### Overview of the Financial Statements - Continued

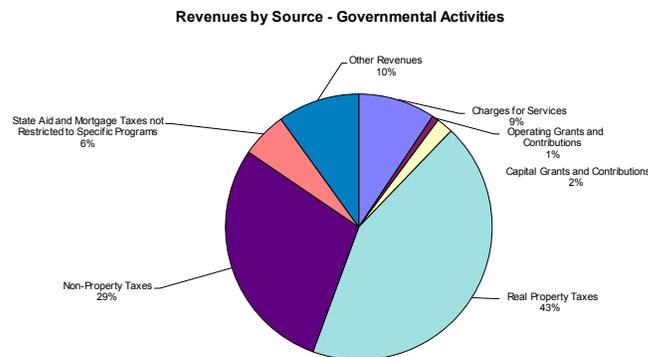
### Government-Wide Financial Analysis - Continued

**Governmental activities.** Governmental activities increased the City's net position by \$64,484. 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 8%.

The following chart shows revenues by source for all governmental activities, with general revenues totaling 88%, and program revenues totaling 12%:



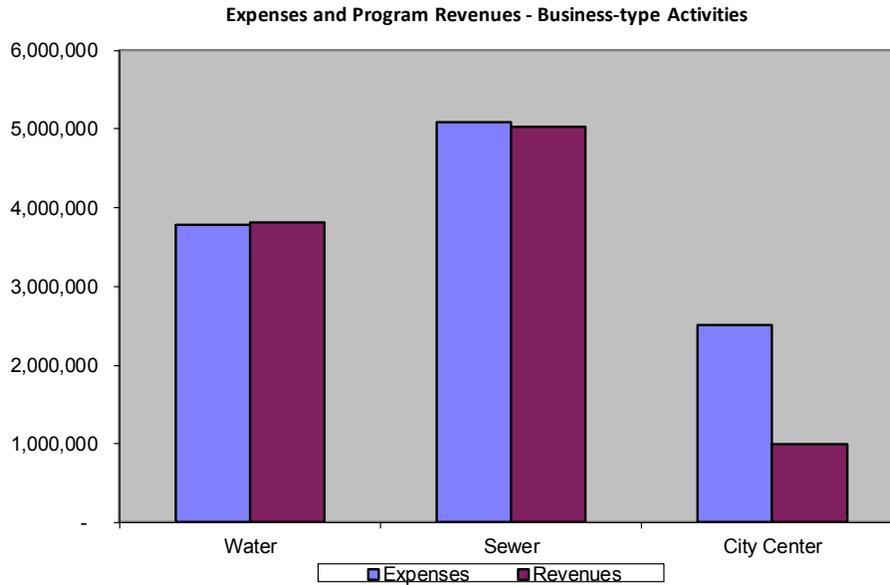
# City of Saratoga Springs, New York

Management's Discussion and Analysis  
December 31, 2018

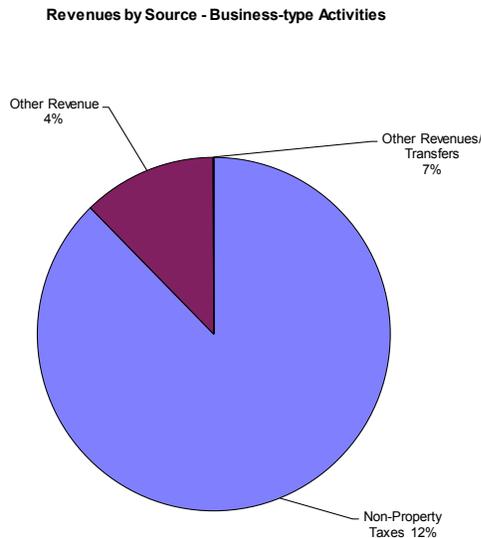
## Overview of the Financial Statements - Continued

### Government-Wide Financial Analysis - Continued

**Business-type activities.** Business-type activities decreased the City's net position by \$37,157.



Program revenues are generally sufficient to cover water and sewer expenses but not City Center activity expenses, which are reliant upon the hotel occupancy tax and other general revenues to fund operations.



# City of Saratoga Springs, New York

## Management's Discussion and Analysis December 31, 2018

### 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's 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/assigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, the City's governmental funds reported a combined ending fund balance of \$26,645,528, an increase of \$1,819,908 from the prior year. \$22,305,174 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 \$1,748,786, 2) be held for future capital improvements of \$13,157,626, 3) restriction for retirement of \$350,221, 4) various other restrictions set by the City Council; or is 5) not in spendable form.

The General Fund is the chief operating fund of the City. At the end of the current year, the unassigned fund balance of the General Fund was \$9,588,406, while total fund balance was \$17,612,104. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 21% of total General Fund expenditures, while total fund balance represents 39% of that same amount.

The overall fund balance of the City's General Fund increased by \$1,213,285 during the current year. Key factors in this decrease are approximated as follows:

### General Fund Revenues

1. Sales tax increased from 2017 by 8% and exceeded the amount budgeted by \$517,000. 2018 sales tax collections were \$12,793,000, a \$916,000 increase from 2017 actual collection. Sales tax collections were strong throughout the year.
2. Hotel Room Occupancy Tax increased by 6%. 2018 actual collections were \$647,000, an increase of \$32,000 from 2017. Actual amounts were \$21,000 more than the 2018 adopted budget.
3. Utilities Gross Receipts Tax increased from 2017. Amounts received were \$419,000 in 2018 and \$411,000 in 2017. Receipts exceeded the 2018 adopted budget by \$19,000.
4. Franchise Fees increased during 2018. Actual receipts of \$588,000 exceeded the adopted budget by \$38,000.
5. Ambulance Fees increased in 2018 by \$272,000. \$1,324,000 was collected, a 26% increase from last year. Actual amounts exceeded the 2018 budget by \$249,000. This is the fourth consecutive year with an increase in actual receipts.
6. Admission Tax increased \$148,000, or 26% from 2017 as a result of an increase in the NYRA admission fee. Actual amounts received for 2018 were \$723,000. The budget was \$591,000 for 2018.
7. VLT Aid was \$2,326,000 in 2018, the same as the past four years.
8. Mortgage Tax receipts decreased in 2018. Actual receipts for 2018 were \$1,331,000, 21% lower than 2017. The budget for 2018 was \$1,695,000.
9. Overall, total general fund revenues in 2018 were greater than 2017. Total revenues for the General Fund were \$46.5 million, \$2.2 million more than in 2017 but \$2.3 million less than budgeted. The City Council approved, either at budget adoption or throughout the year, the use of \$2.5 million in restricted, assigned and unassigned fund balance. Therefore, expectations were to have an operating deficit and budget shortfall of over \$2 million. However, the City finished with an operating surplus over \$1 million.

# City of Saratoga Springs, New York

## Management's Discussion and Analysis December 31, 2018

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

#### Governmental funds - Continued

##### General Fund Expenses

1. Health insurance costs were \$7,746,000 in 2018. This was an increase of 5% from 2017. However, 2018 actual expenses were \$279,000 less than the revised budget. This expense represents 15% of the entire general fund expense budget.
2. Retirement costs decreased 3% for police and fire but increased for other employees by 0.7%. The decrease in police and fire was due to a decrease in the pension rate. The increase in other employees was a result of an increase in the Group Term Life Insurance. 2018 total actual retirement expenses were \$3,926,000 and \$151,000 less than budgeted.
3. Social Security expenses in 2017 were \$1,698,000, \$147,000 less than budgeted but \$94,000 more than last year.
4. Utility costs were budgeted for \$478,000, and actual expenses were \$454,000. Actual expenses in 2018 were \$25,000 less than year 2017. The savings is a direct result of the Spa Solar Park.
5. Overtime costs totaled \$1,006,000 in 2018, which was a 3% decrease from 2017. Overtime was budgeted as \$1,154,000 for 2018.
6. Sick leave payments to employees who separated from the City were \$243,000, a \$100,000 increase from 2017. This is due to the retirement of a number of long-term employees in 2018.
7. Payments for compensatory time amounted to \$597,000, a 6% increase from 2017. Compensatory time pay outs were budgeted for \$622,000.
8. Total personal services costs (excluding social security) were \$1,110,000 higher in 2018. This was primarily the result of negotiated salary increases for union personnel. These costs represent 47% of the entire General Fund expense budget.
9. Discount on Taxes which is recorded as an expense in the Finance budget, was \$65,000 higher than last year. Many people pre-paid their 2017 property taxes and took the discount for the first time. In addition, people are taking advantage of the discount as interest rates continue to remain low.
10. Total General Fund expenses were \$1,857,000 more than 2017 and \$4.8 million less than budgeted. It is important to note that of this \$4.8 million, \$2.2 million was encumbered at year end. Encumbrances are goods or services which are ordered or committed to in 2018 but will be received and paid for in 2019. Therefore, the actual unspent/uncommitted variance was \$2.6 million. The primary reasons for this budget versus actual variance are noted above.

#### 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, 2018, amounts to \$45,994,805 (net of accumulated depreciation and less outstanding debt). This investment in capital assets includes land, buildings, improvements, machinery, equipment, vehicles, work-in-progress, and infrastructure assets, such as roads, streets, and water systems.

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

- Improvements to the City's water system.
- New radio communication system for public safety.
- Storm water improvements.
- Many recreational and park improvements.
- Various equipment for the department of public works.

# City of Saratoga Springs, New York

## Management's Discussion and Analysis December 31, 2018

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

### Capital Asset and Debt Administration - Continued

### Capital Assets - Continued

	December 31,					
	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 5,653,781	\$ 5,653,781	\$ 325,841	\$ 325,841	\$ 5,979,622	\$ 5,979,622
Buildings	27,132,531	27,096,406	15,455,423	15,455,423	42,587,954	42,551,829
Improvements	15,900,647	14,888,239	4,488,272	4,488,272	20,388,919	19,376,511
Machinery, equipment, and vehicles	18,934,813	17,801,614	2,007,829	1,786,502	20,942,642	19,588,116
Infrastructure	57,977,379	57,950,223	19,040,909	18,281,689	77,018,288	76,231,912
Work in progress	3,799,878	2,936,089	2,006,507	1,594,926	5,806,385	4,531,015
Totals	129,399,029	126,326,352	43,324,781	41,932,653	172,723,810	168,259,005
Accumulated depreciation	57,935,393	55,333,311	19,376,715	18,172,121	77,312,108	73,505,432
<b>Capital assets net of accumulated depreciation</b>	<b>\$ 71,463,636</b>	<b>\$ 70,993,041</b>	<b>\$ 23,948,066</b>	<b>\$ 23,760,532</b>	<b>\$ 95,411,702</b>	<b>\$ 94,753,573</b>

Additional information on the City's capital assets can be found in Note 1i on pages 30 and Note 3c on pages 36 through 38 of this report.

**Long-Term Debt.** At the end of the current year, the City had total bonded debt outstanding of \$60,952,562. Of this amount, \$60,531,972 comprises debt backed by the full faith and credit of the City, and \$420,590 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 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 \$281,830,865, 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 \$80,253,104, which is also significantly in excess of the City's outstanding general obligation debt.

Other long-term debt includes the City's obligations for other postemployment benefits, which is primarily health insurance for eligible retirees and the City's obligations associated with its participation in the New York State and Local Retirement Systems for police and firefighters (PFRS) and all other employees (ERS).

Additional information on the City's long-term debt can be found in notes to the financial statements.

### 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 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 2018. 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, 2018

## **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, 2018		
	Governmental Activities	Business-type Activities	Total
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 12,211,027	\$ 1,893,506	\$ 14,104,533
Cash and cash equivalents, restricted	14,764,555	10,222,946	24,987,501
Receivables, net	8,778,042	3,737,574	12,515,616
Inventory	-	49,808	49,808
Prepaid expenses	-	10,110	10,110
Internal balances	(1,014,199)	1,014,199	-
Due from fiduciary fund	55	-	55
Accrued interest receivable	84,877	-	84,877
Total current assets	<u>34,824,357</u>	<u>16,928,143</u>	<u>51,752,500</u>
<b>NONCURRENT ASSETS</b>			
Nondepreciable capital assets	9,453,659	2,332,348	11,786,007
Depreciable capital assets	62,009,977	21,615,718	83,625,695
Total assets	<u>106,287,993</u>	<u>40,876,209</u>	<u>147,164,202</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
OPEB deferrals	7,492,504	416,780	7,909,284
Pension deferrals	13,762,281	986,897	14,749,178
Deferred refunding charges	1,023,898	-	1,023,898
Total assets and deferred outflows of resources	<u>128,566,676</u>	<u>42,279,886</u>	<u>170,846,562</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	3,619,205	572,956	4,192,161
Accrued interest payable	368,170	94,244	462,414
Current maturities on long-term liabilities	3,806,486	526,519	4,333,005
Total current liabilities	<u>7,793,861</u>	<u>1,193,719</u>	<u>8,987,580</u>
<b>NONCURRENT LIABILITIES</b>			
Bonds payable	45,811,530	14,144,399	59,955,929
Capital lease obligations	257,961	-	257,961
Construction loan	-	50,000	50,000
Compensated absences	3,848,289	-	3,848,289
Other postemployment benefits	112,381,653	6,484,575	118,866,228
Net pension liability	4,608,818	260,303	4,869,121
Total liabilities	<u>174,702,112</u>	<u>22,132,996</u>	<u>196,835,108</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
OPEB deferrals	5,892,176	339,985	6,232,161
Pension deferrals	11,240,195	844,654	12,084,849
Total liabilities and deferred inflows of resources	<u>191,834,483</u>	<u>23,317,635</u>	<u>215,152,118</u>
<b>NET POSITION (DEFICIT)</b>			
Net investment in capital assets	34,150,284	11,844,521	45,994,805
Restricted for			
Capital improvements	1,575,190	9,435,035	11,010,225
Capital projects	10,141,446	-	10,141,446
Debt service	2,437,715	-	2,437,715
Tax stabilization reserve	505	-	505
Retirement reserve	350,221	-	350,221
Insurance reserve	178,428	-	178,428
Special district	1,975	-	1,975
Waterline extensions	-	787,911	787,911
Community development	79,075	-	79,075
Unrestricted (deficit)	<u>(112,182,646)</u>	<u>(3,105,216)</u>	<u>(115,287,862)</u>
<b>Total net position (deficit)</b>	<b><u>\$ (63,267,807)</u></b>	<b><u>\$ 18,962,251</u></b>	<b><u>\$ (44,305,556)</u></b>

See accompanying Notes to Financial Statements.

# City of Saratoga Springs, New York

## Government-Wide Financial Statements Statement of Activities

Year Ended December 31, 2018							
Functions/Programs	Program Revenue				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>							
General governmental support	\$ 12,627,000	\$ 1,605,998	\$ 34,254	\$ 83,099	\$ (10,903,649)	\$ -	\$ (10,903,649)
Public safety	27,239,455	246,889	86,549	11,960	## (26,894,057)	-	(26,894,057)
Health	149,200	1,397,705	-	-	1,248,505	-	1,248,505
Transportation	6,494,127	119,672	-	899,464	(5,474,991)	-	(5,474,991)
Economic opportunity and development	210,659	70,510	293,995	-	153,846	-	153,846
Culture and recreation	3,355,952	913,933	6,825	-	(2,435,194)	-	(2,435,194)
Home and community service	1,982,408	664,768	10,794	80,776	(1,226,070)	-	(1,226,070)
Interest on long-term debt	1,430,666	-	-	-	(1,430,666)	-	(1,430,666)
Total governmental activities	<u>53,489,467</u>	<u>5,019,475</u>	<u>432,417</u>	<u>1,075,299</u>	<u>## (46,962,276)</u>	<u>-</u>	<u>(46,962,276)</u>
<b>BUSINESS-TYPE ACTIVITIES</b>							
Water	3,780,676	3,809,118	-	-	-	28,442	28,442
Sewer	5,085,275	5,028,340	-	-	-	(56,935)	(56,935)
City Center Authority	2,514,820	990,230	-	-	-	(1,524,590)	(1,524,590)
Total business-type activities	<u>11,380,771</u>	<u>9,827,688</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,553,083)</u>	<u>(1,553,083)</u>
<b>Total government</b>	<u><b>\$ 64,870,238</b></u>	<u><b>\$ 14,847,163</b></u>	<u><b>\$ 432,417</b></u>	<u><b>\$ 1,075,299</b></u>	<u><b>(46,962,276)</b></u>	<u><b>(1,553,083)</b></u>	<u><b>(48,515,359)</b></u>
<b>GENERAL REVENUES</b>							
Real property taxes and related tax items					23,314,196	-	23,314,196
Non-property taxes					15,534,499	1,376,005	16,910,504
Other general revenue items					5,281,398	-	5,281,398
Interest earnings					49,447	5,966	55,413
State aid and mortgage taxes not restricted to specific purposes					2,981,175	-	2,981,175
Total general revenues					<u>47,160,715</u>	<u>1,381,971</u>	<u>48,542,686</u>
<b>TRANSFERS</b>							
Transfer from governmental to business-type activities					(133,955)	133,955	-
Total general revenues and transfers					<u>47,026,760</u>	<u>1,515,926</u>	<u>48,542,686</u>
<b>CHANGES IN NET POSITION</b>					<u><b>64,484</b></u>	<u><b>(37,157)</b></u>	<u><b>27,327</b></u>
<b>NET POSITION (DEFICIT), beginning of year, as previously stated</b>					<u>(17,419,316)</u>	<u>20,216,451</u>	<u>2,797,135</u>
<b>PRIOR PERIOD RESTATEMENTS</b>					(45,912,975)	(1,217,043)	(47,130,018)
<b>NET POSITION (DEFICIT), beginning of year, as restated</b>					<u>(63,332,291)</u>	<u>18,999,408</u>	<u>(44,332,883)</u>
<b>NET POSITION (DEFICIT), end of year</b>					<u><b>\$ (63,267,807)</b></u>	<u><b>\$ 18,962,251</b></u>	<u><b>\$ (44,305,556)</b></u>

See accompanying Notes to Financial Statements.

# City of Saratoga Springs, New York

## Fund Financial Statements Balance Sheet - Governmental Funds

December 31, 2018

	Major Funds				Other Governmental Funds	Eliminations	Total Governmental Funds
	General	Capital Projects	Debt Service	Community Development			
<b>ASSETS</b>							
Cash and cash equivalents	\$ 11,540,976	\$ -	\$ -	\$ 232,678	\$ 437,373	\$ -	\$ 12,211,027
Cash and cash equivalents, restricted	2,183,419	10,141,446	2,437,715	-	1,975	-	14,764,555
Receivables, net	5,330,185	-	-	256,763	-	-	5,586,948
Receivables from other governments	2,833,959	222,187	-	134,948	-	-	3,191,094
Prepaid expenditures	980,804	-	-	-	-	-	980,804
Due from fiduciary fund	55	-	-	-	-	-	55
Due from other funds	1,186,967	1,170,801	-	-	-	(2,357,768)	-
<b>Total assets</b>	<b>\$ 24,056,365</b>	<b>\$ 11,534,434</b>	<b>\$ 2,437,715</b>	<b>\$ 624,389</b>	<b>\$ 439,348</b>	<b>\$ (2,357,768)</b>	<b>\$ 36,734,483</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
Liabilities							
Accounts payable and accrued liabilities	\$ 893,519	\$ 2,011,234	\$ 450	\$ 134,948	\$ 2,811	\$ -	\$ 3,042,962
Due to other funds	-	2,966,629	385,338	-	20,000	(2,357,768)	1,014,199
Due to other governments	574,142	-	-	2,101	-	-	576,243
	1,467,661	4,977,863	385,788	137,049	22,811	(2,357,768)	4,633,404
Deferred inflows of resources							
Unavailable tax resources	1,963,523	-	-	-	-	-	1,963,523
Other unavailable resources	3,013,077	222,187	-	256,764	-	-	3,492,028
	4,976,600	222,187	-	256,764	-	-	5,455,551
<b>Total liabilities and deferred inflows of resources</b>	<b>6,444,261</b>	<b>5,200,050</b>	<b>385,788</b>	<b>393,813</b>	<b>22,811</b>	<b>(2,357,768)</b>	<b>10,088,955</b>
Fund balances							
Nonspendable	980,804	-	-	-	-	-	980,804
Restricted for							
Capital improvements	1,575,190	-	-	-	-	-	1,575,190
Capital projects	-	11,582,436	-	-	-	-	11,582,436
Tax stabilization reserve	505	-	-	-	-	-	505
Retirement reserve	350,221	-	-	-	-	-	350,221
Insurance reserve	178,428	-	-	-	-	-	178,428
Other restrictions	79,075	-	2,051,927	-	1,975	-	2,132,977
Assigned for							
Encumbrances	1,748,786	-	-	-	-	-	1,748,786
2019 budget	3,110,689	-	-	-	-	-	3,110,689
Other assignments	-	-	-	230,576	-	-	230,576
Special district purposes	-	-	-	-	414,562	-	414,562
Unassigned (deficit)	9,588,406	(5,248,052)	-	-	-	-	4,340,354
<b>Total fund balances</b>	<b>17,612,104</b>	<b>6,334,384</b>	<b>2,051,927</b>	<b>230,576</b>	<b>416,537</b>	<b>-</b>	<b>26,645,528</b>
<b>Total liabilities, deferred inflow of resources and fund balances</b>	<b>\$ 24,056,365</b>	<b>\$ 11,534,434</b>	<b>\$ 2,437,715</b>	<b>\$ 624,389</b>	<b>\$ 439,348</b>	<b>\$ (2,357,768)</b>	<b>\$ 36,734,483</b>

See accompanying Notes to Financial Statements.

# City of Saratoga Springs, New York

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

	<u>December 31, 2018</u>
Total fund balances in the fund financial statements for the governmental funds.	\$ 26,645,528
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.	71,463,636
Accrued interest on property, school taxes, and community development loans on receivables for revenues earned, measurable, but not available are added.	84,877
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.	5,455,551
Deferred outflows and inflows for pensions are included in the government-wide statements and are added:	
Prepaid expenditures - pension contributions	(980,804)
Deferred outflows - pension contributions subsequent to the measurement date	3,889,808
Deferred outflows - pension resources	9,872,473
Deferred inflows - pension resources	(11,240,195)
Deferred outflows and inflows for OPEB are included in the government-wide statements and are added:	
Deferred outflows - OPEB resources	4,738,767
Deferred outflows - OPEB contributions subsequent to the measurement date	2,753,737
Deferred inflows - OPEB resources	(5,892,176)
Long-term liabilities for bonded debt are included as liabilities in the government-wide statements and are deducted.	(48,111,308)
The difference between the bond reacquisition price and the net carrying amount of the bond is deferred and amortized to interest expense.	1,023,898
Long-term liabilities for the lease obligations by the City are included as liabilities in the government-wide statements and are deducted.	(337,169)
Long-term liabilities for other postemployment benefit obligations of the City are included as liabilities in the government-wide statements and are deducted.	(112,381,653)
Long-term liabilities for pension obligations by the City are included as liabilities in the government-wide statements and are deducted.	(4,608,818)
Liabilities for compensated absences are included in the government-wide statements and are deducted.	(4,275,789)
Other current liabilities are included in the government-wide statements and are deducted.	(1,000,000)
Current liabilities for interest payable on long-term debt are included in the government-wide statements as liabilities and are deducted.	<u>(368,170)</u>
<b>Net position (deficit) of governmental activities</b>	<b><u>\$ (63,267,807)</u></b>

See accompanying Notes to Financial Statements.

# City of Saratoga Springs, New York

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

Year Ended December 31, 2018

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Capital Projects	Debt Service	Community Development		
<b>REVENUES</b>						
Real property taxes and related tax items	\$ 16,466,384	\$ -	\$ 3,290,564	\$ -	\$ 174,834	\$ 19,931,782
Non-property taxes	15,534,499	-	-	-	-	15,534,499
Departmental income	2,974,253	-	-	70,510	-	3,044,763
Intergovernmental charges	448,985	50,000	-	-	-	498,985
Use of money and property	573,090	11,344	1,658	5,166	9,302	600,560
Licenses and permits	683,800	-	-	-	-	683,800
Fines and forfeitures	717,835	-	-	-	-	717,835
Sale of property and compensation for loss	2,269,732	-	-	-	-	2,269,732
Miscellaneous	2,686,293	14,590	812,065	-	-	3,512,948
State aid	3,956,428	66,186	-	-	-	4,022,614
Federal aid	134,205	-	-	293,995	-	428,200
Total revenues	46,445,504	142,120	4,104,287	369,671	184,136	51,245,718
<b>EXPENDITURES</b>						
<i>General governmental support</i>						
Mayor	1,116,943	-	-	-	-	1,116,943
Finance	2,452,568	-	-	-	-	2,452,568
Public Works	4,629,991	-	-	-	-	4,629,991
Accounts	1,163,699	-	-	-	-	1,163,699
Civil Service	230,602	-	-	-	-	230,602
Other general governmental support	1,071,437	-	121,402	-	1,300	1,194,139
<i>Public safety</i>						
Police	12,237,772	-	-	-	-	12,237,772
Fire	9,604,541	-	-	-	-	9,604,541
Other public safety	3,370,149	-	-	-	-	3,370,149
Health	140,901	-	-	-	-	140,901
Transportation	4,695,079	-	-	-	-	4,695,079
Economic opportunity and development	170,316	-	-	-	28,626	198,942
Culture and recreation	2,715,063	-	-	-	-	2,715,063
Home and community service	1,482,033	-	-	335,226	-	1,817,259

<i>Debt service</i>						
Principal	64,920	-	2,107,291	-	15,050	2,187,261
Interest	16,020	-	1,485,456	-	12,072	1,513,548
<i>Capital outlay</i>						
Public Works	-	910,892	-	-	-	910,892
Other general governmental support	-	34,964	-	-	-	34,964
Police	-	1,318,420	-	-	-	1,318,420
Fire	-	108,091	-	-	-	108,091
Other public safety	-	306,762	-	-	-	306,762
Transportation	-	361,511	-	-	-	361,511
Culture and recreation	-	516,969	-	-	-	516,969
Home and community service	-	720,299	-	-	-	720,299
Total expenditures	<u>45,162,034</u>	<u>4,277,908</u>	<u>3,714,149</u>	<u>335,226</u>	<u>57,048</u>	<u>53,546,365</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<b><u>1,283,470</u></b>	<b><u>(4,135,788)</u></b>	<b><u>390,138</u></b>	<b><u>34,445</u></b>	<b><u>127,088</u></b>	<b><u>(2,300,647)</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Bond proceeds	-	4,592,562	6,260,000	-	-	10,852,562
Repayments to escrow agent	-	-	(6,598,052)	-	-	(6,598,052)
Interfund transfers in	63,770	-	74,402	-	-	138,172
Interfund transfers out	<u>(133,955)</u>	<u>(24,899)</u>	<u>-</u>	<u>(63,770)</u>	<u>(49,503)</u>	<u>(272,127)</u>
Total other financing sources (uses)	<u>(70,185)</u>	<u>4,567,663</u>	<u>(263,650)</u>	<u>(63,770)</u>	<u>(49,503)</u>	<u>4,120,555</u>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,213,285</b>	<b>431,875</b>	<b>126,488</b>	<b>(29,325)</b>	<b>77,585</b>	<b>1,819,908</b>
<b>FUND BALANCES, <i>beginning of year</i></b>	<u>16,398,819</u>	<u>5,902,509</u>	<u>1,925,439</u>	<u>259,901</u>	<u>338,952</u>	<u>24,825,620</u>
<b>FUND BALANCES, <i>end of year</i></b>	<b><u>\$ 17,612,104</u></b>	<b><u>\$ 6,334,384</u></b>	<b><u>\$ 2,051,927</u></b>	<b><u>\$ 230,576</u></b>	<b><u>\$ 416,537</u></b>	<b><u>\$ 26,645,528</u></b>

See accompanying Notes to Financial Statements.

# City of Saratoga Springs, New York

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

		Year Ended December 31, 2018
Net change in fund balances shown for total governmental funds		\$ 1,819,908
This amount differs from the change in net position shown in the statement of activities because of the following:		
Outlays for acquisition of capital assets are recorded in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which expenditures for acquisition of capital assets exceeded depreciation expense for the period.		
Capital expenditures	3,725,580	
Depreciation expense	<u>(3,254,985)</u>	470,595
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the net effect of proceeds and repayments:		
Repayment of principal	2,187,261	
Amortization of bond premiums	116,398	
Long-term debt proceeds	<u>(4,592,562)</u>	(2,288,903)
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	(442,809)	
Deferred charges on refunding bonds	<u>476,103</u>	33,294
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Pension related deferred outflows and inflows represent long-term activity and are not reported in the funds.		
Amortization of loss on refunding - interest expense	(49,354)	
Accrued interest payable	15,838	
Net pension liability, net of deferrals	(556,726)	
Compensated absences	233,521	
Other postemployment benefits, net of deferrals	<u>(2,360,635)</u>	(2,717,356)
Deferred inflows of resources related to the City's revenues that will be collected after year-end, but are not available soon enough to pay for the current period's expenditures are deferred in the funds:		
Accrued interest receivable	74,092	
Unavailable revenues	<u>2,672,854</u>	<u>2,746,946</u>
Change in net position of governmental activities		<u><b>\$ 64,484</b></u>

# City of Saratoga Springs, New York

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

	December 31, 2018			
	Water Activities	Sewer Activities	City Center Activities	Total
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 838,701	\$ 637,937	\$ 416,868	\$ 1,893,506
Cash and cash equivalents, restricted	1,943,932	623,441	7,655,573	10,222,946
Due from governmental funds	2,185,000	-	-	2,185,000
Receivables, net	1,456,437	1,968,008	313,129	3,737,574
Inventory	37,727	12,081	-	49,808
Prepaid expenses	-	-	10,110	10,110
Total current assets	<u>6,461,797</u>	<u>3,241,467</u>	<u>8,395,680</u>	<u>18,098,944</u>
<b>Noncurrent assets</b>				
Nondepreciable capital assets	940,642	1,391,706	-	2,332,348
Depreciable capital assets	8,372,924	2,080,366	11,162,428	21,615,718
Total assets	<u>15,775,363</u>	<u>6,713,539</u>	<u>19,558,108</u>	<u>42,047,010</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
OPEB deferrals	266,042	141,055	9,683	416,780
Pension deferrals	386,224	282,511	318,162	986,897
Total deferred outflows of resources	<u>652,266</u>	<u>423,566</u>	<u>327,845</u>	<u>1,403,677</u>
Total assets and deferred outflows of resources	<u>16,427,629</u>	<u>7,137,105</u>	<u>19,885,953</u>	<u>43,450,687</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and other current liabilities	108,932	35,120	428,904	572,956
Current maturities on bonds payable	422,589	103,930	-	526,519
Due to governmental funds	630,805	539,996	-	1,170,801
Accrued interest payable	72,024	22,220	-	94,244
Total current liabilities	<u>1,234,350</u>	<u>701,266</u>	<u>428,904</u>	<u>2,364,520</u>
<b>Noncurrent liabilities</b>				
Bonds payable	11,481,407	2,662,992	-	14,144,399
Construction loan	-	-	50,000	50,000
Other postemployment benefits	3,788,757	2,574,814	121,004	6,484,575
Net pension liability	101,870	74,515	83,918	260,303
Total liabilities	<u>16,606,384</u>	<u>6,013,587</u>	<u>683,826</u>	<u>23,303,797</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
OPEB deferrals	198,644	134,997	6,344	339,985
Pension deferrals	330,557	241,792	272,305	844,654
Total deferred inflows of resources	<u>529,201</u>	<u>376,789</u>	<u>278,649</u>	<u>1,184,639</u>
Total liabilities and deferred inflows of resources	<u>17,135,585</u>	<u>6,390,376</u>	<u>962,475</u>	<u>24,488,436</u>
<b>NET POSITION (DEFICIT)</b>				
Investment in capital assets, net of related debt	(646,498)	1,328,591	11,162,428	11,844,521
Restricted for				
Capital improvements	1,156,021	623,441	7,655,573	9,435,035
Waterline extensions	787,911	-	-	787,911
Unrestricted (deficit)	<u>(2,005,390)</u>	<u>(1,205,303)</u>	<u>105,477</u>	<u>(3,105,216)</u>
Total net position (deficit)	<u>\$ (707,956)</u>	<u>\$ 746,729</u>	<u>\$ 18,923,478</u>	<u>\$ 18,962,251</u>

See accompanying Notes to Financial Statements.

# City of Saratoga Springs, New York

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

	Year Ended December 31, 2018			
	Water Activities	Sewer Activities	City Center Activities	Total
<b>OPERATING REVENUES</b>				
Water charges	\$ 3,757,801	\$ -	\$ -	\$ 3,757,801
Sewer charges	-	5,002,936	-	5,002,936
Facility charges	-	-	990,230	990,230
Other operating revenues	51,317	25,404	-	76,721
Total operating revenues	3,809,118	5,028,340	990,230	9,827,688
<b>OPERATING EXPENSES</b>				
Costs of sales and services	1,941,133	4,096,527	744,697	6,782,357
Administration	974,837	842,520	1,177,209	2,994,566
Depreciation	558,771	55,260	590,563	1,204,594
Total operating expenses	3,474,741	4,994,307	2,512,469	10,981,517
<b>Operating income (loss)</b>	<b>334,377</b>	<b>34,033</b>	<b>(1,522,239)</b>	<b>(1,153,829)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Hotel occupancy tax	-	-	1,376,005	1,376,005
Interest and earnings	831	255	4,880	5,966
Interest expense	(305,935)	(90,968)	(2,351)	(399,254)
Total nonoperating revenues (expenses)	(305,104)	(90,713)	1,378,534	982,717
<b>Income (loss) before transfers</b>	<b>29,273</b>	<b>(56,680)</b>	<b>(143,705)</b>	<b>(171,112)</b>
Transfer from governmental funds	-	-	133,955	133,955
<b>CHANGE IN NET POSITION</b>	<b>29,273</b>	<b>(56,680)</b>	<b>(9,750)</b>	<b>(37,157)</b>
<b>NET POSITION (DEFICIT), <i>beginning of year, as previously stated</i></b>	(325,745)	1,489,931	19,052,265	20,216,451
<b>PRIOR PERIOD ADJUSTMENTS</b>	(411,484)	(686,522)	(119,037)	(1,217,043)
<b>NET POSITION (DEFICIT), <i>beginning of year, as restated</i></b>	(737,229)	803,409	18,933,228	18,999,408
<b>NET POSITION (DEFICIT), <i>end of year</i></b>	<b>\$ (707,956)</b>	<b>\$ 746,729</b>	<b>\$ 18,923,478</b>	<b>\$ 18,962,251</b>

# City of Saratoga Springs, New York

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

	Year Ended December 31, 2018			
	Water	Sewer	City Center	Total
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Charges for services	\$ 3,699,088	\$ 4,587,384	\$ 977,128	\$ 9,263,600
Payments to contractors and suppliers	(775,280)	(3,794,774)	(1,177,002)	(5,747,056)
Payments to employees, payroll taxes and benefits	(1,913,867)	(964,971)	(656,688)	(3,535,526)
	<u>1,009,941</u>	<u>(172,361)</u>	<u>(856,562)</u>	<u>(18,982)</u>
<b>CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(801,629)	(553,469)	(37,030)	(1,392,128)
Bond proceeds	2,185,000	-	-	2,185,000
Payment on bonds	(440,168)	(124,164)	-	(564,332)
Interest paid	(310,915)	(93,965)	(2,351)	(407,231)
	<u>632,288</u>	<u>(771,598)</u>	<u>(39,381)</u>	<u>(178,691)</u>
<b>CASH FLOWS PROVIDED (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Other general revenues	-	-	1,376,005	1,376,005
Transfers and other	(1,339,664)	841,651	133,955	(364,058)
	<u>(1,339,664)</u>	<u>841,651</u>	<u>1,509,960</u>	<u>1,011,947</u>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>				
Interest received	831	255	4,880	5,966
	<u>831</u>	<u>255</u>	<u>4,880</u>	<u>5,966</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>303,396</b>	<b>(102,053)</b>	<b>618,897</b>	<b>820,240</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>2,479,237</b>	<b>1,363,431</b>	<b>7,453,544</b>	<b>11,296,212</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 2,782,633</b>	<b>\$ 1,261,378</b>	<b>\$ 8,072,441</b>	<b>\$ 12,116,452</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 334,377	\$ 34,033	\$ (1,522,239)	\$ (1,153,829)
Depreciation	558,771	55,260	590,563	1,204,594
Provision for bad debts	14,998	18,353	-	33,351
(Increase) decrease in				
Receivables	(125,028)	(459,309)	(13,102)	(597,439)
Inventory	(7,257)	(7,257)	-	(14,514)
Prepaid expenses	-	-	(1,260)	(1,260)
Deferred outflows of resources, pension deferrals	(86,643)	(63,378)	(71,375)	(221,396)
Deferred outflows of resources, OPEB deferrals	(266,042)	(141,055)	(9,683)	(416,780)
Increase (decrease) in				
Accounts payable and other current liabilities	(22,487)	(11,464)	89,269	55,318
Deferred inflows of resources, pension deferrals	275,809	201,746	227,205	704,760
Deferred inflows of resources, OPEB deferrals	198,644	134,997	6,344	339,985
Net pension liability	(187,249)	(136,966)	(154,251)	(478,466)
Other postemployment benefits	322,048	202,679	1,967	526,694
	<u>\$ 1,009,941</u>	<u>\$ (172,361)</u>	<u>\$ (856,562)</u>	<u>\$ (18,982)</u>

# City of Saratoga Springs, New York

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

	<u>December 31, 2018</u>	
	<u>Agency Funds</u>	<u>Private Purpose Trust</u>
<b>ASSETS</b>		
Cash and equivalents	<u>\$ 1,455,006</u>	<u>\$ 38,000</u>
<b>LIABILITIES</b>		
Due to other governments	1,454,951	-
Due to other funds	55	-
Total liabilities	<u>1,455,006</u>	<u>-</u>
<b>NET POSITION</b>	<u><u>\$ -</u></u>	<u><u>\$ 38,000</u></u>

# City of Saratoga Springs, New York

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

	<b>December 31, 2018</b>
	<b>Private Purpose Trust</b>
<b>ADDITIONS</b>	
Private donations	\$ 1,600
Interest earnings	37
	<hr/> 1,637
<b>DEDUCTIONS</b>	
Culture and recreation	184
	<hr/>
<b>CHANGE IN NET POSITION</b>	<b>1,453</b>
<b>NET POSITION, <i>beginning of year</i></b>	<hr/> 36,547
<b>NET POSITION, <i>end of year</i></b>	<b><u><u>\$ 38,000</u></u></b>

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

### 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, 2018

### 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. 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, deferred outflows of resources, liabilities, and deferred inflows of resources are recorded in these statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

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

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

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

Property taxes, water and sewer rents, sales taxes, mortgage taxes, franchise taxes, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current 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.

#### *d. 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, deferred inflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, expenditures, and other financing sources (uses) 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:

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

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

#### e. Fund Accounting - Continued

##### *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, 2018

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

#### *d. 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.

#### *e. Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures and other financing sources (uses) during the reporting year. Actual results could differ from those estimates.

#### *f. 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."

#### *g. 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, 2018. Water and sewer rents not collected by year end are relieved on the subsequent year's tax roll.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

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

#### *g. Receivables - Continued*

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.

Economic development and rehabilitation loans are shown net of an allowance for uncollectibles. Non-performing loans are evaluated for collectability on a periodic basis but not less than annually. The City pursues all legal options to help ensure the collection of outstanding balances. A reserve of approximately \$109,000 for non-performing loans has been established in the Special Grants Fund by the City, based on currently known facts regarding the probability of collection.

#### *h. Inventory*

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

#### *i. Capital Assets, Net*

Capital assets include land, buildings, improvements, machinery, equipment, vehicles 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 if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

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

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

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over its fair value. There were no impairments of long-lived assets as of December 31, 2018.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

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

#### *j. 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.

#### *k. Fund Balances*

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.

*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.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

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

#### *k. Fund Balance - Continued*

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, Water, and Sewer Funds may not be less than 10% and not more than 25% of the total adopted budgeted expenditures of the Fund. In the event the unrestricted fund balance of the Fund exceeds the maximum requirement, the excess may be utilized for any lawful purpose approved by the Council.

#### *l. 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.

#### *m. Long-Term Obligations*

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statements 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.

#### *n. 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. 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.

The City has reported deferred outflows of resources for a deferred loss on refunding bonds in the government-wide statement of net position. These amounts result from the difference in the carrying value of the refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

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

*n. Deferred Outflows and Inflows of Resources - Continued*

The City has reported deferred inflows of resources for real property taxes and other unavailable resources in the governmental funds. Real property taxes received in advance of the lien date are reported as deferred inflows of resources within the General Fund and government-wide financial statements. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

Pension and postemployment benefits other than pensions (OPEB) and the related deferred outflows of resources and deferred inflows of resources are reported in the governmental and business-type activities, and the respective enterprise funds.

*o. Adoption of New Accounting Standard and Correction of Error*

During 2018, the City implemented the provisions of GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 establishes financial reporting standards for OPEB plans for state and local governments. GASB 75 replaces the requirements of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. GASB 75 establishes standards for recognizing and measuring liabilities, deferred inflows and outflows of resources, and expense/expenditures, as well as identifying the methods and assumptions required to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Additionally, GASB 75 lays out requirements for additional note disclosures and required supplementary information.

In addition, the City improperly reported accrued interest obligations for its governmental activities, business-type activities, Water Fund, and Sewer Fund at December 31, 2017.

As a result of the retroactive adoption of GASB 75 and the correction of the accrued interest error, the City has restated its opening net position for its governmental activities, business-type activities, Water Fund, Sewer Fund, and City Center Authority Fund as follows:

	Increase (Decrease)			As Restated
	As Originally Stated	Adoption of GASB 75	Correction of Error	
<i>Governmental Activities</i>				
Net position	\$ (17,419,316)	\$ (47,117,454)	\$ 1,204,479	\$ (63,332,291)
<i>Business-type Activities</i>				
Net position	20,216,451	(1,581,109)	364,066	18,999,408
<i>Water Fund</i>				
Net position	(325,745)	(686,937)	275,453	(737,229)
<i>Sewer Fund</i>				
Net position	1,489,931	(775,135)	88,613	803,409
<i>City Center Authority Fund</i>				
Net position	19,052,265	(119,037)	-	18,933,228

*p. Subsequent Events*

The City has evaluated subsequent events for potential recognition or disclosure through September 11, 2019, the date the financial statements were available to be issued.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

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

The City's budget adoption process is described in the City Charter. The Mayor and the Commissioners present their budget requirements for the following 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 year. Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplementary appropriations are usually necessary.

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

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

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

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

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 value.

#### *Collateral*

New York State statutes require the City to collateralize its cash deposits in excess of the FDIC limit of \$250,000. This collateral must 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, 2018.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

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

*a. Cash, Cash Equivalents, and Investments - Continued*

*Cash, Cash Equivalents, and Investments, Restricted*

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

Capital improvements	\$ 1,575,190
Capital projects	10,141,446
Debt service	2,437,715
Tax stabilization	505
Retirement reserve	350,221
Insurance reserve	178,428
Special district	1,975
Community development	<u>79,075</u>
 Total restricted cash and cash equivalents	 <u><u>\$ 14,764,555</u></u>

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

City Center capital improvements	\$ 7,655,573
Water capital projects	1,943,932
Sewer capital projects	<u>623,441</u>
 Total restricted	 <u><u>\$ 10,222,946</u></u>

*b. Receivables*

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

Receivables	Governmental Funds				Enterprise Funds			Total
	General	Capital	Debt Service	Special Grant	Water	Sewer	Center Authority	
City and county taxes	\$ 803,581	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 803,581
School taxes	567,469	-	-	-	-	-	-	567,469
Tax sales	1,516,509	-	-	-	-	-	-	1,516,509
Water rents	-	-	-	-	1,528,906	-	-	1,528,906
Sewer rents	-	-	-	-	-	2,061,328	-	2,061,328
Accounts	2,442,626	-	-	-	-	-	36,731	2,479,357
Rehabilitation loans	-	-	-	366,157	-	-	-	366,157
State and federal	2,603,761	222,187	-	134,948	-	-	-	2,960,896
Other governments	230,198	-	-	-	-	-	276,398	506,596
Total net receivables	<u>8,164,144</u>	<u>222,187</u>	<u>-</u>	<u>501,105</u>	<u>1,528,906</u>	<u>2,061,328</u>	<u>313,129</u>	<u>12,790,799</u>
Allowance for uncollectible accounts	-	-	-	(109,394)	(72,469)	(93,320)	-	(275,183)
Total net receivables	<u>\$ 8,164,144</u>	<u>\$ 222,187</u>	<u>\$ -</u>	<u>\$ 391,711</u>	<u>\$ 1,456,437</u>	<u>\$ 1,968,008</u>	<u>\$ 313,129</u>	<u>\$ 12,515,616</u>

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

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

*b. Receivables*

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

Receivables, net of allowances	
Governmental activities	\$ 8,778,042
Business-type activities	<u>3,737,574</u>
Total	<u><u>\$ 12,515,616</u></u>

*c. Capital Assets*

Capital asset activity was as follows:

Governmental Activities	Year Ended December 31, 2018			Balance December 31, 2018
	Balance January 1, 2018	Additions	Retirement Reclassifications	
Capital assets not being depreciated				
Land	\$ 5,653,781	\$ -	\$ -	\$ 5,653,781
Work in progress	<u>2,936,089</u>	<u>3,088,835</u>	<u>(2,225,046)</u>	<u>3,799,878</u>
Total capital assets not being depreciated	<u>8,589,870</u>	<u>3,088,835</u>	<u>(2,225,046)</u>	<u>9,453,659</u>
Depreciable capital assets				
Buildings	27,096,406	36,125	-	27,132,531
Improvements	14,888,239	1,012,408	-	15,900,647
Machinery, equipment, and vehicles	17,801,614	1,786,102	(652,903)	18,934,813
Infrastructure	<u>57,950,223</u>	<u>27,156</u>	<u>-</u>	<u>57,977,379</u>
Total depreciable capital assets	<u>117,736,482</u>	<u>2,861,791</u>	<u>(652,903)</u>	<u>119,945,370</u>
Less accumulated depreciation				
Buildings	6,450,672	473,351	-	6,924,023
Improvements	5,435,911	613,364	-	6,049,275
Machinery, equipment, and vehicles	12,951,089	1,269,471	(652,903)	13,567,657
Infrastructure	<u>30,495,639</u>	<u>898,799</u>	<u>-</u>	<u>31,394,438</u>
Total accumulated depreciation	<u>55,333,311</u>	<u>3,254,985</u>	<u>(652,903)</u>	<u>57,935,393</u>
Net depreciable capital assets	<u>62,403,171</u>	<u>(393,194)</u>	<u>-</u>	<u>62,009,977</u>
Total net capital assets governmental activities	<u><u>\$ 70,993,041</u></u>	<u><u>\$ 2,695,641</u></u>	<u><u>\$ (2,225,046)</u></u>	<u><u>\$ 71,463,636</u></u>

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

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

#### c. Capital Assets - Continued

Business-type Activities	Year Ended December 31, 2018			Balance December 31, 2018
	Balance January 1, 2018	Additions	Retirement Reclassifications	
<b>Water activity</b>				
Capital assets not being depreciated				
Land	\$ 325,841	\$ -	\$ -	\$ 325,841
Work in progress	27,216	630,805	(43,220)	614,801
Total capital assets not being depreciated	<u>353,057</u>	<u>630,805</u>	<u>(43,220)</u>	<u>940,642</u>
Depreciable capital assets				
Buildings	749,195	-	-	749,195
Improvements	4,261,026	-	-	4,261,026
Machinery, equipment, and vehicles	1,634,280	170,824	-	1,805,104
Infrastructure	16,897,839	43,220	-	16,941,059
Total depreciable capital assets	<u>23,542,340</u>	<u>214,044</u>	<u>-</u>	<u>23,756,384</u>
Less accumulated depreciation				
Buildings	321,191	13,056	-	334,247
Improvements	716,203	170,809	-	887,012
Machinery, equipment, and vehicles	673,440	116,982	-	790,422
Infrastructure	13,113,855	257,924	-	13,371,779
Total accumulated depreciation	<u>14,824,689</u>	<u>558,771</u>	<u>-</u>	<u>15,383,460</u>
Net depreciable capital assets	<u>8,717,651</u>	<u>(344,727)</u>	<u>-</u>	<u>8,372,924</u>
Total net capital assets water activities	<u>\$ 9,070,708</u>	<u>\$ 286,078</u>	<u>\$ (43,220)</u>	<u>\$ 9,313,566</u>
<b>Year Ended December 31, 2018</b>				
Business-type Activities	Balance January 1, 2018	Additions	Retirement Reclassifications	Balance December 31, 2018
<b>Sewer activity</b>				
Capital assets not being depreciated				
Work in progress	\$ 1,567,710	\$ 539,996	\$ (716,000)	\$ 1,391,706
Depreciable capital assets				
Improvements	227,246	-	-	227,246
Machinery, equipment, and vehicles	17,267	13,473	-	30,740
Infrastructure	1,383,850	716,000	-	2,099,850
Total depreciable capital assets	<u>1,628,363</u>	<u>729,473</u>	<u>-</u>	<u>2,357,836</u>
Less accumulated depreciation				
Improvements	41,596	9,109	-	50,705
Machinery, equipment, and vehicles	59,914	1,979	-	61,893
Infrastructure	120,700	44,172	-	164,872
Total accumulated depreciation	<u>222,210</u>	<u>55,260</u>	<u>-</u>	<u>277,470</u>
Net depreciable capital assets	<u>1,406,153</u>	<u>674,213</u>	<u>-</u>	<u>2,080,366</u>
Total net capital assets sewer activities	<u>\$ 2,973,863</u>	<u>\$ 1,214,209</u>	<u>\$ (716,000)</u>	<u>\$ 3,472,072</u>
<b>City Center</b>				
Depreciable capital assets				
Machinery, equipment, and vehicles	\$ 134,955	\$ 37,030	\$ -	\$ 171,985
Buildings	14,706,228	-	-	14,706,228
	<u>14,841,183</u>	<u>37,030</u>	<u>-</u>	<u>14,878,213</u>
Less accumulated depreciation				
Machinery, equipment, and vehicles	134,956	2,134	-	137,090
Buildings	2,990,266	588,429	-	3,578,695
Total accumulated depreciation	<u>3,125,222</u>	<u>590,563</u>	<u>-</u>	<u>3,715,785</u>
Total net capital assets City Center	<u>\$ 11,715,961</u>	<u>\$ (553,533)</u>	<u>\$ -</u>	<u>\$ 11,162,428</u>

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

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

*c. Capital Assets - Continued*

Depreciation expense was charged to functions/programs as follows:

Mayor	\$	24,295
Finance		37,764
DPW		1,095,746
DPS		110,174
Accounts		4,532
Other General government support		7,233
Police		201,636
Fire		364,869
Home and community service		37,766
Transportation		735,059
Culture and recreation		635,911
Total depreciation expense for governmental activities	\$	3,254,985
Water	\$	558,771
Sewer		55,260
City Center Authority		590,563
Total depreciation expense for business-type activities	\$	1,204,594

*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, 2018	
	Due From	Due To
General	\$ 1,187,022	\$ -
Water	2,185,000	630,805
Sewer	-	539,996
Capital Projects	1,170,801	2,966,629
Downtown Special Assessment District	-	20,000
Debt Service	-	385,338
Trust and Agency	-	55
	\$ 4,542,823	\$ 4,542,823

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

### 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, 2018	
	Due From	Due To
Capital Projects	\$ 1,170,801	\$ 2,966,629
General Fund	1,187,022	-
Debt Service	-	385,338
Other Governmental Funds	-	20,000
Water	2,185,000	630,805
Sewer	-	539,996
Trust and Agency	-	55
	\$ 4,542,823	\$ 4,542,823

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

Transfers Out	Year Ended December 31, 2018			
	Transfers In			
	General	Debt Service	City Center	Totals
General Fund	\$ -	\$ -	\$ 133,955	\$ 133,955
Capital Projects	-	24,899	-	24,899
West Avenue Special Assessment District	-	49,503	-	49,503
Community Development	63,770	-	-	63,770
	\$ 63,770	\$ 74,402	\$ 133,955	\$ 272,127

In the government-wide statement of net position, interfund receivables and payables between governmental activities were eliminated, leaving \$1,014,199 due to the business-type activities. In the government-wide statement of activities, interfund transfers between governmental activities were eliminated, leaving \$133,955 in transfers from the governmental activities to the business-type activities.

#### e. Long-Term Liabilities

The changes in the City's long-term liabilities were as follows:

	Year Ended December 31, 2018				
	Balance January 1, 2018 (Restated)	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2018	Due Within On Year
	Governmental activities				
Bonds payable	\$ 43,811,324	\$ 10,852,562	\$ 8,382,242	\$ 46,281,644	\$ 2,166,043
Bond premiums	1,503,253	442,809	116,398	1,829,664	133,735
	45,314,577	11,295,371	8,498,640	48,111,308	2,299,778
Other non-current liabilities					
Capital lease obligations	402,188	-	65,019	337,169	79,208
Claims payable	1,000,000	-	-	1,000,000	1,000,000
Compensated absences	4,509,310	217,479	451,000	4,275,789	427,500
Net pension liability	10,480,449	-	5,871,631	4,608,818	-
Other postemployment benefits	108,420,690	13,586,568	9,625,605	112,381,653	-
	124,812,637	13,804,047	16,013,255	122,603,429	1,506,708
Governmental activities long-term liabilities	\$ 170,127,214	\$ 25,099,418	\$ 24,511,895	\$ 170,714,737	\$ 3,806,486

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

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

#### e. Long-Term Liabilities - Continued

	Year Ended December 31, 2018				
	Balance January 1, 2018 (Restated)	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2018	Due Within On Year
Business-type activities					
Bonds payable	\$ 13,050,250	\$ 2,185,000	\$ 564,332	\$ 14,670,918	\$ 526,519
Other non-current liabilities					
Net pension liability	738,769	-	478,466	260,303	-
Construction loan	50,000	-	-	50,000	-
Other postemployment benefits	5,957,881	1,055,636	528,942	6,484,575	-
	<u>6,746,650</u>	<u>1,055,636</u>	<u>1,007,408</u>	<u>6,794,878</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 19,796,900</u>	<u>\$ 3,240,636</u>	<u>\$ 1,571,740</u>	<u>\$ 21,465,796</u>	<u>\$ 526,519</u>

#### f. Indebtedness

##### i. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In May 2018, the City issued \$6,260,000 in refunding bonds at a premium of \$442,809 to refund \$6,460,000 in general obligation bonds series 2008, 2009 and 2010. Repayment of the refunding bonds began in 2018 and continues through July 2039 at fixed interest rates ranging from 2.50% to 5.00%. The refunding resulted in net present savings of \$965,345.

In June 2018, the City issued \$6,777,562 in public improvement (serial) bonds to finance certain equipment purchases and to finance various projects throughout the City. The bonds will be repaid annually commencing in 2019 at fixed interest rates ranging from 2.50% to 3.38% through June 2042. \$2,185,000 of the proceeds of the bonds were used to fund capital improvements of the Water Fund. The remaining \$4,592,562 of the bond issuance was used to finance governmental activities.

A summary of the City's general obligation serial bond transactions for the year ended December 31, 2018, is as follows:

Bonds payable, <i>beginning of year</i>	\$ 56,861,574
Bonds issued	6,777,562
Refunding bonds issued	6,260,000
Refunded bonds	(6,460,000)
Bonds retired	<u>(2,486,574)</u>
 Bonds payable, <i>end of year</i>	 <u><u>\$ 60,952,562</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:

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

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

*f. Indebtedness - Continued*

*i. General Obligation Bonds - Continued*

<u>Public Improvement Bonds</u>	<u>Issue Date</u>	<u>Maturity</u>	<u>Rate</u>	<u>December 31, 2018</u>
Serial bond, general obligation	01/09	01/24	4.250%	\$ 355,000
Statutory installment bond	04/11	04/39	4.630%	1,835,000
Serial bond, general obligation	05/12	05/39	2.975%	5,590,000
Serial bond, general obligation	12/12	12/22	2.000%	235,000
Serial bond, general obligation	04/13	06/33	3.372%	3,505,000
Serial bond, general obligation	06/14	06/34	2.810%	4,335,000
Refunding bond	12/14	02/35	2.878%	16,235,000
Serial bond, general obligation	06/15	06/40	3.310%	5,465,000
Serial bond, general obligation	06/16	06/33	2.095%	2,730,000
Serial bond, general obligation	06/17	06/40	2.489%	7,715,000
Refunding bond	07/18	07/39	3.802%	6,175,000
Serial bond, general obligation	06/18	06/42	3.097%	<u>6,777,562</u>
				<u>\$ 60,952,562</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For the years ending December 31,			
2019	\$ 2,692,562	\$ 2,107,953	\$ 4,800,515
2020	2,895,000	1,909,367	4,804,367
2021	3,010,000	1,805,749	4,815,749
2022	3,125,000	1,697,349	4,822,349
2023	3,075,000	1,589,521	4,664,521
2024 - 2028	15,555,000	6,340,816	21,895,816
2029 - 2033	16,100,000	3,737,380	19,837,380
2034 - 2038	10,815,000	1,486,336	12,301,336
2039 - 2042	<u>3,685,000</u>	<u>170,869</u>	<u>3,855,869</u>
	<u>\$ 60,952,562</u>	<u>\$ 20,845,340</u>	<u>\$ 81,797,902</u>

Of the total outstanding indebtedness of the City in the sum of \$60,952,562, \$38,320,532 was subject to the statutory debt limit and represented approximately 49% of the City's \$80,523,104 self-imposed debt limit.

The City's general obligation bonds were issued at a premium, which is reported as a component of bonds payable in the government-wide statement of net position. Premiums on general obligation bonds are being amortized using the effective interest method over the life of the bonds. Bond premium amortization is reported as a component of interest expense.

*ii. Special Assessment Debt*

At December 31, 2018, the amount of special assessment debt outstanding for SAD and WASAD was \$420,590 and \$318,337, respectively. These amounts are reflected in the governmental activities statement of net position and included in the schedules above.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

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

*f. Indebtedness - Continued*

*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. 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 at December 31, 2018 is \$337,169.

*iv. Other liabilities include the following:*

	January 1, 2018	Additions	Deletions	December 31, 2018
Sick time	\$ 3,486,435	\$ 168,147	\$ 348,697	\$ 3,305,885
Compensatory time	1,022,875	49,332	102,303	969,904
Total	\$ 4,509,310	\$ 217,479	\$ 451,000	\$ 4,275,789

*v. Construction Loan*

On January 10, 2017, the City Center Authority Fund entered into an agreement with The Adirondack Trust Company for a construction loan not-to-exceed \$7,500,000 to finance a new parking facility at High Rock and Maple Avenues. The City Center is required to make a minimum equity contribution of \$4,500,000 toward the project. The loan requires the City Center to maintain a minimum of \$500,000 in liquid funds as additional equity to be used for any contingent costs associated with the construction of the parking facility, for a total equity contribution of \$5,000,000. The City Center is required to establish a debt service reserve account at The Adirondack Trust Company in the amount of \$444,000. The construction loan bears interest at a rate of 3.3% for the first 10 years. After the fixed rate term, the rate will reset at each five year anniversary for the following five years based on *The Wall Street Journal* prime lending rate plus .50% (Taxable Rate) divided by a conversion factor, with a floor of 2.81%. Prior to twelve months after project commencement, the City is required to pay monthly interest payments on the construction loan. Twelve months after project commencement, the City Center is required to remit principal and interest payments sufficient to fully amortize the loan over a period of 26 years.

Collateral for the loan includes a first leasehold mortgage on the parking facility, assignment of rents, leases and profits, a security interest with corresponding UCC filings in all furniture, fixtures, equipment used in the operations of the property, and a first lien security interest in and assignment of all existing and future plans (buildings or otherwise), specifications, drawings, site places, all governmental permits and approvals, site plan approvals, building permits and other permits, all construction contracts, architects' contracts, engineer's contracts and other similar items that pertain to the construction of improvements in connection with the project.

The City Center has drawn \$50,000 of funds on the loan at December 31, 2018. The project was not considered to have commenced at December 31, 2018.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

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

#### *g. Pension Plans*

##### *Plan Description*

The City participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS), which are collectively referred to as the New York State and Local Retirement System (System). These are cost-sharing, multiple-employer retirement systems. The net position of the System is held in the New York State Common Retirement Fund (Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the Trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship, and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The City also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance.

##### *Plan Benefits*

The System provides retirement benefits as well as death and disability benefits. Retirement benefits are established by the New York State Retirement and Social Security Law (RSSL) and are dependent upon the point in time at which the employees last joined the System. The RSSL has established distinct classes of membership. The System uses a tier concept within ERS and PFRS to distinguish these groups, as follows:

##### ERS

- Tier 1 - Those persons who last became members before July 1, 1973.
- Tier 2 - Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
- Tier 3 - Generally, those persons who are State correction officers who last became members on or after July 27, 1976, but before January 1, 2010, and all others who last became members on or after July 27, 1976, but before September 1, 1983.
- Tier 4 - Generally, except for correction officers, those persons who last became members on or after September 1, 1983, but before January 1, 2010.
- Tier 5 - Those persons who last became members on or after January 1, 2010, but before April 1, 2012.
- Tier 6 - Those persons who first became members on or after April 1, 2012.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

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

#### *g. Pension Plans - Continued*

#### *Plan Benefits - Continued*

#### PFRS

- Tier 1 - Those persons who last became members before July 1, 1973.
- Tier 2 - Those persons who last became members on or after July 1, 1973, but before July 1, 2009.
- Tier 3 - Those persons who last became members on or after July 1, 2009, but before January 9, 2010.
- Tier 4 - Not applicable.
- Tier 5- Those persons who last became members on or after January 9, 2010, but before April 1, 2012, or who were previously PFRS Tier 3 members who elected to become Tier 5.
- Tier 6 - Those persons who first became members on or after April 1, 2012.

Generally, members of ERS and PFRS may retire at age 55; however, members of Tiers 2, 3, and 4 will receive a reduced benefit if they retire before age 62 with less than 30 years of service. Tier 5 members must be 62 years of age with at least ten years of service credit to retire with full benefits. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members. Tier 6 members with 10 years of service or more can retire as early as age 55 with reduced benefits. A member with less than five years of service may withdraw and obtain a refund, including interest, of the accumulated employee contributions. Members who joined the System prior to January 1, 2010 generally need five years of service to be 100 percent vested. Members who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) need 10 years of service credit to be 100 percent vested.

Typically, the benefit for members in all Tiers within ERS and PFRS is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a Tier 1 or 2 member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. If a Tier 3, 4, or 5 member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a Tier 3, 4, or 5 member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Final average salary for Tiers 1 through 5 is the average of the wages earned in the three highest consecutive years of employment. Each year used in the final average salary calculation is limited to no more than 20 percent of the previous year (Tier 1) or no more than 20 percent of the average of the previous two years (Tier 2). For Tier 3, 4, and 5 members, each year used in the final average salary calculation is limited to no more than 10 percent of the average of the previous two years. The benefit for Tier 6 members who retire with 20 years of service is 1.75 percent of final average salary for each year of service. If a Tier 6 member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied to each year of service over 20 years. The final average salary for a Tier 6 member is computed as the average of the wages earned in the five highest consecutive years. Each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

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

*g. Pension Plans - Continued*

*Plan Benefits - Continued*

An automatic post-employment benefit is provided annually to pensioners who have attained age 62 and have been retired for five years; to pensioners who have attained age 55 and have been retired for ten years; to all disability pensioners, regardless of age, who have been retired for five years; to ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years; and the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or greater than 3 percent.

*Funding Policy*

Employee contribution requirements depend upon the point in time at which an employee last joined the System. Most Tier 1 and Tier 2 members of ERS, and most members of PFRS are not required to make employee contributions. Employees in Tiers 3, 4, and 5 are required to contribute 3 percent of their salary, however, as a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees who have ten or more years of membership or credited service within the System are not required to contribute. The Tier 6 contribution rate varies from 3 percent to 6 percent depending on salary. Tiers 5 and 6 members are required to contribute for all years of service. Members cannot be required to begin contributing or to make increased contributions beyond what was required when their memberships began.

Participating employers are required under the RSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for ERS for the fiscal year ended March 31, 2018 was approximately 15.3 percent of payroll. The average contribution rate for PFRS for the fiscal year ended March 31, 2018 was approximately 24.4 percent of payroll. Contributions made to the Systems for the current and two preceding years were as follows:

	ERS	PFRS	Total
2018	\$ 1,712,380	\$ 2,490,280	\$ 4,202,660
2017	1,722,111	2,627,560	4,349,671
2016	1,644,685	2,960,169	4,604,854

These contributions were equal to the 100% of the actuarially required contributions for each respective fiscal year.

The current ERS contribution for the City was charged to the governmental and business-type activities as indicated below. The Current PFRS contribution was charged to the General Fund.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

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

*g. Pension Plans - Continued*

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At December 31, 2018, the City reported a liability of \$4,608,818 in the governmental activities statement of net position and \$260,303 in the business-type activities statement of net position for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2018, the City's proportion was .0441450% in the Employee Retirement System and .3407709% in the Police and Fire Retirement System.

For the year ended December 31, 2018, the City recognized pension expense of \$5,976,000 in the governmental activities and \$430,909 in the business-type activities. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>ERS</b>		
Differences between expected and actual experience	\$ 415,322	\$ 343,207
Change in assumptions	772,129	-
Net differences between projected and actual investment earnings on pension plan investments	1,691,276	3,338,408
Changes in proportion and differences between employer contributions and proportionate share of contributions	136,588	96,901
City contributions subsequent to the measurement date	1,399,528	-
Total	\$ 4,414,843	\$ 3,778,516
<b>PFRS</b>		
Differences between expected and actual experience	\$ 1,417,666	\$ 915,247
Change in assumptions	2,609,730	-
Net differences between projected and actual investment earnings on pension plan investments	2,787,810	5,614,498
Changes in proportion and differences between employer contributions and proportionate share of contributions	41,952	931,934
City contributions subsequent to the measurement date	2,490,280	-
Total	\$ 9,347,438	\$ 7,461,679

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

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

*g. Pension Plans - Continued*

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued*

	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
ERS		
Differences between expected and actual experience	\$ 92,842	\$ 76,721
Change in assumptions	172,602	-
Net differences between projected and actual investment earnings on pension plan investments	378,069	746,271
Changes in proportion and differences between employer contributions and proportionate share of contributions	30,533	21,662
City contributions subsequent to the measurement date	<u>312,851</u>	<u>-</u>
Total	<u>\$ 986,897</u>	<u>\$ 844,654</u>

The amount of deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ending December 31, 2019. The remaining cumulative net amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS		
	Governmental Activities	Business-type Type-Activities	Total
Year ending December 31,			
2019	\$ 262,943	\$ 58,778	\$ 321,721
2020	220,583	49,309	269,892
2021	(861,376)	(192,553)	(1,053,929)
2022	<u>(385,351)</u>	<u>(86,142)</u>	<u>(471,493)</u>
Total	<u>\$ (763,201)</u>	<u>\$ (170,608)</u>	<u>\$ (933,809)</u>
		PFRS	
		Governmental Activities	
Year ending December 31,			
2019		\$ 476,655	
2020		397,925	
2021		(924,902)	
2022		(625,653)	
2023		<u>71,454</u>	
Total		<u>\$ (604,521)</u>	

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

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

*g. Pension Plans - Continued*

*Actuarial Assumptions*

The total pension liability at March 31, 2018 was determined by using an actuarial valuation as April 1, 2017, with update procedures used to rollforward the total pension liability to March 31, 2018. The actuarial valuations used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation rate	2.5 percent
Salary scale	
ERS	3.8 percent, indexed by service
PFRS	4.5 percent, indexed by service
Investment rate of return, including inflation	7.0 percent compounded annually, net of expenses
Decrement	Based on FY 2010-2015 experience
Mortality improvement	Society of Actuaries' Scale MP-2014

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2017 valuations are based on the results of actuarial experience study for the period April 1, 2010 - March 31, 2015.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2018 are summarized below:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate</u>
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.50%
Real estate	10.00%	5.55%
Absolute return strategies	2.00%	3.75%
Opportunities portfolio	3.00%	5.68%
Real assets	3.00%	5.29%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	-0.25%
Inflation indexed bonds	4.00%	1.25%
	<u>100.00%</u>	

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

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

*g. Pension Plans - Continued*

*Discount Rate*

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption*

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
ERS			
City's proportionate share of the net pension liability (asset)			
Proprietary activities	\$ 1,969,522	\$ 260,303	\$ (1,185,628)
Governmental activities	8,810,563	1,164,453	(5,303,851)
	\$ 10,780,085	\$ 1,424,756	\$ (6,489,479)
	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
PFRS			
City's proportionate share of the net pension liability (asset)			
Governmental activities	\$ 16,871,433	\$ 3,444,365	\$ (7,817,795)

*Pension Plan Fiduciary Net Position*

The components of the current-year net pension liability of the employers as of March 31, 2018, were as follows:

	(Dollars in Thousands)		
	Employees' Retirement System	Police and Fire Retirement System	Total
Employers' total pension liability	\$ 183,400,590	\$ 32,914,423	\$ 216,315,013
Plan net position	(180,173,145)	(31,903,666)	(212,076,811)
Employers' net pension liability	\$ 3,227,445	\$ 1,010,757	\$ 4,238,202
Ratio of fiduciary net position to total pension liability	98.2%	96.9%	98.0%

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

### Note 4 - Postemployment Benefits Other Than Pensions

#### *OPEB Plan Benefits*

The City administers a single-employer defined benefit healthcare plan (“the OPEB plan”). The OPEB 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 OPEB 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 also 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.

A summary of participants in the OPEB plan as of the January 1, 2018 actuarial measurement date is as follows:

	Governmental Activities	Business-type Activities	Total
Retirees and Survivors	229	9	238
Actives	285	28	313
Total	514	37	551

Contribution requirements 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. The City is not required to fund the OPEB plan other than the pay-as-you-go amount necessary to provide current benefits to retirees. For the year ended December 31, 2018, the City paid \$2,711,678 and \$149,011 on behalf OPEB plan members within the governmental activities and business-type activities, respectively. The OPEB plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the benefit plan. The City pays the full premium for the life insurance coverage.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

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

*OPEB Plan Liability, OPEB Plan Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB Plan*

At December 31, 2018, the City reported a liability of \$112,381,653 and \$6,484,575 for its OPEB plan liability in the governmental activities and business-type activities, respectively. The OPEB plan liability was measured as of January 1, 2018 by an actuarial valuation as of that date. For the year ended December 31, 2018, the City recognized OPEB plan expense of \$8,455,846 and \$464,662 in the governmental activities and business-type activities, respectively. A summary of changes in the City's OPEB plan liability is as follows:

	Governmental Activities	Business-type Activities	Total
January 1, 2018 (Restated)	\$ 108,420,690	\$ 5,957,881	\$ 114,378,571
Charges for the year			
Service cost	4,248,212	233,446	4,481,658
Interest	4,207,634	231,216	4,438,850
Difference in expected and actual experience	5,130,722	590,974	5,721,696
Changes in assumptions and other inputs	(6,913,927)	(379,931)	(7,293,858)
Benefit payments	(2,711,678)	(149,011)	(2,860,689)
Net changes	<u>3,960,963</u>	<u>526,694</u>	<u>4,487,657</u>
December 31, 2018	<u>\$ 112,381,653</u>	<u>\$ 6,484,575</u>	<u>\$ 118,866,228</u>

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,738,767	\$ -
Changes of assumptions or other inputs	-	5,892,176
City contributions subsequent to the measurement date	<u>2,753,737</u>	<u>-</u>
Total	<u>\$ 7,492,504</u>	<u>\$ 5,892,176</u>
	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 150,077	\$ -
Changes of assumptions or other inputs	-	339,985
City contributions subsequent to the measurement date	<u>266,703</u>	<u>-</u>
Total	<u>\$ 416,780</u>	<u>\$ 339,985</u>

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

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

*OPEB Plan Liability, OPEB Plan Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB Plan - Continued*

The amount of deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the OPEB plan liability in the year ending December 31, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB plan expense as follows:

	Governmental Activities	Business-type Activities
Year ending December 31,		
2019	\$ (89,969)	\$ (138,876)
2020	(218,366)	(10,479)
2021	(218,366)	(10,479)
2022	(218,366)	(10,479)
2023 and thereafter	(408,342)	(19,595)
Total	\$ (1,153,409)	\$ (189,908)

*Actuarial Assumptions*

The OPEB plan liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions:

Actuarial cost method	Entry age normal - level percent of pay
Measurement date	January 1, 2018
Discount rate	3.44%, Bond Buyer Weekly 20-Bond GO Index
Salary scale	3.00%
Rate of inflation	2.20%
Mortality	RPH-2014 Mortality Table
Turnover	
	New York State & Local Retirement System experience, as prepared by the Department of Civil Service's actuarial consultant in the report titled, <i>Development of Recommended Actuarial Assumptions for new York State/SUNY GASB 45 Valuation (September 2016)</i>
Retirement incidence	New York State & Local Retirement System experience, as prepared by the Department of Civil Service's actuarial consultant in the report titled, <i>Development of Recommended Actuarial Assumptions for new York State/SUNY GASB 45 Valuation (September 2016)</i>
	70% of retirees assumed to be married at the time of retirement, with the male spouse assumed to be approximately 3 years older than the female
Marriage rate	

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

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

#### Actuarial Assumptions - Continued

Health care cost trend rates	<u>To fiscal year ending</u>	<u>Pre-65 trend</u>	<u>Post-65 trend</u>
	2019	2.50%	0.00%
	2020	7.00%	8.25%
	2021	6.50%	8.00%
	2022	6.88%	7.75%
	2023	6.68%	7.32%
	2028	5.70%	5.19%
	2033	5.70%	5.19%
	2038	5.70%	5.19%
	2048	5.17%	5.41%
	2058	4.92%	5.15%
	2068	4.62%	4.62%
	2078	4.03%	4.03%
	2028	4.03%	4.03%

#### *Sensitivity of the Employer's Share of the OPEB Plan Liability to Changes in the Health Care Trend Rate and Discount Rate*

The following presents the OPEB plan liability as of December 31, 2018 using current health care cost trend rates as well as what the OPEB plan liability would be if it were calculated using health care cost trend rates that are 1% lower of 1% higher than the current rate:

	<u>1% Decrease</u>	<u>Current Rates</u>	<u>1% Increase</u>
OPEB plan liability			
Proprietary activities	\$ 5,364,591	\$ 6,484,575	\$ 7,963,253
Governmental activities	<u>92,971,637</u>	<u>112,381,653</u>	<u>138,008,040</u>
	<u>\$ 98,336,228</u>	<u>\$ 118,866,228</u>	<u>\$ 145,971,293</u>

The following presents the OPEB plan liability as of December 31, 2018 using the current discount rate of 3.44% as well as what the OPEB plan liability would be if it were calculated using health care cost trend rates that are 1% lower of 1% higher than the current rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
OPEB plan liability			
Proprietary activities	\$ 7,758,663	\$ 6,484,575	\$ 5,489,586
Governmental activities	<u>134,462,370</u>	<u>112,381,653</u>	<u>95,137,880</u>
	<u>\$ 142,221,033</u>	<u>\$ 118,866,228</u>	<u>\$ 100,627,466</u>

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

### Note 5 - Tax Abatements

The City has six real property tax abatement agreements with housing development and redevelopment companies organized pursuant to Article V or Article XI of the Private Housing Finance Law of the State of New York ("PHFL") for the purpose of creating or preserving affordable housing.

Generally, these agreements provide for a 100 percent abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) based on a percentage of shelter rents, and continue until the property no longer provides the required affordable housing or no longer complies with the requirements of the PHFL.

Copies of the agreements may be obtained from the Commissioner of Finance, 474 Broadway, Saratoga Springs, New York 12866. Information relevant to disclosure of these agreements for the year ended December 31, 2018 is as follows:

State Date	Agreement	Taxable Assessed Value	Tax Rate	Tax Value	PILOT Received	Taxes Abated
6/17/2003	11 Kirby Road - Kirby Village	\$ 2,761,800	\$ 5.98	\$ 16,516	\$ 2,880	\$ 13,636
5/17/2016	9 Kirby Road - Kirby Village	3,223,400	5.98	19,276	4,713	14,563
8/17/2004	125 West Avenue - Westview Apartment	8,193,000	5.98	48,994	15,075	33,919
7/29/2010	57 Ballston Avenue - Raymond Watkins Apartments	3,000,000	6.07	18,210	14,162	4,048
5/21/1951	Saratoga Housing Authority	22,104,300	6.07	134,173	-	134,173
1/16/2007	Embury Apartments	16,326,800	6.07	99,104	-	99,104
		<u>\$ 55,609,300</u>		<u>\$ 336,273</u>	<u>\$ 36,830</u>	<u>\$ 299,443</u>

### Note 6 - Commitments and Contingencies

#### a. Environmental Risks

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

#### b. Risk Management

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

The City's Safety Committee reviews potential areas of risk and develops safety policies. The Safety Committee reviews, among other things, workers' compensation trends to determine and prevent causation of similar claims in future. The City belongs to the Saratoga County Workers' Compensation pool, and cases are reviewed and paid by Saratoga County. The City's 2018 annual contribution to the workers' compensation pool was \$851,157.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

### Note 6 - Commitments and Contingencies - Continued

#### *c. Contingent Liabilities*

The City is involved in certain suits and claims arising from a variety of sources. Provision has been made in accounts payable and other current liabilities in the government-wide statement of net position for claims the City has determined to be estimable and probable of settlement. It is the opinion of counsel and management that any remaining 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 employees covered by seven bargaining units. The Police Chiefs' contract will expire on December 31, 2019, the Police Benevolent Association's and Fire Chiefs' will expire on December 31, 2022, the Police Lieutenants' will expire on December 31, 2020, and the CSEA City Hall and CSEA DPW contracts will expire on December 31, 2021. The Firefighters' contract will expire on December 31, 2022.

### Note 7 - Subsequent Events

On June 5, 2019, the City issued \$9,809,804 in general public improvement serial bonds to finance various projects. The bonds bear interest rates ranging from 2.250% - 2.375% and mature in June 2040.

### Note 8 - Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83). GASB 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 84, *Fiduciary Activities* (GASB 84). GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 87, *Leases* (GASB 87). This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2018

### Note 8 - Accounting Standards Issued But Not Yet Implemented - Continued

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines-of-credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this statement. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 90, *Majority Equity Interests*. This statement will provide financial reporting users with information related to the presentation of majority equity interests in legally separate organizations. In addition, this statement requires the reporting of information about component units if the government acquires a 100% equity interest in the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit. The requirements for this statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No 91, *Conduit Debt Obligations*. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. This statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer, establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improves note disclosures. The requirements for this statement are effective for reporting periods beginning after December 15, 2020.

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

# City of Saratoga Springs, New York

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

	Year Ended December 31, 2018			
	Budgeted Amounts		Actual Amounts	Variance with Revised - Positive (Negative)
	Adopted	Revised		
<b>REVENUES</b>				
Real property taxes and related tax items	\$ 19,430,997	\$ 19,512,405	\$ 16,466,384	\$ (3,046,021)
Non-property taxes	14,805,500	14,805,500	15,534,499	728,999
Departmental income	2,634,640	2,813,524	2,974,253	160,729
Intergovernmental charges	411,750	416,956	448,985	32,029
Use of money and property	641,580	641,580	573,090	(68,490)
Licenses and permits	427,400	427,400	683,800	256,400
Fines and forfeitures	852,000	852,000	717,835	(134,165)
Sale of property and compensation for loss	558,163	2,286,214	2,269,732	(16,482)
Miscellaneous	2,493,192	2,547,020	2,686,293	139,273
State aid	3,805,401	4,338,631	3,956,428	(382,203)
Federal aid	15,000	31,772	134,205	102,433
Total revenues	<u>46,075,623</u>	<u>48,673,002</u>	<u>46,445,504</u>	<u>(2,227,498)</u>
<b>EXPENDITURES</b>				
General government support	8,814,694	11,293,035	10,665,240	627,795
Public safety	25,809,729	26,354,642	25,212,462	1,142,180
Health	32,904	32,930	140,901	(107,971)
Transportation	5,437,312	6,340,166	4,695,079	1,645,087
Economic opportunity and development	219,659	218,486	170,316	48,170
Culture and recreation	3,270,051	3,207,563	2,715,063	492,500
Home and community service	1,946,334	2,309,935	1,482,033	827,902
Debt service	430,940	131,475	80,940	50,535
Total expenditures	<u>45,961,623</u>	<u>49,888,232</u>	<u>45,162,034</u>	<u>4,726,198</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers in	61,000	111,000	63,770	(47,230)
Interfund transfers out	(175,000)	(175,000)	(133,955)	41,045
Total other financing sources (uses)	<u>(114,000)</u>	<u>(64,000)</u>	<u>(70,185)</u>	<u>(6,185)</u>
<b>Net change in fund balance (actual) and appropriated fund balance (budget)</b>	<b>-</b>	<b>(1,279,230)</b>	<b>1,213,285</b>	<b><u>\$ 2,492,515</u></b>
<b>FUND BALANCE, beginning of year</b>	<u>16,398,819</u>	<u>16,398,819</u>	<u>16,398,819</u>	
<b>FUND BALANCE, end of year</b>	<b><u>\$ 16,398,819</u></b>	<b><u>\$ 15,119,589</u></b>	<b><u>\$ 17,612,104</u></b>	

# City of Saratoga Springs, New York

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

	Year Ended December 31, 2018			Variance with Revised - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Adopted	Revised		
<b>REVENUES</b>				
Real property taxes and related tax items	\$ 3,537,741	\$ 3,587,741	\$ 3,290,564	\$ (297,177)
Use of money and property	-	-	1,658	1,658
Miscellaneous	55,939	55,939	812,065	756,126
Total revenues	3,593,680	3,643,680	4,104,287	460,607
<b>EXPENDITURES</b>				
General government support	30,000	80,000	121,402	(41,402)
Debt service, principal	1,985,067	1,985,067	2,107,291	(122,224)
Debt service, interest	1,578,613	1,678,702	1,485,456	193,246
Total expenditures	3,593,680	3,743,769	3,714,149	29,620
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds	-	5,420,494	6,260,000	839,506
Repayments to escrow agent	-	(5,320,405)	(6,598,052)	(1,277,647)
Interfund transfers in	-	-	74,402	74,402
Total other financing sources (uses)	-	100,089	(263,650)	(363,739)
<b>Net change in fund balance (actual) and appropriated fund balance (budget)</b>	-	-	126,488	<b>\$ 126,488</b>
<b>FUND BALANCE, <i>beginning of year</i></b>	1,925,439	1,925,439	1,925,439	
<b>FUND BALANCE, <i>end of year</i></b>	<b>1,925,439</b>	<b>1,925,439</b>	<b>2,051,927</b>	

# City of Saratoga Springs, New York

## Required Supplementary Information Schedule of Other Postemployment Benefits Liability

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
January 1, 2018	\$ 108,420,690	\$ 5,957,881	\$ 114,378,571
Charges for the year			
Service cost	4,248,212	233,446	4,481,658
Interest	4,207,634	231,216	4,438,850
Difference in expected and actual experience	5,130,722	590,974	5,721,696
Changes in assumptions and other inputs	(6,913,927)	(379,931)	(7,293,858)
Benefit payments	<u>(2,711,678)</u>	<u>(149,011)</u>	<u>(2,860,689)</u>
Net changes	<u>3,960,963</u>	<u>526,694</u>	<u>4,487,657</u>
December 31, 2018	<u><b>\$ 112,381,653</b></u>	<u><b>\$ 6,484,575</b></u>	<u><b>\$ 118,866,228</b></u>
Covered payroll	\$ 25,090,162	\$ 1,378,742	\$ 26,468,904
OPEB liability as a percentage of covered payroll	447.91%	470.33%	449.08%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

# City of Saratoga Springs, New York

## Required Supplementary Information Schedule of Proportionate Share of the Net Pension Liability

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>ERS</b>				
City's proportion of the net pension liability	0.0441450%	0.0430345%	0.0448128%	0.0414829%
City's proportionate share of the net pension liability	\$ 1,424,756	\$ 4,043,615	\$ 7,192,574	\$ 1,401,392
City's covered-employee payroll	\$12,246,803	\$11,900,452	\$ 11,088,897	\$ 11,068,113
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	11.63%	33.98%	64.86%	12.66%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.68%	97.95%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>PFRS</b>				
City's proportion of the net pension liability	0.340771%	0.346204%	0.334572%	0.3247468%
City's proportionate share of the net pension liability	\$ 3,444,365	\$ 7,175,602	\$ 9,905,974	\$ 893,897
City's covered-employee payroll	\$11,131,471	\$11,245,023	\$ 10,699,616	\$ 9,655,380
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	30.94%	63.81%	92.58%	9.26%
Plan fiduciary net position as a percentage of the total pension liability	96.93%	93.46%	90.24%	99.00%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

# City of Saratoga Springs, New York

## Required Supplementary Information Schedule of Pension Contributions

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>ERS</b>								
Contractually required contribution	\$ 1,712,380	\$ 1,722,111	\$ 1,644,685	\$ 2,154,563	\$ 1,956,585	\$ 2,040,703	\$ 1,820,208	\$ 1,493,697
Contributions in relation to the contractually required contribution	1,712,380	1,722,111	1,644,685	2,154,563	1,956,585	2,040,703	1,820,208	1,493,697
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
City's covered-employee payroll	12,246,803	11,900,452	11,088,897	11,068,113	10,187,493	9,871,986	9,516,189	8,850,094
Contributions as a percentage of covered-employee payroll	13.98%	14.47%	14.83%	19.47%	19.21%	20.67%	19.13%	16.88%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>PFRS</b>								
Contractually required contribution	\$ 2,490,280	\$ 2,627,560	\$ 2,960,169	\$ 2,668,289	\$ 3,163,809	\$ 3,353,037	\$ 3,055,740	\$ 2,445,663
Contributions in relation to the contractually required contribution	2,490,280	2,627,560	2,960,169	2,668,289	3,163,809	3,353,037	3,055,740	2,445,663
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
City's covered-employee payroll	11,131,471	11,245,023	10,699,616	9,655,380	9,978,301	9,567,690	9,160,503	8,652,781
Contributions as a percentage of covered-employee payroll	22.37%	23.37%	27.67%	27.64%	31.71%	35.05%	33.36%	28.26%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

# City of Saratoga Springs, New York

Supplementary Information  
December 31, 2018

## **Combining 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 - Combining Balance Sheet - Non-Major Governmental Funds

	December 31, 2018		
	Downtown Special Assessment District	West Avenue Special Assessment District	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 432,173	\$ 5,200	\$ 437,373
Cash, restricted	1,975	-	1,975
<b>Total assets</b>	<b>\$ 434,148</b>	<b>\$ 5,200</b>	<b>\$ 439,348</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 2,811	\$ -	\$ 2,811
Due to other funds	20,000	-	20,000
Total liabilities	22,811	-	22,811
<b>FUND BALANCES</b>			
Restricted for			
Other restrictions	1,975	-	1,975
Assigned for			
Special district purposes	409,362	5,200	414,562
Total fund balances	411,337	5,200	416,537
<b>Total liabilities and fund balances</b>	<b>\$ 434,148</b>	<b>\$ 5,200</b>	<b>\$ 439,348</b>

## City of Saratoga Springs, New York

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

	Year Ended December 31, 2018		
	Downtown Special Assessment District	West Avenue Special Assessment District	Total
<b>REVENUES</b>			
Real property taxes and related tax items	\$ 123,831	\$ 51,003	\$ 174,834
Use of money and property	9,277	25	9,302
Total revenues	133,108	51,028	184,136
<b>EXPENDITURES</b>			
Other general governmental support	-	1,300	1,300
Economic opportunity and development	28,626	-	28,626
Debt service			
Principal	15,050	-	15,050
Interest	12,072	-	12,072
Total expenditures	55,748	1,300	57,048
<b>Excess of revenues over expenditures</b>	<b>77,360</b>	<b>49,728</b>	<b>127,088</b>
<b>OTHER FINANCING USES</b>			
Interfund transfers out	-	(49,503)	(49,503)
<b>Net change in fund balance</b>	<b>77,360</b>	<b>225</b>	<b>77,585</b>
<b>FUND BALANCES, beginning of year</b>	<b>333,977</b>	<b>4,975</b>	<b>338,952</b>
<b>FUND BALANCES, end of Year</b>	<b>\$ 411,337</b>	<b>\$ 5,200</b>	<b>\$ 416,537</b>