

City of Saratoga Springs, New York

Financial Report

December 31, 2019

City of Saratoga Springs, New York

Financial Report

December 31, 2019

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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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the required supplementary information listed in the accompanying table of contents on pages 4 to 14 and 61 to 65, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 66 through 68 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2021, 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
January 20, 2021



City of Saratoga Springs, New York

Management's Discussion and Analysis December 31, 2019

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, 2019. We encourage readers to consider the information presented here in conjunction with our financial statements, which can be found on pages 15 through 60 and our required and other supplementary information which can be found on pages 61 through 68 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, 2019, by \$53,356,177 representing deficit net position. Of this amount, \$48,290,543 represents the City's investment in capital assets net of related debt, and \$24,982,994 is restricted for future capital improvements, debt service, and other purposes. The remaining amount, which represents negative unrestricted net position, is (\$126,629,714). The primary driver of the City's negative unrestricted net position is unfunded other postemployment benefits (net of deferral), compensated absences, and net pension liability (net of deferrals) of \$111,917,764, \$4,516,132, and \$8,911,716, respectively.
- At December 31, 2019, the City's governmental funds reported a combined ending fund balance of \$24,768,004. Of this amount, \$21,829,237 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 \$8,439,199.

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 15 and 16 of this report.

City of Saratoga Springs, New York

Management's Discussion and Analysis December 31, 2019

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, 2019 for the SAD was \$481,033, and for the WASAD was \$6,141. 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 17 through 25 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 21 through 23 of this report.

City of Saratoga Springs, New York

Management's Discussion and Analysis December 31, 2019

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 24 and 25 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 26 through 60 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 are exceeded by liabilities and deferred inflows of resources by \$53,356,177 at December 31, 2019.

The largest positive portion 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	
	2019	2018	2019	2018	2019	2018
Current assets	\$ 34,406,143	\$ 34,824,357	\$ 14,686,137	\$ 16,928,143	\$ 49,092,280	\$ 51,752,500
Capital assets, net and deferred outflows of resources	96,528,085	93,742,319	26,296,169	25,351,743	122,824,254	119,094,062
Total	130,934,228	128,566,676	40,982,306	42,279,886	171,916,534	170,846,562
Current liabilities	8,368,828	7,793,861	2,642,254	1,193,719	11,011,082	8,987,580
Non-current liabilities and deferred inflows of resources	191,182,602	184,040,622	23,079,027	22,123,916	214,261,629	206,164,538
Total	199,551,430	191,834,483	25,721,281	23,317,635	225,272,711	215,152,118
Net position						
Net investment in capital assets	35,542,715	34,150,284	12,747,828	11,844,521	48,290,543	45,994,805
Restricted	14,379,513	14,764,555	10,603,481	10,222,946	24,982,994	24,987,501
Unrestricted	(118,539,430)	(112,182,646)	(8,090,284)	(3,105,216)	(126,629,714)	(115,287,862)
Total net position	\$ (68,617,202)	\$ (63,267,807)	\$ 15,261,025	\$ 18,962,251	\$ (53,356,177)	\$ (44,305,556)

City of Saratoga Springs, New York

Management's Discussion and Analysis December 31, 2019

Overview of the Financial Statements - Continued

Government-Wide Financial Analysis - Continued

The City experienced a decrease in net position during 2019 totaling \$9,050,621, as shown in the following statement:

	Years Ended December 31,					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
REVENUES						
Program revenues						
Charges for services	\$ 4,439,661	\$ 5,019,475	\$ 9,318,375	\$ 9,827,688	\$ 13,758,036	\$ 14,847,163
Operating grants and contributions	636,188	432,417	-	-	636,188	432,417
Capital grants and contributions	1,046,846	1,075,299	-	-	1,046,846	1,075,299
General revenues						
Property taxes	20,676,592	23,314,196	-	-	20,676,592	23,314,196
Other taxes	16,005,033	15,534,499	1,436,250	1,376,005	17,441,283	16,910,504
State aid and mortgage taxes	3,618,825	2,981,175	-	-	3,618,825	2,981,175
Other	4,989,100	5,330,845	10,027	5,966	4,999,127	5,336,811
Total revenues	<u>51,412,245</u>	<u>53,687,906</u>	<u>10,764,652</u>	<u>11,209,659</u>	<u>62,176,897</u>	<u>64,897,565</u>
EXPENSES						
General governmental support	13,246,325	12,627,000	-	-	13,246,325	12,627,000
Public safety	28,702,911	27,239,455	-	-	28,702,911	27,239,455
Health	134,075	149,200	-	-	134,075	149,200
Transportation	5,777,981	6,494,127	-	-	5,777,981	6,494,127
Economic opportunity and development	262,466	210,659	-	-	262,466	210,659
Culture and recreation	3,959,303	3,355,952	-	-	3,959,303	3,355,952
Home and community service	3,728,771	1,982,408	-	-	3,728,771	1,982,408
Interest on long-term debt	1,619,080	1,430,666	-	-	1,619,080	1,430,666
Water	-	-	3,800,866	3,780,676	3,800,866	3,780,676
Sewer	-	-	5,060,734	5,085,275	5,060,734	5,085,275
City Center Authority	-	-	4,935,006	2,514,820	4,935,006	2,514,820
Total expenses	<u>57,430,912</u>	<u>53,489,467</u>	<u>13,796,606</u>	<u>11,380,771</u>	<u>68,811,683</u>	<u>64,870,238</u>
Transfers	<u>669,272</u>	<u>(133,955)</u>	<u>(669,272)</u>	<u>133,955</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	(5,349,395)	64,484	(3,701,226)	(37,157)	(9,050,621)	27,327
NET POSITION, beginning of year	(63,267,807)	(63,332,291)	18,962,251	18,999,408	(44,305,556)	(44,332,883)
NET POSITION, end of year	\$ (68,617,202)	\$ (63,267,807)	\$ 15,261,025	\$ 18,962,251	\$ (53,356,177)	\$ (44,305,556)

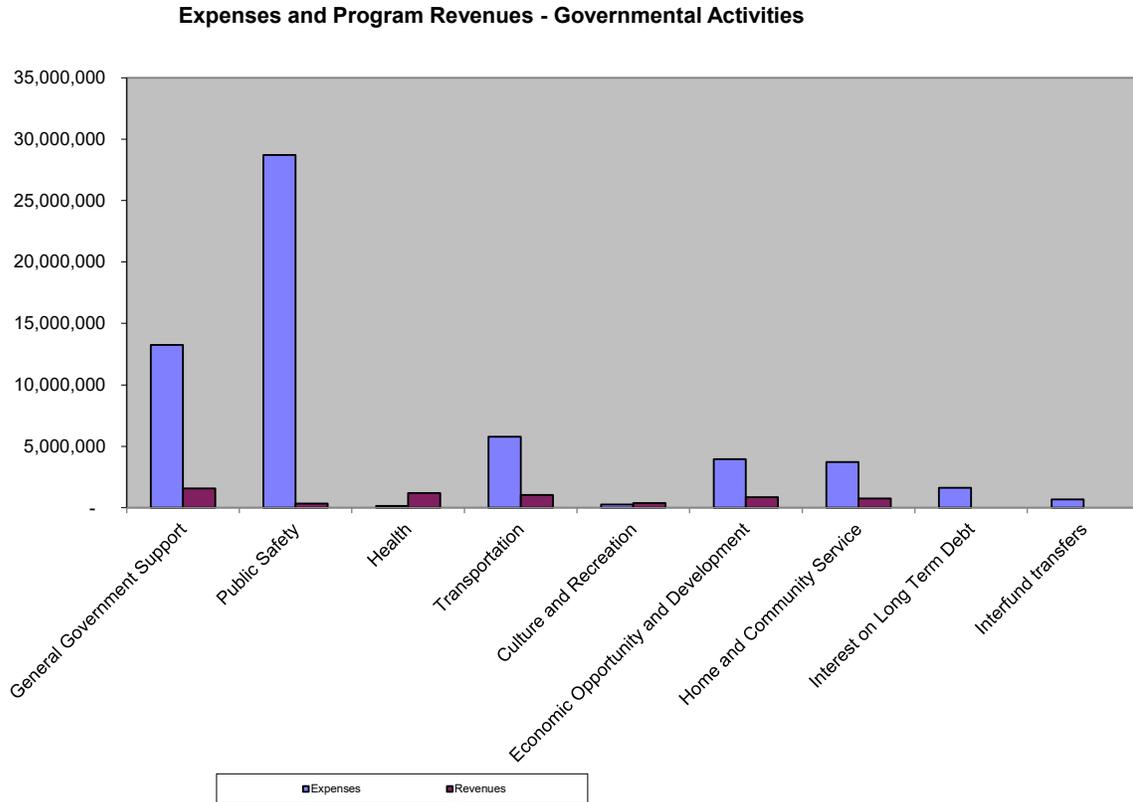
City of Saratoga Springs, New York

Management's Discussion and Analysis
December 31, 2019

Overview of the Financial Statements - Continued

Government-Wide Financial Analysis - Continued

Governmental activities. Governmental activities decreased the City's net position by \$5,349,395. 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.

City of Saratoga Springs, New York

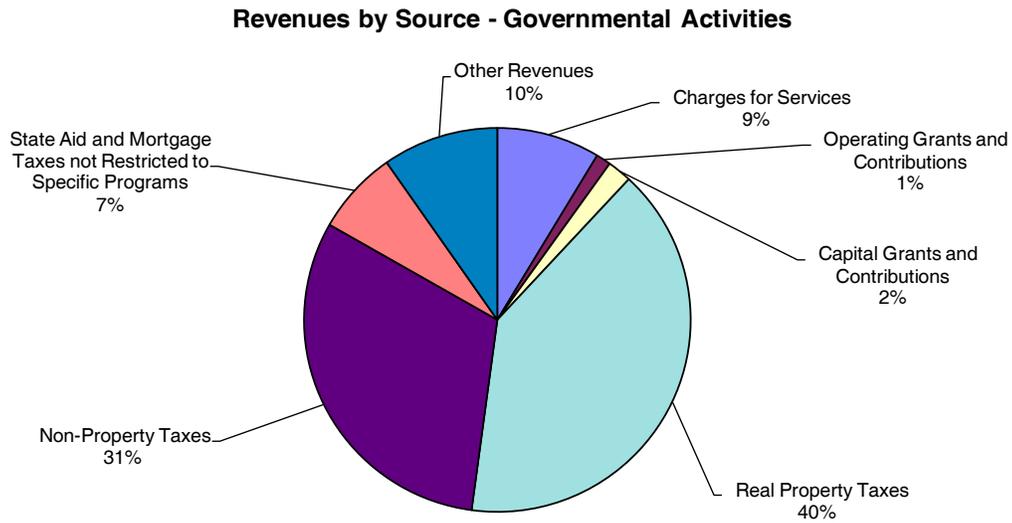
Management's Discussion and Analysis
December 31, 2019

Overview of the Financial Statements - Continued

Government-Wide Financial Analysis - Continued

Governmental Activities - Continued

The following chart shows revenues by source for all governmental activities:



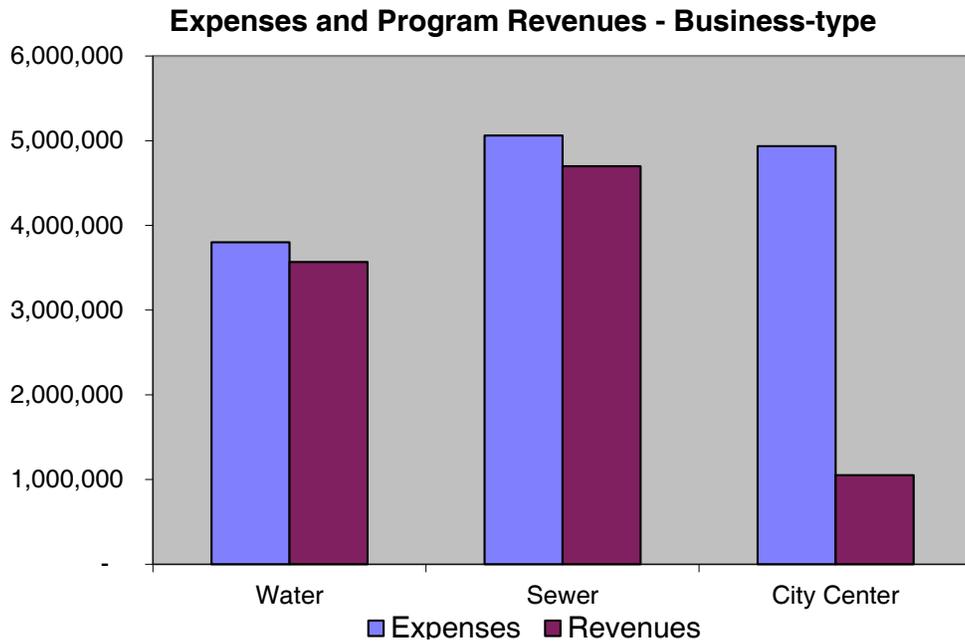
City of Saratoga Springs, New York

Management's Discussion and Analysis
December 31, 2019

Overview of the Financial Statements - Continued

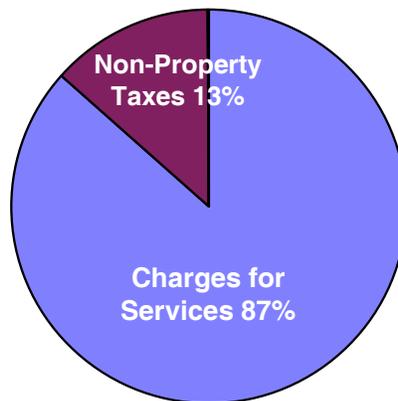
Government-Wide Financial Analysis - Continued

Business-type activities. Business-type activities decreased the City's net position by \$3,701,226.



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.

Revenues by Source - Business-type



City of Saratoga Springs, New York

Management's Discussion and Analysis December 31, 2019

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 \$24,768,004, a decrease of \$1,877,524 from the prior year. Of the total fund balance \$20,388,247 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 \$2,149,074, 2) be held for future capital improvements of \$11,174,202, 3) restriction for retirement of \$856,428, 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 \$8,439,199, while total fund balance was \$16,757,837. 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 18% of total General Fund expenditures, while total fund balance represents 36% of that same amount.

The overall fund balance of the City's General Fund decreased by \$854,267 during the current year. Key factors in this decrease are approximated as follows:

General Fund Revenues

1. Sales tax increased from 2018 by 5% and exceeded the amount budgeted by \$643,000. 2019 sales tax collections were \$13,443,000, a \$650,000 increase from 2018 actual collection. Sales tax collections were strong throughout the year.
2. Hotel Room Occupancy Tax increased by 2%. 2019 actual collections were \$663,000, an increase of \$16,000 from 2018. Actual amounts were \$33,000 more than the 2019 adopted budget.
3. Utilities Gross Receipts Tax decreased from 2018. Amounts received were \$408,000 in 2019 and \$419,000 in 2018. Receipts were \$8,000 less than budgeted in 2019.
4. Franchise Fees decreased during 2019. Actual receipts of \$580,000 exceeded the adopted budget by \$19,000.
5. Ambulance Fees decreased in 2019 by \$199,000. \$1,125,000 was collected, a 15% decrease from last year. Actual amounts were less than the 2019 budget by \$170,000.
6. Admission Tax decreased \$295,000, or 40% from 2018 as a result of a change in methodology by the New York Racing Association for calculating tax. Actual amounts received for 2019 were \$429,000. The budget was \$723,000 for 2019.
7. VLT Aid was \$2,326,000 in 2019, the same as the past five years.
8. Mortgage Tax receipts increased in 2019. Actual receipts for 2019 were \$1,969,000, 47% higher than 2018. The budget for 2019 was \$1,300,000.
9. Overall, total general fund revenues in 2019 were less than 2018. Total revenues for the General Fund were \$46.2 million, \$400,000 less than in 2018 and \$2.5 million less than budgeted. However, the City Council approved, either at budget adoption or throughout the fiscal year, the use of \$2.3 million in restricted, assigned and unassigned fund balance. Therefore, expectations were to have an operating deficit and budget shortfall of over \$2 million.

City of Saratoga Springs, New York

Management's Discussion and Analysis December 31, 2019

Financial Analysis of the City's Funds - Continued

Governmental funds - Continued

General Fund Expenses

1. Health insurance costs were \$7,264,000 in 2019. This was an increase of 6% from 2018. However, 2019 actual expenses were \$416,000 less than the revised budget. This expense represents 15% of the entire general fund expense budget.
2. Retirement costs increased 1%. 2019 total actual retirement expenses were \$3,984,000 and were \$68,000 less than budgeted.
3. Social Security expenses in 2019 were \$1,760,000, \$178,000 less than budgeted but \$62,000 more than 2018.
4. Utility costs were budgeted for \$566,000, and actual expenses were \$481,000. Actual expenses in 2019 were \$17,000 more than 2018.
5. Overtime costs totaled \$1,275,000 in 2019, which was a 27% increase from 2018. Overtime was budgeted as \$1,355,000 for 2019.
6. Sick leave payments to employees who separated from the City were \$352,000, a \$111,000 increase from 2018. This is due to the retirement of a number of long-term employees in 2018.
7. Payments for compensatory time amounted to \$619,000, a 4% increase from 2018. Compensatory time pay outs were budgeted for \$654,000.
8. Total personal services costs (excluding social security) were \$874,000 higher in 2019. This was primarily the result of negotiated salary increases for union personnel. These costs represent 51% of the entire General Fund expense budget.
9. Discount on Taxes which is recorded as an expense in the Finance budget, was \$12,000 less than last year.
10. Total General Fund expenses were \$821,000 more than 2018 and \$4.7 million less than budgeted. It is important to note that of this \$3.7 million, \$1.2 million was encumbered at year end. Encumbrances are goods or services which are ordered or committed to in 2019 but will be received and paid for in 2020. Therefore, the actual unspent/uncommitted variance was \$2.5 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, 2019, amounts to \$48,290,543 (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, 2019

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	
	2019	2018	2019	2018	2019	2018
Land	\$ 5,653,781	\$ 5,653,781	\$ 325,841	\$ 325,841	\$ 5,979,622	\$ 5,979,622
Buildings	27,132,531	27,132,531	15,455,423	15,455,423	42,587,954	42,587,954
Improvements	16,552,692	15,900,647	4,488,272	4,488,272	21,040,964	20,388,919
Machinery, equipment, and vehicles	19,876,878	18,934,813	2,028,260	2,007,829	21,905,138	20,942,642
Infrastructure	57,977,379	57,977,379	19,040,909	19,040,909	77,018,288	77,018,288
Work in progress	13,912,506	3,799,878	4,555,177	2,006,507	18,467,683	5,806,385
Totals	141,105,767	129,399,029	45,893,882	43,324,781	186,999,649	172,723,810
Accumulated depreciation	61,003,272	57,935,393	20,562,279	19,376,715	81,565,551	77,312,108
Capital assets net of accumulated depreciation	\$ 80,102,495	\$ 71,463,636	\$ 25,331,603	\$ 23,948,066	\$ 105,434,098	\$ 95,411,702

Additional information on the City's capital assets can be found in Note 1i on pages 31 and Note 3c on pages 36 through 37 of this report.

Long-Term Debt. At the end of the current year, the City had total bonded debt outstanding of \$68,069,804. Of this amount, \$67,664,264 comprises debt backed by the full faith and credit of the City, and \$405,540 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 \$86,328,836, 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 2019. 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, 2019

Financial Analysis of the City's Funds - Continued

Economic Factors - Continued

The City's operations are affected by the ongoing outbreak of the coronavirus disease (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the City's financial position. Possible effects in future periods include, but are not limited to, reductions in sales tax revenues, reduction in tourism and increased expenses resulting directly from implementing safety protocols.

In response to the adverse financial impact caused by the COVID-19 pandemic, the City furloughed certain employees for a period of time during 2020. In addition, the City's proposed budget for the year ending December 31, 2021 includes a 6% property tax increase and salary freezes.

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, 2019		
	Governmental Activities	Business-type Activities	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 10,803,200	\$ 350,929	\$ 11,154,129
Cash and cash equivalents, restricted	14,379,513	10,603,481	24,982,994
Receivables, net	9,050,438	3,736,918	12,787,356
Inventory	-	70,114	70,114
Prepaid expenses	-	16,274	16,274
Internal balances	91,579	(91,579)	-
Due from fiduciary fund	77	-	77
Accrued interest receivable	81,336	-	81,336
Total current assets	34,406,143	14,686,137	49,092,280
NONCURRENT ASSETS			
Nondepreciable capital assets	19,566,287	4,881,018	24,447,305
Depreciable capital assets	60,536,208	20,450,585	80,986,793
Total assets	114,508,638	40,017,740	154,526,378
DEFERRED OUTFLOWS OF RESOURCES			
OPEB deferrals	6,667,546	373,163	7,040,709
Pension deferrals	8,802,350	591,403	9,393,753
Deferred refunding charges	955,694	-	955,694
Total assets and deferred outflows of resources	130,934,228	40,982,306	171,916,534
LIABILITIES			
Accounts payable and other current liabilities	4,733,058	1,838,441	6,571,499
Accrued interest payable	433,050	108,296	541,346
Current maturities on long-term liabilities	3,202,720	695,517	3,898,237
Total current liabilities	8,368,828	2,642,254	11,011,082
NONCURRENT LIABILITIES			
Bonds payable	51,244,319	15,232,998	66,477,317
Capital lease obligations	175,456	-	175,456
Construction loan	-	50,000	50,000
Compensated absences	3,988,816	-	3,988,816
Other postemployment benefits	105,788,178	6,129,586	111,917,764
Claims payable	2,441,880	-	2,441,880
Net pension liability	8,339,785	571,931	8,911,716
Total liabilities	180,347,262	24,626,769	204,974,031
DEFERRED INFLOWS OF RESOURCES			
OPEB deferrals	15,496,474	896,721	16,393,195
Pension deferrals	3,707,694	197,791	3,905,485
Total liabilities and deferred inflows of resources	199,551,430	25,721,281	225,272,711
NET POSITION (DEFICIT)			
Net investment in capital assets	35,542,715	12,747,828	48,290,543
Restricted for			
Capital improvements	1,554,687	9,903,542	11,458,229
Capital projects	9,619,515	-	9,619,515
Debt service	2,202,167	-	2,202,167
Tax stabilization reserve	511	-	511
Retirement reserve	856,428	-	856,428
Insurance reserve	144,229	-	144,229
Special district	1,976	-	1,976
Waterline extensions	-	699,939	699,939
Unrestricted (deficit)	(118,539,430)	(8,090,284)	(126,629,714)
Total net position (deficit)	\$ (68,617,202)	\$ 15,261,025	\$ (53,356,177)

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

Government-Wide Financial Statements Statement of Activities

Year Ended December 31, 2019

Functions/Programs	Program Revenue				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES							
General governmental support	\$ 13,246,325	\$ 1,360,701	\$ 210,634	\$ -	\$ (11,674,990)	\$ -	\$ (11,674,990)
Public safety	28,702,911	240,566	71,684	31,307	(28,359,354)	-	(28,359,354)
Health	134,075	1,196,916	-	-	1,062,841	-	1,062,841
Transportation	5,777,981	126,944	-	905,630	(4,745,407)	-	(4,745,407)
Economic opportunity and development	262,466	33,790	338,648	-	109,972	-	109,972
Culture and recreation	3,959,303	842,516	6,825	-	(3,109,962)	-	(3,109,962)
Home and community service	3,728,771	638,228	8,397	109,909	(2,972,237)	-	(2,972,237)
Interest on long-term debt	1,619,080	-	-	-	(1,619,080)	-	(1,619,080)
Total governmental activities	57,430,912	4,439,661	636,188	1,046,846	(51,308,217)	-	(51,308,217)
BUSINESS-TYPE ACTIVITIES							
Water	3,800,866	3,568,506	-	-	-	(232,360)	(232,360)
Sewer	5,060,734	4,698,376	-	-	-	(362,358)	(362,358)
City Center Authority	4,935,006	1,051,493	-	-	-	(3,883,513)	(3,883,513)
Total business-type activities	13,796,606	9,318,375	-	-	-	(4,478,231)	(4,478,231)
Total government	\$ 71,227,518	\$ 13,758,036	\$ 636,188	\$ 1,046,846	(51,308,217)	(4,478,231)	(55,786,448)
GENERAL REVENUES							
Real property taxes and related tax items					20,676,592	-	20,676,592
Non-property taxes					16,005,033	1,436,250	17,441,283
Other general revenue items					4,884,980	-	4,884,980
Interest earnings					104,120	10,027	114,147
State aid and mortgage taxes not restricted to specific purposes					3,618,825	-	3,618,825
Total general revenues					45,289,550	1,446,277	46,735,827
TRANSFERS							
Transfer from business-type to governmental activities					669,272	(669,272)	-
Total general revenues and transfers					45,958,822	777,005	46,735,827
CHANGES IN NET POSITION (DEFICIT)					(5,349,395)	(3,701,226)	(9,050,621)
NET POSITION (DEFICIT), beginning of year					(63,267,807)	18,962,251	(44,305,556)
NET POSITION (DEFICIT), end of year					\$ (68,617,202)	\$ 15,261,025	\$ (53,356,177)

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

Fund Financial Statements Balance Sheet - Governmental Funds

	December 31, 2019						
	Major Funds				Other		Total
	General	Capital Projects	Debt Service	Community Development	Governmental Funds	Eliminations	Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 10,125,708	\$ -	\$ -	\$ 168,146	\$ 509,346	\$ -	\$ 10,803,200
Cash and cash equivalents, restricted	2,555,855	9,619,515	2,202,167	-	1,976	-	14,379,513
Receivables, net	5,605,862	-	-	223,224	-	-	5,829,086
Receivables from other governments	2,905,424	284,775	-	31,153	-	-	3,221,352
Prepaid expenditures	1,012,855	-	-	-	-	-	1,012,855
Due from fiduciary fund	77	-	-	-	-	-	77
Due from other funds	1,422,292	3,739,902	-	-	-	(5,070,615)	91,579
Total assets	<u>\$ 23,628,073</u>	<u>\$ 13,644,192</u>	<u>\$ 2,202,167</u>	<u>\$ 422,523</u>	<u>\$ 511,322</u>	<u>\$ (5,070,615)</u>	<u>\$ 35,337,662</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable and accrued liabilities	\$ 886,161	\$ 3,132,715	\$ 225	\$ 42,015	\$ 14,148	\$ -	\$ 4,075,264
Due to other funds	-	4,666,629	393,986	-	10,000	(5,070,615)	-
Due to other governments	655,474	-	-	2,320	-	-	657,794
	<u>1,541,635</u>	<u>7,799,344</u>	<u>394,211</u>	<u>44,335</u>	<u>24,148</u>	<u>(5,070,615)</u>	<u>4,733,058</u>
Deferred inflows of resources							
Unavailable tax resources	2,257,544	-	-	-	-	-	2,257,544
Other unavailable resources	3,071,057	284,775	-	223,224	-	-	3,579,056
	<u>5,328,601</u>	<u>284,775</u>	<u>-</u>	<u>223,224</u>	<u>-</u>	<u>-</u>	<u>5,836,600</u>
Total liabilities and deferred inflows of resources	<u>6,870,236</u>	<u>8,084,119</u>	<u>394,211</u>	<u>267,559</u>	<u>24,148</u>	<u>(5,070,615)</u>	<u>10,569,658</u>
Fund balances							
Nonspendable	1,012,855	-	-	-	-	-	1,012,855
Restricted for							
Capital improvements	1,554,687	-	-	-	-	-	1,554,687
Capital projects	-	9,619,515	-	-	-	-	9,619,515
Tax stabilization reserve	511	-	-	-	-	-	511
Retirement reserve	856,428	-	-	-	-	-	856,428
Insurance reserve	144,229	-	-	-	-	-	144,229
Other restrictions	-	-	1,807,956	-	1,976	-	1,809,932
Assigned for							
Encumbrances	2,149,074	-	-	-	-	-	2,149,074
2020 budget	2,600,854	-	-	-	-	-	2,600,854
Other assignments	-	-	-	154,964	-	-	154,964
Special district purposes	-	-	-	-	485,198	-	485,198
Unassigned (deficit)	8,439,199	(4,059,442)	-	-	-	-	4,379,757
Total fund balances	<u>16,757,837</u>	<u>5,560,073</u>	<u>1,807,956</u>	<u>154,964</u>	<u>487,174</u>	<u>-</u>	<u>24,768,004</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 23,628,073</u>	<u>\$ 13,644,192</u>	<u>\$ 2,202,167</u>	<u>\$ 422,523</u>	<u>\$ 511,322</u>	<u>\$ (5,070,615)</u>	<u>\$ 35,337,662</u>

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

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

	December 31, 2019
Total fund balances in the fund financial statements for the governmental funds.	\$ 24,768,004
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.	80,102,495
Accrued interest on property, school taxes, and community development loans on receivables for revenues earned, measurable, but not available are added.	81,336
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.	5,836,600
Deferred outflows and inflows for pensions are included in the government-wide statements and are added:	
Prepaid expenditures - pension contributions	(1,012,855)
Deferred outflows - pension contributions subsequent to the measurement date	4,009,489
Deferred outflows - pension resources	4,792,861
Deferred inflows - pension resources	(3,707,694)
Deferred outflows and inflows for OPEB are included in the government-wide statements and are added:	
Deferred outflows - OPEB resources	3,834,725
Deferred outflows - OPEB contributions subsequent to the measurement date	2,832,821
Deferred inflows - OPEB resources	(15,496,474)
Long-term liabilities for bonded debt are included as liabilities in the government-wide statements and are deducted.	(53,921,334)
The difference between the bond reacquisition price and the net carrying amount of the bond is deferred and amortized to interest expense.	955,694
Long-term liabilities for the lease obligations by the City are included as liabilities in the government-wide statements and are deducted.	(257,961)
Long-term liabilities for other postemployment benefit obligations of the City are included as liabilities in the government-wide statements and are deducted.	(105,788,178)
Long-term liabilities for pension obligations by the City are included as liabilities in the government-wide statements and are deducted.	(8,339,785)
Liabilities for compensated absences are included in the government-wide statements and are deducted.	(4,432,016)
Other current liabilities are included in the government-wide statements and are deducted.	(2,441,880)
Current liabilities for interest payable on long-term debt are included in the government-wide statements as liabilities and are deducted.	(433,050)
Net position (deficit) of governmental activities	<u><u>\$ (68,617,202)</u></u>

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

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

Year Ended December 31, 2019

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Capital Projects	Debt Service	Community Development		
REVENUES						
Real property taxes and related tax items	\$ 16,894,633	\$ -	\$ 3,226,374	\$ -	\$ 174,536	\$ 20,295,543
Non-property taxes	16,005,033	-	-	-	-	16,005,033
Departmental income	2,660,453	-	-	33,790	-	2,694,243
Intergovernmental charges	514,127	170,225	-	-	-	684,352
Use of money and property	586,699	-	19,429	3,587	14,590	624,305
Licenses and permits	591,876	-	-	-	-	591,876
Fines and forfeitures	642,956	-	-	-	-	642,956
Sale of property and compensation for loss	927,787	415,741	-	-	-	1,343,528
Miscellaneous	2,761,267	64,674	260,000	-	-	3,085,941
State aid	4,590,368	45,235	-	-	-	4,635,603
Federal aid	29,784	62,925	-	338,648	-	431,357
Total revenues	<u>46,204,983</u>	<u>758,800</u>	<u>3,505,803</u>	<u>376,025</u>	<u>189,126</u>	<u>51,034,737</u>
EXPENDITURES						
<i>General governmental support</i>						
Mayor	1,045,147	-	-	-	-	1,045,147
Finance	2,497,810	-	-	-	-	2,497,810
Public Works	4,649,777	-	-	-	-	4,649,777
Accounts	1,251,312	-	-	-	-	1,251,312
Civil Service	268,877	-	-	-	-	268,877
Other general governmental support	1,319,691	-	56,602	-	585	1,376,878
<i>Public safety</i>						
Police	12,488,182	-	-	-	-	12,488,182
Fire	9,769,071	-	-	-	-	9,769,071
Other public safety	3,364,888	-	-	-	-	3,364,888
Health	120,601	-	-	-	-	120,601
Transportation	4,554,418	-	-	-	-	4,554,418
Economic opportunity and development	194,510	-	-	-	41,580	236,090
Culture and recreation	2,850,472	-	-	-	-	2,850,472
Home and community service	1,516,111	-	-	398,327	-	1,914,438
<i>Debt service</i>						
Principal	79,208	-	2,150,993	-	15,050	2,245,251
Interest	13,084	-	1,594,876	-	11,771	1,619,731
<i>Capital outlay</i>						
Public Works	-	557,688	-	-	-	557,688
Other general governmental support	-	7,853,333	-	-	-	7,853,333
Police	-	907,703	-	-	-	907,703
Fire	-	108,091	-	-	-	108,091
Other public safety	-	52,656	-	-	-	52,656
Transportation	-	600,874	-	-	-	600,874
Culture and recreation	-	677,866	-	-	-	677,866
Home and community service	-	680,183	-	-	-	680,183
Total expenditures	<u>45,983,159</u>	<u>11,438,394</u>	<u>3,802,471</u>	<u>398,327</u>	<u>68,986</u>	<u>61,691,337</u>
Excess (deficiency) of revenues over expenditures	<u>221,824</u>	<u>(10,679,594)</u>	<u>(296,668)</u>	<u>(22,302)</u>	<u>120,140</u>	<u>(10,656,600)</u>
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	8,109,804	-	-	-	8,109,804
Interfund transfers in	56,150	1,800,779	52,697	734	-	1,910,360
Interfund transfers out	(1,132,241)	(5,300)	-	(54,044)	(49,503)	(1,241,088)
Total other financing sources (uses)	<u>(1,076,091)</u>	<u>9,905,283</u>	<u>52,697</u>	<u>(53,310)</u>	<u>(49,503)</u>	<u>8,779,076</u>
NET CHANGE IN FUND BALANCES	(854,267)	(774,311)	(243,971)	(75,612)	70,637	(1,877,524)
FUND BALANCES, beginning of year	<u>17,612,104</u>	<u>6,334,384</u>	<u>2,051,927</u>	<u>230,576</u>	<u>416,537</u>	<u>26,645,528</u>
FUND BALANCES, end of year	<u>\$ 16,757,837</u>	<u>\$ 5,560,073</u>	<u>\$ 1,807,956</u>	<u>\$ 154,964</u>	<u>\$ 487,174</u>	<u>\$ 24,768,004</u>

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

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

		Year Ended December 31, 2019
Net change in fund balances shown for total governmental funds		\$ (1,877,524)
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 as depreciation expense. This is the amount by which expenditures for acquisition of capital assets exceeded depreciation expense for the period.		
Capital expenditures	11,762,980	
Depreciation expense	<u>(3,124,121)</u>	8,638,859
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	2,245,251	
Amortization of bond premiums	133,735	
Long-term debt proceeds	<u>(8,109,804)</u>	(5,730,818)
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	(68,204)	
Accrued interest payable	(64,880)	
Net pension liability, net of deferrals	(1,190,448)	
Compensated absences	(156,227)	
Claims payable	(1,441,880)	
Other postemployment benefits, net of deferrals	<u>(3,835,781)</u>	(6,757,420)
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	(3,541)	
Unavailable revenues	<u>381,049</u>	<u>377,508</u>
Change in net position of governmental activities		<u>\$ (5,349,395)</u>

City of Saratoga Springs, New York

Fund Financial Statements Statement of Net Position - Proprietary Funds

	December 31, 2019			
	Water Activities	Sewer Activities	City Center Activities	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ -	\$ -	\$ 350,929	\$ 350,929
Cash and cash equivalents, restricted	2,473,298	787,326	7,342,857	10,603,481
Due from governmental funds	953,009	-	10,700	963,709
Receivables, net	1,489,075	1,932,281	315,562	3,736,918
Inventory	53,168	16,946	-	70,114
Prepaid expenses	2,440	2,262	11,572	16,274
Total current assets	4,970,990	2,738,815	8,031,620	15,741,425
Noncurrent assets				
Nondepreciable capital assets	3,249,404	1,631,614	-	4,881,018
Depreciable capital assets	7,820,019	2,048,945	10,581,621	20,450,585
Total assets	16,040,413	6,419,374	18,613,241	41,073,028
DEFERRED OUTFLOWS OF RESOURCES				
OPEB deferrals	244,922	119,503	8,738	373,163
Pension deferrals	231,447	169,296	190,660	591,403
Total deferred outflows of resources	476,369	288,799	199,398	964,566
 Total assets and deferred outflows of resources	16,516,782	6,708,173	18,812,639	42,037,594
LIABILITIES				
Current liabilities				
Accounts payable and other current liabilities	72,068	11,879	1,754,494	1,838,441
Current maturities on bonds payable	505,592	105,809	-	611,401
Due to governmental funds	-	1,042,582	12,706	1,055,288
Compensated absences	50,592	33,524	-	84,116
Accrued interest payable	86,825	21,471	-	108,296
Total current liabilities	715,077	1,215,265	1,767,200	3,697,542
Noncurrent liabilities				
Bonds payable	12,675,815	2,557,183	-	15,232,998
Construction loan	-	-	50,000	50,000
Other postemployment benefits	3,592,857	2,424,895	111,834	6,129,586
Net pension liability	223,826	163,722	184,383	571,931
Total liabilities	17,207,575	6,361,065	2,113,417	25,682,057
DEFERRED INFLOWS OF RESOURCES				
OPEB deferrals	525,083	355,160	16,478	896,721
Pension deferrals	77,406	56,620	63,765	197,791
Total deferred inflows of resources	602,489	411,780	80,243	1,094,512
 Total liabilities and deferred inflows of resources	17,810,064	6,772,845	2,193,660	26,776,569
NET POSITION (DEFICIT)				
Investment in capital assets, net of related debt	361,314	1,804,893	10,581,621	12,747,828
Restricted for				
Capital improvements	1,773,359	787,326	7,342,857	9,903,542
Waterline extensions	699,939	-	-	699,939
Unrestricted (deficit)	(4,127,894)	(2,656,891)	(1,305,499)	(8,090,284)
Total net position (deficit)	\$ (1,293,282)	\$ (64,672)	\$ 16,618,979	\$ 15,261,025

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, 2019			Total
	Water Activities	Sewer Activities	City Center Activities	
OPERATING REVENUES				
Water charges	\$ 3,510,929	\$ -	\$ -	\$ 3,510,929
Sewer charges	-	4,675,608	-	4,675,608
Facility charges	-	-	1,051,493	1,051,493
Other operating revenues	57,577	22,768	-	80,345
Total operating revenues	<u>3,568,506</u>	<u>4,698,376</u>	<u>1,051,493</u>	<u>9,318,375</u>
OPERATING EXPENSES				
Costs of sales and services	1,828,129	4,122,775	3,038,632	8,989,536
Administration	1,001,917	816,481	1,287,302	3,105,700
Depreciation	560,630	31,421	593,513	1,185,564
Total operating expenses	<u>3,390,676</u>	<u>4,970,677</u>	<u>4,919,447</u>	<u>13,280,800</u>
Operating income (loss)	<u>177,830</u>	<u>(272,301)</u>	<u>(3,867,954)</u>	<u>(3,962,425)</u>
NONOPERATING REVENUES (EXPENSES)				
Hotel occupancy tax	-	-	1,436,250	1,436,250
Interest and earnings	726	957	8,344	10,027
Interest expense	(410,190)	(90,057)	(15,559)	(515,806)
Total nonoperating revenues (expenses)	<u>(409,464)</u>	<u>(89,100)</u>	<u>1,429,035</u>	<u>930,471</u>
Loss before transfers	<u>(231,634)</u>	<u>(361,401)</u>	<u>(2,438,919)</u>	<u>(3,031,954)</u>
Transfer from governmental funds	-	-	134,420	134,420
Transfer to governmental funds	(353,692)	(450,000)	-	(803,692)
	<u>(353,692)</u>	<u>(450,000)</u>	<u>134,420</u>	<u>(669,272)</u>
CHANGE IN NET POSITION	<u>(585,326)</u>	<u>(811,401)</u>	<u>(2,304,499)</u>	<u>(3,701,226)</u>
NET POSITION (DEFICIT), <i>beginning of year</i>	<u>(707,956)</u>	<u>746,729</u>	<u>18,923,478</u>	<u>18,962,251</u>
NET POSITION (DEFICIT), <i>end of year</i>	<u>\$ (1,293,282)</u>	<u>\$ (64,672)</u>	<u>\$ 16,618,979</u>	<u>\$ 15,261,025</u>

City of Saratoga Springs, New York

Fund Financial Statements Statement of Cash Flows - Proprietary Funds

	Year Ended December 31, 2019			
	Water	Sewer	City Center	Total
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES				
Charges for services	\$ 3,535,868	\$ 4,734,103	\$ 1,049,060	\$ 9,319,031
Payments to contractors and suppliers	(756,410)	(3,850,412)	(1,714,504)	(6,321,326)
Payments to employees, payroll taxes and benefits	(1,887,747)	(977,391)	(1,265,966)	(4,131,104)
	<u>891,711</u>	<u>(93,700)</u>	<u>(1,931,410)</u>	<u>(1,133,399)</u>
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(2,316,487)	(239,907)	(12,706)	(2,569,100)
Bond proceeds	1,700,000	-	-	1,700,000
Payment on bonds	(422,589)	(103,930)	-	(526,519)
Interest paid	(410,190)	(90,057)	(15,559)	(515,806)
	<u>(1,449,266)</u>	<u>(433,894)</u>	<u>(28,265)</u>	<u>(1,911,425)</u>
CASH FLOWS PROVIDED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Hotel occupancy tax	-	-	1,436,250	1,436,250
Transfers and other	247,494	52,586	136,426	436,506
	<u>247,494</u>	<u>52,586</u>	<u>1,572,676</u>	<u>1,872,756</u>
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES				
Interest received	726	956	8,344	10,026
	<u>726</u>	<u>956</u>	<u>8,344</u>	<u>10,026</u>
Net decrease in cash and cash equivalents	(309,335)	(474,052)	(378,655)	(1,162,042)
CASH AND CASH EQUIVALENTS, beginning of year	2,782,633	1,261,378	8,072,441	12,116,452
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,473,298</u>	<u>\$ 787,326</u>	<u>\$ 7,693,786</u>	<u>\$ 10,954,410</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 177,830	\$ (272,301)	\$ (3,867,954)	\$ (3,962,425)
Depreciation	560,630	31,421	593,513	1,185,564
Provision for bad debts	616	-	-	616
(Increase) decrease in				
Receivables	(33,254)	35,727	(2,433)	40
Inventory	(15,441)	(4,865)	-	(20,306)
Prepaid expenses	(2,440)	(2,262)	(1,462)	(6,164)
Deferred outflows of resources, pension deferrals	154,777	113,215	127,502	395,494
Deferred outflows of resources, OPEB deferrals	21,120	21,552	945	43,617
Increase (decrease) in				
Accounts payable and other current liabilities	11,180	6,191	1,325,590	1,342,961
Compensated absences	2,548	4,092	-	6,640
Accrued interest payable	14,801	(749)	-	14,052
Deferred inflows of resources, pension deferrals	(253,151)	(185,172)	(208,540)	(646,863)
Deferred inflows of resources, OPEB deferrals	326,439	220,163	10,134	556,736
Net pension liability	121,956	89,207	100,465	311,628
Other postemployment benefits	(195,900)	(149,919)	(9,170)	(354,989)
Net cash provided (used) by operating activities	<u>\$ 891,711</u>	<u>\$ (93,700)</u>	<u>\$ (1,931,410)</u>	<u>\$ (1,133,399)</u>

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

Fund Financial Statements Statement of Fiduciary Net Position - Fiduciary Funds

	December 31, 2019	
	Agency Funds	Private Purpose Trust
ASSETS		
Cash and equivalents	\$ 1,995,220	\$ 37,953
LIABILITIES		
Agency liabilities	1,995,143	-
Due to other funds	77	-
Total liabilities	1,995,220	-
NET POSITION	\$ -	\$ 37,953

City of Saratoga Springs, New York

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

	December 31, 2019
	Private Purpose Trust
ADDITIONS	
Private donations	\$ 350
Interest earnings	38
	<hr/> 388
DEDUCTIONS	
Culture and recreation	435
	<hr/>
CHANGE IN NET POSITION	(47)
NET POSITION, <i>beginning of year</i>	<hr/> 38,000
NET POSITION, <i>end of year</i>	<hr/><hr/>\$ 37,953

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2019

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, 2019

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, 2019

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 in 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, 2019

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

d. 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, 2019

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, 2019. 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, 2019

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, 2019.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2019

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, excluding unexpended proceeds, 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, 2019

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, 2019

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. Subsequent Events

The City has evaluated subsequent events for potential recognition or disclosure through January 20, 2021, the date the financial statements were available to be issued.

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.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2019

Note 3 - Detailed Notes on all Funds - Continued

a. Cash, Cash Equivalents, and Investments - Continued

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, 2019.

Cash, Cash Equivalents, and Investments, Restricted

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

Capital improvements	\$ 1,554,687
Capital projects	9,619,515
Debt service	2,202,167
Tax stabilization reserve	511
Retirement reserve	856,428
Insurance reserve	144,229
Special district	<u>1,976</u>
Total restricted cash and cash equivalents	<u>\$ 14,379,513</u>

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

City Center capital improvements	\$ 7,342,857
Water capital projects	2,473,298
Sewer capital projects	<u>787,326</u>
Total restricted	<u>\$ 10,603,481</u>

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2019

Note 3 - Detailed Notes on all Funds - Continued

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	General	Capital	Special Grant	Water	Sewer	Center Authority	Total
City and county taxes	\$ 924,896	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 924,896
School taxes	641,496	-	-	-	-	-	641,496
Tax sales	1,728,589	-	-	-	-	-	1,728,589
Water rents	-	-	-	1,561,820	-	-	1,561,820
Sewer rents	-	-	-	-	2,024,985	-	2,024,985
Accounts	2,310,881	-	-	340	-	48,148	2,359,369
Rehabilitation loans	-	-	332,618	-	-	-	332,618
State and federal	2,586,058	284,775	31,153	-	-	-	2,901,986
Other governments	319,366	-	-	-	-	267,414	586,780
Total net receivables	<u>8,511,286</u>	<u>284,775</u>	<u>363,771</u>	<u>1,562,160</u>	<u>2,024,985</u>	<u>315,562</u>	<u>13,062,539</u>
Allowance for uncollectible accounts	-	-	(109,394)	(73,085)	(92,704)	-	(275,183)
Total net receivables	<u>\$ 8,511,286</u>	<u>\$ 284,775</u>	<u>\$ 254,377</u>	<u>\$ 1,489,075</u>	<u>\$ 1,932,281</u>	<u>\$ 315,562</u>	<u>\$ 12,787,356</u>

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

Receivables, net of allowances	
Governmental activities	\$ 9,050,438
Business-type activities	<u>3,736,918</u>
 Total	 <u>\$ 12,787,356</u>

c. Capital Assets

Capital asset activity was as follows:

Governmental Activities	Year Ended December 31, 2019			Balance December 31, 2019
	Balance January 1, 2019	Additions	Retirement Reclassifications	
Capital assets not being depreciated				
Land	\$ 5,653,781	\$ -	\$ -	\$ 5,653,781
Work in progress	3,799,878	11,149,320	(1,036,692)	13,912,506
Total capital assets not being depreciated	<u>9,453,659</u>	<u>11,149,320</u>	<u>(1,036,692)</u>	<u>19,566,287</u>
Depreciable capital assets				
Buildings	27,132,531	-	-	27,132,531
Improvements	15,900,647	652,045	-	16,552,692
Machinery, equipment, and vehicles	18,934,813	998,307	(56,242)	19,876,878
Infrastructure	57,977,379	-	-	57,977,379
Total depreciable capital assets	<u>119,945,370</u>	<u>1,650,352</u>	<u>(56,242)</u>	<u>121,539,480</u>
Less accumulated depreciation				
Buildings	6,924,023	472,207	-	7,396,230
Improvements	6,049,275	590,240	-	6,639,515
Machinery, equipment, and vehicles	13,567,657	1,165,756	(56,242)	14,677,171
Infrastructure	31,394,438	895,918	-	32,290,356
Total accumulated depreciation	<u>57,935,393</u>	<u>3,124,121</u>	<u>(56,242)</u>	<u>61,003,272</u>
Net depreciable capital assets	<u>62,009,977</u>	<u>(1,473,769)</u>	<u>-</u>	<u>60,536,208</u>
Total net capital assets governmental activities	<u>\$ 71,463,636</u>	<u>\$ 9,675,551</u>	<u>\$ (1,036,692)</u>	<u>\$ 80,102,495</u>

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2019

Note 3 - Detailed Notes on all Funds - Continued

c. Capital Assets - Continued

Business-type Activities	Year Ended December 31, 2019			Balance December 31, 2019
	Balance January 1, 2019	Additions	Retirement Reclassifications	
Water activity				
Capital assets not being depreciated				
Land	\$ 325,841	\$ -	\$ -	\$ 325,841
Work in progress	614,801	2,308,762	-	2,923,563
Total capital assets not being depreciated	<u>940,642</u>	<u>2,308,762</u>	<u>-</u>	<u>3,249,404</u>
Depreciable capital assets				
Buildings	749,195	-	-	749,195
Improvements	4,261,026	-	-	4,261,026
Machinery, equipment, and vehicles	1,805,104	7,725	-	1,812,829
Infrastructure	16,941,059	-	-	16,941,059
Total depreciable capital assets	<u>23,756,384</u>	<u>7,725</u>	<u>-</u>	<u>23,764,109</u>
Less accumulated depreciation				
Buildings	334,247	13,056	-	347,303
Improvements	887,012	168,797	-	1,055,809
Machinery, equipment, and vehicles	790,422	117,534	-	907,956
Infrastructure	13,371,779	261,243	-	13,633,022
Total accumulated depreciation	<u>15,383,460</u>	<u>560,630</u>	<u>-</u>	<u>15,944,090</u>
Net depreciable capital assets	<u>8,372,924</u>	<u>(552,905)</u>	<u>-</u>	<u>7,820,019</u>
Total net capital assets water activities	<u>\$ 9,313,566</u>	<u>\$ 1,755,857</u>	<u>\$ -</u>	<u>\$ 11,069,423</u>
Sewer activity				
Capital assets not being depreciated				
Work in progress	\$ 1,391,706	\$ 239,908	\$ -	\$ 1,631,614
Depreciable capital assets				
Improvements	227,246	-	-	227,246
Machinery, equipment, and vehicles	30,740	-	-	30,740
Infrastructure	2,099,850	-	-	2,099,850
Total depreciable capital assets	<u>2,357,836</u>	<u>-</u>	<u>-</u>	<u>2,357,836</u>
Less accumulated depreciation				
Improvements	50,705	9,003	-	59,708
Machinery, equipment, and vehicles	61,893	1,023	-	62,916
Infrastructure	164,872	21,395	-	186,267
Total accumulated depreciation	<u>277,470</u>	<u>31,421</u>	<u>-</u>	<u>308,891</u>
Net depreciable capital assets	<u>2,080,366</u>	<u>(31,421)</u>	<u>-</u>	<u>2,048,945</u>
Total net capital assets sewer activities	<u>\$ 3,472,072</u>	<u>\$ 208,487</u>	<u>\$ -</u>	<u>\$ 3,680,559</u>
City Center				
Depreciable capital assets				
Machinery, equipment, and vehicles	\$ 171,985	\$ 12,706	\$ -	\$ 184,691
Buildings	14,706,228	-	-	14,706,228
	<u>14,878,213</u>	<u>12,706</u>	<u>-</u>	<u>14,890,919</u>
Less accumulated depreciation				
Machinery, equipment, and vehicles	137,090	5,264	-	142,354
Buildings	3,578,695	588,249	-	4,166,944
Total accumulated depreciation	<u>3,715,785</u>	<u>593,513</u>	<u>-</u>	<u>4,309,298</u>
Total net capital assets City Center	<u>\$ 11,162,428</u>	<u>\$ (580,807)</u>	<u>\$ -</u>	<u>\$ 10,581,621</u>

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2019

Note 3 - Detailed Notes on all Funds - Continued

c. Capital Assets - Continued

Depreciation expense was charged to functions/programs as follows:

Mayor	\$	29,164
Finance		36,678
DPW		1,049,146
DPS		99,832
Accounts		4,075
Other General government support		7,968
Police		202,470
Fire		340,008
Home and community service		37,111
Transportation		696,722
Culture and recreation		620,947
Total depreciation expense for governmental activities	\$	3,124,121
Water	\$	560,630
Sewer		31,421
City Center Authority		593,513
Total depreciation expense for business-type activities	\$	1,185,564

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, 2019	
	Due From	Due To
General	\$ 1,422,369	\$ -
Water	953,009	-
Sewer	-	1,042,582
City Center	10,700	12,706
Capital Projects	3,739,902	4,666,629
Downtown Special Assessment District	-	10,000
Debt Service	-	393,986
Trust and Agency	-	77
	\$ 6,125,980	\$ 6,125,980

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2019

Note 3 - Detailed Notes on all Funds - Continued

d. Interfund Receivables, Payables, and Transfers - Continued

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

Transfers Out	Year Ended December 31, 2019					Totals
	Transfers In					
	General	Debt Service	Capital Projects	Community Development	City Center	
General Fund	\$ -	\$ -	\$ 997,087	\$ 734	\$ 134,420	\$ 1,132,241
Capital Projects	2,106	3,194	-	-	-	5,300
West Avenue Special Assessment District	-	49,503	-	-	-	49,503
Community Development	54,044	-	-	-	-	54,044
Water	-	-	353,692	-	-	353,692
Sewer	-	-	450,000	-	-	450,000
	<u>\$ 56,150</u>	<u>\$ 52,697</u>	<u>\$ 1,800,779</u>	<u>\$ 734</u>	<u>\$ 134,420</u>	<u>\$ 2,044,780</u>

In the government-wide statement of net position, interfund receivables and payables between governmental activities were eliminated, leaving \$91,579 due to the governmental activities. In the government-wide statement of activities, interfund transfers between governmental activities were eliminated, leaving \$669,272 in transfers from the business-type activities to the governmental activities.

e. Long-Term Liabilities

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

	Year Ended December 31, 2019				
	Balance	New Issues/ Additions	Maturities and/or Payments	Balance	Due Within On Year
	January 1, 2019			December 31, 2019	
Governmental activities					
Bonds payable	\$ 46,281,644	\$ 8,109,804	\$ 2,166,043	\$ 52,225,405	\$ 2,543,403
Bond premiums	1,829,664	-	133,735	1,695,929	133,612
	<u>48,111,308</u>	<u>8,109,804</u>	<u>2,299,778</u>	<u>53,921,334</u>	<u>2,677,015</u>
Other non-current liabilities					
Capital lease obligations	337,169	-	79,208	257,961	82,505
Landfill liability post-closure maintenance	1,000,000	1,441,880	-	2,441,880	-
Compensated absences	4,275,789	583,727	427,500	4,432,016	443,200
Net pension liability	4,608,818	7,267,188	3,536,221	8,339,785	-
Other postemployment benefits	112,381,653	8,702,354	15,295,829	105,788,178	-
	<u>122,603,429</u>	<u>17,995,149</u>	<u>19,338,758</u>	<u>121,259,820</u>	<u>525,705</u>
Governmental activities long-term liabilities	<u>\$ 170,714,737</u>	<u>\$ 26,104,953</u>	<u>\$ 21,638,536</u>	<u>\$ 175,181,154</u>	<u>\$ 3,202,720</u>

	Year Ended December 31, 2019				
	Balance	New Issues/ Additions	Maturities and/or Payments	Balance	Due Within On Year
	January 1, 2019			December 31, 2019	
Business-type activities					
Bonds payable	\$ 14,670,918	\$ 1,700,000	\$ 526,519	\$ 15,844,399	\$ 611,401
Other non-current liabilities					
Net pension liability	260,303	1,102,118	790,490	571,931	-
Construction loan	50,000	-	-	50,000	-
Compensated absences	77,476	14,388	7,748	84,116	84,116
Other postemployment benefits	6,484,575	504,232	859,221	6,129,586	-
	<u>6,872,354</u>	<u>1,620,738</u>	<u>1,657,459</u>	<u>6,835,633</u>	<u>84,116</u>
Business-type activities long-term liabilities	<u>\$ 21,543,272</u>	<u>\$ 3,320,738</u>	<u>\$ 2,183,978</u>	<u>\$ 22,680,032</u>	<u>\$ 695,517</u>

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2019

Note 3 - Detailed Notes on all Funds - Continued

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 June 2019, the City issued \$9,809,804 in general public improvement serial bonds to finance various projects. The bonds will be repaid annually commencing in 2020 at fixed interest rates ranging from 2.25% to 3.00% through June 2040. \$1,700,000 of the proceeds of the bonds were used to fund capital improvements of the Water Fund. The remaining \$8,109,804 of the proceeds of the bonds were used to finance governmental activities.

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

Public Improvement Bonds	Issue Date	Maturity	Rate	December 31, 2019
Serial bond, general obligation	01/09	01/24	4.250%	\$ 305,000
Statutory installment bond	04/11	04/39	4.630%	1,780,000
Serial bond, general obligation	05/12	05/39	2.975%	5,390,000
Serial bond, general obligation	12/12	12/22	2.000%	180,000
Serial bond, general obligation	04/13	06/33	3.372%	3,320,000
Serial bond, general obligation	06/14	06/34	2.810%	4,115,000
Refunding bond	12/14	02/35	2.878%	15,220,000
Serial bond, general obligation	06/15	06/40	3.310%	5,285,000
Serial bond, general obligation	06/16	06/33	2.095%	2,575,000
Serial bond, general obligation	06/17	06/40	2.489%	7,445,000
Refunding bond	07/18	07/39	3.802%	5,960,000
Serial bond, general obligation	06/18	06/42	3.097%	6,685,000
Serial bond, general obligation	06/19	06/40	2.423%	9,809,804
				<u>\$ 68,069,804</u>

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

	Principal	Interest	Total
For the years ending December 31,			
2020	\$ 3,154,804	\$ 2,264,554	\$ 5,419,358
2021	3,390,000	2,036,599	5,426,599
2022	3,510,000	1,919,592	5,429,592
2023	3,470,000	1,802,989	5,272,989
2024	3,595,000	1,683,958	5,278,958
2025 - 2029	17,905,000	6,697,088	24,602,088
2030 - 2034	17,930,000	3,844,353	21,774,353
2035 - 2039	12,535,000	1,422,269	13,957,269
2040 - 2042	2,580,000	83,343	2,663,343
	<u>\$ 68,069,804</u>	<u>\$ 21,754,745</u>	<u>\$ 89,824,549</u>

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2019

Note 3 - Detailed Notes on all Funds - Continued

f. Indebtedness - Continued

i. General Obligation Bonds - Continued

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, 2019, the amount of special assessment debt outstanding for SAD and WASAD was \$405,540 and \$285,149, respectively. These amounts are reflected in the governmental activities statement of net position and included in the schedules above.

iii. Lease Payables

On March 7, 2008, the City entered into a lease agreement with Municipal Leasing Consultants for \$1,721,297 to finance energy-saving equipment. The rate of interest on the first \$1,000,000 is 2%, which was bought down by a New York State Energy Research and Development Authority (NYSERDA) grant. 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, 2019 is \$257,961.

iv. Other liabilities include the following:

Governmental activities	January 1, 2019	Additions	Deletions	December 31, 2019
Sick time	\$ 3,305,885	\$ 451,317	\$ 330,510	\$ 3,426,692
Compensatory time	969,904	132,410	96,990	1,005,324
Total	<u>\$ 4,275,789</u>	<u>\$ 583,727</u>	<u>\$ 427,500</u>	<u>\$ 4,432,016</u>

v. Construction Loans

On January 10, 2017, the City Center 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.

On July 30, 2019, the City Center Fund modified its existing construction loan with the Adirondack Trust Company not-to-exceed \$10,000,000. In addition, the City Center Authority Fund entered into a second construction loan with the Adirondack Trust Company not-to-exceed \$1,000,000.

The \$10,000,000 construction loan bears interest at a rate of 3.73% until January 10, 2027. Subsequent to January 10, 2027, the interest rate will reset for five years and at each five-year anniversary thereafter, based on the *Wall Street Journal* prime lending rate plus 0.50%, divided by a conversion factor. The interest rate is subject to a floor of 2.81%. Collateral for the \$10,000,000 construction loan includes a first leasehold mortgage and assignment of rents on the parking facility developed at High Rock and Maple Avenues.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2019

Note 3 - Detailed Notes on all Funds - Continued

f. Indebtedness - Continued

v. Construction Loans - Continued

The \$1,000,000 construction loan requires a pledge of deposit with The Adirondack Trust Company of \$300,000. The collateral will be released upon the City Center Fund achieving a debt service coverage ratio of 1.10 for three consecutive years, as stipulated within the construction loan agreement. The \$1,000,000 construction loan bears interest at a blended rate of 4.25% of the non-cash collateralized portion of the construction loan, and 2.25% for the cash collateralized portion of the construction loan. Upon the shorter of the release of the \$300,000 collateral or five years, the interest rate will revert to a fixed 4.25% for a period of five years. The interest rate will then reset at each five-year anniversary thereafter, based on the *Wall Street Journal* prime lending rate plus 0.50%. The interest rate is subject to a floor of 4.50%. Collateral for the \$1,000,000 loan includes a second leasehold mortgage and assignment of rents on the parking facility developed at High Rock and Maple Avenues.

Both construction loans require the City Center to maintain an account at The Adirondack Trust Company into which 100% of the City's room occupancy tax receipts will be deposited quarterly. The City Center will have access to the remaining funds after each quarterly principal and interest payment is made in full. In addition, the City Center is required to pledge a debt service reserve account at The Adirondack Trust Company in the amount of \$619,000. Both construction loans require the City to provide The Adirondack Trust Company with certain annual financial reporting requirements and require the City to maintain a depository relationship with the Adirondack Trust Company.

At December 31, 2019, the City had drawn \$50,000 of funds on the first construction loan. The project officially began on September 23, 2019, with the majority of work incurred subsequent to year-end. Payment on both loans is required to commence on January 15, 2022, with payments required quarterly on January 15th, April 15th, July 15th and October 15th.

Both loans were fully drawn by October 16, 2020. Estimated annual debt service requirements to maturity at the current interest rates on both construction loans are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For the years ending December 31,			
2022	\$ 287,969	\$ 399,274	\$ 687,243
2023	298,548	388,695	687,243
2024	308,471	378,773	687,244
2025	320,849	366,392	687,241
2026	332,644	354,601	687,245
2027 - 2031	1,855,004	1,581,312	3,436,316
2032 - 2036	2,222,095	1,162,796	3,384,891
2037 - 2041	2,664,528	771,686	3,436,214
2042 - 2046	2,709,892	243,057	2,952,949
	<u>\$ 11,000,000</u>	<u>\$ 5,646,586</u>	<u>\$ 16,646,586</u>

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2019

Note 3 - Detailed Notes on all Funds - Continued

f. Indebtedness - Continued

vi. Landfill Liability Post-Closure Maintenance

In 1996, the City closed its only landfill. In 2015, The New York State Department of Environmental Conservation notified the City that a 0.34 parcel of land adjacent to the landfill violated New York State waste disposal laws. The land was previously owned by the City, prior to a transfer of ownership in 2002.

At December 31, 2019, the costs associated with remediating the property are estimated to be \$2,441,880. Actual results could differ from those estimates.

The City continues to negotiate with the current owner of the property over payment of the costs associated with remediating the property.

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:

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2019

Note 3 - Detailed Notes on all Funds - Continued

g. Pension Plans - Continued

Plan Benefits - Continued

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.

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.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2019

Note 3 - Detailed Notes on all Funds - Continued

g. Pension Plans - Continued

Plan Benefits - Continued

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.

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.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2019

Note 3 - Detailed Notes on all Funds - Continued

g. Pension Plans - Continued

Funding Policy - Continued

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, 2019 was approximately 14.9 percent of covered payroll. The average contribution rate for PFRS for the fiscal year ended March 31, 2018 was approximately 23.5 percent of covered payroll. Contributions made to the Systems for the current and two preceding years were as follows:

	ERS	PFRS	Total
2019	\$ 1,736,306	\$ 2,590,405	\$ 4,326,711
2018	1,712,380	2,490,280	4,202,660
2017	1,722,111	2,627,560	4,349,671

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.

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

At December 31, 2019, the City reported a liability of \$8,339,785 in the governmental activities statement of net position and \$571,931 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, 2019, 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, 2019, the City's proportion was .0441821% in the Employee Retirement System and .3447263% in the Police and Fire Retirement System.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2019

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

For the year ended December 31, 2019, the City recognized pension expense of \$5,167,883 in the governmental activities and \$377,484 in the business-type activities. At December 31, 2019, 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
ERS		
Differences between expected and actual experience	\$ 503,824	\$ 171,748
Change in assumptions	643,104	-
Net differences between projected and actual investment earnings on pension plan investments	-	656,655
Changes in proportion and differences between employer contributions and proportionate share of contributions	79,603	56,407
City contributions subsequent to the measurement date	1,419,083	-
Total	\$ 2,645,614	\$ 884,810
PFRS		
Differences between expected and actual experience	\$ 1,404,432	\$ 617,247
Change in assumptions	2,100,492	-
Net differences between projected and actual investment earnings on pension plan investments	-	1,157,849
Changes in proportion and differences between employer contributions and proportionate share of contributions	61,406	1,047,788
City contributions subsequent to the measurement date	2,590,406	-
Total	\$ 6,156,736	\$ 2,822,884
Business-Type Activities		
	Deferred Outflows of Resources	Deferred Inflows of Resources
ERS		
Differences between expected and actual experience	\$ 112,625	\$ 38,393
Change in assumptions	143,760	-
Net differences between projected and actual investment earnings on pension plan investments	-	146,789
Changes in proportion and differences between employer contributions and proportionate share of contributions	17,795	12,609
City contributions subsequent to the measurement date	317,223	-
Total	\$ 591,403	\$ 197,791

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2019

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

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, 2020. 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,			
2020	\$ 562,928	\$ 125,838	\$ 688,766
2021	(519,901)	(116,219)	(636,120)
2022	(43,493)	(9,723)	(53,216)
2023	342,187	76,493	418,680
Total	\$ 341,721	\$ 76,389	\$ 418,110
		PFRS	
		Governmental Activities	
Year ending December 31,			
2020		\$ 847,986	
2021		(490,826)	
2022		(188,945)	
2023		515,570	
2024		59,661	
Total		\$ 743,446	

Actuarial Assumptions

The total pension liability at March 31, 2019 was determined by using an actuarial valuation as April 1, 2018, with update procedures used to rollforward the total pension liability to March 31, 2019. 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 2011-2015 experience
Mortality improvement	Society of Actuaries' Scale MP-2014

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2019

Note 3 - Detailed Notes on all Funds - Continued

g. Pension Plans - Continued

Actuarial Assumptions - Continued

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, 2019 are summarized below:

Asset Type	Target Allocation	Long-Term Expected Real Rate
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%
	100.00%	

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.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2019

Note 3 - Detailed Notes on all Funds - Continued

g. Pension Plans - Continued

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	\$ 2,500,574	\$ 571,931	\$ (1,048,266)
Governmental activities	11,186,205	2,558,508	(4,689,369)
	\$ 13,686,779	\$ 3,130,439	\$ (5,737,635)
	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
PFRS			
City's proportionate share of the net pension liability (asset)			
Governmental activities	\$ 20,892,672	\$ 5,781,277	\$ (6,838,491)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2019, were as follows:

	(Dollars in Thousands)		
	Employees' Retirement System	Police and Fire Retirement System	Total
Employers' total pension liability	\$ 189,803,429	\$ 34,128,100	\$ 223,931,529
Plan net position	(182,718,124)	(32,451,037)	(215,169,161)
Employers' net pension liability	\$ 7,085,305	\$ 1,677,063	\$ 8,762,368
Ratio of fiduciary net position to total pension liability	96.3%	95.1%	96.1%

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2019

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, 2019 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, 2019, the City paid \$2,855,015 and \$165,425 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.

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

At December 31, 2019, the City reported a liability of \$105,788,178 and \$6,129,586 for its OPEB plan liability in the governmental activities and business-type activities, respectively. The OPEB plan liability was measured as of January 1, 2019 by an actuarial valuation as of that date. For the year ended December 31, 2019, the City recognized OPEB plan expense of \$8,702,354 and \$504,232 in the governmental activities and business-type activities, respectively. A summary of changes in the City’s OPEB plan liability is as follows:

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2019

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

	Governmental Activities	Business-type Activities	Total
January 1, 2019	\$ 112,381,653	\$ 6,484,575	\$ 118,866,228
Charges for the year			
Service cost	4,723,909	273,713	4,997,622
Interest	3,978,445	230,519	4,208,964
Difference in expected and actual experience	-	-	-
Changes in assumptions and other inputs	(12,440,814)	(693,796)	(13,134,610)
Benefit payments	(2,855,015)	(165,425)	(3,020,440)
Net changes	(6,593,475)	(354,989)	(6,948,464)
December 31, 2019	\$ 105,788,178	\$ 6,129,586	\$ 111,917,764

At December 31, 2019, 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	\$ 3,834,725	\$ -
Changes of assumptions or other inputs	-	15,496,474
City contributions subsequent to the measurement date	2,832,821	-
Total	\$ 6,667,546	\$ 15,496,474
	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 221,267	\$ -
Changes of assumptions or other inputs	-	896,721
City contributions subsequent to the measurement date	151,896	-
Total	\$ 373,163	\$ 896,721

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2019

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, 2020. 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 Type-Activities
Year ending December 31,		
2020	\$ (2,023,521)	\$ (117,203)
2021	(2,023,521)	(117,203)
2022	(2,023,521)	(117,203)
2023	(2,023,521)	(117,203)
2024	(1,995,397)	(115,574)
2025 and thereafter	(1,572,268)	(91,068)
Total	\$ (11,661,749)	\$ (675,454)

Actuarial Assumptions

The OPEB plan liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions:

Actuarial cost method	Entry age normal - level percent of pay
Measurement date	1-Jan-19
Discount rate	4.10%, Bond Buyer Weekly 20-Bond GO Index
Salary scale	3.00%
Rate of inflation	2.50%
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>
Marriage rate	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

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2019

Note 4 - Postemployment Benefits Other Than Pensions - Continued

Actuarial Assumptions - Continued

Health care cost trend rates	<u>To fiscal year ending</u>	<u>Pre-65 trend</u>	<u>Post-65 trend</u>
	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%
	2088	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, 2019 using current health care cost trend rates as well as what the OPEB plan liability would be if it were calculated using health care cost trend rates that are 1% lower of 1% higher than the current rate:

	<u>1% Decrease</u>	<u>Current Rates</u>	<u>1% Increase</u>
OPEB plan liability			
Proprietary activities	\$ 5,072,409	\$ 6,129,586	\$ 7,519,830
Governmental activities	<u>87,542,772</u>	<u>105,788,178</u>	<u>129,781,870</u>
	<u>\$ 92,615,181</u>	<u>\$ 111,917,764</u>	<u>\$ 137,301,700</u>

The following presents the OPEB plan liability as of December 31, 2019 using the current discount rate of 4.10% as well as what the OPEB plan liability would be if it were calculated using discount rates that are 1% lower of 1% higher than the current rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
	3.10%	4.10%	5.10%
OPEB plan liability			
Proprietary activities	\$ 7,267,529	\$ 6,129,586	\$ 5,233,026
Governmental activities	<u>125,427,505</u>	<u>105,788,178</u>	<u>90,314,795</u>
	<u>\$ 132,695,034</u>	<u>\$ 111,917,764</u>	<u>\$ 95,547,821</u>

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2019

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, 2019 is as follows:

State Date	Agreement	Taxable Assessed Value	Tax Rate	Tax Value	PILOT Received	Taxes Abated
5/21/1951	Saratoga Housing Authority	\$ 22,104,300	\$ 6.08	\$ 134,394	\$ 82,174	\$ 52,220
6/17/2003	11 Kirby Road - Kirby Village	2,761,800	6.01	16,598	2,880	13,718
8/17/2004	125 West Avenue - Westview Apartment	8,193,000	6.01	49,240	15,383	33,857
1/16/2007	Embury Apartments	16,326,800	6.08	99,267	-	99,267
7/29/2010	57 Ballston Avenue - Raymond Watkins	3,000,000	6.08	18,240	12,648	5,592
5/17/2016	9 Kirby Road - Kirby Village Apartments	3,223,400	6.01	19,373	4,466	14,907
6/18/2018	Intrada Apartments	2,942,644	6.08	17,891	1,117	16,774
10/1/2019	Promenade Apartments	4,960,000	6.08	30,157	3,350	26,807
		<u>\$ 63,511,944</u>		<u>\$ 385,160</u>	<u>\$ 122,018</u>	<u>\$ 263,142</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 2019 annual contribution to the workers' compensation pool was \$874,318.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2019

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 contracts of each bargaining unit expire at various times between December 31, 2020 through December 31, 2024.

Note 7 - Subsequent Events

Debt Issuance

In June 2020, the City issued \$7,428,164 in Public Improvement Serial Bonds to finance various projects throughout the City. The Public Improvement Serial Bonds will be repaid annually starting in June 2021 through June 2042 and bear interest at fixed rates ranging from 1.40% - 2.375%.

In June 2020, the City issued a \$6,300,000 Tax Anticipation Note at a fixed interest rate of 0.15%. The Tax Anticipation Note is due June 18, 2021.

In December 2020, the City issued a \$5,000,000 Tax Anticipation Note at a fixed interest rate of 0.30%. The Tax Anticipation Note is due December 9, 2021.

In August 2020, the City issued \$6,180,000 in Public Improvement Refunding Serial Bonds at a premium of \$912,214 to refund 2011 Statutory Installment Bonds and 2012 General Obligation Serial Bonds. The refunding bonds will be repaid annually starting in October 2020 through April 2039 at fixed interest rates ranging from 2.00% - 5.00%. The proceeds of the Public Improvement Refunding Serial Bonds were used as follows:

Sources

Par Value of 2020 Public Improvement Refunding Serial Bonds	\$ 6,180,000
Net original issue premium	912,214
	<hr/>
	\$ 7,092,214
	<hr/>

Uses

Beginning escrow account cash balance	\$ 21
Cost of the escrowed securities	7,003,712
Underwriter's discount	30,900
Issuance costs	56,000
Contingency	1,581
	<hr/>
	\$ 7,092,214
	<hr/>

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2019

Note 7 - Subsequent Events - Continued

COVID-19 Pandemic

The City's operations are affected by the ongoing outbreak of the coronavirus disease (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the City's financial position. Possible effects in future periods include, but are not limited to, reductions in sales tax revenues, reduction in tourism and increased expenses resulting directly from implementing safety protocols.

In response to the adverse financial impact caused by the COVID-19 pandemic, the City furloughed certain employees for a period of time during 2020. In addition, the City's proposed budget for the year ending December 31, 2021 includes a 6% property tax increase and salary freezes.

Note 8 - Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This statement establishes criteria for determining the timing and pattern of recognition for a liability and corresponding deferred outflows of resources for asset retirement obligations. This statement requires that recognition occur when the liability is both incurred and reasonably estimable. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2019.

GASB Statement No. 84, *Fiduciary Activities*. This statement 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, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 87, *Leases*. 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, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021.

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, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2019.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2019

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

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, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2020.

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, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2019.

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, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2021.

GASB Statement No. 92, *Omnibus 2020*. This statement addresses a variety of topics including leases, intra-entity transfers, fiduciary activities, public risk pools/reinsurance recoveries, fair value measurements, and derivative instrument technology. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. This statement addresses governments that have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions to the reference rate. The objective of this statement is to address accounting and financial reporting implication that result from the replacement of IBOR, such as providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment, clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate, removing LIBOR as an appropriate benchmark interest

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2019

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

rate for the qualitative evaluation of the effectiveness of an interest rate swap, and clarifying the definition of reference rate. The removal of the London IBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. The requirements relating to lease modifications, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021. All other requirements of this statement are effective for reporting periods beginning after June 15, 2020.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which GASB defines in this statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Under this statement, a government generally should recognize a right-to-use subscription asset and corresponding subscription liability. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and Supersession of GASB Statement No 32*. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit plans, and employee benefit plans other than pension plans or other postemployment benefit plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential

City of Saratoga Springs, New York

Notes to Financial Statements
December 31, 2019

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

component unit that is a defined contribution pension plan, a defined contribution other postemployment benefit plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. The requirements of this statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution other postemployment benefit plans, or other employee benefit plans and (2) limit the applicability of the financial burden criteria, are effective immediately. The requirements of this statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a component unit, the requirements of this statement that provide for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

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, 2019			
	Budgeted Amounts		Actual	Variance with
	Adopted	Revised	Amounts	Revised - Positive (Negative)
REVENUES				
Real property taxes and related tax items	\$ 18,452,770	\$ 18,689,605	\$ 16,894,633	\$ (1,794,972)
Non-property taxes	16,124,593	16,225,593	16,005,033	(220,560)
Departmental income	3,102,739	3,200,095	2,660,453	(539,642)
Intergovernmental charges	431,655	484,570	514,127	29,557
Use of money and property	650,760	650,760	586,699	(64,061)
Licenses and permits	578,050	578,050	591,876	13,826
Fines and forfeitures	967,000	967,000	642,956	(324,044)
Sale of property and compensation for loss	768,314	1,078,857	927,787	(151,070)
Miscellaneous	2,543,692	2,643,813	2,761,267	117,454
State aid	3,405,251	3,985,765	4,590,368	604,603
Federal aid	15,000	22,620	29,784	7,164
Total revenues	47,039,824	48,526,728	46,204,983	(2,321,745)
EXPENDITURES				
General government support	9,670,928	10,988,108	11,032,614	(44,506)
Public safety	25,461,258	25,591,977	25,622,141	(30,164)
Health	35,577	35,011	120,601	(85,590)
Transportation	5,674,429	6,487,415	4,554,418	1,932,997
Economic opportunity and development	237,904	268,087	194,510	73,577
Culture and recreation	3,627,979	3,751,099	2,850,472	900,627
Home and community service	1,990,459	2,391,041	1,516,111	874,930
Debt service	267,290	92,292	92,292	-
Total expenditures	46,965,824	49,605,030	45,983,159	3,621,871
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	61,000	138,106	56,150	(81,956)
Interfund transfers out	(135,000)	(1,244,437)	(1,132,241)	112,196
Total other financing sources (uses)	(74,000)	(1,106,331)	(1,076,091)	30,240
Net change in fund balance (actual) and appropriated fund balance (budget)	-	(2,184,633)	(854,267)	<u>\$ 1,330,366</u>
FUND BALANCE, beginning of year	17,612,104	17,612,104	17,612,104	
FUND BALANCE, end of year	<u>\$ 17,612,104</u>	<u>\$ 15,427,471</u>	<u>\$ 16,757,837</u>	

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, 2019			Variance with Revised - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Adopted	Revised		
REVENUES				
Real property taxes and related tax items	\$ 3,226,374	\$ 3,226,374	\$ 3,226,374	\$ -
Use of money and property	21,700	28,231	19,429	(8,802)
Miscellaneous	-	-	260,000	260,000
Total revenues	3,248,074	3,254,605	3,505,803	251,198
EXPENDITURES				
General government support	40,000	40,000	56,602	(16,602)
Debt service, principal	2,166,103	2,166,103	2,150,993	15,110
Debt service, interest	1,588,345	1,594,876	1,594,876	-
Total expenditures	3,794,448	3,800,979	3,802,471	(1,492)
OTHER FINANCING SOURCES				
Interfund transfers in	57,341	57,341	52,697	(4,644)
Net change in fund balance (actual) and appropriated fund balance (budget)	(489,033)	(489,033)	(243,971)	\$ 245,062
FUND BALANCE, <i>beginning of year</i>	2,051,927	2,051,927	2,051,927	
FUND BALANCE, <i>end of year</i>	1,562,894	1,562,894	1,807,956	

City of Saratoga Springs, New York

Required Supplementary Information Schedule of Other Postemployment Benefits Liability

	Governmental Activities	
	2019	2018
Beginning of year	\$ 112,381,653	\$ 108,420,690
Charges for the year		
Service cost	4,723,909	4,248,212
Interest	3,978,445	4,207,634
Difference in expected and actual experience	-	5,130,722
Changes in assumptions and other inputs	(12,440,814)	(6,913,927)
Benefit payments	(2,855,015)	(2,711,678)
Net changes	(6,593,475)	3,960,963
End of year	\$ 105,788,178	\$ 112,381,653
Covered payroll	\$ 27,599,772	\$ 25,090,162
OPEB liability as a percentage of covered payroll	383.29%	447.91%
	Business-type Activities	
	2019	2018
Beginning of year	\$ 6,484,575	\$ 5,957,881
Charges for the year		
Service cost	273,713	233,446
Interest	230,519	231,216
Difference in expected and actual experience	-	590,974
Changes in assumptions and other inputs	(693,796)	(379,931)
Benefit payments	(165,425)	(149,011)
Net changes	(354,989)	526,694
End of year	\$ 6,129,586	\$ 6,484,575
Covered payroll	\$ 1,599,188	\$ 1,378,742
OPEB liability as a percentage of covered payroll	383.29%	470.33%

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

City of Saratoga Springs, New York

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
ERS					
City's proportion of the net pension liability	0.0441821%	0.0441450%	0.0430345%	0.0448128%	0.0414829%
City's proportionate share of the net pension liability	\$ 3,130,439	\$ 1,424,756	\$ 4,043,615	\$ 7,192,574	\$ 1,401,392
City's covered-employee payroll	\$ 12,572,189	\$ 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	24.90%	11.63%	33.98%	64.86%	12.66%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.68%	97.95%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PFRS					
City's proportion of the net pension liability	0.344726%	0.340771%	0.346204%	0.334572%	0.3247468%
City's proportionate share of the net pension liability	\$ 5,781,277	\$ 3,444,365	\$ 7,175,602	\$ 9,905,974	\$ 893,897
City's covered-employee payroll	\$ 11,609,770	\$ 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	49.80%	30.94%	63.81%	92.58%	9.26%
Plan fiduciary net position as a percentage of the total pension liability	95.09%	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

	2019	2018	2017	2016	2015	2014	2013	2012	2011
ERS									
Contractually required contribution	\$ 1,736,306	\$ 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	1,736,306	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	12,572,189	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	13.81%	13.98%	14.47%	14.83%	19.47%	19.21%	20.67%	19.13%	16.88%
	2019	2018	2017	2016	2015	2014	2013	2012	2011
PFRS									
Contractually required contribution	\$ 2,590,405	\$ 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	2,590,405	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	11,609,770	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	22.31%	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, 2019

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, 2019		
	Downtown Special Assessment District	West Avenue Special Assessment District	Total
ASSETS			
Cash and cash equivalents	\$ 503,205	\$ 6,141	\$ 509,346
Cash, restricted	1,976	-	1,976
Total assets	\$ 505,181	\$ 6,141	\$ 511,322
LIABILITIES			
Accounts payable and accrued liabilities	\$ 14,148	\$ -	\$ 14,148
Due to other funds	10,000	-	10,000
Total liabilities	24,148	-	24,148
FUND BALANCES			
Restricted for			
Other restrictions	1,976	-	1,976
Assigned for			
Special district purposes	479,057	6,141	485,198
Total fund balances	481,033	6,141	487,174
Total liabilities and fund balances	\$ 505,181	\$ 6,141	\$ 511,322

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, 2019		
	Downtown Special Assessment District	West Avenue Special Assessment District	Total
REVENUES			
Real property taxes and related tax items	\$ 123,533	\$ 51,003	\$ 174,536
Use of money and property	14,564	26	14,590
Total revenues	138,097	51,029	189,126
EXPENDITURES			
Other general governmental support	-	585	585
Economic opportunity and development	41,580	-	41,580
Debt service			
Principal	15,050	-	15,050
Interest	11,771	-	11,771
Total expenditures	68,401	585	68,986
Excess of revenues over expenditures	69,696	50,444	120,140
OTHER FINANCING USES			
Interfund transfers out	-	(49,503)	(49,503)
Net change in fund balance	69,696	941	70,637
FUND BALANCES, <i>beginning of year</i>	411,337	5,200	416,537
FUND BALANCES, <i>end of Year</i>	\$ 481,033	\$ 6,141	\$ 487,174