

# PRELIMINARY OFFICIAL STATEMENT

## NEW ISSUE

### S&P GLOBAL RATINGS: "AA+" NEGATIVE OUTLOOK

## SERIAL BONDS

### See "BOND RATING" herein

*In the opinion of Walsh & Walsh, LLP, Saratoga Springs, New York, Bond Counsel, under existing law, interest on the Bonds and Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the individual alternative minimum tax imposed by the Internal Revenue Code of 1986, as amended (the "Code"), subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds and Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. In the opinion of Bond Counsel, under existing law, interest on the Bonds and Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. No opinion is expressed regarding any other tax consequences resulting from ownership or disposition of, or the accrual or receipt of interest on, the Bonds and Notes. See "TAX MATTERS" herein.*

*The City will not designate the Bonds and Notes as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.*

# \$13,728,164

## CITY of SARATOGA SPRINGS

### SARATOGA COUNTY, NEW YORK

#### GENERAL OBLIGATIONS

#### CUSIP BASE: 803531

### \$7,428,164 Public Improvement (Serial) Bonds, 2020

(referred to herein as the "Bonds")

**Dated: June 18, 2020**

**Due: June 15, 2021-2042**

Dated: June 15, 2020					MATURITIES*										Dated: June 15, 2021-2042				
<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>					
2021	\$ 243,164				2029	\$ 310,000**				2037	\$ 390,000**								
2022	250,000				2030	315,000**				2038	400,000**								
2023	260,000				2031	325,000**				2039	415,000**								
2024	265,000				2032	335,000**				2040	425,000**								
2025	275,000				2033	345,000**				2041	440,000**								
2026	280,000				2034	360,000**				2042	455,000**								
2027	290,000				2035	370,000**													
2028	300,000				2036	380,000**													

\* Principal amounts are subject to change pursuant to the accompanying Notice of Bond Sale in order to achieve substantially level or declining annual debt service.

\*\* The Bonds maturing in the years 2029-2042 are subject to redemption prior to maturity. See "DESCRIPTION OF THE BONDS - Optional Redemption" herein.

**&**

### \$6,300,000 Tax Anticipation Notes, 2020

(referred to herein as the "Notes")

**Dated: June 18, 2020**

**Due: June 18, 2021**

### (collectively referred to herein as the "Bonds and Notes")

The Bonds and Notes are general obligations of the City of Saratoga Springs, Saratoga County, New York (the "City"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, without limitation as to rate or amount, subject to applicable statutory limitations. See "TAX LEVY LIMITATION LAW" herein.

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof, except for one necessary odd denomination maturing June 15, 2021. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on June 15, 2021 and December 15, 2021 and semi-annually thereafter on June 15 and December 15 in each year until maturity. Principal and interest will be paid by the City to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Proposals for the Bonds shall be for not less than \$7,428,164 and accrued interest, if any, on the total principal amount of the Bonds. Proposals for the Bonds shall be accompanied by a good faith deposit in the form of a certified or cashier's check or wire transfer payable to the order of the City of Saratoga Springs, Saratoga County, New York, in the amount of \$148,563.

The Notes may be issued in registered certificated form, in the denominations of \$5,000 each or multiples thereof, without the option of prior redemption. If issued in registered certificated form, principal and interest will be payable at maturity in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State of New York as may be selected by such successful bidder(s). Paying agent fees, if any, will be paid by the successful bidder(s).

At the option of the purchaser(s), the Notes will be issued as book-entry registered notes, and, when issued, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. If so issued, Noteholders will not receive certificates representing their ownership interest in the Notes purchased. Under this option, payment of the principal of and interest on the Notes to the Beneficial Owner of the Notes will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of DTC, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Bonds and Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the unqualified legal opinion as to the validity of the Bonds and Notes of Walsh & Walsh, LLP, Saratoga Springs, New York, Bond Counsel. It is anticipated that the Bonds and Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey on or about June 18, 2020.

**ELECTRONIC BIDS for the Bonds and Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible at [www.FiscalAdvisorsAuction.com](http://www.FiscalAdvisorsAuction.com) on June 2, 2020 until 11:00 A.M., Eastern Time, pursuant to the Notice of Bond Sale and Notice of Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the City, each bid will constitute an irrevocable offer to purchase the Bonds or Notes pursuant to the terms provided in the Notice of Bond Sale and Notice of Sale.**

May 20, 2020

THE CITY DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER, AS MORE FULLY DESCRIBED IN THE NOTICE OF BOND SALE AND NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE CITY HAS AGREED TO UNDERTAKE CONTINUING DISCLOSURE IN ACCORDANCE WITH THE RULE. SEE "APPENDIX – D CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO THE BONDS" AND "APPENDIX -E MATERIAL EVENT NOTICES WITH RESPECT TO THE NOTES" HEREIN.

# CITY OF SARATOGA SPRINGS

## SARATOGA COUNTY, NEW YORK



### CITY OFFICIALS

MEG KELLY

Mayor

MICHELE D. CLARK- MADIGAN

Commissioner of Finance

CHRISTINE GILLMETT-BROWN

Director of Finance

JOHN P. FRANCK

Commissioner of Accounts

City Clerk

ROBIN DALTON

Commissioner of Public Safety

ANTHONY J. SCIROCCO

Commissioner of Public Works

VINCENT J. DELEONARDIS, ESQ.

City Attorney



FISCAL ADVISORS & MARKETING, INC.

Municipal Advisor

WALSH & WALSH, LLP

Bond Counsel

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

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PREPARED WITH THE ASSISTANCE OF



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

**Relating To**  
**\$7,428,164 Public Improvement (Serial) Bonds, 2020**  
**And**  
**\$6,300,000 Tax Anticipation Notes, 2020**

This Official Statement, which includes the cover page, has been prepared by the City of Saratoga Springs, Saratoga County, New York (the "City," "County," and "State," respectively), in connection with the sale by the City of \$7,428,164 principal amount of Public Improvement (Serial) Bonds, 2020 (herein, the "Bonds") and \$6,300,000 Tax Anticipation Notes, 2020 (herein the "Notes" and collectively with the Bonds referred to herein as the "Bonds and Notes").

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

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

**DESCRIPTION OF THE BONDS**

The Bonds will be dated June 18, 2020 and will mature in the principal amounts and on the dates as set forth on the cover page. The Bonds are subject to redemption prior to maturity as described herein under the heading "Optional Redemption." The "Record Date" of the Bonds will be the last business day of the calendar month preceding each such interest payment date.

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof, except for a necessary odd denomination maturing on June 15, 2021. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on June 15, 2021 and December 15, 2021 and semi-annually thereafter on June 15 and December 15 in each year until maturity. Principal and interest will be paid by the City to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. See "BOOK-ENTRY-ONLY SYSTEM" herein.

**Optional Redemption**

The Bonds maturing on or before June 15, 2028 shall not be subject to redemption prior to maturity. The Bonds maturing on or after June 15, 2029 shall be subject to redemption prior to maturity as a whole or in part (and by lot if less than all of a maturity is to be redeemed), at the option of the City on June 15, 2028 or on any date thereafter at par (100%), plus accrued interest to the date of redemption.

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

## DESCRIPTION OF THE NOTES

The Notes are general obligations of the City, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State of New York (State Constitution, Art. VIII, Section 2: Local Finance Law, Section 100.00). All the taxable real property within the City is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limitations. See "TAX LEVY LIMITATION LAW" herein.

The Notes are dated June 18, 2020 and mature, without option of prior redemption, on June 18, 2021. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be either (i) registered in the name of the purchaser, in denominations of \$5,000 each or multiples thereof, as may be determined by the successful bidder(s) with principal and interest payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) at the option of the purchaser(s), registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

### No Optional Redemption

The Notes are not subject to redemption prior to maturity.

## AUTHORIZATION FOR AND PURPOSES OF ISSUE

### Purposes of Issue – Bonds

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

<u>Purpose</u>	<u>Amount</u>
City Buildings and Facilities – City Hall: Annex East Wall	\$ 235,000
City Buildings and Facilities – City Hall: Handicap Ramp	155,000
Water Infrastructure Improvements	275,000
Ice Rink Improvements	303,325
Intake Valve Replacements	1,133,994
Loughberry Lake Dam	500,000
Local Traffic Signal Control	294,404
Storm Water Improvements	275,000
Sewer Main Replacement	6,029
City Buildings and Facilities – City Hall	2,912,712
Complete Streets	100,000
EMS Eastern Plateau	193,700
Missing Links	44,000
Geyser Road Trail	1,000,000
Total Amount to be borrowed	\$ 7,428,164

The proceeds of the Bonds will provide \$7,428,164 new monies for the abovementioned purposes.

### Purposes of Issue – Notes

The Notes are issued pursuant to the Constitution and statutes of the State of New York, including among others, the General City Law and the Local Finance Law, the City Charter and a tax anticipation note resolution duly adopted by the City Council authorizing the issuance of tax anticipation notes in anticipation of the collection of taxes or assessments levied by the City for the fiscal year in which such notes are issued.

Section 24.00 of the Local Finance Law authorizes the City to issue tax anticipation notes during and up to thirty days prior to the commencement of a fiscal year in anticipation of the collection of taxes levied or to be levied for such fiscal year and during any fiscal year in anticipation of the collection of taxes levied for any of the four preceding fiscal years. Such tax anticipation notes may not be issued in an amount in excess of the amount of taxes levied or to be levied which is uncollected at the time of the issuance of the tax anticipation notes, less the amount of previously issued tax anticipation notes issued in anticipation of such taxes. The proceeds of the tax anticipation notes may be used only for purposes for which the taxes in anticipation of which the tax anticipation notes are to be issued were levied or are to be levied.

## BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Certificated Bonds**

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law, or the City may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof, except for a necessary odd denomination maturing June 15, 2021. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State to be named as the fiscal agent by the City. Interest on the Bonds will be payable on June 15, 2021 and December 15, 2021 and semi-annually thereafter on June 15 and December 15 in each year until maturity. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the last business day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Certificate of Determination of the Commissioner of Finance authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the last business day of the calendar month preceding an interest payment date and such interest payment date.

### **Certificated Notes**

DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law, or the City may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply:

The Notes will be issued registered in the name of the owner in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company to be named by the City as fiscal agent for the Notes.



## THE CITY

### General Information

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

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

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

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

The 2017 and 2016 County Health Rankings deemed the County as the healthiest county in the State. The County ranked second in 2018. The study is conducted annually by the University of Wisconsin’s Population Health Institute. In 2013, the Saratoga County Chamber of Commerce authorized the formation of a Health and Wellness Council that organizes annual events. Over 125 companies have signed a pledge to ensure that the County is one of the healthiest places to live and work.

Source: City officials.

### Population Trends

<u>Year</u>	<u>City of Saratoga Springs</u>	<u>Saratoga County</u>	<u>New York State</u>
1970	18,845	121,764	18,236,882
1980	23,906	153,759	17,558,072
1990	25,001	181,276	17,990,455
2000	26,186	200,635	18,976,457
2008	28,844	217,191	19,490,297
2010	26,586	219,607	19,378,102
2016	27,763	227,053	19,745,289
2017 (estimate)	28,027	229,869	19,849,399
2018 (estimate)	28,005	230,163	19,542,209

Source: U.S. Census Bureau.

### Banking Facilities

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

### Selected Wealth and Income Indicators

Per capita income statistics are available for the City, County and State. Listed below are select figures from the 2000 census and 2006-2010 and 2014-2018 American Community Survey data.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2014-2018</u>	<u>2000</u>	<u>2006-2010</u>	<u>2014-2018</u>
City of:						
Saratoga Springs	\$ 23,945	\$ 35,342	\$ 50,775	\$ 58,213	\$ 86,114	\$ 105,068
County of:						
Saratoga	23,945	32,186	41,709	58,213	81,251	97,668
State of:						
New York	23,389	30,948	37,470	51,691	67,405	80,419

Note: 2014-2018 American Community Survey estimates are not available as of the date of this Official Statement.

## Major Employers

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

<u>Name of Employer</u>	<u>Type of Business</u>	<u>Approximate Number Employed</u>
Saratoga Hospital	Hospital and Nursing Home	2,100
Skidmore College	Higher Education	1,120
Saratoga Springs City School District	Public School System	1,010
Quad Graphics	Manufacturing	850
Wesley Health Care	Health Services	680
Saratoga Casino Hotel	Casino/Race Track	640
NYRA	Race Track	500
Saratoga Bridges	Community Service	500
Four Winds – Saratoga	Health Services	380
Stewart's Ice Cream	Retail	350
City of Saratoga Springs	Municipal Services	325
YMCA Saratoga	Community Service/Fitness	300
New Country Motor Car Group	Retail	260
The Adirondack Trust Company	Banking	220
Ball Corporation	Manufacturing	200
Espey Manufacturing & Electronics Company	Manufacturing	167
Logistics One	Distribution	150
Saratoga Eagle Sales & Svc.	Distribution	150
Bonacio Construction	Construction	150

Source: City officials.

## Unemployment Rate Statistics

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

	<u>Annual Average</u>						
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City of Saratoga Springs	5.6%	4.6%	4.2%	3.9%	4.2%	3.6%	3.5%
County of Saratoga	5.8%	4.6%	4.1%	3.8%	4.0%	3.5%	3.4%
State of New York	7.7%	6.3%	5.3%	4.8%	4.7%	4.1%	4.0%

	<u>2020 Monthly Figures</u>			
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>
City of Saratoga Springs	3.8%	3.7%	3.8%	N/A
County of Saratoga	3.8%	3.6%	3.8%	N/A
State of New York	4.1%	3.9%	4.4%	N/A

Note: Unemployment rates for the month of April 2020 are not available as of the date of this Official Statement.

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

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## Recent Development Activity

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

### *Completed – New Construction*

Project	Location	Status	# Residential Units (Net)	Commercial Square Footage (SF)
318 West Avenue Airosmith Development	318 West Avenue	Certificate of Occupancy Issued	2	6,675
Caroline Street Mixed Use Addition	24 Caroline Street	Certificate of Occupancy Issued	2	1,563
Greenfield Manufacturing Expansion	25 Freedom Way	Certificate of Occupancy Issued	n/a	21,625
Meadow Vista Subdivision	Grand Avenue	Certificate of Occupancy Issued	21	n/a
Pet Lodge	314 Pratt Drive	Certificate of Occupancy Issued	n/a	6,000
Starks Market	62-64 Excelsior Avenue	Certificate of Occupancy Issued	n/a	6,710
Universal Preservation Hall Renovation and Addition	25 Washington Street	Certificate of Occupancy Issued	n/a	1,350
YMCA Expansion	290 West Avenue	Certificate of Occupancy Issued	n/a	17,000
		<b>Subtotal: Constructed</b>	<b>25</b>	<b>60,923</b>

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## Under Construction

Project	Location	Status	# Residential Units (Net)	Commercial Square Footage (SF)
20190130 Falvey Mixed-Use Building	65 Beekman St	Under Construction	n/a	n/a
City Square (Ellsworth Redevelopment)	120 Division Street	Under Construction	41	4,000
Downton Walk	27 Jumel Place	Under Construction	7	n/a
Excelsior Park Phase 2	Excelsior Avenue	Under Construction	105	n/a
Excelsior Park Phase 2A	Excelsior Avenue	Under Construction	18	n/a
Faden Mixed-Use Development	148 South Broadway	Under Construction	4	3,740
Hamilton Street Parking Garage (4-story, 274 spaces, affiliated with Rip Van Dam Hotel)	Hamilton Street, between Congress and Williams	Under Construction	n/a	n/a
Intrada (Vecino) Saratoga Springs	Washington Street & Station Lane	Under Construction (facility complete, 14 units under construction)	157	10,000
Lake Local Restaurant	550 Union Avenue	Under Construction	n/a	48,130
Marcellus Subdivision	85 Monroe Street	Under Construction	4	n/a
McKenzie's Way Part 1	East Broadway	Under Construction	8	n/a
McKenzie's Way Part 2	East Broadway	Under Construction	6	n/a
Oak Ridge Phase 2 Subdivision	Meadowbrook Road	Under Construction	72	n/a
Plaza 15 Self-Storage Facility Expansion	Gick Rd	Under Construction	n/a	70,000
Saratoga Eagle Expansion	45 Duplainville Road	Under Construction	n/a	34,000
Saratoga Hospital Oncology Expansion	211 Church Street	Under Construction	n/a	3,000
Security Supply	5 Finley Street	Under Construction	0	16,627
Skidmore College Science Center	815 North Broadway	Under Construction	n/a	117,000
Trifecta Subdivision	136 Lincoln Avenue	Under Construction	2	n/a
Wagner Subdivision	Joshua Road	Under Construction	5	n/a
Waterview Subdivision	655 Crescent Avenue	Under Construction	4	n/a
Witt 3 lot Subdivision	Hyde/Birch Streets	Under Construction	3	n/a
		<b>Subtotal: Under Construction</b>	<b>436</b>	<b>306,497</b>

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**Approved and Awaiting Construction**

<b>Project</b>	<b>Location</b>	<b>Status</b>	<b># Residential Units (Net)</b>	<b>Commercial Square Footage (SF)</b>
269 Broadway demolition of structure	269 Broadway	Site Plan	n/a	no net increase
372 Lake Avenue	372 Lake Avenue	Subdivision	3	n/a
41-45 Jefferson Subdivision	41-45 Jefferson	Subdivision	4	n/a
Belmonte Subdivision	319 & 321 Jefferson Street	Subdivision	4	n/a
Bethesda Parish House Expansion	26 Washington Street	Permit in Review	n/a	30,602
Ericson Subdivision	517 Grand Avenue	Subdivision	1	n/a
Expert Inspection Subdivision	508 Grand Avenue	Subdivision	1	n/a
Grand Avenue Subdivision	485 Grand Avenue	Subdivision	4	n/a
Helin Subdivision	2 Glenmore Avenue	Subdivision	5	n/a
Interlaken- Regatta View Phase 3	9P/Regatta View Drive	Permit in Review	24	n/a
KCG Mixed-Use Development	153 South Broadway	Site Plan SUP	110	35,500
Macica Old Schuylerville Road Subdivision	104 Old Schuylerville Road	Conservation Subdivision	3	n/a
Munter 3 lot subdivision	Geyser Rd	Subdivision	3	n/a
Nelson Ave Subdivision	33 Nelson Avenue	Subdivision	1	n/a
NRP Group Mixed Use Project	Allen Drive/ Tait Lane	Site Plan SUP	200	3,000
Rip Van Dam Hotel (176 room expansion, banquet space)	353 Broadway	Site Plan	n/a	108,000
Sames Mixed-Use Building	20 Bowman Street	Site Plan	1	2,000
Saratoga Springs Jockey Club	66 White Farms Road	Site Plan SUP	n/a	
Skidmore Fitness and Tennis Center	815 North Broadway	Site Plan		
Song and Wang Subdivision	Lincoln Ave/ 21 Murphy Lane	Subdivision	1	n/a
Southern Subdivision	124 York Avenue	Subdivision	1	n/a
Spencer Subdivision	Kaydeross Park Road and Arrowhead Road	Permit in Review	22	n/a
Stonequist Expansion	1 South Federal Street	Permit in Review	63	n/a
Subdivision of Lands on Kaydeross Avenue West	11-17 Kaydeross Avenue West	Subdivision	4	n/a
Vanderwerker Subdivision	4 P.D.Harris Road	Subdivision	1	n/a
Wise Subdivision	25 Walnut Street	Subdivision	1	n/a
<b>Subtotal: Approved</b>			<b>457</b>	<b>179,102</b>

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## Under Review

Project	Location	Status	# Residential Units (Net)	Commercial Square Footage (SF)
Adelphi Spa Hotel - Modification	23 Washington	Site Plan	n/a	n/a
Auxiliary Service Center	250 Excelsior Ave	Special Use Permit	n/a	n/a
Cerrone	Old Schuylverville Road	Subdivision	1	n/a
Corridor Rooming House	138 NELSON	Special Use Permit	n/a	n/a
Corridor Rooming House	138 NELSON	Site Plan	n/a	n/a
Devall Subdivision	59 Franklin Street	Subdivision	n/a	n/a
Devall Subdivision	59 Franklin	Subdivision	1	n/a
ECS Psychological Services	210 CHURCH ST	Site Plan	n/a	n/a
Excelsior Park	Excelsior Avenue and Ormandy Lane	SUP	157	154,200
Faden Mixed Use Development	West Ave and Station Lane	Special Use Permit	27 MFR	9,400
Louden Road Conservation Subdivision	406 Loudon Road	Subdivision	6 SFR	
Mendenhall Subdivision	101 Old Schuylverville Rd	Subdivision	4	n/a
Saratoga Pet Resort	Kaydeross Avenue West	Site Plan SUP	n/a	10,000
Scott Conservation Subdivision	227 Kaydeross Avenue East	Conservation Subdivision	15	n/a
The Cluett House Bed and Breakfast	2 CLEMENT AVENUE	Special Use Permit		
The Five Three	53 Putnam Street	Site Plan SUP	40	8,860
Washington St. Hotel and Spa (Adelphi Partners)	19-23 Washington Street	Site Plan	n/a	48,000
<b>Subtotal: Pending</b>			<b>218</b>	<b>230,460</b>

## Form of City Government

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

## Financial Organization

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

## Budgetary Procedures

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

The City did not exceed the tax levy limitation for fiscal year 2019. In fact, the City had a carryover of \$252,330 toward the 2019 tax levy limitation calculation (See "TAX LEVY LIMITATION LAW" herein).

The City did not exceed the tax levy limitation for fiscal year 2020. In fact, the City had a carryover of \$302,383 toward the 2020 tax levy limitation calculation (See "TAX LEVY LIMITATION LAW" herein).

## Investment Policy

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

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

## State Aid

The City receives financial assistance from the State. In its budget for the 2020 fiscal year, approximately 7.63% of the revenues of the City are estimated to be received in the form of State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities in the State, including the City, in any year, the City may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner in any year municipalities and cities in the State, including the City, may be affected by a delay in the payment of State aid.

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

## Employees

The City provides services through approximately 311 full-time employees. The bargaining units, approximate number of employees and contract expiration dates are as follows:

<u>Bargaining Unit</u>	<u>Number of Employees</u> <sup>(1)</sup>	<u>Contract Expiration Date</u>
Fire Department	55	December 31, 2023
Fire Chiefs	3	December 31, 2022
PBA	69	December 31, 2023
Police Lieutenants	4	December 31, 2020
Police Chiefs	2	December 31, 2024
CSEA City Hall	90	December 31, 2022
CSEA DPW	88	December 31, 2022

<sup>(1)</sup> As of April 1, 2020.

## Status and Financing of Employee Pension Benefits

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

The ERS is non-contributory with respect to members hired prior to July 27, 1976 (Tier 1 & 2); members hired from July 27, 1976 through December 31, 2009 (Tier 3 & 4) contribute 3% for the first 10 years of service and then become non-contributory; members hired from January 1, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

The PFRS is non-contributory with respect to members hired prior to January 8, 2010 (Tier 1, 2 & 3); members hired from January 9, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

For both ERS & PFRS, Tier 5 provides for:

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

For both ERS & PFRS, Tier 6 provides for:

- Increase in contribution rates of between 3% and 6% based on annual wage.
- Increase in the retirement age from 62 years to 63 years.
- A readjustment of the pension multiplier.
- A change in the period for final average salary calculation from 3 years to 5 years.

The City's payments to ERS and PFRS together since the 2014 fiscal year have been as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2014	\$ 5,131,779
2015	4,898,232
2016	4,636,288
2017	4,296,588
2018	4,239,525
2019 (Unaudited)	4,301,199
2020 (Budgeted)	4,582,136

Source: City officials.

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

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



A chart of average ERS and PFRS rates (2016 to 2020) is shown below:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2016	18.2%	24.7%
2017	15.5	24.3
2018	15.3	24.4
2019	14.9	23.5
2020	14.6	23.5

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program that establishes a minimum contribution for any employer equal to 4.5% of pensionable salaries for required contributions due December 15, 2003 and for all years thereafter where the actual rate would otherwise be 4.5% or less. In addition, it instituted a billing system that will advise employers over one year in advance concerning actual pension contribution rates.

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

Stable Rate Pension Contribution Option: The 2013-14 Adopted State Budget included a provision that authorized local governments, including the City, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and PFRS. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years.

The City is not amortizing or smoothing any pension payments nor does it intend to do so in the foreseeable future.

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

## **Other Post-Employment Benefits**

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

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

**GASB 75.** GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the year ending December 31, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The City was required to adopt the provisions of Statement No. 75 for the year ending December 31, 2018.

**Summary of Changes from the Last Valuation.** The City contracted with Armory Associates LLC, an actuarial firm, to calculate its actuarial valuation under GASB 75 for the fiscal years ending December 31, 2018 and December 31, 2019.

The following outlines the changes to the total OPEB liability during the fiscal year, by source.

	Balance beginning at:	<u>December 31, 2017</u>	<u>December 31, 2018</u>
		<u>\$ 114,378,571</u>	<u>\$ 118,866,228</u>
<u>Changes for the year:</u>			
Service cost		4,481,658	4,997,622
Interest		4,438,850	4,208,964
Differences between expected and actual experience		5,721,696	-
Changes in benefit terms		-	-
Changes in assumptions or other inputs		(7,293,858)	(13,134,610)
Benefit payments		<u>(2,860,689)</u>	<u>(3,020,440)</u>
Net Changes		<u>\$ 4,487,657</u>	<u>\$ (6,948,464)</u>
	Balance ending at:	<u>December 31, 2018</u>	<u>December 31, 2019</u>
		<u><b>\$ 118,866,228</b></u>	<u><b>\$ 111,917,764</b></u>

Note: The above table is not audited. For additional information see “APPENDIX - F” attached hereto.

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

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

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

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

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

Under the State Comptroller’s proposal, there are no restrictions on the amount a government can deposit into the trust. The proposed legislation was not enacted into law in the last two legislative sessions. It is not possible to predict whether the Comptroller’s proposed legislation will be reintroduced or enacted if introduced.

## Other Information

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

The City is in compliance with the procedure for the publication of the estoppel notices with respect to the Bonds as provided in Title 6 of Article 2 of the Local Finance Law.

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

The fiscal year of the City is January 1 through December 31.

Except as set forth in "CITY INDEBTEDNESS– Estimated Overlapping Indebtedness", this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the City.

## Financial Statements

The City retains an independent certified public accountant firm for a continuous independent audit of all financial transactions of the City. The audit for fiscal year ending December 31, 2019 is not available as of the date of this Official Statement. It is anticipated the 2019 audit will be available by September 30, 2020. The last such available final audit covers the fiscal year ending December 31, 2018 and may be found attached hereto as "APPENDIX – F" to this Official Statement. The financial affairs of the City are also subject to annual audits by the State Comptroller. Certain financial information of the City may be found in the Appendices to this Official Statement.

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

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

### *Unaudited Results of Operation for the Fiscal Year Ending December 31, 2019*

The City ended the fiscal year ending December 31, 2019 with a cumulative fund balance of \$16,755,802. Summary unaudited information for the General Fund for the fiscal year ending December 31, 2019 is as follows:

Revenues:	\$ 46,261,134
Expenditures:	<u>47,117,436</u>
Excess (Deficit) Revenues Over Expenditures:	<u>\$ (856,302)</u>
Total General Fund Balance December 31, 2018:	17,612,104
Total General Fund Balance December 31, 2019:	\$ 16,755,802

Note: These projections are based upon certain current assumptions and estimates and the audited results may vary therefrom.

Source: City officials.

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## New York State Comptroller Report of Examination

The State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the City has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

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

### Key Findings

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

### Key Recommendations

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

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

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

There are no State Comptroller's audits of the City that are currently in progress or pending release.

## New York State Comptroller Fiscal Stress Monitoring System

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

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

The reports of the State Comptroller for the past four years for the City are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2018	No Designation	5.0%
2017	No Designation	5.0%
2016	No Designation	5.0%
2015	No Designation	0.0%

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

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

## TAX INFORMATION

### Taxable Assessed Valuations

<u>Fiscal Year Ending December 31:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Assessed Valuations	\$ 3,127,817,254	\$ 3,156,554,806	\$ 3,200,762,497	\$ 3,244,162,240	\$ 3,285,386,392
New York State					
Equalization Rate	78.00%	75.00%	75.00%	69.00%	63.00%
Total Taxable Full Valuation	\$ 4,010,022,121	\$ 4,208,739,741	\$ 4,267,683,329	\$ 4,701,684,406	\$ 5,214,899,035

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

<u>Fiscal Year Ending December 31:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Inside Area	\$ 6.06	\$ 6.06	\$ 6.06	\$ 6.08	\$ 6.07
Outside Area	5.98	5.98	5.98	6.01	6.01

### Tax Collection Procedure

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

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

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

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

### Tax Levy and Collection Record

<u>Fiscal Year Ending December 31:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Tax Levy	\$ 30,779,183	\$ 31,645,008	\$ 32,092,872	\$ 33,567,258	\$ 34,837,560
Uncollected End of Year	2,095,861	2,135,179	2,320,089	2,639,987	N/A
% Uncollected	6.81%	6.75%	7.23%	7.86%	N/A

### Largest Taxpayers – 2019 Assessment Roll for 2020

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
NYRA	Race Track	\$ 57,175,000
National Grid	Utility	44,269,638
Saratoga Harness	Race Track	35,526,000
Saratoga Hotel Associates	Hotel/Lodging	22,121,960 <sup>(1)</sup>
Eton Centers	Apt./Retail	15,702,120
Saratoga Retail Partners LLC	Retail	15,124,200 <sup>(2)</sup>
Quad Graphics	Manufacturing	13,937,150
Darley Stud Management LLC	Farm	12,007,300
Turf Perillo Dev LLC	Hotel	11,600,000
Ballston Ave Ltd	Shopping Center	10,450,000

<sup>(1)</sup> Filed tax grievance in 2018 that is not expected to result in a material impact to the City.

<sup>(2)</sup> Filed tax grievance in 2019 that is not expected to result in a material impact to the City.

The ten largest taxpayers listed above have a total assessed valuation of \$237,913,368 which represents 7.24% of the City's tax base.

As of the date of this Official Statement, the level of tax certiorari filings is within the acceptable norms and the City does not have any pending or outstanding tax certioraris that are known to have a material impact on the City.

## Constitutional Tax Margin

Computation of Constitutional Tax Margin for fiscal years ending December 31, 2018 through 2020:

<u>Fiscal Year Ending December 31:</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Five Year Average Full Valuation	\$ 4,026,021,758	\$ 4,213,665,431	\$ 4,480,605,726
Tax Limit - (2%)	80,520,435	84,273,309	89,612,115
Add: Exclusions from Tax Limit	3,910,722	4,012,081	4,538,731
Total Taxing Power	\$ 84,431,157	\$ 88,285,390	\$ 94,150,846
Less: Total Levy	19,491,963	19,820,918	20,046,816
Constitutional Tax Margin	<u>\$ 64,939,194</u>	<u>\$ 68,464,472</u>	<u>\$ 74,104,030</u>

Source: City officials.

## TAX LEVY LIMITATION LAW

Chapter 97 of the 2011 Laws of New York, as amended (the “Tax Levy Limitation Law”), applies to virtually all local governments, including school districts (with the exception of New York City, Yonkers, Syracuse, Rochester and Buffalo). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities’ tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It was set to expire on June 15, 2020, but recent legislation has made it permanent. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index (“CPI”), over the amount of the prior year’s tax levy. Certain adjustments are required for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent (60%) vote of the total voting strength of such body, a local law (or resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees’ Retirement System, the Police and Fire Retirement System and the Teachers’ Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality, prior to adoption of each fiscal year budget, must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

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

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

***Real Property Tax Rebate.*** Chapter 59 of the 2014 Laws of New York (“Chapter 59”) includes provisions which provide a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. The credit is a tax relief program that reimburses qualifying New York State homeowners for increases in local property taxes on their primary residences. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction’s compliance with the provisions of the Tax Levy Limitation Law. The affected jurisdictions include counties, cities (other than a city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

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

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

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

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

## **CITY INDEBTEDNESS**

### **Constitutional Requirements**

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

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

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

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

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

The City Charter requires approval by voter referendum when long term bonding exceeds 2% of the average full valuation of taxable real estate of the City. The debt limit at 2%, as imposed by the City for fiscal year ending December 31, 2020, is \$89,612,116.

## Statutory Procedure

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

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

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

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

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

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

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

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

## Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending December 31:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Bonds	\$ 46,618,686	\$ 50,523,242	\$ 56,861,574	\$ 60,952,562	\$ 68,069,804
Bond Anticipation Notes	0	0	0	0	0
Capital Lease Obligation <sup>(1)</sup>	<u>502,887</u>	<u>453,615</u>	<u>402,188</u>	<u>337,169</u>	<u>257,961</u>
Totals	<u>\$ 47,121,573</u>	<u>\$ 50,976,857</u>	<u>\$ 57,263,762</u>	<u>\$ 61,289,731</u>	<u>\$ 68,327,765</u>

<sup>(1)</sup> Capital lease obligation for the purchase of equipment.

## Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the City evidenced by bonds as of May 20, 2020.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
Bonds	2020-2042	<u>\$ 66,684,804</u>
	Total Indebtedness	<u>\$ 66,684,804</u>



## Debt Statement Summary

Statement of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of May 20, 2020:

Five-Year Average Full Valuation of Taxable Real Property.....	\$	4,480,605,726
Debt Limit - 7% thereof <sup>(1)</sup> .....		313,642,401

### Inclusions:

Bonds.....	\$	66,684,804
Bond Anticipation Notes .....		<u>0</u>
Total Inclusions .....	\$	66,684,804

### Exclusions:

Appropriations .....	\$	1,769,804
Sewer Debt <sup>(2)</sup> .....		2,557,157
Water Debt <sup>(3)</sup> .....		<u>12,439,516</u>
Total Exclusions .....	\$	<u>16,766,477</u>

Total Net Indebtedness Subject to Debt Limit .....	\$	<u>49,918,327</u>
Net Debt-Contracting Margin .....		<u>263,724,074</u>
Percent of Debt Contracting Power Exhausted .....		15.92%

Note: The Bonds will increase the net indebtedness of the City by \$7,428,164. The Notes will not increase the net indebtedness of the City as tax anticipation notes and revenue anticipation notes are not included in the computation of the statutory debt limit.

- (1) The City Charter requires approval by voter referendum when long term bonding exceeds 2% of the average full valuation of taxable real estate of the City. The debt limit at 2%, as imposed by the City for fiscal year ending December 31, 2020, is \$89,612,116.
- (2) Sewer Debt is excluded pursuant to Section 124.10 of the Local Finance Law. The City has been granted sewer debt exclusions by the New York State Office of the State Comptroller.
- (3) Water Debt is excluded pursuant to Article VIII, Section 5B of the New York State Constitution.

## Bonded Debt Service

A schedule of Bonded Debt Service, including the principal of the Bonds, can be found in “APPENDIX – B” to this Official Statement.

## Cash Flow Borrowings

The City has not found it necessary in the past to issue any short-term obligations. Due to the impact of the COVID -19 pandemic, the City has found it necessary to issue the Notes in anticipation of taxes or assessments to be received in the 2020 fiscal year.

## Other Obligations

On March 7, 2008, the City entered into a lease agreement in the amount of \$1,721,297 to finance the purchase and installation of energy management equipment. The rate of interest on the first \$1,000,000 is 2%, which was bought down by a New York State Energy Research and Development Authority (“NYSERDA”) grant and the \$721,297 is at a rate of 4.12%. On December 14, 2012, the City issued a statutory installment bond in the amount of \$555,304 to refinance the portion of the lease not subsidized by NYSERDA. Principal payments on the statutory installment bond of \$55,000 were made during 2019. The principal balance remaining on the statutory installment bond as of December 31, 2019 is \$180,000 and is included in the “Debt Statement Summary” above. Principal payments of \$79,208 were made on the lease during 2019. The principal balance remaining on the lease as of December 31, 2019 is \$257,961.

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## Capital Improvement Program Summary

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

2020 DEPARTMENT PROJECT TITLE	2020	2021	2022	2023	2024	2025
<b><u>PUBLIC SAFETY DEPARTMENT</u></b>						
East side fire and EMS facility	\$ 6,600,000	\$ -	\$ -	\$ -	\$ -	\$ -
Replacement of existing local traffic signal control computers and ancillary equipment	294,404	-	-	-	-	-
Pedestrian safety improvement proposal - community safety initiative		1,003,800				
Union Avenue bike lanes	-	100,000	-	-	-	-
Fire apparatus	-	565,000	-	-	-	-
<b>TOTAL PUBLIC SAFETY</b>	<b>\$ 6,894,404</b>	<b>\$ 1,668,800</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>PUBLIC WORKS DEPARTMENT</u></b>						
Anex east wall	\$ 215,000	\$ -	\$ -	\$ -	\$ -	\$ -
Loughberry lake dam embankment & spillway	1,750,000	2,750,000	2,750,000	-	-	-
Handicap ramp	135,000	-	-	-	-	-
Stormwater improvements	275,000	275,000	275,000	275,000	275,000	-
East side storm water	275,000	275,000	-	-	-	-
Weed harvester (replace #179)	166,720	-	-	-	-	-
Loader (replace #90)	173,337	-	-	-	-	-
International Dump Truck (replace #59)	177,466	-	-	-	-	-
International Dump Truck (replace #63)	177,466	-	-	-	-	-
International Dump Truck (replace #70)	177,466	-	-	-	-	-
Garbage truck (replace #50)	78,600	-	-	-	-	-
New holland mowing tractor	109,058	-	-	-	-	-
International flat bed with crane	79,800	-	-	-	-	-
International dump truck (replace #98)	177,466	-	-	-	-	-
Misc. restoration	350,000	-	-	-	-	-
Misc. City buildings repairs & upgrades	250,000	-	-	-	-	-
Snow guards and gutters	35,000	-	-	-	-	-
Loader (replace #65)	-	173,337	-	-	-	-
<b>TOTAL PUBLIC WORKS</b>	<b>\$ 4,602,379</b>	<b>\$ 3,473,337</b>	<b>\$ 3,025,000</b>	<b>\$ 275,000</b>	<b>\$ 275,000</b>	<b>\$ -</b>
<b><u>MAYOR'S DEPARTMENT</u></b>						
Geyser Road Trail - construction	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
Complete streets - ongoing design, construction	100,000	-	-	-	-	-
Greenbelt trail - ongoing design construction	200,000	-	-	-	-	-
Flat Rock Centre - phase II - park	-	1,375,000	-	-	-	-
	-	-	-	-	-	-
<b>TOTAL MAYOR'S DEPARTMENT</b>	<b>\$ 1,300,000</b>	<b>\$ 1,375,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>RECREATION DEPARTMENT</u></b>						
Replace front entry doors at both rinks. Replace Vernon rink locker room benches and shelves and replace Weibel rink shelves. Chiller for Vernon Ice Rink	\$ 303,325	\$ -	\$ -	\$ -	\$ -	\$ -
Court resurfacing, Vetrans Memorial park playground, North Side playground fencing	110,000	-	-	-	-	-
PA system installed	50,000	-	-	-	-	-
City and City School District capital improvement plan	40,000	-	-	-	-	-
Ice rink improvements	-	197,465	60,000	50,000	-	100,000
Playground improvements	-	228,600	50,000	50,000	50,000	50,000
New recreation fields	-	200,000	1,555,000	-	-	-
Recreation facility improvements	-	157,500	100,000	-	-	-
<b>TOTAL RECREATION DEPARTMENT</b>	<b>\$ 503,325</b>	<b>\$ 783,565</b>	<b>\$ 1,765,000</b>	<b>\$ 100,000</b>	<b>\$ 50,000</b>	<b>\$ 150,000</b>
<b><u>WATER DEPARTMENT</u></b>						
Elevator (Replacement)	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -
Intake valve replacement program	1,552,000	-	-	-	-	-
Water infrastructure improvement plan	1,000,000	1,031,250	1,000,000	1,187,500	-	-
Filter room work	90,000	-	-	-	-	-
Sprinklers	125,000	-	-	-	-	-
	-	-	-	-	-	-
<b>TOTAL WATER DEPARTMENT</b>	<b>\$ 2,917,000</b>	<b>\$ 1,031,250</b>	<b>\$ 1,000,000</b>	<b>\$ 1,187,500</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>SEWER DEPARTMENT</u></b>						
Wastewater pump station upgrades	\$ 450,000	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer main replacement	250,000	-	-	-	-	-
<b>TOTAL SEWER DEPARTMENT</b>	<b>\$ 700,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL PROJECTS</b>	<b>\$ 16,917,108</b>	<b>\$ 8,331,952</b>	<b>\$ 5,790,000</b>	<b>\$ 1,562,500</b>	<b>\$ 325,000</b>	<b>\$ 150,000</b>
Projects funded by Water/Sewer Funds	3,617,000	1,031,250	1,000,000	1,187,500	-	-
<b>NET AMOUNT (without water &amp; sewer)</b>	<b>\$ 13,300,108</b>	<b>\$ 7,300,702</b>	<b>\$ 4,790,000</b>	<b>\$ 375,000</b>	<b>\$ 325,000</b>	<b>\$ 150,000</b>

## Estimated Overlapping Indebtedness

In addition to the City, the following political subdivisions have the power to issue bonds and notes and to levy taxes or cause taxes to be levied on taxable real property in the City. The estimated net outstanding indebtedness of such political subdivisions is as follows:

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> <sup>(1)</sup>	<u>Estimated Exclusions</u>	<u>Net Indebtedness</u>	<u>City Share</u>	<u>Net Overlapping Indebtedness</u>
County of:						
Saratoga	12/31/2018	\$ 76,180,000	\$ -	\$ 76,180,000	17.19%	\$ 13,095,342
School District:						
Saratoga Springs	6/30/2019	18,435,000	12,996,675 <sup>(2)</sup>	5,438,325	62.40%	3,393,515
Total:						<u>\$ 16,488,857</u>

<sup>(1)</sup> Bonds and bond anticipation notes not adjusted to include subsequent bond or note sales, if any.

Source: 2018 State Comptroller's Report for the County and the 2019 State Comptroller's Report for the School District listed above.

## Debt Ratios

The following table sets forth certain ratios relating to the City's net indebtedness as of May 20, 2020:

	<u>Amount</u>	<u>Per Capita</u> <sup>(a)</sup>	<u>Percentage of Full Value</u> <sup>(b)</sup>
Net Indebtedness <sup>(c)</sup> .....	\$ 49,918,327	\$ 1,782.48	0.96%
Net Indebtedness Plus Net Overlapping Indebtedness <sup>(d)</sup> .....	66,407,184	2,371.26	1.27

<sup>(a)</sup> The 2018 estimated population of the City is 28,005. (See "THE CITY – Population Trends" herein.).

<sup>(b)</sup> The City's full value of taxable real estate for the 2020 fiscal year is \$5,214,899,035. (See "TAX INFORMATION" herein.)

<sup>(c)</sup> See "Debt Statement Summary" for calculation of Net Indebtedness herein.

<sup>(d)</sup> Estimated net overlapping indebtedness is \$16,488,857. (See "Estimated Overlapping Indebtedness" for calculation of Net Indebtedness herein.)

## SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

## **MARKET AND RISK FACTORS**

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

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

COVID-19. The spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread globally, including the United States, and to New York State, has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide.

The outbreak of COVID-19 across the United States has caused the federal government to declare a national state of emergency. The State of New York has likewise declared a state of emergency and the Legislature has added "disease outbreak" to the definition of "disaster" (which already includes "epidemic") in the relevant Executive Law provision by adoption of Senate Bill S7919, signed by the Governor into law on March 3, 2020.

Executive Law Section 24 contains procedures for local governments to declare local states of emergency and issue orders to implement same.

While the outbreak of COVID-19 might affect revenue streams supporting revenue bond debt of some public authorities, as compared to general obligation debt, it is not possible to determine or reasonably predict at this time whether there could also be a material impact on local municipal and school district budgets, or state and local resources to meet their obligations supporting same.

The degree of any such impact to the City's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the City and its economy. The City is monitoring the situation and will take such proactive measures as may be required to maintain its functionality and meet its obligations.

## **TAX MATTERS**

In the opinion of Walsh & Walsh, LLP, Saratoga Springs, New York, Bond Counsel, under existing law, interest on the Bonds and Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the individual alternative minimum tax imposed by the Internal Revenue Code of 1986, as amended (the "Code").

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

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

The Bonds and Notes are not being designated by the City as “qualified tax-exempt obligations” pursuant to the provisions of Section 265(b)(3) of the Code.

Although Bond Counsel is of the opinion that interest on the Bonds and Notes is excluded from gross income for federal income tax purposes and is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds and Notes may otherwise affect an owner’s federal, state or local tax liability. Prospective purchasers of the Bonds and Notes should consult their own tax advisors as to any other tax consequences resulting from their ownership or disposition of, or the accrual or receipt of interest on, the Bonds and Notes. Bond Counsel expresses no opinion regarding any such consequences.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds and Notes may affect the tax status of interest on the Bonds and Notes or the tax consequences of the ownership of the Bonds and Notes. There can be no assurance that legislation proposed or enacted, clarifications of the Code or court decisions after the date of issuance of the Bonds and Notes will not have an adverse effect on the tax-exempt status or market price of the Bonds and Notes. Prospective purchasers of the Bonds and Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

## LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and Notes will be covered by the final approving opinions of Walsh & Walsh, LLP, Saratoga Springs, New York, Bond Counsel. Copies of such opinions will be available at the time of delivery of the Bonds and Notes. Such legal opinions will state that, under existing law, (1) the Bonds and Notes have been duly authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the City, for the payment of which the City has validly pledged its faith and credit, and all the taxable real property within the boundaries of the City is subject to the levy of ad valorem taxes to pay the Bonds and Notes and interest thereon, without limitation as to the rate or amount, subject to applicable statutory limitations, and (2) interest on the Bonds and Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the individual alternative minimum tax imposed by the Internal Revenue Code of 1986, as amended (the “Code”), subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds and Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes.. Such opinions shall also contain further statements to the effect that (a) the rights of the owners of the Bonds and Notes and the enforceability of the Bonds and Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws affecting creditors’ rights generally enacted before or after the date of such opinion, and by equitable principles, whether considered at law or in equity, (b) the scope of its engagement as Bond Counsel in relation to the issuance of the Bonds and Notes has extended solely to rendering the opinions described herein, and such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the City, together with other legally available sources of revenue, if any, will be sufficient to enable the City to pay the principal of or interest on the Bonds and Notes as the same respectively become due and payable, and (c) while Bond Counsel has participated in the preparation of this Official Statement, Bond Counsel has not verified the accuracy, completeness or fairness of the factual information contained herein, and, accordingly, Bond Counsel expresses no opinion as to whether the City, in connection with the sale of the Bonds and Notes, has made any untrue statement of a material fact, or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

## **LITIGATION**

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

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the City, threatened against or affecting the City to restrain or enjoin the issuance, sale or delivery of the Bonds and Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Bonds and Notes or any proceedings or authority of the City taken with respect to the authorization, issuance or sale of the Bonds and Notes or contesting the corporate existence or boundaries of the City.

## **CUSIP IDENTIFICATION NUMBERS**

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Bonds and may be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Bonds and Notes will be paid for by the City; provided, however, the City assumes no responsibility for any CUSIP Service Bureau charge or other charges that may be imposed for the assignment of such numbers.

## **CONTINUING DISCLOSURE**

In order to assist the purchaser in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the City will enter into an Undertaking to Provide Continuing Disclosure with respect to the Bonds and an Undertaking to Provide Notice of Material Events with respect to the Notes, descriptions of which can be found attached hereto as "APPENDIX – D" and APPENDIX - E" respectively.

## **Historical Compliance**

Except as noted below, the City is in compliance in all material respects within the past five years with all previous undertakings made pursuant to Rule 15c2-12.

The City, on occasion, has failed to provide material event notices relating to bond insurance rating changes by Moody's Investors Service as required by an existing continuing disclosure undertaking. A material event notice relating to such bond insurance rating changes was provided to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board on June 4, 2014. All required annual financial information and operating data and audited financial statements have been provided to EMMA in a timely manner within the past five years.

## **BOND RATING**

The Notes are not rated. Subject to the approval of the City, the purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the City, as such rating action may result in a material event notification to be posted to EMMA which is required by the City.

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned their rating of "AA+" with a negative outlook to the Bonds. A rating reflects only the view of the rating agency assigning such rating and any desired explanation of the significance of such rating should be obtained from S&P, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 553-0038, Fax: (212) 553-1390.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the rating of the Bonds may have an adverse effect on the market price of the Bonds.

## **MUNICIPAL ADVISOR**

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

## MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates in good faith, no assurance can be given that the facts will materialize as so opined or estimated. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the holders of the Bonds and Notes.

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

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

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

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

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

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

The City will act as Paying Agent for the Bonds and Notes.

The City's contact information is as follows: Michele D. Clark-Madigan, Commissioner of Finance, City of Saratoga Springs, City Hall, 474 Broadway, Saratoga Springs, New York 12866-2296, Telephone (518) 587-3550, Facsimile (518) 580-0781, Email [michele.madigan@saratoga-springs.org](mailto:michele.madigan@saratoga-springs.org).

**CITY of SARATOGA SPRINGS**

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

**Dated: May 20, 2020**

**GENERAL FUND**

**Balance Sheets**

Fiscal Years Ending December 31:	<u><b>2015</b></u>	<u><b>2016</b></u>	<u><b>2017</b></u>	<u><b>2018</b></u>	<u><b>2019</b></u> <u><b>Unaudited</b></u>
<b><u>ASSETS</u></b>					
Cash and Cash Equivalents	\$ 8,926,329	\$ 9,288,589	\$ 11,798,381	\$ 11,540,976	\$ 10,125,708
Investments	-	-	-	-	-
Taxes receivable, net of uncollectibles	-	-	-	-	3,294,981
Receivables from Other Governments	2,297,169	2,569,074	2,794,650	2,833,959	2,905,424
Receivables, net	4,626,837	3,620,652	4,640,679	5,330,185	2,481,106
Restricted assets, cash and cash equivalents	3,671,065	3,355,857	2,686,463	2,183,419	2,555,855
Due from Other Funds	504,466	259,850	1,028,019	1,187,022	1,422,369
Prepaid Expenses	966,711	967,910	1,017,341	980,804	1,012,855
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 20,992,577</u>	<u>\$ 20,061,932</u>	<u>\$ 23,965,533</u>	<u>\$ 24,056,365</u>	<u>\$ 23,798,298</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
Accounts Payable and Accrued Liabilities	\$ 939,614	\$ 918,952	\$ 904,346	\$ 893,519	\$ 837,111
Notes Payable	-	-	-	-	-
Other Liabilities	-	-	-	-	49,050
Due to Other Governments	547,204	611,504	581,667	574,142	655,474
Due to Other Funds	-	-	516,186	-	-
Deferred Revenue	1,763,389	1,349,392	553,465	3,013,077	3,241,292
Deferred Tax Revenue	1,201,169	1,698,865	5,011,050	1,963,523	2,257,544
Unpaid Interest and Matured Bonds Payable	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	<u>4,451,376</u>	<u>4,578,713</u>	<u>7,566,714</u>	<u>6,444,261</u>	<u>7,040,471</u>
<b><u>FUND EQUITY</u></b>					
Non Spendable:					
Prepaid expenses	\$ 966,711	\$ 967,910	\$ 1,017,341	\$ 980,804	\$ 1,012,855
Restricted for:					
Capital reserve	1,172,980	1,209,404	1,399,244	1,575,190	1,474,685
Tax Stabilization reserve	1,504,824	1,506,412	732,885	505	511
Retirement Contribution Reserve	738,630	439,383	439,383	350,221	856,428
Insurance Reserve	175,842	121,786	175,076	178,428	144,229
Debt	-	-	-	-	-
Other restrictions	78,789	78,872	78,968	79,075	80,001
Assigned	2,543,927	2,150,089	3,406,990	4,859,475	4,749,928
Unassigned	9,359,498	9,009,363	9,148,932	9,588,406	8,439,190
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL FUND EQUITY	<u>16,541,201</u>	<u>15,483,219</u>	<u>16,398,819</u>	<u>17,612,104</u>	<u>16,757,827</u>
TOTAL LIABILITIES and FUND EQUITY	<u>\$ 20,992,577</u>	<u>\$ 20,061,932</u>	<u>\$ 23,965,533</u>	<u>\$ 24,056,365</u>	<u>\$ 23,798,298</u>

Source: Audited financial reports and the 2019 Annual update document (unaudited) of the City. This Appendix is not itself audited.



**GENERAL FUND**

**Revenues, Expenditures and Changes in Fund Balance**

Fiscal Years Ending December 31:	<u><b>2014</b></u>	<u><b>2015</b></u>	<u><b>2016</b></u>	<u><b>2017</b></u>	<u><b>2018</b></u>
<b>REVENUES</b>					
Real Property Taxes and Tax Items	\$ 16,675,873	\$ 17,171,289	\$ 16,789,221	\$ 16,901,104	\$ 16,466,384
Non-Property Taxes	13,726,684	14,202,315	14,522,969	14,408,999	15,534,499
Departmental Income	2,565,133	2,774,659	2,697,756	2,786,511	2,974,253
Intergovernmental Charges	323,752	352,333	359,001	415,514	448,985
Use of Money & Property	432,352	627,632	649,230	621,437	573,090
Licenses and Permits	491,218	387,164	390,337	455,403	683,800
Fines and Forfeitures	651,150	650,747	523,423	794,127	717,835
Sale of Property and Compensation for Loss	556,684	665,652	519,213	860,256	2,269,732
Miscellaneous	2,552,079	2,538,972	2,576,530	2,680,527	2,686,293
Revenues from State Sources	3,132,377	4,300,302	3,314,232	4,251,877	3,956,428
Revenues from Federal Sources	62,719	52,552	70,888	46,223	134,205
Total Revenues	<u>\$ 41,170,022</u>	<u>\$ 43,723,617</u>	<u>\$ 42,412,800</u>	<u>\$ 44,221,978</u>	<u>\$ 46,445,504</u>
<b>EXPENDITURES</b>					
General Government Support	\$ 9,064,313	\$ 9,786,949	\$ 10,552,751	\$ 10,020,667	\$ 10,665,240
Public Safety	22,487,909	23,519,039	24,100,066	24,065,678	25,212,462
Health	119,116	111,090	118,385	164,683	140,901
Transportation	4,559,178	4,252,603	4,186,964	4,358,889	4,695,079
Economic Assistance and Opportunity	141,291	136,684	144,731	170,339	170,316
Culture and Recreation	2,368,529	2,636,156	2,758,066	2,856,554	2,715,063
Home and Community Services	1,182,955	1,227,233	1,465,081	1,455,423	1,482,033
Employee Benefits	-	-	-	-	-
Debt Service	69,588	69,588	71,187	69,587	80,940
Total Expenditures	<u>\$ 39,992,879</u>	<u>\$ 41,739,342</u>	<u>\$ 43,397,231</u>	<u>\$ 43,161,820</u>	<u>\$ 45,162,034</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 1,177,143</u>	<u>\$ 1,984,275</u>	<u>\$ (984,431)</u>	<u>\$ 1,060,158</u>	<u>\$ 1,283,470</u>
Other Financing Sources (Uses):					
Operating Transfers In	113,843	427,615	278,635	132,914	63,770
Operating Transfers Out	<u>(1,199,903)</u>	<u>(1,401,186)</u>	<u>(352,186)</u>	<u>(277,472)</u>	<u>(133,955)</u>
Total Other Financing	<u>(1,086,060)</u>	<u>(973,571)</u>	<u>(73,551)</u>	<u>(144,558)</u>	<u>(70,185)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>91,083</u>	<u>1,010,704</u>	<u>(1,057,982)</u>	<u>915,600</u>	<u>1,213,285</u>
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	15,439,414	15,530,497	16,541,201	15,483,219	16,398,819
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 15,530,497</u>	<u>\$ 16,541,201</u>	<u>\$ 15,483,219</u>	<u>\$ 16,398,819</u>	<u>\$ 17,612,104</u>

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

**GENERAL FUND**

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

Fiscal Years Ending December 31:	<b>2019</b>		<b>2020</b>
	Adopted <u>Budget</u>	Unaudited <u>Actual</u>	Adopted <u>Budget</u>
<b><u>REVENUES</u></b>			
Real Property Taxes and Tax Items	\$ 18,452,770	\$ 16,894,633	\$ 19,582,718
Non-Property Taxes	16,124,593	16,005,033	16,294,300
Departmental Income	3,102,739	2,777,380	3,213,572
Intergovernmental Charges	431,655	514,127	475,350
Use of Money & Property	650,760	586,699	680,760
Licenses and Permits	578,050	591,876	649,050
Fines and Forfeitures	967,000	642,956	822,000
Sale of Property and Compensation for Loss	768,314	927,787	653,325
Miscellaneous	2,543,692	2,644,340	2,558,592
Revenues from State Sources	3,405,252	4,590,368	3,710,250
Revenues from Federal Sources	15,000	29,784	15,000
Total Revenues	<u>\$ 47,039,825</u>	<u>\$ 46,204,983</u>	<u>\$ 48,654,917</u>
<b><u>EXPENDITURES</u></b>			
General Government Support	\$ 7,003,733	\$ 11,034,693	\$ 7,436,560
Public Safety	18,439,167	25,622,141	19,019,637
Health	25,765	120,601	25,765
Transportation	4,109,449	4,554,418	4,242,792
Economic Assistance and Opportunity	172,291	194,510	215,291
Culture and Recreation	2,627,400	2,850,472	2,713,047
Home and Community Services	1,441,500	1,516,111	1,683,000
Employee Benefits	12,879,228	-	12,929,458
Debt Service	267,292	92,292	315,462
Total Expenditures	<u>\$ 46,965,825</u>	<u>\$ 45,985,238</u>	<u>\$ 48,581,012</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 74,000</u>	<u># \$ 219,745</u>	<u>\$ 73,905</u>
Other Financing Sources (Uses):			
Operating Transfers In	61,000	56,150	61,000
Operating Transfers Out	<u>(135,000)</u>	<u>(1,132,241)</u>	<u>(134,905)</u>
Total Other Financing	<u>(74,000)</u>	<u>- (1,076,091)</u>	<u>(73,905)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>-</u>	<u>(856,346)</u>	<u>-</u>
<b><u>FUND BALANCE</u></b>			
Fund Balance - Beginning of Year	-	17,612,104	-
Prior Period Adjustments (net)	-	2,069	-
Fund Balance - End of Year	<u>\$ -</u>	<u># \$ 16,757,827</u>	<u>\$ -</u>

Source: 2019 Annual update document (unaudited) and adopted budgets of the City. This Appendix is not itself audited.

**CHANGES IN FUND EQUITY**

Fiscal Years Ending December 31:	<u><b>2015</b></u>	<u><b>2016</b></u>	<u><b>2017</b></u>	<u><b>2018</b></u>	<u><b>2019</b></u>
<u><b>WATER FUND</b></u>					
Fund Equity - Beginning of Year	\$ 2,033,585	\$ 2,669,055	\$ 2,906,406	# \$ 2,901,923	# \$ 3,132,676
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	3,944,659	3,829,525	# 3,441,066	# 3,648,906	# 3,572,244
Expenditures & Other Uses	3,309,189	3,592,174	# 3,445,549	# 3,418,153	# 3,823,886
Fund Equity - End of Year	# \$ 2,669,055	# \$ 2,906,407	# \$ 2,901,923	# \$ 3,132,676	# \$ 2,881,034
<u><b>SEWER FUND</b></u>					
Fund Equity - Beginning of Year	\$ 990,724	\$ 1,508,555	\$ 1,831,481	\$ 2,072,266	\$ 1,983,622
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	4,582,927	4,536,705	4,526,786	4,831,383	4,747,478
Expenditures & Other Uses	4,065,096	4,213,779	4,286,001	4,920,027	5,455,827
Fund Equity - End of Year	\$ 1,508,555	# \$ 1,831,481	# \$ 2,072,266	# \$ 1,983,622	# \$ 1,275,273

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

**APPENDIX - B**  
**City of Saratoga Springs**

**BONDED DEBT SERVICE**

Fiscal Year Ending December 31st						Principal of the Bonds	Total Principal All Issues
	Principal	Interest	Total				
2020	\$ 3,154,804	\$ 2,114,065.78	\$ 5,268,869.78	\$ -	\$ 3,154,804		
2021	3,390,000	1,890,071.73	5,280,071.73	243,164	3,633,164		
2022	3,510,000	1,777,240.09	5,287,240.09	250,000	3,760,000		
2023	3,470,000	1,664,919.61	5,134,919.61	260,000	3,730,000		
2024	3,595,000	1,550,279.05	5,145,279.05	265,000	3,860,000		
2025	3,340,000	1,437,319.47	4,777,319.47	275,000	3,615,000		
2026	3,465,000	1,330,390.20	4,795,390.20	280,000	3,745,000		
2027	3,580,000	1,220,400.58	4,800,400.58	290,000	3,870,000		
2028	3,700,000	1,113,944.40	4,813,944.40	300,000	4,000,000		
2029	3,820,000	1,007,486.65	4,827,486.65	310,000	4,130,000		
2030	3,950,000	895,595.83	4,845,595.83	315,000	4,265,000		
2031	3,470,000	786,977.45	4,256,977.45	325,000	3,795,000		
2032	3,565,000	685,830.87	4,250,830.87	335,000	3,900,000		
2033	3,670,000	580,256.78	4,250,256.78	345,000	4,015,000		
2034	3,275,000	478,417.06	3,753,417.06	360,000	3,635,000		
2035	2,815,000	390,040.73	3,205,040.73	370,000	3,185,000		
2036	2,420,000	314,296.65	2,734,296.65	380,000	2,800,000		
2037	2,510,000	245,426.68	2,755,426.68	390,000	2,900,000		
2038	2,495,000	175,161.66	2,670,161.66	400,000	2,895,000		
2039	2,295,000	105,502.13	2,400,502.13	415,000	2,710,000		
2040	1,790,000	49,941.56	1,839,941.56	425,000	2,215,000		
2041	390,000	20,581.25	410,581.25	440,000	830,000		
2042	400,000	7,000.00	407,000.00	455,000	855,000		
TOTALS	\$ 68,069,804	\$ 19,841,146.19	\$ 87,910,950.20	\$ 7,428,164	\$ 75,497,968		

**APPENDIX - B1**  
**City of Saratoga Springs**

**CURRENT BONDS OUTSTANDING**

Fiscal Year Ending December 31st	2009			2011			2012		
	Energy Mangement Equipment			Various Improvements			Various Improvements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 55,000	\$ 11,793.75	\$ 66,793.75	\$ 55,000	\$ 81,141.00	\$ 136,141.00	\$ 205,000	\$ 152,402.50	\$ 357,402.50
2021	60,000	9,350.00	69,350.00	60,000	78,479.00	138,479.00	210,000	148,252.50	358,252.50
2022	60,000	6,800.00	66,800.00	60,000	75,701.00	135,701.00	215,000	144,002.50	359,002.50
2023	65,000	4,143.75	69,143.75	65,000	72,807.00	137,807.00	220,000	139,652.50	359,652.50
2024	65,000	1,381.25	66,381.25	65,000	69,797.00	134,797.00	225,000	134,640.00	359,640.00
2025	-	-	-	70,000	66,672.00	136,672.00	230,000	128,952.50	358,952.50
2026	-	-	-	75,000	63,315.00	138,315.00	235,000	123,140.00	358,140.00
2027	-	-	-	75,000	59,843.00	134,843.00	240,000	117,202.50	357,202.50
2028	-	-	-	80,000	56,255.00	136,255.00	250,000	110,452.50	360,452.50
2029	-	-	-	85,000	52,435.00	137,435.00	260,000	102,802.50	362,802.50
2030	-	-	-	90,000	48,384.00	138,384.00	265,000	94,795.00	359,795.00
2031	-	-	-	90,000	44,217.00	134,217.00	275,000	86,390.63	361,390.63
2032	-	-	-	95,000	39,934.00	134,934.00	285,000	77,640.63	362,640.63
2033	-	-	-	100,000	35,420.00	135,420.00	295,000	68,578.13	363,578.13
2034	-	-	-	105,000	30,674.00	135,674.00	305,000	59,203.13	364,203.13
2035	-	-	-	110,000	25,697.00	135,697.00	315,000	49,318.75	364,318.75
2036	-	-	-	115,000	20,488.00	135,488.00	325,000	38,918.75	363,918.75
2037	-	-	-	125,000	14,932.00	139,932.00	335,000	28,193.75	363,193.75
2038	-	-	-	125,000	9,144.00	134,144.00	345,000	17,143.75	362,143.75
2039	-	-	-	135,000	3,125.00	138,125.00	355,000	5,768.75	360,768.75
TOTALS	\$ 305,000	\$ 33,468.75	\$ 338,468.75	\$ 1,780,000	\$ 948,460.00	\$ 2,728,460.00	\$ 5,390,000	\$ 1,827,451.25	\$ 7,217,451.25

**APPENDIX - B2**  
**City of Saratoga Springs**

**CURRENT BONDS OUTSTANDING**

Fiscal Year Ending December 31st	2012			2013			2014		
	Refinance of Lease			Various Improvements			Various Improvements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 60,000	\$ 3,600.00	\$ 63,600.00	\$ 190,000	\$ 107,225.00	\$ 297,225.00	\$ 225,000	\$ 109,656.25	\$ 334,656.25
2021	60,000	2,400.00	62,400.00	195,000	101,450.00	296,450.00	230,000	105,106.25	335,106.25
2022	60,000	1,200.00	61,200.00	205,000	95,450.00	300,450.00	235,000	100,456.25	335,456.25
2023	-	-	-	210,000	89,225.00	299,225.00	240,000	95,556.25	335,556.25
2024	-	-	-	215,000	82,850.00	297,850.00	250,000	90,193.75	340,193.75
2025	-	-	-	225,000	76,250.00	301,250.00	255,000	84,512.50	339,512.50
2026	-	-	-	230,000	69,281.25	299,281.25	265,000	77,668.75	342,668.75
2027	-	-	-	240,000	61,787.50	301,787.50	270,000	69,643.75	339,643.75
2028	-	-	-	245,000	53,906.25	298,906.25	280,000	61,393.75	341,393.75
2029	-	-	-	255,000	45,462.50	300,462.50	290,000	52,843.75	342,843.75
2030	-	-	-	265,000	36,362.50	301,362.50	295,000	44,068.75	339,068.75
2031	-	-	-	275,000	26,912.50	301,912.50	305,000	35,068.75	340,068.75
2032	-	-	-	280,000	16,850.00	296,850.00	315,000	25,768.75	340,768.75
2033	-	-	-	290,000	5,800.00	295,800.00	325,000	15,965.63	340,965.63
2034	-	-	-	-	-	-	335,000	5,443.75	340,443.75
TOTALS	\$ 180,000	\$ 7,200.00	\$ 187,200.00	\$ 3,320,000	\$ 868,812.50	\$ 4,188,812.50	\$ 4,115,000	\$ 973,346.88	\$ 5,088,346.88

**APPENDIX - B3**  
**City of Saratoga Springs**

**CURRENT BONDS OUTSTANDING**

Fiscal Year Ending December 31st	2014			2015			2016		
	Refunding of 1997, 2002, 2004, 2005, 2006 & 2007			Various Improvements			Various Improvements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 1,070,000	\$ 595,606.25	\$ 1,665,606.25	\$ 185,000	\$ 14,324.75	\$ 199,324.75	\$ 160,000	\$ 54,125.00	\$ 214,125.00
2021	1,130,000	540,606.25	1,670,606.25	190,000	13,947.73	203,947.73	160,000	50,925.00	210,925.00
2022	1,195,000	482,481.25	1,677,481.25	195,000	13,550.34	208,550.34	165,000	47,675.00	212,675.00
2023	1,160,000	423,606.25	1,583,606.25	200,000	13,142.61	213,142.61	165,000	44,375.00	209,375.00
2024	1,220,000	364,106.25	1,584,106.25	205,000	12,724.55	217,724.55	170,000	41,025.00	211,025.00
2025	960,000	309,606.25	1,269,606.25	210,000	12,296.22	222,296.22	175,000	37,575.00	212,575.00
2026	1,015,000	262,768.75	1,277,768.75	220,000	11,792.70	231,792.70	180,000	34,025.00	214,025.00
2027	1,070,000	218,531.25	1,288,531.25	225,000	11,212.58	236,212.58	185,000	30,375.00	215,375.00
2028	1,100,000	180,631.25	1,280,631.25	230,000	10,619.40	240,619.40	190,000	26,625.00	216,625.00
2029	1,140,000	147,031.25	1,287,031.25	240,000	10,006.65	250,006.65	195,000	22,775.00	217,775.00
2030	1,180,000	112,231.25	1,292,231.25	245,000	9,374.33	254,374.33	200,000	18,825.00	218,825.00
2031	600,000	85,156.25	685,156.25	255,000	8,708.57	263,708.57	205,000	14,262.50	219,262.50
2032	620,000	66,093.75	686,093.75	260,000	7,994.99	267,994.99	210,000	9,075.00	219,075.00
2033	635,000	46,484.38	681,484.38	270,000	7,231.77	277,231.77	215,000	3,225.00	218,225.00
2034	660,000	25,837.50	685,837.50	280,000	6,409.94	286,409.94	-	-	-
2035	465,000	7,556.25	472,556.25	285,000	5,550.60	290,550.60	-	-	-
2036	-	-	-	295,000	4,652.40	299,652.40	-	-	-
2037	-	-	-	305,000	3,707.18	308,707.18	-	-	-
2038	-	-	-	320,000	2,705.16	322,705.16	-	-	-
2039	-	-	-	330,000	1,645.88	331,645.88	-	-	-
2040	-	-	-	340,000	554.06	340,554.06	-	-	-
<b>TOTALS</b>	<b>\$ 15,220,000</b>	<b>\$ 3,868,334.38</b>	<b>\$19,088,334.38</b>	<b>\$ 5,285,000</b>	<b>\$ 182,152.40</b>	<b>\$ 5,467,152.40</b>	<b>\$ 2,575,000</b>	<b>\$ 434,887.50</b>	<b>\$ 3,009,887.50</b>

**APPENDIX - B4**  
**City of Saratoga Springs**

**CURRENT BONDS OUTSTANDING**

Fiscal Year Ending December 31st	2017 Various Improvements			2018 Refunding of 2008, 2009, and 2010 Bonds			2018 Various Improvements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 275,000	\$ 191,112.50	\$ 466,112.50	\$ 215,000	\$ 231,962.50	\$ 446,962.50	\$ 200,000	\$ 205,930.00	\$ 405,930.00
2021	280,000	185,562.50	465,562.50	225,000	223,362.50	448,362.50	210,000	199,780.00	409,780.00
2022	285,000	179,912.50	464,912.50	235,000	214,362.50	449,362.50	215,000	193,405.00	408,405.00
2023	290,000	174,162.50	464,162.50	240,000	207,900.00	447,900.00	220,000	186,880.00	406,880.00
2024	300,000	168,262.50	468,262.50	245,000	200,700.00	445,700.00	230,000	180,130.00	410,130.00
2025	305,000	162,212.50	467,212.50	255,000	190,900.00	445,900.00	235,000	173,155.00	408,155.00
2026	310,000	156,062.50	466,062.50	265,000	180,700.00	445,700.00	245,000	165,955.00	410,955.00
2027	320,000	149,762.50	469,762.50	275,000	167,450.00	442,450.00	250,000	158,530.00	408,530.00
2028	330,000	143,262.50	473,262.50	290,000	153,700.00	443,700.00	260,000	150,880.00	410,880.00
2029	335,000	135,775.00	470,775.00	305,000	139,200.00	444,200.00	265,000	143,005.00	408,005.00
2030	345,000	126,843.75	471,843.75	325,000	123,950.00	448,950.00	275,000	134,905.00	409,905.00
2031	355,000	116,775.00	471,775.00	350,000	107,700.00	457,700.00	285,000	126,505.00	411,505.00
2032	365,000	105,975.00	470,975.00	350,000	94,575.00	444,575.00	295,000	117,805.00	412,805.00
2033	375,000	94,875.00	469,875.00	365,000	81,450.00	446,450.00	305,000	108,805.00	413,805.00
2034	390,000	83,400.00	473,400.00	375,000	67,762.50	442,762.50	310,000	99,580.00	409,580.00
2035	400,000	71,550.00	471,550.00	395,000	53,700.00	448,700.00	320,000	89,890.00	409,890.00
2036	410,000	59,400.00	469,400.00	405,000	38,887.50	443,887.50	330,000	79,487.50	409,487.50
2037	425,000	46,875.00	471,875.00	425,000	25,725.00	450,725.00	345,000	68,518.75	413,518.75
2038	435,000	33,975.00	468,975.00	345,000	12,975.00	357,975.00	355,000	57,143.75	412,143.75
2039	450,000	20,700.00	470,700.00	75,000	2,625.00	77,625.00	365,000	45,443.75	410,443.75
2040	465,000	6,975.00	471,975.00	-	-	-	380,000	33,337.50	413,337.50
2041	-	-	-	-	-	-	390,000	20,581.25	410,581.25
2042	-	-	-	-	-	-	400,000	7,000.00	407,000.00
TOTALS	\$ 7,445,000	\$ 2,413,431.25	\$ 9,858,431.25	\$ 5,960,000	\$ 2,519,587.50	\$ 8,479,587.50	\$ 6,685,000	\$ 2,746,652.50	\$ 9,431,652.50



**CURRENT BONDS OUTSTANDING**

Fiscal Year Ending December 31st	2019 Various Improvements		
	Principal	Interest	Total
2020	\$ 259,804	\$ 355,186.28	\$ 614,990.28
2021	380,000	230,850.00	610,850.00
2022	385,000	222,243.75	607,243.75
2023	395,000	213,468.75	608,468.75
2024	405,000	204,468.75	609,468.75
2025	420,000	195,187.50	615,187.50
2026	425,000	185,681.25	610,681.25
2027	430,000	176,062.50	606,062.50
2028	445,000	166,218.75	611,218.75
2029	450,000	156,150.00	606,150.00
2030	465,000	145,856.25	610,856.25
2031	475,000	135,281.25	610,281.25
2032	490,000	124,118.75	614,118.75
2033	495,000	112,421.88	607,421.88
2034	515,000	100,106.25	615,106.25
2035	525,000	86,778.13	611,778.13
2036	540,000	72,462.50	612,462.50
2037	550,000	57,475.00	607,475.00
2038	570,000	42,075.00	612,075.00
2039	585,000	26,193.75	611,193.75
2040	605,000	9,075.00	614,075.00
TOTALS	\$ 9,809,804	\$ 3,017,361.28	\$12,827,165.28

CITY OF SARATOGA SPRINGS  
SARATOGA COUNTY, NEW YORK

2019-2020 ACTUAL CASH FLOW (GENERAL FUND)

2019-2020 Actual CASH FLOW	June	July	August	September	October	November	December	2020 January	February	March	April	Estimated May	12 MONTH TOTAL
Beginning Balance:	\$ 20,802,504	\$ 16,507,571	\$ 15,606,912	\$ 17,341,364	\$ 14,187,170	\$ 13,531,615	\$ 16,312,150	\$ 8,171,315	\$ 6,767,549	\$ 16,639,220	\$ 12,859,274	\$ 11,543,236	
Revenues:													
Taxes, permits, fines, fees	\$ 3,390,559	\$ 1,890,102	\$ 5,720,122	\$ 4,492,151	\$ 3,237,869	\$ 7,205,043	\$ 4,693,899	\$ 3,929,987	\$ 17,735,493	\$ 7,337,508	\$ 4,105,791	\$ 2,470,273	\$ 66,208,795
Sales Tax	866,164	1,472,710	1,396,956	1,316,209	1,573,785	971,824	1,514,837	759,627	930,184	794,277	895,745	655,622	13,147,940
Mortgage Tax	-	-	-	-	-	1,346,069	-	-	-	-	-	633,266	1,979,335
Hotel Occupancy Tax	-	130,111	-	-	325,784	-	-	133,707	-	-	64,200	-	653,803
NYRA Admissions Tax	-	-	-	-	395,249	-	-	33,486	-	-	-	-	428,734
County Non Property Tax	-	91,285	-	-	90,616	-	-	91,236	-	-	90,845	-	363,982
Franchise Tax	-	-	143,773	-	7,586	145,682	-	-	143,487	6,291	-	-	446,819
Utilities Tax	33,974	33,974	33,974	33,974	33,974	33,974	33,974	33,974	33,974	33,974	33,974	33,974	407,685
VLT Aid	2,325,592	-	-	-	-	-	-	-	-	-	-	-	2,325,592
AIM State Aid	-	-	-	277,128	-	-	1,422,573	-	-	-	-	-	1,699,701
CHIPS State Aid	-	47,525	-	-	-	-	-	-	-	872,972	-	-	920,498
TAN Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 6,616,289	\$ 3,665,708	\$ 7,294,825	\$ 6,119,462	\$ 5,664,862	\$ 9,702,592	\$ 7,665,282	\$ 4,982,016	\$ 18,843,137	\$ 9,045,022	\$ 5,190,555	\$ 3,793,135	\$ 88,582,884
Total Available Cash	\$ 27,418,793	\$ 20,173,278	\$ 22,901,736	\$ 23,460,826	\$ 19,852,033	\$ 23,234,207	\$ 23,977,433	\$ 13,153,331	\$ 25,610,686	\$ 25,684,242	\$ 18,049,829	\$ 15,336,370	
Disbursements:													
Other	1,484,239	0	5,249,194	222,748	1,242,058	590,266	544,437	58,593	25,144	50,844	0	0	9,467,523
Bonds	1,274,927	340,688	311,178	-	41,207	77,226	527,192	177,463	1,381,178	-	96,207	282,226	4,509,492
AP	1,680,777	2,170,425	-	2,615,874	2,146,785	4,625,473	3,407,264	3,615,569	5,253,189	6,533,308	3,777,133	1,709,351	37,535,149
Payroll	2,259,880	2,055,254	-	2,223,635	2,890,367	1,629,092	2,789,115	2,534,157	2,311,955	2,052,692	2,633,252	1,906,656	25,286,058
County and School	4,211,398	-	-	4,211,398	-	-	4,211,398	-	-	4,188,124	-	-	16,822,319
NYSLRS	-	-	-	-	-	-	4,326,711	-	-	-	-	-	-
TAN Repayment	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements	\$ 10,911,222	\$ 4,566,367	\$ 5,560,372	\$ 9,273,655	\$ 6,320,417	\$ 6,922,057	\$ 15,806,118	\$ 6,385,782	\$ 8,971,467	\$ 12,824,968	\$ 6,506,593	\$ 3,898,234	\$ 93,620,541
Ending Balance:	\$ 16,507,571	\$ 15,606,912	\$ 17,341,364	\$ 14,187,170	\$ 13,531,615	\$ 16,312,150	\$ 8,171,315	\$ 6,767,549	\$ 16,639,220	\$ 12,859,274	\$ 11,543,236	\$ 11,438,137	
Monthly Change in Cash	\$ (4,294,934)	\$ (900,659)	\$ 1,734,452	\$ (3,154,194)	\$ (655,555)	\$ 2,780,535	\$ (8,140,835)	\$ (1,403,766)	\$ 9,871,670	\$ (3,779,946)	\$ (1,316,038)	\$ (105,099)	

**CITY OF SARATOGA SPRINGS  
SARATOGA COUNTY, NEW YORK**

**2020-2021 ESTIMATED CASH FLOW (GENERAL FUND)**

<b>2020-2021 Estimated CASH FLOW</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>2021 January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>13 MONTH TOTAL</b>
<b>Beginning Balance:</b>	\$ 11,438,137	\$ 8,501,406	\$ 6,680,396	\$ 7,232,863	\$ 3,595,183	\$ 2,642,017	\$ 4,788,396	\$ (5,302,709)	\$ (6,144,968)	\$ (221,966)	\$ (2,225,217)	\$ (938,618)	\$ (1,043,717)	
<b>Revenues:</b>														
Taxes, permits, fines, fees	\$ 253,193	\$ 913,048	\$ 3,360,975	\$ 3,416,919	\$ 1,889,851	\$ 3,324,006	\$ 2,796,749	\$ 2,327,999.62	\$10,570,311.48	\$ 4,910,182.22	\$ 4,489,769	\$ 2,985,828	\$ 447,026	\$ 41,685,858
Sales Tax	519,699	883,626	838,174	789,725	944,271	971,824	908,902	455,776	558,110	476,566	537,447	393,373	519,000	8,796,494
Mortgage Tax	-	-	-	-	-	1,346,069	-	-	-	-	-	379,960	-	1,726,029
Hotel Occupancy Tax	-	78,067	-	-	195,471	-	-	80,224	-	-	38,520	-	-	392,282
NYRA Admissions Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
County Non Property Tax	-	91,285	-	-	90,616	-	-	91,236	-	-	90,845	-	-	363,982
Franchise Tax	-	-	143,773	-	7,586	145,682	-	-	143,487	6,291	-	-	-	446,819
Utilities Tax	33,974	33,974	33,974	33,974	33,974	33,974	33,974	33,974	33,974	33,974	33,974	33,974	33,974	441,659
VLT Aid	1,860,474	-	-	-	-	-	-	-	-	-	-	-	-	1,860,474
AIM State Aid	-	-	-	221,702	-	-	1,138,058	-	-	-	-	-	-	1,359,760
CHIPS State Aid	-	55,284	-	-	-	-	-	-	-	264,716	-	-	-	320,000
TAN Proceeds	6,300,000	-	-	-	-	-	-	-	-	-	-	-	-	6,300,000
Total Revenues	\$ 8,967,339	\$ 2,055,284	\$ 4,376,895	\$ 4,462,320	\$ 3,161,768	\$ 5,821,555	\$ 4,877,683	\$ 2,989,210	\$ 11,305,882	\$ 5,691,729	\$ 5,190,555	\$ 3,793,135	\$ 1,000,000	\$ 63,693,356
Total Available Cash	\$ 20,405,476	\$ 10,556,690	\$ 11,057,291	\$ 11,695,183	\$ 6,756,951	\$ 8,463,573	\$ 9,666,080	\$ (2,313,499)	\$ 5,160,914	\$ 5,469,764	\$ 2,965,337	\$ 2,854,516	\$ (43,717)	
<b>Disbursements:</b>														
Bonds	2,204,070	336,294	284,428	-	39,934	75,176	634,673	177,463	1,381,178	-	99,934	285,175	1,856,580	7,374,905
AP	1,840,000	1,700,000	1,700,000	1,500,000	1,700,000	1,700,000	2,500,000	1,754,007	2,101,702	859,981	1,429,022	1,713,058	1,439,543	21,937,313
Payroll	3,160,000	1,840,000	1,840,000	1,900,000	2,375,000	1,900,000	2,500,000	1,900,000	1,900,000	1,900,000	2,375,000	1,900,000	1,900,000	27,390,000
County and School	4,700,000	-	-	4,700,000	-	-	4,700,000	-	-	4,935,000	-	-	4,935,000	23,970,000
NYSLRS	-	-	-	-	-	-	4,634,115	-	-	-	-	-	-	4,634,115
TAN Repayment	-	-	-	-	-	-	-	-	-	-	-	-	6,300,000	6,300,000
Total Disbursements	\$ 11,904,070	\$ 3,876,294	\$ 3,824,428	\$ 8,100,000	\$ 4,114,934	\$ 3,675,176	\$ 14,968,788	\$ 3,831,469	\$ 5,382,880	\$ 7,694,981	\$ 3,903,956	\$ 3,898,234	\$ 16,431,123	\$ 91,606,333
<b>Ending Balance:</b>	\$ 8,501,406	\$ 6,680,396	\$ 7,232,863	\$ 3,595,183	\$ 2,642,017	\$ 4,788,396	\$ (5,302,709)	\$ (6,144,968)	\$ (221,966)	\$ (2,225,217)	\$ (938,618)	\$ (1,043,717)	\$ (16,474,840)	
<b>Monthly Change in Cash</b>	\$ (2,936,731)	\$ (1,821,010)	\$ 552,467	\$ (3,637,680)	\$ (953,166)	\$ 2,146,379	\$ (10,091,105)	\$ (842,259)	\$ 5,923,002	\$ (2,003,252)	\$ 1,286,599	\$ (105,099)	\$ (15,431,123)	

**APPENDIX - D**

**CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO THE BONDS**

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

- (i) to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (a) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the final Official Statement dated June 2, 2020 of the City relating to the Bonds under the headings "THE CITY", "TAX INFORMATION", "CITY INDEBTEDNESS", "LITIGATION" and in all Appendices (other than APPENDIX - C) by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending December 31, 2020, and (b) a copy of the audited financial statement (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, if any, commencing with the fiscal year ending December 31, 2020; such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the City of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the City of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;
- (ii) in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:
  - (a) principal and interest payment delinquencies;
  - (b) non-payment related defaults, if material;
  - (c) unscheduled draws on debt service reserves reflecting financial difficulties;
  - (d) unscheduled draws on credit enhancements reflecting financial difficulties;
  - (e) substitution of credit or liquidity providers, or their failure to perform;
  - (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
  - (g) modifications to rights of Bondholders, if material;
  - (h) bond or note calls, if material, and tender offers;
  - (i) defeasances;
  - (j) release, substitution, or sale of property securing repayment of the Bonds;
  - (k) rating changes;

- (l) bankruptcy, insolvency, receivership or similar event of the City;
- (m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) incurrence of a financial obligation (as defined in the Rule) of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect Bondholders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

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

- (iii) in a timely manner, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of its failure to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

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

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

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

With respect to events (o) and (p), the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

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

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

An Undertaking to Provide Continuing Disclosure as described above shall be provided to the purchaser at closing.

## MATERIAL EVENT NOTICES WITH RESPECT TO THE NOTES

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), the City has agreed to provide, or cause to be provided, in a timely matter not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (g) modifications to rights of Noteholders, if material;
- (h) bond or note calls, if material, and tender offers;
- (i) defeasances;
- (j) release, substitution, or sale of property securing repayment of the Notes;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the City;
- (m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) incurrence of a financial obligation (as defined in the Rule) of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect Noteholders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

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

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

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

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

With respect to events (o) and (p), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

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

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

An Undertaking to Provide Notice of Material Events as described above shall be provided to the purchaser(s) at closing.

**CITY OF SARATOGA SPRINGS**

**AUDITED FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2018**

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



# City of Saratoga Springs, New York

## Financial Report

December 31, 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	128,566,676	115,416,833	42,279,886	39,556,061	170,846,562	154,972,894
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	191,834,483	178,749,124	23,317,635	20,556,653	215,152,118	199,305,777
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	(112,182,646)	(109,497,073)	(3,105,216)	(4,423,847)	(115,287,862)	(113,920,920)
Total net position	\$ (63,267,807)	\$ (63,332,291)	\$ 18,962,251	\$ 18,999,408	\$ (44,305,556)	\$ (44,332,883)

# 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><b>64,484</b></u>	<u><b>(10,210,220)</b></u>	<u><b>(37,157)</b></u>	<u><b>(405,792)</b></u>	<u><b>27,327</b></u>	<u><b>(10,616,012)</b></u>
<b>NET POSITION, beginning of year, as previously stated</b>	<u><b>(63,332,291)</b></u>	<u><b>(7,209,096)</b></u>	<u><b>18,999,408</b></u>	<u><b>20,622,243</b></u>	<u><b>(44,332,883)</b></u>	<u><b>13,413,147</b></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><b>(63,332,291)</b></u>	<u><b>(53,122,071)</b></u>	<u><b>18,999,408</b></u>	<u><b>19,405,200</b></u>	<u><b>(44,332,883)</b></u>	<u><b>(33,716,871)</b></u>
<b>NET POSITION, end of year</b>	<u><b>\$ (63,267,807)</b></u>	<u><b>\$ (63,332,291)</b></u>	<u><b>\$ 18,962,251</b></u>	<u><b>\$ 18,999,408</b></u>	<u><b>\$ (44,305,556)</b></u>	<u><b>\$ (44,332,883)</b></u>



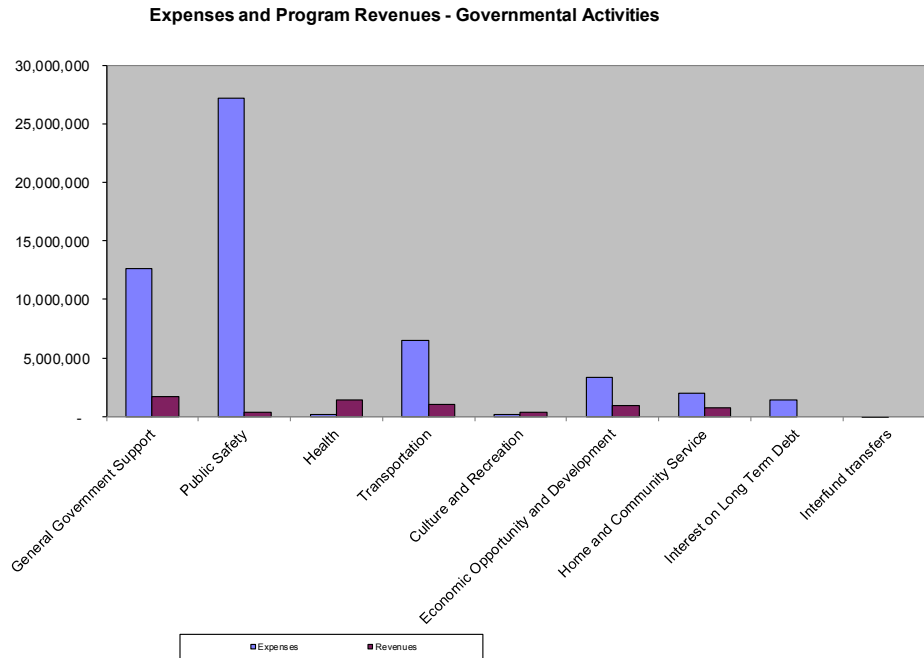
# City of Saratoga Springs, New York

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

### Overview of the Financial Statements - Continued

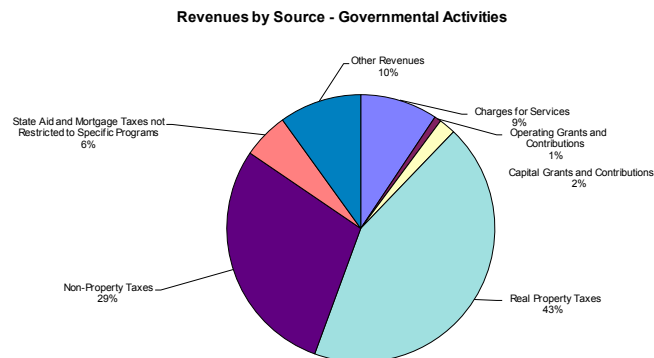
### Government-Wide Financial Analysis - Continued

**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%:



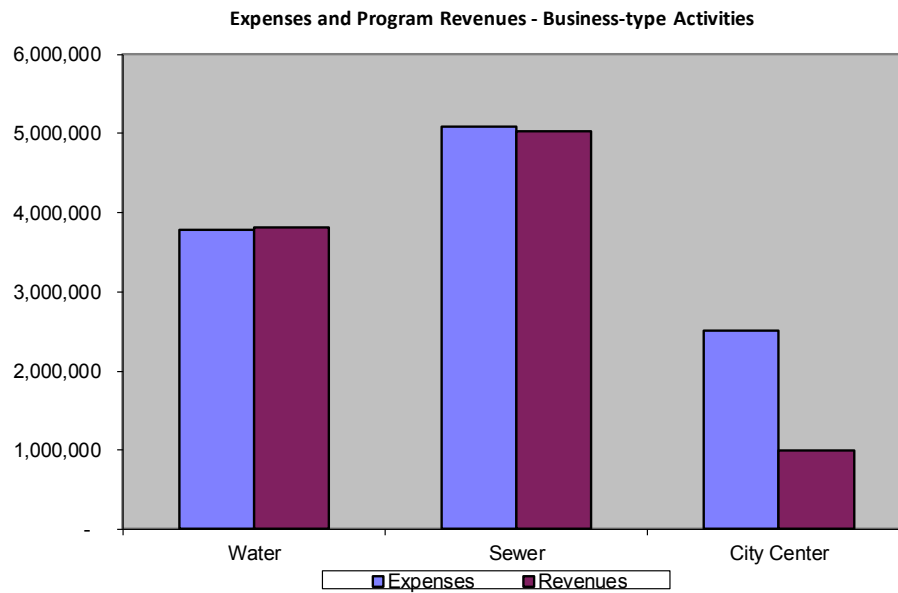
# City of Saratoga Springs, New York

Management's Discussion and Analysis  
December 31, 2018

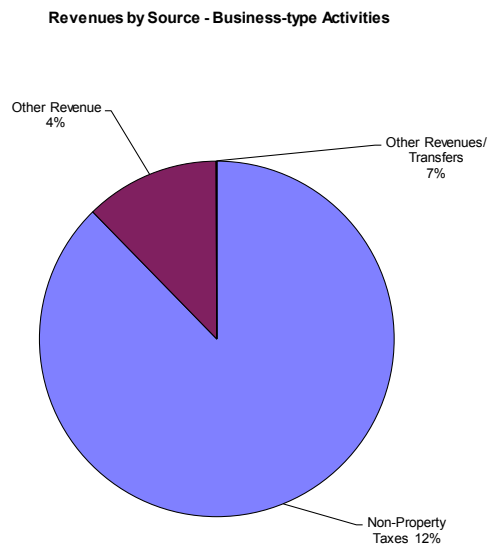
## Overview of the Financial Statements - Continued

### 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	34,824,357	16,928,143	51,752,500
<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	106,287,993	40,876,209	147,164,202
<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	128,566,676	42,279,886	170,846,562
<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	7,793,861	1,193,719	8,987,580
<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	174,702,112	22,132,996	196,835,108
<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	191,834,483	23,317,635	215,152,118
<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)	(112,182,646)	(3,105,216)	(115,287,862)
Total net position (deficit)	\$ (63,267,807)	\$ 18,962,251	\$ (44,305,556)

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	Expenses	Program Revenue		Net (Expenses) Revenues and Changes in Net Position			
		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	53,489,467	5,019,475	432,417	1,075,299	## (46,962,276)	-	(46,962,276)
<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	11,380,771	9,827,688	-	-	-	(1,553,083)	(1,553,083)
<b>Total government</b>	<b>\$ 64,870,238</b>	<b>\$ 14,847,163</b>	<b>\$ 432,417</b>	<b>\$ 1,075,299</b>	<b>(46,962,276)</b>	<b>(1,553,083)</b>	<b>(48,515,359)</b>
<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					47,160,715	1,381,971	48,542,686
<b>TRANSFERS</b>							
Transfer from governmental to business-type activities					(133,955)	133,955	-
Total general revenues and transfers					47,026,760	1,515,926	48,542,686
<b>CHANGES IN NET POSITION</b>					<b>64,484</b>	<b>(37,157)</b>	<b>27,327</b>
<b>NET POSITION (DEFICIT), beginning of year, as previously stated</b>					(17,419,316)	20,216,451	2,797,135
<b>PRIOR PERIOD RESTATEMENTS</b>					(45,912,975)	(1,217,043)	(47,130,018)
<b>NET POSITION (DEFICIT), beginning of year, as restated</b>					(63,332,291)	18,999,408	(44,332,883)
<b>NET POSITION (DEFICIT), end of year</b>					<b>\$ (63,267,807)</b>	<b>\$ 18,962,251</b>	<b>\$ (44,305,556)</b>

See accompanying Notes to Financial Statements.



# City of Saratoga Springs, New York

## Fund Financial Statements Balance Sheet - Governmental Funds

December 31, 2018

	Major Funds						Total Governmental Funds
	General	Capital Projects	Debt Service	Community Development	Other Governmental Funds	Eliminations	
<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

	<b>December 31, 2018</b>
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.	(368,170)
<b>Net position (deficit) of governmental activities</b>	<b><u>\$ (63,267,807)</u></b>

# City of Saratoga Springs, New York

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

	Year Ended December 31, 2018					
	Major Funds				Other	Total
	General	Capital Projects	Debt Service	Community Development	Governmental Funds	Governmental Funds
<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

*Debt service*

Principal	64,920	-	2,107,291	-	15,050	2,187,261
Interest	16,020	-	1,485,456	-	12,072	1,513,548

*Capital outlay*

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>
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**OTHER FINANCING SOURCES (USES)**

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><u>1,213,285</u></b>	<b><u>431,875</u></b>	<b><u>126,488</u></b>	<b><u>(29,325)</u></b>	<b><u>77,585</u></b>	<b><u>1,819,908</u></b>
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<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>
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<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>
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# 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

	<b>Year Ended December 31, 2018</b>	
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	6,461,797	3,241,467	8,395,680	18,098,944
<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	15,775,363	6,713,539	19,558,108	42,047,010
<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	652,266	423,566	327,845	1,403,677
Total assets and deferred outflows of resources	16,427,629	7,137,105	19,885,953	43,450,687
<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	1,234,350	701,266	428,904	2,364,520
<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	16,606,384	6,013,587	683,826	23,303,797
<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	529,201	376,789	278,649	1,184,639
Total liabilities and deferred inflows of resources	17,135,585	6,390,376	962,475	24,488,436
<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)	(2,005,390)	(1,205,303)	105,477	(3,105,216)
Total net position (deficit)	\$ (707,956)	\$ 746,729	\$ 18,923,478	\$ 18,962,251

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	<u>3,809,118</u>	<u>5,028,340</u>	<u>990,230</u>	<u>9,827,688</u>
<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	<u>3,474,741</u>	<u>4,994,307</u>	<u>2,512,469</u>	<u>10,981,517</u>
<b>Operating income (loss)</b>	<u><b>334,377</b></u>	<u><b>34,033</b></u>	<u><b>(1,522,239)</b></u>	<u><b>(1,153,829)</b></u>
<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)	<u>(305,104)</u>	<u>(90,713)</u>	<u>1,378,534</u>	<u>982,717</u>
<b>Income (loss) before transfers</b>	<u><b>29,273</b></u>	<u><b>(56,680)</b></u>	<u><b>(143,705)</b></u>	<u><b>(171,112)</b></u>
Transfer from governmental funds	<u>-</u>	<u>-</u>	<u>133,955</u>	<u>133,955</u>
<b>CHANGE IN NET POSITION</b>	<u><b>29,273</b></u>	<u><b>(56,680)</b></u>	<u><b>(9,750)</b></u>	<u><b>(37,157)</b></u>
<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>	<u>(411,484)</u>	<u>(686,522)</u>	<u>(119,037)</u>	<u>(1,217,043)</u>
<b>NET POSITION (DEFICIT), <i>beginning of year, as restated</i></b>	<u>(737,229)</u>	<u>803,409</u>	<u>18,933,228</u>	<u>18,999,408</u>
<b>NET POSITION (DEFICIT), <i>end of year</i></b>	<u><b>\$ (707,956)</b></u>	<u><b>\$ 746,729</b></u>	<u><b>\$ 18,923,478</b></u>	<u><b>\$ 18,962,251</b></u>

# 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	<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, <i>beginning of year</i></b>	<u>2,479,237</u>	<u>1,363,431</u>	<u>7,453,544</u>	<u>11,296,212</u>
<b>CASH AND CASH EQUIVALENTS, <i>end of year</i></b>	<u><b>\$ 2,782,633</b></u>	<u><b>\$ 1,261,378</b></u>	<u><b>\$ 8,072,441</b></u>	<u><b>\$ 12,116,452</b></u>
<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
<b>Net cash provided (used) by operating activities</b>	<u><b>\$ 1,009,941</b></u>	<u><b>\$ (172,361)</b></u>	<u><b>\$ (856,562)</b></u>	<u><b>\$ (18,982)</b></u>



# City of Saratoga Springs, New York

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

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

# 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
	<u>1,637</u>
<b>DEDUCTIONS</b>	
Culture and recreation	<u>184</u>
<b>CHANGE IN NET POSITION</b>	<b>1,453</b>
<b>NET POSITION, <i>beginning of year</i></b>	<u>36,547</u>
<b>NET POSITION, <i>end of year</i></b>	<b><u>\$ 38,000</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 Originally Stated	Adoption of GASB 75	Correction of Error	As Restated
<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>
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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>\$ 12,515,616</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	2,936,089	3,088,835	(2,225,046)	3,799,878
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	57,950,223	27,156	-	57,977,379
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	30,495,639	898,799	-	31,394,438
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>\$ 70,993,041</u>	<u>\$ 2,695,641</u>	<u>\$ (2,225,046)</u>	<u>\$ 71,463,636</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	
Water activity				
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	353,057	630,805	(43,220)	940,642
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	23,542,340	214,044	-	23,756,384
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	14,824,689	558,771	-	15,383,460
Net depreciable capital assets	8,717,651	(344,727)	-	8,372,924
Total net capital assets water activities	\$ 9,070,708	\$ 286,078	\$ (43,220)	\$ 9,313,566
	Year Ended December 31, 2018			
Business-type Activities	Balance January 1, 2018	Additions	Retirement Reclassifications	Balance December 31, 2018
Sewer activity				
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	1,628,363	729,473	-	2,357,836
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	222,210	55,260	-	277,470
Net depreciable capital assets	1,406,153	674,213	-	2,080,366
Total net capital assets sewer activities	\$ 2,973,863	\$ 1,214,209	\$ (716,000)	\$ 3,472,072
City Center				
Depreciable capital assets				
Machinery, equipment, and vehicles	\$ 134,955	\$ 37,030	\$ -	\$ 171,985
Buildings	14,706,228	-	-	14,706,228
	14,841,183	37,030	-	14,878,213
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	3,125,222	590,563	-	3,715,785
Total net capital assets City Center	\$ 11,715,961	\$ (553,533)	\$ -	\$ 11,162,428

# 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	<u>635,911</u>
Total depreciation expense for governmental activities	<u>\$ 3,254,985</u>
Water	\$ 558,771
Sewer	55,260
City Center Authority	<u>590,563</u>
Total depreciation expense for business-type activities	<u>\$ 1,204,594</u>

#### d. Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

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

	December 31, 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
	<u>\$ 4,542,823</u>	<u>\$ 4,542,823</u>



# 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
	<u>\$ 4,542,823</u>	<u>\$ 4,542,823</u>

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

	Year Ended December 31, 2018			
	Transfers In			
Transfers Out	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
	<u>\$ 63,770</u>	<u>\$ 74,402</u>	<u>\$ 133,955</u>	<u>\$ 272,127</u>

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
	<u>45,314,577</u>	<u>11,295,371</u>	<u>8,498,640</u>	<u>48,111,308</u>	<u>2,299,778</u>
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	-
	<u>124,812,637</u>	<u>13,804,047</u>	<u>16,013,255</u>	<u>122,603,429</u>	<u>1,506,708</u>
Governmental activities long-term liabilities	<u>\$ 170,127,214</u>	<u>\$ 25,099,418</u>	<u>\$ 24,511,895</u>	<u>\$ 170,714,737</u>	<u>\$ 3,806,486</u>

# 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>\$ 60,952,562</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

Public Improvement Bonds	Issue Date	Maturity	Rate	December 31, 2018
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%	6,777,562
				<u>\$ 60,952,562</u>

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

	Principal	Interest	Total
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	3,685,000	170,869	3,855,869
	<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	<u>\$ 4,509,310</u>	<u>\$ 217,479</u>	<u>\$ 451,000</u>	<u>\$ 4,275,789</u>

##### 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:

	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
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	-
<b>Total</b>	<b>\$ 4,414,843</b>	<b>\$ 3,778,516</b>
<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	-
<b>Total</b>	<b>\$ 9,347,438</b>	<b>\$ 7,461,679</b>



# 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	312,851	-
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	(385,351)	(86,142)	(471,493)
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		71,454	
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)
	<u>\$ 10,780,085</u>	<u>\$ 1,424,756</u>	<u>\$ (6,489,479)</u>
PFRS			
City's proportionate share of the net pension liability (asset)			
Governmental activities	<u>\$ 16,871,433</u>	<u>\$ 3,444,365</u>	<u>\$ (7,817,795)</u>

##### 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	<u>(180,173,145)</u>	<u>(31,903,666)</u>	<u>(212,076,811)</u>
Employers' net pension liability	<u>\$ 3,227,445</u>	<u>\$ 1,010,757</u>	<u>\$ 4,238,202</u>
Ratio of fiduciary net position to total pension liability	<u>98.2%</u>	<u>96.9%</u>	<u>98.0%</u>

# 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)	<u>\$ 108,420,690</u>	<u>\$ 5,957,881</u>	<u>\$ 114,378,571</u>
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><u>\$ 112,381,653</u></u>	<u><u>\$ 6,484,575</u></u>	<u><u>\$ 118,866,228</u></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>	
Total	<u><u>\$ 7,492,504</u></u>	<u><u>\$ 5,892,176</u></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><u>\$ 416,780</u></u>	<u><u>\$ 339,985</u></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	<u>\$ (1,153,409)</u>	<u>\$ (189,908)</u>

#### *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	To fiscal year ending	Pre-65 trend	Post-65 trend
	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:

	1% Decrease	Current Rates	1% Increase
OPEB plan liability			
Proprietary activities	\$ 5,364,591	\$ 6,484,575	\$ 7,963,253
Governmental activities	92,971,637	112,381,653	138,008,040
	<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:

	1% Decrease	Current Rate	1% Increase
OPEB plan liability			
Proprietary activities	\$ 7,758,663	\$ 6,484,575	\$ 5,489,586
Governmental activities	134,462,370	112,381,653	95,137,880
	<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	Variance with
	Adopted	Revised	Amounts	Revised - Positive (Negative)
REVENUES				
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	46,075,623	48,673,002	46,445,504	(2,227,498)
EXPENDITURES				
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	45,961,623	49,888,232	45,162,034	4,726,198
OTHER FINANCING SOURCES (USES)				
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)	(114,000)	(64,000)	(70,185)	(6,185)
Net change in fund balance (actual) and appropriated fund balance (budget)	-	(1,279,230)	1,213,285	\$ 2,492,515
FUND BALANCE, beginning of year	16,398,819	16,398,819	16,398,819	
FUND BALANCE, end of year	\$ 16,398,819	\$ 15,119,589	\$ 17,612,104	

# 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
	Budgeted Amounts		Actual	Revised - Positive
	Adopted	Revised	Amounts	(Negative)
<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>	-	-	<b>126,488</b>	<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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
January 1, 2018	<u>\$ 108,420,690</u>	<u>\$ 5,957,881</u>	<u>\$ 114,378,571</u>
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

	2018	2017	2016	2015
<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%
	2018	2017	2016	2015
<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

	2018	2017	2016	2015	2014	2013	2012	2011
<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%
	2018	2017	2016	2015	2014	2013	2012	2011
<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>	77,360	49,728	127,088
<b>OTHER FINANCING USES</b>			
Interfund transfers out	-	(49,503)	(49,503)
<b>Net change in fund balance</b>	77,360	225	77,585
<b>FUND BALANCES, <i>beginning of year</i></b>	333,977	4,975	338,952
<b>FUND BALANCES, <i>end of Year</i></b>	<u>\$ 411,337</u>	<u>\$ 5,200</u>	<u>\$ 416,537</u>