



CITY OF SARATOGA SPRINGS  
OFFICE OF COMMISSIONER OF FINANCE

PRELIMINARY FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2012

Dated: April 16, 2013

**CITY OF SARATOGA SPRINGS  
OFFICE OF THE COMMISSIONER OF FINANCE  
DECEMBER 31, 2012 PRELIMINARY FINANCIAL REPORT**

DATED: April 16, 2013

**2012 Annual Update Document and 2012 Audited Financial Statements**

The Annual Update Document (AUD) for the City of Saratoga Springs for fiscal year ended December 31, 2012 was completed on April 2, 2013 and filed with the State Comptroller's Office on April 15, 2013.

The Finance office is preparing the 2012 Financial Statements for an audit to commence April 29, 2013. Upon completion of the audit, the Commissioner of Finance will release the audited figures.

*Please note that all numbers in the written report are rounded to the nearest thousand, unless otherwise stated.*

**General Fund 2012**

The AUD indicates a **\$12,699,744** General Fund fund balance as of 12/31/12, of which **\$6,161,905** is unrestricted and unassigned. The General Fund had an operating **surplus** of **\$2,205,337**

At this time the unrestricted unassigned fund balance is in excess of the 10% to 12.5% range as outlined in the fund balance policy adopted by the City Council on November 20, 2012 by **\$1,178,576**. The amount is calculated by taking "the audited balance available in the unrestricted unassigned fund balance of the City's General Fund for the most recently audited fiscal year, divided by the adopted expenditure budget for the ensuing fiscal year for the City's General Fund."

Copies of the fund balance policy are available in the Finance Office or on the public drive.

The calculation prior to audit is as follows:

**FUND BALANCE CALCULATION  
FOR FISCAL YEAR 2012**

A	\$ 6,161,905	12/31/12 UNRESTRICTED UNASSIGNED FUND BALANCE
B	\$ 39,866,635	2013 ADOPTED BUDGET (ENSUING YEAR)
<b>A/B</b>	<b>15.46%</b>	<b>% OF ADOPTED BUDGET</b>
	10% - 12.5%	ACCEPTABLE RANGE <i>(If below 10%, considered a shortfall or deficiency. If above 12.5% considered a surplus or excess. Within 10% to 12.5%, no action needed.)</i>
<b>B*12.5%=C</b>	<b>\$ 4,983,329</b>	<b>12.5% LIMIT AMOUNT</b>
<b>A-C</b>	<b>\$ 1,178,576</b>	<b>SURPLUS/EXCESS</b>

*FIGURES ARE NOT AUDITED AND ARE SUBJECT TO CHANGE.*

The **restricted/assigned fund balance** is comprised of the following items:

1. \$2,849,000 is restricted in the form of capital reserves, tax stabilization reserve, and other miscellaneous reserves.
2. \$550,000 is appropriated to balance the debt service budget in 2013.
3. \$472,000 is assigned by the City Council for labor relation and/or retirement costs in 2013 and \$1,765,000 represents encumbrances. Encumbrances are expenditures committed to on or before 12/31/12 but paid after 12/31/12.

The City also had non-spendable fund balance in the amount of \$901,000, which represents the prepayment of the annual retirement bill on 12/15/12 for 01/01/13-03/31/13 expenses.

The following is a **roll forward of the AUD restricted and unrestricted fund balance** for 2012 (numbers are rounded to nearest dollar):

BEGINNING REST/ASSG	BEGINNING UNREST/UNASSG	PRIOR PERIOD ADJUSTMENT	ADJUSTED BEGINNING UNREST/UNASSG	SURPLUS	ENDING REST/ASSG	ENDING UNREST/UNASSG
<b>4,320,114</b>	<b>6,204,614</b>		6,181,454	<b>2,205,337</b>	<b>6,537,839</b>	6,161,905

(Refer to the General Fund fund balance roll forward for 2008-2012 at Attachment B.)

For further explanation of fund balance and surplus, please refer to Attachment C.

Below is a list of items which contributed to the AUD General Fund financial position for the fiscal year ended December 31, 2012.

### ***GENERAL FUND REVENUES***

1. Property Tax revenue decreased from 2011 amounts because in that year the City received payment on many delinquent accounts due to a foreclosure proceeding. The City continued to have a strong tax collection rate through 2012 - about 94%. Interest and penalties on property taxes increased.
2. Sales tax increased from 2011 by 5.7% and exceeded the budget. 2012 sales tax collections were \$9,918,000, a \$541,000 increase from 2011 actual collections, and \$168,000 more than the 2012 adopted budget.
3. Departmental income increased in Public Safety. \$587,000 was collected for Ambulance services, a new service in 2012, which was not anticipated at the time the 2012 budget was adopted.
4. The Sale of Real Property line jumped in 2012. The City finally auctioned the properties foreclosed upon in 2011 and received a net proceeds of over \$279,000 for parcels that closed before 12/31.
5. Overall revenue performance was strong in 2012. Total revenues for the General Fund were \$39.2 million, \$1.2 million higher than budgeted and \$300,000 greater than in 2011.

### ***GENERAL FUND EXPENSES***

1. Health insurance costs were \$5,617,000 in 2012. This was a decrease of 7% from 2011 and was \$120,000 less than the revised budget for 2012. The decrease was due to the first fully year of the City's change to a single carrier coverage for most enrollees and an increase in the co-pay.
2. Retirement costs for all employees were \$4,274,000, an increase of \$699,000 from 2011.
3. Utility costs for City buildings in the general fund were \$78,000 less than in 2011 and \$76,000 less than budgeted. Total utility costs in 2012 were \$461,000.
4. Overtime costs were \$829,000 in 2012, an increase from 2011 of \$18,000. The 2012 actual expense was \$74,000 less than the revised budget. Overtime costs were \$811,000 in 2011.
5. Unemployment was budgeted for \$101,000 in 2012. The actual expense was \$29,000, a difference of \$72,000. Unemployment in 2012 decreased by \$40,000 from 2011.
6. Payments for compensatory time were \$22,000 less than budgeted and \$42,000 less than the 2011 actual expense.
7. Total General Fund expenses were \$1.6 million more than those in 2011, but \$3.2 million less than budgeted. It is important to note that of this \$3.2 million, \$1.7 million was encumbranced at year end. Encumbrances are goods or services which are ordered or committed to in 2012 but will be paid for in 2013. Therefore, the actual unspent/uncommitted variance was \$1.5 million. The reasons for this variance are noted above.

## **Other Funds:**

1. The Water Fund ended 2012 with a positive assigned unappropriated fund balance of \$209,000. Total fund balance increased \$445,000. While this is encouraging news for the water fund, the City still needs to establish a plan to ensure stability in the water fund.
2. The Sewer Fund's assigned unappropriated fund balance for 2012 was \$508,000, an increase of approximately \$256,000. This is the third consecutive year that the sewer fund reported an operating surplus.
3. The City Center's fund balance as of December 31, 2012 was \$21,035,000. \$6,440,000 is restricted for capital projects and the remainder is restricted for City Center operations.

## **Other Items**

### *Debt Limit*

The City's self-imposed debt limit was \$74,850,000 as of 12/31/12. There were outstanding bonds of \$42,136,000; of which \$12,850,000 represents projects whose debt was excluded from the calculation, leaving \$45,564,000 available for future bonding.

### *Long-term Liabilities*

- The value of accumulated sick and compensatory time on December 31, 2012 for all City employees was \$3,359,000, an increase of \$129,000 from 2011.
- The City is obligated to the New York State Retirement System in the amount of \$1,941,000 for past service costs for 384e for firefighters, 384e and 384eb for police officers and for a portion of the 2004 retirement bills, all of which were amortized over a ten year period. The 2004 amortization will be paid on 12/15/2014, the 304e for firefighters will be paid 12/15/2013, and the 384e, 384eb and 384d for police officers will be paid for on 12/15/2016.
- The City also owes \$649,000 in future lease payments on various equipment and vehicles.
- The long term liability calculated for post employment benefits provided to employees at retirement was valued at \$33,196,000 as of December 31, 2012.
- These obligations added to the outstanding bonded debt noted above amounts to \$81,281,000 in long term liabilities. Total long term liabilities in 2011 were \$71,742,000. Therefore long term debt increased 13%.

### *Cash balances*

- Cash balances as of December 31, 2012 in the General Fund were \$1.2 million less than in 2011 as a result of the City paying the Retirement bills on 12/15/12, rather than on 02/01/13. This change in payment allowed the City to take a discount of \$35,000. The change in payment dates also eliminated a short term liability, due to the retirement system, on the balance sheet.

**Comments for Future Years**

As mentioned in previous years, the City needs to continue to be conservative when budgeting for the general, water and sewer funds, focus on spending reserves when appropriate and maintain and/or build fund balances. The City needs to analyze one time revenues when they occur to determine how and when they should be used. In addition the City needs to be conservative in its budgeting practices for all revenues and expenditures. Over estimation of revenues and under estimation of expenditures can have a detrimental impact on the overall position of the City in the short and long-term.

**CITY OF SARATOGA SPRINGS**

**ATTACHMENT A - PAGE 1 of 2**

<b>General Fund</b>	<b>Amounts</b>
Beginning Fund Balance	\$ 10,524,728
Prior Period Adj - Dec Fund Balance	(30,321)
Adj Beginning Fund Balance	10,494,407
Add 2012 Revenues	39,207,838
Subtract 2012 Expenditures	37,002,501
Ending Fund Balance	\$ 12,699,744

<b>City Center Authority</b>	<b>Amounts</b>
Beginning Fund Balance	\$ 20,501,845
Prior Period Adj - Inc Fund Balance	6,259
Beginning Fund Balance	20,508,104
Add 2012 Revenues	2,003,416
Subtract 2012 Expenditures	1,476,703
Ending Fund Balance	\$ 21,034,817

<b>Water Fund</b>	<b>Amounts</b>
Beginning Fund Balance	\$ 626,048
Add 2012 Revenues	3,047,019
Subtract 2012 Expenditures	2,602,370
Ending Fund Balance	\$ 1,070,697

<b>Sewer Fund</b>	<b>Amounts</b>
Beginning Fund Balance	\$ 267,273
Add 2012 Revenues	3,857,006
Subtract 2012 Expenditures	3,576,519
Ending Fund Balance	\$ 547,760

**CITY OF SARATOGA SPRINGS**

**ATTACHMENT A - PAGE 2 of 2**

<i>Capital Fund</i>	<u>Amounts</u>
Beginning Fund Balance	\$ 4,110,383
Prior Period Adj - Dec Fund Balance	<u>81,831</u>
Beginning Fund Balance	4,028,552
Add 2012 Revenues	8,644,529
Subtract 2012 Expenditures	<u>8,882,170</u>
Ending Fund Balance	\$ 3,790,911

<i>Debt Service Fund</i>	<u>Amounts</u>
Beginning Fund Balance	\$ 1,180,926
Add 2012 Revenues	3,153,116
Subtract 2012 Expenditures	<u>2,974,721</u>
Ending Fund Balance	\$ <u>1,359,321</u>

**CITY OF SARATOGA SPRINGS**

**ATTACHMENT B - PAGE 1 of 2  
GENERAL FUND FUND BALANCE ROLL FORWARD  
DECEMBER 31, 2008 - 2012**

<b>YEAR</b>	<b>BEGINNING REST/ASSG</b>	<b>BEGINNING UNREST/UNASSG</b>	<b>PRIOR PERIOD ADJUSTMENT</b>	<b>ADJUSTED BEGINNING UNREST/UNASSG</b>	<b>SURPLUS</b>	<b>ENDING REST/ASSG</b>	<b>ENDING UNREST/UNASSG</b>
2008	2,927,144	3,959,982	-	3,959,982	832,504	3,882,856	3,836,774
2009	3,882,856	3,836,774		3,833,755		3,054,802	2,852,544
2010	3,054,802	2,852,544		2,850,444	1,106,611	2,809,809	4,202,048
2011	2,809,809	4,202,048		4,175,048	3,539,871	4,320,114	6,204,614
<b>2012</b>	<b>4,320,114</b>	<b>6,204,614</b>		<b>6,174,293</b>	<b>2,205,337</b>	<b>6,537,839</b>	<b>6,161,905</b>

CITY OF SARATOGA SPRINGS

ATTACHMENT B - PAGE 2 of 2  
 WATER FUND FUND BALANCE ROLL FORWARD  
 DECEMBER 31, 2008 - 2012

YEAR	BEGINNING REST/ASSG	BEGINNING UNREST/UNASSG	SURPLUS	ENDING REST/ASSG	ENDING UNREST/UNASSG
2008	638,729			539,820	
2009	539,820		98,125	648,281	
2010	648,281		272,377	764,506	
2011	764,506			755,053	
2012	755,053		444,649	1,070,697	-

SEWER FUND FUND BALANCE ROLL FORWARD  
 DECEMBER 31, 2008 - 2012

YEAR	BEGINNING REST/ASSG	BEGINNING UNREST/UNASSG	SURPLUS	ENDING REST/ASSG	ENDING UNREST/UNASSG
2008	15,252	265,954		17,109	140,163
2009	17,109	140,163		21,313	
2010	21,313		214,868	17,752	198,370
2011	17,752	198,370	51,151	267,273	-
2012	267,273	-	280,487	547,760	-

**ATTACHMENT C Page 1 of 2**  
**City of Saratoga Springs**  
**Surplus and Fund Balance as of December 31, 2012**

**What is surplus?**

Surplus is the excess of revenues over expenses, calculated for the current period.  
 However, if expenses are greater than revenues, it is called a deficiency.

<u>General Fund</u>	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<u>Amounts</u>	<u>Amounts</u>	<u>Amounts</u>
12/31 Revenues	39,207,838	38,944,093	34,955,372
Less: 12/31 Expenditures	37,002,501	35,404,222	33,848,761
<b>Operating Surplus/(Deficiency)</b>	<b>2,205,337</b>	<b>3,539,871</b>	<b>1,106,611</b>
Beginning Fund Balance	10,524,728	7,011,857	5,907,346
Prior Period Adjustment - Decrease Fund Balance			
<b>12/31 Fund Balance</b>	<b><u>12,699,744</u></b>	<b><u>10,524,728</u></b>	<b><u>7,011,857</u></b>

**What is Fund Balance and how is it broken down?**

Fund balance is the amount available for future spending, adjusted annually for either the surplus or deficiency, and it can be either restricted or unrestricted. It is a cumulative figure from period to period. It is calculated by first allocating nonspendable items, restrictions, commitments or assignments. Whatever amount is remaining is the unrestricted unassigned fund balance. Unlike nonspendables, restrictions, commitments, or assignments, the City Council may be able to use a portion of the positive unrestricted unassigned fund balance at its own discretion subject to the requirements outlined in the Fund Balance Policy. An unrestricted unassigned fund balance that falls below 10% of the ensuing years adopted expenditure budget indicates a need for a plan to rebuild.

	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Restrictions/Assignments</b>	<b>Amounts</b>	<b>Amounts</b>	<b>Amounts</b>
Non Spendable	901,143	7,161	-
Encumbrances - Reserve	-	-	1,748,195
Restricted - Capital Reserves	1,269,421	1,013,025	983,311
Restricted - Tax Stabilization Reserve	1,501,439	1,000,491	-
Other Restricted Fund Balance	78,552	78,451	-
Council Designated/Miscellaneous Reserves	-	-	78,303
Assigned Appropriated Fund Balance for Next Years Budget	550,000	2,220,986	-
Assigned Unappropriated Fund Balance	2,237,284	-	-
<b>Total Restrictions/Assignments</b>	<b><u>6,537,839</u></b>	<b><u>4,320,114</u></b>	<b><u>2,809,809</u></b>
<b>Unrestricted Unassigned Fund Balance</b>	<b><u>6,161,905</u></b>	<b><u>6,204,614</u></b>	<b><u>4,202,048</u></b>
<b>12/31 Fund Balance</b>	<b><u>12,699,744</u></b>	<b><u>10,524,728</u></b>	<b><u>7,011,857</u></b>
<i>(Reserves plus Unrestricted/Unassigned Fund Balance)</i>			

FUND BALANCE TERMINOLOGY

ATTACHMENT C Page 2 of 2  
FUND BALANCE TERMINOLOGY

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Old Terminology	New Terminology
Reserve for Inventory	Nonspendable <i>(Inherently nonspendable due to form or because must be maintained intact.)</i>
Special Reserves - Capital	Restricted - Capital Reserve Restricted - Tax Stabilization Reserve
Special Reserves - Miscellaneous	Other Restricted Fund Balance <i>(Subject to legal restriction.)</i>
Unreserved Appropriated Fund Balance (For Next Year Budget) Reserve for Encumbrances	Assigned Appropriated Fund Balance Assigned Unappropriated Fund Balance <i>(Subject to a purpose and for funds other than the General Fund, this is the residual classification.)</i>
Unreserved Unappropriated Fund Balance	Unrestricted Unassigned Fund Balance <i>(Residual classification for General Fund, could be positive or negative. All other funds only used to report deficit.)</i>

**CITY OF SARATOGA SPRINGS  
BUDGET EXPENSE COMPARISON  
DECEMBER 31, 2012**

**ATTACHMENT D**

<b>Department</b>	<b>2012 Adopted Budget</b>	<b>2012 Revised Budget</b>	<b>2012 Actual</b>	<b>2011 Adopted Budget</b>	<b>2011 Revised Budget</b>	<b>2011 Actual</b>	<b>2010 Adopted Budget</b>	<b>2010 Revised Budget</b>	<b>2010 Actual</b>	<b>2009 Adopted Budget</b>	<b>2009 Revised Budget</b>	<b>2009 Actual</b>	<b>2008 Adopted Budget</b>	<b>2008 Revised Budget</b>	<b>2008 Actual</b>
Mayor	\$ 2,013,132	\$ 2,299,758	\$ 1,935,644	\$ 2,039,930	\$ 2,288,311	\$ 1,820,642	\$ 2,098,743	\$ 2,321,691	\$ 1,870,994	\$ 2,382,758	\$ 2,499,519	\$ 2,138,753	2,637,180	2,778,881	2,290,444
Finance	2,396,518	2,374,111	2,276,765	2,267,874	2,316,068	2,139,421	2,160,347	2,198,428	2,128,141	2,151,939	2,107,621	2,034,810	2,310,470	2,934,349	2,409,672
DPW	8,740,876	9,474,958	8,598,088	8,443,331	9,397,131	8,725,688	8,936,416	9,480,310	8,383,665	9,374,807	9,633,035	8,631,205	9,871,064	10,270,671	9,785,206
DPS	20,784,367	22,123,820	21,024,928	20,033,358	21,032,435	19,945,059	19,168,488	19,651,119	18,844,359	19,786,037	19,944,474	19,225,184	19,663,125	20,054,490	19,111,892
Accounts	1,247,113	1,961,063	1,343,340	1,270,836	1,971,257	1,075,345	1,267,800	1,866,335	1,166,992	1,070,298	1,579,953	1,025,377	1,249,608	1,721,708	1,097,548
Recreation	2,066,670	2,007,675	1,823,716	1,966,000	2,028,107	1,698,068	1,815,678	1,831,504	1,454,609	1,992,718	1,994,484	1,767,900	2,128,997	2,130,931	1,974,293
<b>Total</b>	<b>\$ 37,248,676</b>	<b>\$ 40,241,385</b>	<b>\$ 37,002,501</b>	<b>\$ 36,021,027</b>	<b>\$ 39,033,309</b>	<b>\$ 35,404,222</b>	<b>\$35,447,472</b>	<b>\$ 37,369,386</b>	<b>\$33,848,760</b>	<b>\$ 36,738,557</b>	<b>\$37,759,086</b>	<b>\$34,823,229</b>	<b>\$37,860,444</b>	<b>\$39,891,030</b>	<b>\$36,669,056</b>

**City of Saratoga Springs  
 Departmental Expense Report  
 December 31, 2012  
 COMPARED TO PREVIOUS YEARS**

**ATTACHMENT E**

<b>Department</b>	<b>2012 Revised Budget</b>	<b>2012 Actual</b>	<b>2011 Revised Budget</b>	<b>2011 Actual</b>	<b>2010 Revised Budget</b>	<b>2010 Actual</b>	<b>2009 Revised Budget</b>	<b>2009 Actual</b>	<b>2008 Revised Budget</b>	<b>2008 Actual</b>
<b>Mayor</b>	<b>\$ 2,299,758</b>	<b>\$ 1,935,644</b>	<b>\$ 2,288,311</b>	<b>\$ 1,820,642</b>	<b>\$ 2,321,691</b>	<b>\$ 1,870,994</b>	<b>\$ 2,499,519</b>	<b>\$ 2,138,753</b>	<b>\$ 2,778,881</b>	<b>\$ 2,290,444</b>
<b>Finance</b>	<b>2,374,111</b>	<b>2,276,785</b>	<b>2,316,068</b>	<b>2,139,421</b>	<b>2,198,428</b>	<b>2,128,141</b>	<b>2,107,621</b>	<b>2,034,810</b>	<b>2,934,349</b>	<b>2,409,672</b>
<b>DPW</b>	<b>9,474,958</b>	<b>8,598,088</b>	<b>9,397,131</b>	<b>8,725,688</b>	<b>9,480,310</b>	<b>8,383,665</b>	<b>9,633,035</b>	<b>8,631,205</b>	<b>10,270,671</b>	<b>9,785,206</b>
<b>DPS</b>	<b>22,123,820</b>	<b>21,024,928</b>	<b>21,032,435</b>	<b>19,945,059</b>	<b>19,651,119</b>	<b>18,844,359</b>	<b>19,944,474</b>	<b>19,225,184</b>	<b>20,054,490</b>	<b>19,111,892</b>
<b>Accounts</b>	<b>1,961,063</b>	<b>1,343,340</b>	<b>1,971,257</b>	<b>1,075,345</b>	<b>1,886,335</b>	<b>1,166,992</b>	<b>1,579,953</b>	<b>1,025,377</b>	<b>1,721,708</b>	<b>1,097,548</b>
<b>Recreation</b>	<b>2,007,675</b>	<b>1,823,716</b>	<b>2,028,107</b>	<b>1,698,068</b>	<b>1,831,504</b>	<b>1,454,609</b>	<b>1,994,484</b>	<b>1,767,900</b>	<b>2,130,931</b>	<b>1,974,293</b>
<b>Totals</b>	<b><u>\$ 40,241,385</u></b>	<b><u>\$ 37,002,501</u></b>	<b><u>\$ 39,033,309</u></b>	<b><u>\$ 35,404,222</u></b>	<b><u>\$ 37,369,386</u></b>	<b><u>\$ 33,848,760</u></b>	<b><u>\$ 37,759,086</u></b>	<b><u>\$ 34,823,229</u></b>	<b><u>\$ 39,891,030</u></b>	<b><u>\$ 36,669,056</u></b>

**CITY OF SARATOGA SPRINGS  
ACTUAL DEPARTMENTAL EXPENDITURES  
AS OF DECEMBER 31  
2008 - 2012**

**ATTACHMENT F**

Department	2012 Actual	2011 Actual	2010 Actual	2009 Actual	2008 Actual
Mayor	\$ 1,935,644	\$ 1,820,642	\$ 1,870,994	\$ 2,138,753	\$ 2,290,444
Finance	2,276,785	2,139,421	2,128,141	2,034,810	2,409,672
DPW	8,598,088	8,725,688	8,383,665	8,631,205	9,785,206
DPS	21,024,928	19,945,059	18,844,359	19,225,184	19,111,892
Accounts	1,343,340	1,075,345	1,166,992	1,025,377	1,097,548
Recreation	<u>1,823,716</u>	<u>1,698,068</u>	<u>1,454,609</u>	<u>1,767,900</u>	<u>1,974,293</u>
<b>TOTALS</b>	<b><u><u>\$ 37,002,501</u></u></b>	<b><u><u>\$ 35,404,222</u></u></b>	<b><u><u>\$ 33,848,760</u></u></b>	<b><u><u>\$ 34,823,229</u></u></b>	<b><u><u>\$ 36,669,056</u></u></b>