City of Saratoga Springs, New York

Financial Report

December 31, 2020

City of Saratoga Springs, New York

Financial Report

December 31, 2020

C O N T E N T S

	Page
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-14
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements	
Balance Sheet - Governmental Funds	17
Reconciliation of the Total Fund Balances Shown in the Governmental Funds to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	19
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	20
Statement of Fiduciary Net Position - Custodial Funds	21
Statement of Changes in Fiduciary Net Position – Custodial Funds	22
Component Unit Financial Statements	
Statement of Net Position – Proprietary Fund	23
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund	24
Statement of Cash Flows – Proprietary Fund	25
Notes to Financial Statements	26-62
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - General Fund	63
Schedule of Other Postemployment Benefits Liability	64
Schedule of Proportionate Share of the Net Pension Liability	65
Schedule of Pension Contributions	66
Supplementary Information	
Combining Non-Major Governmental Funds	67
Combining Balance Sheet - Non-Major Governmental Funds	68
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds	69

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 discretely presented component unit, 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, 2020, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Adoption of New Accounting Standard

As discussed in Note 1o to the financial statements, in 2020, the City adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities.* Our opinions are not modified with respect to this matter.

Changes in Accounting Principles

As discussed in Note 1p to the financial statements, in 2020, the City elected to change its method of accounting for the Water Fund and Sewer Fund as proprietary funds and business-type activities to special revenue funds and governmental activities, respectively. Additionally, as discussed in Note 1a to the financial statements, during 2020, the City determined that the City Center Authority meets the criteria for discrete component unit presentation. Our opinions are not modified with respect to these matters.

Correction of a Misstatement

As discussed in Note 1p to the financial statements, the financial statements of the City Center Authority as of and for the year ended December 31, 2019 have been restated to correct a misstatement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the required supplementary information listed in the accompanying table of contents on pages 4 to 14 and 63 to 66, 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 67 through 69 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 September 8, 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
September 8, 2021

City of Saratoga Springs, New York

Management's Discussion and Analysis
December 31, 2020

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, 2020. We encourage readers to consider the information presented here in conjunction with our financial statements, which can be found on pages 15 through 62 and our required and other supplementary information which can be found on pages 63 through 69 of this report.

Financial Highlights

Governmental Activities

- The assets and deferred outflows of resources of the City were exceeded by its liabilities and deferred inflows of resources on December 31, 2020, by $59,439,954 representing deficit net position. Of this amount, $51,687,366 represents the City's investment in capital assets net of related debt, and $15,096,575 is restricted for future capital improvements, debt service, and other purposes. The remaining amount, which represents negative unrestricted net position, is ($126,223,895). 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 $122,437,800, $4,488,436, and $10,055,927, respectively.

- At December 31, 2020, the City's governmental funds reported a combined ending fund balance of $24,896,054. Of this amount, $17,960,942 of the fund balance was nonspendable, restricted, or assigned for specific purposes.

- At the end of the current year, the unassigned fund balance of the General Fund was $9,228,025.

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).

Overview of the Financial Statements - Continued

Government-Wide Financial Statements - Continued

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 comprise the City's City Center Authority, a discretely presented component unit.

The government-wide financial statements can be found on pages 15 and 16 of this report.

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 eight 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 and Capital Projects Fund, both of which are considered to be major funds. Data from the other six governmental funds, the Downtown Special Assessment District (SAD), the West Avenue Special Assessment District (WASAD), Debt Service, Community Development, Water Activities and Sewer Activities are combined into a single, aggregated presentation.

The governmental fund financial statements and the reconciliations to the government-wide financial statements can be found on pages 17 through 20 of this report.

Overview of the Financial Statements - Continued

Fund Financial Statements - Continued

Proprietary Fund

The City maintains a City Center Authority enterprise fund as a discretely presented component unit to report the same functions presented as business-type activities in the government-wide financial statements.

The proprietary fund financial statements can be found on pages 23 through 25 of this report.

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 21 and 22 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 62 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 $59,439,954 at December 31, 2020.

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.

Government-Wide Financial Analysis - Continued

Condensed Statements of Net Position

	December 31,					
	Governmental Activities		Component Unit		Total	
	2020	2019 (Restated)	2020	2019 (Restated)	2020	2019 (Restated)
Current assets	$ 49,267,197	$ 42,115,948	$ 1,579,220	$ 8,031,620	$ 50,846,417	$ 50,147,568
Capital assets, net and deferred outflows of resources	151,512,167	112,043,235	27,720,543	12,792,630	179,232,710	124,835,865
Total	200,779,364	154,159,183	29,299,763	20,824,250	230,079,127	174,983,433
Current liabilities	19,895,232	10,299,170	1,484,767	1,767,200	21,379,999	12,066,370
Non-current liabilities and deferred inflows of resources	257,455,879	213,835,169	10,683,203	426,460	268,139,082	214,261,629
Total	277,351,111	224,134,339	12,167,970	2,193,660	289,519,081	226,327,999
Net position						
Net investment in capital assets	34,313,951	39,720,533	17,373,415	12,593,232	51,687,366	52,313,765
Restricted	13,845,717	17,640,137	1,250,858	7,342,857	15,096,575	24,982,994
Unrestricted	(124,731,415)	(127,335,826)	(1,492,480)	(1,305,499)	(126,223,895)	(128,641,325)
Total net position	**$ (76,571,747)**	**$ (69,975,156)**	**$ 17,131,793**	**$ 18,630,590**	**$ (59,439,954)**	**$ (51,344,566)**

The City experienced a decrease in net position during 2020 totaling $8,095,388, as shown in the following statement:

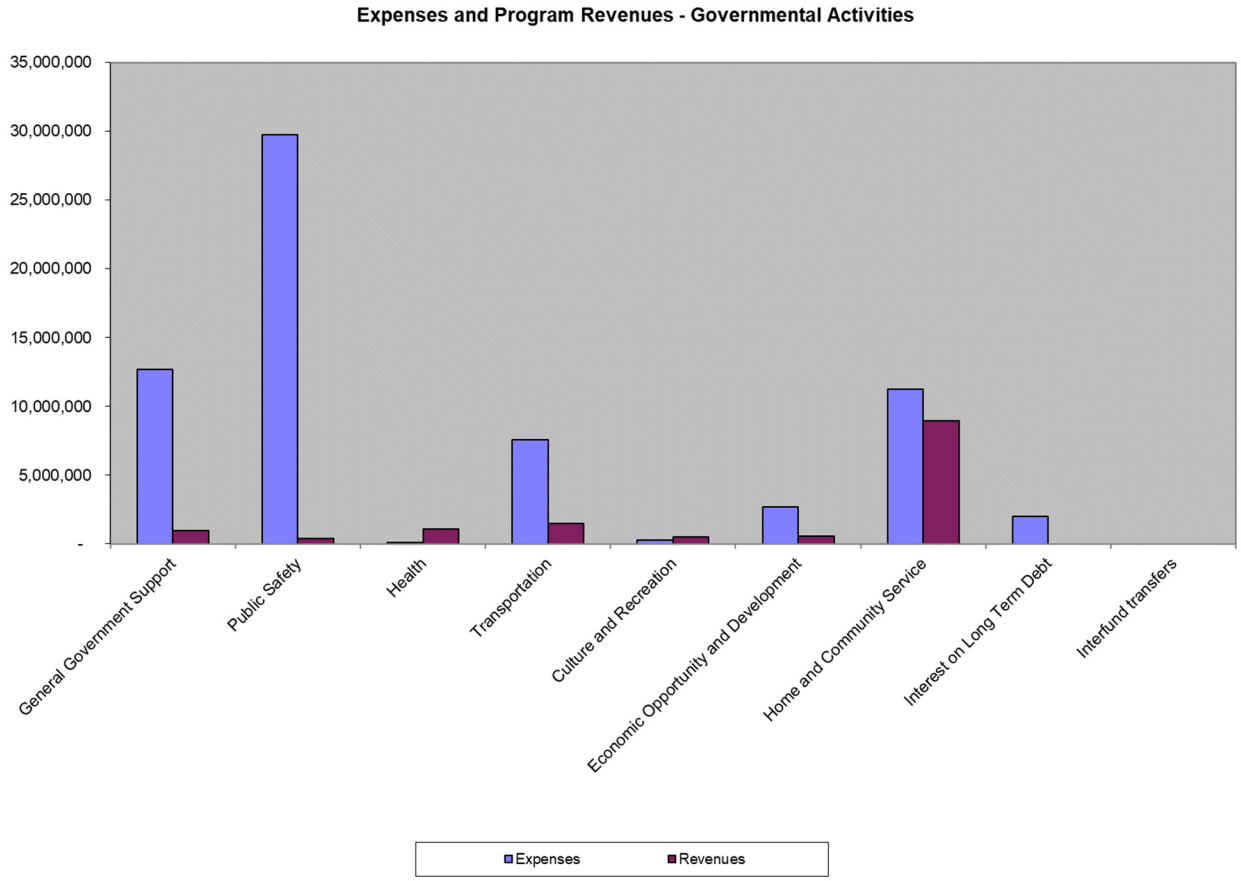
	Years Ended December 31,					
	Governmental Activities		Component Unit		Total	
	2020	2019 (Restated)	2020	2019 (Restated)	2020	2019 (Restated)
REVENUES						
Program revenues						
Charges for services	$ 11,489,505	$ 12,706,543	$ 202,642	$ 1,051,493	$ 11,692,147	$ 13,758,036
Operating grants and contributions	626,732	636,188	-	-	626,732	636,188
Capital grants and contributions	1,881,952	1,046,846	-	-	1,881,952	1,046,846
General revenues						
Property taxes	24,848,819	20,676,592	-	-	24,848,819	20,676,592
Other taxes	12,770,585	16,005,033	563,904	1,436,250	13,334,489	17,441,283
State aid and mortgage taxes	2,854,668	3,618,825	-	-	2,854,668	3,618,825
Other	5,390,196	4,990,783	20,660	8,344	5,410,856	4,999,127
Total revenues	59,862,457	59,680,810	787,206	2,496,087	60,649,663	62,176,897
EXPENSES						
General governmental support	12,667,578	13,246,325	-	-	12,667,578	13,246,325
Public safety	29,743,968	28,702,911	-	-	29,743,968	28,702,911
Health	129,909	134,075	-	-	129,909	134,075
Transportation	7,579,361	5,777,981	-	-	7,579,361	5,777,981
Economic opportunity and development	295,053	262,466	-	-	295,053	262,466
Culture and recreation	2,671,545	3,959,303	-	-	2,671,545	3,959,303
Home and community service	11,240,551	12,090,124	-	-	11,240,551	12,090,124
Interest on long-term debt	1,996,783	2,119,327	141,208	15,559	2,137,991	2,134,886
City Center Authority	-	-	2,279,095	2,907,836	2,279,095	2,907,836
Total expenses	66,324,748	66,292,512	2,420,303	2,923,395	69,248,143	69,215,907
Transfers	(134,300)	(134,420)	134,300	134,420	-	-
CHANGE IN NET POSITION	**(6,596,591)**	**(6,746,122)**	**(1,498,797)**	**(292,888)**	**(8,095,388)**	**(7,039,010)**
NET POSITION, *beginning of year*	**(69,975,156)**	**(63,229,034)**	**18,630,590**	**18,923,478**	**(51,344,566)**	**(44,305,556)**
NET POSITION, *end of year*	**$ (76,571,747)**	**$ (69,975,156)**	**$ 17,131,793**	**$ 18,630,590**	**$ (59,439,954)**	**$ (51,344,566)**

Government-Wide Financial Analysis - Continued

Governmental Activities

Governmental activities decreased the City's net position by $6,596,591. 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.

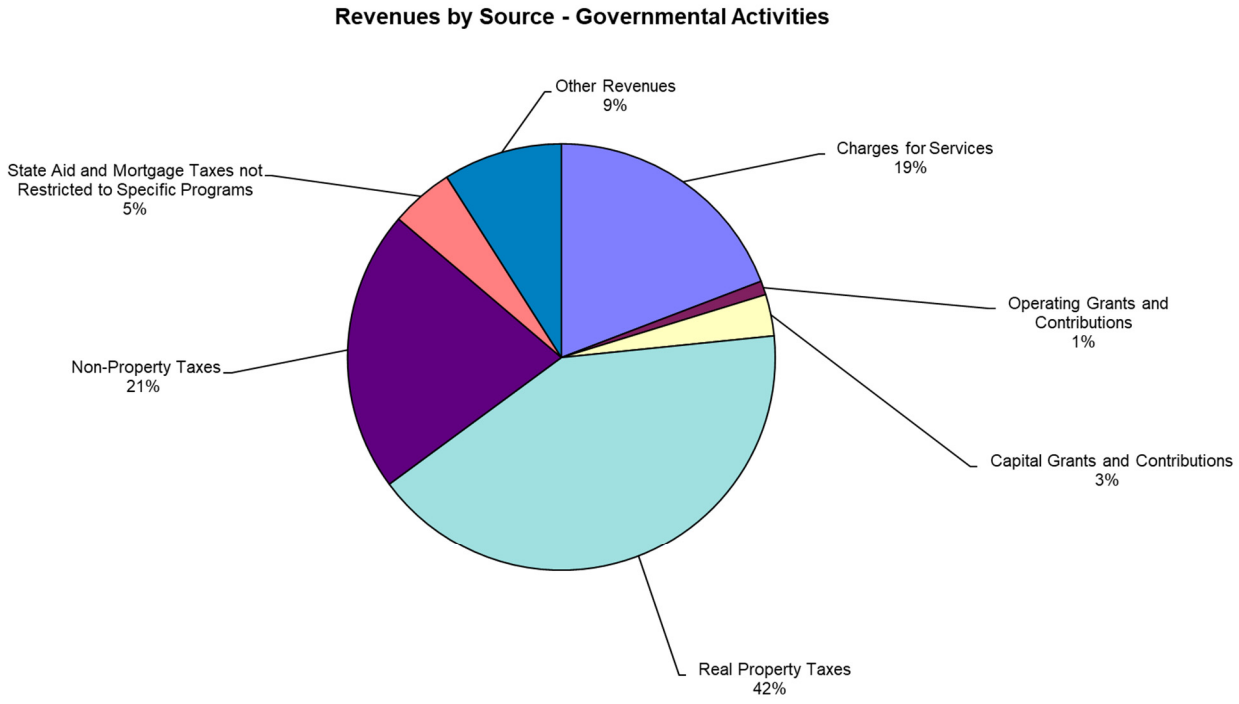
The following chart shows the expenses and program revenues of the various governmental activities:



Government-Wide Financial Analysis - Continued

Governmental Activities - Continued

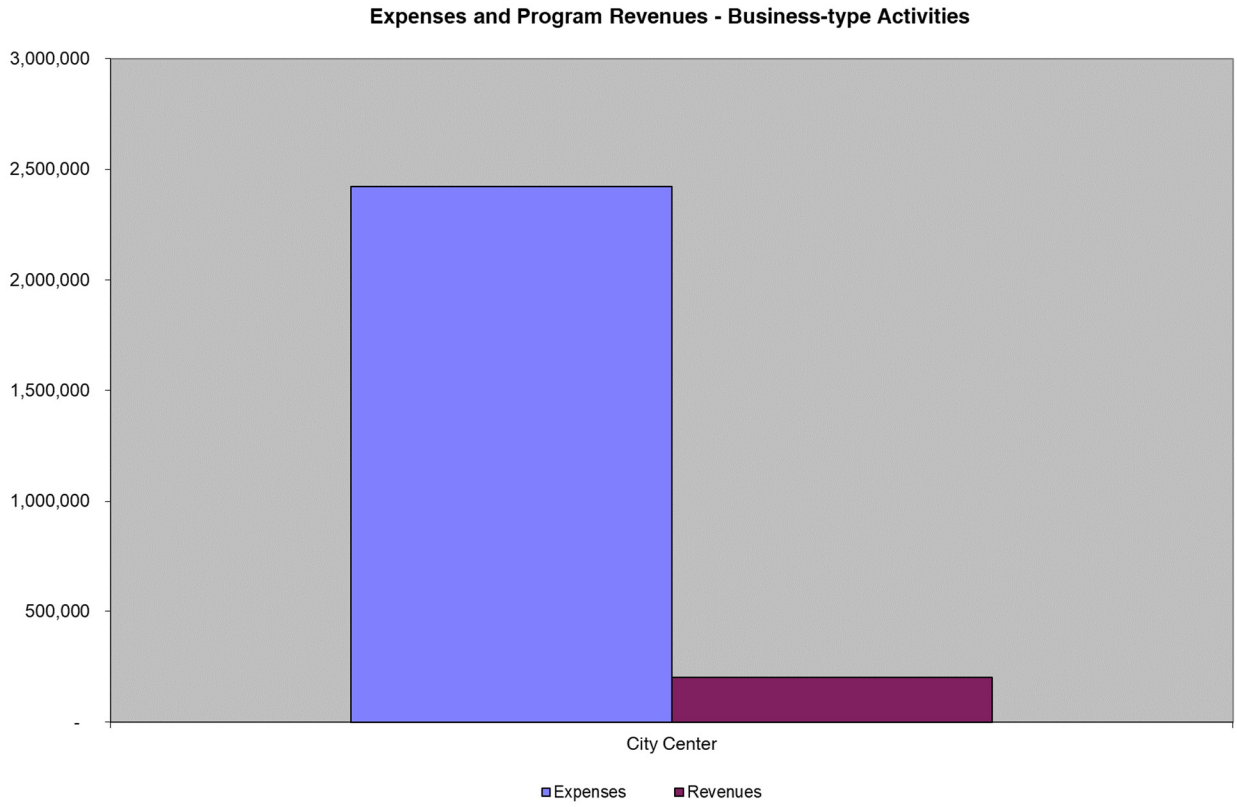
The following chart shows revenues by source for all governmental activities:



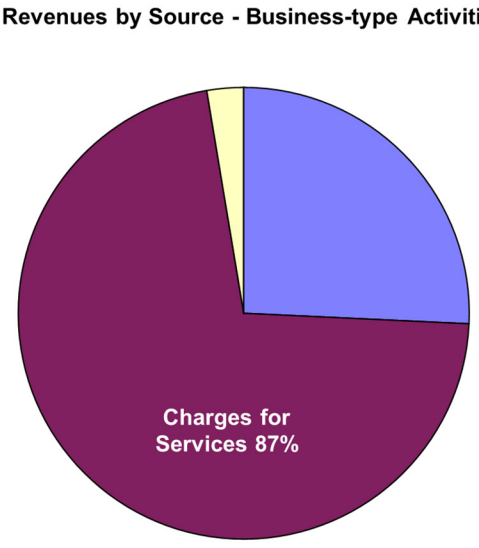
Government-Wide Financial Analysis - Continued

Business-type Activities

Business-type activities decreased the City's net position by $1,498,797.



The City Center Authority is reliant upon the hotel occupancy tax and other general revenues to fund operations. As a result of COVID-19, the City Center Authority's revenues were materially and adversely impacted.



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 $24,896,054, a decrease of $5,453,486 from the prior year. Of the total fund balance $17,960,942 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 $123,903; 2) be held for future capital improvements of $10,492,230; 3) restriction for retirement of $860,306; 4) various other restrictions set by the City Council; or is 5) not in spendable form.

The General Fund is the chief operating fund of the City. At the end of the current year, the unassigned fund balance of the General Fund was $9,228,025, while total fund balance was $13,758,013. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 21% of total General Fund expenditures, while total fund balance represents 31% of that same amount.

The overall fund balance of the City's General Fund decreased by $2,999,824 during the current year. Key factors in this decrease are approximated as follows:

General Fund Revenues

1. Sales tax decreased from 2019 by 18%. 2020 sales tax collections were $11,074,000, a $2,369,000 decrease from 2019 actual collection. Sales tax collections were strained by the pandemic restrictions. 2020 had the lowest sales tax collections in 7 years. The 2020 adopted budget was $13,550,000, and was revised down to $10,281,000, so the City exceeded the revised budget by $793,000.
2. Hotel Room Occupancy Tax decreased by 60% as a result of decreased travel during the pandemic. 2020 actual collections were $267,000, a decrease of $396,000 from 2019. 2020 budget was $676,000. This is the lowest occupancy tax has been in 18 years.
3. Utilities Gross Receipts Tax decreased from 2019. Amounts received were $387,000 in 2020 and $408,000 in 2019. Receipts were $13,000 less than budgeted in 2020.
4. Franchise Fees decreased during 2020 by 4%. Actual receipts of $557,000 exceeded the adopted budget by $4,000.
5. Ambulance Fees decreased in 2020 by $91,000. $1,034,000 was collected, an 8% decrease from 2019. Actual amounts were less than the 2020 budget by $281,000.
6. Admission Tax was $-0- during 2020 as a result of the Saratoga Race Course not admitting spectators in 2020. $723,300 was budgeted for 2020 and in 2019 the City received $429,000.
7. VLT Aid was $1,860,000 in 2020, a decrease of $465,000 or 20% from 2019. The amount budgeted for 2020 was $2,325,592.
8. Mortgage Tax receipts decreased in 2020. Actual receipts for 2020 were $1,535,000, 3% less than 2019. The budget for 2020 was $1,600,000.
9. Overall, total general fund revenues in 2020 were $5 million less than 2019. Total revenues for the General Fund were $41.3 million, $5.65 million less than revised budget. Total revenues have not been this low since 2014.

Financial Analysis of the City's Funds - Continued

Governmental Funds - Continued

General Fund Expenses

1. Health insurance costs were $7,188,000 in 2020. This was a decrease of 1% from 2019. 2020 actual expenses were $611,000 less than the revised budget. This expense represents 16% of the General Fund expense budget.
2. Retirement costs increased 5.3%. 2020 total actual retirement expenses were $4,533,000 and were $49,000 less than budgeted.
3. Social Security expenses in 2020 were $1,681,000, $189,000 less than budgeted and $79,000 less than last year. Savings in social security were the result of voluntary furloughs.
4. Utility costs were budgeted for $580,000 and actual expenses were $553,000. Actual expenses in 2020 were $72,000 more than fiscal year 2019.
5. Overtime costs totaled $795,000 in 2020 which was a 38% decrease from 2019. Overtime was originally budgeted as $1,170,000, and later revised down to $922,000 for 2020.
6. Sick leave payments to employees who separate from the City were $302,000, a $50,000 decrease from 2019. These expenses will fluctuate from year to year based on the number of retirements.
7. Payments for compensatory time amounted to $431,000, a 30% decrease from 2019. Compensatory time pay outs were originally budgeted for $691,000 and later revised to $433,000.
8. Total personal services costs (excluding social security) were $918,000 less than in 2019. This was primarily the result of voluntary furloughs.
9. Total General Fund expenses were $2.8 million less than 2019, $7.4 million less than the adopted budget, and $3.8 million less than the revised budget. It is important to note that $1.3 million was encumbered at year end. Encumbrances are goods or services which are ordered or committed to in 2020 but will be received and paid for in 2021. 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, 2020, amounts to $51,687,366 (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.

Capital Asset and Debt Administration - Continued

Capital Assets - Continued

	December 31,					
	Governmental Activities		Component Unit		Totals	
	2020	2019	2020	2019	2020	2019
Land	$ 5,980,761	$ 5,653,781	$ -	$ 325,841	$ 5,980,761	$ 5,979,622
Buildings	40,734,121	27,132,531	31,979,787	15,455,423	72,713,908	42,587,954
Improvements	21,106,751	16,552,692	-	4,488,272	21,106,751	21,040,964
Machinery, equipment, and vehicles	22,446,622	19,876,878	184,691	2,007,829	22,631,313	21,884,707
Infrastructure	77,076,775	57,977,379	-	19,040,909	77,076,775	77,018,288
Work in progress	15,559,077	13,912,506	-	2,006,507	15,559,077	15,919,013
Totals	182,904,107	141,105,767	32,164,478	43,324,781	215,068,585	184,430,548
Accumulated depreciation	80,814,734	61,003,272	4,955,127	19,376,715	85,769,861	80,379,987
Capital assets net of accumulated depreciation	**$ 102,089,373**	**$ 80,102,495**	**$ 27,209,351**	**$ 23,948,066**	**$ 129,298,724**	**$ 104,050,561**

Additional information on the City's capital assets can be found in Note 1i on pages 31 through 32 and Note 3c on pages 39 through 40 of this report.

Long-Term Debt

At the end of the current year, the City had total bonded debt outstanding of $71,583,164. In addition, the City's City Center Authority had total construction related debt outstanding of $9,835,936 at December 31, 2020.

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 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 $91,782,158, 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 2020. 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.

Capital Asset and Debt Administration - Continued

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, 2020		
	Governmental Activities	Component Unit	Total
CURRENT ASSETS			
Cash and cash equivalents	$ 18,694,299	$ 110,941	$ 18,805,240
Cash and cash equivalents, restricted	13,845,717	1,250,858	15,096,575
Receivables, net	16,666,615	161,437	16,828,052
Inventory	45,380	-	45,380
Prepaid expenses	-	67,451	67,451
Internal balances	11,467	(11,467)	-
Due from custodial fund	98	-	98
Accrued interest receivable	3,621	-	3,621
Total current assets	49,267,197	1,579,220	50,846,417
NONCURRENT ASSETS			
Nondepreciable capital assets	21,539,838	-	21,539,838
Depreciable capital assets	80,549,535	27,209,351	107,758,886
Total assets	151,356,570	28,788,571	180,145,141
DEFERRED OUTFLOWS OF RESOURCES			
OPEB deferrals	27,543,006	19,243	27,562,249
Pension deferrals	20,899,311	491,949	21,391,260
Deferred refunding charges	980,477	-	980,477
Total assets and deferred outflows of resources	200,779,364	29,299,763	230,079,127
CURRENT LIABILITIES			
Accounts payable and other current liabilities	2,891,029	1,484,767	4,375,796
Deposits payable	973,420	-	973,420
Accrued interest payable	433,050	-	433,050
Tax anticipation notes payable	11,300,000	-	11,300,000
Current maturities on long-term liabilities	4,297,733	-	4,297,733
Total current liabilities	19,895,232	1,484,767	21,379,999
NONCURRENT LIABILITIES			
Bonds payable	70,284,924	-	70,284,924
Capital lease obligations	89,517	-	89,517
Construction loan	-	9,835,936	9,835,936
Compensated absences	4,039,589	-	4,039,589
Other postemployment benefits	136,455,390	125,040	136,580,430
Claims payable	2,441,880	-	2,441,880
Net pension liability	29,151,283	694,083	29,845,366
Total liabilities	262,357,815	12,139,826	274,497,641
DEFERRED INFLOWS OF RESOURCES			
OPEB deferrals	13,406,132	13,487	13,419,619
Pension deferrals	1,587,164	14,657	1,601,821
Total liabilities and deferred inflows of resources	277,351,111	12,167,970	289,519,081
NET POSITION (DEFICIT)			
Net investment in capital assets	34,313,951	17,373,415	51,687,366
Restricted for			
Capital improvements	872,115	1,250,858	2,122,973
Capital projects	10,216,685	-	10,216,685
Debt service	1,765,691	-	1,765,691
Tax stabilization reserve	513	-	513
Retirement reserve	860,306	-	860,306
Insurance reserve	128,428	-	128,428
Special district	1,979	-	1,979
Unrestricted (deficit)	(124,731,415)	(1,492,480)	(126,223,895)
Total net position (deficit)	**$ (76,571,747)**	**$ 17,131,793**	**$ (59,439,954)**

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

Government-Wide Financial Statements
Statement of Activities

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Component Unit	Total
	Year Ended December 31, 2020						
GOVERNMENTAL ACTIVITIES							
General governmental support	$ 12,667,578	$ 922,509	$ 42,450	$ -	$ (11,702,619)	$ -	$ (11,702,619)
Public safety	29,743,968	204,934	177,277	3,873	(29,357,884)	-	(29,357,884)
Health	129,909	1,105,996	-	-	976,087	-	976,087
Transportation	7,579,361	111,922	-	1,367,270	(6,100,169)	-	(6,100,169)
Economic opportunity and development	295,053	142,321	400,180	-	247,448	-	247,448
Culture and recreation	2,671,545	543,337	6,825	-	(2,121,383)	-	(2,121,383)
Home and community service	11,240,551	8,458,486	-	510,809	(2,271,256)	-	(2,271,256)
Interest on long-term debt	1,996,783	-	-	-	(1,996,783)	-	(1,996,783)
Total governmental activities	66,324,748	11,489,505	626,732	- 1,881,952	(52,326,559)	-	(52,326,559)
Component Unit							
City Center Authority	2,420,303	202,642	-	-	-	(2,217,661)	(2,217,661)
Total government	**$ 68,745,051**	**$ 11,692,147**	**$ 626,732**	**$ 1,881,952**	**(52,326,559)**	**$ (2,217,661)**	**$ (54,544,220)**
GENERAL REVENUES							
Real property taxes and related tax items					24,848,819	-	24,848,819
Non-property taxes					12,770,585	563,904	13,334,489
Other general revenue items					5,322,777	-	5,322,777
Interest earnings					67,419	20,660	88,079
State aid and mortgage taxes not restricted to specific purposes					2,854,668	-	2,854,668
Total general revenues					45,864,268	584,564	46,448,832
TRANSFERS							
Transfer from governmental activities to component unit					(134,300)	134,300	-
Total general revenues and transfers					45,729,968	718,864	46,448,832
CHANGES IN NET POSITION (DEFICIT)					**(6,596,591)**	**(1,498,797)**	**(8,095,388)**
NET POSITION (DEFICIT), *beginning of year, as restated*					(69,975,156)	18,630,590	(51,344,566)
NET POSITION (DEFICIT), *end of year*					**$ (76,571,747)**	**$ 17,131,793**	**$ (59,439,954)**

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

Fund Financial Statements
Balance Sheet - Governmental Funds

	December 31, 2020				
	Major Funds				
	General	Capital Projects	Other Governmental Funds	Eliminations	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 17,920,456	$ -	$ 773,843	$ -	$ 18,694,299
Cash and cash equivalents, restricted	1,861,362	6,447,905	5,536,450	-	13,845,717
Receivables, net	6,338,822	760,980	2,860,175	-	9,959,977
Receivables from other governments	3,153,886	3,417,322	135,430	-	6,706,638
Prepaid expenditures	1,078,569	-	55,718	-	1,134,287
Inventory	-	-	45,380	-	45,380
Due from custodial fund	98	-	-	-	98
Due from other funds	3,570,307	806,505	941,603	(5,305,709)	12,706
Total assets	**$ 33,923,500**	**$ 11,432,712**	**$ 10,348,599**	**$ (5,305,709)**	**$ 50,399,102**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	$ 957,656	$ 940,554	$ 235,705	$ -	$ 2,133,915
Tax anticipation notes payable	11,300,000	-	-	-	11,300,000
Due to other funds	5,135	2,952,675	2,349,138	(5,305,709)	1,239
Deposits payable	973,420	-	-	-	973,420
Due to other governments	754,596	-	2,518	-	757,114
	13,990,807	3,893,229	2,587,361	(5,305,709)	15,165,688
Deferred inflows of resources					
Unavailable tax resources	2,641,871	-	-	-	2,641,871
Other unavailable resources	3,532,809	3,384,491	778,189	-	7,695,489
	6,174,680	3,384,491	778,189	-	10,337,360
Total liabilities and deferred inflows of resources	20,165,487	7,277,720	3,365,550	(5,305,709)	25,503,048
Fund balances					
Nonspendable	1,078,569	-	101,098	-	1,179,667
Restricted for					
Capital improvements	872,115	-	3,172,210	-	4,044,325
Capital projects	-	6,447,905	-	-	6,447,905
Waterline extensions	-	-	596,570	-	596,570
Tax stabilization reserve	513	-	-	-	513
Retirement reserve	860,306	-	-	-	860,306
Insurance reserve	128,428	-	-	-	128,428
Other restrictions	-	-	1,391,417	-	1,391,417
Assigned for					
Encumbrances	123,903	-	-	-	123,903
2021 budget	1,466,154	-	-	-	1,466,154
Special district purposes	-	-	2,535,992	-	2,535,992
Unassigned	9,228,025	(2,292,913)	(814,238)	-	6,120,874
Total fund balances	13,758,013	4,154,992	6,983,049	-	24,896,054
Total liabilities, deferred inflows of resources and fund balances	**$ 33,923,500**	**$ 11,432,712**	**$ 10,348,599**	**$ (5,305,709)**	**$ 50,399,102**

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, 2020
Total fund balances in the fund financial statements for the governmental funds.	$ 24,896,054
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.	102,089,373
Accrued interest on property, school taxes, and community development loans on receivables for revenues earned, measurable, but not available are added.	3,621
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.	10,337,360
Deferred outflows and inflows for pensions are included in the government-wide statements and are added:	
Prepaid expenditures - pension contributions	(1,134,287)
Deferred outflows - pension resources	20,899,311
Deferred inflows - pension resources	(1,587,164)
Deferred outflows and inflows for OPEB are included in the government-wide statements and are added:	
Deferred outflows - OPEB resources	27,543,006
Deferred inflows - OPEB resources	(13,406,132)
Long-term liabilities for bonded debt are included as liabilities in the government-wide statements and are deducted.	(74,047,871)
The difference between the bond reacquisition price and the net carrying amount of the bond is deferred and amortized to interest expense.	980,477
Long-term liabilities for the lease obligations by the City are included as liabilities in the government-wide statements and are deducted.	(175,456)
Long-term liabilities for other postemployment benefit obligations of the City are included as liabilities in the government-wide statements and are deducted.	(136,455,390)
Long-term liabilities for pension obligations by the City are included as liabilities in the government-wide statements and are deducted.	(29,151,283)
Liabilities for compensated absences are included in the government-wide statements and are deducted.	(4,488,436)
Liabilities for claims against the City 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 deficit of governmental activities	**$ (76,571,747)**

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, 2020			
	Major Funds		Other Governmental Funds	Total Governmental Funds
	General	Capital Projects		
REVENUES				
Real property taxes and related tax items	$ 16,431,065	$ -	$ 3,905,879	$ 20,336,944
Non-property taxes	12,770,585	-	-	12,770,585
Water charges	-	-	3,652,468	3,652,468
Sewer charges	-	-	4,498,545	4,498,545
Departmental income	2,159,720	-	142,321	2,302,041
Intergovernmental charges	344,922	12,500	-	357,422
Use of money and property	305,706	7,829	9,935	323,470
Licenses and permits	390,688	-	-	390,688
Fines and forfeitures	378,556	-	-	378,556
Sale of property and compensation for loss	1,925,626	759,688	76,168	2,761,482
Miscellaneous	2,135,343	62,513	1,035,792	3,233,648
State aid	4,245,470	501,719	-	4,747,189
Federal aid	135,377	59,016	393,080	587,473
Total revenues	41,223,058	1,403,265	13,714,188	56,340,511
EXPENDITURES				
General governmental support				
Mayor	980,664	-	-	980,664
Finance	2,679,526	-	-	2,679,526
Public Works	4,472,568	-	-	4,472,568
Accounts	1,283,248	-	-	1,283,248
Civil Service	303,064	-	-	303,064
Other general governmental support	1,001,393	-	134,924	1,136,317
Public safety				
Police	12,105,689	-	-	12,105,689
Fire	10,033,673	-	-	10,033,673
Other public safety	3,349,511	-	-	3,349,511
Health	111,324	-	-	111,324
Transportation	3,769,629	-	-	3,769,629
Economic opportunity and development	228,945	-	23,899	252,844
Culture and recreation	2,289,361	-	-	2,289,361
Home and community service	1,278,672	-	8,353,835	9,632,507
Debt service				
Principal	82,505	-	3,184,826	3,267,331
Interest	9,787	-	2,169,778	2,179,565
Capital outlay				
Public Works	-	539,447	-	539,447
Other general governmental support	-	4,535,430	-	4,535,430
Police	-	433,901	-	433,901
Fire	-	108,091	-	108,091
Other public safety	-	55,051	-	55,051
Transportation	-	3,528,876	-	3,528,876
Culture and recreation	-	546,098	-	546,098
Home and community service	-	670,434	-	670,434
Total expenditures	43,979,559	10,417,328	13,867,262	68,264,149
Deficiency of revenues over expenditures	**(2,756,501)**	**(9,014,063)**	**(153,074)**	**(11,923,638)**
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	7,428,164	6,180,000	13,608,164
Repayments to escrow agent	-	-	(7,003,712)	(7,003,712)
Interfund transfers in	90,977	200,000	68,685	359,662
Interfund transfers out	(334,300)	(19,182)	(140,480)	(493,962)
Total other financing sources (uses)	(243,323)	7,608,982	(895,507)	6,470,152
NET CHANGE IN FUND BALANCES	**(2,999,824)**	**(1,405,081)**	**(1,048,581)**	**(5,453,486)**
FUND BALANCES, *beginning of year, as restated*	16,757,837	5,560,073	8,031,630	30,349,540
FUND BALANCES, *end of year*	**$ 13,758,013**	**$ 4,154,992**	**$ 6,983,049**	**$ 24,896,054**

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, 2020
Net change in fund balances shown for total governmental funds		$ (5,453,486)
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	10,795,377	
Depreciation expense	(3,558,481)	7,236,896
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 and refunding of bond principal	3,914,804	
Amortization of bond premiums	143,436	
Long-term debt proceeds	(7,428,164)	(3,369,924)
Refunding bonds were issued at a premium that will be amortized into interest expense. Amounts placed into escrow to pay principal and interest on the refunded bonds in excess of book value are reported as deferred outflows of resources and amortized into interest expense.		
Premiums on refunding bonds	(912,214)	
Deferred charges on refunding bonds	93,733	(818,481)
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	(68,950)	
Accrued interest payable	108,296	
Net pension liability, net of deferrals	(7,607,463)	
Capital lease obligations	82,505	
Compensated absences	27,698	
Other postemployment benefits, net of deferrals	(1,167,840)	(8,625,754)
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	(77,715)	
Unavailable revenues	4,511,873	4,434,158
Change in net position of governmental activities		**$ (6,596,591)**

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

Fund Financial Statements
Statement of Fiduciary Net Position - Custodial Funds

	December 31, 2020	
	Custodial Fund	Private Purpose Trust
ASSETS		
Cash and cash equivalents	$ 829,950	$ 38,252
LIABILITIIES		
Due to other funds	98	-
NET POSITION		
Restricted		
Building and zoning escrow	829,852	-
Congress Park veterans' memorial	-	38,252
	$ 829,852	**$ 38,252**

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

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

	Year Ended December 31, 2020	
	Custodial Fund	Private Purpose Trust
ADDITIONS		
Building and zoning escrow	$ 312,699	$ -
Private donations	-	550
Interest earnings	-	38
Total additions	312,699	588
DEDUCTIONS		
Building and zoning escrow	601,389	-
Culture and recreation	-	289
Total deductions	601,389	289
CHANGE IN NET POSITION	**(288,690)**	**299**
NET POSITION, *beginning of year, as restated*	1,118,542	37,953
NET POSITION, *end of year*	**$ 829,852**	**$ 38,252**

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

Component Unit Financial Statements
Statement of Net Position - Proprietary Fund

	December 31, 2020
	City Center Authority
ASSETS	
Current assets	
Cash and cash equivalents	$ 110,941
Cash and cash equivalents, restricted	1,250,858
Due from governmental funds	1,239
Receivables	161,437
Prepaid expenses	67,451
Total current assets	1,591,926
Noncurrent assets	
Depreciable capital assets	27,209,351
Total assets	28,801,277
DEFERRED OUTFLOWS OF RESOURCES	
OPEB deferrals	19,243
Pension deferrals	491,949
Total deferred outflows of resources	511,192
Total assets and deferred outflows of resources	29,312,469
LIABILITIES	
Current liabilities	
Accounts payable and other current liabilities	1,484,767
Due to governmental funds	12,706
Total current liabilities	1,497,473
Noncurrent liabilities	
Construction loan	9,835,936
Other postemployment benefits	125,040
Net pension liability	694,083
Total liabilities	12,152,532
DEFERRED INFLOWS OF RESOURCES	
OPEB deferrals	13,487
Pension deferrals	14,657
Total deferred inflows of resources	28,144
Total liabilities and deferred inflows of resources	12,180,676
NET POSITION	
Investment in capital assets, net of related debt	17,373,415
Restricted for capital improvements	1,250,858
Unrestricted (deficit)	(1,492,480)
Total net position	**$ 17,131,793**

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

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

	Year Ended December 31, 2020
	City Center Authority
OPERATING REVENUES	
Facility charges	$ 202,642
OPERATING EXPENSES	
Costs of sales and services	562,544
Administration	1,070,722
Depreciation	645,829
Total operating expenses	2,279,095
Operating loss	**(2,076,453)**
NONOPERATING REVENUES (EXPENSES)	
Hotel occupancy tax	563,904
Interest and earnings	20,660
Interest expense	(141,208)
Total nonoperating revenues (expenses)	443,356
Loss before transfers	**(1,633,097)**
Transfer from governmental funds	134,300
CHANGE IN NET POSITION	**(1,498,797)**
NET POSITION, *beginning of year*, *as restated*	18,630,590
NET POSITION , *end of year*	**$ 17,131,793**

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

Component Unit Financial Statements
Statement of Cash Flows - Proprietary Fund

	Year Ended December 31, 2020 City Center Authority
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	
Charges for services	$ 355,528
Payments to contractors and suppliers	(888,151)
Payments to employees, payroll taxes and benefits	(911,708)
	(1,444,331)
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(15,261,948)
Proceeds on construction loan	9,785,936
Interest paid	(141,208)
	(5,617,220)
CASH FLOWS PROVIDED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Hotel occupancy tax	563,904
Transfers and other	145,000
	708,904
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	
Interest received	**20,660**
Net decrease in cash and cash equivalents	**(6,331,987)**
CASH AND CASH EQUIVALENTS, *beginning of year*	7,693,786
CASH AND CASH EQUIVALENTS, *end of year*	**$ 1,361,799**
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating loss	$ (2,076,453)
Depreciation	645,829
(Increase) decrease in	
Receivables	152,886
Prepaid expenses	(55,879)
Deferred outflows of resources, pension deferrals	(301,289)
Deferred outflows of resources, OPEB deferrals	(10,505)
Increase (decrease) in	
Accounts payable and other current liabilities	(269,727)
Deferred inflows of resources, pension deferrals	(49,108)
Deferred inflows of resources, OPEB deferrals	(2,991)
Net pension liability	509,700
Other postemployment benefits	13,206
Net cash provided (used) by operating activities	**$ (1,444,331)**

See accompanying Notes to Financial Statements.

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.

Included in the report entity:

Saratoga Springs City Center Authority

The Saratoga Springs City Center Authority (City Center) was created by New York State under Section 2490-C of Public Authorities Law. The City Center board of trustees consists of a chairman and six other members, all of whom are appointed by the mayor of the City, with the consent of city council.

The Mayor, or their designee serves as an ex officio, nonvoting member of the board of trustees while in office. The City Center was created for the purposes of designing, constructing and operating a convention center with the City, which includes bonding authority separate from the City. The Authority is exempt from taxes. The City has determined that the City Center should be included in its reporting entity as a discretely presented component unit. Prior to 2020, the City Center was reported as an enterprise fund within the business-type activities.

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

a. Reporting Entity - Continued

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.

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."

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

b. Government-wide and Fund Financial Statements - Continued

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.

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.

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

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

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 outflows 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:

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.

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

d. Fund Accounting - Continued

Fund Types - Continued

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 City reports the following special revenues funds:

- 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 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.
- 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.
- 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.

The *Proprietary Fund* represents the City's business-type activity and includes the City's enterprise fund. The enterprise fund is 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. The enterprise fund distinguishes 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 fund:

i. The *City Center Authority Fund* (Authority), the discretely presented component unit, accounts for the day-to-day business operations of the convention and tourism 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.

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

e. Fund Accounting - Continued

Fund Types - Continued

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 a custodial fund 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.

f. 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.

g. Interfund Receivables/Payables

During the year, transactions often occur between the various funds. Transactions considered loans or advances to be repaid are recorded as current assets and liabilities in the fund financial statements as either "due to or due from other funds." In the government-wide financial statements, amounts due to and from the same activities are eliminated. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

h. Receivables

All property and school tax receivables are shown net of an allowance for uncollectibles. The property and school tax receivables allowance is equal to 6% of outstanding property and school taxes at December 31, 2020. Water and sewer rents not collected by year end are relieved on the subsequent year's tax roll.

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

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 $109,400 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.

i. 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.

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

j. 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 activity 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:

Assets	Years
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, 2020.

k. Net Position

Net position is reported as restricted when constraints placed on net position use are either:

(i.) Externally imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments; or

(ii.) 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.

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

k. Net Position - Continued

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.

l. 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.

The City's fund balance policy is set by the City 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 City Council. The City 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 City Council.

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

m. 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.

n. 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.

o. 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.

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.

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

p. Adoption of New Accounting Standard

During 2020, the City adopted the provisions of GASB Statement No. 84, Fiduciary Activities. This statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus of this 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.

As a result of the adoption of this statement, the City now reports its fiduciary activities within a custodial fund and no longer reports a trust and agency fund. The City's custodial fund includes a statement of net position and statement of changes in net position. Opening adjustments to governmental fund balance sheets and the custodial fund statement of changes in fiduciary net position were as follows:

	As Originally Stated January 1, 2020	Adoption of GASB 84	As Adjusted January 1, 2020
Custodial Fund			
Assets	$ -	$ 1,118,542	$ 1,118,542
Net position	-	1,118,542	1,118,542
General Fund			
Assets	23,628,073	876,678	24,504,751
Liabilities	1,541,635	876,678	2,418,313
Agency Fund			
Assets	1,995,220	(1,995,220)	-
Liabilities	1,995,220	(1,995,220)	-

q. Change in Accounting Principle and Correction of a Misstatement

Effective January 1, 2020, the City changed its accounting principle related to reporting the activities of the Water and Sewer Funds.

The Water and Sewer Funds are supported by user charges to sustain operations. In addition, the City is reliant on Federal and State grants to assist in financing critical Water and Sewer Fund infrastructure requirements. Management and those charged with governance determined accounting for Water and Sewer related activities within the City's governmental activities provides a more accurate representation of the structure and intent, given these activities are partially funded by general government resources and the City's current rate structure does not provide the necessary resources to fund all capital and employee benefit obligations of the Water and Sewer Funds. Accordingly, effective January 1, 2020, all assets, deferred outflows of resources, liabilities, deferred inflows of resources, net deficits and results of operations of the Water and Sewer Funds are reported within the City's governmental activities.

In addition, the City improperly reported capital expenditures related to the City Center Authority buildings and improvements as expenses during the year ended December 31, 2019.

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

q. Change in Accounting Principle and Correction of a Misstatement - Continued

A summary of the impact of the changes in accounting principles and the correction of an error on the January 1, 2020 Water Fund, Sewer Fund, City Center Authority and the Government-Wide Governmental Activities' and Business-Type Activity Statement of Net Position is as follows:

	As Originally Stated January 1, 2020	Change Accounting Principle	Correction of a Misstatement	As Adjusted January 1, 2020
Water Fund				
Receivables, net	$ 1,489,075	$ (310,129)	$ -	$ 1,178,946
Prepaid expenses/expenditures	2,440	30,891	-	33,331
Capital assets	11,069,423	(11,069,423)	-	-
Pension deferred outflows of resources	231,447	(231,447)	-	-
OPEB deferred outflows of resources	244,922	(244,922)	-	-
Accrued interest payable	86,825	(86,825)	-	-
Bonds payable	13,181,407	(13,181,407)	-	-
Other postemployment benefits	3,592,857	(3,592,857)	-	-
Net pension liability	223,826	(223,826)	-	-
Compensated absences	50,592	(50,592)	-	-
Other unavailable deferred inflows of resources	-	156,959	-	156,959
Pension deferred inflows of resources	77,406	(77,406)	-	-
OPEB deferred inflows of resources	525,083	(525,083)	-	-
Net position/fund balance	(1,293,282)	5,756,007	-	4,462,725
Sewer Fund				
Receivables, net	1,932,281	(437,297)	-	1,494,984
Prepaid expenses/expenditures	2,262	22,596	-	24,858
Capital assets	3,680,559	(3,680,559)	-	-
Pension deferred outflows of resources	169,296	(169,296)	-	-
OPEB deferred outflows of resources	119,503	(119,503)	-	-
Accrued interest payable	21,471	(21,471)	-	-
Bonds payable	2,662,992	(2,662,992)	-	-
Other postemployment benefits	2,424,895	(2,424,895)	-	-
Net pension liability	163,722	(163,722)	-	-
Compensated absences	33,524	(33,524)	-	-
Other unavailable deferred inflows of resources	-	150,842	-	150,842
Pension deferred inflows of resources	56,620	(56,620)	-	-
OPEB deferred inflows of resources	355,160	(355,160)	-	-
Net position/fund balance	(64,672)	1,183,483	-	1,118,811
Governmental Activities				
Cash and cash equivalents, restricted	14,379,513	3,260,624	-	17,640,137
Receivables, net	9,050,438	3,421,356	-	12,471,794
Inventory	-	70,114	-	70,114
Prepaid expenses	-	4,702	-	4,702
Internal balances	91,579	(89,573)	-	2,006
Capital assets	80,102,495	14,749,982	-	94,852,477
Pension deferred outflows of resources	8,802,350	400,743	-	9,203,093
OPEB deferred outflows of resources	6,667,546	364,425	-	7,031,971
Accounts payable and other current liabilities	4,733,058	83,947	-	4,817,005
Accrued interest payable	433,050	108,296	-	541,346
Bonds payable	53,921,334	15,844,399	-	69,765,733
Other postemployment benefits	105,788,178	6,017,752	-	111,805,930
Net pension liability	8,339,785	387,548	-	8,727,333
Compensated absences	4,432,016	84,116	-	4,516,132
Pension deferred inflows of resources	3,707,694	134,026	-	3,841,720
OPEB deferred inflows of resources	15,496,474	880,243	-	16,376,717
Net position	(68,617,202)	(1,357,954)	-	(69,975,156)

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

r. Change in Accounting Principle and Correction of a Misstatement - Continued

	As Originally Stated January 1, 2020	Change Accounting Principle	Correction of a Misstatement	As Adjusted January 1, 2020
Business-Type Activities				
Cash and cash equivalents, restricted	10,603,481	(3,260,624)	-	7,342,857
Receivables, net	3,736,918	(3,421,356)	-	315,562
Inventory	70,114	(70,114)	-	-
Prepaid expenses	16,274	(4,702)	-	11,572
Internal balances	(91,579)	89,573	-	(2,006)
Capital assets	25,331,603	(14,749,982)	2,011,611	10,581,621
Pension deferred outflows of resources	591,403	(400,743)	-	190,660
OPEB deferred outflows of resources	373,163	(364,425)	-	8,738
Accounts payable and other current liabilities	1,838,441	(83,947)	-	1,754,494
Accrued interest payable	108,296	(108,296)	-	-
Bonds payable	15,844,399	(15,844,399)	-	-
Other postemployment benefits	6,129,586	(6,017,752)	-	111,834
Net pension liability	571,931	(387,548)	-	184,383
Compensated absences	84,116	(84,116)	-	-
Pension deferred inflows of resources	197,791	(134,026)	-	63,765
OPEB deferred inflows of resources	896,721	(880,243)	-	16,478
Net position	15,261,025	1,357,954	2,011,611	18,630,590
City Center Authority - Component Unit				
Capital assets	-	10,581,621	2,011,611	12,593,232
Net position	-	16,618,979	2,011,611	18,630,590

s. Subsequent Events

The City has evaluated subsequent events for potential recognition or disclosure through September 8 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.

Note 2 - Stewardship, Compliance, and Accountability - Continued

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

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

Note 3 - Detailed Notes on all Funds

a. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits, time deposits, and short-term investments with a maturity date within three months of the date acquired by the City and cash on hand.

The City's investment policies are governed by New York State statutes. In addition, the City has its own investment policy. In accordance with New York State statutes and the City's investment policy, City monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The City is authorized to use demand deposits, time deposits, and certificates of deposit. Permissible investments include obligations of the United States Treasury and United States agencies, and obligations of New York State or its localities. When applicable, the City values investment securities at fair value.

Collateral

New York State statutes require the City to collateralize its cash deposits in excess of the FDIC limit of $250,000. This collateral must be in the form of state and local government securities held in trust for and pledged to secure the City's deposits. The City's deposits were adequately insured or collateralized as of December 31, 2020.

Cash, Cash Equivalents, and Investments, Restricted

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

Capital improvements	$ 872,115
Capital projects	10,216,685
Debt service	1,765,691
Tax stabilization reserve	513
Retirement reserve	860,306
Insurance reserve	128,428
Special district	1,979
Total restricted cash and cash equivalents	$ 13,845,717

Note 3 - Detailed Notes on all Funds - Continued

a. Cash, Cash Equivalents, and Investments - Continued

Cash, Cash Equivalents, and Investments, Restricted - Continued

Restricted cash and cash equivalents for business-type activities are comprised of City Center capital improvements and total $1,250,858 at December 31, 2020.

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:

	Governmental Activities			Business-Type Activity	
Receivables	General	Capital	Other Governmental Funds	City Center Authority	Total
City and county taxes	$ 999,803	$ -	$ -	$ -	$ 999,803
School taxes	728,436	-	-	-	728,436
Tax sales	2,173,567	-	-	-	2,173,567
Water rents	-	-	1,265,357	-	1,265,357
Sewer rents	-	-	1,513,066	-	1,513,066
Accounts	2,437,016	760,980	599	1,145	3,199,740
Rehabilitation loans	-	-	190,547	-	190,547
State and federal	2,960,014	3,404,822	128,330	-	6,493,166
Other governments	193,872	12,500	7,100	160,292	373,764
Total net receivables	9,492,708	4,178,302	3,104,999	161,437	16,937,446
Allowance for uncollectible accounts	-	-	(109,394)	-	(109,394)
Total net receivables	$ 9,492,708	$ 4,178,302	$ 2,995,605	$ 161,437	$ 16,828,052

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

Receivables, net of allowances	
Governmental activities	$ 16,666,615
Business-type activity	161,437
Total	$ 16,828,052

Note 3 - Detailed Notes on all Funds - Continued

b. Capital Assets - Continued

Capital asset activity was as follows:

Governmental Activities	Balance January 1, 2020 (Restated)	Additions	Retirement Reclassifications	Balance December 31, 2020
	Year Ended December 31, 2020			
Capital assets not being depreciated				
Land	$ 5,979,622	$ 1,139	$ -	$ 5,980,761
Work in progress	18,467,683	4,942,727	(7,851,333)	15,559,077
Total capital assets not being depreciated	24,447,305	4,943,866	(7,851,333)	21,539,838
Depreciable capital assets				
Buildings	27,881,726	12,852,395	-	40,734,121
Improvements	21,040,964	65,787	-	21,106,751
Machinery, equipment, and vehicles	21,720,447	726,175	-	22,446,622
Infrastructure	77,018,288	58,487	-	77,076,775
Total depreciable capital assets	147,661,425	13,702,844	-	161,364,269
Less accumulated depreciation				
Buildings	7,743,533	485,264	-	8,228,797
Improvements	7,755,032	768,039	-	8,523,071
Machinery, equipment, and vehicles	15,648,043	1,126,623	-	16,774,666
Infrastructure	46,109,645	1,178,555	-	47,288,200
Total accumulated depreciation	77,256,253	3,558,481	-	80,814,734
Net depreciable capital assets	70,405,172	10,144,363	-	80,549,535
Total net capital assets governmental activities	$ 94,852,477	$ 15,088,229	$ (7,851,333)	$ 102,089,373

Business-type Activity	Balance January 1, 2020 (Restated)	Additions	Retirement	Balance December 31, 2020
	Year Ended December 31, 2020			
Depreciable capital assets				
Machinery, equipment, and vehicles	$ 184,691	$ -	$ -	$ 184,691
Buildings and improvements	16,717,839	15,261,948	-	31,979,787
	16,902,530	15,261,948	-	32,164,478
Less accumulated depreciation				
Machinery, equipment, and vehicles	142,354	-	-	142,354
Buildings and improvements	4,166,944	645,829	-	4,812,773
Total accumulated depreciation	4,309,298	645,829	-	4,955,127
Total net capital assets City Center	$ 12,593,232	$ 14,616,119	$ -	$ 27,209,351

Note 3 - Detailed Notes on all Funds - Continued

c. Capital Assets - Continued

Depreciation expense was charged to the City's governmental activities as follows:

Mayor	$ 35,266
Finance	33,826
DPW	1,040,625
DPS	82,541
Accounts	2,092
Other General government support	9,285
Police	154,217
Fire	218,379
Home and community service	954,378
Transportation	436,676
Culture and recreation	591,196
Total depreciation expense for governmental activities	$ 3,558,481

Depreciation expense for the City's business-type activities totaled $645,829 for the year ended December 31, 2020.

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, 2020				
	Due to Other Funds				
Due from Other Funds	General	Capital Projects	Other Governmental Funds	City Center	Custodial Fund
General Fund	$ 3,896	$ 2,011,072	$ 1,555,339	$ -	$ 98
Capital Projects	-	-	793,799	12,706	-
Other Governmental Funds	-	941,603	-	-	-
City Center	1,239	-	-	-	-
	$ 5,135	$ 2,952,675	$ 2,349,138	$ 12,706	$ 98

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

	Year Ended December 31, 2020				
	Transfers In				
Transfers Out	General	Debt Service	Capital Projects	City Center	Totals
General Fund	$ -	$ -	$ 200,000	$ 134,300	$ 334,300
Capital Projects	-	19,182	-	-	19,182
Other Governmental Funds	90,977	49,503	-	-	140,480
	$ 90,977	$ 68,685	$ 200,000	$ 134,300	$ 493,962

Note 3 - Detailed Notes on all Funds - Continued

d. Interfund Receivables, Payables, and Transfers - Continued

In the government-wide statement of net position, interfund receivables and payables between governmental activities were eliminated, leaving $11,467 due to the governmental activities. In the government-wide statement of activities, interfund transfers between governmental activities were eliminated, leaving $134,300 in transfers from the business-type activities to the governmental activities.

e. Tax Anticipation Notes

The City has two tax anticipation notes that are accounted for in the General Fund. A summary of the City's tax anticipation notes are as follows:

Issue Date	Interest Rate	Balance January 1, 2020	Issued	Redemptions	Balance December 31, 2020
June 2020	0.15%	$ -	$ 6,300,000	$ -	$ 6,300,000
December 2020	0.30%	-	5,000,000	-	5,000,000
		$ -	$ 11,300,000	$ -	$ 11,300,000

f. Long-Term Liabilities

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

	Year Ended December 31, 2020				
	Balance January 1, 2020 (Restated)	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2020	Due Within On Year
Governmental activities					
Bonds payable	$ 68,069,804	$ 7,428,164	$ 3,914,804	$ 71,583,164	$ 3,533,164
Bond premiums	1,695,929	912,214	143,436	2,464,707	229,783
	69,765,733	8,340,378	4,058,240	74,047,871	3,762,947
Other non-current liabilities					
Capital lease obligations	257,961	-	82,505	175,456	85,939
Landfill liability post-closure maintenance	2,441,880	-	-	2,441,880	-
Compensated absences	4,516,132	423,917	451,613	4,488,436	448,847
Net pension liability	8,727,333	24,916,809	4,492,859	29,151,283	-
Other postemployment benefits	111,805,930	33,623,826	8,974,366	136,455,390	-
	127,749,236	58,964,552	14,001,343	172,712,445	534,786
Governmental activities long-term liabilities	$ 197,514,969	$ 67,304,930	$ 18,059,583	$ 246,760,316	$ 4,297,733

	Year Ended December 31, 2020				
	Balance January 1, 2020 (Restated)	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2020	Due Within On Year
Business-type activity					
Net pension liability	184,383	625,446	115,746	694,083	-
Construction loan	50,000	9,785,936	-	9,835,936	-
Other postemployment benefits	111,834	17,817	4,611	125,040	-
	346,217	10,429,199	120,357	10,655,059	-
Business-type activity long-term liabilities	$ 346,217	$ 10,429,199	$ 120,357	$ 10,655,059	$ -

Note 3 - Detailed Notes on all Funds - Continued

g. Indebtedness

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

In June 2020, the City issued $7,428,164 in Public Improvement Serial Bonds to finance various projects throughout the City, all related to the City's governmental activities. The Public Improvement Serial Bonds will be repaid annually starting in June 2021 through June 2042 and bear interest at fixed rates ranging from 1.400% - 2.375%.

In August 2020, the City issued $6,180,000 in Public Improvement Refunding Serial Bonds at a premium of $912,214 to refund the City's 2011 Statutory Installment Bonds and 2012 General Obligation Serial Bonds. The refunding bonds began to be repaid in October 2020 and mature in April 2039 at fixed interest rates ranging from 2.000% - 5.00%. The present value of savings of the Refunding Serial Bonds is estimated to be approximately $420,600.

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 the City's governmental activities are as follows:

Public Improvement Bonds	Issue Date	Maturity	Rate	December 31, 2020
Serial bond, general obligation	01/09	01/24	4.250%	$ 250,000
Serial bond, general obligation	12/12	12/22	2.000%	120,000
Serial bond, general obligation	04/13	06/33	3.372%	3,130,000
Serial bond, general obligation	06/14	06/34	2.810%	3,890,000
Refunding bond	12/14	02/35	2.878%	14,150,000
Serial bond, general obligation	06/15	06/40	3.310%	5,100,000
Serial bond, general obligation	06/16	06/33	2.095%	2,415,000
Serial bond, general obligation	06/17	06/40	2.489%	7,170,000
Refunding bond	07/18	07/39	3.802%	5,745,000
Serial bond, general obligation	06/18	06/42	3.097%	6,485,000
Serial bond, general obligation	06/19	06/40	2.423%	9,550,000
Serial bond, general obligation	06/20	06/42	2.050%	7,428,164
Refunding bond	08/20	04/39	3.856%	6,150,000
				$ 71,583,164

Note 3 - Detailed Notes on all Funds - Continued

g. Indebtedness - Continued

General Obligation Bonds - Continued

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

	Principal	Interest	Total
For the years ending December 31,			
2021	$ 3,533,164	$ 2,265,004	$ 5,798,168
2022	3,730,000	1,699,889	5,429,889
2023	3,700,000	1,590,530	5,290,530
2024	3,835,000	1,479,521	5,314,521
2025	3,590,000	1,370,874	4,960,874
2026 - 2030	19,910,000	5,296,044	25,206,044
2031 - 2035	18,385,000	2,781,555	21,166,555
2036 - 2040	13,270,000	891,968	14,161,968
2041 - 2042	1,630,000	27,581	1,657,581
	$ 71,583,164	$ 17,402,966	$ 88,986,130

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.

Special Assessment Debt

At December 31, 2020, the amount of special assessment debt outstanding for SAD and WASAD was $345,730 and $250,260, respectively. These amounts are reflected in the governmental activities statement of net position and included in the schedules above.

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, 2020 is $175,456.

Other liabilities include the following:

Governmental activities	January 1, 2020	Additions	Deletions	December 31, 2020
Sick time	$ 3,496,861	$ 208,402	$ 349,686	$ 3,355,577
Compensatory time	1,019,271	215,515	101,927	1,132,859
Total	$ 4,516,132	$ 423,917	$ 451,613	$ 4,488,436

Note 3 - Detailed Notes on all Funds - Continued

g. Indebtedness - Continued

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 to include an additional loan of $2,500,000.

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

The $7,500,000 construction loan bears interest at a rate of 3.73% until April 15, 2027. The $2,500,000 loan bears interest at a rate of 3.16% until April 15, 2027. Subsequent to April 15, 2027, the interest rate for the $7,500,000 and $2,500,000 construction loans 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 $7,500,000 and $2,500,000 construction loans includes a first leasehold mortgage and assignment of rents on the parking facility developed at High Rock and Maple Avenues.

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 $311,500. 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.

The parking facility was opened to customers and placed into service in November 2020.

At December 31, 2020, the City had drawn the entire $7,500,000 loan, and $2,335,936 of the $2,500,000 loan. Subsequent to year end, the City drew the remaining $164,064 of the $2,500,000 and the entire $1,000,000 loan.

Note 3 - Detailed Notes on all Funds - Continued

g. Indebtedness - Continued

Construction Loans - Continued

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.

Estimated annual debt service requirements to maturity, including the draws subsequent to year end described above, at the current interest rates on both construction loans are as follows:

	Principal	Interest	Total
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
	$ 11,000,000	$ 5,646,586	$ 16,646,586

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, 2020, 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.

h. 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.

Note 3 - Detailed Notes on all Funds - Continued

h. Pension Plans - Continued

Plan Description - Continued

System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship, and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

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

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

Plan Benefits

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

ERS

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

Note 3 - Detailed Notes on all Funds - Continued

h. Pension Plans - Continued

Plan Benefits - Continued

PFRS

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

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

Typically, the benefit for members in all Tiers within ERS and PFRS is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a Tier 1 or 2 member retirees 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.

Note 3 - Detailed Notes on all Funds - Continued

h. Pension Plans - Continued

Plan Benefits - Continued

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

Funding Policy

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

Participating employers are required under the RSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for ERS for the fiscal year ended March 31, 2020 was approximately 14.6 percent of covered payroll. The average contribution rate for PFRS for the fiscal year ended March 31, 2020 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
2020	$ 1,788,958	$ 2,819,647	$ 4,608,605
2019	1,736,306	2,590,405	4,326,711
2018	1,712,380	2,490,280	4,202,660

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 activity as indicated below. The Current PFRS contribution was charged to the General Fund.

Note 3 - Detailed Notes on all Funds - Continued

h. Pension Plans - Continued

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

At December 31, 2020, the City reported a liability of $29,151,283 in the governmental activities statement of net position and $694,083 in the business-type activity statement of net position for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2020, 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, 2020, the City's proportion was .0445009% in the Employee Retirement System and .3379136% in the Police and Fire Retirement System.

For the year ended December 31, 2020, the City recognized pension expense of $9,848,011 in the governmental activities and $238,168 in the business-type activities. At December 31, 2020, 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	$ 652,692	$ -
Change in assumptions	223,300	192,816
Net differences between projected and actual investment earnings on pension plan investments	5,685,279	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	39,026	41,376
City contributions subsequent to the measurement date	1,260,034	-
Total	$ 7,860,331	$ 234,192
PFRS		
Differences between expected and actual experience	$ 1,202,690	$ 302,524
Change in assumptions	1,543,802	-
Net differences between projected and actual investment earnings on pension plan investments	8,133,558	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	44,195	1,050,448
City contributions subsequent to the measurement date	2,114,735	-
Total	$ 13,038,980	$ 1,352,972

Note 3 - Detailed Notes on all Funds - Continued

h. Pension Plans - Continued

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

	Business-Type Activity	
ERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 40,850	$ -
Change in assumptions	13,976	12,068
Net differences between projected and actual investment earnings on pension plan investments	355,821	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,443	2,589
City contributions subsequent to the measurement date	78,859	-
Total	$ 491,949	$ 14,657

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, 2021. 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 Activity	Total
Year ending December 31,			
2021	$ 1,052,797	$ 65,891	$ 1,118,688
2022	1,605,153	100,461	1,705,614
2023	2,052,513	128,459	2,180,972
2024	1,655,642	103,622	1,759,264
Total	$ 6,366,105	$ 398,433	$ 6,764,538

	PFRS
	Governmental Activities
Year ending December 31,	
2021	$ 1,920,931
2022	2,218,278
2023	2,910,035
2024	2,464,433
2025	57,596
Total	$ 9,571,273

Note 3 - Detailed Notes on all Funds - Continued

h. Pension Plans - Continued

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	6.8 percent compounded annually, net of expenses
Decrement	Based on FY 2011-2015 experience
Mortality improvement	Society of Actuaries' Scale MP-2018

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-2018.

The actuarial assumptions used in the April 1, 2019 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, 2020 are summarized below:

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	36.00%	4.05%
International equity	14.00%	6.15%
Private equity	10.00%	6.75%
Real estate	10.00%	4.95%
Absolute return strategies	2.00%	3.25%
Opportunities portfolio	3.00%	4.65%
Real assets	3.00%	5.95%
Bonds and mortgages	17.00%	0.75%
Cash	1.00%	0.00%
Inflation indexed bonds	4.00%	0.50%
	100.00%	

Note 3 - Detailed Notes on all Funds - Continued

h. Pension Plans - Continued

Discount Rate

The discount rate used to calculate the total pension liability was 6.8%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the City's proportionate share of the net pension liability 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:

ERS	1% Decrease (5.8%)	Current Discount (6.8%)	1% Increase (7.8%)
City's proportionate share of the net pension liability			
Proprietary activities	$ 1,273,838	$ 694,083	$ 160,126
Governmental activities	20,353,305	11,090,013	2,558,482
	$ 21,627,143	$ 11,784,096	$ 2,718,608

PFRS	1% Decrease (5.8%)	Current Discount (6.8%)	1% Increase (7.8%)
City's proportionate share of the net pension liability			
Governmental activities	$ 32,293,918	$ 18,061,270	$ 5,315,611

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2020, were as follows:

	(Dollars in Thousands)		
	Employees' Retirement System	Police and Fire Retirement System	Total
Employers' total pension liability	$ 194,596,261	$ 35,309,017	$ 229,905,278
Plan net position	(168,115,682)	(29,964,080)	(198,079,762)
Employers' net pension liability	$ 26,480,579	$ 5,344,937	$ 31,825,516
Ratio of fiduciary net position to total pension liability	86.4%	84.9%	86.2%

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, 2020 actuarial measurement date is as follows:

Retirees and Survivors	254
Actives	330
Total	584

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, 2020, the City paid $2,980,106 and $4,611 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, 2020, the City reported a liability of $136,455,390 and $125,040 for its OPEB plan liability in the governmental activities and business-type activities, respectively. The OPEB plan liability was measured as of January 1, 2020 by an actuarial valuation as of that date. For the year ended December 31, 2020, the City recognized OPEB plan expense of $33,623,826 and $17,817 in the governmental activities and business-type activities, respectively. A summary of changes in the City's OPEB plan liability is as follows:

Note 4 - Postemployment Benefits Other Than Pensions

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 Activity	Total
January 1, 2020 (restated)	$ 111,805,930	$ 111,834	$ 111,917,764
Charges for the year			
Service cost	4,072,547	-	4,072,547
Interest	4,689,925	4,490	4,694,415
Change of benefit terms	(5,994,260)	-	(5,994,260)
Difference in expected and actual experience	3,107,162	2,847	3,110,009
Changes in assumptions and other inputs	21,754,192	10,480	21,764,672
Benefit payments	(2,980,106)	(4,611)	(2,984,717)
Net changes	24,649,460	13,206	24,662,666
December 31, 2020	$ 136,455,390	$ 125,040	$ 136,580,430

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan form the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 5,874,085	$ -
Changes of assumptions or other inputs	18,583,027	13,406,132
City contributions subsequent to the measurement date	3,085,894	-
Total	$ 27,543,006	$ 13,406,132

	Business-Type Activity	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 5,710	$ -
Changes of assumptions or other inputs	8,952	13,487
City contributions subsequent to the measurement date	4,581	-
Total	$ 19,243	$ 13,487

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, 2021. 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 Activity
Year ending December 31,		
2021	$ 1,485,165	$ 158
2022	1,485,165	158
2023	1,485,165	158
2024	1,514,915	161
2025	1,962,502	209
2026 and thereafter	3,118,068	331
Total	$ 11,050,980	$ 1,175

Actuarial Assumptions

The OPEB plan liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions:

Actuarial cost method	Entry age normal - level percent of pay
Measurement date	January 1, 2020
Discount rate	2.74%, 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, *Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation (September 2016)*
Retirement incidence	New York State & Local Retirement System experience, as prepared by the Department of Civil Service's actuarial consultant in the report titled, *Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation (September 2016)*
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

Note 4 - Postemployment Benefits Other Than Pensions - Continued

Actuarial Assumptions - Continued

Health care cost trend rates	To fiscal year ending	Pre-65 trend	Post-65 trend
	2021	6.25%	6.25%
	2022	6.00%	6.00%
	2023	5.86%	5.86%
	2028	5.18%	5.18%
	2033	5.18%	5.18%
	2038	5.18%	5.18%
	2048	4.98%	4.98%
	2058	4.75%	4.75%
	2068	4.42%	4.42%
	2078	3.94%	3.94%
	2088	3.94%	3.94%

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, 2020 using current health care cost trend rates as well as what the OPEB plan liability would be if it were calculated using health care cost trend rates that are 1% lower of 1% higher than the current rate:

	1% Decrease	Current Rates	1% Increase
OPEB plan liability			
Proprietary activities	$ 102,099	$ 125,040	$ 155,963
Governmental activities	111,420,171	136,455,390	170,201,101
	$ 111,522,270	$ 136,580,430	$ 170,357,064

The following presents the OPEB plan liability as of December 31, 2020 using the current discount rate of 3.78% 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:

	1% Decrease 2.78%	Current Rate 3.78%	1% Increase 4.78%
OPEB plan liability			
Proprietary activities	$ 152,055	$ 125,040	$ 104,401
Governmental activities	165,936,322	136,455,390	113,932,520
	$ 166,088,377	$ 136,580,430	$ 114,036,921

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, 2020 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	$ 92,440	$ 41,954
6/17/2003	11 Kirby Road - Kirby Village	2,761,800	6.01	16,598	4,345	12,253
8/17/2004	125 West Avenue - Westview Apartment	8,193,000	6.01	49,240	15,340	33,900
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	12,551	5,689
5/17/2016	9 Kirby Road - Kirby Village Apartments	3,223,400	6.01	19,373	4,345	15,028
6/18/2018	Intrada Apartments	12,090,000	6.08	73,507	3,259	70,248
10/1/2019	Promenade Apartments	2,000,000	6.08	12,160	2,173	9,987
		$ 69,699,300		$ 422,779	$ 134,453	$ 288,326

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 2020 annual contribution to the workers' compensation pool was $774,142.

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, 2021 through December 31, 2024.

Note 7 - Subsequent Events

In March 2021, the City issued $2,755,000 Public Improvement Refunding Serial Bonds at a premium of $292,131 to refund the City's 2013 Public Improvement Serial Bonds. The refunding bonds will be repaid annually starting in March 2021 through March 2033 at fixed interest rates ranging from 1.00% - 3.50%. The proceeds of the Public Improvement Refunding Serial Bonds were used as follows:

Sources	
Par Value of 2021 Public Improvement Refunding Serial Bonds	$ 2,755,000
Net original issue premium	292,131
	$ 3,047,131
Uses	
Deposit to escrow deposit fund	$ 2,984,081
Underwriter's discount	23,000
Cost of issuance and contingency	40,050
	$ 3,047,131

In June 2021, the City issued $6,167,823 in Public Improvement Serial Bonds to finance various projects throughout the City. The Public Improvement Serial Bonds will be repaid annually starting in June 2022 through June 2043 and bear interest at fixed rates ranging from 2.00% - 2.25%.

Note 8 - Accounting Standards Issued But Not Yet Implemented

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.

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. 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 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.

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

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

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, 2020			
	Budgeted Amounts		Actual Amounts	Variance with Revised - Positive (Negative)
	Adopted	Revised		
REVENUES				
Real property taxes and related tax items	$ 19,582,718	$ 20,116,203	$ 16,431,065	$ (3,685,138)
Non-property taxes	16,294,300	13,025,027	12,770,585	(254,442)
Departmental income	3,213,572	3,241,302	2,159,720	(1,081,582)
Intergovernmental charges	475,350	476,948	344,922	(132,026)
Use of money and property	680,760	680,760	305,706	(375,054)
Licenses and permits	649,050	649,050	390,688	(258,362)
Fines and forfeitures	822,000	842,600	378,556	(464,044)
Sale of property and compensation for loss	653,325	897,289	1,925,626	1,028,337
Miscellaneous	2,558,592	2,747,010	2,135,343	(611,667)
State aid	3,710,251	4,165,665	4,245,470	79,805
Federal aid	15,000	38,154	135,377	97,223
Total revenues	48,654,918	46,880,008	41,223,058	(5,656,950)
EXPENDITURES				
General government support	10,157,594	10,591,377	10,720,463	(129,086)
Public safety	25,978,912	25,104,360	25,488,873	(384,513)
Health	35,192	30,703	111,324	(80,621)
Transportation	5,795,227	6,192,342	3,769,629	2,422,713
Economic opportunity and development	294,066	314,071	228,945	85,126
Culture and recreation	3,705,750	3,295,162	2,289,361	1,005,801
Home and community service	2,298,810	2,143,876	1,278,672	865,204
Debt service	315,462	140,576	92,292	48,284
Total expenditures	48,581,013	47,812,467	43,979,559	3,832,908
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	61,000	61,000	90,977	29,977
Interfund transfers out	(134,905)	(334,905)	(334,300)	605
Total other financing sources (uses)	(73,905)	(273,905)	(243,323)	30,582
Net change in fund balance (actual) and appropriated fund balance (budget)	**-**	**(1,206,364)**	**(2,999,824)**	**$ (1,793,460)**
FUND BALANCE, *beginning of year*	16,757,837	16,757,837	16,757,837	
FUND BALANCE, *end of year*	**$ 16,757,837**	**$ 15,551,473**	**$ 13,758,013**	

See Independent Auditor's Report.

City of Saratoga Springs, New York

Required Supplementary Information
Schedule of Other Postemployment Benefits Liability

	Governmental Activities		
	2020	2019 (Restated)	2018 (Restated)
Beginning of year	$ 111,805,930	$ 118,745,224	$ 114,262,135
Charges for the year			
Service cost	4,072,547	4,992,628	4,477,096
Interest	4,689,925	4,204,758	4,434,331
Change of benefit terms	(5,994,260)	-	-
Difference in expected and actual experience	3,107,162	-	5,715,871
Changes in assumptions and other inputs	21,754,192	(13,119,258)	(7,286,433)
Benefit payments	(2,980,106)	(3,017,422)	(2,857,776)
Net changes	24,649,460	(6,939,294)	4,483,089
End of year	$ 136,455,390	$ 111,805,930	$ 118,745,224
Covered payroll	$ 30,129,800	$ 29,169,783	$ 26,441,060
OPEB liability as a percentage of covered payroll	452.90%	383.30%	449.08%

	Business-type Activity		
	2020	2019 (Restated)	2018 (Restated)
Beginning of year	$ 111,834	$ 121,004	$ 116,436
Charges for the year			
Service cost	-	4,994	4,562
Interest	4,490	4,206	4,519
Difference in expected and actual experience	2,847	-	5,825
Changes in assumptions and other inputs	10,480	(15,352)	(7,425)
Benefit payments	(4,611)	(3,018)	(2,913)
Net changes	13,206	(9,170)	4,568
End of year	$ 125,040	$ 111,834	$ 121,004
Covered payroll	$ 27,609	$ 29,177	$ 26,945
OPEB liability as a percentage of covered payroll	452.90%	383.30%	449.08%

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

See Independent Auditor's Report.

City of Saratoga Springs, New York

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

	2020	2019	2018	2017	2016	2015
ERS						
City's proportion of the net pension liability	0.0445009%	0.0441821%	0.0441450%	0.0430345%	0.0448128%	0.0414829%
City's proportionate share of the net pension liability	$ 11,784,096	$ 3,130,439	$ 1,424,756	$ 4,043,615	$ 7,192,574	$ 1,401,392
City's covered-employee payroll	$ 13,091,656	$ 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	90.01%	24.90%	11.63%	33.98%	64.86%	12.66%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%

	2020	2019	2018	2017	2016	2015
PFRS						
City's proportion of the net pension liability	0.337914%	0.344726%	0.340771%	0.346204%	0.334572%	0.3247468%
City's proportionate share of the net pension liability	$ 18,061,270	$ 5,781,277	$ 3,444,365	$ 7,175,602	$ 9,905,974	$ 893,897
City's covered-employee payroll	$ 12,120,245	$ 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	149.02%	49.80%	30.94%	63.81%	92.58%	9.26%
Plan fiduciary net position as a percentage of the total pension liability	84.86%	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.

See Independent Auditor's Report.

City of Saratoga Springs, New York

Required Supplementary Information
Schedule of Pension Contributions

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
ERS										
Contractually required contribution	$ 1,788,958	$ 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	$ 1,788,958	$ 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	$ 13,091,656	$ 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	13.66%	13.81%	13.98%	14.47%	14.83%	19.47%	19.21%	20.67%	19.13%	16.88%

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
PFRS										
Contractually required contribution	$ 2,819,647	$ 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	$ 2,819,647	$ 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	$ 12,120,245	$ 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	23.26%	22.31%	22.37%	23.37%	27.67%	27.64%	31.71%	35.05%	33.36%	28.26%

See Independent Auditor's Report.

Combining Non-Major Governmental Funds

The City maintains five 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.

- Community Development is used to account for federally-funded community development block grants, revolving loan funds and other federally-funded programs.

- 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.

- 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.

Additionally, the City's Debt Service Fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

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, 2020						
	Downtown Special Assessment District	West Avenue Special Assessment District	Debt Service	Community Development	Water Activities	Sewer Activities	Total
ASSETS							
Cash and cash equivalents	$ 577,951	$ 6,562	$ -	$ 189,330	$ -	$ -	$ 773,843
Cash and cash equivalents, restricted	1,979	-	1,765,691	-	2,749,206	1,019,574	5,536,450
Receivables, net	-	-	-	81,153	1,265,770	1,513,252	2,860,175
Receivables from other governments	-	-	-	135,430	-	-	135,430
Due from other funds	-	-	-	-	940,553	1,050	941,603
Inventory	-	-	-	-	33,770	11,610	45,380
Prepaid expenditures	-	-	-	-	32,180	23,538	55,718
Total assets	**$ 579,930**	**$ 6,562**	**$ 1,765,691**	**$ 405,913**	**$ 5,021,479**	**$ 2,569,024**	**$ 10,348,599**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES							
Liabilities							
Accounts payable and accrued liabilities	$ 12,594	$ -	$ 1,509	$ 128,411	$ 81,248	$ 11,943	$ 235,705
Due to other governments	-	-	-	2,518	-	-	2,518
Due to other funds	11,519	-	374,744	-	17,644	1,945,231	2,349,138
	24,113	-	376,253	130,929	98,892	1,957,174	2,587,361
Deferred inflows of resources							
Other unavailable resources	-	-	-	81,153	325,670	371,366	778,189
Total liabilities and deferred inflows of resources	24,113	-	376,253	212,082	424,562	2,328,540	3,365,550
FUND BALANCES							
Nonspendable	-	-	-	-	65,950	35,148	101,098
Restricted for							
Other restrictions	1,979	-	1,389,438	-	-	-	1,391,417
Capital improvements	-	-	-	-	2,152,636	1,019,574	3,172,210
Waterline extensions	-	-	-	-	596,570	-	596,570
Assigned	553,838	6,562	-	193,831	1,781,761	-	2,535,992
Unassigned	-	-	-	-	-	(814,238)	(814,238)
Total fund balances	555,817	6,562	1,389,438	193,831	4,596,917	240,484	6,983,049
Total liabilities and fund balances	**$ 579,930**	**$ 6,562**	**$ 1,765,691**	**$ 405,913**	**$ 5,021,479**	**$ 2,569,024**	**$ 10,348,599**

See Independent Auditor's Report.

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, 2020						
	Downtown Special Assessment District	West Avenue Special Assessment District	Debt Service	Community Development	Water Activities	Sewer Activities	Total
REVENUES							
Water charges	$ -	$ -	$ -	$ -	$ 3,652,468	$ -	$ 3,652,468
Sewer charges	-	-	-	-	-	4,498,545	4,498,545
Departmental income	-	-	-	142,321	-	-	142,321
Real property taxes and related tax items	122,580	51,003	3,732,296	-	-	-	3,905,879
Sale of property and compensation for loss	-	-	-	-	53,589	22,579	76,168
Miscellaneous	-	-	966,214	69,060	518	-	1,035,792
Federal aid	-	-	-	393,080	-	-	393,080
Use of money and property	524	26	6,171	1,527	621	1,066	9,935
Total revenues	123,104	51,029	4,704,681	605,988	3,707,196	4,522,190	13,714,188
EXPENDITURES							
Other general governmental support	-	1,105	133,819	-	-	-	134,924
Home and community services	-	-	-	476,144	2,668,212	5,209,479	8,353,835
Economic opportunity and development	23,899	-	-	-	-	-	23,899
Debt service							
Principal	17,305	-	2,552,103	-	508,849	106,569	3,184,826
Interest	7,116	-	1,682,250	-	395,943	84,469	2,169,778
Total expenditures	48,320	1,105	4,368,172	476,144	3,573,004	5,400,517	13,867,262
Excess (deficiency) of revenues over expenditures	74,784	49,924	336,509	129,844	134,192	(878,327)	(153,074)
OTHER FINANCING SOURCES (USES)							
Bond proceeds	-	-	6,180,000	-	-	-	6,180,000
Repayments to escrow agent	-	-	(7,003,712)	-	-	-	(7,003,712)
Interfund transfers in	-	-	68,685	-	-	-	68,685
Interfund transfers out	-	(49,503)	-	(90,977)	-	-	(140,480)
Total other financing sources (uses)	-	(49,503)	(755,027)	(90,977)	-	-	(895,507)
Net change in fund balances	**74,784**	**421**	**(418,518)**	**38,867**	**134,192**	**(878,327)**	**(1,048,581)**
FUND BALANCES, *beginning of year, as restated*	481,033	6,141	1,807,956	154,964	4,462,725	1,118,811	8,031,630
FUND BALANCES, *end of Year*	**$ 555,817**	**$ 6,562**	**$ 1,389,438**	**$ 193,831**	**$ 4,596,917**	**$ 240,484**	**$ 6,983,049**

See Independent Auditor's Report.