

City of Saratoga Springs, New York

Financial Report

December 31, 2015

City of Saratoga Springs, New York

Financial Report

December 31, 2015

CONTENTS

	Page
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-13
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet - Governmental Funds	16
Reconciliation of the Total Fund Balances Shown in the Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
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	19
Statement of Net Position - Proprietary Funds	20
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	21
Statement of Cash Flows - Proprietary Funds	22
Statement of Fiduciary Net Position - Fiduciary Funds	23
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	24
Notes to Financial Statements	25-52
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	53
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Debt Service Fund	54
Other Postemployment Benefits - Schedule of Funding Progress	55
Schedule of Proportionate Share of Net Pension Liability	56
Schedule of Pension Contributions	57
Supplementary Information	
Combining Non-Major Governmental Funds	58
Combining Balance Sheet - Non-Major Governmental Funds	59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds	60



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Saratoga Springs, New York (City) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Saratoga Springs, New York as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the City adopted the provisions of the Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, as of January 1, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining individual non-major fund financial statements on pages 58 through 60 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2016, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BST & CO. CPAs, LLP

Albany, New York
August 22, 2016



City of Saratoga Springs, New York

Management's Discussion and Analysis December 31, 2015

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, 2015. We encourage readers to consider the information presented here in conjunction with our financial statements, which can be found on pages 14 through 52 and our supplementary information which can be found on pages 53 through 60 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources on December 31, 2015, by \$20,576,763 representing net position. Of this amount, \$39,596,932 represents the City's investment in capital assets net of related debt, and \$20,121,020 is restricted for future capital improvements, debt service, and other purposes. The remaining amount, which represents negative unrestricted net position, is \$39,141,189. The primary driver of the City's negative unrestricted net position is unfunded other postemployment benefits, compensated absences, and net pension liability of \$49,784,334, \$3,690,924, and \$2,294,868, respectively.
- At December 31, 2015, the City's governmental funds reported a combined ending fund balance of \$22,699,337. Of this amount, \$28,600,271 of the fund balance was nonspendable, restricted, or assigned for specific purposes. The combined unassigned fund balance was a negative \$5,900,934 due to \$14,114,490 of encumbrances reported in the Capital Projects Fund.
- At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$9,359,498.

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 fiscal 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 fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government support, public safety, health, highways and streets, economic development, and culture and recreation. The business-type activities of the City include the Water and Sewer Funds and the City Center Authority.

The government-wide financial statements can be found on pages 14 and 15 of this report.

City of Saratoga Springs, New York

Management's Discussion and Analysis December 31, 2015

Overview of the Financial Statements - Continued

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, Debt Service Fund, and Community Development, all of which are considered to be major funds. Data from the other two governmental funds, the Downtown Special Assessment District (SAD) and the West Avenue Special Assessment District (WASAD) are combined into a single, aggregated presentation. The restricted and assigned fund balance as of December 31, 2015, for the SAD was \$216,207, and for the WASAD was \$4,103. SAD intends to use the accumulated fund balance to pay outstanding debt issued for the construction of a parking deck on Woodlawn Avenue that will benefit the District and an improved signage system in the downtown core. The WASAD intends to use the accumulated fund balance to pay debt on outstanding bonds issued to finance improvements in the District. The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund and Debt Service Fund to demonstrate compliance with this budget.

The governmental fund financial statements and the reconciliations to the government-wide financial statements can be found on pages 16 through 19 of this report.

Proprietary funds. The City maintains enterprise funds to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer operations and the City Center Authority.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer operations and the City Center Authority, all of which are considered to be major funds of the City.

The proprietary fund financial statements can be found on pages 20 through 22 of this report.

City of Saratoga Springs, New York

Management's Discussion and Analysis December 31, 2015

Overview of the Financial Statements - Continued

Fund Financial Statements - Continued

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties other than the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City-owned programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 23 through 24 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 through 52 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 exceeded liabilities and deferred inflows of resources by \$21,129,108 at December 31, 2015.

By far, the largest portion, \$39,596,392, of the City's net position reflects its investment in capital assets (i.e., land, buildings, improvements, infrastructure, work in progress, and machinery and equipment) less accumulated depreciation and any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Condensed Statements of Net Position

	December 31,					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current assets and deferred outflows of resources	\$ 32,261,388	\$ 27,489,666	\$ 14,145,802	\$ 12,038,625	\$ 46,407,190	\$ 39,528,291
Capital assets, net	66,207,356	62,499,330	23,913,816	23,668,785	90,121,172	86,168,115
Total assets	<u>98,468,744</u>	<u>89,988,996</u>	<u>38,059,618</u>	<u>35,707,410</u>	<u>136,528,362</u>	<u>125,696,406</u>
Long-term liabilities	87,670,401	77,651,988	15,370,884	14,212,230	103,041,285	91,864,218
Other liabilities and deferred inflows of resources	11,350,688	10,564,605	1,559,626	1,493,295	12,910,314	12,057,900
Total liabilities	<u>99,021,089</u>	<u>88,216,593</u>	<u>16,930,510</u>	<u>15,705,525</u>	<u>115,951,599</u>	<u>103,922,118</u>
Net position						
Net investment in capital assets	27,781,996	25,726,285	11,814,936	12,741,052	39,596,932	38,467,337
Restricted	10,678,612	10,242,645	9,442,408	8,634,616	20,121,020	18,877,261
Unrestricted	<u>(39,012,953)</u>	<u>(34,196,527)</u>	<u>(128,236)</u>	<u>(1,373,783)</u>	<u>(39,141,189)</u>	<u>(35,570,310)</u>
Total net position	<u>\$ (552,345)</u>	<u>\$ 1,772,403</u>	<u>\$ 21,129,108</u>	<u>\$ 20,001,885</u>	<u>\$ 20,576,763</u>	<u>\$ 21,774,288</u>

City of Saratoga Springs, New York

Management's Discussion and Analysis December 31, 2015

Overview of the Financial Statements - Continued

Government-Wide Financial Analysis - Continued

The City experienced a decrease in net position during 2015 totaling \$1,239,925, as shown in the following statement:

	December 31,					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
REVENUES						
Program revenues						
Charges for services	\$ 5,736,012	\$ 5,320,612	\$ 9,591,491	\$ 8,078,892	\$ 15,327,503	\$ 13,399,504
Operating grants and contributions	3,366,043	3,727,650	-	-	3,366,043	3,727,650
Capital grants and contributions	2,461,261	174,896	-	-	2,461,261	174,896
General revenues						
Property taxes	19,679,989	19,772,637	-	-	19,679,989	19,772,637
Other taxes	14,202,315	13,726,684	1,259,253	1,107,656	15,461,568	14,834,340
State aid and mortgage taxes	3,298,336	2,805,968	-	-	3,298,336	2,805,968
Other	340,794	451,907	166,420	305,028	507,214	756,935
Total revenues	<u>49,084,750</u>	<u>45,980,354</u>	<u>11,017,164</u>	<u>9,491,576</u>	<u>60,101,914</u>	<u>55,471,930</u>
EXPENSES						
General governmental support	13,381,452	10,296,175	-	-	13,381,452	10,296,175
Public safety	25,789,603	26,458,640	-	-	25,789,603	26,458,640
Health	120,135	119,062	-	-	120,135	119,062
Transportation	4,293,890	5,280,018	-	-	4,293,890	5,280,018
Economic opportunity and development	203,387	162,041	-	-	203,387	162,041
Culture and recreation	3,853,100	3,863,352	-	-	3,853,100	3,863,352
Home and community service	1,877,942	1,125,024	-	-	1,877,942	1,125,024
Interest on long-term debt	1,484,546	1,303,867	-	-	1,484,546	1,303,867
Water	-	-	3,779,348	3,359,473	3,779,348	3,359,473
Sewer	-	-	3,740,363	4,004,753	3,740,363	4,004,753
City Center Authority	-	-	2,817,075	2,843,841	2,817,075	2,843,841
Total expenses	<u>51,004,055</u>	<u>48,608,179</u>	<u>10,336,786</u>	<u>10,208,067</u>	<u>61,340,841</u>	<u>58,816,246</u>
Transfers	(569,095)	(74,385)	569,095	74,385	-	-
CHANGE IN NET POSITION	<u>(2,488,400)</u>	<u>(2,702,210)</u>	<u>1,249,473</u>	<u>(642,106)</u>	<u>(1,238,927)</u>	<u>(3,344,316)</u>
NET POSITION, beginning of year as previously stated	1,772,403	4,474,613	20,001,885	20,643,991	21,774,288	25,118,604
Effects of adoption of GASB 68 and 71	163,652	-	(122,250)	-	41,402	-
NET POSITION, beginning of year as restated	<u>1,936,055</u>	<u>4,474,613</u>	<u>19,879,635</u>	<u>20,643,991</u>	<u>21,815,690</u>	<u>25,118,604</u>
NET POSITION, end of year	<u>\$ (552,345)</u>	<u>\$ 1,772,403</u>	<u>\$ 21,129,108</u>	<u>\$ 20,001,885</u>	<u>\$ 20,576,763</u>	<u>\$ 21,774,288</u>

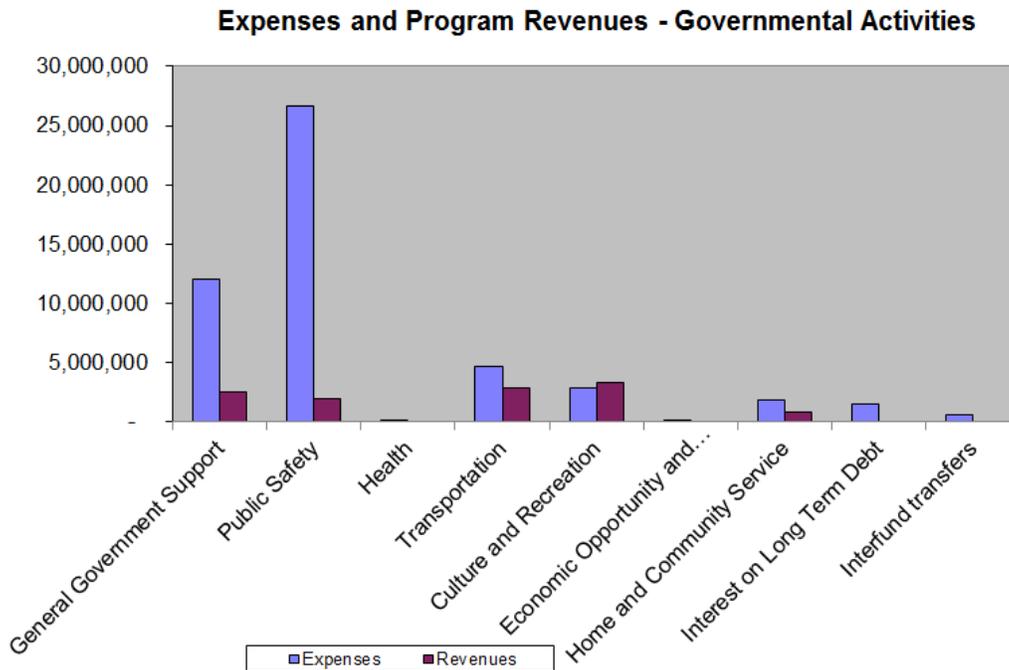
City of Saratoga Springs, New York

Management's Discussion and Analysis
December 31, 2015

Overview of the Financial Statements - Continued

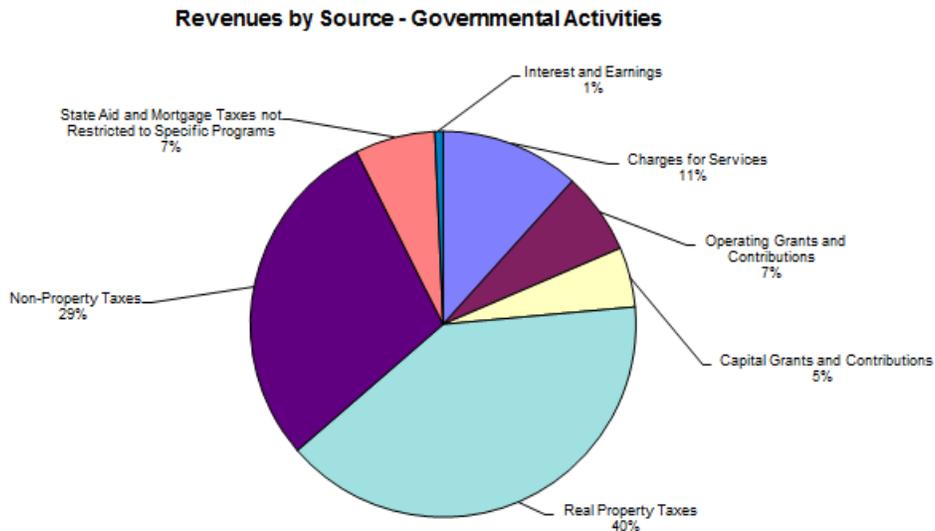
Government-Wide Financial Analysis - Continued

Governmental activities. Governmental activities decreased the City's net position by \$2,488,400. The following chart shows the expenses and program revenues of the various governmental activities:



For the most part, increases in expenses were the result of an increase of the cost of services provided. The City's major governmental activities are financed almost entirely by real property taxes, non-property taxes, and charges for services. Sales tax receipts increased by 3.35%.

The following chart shows revenues by source for all governmental activities, with general revenues totaling 76% and program revenues totaling 24%:



City of Saratoga Springs, New York

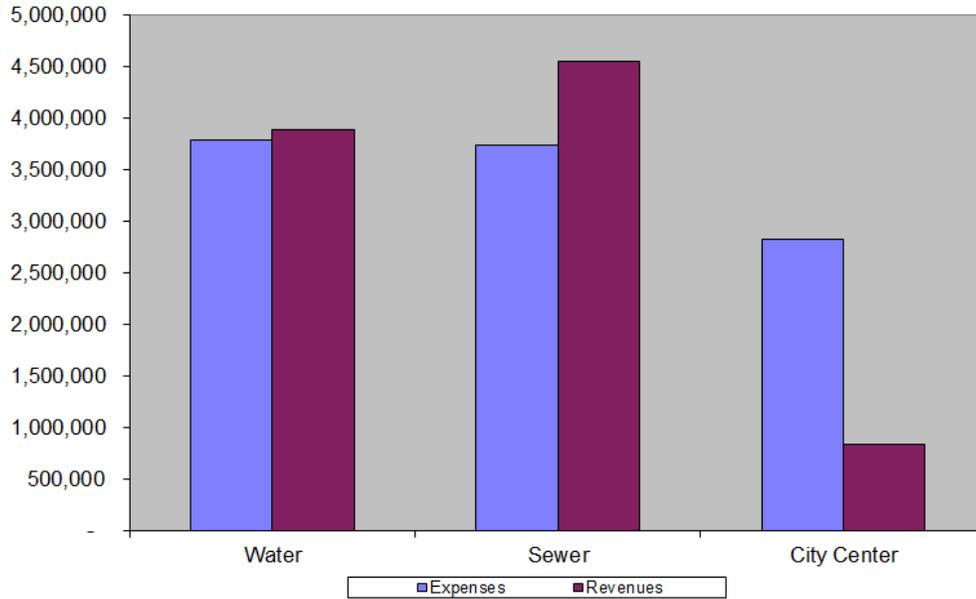
Management's Discussion and Analysis
December 31, 2015

Overview of the Financial Statements - Continued

Government-Wide Financial Analysis - Continued

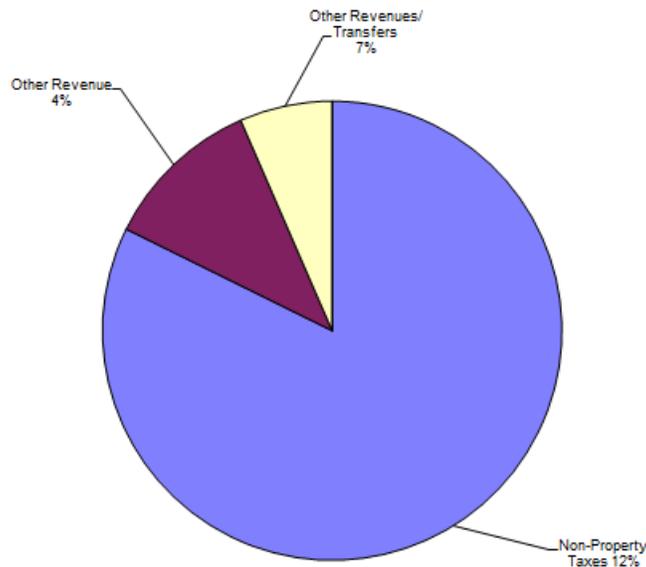
Business-type activities. Business-type activities increased the City's net position by \$1,249,473.

Expenses and Program Revenues - Business-type Activities



Program revenues were sufficient to cover water and sewer expenses but not City Center activity expenses.

Revenues by Source - Business-type Activities



City of Saratoga Springs, New York

Management's Discussion and Analysis December 31, 2015

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 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 fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balances of \$22,699,337, an increase of \$2,168,512 from the prior year. \$28,600,271 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 \$15,444,022, 2) be held for future capital improvements of \$5,307,219, 3) restricted for tax stabilization of \$1,504,824, 4) various other restrictions set by the City Council, and 5) not in spendable form.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$9,359,498, while total fund balance was \$16,541,201. 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 22% of total General Fund expenditures, while total fund balance represents 40% of that same amount.

The overall fund balance of the City's General Fund increased by \$1,010,704 during the current fiscal year. Key factors in this increase are as follows:

General Fund Revenues

1. Sales tax increased from 2014 by 3.35% and exceeded the budget. 2015 sales tax collections were \$11,611,000, a \$377,000 increase from 2014 actual collections, and \$513,000 more than the 2015 adopted budget.
2. Hotel room occupancy tax increased by 14%. 2015 actual collections were \$630,000, an increase of \$76,000 from 2014. Actual amounts exceeded the 2015 adopted budget.
3. Utilities gross receipts tax declined slightly. Amounts received were \$423,000 in 2015 and \$463,000 in 2014. Receipts did not meet the 2015 adopted budget by \$77,000.
4. Franchise fees remained constant in 2015. Actual receipts of \$547,000 exceeded the adopted budget by \$47,000.
5. Ambulance fees increased in 2015 by \$112,000. \$910,000 was collected for ambulance services, a 14% increase from last year. Actual amounts exceeded the budget by \$135,000.
6. Admission tax increased \$65,000, or 11% from 2014. Actual amounts received for 2015 were \$628,000. The budget was exceeded by \$112,000.
7. VLT aid was \$2,326,000 in 2014. This was the same as 2014. The revised budget was \$1,827,000.
8. Mortgage tax receipts increased in 2015. Actual receipts for 2015 were \$1,513,000, 27% higher than 2014. The budget for 2015 was \$1,200,000.
9. Overall revenues in 2015 were stronger than in 2014. Total revenues for the General Fund were \$43.8 million, \$2.6 million more than in 2014 and \$276,000 more than budgeted.

City of Saratoga Springs, New York

Management's Discussion and Analysis December 31, 2015

Financial Analysis of the City's Funds - Continued

Governmental funds - Continued

General Fund Expenses

1. Health insurance costs were \$6,570,000 in 2015. This was an increase of 8% from 2014. However, 2015 actual expenses were \$177,000 less than the revised budget.
2. Retirement costs decreased 13% for police and fire and other employees increased by 9%. 2015 actual expenses of \$4,898,000 and met the budget.
3. Social security expenses in 2015 were \$1,536,000, \$98,000 less than budgeted.
4. Utility costs were budgeted for \$554,000 and actual expenses were \$506,000. Actual expenses in 2015 were \$34,000 more than fiscal year 2014.
5. Overtime costs totaled \$1,034,000 in 2015 which was an 11.5% increase from 2014. Overtime was budgeted as \$1,099,000 for 2015. Increases in costs are primarily due to the settlement of the PBA contract and retroactive pay for overtime costs over a number of years.
6. Payments for compensatory time amounted to \$464,000, an 18% decrease from 2014. Compensatory time pay outs were budgeted for \$619,000.
7. Total personal services costs (excluding social security) were \$1,272,000 higher in 2015. This was primarily the result of the settlement of union contracts.
8. Total General Fund expenses were \$1.7 million more than in 2014, but \$2.9 million less than budgeted. It is important to note that of this \$2.9 million, \$1.3 million was encumbered at year end. Encumbrances are goods or services which are ordered or committed to in 2015 but will be received and paid for in 2016. Therefore, the actual unspent/uncommitted variance was \$1.6 million. The primary reasons for this budget versus actual variance are noted above, as well as the increase in actual expenses from 2014 to 2015.

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, 2015, amounts to \$39,596,932 (net of accumulated depreciation and less outstanding debt). This investment in capital assets includes land, buildings, improvements other than buildings, machinery, equipment, vehicles, work-in-progress, and infrastructure assets, such as roads, streets, and water systems.

Major capital asset events that occurred during the current fiscal year included the following:

- Improvements to the City's water and sewer system. Improved storm drainage in various areas of the City.
- Many recreational and park improvements.
- Various equipment, such as an aerial apparatus for the Fire Department.

	December 31,					
	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 3,961,353	\$ 3,961,353	\$ 325,841	\$ 325,841	\$ 4,287,194	\$ 4,287,194
Buildings	23,424,751	15,369,036	15,455,422	15,455,422	38,880,173	30,824,458
Improvements other than building	10,160,356	9,078,117	3,380,431	3,380,432	13,540,787	12,458,549
Machinery, equipment and vehicles	16,347,641	14,579,086	1,784,302	796,839	18,131,943	15,375,925
Infrastructure	57,371,528	56,381,753	17,699,936	15,995,998	75,071,464	72,377,751
Work in progress	7,889,767	13,668,781	1,123,752	2,349,458	9,013,519	16,018,239
Totals	<u>119,155,396</u>	<u>113,038,126</u>	<u>39,769,684</u>	<u>38,303,990</u>	<u>158,925,080</u>	<u>151,342,116</u>
Accumulated depreciation	<u>52,948,040</u>	<u>50,538,796</u>	<u>15,855,868</u>	<u>14,770,160</u>	<u>68,803,908</u>	<u>65,308,956</u>
Capital assets net of accumulated depreciation	<u>\$ 66,207,356</u>	<u>\$ 62,499,330</u>	<u>\$ 23,913,816</u>	<u>\$ 23,533,830</u>	<u>\$ 90,121,172</u>	<u>\$ 86,033,160</u>

City of Saratoga Springs, New York

Management's Discussion and Analysis December 31, 2015

Financial Analysis of the City's Funds - Continued

Capital Asset and Debt Administration - Continued

Capital Assets - Continued

Additional information on the City's capital assets can be found in Note 1k on pages 30 and 31 and Note 3c on pages 36 through 38 of this report.

Long-Term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$50,523,242. Of this amount, \$50,058,637 comprises debt backed by the full faith and credit of the City, and \$464,605 is a special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment.

The City maintains an "AA+" rating from Standard & Poor's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7% of its five-year average of the total assessed valuation. The current debt limitation for the City is \$263,850,491, which is significantly in excess of the City's outstanding general obligation debt. In addition, the City has a self-imposed limit of 2% of the five-year average total assessed value. The City's debt limitation is \$75,385,855, which is also significantly in excess of the City's outstanding general obligation debt.

The City participates in the New York State and Local Retirement Systems for police and firefighters (PFRS) and all other employees (ERS).

In accordance with the labor agreements between the City and its police officers signed October 27, 2006, the City was required to provide certain benefits to police personnel for past services under Section 384E and 384EB of the PFRS plan. The total past service credit cost was \$2,700,004 for 384E, \$351,235 for 384EB, and \$360,791 to reopen 384D. The City is paying for this program over a ten-year period with interest starting the second year at 8% per annum. The first installment was due February 1, 2008, for the City's 2007 fiscal year. The unpaid principal balance, all due within one year, is \$372,574 for 384E, \$48,467 for 384EB, and \$49,800 for 384D.

Additional information on the City's long-term debt can be found in Note 1o on page 32 and Note 3f on pages 40 through 42 of this report.

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 six-week 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 2015. The City has added office buildings, condominiums, and many residences in the past year; however, certain assessment claims resulted in a reduction of the overall value.

City of Saratoga Springs, New York

Management's Discussion and Analysis
December 31, 2015

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, 2015		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 9,169,613	\$ 395,154	\$ 9,564,767
Cash and cash equivalents, restricted	10,959,352	9,545,403	20,504,755
Receivables, net	6,410,051	3,686,031	10,096,082
Inventory	-	46,070	46,070
Prepaid expenses	966,711	86,972	1,053,683
Internal balances	43,548	(43,548)	-
Due from fiduciary funds	953	-	953
Accrued interest receivable	14,546	-	14,546
Total current assets	<u>27,564,774</u>	<u>13,716,082</u>	<u>41,280,856</u>
NONCURRENT ASSETS			
Nondepreciable capital assets	11,851,120	1,449,593	13,300,713
Depreciable capital assets	54,356,236	22,464,223	76,820,459
Total assets	<u>93,772,130</u>	<u>37,629,898</u>	<u>131,402,028</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	4,014,450	429,720	4,444,170
Deferred refunding charges	682,164	-	682,164
Total assets and deferred outflows	<u>98,468,744</u>	<u>38,059,618</u>	<u>136,528,362</u>
LIABILITIES			
Accounts payable and other current liabilities	3,505,421	496,848	4,002,269
Accrued interest payable	1,458,864	419,442	1,878,306
Current maturities on long-term liabilities	6,037,180	621,427	6,658,607
Total current liabilities	<u>11,001,465</u>	<u>1,537,717</u>	<u>12,539,182</u>
NONCURRENT LIABILITIES			
Bonds payable	37,809,672	11,565,453	49,375,125
Capital lease obligations	453,615	-	453,615
Compensated absences	3,320,924	-	3,320,924
Other postemployment benefits	44,099,628	3,496,706	47,596,334
Net pension liability	1,986,562	308,725	2,295,287
Total liabilities	<u>98,671,866</u>	<u>16,908,601</u>	<u>115,580,467</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	349,223	21,909	371,132
Total liabilities and deferred inflows of resources	<u>99,021,089</u>	<u>16,930,510</u>	<u>115,951,599</u>
NET POSITION			
Net investment in capital assets	27,781,996	11,814,936	39,596,932
Restricted for			
Capital improvements	1,172,980	8,341,996	9,514,976
Debt service	2,797,527	-	2,797,527
Tax stabilization	1,504,824	-	1,504,824
Retirement reserve	738,630	-	738,630
Insurance reserve	175,842	-	175,842
Water line extension projects	-	1,100,412	1,100,412
Special district	1,969	-	1,969
Capital projects	4,208,051	-	4,208,051
Other purposes	78,789	-	78,789
Unrestricted	<u>(39,012,953)</u>	<u>(128,236)</u>	<u>(39,141,189)</u>
Total net position	<u>\$ (552,345)</u>	<u>\$ 21,129,108</u>	<u>\$ 20,576,763</u>

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

Government-Wide Financial Statements Statement of Activities

Year Ended December 31, 2015							
Functions/Programs	Program Revenue				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES							
General governmental support	\$ 13,381,452	\$ 2,218,382	\$ 41,157	\$ 232,291	\$ (10,889,622)	\$ -	\$ (10,889,622)
Public Safety	25,789,603	1,910,934	92,307	-	(23,786,362)	-	(23,786,362)
Health	120,135	-	-	-	(120,135)	-	(120,135)
Transportation	4,293,890	-	606,275	2,228,970	(1,458,645)	-	(1,458,645)
Economic opportunity and development	203,387	-	-	-	(203,387)	-	(203,387)
Culture and recreation	3,853,100	1,042,924	2,323,852	-	(486,324)	-	(486,324)
Home and community service	1,877,942	563,772	302,452	-	(1,011,718)	-	(1,011,718)
Interest on long-term debt	1,484,546	-	-	-	(1,484,546)	-	(1,484,546)
Total governmental activities	<u>51,004,055</u>	<u>5,736,012</u>	<u>3,366,043</u>	<u>2,461,261</u>	<u>(39,440,739)</u>	<u>-</u>	<u>(39,440,739)</u>
BUSINESS-TYPE ACTIVITIES							
Water	3,779,348	4,033,924	-	-	-	254,576	254,576
Sewer	3,740,363	4,720,520	-	-	-	980,157	980,157
City Center Authority	2,817,075	837,047	-	-	-	(1,980,028)	(1,980,028)
Total business-type activities	<u>10,336,786</u>	<u>9,591,491</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(745,295)</u>	<u>(745,295)</u>
Total government	<u>\$ 61,340,841</u>	<u>\$ 15,327,503</u>	<u>\$ 3,366,043</u>	<u>\$ 2,461,261</u>	<u>\$ (39,440,739)</u>	<u>\$ (745,295)</u>	<u>\$ (40,186,034)</u>
GENERAL REVENUES							
Real property tax and related tax items					\$ 19,679,989	\$ -	\$ 19,679,989
Non-property taxes					14,202,315	1,259,253	15,461,568
Other general revenue items					320,133	158,576	478,709
Interest earnings					20,661	7,844	28,505
State aid and mortgage taxes not restricted to specific purposes					3,298,336	-	3,298,336
Total general revenues					<u>37,521,434</u>	<u>1,425,673</u>	<u>38,947,107</u>
TRANSFERS							
Transfer from governmental to business-type activities					(569,095)	569,095	-
Total general revenues and transfers					<u>36,952,339</u>	<u>1,994,768</u>	<u>38,947,107</u>
CHANGE IN NET POSITION					<u>(2,488,400)</u>	<u>1,249,473</u>	<u>(1,238,927)</u>
NET POSITION, beginning of year as previously stated					1,772,403	20,001,885	21,774,288
Effects of adoption of GASB 68 and 71					<u>163,652</u>	<u>(122,250)</u>	<u>41,402</u>
NET POSITION, beginning of year as restated					<u>1,936,055</u>	<u>19,879,635</u>	<u>21,815,690</u>
NET POSITION, end of year					<u>\$ (552,345)</u>	<u>\$ 21,129,108</u>	<u>\$ 20,576,763</u>

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

Fund Financial Statements Balance Sheet - Governmental Funds

December 31, 2015

	Major Funds				Other Governmental Funds	Eliminations	Total Governmental Funds
	General	Capital Projects	Debt Service	Community Development			
ASSETS							
Cash and cash equivalents	\$ 8,926,329	\$ -	\$ -	\$ 1,423	\$ 241,861	\$ -	\$ 9,169,613
Cash and cash equivalents, restricted	3,671,065	4,134,239	2,812,008	340,071	1,969	-	10,959,352
Receivables, net	4,626,837	-	6,600	55,165	-	-	4,688,602
Receivables from other governments	2,297,169	412,950	-	84,134	-	-	2,794,253
Prepaid expenses	966,711	-	-	-	-	-	966,711
Due from other funds	504,466	-	-	-	-	(459,965)	44,501
Total assets	\$ 20,992,577	\$ 4,547,189	\$ 2,818,608	\$ 480,793	\$ 243,830	\$ (459,965)	\$ 28,623,032
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable and accrued liabilities	\$ 939,614	\$ 922,309	\$ 1,725	\$ 79,626	\$ 13,520	\$ -	\$ 1,956,794
Due to other funds	-	238,632	206,825	4,508	10,000	(459,965)	-
Due to other governments	547,204	-	-	1,423	-	-	548,627
	<u>1,486,818</u>	<u>1,160,941</u>	<u>208,550</u>	<u>85,557</u>	<u>23,520</u>	<u>(459,965)</u>	<u>2,505,421</u>
Deferred inflows of resources							
Unavailable tax resources	1,201,169	-	-	-	-	-	1,201,169
Other unavailable resources	1,763,389	397,951	600	55,165	-	-	2,217,105
	<u>2,964,558</u>	<u>397,951</u>	<u>600</u>	<u>55,165</u>	<u>-</u>	<u>-</u>	<u>3,418,274</u>
Total liabilities and deferred inflows of resources	4,451,376	1,558,892	209,150	140,722	23,520	(459,965)	5,923,695
Fund balance							
Nonspendable	966,711	-	-	-	-	-	966,711
Restricted for							
Capital reserve	1,172,980	4,134,239	-	-	-	-	5,307,219
Tax stabilization reserve	1,504,824	-	-	-	-	-	1,504,824
Retirement reserve	738,630	-	-	-	-	-	738,630
Insurance reserve	175,842	-	-	-	-	-	175,842
Other restrictions	78,789	-	2,609,458	340,071	1,969	-	3,030,287
Assigned for							
Encumbrances	1,329,532	14,114,490	-	-	-	-	15,444,022
2015 budget	300,000	-	-	-	-	-	300,000
Other assignments	914,395	-	-	-	-	-	914,395
Special district purposes	-	-	-	-	218,341	-	218,341
Unassigned	9,359,498	(15,260,432)	-	-	-	-	(5,900,934)
Total fund balance	16,541,201	2,988,297	2,609,458	340,071	220,310	-	22,699,337
Total liabilities and fund balances	\$ 20,992,577	\$ 4,547,189	\$ 2,818,608	\$ 480,793	\$ 243,830	\$ (459,965)	\$ 28,623,032

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

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

**December 31,
2015**

Total fund balances in the fund financial statements for the governmental funds.	\$ 22,699,337
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.	66,207,356
Accrued interest on property, school taxes, and community development loans on receivables for revenues earned, measurable, but not available are added.	14,546
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.	2,345,470
Deferred outflows and inflows for pensions are included in the government-wide statements and are added.	
Deferred outflows - pension resources	4,014,450
Deferred inflows - pension resources	(349,223)
Long-term liabilities for bonded debt are included as liabilities in the government-wide statements and are deducted.	(38,424,362)
Premiums on the bond issuances are being amortized using the effective interest method.	(1,717,269)
The difference between the bond reacquisition price and the net carrying amount of the bond is deferred and amortized to interest expense.	682,164
Long-term liabilities for retirement plan past service costs are included as liabilities in the government-wide statements and are deducted.	(435,949)
Long-term liabilities for the lease obligations by the City are included as liabilities in the government-wide statements and are deducted.	(502,887)
Long-term liabilities for other post-employment benefit obligations of the City are included as liabilities in the government-wide statements and are deducted.	(46,199,628)
Long-term liabilities for pension obligations by the City are included as liabilities in the government-wide statements and are deducted.	(1,986,562)
Other current liabilities for compensated absences are included in the government-wide statements as liabilities and are deducted.	(3,690,924)
Other current liabilities are included in the government-wide statements and are deducted.	(1,750,000)
Current liabilities for interest payable on long-term debt are included in the government-wide statements as liabilities and are deducted.	(1,458,864)
Net position of governmental activities	\$ (552,345)

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

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

	Year Ended December 31, 2015					
	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Capital Projects	Debt Service	Community Development		
REVENUES						
Real property taxes and related tax items	\$ 17,171,289	\$ -	\$ 2,656,848	\$ -	\$ 163,282	\$ 19,991,419
Non-property taxes	14,202,315	-	-	-	-	14,202,315
Departmental income	2,774,659	-	-	13,951	-	2,788,610
Intergovernmental charges	352,333	232,291	-	-	-	584,624
Use of money and property	627,632	-	1,642	2,103	229	631,606
Licenses and permits	387,164	-	-	-	-	387,164
Fines and forfeitures	650,747	-	-	-	-	650,747
Sale of property and compensation for loss	665,652	-	-	-	-	665,652
Miscellaneous	2,538,972	-	312,682	-	-	2,851,654
State aid	4,300,302	167,661	-	-	-	4,467,963
Federal aid	52,552	1,727,022	-	457,244	-	2,236,818
Total revenues	43,723,617	2,126,974	2,971,172	473,298	163,511	49,458,572
EXPENDITURES						
<i>General governmental support</i>						
Mayor	866,694	-	-	-	-	866,694
Finance	2,181,581	-	35,653	-	-	2,217,234
Public Works	4,326,537	-	-	-	-	4,326,537
Accounts	1,578,203	-	-	-	-	1,578,203
Civil Service	174,120	-	-	-	-	174,120
Unallocated insurance	659,814	-	-	-	-	659,814
Other general governmental support	-	-	-	-	650	650
<i>Public safety</i>						
Police	11,844,667	-	-	-	-	11,844,667
Fire	8,596,871	-	-	-	-	8,596,871
Other public safety	3,077,501	-	-	-	-	3,077,501
Health	111,090	-	-	-	-	111,090
Transportation	4,252,603	-	-	-	-	4,252,603
Economic opportunity and development	136,684	-	-	-	51,389	188,073
Culture and recreation	2,636,156	-	-	-	-	2,636,156
Home and community service	1,227,233	-	-	428,647	-	1,655,880

<i>Debt service</i>						
Principal	47,399	-	1,761,100	-	13,920	1,822,419
Interest	22,189	-	1,329,287	-	12,941	1,364,417
<i>Capital outlay</i>						
Finance	-	2,825	-	-	-	2,825
Public Works	-	115,712	-	-	-	115,712
Other general governmental support	-	215,895	-	-	-	215,895
Police	-	589,474	-	-	-	589,474
Fire	-	819,235	-	-	-	819,235
Transportation	-	2,308,911	-	-	-	2,308,911
Culture and recreation	-	1,037,731	-	-	-	1,037,731
Home and community service	-	607,222	-	-	-	607,222
Total expenditures	<u>41,739,342</u>	<u>5,697,005</u>	<u>3,126,040</u>	<u>428,647</u>	<u>78,900</u>	<u>51,069,934</u>
Excess (deficiency) of revenues over expenditures	<u>1,984,275</u>	<u>(3,570,031)</u>	<u>(154,868)</u>	<u>44,651</u>	<u>84,611</u>	<u>(1,611,362)</u>
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	4,348,969	-	-	-	4,348,969
Interfund transfers in	427,615	456,045	1,025,343	-	-	1,909,003
Interfund transfers out	<u>(1,401,186)</u>	<u>(747,321)</u>	<u>(209,852)</u>	<u>(70,236)</u>	<u>(49,503)</u>	<u>(2,478,098)</u>
Total other financing sources (uses)	<u>(973,571)</u>	<u>4,057,693</u>	<u>815,491</u>	<u>(70,236)</u>	<u>(49,503)</u>	<u>3,779,874</u>
NET CHANGE IN FUND BALANCE	1,010,704	487,662	660,623	(25,585)	35,108	2,168,512
FUND BALANCE, <i>beginning of year</i>	<u>15,530,497</u>	<u>2,500,635</u>	<u>1,948,835</u>	<u>365,656</u>	<u>185,202</u>	<u>20,530,825</u>
FUND BALANCE, <i>end of year</i>	<u>\$ 16,541,201</u>	<u>\$ 2,988,297</u>	<u>\$ 2,609,458</u>	<u>\$ 340,071</u>	<u>\$ 220,310</u>	<u>\$ 22,699,337</u>

City of Saratoga Springs, New York

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

Year Ended
December 31,
2015

Net change in fund balances shown for total governmental funds \$ 2,168,512

This amount differs from the change in net position shown in the statement of activities because of the following:

Capital outlays for acquisition of capital assets are recorded in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which expenditures for acquisition of capital assets exceeded depreciation expense for the period.

Capital expenditures	6,117,270	
Depreciation expense	<u>(2,409,244)</u>	3,708,026

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the net effect of proceeds and repayments:

Repayment of principal	1,662,960	
Long-term debt proceeds	<u>(4,348,969)</u>	(2,686,009)

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Pension related deferred outflows and inflows represent long-term activity and are not reported in the funds.

Amortization of bond premiums - interest expense	77,953	
Amortization of loss on refunding	(30,966)	
Pension contributions payable	403,656	
Net pension liability	826,978	
Deferred outflows of resources - pension related	1,037,258	
Deferred inflows of resources - pension related	(349,223)	
Compensated absences	3,446	
Other obligations	(1,750,000)	
Accrued interest	(167,116)	
Other postemployment benefits	<u>(5,357,093)</u>	(5,305,107)

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 current period's expenditures are deferred in the funds:

Accrued interest	(722)	
Unavailable revenues	<u>(373,100)</u>	<u>(373,822)</u>

\$ (2,488,400)

City of Saratoga Springs, New York

Fund Financial Statements Statement of Net Position - Proprietary Funds

	December 31, 2015			
	Water Activities	Sewer Activities	City Center Activities	Total
ASSETS				
Current assets				
Cash and equivalents	\$ 91,958	\$ 149,697	\$ 153,499	\$ 395,154
Cash and cash equivalents, restricted	2,354,228	721,575	6,469,600	9,545,403
Due from other funds	-	924	1,309	2,233
Receivables, net of allowance	1,519,938	1,819,404	346,689	3,686,031
Inventories	35,857	10,213	-	46,070
Prepaid expenses	46,365	29,877	10,730	86,972
Total current assets	4,048,346	2,731,690	6,981,827	13,761,863
Noncurrent assets				
Depreciable capital assets	963,234	486,359	-	1,449,593
Nondepreciable capital assets	8,093,371	1,478,393	12,892,459	22,464,223
Total assets	13,104,951	4,696,442	19,874,286	37,675,679
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts on pension resources	183,748	118,402	127,570	429,720
Total assets and deferred outflows of resources	13,288,699	4,814,844	20,001,856	38,105,399
LIABILITIES				
Current liabilities				
Accounts payable and other current liabilities	111,756	34,521	350,571	496,848
Current maturities on long-term liabilities	530,831	90,596	-	621,427
Internal balances due to governmental activities	45,781	-	-	45,781
Accrued interest payable	327,689	91,753	-	419,442
Total current liabilities	1,016,057	216,870	350,571	1,583,498
Noncurrent liabilities				
Bonds payable	9,328,468	2,236,985	-	11,565,453
Other postemployment benefits	2,252,191	1,244,515	-	3,496,706
Net pension liability	132,010	85,064	91,651	308,725
Total liabilities	12,728,726	3,783,434	442,222	16,954,382
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to net pension liability	9,368	6,037	6,504	21,909
Total liabilities and deferred inflows of resources	12,738,094	3,789,471	448,726	16,976,291
NET POSITION				
Net investment in capital assets	(1,765,928)	(849,188)	12,892,459	10,277,343
Restricted for				
Capital improvements	1,002,907	869,488	6,469,600	8,341,995
Water line extension projects	1,100,413	-	-	1,100,413
Unrestricted	213,213	1,005,073	191,071	1,409,357
Total net position	\$ 550,605	\$ 1,025,373	\$ 19,553,130	\$ 21,129,108

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

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

	Year Ended December 31, 2015			
	Water	Sewer	City Center	Total
OPERATING REVENUES				
Water charges	\$ 4,033,924	\$ -	\$ -	\$ 4,033,924
Sewer charges	-	4,720,520	-	4,720,520
Facility charges	-	-	837,047	837,047
Total operating revenues	<u>4,033,924</u>	<u>4,720,520</u>	<u>837,047</u>	<u>9,591,491</u>
OPERATING EXPENSES				
Costs of sales and services	2,258,846	3,045,845	1,382,880	6,687,571
Administration	735,008	558,589	806,682	2,100,279
Depreciation	452,763	34,696	627,513	1,114,972
Total operating expenses	<u>3,446,617</u>	<u>3,639,130</u>	<u>2,817,075</u>	<u>9,902,822</u>
Operating income (loss)	<u>587,307</u>	<u>1,081,390</u>	<u>(1,980,028)</u>	<u>(311,331)</u>
NONOPERATING REVENUES (EXPENSES)				
Hotel occupancy tax	-	-	1,297,761	1,297,761
Other revenue	36,117	10,019	73,932	120,068
Interest and earnings	1,058	64	6,722	7,844
Interest expense	(332,731)	(101,233)	-	(433,964)
Total nonoperating revenues	<u>(295,556)</u>	<u>(91,150)</u>	<u>1,378,415</u>	<u>991,709</u>
Income (loss) before transfers	<u>291,751</u>	<u>990,240</u>	<u>(601,613)</u>	<u>680,378</u>
Transfer to governmental funds	(343,161)	(225,603)	-	(568,764)
Transfer from governmental funds	986,491	10,324	141,044	1,137,859
CHANGE IN NET POSITION	<u>935,081</u>	<u>774,961</u>	<u>(460,569)</u>	<u>1,249,473</u>
NET POSITION (DEFICIT), beginning of year as previously stated	(332,202)	284,096	20,049,991	20,001,885
Effect of adoption of GASB 68 and 71	<u>(52,274)</u>	<u>(33,684)</u>	<u>(36,292)</u>	<u>(122,250)</u>
NET POSITION (DEFICIT), beginning of year as restated	<u>(384,476)</u>	<u>250,412</u>	<u>20,013,699</u>	<u>19,879,635</u>
NET POSITION (DEFICIT), end of year	<u>\$ 550,605</u>	<u>\$ 1,025,373</u>	<u>\$ 19,553,130</u>	<u>\$ 21,129,108</u>

City of Saratoga Springs, New York

Fund Financial Statements Statement of Cash Flows - Proprietary Funds

	Year Ended December 31, 2015			
	Water	Sewer	City Center	Total
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES				
Charges for services	\$ 3,584,322	\$ 4,237,711	\$ 774,388	\$ 8,596,421
Payments to contractors and suppliers	(1,233,226)	(2,723,801)	(1,044,386)	(5,001,413)
Payments to employees, payroll taxes and benefits	(1,533,596)	(698,902)	(1,125,731)	(3,358,229)
	<u>817,500</u>	<u>815,008</u>	<u>(1,395,729)</u>	<u>236,779</u>
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES				
Bond proceeds	979,273	650,000	-	1,629,273
Purchase of capital assets	(971,509)	(484,185)	-	(1,455,694)
Payment on bonds	(410,353)	(47,773)	-	(458,126)
Interest paid	(326,786)	(84,464)	-	(411,250)
	<u>(729,375)</u>	<u>33,578</u>	<u>-</u>	<u>(695,797)</u>
CASH FLOWS PROVIDED (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Other general revenues	36,117	10,019	1,371,693	1,417,829
Issuance of interfund loans	-	(924)	(699)	(1,623)
Repayment of interfund loans	(207,637)	(312,883)	-	(520,520)
Transfers and other	643,330	(215,279)	141,044	569,095
	<u>471,810</u>	<u>(519,067)</u>	<u>1,512,038</u>	<u>1,464,781</u>
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES				
Interest received	1,058	64	6,722	7,844
Allocation (use) to restricted cash and cash equivalents	(544,103)	(296,194)	(70,490)	(910,787)
	<u>(543,045)</u>	<u>(296,130)</u>	<u>(63,768)</u>	<u>(902,943)</u>
Net increase in cash and cash equivalents	16,890	33,389	52,541	102,820
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	75,068	116,308	100,958	292,334
CASH AND CASH EQUIVALENTS, <i>end of year</i>	<u>\$ 91,958</u>	<u>\$ 149,697</u>	<u>\$ 153,499</u>	<u>\$ 395,154</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 587,307	\$ 1,081,390	\$ (1,980,028)	\$ (311,331)
Depreciation expense	452,763	34,696	627,513	1,114,972
Loss on disposal of capital assets	-	-	95,691	95,691
(Increase) decrease in				
Receivables, net of allowances	(78,767)	(44,461)	(62,659)	(185,887)
Inventory	10,261	5,039	-	15,300
Prepaid expenses	(2,549)	(391)	31,820	28,880
Deferred outflows of resources, pensions	(59,440)	(38,301)	(41,267)	(139,008)
Increase (decrease) in				
Accounts payable and other liabilities	(51,303)	(47,931)	(42,359)	(141,593)
Unearned revenues	(222,246)	(270,927)	-	(493,173)
Deferred inflows of resources, pensions	9,368	6,037	6,504	21,909
Net pension liability	(44,572)	(28,721)	(30,944)	(104,237)
Other postemployment benefits	216,678	118,578	-	335,256
Net cash provided (used) by operating activities	<u>\$ 817,500</u>	<u>\$ 815,008</u>	<u>\$ (1,395,729)</u>	<u>\$ 236,779</u>

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

Fund Financial Statements Statement of Fiduciary Net Position - Fiduciary Funds

	<u>December 31, 2015</u>	
	<u>Agency Funds</u>	<u>Private Purpose Trust</u>
ASSETS		
Cash and equivalents	\$ 1,449,837	\$ 35,993
LIABILITIES		
Accounts payable	1,317,195	-
Due to other governments	131,689	-
Due to other funds	953	-
Total liabilities	<u>1,449,837</u>	<u>-</u>
NET POSITION	<u>\$ -</u>	<u>\$ 35,993</u>

City of Saratoga Springs, New York

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

	December 31, 2015
	Private Purpose Trust
ADDITIONS	
Private donations	\$ 450
Interest earnings	36
	<u>486</u>
DEDUCTIONS	
Culture and recreation	<u>231</u>
CHANGE IN NET POSITION	255
NET POSITION, <i>beginning of year</i>	<u>35,738</u>
NET POSITION, <i>end of year</i>	<u><u>\$ 35,993</u></u>

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2015

Note 1 - Organization and Summary of Significant Accounting Policies

The financial statements of the City of Saratoga Springs, New York (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

a. Reporting Entity

The City of Saratoga Springs, New York was incorporated as a City in 1915 and is governed by its Charter, City Local Laws, General City Law, and other general laws of the State of New York. The City is a municipal corporation governed by a five-member elected Council, one Mayor, and four Commissioners. Each Commissioner serves as the head of a department: Finance, Public Works, Public Safety, and Accounts. The Mayor serves as Chief Executive Officer, and the Commissioner of Finance serves as the Chief Fiscal Officer. The City provides water, sewer, police and fire protection, highway and street, cultural and recreational, public improvement, planning and zoning, and general administrative services to the residents of the City.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in U.S. GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependence. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to influence operations significantly, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the City and/or its citizens, or whether the activity is conducted within geographic boundaries of the City and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based on the application of these criteria, the following is a brief review of each potential component unit addressed in defining the City's reporting entity.

Excluded from the reporting entity:

The City of Saratoga Springs School District

The City of Saratoga Springs School District (District) was created by State legislation that designates the School Board as the governing authority. School Board members are elected by the qualified voters of the District. The School Board designates management and exercises complete responsibility for all fiscal matters. The City Council exercises no oversight over school operations.

The Saratoga Springs Housing Authority

The Saratoga Springs Housing Authority's (Housing Authority) governing board is appointed by the Chief Executive Officer of the City. The City provides no subsidy to the Housing Authority nor is it responsible for debt or operating deficits of the Housing Authority. The Housing Authority's debt is essentially supported by operating revenues of the Housing Authority and is not guaranteed by the City. The City does not appoint management of the Housing Authority nor does it approve the Authority's budget, contracts, or hiring staff. The City has no oversight responsibility for funds of the Housing Authority.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2015

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

The City's significant accounting policies are described below.

b. Government-wide and Fund Financial Statements

The governmental reporting model includes the following sections: Management's Discussion and Analysis, Government-wide Financial Statements, and Fund Financial Statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the primary government. The effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents the financial condition of the City's activities at year-end. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The statement of activities identifies the net expense or revenue from each activity, and identifies the amount of general revenues needed to help finance the specific activities.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types."

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. A fund is a separate accounting entity with a self-balancing set of accounts.

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

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are recorded in these statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2015

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

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

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 fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, water and sewer rents, sales taxes, mortgage taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the City receives cash, i.e., fines, permits, and parking meter revenues.

The City also reports deferred inflows of resources on its fund financial statements for certain revenues other than property taxes. Deferred inflows of resources arise when potential revenue does not meet both of the "measurable" and "available" criteria for recognition in the current period. Deferred inflows of resources also arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for its deferred inflows of resources is removed from the balance sheet and revenue recognized.

Governmental fund expenditures are recorded when the fund liability is incurred 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, 2015

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

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, liabilities, deferred inflows of resources, fund balance, revenues, expenditures, and other financing sources (uses) which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations or limitations. The City's fund types are as follows:

Fund Types

Governmental Funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The City's governmental funds are as follows:

- i. The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. This fund operates within the financial limits of an annual budget adopted by the City Council.
- ii. The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- iii. The *Capital Project Funds* account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). Financing is generally provided from proceeds of bonds, notes, federal and state grants, and transfers from other governmental funds.
- iv. *Special Revenue Funds* are used to account for specific revenues (other than those generated for major capital projects) that are legally restricted to expenditures for particular purposes. The Special Grant Fund (Community Development) is used to account for federally-funded community development block grants, revolving loan funds, and other federally-funded programs. The City has two special districts: the Downtown Special Assessment District (SAD) and the West Avenue Special Assessment District (WASAD). Both were established to make improvements within the boundaries of the applicable districts and are funded by special assessments on the property owners within each district.

Proprietary Funds represent the City's business-type activities and include Enterprise Funds. Enterprise funds are used to report activities for which fees are charged to external customers for goods and services provided, and the City's fee pricing policies are established to recover costs of providing such service, including capital costs, such as depreciation or debt service. Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The City maintains the following enterprise funds:

- i. The *Water Fund* is used to report operations of the City's water treatment and supply facilities that provide drinking water to all City residents, as well as to certain local communities outside the City's corporate boundaries. Users of the water system, inside and outside the City limits, are charged a user fee to pay for the operation of the Water Fund. The fund also records revenues and expenses associated with extending the water line. A water service connection fee is collected when a new user taps into the system, and the revenue is reserved for future expansion of the system.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2015

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

d. Fund Accounting - Continued

Fund Types - Continued

Proprietary Funds - Continued

- ii. The *Sewer Fund* is used to report operations of the City's wastewater treatment facilities and sanitary sewer system that is provided to all City residents. The sewer system infrastructure is owned by the Saratoga County Sewer District. Users of the sewer system are charged a fee based on an annual bill from the Saratoga County Sewer District.
- iii. The *City Center Authority Fund (Authority)* accounts for the day-to-day business operations of the convention and tourism center. The Authority was created by State legislation for the purpose of operating and maintaining the Saratoga City Center (City Center). The execution of the daily operations of the City Center rests with the Authority. The City Council maintains fiscal control over the Authority through various aspects of State legislation and, therefore, has included the financial position as well as the operations of the City Center in the City's financial statements.

Fiduciary Funds are used to report resources that are held by the City in a trustee or agency capacity for others and cannot be used to support the City's own programs. The City maintains agency funds to account for assets that the City holds on behalf of others as their agent. The City maintains a private purpose trust fund to account for private donations to support a veterans' memorial in Congress Park.

In addition to the various funds, the City also maintains schedules of non-current governmental assets and non-current governmental liabilities. Non-current governmental assets include capital assets used in governmental activities, and non-current governmental liabilities include bonds, retirement system debt, accumulated sick and compensatory time, and other long-term debt used to finance governmental activities. These non-current governmental assets and liabilities are included under governmental activities in the government-wide statement of net position.

e. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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. 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.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2015

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

g. Interfund Receivables/Payables

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

h. Receivables

All property and school tax receivables are shown net of an allowance for uncollectibles. The property and school tax receivables allowance is equal to 6% of outstanding property and school taxes at December 31, 2015. 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.

i. Inventory

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

j. Restricted Assets

Certain resources of the governmental and proprietary funds are classified as restricted assets on the balance sheet because they have externally imposed constraints or constraints imposed by law through constitutional provisions or enabling legislation.

k. Capital Assets, Net

Capital assets include land, buildings, improvements other than buildings, machinery, equipment, vehicles and infrastructure (e.g., roads, sidewalks, and similar items). Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of six or more years. Such assets are recorded at historical cost or estimated 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.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2015

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

k. Capital Assets, Net - Continued

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 the fair value of the asset. There were no impairments of long-lived assets as of December 31, 2015.

l. Net Position

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

- a. Externally imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.

Enabling legislation authorizes the City to assess, levy, or otherwise mandate payment of resources and includes legally enforceable requirements that those resources be used for that specific purpose stipulated in legislation. A legally enforceable requirement is one that an outside party (such as citizens, public interest groups, or the judiciary) can compel the government to honor. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Net investment in capital assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Unrestricted net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position described above.

m. Fund Balance

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:

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2015

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

m. Fund Balance - Continued

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 Council, the highest level of decision-making authority. The City considers "formal action" for a committed fund balance to be the passing of a resolution by the Council. The Council has delegated the ability to assign fund balance to the Commissioner of Finance. The City considers funds to be expended in the order of restricted, committed, assigned, and unassigned. In accordance with the City's fund balance policy, unrestricted fund balance in the General, Water, and Sewer Funds shall not be less than 10% and not more than 25% of the total adopted budgeted expenditures of the Fund. In the event the unrestricted fund balance of the Fund exceeds the maximum requirement, the excess may be utilized for any lawful purpose approved by the Council.

n. 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.

o. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement 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.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2015

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

o. Long-Term Obligations - Continued

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.

p. 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 and proprietary fund statements 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. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

Pension related deferred outflows of resources and deferred inflows of resources may occur due to differences between expected and actual experience, changes in actuarial assumptions, the net difference between projected and actual experience, the net difference between projected and actual investment earnings on pension plan investments, and changes in proportion and difference between employer contributions made subsequent to the measurement date. Pension related deferred outflows of resources and deferred inflows of resources are reported in the governmental and business-type activities, and the respective enterprise funds.

q. Adoption of New Accounting Standards

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this statement.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2015

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

q. Adoption of New Accounting Standards - Continued

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68. This statement addresses an issue regarding the application of the transition provisions of Statement No. 68, *Accounting and Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

As a result of adopting these accounting standards and guidance, the City now reports its proportionate share of the net pension liability as determined by the State and Local Employees' Retirement System. These liabilities, along with deferred outflows of resources, and pension expense have been allocated between the governmental activities and business-type activities using covered payroll. The adoption of GASB 68 is retroactive. Accordingly, the Governmental Activities and Business-Type Activities have restated their opening net position as follows:

	<u>Net Position December 31, 2014</u>	<u>Adoption of GASB 68 and GASB 71</u>	<u>Restated Net Position December 31, 2014</u>
Governmental activities			
Governmental Funds	<u>\$ 1,772,403</u>	<u>\$ 163,652</u>	<u>\$ 1,936,055</u>
Business-type activities			
Water Fund	\$ (332,202)	\$ (52,274)	\$ (384,476)
Sewer Fund	284,096	(33,684)	250,412
City Center Fund	<u>20,049,991</u>	<u>(36,292)</u>	<u>20,013,699</u>
Total business-type activities	<u>\$ 20,001,885</u>	<u>\$ (122,250)</u>	<u>\$ 19,879,635</u>

r. Subsequent Events

The City has evaluated subsequent events for potential recognition or disclosure through August 22, 2016, the date the financial statements were available to be issued.

Note 2 - Stewardship, Compliance, and Accountability

Legal Compliance and Budgets

The City's budget adoption process is described in the City Charter. The Mayor and the Commissioners present their budget requirements for the following fiscal 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 fiscal year. Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplementary appropriations are usually necessary.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2015

Note 2 - Stewardship, Compliance, and Accountability - Continued

Legal Compliance and Budgets - Continued

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

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

Note 3 - Detailed Notes on all Funds

a. Cash and Cash Equivalents

Collateral

New York State statutes require the City to collateralize its cash deposits in excess of the Federal Deposit Insurance Corporation limit of \$250,000. This collateral is to 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, 2015.

Cash and Cash Equivalents, Restricted

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

Debt service	\$ 2,812,008
Special assessment district purposes	1,969
Tax stabilization	1,504,824
Retirement reserve	738,630
Insurance reserve	175,842
Capital improvements	5,307,219
Community development	340,071
Council designated purposes	<u>78,789</u>
Total restricted cash and cash equivalents	<u><u>\$ 10,959,352</u></u>

Cash and Cash Equivalents, Restricted

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

City Center capital improvements	\$ 6,469,600
Water capital projects	2,354,228
Sewer capital projects	<u>721,575</u>
Total restricted	<u><u>\$ 9,545,403</u></u>

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2015

Note 3 - Detailed Notes on all Funds - Continued

b. Receivables

Receivables at year-end for the City's governmental and business-type activities, categorized by individual fund in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

Receivables	Governmental Funds				Enterprise Funds			Total
	General	Capital	Debt Service	Special Grant	Water	Sewer	Center Authority	
City and county taxes	\$ 798,187	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 798,187
School taxes	547,204	-	-	-	-	-	-	547,204
Tax sales	1,157,684	-	-	-	-	-	-	1,157,684
Water rents	-	-	-	-	1,592,657	-	-	1,592,657
Sewer rents	-	-	-	-	-	1,907,753	-	1,907,753
Accounts	2,157,928	-	6,600	-	3,000	-	54,552	2,222,080
Rehabilitation loans	-	-	-	165,978	-	-	-	165,978
State and federal	2,014,278	389,450	-	84,134	-	-	-	2,487,862
Other governments	282,891	23,500	-	-	-	-	292,137	598,528
Total net receivables	6,958,172	412,950	6,600	250,112	1,595,657	1,907,753	346,689	11,477,933
Allowance for uncollectible accounts	(1,106,970)	-	-	(110,813)	(75,719)	(88,349)	-	(1,381,851)
Total net receivables	\$ 5,851,202	\$ 412,950	\$ 6,600	\$ 139,299	\$ 1,519,938	\$ 1,819,404	\$ 346,689	\$ 10,096,082

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

Receivables, net of allowances	
Governmental activities	\$ 6,410,053
Business-type activities	<u>3,686,031</u>
 Total	 <u><u>\$ 10,096,084</u></u>

c. Capital Assets

Capital asset activity was as follows:

Governmental Activities	Year Ended December 31, 2015			
	Balance January 1, 2015	Additions/ Adjustment	Retirement Reclassifications	Balance December 31, 2015
Capital assets not being depreciated				
Land	\$ 3,961,353	\$ -	\$ -	\$ 3,961,353
Work in progress	13,668,781	4,158,548	(9,937,562)	7,889,767
Total capital assets not being depreciated	<u>17,630,134</u>	<u>4,158,548</u>	<u>(9,937,562)</u>	<u>11,851,120</u>
Depreciable capital assets				
Buildings	15,369,036	8,103,215	(47,500)	23,424,751
Improvements	9,078,117	1,082,239	-	10,160,356
Machinery, equipment, and vehicles	14,579,086	1,851,255	(82,700)	16,347,641
Infrastructure	56,381,753	1,025,660	(35,885)	57,371,528
Total depreciable capital assets	<u>95,407,992</u>	<u>12,062,369</u>	<u>(166,085)</u>	<u>107,304,276</u>
Less accumulated depreciation				
Buildings	8,147,459	343,155	(17,417)	8,473,197
Improvements other than buildings	3,932,760	391,134	-	4,323,894
Machinery, equipment, and vehicles	9,321,652	1,045,578	(201,186)	10,166,044
Infrastructure	29,136,925	883,865	(35,885)	29,984,905
Total accumulated depreciation	<u>50,538,796</u>	<u>2,663,732</u>	<u>(254,488)</u>	<u>52,948,040</u>
Net depreciable capital assets	<u>44,869,196</u>	<u>9,398,637</u>	<u>88,403</u>	<u>54,356,236</u>
Total net capital assets governmental activities	<u>\$ 62,499,330</u>	<u>\$ 13,557,185</u>	<u>\$ (9,849,159)</u>	<u>\$ 66,207,356</u>

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2015

Note 3 - Detailed Notes on all Funds - Continued

c. Capital Assets - Continued

Business-type Activities	Year Ended December 31, 2015			Balance December 31, 2015
	Balance January 1, 2015	Additions/ Adjustment	Retirement Reclassifications	
Water activity				
Capital assets not being depreciated				
Land	\$ 325,841	\$ -	\$ -	\$ 325,841
Work in progress	1,304,434	257,570	(924,611)	637,393
Total capital assets not being depreciated	<u>1,630,275</u>	<u>257,570</u>	<u>(924,611)</u>	<u>963,234</u>
Depreciable capital assets				
Buildings	749,195	-	-	749,195
Improvements	3,153,186	-	-	3,153,186
Machinery, equipment, and vehicles	644,617	977,461	-	1,622,078
Infrastructure	15,654,998	661,088	-	16,316,086
Total depreciable capital assets	<u>20,201,996</u>	<u>1,638,549</u>	<u>-</u>	<u>21,840,545</u>
Less accumulated depreciation				
Buildings	285,537	10,418	-	295,955
Improvements	281,997	121,385	-	403,382
Machinery, equipment, and vehicles	366,456	84,400	-	450,856
Infrastructure	12,360,422	236,559	-	12,596,981
Total accumulated depreciation	<u>13,294,412</u>	<u>452,762</u>	<u>-</u>	<u>13,747,174</u>
Net depreciable capital assets	<u>6,907,584</u>	<u>1,185,787</u>	<u>-</u>	<u>8,093,371</u>
Total net capital assets water activities	<u>\$ 8,537,859</u>	<u>\$ 1,443,357</u>	<u>\$ (924,611)</u>	<u>\$ 9,056,605</u>
Sewer activity				
Capital assets not being depreciated				
Work in progress	\$ 1,045,024	\$ 441,685	\$ (1,000,350)	\$ 486,359
Depreciable capital assets				
Improvements	227,246	-	-	227,246
Machinery, equipment, and vehicles	17,267	-	-	17,267
Infrastructure	341,000	1,042,850	-	1,383,850
Total depreciable capital assets	<u>585,513</u>	<u>1,042,850</u>	<u>-</u>	<u>1,628,363</u>
Less accumulated depreciation				
Improvements	15,785	8,748	-	24,533
Machinery, equipment, and vehicles	56,669	893	-	57,562
Infrastructure	42,820	25,055	-	67,875
Total accumulated depreciation	<u>115,274</u>	<u>34,696</u>	<u>-</u>	<u>149,970</u>
Net depreciable capital assets	<u>470,239</u>	<u>1,008,154</u>	<u>-</u>	<u>1,478,393</u>
Total net capital assets sewer activities	<u>\$ 1,515,263</u>	<u>\$ 1,449,839</u>	<u>\$ (1,000,350)</u>	<u>\$ 1,964,752</u>
City Center Authority				
Depreciable capital assets				
Machinery, equipment, and vehicles	\$ 134,955	\$ -	\$ -	\$ 134,955
Buildings	14,801,919	-	(95,691)	14,706,228
	<u>14,936,874</u>	<u>-</u>	<u>(95,691)</u>	<u>14,841,183</u>
Less accumulated depreciation				
Accumulated depreciation	<u>1,321,211</u>	<u>627,513</u>	<u>-</u>	<u>1,948,724</u>
Net capital assets City Center Authority	<u>\$ 13,615,663</u>	<u>\$ (627,513)</u>	<u>\$ (95,691)</u>	<u>\$ 12,892,459</u>

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2015

Note 3 - Detailed Notes on all Funds - Continued

c. Capital Assets - Continued

Depreciation expense was charged to functions/programs as follows:

Mayor	\$	12,176
Finance		14,349
DPW		958,736
DPS		75,785
Accounts		3,674
Other General government support		1,221
Police		119,160
Fire		282,097
Home and community service		29,522
Transportation		457,399
Culture and recreation		<u>456,123</u>
Total depreciation expense for governmental activities	\$	<u>2,410,242</u>
Water	\$	452,763
Sewer		34,696
City Center Authority		<u>627,513</u>
Total depreciation expense for business-type activities	\$	<u>1,114,972</u>

d. Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

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

	December 31, 2015	
	Due From	Due To
General	\$ 504,466	\$ -
City Center	1,309	-
Water	-	45,781
Sewer	924	-
Capital	-	238,632
SAD	-	10,000
Trust	-	953
Debt Service	-	206,825
Community Development	-	<u>4,508</u>
	<u>\$ 506,699</u>	<u>\$ 506,699</u>

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2015

Note 3 - Detailed Notes on all Funds - Continued

d. Interfund Receivables, Payables, and Transfers - Continued

Amounts due to/from activities in the government-wide financial statements:

	December 31, 2015	
	Due To	Due From
General	\$ -	\$ 43,548
City Center	-	1,309
Water	45,781	-
Sewer	-	924
	\$ 45,781	\$ 45,781

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

Transfers Out	December 31, 2015						
	Transfers In						
	Debt Service	City Center	General Fund	Water	Sewer	Capital	Totals
General Fund	\$ 964,442	\$ 141,044	\$ -	\$ 19,443	\$ 10,324	\$ 265,933	\$ 1,401,186
Capital Projects	5,938	-	-	741,383	-	-	747,321
Water	5,460	-	271,495	66,206	-	-	343,161
Sewer	-	-	66,144	159,459	-	-	225,603
WASAD	49,503	-	-	-	-	-	49,503
Debt Service	-	-	19,740	-	-	190,112	209,852
Community Development	-	-	70,236	-	-	-	70,236
	\$ 1,025,343	\$ 141,044	\$ 427,615	\$ 986,491	\$ 10,324	\$ 456,045	\$ 3,046,862

In the government-wide statement of net position, interfund receivables and payables between governmental activities were eliminated, leaving \$45,781 due from the business-type activities. In the government-wide statement of activities, interfund transfers of \$1,909,003 between governmental activities were eliminated, leaving \$569,095 in transfers from the governmental activities to the business-type activities.

e. Long-Term Liabilities

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

	Year Ended December 31, 2015				
	Balance January 1, 2015	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2015	Due Within On Year
Governmental activities					
Bonds payable	\$ 35,690,252	\$ 4,348,969	\$ 1,614,859	\$ 38,424,362	\$ 2,233,342
Bond premiums	1,795,222	-	77,953	1,717,269	98,617
	37,485,474	4,348,969	1,692,812	40,141,631	2,331,959
Other non-current liabilities					
Capital lease obligations	550,288	-	47,401	502,887	49,272
Claims payable	-	750,000	-	750,000	750,000
Compensated absences	3,694,370	-	3,446	3,690,924	370,000
Pension contribution payable	839,605	-	403,656	435,949	435,949
Net pension liability	2,813,540	2,554,804	3,381,782	1,986,562	-
Other postemployment benefits	40,842,535	7,456,020	2,098,927	46,199,628	2,100,000
	48,740,338	10,760,824	5,935,212	53,565,950	3,705,221
Governmental activities long-term liabilities	\$ 86,225,812	\$ 15,109,793	\$ 7,628,024	\$ 93,707,581	\$ 6,037,180
Business-type activities					
Bonds payable	\$ 10,927,733	\$ 1,629,273	\$ 458,126	\$ 12,098,880	\$ 533,427
Other non-current liabilities					
Net pension liability	412,964	261,980	366,219	308,725	-
Other postemployment benefits	3,249,450	422,880	87,624	3,584,706	88,000
	3,662,414	684,860	453,843	3,893,431	88,000
Business-type activities long-term liabilities	\$ 14,590,147	\$ 2,314,133	\$ 911,969	\$ 15,992,311	\$ 621,427

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2015

Note 3 - Detailed Notes on all Funds - Continued

f. Indebtedness

i. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. On June 23, 2015, the City issued a \$5,978,242, 25-year general obligation bond. Of the total amount, \$4,348,969 was issued to finance governmental activities, \$650,000 to finance sewer activities, and \$979,273 was issued to finance water activities.

A summary of the City's general obligation serial bond transactions for the year ended December 31, 2015, is as follows:

Bonds payable, <i>beginning of year</i>	\$ 46,618,686
Bonds issued	5,978,242
Bonds retired	<u>(2,073,686)</u>
Bonds payable, <i>end of year</i>	<u>\$ 50,523,242</u>

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

Public Improvement Bonds	Issue Date	Maturity	Rate	December 31, 2015
Serial Bond, EFC	03/97	02/17	3.400%	\$ 275,000
Serial Bond, general obligation	07/07	07/16	3.700%	340,000
Serial Bond, general obligation	08/08	08/38	5.000%	4,390,000
Serial Bond, general obligation	01/09	01/24	4.250%	495,000
Serial Bond, general obligation	09/09	09/39	4.250%	1,240,000
Serial Bond, general obligation	07/10	07/37	4.420%	1,370,000
Statutory Installment Bond	04/11	04/39	4.630%	1,980,000
Serial Bond, general obligation	05/12	05/39	2.975%	6,175,000
Serial Bond, general obligation	12/12	12/22	2.000%	400,000
Serial Bond, general obligation	04/13	06/33	3.372%	4,030,000
Serial Bond, general obligation	06/14	06/34	2.810%	4,980,000
Refunding Bond	12/14	02/35	2.878%	18,870,000
Serial Bond, general obligation	06/15	06/40	3.310%	<u>5,978,242</u>
				<u>\$ 50,523,242</u>

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2015

Note 3 - Detailed Notes on all Funds - Continued

f. *Indebtedness - Continued*

i. *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 year ending December 31,			
2016	\$ 2,233,242	\$ 1,858,090	\$ 4,091,332
2017	2,190,000	1,776,269	3,966,269
2018	2,085,000	1,695,188	3,780,188
2019	2,165,000	1,613,246	3,778,246
2020	2,255,000	1,527,287	3,782,287
For the years ending December 31,			
2021-2025	11,920,000	6,227,315	18,147,315
2026-2030	12,480,000	3,962,705	16,442,705
2031-2035	10,365,000	1,923,854	12,288,854
2036-2040	4,830,000	441,136	5,271,136
	<u>\$ 50,523,242</u>	<u>\$ 21,025,091</u>	<u>\$ 71,548,333</u>

Of the total outstanding indebtedness of the City in the sum of \$50,523,242, \$40,058,973 was subject to the statutory debt limit and represented approximately 53% of the City's \$73,385,855 self-imposed debt limit.

The City's general obligation bonds were issued at a premium, which is reported as a component of bonds payable in the government-wide statement of net position. Premiums on general obligation bonds are being amortized using the effective interest method over the life of the bonds. Bond premium amortization is reported as a component of interest expense.

ii. *Special Assessment Debt*

At December 31, 2015, the amount of special assessment debt outstanding for SAD and WASAD was \$408,505 and \$56,100, respectively. These amounts are reflected in the governmental activities statement of net position and included in the schedules above.

iii. *Lease Payables*

On March 7, 2008, the City entered into a lease agreement with Municipal Leasing Consultants for \$1,721,297 to finance energy-saving equipment. The rate of interest on the first \$1,000,000 is 2%, which was bought down by a New York State Energy Research and Development Authority (NYSERDA) grant. Principal payments of \$45,505 were made in 2014. 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 is \$502,887.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2015

Note 3 - Detailed Notes on all Funds - Continued

f. Indebtedness - Continued

iv. Other liabilities include the following:

	January 1, 2015	Additions	Deletions	December 31, 2015
Sick time	\$ 2,869,934	\$ 291,244	\$ 205,123	\$ 2,956,055
Compensatory time	776,823	114,079	90,067	800,835
Total	<u>\$ 3,646,757</u>	<u>\$ 405,323</u>	<u>\$ 295,190</u>	<u>\$ 3,756,890</u>

g. Pension Plans

Plan Description and Benefits Provided

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 System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the Trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship, and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

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

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

Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3% of their salary for their entire length of service. The average contribution rate for ERS and PFRS for the fiscal year ended March 31, 2015, was approximately 20.1% and 27.6% of payroll, respectively. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2015

Note 3 - Detailed Notes on all Funds - Continued

Contributions - Continued

Contributions made to the Systems for the current and two preceding years were as follows:

	ERS	PFRS
2015	\$ 2,154,563	\$ 2,668,289
2014	1,956,585	3,163,809
2013	1,820,208	3,055,740

These contributions were equal to the 100% of the actuarially required contributions for each respective fiscal year.

The current ERS contribution for the City was charged to the governmental and business-type activities as indicated below. The current PFRS contribution was charged to the General Fund.

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

At December 31, 2015, the City reported a liability of \$1,986,562 in the governmental activities statement of net position and \$308,306 in the business-type activities statement of net position for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2015, 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, 2015, the City's proportion was .0414829% in the Employee Retirement System and .3247468% in the Police and Fire Retirement System.

For the year ended December 31, 2015, the City recognized pension expense of \$1,004,719 in the governmental activities and \$731,634 in the business-type activities. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
ERS		
Differences between expected and actual experience	\$ 34,977	\$ -
Net differences between projected and actual investment earnings on pension plan investments	189,782	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	77,538
City contributions subsequent to the measurement date	1,296,144	-
Total	\$ 1,520,903	\$ 77,538

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2015

Note 3 - Detailed Notes on All Funds - Continued

g. Pension Plans - Continued

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

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
PFRS		
Differences between expected and actual experience	\$ 107,798	\$ -
Net differences between projected and actual investment earnings on pension plan investments	300,111	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	271,685
City contributions subsequent to the measurement date	2,085,638	-
Total	\$ 2,493,547	\$ 271,685

	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,883	\$ -
Net differences between projected and actual investment earnings on pension plan investments	53,622	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	21,909
City contributions subsequent to the measurement date	366,215	-
Total	\$ 429,720	\$ 21,909

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Governmental Activities	Business Type-Activities	Total
ERS			
Year ending May 31,			
2016	\$ 36,806	\$ 10,400	\$ 47,206
2017	36,805	10,399	47,204
2018	36,805	10,399	47,204
2019	36,805	10,399	47,204
Total	\$ 147,221	\$ 41,597	\$ 188,818

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2015

Note 3 - Detailed Notes on All Funds - Continued

g. Pension Plans - Continued

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

	PFRS
	Governmental Activities
Year ending May 31,	
2016	\$ 42,250
2017	42,250
2018	42,250
2019	42,250
2020	(32,776)
Total	\$ 136,224

Actuarial Assumptions

The total pension liability at March 31, 2015 was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liability to March 31, 2015. Significant actuarial assumptions used in the valuation were as follows:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.7 percent
Salary Scale	
ERS	4.9 percent, indexed by service
PFRS	6.0 percent, indexed by service
Investment rate of return, including inflation	7.5 percent compounded annually, net of expenses
Decrement	Developed from the Plan's 2010 experience study of the period period April 1, 2005 through March 31, 2010
Mortality improvement	Society of Actuaries Scale MP-2014

Annuitant mortality rates are based on April 1, 2005 to March 31, 2011 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2015, valuation are based on the results of an actuarial experience study for the period April 1, 2005 to March 31, 2010.

The long-term expected 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 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, 2015 are summarized below:

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2015

Note 3 - Detailed Notes on All Funds - Continued

g. Pension Plans - Continued

Actuarial Assumptions - Continued

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	38.00%	7.30%
International equity	13.00%	8.55%
Private equity	10.00%	11.00%
Real estate	8.00%	8.25%
Absolute return strategies	3.00%	6.75%
Opportunistic portfolio	3.00%	8.60%
Real assets	3.00%	8.65%
Bonds and mortgages	18.00%	4.00%
Cash	2.00%	2.25%
Inflation-Indexed bonds	2.00%	4.00%
	100.00%	

Discount Rate

The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5%, 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 (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount (7.5%)	1% Increase (8.5%)
ERS			
City's proportionate share of the net pension liability (asset)	\$ 9,340,887	\$ 1,401,392	\$ (5,301,510)
Proprietary activities	\$ 2,054,995	\$ 308,306	\$ (1,166,332)
Governmental activities	7,285,892	1,093,086	(4,135,178)
	\$ 9,340,887	\$ 1,401,392	\$ (5,301,510)

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2015

Note 3 - Detailed Notes on All Funds - Continued

g. Pension Plans - Continued

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

	<u>1% Decrease (6.5%)</u>	<u>Current Discount (7.5%)</u>	<u>1% Increase (8.5%)</u>
PFRS			
City's proportionate share of the net pension liability (asset) Governmental activities	<u>\$ 11,901,765</u>	<u>\$ 893,897</u>	<u>\$ (8,831,361)</u>

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2015, were as follows:

	(Dollars in Thousands)		
	Employee's Retirement System	Police and Fire Retirement System	Total
Employers' total pension liability	\$ 164,591,504	\$ 28,474,417	\$ 193,065,921
Plan net position	<u>(161,213,259)</u>	<u>(28,199,157)</u>	<u>(189,412,416)</u>
Employers' net pension liability	<u>\$ 3,378,245</u>	<u>\$ 275,260</u>	<u>\$ 3,653,505</u>
Ratio of plan net position to the employers' total pension liability	97.9%	99.0%	98.1%

Retirement Plan Past Service Cost

Chapter 49 of the Laws of 2003 of the State of New York was enacted which made the following changes to the Systems:

- Requires minimum contributions by employers of 4.5% of payroll every year, including years in which the investment performance would make a lower contribution possible.
- Changes the cycle of annual billing such that the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1st (e.g., billings due February 2008 would be based on the pension value as of March 31, 2007).

Chapter 260 of the Laws of 2004 of the State of New York was enacted that allows local employers to bond or amortize a portion of their retirement bill for up to ten years in accordance with the following schedule:

- For State fiscal year (SFY) 2004-05, the amount in excess of 7% of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the bonding/amortization was instituted.
- For SFY 2005-06, the amount in excess of 9.5% of employees' covered pensionable salaries.
- For SFY 2007-08, the amount in excess of 10.5% of employees' covered pensionable salaries.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2015

Note 3 - Detailed Notes on All Funds - Continued

g. Pension Plans - Continued

Retirement Plan Past Service Cost - Continued

This law requires participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 2005 through 2008.

In accordance with the labor agreements between the City and its police officers signed October 27, 2006, the City is required to provide certain benefits to police personnel for past services under Section 384E and 384EB of the PFRS plan. The total past service credit cost was \$2,700,004 for 384E, \$351,235 for 384EB, and \$360,791 to reopen 384D. The City plans to pay for this program over a ten-year period with interest starting the second year at 8% per annum. The first installment was paid February 1, 2008, for the City's 2007 fiscal year and the final installment is due in December 2016.

The maturity schedules for this debt are as follows:

E84 E - Police

	Principal	Interest	Total
Payable December 15, 2016	\$ 344,976	\$ 27,598	\$ 372,574

384 D - Police

	Principal	Interest	Total
Payable December 15, 2016	\$ 46,096	\$ 3,704	\$ 49,800

384 EB - Police

	Principal	Interest	Total
Payable December 15, 2016	\$ 44,877	\$ 3,590	\$ 48,467

The unpaid principal balance of \$435,949 at December 31, 2015, for the past service retirement costs for police personnel is included in the government-wide statement of activities as a current governmental liability.

Note 4 - Postemployment Benefits Other Than Pensions

Plan Description. The City administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The Retiree Health 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 Retiree Health 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 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.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2015

Note 4 - Postemployment Benefits Other Than Pensions - Continued

Funding Policy. 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. For the year ended December 31, 2015, the City contributed \$2,220,593 to the Retiree Health Plan. Some Retiree Health Plan members receiving benefits contribute a percent of their premium costs. Total member contributions were \$375,093 for the year ended December 31, 2015.

The City pays the full premium for the life insurance coverage.

Annual OPEB Cost and Net OPEB Obligation - The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for fiscal year 2015, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Plan:

Required Information	Govt.	Water	Sewer	Total
Annual required contribution	\$ 8,465,658	\$ 168,066	\$ 335,141	\$ 8,968,865
Interest on net OPEB obligation	1,633,701	45,877	84,101	1,763,679
Adjustment to annual required contribution	<u>(2,643,339)</u>	<u>(74,230)</u>	<u>(136,075)</u>	<u>(2,853,644)</u>
Annual OPEB cost (expense)	7,456,020	139,713	283,167	7,878,900
Contributions made (expected)	<u>(2,098,927)</u>	<u>(21,135)</u>	<u>(66,489)</u>	<u>(2,186,551)</u>
Increase in net OPEB obligation	5,357,093	118,578	216,678	5,692,349
Net OPEB obligation, <i>beginning of year</i>	<u>40,842,535</u>	<u>1,146,937</u>	<u>2,102,513</u>	<u>44,091,985</u>
Net OPEB obligation, <i>end of year</i>	<u>\$ 46,199,628</u>	<u>\$ 1,265,515</u>	<u>\$ 2,319,191</u>	<u>\$ 49,784,334</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Retiree Health Plan, and the net OPEB obligation for fiscal year 2015 was as follows:

Activity	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2015			
Governmental	\$ 7,456,020	28%	\$ 46,199,628
Water	283,167	24%	2,319,191
Sewer	139,713	15%	1,265,515
December 31, 2014			
Governmental	7,117,307	28%	40,842,535
Water	268,890	20%	2,102,513
Sewer	132,323	13%	1,146,937
December 31, 2013			
Governmental	7,364,439	31%	35,732,065
Water	312,083	25%	1,886,107
Sewer	142,320	2%	1,031,197

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2015

Note 4 - Postemployment Benefits Other Than Pensions - Continued

Funded Status and Funding Progress - As of December 31, 2015, the actuarial accrued liability for benefits was \$82,033,722, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Retiree Health Plan) was \$23,230,183, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 353%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Retiree Health Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive Retiree Health Plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement Age for Active Employees - Rates of decrement due to retirement based on the experience under the New York State a Local Retirement System as prepared by the Department of Civil Service's actuarial consultant in the report titled, *Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation*.

Marital Status - It is assumed that 70% of retirees will be married and participating in a non-shared health insurance plan at the time of their retirement, with the male spouse assumed to be approximately three years older than the female.

Mortality - Life expectancies were based on mortality tables from the RP-2000 Mortality Table for Males and for Females.

Turnover - Rates of decrement due to turnover based on the experience under the New York State and Local Retirement System as prepared by the Department of Civil Service's actuarial consultant in the report titled, *Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation*.

Healthcare Cost Trend Rate - The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 11% initially, reduced to an ultimate rate of 8% after six years, was used.

Health Insurance Premiums - The current enrollment of retirees in each of the City's available plans was used to make assumptions about the health plans that current active employees would enroll in upon retiring.

Inflation Rate - The expected long-term inflation assumption is 2.9%. The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of an SOA Project Oversight Group. It represents a reasonable medical trend projection for the current plan provisions and demographics of the City of Saratoga Springs Postemployment Benefits Plan, and no changes to these baseline assumptions are necessary.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2015

Note 4 - Postemployment Benefits Other Than Pensions - Continued

Payroll Growth Rate - The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 4% was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level period of thirty years. The remaining amortization period at December 31, 2015, was twenty-five years.

Note 5 - 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 affect upon the capital expenditures or financial condition of the City. The City believes that its current practices and procedures for control and disposition of regulated wastes comply with applicable federal, state, and local requirements.

b. Risk Management

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

The City's Safety Committee reviews potential areas of risk and develops safety policies. The Safety Committee reviews, among other things, workers' compensation trends to determine and prevent causation of similar claims in future. The City belongs to the Saratoga County Workers' Compensation pool, and cases are reviewed and paid by Saratoga County. The City's 2015 annual contribution to the workers' compensation pool was \$377,614.

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 accrued 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 314 employees covered by seven bargaining units. The Police Chiefs' contract will expire on December 31, 2019. Police Benevolent Association's and Fire Chiefs' will expire on December 31, 2017, and the Police Lieutenants', CSEA City Hall and CSEA DPW contracts are set to expire on December 31, 2016. The Firefighters' contracts expired on December 31, 2013. All expired contracts are actively under negotiation.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2015

Note 6 - Accounting Standards Issued Not Yet Implemented

GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72). GASB 72 defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information should be disclosed in the notes to the financial statements. The provisions of GASB 72 are effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension* (GASB 75). GASB 75 establishes financial reporting standards for other postemployment benefits ("OPEB") plans for state and local governments. This standard replaces the requirements of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. The statement establishes standards for recognizing and measuring liabilities, deferred inflows and outflows of resources, and expense/expenditures, as well as identifying the methods and assumptions required to project benefit payments, discount projected benefit payments, to their actuarial present value, and attribute that present value to periods of employee service. Additionally, GASB 75 lays out requirements for additional note disclosures and required supplementary information. These requirements are effective for fiscal years beginning after June 15, 2017.

Management has not estimated the extent of the potential impact of these statements on the City's financial statements.

Note 7 - Subsequent Events

On June 22, 2016, the City issued \$3,029,324 in general obligation bonds to finance various projects.

City of Saratoga Springs, New York

Required Supplementary Information Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund

	December 31, 2015			
	Budgeted Amounts		Actual Amounts	Variance with Revised - Positive (Negative)
	Adopted	Revised		
REVENUES				
Real property taxes and related tax items	\$ 18,181,436	\$ 19,782,027	\$ 17,171,289	\$ (2,610,738)
Non-property taxes	13,528,082	13,528,082	14,202,315	674,233
Departmental income	2,305,276	2,668,486	2,774,659	106,173
Intergovernmental charges	300,424	339,316	352,333	13,017
Use of money and property	610,634	610,634	627,632	16,998
Licenses and permits	361,900	361,900	387,164	25,264
Fines and forfeitures	676,000	693,350	650,747	(42,603)
Sale of property and compensation for loss	429,517	626,989	665,652	38,663
Miscellaneous	1,942,151	2,189,287	2,538,972	349,685
State aid	3,341,901	3,824,820	4,300,302	475,482
Federal aid	15,000	48,862	52,552	3,690
Total revenues	41,692,321	44,673,755	43,723,617	(950,138)
EXPENDITURES				
General government support	9,959,560	11,179,339	9,786,949	1,392,390
Public safety	22,974,861	24,465,680	23,519,039	946,641
Health	20,765	20,765	111,090	(90,325)
Transportation	4,056,561	4,535,030	4,252,603	282,427
Economic opportunity and development	146,291	146,791	136,684	10,107
Culture and recreation	2,282,622	2,454,607	2,636,156	(181,549)
Home and community service	1,141,305	1,633,549	1,227,233	406,316
Debt service	459,588	89,283	69,588	19,695
Total expenses	41,041,553	44,525,045	41,739,342	2,785,703
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	67,200	120,209	427,615	307,406
Interfund transfers out	(716,968)	(1,519,431)	(1,401,186)	118,245
Total other financing sources (uses)	(649,768)	(1,399,222)	(973,571)	425,651
Net change in fund balance (actual) and appropriated fund balance (budget)	1,000	(1,250,512)	1,010,704	(3,310,190)
FUND BALANCE, beginning of year	15,530,497	15,530,497	15,530,497	15,439,414
FUND BALANCE, end of year	\$ 15,531,497	\$ 14,279,985	\$ 16,541,201	\$ 12,129,224

City of Saratoga Springs, New York

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

December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Revised - Positive (Negative)</u>
	<u>Adopted</u>	<u>Revised</u>		
	REVENUES			
Real property taxes and related tax items	\$ 3,399,678	\$ 3,399,678	\$ 2,656,848	\$ (742,830)
Use of money and property	-	-	1,642	1,642
Miscellaneous	-	-	312,682	312,682
Total revenues	<u>3,399,678</u>	<u>3,399,678</u>	<u>2,971,172</u>	<u>(428,506)</u>
EXPENDITURES				
General government support	40,000	40,000	35,653	4,347
Debt service, principal	1,676,867	2,455,525	1,761,100	694,425
Debt service, interest	<u>1,591,610</u>	<u>1,551,701</u>	<u>1,329,287</u>	<u>222,414</u>
Total expenditures	<u>3,308,477</u>	<u>4,047,226</u>	<u>3,126,040</u>	<u>921,186</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	314,749	314,749	1,025,343	710,594
Interfund transfers out	<u>(405,950)</u>	<u>(405,950)</u>	<u>(209,852)</u>	<u>196,098</u>
Total other financing sources (uses)	<u>(91,201)</u>	<u>(91,201)</u>	<u>815,491</u>	<u>906,692</u>
Net change in fund balance (actual) and appropriated fund balance (budget)	-	(738,749)	660,623	(443,000)
FUND BALANCE, <i>beginning of year</i>	<u>1,948,835</u>	<u>1,948,835</u>	<u>1,948,835</u>	<u>1,860,306</u>
FUND BALANCE, <i>end of year</i>	<u>\$ 1,948,835</u>	<u>\$ 1,210,086</u>	<u>\$ 2,609,458</u>	<u>\$ 1,417,306</u>

City of Saratoga Springs, New York

Required Supplementary Information Other Postemployment Benefits - Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Simplified Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
12/31/2014	\$ -	\$ 77,687,462	\$ 77,687,462	0.00%	\$ 22,258,925	349%
12/31/2012	\$ -	\$ 78,232,416	\$ 78,232,416	0.00%	\$ 20,837,019	375%
12/31/2010	\$ -	\$ 104,696,316	\$ 104,696,319	0.00%	\$ 15,199,469	689%

City of Saratoga Springs, New York

Required Supplementary Information Schedule of Proportionate Share of Net Pension Liability

	2015
ERS	
City's proportion of the net pension liability	0.0414829%
City's proportionate share of the net pension liability	\$ 1,401,392
City's covered-employee payroll	\$ 11,068,113
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	12.66%
Plan fiduciary net position as a percentage of the total pension liability	97.95%
	2015
PFRS	
City's proportion of the net pension liability	0.3247468%
City's proportionate share of the net pension liability	\$ 893,897
City's covered-employee payroll	\$ 9,655,380
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	9.26%
Plan fiduciary net position as a percentage of the total pension liability	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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
ERS					
Contractually required contribution	\$ 2,154,563	\$ 1,956,585	\$ 2,040,703	\$ 1,820,208	\$ 1,493,697
Contributions in relation to the contractually required contribution	2,154,563	1,956,585	2,040,703	1,820,208	1,493,697
Contribution deficiency (excess)	-	-	-	-	-
City's covered-employee payroll	11,068,113	10,187,493	9,871,986	9,516,189	8,850,094
Contributions as a percentage of covered-employee payroll	19.47%	19.21%	20.67%	19.13%	16.88%
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
PFRS					
Contractually required contribution	\$ 2,668,289	\$ 3,163,809	\$ 3,353,037	\$ 3,055,740	\$ 2,445,663
Contributions in relation to the contractually required contribution	2,668,289	3,163,809	3,353,037	3,055,740	2,445,663
Contribution deficiency (excess)	-	-	-	-	-
City's covered-employee payroll	9,655,380	9,978,301	9,567,690	9,160,503	8,652,781
Contributions as a percentage of covered-employee payroll	27.64%	31.71%	35.05%	33.36%	28.26%

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

City of Saratoga Springs, New York

Supplementary Information
December 31, 2015

Combining Non-Major Governmental Funds

The City maintains two Special Revenue Funds that are not considered major governmental funds. These non-major special revenue funds include the following:

- Downtown Special Assessment District (SAD) was created to make improvements in the boundaries of the district and is funded through a special assessment on the property owners in the district.
- West Avenue Special Assessment District (WASAD) was created to make improvements in the boundaries of the district and is funded through a special assessment on the property owners in the district.

The following are financial statements for these non-major governmental funds:

City of Saratoga Springs, New York

Supplementary Information - Combining Balance Sheet - Non-Major Governmental Funds

	December 31, 2015		
	Downtown Special Assessment District	West Avenue Special Assessment District	Total
ASSETS			
Cash and cash equivalents	\$ 237,758	\$ 4,103	\$ 241,861
Cash, restricted	1,969	-	1,969
Total assets	\$ 239,727	\$ 4,103	\$ 243,830
LIABILITIES			
Accounts payable and accrued liabilities	\$ 13,520	\$ -	\$ 13,520
Due to other funds	10,000	-	10,000
Total liabilities	23,520	-	23,520
FUND BALANCE			
Restricted for			
Other restrictions	1,969	-	1,969
Assigned for			
Special district purposes	214,238	4,103	218,341
Total fund balance	216,207	4,103	220,310
Total liabilities and fund balances	\$ 239,727	\$ 4,103	\$ 243,830

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, 2015		
	Downtown Special Assessment District	West Avenue Special Assessment District	Total
REVENUES			
Real property taxes and related tax items	\$ 111,861	\$ 51,421	\$ 163,282
Use of money and property	207	22	229
Total revenues	112,068	51,443	163,511
EXPENDITURES			
Other general governmental support	-	650	650
Economic opportunity and development	51,389	-	51,389
Debt service			
Principal	13,920	-	13,920
Interest	12,941	-	12,941
Total expenditures	78,250	650	78,900
OTHER FINANCING SOURCES (USES)			
Interfund transfers out	-	(49,503)	(49,503)
Net change in fund balance	33,818	1,290	35,108
FUND BALANCE, <i>beginning of year</i>	182,389	2,813	185,202
FUND BALANCE, <i>end of Year</i>	\$ 216,207	\$ 4,103	\$ 220,310