



September 19, 2022

To Management and the Members of the City Council  
City of Saratoga Springs, New York  
474 Broadway – City Hall  
Saratoga Springs, New York 12866-2296

This letter includes comments and suggestions with respect to matters that came to our attention in connection with our audit of the financial statements of the City of Saratoga Springs, New York (City) as of and for the year ended December 31, 2021. These items are offered as constructive suggestions to be considered part of the ongoing process of modifying and improving the City's practices and procedures.

### **City Center Authority Payroll**

*Observation:* During our audit of the City Center Authority, we noted certain discrepancies between the number of hours worked as indicated on an employee's timesheet and the number of hours paid on the related payroll register. Through further discussion, it was determined that the employees in question were full-time salaried employees of the City Center Authority and are not required to utilize timesheets. However, supporting documentation to verify the employees as full-time salaried employees was not readily available.

*Suggestion:* We recommend the City Center Authority review its policies for payroll and consideration be given to changing the policy to a standard and consistent policy for full-time salaried employees. In addition, we suggest the City Center Authority review the policies and procedures surrounding supporting documentation for employees. At certain times during our audit testing, we requested wage acknowledgement forms or other employment contracts. Currently, the City Center Authority does not have an established policy of documenting the current pay rate of full-time salaried employees. Review of the City Center Authority's payroll policies will service to strengthen the controls over the City Center Authority's payroll cycle.

This letter is intended solely for the information and use of management, members of the City Council and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties. We appreciate serving the City and would be happy to assist you in addressing and implementing any of the suggestions in this letter.

*BST + Co. CPAs, LLP*



**City of Saratoga Springs, New York**

Financial Report

December 31, 2021

# City of Saratoga Springs, New York

## Financial Report

December 31, 2021

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## Independent Auditor's Report

Mayor and Members of the City Council  
City of Saratoga Springs, New York  
Saratoga Springs, New York

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2021, 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.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter*

As discussed in Note 1o to the financial statements, the fund balance of the capital projects fund and the net position of the governmental activities' have been restated as of December 31, 2020 to correct a misstatement. Our opinions are not modified with respect to this matter.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the required supplementary information listed in the accompanying table of contents on pages 4 to 14 and 61 to 67 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 68 through 70 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 19, 2022 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 City's internal control over financial reporting and compliance.

BST+Co.CPAs, LLP

Albany, New York  
September 19, 2022



# City of Saratoga Springs, New York

## Management's Discussion and Analysis December 31, 2021

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, 2021. We encourage readers to consider the information presented here in conjunction with our financial statements, which can be found on pages 15 through 60 and our required and other supplementary information which can be found on pages 61 through 70 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, 2021, by \$62,457,125 representing deficit net position. Of this amount, \$49,921,067 represents the City's investment in capital assets net of related debt, and \$20,692,287 is restricted for future capital improvements, debt service, and other purposes. The remaining amount, which represents negative unrestricted net position, is (\$133,070,479). 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 \$130,946,121, \$5,682,499, and \$9,211,776, respectively.
- At December 31, 2021, the City's governmental funds reported a combined ending fund balance of \$39,166,526. Of this amount, \$25,836,745 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 \$15,441,301.

### 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).

# City of Saratoga Springs, New York

## Management's Discussion and Analysis December 31, 2021

### **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.

# City of Saratoga Springs, New York

## Management's Discussion and Analysis December 31, 2021

### **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 60 of this report.

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources are exceeded by liabilities and deferred inflows of resources by \$62,457,125 at December 31, 2021.

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.

# City of Saratoga Springs, New York

## Management's Discussion and Analysis December 31, 2021

### Government-Wide Financial Analysis - Continued

#### Condensed Statements of Net Position

	December 31,					
	Governmental Activities		Component Unit		Total	
	2021	2020 (Restated)	2021	2020	2021	2020 (Restated)
Current assets	\$ 47,823,501	\$ 49,267,197	\$ 1,754,788	\$ 1,579,220	\$ 49,578,289	\$ 50,846,417
Capital assets, net and deferred outflows of resources	167,059,024	151,512,167	26,521,862	27,720,543	193,580,886	179,232,710
Total	<u>214,882,525</u>	<u>200,779,364</u>	<u>28,276,650</u>	<u>29,299,763</u>	<u>243,159,175</u>	<u>230,079,127</u>
Current liabilities	8,133,430	20,045,202	801,057	1,484,767	8,934,487	21,529,969
Non-current liabilities and deferred inflows of resources	285,512,487	257,455,879	11,169,326	10,683,203	296,681,813	268,139,082
Total	<u>293,645,917</u>	<u>277,501,081</u>	<u>11,970,383</u>	<u>12,167,970</u>	<u>305,616,300</u>	<u>289,669,051</u>
Net position						
Net investment in capital assets	34,645,436	34,313,951	15,275,631	17,373,415	49,921,067	51,687,366
Restricted	19,385,968	13,845,717	1,306,319	1,250,858	20,692,287	15,096,575
Unrestricted	<u>(132,794,796)</u>	<u>(124,881,385)</u>	<u>(275,683)</u>	<u>(1,492,480)</u>	<u>(133,070,479)</u>	<u>(126,373,865)</u>
Total net position	<u>\$ (78,763,392)</u>	<u>\$ (76,721,717)</u>	<u>\$ 16,306,267</u>	<u>\$ 17,131,793</u>	<u>\$ (62,457,125)</u>	<u>\$ (59,589,924)</u>

The City experienced a decrease in net position during 2021 totaling \$2,867,201, as shown in the following statement:

	Years Ended December 31,					
	Governmental Activities		Component Unit		Total	
	2021	2020 (Restated)	2021	2020	2020 <sup>1</sup>	2020 (Restated)
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 13,834,931	\$ 11,489,505	\$ 561,911	\$ 202,642	\$ 14,396,842	\$ 11,692,147
Operating grants and contributions	973,874	626,732	-	-	973,874	626,732
Capital grants and contributions	2,523,868	1,881,952	-	-	2,523,868	1,881,952
General revenues						
Property taxes	18,200,875	24,848,819	-	-	18,200,875	24,848,819
Other taxes	17,466,704	12,770,585	1,218,268	563,904	18,684,972	13,334,489
State aid and mortgage taxes	4,050,001	2,854,668	-	-	4,050,001	2,854,668
Other	10,950,467	5,390,196	15,038	20,660	10,965,505	5,410,856
Total revenues	<u>68,000,720</u>	<u>59,862,457</u>	<u>1,795,217</u>	<u>787,206</u>	<u>69,795,937</u>	<u>60,649,663</u>
<b>EXPENSES</b>						
General governmental support	12,618,796	12,667,578	-	-	12,618,796	12,667,578
Public safety	30,957,842	29,743,968	-	-	30,957,842	29,743,968
Health	136,713	129,909	-	-	136,713	129,909
Transportation	8,119,264	7,579,361	-	-	8,119,264	7,579,361
Economic opportunity and development	203,206	295,053	-	-	203,206	295,053
Culture and recreation	3,770,619	2,671,545	-	-	3,770,619	2,671,545
Home and community service	11,790,953	11,390,521	-	-	11,790,953	11,390,521
Interest on long-term debt	2,052,689	1,996,783	444,963	141,208	2,497,652	2,137,991
City Center Authority	-	-	2,568,093	2,279,095	2,568,093	2,279,095
Total expenses	<u>69,650,082</u>	<u>66,474,718</u>	<u>3,013,056</u>	<u>2,420,303</u>	<u>72,070,385</u>	<u>68,895,021</u>
Transfers	(392,313)	(134,300)	392,313	134,300	-	-
<b>CHANGE IN NET POSITION</b>	<b>(2,041,675)</b>	<b>(6,746,561)</b>	<b>(825,526)</b>	<b>(1,498,797)</b>	<b>(2,867,201)</b>	<b>(8,245,358)</b>
<b>NET POSITION, beginning of year, as restated</b>	<b>(76,721,717)</b>	<b>(69,975,156)</b>	<b>17,131,793</b>	<b>18,630,590</b>	<b>(59,589,924)</b>	<b>(51,344,566)</b>
<b>NET POSITION, end of year</b>	<b>\$ (78,763,392)</b>	<b>\$ (76,721,717)</b>	<b>\$ 16,306,267</b>	<b>\$ 17,131,793</b>	<b>\$ (62,457,125)</b>	<b>\$ (59,589,924)</b>

# City of Saratoga Springs, New York

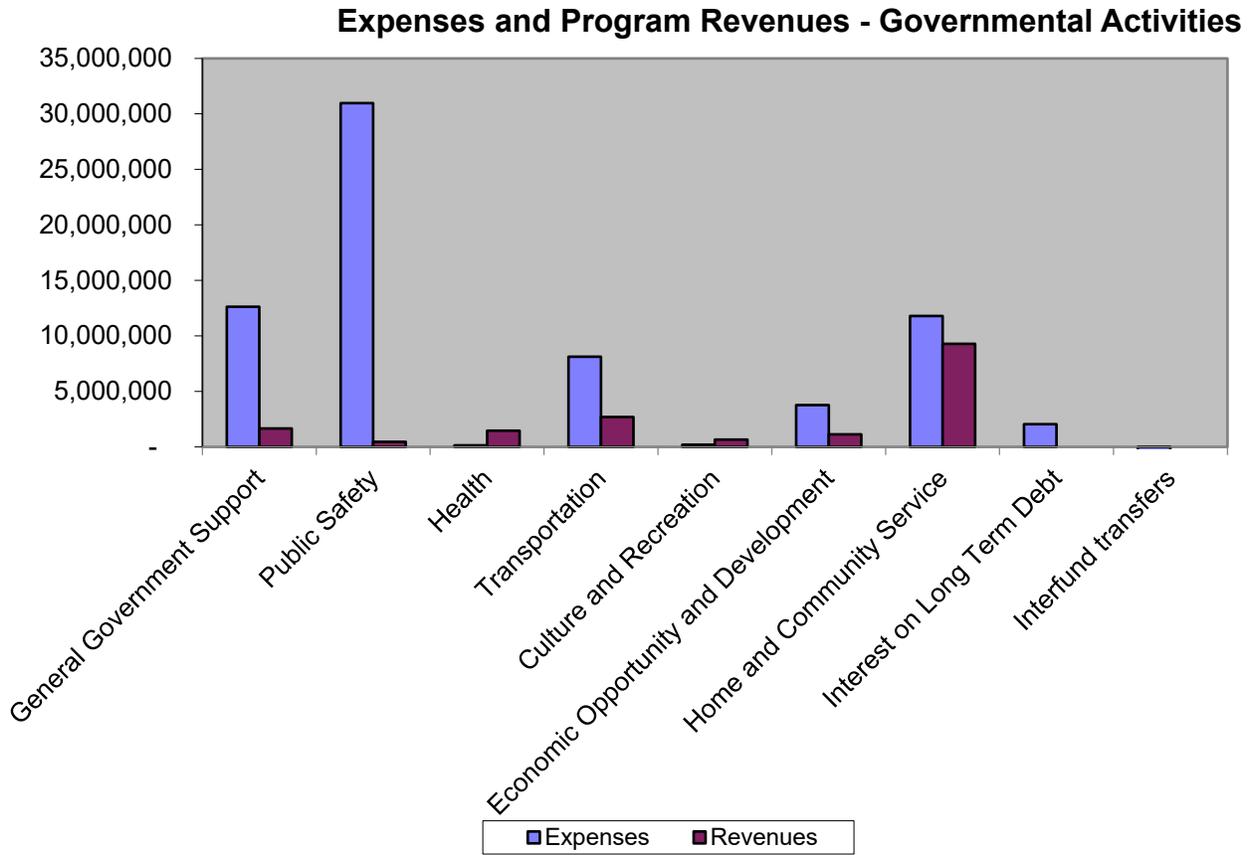
## Management's Discussion and Analysis December 31, 2021

### Government-Wide Financial Analysis - Continued

#### Governmental Activities

Governmental activities decreased the City's net position by \$2,041,675. 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:



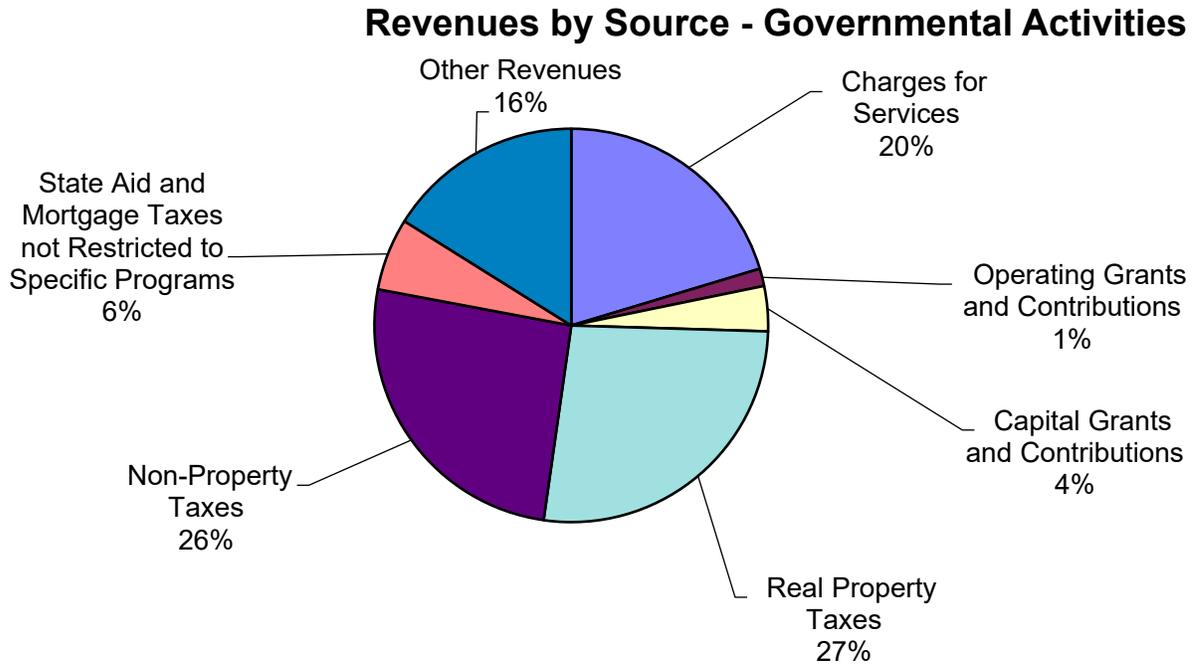
# City of Saratoga Springs, New York

Management's Discussion and Analysis  
December 31, 2021

## Government-Wide Financial Analysis - Continued

### Governmental Activities - Continued

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



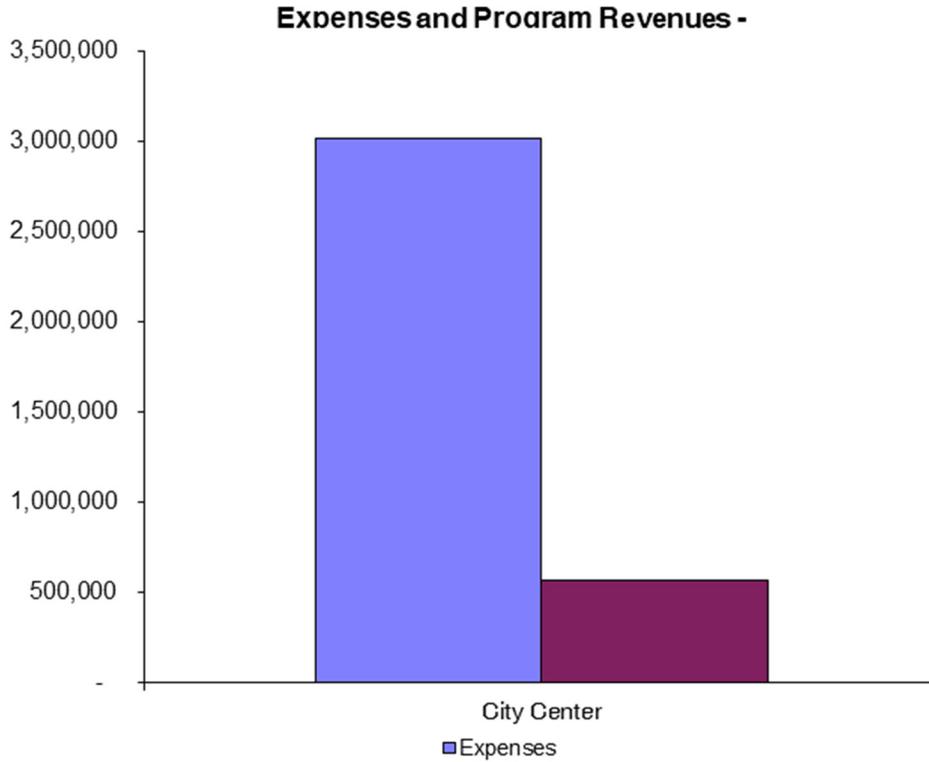
# City of Saratoga Springs, New York

Management's Discussion and Analysis  
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## Government-Wide Financial Analysis - Continued

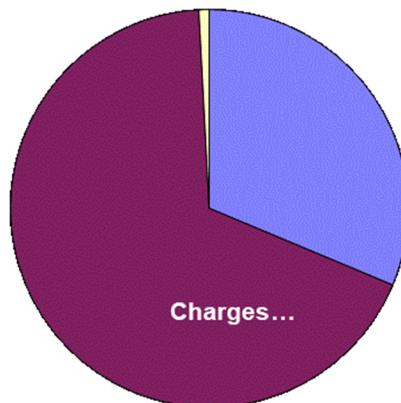
### Business-type Activities

Business-type activities decreased the City's net position by \$825,526.



The City Center Authority is reliant upon the hotel occupancy tax and other general revenues to fund operations. The following depicts the revenues by source of the City Center Authority.

### Revenues by Source - Business-type Activities



# City of Saratoga Springs, New York

## Management's Discussion and Analysis December 31, 2021

### 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 \$39,166,526, an increase of \$14,420,442 from the prior year. Of the total fund balance \$25,836,745 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 \$899,085, 2) be held for future capital improvements of \$15,888,519, 3) restriction for retirement of \$760,813, 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 \$15,441,301, while total fund balance was \$23,065,243. 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 34% of total General Fund expenditures, while total fund balance represents 51% of that same amount.

The overall fund balance of the City's General Fund increased by \$9,307,230 during the current year. Key factors in this decrease are approximated as follows:

#### General Fund Revenues

1. Sales tax increased from 2020 by 35%. 2021 sales tax collections were \$14,988,000, a \$3,914,000 increase from 2020 actual collection.
2. Hotel Room Occupancy Tax increased by 120% as a result of increased travel from the pandemic. 2021 actual collections were \$587,000, an increase of \$320,000 from 2020.
3. Utilities Gross Receipts Tax increased by 15% from 2020. Amounts received were \$445,000 in 2021 and \$287,000 in 2020.
4. Franchise Fees decreased during 2021 by 1%. Actual receipts were \$553,000 in 2021 and \$557,000 in 2020.
5. Ambulance Fees increased in 2021 by 32%. \$1,393,000 was collected in 2021 compared to \$1,054,000 in 2020.
6. Admission Tax was \$398,000 in 2021 compared to \$-0- during 2020 as a result of the Saratoga Race Course not admitting spectators in 2020.
7. VLT Aid was \$2,674,000 in 2021, an increase of \$814,000 or 44% from 2020.
8. Mortgage Tax receipts increased in 2021. Actual receipts for 2021 were \$2,058,000, 34% greater than 2020.
9. American Rescue Plan receipts totaled \$3,924,000. The City anticipates receiving an additional \$3,924,000 during the fiscal year ending December 31, 2022.
10. Overall, total general fund revenues in 2021 were \$13.3 million greater than 2020. Total revenues for the General Fund were \$54.5 million.

# City of Saratoga Springs, New York

## Management's Discussion and Analysis December 31, 2021

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

#### *Governmental Funds - Continued*

##### General Fund Expenses

1. Health insurance costs were \$7,265,000 in 2021. This was a decrease of 1% from 2020. 2021 actual expenses were \$373,000 less than the revised budget. This expense represents 16% of the General Fund expense budget.
2. Retirement costs increased 9.0%. 2021 total actual retirement expenses were \$4,590,000 and were \$452,000 less than budgeted. The City once again took advantage of the discount and paid the retirement bill on December 15, 2021, saving \$41,000.
3. Social Security expenses in 2021 were \$1,730,000, \$167,000 less than budgeted and \$49,000 more than last year. Increased social security costs were the result of full work force in 2021 versus voluntary furloughs in 2020.
4. Utility costs were budgeted for \$579,000 and actual expenses were \$481,000. Actual expenses in 2021 were \$72,000 more than fiscal year 2020.
5. Overtime costs totaled \$912,000 in 2021 which was a 15% increase from 2020.
6. Sick leave payments to employees who separate from the City were \$333,000, a \$31,000 increase from 2020. These expenses will fluctuate from year to year based on the number of retirements.
7. Payments for compensatory time amounted to \$433,000, a 24% increase from 2020. Compensatory time pay outs also fluctuate from year to year.
8. Total personal services costs (excluding social security) were \$474,000 more than 2020. This was primarily the result of voluntary furloughs during 2020. These costs represent 52% of the entire general fund expense budget. Actual expenses in 2021 were \$23,693,000; \$1,259,000 less than budgeted.
9. Discounts on Taxes, which is recorded as an expense in the Finance budget, was \$39,000 more than 2020.
10. Total General Fund expenses were \$1.0 million more than 2020 and \$6.3 million less than the revised budget. It is important to note that \$2.6 million was encumbered at year end. Encumbrances are goods or services which are ordered or committed to in 2021 but will be received and paid for in 2022. Therefore, the actual unspent/uncommitted variance was \$3.7 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, 2021, amounts to \$49,921,067 (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.

# City of Saratoga Springs, New York

## Management's Discussion and Analysis December 31, 2021

### Capital Asset and Debt Administration - Continued

#### Capital Assets - Continued

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.

	December 31,					
	Governmental Activities		Component Unit		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 5,905,310	\$ 5,980,761	\$ -	\$ -	\$ 5,905,310	\$ 5,980,761
Buildings	42,158,479	40,734,121	31,979,787	31,979,787	74,138,266	72,713,908
Improvements	21,616,778	21,106,751	-	-	21,616,778	21,106,751
Machinery, equipment, and vehicles	20,717,292	22,446,622	157,169	184,691	20,874,461	22,631,313
Infrastructure	77,533,673	77,076,775	-	-	77,533,673	77,076,775
Work in progress	15,559,077	15,559,077	-	-	15,559,077	15,559,077
Totals	183,490,609	182,904,107	32,136,956	32,164,478	215,627,565	215,068,585
Accumulated depreciation	82,945,898	80,814,734	5,861,325	4,955,127	88,807,223	85,769,861
<b>Capital assets net of accumulated depreciation</b>	<b>\$ 100,544,711</b>	<b>\$ 102,089,373</b>	<b>\$ 26,275,631</b>	<b>\$ 27,209,351</b>	<b>\$ 126,820,342</b>	<b>\$ 129,298,724</b>

Additional information on the City's capital assets can be found in Note 1i on pages 31 through 32 and Note 3c on pages 37 through 38 of this report.

#### Long-Term Debt

At the end of the current year, the City had total bonded debt outstanding of \$74,022,823. In addition, the City's City Center Authority had total construction related debt outstanding of \$11,000,000 at December 31, 2021.

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 \$94,867,767, 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.

# City of Saratoga Springs, New York

## Management's Discussion and Analysis December 31, 2021

### **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 2021. 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.

### **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, 2021		
	Governmental Activities	Component Unit	Total
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 15,563,487	\$ 115,271	\$ 15,678,758
Cash and cash equivalents, restricted	19,385,968	1,306,319	20,692,287
Receivables, net	12,800,533	333,119	13,133,652
Inventory	59,657	-	59,657
Prepaid expenses	-	12,785	12,785
Internal balances	12,706	(12,706)	-
Due from custodial fund	119	-	119
Accrued interest receivable	1,031	-	1,031
Total current assets	47,823,501	1,754,788	49,578,289
<b>NONCURRENT ASSETS</b>			
Nondepreciable capital assets	21,464,387	-	21,464,387
Depreciable capital assets	79,080,324	26,275,631	105,355,955
Total assets	148,368,212	28,030,419	176,398,631
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
OPEB deferrals	36,383,209	16,803	36,400,012
Pension deferrals	29,184,513	229,428	29,413,941
Deferred refunding charges	946,591	-	946,591
Total assets and deferred outflows of resources	214,882,525	28,276,650	243,159,175
<b>CURRENT LIABILITIES</b>			
Accounts payable and other current liabilities	2,078,018	513,088	2,591,106
Deposits payable	906,973	-	906,973
Accrued interest payable	412,240	-	412,240
Current maturities on long-term liabilities	4,736,199	287,969	5,024,168
Total current liabilities	8,133,430	801,057	8,934,487
<b>NONCURRENT LIABILITIES</b>			
Bonds payable	72,441,803	-	72,441,803
Construction loan	-	10,712,031	10,712,031
Compensated absences	5,114,249	-	5,114,249
Other postemployment benefits	142,354,622	111,635	142,466,257
Claims payable	2,441,880	-	2,441,880
Net pension liability	6,246,182	1,108	6,247,290
Total liabilities	236,732,166	11,625,831	248,357,997
<b>DEFERRED INFLOWS OF RESOURCES</b>			
OPEB deferrals	24,858,070	21,806	24,879,876
Pension deferrals	32,055,681	322,746	32,378,427
Total liabilities and deferred inflows of resources	293,645,917	11,970,383	305,616,300
<b>NET POSITION (DEFICIT)</b>			
Net investment in capital assets	34,645,436	15,275,631	49,921,067
Restricted for			
Capital improvements	10,710,477	1,306,319	12,016,796
Capital projects	5,178,042	-	5,178,042
Debt service	1,990,079	-	1,990,079
Tax stabilization reserve	760,813	-	760,813
Retirement reserve	496,216	-	496,216
Insurance reserve	167,372	-	167,372
Other restrictions	80,475	-	80,475
Special district	1,980	-	1,980
Tax stabilization reserve	514	-	514
Unrestricted (deficit)	(132,794,796)	(275,683)	(133,070,479)
Total net position (deficit)	\$ (78,763,392)	\$ 16,306,267	\$ (62,457,125)

See accompanying Notes to Financial Statements.

# City of Saratoga Springs, New York

## Government-Wide Financial Statements Statement of Activities

Year Ended December 31, 2021

Functions/Programs	Program Revenue				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Unit	Total
<b>GOVERNMENTAL ACTIVITIES</b>							
General governmental support	\$ 12,618,796	\$ 1,400,975	\$ 256,202	\$ -	\$ (10,961,619)	\$ -	\$ (10,961,619)
Public safety	30,957,842	319,019	87,193	44,411	(30,507,219)	-	(30,507,219)
Health	136,713	1,459,542	-	-	1,322,829	-	1,322,829
Transportation	8,119,264	216,282	-	2,479,457	(5,423,525)	-	(5,423,525)
Economic opportunity and development	203,206	52,397	609,998	-	459,189	-	459,189
Culture and recreation	3,770,619	1,121,724	7,821	-	(2,641,074)	-	(2,641,074)
Home and community service	11,790,953	9,264,992	12,660	-	(2,513,301)	-	(2,513,301)
Interest on long-term debt	2,052,689	-	-	-	(2,052,689)	-	(2,052,689)
Total governmental activities	69,650,082	13,834,931	973,874	2,523,868	(52,317,409)	-	(52,317,409)
<b>Component Unit</b>							
City Center Authority	3,013,056	561,911	-	-	-	(2,451,145)	(2,451,145)
<b>Total government</b>	<b>\$ 72,663,138</b>	<b>\$ 14,396,842</b>	<b>\$ 973,874</b>	<b>\$ 2,523,868</b>	<b>(52,317,409)</b>	<b>\$ (2,451,145)</b>	<b>\$ (54,768,554)</b>
<b>GENERAL REVENUES</b>							
Real property taxes and related tax items					18,200,875	-	18,200,875
Non-property taxes					17,466,704	1,218,268	18,684,972
Other general revenue items					10,901,370	-	10,901,370
Interest earnings					49,097	15,038	64,135
State aid and mortgage taxes not restricted to specific purposes					4,050,001	-	4,050,001
Total general revenues					50,668,047	1,233,306	51,901,353
<b>TRANSFERS</b>							
Transfer from governmental activities to component unit					(392,313)	392,313	-
Total general revenues and transfers					50,275,734	1,625,619	51,901,353
<b>CHANGES IN NET POSITION (DEFICIT)</b>					<b>(2,041,675)</b>	<b>(825,526)</b>	<b>(2,867,201)</b>
<b>NET POSITION (DEFICIT), beginning of year, as restated</b>					(76,721,717)	17,131,793	(59,589,924)
<b>NET POSITION (DEFICIT), end of year</b>					<b>\$ (78,763,392)</b>	<b>\$ 16,306,267</b>	<b>\$ (62,457,125)</b>

See accompanying Notes to Financial Statements.

# City of Saratoga Springs, New York

## Fund Financial Statements Balance Sheet - Governmental Funds

December 31, 2021

	Major Funds					Other Governmental Funds	Eliminations	Total Governmental Funds
	General	Water Activities	Sewer Activities	Debt Service	Capital Projects			
<b>ASSETS</b>								
Cash and cash equivalents	\$ 14,668,061	\$ -	\$ -	\$ -	\$ -	\$ 895,426	\$ -	\$ 15,563,487
Cash and cash equivalents, restricted	1,791,782	3,614,432	1,277,218	1,990,079	10,710,477	1,980	-	19,385,968
Receivables, net	5,510,998	1,229,966	1,540,370	-	11,799	53,756	-	8,346,889
Receivables from other governments	3,098,651	-	-	-	1,316,803	38,190	-	4,453,644
Prepaid expenditures	1,183,364	33,095	24,208	-	-	-	-	1,240,667
Inventory	-	47,847	11,810	-	-	-	-	59,657
Due from custodial fund	119	-	-	-	-	-	-	119
Due from other funds	3,893,272	937,707	-	-	-	-	(4,818,273)	12,706
<b>Total assets</b>	<b>\$ 30,146,247</b>	<b>\$ 5,863,047</b>	<b>\$ 2,853,606</b>	<b>\$ 1,990,079</b>	<b>\$ 12,039,079</b>	<b>\$ 989,352</b>	<b>\$ (4,818,273)</b>	<b>\$ 49,063,137</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>								
Liabilities								
Accounts payable and accrued liabilities	\$ 620,820	\$ 69,564	\$ 4,431	\$ -	\$ 655,788	\$ 41,332	\$ -	\$ 1,391,935
Due to other funds	-	1,432,924	2,502,483	737,768	135,098	10,000	(4,818,273)	-
Deposits payable	906,973	-	-	-	-	-	-	906,973
Due to other governments	683,409	-	-	-	-	2,674	-	686,083
	<u>2,211,202</u>	<u>1,502,488</u>	<u>2,506,914</u>	<u>737,768</u>	<u>790,886</u>	<u>54,006</u>	<u>(4,818,273)</u>	<u>2,984,991</u>
Deferred inflows of resources								
Unavailable tax resources	3,083,705	-	-	-	-	-	-	3,083,705
Other unavailable resources	1,786,097	305,370	365,889	-	1,316,803	53,756	-	3,827,915
	<u>4,869,802</u>	<u>305,370</u>	<u>365,889</u>	<u>-</u>	<u>1,316,803</u>	<u>53,756</u>	<u>-</u>	<u>6,911,620</u>
<b>Total liabilities and deferred inflows of resources</b>	<b>7,081,004</b>	<b>1,807,858</b>	<b>2,872,803</b>	<b>737,768</b>	<b>2,107,689</b>	<b>107,762</b>	<b>(4,818,273)</b>	<b>9,896,611</b>
Fund balances								
Nonspendable	1,183,364	80,942	36,018	-	-	-	-	1,300,324
Restricted for								
Capital improvements	782,608	3,118,216	1,277,218	-	-	-	-	5,178,042
Capital projects	-	-	-	-	10,710,477	-	-	10,710,477
Waterline extensions	-	496,216	-	-	-	-	-	496,216
Tax stabilization reserve	514	-	-	-	-	-	-	514
Retirement reserve	760,813	-	-	-	-	-	-	760,813
Insurance reserve	167,372	-	-	-	-	-	-	167,372
Other restrictions	80,475	-	-	1,252,311	-	1,980	-	1,334,766
Assigned for								
Encumbrances	899,085	-	-	-	-	-	-	899,085
2022 budget	3,749,711	-	-	-	-	-	-	3,749,711
Special district purposes	-	359,815	-	-	-	879,610	-	1,239,425
Unassigned	15,441,301	-	(1,332,433)	-	(779,087)	-	-	13,329,781
<b>Total fund balances</b>	<b>23,065,243</b>	<b>4,055,189</b>	<b>(19,197)</b>	<b>1,252,311</b>	<b>9,931,390</b>	<b>881,590</b>	<b>-</b>	<b>39,166,526</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 30,146,247</b>	<b>\$ 5,863,047</b>	<b>\$ 2,853,606</b>	<b>\$ 1,990,079</b>	<b>\$ 12,039,079</b>	<b>\$ 989,352</b>	<b>\$ (4,818,273)</b>	<b>\$ 49,063,137</b>

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

	<b>December 31, 2021</b>
Total fund balances in the fund financial statements for the governmental funds.	\$ 39,166,526
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.	100,544,711
Accrued interest on property, school taxes, and community development loans on receivables for revenues earned, measurable, but not available are added.	1,031
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.	6,911,620
Deferred outflows and inflows for pensions are included in the government-wide statements and are added:	
Prepaid expenditures - pension contributions	(1,240,667)
Deferred outflows - pension resources	29,184,513
Deferred inflows - pension resources	(32,055,681)
Deferred outflows and inflows for OPEB are included in the government-wide statements and are added:	
Deferred outflows - OPEB resources	36,383,209
Deferred inflows - OPEB resources	(24,858,070)
Long-term liabilities for bonded debt are included as liabilities in the government-wide statements and are deducted.	(76,520,236)
The difference between the bond reacquisition price and the net carrying amount of the bond is deferred and amortized to interest expense.	946,591
Long-term liabilities for the lease obligations by the City are included as liabilities in the government-wide statements and are deducted.	(89,516)
Long-term liabilities for other postemployment benefit obligations of the City are included as liabilities in the government-wide statements and are deducted.	(142,354,622)
Long-term liabilities for pension obligations by the City are included as liabilities in the government-wide statements and are deducted.	(6,246,182)
Liabilities for compensated absences are included in the government-wide statements and are deducted.	(5,682,499)
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.	(412,240)
<b>Net deficit of governmental activities</b>	<b><u>(78,763,392)</u></b>

# City of Saratoga Springs, New York

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

	Year Ended December 31, 2021						
	General	Major Funds			Capital Projects	Other Governmental Funds	Total Governmental Funds
		Water Activities	Sewer Activities	Debt Service			
<b>REVENUES</b>							
Real property taxes and related tax items	\$ 17,345,780	\$ -	\$ -	\$ 4,091,570	\$ -	\$ 189,265	\$ 21,626,615
Non-property taxes	17,466,704	-	-	-	-	-	17,466,704
Water charges	-	3,865,009	-	-	-	-	3,865,009
Sewer charges	-	-	4,968,370	-	-	-	4,968,370
Departmental income	3,263,281	-	-	-	-	52,397	3,315,678
Intergovernmental charges	450,013	-	-	-	220,000	-	670,013
Use of money and property	455,081	379	738	1,926	6,968	3,048	468,140
Licenses and permits	654,258	-	-	-	-	-	654,258
Fines and forfeitures	524,193	-	-	-	-	-	524,193
Sale of property and compensation for loss	2,895,500	57,386	24,413	-	-	-	2,977,299
Miscellaneous	3,310,041	211	-	611,678	12,256	-	3,934,186
State aid	4,166,558	-	-	-	-	-	4,166,558
Federal aid	3,994,703	-	-	-	2,479,457	609,998	7,084,158
Total revenues	<u>54,526,112</u>	<u>3,922,985</u>	<u>4,993,521</u>	<u>4,705,174</u>	<u>2,718,681</u>	<u>854,708</u>	<u>71,721,181</u>
<b>EXPENDITURES</b>							
<i>General governmental support</i>							
Mayor	1,000,325	-	-	-	-	-	1,000,325
Finance	2,704,887	-	-	-	-	-	2,704,887
Public Works	4,413,806	-	-	-	-	-	4,413,806
Accounts	1,399,587	-	-	-	-	-	1,399,587
Civil Service	345,783	-	-	-	-	-	345,783
Other general governmental support	781,099	-	-	98,697	-	748	880,544
<i>Public safety</i>							
Police	12,565,896	-	-	-	-	-	12,565,896
Fire	10,122,926	-	-	-	-	-	10,122,926
Other public safety	3,298,864	-	-	-	-	-	3,298,864
Health	116,691	-	-	-	-	-	116,691
Transportation	4,203,608	-	-	-	-	-	4,203,608
Economic opportunity and development	131,473	-	-	-	-	41,974	173,447
Culture and recreation	2,532,589	-	-	-	-	-	2,532,589
Home and community service	1,150,674	2,694,680	4,818,109	-	-	554,368	9,217,831
<i>Debt service</i>							
Principal	85,939	556,798	108,693	2,871,033	-	11,670	3,634,133
Interest	30,761	430,229	82,429	1,693,812	-	12,726	2,249,957
<i>Capital outlay</i>							
Public Works	-	-	-	-	494	-	494
Other general governmental support	-	-	-	-	814,056	-	814,056
Police	-	-	-	-	190,705	-	190,705
Fire	-	-	-	-	108,091	-	108,091
Other public safety	-	-	-	-	164,059	-	164,059
Transportation	-	-	-	-	487,612	-	487,612
Culture and recreation	-	-	-	-	284,813	-	284,813
Home and community service	-	-	-	-	1,936,464	-	1,936,464
Total expenditures	<u>44,884,908</u>	<u>3,681,707</u>	<u>5,009,231</u>	<u>4,663,542</u>	<u>3,986,294</u>	<u>621,486</u>	<u>62,847,168</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<b><u>9,641,204</u></b>	<b><u>241,278</u></b>	<b><u>(15,710)</u></b>	<b><u>41,632</u></b>	<b><u>(1,267,613)</u></b>	<b><u>233,222</u></b>	<b><u>8,874,013</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Bond proceeds	-	-	-	2,755,000	6,167,823	-	8,922,823
Repayments to escrow agent	-	-	-	(2,984,081)	-	-	(2,984,081)
Interfund transfers in	58,339	-	-	50,322	1,026,977	-	1,135,638
Interfund transfers out	(392,313)	(783,006)	(243,971)	-	(819)	(107,842)	(1,527,951)
Total other financing sources (uses)	<u>(333,974)</u>	<u>(783,006)</u>	<u>(243,971)</u>	<u>(178,759)</u>	<u>7,193,981</u>	<u>(107,842)</u>	<u>5,546,429</u>
<b>NET CHANGE IN FUND BALANCES</b>	<b>9,307,230</b>	<b>(541,728)</b>	<b>(259,681)</b>	<b>(137,127)</b>	<b>5,926,368</b>	<b>125,380</b>	<b>14,420,442</b>
<b>FUND BALANCES, beginning of year, as restated</b>	<b>13,758,013</b>	<b>4,596,917</b>	<b>240,484</b>	<b>1,389,438</b>	<b>4,005,022</b>	<b>756,210</b>	<b>24,746,084</b>
<b>FUND BALANCES, end of year</b>	<b><u>\$ 23,065,243</u></b>	<b><u>\$ 4,055,189</u></b>	<b><u>\$ (19,197)</u></b>	<b><u>\$ 1,252,311</u></b>	<b><u>\$ 9,931,390</u></b>	<b><u>\$ 881,590</u></b>	<b><u>\$ 39,166,526</u></b>

See accompanying Notes to Financial Statements.

# City of Saratoga Springs, New York

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

		<u>Year Ended December 31, 2021</u>
Net change in fund balances shown for total governmental funds		\$ 14,420,442
This amount differs from the change in net position shown in the statement of activities because of the following:		
Outlays for acquisition of capital assets are recorded in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which expenditures for acquisition of capital assets exceeded depreciation expense for the period.		
Dispositions, net	(775,314)	
Capital expenditures	4,480,153	
Depreciation expense	<u>(5,249,501)</u>	(1,544,662)
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	6,483,164	
Amortization of bond premiums	259,425	
Long-term debt proceeds	<u>(8,922,823)</u>	(2,180,234)
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	(292,131)	
Deferred charges on refunding bonds	49,081	
Amortization of deferred charges on refunding bonds	<u>(82,967)</u>	(326,017)
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.		
Accrued interest payable	20,810	
Net pension liability, net of deferrals	615,406	
Capital lease obligations	85,940	
Compensated absences	(1,194,063)	
Other postemployment benefits, net of deferrals	<u>(8,510,967)</u>	(8,982,874)
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	(2,590)	
Unavailable revenues	<u>(3,425,740)</u>	<u>(3,428,330)</u>
Change in net position of governmental activities		<u>\$ (2,041,675)</u>

# City of Saratoga Springs, New York

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

	<u>December 31, 2021</u>	
	<u>Custodial Fund</u>	<u>Private Purpose Trust</u>
<b>ASSETS</b>		
Cash and cash equivalents	<u>\$ 1,140,122</u>	<u>\$ 38,574</u>
<b>LIABILITIES</b>		
Due to other funds	<u>119</u>	<u>-</u>
<b>NET POSITION</b>		
Restricted		
Building and zoning escrow	1,140,003	-
Congress Park veterans' memorial	<u>-</u>	<u>38,574</u>
	<u><b>\$ 1,140,003</b></u>	<u><b>\$ 38,574</b></u>

# City of Saratoga Springs, New York

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

	Year Ended December 31, 2021	
	Custodial Fund	Private Purpose Trust
<b>ADDITIONS</b>		
Building and zoning escrow	\$ 378,473	\$ -
Interest earnings	-	322
Total additions	378,473	322
<b>DEDUCTIONS</b>		
Building and zoning escrow	68,322	-
<b>CHANGE IN NET POSITION</b>	<b>310,151</b>	<b>322</b>
<b>NET POSITION, <i>beginning of year</i></b>	829,852	38,252
<b>NET POSITION, <i>end of year</i></b>	<b>\$ 1,140,003</b>	<b>\$ 38,574</b>

# City of Saratoga Springs, New York

## Component Unit Financial Statements Statement of Net Position

	<b>December 31, 2021</b>
	<b>City Center Authority</b>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 115,271
Cash and cash equivalents, restricted	1,306,319
Receivables	333,119
Prepaid expenses	12,785
Total current assets	<u>1,767,494</u>
<b>Noncurrent assets</b>	
Depreciable capital assets	26,275,631
Total assets	<u>28,043,125</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
OPEB deferrals	16,803
Pension deferrals	229,428
Total deferred outflows of resources	<u>246,231</u>
Total assets and deferred outflows of resources	<u>28,289,356</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	
<b>Current liabilities</b>	
Accounts payable and other current liabilities	513,088
Construction loan, current	287,969
Due to governmental funds	12,706
Total current liabilities	<u>813,763</u>
<b>Noncurrent liabilities</b>	
Construction loan	10,712,031
Other postemployment benefits	111,635
Net pension liability	1,108
Total liabilities	<u>11,638,537</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
OPEB deferrals	21,806
Pension deferrals	322,746
Total deferred inflows of resources	<u>344,552</u>
Total liabilities and deferred inflows of resources	<u>11,983,089</u>
<b>NET POSITION</b>	
Investment in capital assets, net of related debt	15,275,631
Restricted for capital improvements	1,306,319
Unrestricted (deficit)	<u>(275,683)</u>
<b>Total net position</b>	<b><u>\$ 16,306,267</u></b>

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

	<b>Year Ended December 31, 2021</b>
	<b>City Center Authority</b>
<b>OPERATING REVENUES</b>	
Facility charges	\$ 561,911
<b>OPERATING EXPENSES</b>	
Costs of sales and services	817,450
Administration	816,923
Depreciation	933,720
Total operating expenses	<u>2,568,093</u>
<b>Operating loss</b>	<b><u>(2,006,182)</u></b>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Hotel occupancy tax	1,218,268
Interest and earnings	15,038
Interest expense	<u>(444,963)</u>
Total nonoperating revenues (expenses)	<u>788,343</u>
<b>Loss before transfers</b>	<b>(1,217,839)</b>
Transfer from governmental funds	<u>392,313</u>
<b>CHANGE IN NET POSITION</b>	<b>(825,526)</b>
<b>NET POSITION, <i>beginning of year</i></b>	<u>17,131,793</u>
<b>NET POSITION, <i>end of year</i></b>	<b><u>\$ 16,306,267</u></b>

# City of Saratoga Springs, New York

## Component Unit Financial Statements Statement of Cash Flows

	<b>Year Ended December 31, 2021</b> <hr/> <b>City Center Authority</b> <hr/>
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Charges for services	\$ 391,467
Payments to contractors and suppliers	(1,734,463)
Payments to employees, payroll taxes and benefits	(941,933)
	<hr/> <b>(2,284,929)</b> <hr/>
<b>CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds on construction loan	1,164,064
Interest paid	(444,963)
	<hr/> <b>719,101</b> <hr/>
<b>CASH FLOWS PROVIDED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Hotel occupancy tax	1,218,268
Transfers and other	392,313
	<hr/> <b>1,610,581</b> <hr/>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>	
Interest received	<hr/> <b>15,038</b> <hr/>
<b>Net increase in cash and cash equivalents</b>	<hr/> <b>59,791</b> <hr/>
<b>CASH AND CASH EQUIVALENTS, <i>beginning of year</i></b>	<hr/> <b>1,361,799</b> <hr/>
<b>CASH AND CASH EQUIVALENTS, <i>end of year</i></b>	<hr/> <b>\$ 1,421,590</b> <hr/>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating loss	\$ (2,006,182)
Depreciation	933,720
(Increase) decrease in	
Receivables	(170,443)
Prepaid expenses	54,666
Deferred outflows of resources, pension deferrals	262,521
Deferred outflows of resources, OPEB deferrals	2,440
Increase (decrease) in	
Accounts payable and other current liabilities	(971,679)
Deferred inflows of resources, pension deferrals	308,089
Deferred inflows of resources, OPEB deferrals	8,319
Net pension liability	(692,975)
Other postemployment benefits	(13,405)
	<hr/> <b>(2,284,929)</b> <hr/>
<b>Net cash provided (used) by operating activities</b>	<hr/> <b>\$ (2,284,929)</b> <hr/>

See accompanying Notes to Financial Statements.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

### **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 Center is reported as a discretely presented component unit.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

### 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 two categories: governmental and fiduciary. Each category, in turn, is divided into separate "fund types."

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

### 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 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, discretely presented component unit, 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.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

### 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. Financing is generally provided from proceeds of bonds, notes, federal and state grants, and transfers from other governmental funds.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

### 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 *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. The Authority reports 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 services, including capital costs, such as depreciation or debt service. The Authority 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 Authority'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.

*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.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

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

#### *e. Estimates*

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

#### *f. Interfund Receivables/Payables*

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

#### *g. Receivables*

All property and school tax receivables are shown net of an allowance for uncollectibles, if any. The property and school tax receivables allowance when required is equal to 6% of outstanding property and school taxes. 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.

#### *h. Inventory*

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

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

Capital assets include land, buildings, improvements, machinery, equipment, vehicles and infrastructure (e.g., roads, sidewalks, and similar items). Capital assets are reported in the applicable governmental or the discretely presented component unit columns in the government-wide financial statements.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

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

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

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of six or more years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

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

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

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over its fair value. There were no impairments of long-lived assets as of December 31, 2021.

#### *j. Net Position*

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

1. Externally imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments; or
2. 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.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

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

#### *j. 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.

#### *k. Fund Balances*

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The five fund balance classifications are as follows:

Nonspendable - Amounts that cannot be spent because they are either: (a) not in spendable form; or (b) are legally or contractually required to be maintained intact.

Restricted - Amounts that have restraints that are either: (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action such as legislation, resolution or ordinance by the government's highest level of decision-making authority.

Assigned - Amounts that are constrained only by the government's *intent* to be used for a specified purpose but are not restricted or committed in any manner.

Unassigned - The residual amount in the general fund after all of the other classifications have been established. In a special revenue fund, if expenditures and other financing uses exceed the amounts restricted, committed or assigned for those purposes, then a negative unassigned fund balance will occur.

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.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

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

#### *l. Compensated Absences*

It is the City's policy to permit employees to accumulate earned but unused sick pay benefits. All sick pay is accrued when incurred in the government-wide financial statements. Expenditures for these amounts are reported in governmental funds when paid to employees.

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

In the government-wide and discretely presented component unit financial statements, long-term debt and other long-term obligations are reported as liabilities in the statements of net position. Bonds payable are reported net of applicable bond premium or discount, if any.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The City's special assessment districts, SAD and WASAD, have outstanding bonded debt. SAD currently makes the annual debt payment on the Putnam Street parking deck project when due and has an arrangement with the City for reimbursement in the event there is default by a taxpayer. WASAD is repaying its 50% share of the betterment on the West Avenue improvement project debt on an extended payment plan. The City makes the scheduled debt payment annually, and WASAD reimburses the City every year at a lower amount than the actual debt. When the bond is fully paid off, WASAD will continue to reimburse the City for its remaining portion of the bond.

#### *n. Deferred Outflows and Inflows of Resources*

The City reports certain financial transactions that do not meet the definition of an asset or liability as a deferred outflow or deferred inflow of resources. Deferred outflows and deferred inflows of resources are reported in separate sections following assets and liabilities, respectively. The City also reports deferred inflows of resources in the governmental funds for receivable balances that do not meet the "availability" criterion for revenue recognition.

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

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 the discretely presented component unit.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

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

*o. Correction of Misstatement*

The City under reported expenditures of the capital projects fund relating to the year ended December 31, 2020. As a result of the correction of this misstatement, the City has restated fund balance of the capital projects fund and net position of the governmental activities as follows:

	As Originally Stated	Correction of Error	As Restated
<i>Governmental Activities</i>			
Net position	\$ (76,571,747)	\$ (149,970)	\$ (76,721,717)
<i>Capital Projects Fund</i>			
Fund balance	4,154,992	(149,970)	4,005,022

*p. Subsequent Events*

The City has evaluated subsequent events for potential recognition or disclosure through September 19, 2022, the date the financial statements were available to be issued.

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

The City's budget adoption process is described in the City Charter. The Mayor and the Commissioners present their budget requirements for the following year to the Commissioner of Finance on or before October 1 each year for the General, Debt Service, Water, Sewer, Special Assessment Districts, and City Center funds. The Commissioner of Finance then prepares a proposed budget for the forthcoming year and submits it to the City Council on or before the third Monday in October. After receiving the proposed budget, the City Council establishes a date, time, and place for a public hearing with public notice duly advertised of such hearing. At a regular or special meeting held after the public hearing but not later than the 30th day of November, the City Council adopts, or amends and adopts, the budget for the ensuing year. Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplementary appropriations are usually necessary.

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

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

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

### 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, 2021.

#### Cash, Cash Equivalents, and Investments, Restricted

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

Capital projects	\$ 10,710,477
Capital improvements	5,178,042
Debt service	1,990,079
Retirement reserve	760,813
Waterline extensions	496,216
Insurance reserve	167,372
Other restrictions	80,475
Special district	1,980
Tax stabilization reserve	514
Total restricted cash and cash equivalents	<u>\$ 19,385,968</u>

Restricted cash and cash equivalents for the discretely presented component unit are comprised of City Center capital improvements and total \$1,306,319 at December 31, 2021.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

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

#### b. Receivables

Receivables at year-end, categorized by individual fund and in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

Receivables	Governmental Activities				Other	Component Unit	Total
	General	Water Activities	Sewer Activities	Capital Projects	Governmental Funds		
City and county taxes	\$ 1,033,799	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,033,799
School taxes	639,945	-	-	-	-	-	639,945
Tax sales	2,614,013	-	-	-	-	-	2,614,013
Water rents	-	1,224,891	-	-	-	-	1,224,891
Sewer rents	-	-	1,538,506	-	-	-	1,538,506
Accounts	1,223,242	5,075	1,864	11,799	-	8,624	1,250,604
Rehabilitation loans	-	-	-	-	163,150	-	163,150
State and federal	2,731,819	-	-	1,316,803	38,190	-	4,086,812
Other governments	366,831	-	-	-	-	324,495	691,326
Total net receivables	8,609,649	1,229,966	1,540,370	1,328,602	201,340	333,119	13,243,046
Allowance for uncollectible accounts	-	-	-	-	(109,394)	-	(109,394)
Total net receivables	<u>\$ 8,609,649</u>	<u>\$ 1,229,966</u>	<u>\$ 1,540,370</u>	<u>\$ 1,328,602</u>	<u>\$ 91,946</u>	<u>\$ 333,119</u>	<u>\$ 13,133,652</u>

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

Receivables, net of allowances	
Governmental activities	\$ 12,800,533
Component unit	<u>333,119</u>
 Total	 <u>\$ 13,133,652</u>

#### c. Capital Assets

Capital asset activity was as follows:

Governmental Activities	Year Ended December 31, 2021			Balance December 31, 2021
	Balance January 1, 2021	Additions	Retirement Reclassifications	
Capital assets not being depreciated				
Land	\$ 5,980,761	\$ -	\$ (75,451)	\$ 5,905,310
Work in progress	15,559,077	-	-	15,559,077
Total capital assets not being depreciated	<u>21,539,838</u>	<u>-</u>	<u>(75,451)</u>	<u>21,464,387</u>
Depreciable capital assets				
Buildings	40,734,121	1,424,358	-	42,158,479
Improvements	21,106,751	510,027	-	21,616,778
Machinery, equipment, and vehicles	22,446,622	1,952,570	(3,681,900)	20,717,292
Infrastructure	77,076,775	593,198	(136,300)	77,533,673
Total depreciable capital assets	<u>161,364,269</u>	<u>4,480,153</u>	<u>(3,818,200)</u>	<u>162,026,222</u>
Less accumulated depreciation				
Buildings	8,228,797	1,156,217	-	9,385,014
Improvements	8,523,071	950,455	-	9,473,526
Machinery, equipment, and vehicles	16,774,666	1,923,156	(2,982,037)	15,715,785
Infrastructure	47,288,200	1,219,673	(136,300)	48,371,573
Total accumulated depreciation	<u>80,814,734</u>	<u>5,249,501</u>	<u>(3,118,337)</u>	<u>82,945,898</u>
Net depreciable capital assets	<u>80,549,535</u>	<u>(769,348)</u>	<u>(699,863)</u>	<u>79,080,324</u>
Total net capital assets governmental activities	<u>\$ 102,089,373</u>	<u>\$ (769,348)</u>	<u>\$ (775,314)</u>	<u>\$ 100,544,711</u>

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

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

#### c. Capital Assets - Continued

Component Unit	Year Ended December 31, 2021			Balance December 31, 2021
	Balance January 1, 2021	Additions	Retirement	
Depreciable capital assets				
Machinery, equipment, and vehicles	\$ 184,691	\$ -	\$ (27,522)	\$ 157,169
Buildings and improvements	31,979,787	-	-	31,979,787
	<u>32,164,478</u>	<u>-</u>	<u>(27,522)</u>	<u>32,136,956</u>
Less accumulated depreciation				
Machinery, equipment, and vehicles	142,354	-	(27,522)	114,832
Buildings and improvements	4,812,773	933,720	-	5,746,493
Total accumulated depreciation	<u>4,955,127</u>	<u>933,720</u>	<u>(27,522)</u>	<u>5,861,325</u>
Total net capital assets City Center	<u>\$ 27,209,351</u>	<u>\$ (933,720)</u>	<u>\$ -</u>	<u>\$ 26,275,631</u>

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

Mayor	\$ 7,374
Finance	17,685
DPW	2,459,409
DPS	163,349
Accounts	2,229
Other General government support	2,988
Police	128,669
Fire	219,236
Home and community service	991,550
Transportation	453,517
Culture and recreation	803,495
Total depreciation expense for governmental activities	<u>\$ 5,249,501</u>

Depreciation expense for the discretely presented component unit totaled \$933,720 for the year ended December 31, 2021.

#### 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:

Due from Other Funds	December 31, 2021							Totals
	Due to Other Funds						Custodial Fund	
	Water Activities	Sewer Activities	Debt Service	Capital Projects	Other Governmental Funds	Component Unit		
General Fund	\$ 1,432,924	\$ 1,722,580	\$ 737,768	\$ -	\$ -	\$ -	\$ 119	\$ 3,893,391
Water Activities	-	779,903	-	135,098	10,000	12,706	-	937,707
	<u>\$ 1,432,924</u>	<u>\$ 2,502,483</u>	<u>\$ 737,768</u>	<u>\$ 135,098</u>	<u>\$ 10,000</u>	<u>\$ 12,706</u>	<u>\$ 119</u>	<u>\$ 4,831,098</u>

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

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

*d. Interfund Receivables, Payables, and Transfers*

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

Transfers Out	Year Ended December 31, 2021				Totals
	Transfers In				
	General	Debt Service	Capital Projects	Component Unit	
General Fund	\$ -	\$ -	\$ -	\$ 392,313	\$ 392,313
Water Activities	-	-	783,006	-	783,006
Sewer Activities	-	-	243,971	-	243,971
Capital Projects	-	819	-	-	819
Other Governmental Funds	58,339	49,503	-	-	107,842
	<u>\$ 58,339</u>	<u>\$ 50,322</u>	<u>\$ 1,026,977</u>	<u>\$ 392,313</u>	<u>\$ 1,527,951</u>

In the government-wide statement of net position, interfund receivables and payables between governmental activities were eliminated, leaving \$12,706 due to the governmental activities. In the government-wide statement of activities, interfund transfers between governmental activities were eliminated, leaving \$392,313 in transfers from the discretely presented component unit to the governmental activities.

*e. Tax Anticipation Notes*

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

Issue Date	Interest Rate	Balance January 1, 2021	Issued	Redemptions	Balance December 31, 2021
June 2020	0.15%	\$ 6,300,000	-	\$ 6,300,000	-
December 2020	0.30%	5,000,000	-	5,000,000	-
		<u>\$ 11,300,000</u>	<u>-</u>	<u>\$ 11,300,000</u>	<u>-</u>

*f. Long-Term Liabilities*

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

	Year Ended December 31, 2021				
	Balance January 1, 2021	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2021	Due Within On Year
Governmental activities					
Bonds payable	\$ 71,583,164	\$ 8,922,823	\$ 6,483,164	\$ 74,022,823	\$ 3,812,823
Bond premiums	2,464,707	292,131	259,425	2,497,413	265,610
	<u>74,047,871</u>	<u>9,214,954</u>	<u>6,742,589</u>	<u>76,520,236</u>	<u>4,078,433</u>
Other non-current liabilities					
Capital lease obligations	175,456	-	85,940	89,516	89,516
Landfill liability post-closure maintenance	2,441,880	-	-	2,441,880	-
Compensated absences	4,488,436	1,642,907	448,844	5,682,499	568,250
Net pension liability	29,151,283	-	22,905,101	6,246,182	-
Other postemployment benefits	136,455,390	25,868,830	19,969,598	142,354,622	-
	<u>172,712,445</u>	<u>27,511,737</u>	<u>43,409,483</u>	<u>156,814,699</u>	<u>657,766</u>
Governmental activities long-term liabilities	<u>\$ 246,760,316</u>	<u>\$ 36,726,691</u>	<u>\$ 50,152,072</u>	<u>\$ 233,334,935</u>	<u>\$ 4,736,199</u>

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

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

#### f. Long-Term Liabilities - Continued

	Year Ended December 31, 2021				
	Balance January 1, 2021	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2021	Due Within On Year
Component unit					
Net pension liability	694,083	-	692,975	1,108	-
Construction loans	9,835,936	1,164,064	-	11,000,000	287,969
Other postemployment benefits	125,040	4,416	17,821	111,635	-
	<u>10,655,059</u>	<u>1,168,480</u>	<u>710,796</u>	<u>11,112,743</u>	<u>287,969</u>
Component unit long-term liabilities	<u>\$ 10,655,059</u>	<u>\$ 1,168,480</u>	<u>\$ 710,796</u>	<u>\$ 11,112,743</u>	<u>\$ 287,969</u>

#### g. Indebtedness

##### General Obligation Bonds

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

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 began repayment in March 2021 and are repaid annually through March 2033 at fixed interest rates ranging from 1.00% - 3.50%.

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 began repayment in June 2022 and are repaid annually through June 2043 at fixed interest rates ranging from 2.00% - 2.25%.

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:

<u>Public Improvement Bonds</u>	<u>Issue Date</u>	<u>Maturity</u>	<u>Rate</u>	<u>December 31, 2021</u>
Serial bond, general obligation	01/09	01/24	4.250%	\$ 190,000
Serial bond, general obligation	12/12	12/22	2.000%	60,000
Serial bond, general obligation	06/14	06/34	2.810%	3,660,000
Refunding bond	12/14	02/35	2.878%	13,020,000
Serial bond, general obligation	06/15	06/40	3.310%	4,910,000
Serial bond, general obligation	06/16	06/33	2.095%	2,255,000
Serial bond, general obligation	06/17	06/40	2.489%	6,890,000
Refunding bond	07/18	07/39	3.802%	5,520,000
Serial bond, general obligation	06/18	06/42	3.097%	6,275,000
Serial bond, general obligation	06/19	06/40	2.423%	9,170,000
Serial bond, general obligation	06/20	06/42	2.050%	7,225,000
Refunding bond	08/20	04/39	3.856%	5,940,000
Serial bond, general obligation	06/21	06/51	2.091%	6,167,823
Refunding bond	06-21	06-33	2.607%	2,740,000
				<u>\$ 74,022,823</u>

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

### 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:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For the years ending December 31,			
2022	\$ 3,812,823	\$ 2,231,632	\$ 6,044,455
2023	3,845,000	2,040,161	5,885,161
2024	3,980,000	1,909,876	5,889,876
2025	3,735,000	1,783,355	5,518,355
2026	3,865,000	1,662,898	5,527,898
2027 - 2031	20,735,000	6,394,503	27,129,503
2032 - 2036	18,270,000	3,412,575	21,682,575
2037 - 2041	12,405,000	1,147,099	13,552,099
2042 - 2046	2,025,000	223,766	2,248,766
2047 - 2051	1,350,000	75,559	1,425,559
	<u>\$ 74,022,823</u>	<u>\$ 20,881,424</u>	<u>\$ 94,904,247</u>

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, 2021, the amount of special assessment debt outstanding for SAD and WASAD was \$334,060 and \$213,583, 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, 2021 is \$89,516.

Other liabilities include the following:

	<u>January 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2021</u>
Governmental activities				
Sick time	\$ 3,355,577	\$ 1,452,456	\$ 335,558	\$ 4,472,475
Compensatory time	1,132,859	190,451	113,286	1,210,024
Total	<u>\$ 4,488,436</u>	<u>\$ 1,642,907</u>	<u>\$ 448,844</u>	<u>\$ 5,682,499</u>

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

### 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, 2021, the City had drawn the entire amounts on each of the \$7,500,000, \$2,500,000 and \$1,000,000 loans.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

### 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 15<sup>th</sup>, April 15<sup>th</sup>, July 15<sup>th</sup> and October 15<sup>th</sup>.

Estimated annual debt service requirements to maturity 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 acre 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, 2021, the costs associated with remediating the property are estimated to be \$2,441,880. Actual costs 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.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

### 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.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

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

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

### 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, 2021 was approximately 14.6 percent of covered payroll. The average contribution rate for PFRS for the fiscal year ended March 31, 2021 was approximately 24.4 percent of covered payroll. Contributions made to the Systems for the current and two preceding years were as follows:

	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
2021	\$ 1,836,292	\$ 3,131,417	\$ 4,967,709
2020	1,788,958	2,819,647	4,608,605
2019	1,736,306	2,590,405	4,326,711

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 discretely presented component unit as indicated below. The Current PFRS contribution was charged to the General Fund.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

### 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, 2021, the City reported a liability of \$6,246,182 in the governmental activities statement of net position and \$1,108 in the discretely presented component unit statement of net position for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2021, 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, 2021, the City's proportion was .0445037% in the Employee Retirement System and .3572575% in the Police and Fire Retirement System.

For the year ended December 31, 2021, the City recognized pension expense of \$3,984,849 in the governmental activities and \$25,232 in the discretely presented component unit. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b>ERS</b>		
Differences between expected and actual experience	\$ 527,665	\$ -
Change in assumptions	7,944,237	149,830
Net differences between projected and actual investment earnings on pension plan investments	-	12,411,380
Changes in proportion and differences between employer contributions and proportionate share of contributions	24,515	25,865
City contributions subsequent to the measurement date	<u>1,339,093</u>	<u>-</u>
Total	<u>\$ 9,835,510</u>	<u>\$ 12,587,075</u>
<b>PFRS</b>		
Differences between expected and actual experience	\$ 1,376,408	\$ -
Change in assumptions	15,240,042	-
Net differences between projected and actual investment earnings on pension plan investments	-	18,239,489
Changes in proportion and differences between employer contributions and proportionate share of contributions	383,990	1,229,117
City contributions subsequent to the measurement date	<u>2,348,563</u>	<u>-</u>
Total	<u>\$ 19,349,003</u>	<u>\$ 19,468,606</u>

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

### 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

	Component Unit	
	Deferred Outflows of Resources	Deferred Inflows of Resources
ERS		
Differences between expected and actual experience	\$ 13,530	\$ -
Change in assumptions	203,698	3,842
Net differences between projected and actual investment earnings on pension plan investments	-	318,241
Changes in proportion and differences between employer contributions and proportionate share of contributions	628	663
City contributions subsequent to the measurement date	11,572	-
<b>Total</b>	<b>\$ 229,428</b>	<b>\$ 322,746</b>

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, 2022. 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	Component Unit	Total
Year ending December 31,			
2022	\$ (735,850)	\$ (18,868)	\$ (754,718)
2023	(272,346)	(6,983)	(279,329)
2024	(683,535)	(17,528)	(701,063)
2025	(2,398,927)	(61,511)	(2,460,438)
<b>Total</b>	<b>\$ (4,090,658)</b>	<b>\$ (104,890)</b>	<b>\$ (4,195,548)</b>

	PFRS
	Governmental Activities
Year ending December 31,	
2022	\$ (1,040,533)
2023	(312,548)
2024	(787,417)
2025	(3,336,015)
2026	3,008,347
<b>Total</b>	<b>\$ (2,468,166)</b>

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

### 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	4.2 percent, indexed by service
PFRS	5.0 percent, indexed by service
Investment rate of return, including inflation	5.9 percent compounded annually, net of expenses
Decrement	Based on FY 2011-2015 experience
Cost-of-living adjustments	1.3 percent annually
Mortality improvement	Society of Actuaries' Scale MP-2018

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020.

The actuarial assumptions used in the April 1, 2020 valuations are based on the results of actuarial experience study for the period April 1, 2015 - March 31, 2020.

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, 2021 are summarized below:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate</u>
Domestic equity	32.00%	4.05%
International equity	15.00%	6.30%
Private equity	10.00%	6.75%
Real estate	9.00%	4.95%
Opportunistic/absolute return strategy	3.00%	4.50%
Credit	4.00%	3.63%
Real assets	3.00%	5.95%
Fixed income	23.00%	0.00%
Cash	1.00%	0.50%
	<u>100.00%</u>	

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

### 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 5.9%. 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 5.9%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease (4.9%)</u>	<u>Current Discount (5.9%)</u>	<u>1% Increase (6.9%)</u>
<b>ERS</b>			
City's proportionate share of the net pension liability (asset)			
Component unit	\$ 307,539	\$ 1,108	\$ (281,493)
Governmental activities	<u>11,992,342</u>	<u>43,206</u>	<u>(10,976,694)</u>
	<u><u>\$ 12,299,881</u></u>	<u><u>\$ 44,314</u></u>	<u><u>\$ (11,258,187)</u></u>
<b>PFRS</b>			
City's proportionate share of the net pension liability (asset)			
Governmental activities	<u>\$ 26,378,551</u>	<u>\$ 6,202,976</u>	<u>\$ (10,497,186)</u>

##### *Pension Plan Fiduciary Net Position*

The components of the current-year net pension liability of the employers as of March 31, 2021, were as follows:

	(Dollars in Thousands)		
	Employees' Retirement System	Police and Fire Retirement System	Total
Employers' total pension liability	\$ 220,680,157	\$ 41,236,775	\$ 261,916,932
Plan net position	<u>(220,580,583)</u>	<u>(39,500,500)</u>	<u>(260,081,083)</u>
Employers' net pension liability	<u><u>\$ 99,574</u></u>	<u><u>\$ 1,736,275</u></u>	<u><u>\$ 1,835,849</u></u>
Ratio of fiduciary net position to total pension liability	<u><u>99.95%</u></u>	<u><u>95.79%</u></u>	<u><u>99.30%</u></u>

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

### 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, 2021 actuarial measurement date is as follows:

Retirees and Survivors	254
Actives	<u>330</u>
Total	<u><u>584</u></u>

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, 2021, the City paid \$3,085,894 and \$4,581 on behalf OPEB plan members within the governmental activities and the discretely presented component unit, 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, 2021, the City reported a liability of \$142,354,622 and \$111,635 for its OPEB plan liability in the governmental activities and the discretely presented component unit, respectively. The OPEB plan liability was measured as of January 1, 2021 by an actuarial valuation as of that date. For the year ended December 31, 2021, the City recognized OPEB plan expense of \$25,868,830 and \$4,416 in the governmental activities and the discretely presented component unit, respectively. A summary of changes in the City’s OPEB plan liability is as follows:

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

### 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	Component Unit	Total
January 1, 2021	\$ 136,455,390	\$ 125,040	\$ 136,580,430
Charges for the year			
Service cost	6,387,932	-	6,387,932
Interest	3,871,630	3,363	3,874,993
Difference in expected and actual experience	(16,883,704)	(13,240)	(16,896,944)
Changes in assumptions and other inputs	15,609,268	1,053	15,610,321
Benefit payments	(3,085,894)	(4,581)	(3,090,475)
Net changes	5,899,232	(13,405)	5,885,827
December 31, 2021	\$ 142,354,622	\$ 111,635	\$ 142,466,257

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,589,143	\$ 14,422,523
Changes of assumptions or other inputs	28,745,726	10,435,547
City contributions subsequent to the measurement date	3,048,340	-
Total	\$ 36,383,209	\$ 24,858,070

	Component Unit	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,446	\$ 11,310
Changes of assumptions or other inputs	8,324	10,496
City contributions subsequent to the measurement date	4,033	-
Total	\$ 16,803	\$ 21,806

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

### 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, 2022. 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	Component Unit
Year ending December 31,		
2022	\$ 1,298,906	\$ (1,137)
2023	1,298,906	(1,137)
2024	1,328,686	(1,164)
2025	1,776,713	(1,556)
2026	2,933,414	(4,183)
2027 and thereafter	(159,826)	141
Total	\$ 8,476,799	\$ (9,036)

#### *Actuarial Assumptions*

The OPEB plan liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions:

Actuarial cost method	Entry age normal - level percent of pay
Measurement date	January 1, 2021
Discount rate	2.12%, Bond Buyer Weekly 20-Bond GO Index
Salary scale	3.00%
Rate of inflation	2.50%
Mortality	RPH-2014 Mortality Table
Turnover	New York State & Local Retirement System experience, as prepared by the Department of Civil Service's actuarial consultant in the report titled, <i>Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 75 Valuation (June 2019)</i>
Retirement incidence	New York State & Local Retirement System experience, as prepared by the Department of Civil Service's actuarial consultant in the report titled, <i>Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 75 Valuation (June 2019)</i>
Marriage rate	70% of retirees assumed to be married at the time of retirement, with the male spouse assumed to be approximately 3 years older than the female

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

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

#### Actuarial Assumptions - Continued

Health care cost trend rates	<u>To fiscal year ending</u>	<u>Pre-65 trend</u>	<u>Post-65 trend</u>
	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, 2021 using current health care cost trend rates as well as what the OPEB plan liability would be if it were calculated using health care cost trend rates that are 1% lower of 1% higher than the current rate:

	<u>1% Decrease</u>	<u>Current Rates</u>	<u>1% Increase</u>
OPEB plan liability			
Component unit	\$ 89,451	\$ 111,635	\$ 142,042
Governmental activities	<u>114,065,467</u>	<u>142,354,622</u>	<u>181,129,349</u>
	<u>\$ 114,154,918</u>	<u>\$ 142,466,257</u>	<u>\$ 181,271,391</u>

The following presents the OPEB plan liability as of December 31, 2021 using the current discount rate of 2.12% as well as what the OPEB plan liability would be if it were calculated using discount rates that are 1% lower of 1% higher than the current rate:

	<u>1% Decrease 1.12%</u>	<u>Current Rate 2.12%</u>	<u>1% Increase 3.12%</u>
OPEB plan liability			
Component unit	\$ 136,362	\$ 111,635	\$ 92,844
Governmental activities	<u>173,885,456</u>	<u>142,354,622</u>	<u>118,392,420</u>
	<u>\$ 174,021,818</u>	<u>\$ 142,466,257</u>	<u>\$ 118,485,264</u>

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

### 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, 2021 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	\$ 6.43	\$ 142,131	\$ 83,245	\$ 58,886
6/17/2003	11 Kirby Road - Kirby Village	2,761,800	6.37	17,593	4,475	13,118
8/17/2004	125 West Avenue - Westview Apartment	8,193,000	6.37	52,189	16,193	35,996
1/16/2007	Embury Apartments	16,326,800	6.43	104,981	-	104,981
7/29/2010	57 Ballston Avenue - Raymond Watkins	3,000,000	6.37	19,110	13,127	5,983
5/17/2016	9 Kirby Road - Kirby Village Apartments	3,223,400	6.37	20,533	4,475	16,058
6/18/2018	Intrada Apartments	12,090,000	6.37	77,013	18,807	58,206
11/6/2019	SRDI	938,491	6.43	6,034	-	6,034
10/1/2019	Promenade Apartments	2,000,000	6.43	12,860	4,587	8,273
		<u>\$ 70,637,791</u>		<u>\$ 452,444</u>	<u>\$ 144,909</u>	<u>\$ 307,535</u>

### Note 6 - Commitments and Contingencies

#### a. Environmental Risks

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

#### b. Risk Management

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

The City's Safety Committee reviews potential areas of risk and develops safety policies. The Safety Committee reviews, among other things, workers' compensation trends to determine and prevent causation of similar claims in the future. The City belongs to the Saratoga County Workers' Compensation pool, and cases are reviewed and paid by Saratoga County. The City's 2021 annual contribution to the workers' compensation pool was \$745,937.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

### **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, 2022 through December 31, 2024.

### **Note 7 - Subsequent Events**

In June 2022, the City issued \$17,137,299 in Public Improvement Serial Bonds to finance various projects throughout the City. The Public Improvement Serial Bonds will be repaid annually starting in June 2024 through June 2049 and bear interest at rates that range from 3.00% - 4.00%.

### **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.

*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.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

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

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 were effective for reporting periods beginning after June 15, 2020.

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

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

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

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

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 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.

GASB Statement No. 99, *Omnibus 2022*. This statement addresses a variety of topics. The requirements of this statement related to the extension of the use of LIBOR, accounting for Supplement Nutrition Assistance Program distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended, and terminology updates related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53), and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, were effective upon issuance of the statement in April 2022. The requirements of this statement related to leases, PPPs and SBITAs are effective for reporting periods beginning after June 15, 2022. The requirements of this statement related to financial guarantees and the classification of reporting of derivative instruments within the scope of GASB 53 are effective for reporting periods beginning after June 15, 2023.

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

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

GASB Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and change to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting – understandability, reliability, relevance, timeliness, consistency, and comparability. This statement also addresses corrections of errors in previously issued financial statements. This statement prescribes the accounting and financial reporting for (1) each type of accounting changes and (2) error corrections. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This statement requires disclosures in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about quantitative effects of beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information and supplementary information. For periods that are earlier than those included in the basic financial statements, information presented as required supplementary information and supplementary information should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely

# City of Saratoga Springs, New York

## Notes to Financial Statements December 31, 2021

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

than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

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, 2021			
	Budgeted Amounts		Actual Amounts	Variance with Revised - Positive (Negative)
	Adopted	Revised		
<b>REVENUES</b>				
Real property taxes and related tax items	\$ 18,995,423	\$ 19,078,423	\$ 17,345,780	\$ (1,732,643)
Non-property taxes	17,231,605	17,231,605	17,466,704	235,099
Departmental income	3,678,344	3,678,344	3,263,281	(415,063)
Intergovernmental charges	396,822	446,822	450,013	3,191
Use of money and property	638,260	638,260	455,081	(183,179)
Licenses and permits	675,250	675,250	654,258	(20,992)
Fines and forfeitures	548,000	548,000	524,193	(23,807)
Sale of property and compensation for loss	1,213,205	1,232,957	2,895,500	1,662,543
Miscellaneous	2,482,092	2,485,307	3,310,041	824,734
State aid	4,341,118	4,341,118	4,166,558	(174,560)
Federal aid	3,939,010	3,939,010	3,994,703	55,693
Total revenues	54,139,129	54,295,096	54,526,112	231,016
<b>EXPENDITURES</b>				
General government support	11,576,951	12,092,226	10,645,487	1,446,739
Public safety	28,984,328	29,265,383	25,987,686	3,277,697
Health	28,667	39,060	116,691	(77,631)
Transportation	6,064,405	7,889,541	4,203,608	3,685,933
Economic opportunity and development	407,665	400,977	131,473	269,504
Culture and recreation	4,015,027	4,085,749	2,532,589	1,553,160
Home and community service	2,614,794	2,691,239	1,150,674	1,540,565
Debt service	342,292	335,998	116,700	219,298
Total expenditures	54,034,129	56,800,173	44,884,908	11,915,265
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers in	56,000	56,000	58,339	2,339
Interfund transfers out	(161,000)	(161,000)	(392,313)	(231,313)
Total other financing sources (uses)	(105,000)	(105,000)	(333,974)	(228,974)
<b>Net change in fund balance (actual) and appropriated fund balance (budget)</b>	-	(2,610,077)	9,307,230	<b>\$ 11,917,307</b>
<b>FUND BALANCE, beginning of year</b>	13,758,013	13,758,013	13,758,013	
<b>FUND BALANCE, end of year</b>	<b>\$ 13,758,013</b>	<b>\$ 11,147,936</b>	<b>\$ 23,065,243</b>	

# City of Saratoga Springs, New York

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

	Year Ended December 31, 2021			Variance with Revised - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Adopted	Revised		
<b>REVENUES</b>				
Water charges	\$ 4,386,986	\$ 4,386,986	\$ 3,865,009	\$ (521,977)
Use of money and property	1,250	1,250	379	(871)
Sale of property and compensation for loss	58,303	58,303	57,386	(917)
Miscellaneous	-	-	211	211
Total revenues	4,446,539	4,446,539	3,922,985	(523,554)
<b>EXPENDITURES</b>				
Home and community service	3,388,252	3,388,252	2,694,680	693,572
Debt service	1,058,287	1,058,287	987,027	71,260
Total expenditures	4,446,539	4,446,539	3,681,707	764,832
<b>OTHER FINANCING USES</b>				
Interfund transfers out	-	-	(783,006)	(783,006)
<b>Net change in fund balance (actual) and appropriated fund balance (budget)</b>	-	-	(541,728)	<b>\$ (541,728)</b>
<b>FUND BALANCE, beginning of year</b>	4,596,917	4,596,917	4,596,917	
<b>FUND BALANCE, end of year</b>	<b>\$ 4,596,917</b>	<b>\$ 4,596,917</b>	<b>\$ 4,055,189</b>	

# City of Saratoga Springs, New York

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

	Year Ended December 31, 2021			Variance with Revised - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Adopted	Revised		
<b>REVENUES</b>				
Sewer charges	\$ 5,086,662	\$ 5,086,662	\$ 4,968,370	\$ (118,292)
Use of money and property	500	500	738	238
Sale of property and compensation for loss	21,666	21,714	24,413	2,699
Total revenues	5,108,828	5,108,876	4,993,521	(115,355)
<b>EXPENDITURES</b>				
Home and community service	4,899,762	4,899,810	4,818,109	81,701
Debt service	209,066	209,066	191,122	17,944
Total expenditures	5,108,828	5,108,876	5,009,231	99,645
<b>OTHER FINANCING USES</b>				
Interfund transfers out	-	-	(243,971)	(243,971)
<b>Net change in fund balance (actual) and appropriated fund balance (budget)</b>	-	-	(259,681)	<b>\$ (259,681)</b>
<b>FUND BALANCE, beginning of year</b>	240,484	240,484	240,484	
<b>FUND BALANCE, end of year</b>	<b>\$ 240,484</b>	<b>\$ 240,484</b>	<b>\$ (19,197)</b>	

# City of Saratoga Springs, New York

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

	Year Ended December 31, 2021			Variance with Revised - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Adopted	Revised		
<b>REVENUES</b>				
Real property taxes and related tax items	\$ 4,607,795	\$ 4,885,955	\$ 4,091,570	\$ (794,385)
Use of money and property	-	-	1,926	1,926
Miscellaneous	-	-	611,678	611,678
State aid	15,863	15,863	-	(15,863)
Total revenues	4,623,658	4,901,818	4,705,174	(196,644)
<b>EXPENDITURES</b>				
General government support	-	265,000	98,697	166,303
Debt service	4,673,980	4,687,140	4,564,845	122,295
Total expenditures	4,673,980	4,952,140	4,663,542	288,598
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds	-	-	2,755,000	2,755,000
Repayments to escrow agent	-	-	(2,984,081)	(2,984,081)
Interfund transfers in	50,322	50,322	50,322	-
Total other financing sources (uses)	50,322	50,322	(178,759)	2,755,000
<b>Net change in fund balance (actual) and appropriated fund balance (budget)</b>	-	-	(137,127)	<b>\$ 2,846,954</b>
<b>FUND BALANCE, beginning of year</b>	1,389,438	1,389,438	1,389,438	
<b>FUND BALANCE, end of year</b>	<b>\$ 1,389,438</b>	<b>\$ 1,389,438</b>	<b>\$ 1,252,311</b>	

# City of Saratoga Springs, New York

## Required Supplementary Information Schedule of Other Postemployment Benefits Liability

	Governmental Activities			
	2021	2020	2019	2018
Beginning of year	\$ 136,455,390	\$ 111,805,930	\$ 118,745,224	\$ 114,262,135
Charges for the year				
Service cost	6,387,932	4,072,547	4,992,628	4,477,096
Interest	3,871,630	4,689,925	4,204,758	4,434,331
Change of benefit terms	-	(5,994,260)	-	-
Difference in expected and actual experience	(16,883,704)	3,107,162	-	5,715,871
Changes in assumptions and other inputs	15,609,268	21,754,192	(13,119,258)	(7,286,433)
Benefit payments	(3,085,894)	(2,980,106)	(3,017,422)	(2,857,776)
Net changes	<u>5,899,232</u>	<u>24,649,460</u>	<u>(6,939,294)</u>	<u>4,483,089</u>
End of year	<u>\$ 142,354,622</u>	<u>\$ 136,455,390</u>	<u>\$ 111,805,930</u>	<u>\$ 118,745,224</u>
Covered payroll	\$ 27,814,883	\$ 30,129,800	\$ 29,169,783	\$ 26,441,060
OPEB liability as a percentage of covered payroll	511.80%	452.90%	383.30%	449.08%
	Component Unit			
	2021	2020	2019	2018
Beginning of year	\$ 125,040	\$ 111,834	\$ 121,004	\$ 116,436
Charges for the year				
Service cost	-	-	4,994	4,562
Interest	3,363	4,490	4,206	4,519
Difference in expected and actual experience	(13,240)	2,847	-	5,825
Changes in assumptions and other inputs	1,053	10,480	(15,352)	(7,425)
Benefit payments	(4,581)	(4,611)	(3,018)	(2,913)
Net changes	<u>(13,405)</u>	<u>13,206</u>	<u>(9,170)</u>	<u>4,568</u>
End of year	<u>\$ 111,635</u>	<u>\$ 125,040</u>	<u>\$ 111,834</u>	<u>\$ 121,004</u>
Covered payroll	\$ 21,813	\$ 27,609	\$ 29,177	\$ 26,945
OPEB liability as a percentage of covered payroll	511.78%	452.90%	383.30%	449.08%

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

# City of Saratoga Springs, New York

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>ERS</b>							
City's proportion of the net pension liability	0.0445037%	0.0445009%	0.0441821%	0.0441450%	0.0430345%	0.0448128%	0.0414829%
City's proportionate share of the net pension liability	\$ 44,314	\$ 11,784,096	\$ 3,130,439	\$ 1,424,756	\$ 4,043,615	\$ 7,192,574	\$ 1,401,392
City's covered-employee payroll	\$ 12,053,395	\$ 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	0.37%	90.01%	24.90%	11.63%	33.98%	64.86%	12.66%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>PFRS</b>							
City's proportion of the net pension liability	0.357258%	0.337914%	0.344726%	0.340771%	0.346204%	0.334572%	0.3247468%
City's proportionate share of the net pension liability	\$ 6,202,976	\$ 18,061,270	\$ 5,781,277	\$ 3,444,365	\$ 7,175,602	\$ 9,905,974	\$ 893,897
City's covered-employee payroll	\$ 11,658,917	\$ 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	53.20%	149.02%	49.80%	30.94%	63.81%	92.58%	9.26%
Plan fiduciary net position as a percentage of the total pension liability	95.79%	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.*

# City of Saratoga Springs, New York

## Required Supplementary Information Schedule of Pension Contributions

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>ERS</b>										
Contractually required contribution	\$ 1,836,292	\$ 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
Contributions in relation to the contractually required contribution	\$ 1,836,292	\$ 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
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 12,053,395	\$ 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
Contributions as a percentage of covered-employee payroll	15.23%	13.66%	13.81%	13.98%	14.47%	14.83%	19.47%	19.21%	20.67%	19.13%
<b>PFRS</b>										
Contractually required contribution	\$ 3,131,417	\$ 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
Contributions in relation to the contractually required contribution	\$ 3,131,417	\$ 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
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 11,658,917	\$ 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
Contributions as a percentage of covered-employee payroll	26.86%	23.26%	22.31%	22.37%	23.37%	27.67%	27.64%	31.71%	35.05%	33.36%

# City of Saratoga Springs, New York

Supplementary Information  
December 31, 2021

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

The City maintains three 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.

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, 2021			
	Downtown Special Assessment District	West Avenue Special Assessment District	Community Development	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 640,284	\$ 7,330	\$ 247,812	\$ 895,426
Cash and cash equivalents, restricted	1,980	-	-	1,980
Receivables, net	-	-	53,756	53,756
Receivables from other governments	-	-	38,190	38,190
	-	-	38,190	38,190
<b>Total assets</b>	<b>\$ 642,264</b>	<b>\$ 7,330</b>	<b>\$ 339,758</b>	<b>\$ 989,352</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities				
Accounts payable and accrued liabilities	\$ 3,082	\$ -	\$ 38,250	\$ 41,332
Due to other governments	-	-	2,674	2,674
Due to other funds	10,000	-	-	10,000
	13,082	-	40,924	54,006
Deferred inflows of resources				
Other unavailable resources	-	-	53,756	53,756
	-	-	53,756	53,756
<b>Total liabilities and deferred inflows of resources</b>	<b>13,082</b>	<b>-</b>	<b>94,680</b>	<b>107,762</b>
<b>FUND BALANCES</b>				
Restricted	1,980	-	-	1,980
Assigned	627,202	7,330	245,078	879,610
<b>Total fund balances</b>	<b>629,182</b>	<b>7,330</b>	<b>245,078</b>	<b>881,590</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 642,264</b>	<b>\$ 7,330</b>	<b>\$ 339,758</b>	<b>\$ 989,352</b>

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, 2021			
	Downtown Special Assessment District	West Avenue Special Assessment District	Community Development	Total
<b>REVENUES</b>				
Departmental income	\$ -	\$ -	\$ 52,397	\$ 52,397
Real property taxes and related tax items	138,262	51,003	-	189,265
Federal aid	-	-	609,998	609,998
Use of money and property	1,473	16	1,559	3,048
Total revenues	139,735	51,019	663,954	854,708
<b>EXPENDITURES</b>				
Other general governmental support	-	748	-	748
Home and community services	-	-	554,368	554,368
Economic opportunity and development	41,974	-	-	41,974
Debt service				
Principal	11,670	-	-	11,670
Interest	12,726	-	-	12,726
Total expenditures	66,370	748	554,368	621,486
<b>Excess of revenues over expenditures</b>	73,365	50,271	109,586	233,222
<b>OTHER FINANCING USES</b>				
Interfund transfers out	-	(49,503)	(58,339)	(107,842)
<b>Net change in fund balances</b>	<b>73,365</b>	<b>768</b>	<b>51,247</b>	<b>125,380</b>
<b>FUND BALANCES, beginning of year</b>	555,817	6,562	193,831	756,210
<b>FUND BALANCES, end of Year</b>	<b>\$ 629,182</b>	<b>\$ 7,330</b>	<b>\$ 245,078</b>	<b>\$ 881,590</b>

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