

FINAL OFFICIAL STATEMENT

NEW ISSUE

S&P GLOBAL RATINGS: "AA+" STABLE OUTLOOK

SERIAL BONDS

See "BOND RATING" herein

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

The City will designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

\$6,777,562

CITY of SARATOGA SPRINGS

SARATOGA COUNTY, NEW YORK

GENERAL OBLIGATIONS

CUSIP BASE: 803531

\$6,777,562 Public Improvement (Serial) Bonds, 2018

Dated: June 20, 2018

Due: June 15, 2019-2042

MATURITIES

Table with 15 columns: Year, Amount, Rate, Yield, CSP, Year, Amount, Rate, Yield, CSP, Year, Amount, Rate, Yield, CSP. Rows list bond maturities from 2019 to 2026.

* The Bonds maturing in the years 2027-2042 are subject to redemption prior to maturity. See "DESCRIPTION OF THE BONDS - Optional Redemption" herein.

The Bonds are general obligations of the City of Saratoga Springs, Saratoga County, New York (the "City"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, without limitation as to rate or amount, subject to statutory limitations which may be imposed by Chapter 97 of the 2011 Laws of New York. See "TAX LEVY LIMITATION LAW" herein.

The Bonds will be issued as registered bonds and, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof, except for one necessary odd denomination maturing June 15, 2019. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable June 15, 2019, December 15, 2019 and semi-annually thereafter on June 15 and December 15 in each year until maturity. Principal and interest will be paid by the City to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of the unqualified legal opinion as to the validity of the Bonds of Walsh & Walsh, LLP, Saratoga Springs, New York, Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC located in Jersey City, New Jersey on or about June 20, 2018.

June 6, 2018

THIS REVISED COVER SUPPLEMENTS THE OFFICIAL STATEMENT OF THE CITY DATED MAY 22, 2018 RELATING TO THE OBLIGATIONS THEREOF DESCRIBED THEREIN AND HEREIN BY INCLUDING CERTAIN INFORMATION OMITTED FROM SUCH OFFICIAL STATEMENT IN ACCORDANCE WITH SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12. OTHER THAN AS SET FORTH ON THE REVISED COVER, THE REVISION OF THE DATED DATE ON PAGE 27 AND REVISED "APPENDIX - B", THERE HAVE BEEN NO REVISIONS TO SAID OFFICIAL STATEMENT

JANNEY MONTGOMERY SCOTT LLC

CITY OF SARATOGA SPRINGS

SARATOGA COUNTY, NEW YORK



CITY OFFICIALS

MEG KELLY

Mayor

MICHELE D. CLARK- MADIGAN

Commissioner of Finance

MIKE SHARP

Deputy Commissioner of Finance

CHRISTINE GILLMETT-BROWN

Director of Finance

JOHN P. FRANCK

Commissioner of Accounts

City Clerk

PETER R. MARTIN

Commissioner of Public Safety

ANTHONY J. SCIROCCO

Commissioner of Public Works

VINCENT J. DELEONARDIS, ESQ.

City Attorney



FISCAL ADVISORS & MARKETING, INC.

Municipal Advisor

WALSH & WALSH, LLP

Bond Counsel

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

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PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT

of the

CITY of SARATOGA SPRINGS

SARATOGA COUNTY, NEW YORK

Relating To

\$6,777,562 Public Improvement (Serial) Bonds, 2018

This Official Statement, which includes the cover page, has been prepared by the City of Saratoga Springs, Saratoga County, New York (the "City," "County," and "State," respectively), in connection with the sale by the City of \$6,777,562 principal amount of Public Improvement (Serial) Bonds, 2018 (herein, the "Bonds").

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

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

DESCRIPTION OF THE BONDS

The Bonds will be dated June 20, 2018 and will mature in the principal amounts and on the dates as set forth on the cover page. The Bonds are subject to redemption prior to maturity as described herein under the heading "Optional Redemption." The "Record Date" of the Bonds will be the last business day of the calendar month preceding each such interest payment date.

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof, except for a necessary odd denomination maturing on June 15, 2019. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable June 15, 2019, December 15, 2019 and semi-annually thereafter on June 15 and December 15 in each year until maturity. Principal and interest will be paid by the City to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Optional Redemption

The Bonds maturing on or before June 15, 2026 shall not be subject to redemption prior to maturity. The Bonds maturing on or after June 15, 2027 shall be subject to redemption prior to maturity as a whole or in part (and by lot if less than all of a maturity is to be redeemed), at the option of the City on June 15, 2026 or on any date thereafter at par (100%), plus accrued interest to the date of redemption.

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

Purposes of Issue

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

<u>Purpose</u>	<u>Amount</u>
Dump Truck with Plow and Spreader (replace #26)	\$ 175,776
Dump Truck with Plow and Spreader (replace #42)	175,776
City Buildings and Facilities Repairs and Upgrades	200,000
Canfield Casino Rehabilitation Program	300,000
Loader/Tool Carrier Machine (replace #6)	150,000
Dump Truck with Plow and Spreader (replace #34)	175,776
Dump Truck with Plow and Spreader (replace #13)	175,776
Parks and Trail Wayfinding Program	100,000
Katrina Trask Stairway in Congress Park	60,000
Safety Committee Radio System – City Radio Tower	1,300,000
Loughberry Lake Dam Embankment Stabilization and Spillway Project	825,000
Traffic Signals	306,669
Station One Doors	226,210
OCA Required Courtroom	300,000
2018 Water Main Capital Improvements – Kaydeross Ave WestPipe	1,215,000
2018 Gear Reduction Valve Capital Improvements	400,000
Water Treatment Plant Pole Barn for Water Tanks	570,000
EMS Eastern Plateau of City	4,200
Open Space Land Purchase – Tommel Property	<u>117,379</u>
Total Amount to be borrowed	\$ 6,777,562

The proceeds of the Bonds will provide \$6,777,562 new monies for the abovementioned purposes.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

THE CITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT

DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

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

Certificated Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law, or the City may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof, except for a necessary odd denomination maturing June 15, 2019. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State to be named as the fiscal agent by the City. Interest on the Bonds will be payable June 15, 2019, December 15, 2019 and semi-annually thereafter on June 15 and December 15 in each year until maturity. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the last business day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Certificate of Determination of the Commissioner of Finance authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the last business day of the calendar month preceding an interest payment date and such interest payment date.

THE CITY

General Information

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

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

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

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

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

Source: City officials.

Population Trends

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

Source: U.S. Census.

Banking Facilities

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

Selected Wealth and Income Indicators

Per capita income statistics are available for the City, County and State. Listed below are select figures from the 2000 census and 2006-2010 and 2012-2016 American Community Survey data.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2012-2016</u>	<u>2000</u>	<u>2006-2010</u>	<u>2012-2016</u>
City of:						
Saratoga Springs	\$ 23,945	\$ 35,342	\$ 45,985	\$ 58,213	\$ 86,114	\$ 99,115
County of:						
Saratoga	23,945	32,186	37,583	58,213	81,251	89,802
State of:						
New York	23,389	30,948	34,212	51,691	67,405	74,036

Note: 2013-2017 American Community Survey estimates are not available as of the date of this Official Statement.

Major Employers

<u>Name of Employer</u>	<u>Type of Business</u>	<u>Approximate Number Employed</u>
Saratoga Hospital	Hospital and Nursing Home	1,850
Skidmore College	Higher Education	1,120
Saratoga Springs City School District	Public School System	1,010
Stewart's Ice Cream	Retail	990
Quad Graphics	Manufacturing	850
Wesley Health Care	Health Services	680
Saratoga Casino Hotel	Casino/Race Track	640
New Country Motor Car Group	Retail	254
Four Winds – Saratoga	Health Services	380
City of Saratoga Springs	Municipal Services	330
Ball Corporation	Manufacturing	200
The Adirondack Trust Company	Banking	220
Espey Manufacturing & Electronics Company	Manufacturing	167
Logistics One	Distribution	152

Source: City officials.

Unemployment Rate Statistics

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

Annual Average

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
City of Saratoga Springs	7.1%	7.0%	5.6%	4.6%	4.2%	3.9%	4.2%
County of Saratoga	6.7%	6.8%	5.8%	4.6%	4.1%	3.8%	4.0%
State of New York	8.3%	8.5%	7.7%	6.3%	5.3%	4.8%	4.7%

2018 Monthly Figures

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>
City of Saratoga Springs	4.5%	5.1%	4.6%	N/A
County of Saratoga	4.7%	5.0%	4.5%	N/A
State of New York	5.1%	5.1%	4.8%	4.4%

Note: Unemployment rates for the month of April 2018 for the City of Saratoga Springs and the County of Saratoga are not available as of the date of this Official Statement.

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

Recent Development Activity

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

Completed – New Construction

Completed- New Construction Certificate of Occupancy issued in 2017					
Project	Approval Date	Location	Status	# of Residential Units	Commercial Square Footage (SF)
East Broadway Subdivision (Belmonte)	4/11/2012	5 East Broadway	Construction Complete	4	N/A
Latchford Subdivision	9/12/2012	22 Doten Avenue	Construction Complete	1	N/A
Saratoga Springs Homewood Suites (112 rooms) (Turf Hotels)	9/10/2014	3368 South Broadway	Construction Complete	N/A	102,401
Zumpano Subdivision	10/13/2016	119 East Avenue	Construction Complete	1	n/a
246 West Ave Residences	2/22/2012	246 West Avenue	Construction Complete	16	N/A
East Ave Mixed Use Development	11/12/2015	70 Excelsior Avenue	Construction Complete	12	6,028
Hoffman Carwash Facility	9/24/2015	2214 NYS Route 50	Construction Complete	N/A	4,280
Spa Solar Park Development	7/8/2015	Weibel Avenue Landfill	Construction Complete	N/A	n/a (no structure on-site)
Pitney Meadows Community Farm	5/25/2017	213-235 West Avenue	Construction Complete	N/A	8,376
55 Phila Street (includes Caffe Lena)	3/24/2016	55 Phila Street	Construction Complete	8	1,700
East Avenue Residences	11/12/2015	East and Excelsior Avenues	Construction Complete	2	N/A
			Subtotal:	44	122,785

Completed – Redevelopment Additions

Completed- Redevelopment, Additions					
Project	Approval Date	Location	Status	# Residential Units (Net)	Commercial Square Footage (SF)
Adelphi Hotel Redevelopment	5/1/13, 7/17/13, & 3/5/14	365 Broadway	Renovation Complete	N/A	No net increase
Holiday Inn Renovations	6/11/2014	232 Broadway	Renovation Complete	N/A	1,200
Rite Aid Redevelopment	4/14/2016	91 West Avenue and 242 Washington Street	Redevelopment Complete	N/A	14,368
Commissary Kitchen	6/9/2016	41 Washington Street	Renovation Complete	N/A	3,000
			Subtotal:	n/a	18,568
			Total Completed Construction in 2017:	44	141,353

Under Construction

Under Construction					
Project	Approval Date	Location	Status	# Residential Units (Net)	Commercial Square Footage (SF)
McKenzie's Way Part 1	5/26/2010	East Broadway	Under Construction	8	N/A
McKenzie's Way Part 2	5/26/2010	East Broadway	Under Construction	6	N/A
City Square (Ellsworth Redevelopment)	3/26/2014	120 Division Street	Under Construction	41	4,000
Beaver Pond Subdivision	2/23/2011	Geyser Road	Under Construction	84	N/A
Meadow Vista Subdivision	7/9/2008	Grand Avenue	Under Construction	21	N/A
Waterview Subdivision	12/8/2016	655 Crescent Avenue	Under Construction	4	N/A
Wagner Subdivision	4/29/2009	Joshua Road	Under Construction	5	N/A
Home of the Good Shepherd Senior Assisted Living and Senior Housing- total of 146 units/beds (within facility and 14 cottage units)	7/24/2013	394-402 Church Street	Under Construction (facility complete, 14 units under construction)	14	constructed
Bazaar Subdivision	7/22/2015	2 North Circular Street	Under Construction	1	N/A
Slack Chemical Addition	11/22/2016	3 Unlimited Drive	Under Construction	N/A	29,900
Triple Crown Subdivision	extension approved 3/25/15	Richard Avenue	Under Construction	3	N/A
86 Woodlawn 1 Unit to 4 Unit Conversion	11/25/2014	86 Woodlawn Avenue	Under Construction	4	N/A
166-168 Jefferson Street	12/10/2014	166-168 Jefferson Street	Under Construction	10	N/A
Hidden Fountain Commons	4/23/2014	61 Lawrence Street & 87 Church Street	Under Construction	6	3,420
Burns Subdivision	2/25/2016	34 Benedict Street	Under Construction	3	N/A
Marcellus Subdivision	1/14/2016	85 Monroe Street	Under Construction	4	N/A
Trifecta Subdivision	2/25/2016	136 Lincoln Avenue	Under Construction	2	N/A
Union Ave Condos (Moore Hall replacement)	7/14/2016	28 Union Ave/35 White Street	Under Construction	26	N/A
SKS Bottling & Distribution	6/8/2017	Geyser Rd	Under Construction	N/A	118,000
Saratoga Hospital Oncology Expansion	7/27/2017	211 Church Street	Under Construction	N/A	3,000
Buff Road Subdivision	11/14/2012	Buff Road and Route 9N	Under Construction	15	N/A
Kenyon Subdivision	6/22/2017	45 Doten Avenue	Under Construction	1	N/A
Teakwood Builders Showroom	5/11/2017	75 Church Street	Under Construction	N/A	3,235
77 Excelsior Mixed Use Development	166.5-5-4.1	77 Excelsior Avenue	Under Construction	91	1,300
Excelsior Park Phase 2	9/9/2015	Excelsior Avenue	Under Construction	105	N/A
			Subtotal: Under Construction	454	162,855

Approved and Awaiting Construction

Approved, Awaiting Construction					
Project	Approval Date	Location	Status	# Residential Units (Net)	Commercial Square Footage (SF)
Logistics One Flex Warehouse Expansion Site Plan	3/10/2016	29, 31, 33 Cady Hill Blvd, WJ Grande Industrial Park	Site Plan	N/A	98,757
YMCA Expansion	2/11/2016	290 West Avenue	First Phase complete, Second Bldg. Addition to be constructed	N/A	17,000
Congress St. Apartments	1/26/2017	92 Congress St	SUP	4	n/a
79 Henry Street Mixed Use Building	4/9/2014	79 Henry Street	Site Plan	N/A	19,160
Washington Commons Site Plan	7/3/2011	Washington Street and Central Avenue	First Phase Complete, Second remains	6	7,500
Subdivision of Lands on Kaydeross Avenue West	4/23/2014	11-17 Kaydeross Avenue West	Subdivision	4	N/A
Downtown Walk	11/12/2014	27 Jumel Place	Site Plan	7	N/A
Rip Van Dam Hotel (176 room expansion, banquet space)	3/26/2014	353 Broadway	Site Plan	N/A	108,000
Hamilton Street Parking Garage (4-story, 274 spaces, affiliated with Rip Van Dam Hotel)	6/25/2014	Hamilton Street, between Congress and Williams	Site Plan	N/A	N/A
City Center Parking Garage	11/12/2015	Maple Avenue, York Street, High Rock Avenue	Site Plan	N/A	N/A
Oak Ridge Phase 2 Subdivision	10/28/2015	Meadowbrook Road	Subdivision	72	N/A
Excelsior Park Phase 2A	11/12/2015	Excelsior Avenue	Site Plan	18	N/A
Expert Inspection Subdivision	9/24/2015	508 Grand Avenue	Subdivision	1	N/A
Bethesda Parish House Expansion	9/9/2015	26 Washington Street	Site Plan	N/A	30,602
Belmonte Subdivision	2/23/2017	319 & 321 Jefferson Street	Subdivision	4	N/A
Southern Subdivision	4/13/2017	124 York Avenue	Subdivision	1	N/A
Benton Trust Subdivision	3/23/2017	58 Fifth Avenue	Subdivision	1	N/A
Shelters of Saratoga (Code Blue)	7/13/2017	14 Walworth Street	SUP, Site Plan	N/A	6,400
Sames Mixed-Use Building	5/25/2017	20 Bowman Street	Site Plan	1	2,000
Racing City Brewing Company (Fed Ex Redevelopment)	5/25/2017	250 Excelsior Avenue	SUP		20,000
Nelson Ave Subdivision	5/11/2017	33 Nelson Avenue	Subdivision	2	N/A
Plaza 15 Self-Storage Facility Expansion	5/25/2017	Gick Rd	Site Plan	N/A	70,000
Munter 3 lot subdivision	6/8/2017	Geyser Rd	Subdivision	3	N/A
Greenfield Manufacturing Expansion	10/26/2017	25 Freedom Way	Site Plan	N/A	21,625
118 West Avenue Retail and Multi-family	7/13/2017	118 West Avenue	Special Use Permit/ Site Plan	36	4,100
Skidmore College Boathouse	7/13/2017	Staffords Bridge Road	Site Plan	N/A	3900
Skidmore College Science Center	7/27/2017	815 North Broadway	Site Plan	N/A	117,000
Universal Preservation Hall Renovation	7/13/2017	25 Washington Street	Site Plan	N/A	1,350
Intrada (Vecino) Saratoga Springs	11/30/2017	Washington Street & Station Lane	SUP, Site Plan	157	10,000
Saratoga Springs Horse Show Land Disturbance Activity	9/28/2017	342 Jefferson Street	Land disturbance permit	N/A	N/A
Pet Lodge	9/28/2017	314 Pratt Drive	SUP and Site Plan	N/A	6,000
Caroline Street Mixed Use Addition	11/30/2017	24 Caroline Street	Site Plan	2	1,563
Faden Mixed-Use Development	11/9/2017	146 South Broadway	SUP, Subdivision, Site Plan	4	3740
			Subtotal: Approved	323	548,697

Pending Approval/Potential 2018

Pending Review/ Potential 2018					
Project	Approval Date	Location	Status	# Residential Units (Net)	Commercial Square Footage (SF)
Cerrone		Old Schuylerville Road	Subdivision	1	n/a
Habitat for Humanity		26&28 Cherry Street	Subdivision	2	n/a
Helin Subdivision		2 Glenmore Avenue	Subdivision	5	n/a
Lands of Stone Retail, Office, Self Storage, Residences		Weibel Avenue	Special Use Permit/ Site Plan	6	55,600
Lake Local Inn, Restaurant and Retail		550 Union Avenue	Special Use Permit/ Site Plan	n/a	48,130
Faden Mixed-Use Development		West Avenue & Station Lane	SUP	71	6428
Mendenhall Subdivision		101 Old Schuylerville Rd	Subdivision	4	n/a
Top Capital Station Park- Hotel, Multi-family, Senior, Senior Assisted Living, Retail		Station Lane and Washington St	Special Use Permit/ Site Plan	252	29,000
Henry St Condominiums		120 Henry Street	Subdivision, SUP, Site Plan	24	n/a
Maney Multi-family Residences		18 Cherry and 38 Marvin Alley	Site Plan	8	n/a
Interlaken- Regatta View Phase 3		9P/Regatta View Drive	Site Plan	24	n/a
Station Lane Apartments (Askew)		Station Lane	SUP	36	n/a
Washington St. Hotel and Spa (Adelphi Partners)		19-23 Washington Street	Site Plan	n/a	48,000
Ballston Avenue Townhomes		116 Ballston Avenue	Subdivision, site plan	20	
Ericson Subdivision		517 Grand Avenue	Subdivision	1	n/a
Excelsior Park		Excelsior Avenue and Ormandy Lane	SUP	157	154,200
Spencer Subdivision		Kaydeross Park Road and Arrowhead Road	Subdivision	22	n/a
Song and Wang Subdivision		Lincoln Ave/ 21 Murphy Lane	Subdivision	1	n/a
Devall Subdivision		59 Franklin	Subdivision	1	n/a
KCG Mixed-Use Development	9/14/2017	153 South Broadway	SUP, Site Plan	110	35,500
				745	376,858
				Subtotal:	
				Pending	

Form of City Government

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

Financial Organization

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

Budgetary Procedures

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

The City did not exceed the tax levy limitation for fiscal year 2018. In fact, the City has a carryover of \$147,031 toward the 2018 tax levy limitation calculation (See "TAX LEVY LIMITATION LAW" herein).

Investment Policy

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

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

State Aid

The City receives financial assistance from the State. In its budget for the 2018 fiscal year, approximately 8.26% of the revenues of the City are estimated to be received in the form of State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities in the State, including the City, in any year, the City may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, in any year municipalities and cities in the State, including the City, may be affected by a delay in the payment of State aid.

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

Employees

The City provides services through approximately 330 full-time employees. The bargaining units, approximate number of employees and contract expiration dates are as follows:

<u>Bargaining Unit</u>	<u>Number of Employees</u> ⁽¹⁾	<u>Contract Expiration Date</u>
Fire Department	60	December 31, 2018
Fire Chiefs	2	December 31, 2022
PBA	69	December 31, 2022
Police Lieutenants	4	December 31, 2020
Police Chiefs	2	December 31, 2019
CSEA City Hall	93	December 31, 2021
CSEA DPW	82	December 31, 2021

⁽¹⁾ As of March 14, 2018.

Status and Financing of Employee Pension Benefits

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

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

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

For both ERS & PFRS, Tier 5 provides for:

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

For both ERS & PFRS, Tier 6 provides for:

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

The City’s payments to ERS and PFRS together since the 2013 fiscal year have been as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2013	\$ 5,233,768
2014	5,131,779
2015	4,898,232
2016	4,636,288
2017	4,296,588
2018 (Budgeted)	4,413,660

Source: City officials.

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

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

A chart of average ERS and PFRS rates (2014 to 2019) is shown below:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2014	20.9%	28.9%
2015	20.1	27.6
2016	18.2	24.7
2017	15.5	24.3
2018	15.3	24.4
2019	14.9	23.5

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

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

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

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

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

Other Post-Employment Benefits

Healthcare Benefits. It should also be noted that the City provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that requires governmental entities, such as the City, to account for post-retirement healthcare benefits as it accounts for vested pension benefits. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), described below, requires such accounting.

GASB 45 and OPEB. OPEB refers to "other post-employment benefits," meaning other than pension benefits. OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 45 requires municipalities and school districts to account for OPEB liabilities much like they already account for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") will be determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC. The City is not certain that municipalities will be mandated to implement GASB 45 since the potential liability will have to be determined by an actuarial and will be astronomical with the potential of bankrupting municipalities.

The City contracted with Armory Associates LLC, an actuarial firm, to calculate its OPEB in accordance with GASB 45. Based on the most recent actuarial valuation dated January 1, 2016 and financial data as of December 31, 2016 and an interim actuarial report for fiscal year ending December 31, 2017, the following tables show the components of the City's annual OPEB cost, the amount actuarially contributed to the plan, changes in the City's net OPEB obligation and funding status for the fiscal years ending December 31, 2016 and 2017:

<i>Annual OPEB Cost and Net OPEB Obligation:</i>	<u>2016</u>	<u>2017</u>
Annual required contribution (ARC)	\$ 11,946,226	\$ 12,330,226
Interest on net OPEB obligation	1,866,913	2,163,546
Adjustment to ARC	<u>(3,241,635)</u>	<u>(3,650,934)</u>
Annual OPEB cost (expense)	10,571,504	10,842,838
Contributions made	<u>(2,661,278)</u>	<u>(2,857,390)</u>
Increase in net OPEB obligation	7,910,226	7,985,448
Net OPEB obligation - beginning of year	<u>49,784,334</u>	<u>57,694,560</u>
Net OPEB obligation - end of year	<u>\$ 57,694,560</u>	<u>\$ 65,680,008</u>
Percentage of annual OPEB cost contributed	25.2%	26.4%

Funding Status:

	<u>2016</u>	<u>2017</u>
Actuarial Accrued Liability (AAL)	\$ 105,106,456	\$ 111,232,398
Actuarial Value of Assets	<u>0</u>	<u>0</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 105,106,456</u>	<u>\$ 111,232,398</u>
Funded Ratio (Assets as a Percentage of AAL)	0.0%	0.0%

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$ 10,842,838	26.4%	\$ 65,680,008
2016	10,571,504	25.2	57,694,560
2015	7,878,900	27.8	49,784,334

Note: The above tables are not audited.

The aforementioned liability and ARC are recognized and will be disclosed in accordance with GASB 45 standards in the City's audited financial statements.

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

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

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

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

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

Under the State Comptroller's proposal, there were no restrictions on the amount a government can deposit into the trust. The proposal for an optional investment pool for OPEB liability was not adopted in the last two State legislative sessions. It is not known if the legislation will be reintroduced and enacted into law this year.

Other Information

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

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

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

This Official Statement does not include the financial data of any political subdivision having power to levy taxes within the City.

Financial Statements

The City retains an independent certified public accountant firm for a continuous independent audit of all financial transactions of the City. The last such available final audit covers the fiscal year ending December 31, 2016 and may be found attached hereto as "APPENDIX – D" to this Official Statement. The financial affairs of the City are also subject to annual audits by the State Comptroller. Certain financial information of the City may be found in the Appendices to this Official Statement.

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

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

New York State Comptroller Report of Examination

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

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

Key Findings

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

Key Recommendations

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

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

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

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

New York State Comptroller Fiscal Stress Monitoring System

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

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

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2016	No Designation	5.0%
2015	No Designation	0.0%
2014	No Designation	6.3%
2013	No Designation	12.5%

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

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

Unaudited Results of Operation for the Fiscal Year Ending December 31, 2017

The General Fund year end results for the fiscal year ending December 31, 2017 listed below are preliminary and unaudited and subject to change.

Revenues:	\$ 44,350,000
Expenditures:	<u>43,439,000</u>
Excess Revenues over Expenditures	<u>\$ 911,000</u>
General Fund Balance Beginning of Year:	<u>\$ 15,483,000</u>
General Fund Balance End of Year:	\$ 16,394,000

TAX INFORMATION

Taxable Assessed Valuations

<u>Fiscal Year Ending December 31:</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Assessed Valuations	\$ 3,086,042,153	\$ 3,104,158,047	\$ 3,127,817,524	\$ 3,156,554,806	\$ 3,200,762,497
New York State Equalization Rate	82.00%	80.00%	78.00%	75.00%	75.00%
Total Taxable Full Valuation	\$ 3,763,466,040	\$ 3,880,197,559	\$ 4,010,022,467	\$ 4,208,739,741	\$ 4,267,683,329

Tax Rates Per \$1,000 (Assessed)

<u>Fiscal Year Ending December 31:</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Inside Area	\$ 6.07	\$ 6.07	\$ 6.06	\$ 6.06	\$ 6.06
Outside Area	5.99	5.99	5.98	5.98	5.98

Tax Collection Procedure

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

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

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

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

Tax Levy and Collection Record

<u>Fiscal Year Ending December 31:</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Tax Levy	\$ 29,735,729	\$ 30,207,260	\$ 30,779,183	\$ 31,645,008	\$ 32,092,872
Uncollected End of Year ⁽¹⁾	1,733,092	1,955,871	2,095,861	2,135,179	N/A
% Uncollected	5.83%	6.47%	6.81%	675%	N/A

Largest Taxpayers – 2017-2018 Assessment Roll for 2018

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
NYRA	Race Track	\$ 57,175,000
National Grid	Utility	45,201,931
Saratoga Harness	Race Track	35,526,000
Saratoga Hotel Associates	Hotel/Lodging	22,121,960
Quad Graphics	Manufacturing	17,206,400
Eton Centers	Apt./Retail	15,702,120
Saratoga Retail Partners LLC	Retail	15,124,200
Darley Stud Management LLC	Farm	12,007,300
Turf Perillo Dev LLC	Hotel	11,600,000
Ballston Ave Ltd	Shopping Center	10,450,000

The ten largest taxpayers listed above have a total assessed valuation of \$242,114,911 which represents 7.6% of the City’s tax base.

As of the date of this Official Statement, the City does not have any pending or outstanding tax certioraris that are known to have a material impact on the City

Constitutional Tax Margin

Computation of Constitutional Tax Margin for fiscal years ending December 31, 2016 through 2018:

<u>Fiscal Year Ending December 31:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Five Year Average Full Valuation.....	\$ 3,825,752,181	\$ 3,920,227,338	\$ 4,026,021,758
Tax Limit - (2%).....	76,515,044	78,404,547	80,520,435
Add: Exclusions from Tax Limit.....	<u>2,819,015</u>	<u>3,100,124</u>	<u>3,910,722</u>
Total Taking Power.....	\$ 79,334,059	\$ 81,504,671	\$ 84,431,157
Less: Total Levy.....	<u>18,841,113</u>	<u>19,194,972</u>	<u>19,491,963</u>
Constitutional Tax Margin.....	<u>\$ 60,492,946</u>	<u>\$ 62,309,699</u>	<u>\$ 64,939,194</u>

Source: City officials.

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the 2011 Laws of New York was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to virtually all local governments, including school districts (with the exception of New York City, Yonkers, Syracuse, Rochester and Buffalo). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities’ tax levies.

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

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

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

Real Property Tax Rebate. Chapter 59 of the 2014 Laws of New York (“Chapter 59”) includes provisions which provide a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts are eligible for the tax credit in the 2014 and 2015 taxable years of those such property owners. Real property taxpayers in certain other municipal units of government are eligible for the tax credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction’s compliance with the provisions of the Tax Levy Limitation Law. School district budgets must comply in their 2014-2015 and 2015-2016 fiscal years. Other municipal units of government must have their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must be within the tax cap limits set by the Tax Levy Limitation Law for the real property taxpayers to be eligible for the tax credit. The affected jurisdictions include counties, cities (other than a city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

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

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

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

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

CITY INDEBTEDNESS

Constitutional Requirements

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

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

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

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

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

The City Charter requires approval by voter referendum when long term bonding exceeds 2% of the average full valuation of taxable real estate of the City. The debt limit at 2%, as imposed by the City for fiscal year ending December 31, 2018, is \$80,523,104.

Statutory Procedure

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

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

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

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

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

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

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

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

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending December 31:</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Bonds	\$ 42,135,687	\$ 44,423,499	\$ 46,618,686	\$ 50,523,242	\$ 56,861,574
Bond Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>\$ 42,135,687</u>	<u>\$ 44,423,499</u>	<u>\$ 46,618,686</u>	<u>\$ 50,523,242</u>	<u>\$ 56,861,574</u>

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the City evidenced by bonds as of May 22, 2018.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
Bonds	2018-2040	\$ 55,591,574
	Total Indebtedness	<u>\$ 55,591,574</u>

Debt Statement Summary

Statement of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of May 22, 2018

Five-Year Average Full Valuation of Taxable Real Property	\$	4,026,021,758
Debt Limit - 7% thereof ⁽¹⁾		281,821,523

Inclusions:

Bonds ⁽²⁾	\$	55,591,574
Bond Anticipation Notes		0
Total Inclusions	\$	55,591,574

Exclusions:

Appropriations	\$	837,298
Sewer Debt ⁽³⁾		2,873,141
Water Debt ⁽⁴⁾		10,358,258
Total Exclusions	\$	14,068,697

Total Net Indebtedness Subject to Debt Limit	\$	41,522,877
Net Debt-Contracting Margin		240,298,646
Percent of Debt Contracting Power Exhausted		14.73%

Note: The Bonds will increase the net indebtedness of the City by \$6,777,562.

- (1) The City Charter requires approval by voter referendum when long term bonding exceeds 2% of the average full valuation of taxable real estate of the City. The debt limit at 2%, as imposed by the City for fiscal year ending December 31, 2018, is \$80,523,104.
- (2) Does not include \$6,260,000 refunding serial bonds which are expected to be issued on June 18, 2018 to currently refund \$6,460,000 outstanding serial bonds. See "CITY INDEBTEDNESS – Other Obligations" herein.
- (3) Sewer Debt is excluded pursuant to Section 124.10 of the Local Finance Law. The City has been granted sewer debt exclusions by the New York State Office of the State Comptroller.
- (4) Water Debt is excluded pursuant to Article VIII, Section 5B of the New York State Constitution.

Bonded Debt Service

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

Cash Flow Borrowings

The City has not found it necessary to issue revenue or tax anticipation notes in the past. The City does not see the need to issue revenue or tax anticipation notes in the foreseeable future.

Other Obligations

On March 7, 2008, the City entered into a lease agreement in the amount of \$1,721,297 to finance the purchase and installation of energy management equipment. The rate of interest on the first \$1,000,000 is 2%, which was bought down by a New York State Energy Research and Development Authority ("NYSERDA") grant. On December 14, 2012, the City issued a statutory installment bond in the amount of \$555,304 to refinance the portion of the lease not subsidized by NYSERDA. Principal payments of \$49,372.28 were made during 2017. The principal balance remaining on the lease as of December 31, 2017 is \$402,089.01.

On January 7, 2009, the City entered into a lease agreement in the amount of \$720,497 to finance the purchase of equipment. Principal payments of \$45,000 were made during 2017. The principal balance remaining on the lease as of December 31, 2017 is \$405,000.

On June 18, 2018, the City is scheduled to issue \$6,260,000 refunding serial bonds to currently refund its 2008, 2009 and 2010 serial bonds maturing in years 2019 and thereafter to achieve budgetary and present value savings.

Capital Improvement Program Summary

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

2018 DEPARTMENT PROJECT TITLE	2018	2019	2020	2021	2022	2023	TOTAL PROGRAM
PUBLIC SAFETY DEPARTMENT							
Safety Committee Radio System - City Radio Tower	\$ 1,300,000						\$ 2,600,000
Traffic Signals	\$ 306,669						\$ 613,338
Station One Doors	\$ 169,550						\$ 339,100
Replace aging 1998 Central States Fire Engine	\$ 455,000						\$ 910,000
East Side Fire and EMS Facility	\$ 3,000,000						\$ 6,000,000
TOTAL PUBLIC SAFETY	\$ 5,231,219						\$ 10,462,438
PUBLIC WORKS DEPARTMENT							
Loughberry Lake Dam Embankment Stabilization and Spillway Project	\$ 825,000	\$ 5,270,000					\$ 6,920,000
Katrina Trask Stairway in Congress Park	\$ 60,000						\$ 120,000
Loader/Tool Carrier Machine	\$ 150,000			\$ 162,000	\$ 162,000	\$ 162,000	\$ 786,000
Dump Truck w/ Plow and Spreader	\$ 175,776	\$ 174,000	\$ 174,000		\$ 174,000	\$ 176,000	\$ 1,049,552
Dump Truck w/ Plow and Spreader	\$ 175,776	\$ 174,000	\$ 174,000			\$ 176,000	\$ 875,552
Dump Truck w/ Plow and Spreader	\$ 175,776	\$ 174,000					\$ 525,552
Dump Truck w/ Plow and Spreader	\$ 175,776						\$ 351,552
City Buildings and Facilities Repairs and Upgrades	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 1,400,000
OCA Required Courtroom	\$ 300,000	\$ 2,700,000					\$ 3,300,000
Canfield Casino Rehabilitation Program	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 2,100,000
East Side Storm Water Project Phase IV		\$ 250,000	\$ 250,000				\$ 500,000
Old Ballston Avenue Culvert Replacement Project		\$ 165,000					\$ 165,000
2018 Sanitary Pump Station Upgrade Project	\$ 550,000						\$ 1,100,000
2018 Water Main Capital Improvements - Kaydeross Ave West Pipe	\$ 1,215,000	\$ 800,000	\$ 800,000	\$ 800,000			\$ 4,830,000
2018 Gear Reduction Valve Capital Improvements	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000			\$ 2,000,000
2018 Improvements at City Water Treatment Facilities	\$ 100,000						\$ 200,000
Water Treatment Plant Pole Barn for Water Tanks	\$ 570,000						\$ 1,140,000
2018 Water Main Capital Improvements - Year 1 of 20		\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ 6,500,000
TOTAL PUBLIC WORKS	\$ 5,373,104	\$ 11,907,000	\$ 3,598,000	\$ 3,162,000	\$ 2,136,000	\$ 2,314,000	\$ 33,863,208
MAYOR'S DEPARTMENT							
Complete Streets - Implementation & Improvements	\$ 100,000	\$ 100,000	\$ 100,000				\$ 400,000
Greenbelt Trail Systems - Implementation & Improvements	\$ 200,000	\$ 150,000	\$ 150,000				\$ 700,000
Parks and Trail Wayfinding Program	\$ 100,000	\$ 100,000	\$ 100,000				\$ 400,000
Theater Renovations at Arts Center *(see below)		\$ 526,916	\$ 526,916				\$ 1,053,832
TOTAL MAYOR'S DEPARTMENT	\$ 400,000	\$ 876,916	\$ 876,916				\$ 2,553,832
RECREATION DEPARTMENT							
Field Rehabilitation - Veteran's	\$ 30,000						\$ 30,000
East-side and West-side Rec Improvements	\$ 35,000	\$ 40,000	\$ 40,000				\$ 115,000
Playground and Facilities		\$ 100,000					\$ 100,000
Court Resurfacing			\$ 37,500			\$ 15,000	\$ 52,500
Ice Rink Rehabilitation				\$ 152,000			\$ 152,000
TOTAL RECREATION DEPARTMENT	\$ 65,000	\$ 140,000	\$ 77,500	\$ 152,000		\$ 15,000	\$ 449,500
TOTAL PROJECTS	\$ 11,069,323	\$ 12,923,916	\$ 4,552,416	\$ 3,314,000	\$ 2,136,000	\$ 2,329,000	\$ 36,324,655

Estimated Overlapping Indebtedness

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

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Estimated Exclusions</u>	<u>Net Indebtedness</u>	<u>City Share</u>	<u>Applicable Indebtedness</u>
County of:						
Saratoga	12/31/2016	\$ 60,630,000	\$ -	\$ 60,630,000	17.12%	\$ 10,379,856
School District:						
Saratoga Springs	6/30/2017	29,580,000	-	29,580,000	62.66%	18,534,828
					Total:	\$ 28,914,684

⁽¹⁾ Bonds and bond anticipation notes not adjusted to include subsequent bond sales, if any.

Source: 2016 State Comptroller's Report. The 2017 State Comptroller's Report is not available as of the date of this Official Statement

Debt Ratios

The following table sets forth certain ratios relating to the City’s net indebtedness as of May 22, 2018:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 41,522,877	\$ 1,495.62	0.97%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	70,437,561	2,537.10	1.65

- (a) The 2016 estimated population of the City is 27,763. (See “THE CITY – Population Trends” herein.).
- (b) The City’s full value of taxable real estate for the 2018 fiscal year is \$4,267,683,329. (See “TAX INFORMATION” herein.)
- (c) See "Calculation of Net Direct Indebtedness" herein.
- (d) Estimated net overlapping indebtedness is \$28,914,684. (See "Estimated Overlapping Indebtedness" for calculation of Net Indebtedness herein.)

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

MARKET AND RISK FACTORS

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

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

TAX MATTERS

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

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

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

The Bonds are being designated by the City as "qualified tax-exempt obligations" pursuant to the provisions of Section 265(b)(3) of the Code. The City will represent in its arbitrage and use of proceeds certificate that (1) the City does not reasonably anticipate that the amount of tax-exempt obligations (within the meaning of Section 265(b)(3)(C) of the Code) to be issued by the City (and any subordinate entities) in calendar year 2018 will exceed \$10,000,000, and (2) the amount of "qualified tax-exempt obligations" issued by the City (and any subordinate entities) during the current calendar year does not as of this date, and including this issue, exceed \$10,000,000.

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

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds will be covered by the final approving opinion of Walsh & Walsh, LLP, Saratoga Springs, New York, Bond Counsel. Copies of such opinion will be available at the time of delivery of the Bonds. Such legal opinion will state that, under existing law, (1) the Bonds have been duly authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the City, for the payment of which the City has validly pledged its faith and credit, and all the taxable real property within the boundaries of the City is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, without limitation as to the rate or amount, subject to statutory limitations which may be imposed by Chapter 97 of the 2011 Laws of New York, and (2) interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the individual alternative minimum tax imposed by the Internal Revenue Code of 1986, as amended (the "Code"), subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes.. Such opinion shall also contain further statements to the effect that (a) the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws affecting creditors' rights generally enacted before or after the date of such opinion, and by equitable principles, whether considered at law or in equity, (b) the scope of its engagement as Bond Counsel in relation to the issuance of the Bonds has extended solely to rendering the opinions described herein, and such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the City, together with other legally available sources of revenue, if any, will be sufficient to enable the City to pay the principal of or interest on the Bonds as the same respectively become due and payable, and (c) while Bond Counsel has participated in the preparation of this Official Statement, Bond Counsel has not verified the accuracy, completeness or fairness of the factual information contained herein, and, accordingly, Bond Counsel expresses no opinion as to whether the City, in connection with the sale of the Bonds, has made any untrue statement of a material fact, or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

LITIGATION

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

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

CONTINUING DISCLOSURE

In order to assist the purchaser in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the City will enter into a Continuing Disclosure Undertaking Certificate, a description of which can be found in "APPENDIX – C" to this Official Statement.

Historical Compliance

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

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

BOND RATING

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

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

MUNICIPAL ADVISOR

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

MISCELLANEOUS

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

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

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

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

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

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

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

The City will act as Paying Agent for the Bonds.

The City's contact information is as follows: Michele D. Clark-Madigan, Commissioner of Finance, City of Saratoga Springs, 474 Broadway – City Hall, Saratoga Springs, New York 12866-2296, Phone (518) 587-3550 Ext 2571, Telefax (518) 580-0781, Email Michele.madigan@saratoga-springs.org.

CITY of SARATOGA SPRINGS

MICHELE D. CLARK-MADIGAN

**Commissioner of Finance
and Chief Fiscal Officer**

Dated: June 6, 2018

GENERAL FUND

Balance Sheets

Fiscal Years Ending December 31:	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u> Unaudited
ASSETS					
Cash and Cash Equivalents	\$ 7,245,313	\$ 8,448,466	\$ 8,926,329	\$ 9,288,589	\$ 11,798,381
Investments	-	-	-	-	-
Taxes receivable, net of uncollectibles	-	-	-	-	4,842,773
Receivables from Other Governments	2,042,330	2,675,722	2,297,169	2,569,074	2,794,650
Receivables, net	4,082,200	4,313,848	4,626,837	3,620,652	2,063,110
Restricted assets, cash and cash equivalents	3,398,246	3,352,669	3,671,065	3,355,857	2,686,463
Due from Other Funds	1,831,442	1,211,847	504,466	259,850	1,028,019
Prepaid Expenses	1,045,580	1,045,452	966,711	967,910	1,017,341
TOTAL ASSETS	\$ 19,645,111	\$ 21,048,004	\$ 20,992,577	\$ 20,061,932	\$ 26,230,737
LIABILITIES AND FUND EQUITY					
Accounts Payable and Accrued Liabilities	\$ 808,334	\$ 1,317,583	\$ 939,614	\$ 918,952	\$ 856,296
Notes Payable	-	-	-	-	-
Other Liabilities	-	-	-	-	48,050
Due to Other Governments	663,394	545,580	547,204	611,504	581,667
Due to Other Funds	-	2,536	-	-	516,186
Deferred Revenue	1,528,675	2,154,498	1,763,389	1,349,392	2,818,669
Deferred Tax Revenue	1,205,294	1,497,310	1,201,169	1,698,865	5,011,050
Unpaid Interest and Matured Bonds Payable	-	-	-	-	-
TOTAL LIABILITIES	4,205,697	5,517,507	4,451,376	4,578,713	9,831,918
FUND EQUITY					
Non Spendable:					
Prepaid expenses	\$ 1,045,580	\$ 1,045,452	\$ 966,711	\$ 967,910	\$ 1,017,342
Restricted for:					
Capital reserve	1,214,786	957,265	1,172,980	1,209,404	1,399,244
Tax Stabilization reserve	1,502,227	1,503,230	1,504,824	1,506,412	732,885
Retirement Contribution Reserve	472,592	637,935	738,630	439,383	300,290
Insurance Reserve	130,010	175,530	175,842	121,786	175,076
Debt	-	-	-	-	-
Other restrictions	78,631	78,709	78,789	78,872	78,968
Assigned	3,177,516	3,330,311	2,543,927	2,150,089	3,406,990
Unassigned	7,818,072	7,802,065	9,359,498	9,009,363	9,288,024
TOTAL FUND EQUITY	15,439,414	15,530,497	16,541,201	15,483,219	16,398,819
TOTAL LIABILITIES and FUND EQUITY	\$ 19,645,111	\$ 21,048,004	\$ 20,992,577	\$ 20,061,932	\$ 26,230,737

Source: 2013-2016 Audited financial reports of the City. 2017 Unaudited Annual Update Document. This table is not audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending December 31:	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
REVENUES					
Real Property Taxes and Tax Items	\$ 16,519,475	\$ 17,149,114	\$ 16,675,873	\$ 17,171,289	\$ 16,789,221
Non-Property Taxes	12,131,794	12,920,338	13,726,684	14,202,315	14,522,969
Departmental Income	1,986,589	2,471,577	2,565,133	2,774,659	2,697,756
Intergovernmental Charges	309,061	317,313	323,752	352,333	359,001
Use of Money & Property	447,779	631,448	432,352	627,632	649,230
Licenses and Permits	397,762	463,270	491,218	387,164	390,337
Fines and Forfeitures	590,366	618,735	651,150	650,747	523,423
Sale of Property and Compensation for Loss	607,084	728,875	556,684	665,652	519,213
Miscellaneous	1,701,896	1,991,983	2,552,079	2,538,972	2,576,530
Revenues from State Sources	3,448,324	4,163,663	3,132,377	4,300,302	3,314,232
Revenues from Federal Sources	435,740	33,754	62,719	52,552	70,888
Total Revenues	<u>\$ 38,575,870</u>	<u>\$ 41,490,070</u>	<u>\$ 41,170,022</u>	<u>\$ 43,723,617</u>	<u>\$ 42,412,800</u>
EXPENDITURES					
General Government Support	\$ 7,739,609	\$ 8,204,630	\$ 9,064,313	\$ 9,786,949	\$ 10,552,751
Public Safety	20,882,005	21,806,411	22,487,909	23,519,039	24,100,066
Health	17,965	21,467	119,116	111,090	118,385
Transportation	4,550,758	4,361,440	4,559,178	4,252,603	4,186,964
Economic Assistance and Opportunity	141,291	141,291	141,291	136,684	144,731
Culture and Recreation	2,299,148	2,341,427	2,368,529	2,636,156	2,758,066
Home and Community Services	957,489	977,363	1,182,955	1,227,233	1,465,081
Employee Benefits	-	-	-	-	-
Debt Service	137,903	69,588	69,588	69,588	71,187
Total Expenditures	<u>\$ 36,726,168</u>	<u>\$ 37,923,617</u>	<u>\$ 39,992,879</u>	<u>\$ 41,739,342</u>	<u>\$ 43,397,231</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 1,849,702</u>	<u>\$ 3,566,453</u>	<u>\$ 1,177,143</u>	<u>\$ 1,984,275</u>	<u>\$ (984,431)</u>
Other Financing Sources (Uses):					
Operating Transfers In	631,970	95,704	113,843	427,615	278,635
Operating Transfers Out	(276,333)	(922,487)	(1,199,903)	(1,401,186)	(352,186)
Total Other Financing	<u>355,637</u>	<u>(826,783)</u>	<u>(1,086,060)</u>	<u>(973,571)</u>	<u>(73,551)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>2,205,339</u>	<u>2,739,670</u>	<u>91,083</u>	<u>1,010,704</u>	<u>(1,057,982)</u>
FUND BALANCE					
Fund Balance - Beginning of Year	10,498,774	12,699,744	15,439,414	15,530,497	16,541,201
Prior Period Adjustments (net)	(4,368)	-	-	-	-
Fund Balance - End of Year	<u>\$ 12,699,744</u>	<u>\$ 15,439,414</u>	<u>\$ 15,530,497</u>	<u>\$ 16,541,201</u>	<u>\$ 15,483,219</u>

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

GENERAL FUND

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

Fiscal Years Ending December 31:	2016			2017		2018
	Adopted Budget	Revised Budget	Actual	Adopted Budget	Unaudited Actual	Adopted Budget
REVENUES						
Real Property Taxes and Tax Items	\$ 17,911,209	\$ 19,308,967	\$ 16,789,221	\$ 18,961,487	\$ 16,901,104	\$ 18,435,492
Non-Property Taxes	14,894,009	14,894,009	14,522,969	14,835,500	14,408,999	15,801,005
Departmental Income	2,327,327	2,438,241	2,697,756	2,300,240	2,872,261	2,634,640
Intergovernmental Charges	345,503	360,655	359,001	384,320	415,514	411,750
Use of Money & Property	615,954	615,954	649,230	618,944	621,437	641,580
Licenses and Permits	416,750	417,000	390,337	417,000	455,403	427,400
Fines and Forfeitures	665,000	673,470	523,423	660,000	794,127	852,000
Sale of Property and Compensation for Loss	461,129	558,048	519,213	501,020	860,256	558,163
Miscellaneous	1,957,651	2,119,883	2,576,530	2,476,992	2,594,777	2,493,192
Revenues from State Sources	3,639,101	4,020,530	3,314,232	3,639,101	4,251,877	3,805,401
Revenues from Federal Sources	556,911	43,650	70,888	606,214	46,223	15,000
Total Revenues	<u>\$ 43,790,544</u>	<u>\$ 45,450,407</u>	<u>\$ 42,412,800</u>	<u>\$ 45,400,818</u>	<u>\$ 44,221,978</u>	<u>\$ 46,075,623</u>
EXPENDITURES						
General Government Support	\$ 6,028,740	\$ 20,231,542	\$ 10,552,751	\$ 6,096,714	\$ 10,020,667	\$ 6,366,378
Public Safety	16,387,450	16,831,596	24,100,066	17,048,617	24,065,678	17,321,500
Health	25,765	25,766	118,385	25,765	164,683	25,765
Transportation	4,409,402	4,741,497	4,186,964	4,279,920	4,358,889	4,062,773
Economic Assistance and Opportunity	141,291	145,291	144,731	170,291	170,339	172,291
Culture and Recreation	2,459,264	2,684,142	2,758,066	2,574,507	2,856,551	2,574,655
Home and Community Services	1,269,031	1,827,115	1,465,081	1,466,727	1,455,426	1,445,543
Employee Benefits	12,550,516	-	-	13,208,429	-	13,561,778
Debt Service	394,589	69,588	71,187	269,588	69,587	430,940
Total Expenditures	<u>\$ 43,666,048</u>	<u>\$ 46,556,537</u>	<u>\$ 43,397,231</u>	<u>\$ 45,140,558</u>	<u>\$ 43,161,820</u>	<u>\$ 45,961,623</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 124,496</u>	<u>\$ (1,106,130)</u>	<u>\$ (984,431)</u>	<u>\$ 260,260</u>	<u>\$ 1,060,158</u>	<u>\$ 114,000</u>
Other Financing Sources (Uses):						
Operating Transfers In	222,472	222,472	278,635	126,464	132,914	61,000
Operating Transfers Out	(346,968)	(444,661)	(352,186)	(386,724)	(277,472)	(175,000)
Total Other Financing	<u>(124,496)</u>	<u>(222,189)</u>	<u>(73,551)</u>	<u>(260,260)</u>	<u>(144,558)</u>	<u>(114,000)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>-</u>	<u>(1,328,319)</u>	<u>(1,057,982)</u>	<u>-</u>	<u>915,600</u>	<u>-</u>
FUND BALANCE						
Fund Balance - Beginning of Year	-	16,541,201	16,541,201	-	15,483,219	-
Prior Period Adjustments (net)	-	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 15,212,882</u>	<u>\$ 15,483,219</u>	<u>\$ -</u>	<u>\$ 16,398,819</u>	<u>\$ -</u>

Source: 2016 Audited financial reports, 2017 Unaudited financial statements and 2018 budget of the City. This Appendix is not itself audited.

CHANGES IN FUND EQUITY

Fiscal Years Ending December 31:	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>WATER FUND</u>						
Fund Equity - Beginning of Year	\$ 626,048	\$ 1,070,697	\$ 1,565,319	\$ 2,033,585	\$ 2,669,055	\$ 2,906,406
Prior Period Adjustments (net)	-	-	-	-	-	-
Revenues & Other Sources	3,047,019	3,367,121	3,360,810	3,944,659	3,829,525	3,441,066
Expenditures & Other Uses	2,602,370	2,872,499	2,892,544	3,309,189	3,592,174	3,445,549
Fund Equity - End of Year	\$ 1,070,697	\$ 1,565,319	\$ 2,033,585	\$ 2,669,055	\$ 2,906,407	\$ 2,901,923
<u>SEWER FUND</u>						
Fund Equity - Beginning of Year	\$ 267,273	\$ 547,760	\$ 860,840	\$ 990,724	\$ 1,508,555	\$ 1,831,481
Prior Period Adjustments (net)	-	-	-	-	-	-
Revenues & Other Sources	3,857,006	4,055,633	3,950,767	4,582,927	4,536,705	4,526,786
Expenditures & Other Uses	3,576,519	3,742,553	3,820,883	4,065,096	4,213,779	4,286,001
Fund Equity - End of Year	\$ 547,760	\$ 860,840	\$ 990,724	\$ 1,508,555	\$ 1,831,481	\$ 2,072,266

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

APPENDIX - B
City of Saratoga Springs

BONDED DEBT SERVICE

Fiscal Year Ending December 31st	Principal	Interest	Total	Principal of the Bonds	Total Principal All Issues
2018	\$ 2,401,574	\$ 1,893,896.93	\$ 4,295,470.93	-	\$ 2,401,574
2019	2,590,000	1,710,827.41	4,300,827.41	92,562	2,682,562
2020	2,690,000	1,620,016.75	4,310,016.75	200,000	2,890,000
2021	2,795,000	1,525,132.48	4,320,132.48	210,000	3,005,000
2022	2,905,000	1,425,834.59	4,330,834.59	215,000	3,120,000
2023	2,855,000	1,324,366.61	4,179,366.61	220,000	3,075,000
2024	2,965,000	1,221,266.05	4,186,266.05	230,000	3,195,000
2025	2,695,000	1,122,481.72	3,817,481.72	235,000	2,930,000
2026	2,810,000	1,029,865.20	3,839,865.20	245,000	3,055,000
2027	2,915,000	936,854.83	3,851,854.83	250,000	3,165,000
2028	3,010,000	847,865.40	3,857,865.40	260,000	3,270,000
2029	3,115,000	759,353.40	3,874,353.40	265,000	3,380,000
2030	3,220,000	666,108.33	3,886,108.33	275,000	3,495,000
2031	2,715,000	576,783.45	3,291,783.45	285,000	3,000,000
2032	2,795,000	491,759.37	3,286,759.37	295,000	3,090,000
2033	2,895,000	402,642.16	3,297,642.16	305,000	3,200,000
2034	2,475,000	317,482.06	2,792,482.06	310,000	2,785,000
2035	2,000,000	247,056.60	2,247,056.60	320,000	2,320,000
2036	1,585,000	190,523.65	1,775,523.65	330,000	1,915,000
2037	1,655,000	139,731.93	1,794,731.93	345,000	2,000,000
2038	1,615,000	86,667.91	1,701,667.91	355,000	1,970,000
2039	1,355,000	35,064.63	1,390,064.63	365,000	1,720,000
2040	805,000	7,529.06	812,529.06	380,000	1,185,000
2041	-	-	-	390,000	390,000
2042	-	-	-	400,000	400,000
TOTALS	\$ 56,861,574	\$ 18,579,110.52	\$ 75,440,684.51	\$ 6,777,562	\$ 63,639,136

Note: The totals above do not include \$6,260,000 refunding bonds scheduled to be issued on June 18, 2018.

CURRENT BONDS OUTSTANDING

Fiscal Year Ending December 31st	2008			2009		
	Various Improvements			Energy Mangement Equipment		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 115,000	\$ 209,525.00	\$ 324,525.00	\$ 50,000	\$ 16,150.00	\$ 66,150.00
2019	125,000	203,775.00	328,775.00	50,000	14,025.00	64,025.00
2020	130,000	197,525.00	327,525.00	55,000	11,793.75	66,793.75
2021	135,000	191,025.00	326,025.00	60,000	9,350.00	69,350.00
2022	140,000	184,275.00	324,275.00	60,000	6,800.00	66,800.00
2023	150,000	177,275.00	327,275.00	65,000	4,143.75	69,143.75
2024	155,000	169,775.00	324,775.00	65,000	1,381.25	66,381.25
2025	165,000	162,025.00	327,025.00	-	-	-
2026	175,000	153,775.00	328,775.00	-	-	-
2027	180,000	145,025.00	325,025.00	-	-	-
2028	190,000	136,025.00	326,025.00	-	-	-
2029	200,000	126,525.00	326,525.00	-	-	-
2030	210,000	116,525.00	326,525.00	-	-	-
2031	220,000	106,025.00	326,025.00	-	-	-
2032	230,000	95,025.00	325,025.00	-	-	-
2033	245,000	83,525.00	328,525.00	-	-	-
2034	255,000	71,275.00	326,275.00	-	-	-
2035	270,000	58,525.00	328,525.00	-	-	-
2036	280,000	45,025.00	325,025.00	-	-	-
2037	295,000	31,025.00	326,025.00	-	-	-
2038	310,000	16,275.00	326,275.00	-	-	-
TOTALS	\$ 4,175,000	\$ 2,679,775.02	\$ 6,854,775.01	\$ 405,000	\$ 63,643.77	\$ 468,643.77

Fiscal Year Ending December 31st	2009			2010		
	Various Improvements			Various Improvements		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 30,000	\$ 51,006.25	\$ 81,006.25	\$ 40,000	\$ 57,018.00	\$ 97,018.00
2019	35,000	49,731.25	84,731.25	45,000	55,250.00	100,250.00
2020	35,000	48,243.75	83,243.75	45,000	53,261.00	98,261.00
2021	35,000	46,756.25	81,756.25	50,000	51,272.00	101,272.00
2022	40,000	45,268.75	85,268.75	50,000	49,062.00	99,062.00
2023	40,000	43,568.75	83,568.75	50,000	46,852.00	96,852.00
2024	40,000	41,868.75	81,868.75	55,000	44,642.00	99,642.00
2025	45,000	40,168.75	85,168.75	55,000	42,211.00	97,211.00
2026	45,000	38,256.25	83,256.25	60,000	39,780.00	99,780.00
2027	50,000	36,343.75	86,343.75	60,000	37,128.00	97,128.00
2028	50,000	34,218.75	84,218.75	65,000	34,476.00	99,476.00
2029	50,000	32,093.75	82,093.75	65,000	31,603.00	96,603.00
2030	55,000	29,968.75	84,968.75	70,000	28,730.00	98,730.00
2031	60,000	27,631.25	87,631.25	75,000	25,636.00	100,636.00
2032	60,000	25,081.25	85,081.25	75,000	22,321.00	97,321.00
2033	65,000	22,531.25	87,531.25	80,000	19,006.00	99,006.00
2034	65,000	19,768.75	84,768.75	80,000	15,470.00	95,470.00
2035	70,000	16,925.00	86,925.00	85,000	11,934.00	96,934.00
2036	70,000	13,862.50	83,862.50	90,000	8,177.00	98,177.00
2037	75,000	10,800.00	85,800.00	95,000	4,199.00	99,199.00
2038	80,000	7,425.00	87,425.00	-	-	-
2039	85,000	3,825.00	88,825.00	-	-	-
TOTALS	\$ 1,180,000	\$ 685,343.77	\$ 1,865,343.76	\$ 1,290,000	\$ 678,028.00	\$ 1,968,028.00

CURRENT BONDS OUTSTANDING

Fiscal Year Ending December 31st	2011			2012		
	Various Improvements			Various Improvements		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 50,000	\$ 86,118.00	\$ 136,118.00	\$ 200,000	\$ 160,452.50	\$ 360,452.50
2019	55,000	83,687.00	138,687.00	200,000	156,452.50	356,452.50
2020	55,000	81,141.00	136,141.00	205,000	152,402.50	357,402.50
2021	60,000	78,479.00	138,479.00	210,000	148,252.50	358,252.50
2022	60,000	75,701.00	135,701.00	215,000	144,002.50	359,002.50
2023	65,000	72,807.00	137,807.00	220,000	139,652.50	359,652.50
2024	65,000	69,797.00	134,797.00	225,000	134,640.00	359,640.00
2025	70,000	66,672.00	136,672.00	230,000	128,952.50	358,952.50
2026	75,000	63,315.00	138,315.00	235,000	123,140.00	358,140.00
2027	75,000	59,843.00	134,843.00	240,000	117,202.50	357,202.50
2028	80,000	56,255.00	136,255.00	250,000	110,452.50	360,452.50
2029	85,000	52,435.00	137,435.00	260,000	102,802.50	362,802.50
2030	90,000	48,384.00	138,384.00	265,000	94,795.00	359,795.00
2031	90,000	44,217.00	134,217.00	275,000	86,390.63	361,390.63
2032	95,000	39,934.00	134,934.00	285,000	77,640.63	362,640.63
2033	100,000	35,420.00	135,420.00	295,000	68,578.13	363,578.13
2034	105,000	30,674.00	135,674.00	305,000	59,203.13	364,203.13
2035	110,000	25,697.00	135,697.00	315,000	49,318.75	364,318.75
2036	115,000	20,488.00	135,488.00	325,000	38,918.75	363,918.75
2037	125,000	14,932.00	139,932.00	335,000	28,193.75	363,193.75
2038	125,000	9,144.00	134,144.00	345,000	17,143.75	362,143.75
2039	135,000	3,125.00	138,125.00	355,000	5,768.75	360,768.75
TOTALS	\$ 1,885,000	\$ 1,118,265.02	\$ 3,003,265.02	\$ 5,790,000	\$ 2,144,356.27	\$ 7,934,356.27

Fiscal Year Ending December 31st	2012			2013		
	Refinance of Lease			Various Improvements		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 55,000	\$ 5,800.00	\$ 60,800.00	\$ 180,000	\$ 118,325.00	\$ 298,325.00
2019	55,000	4,700.00	59,700.00	185,000	112,850.00	297,850.00
2020	60,000	3,600.00	63,600.00	190,000	107,225.00	297,225.00
2021	60,000	2,400.00	62,400.00	195,000	101,450.00	296,450.00
2022	60,000	1,200.00	61,200.00	205,000	95,450.00	300,450.00
2023	-	-	-	210,000	89,225.00	299,225.00
2024	-	-	-	215,000	82,850.00	297,850.00
2025	-	-	-	225,000	76,250.00	301,250.00
2026	-	-	-	230,000	69,281.25	299,281.25
2027	-	-	-	240,000	61,787.50	301,787.50
2028	-	-	-	245,000	53,906.25	298,906.25
2029	-	-	-	255,000	45,462.50	300,462.50
2030	-	-	-	265,000	36,362.50	301,362.50
2031	-	-	-	275,000	26,912.50	301,912.50
2032	-	-	-	280,000	16,850.00	296,850.00
2033	-	-	-	290,000	5,800.00	295,800.00
TOTALS	\$ 290,000	\$ 17,700.02	\$ 307,700.02	\$ 3,685,000	\$ 1,099,987.52	\$ 4,784,987.52

CURRENT BONDS OUTSTANDING

Fiscal Year Ending December 31st	2014			2014		
	Various Improvements			Various Improvements		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 220,000	\$ 118,506.25	\$ 338,506.25	\$ 970,000	\$ 697,356.25	\$ 1,667,356.25
2019	220,000	114,106.25	334,106.25	1,015,000	647,731.25	1,662,731.25
2020	225,000	109,656.25	334,656.25	1,070,000	595,606.25	1,665,606.25
2021	230,000	105,106.25	335,106.25	1,130,000	540,606.25	1,670,606.25
2022	235,000	100,456.25	335,456.25	1,195,000	482,481.25	1,677,481.25
2023	240,000	95,556.25	335,556.25	1,160,000	423,606.25	1,583,606.25
2024	250,000	90,193.75	340,193.75	1,220,000	364,106.25	1,584,106.25
2025	255,000	84,512.50	339,512.50	960,000	309,606.25	1,269,606.25
2026	265,000	77,668.75	342,668.75	1,015,000	262,768.75	1,277,768.75
2027	270,000	69,643.75	339,643.75	1,070,000	218,531.25	1,288,531.25
2028	280,000	61,393.75	341,393.75	1,100,000	180,631.25	1,280,631.25
2029	290,000	52,843.75	342,843.75	1,140,000	147,031.25	1,287,031.25
2030	295,000	44,068.75	339,068.75	1,180,000	112,231.25	1,292,231.25
2031	305,000	35,068.75	340,068.75	600,000	85,156.25	685,156.25
2032	315,000	25,768.75	340,768.75	620,000	66,093.75	686,093.75
2033	325,000	15,965.63	340,965.63	635,000	46,484.38	681,484.38
2034	335,000	5,443.75	340,443.75	660,000	25,837.50	685,837.50
2035	-	-	-	465,000	7,556.25	472,556.25
TOTALS	\$ 4,555,000	\$ 1,205,959.40	\$ 5,760,959.40	\$ 17,205,000	\$ 5,213,421.90	\$ 22,418,421.90

Fiscal Year Ending December 31st	2015			2016		
	Various Improvements			Various Improvements		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 175,000	\$ 15,028.78	\$ 190,028.78	\$ 150,000	\$ 60,325.00	\$ 210,325.00
2019	180,000	14,681.66	194,681.66	155,000	57,275.00	212,275.00
2020	185,000	14,324.75	199,324.75	160,000	54,125.00	214,125.00
2021	190,000	13,947.73	203,947.73	160,000	50,925.00	210,925.00
2022	195,000	13,550.34	208,550.34	165,000	47,675.00	212,675.00
2023	200,000	13,142.61	213,142.61	165,000	44,375.00	209,375.00
2024	205,000	12,724.55	217,724.55	170,000	41,025.00	211,025.00
2025	210,000	12,296.22	222,296.22	175,000	37,575.00	212,575.00
2026	220,000	11,792.70	231,792.70	180,000	34,025.00	214,025.00
2027	225,000	11,212.58	236,212.58	185,000	30,375.00	215,375.00
2028	230,000	10,619.40	240,619.40	190,000	26,625.00	216,625.00
2029	240,000	10,006.65	250,006.65	195,000	22,775.00	217,775.00
2030	245,000	9,374.33	254,374.33	200,000	18,825.00	218,825.00
2031	255,000	8,708.57	263,708.57	205,000	14,262.50	219,262.50
2032	260,000	7,994.99	267,994.99	210,000	9,075.00	219,075.00
2033	270,000	7,231.77	277,231.77	215,000	3,225.00	218,225.00
2034	280,000	6,409.94	286,409.94	-	-	-
2035	285,000	5,550.60	290,550.60	-	-	-
2036	295,000	4,652.40	299,652.40	-	-	-
2037	305,000	3,707.18	308,707.18	-	-	-
2038	320,000	2,705.16	322,705.16	-	-	-
2039	330,000	1,645.88	331,645.88	-	-	-
2040	340,000	554.06	340,554.06	-	-	-
TOTALS	\$ 5,640,000	\$ 211,862.86	\$ 5,851,862.86	\$ 2,880,000	\$ 552,487.50	\$ 3,432,487.50

CURRENT BONDS OUTSTANDING

Fiscal Year Ending December 31st	2017 Various Improvements		
	Principal	Interest	Total
2018	\$ 166,574	\$ 298,285.90	\$ 464,859.90
2019	270,000	196,562.50	466,562.50
2020	275,000	191,112.50	466,112.50
2021	280,000	185,562.50	465,562.50
2022	285,000	179,912.50	464,912.50
2023	290,000	174,162.50	464,162.50
2024	300,000	168,262.50	468,262.50
2025	305,000	162,212.50	467,212.50
2026	310,000	156,062.50	466,062.50
2027	320,000	149,762.50	469,762.50
2028	330,000	143,262.50	473,262.50
2029	335,000	135,775.00	470,775.00
2030	345,000	126,843.75	471,843.75
2031	355,000	116,775.00	471,775.00
2032	365,000	105,975.00	470,975.00
2033	375,000	94,875.00	469,875.00
2034	390,000	83,400.00	473,400.00
2035	400,000	71,550.00	471,550.00
2036	410,000	59,400.00	469,400.00
2037	425,000	46,875.00	471,875.00
2038	435,000	33,975.00	468,975.00
2039	450,000	20,700.00	470,700.00
2040	465,000	6,975.00	471,975.00
TOTALS	\$ 7,881,574	\$ 2,908,279.67	\$ 10,789,853.67

CONTINUING DISCLOSURE UNDERTAKING

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

- (i) to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (a) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the final Official Statement dated June 6, 2018 of the City relating to the Bonds under the headings "THE CITY", "TAX INFORMATION", "CITY INDEBTEDNESS", "LITIGATION" and in all Appendices (other than APPENDIX - C) by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending December 31, 2018, and (b) a copy of the audited financial statement (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, if any, commencing with the fiscal year ending December 31, 2018; such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the City of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the City of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;
- (ii) in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:
 - (a) principal and interest payment delinquencies;
 - (b) non-payment related defaults, if material;
 - (c) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (d) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (e) substitution of credit or liquidity providers, or their failure to perform;
 - (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (g) modifications to rights of Bondholders, if material;
 - (h) bond or note calls, if material, and tender offers;
 - (i) defeasances;
 - (j) release, substitution, or sale of property securing repayment of the Bonds;
 - (k) rating changes;

- (l) bankruptcy, insolvency, receivership or similar event of the City;
- (m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

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

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

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

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

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

A Continuing Disclosure Undertaking Certificate to this effect shall be provided to the purchaser at closing.

CITY OF SARATOGA SPRINGS

AUDITED FINANCIAL STATEMENTS

For the Year Ended December 31, 2016

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

City of Saratoga Springs, New York

Financial Report

December 31, 2016

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Saratoga Springs, New York (City) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Saratoga Springs, New York as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 and individual non-major fund financial statements on pages 60 through 62 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 July 26, 2017, 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
July 26, 2017



City of Saratoga Springs, New York

Management's Discussion and Analysis December 31, 2016

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, 2016. We encourage readers to consider the information presented here in conjunction with our financial statements, which can be found on pages 14 through 54 and our supplementary information which can be found on pages 55 through 62 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, 2016, by \$13,413,147 representing net position. Of this amount, \$42,984,739 represents the City's investment in capital assets net of related debt, and \$18,309,600 is restricted for future capital improvements, debt service, and other purposes. The remaining amount, which represents negative unrestricted net position, is \$47,828,018. The primary driver of the City's negative unrestricted net position is unfunded other postemployment benefits, compensated absences, and net pension liability of \$57,694,560, \$3,692,956, and \$17,099,060, respectively.
- At December 31, 2016, the City's governmental funds reported a combined ending fund balance of \$21,898,269. Of this amount, \$27,553,847 of the fund balance was nonspendable, restricted, or assigned for specific purposes. The combined unassigned fund balance was a negative \$5,655,578 due to \$13,499,941 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 \$9,009,363.

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, 2016

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, 2016 for the SAD was \$267,847, and for the WASAD was \$4,293. 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, 2016

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 54 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 \$13,413,147 at December 31, 2016.

By far, the largest portion, \$42,984,739, 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	
	2016	2015	2016	2015	2016	2015
Current assets and deferred outflows of resources	\$ 48,036,347	\$ 32,261,388	\$ 14,240,390	\$ 14,145,802	\$ 62,276,737	\$ 46,407,190
Capital assets, net	68,974,061	66,207,356	24,305,639	23,913,816	93,279,700	90,121,172
Total assets	<u>117,010,408</u>	<u>98,468,744</u>	<u>38,546,029</u>	<u>38,059,618</u>	<u>155,556,437</u>	<u>136,528,362</u>
Long-term liabilities	112,912,438	87,670,401	16,459,006	15,370,884	129,371,444	103,041,285
Other liabilities and deferred inflows of resources	11,307,066	11,350,688	1,464,780	1,559,626	12,771,846	12,910,314
Total liabilities	<u>124,219,504</u>	<u>99,021,089</u>	<u>17,923,786</u>	<u>16,930,510</u>	<u>142,143,290</u>	<u>115,951,599</u>
Net position						
Net investment in capital assets	30,244,553	27,781,996	12,740,186	11,814,936	42,984,739	39,596,932
Restricted	10,320,457	10,678,612	7,989,143	9,442,408	18,309,600	20,121,020
Unrestricted	<u>(47,774,106)</u>	<u>(39,012,953)</u>	<u>(107,086)</u>	<u>(128,236)</u>	<u>(47,881,192)</u>	<u>(39,141,189)</u>
Total net position	<u>\$ (7,209,096)</u>	<u>\$ (552,345)</u>	<u>\$ 20,622,243</u>	<u>\$ 21,129,108</u>	<u>\$ 13,413,147</u>	<u>\$ 20,576,763</u>

City of Saratoga Springs, New York

Management's Discussion and Analysis December 31, 2016

Overview of the Financial Statements - Continued

Government-Wide Financial Analysis - Continued

The City experienced a decrease in net position during 2016 totaling \$7,163,616, as shown in the following statement:

	December 31,					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program revenues						
Charges for services	\$ 5,710,483	\$ 5,736,012	\$ 9,223,833	\$ 9,591,491	\$ 14,934,316	\$ 15,327,503
Operating grants and contributions	3,890,255	3,366,043	-	-	3,890,255	3,366,043
Capital grants and contributions	366,080	2,461,261	-	-	366,080	2,461,261
General revenues						
Property taxes	20,033,405	19,679,989	-	-	20,033,405	19,679,989
Other taxes	14,522,969	14,202,315	1,244,164	1,259,253	15,767,133	15,461,568
State aid and mortgage taxes	3,224,171	3,298,336	-	-	3,224,171	3,298,336
Other	408,899	340,794	229,908	166,420	638,807	507,214
Total revenues	<u>48,156,262</u>	<u>49,084,750</u>	<u>10,697,905</u>	<u>11,017,164</u>	<u>58,854,167</u>	<u>60,101,914</u>
EXPENSES						
General governmental support	13,420,725	13,381,452	-	-	13,420,725	13,381,452
Public safety	31,337,619	25,789,603	-	-	31,337,619	25,789,603
Health	22,053	120,135	-	-	22,053	120,135
Transportation	4,326,945	4,293,890	-	-	4,326,945	4,293,890
Economic opportunity and development	177,613	203,387	-	-	177,613	203,387
Culture and recreation	2,503,709	3,853,100	-	-	2,503,709	3,853,100
Home and community service	2,168,001	1,877,942	-	-	2,168,001	1,877,942
Interest on long-term debt	1,439,004	1,484,546	-	-	1,439,004	1,484,546
Water	-	-	3,897,211	3,779,348	3,897,211	3,779,348
Sewer	-	-	3,795,357	3,740,363	3,795,357	3,740,363
City Center Authority	-	-	2,929,546	2,817,075	2,929,546	2,817,075
Total expenses	<u>55,395,669</u>	<u>51,004,055</u>	<u>10,622,114</u>	<u>10,336,786</u>	<u>65,732,455</u>	<u>61,340,841</u>
Transfers	582,656	(569,095)	(582,656)	569,095	-	-
CHANGE IN NET POSITION	(6,656,751)	(2,488,400)	(506,865)	1,249,473	(7,163,616)	(1,238,927)
NET POSITION, beginning of year as previously stated	(552,345)	1,772,403	21,129,108	20,001,885	20,576,763	21,774,288
Effects of adoption of GASB 68 and 71	-	163,652	-	(122,250)	-	41,402
NET POSITION, beginning of year as restated	(552,345)	1,936,055	21,129,108	19,879,635	20,576,763	21,815,690
NET POSITION, end of year	\$ (7,209,096)	\$ (552,345)	\$ 20,622,243	\$ 21,129,108	\$ 13,413,147	\$ 20,576,763

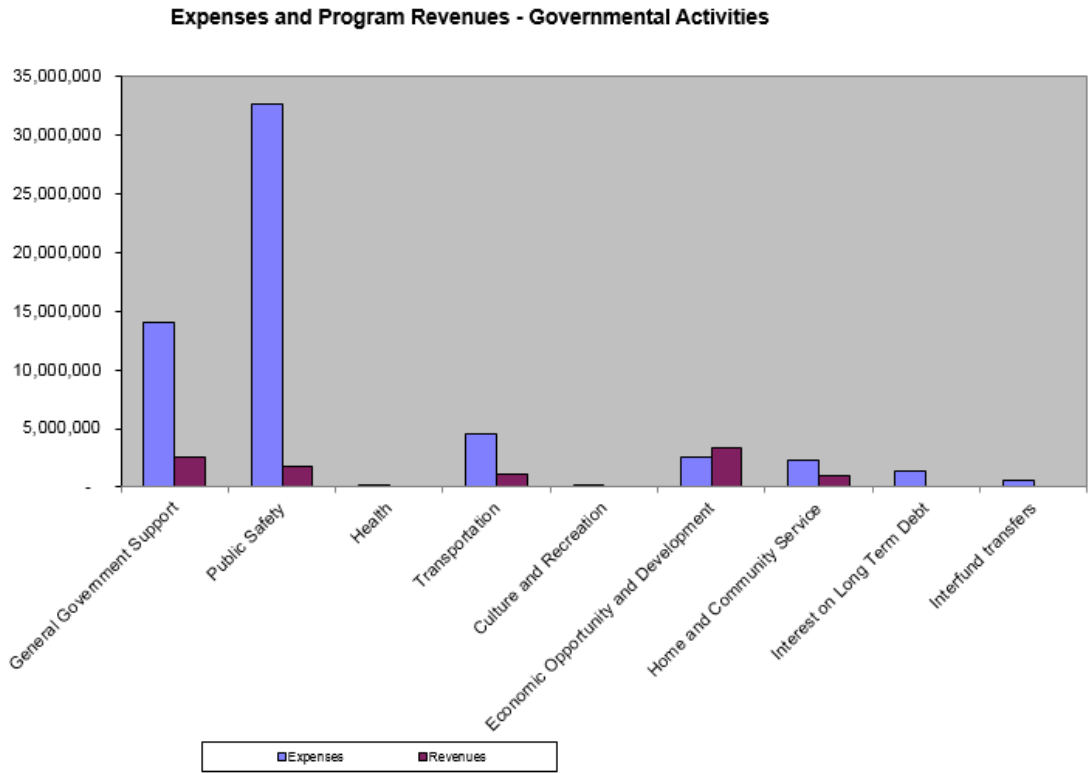
City of Saratoga Springs, New York

Management's Discussion and Analysis
December 31, 2016

Overview of the Financial Statements - Continued

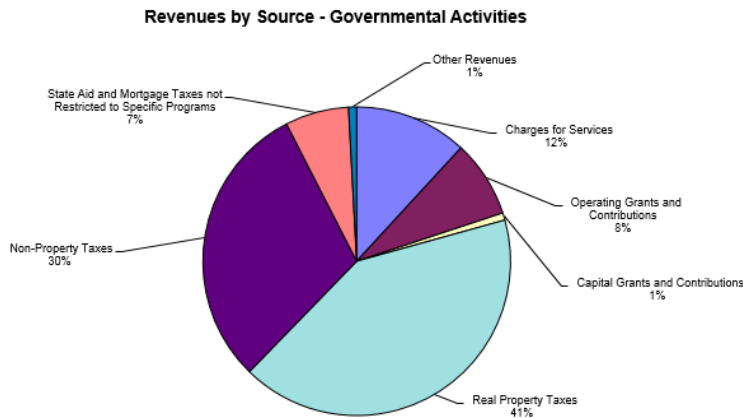
Government-Wide Financial Analysis - Continued

Governmental activities. Governmental activities decreased the City's net position by \$6,656,751. 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%.

The following chart shows revenues by source for all governmental activities, with general revenues totaling 79% and program revenues totaling 21%:



City of Saratoga Springs, New York

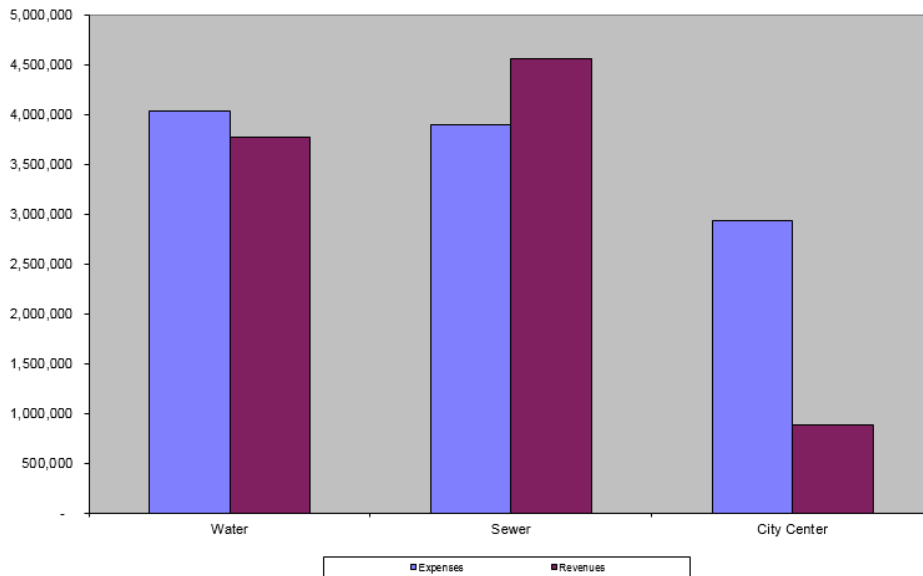
Management's Discussion and Analysis
December 31, 2016

Overview of the Financial Statements - Continued

Government-Wide Financial Analysis - Continued

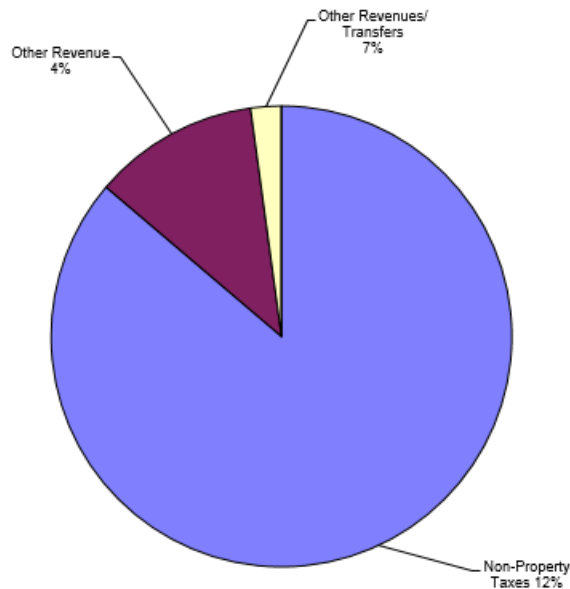
Business-type activities. Business-type activities decreased the City's net position by \$506,656.

Expenses and Program Revenues - Business-type Activities



Program revenues are generally sufficient to cover water and sewer expenses but not City Center activity expenses, which are reliant upon the hotel occupancy tax and other general revenues to fund operations.

Revenues by Source - Business-type Activities



City of Saratoga Springs, New York

Management's Discussion and Analysis December 31, 2016

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 \$21,898,269, a decrease of \$801,068 from the prior year. \$27,553,847 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 \$15,650,030, 2) be held for future capital improvements of \$5,929,252, 3) restricted for tax stabilization of \$1,506,412, 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 \$9,009,363, while total fund balance was \$15,483,219. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 21% of total General Fund expenditures, while total fund balance represents 36% of that same amount.

The overall fund balance of the City's General Fund decreased by \$1,057,982 during the current fiscal year. Key factors in this decrease are as follows:

General Fund Revenues

1. Sales tax increased from 2015 by 3.2% but did not exceed the budget. 2016 sales tax collections were \$11,982,000, a \$371,000 increase from 2015 actual collections, and \$292,000 less than the 2016 adopted budget.
2. Hotel Room Occupancy Tax decreased by 1.2%. 2016 actual collections were \$622,000, a decrease of \$7,000 from 2015. Actual amounts were \$68,000 less than the 2016 adopted budget.
3. Utilities Gross Receipts Tax declined for the second year. Amounts received were \$397,000 in 2016 and \$423,000 in 2015. Receipts did not meet the 2016 adopted budget by \$77,000.
4. Franchise Fees grew 4% during 2016. Actual receipts of \$568,000 exceeded the adopted budget by \$23,000.
5. Ambulance Fees increased in 2016 by \$123,000. \$1,033,000 was collected, a 13% increase from last year. Actual amounts exceeded the budget by \$206,000. This is the second consecutive year with an increase.
6. Admission Tax decreased \$38,000, or 6% from 2015. Actual amounts received for 2016 were \$590,000. The budget was \$591,000 for 2016.
7. VLT Aid was \$2,326,000 in 2016, the same as 2015 and 2014. The revised 2016 budget was \$1,893,000.
8. Mortgage Tax receipts decreased in 2016. Actual receipts for 2016 were \$1,472,000, 3% less than 2015. The budget for 2016 was \$1,530,000.
9. Overall, total general fund revenues in 2016 were less than 2015. Total revenues for the General Fund were \$42.7 million, \$1.2 million less than in 2015 and \$2.9 million less than budgeted. However, the City Council approved, either at budget adoption or throughout the fiscal year, the use of \$2.1 million in restricted, assigned and unassigned fund balance. Therefore, expectations were to have an operating deficit and budget shortfall of over \$2 million but the City finished with only a \$1 million operating deficit.

City of Saratoga Springs, New York

Management's Discussion and Analysis December 31, 2016

Financial Analysis of the City's Funds - Continued

Governmental funds - Continued

General Fund Expenses

1. Health insurance costs were \$6,816,000 in 2016. This was an increase of 3.75% from 2015. However, 2016 actual expenses were \$206,000 less than the revised budget.
2. Retirement costs increased 6% for police and fire but decreased for other employees by 19%. 2016 total actual retirement expenses were \$4,636,000 and met the budget. Chapter 260 of the Laws of 2004 of the State of New York allowed local employers to amortize a portion of their retirement bill for up to 10 years. The City took advantage of this option only once, in 2004. The final amortization payment was made in 2015. Therefore, this is the reason for the decrease in the other employees annual payment.
3. Social Security expenses in 2016 were \$1,573,000, \$138,000 less than budgeted but \$37,000 more than last year.
4. Utility costs were budgeted for \$555,000, and actual expenses were \$442,000. Actual expenses in 2016 were \$64,000 less than fiscal year 2015.
5. Overtime costs totaled \$882,000 in 2016 which was a 14.7% decrease from 2015. Overtime was budgeted as \$975,000 for 2016. Decreases in costs are primarily due to the settlement of the PBA contract in 2015 and retroactive pay for overtime costs over a number of years.
6. Payments for compensatory time amounted to \$597,000, a 29% increase from 2015. Compensatory time pay outs were budgeted for \$638,000.
7. Total personal services costs (excluding social security) were \$515,000 higher in 2016. This was primarily the result of negotiated salary increases for union personnel.
8. During 2016 the City was required to pay a \$750,000 legal settlement for a longstanding court case. This payment was made from unassigned fund balance.
9. Total General Fund expenses were \$607,000 more than in 2015, but \$3.2 million less than budgeted. It is important to note that of this \$3.2 million, \$1 million was encumbered at year end. Encumbrances are goods or services which are ordered or committed to in 2016 but will be received and paid for in 2017. Therefore, the actual unspent/uncommitted variance was \$2.2 million. The primary reasons for this budget versus actual variance are noted above.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2016, amounts to \$42,984,739 (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.

City of Saratoga Springs, New York

Management's Discussion and Analysis December 31, 2016

Financial Analysis of the City's Funds - Continued

Capital Asset and Debt Administration - Continued

Capital Assets - Continued

	December 31,					
	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$ 5,516,625	\$ 3,961,353	\$ 325,841	\$ 325,841	\$ 5,842,466	\$ 4,287,194
Buildings	26,518,219	23,424,751	15,455,423	15,455,422	41,973,642	38,880,173
Improvements other than building	10,436,304	10,160,356	4,010,412	3,380,431	14,446,716	13,540,787
Machinery, equipment and vehicles	16,477,840	16,347,641	1,786,502	1,784,302	18,264,342	18,131,943
Infrastructure	57,829,520	57,371,528	18,281,689	17,699,936	76,111,209	75,071,464
Work in progress	5,336,836	7,889,767	1,461,527	1,123,752	6,798,363	9,013,519
Totals	<u>122,115,344</u>	<u>119,155,396</u>	<u>41,321,394</u>	<u>39,769,684</u>	<u>163,436,738</u>	<u>158,925,080</u>
Accumulated depreciation	<u>53,141,283</u>	<u>52,948,040</u>	<u>17,015,755</u>	<u>15,855,868</u>	<u>70,157,038</u>	<u>68,803,908</u>
Capital assets net of accumulated depreciation	<u>\$ 68,974,061</u>	<u>\$ 66,207,356</u>	<u>\$ 24,305,639</u>	<u>\$ 23,913,816</u>	<u>\$ 93,279,700</u>	<u>\$ 90,121,172</u>

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 and 37 of this report.

Long-Term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$51,319,324. Of this amount, \$50,869,014 comprises debt backed by the full faith and credit of the City, and \$450,310 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 \$267,802,653, 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 \$76,515,044, 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. All outstanding debt was paid on December 15, 2016.

Additional information on the City's long-term debt can be found in Note 1o on page 32 and Note 3f on pages 39 through 41 of this report.

City of Saratoga Springs, New York

Management's Discussion and Analysis December 31, 2016

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 2016. The City has added office buildings, condominiums, and many residences in the past year; however, certain assessment claims resulted in a reduction of the overall value.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Commissioner of Finance, 474 Broadway, Saratoga Springs, New York 12866-2296.

City of Saratoga Springs, New York

Government-Wide Financial Statements Statement of Net Position

	December 31, 2016		
	Governmental Activities	Business-type Activities	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 9,926,965	\$ 855,200	\$ 10,782,165
Cash and cash equivalents, restricted	11,351,124	7,989,143	19,340,267
Receivables, net	6,706,931	3,740,466	10,447,397
Inventory	-	40,870	40,870
Prepaid expenses	-	8,933	8,933
Internal balances	(1,053)	1,053	-
Due from fiduciary fund	-	102	-
Accrued interest receivable	28,207	-	28,207
Total current assets	<u>28,012,174</u>	<u>12,635,767</u>	<u>40,647,839</u>
NONCURRENT ASSETS			
Nondepreciable capital assets	10,853,461	1,787,368	12,640,829
Depreciable capital assets	<u>58,120,600</u>	<u>22,518,271</u>	<u>80,638,871</u>
Total assets	<u>96,986,235</u>	<u>36,941,406</u>	<u>133,927,539</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	19,381,183	1,604,623	20,985,806
Deferred refunding charges	642,990	-	642,990
Total assets and deferred outflows of resources	<u>117,010,408</u>	<u>38,546,029</u>	<u>155,556,335</u>
LIABILITIES			
Accounts payable and other current liabilities	2,464,183	385,378	2,849,561
Accrued interest payable	1,437,984	385,574	1,823,558
Bond anticipation note payable	1,165,000	-	1,165,000
Current maturities on long-term liabilities	<u>3,406,505</u>	<u>510,218</u>	<u>3,916,723</u>
Total current liabilities	<u>8,473,672</u>	<u>1,281,170</u>	<u>9,754,842</u>
NONCURRENT LIABILITIES			
Bonds payable	39,428,018	11,055,235	50,483,253
Capital lease obligations	401,615	-	401,615
Compensated absences	3,692,956	-	3,692,956
Other postemployment benefits	53,715,703	3,978,857	57,694,560
Net pension liability	<u>15,674,146</u>	<u>1,424,914</u>	<u>17,099,060</u>
Total liabilities	<u>121,386,110</u>	<u>17,740,176</u>	<u>139,126,286</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	2,833,394	183,610	3,017,004
Total liabilities and deferred inflows of resources	<u>124,219,504</u>	<u>17,923,786</u>	<u>142,143,290</u>
NET POSITION			
Net investment in capital assets	30,244,553	12,740,186	42,984,739
Restricted for			
Capital improvements	1,209,404	6,976,886	8,186,290
Capital projects	4,719,848	-	4,719,848
Debt service	2,242,811	-	2,242,811
Tax stabilization	1,506,412	-	1,506,412
Retirement reserve	439,383	-	439,383
Insurance reserve	121,756	-	121,756
Special district	1,971	-	1,971
Waterline extensions	-	1,012,257	1,012,257
Other purposes	78,872	-	78,872
Unrestricted	<u>(47,774,106)</u>	<u>(107,086)</u>	<u>(47,881,192)</u>
Total net position	<u>\$ (7,209,096)</u>	<u>\$ 20,622,243</u>	<u>\$ 13,413,147</u>

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

Government-Wide Financial Statements Statement of Activities

Year Ended December 31, 2016

Functions/Programs	Year Ended December 31, 2016						
	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	\$ 13,420,725	\$ 2,561,639	\$ 56,703	\$ -	\$ (10,802,383)	\$ -	\$ (10,802,383)
Public safety	31,337,619	1,745,506	90,271	-	(29,501,842)	-	(29,501,842)
Health	22,053	-	-	-	(22,053)	-	(22,053)
Transportation	4,326,945	-	728,897	366,080	(3,231,968)	-	(3,231,968)
Economic opportunity and development	177,613	-	-	-	(177,613)	-	(177,613)
Culture and recreation	2,503,709	1,066,339	2,332,292	-	894,922	-	894,922
Home and community service	2,168,001	336,999	682,092	-	(1,148,910)	-	(1,148,910)
Interest on long-term debt	1,439,004	-	-	-	(1,439,004)	-	(1,439,004)
Total governmental activities	<u>55,395,669</u>	<u>5,710,483</u>	<u>3,890,255</u>	<u>366,080</u>	<u>(45,428,851)</u>	<u>-</u>	<u>(45,428,851)</u>
BUSINESS-TYPE ACTIVITIES							
Water	3,897,211	3,777,105	-	-	-	(120,106)	(120,106)
Sewer	3,795,357	4,554,660	-	-	-	759,303	759,303
City Center Authority	2,929,546	892,068	-	-	-	(2,037,478)	(2,037,478)
Total business-type activities	<u>10,622,114</u>	<u>9,223,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,398,281)</u>	<u>(1,398,281)</u>
Total government	<u>\$ 66,017,783</u>	<u>\$ 14,934,316</u>	<u>\$ 3,890,255</u>	<u>\$ 366,080</u>	<u>\$ (45,428,851)</u>	<u>\$ (1,398,281)</u>	<u>\$ (46,827,132)</u>
GENERAL REVENUES							
Real property tax and related tax items					\$ 20,033,405	\$ -	\$ 20,033,405
Non-property taxes					14,522,969	1,244,164	15,767,133
Other general revenue items					305,725	221,465	527,190
Interest earnings					103,174	8,443	111,617
State aid and mortgage taxes not restricted to specific purposes					3,224,171	-	3,224,171
Total general revenues					<u>38,189,444</u>	<u>1,474,072</u>	<u>39,663,516</u>
TRANSFERS							
Transfer to governmental from business-type activities					582,656	(582,656)	-
Total general revenues and transfers					<u>38,772,100</u>	<u>891,416</u>	<u>39,663,516</u>
CHANGE IN NET POSITION					(6,656,751)	(506,865)	(7,163,616)
NET POSITION, beginning of year					<u>(552,345)</u>	<u>21,129,108</u>	<u>20,576,763</u>
NET POSITION, end of year					<u>\$ (7,209,096)</u>	<u>\$ 20,622,243</u>	<u>\$ 13,413,147</u>

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

Fund Financial Statements Balance Sheet - Governmental Funds

December 31, 2016

	Major Funds				Other Governmental Funds	Eliminations	Total Governmental Funds
	General	Capital Projects	Debt Service	Community Development			
ASSETS							
Cash and cash equivalents	\$ 9,288,589	\$ -	\$ -	\$ 346,883	\$ 291,493	\$ -	\$ 9,926,965
Cash and cash equivalents, restricted	3,355,857	5,528,809	2,464,487	-	1,971	-	11,351,124
Receivables, net	3,620,652	-	-	126,310	-	-	3,746,962
Receivables from other governments	2,569,074	336,466	-	54,429	-	-	2,959,969
Prepaid expenses	967,910	-	-	-	-	-	967,910
Due from other funds	259,850	-	-	-	-	(259,850)	-
Total assets	\$ 20,061,932	\$ 5,865,275	\$ 2,464,487	\$ 527,622	\$ 293,464	\$ (259,850)	\$ 28,952,930
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable and accrued liabilities	\$ 918,952	\$ 895,569	\$ 1,834	\$ 29,320	\$ 5,401	\$ -	\$ 1,851,076
Bond anticipation note payable	-	1,165,000	-	-	-	-	1,165,000
Due to other funds	-	-	219,842	25,109	15,952	(259,850)	1,053
Due to other governments	611,504	-	-	1,603	-	-	613,107
	<u>1,530,456</u>	<u>2,060,569</u>	<u>221,676</u>	<u>56,032</u>	<u>21,353</u>	<u>(259,850)</u>	<u>3,630,236</u>
Deferred inflows of resources							
Unavailable tax resources	1,698,865	-	-	-	-	-	1,698,865
Other unavailable resources	1,349,392	249,858	-	126,310	-	-	1,725,560
	<u>3,048,257</u>	<u>249,858</u>	<u>-</u>	<u>126,310</u>	<u>-</u>	<u>-</u>	<u>3,424,425</u>
Total liabilities and deferred inflows of resources	4,578,713	2,310,427	221,676	182,342	21,353	(259,850)	7,054,661
Fund balance							
Nonspendable	967,910	-	-	-	-	-	967,910
Restricted for							
Capital reserve	1,209,404	-	-	-	-	-	1,209,404
Capital projects	-	4,719,848	-	-	-	-	4,719,848
Tax stabilization reserve	1,506,412	-	-	-	-	-	1,506,412
Retirement reserve	439,383	-	-	-	-	-	439,383
Insurance reserve	121,786	-	-	-	-	-	121,786
Other restrictions	78,872	-	2,242,811	-	1,971	-	2,323,654
Assigned for							
Encumbrances	541,112	13,499,941	-	-	-	-	14,041,053
2016 budget	1,608,977	-	-	-	-	-	1,608,977
Other assignments	-	-	-	345,280	-	-	345,280
Special district purposes	-	-	-	-	270,140	-	270,140
Unassigned	9,009,363	(14,664,941)	-	-	-	-	(5,655,578)
Total fund balance	15,483,219	3,554,848	2,242,811	345,280	272,111	-	21,898,269
Total liabilities and fund balances	\$ 20,061,932	\$ 5,865,275	\$ 2,464,487	\$ 527,622	\$ 293,464	\$ (259,850)	\$ 28,952,930

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,
2016**

Total fund balances in the fund financial statements for the governmental funds.	\$ 21,898,269
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.	68,974,061
Accrued interest on property, school taxes, and community development loans on receivables for revenues earned, measurable, but not available are added.	28,207
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.	3,424,425
Deferred outflows and inflows for pensions are included in the government-wide statements and are added.	
Prepaid pension contributions	(967,910)
Deferred outflows - pension contributions subsequent to the measurement date	4,279,144
Deferred outflows - pension resources	15,102,039
Deferred inflows - pension resources	(2,833,394)
Long-term liabilities for bonded debt are included as liabilities in the government-wide statements and are deducted.	(41,372,523)
The difference between the bond reacquisition price and the net carrying amount of the bond is deferred and amortized to interest expense.	642,990
Long-term liabilities for the lease obligations by the City are included as liabilities in the government-wide statements and are deducted.	(453,615)
Long-term liabilities for other post-employment benefit obligations of the City are included as liabilities in the government-wide statements and are deducted.	(53,715,703)
Long-term liabilities for pension obligations by the City are included as liabilities in the government-wide statements and are deducted.	(15,674,146)
Other current liabilities for compensated absences are included in the government-wide statements as liabilities and are deducted.	(4,102,956)
Other current liabilities are included in the government-wide statements and are deducted.	(1,000,000)
Current liabilities for interest payable on long-term debt are included in the government-wide statements as liabilities and are deducted.	<u>(1,437,984)</u>
Net position of governmental activities	<u><u>\$ (7,209,096)</u></u>

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

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

	Year Ended December 31, 2016					
	Major Funds				Other	Total
	General	Capital Projects	Debt Service	Community Development	Governmental Funds	Governmental Funds
REVENUES						
Real property taxes and related tax items	\$ 16,789,221	\$ -	\$ 2,596,024	\$ -	\$ 162,958	\$ 19,548,203
Non-property taxes	14,522,969	-	-	-	-	14,522,969
Departmental income	2,697,756	-	-	13,597	-	2,711,353
Intergovernmental charges	359,001	60,001	-	-	-	419,002
Use of money and property	649,230	49,610	1,628	4,101	15,267	719,836
Licenses and permits	390,337	-	-	-	-	390,337
Fines and forfeitures	523,423	-	-	-	-	523,423
Sale of property and compensation for loss	519,213	-	-	-	-	519,213
Miscellaneous	2,576,530	360,000	263,425	-	-	3,199,955
State aid	3,314,232	-	-	-	-	3,314,232
Federal aid	70,888	490,672	-	633,563	-	1,195,123
Total revenues	42,412,800	960,283	2,861,077	651,261	178,225	47,063,646
EXPENDITURES						
<i>General governmental support</i>						
Mayor	1,753,647	-	-	-	-	1,753,647
Finance	2,415,848	-	-	-	-	2,415,848
Public Works	4,409,397	-	-	-	-	4,409,397
Accounts	1,165,941	-	-	-	-	1,165,941
Civil Service	204,851	-	-	-	-	204,851
Other general governmental support	603,067	-	28,503	-	1,333	632,903
<i>Public safety</i>						
Police	11,800,449	-	-	-	-	11,800,449
Fire	9,411,260	-	-	-	-	9,411,260
Other public safety	2,888,357	-	-	-	-	2,888,357
Health	118,385	-	-	-	-	118,385
Transportation	4,186,964	-	-	-	-	4,186,964
Economic opportunity and development	144,731	-	-	-	48,634	193,365
Culture and recreation	2,758,066	-	-	-	-	2,758,066
Home and community service	1,465,081	-	-	511,538	-	1,976,619

<i>Debt service</i>						
Principal	49,372	-	1,844,090	-	14,295	1,907,757
Interest	21,815	-	1,463,141	-	12,659	1,497,615
<i>Capital outlay</i>						
Public Works	-	181,304	-	-	-	181,304
Other general governmental support	-	1,386,786	-	-	-	1,386,786
Police	-	82,070	-	-	-	82,070
Fire	-	398,940	-	-	-	398,940
Other public safety	-	188,075	-	-	-	188,075
Transportation	-	802,371	-	-	-	802,371
Culture and recreation	-	814,234	-	-	-	814,234
Home and community service	-	301,490	-	-	-	301,490
Total expenditures	<u>43,397,231</u>	<u>4,155,270</u>	<u>3,335,734</u>	<u>511,538</u>	<u>76,921</u>	<u>51,476,694</u>
Excess (deficiency) of revenues over expenditures	<u>(984,431)</u>	<u>(3,194,987)</u>	<u>(474,657)</u>	<u>139,723</u>	<u>101,304</u>	<u>(4,413,048)</u>
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	3,029,324	-	-	-	3,029,324
Interfund transfers in	278,635	738,161	176,604	-	-	1,193,400
Interfund transfers out	<u>(352,186)</u>	<u>(5,947)</u>	<u>(68,594)</u>	<u>(134,514)</u>	<u>(49,503)</u>	<u>(610,744)</u>
Total other financing sources (uses)	<u>(73,551)</u>	<u>3,761,538</u>	<u>108,010</u>	<u>(134,514)</u>	<u>(49,503)</u>	<u>3,611,980</u>
NET CHANGE IN FUND BALANCE	<u>(1,057,982)</u>	<u>566,551</u>	<u>(366,647)</u>	<u>5,209</u>	<u>51,801</u>	<u>(801,068)</u>
FUND BALANCE, <i>beginning 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>
FUND BALANCE, <i>end of year</i>	<u>\$ 15,483,219</u>	<u>\$ 3,554,848</u>	<u>\$ 2,242,811</u>	<u>\$ 345,280</u>	<u>\$ 272,111</u>	<u>\$ 21,898,269</u>

See accompanying Notes to Financial Statements.

City of Saratoga Springs, New York

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

**Year Ended
December 31,
2016**

Net change in fund balances shown for total governmental funds \$ (801,068)

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.

Dispositions, net	(448,230)	
Capital expenditures	6,116,397	
Depreciation expense	<u>(2,901,462)</u>	2,766,705

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	1,749,087	
Long-term debt proceeds	<u>(3,029,324)</u>	(1,280,237)

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	98,617	
Amortization of loss on refunding - interest expense	(39,174)	
Pension contributions payable	435,949	
Net pension liability	(13,687,584)	
Deferred outflows of resources - pension related	14,398,823	
Deferred inflows of resources - pension related	(2,484,171)	
Compensated absences	(412,032)	
Other obligations	750,000	
Accrued interest	20,880	
Other postemployment benefits	<u>(7,516,075)</u>	(8,434,767)

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	13,661	
Unavailable revenues	<u>1,078,955</u>	<u>1,092,616</u>

\$ (6,656,751)

City of Saratoga Springs, New York

Fund Financial Statements Statement of Net Position - Proprietary Funds

	December 31, 2016			
	Water Activities	Sewer Activities	City Center Activities	Total
ASSETS				
Current assets				
Cash and equivalents	\$ 234,801	\$ 439,145	\$ 181,254	\$ 855,200
Cash and cash equivalents, restricted	1,376,052	108,739	6,504,352	7,989,143
Due from fiduciary fund	102	-	-	102
Due from governmental funds	1,053	-	-	1,053
Receivables, net of allowance	1,545,795	1,857,761	336,910	3,740,466
Inventories	33,258	7,612	-	40,870
Prepaid expenses	-	-	8,933	8,933
Total current assets	3,191,061	2,413,257	7,031,449	12,635,767
Noncurrent assets				
Nondepreciable capital assets	333,853	1,453,515	-	1,787,368
Depreciable capital assets	8,772,927	1,441,134	12,304,210	22,518,271
Total assets	12,297,841	5,307,906	19,335,659	36,941,406
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	718,418	361,893	524,312	1,604,623
Total assets and deferred outflows of resources	13,016,259	5,669,799	19,859,971	38,546,029
LIABILITIES				
Current liabilities				
Accounts payable and other current liabilities	97,738	32,112	255,528	385,378
Current maturities on bonds payable	457,804	52,414	-	510,218
Accrued interest payable	315,782	69,792	-	385,574
Total current liabilities	871,324	154,318	255,528	1,281,170
Noncurrent liabilities				
Bonds payable	8,870,664	2,184,571	-	11,055,235
Other postemployment benefits	2,547,290	1,431,567	-	3,978,857
Net pension liability	637,981	321,508	465,425	1,424,914
Total liabilities	12,927,259	4,091,964	720,953	17,740,176
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	82,205	41,410	59,995	183,610
Total liabilities and deferred inflows of resources	13,009,464	4,133,374	780,948	17,923,786
NET POSITION				
Net investment in capital assets	(221,688)	657,664	12,304,210	12,740,186
Restricted for				
Capital improvements	363,795	108,739	6,504,352	6,976,886
Water line extension projects	1,012,257	-	-	1,012,257
Unrestricted	(1,147,569)	770,022	270,461	(107,086)
Total net position	\$ 6,795	\$ 1,536,425	\$ 19,079,023	\$ 20,622,243

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, 2016			Total
	Water Activities	Sewer Activities	City Center Activities	
OPERATING REVENUES				
Water charges	\$ 3,752,569	\$ -	\$ -	\$ 3,752,569
Sewer charges	-	4,548,251	-	4,548,251
Facility charges	-	-	892,068	892,068
Other operating	24,536	6,409	-	30,945
Total operating revenues	<u>3,777,105</u>	<u>4,554,660</u>	<u>892,068</u>	<u>9,223,833</u>
OPERATING EXPENSES				
Costs of sales and services	2,575,802	3,274,681	1,154,885	7,005,368
Administration	469,272	413,625	1,186,412	2,069,309
Depreciation	544,379	37,259	588,249	1,169,887
Total operating expenses	<u>3,589,453</u>	<u>3,725,565</u>	<u>2,929,546</u>	<u>10,244,564</u>
Operating income (loss)	<u>187,652</u>	<u>829,095</u>	<u>(2,037,478)</u>	<u>(1,020,731)</u>
NONOPERATING REVENUES (EXPENSES)				
Hotel occupancy tax	-	-	1,244,164	1,244,164
Other revenue	33,121	10,496	177,848	221,465
Interest and earnings	1,036	92	7,315	8,443
Interest expense	(307,758)	(69,792)	-	(377,550)
Total nonoperating revenues (expenses)	<u>(273,601)</u>	<u>(59,204)</u>	<u>1,429,327</u>	<u>1,096,522</u>
Income (loss) before transfers	<u>(85,949)</u>	<u>769,891</u>	<u>(608,151)</u>	<u>75,791</u>
Transfer from governmental funds	270,865	-	134,044	404,909
Transfer to governmental funds	<u>(728,726)</u>	<u>(258,839)</u>	<u>-</u>	<u>(987,565)</u>
CHANGE IN NET POSITION	<u>(543,810)</u>	<u>511,052</u>	<u>(474,107)</u>	<u>(506,865)</u>
NET POSITION (DEFICIT), <i>beginning of year</i>	<u>550,605</u>	<u>1,025,373</u>	<u>19,553,130</u>	<u>21,129,108</u>
NET POSITION (DEFICIT), <i>end of year</i>	<u>\$ 6,795</u>	<u>\$ 1,536,425</u>	<u>\$ 19,079,023</u>	<u>\$ 20,622,243</u>

City of Saratoga Springs, New York

Fund Financial Statements Statement of Cash Flows - Proprietary Funds

	Year Ended December 31, 2016			
	Water	Sewer	City Center	Total
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES				
Charges for services	\$ 3,751,248	\$ 4,516,303	\$ 901,847	\$ 9,169,398
Payments to contractors and suppliers	(1,436,687)	(2,866,699)	(1,235,582)	(5,538,968)
Payments to employees, payroll taxes and benefits	(1,234,204)	(538,901)	(1,168,438)	(2,941,543)
	<u>1,080,357</u>	<u>1,110,703</u>	<u>(1,502,173)</u>	<u>688,887</u>
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(594,554)	(1,004,415)	-	(1,598,969)
Payment on bonds	(530,831)	(90,596)	-	(621,427)
Interest paid	(319,665)	(91,753)	-	(411,418)
	<u>(1,445,050)</u>	<u>(1,186,764)</u>	<u>-</u>	<u>(2,631,814)</u>
CASH FLOWS PROVIDED (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Other general revenues	33,121	10,496	1,422,012	1,465,629
Transfers and other	(504,797)	(257,915)	135,353	(627,359)
	<u>(471,676)</u>	<u>(247,419)</u>	<u>1,557,365</u>	<u>838,270</u>
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES				
Interest received	<u>1,036</u>	<u>92</u>	<u>7,315</u>	<u>8,443</u>
Net increase (decrease) in cash and cash equivalents	(835,333)	(323,388)	62,507	(1,096,214)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	<u>2,446,186</u>	<u>871,272</u>	<u>6,623,099</u>	<u>9,940,557</u>
CASH AND CASH EQUIVALENTS, <i>end of year</i>	<u>\$ 1,610,853</u>	<u>\$ 547,884</u>	<u>\$ 6,685,606</u>	<u>\$ 8,844,343</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 44,470	\$ 732,802	\$ (2,037,478)	\$ (1,260,206)
Depreciation expense	544,379	37,259	588,249	1,169,887
(Increase) decrease in				
Receivables, net of allowances	(25,857)	(38,357)	9,779	(54,435)
Inventories	2,599	2,601	-	5,200
Prepaid expenses	46,365	29,877	1,797	78,039
Deferred outflows of resources, pensions	(534,670)	(243,491)	(396,742)	(1,174,903)
Increase (decrease) in				
Accounts payable and other current liabilities	(14,018)	(2,409)	(95,043)	(111,470)
Deferred inflows of resources, pensions	216,019	168,925	53,491	438,435
Net pension liability	505,971	236,444	373,774	1,116,189
Other postemployment benefits	295,099	187,052	-	482,151
Net cash provided (used) by operating activities	<u>\$ 1,080,357</u>	<u>\$ 1,110,703</u>	<u>\$ (1,502,173)</u>	<u>\$ 688,887</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, 2016</u>	
	<u>Agency Funds</u>	<u>Private Purpose Trust</u>
ASSETS		
Cash and equivalents	\$ 1,531,558	\$ 36,433
LIABILITIES		
Due to other governments	1,531,456	-
Due to other funds	102	-
Total liabilities	<u>1,531,558</u>	<u>-</u>
NET POSITION	<u>\$ -</u>	<u>\$ 36,433</u>

City of Saratoga Springs, New York

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

	December 31, 2016
	Private Purpose Trust
ADDITIONS	
Private donations	\$ 1,000
Interest earnings	36
	<hr/> 1,036
DEDUCTIONS	
Culture and recreation	596
	<hr/>
CHANGE IN NET POSITION	440
NET POSITION, <i>beginning of year</i>	<hr/> 35,993
NET POSITION, <i>end of year</i>	<hr/> \$ 36,433 <hr/>

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2016

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, 2016

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, 2016

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, 2016

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, 2016

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures and other financing sources (uses) during the reporting year. Actual results could differ from those estimates.

f. 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, 2016

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, 2016. 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, 2016

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 its fair value. There were no impairments of long-lived assets as of December 31, 2016.

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, 2016

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, 2016

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

Governmental Accounting Standards Board Statement No. 77, *Tax Abatement Disclosures* (GASB 77), requires governmental organizations that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
- The gross dollar amount of taxes abated during the period.
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

The City implemented the provisions of this accounting standard, see footnote 5.

r. Subsequent Events

The City has evaluated subsequent events for potential recognition or disclosure through July 26, 2017, the date the financial statements were available to be issued.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2016

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.

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, 2016.

Cash and Cash Equivalents, Restricted

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

Debt service	\$ 2,464,487
Special assessment district purposes	1,971
Tax stabilization	1,506,412
Retirement reserve	439,383
Insurance reserve	121,786
Capital projects	5,528,809
Capital improvements	1,209,404
Community development	78,872
	<hr/>
Total restricted cash and cash equivalents	<u><u>\$ 11,351,124</u></u>

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on all Funds - Continued

a. Cash and Cash Equivalents - Continued

Cash and Cash Equivalents, Restricted - Continued

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

City Center capital improvements	\$ 6,504,352
Water capital projects	1,376,052
Sewer capital projects	<u>108,739</u>
 Total restricted	 <u><u>\$ 7,989,143</u></u>

b. Receivables

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

Receivables	Governmental Funds				Enterprise Funds			Total
	General	Capital	Debt Service	Special Grant	Water	Sewer	Center Authority	
City and county taxes	751,229	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 751,229
School taxes	596,340	-	-	-	-	-	-	596,340
Tax sales	1,361,531	-	-	-	-	-	-	1,361,531
Water rents	-	-	-	-	1,595,194	-	-	1,595,194
Sewer rents	-	-	-	-	-	1,939,912	-	1,939,912
Accounts	2,049,821	-	-	-	3,000	-	59,040	2,111,861
Rehabilitation loans	-	-	-	236,770	-	-	-	236,770
State and federal	2,317,806	301,466	-	54,429	24,535	6,409	-	2,704,645
Other governments	251,268	35,000	-	-	-	-	277,870	564,138
Total net receivables	<u>7,327,995</u>	<u>336,466</u>	<u>-</u>	<u>291,199</u>	<u>1,622,729</u>	<u>1,946,321</u>	<u>336,910</u>	<u>11,861,620</u>
Allowance for uncollectible accounts	<u>(1,138,269)</u>	<u>-</u>	<u>-</u>	<u>(110,460)</u>	<u>(76,934)</u>	<u>(88,560)</u>	<u>-</u>	<u>(1,414,223)</u>
Total net receivables	<u><u>\$ 6,189,726</u></u>	<u><u>\$ 336,466</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 180,739</u></u>	<u><u>\$ 1,545,795</u></u>	<u><u>\$ 1,857,761</u></u>	<u><u>\$ 336,910</u></u>	<u><u>\$ 10,447,397</u></u>

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

Receivables, net of allowances	
Governmental activities	\$ 6,706,931
Business-type activities	<u>3,740,466</u>
 Total	 <u><u>\$ 10,447,397</u></u>

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on all Funds - Continued

c. Capital Assets

Capital asset activity was as follows:

	Year Ended December 31, 2016			
	Balance January 1, 2016	Additions/ Adjustment	Retirement Reclassifications	Balance December 31, 2016
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 3,961,353	\$ 1,555,272	\$ -	\$ 5,516,625
Work in progress	7,889,767	653,065	(3,205,996)	5,336,836
Total capital assets not being depreciated	<u>11,851,120</u>	<u>2,208,337</u>	<u>(3,205,996)</u>	<u>10,853,461</u>
Depreciable capital assets				
Buildings	23,424,751	3,093,468	-	26,518,219
Improvements	10,160,356	1,294,838	(1,018,890)	10,436,304
Machinery, equipment, and vehicles	16,347,641	2,267,758	(2,137,559)	16,477,840
Infrastructure	57,371,528	457,992	-	57,829,520
Total depreciable capital assets	<u>107,304,276</u>	<u>7,114,056</u>	<u>(3,156,449)</u>	<u>111,261,883</u>
Less accumulated depreciation				
Buildings	8,473,197	431,084	(2,925,817)	5,978,464
Improvements other than buildings	4,323,894	453,557	26,549	4,804,000
Machinery, equipment, and vehicles	10,166,044	1,122,778	1,029,907	12,318,729
Infrastructure	29,984,905	894,043	(838,858)	30,040,090
Total accumulated depreciation	<u>52,948,040</u>	<u>2,901,462</u>	<u>(2,708,219)</u>	<u>53,141,283</u>
Net depreciable capital assets	<u>54,356,236</u>	<u>4,212,594</u>	<u>(448,230)</u>	<u>58,120,600</u>
Total net capital assets governmental activities	<u>\$ 66,207,356</u>	<u>\$ 6,420,931</u>	<u>\$ (3,654,226)</u>	<u>\$ 68,974,061</u>
Business-type Activities				
Water activity				
Capital assets not being depreciated				
Land	\$ 325,841	\$ -	\$ -	\$ 325,841
Work in progress	637,393	599	(629,980)	8,012
Total capital assets not being depreciated	<u>963,234</u>	<u>599</u>	<u>(629,980)</u>	<u>333,853</u>
Depreciable capital assets				
Buildings	749,195	-	-	749,195
Improvements	3,153,186	629,980	-	3,783,166
Machinery, equipment, and vehicles	1,622,078	12,202	-	1,634,280
Infrastructure	16,316,086	581,753	-	16,897,839
Total depreciable capital assets	<u>21,840,545</u>	<u>1,223,935</u>	<u>-</u>	<u>23,064,480</u>
Less accumulated depreciation				
Buildings	295,955	12,179	-	308,134
Improvements	403,382	164,415	-	567,797
Machinery, equipment, and vehicles	450,856	111,358	-	562,214
Infrastructure	12,596,981	256,427	-	12,853,408
Total accumulated depreciation	<u>13,747,174</u>	<u>544,379</u>	<u>-</u>	<u>14,291,553</u>
Net depreciable capital assets	<u>8,093,371</u>	<u>679,556</u>	<u>-</u>	<u>8,772,927</u>
Total net capital assets water activities	<u>\$ 9,056,605</u>	<u>\$ 680,155</u>	<u>\$ (629,980)</u>	<u>\$ 9,106,780</u>

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on all Funds - Continued

c. Capital Assets - Continued

	Year Ended December 31, 2016			Balance December 31, 2016
	Balance January 1, 2016	Additions/ Adjustment	Retirement Reclassifications	
Business-type Activities				
Sewer activity				
Capital assets not being depreciated				
Work in progress	\$ 486,359	\$ 967,156		\$ 1,453,515
Depreciable capital assets				
Improvements	227,246	-		227,246
Machinery, equipment, and vehicles	17,267	-		17,267
Infrastructure	1,383,850	-		1,383,850
Total depreciable capital assets	<u>1,628,363</u>	<u>-</u>	<u>-</u>	<u>1,628,363</u>
Less accumulated depreciation				
Improvements	24,533	9,876		34,409
Machinery, equipment, and vehicles	57,562	1,177		58,739
Infrastructure	67,875	26,206		94,081
Total accumulated depreciation	<u>149,970</u>	<u>37,259</u>	<u>-</u>	<u>187,229</u>
Net depreciable capital assets	<u>1,478,393</u>	<u>(37,259)</u>	<u>-</u>	<u>1,441,134</u>
Total net capital assets sewer activities	<u>\$ 1,964,752</u>	<u>\$ 929,897</u>	<u>\$ -</u>	<u>\$ 2,894,649</u>
City Center Authority				
Depreciable capital assets				
Machinery, equipment, and vehicles	\$ 134,955	\$ -	\$ -	\$ 134,955
Buildings	14,706,228	-	-	14,706,228
	<u>14,841,183</u>	<u>-</u>	<u>-</u>	<u>14,841,183</u>
Less accumulated depreciation				
Accumulated depreciation	1,948,724	588,249		2,536,973
Net capital assets City Center Authority	<u>\$ 12,892,459</u>	<u>\$ (588,249)</u>	<u>\$ -</u>	<u>\$ 12,304,210</u>

Depreciation expense was charged to functions/programs as follows:

Mayor	\$ 16,368
Finance	18,906
DPW	1,048,805
DPS	99,656
Accounts	4,840
Other General government support	1,614
Police	161,561
Fire	336,390
Home and community service	39,367
Transportation	599,758
Culture and recreation	<u>574,197</u>
Total depreciation expense for governmental activities	<u>\$ 2,901,462</u>
Water	\$ 544,379
Sewer	37,259
City Center Authority	<u>588,249</u>
Total depreciation expense for business-type activities	<u>\$ 1,169,887</u>

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on all Funds - Continued

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, 2016	
	Due From	Due To
General	\$ 259,850	\$ -
City Center	-	-
Water	1,155	-
SAD	-	15,952
Trust	-	102
Debt Service	-	219,842
Community Development	-	25,109
	\$ 261,005	\$ 261,005

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

	December 31, 2016	
	Due To	Due From
General	\$ -	\$ 1,053
Water	1,155	-
Trust and Agency	-	102
	\$ 1,155	\$ 1,155

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

Transfers Out	December 31, 2016					
	Transfers In					
	General	Capital Projects	Debt Service	Water	City Center	Totals
General Fund	\$ -	\$ 97,693	\$ 120,449	\$ -	\$ 134,044	\$ 352,186
Capital Projects	-	-	5,947	-	-	5,947
Debt Service	-	68,594	-	-	-	68,594
WASAD	-	-	49,503	-	-	49,503
Community Development	134,513	-	-	-	-	134,513
Water	144,122	381,828	-	202,776	-	728,726
Sewer	-	190,046	704	68,089	-	258,839
	\$ 278,635	\$ 738,161	\$ 176,603	\$ 270,865	\$ 134,044	\$ 1,598,308

In the government-wide statement of net position, interfund receivables and payables between governmental activities were eliminated, leaving \$1,053 due to the business-type activities. In the government-wide statement of activities, interfund transfers of \$610,744 between governmental activities were eliminated, leaving \$582,656 in transfers from the governmental activities to the business-type activities.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on all Funds - Continued

e. Long-Term Liabilities

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

	Year Ended December 31, 2016				
	Balance January 1, 2016	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2016	Due Within On Year
Governmental activities					
Bonds payable	\$ 38,424,362	\$ 3,029,324	\$ 1,699,815	\$ 39,753,871	\$ 1,829,106
Bond premiums	1,717,269	-	98,617	1,618,652	115,399
	<u>40,141,631</u>	<u>3,029,324</u>	<u>1,798,432</u>	<u>41,372,523</u>	<u>1,944,505</u>
Other non-current liabilities					
Capital lease obligations	502,887	-	49,272	453,615	52,000
Claims payable	750,000	1,000,000	750,000	1,000,000	1,000,000
Compensated absences	3,690,924	1,254,897	908,832	4,102,956	410,000
Pension contribution payable	435,949	-	435,949	-	-
Net pension liability	1,986,562	17,617,499	3,929,915	15,674,146	-
Other postemployment benefits	46,199,628	10,019,472	2,503,397	53,715,703	-
	<u>53,565,950</u>	<u>29,891,868</u>	<u>8,577,365</u>	<u>74,946,420</u>	<u>1,462,000</u>
 Governmental activities long-term liabilities	 <u>\$ 93,707,581</u>	 <u>\$ 32,921,192</u>	 <u>\$ 10,375,797</u>	 <u>\$ 116,318,943</u>	 <u>\$ 3,406,505</u>
Business-type activities					
Bonds payable	\$ 12,098,880	\$ -	\$ 533,427	\$ 11,565,453	\$ 510,218
Other non-current liabilities					
Net pension liability	308,725	1,542,792	426,603	1,424,914	-
Other postemployment benefits	3,584,706	551,952	157,801	3,978,857	-
	<u>3,893,431</u>	<u>2,094,744</u>	<u>584,404</u>	<u>5,403,771</u>	<u>-</u>
 Business-type activities long-term liabilities	 <u>\$ 15,992,311</u>	 <u>\$ 2,094,744</u>	 <u>\$ 1,117,831</u>	 <u>\$ 16,969,224</u>	 <u>\$ 510,218</u>

f. Indebtedness

i. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. On June 26, 2016, the City issued a \$3,029,324, 15-year general obligation bond. The entire amount of the bond was issued to finance governmental activities,

A summary of the City's general obligation serial bond transactions for the year ended December 31, 2016, is as follows:

Bonds payable, <i>beginning of year</i>	\$ 50,523,242
Bonds issued	3,029,324
Bonds retired	<u>(2,233,242)</u>
 Bonds payable, <i>end of year</i>	 <u>\$ 51,319,324</u>

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

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on all Funds - Continued

f. Indebtedness - Continued

i. General Obligation Bonds - Continued

<u>Public Improvement Bonds</u>	<u>Issue Date</u>	<u>Maturity</u>	<u>Rate</u>	<u>December 31, 2016</u>
Serial Bond, EFC	03/97	02/17	3.400%	\$ 130,000
Serial Bond, general obligation	07/07	07/16	3.700%	-
Serial Bond, general obligation	08/08	08/38	5.000%	4,285,000
Serial Bond, general obligation	01/09	01/24	4.250%	450,000
Serial Bond, general obligation	09/09	09/39	4.250%	1,210,000
Serial Bond, general obligation	07/10	07/37	4.420%	1,330,000
Statutory Installment Bond	04/11	04/39	4.630%	1,935,000
Serial Bond, general obligation	05/12	05/39	2.975%	5,985,000
Serial Bond, general obligation	12/12	12/22	2.000%	345,000
Serial Bond, general obligation	04/13	06/33	3.372%	3,860,000
Serial Bond, general obligation	06/14	06/34	2.810%	4,770,000
Refunding Bond	12/14	02/35	2.878%	18,180,000
Serial Bond, general obligation	06/15	06/40	3.310%	5,810,000
Serial Bond, general obligation	6/16/17	06/33	2.095%	3,029,324
				<u><u>\$ 51,319,324</u></u>

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,			
2017	\$ 2,339,324	\$ 1,805,397	\$ 4,144,721
2018	2,235,000	1,756,488	3,991,488
2019	2,320,000	1,671,552	3,991,552
2020	2,415,000	1,582,542	3,997,542
2021	2,515,000	1,489,297	4,004,297
For the years ending December 31,			
2022-2026	12,740,000	5,967,270	18,707,270
2027-2031	13,290,000	3,658,758	16,948,758
2032-2036	9,810,000	1,583,017	11,393,017
2037-2040	3,655,000	250,947	3,905,947
	<u><u>\$ 51,319,324</u></u>	<u><u>\$ 19,765,268</u></u>	<u><u>\$ 71,084,592</u></u>

Of the total outstanding indebtedness of the City in the sum of \$51,319,324, \$39,765,554 was subject to the statutory debt limit and represented approximately 52% of the City's \$76,515,044 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.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on all Funds - Continued

f. Indebtedness - Continued

ii. Special Assessment Debt

At December 31, 2016, the amount of special assessment debt outstanding for SAD and WASAD was \$70,371 and \$379,939, respectively. These amounts are reflected in the governmental activities statement of net position and included in the schedules above.

iii. Lease Payables

On March 7, 2008, the City entered into a lease agreement with Municipal Leasing Consultants for \$1,721,297 to finance energy-saving equipment. The rate of interest on the first \$1,000,000 is 2%, which was bought down by a New York State Energy Research and Development Authority (NYSERDA) grant. On December 14, 2012, the City issued a statutory installment bond in the amount of \$555,304 to refinance the portion of the lease not subsidized by NYSERDA. The principal balance remaining on the lease is \$453,615.

iv. Other liabilities include the following:

	January 1, 2016	Additions	Deletions	December 31, 2016
Sick time	\$ 2,956,054	\$ 299,730	\$ 76,397	\$ 3,179,387
Compensatory time	800,836	955,167	832,435	923,568
Total	\$ 3,756,890	\$ 1,254,897	\$ 908,832	\$ 4,102,955

v. Bond Anticipation Note Payable

On December 14, 2016, the City issued a Bond Anticipation Note (BAN) in the amount of \$1,165,000 to fund various capital projects. The BAN has an interest rate of .95% per annum and matures on September 15, 2017. The BAN is backed by the full faith and credit of the City.

g. Pension Plans

Plan Description

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

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on all Funds - Continued

g. Pension Plans - Continued

Plan Description - Continued

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

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

Plan Benefits

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

ERS

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

PFRS

- Tier 1 - Those persons who last became members before July 31, 1973.
- Tier 2 - Those persons who last became members on or after July 31, 1973, but before July 1, 2009.
- Tier 3 - Those persons who last became members on or after July 1, 2009, but before January 9, 2010.
- Tier 4 - Not applicable.
- Tier 5 - Those persons who last became members on or after January 9, 2010, but before April 1, 2012, or who were previously PFRS Tier 3 members who elected to become Tier 5.
- Tier 6 - Those persons who first became members on or after April 1, 2012.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on all Funds - Continued

g. Pension Plans - Continued

Plan Benefits - Continued

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

Typically, the benefit for members in all Tiers within ERS and PFRS is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a Tier 1 or 2 member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. If a Tier 3, 4, or 5 member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a Tier 3, 4, or 5 member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Final average salary for Tiers 1 through 5 is the average of the wages earned in the three highest consecutive years of employment. Each year used in the final average salary calculation is limited to no more than 20 percent of the previous year (Tier 1) or no more than 20 percent of the average of the previous two years (Tier 2). For Tier 3, 4, and 5 members, each year used in the final average salary calculation is limited to no more than 10 percent of the average of the previous two years. The benefit for Tier 6 members who retire with 20 years of service is 1.75 percent of final average salary for each year of service. If a Tier 6 member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied to each year of service over 20 years. The final average salary for a Tier 6 member is computed as the average of the wages earned in the five highest consecutive years. Each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

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

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on all Funds - Continued

g. Pension Plans - Continued

Funding Policy

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

Participating employers are required under the RSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for ERS for the fiscal year ended March 31, 2016 was approximately 18.2 percent of payroll. The average contribution rate for PFRS for the fiscal year ended March 31, 2016 was approximately 24.7 percent of payroll.

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

	<u>ERS</u>	<u>PFRS</u>
2016	\$ 1,644,685	\$ 2,960,169
2015	2,154,563	2,668,289
2014	1,956,585	3,163,809

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, 2016, the City reported a liability of \$15,674,146 in the governmental activities statement of net position and \$1,424,914 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, 2016, 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, 2016, the City's proportion was .0448128% in the Employee Retirement System and .3345723% in the Police and Fire Retirement System.

For the year ended December 31, 2016, the City recognized pension expense of \$5,605,223 in the governmental activities and \$515,648 in the business-type activities. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2016

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
ERS		
Differences between expected and actual experience	\$ 29,148	\$ 683,721
Change in assumptions	1,538,198	-
Net differences between projected and actual investment earnings on pension plan investments	3,421,996	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	189,666	59,814
City contributions subsequent to the measurement date	1,318,975	-
Total	\$ 6,497,983	\$ 743,535
	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
PFRS		
Differences between expected and actual experience	\$ 88,848	\$ 1,497,664
Change in assumptions	4,270,433	-
Net differences between projected and actual investment earnings on pension plan investments	5,551,497	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,253	592,195
City contributions subsequent to the measurement date	2,960,169	-
Total	\$ 12,883,200	\$ 2,089,859
	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
ERS		
Differences between expected and actual experience	\$ 7,198	\$ 168,839
Change in assumptions	379,846	-
Net differences between projected and actual investment earnings on pension plan investments	845,033	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	46,836	14,771
City contributions subsequent to the measurement date	325,710	-
Total	\$ 1,604,623	\$ 183,610

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on All Funds - Continued

g. Pension Plans - Continued

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

The amount of deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ending December 31, 2017. The remaining cumulative net amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS		
	Governmental Activities	Business Type-Activities	Total
Year ending May 31,			
2017	\$ 1,119,492	\$ 276,449	\$ 1,395,941
2018	1,119,492	276,449	1,395,941
2019	1,119,492	276,449	1,395,941
2020	1,076,997	265,956	1,342,953
Total	\$ 4,435,473	\$ 1,095,303	\$ 5,530,776

	PFRS
	Governmental Activities
Year ending May 31,	
2017	\$ 1,857,109
2018	1,857,109
2019	1,857,109
2020	1,779,810
2021	482,035
Total	\$ 7,833,172

Actuarial Assumptions

The total pension liability at March 31, 2016 was determined by using an actuarial valuation as April 1, 2015, with update procedures used to rollforward the total pension liability to March 31, 2016. The actuarial valuations used the following actuarial assumptions:

	ERS	PFRS
Investment rate of return (net of investment expense, including inflation)	7.0%	7.0%
Salary scale	3.8%	4.5%
Inflation	2.5%	2.5%
Cost of living adjustments	1.3%	1.3%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2015.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on All Funds - Continued

g. Pension Plans - Continued

Actuarial Assumptions - Continued

The actuarial assumptions used in the April 1, 2015 valuations are based on the results of actuarial experience study for the period April 1, 2010 - March 31, 2015.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2016, are summarized below:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate</u>
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%
	<u>100.00%</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on All Funds - Continued

g. Pension Plans - Continued

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
ERS			
City's proportionate share of the net pension liability (asset)	\$ 16,218,732	\$ 7,192,574	\$ (434,144)
Proprietary activities	\$ 2,925,499	\$ 1,424,402	\$ (95,512)
Governmental activities	13,293,233	5,768,172	(338,632)
	\$ 16,218,732	\$ 7,192,574	\$ (434,144)
PFRS			
City's proportionate share of the net pension liability (asset)			
Governmental activities	\$ 22,126,035	\$ 9,905,974	\$ (337,085)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2016, were as follows:

	(Dollars in Thousands)		
	Employees' Retirement System	Police and Fire Retirement System	Total
Employers' total pension liability	\$ 172,303,544	\$ 30,347,727	\$ 202,651,271
Plan net position	(156,253,265)	(27,386,940)	(183,640,205)
Employers' net pension liability	\$ 16,050,279	\$ 2,960,787	\$ 19,011,066
Ratio of fiduciary net position to total pension liability	90.7%	90.2%	90.6%

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2016

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.

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, 2016, 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, 2016.

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 2016, 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	\$ 11,295,208	\$ 427,141	\$ 223,877	\$ 11,946,226
Interest on net OPEB obligation	1,732,486	86,970	47,458	1,866,914
Adjustment to annual required contribution	<u>(3,008,222)</u>	<u>(151,011)</u>	<u>(82,402)</u>	<u>(3,241,635)</u>
Annual OPEB cost (expense)	10,019,472	363,100	188,933	10,571,505
Contributions made (expected)	<u>(2,503,397)</u>	<u>(135,001)</u>	<u>(22,880)</u>	<u>(2,661,278)</u>
Increase in net OPEB obligation	7,516,075	228,099	166,053	7,910,227
Net OPEB obligation, <i>beginning of year</i>	<u>46,199,628</u>	<u>2,319,191</u>	<u>1,265,514</u>	<u>49,784,333</u>
Net OPEB obligation, <i>end of year</i>	<u>\$ 53,715,703</u>	<u>\$ 2,547,290</u>	<u>\$ 1,431,567</u>	<u>\$ 57,694,560</u>

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2016

Note 4 - Postemployment Benefits Other Than Pensions

Annual OPEB Cost and Net OPEB Obligation - Continued

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 2016 was as follows:

<u>Activity</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2016			
Governmental	\$ 10,019,472	25%	\$ 53,715,703
Water	363,100	37%	2,547,290
Sewer	188,932	12%	1,431,566
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

Funded Status and Funding Progress - As of December 31, 2016, the actuarial accrued liability for benefits was \$105,106,456, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Retiree Health Plan) was \$27,265,433, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 385%.

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 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.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2016

Note 4 - Postemployment Benefits Other Than Pensions - Continued

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.

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, 2016, was twenty-four years.

Note 5 - Tax Abatements

The City has six real property tax abatement agreements with housing development and redevelopment companies organized pursuant to Article V or Article XI of the Private Housing Finance Law of the State of New York ("PHFL") for the purpose of creating or preserving affordable housing.

Generally, these agreements provide for a 100 percent abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) based on a percentage of shelter rents, and continue until the property no longer provides the required affordable housing or no longer complies with the requirements of the PHFL.

Copies of the agreements may be obtained from the Commissioner of Finance, 474 Broadway, Saratoga Springs, NY 12866. Information relevant to disclosure of these agreements for the fiscal year ended December 31, 2016, is as follows:

State Date	Agreement	Taxable Assessed Value	Tax Rate	Tax Value	PILOT Received	Taxes Abated
6/17/2003	11 Kirby Road - Kirby Village	\$ 2,671,800	\$ 5.98	\$ 15,977	\$ 2,880	\$ 13,097
5/17/2016	9 Kirby Road - Kirby Village	3,223,400	5.98	19,276	2,880	16,396
8/17/2004	125 West Avenue - Westview Apartment	8,193,000	5.98	48,994	15,075	33,919
7/29/2010	57 Ballston Avenue - Raymond Watkins Apartments	3,000,000	6.07	18,210	13,216	4,994
5/21/1951	Saratoga Housing Authority	22,104,300	6.07	134,173	55,857	78,316
1/16/2007	Embury Apartments	16,326,800	6.07	99,104	-	99,104
		<u>\$ 55,519,300</u>		<u>\$ 335,734</u>	<u>\$ 89,908</u>	<u>\$ 245,826</u>

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2016

Note 6 - Commitments and Contingencies

a. Environmental Risks

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

b. Risk Management

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

The City's Safety Committee reviews potential areas of risk and develops safety policies. The Safety Committee reviews, among other things, workers' compensation trends to determine and prevent causation of similar claims in future. The City belongs to the Saratoga County Workers' Compensation pool, and cases are reviewed and paid by Saratoga County. The City's 2016 annual contribution to the workers' compensation pool was \$786,485.

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, the Police Benevolent Association's and Fire Chiefs' will expire on December 31, 2017, and the Police Lieutenants', CSEA City Hall and CSEA DPW contracts expired on December 31, 2016. The Firefighters' contract expires on December 31, 2018. All expired contracts are actively under negotiation.

Note 7 - Subsequent Events

On June 6, 2017, the City issued \$7,881,574 in general obligation bonds to finance various projects. On April 4, 2017, the City Council approved a contract with CSEA City Hall Union for a 5-year period. On January 10, 2017, the City Center Authority entered into an agreement with the Adirondack Trust Company for a construction loan of \$7,500,000 to finance a new parking lot. To date no funds have been drawn on the loan.

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2016

Note 8 - Accounting Standards Issued Not Yet Implemented

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.

GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statement No. 67, No. 68 and No. 73* (GASB 82). GASB 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

GASB Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83). GASB 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 84, *Fiduciary Activities* (GASB 84). GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 85, *Omnibus 2017* (GASB 85). The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as goodwill and “negative” goodwill
- Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost

City of Saratoga Springs, New York

Notes to Financial Statements December 31, 2016

Note 8 - Accounting Standards Issued Not Yet Implemented - Continued

- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Classifying employer-paid member contributions for OPEB
- Simplifying certain aspects of the alternative measurement method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The requirements of this statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 86, *Certain Debt Extinguishments* (GASB 86). The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 87, *Leases* (GASB 87). This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

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

City of Saratoga Springs, New York

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

December 31, 2016

	<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	\$ 17,911,209	\$ 19,308,967	\$ 16,789,221	\$ (2,519,746)
Non-property taxes	14,894,009	14,894,009	14,522,969	(371,040)
Departmental income	2,327,327	2,438,241	2,697,756	259,515
Intergovernmental charges	345,503	360,655	359,001	(1,654)
Use of money and property	615,954	615,954	649,230	33,276
Licenses and permits	416,750	417,000	390,337	(26,663)
Fines and forfeitures	665,000	673,470	523,423	(150,047)
Sale of property and compensation for loss	461,129	558,048	519,213	(38,835)
Miscellaneous	1,957,651	2,119,883	2,576,530	456,647
State aid	3,639,101	4,020,530	3,314,232	(706,298)
Federal aid	556,910	43,650	70,888	27,238
Total revenues	<u>43,790,543</u>	<u>45,450,407</u>	<u>42,412,800</u>	<u>(3,037,607)</u>
EXPENDITURES				
General government support	18,579,256	20,231,542	10,552,751	9,678,791
Public safety	16,387,450	16,831,596	24,100,066	(7,268,470)
Health	25,765	25,766	118,385	(92,619)
Transportation	4,409,402	4,741,497	4,186,964	554,533
Economic opportunity and development	141,291	145,291	144,731	560
Culture and recreation	2,459,264	2,684,142	2,758,066	(73,924)
Home and community service	1,269,031	1,827,115	1,465,081	362,034
Debt service	394,588	69,588	71,187	(1,599)
Total expenses	<u>43,666,047</u>	<u>46,556,537</u>	<u>43,397,231</u>	<u>3,159,306</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	222,472	222,472	278,635	56,163
Interfund transfers out	(346,968)	(444,661)	(352,186)	92,475
Total other financing sources (uses)	<u>(124,496)</u>	<u>(222,189)</u>	<u>(73,551)</u>	<u>148,638</u>
Net change in fund balance (actual) and appropriated fund balance (budget)	-	(1,328,319)	(1,057,982)	<u>\$ 270,337</u>
FUND BALANCE, beginning of year	<u>16,541,201</u>	<u>16,541,201</u>	<u>16,541,201</u>	
FUND BALANCE, end of year	<u>\$ 16,541,201</u>	<u>\$ 15,212,882</u>	<u>\$ 15,483,219</u>	

See Independent Auditor's Report.

City of Saratoga Springs, New York

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

	December 31, 2016			
	Budgeted Amounts		Actual	Variance with
	Adopted	Revised	Amounts	Revised - Positive (Negative)
REVENUES				
Real property taxes and related tax items	\$ 3,521,587	\$ 3,590,181	\$ 2,596,024	\$ (994,157)
Use of money and property	-	-	1,628	1,628
Miscellaneous	-	-	263,425	263,425
Total revenues	3,521,587	3,590,181	2,861,077	(729,104)
EXPENDITURES				
General government support	40,000	40,000	28,503	11,497
Debt service, principal	1,844,090	1,844,090	1,844,090	-
Debt service, interest	1,433,003	1,463,141	1,463,141	-
Total expenditures	3,317,093	3,347,231	3,335,734	11,497
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	115,276	115,276	176,604	61,328
Interfund transfers out	(319,770)	(358,226)	(68,594)	289,632
Total other financing sources (uses)	(204,494)	(242,950)	108,010	350,960
Net change in fund balance (actual) and appropriated fund balance (budget)	-	-	(366,647)	\$ (366,647)
FUND BALANCE, <i>beginning of year</i>	2,609,458	2,609,458	2,609,458	
FUND BALANCE, <i>end of year</i>	\$ 2,609,458	\$ 2,609,458	\$ 2,242,811	

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)
12/31/2016	\$ -	\$ 105,106,456	\$ 105,106,456	0.00%	\$ 27,265,433	385%
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	\$ 104,696,316	0.00%	\$ 15,199,469	689%

City of Saratoga Springs, New York

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

	2016	2015
ERS		
City's proportion of the net pension liability	0.0448128%	0.0414829%
City's proportionate share of the net pension liability	\$ 7,192,574	\$ 1,401,392
City's covered-employee payroll	\$ 11,088,897	\$ 11,068,113
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	64.86%	12.66%
Plan fiduciary net position as a percentage of the total pension liability	90.68%	97.95%
	2016	2015
PFRS		
City's proportion of the net pension liability	0.334572%	0.3247468%
City's proportionate share of the net pension liability	\$ 9,905,974	\$ 893,897
City's covered-employee payroll	\$ 10,699,616	\$ 9,655,380
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	92.58%	9.26%
Plan fiduciary net position as a percentage of the total pension liability	90.24%	99.00%

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

City of Saratoga Springs, New York

Required Supplementary Information Schedule of Pension Contributions

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
ERS						
Contractually required contribution	\$ 1,644,685	\$ 2,154,563	\$ 1,956,585	\$ 2,040,703	\$ 1,820,208	\$ 1,493,697
Contributions in relation to the contractually required contribution	1,644,685	2,154,563	1,956,585	2,040,703	1,820,208	1,493,697
Contribution deficiency (excess)	-	-	-	-	-	-
City's covered-employee payroll	11,088,897	11,068,113	10,187,493	9,871,986	9,516,189	8,850,094
Contributions as a percentage of covered-employee payroll	14.83%	19.47%	19.21%	20.67%	19.13%	16.88%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
PFRS						
Contractually required contribution	\$ 2,960,169	\$ 2,668,289	\$ 3,163,809	\$ 3,353,037	\$ 3,055,740	\$ 2,445,663
Contributions in relation to the contractually required contribution	2,960,169	2,668,289	3,163,809	3,353,037	3,055,740	2,445,663
Contribution deficiency (excess)	-	-	-	-	-	-
City's covered-employee payroll	10,699,616	9,655,380	9,978,301	9,567,690	9,160,503	8,652,781
Contributions as a percentage of covered-employee payroll	27.67%	27.64%	31.71%	35.05%	33.36%	28.26%

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

See Independent Auditor's Report.

City of Saratoga Springs, New York

Supplementary Information
December 31, 2016

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, 2016		
	Downtown Special Assessment District	West Avenue Special Assessment District	Total
ASSETS			
Cash and cash equivalents	\$ 287,200	\$ 4,293	\$ 291,493
Cash, restricted	1,971	-	1,971
Total assets	\$ 289,171	\$ 4,293	\$ 293,464
LIABILITIES			
Accounts payable and accrued liabilities	\$ 5,401	\$ -	\$ 5,401
Due to other funds	15,952	-	15,952
Total liabilities	21,353	-	21,353
FUND BALANCE			
Restricted for			
Other restrictions	1,971	-	1,971
Assigned for			
Special district purposes	265,847	4,293	270,140
Total fund balance	267,818	4,293	272,111
Total liabilities and fund balances	\$ 289,171	\$ 4,293	\$ 293,464

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, 2016		
	Downtown Special Assessment District	West Avenue Special Assessment District	Total
REVENUES			
Real property taxes and related tax items	\$ 111,955	\$ 51,003	\$ 162,958
Use of money and property	15,244	23	15,267
Total revenues	127,199	51,026	178,225
EXPENDITURES			
Other general governmental support	-	1,333	1,333
Economic opportunity and development	48,634	-	48,634
Debt service			
Principal	14,295	-	14,295
Interest	12,659	-	12,659
Total expenditures	75,588	1,333	76,921
OTHER FINANCING SOURCES (USES)			
Interfund transfers out	-	(49,503)	(49,503)
Net change in fund balance	51,611	190	51,801
FUND BALANCE, <i>beginning of year</i>	216,207	4,103	220,310
FUND BALANCE, <i>end of Year</i>	\$ 267,818	\$ 4,293	\$ 272,111