



**Brian U. Stratton**  
Mayor

**OFFICE OF THE MAYOR**  
**CITY OF SCHENECTADY**  
**NEW YORK**

105 Jay St., City Hall, Room 111  
Schenectady, NY 12305-1938  
(518) 382 - 5000  
Fax : (518) 382-5272  
mayor@nycap.rr.com

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**CONTACT:** Mayor's Office  
382-5000

**STRATTON ANNOUNCES THIRD CONSECUTIVE**  
**BUDGET SURPLUS FOR SCHENECTADY**

***2007 Audit Boosts City's Cumulative Fund Balance to \$10.4 M***

***Surplus Budgets in '05, '06 and '07 End Years of Financial Decline in Schenectady***

**SCHENECTADY** – Mayor Brian U. Stratton today announced that with the 2007 financial audit complete, Schenectady has achieved a budget surplus for the third consecutive year, increasing the city's cumulative, unreserved fund balance to nearly \$10.4 million. The city's latest audit results mark a more than \$20 million swing from 2004, when the State Comptroller projected a city deficit of \$10.2 million.

According to the 2007 audited financial statements issued by Cusak and Co. of Albany, Schenectady finished the year with an unreserved fund balance in each of the city's four fund divisions: the general fund, water fund, sewer fund and golf fund. It was the third consecutive year under the Stratton administration that all four fund divisions have finished in the black

“When you consider that just four years ago, Schenectady had a projected \$10.2 million deficit and the lowest credit rating of any municipality in New York State, the financial progress we have made to completely reverse that situation and achieve almost a \$10.4 million surplus is truly remarkable,” Mayor Stratton said.

“By working together with our government partners on the City Council, Schenectady County, New York State and in our Nation's Capital – and with the private sector – we have achieved financial stability and made Schenectady a model for economic revival in upstate New York,” Mayor Stratton added.

Mayor Stratton credited the work of the city's Finance Department and praised the continued cooperation received from the citizens of Schenectady. “We are grateful for the expertise of our professional finance managers, Commissioner Ismat Alam and Director John Paolino and their staff,” he said. “But this city would not have truly recovered were it not for the help of each and every citizen of Schenectady, who have taken the tough medicine and made the necessary sacrifices along the way these last four years.”

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Overall, the city finished 2007 with an unreserved surplus of \$2.3 million in the General Fund, \$710,553 in the Water Fund, \$169,578 in the Sewer Fund, and \$47,154 in the Golf Fund. When added to the cumulative fund balance of the previous two years, **the city's unreserved cumulative fund balance breaks down as follows:**

<b>Fund Division</b>	<b>Unreserved Fund Balance (Cumulative)</b>
• General Fund	\$ 5,777,001
• Water Fund	\$ 2,329,347
• Sewer Fund	\$ 1,929,153
• <u>Golf Fund</u>	<u>\$ 343,148</u>
<b>Total Unreserved Surplus</b>	<b>\$ 10, 378,649</b>

**Funding Reserves Set Aside**

Mayor Stratton said that the positive financial performance of 2007 enables the City of Schenectady to continue to set aside significant funding reserves to meet future financial obligations, to pay down debt, and to minimize the need for future property tax increases. Among the funding reserves established or increased are the following:

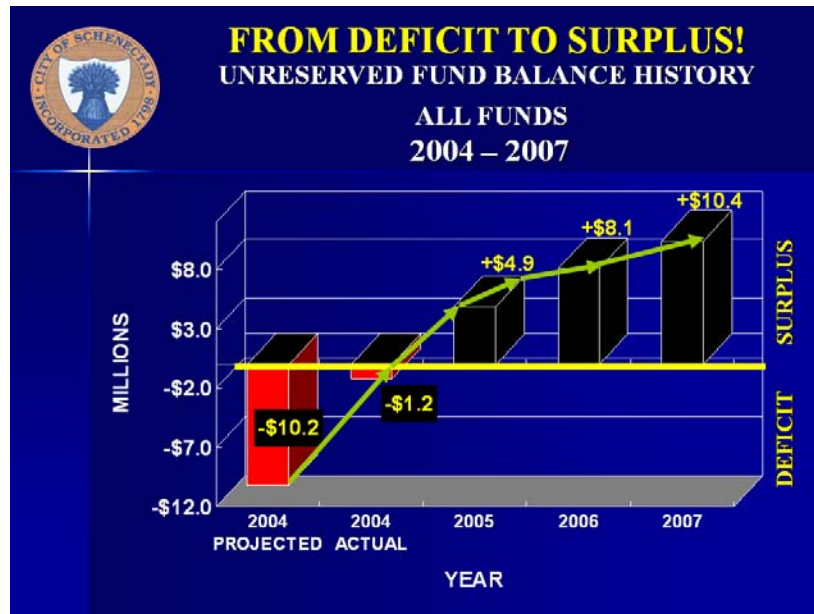
• Tax Stabilization Reserve	\$4,100,000
• Demolition Reserve – Mayor's "50-First Program"	\$525,000
• Foster Avenue Public Works Reserve	\$516,000
• Snow Removal Reserve	\$250,000
• Capital Reserve	\$100,000
• NYS Retirement System Debt Pay-down	\$ 1,769,759
• Retiree Health Reserve	\$ 5,325,561

The Mayor noted that \$4.1 million set aside for future tax stabilization helps to sustain the 1.2 percent property tax cut included in the current 2008 city budget, as well as offset a potential property tax increase in 2009. In addition, with the 2007 audit results, the city will fully pay off \$1.7 million in outstanding debt in previous borrowing for the 2004 state pension contribution. Other reserves will help to plan for snow removal, building repairs, the design and construction of a new Foster Avenue garage, and capital improvements needed in the year ahead.

**Targeted Housing Demolition to Begin with "50-First Program"**

As outlined in his 2008 State of the City address earlier this year, Mayor Stratton has set aside \$525,000 in funding reserves for property demolition, officially beginning the city's "50 First Program." Under the program, 50 residential and commercial properties will be targeted for demolition to eliminate neighborhood blight and create useable green spaces in targeted areas of the city.

Mayor Stratton said the fund balance achieved for 2007 continues a financial recovery pattern that began with the results of the 2005 and 2006 audits, each of which showed an unreserved surplus across all funds. Comparatively, the cumulative fund balance has grown from 2004 - 2007 as follows:



### Seeking a Credit Rating Upgrade

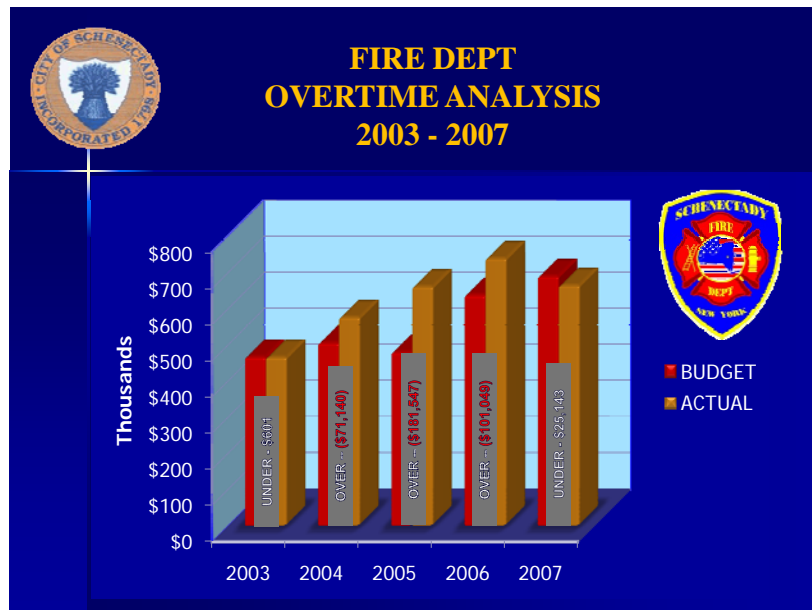
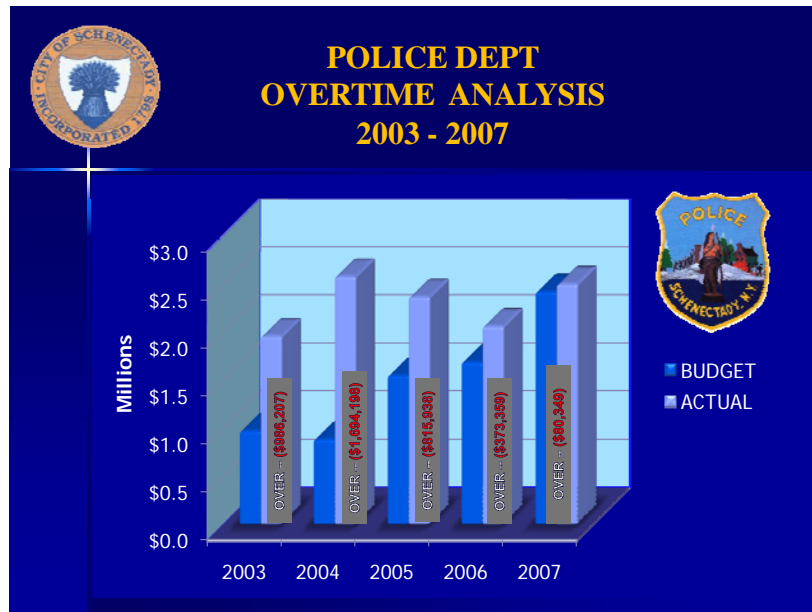
Mayor Stratton said the continued strong financial performance, bolstered by the third consecutive year of achieving fund balances in all fund divisions and significantly increasing the city's unreserved fund balance, will make a strong case for seeking a rating increase further into investment grade range.

“With the city’s continued financial progress as affirmed by the results of our 2007 audit, we intend to aggressively seek a rating upgrade by Moody’s Investors as well as a rating by Standard & Poors,” he said. Since 2004, under the Stratton administration, Schenectady has improved its credit rating with Moody’s five times – from the lowest rating in the state Ba3 to an investment grade rating of Baa2.

### Police and Fire Finish Under Budget for Third Year

For the third consecutive year, the Police and Fire Departments have finished the year under budget, generating balances of \$111,076 in the Police Department and \$115,039 in the Fire Department. Over three years, Police and Fire have generated combined savings of nearly \$600,000.

Under the direction of Public Safety Commissioner Wayne Bennett, who was appointed to the position by Mayor Stratton in April, 2007, overtime expenditures in both Police and Fire for 2007 exceeded budget only slightly, and were closer to budget than in previous years. As recently as 2004, police overtime exceeded budget by \$1.7 million or nearly 200 percent of budget.



Since 2003 – Both Police and Fire overtime expenditures have been more effectively managed closer to the actual budget.

**May 5, 2008**

**Page 5**

“Through redeployment of personnel and more careful management, Commissioner Bennett has succeeded in keeping our public safety overtime costs closer to their actual budgets, helping to build the city’s financial strength,” Mayor Stratton said.

Making actual overtime expenditures in both Police and Fire closer to budget has been a continued goal of the City Council and the Stratton administration. While overtime has been held in check over the past three years, the 2007 fiscal year saw the greatest reduction of the gap between budget and actual expenditure.

The hiring of additional personnel and the use of grants contributed to the reduction of overtime.