

COMPREHENSIVE
ANNUAL FINANCIAL REPORT



CITY OF SARATOGA SPRINGS, UTAH
FISCAL YEAR ENDED JUNE 30, 2017

CITY OF SARATOGA SPRINGS, UTAH COMPREHENSIVE ANNUAL FINANCIAL REPORT

(INCLUDING INTERNAL CONTROL, AND COMPLIANCE REPORTS
AND SUPPLEMENTARY INFORMATION)

FOR FISCAL YEAR ENDED JUNE 30, 2017

PREPARED BY:
FINANCE DEPARTMENT

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INTRODUCTORY SECTION



November 14, 2017

To the Honorable City Council, Honorable Mayor, and Citizens of the City of Saratoga Springs, Utah:

These financial statements have been prepared by the City of Saratoga Springs Finance Department in accordance with accounting principles generally accepted in the United States (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). Utah State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report fulfills that requirement for the fiscal year ended June 30, 2017.

The City's management is responsible for the accuracy of the report, as well as the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the report is complete and accurate in all material respects. To provide a basis for management to make these representations, the City maintains a comprehensive system of internal controls designed to provide reasonable, but not absolute, assurance against loss of assets or material misstatement in the financial statements. This level of assurance is an inherent limitation in a system of internal controls. They should be cost-effective, with cost of such controls not exceeding the related benefit.

Gilbert & Stewart, a firm of licensed certified public accountants, has audited the basic financial statements contained in this report. With this type of audit, the independent auditors render an opinion, with reasonable assurance, as to whether the basic financial statements for the fiscal year ended June 30, 2017, are fairly presented and free of any material misstatement. Audit procedures included extensive testing and analysis of transactions, balances, and systems. The unqualified ("clean") opinion on the basic financial statements signed by Gilbert & Stewart is located at the beginning of the financial section.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the *Management's Discussion and Analysis* (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

CITY PROFILE

The City of Saratoga Springs is a municipality governed by a six member legislative body consisting of an elected Mayor and five-member Council. The City was incorporated in 1997 and operates under a Council-Manager form of government established by ordinance. Policy-making and legislative authority are vested in the City Council.

The City Council is responsible for passing ordinances, adopting the budget, appointing committees, and

hiring the City's manager, among other things. The City's manager is responsible for carrying out the policies and ordinances of the legislative body, for overseeing the day-to-day operations for the City, and for appointing heads of the various departments. The Council and Mayor are elected on a non-partisan basis. Council members and the Mayor serve four-year staggered terms.

The City provides many municipal services including police, fire and medical response, parks, recreation, library, water, sewer, garbage, public improvements, streets, planning, zoning, and administrative services. This report includes the financial statements of the funds required to report those activities, organizations and functions which are related to the City and are controlled by or financially accountable to the City Council.

BUDGETARY CONTROL

The City Council is required to adopt a final budget no later than June 22 of the fiscal year. The annual budget serves as the foundation of the City's financial planning and control. Budgets are prepared for all governmental fund types including the general fund, capital improvement funds, and debt service funds. The City Council approves all City budgets at the department level (general government, public safety, highways and public improvements, parks and recreation). Budgetary control is maintained at the department level where expenditures may not legally exceed appropriations. Department heads may make transfers within a department. The City Council may amend the budget by ordinance during the budget year but must hold a public hearing after appropriate public notice to increase governmental fund's budget before it can adopt the ordinance.

LOCAL ECONOMY AND TRENDS

The City of Saratoga Springs is located in Utah County, Utah, on the northwest shores of Utah Lake in the center of Utah's Wasatch Front Metropolitan Area. The City is 20 miles south of Salt Lake City and 30 minutes by freeway from the Salt Lake International Airport. It is an exciting pro-development community which boasts a high quality of life that includes beautiful lakeshore living, a quiet and rural atmosphere, great air quality, superb views and an excellent central location between the Provo/Orem and Salt Lake City metro areas.

The City's population (2016 Census Estimate) of 30,134 residents is a suburban population that works along the Wasatch Front but desires a quiet suburban area in which to live. The City is among the top ten highest growth cities in Utah. As a region, the northern Utah County area has also experienced rapid development and growth in recent years. The physical infrastructure to continue rapid residential growth is in place and regular planning ensures that transportation expansions map to population growth rates.

Land developed in the City has taken the form of large "master planned" communities with progressive land-use and zoning practices which have resulted in quality and diverse housing styles. Since the incorporation of the city, several ordinances have been adopted and a land development code has been created that encourages planned developments, clustering of residential units, preservation of open space, creation of parks and trail systems, and the maximization of views along Utah Lake shore.

LONG-TERM FINANCIAL PLANNING

Revenue Forecasting

The City has endorsed the recommended practices issued by the *National Advisory Council on State and Local Budgeting* addressing budgeting and financial planning, specifically the six revenue forecasting practices.

- Multi-year revenue/resource projections
- Maintaining an in-depth understanding of revenues/resources
- Assessing the effects of potential changes to revenue source rates and bases
- Periodically estimating the impact and potential foregone revenue/resources as a result of policies that exempt from payment, provide discounts and credits, or otherwise favor a particular category of taxpayers or service users
- Developing a process for achieving consensus on the forecast of revenues used to estimate available resources for a budget
- Preparing and maintaining a revenue manual that documents revenue sources and factors relevant to present and projected future levels of those revenues

Forecasting Methodology

The City uses *qualitative* and *quantitative* approaches to forecasting revenues that include, but are not limited to:

- Trend Analysis
- Economic Reviews and Publications
- Departmental Surveys
- National, State, and Local Policy Changes
- Comparing Revenue Collections against Projections
- Consensus, Expert, and Judgmental Forecasting

Both forecasting methods include global, national, state, and local analysis that may affect revenues and financial planning.

Relevant Financial Policies

The City of Saratoga Springs recognizes its duty to its citizens and other interested parties to account for public funds and resources. The Policies and Objectives hereinafter are set forth to establish guidelines for fiscal accountability, full disclosure, and planning. These financial management policies provide a basic framework for the overall fiscal management of the City. These policies represent a foundation to address changing circumstances and conditions, and to assist in the decision making process. In addition, these policies represent guidelines for evaluating both current and future activities.

The financial policies represent long-standing principles and practices that have enabled the City to maintain financial stability. The policies are reviewed annually to represent current public policy decisions. The Council as part of the budget process adopts these policies annually.

MAJOR INITIATIVES

City Council Long-term Goals

Sense of Community

- Connect and engage residents and business partners via the use of a multifaceted communications and engagement strategy which effectively utilizes multiple communication media and citizen/business learning experiences such as a citizens' academy.
- Utilize entryway signage and other visual elements to clearly identify city boundaries.
- Conduct a feasibility study associated with the development of a new community recreation center. Study elements should include an analysis of all possible funding, as well as one-time and ongoing costs, preferred amenities, land acquisition costs and possible locations, and all other elements that will enable the elected body and citizens to determine a development timeline.
- Create a civic identity by working toward the development of a new city hall, library, and other elements congruent with a new city center.
- Celebrate the achievements and accomplishments of our residents and businesses.

Natural Beauty and Community Aesthetics

- Employ policies and initiatives to preserve green space and open space where appropriate and practicable.
- Develop and implement a plan for significant lakefront preservation as venues for community amenities that expand public enjoyment of this unique natural resource.
- Protect and celebrate our natural environment.
- Utilize enforcement and communication/education tools to educate residents and businesses regarding the importance and civic responsibility associated with keeping our community clean and appealing.
- Reevaluate community-building guides/codes, promoting modifications that clarify policies, streamline processes, and encourage quality and aesthetically contributing development.
- Promote a diversity of quality architectural styles and standards.
- Expand the city's inventory of trees.

Quality Planning and Growth

- Conduct a General Plan review.
- Clarify, simplify, and deregulate the development process.
- Develop and implement a comprehensive economic development strategic plan.
- Modify the General Plan to anticipate and plan for major amenities – cemetery, hospital, movie theater, Civic Center, etc.
- Communicate trade-offs between development/density and economic development.
- Ensure city zoning prescribes a feathering approach to densities.
- Look at “Age in place” development possibilities.

Healthy and Safe Community

- Develop police and fire protection in a manner that accommodates the needs of future growth.
- Develop and continue maintenance of parks and trails.

- Implement the trails master plan and continue the development of trails.
- Expand youth and adult sports/recreation programming.
- Plan for the development of a senior center and creation of additional senior living options.
- Plan for the development of public amenities that facilitate the use and enjoyment of the city's natural assets (e.g. Lakefront picnic tables, beach, fire pits, boardwalk, expanded parking, etc.)

Transportation

- Long-term planning for major roads and corridors.
- Adequate ingress/egress for residential developments.
- Proactive and timely maintenance of roads and street lights

Fiscal Sustainability and Responsibility

- Ensure that adequate funding is in place to support and maintain all future projects.
- Create a comprehensive fiscal sustainability plan.
- Ensure that all primary master plans are up to date and reviewed on a regular basis and that maintenance of infrastructure is performed in a proactive and timely manner.
- Appropriately use bonding as a means of funding projects that will benefit multiple generations of residents. As part of this, develop a communications strategy to inform residents regarding generational equity. (i.e. - how bonding enables municipal government to place the cost burden on those who benefit from the use of major amenities and infrastructure).

Update on Major Projects

Project	Estimated Cost	Description	Status
Marina Pump Station	\$4.6 million	To provide water source in the south end of the City	98% done, working on final punch list
Zone 1 North Pond	\$3.2 million	Pond will service the north and middle of the City.	Design under review at state engineer's office, division of dam safety
Inlet Park Outfall Upsize	\$3.1 million	Creating alternate sewer line through Legacy Farms to accommodate flow capacity.	Under design, just beginning
Police Facility	\$3 million	New facility for Police and Justice Court departments.	Under design, 50%
Zone 2 South Pond	\$2.3 million	Serve as storage for the Marina pump project	On hold awaiting development activity
Zone 2 North Pond	\$2.3 million	Provide capacity in the north part of the City	On hold, developer is building zone 3 facilities first and then will build zone 2 after capacity in Zone 3 is maxed out.
ULDC Pump Station	\$1.9 million	Takes water out of the ULD canal and provide a water source for the north and middle part of the city.	Done
Foothill South Pipeline and Pump Station	\$1.75 million	Provide transmission of water from Israel Canyon Pond to Fox Hollow	Done

Awards and Acknowledgements

The City of Saratoga Springs received the Distinguished Budget Presentation Award from the Government Finance Officer's Association (GFOA) for the City's adopted budget beginning for the periods beginning July 1, 2016, July 1, 2015, July 1, 2014, July 1, 2013, July 1, 2012, and July 1, 2011. In order to qualify for the award program, the City's budget document was judged proficient in several categories including policy documentation, financial planning, and organization.

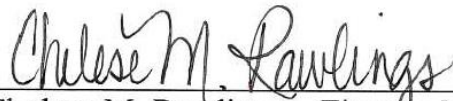
The City of Saratoga Springs received the Certificate of Achievement for Excellence in Financial Reporting from the GFOA for years 2011-2015 and 2016. In order to qualify for the award, the staff must prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the staff of the Administration and Finance Departments. We would like to express our appreciation to Gilbert & Stewart, certified public accountants, for their professional service and assistance. We would also like to thank the Mayor and members of the City Council for their interest and support in planning and conducting the financial operation of the City in a responsible and progressive manner.

Respectfully submitted,



Mark Christensen – City Manager



Chelese M. Rawlings – Finance Manager

CITY OF SARATOGA SPRINGS
1307 N. Commerce Drive, Suite 200
Saratoga Springs, Utah 84045
801-766-9793

MAYOR AND CITY COUNCIL AS OF JUNE 30, 2017

Mayor Jim Miller

Email: jmiller@saratogaspringscity.com

Term: 01/2014 - 01/2018

Council Member Ryan Poduska

Succeeded Bud Poduska as of August 2017

Email: rpoduska@saratogaspringscity.com

Term: 01/2016 - 01/2020

Council Member Michael McOmber

Email: mmcomber@saratogaspringscity.com

Term: 01/2014 - 01/2018

Council Member Shellie Baertsch

Email: sbaertsch@saratogaspringscity.com

Term: 01/2016 - 01/2020

Council Member Stephen Willden

Email: swillden@saratogaspringscity.com

Term: 01/2014 - 01/2018

Council Member Christopher Porter

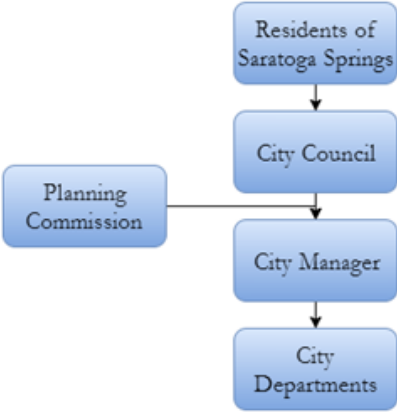
Email: cporter@saratogaspringscity.com

Term: 01/2016 - 01/2020

ORGANIZATIONAL CHARTS

FY2017

Overall City Structure



City Departments



Certificate of Achievement for Excellence in Financial Reporting



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Saratoga Springs
Utah**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

FINANCIAL SECTION



GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

RANDELA HEATON, CPA
LYNN A. GILBERT, CPA
JAMES A. GILBERT, CPA
BEN H. PROBST, CPA
RONALD J. STEWART, CPA

SIDNEY S. GILBERT, CPA
JAMES E. STEWART, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Saratoga Springs
Saratoga Springs, Utah

Report on the Basic Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Saratoga Springs, Utah (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Saratoga Springs, as of June 30, 2017 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.



GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

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BEN H PROBST, CPA
RONALD J. STEWART, CPA

SIDNEY S. GILBERT, CPA
JAMES E. STEWART, CPA

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, and the required supplementary information regarding pensions, as noted in the 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 and Other 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 introductory section, supplemental information, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and budgetary comparisons, as listed as supplemental information in the table of contents 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 statements and budgetary comparisons are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied to the audit of the basic financial statements and, accordingly we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 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.

Gilbert & Stewart

GILBERT & STEWART, CPA PC
October 20, 2017

CITY OF SARATOGA SPRINGS, UTAH
Management's Discussion and Analysis (Unaudited)
June 30, 2017

The following narrative is presented to facilitate a better understanding of the City's financial position and results of operations for the year ended June 30, 2017. When read in conjunction with the letter of transmittal and the notes to the financial statements, the financial highlights, overview and analysis should assist the reader to gain a more complete knowledge of the City's financial performance.

FINANCIAL HIGHLIGHTS

- The City's government-wide net position (the amount by which assets exceed liabilities) as of June 30, 2017, were \$229,334,808. Of this amount, \$31,989,284 (unrestricted net position) is available to meet ongoing financial obligations.
- The City's government-wide net position increased by \$5,394,764. Of this amount, business-type activities increased by \$5,767,973, a rise of 4.8 percent, and the governmental activities decreased by \$373,209 a decrease of 0.4 percent when compared to last fiscal year.
- The City's governmental funds reported a combined ending fund balance of \$35,415,734, an increase of \$19,766,931 (126.3 Percent) compared to the beginning of this year's fund balance amount. The increase in fund balance in comparison to last fiscal year is attributable to an increase in fund balances committed for capital projects. Of the combined total fund balance, \$3,662,232 is available for spending at the discretion of the City (unassigned fund balance).
- The General Fund is the primary operating fund of the City. The unassigned fund balance of the General Fund at June 30, 2017, totaled \$3,662,232 and is 24.5 percent of the General Fund total revenues for the year and 10.3 percent of total governmental fund balance.
- The City's total debt had a net increase of \$22,953,304 during fiscal year 2017. This represents a 85.2 percent increase over the prior year, this is a result from issuing 2016 Water revenue Bonds, 2017 Sales Tax Bonds and 2016 Special Assessment Bonds in conjunction with required debt service payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report includes four parts: 1) the independent auditors' report on financial statements and supplementary information; 2) this segment, management's discussion and analysis; 3) the basic financial statements; and 4) supplementary information. Within the basic financial statements are two distinct types of financial statements, 1) the government-wide financial statements, and 2) the fund financial statements. The notes to the financial statements are also an integral part of the basic financial statements. The City's basic financial statements are presented in accordance with

CITY OF SARATOGA SPRINGS
Management Discussion and Analysis (Unaudited)
June 30, 2017

Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended.

Immediately following the notes to the financial statements, the supplementary information includes balance sheets and income statements for non-major governmental funds, as well as other budgetary information.

Government-wide Financial Statements: The government-wide financial statements provide a view of City finances as a whole, similar to a private-sector business. These statements include the Statement of Net Position and the Statement of Activities.

The **Statement of Net Position** includes all of the City's assets and liabilities, and the resulting difference between the assets and liabilities, or net position. Net position (and the related change in net assets from year to year) are probably the most important financial measurement to enable an understanding of the financial position of the City, and whether financial position improves or deteriorates each year. To assess the overall health of the City, additional non-financial factors, such as changes in the property tax base, the condition of the City's infrastructure, etc. should be considered.

The **Statement of Activities** shows how the City's net position changed as a result of its operations during the most recent fiscal year. To understand the basis of how these numbers are determined, it is important to note that changes in net position are reported whenever an event occurs that requires a revenue or expense to be recognized, regardless of when the related cash is received or disbursed (the accrual basis of accounting). For example, most revenues are reported when the revenues are legally due, even though they may not be collected for some time after that date; and an obligation to pay a supplier is reported as an expense when the goods or services are received, even though the bill may not be paid until sometime later.

There are two distinct types of activities reflected in the government-wide statements: governmental activities and business-type activities. Governmental activities are those supported primarily by taxes and intergovernmental revenues, while business-type activities are those in which all costs (or at least a significant portion of costs) are intended to be recovered through user fees and charges. The governmental activities for the City of Saratoga Springs included General Government (Legislative, Administrative, Utility Billing, Treasurer, Recorder, Attorney, Justice Court, Non-Departmental, Buildings and Grounds, Elections, and Planning and Zoning); Public Safety (Communications, Police, and Fire, Building Inspection); Public Works (Building Inspection, Streets, Engineering, Public Improvements and GIS); and Recreation (parks & open spaces, recreation, library, and civic events). The business-type activities include Water, Sewer, Storm Drain, and Garbage.

Fund Financial Statements: The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based on the purposes for which the funds are to be spent as well as how the activities are to be controlled. The two broad categories of funds are: governmental funds and proprietary funds.

Governmental Funds – At the fund level, the focus is on changes in short-term spendable resources

CITY OF SARATOGA SPRINGS
Management Discussion and Analysis (Unaudited)
June 30, 2017

and the balance available to spend, rather than the long-term focus used for determining government-wide numbers. Because the focus is so different between fund statements and government-wide statements, reconciliations, between the two types of statements is necessary to understand how the numbers differ. Such reconciliations are provided for the reader on pages 32 and 34. The city has three governmental type funds. These are the general fund, the internal service fund and the capital projects funds. Two of these are considered major funds: The basic governmental fund financial statements can be found on pages 29-32 of this report.

- The **General Fund** is used to account for all financial resources of the City that are not accounted for by a specialized fund. More specifically, the general fund is used to account for ordinary operations such as collection of tax revenues and general government expenditures. The City adopts an annual appropriation budget for the general fund. On page 35, a budgetary comparison statement has been provided for the general fund to demonstrate budgetary compliance.
- **Internal Service Fund** is used to account for the central financing of goods or services provided to various departments of the City or other governments on a cost-reimbursement basis. The City currently has one internal service fund. The Street Lighting Fund provides storage, repair, and maintenance.
- **Capital Projects Funds** are used to account for financial resources to be used for the acquisition or construction of major capital improvements. These funds do not account for capital improvements financed by the proprietary funds.

Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The only proprietary fund type used by the City is enterprise funds. The basic proprietary fund financial statements can be found on pages 37-39 of this report.

- **Enterprise Funds** are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The City currently operates enterprise funds for the City-owned water system, sewer system, storm drain and garbage.

Notes to the financial statements contain additional information important to a complete understanding of the information contained in the government-wide and fund financial statements. Notes to the financial statements are located after the basic financial statements as listed in the table of contents.

CITY OF SARATOGA SPRINGS
Management Discussion and Analysis (Unaudited)
June 30, 2017

FINANCIAL ANALYSIS OF THE CITY AS A – WHOLE

Net position – The following table presents summary information for the Statement of net position for the years ended June 30, 2017 and 2016.

City of Saratoga Springs
Comparative Summary of Net Position
(in millions of dollars)

	Governmental		Business-Type		Total		Total %
	Activities		Activities				
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>Change</u>
Current and other assets	\$ 43.8	\$ 27.8	\$ 23.9	\$ 22.7	\$ 67.7	\$ 50.5	34.1%
Capital assets	87.5	89.8	137.2	127.2	224.7	217.0	3.5%
Total assets	131.3	117.6	161.1	149.9	292.4	267.5	9.3%
Deferred outflows of resources	1.9	1.3	0.3	0.2	2.2	1.5	46.7%
Total assets and deferred outflows of resources	133.2	118.9	161.4	150.1	294.6	269.0	9.5%
Long-Term debt	17.8	5.5	29.7	21.5	47.5	27	75.9%
Other liabilities	9.8	10.2	4.8	7.4	14.6	17.6	-17.0%
Total liabilities	27.6	15.7	34.5	28.9	62.1	44.6	39.2%
Deferred inflows of resources	3.1	0.3	0.1	0.1	3.2	0.4	700.0%
Net assets							
Net investment in capital assets	84.6	86.4	112.8	107.0	197.4	193.4	2.1%
Unrestricted	17.9	16.5	14.0	14.1	31.9	30.6	4.2%
Total net position	102.5	102.9	126.8	121.1	229.3	224.0	2.4%
Total liabilities, deferred inflows of resources and net position	\$ 133.2	\$ 118.9	\$ 161.4	\$ 150.1	\$ 294.6	\$ 269.0	9.5%

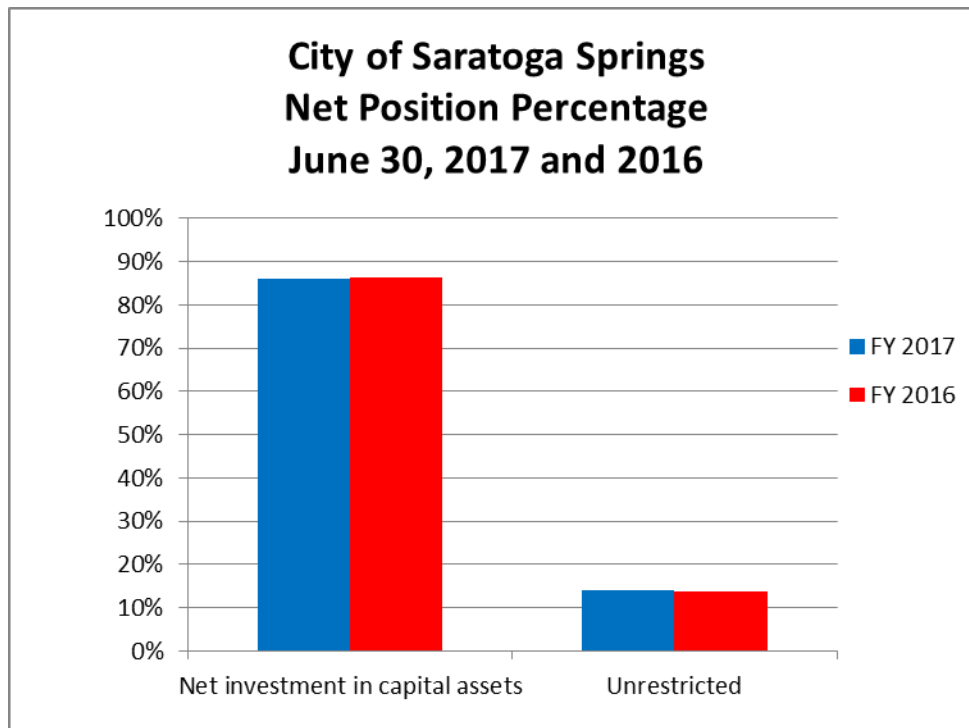
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2017, the City's assets exceeded liabilities by approximately \$229.3 million (net position) compared to \$224.0 million at June 30, 2016. This would indicate an improved financial position in comparison to last fiscal year. Roughly 86.1 percent at June 30, 2017, and 86.3 percent at June 30, 2016, of these amounts are represented by the net investment in capital assets still outstanding relating to the acquisition of those assets. Due to the nature of long-term assets (not easily convertible to liquid assets) they are not considered to be available for spending or appropriation. Further, even though the presentation here shows net investment in capital assets, it

CITY OF SARATOGA SPRINGS
Management Discussion and Analysis (Unaudited)
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should be understood that the repayment of this debt does not come from the capital assets themselves, but comes from other resources. The increase in the City's net investment in capital assets of \$4.0 million was due to developer capital contributions, routine acquisitions of capital assets, repayments of related debt, and depreciation expense.

The other sub-classification of net position is unrestricted. The balance of \$31.9 million at June 30, 2017 and \$30.6 million at June 30, 2016, which is unrestricted, indicates that this amount may be used to meet general, on-going financial obligations without limitations established by debt covenants or other legal requirements. The increase from last fiscal year is the result of an increase in general revenues and some charges for services.

The following graph represents the percentage of restricted and unrestricted net position as discussed above.



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Changes in Net Position – As taken from the Statement of Activities, the following table signifies the changes in net position for fiscal years 2017 and 2016.

Summary of Change in Net Assets
(in millions of dollars)

	Governmental		Business-Type		Total		Total %
	Activities		Activities				
	2017	2016	2017	2016	2017	2016	Change
Revenues							
Program Revenues							
Charges for Services	\$ 6.1	\$ 10.5	\$ 14.1	\$ 17.1	\$ 20.2	\$ 27.6	-26.8%
Operating grants and contributions	0.2	0.2	0.2	-	0.4	0.2	100.0%
Capital grants and contributions	6.8	10.8	5.2	17.8	12.0	28.6	-58.0%
General Revenues							
Property Tax	2.9	3.0	-	-	2.9	3	-3.3%
Other Taxes	4.9	4.3	-	-	4.9	4.3	14.0%
Investment earnings	0.3	0.2	-	0.1	0.3	0.3	0.0%
Other	-	-	-	-	-	-	-100.0%
Total Revenues	21.2	29.0	19.5	35.0	40.7	64.0	-36.4%
Expenses							
General government	2.7	2.5	-	-	2.7	2.5	8.0%
Public safety	6.7	6.0	-	-	6.7	6.0	11.7%
Highways and public improvements	5.9	6.0	-	-	5.9	6	-1.7%
Parks and recreation	3.5	2.0	-	-	3.5	2	75.0%
Interest on long-term debt	0.4	0.1	-	-	0.4	0.1	300.0%
Water utility	-	-	7.8	6.3	7.8	6.3	23.8%
Sewer utility	-	-	3.5	4.2	3.5	4.2	-16.7%
Garbage utility	-	-	1.2	0.9	1.2	0.9	33.3%
Storm drain utility	-	-	0.9	1.1	0.9	1.1	-18.2%
Total Expenses	19.2	16.6	13.4	12.5	32.6	29.1	12.0%
Change in net position	2.00	12.6	5.8	22.4	7.8	35.0	-77.7%
Net position beginning	102.9	90.3	121.0	98.7	223.9	189.0	18.5%
Net Position as restated	(2.4)				(2.4)		
Net position ending	<u>\$ 102.5</u>	<u>\$ 102.9</u>	<u>\$ 126.8</u>	<u>\$ 121.1</u>	<u>\$ 229.3</u>	<u>\$ 224.0</u>	<u>2.4%</u>

Net position decreased from governmental activities in fiscal year 2017 approximately \$0.4 million and increased \$12.6 million in fiscal year 2016. The decrease is primarily due to restating the net position for property tax deferred revenue. Expenses for governmental activities were higher with a \$2.6 million increase. This is mainly due to increase in personnel costs and expenses for capital projects.

Net position increased \$5.7 million in fiscal year 2017 and increased \$22.4 million in 2016 for business-type activities. The revenues for business-type activities increased in charges for services and developer

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contributions.

Revenues – For the year ended June 30, 2017, the City’s government-wide revenues are approximately \$40.7 million as compared to the prior year total revenues of \$64.0 million. Key elements of this change were as follows:

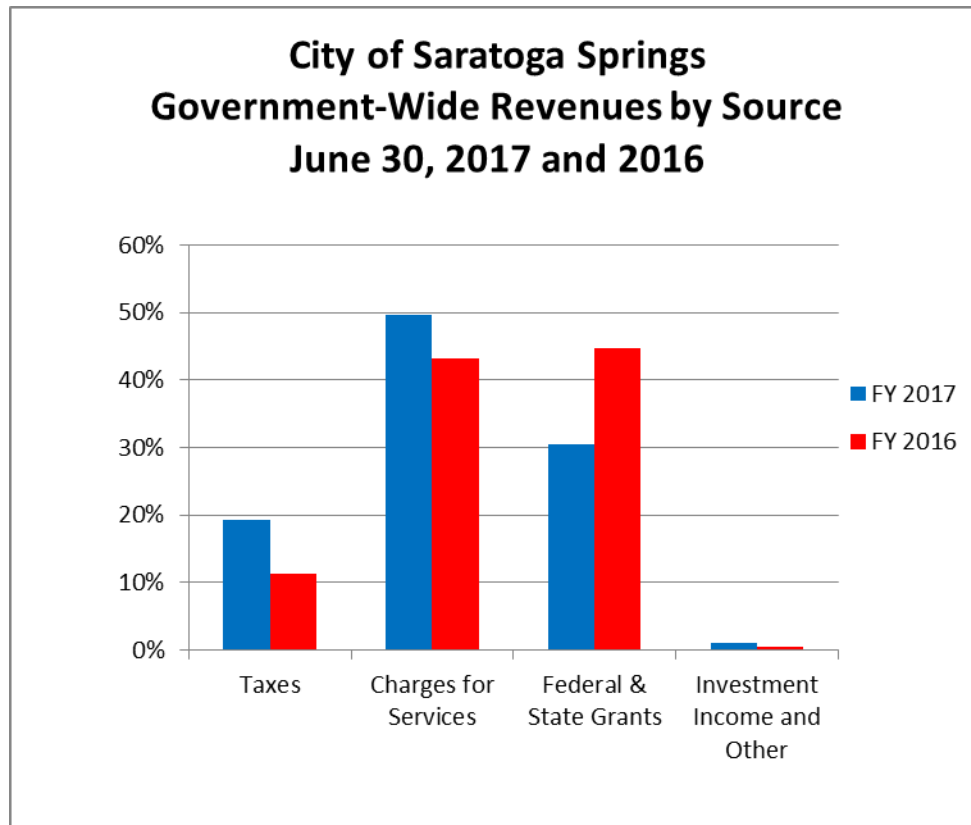
Of the City’s total revenues, about 18.7 percent in fiscal year 2017 and 11.4 percent in fiscal year 2016 resulted from taxes (under half of which is from property taxes) as shown in the following table:

**City of Saratoga Springs
(in millions of dollars)**

	Government-wide Tax Revenues		Total %
	2017	2016	Change
Property tax	\$ 2.8	\$ 3.0	-7%
General sales and use tax	3.6	3.2	13%
Franchise fees	0.2	0.2	0%
Energy Tax	1.0	0.9	11%
Total	<u>\$ 7.6</u>	<u>\$ 7.3</u>	<u>4%</u>

- Charges for services decreased in fiscal year 2017 about \$7.4 million and was 49.6 percent of total revenues in fiscal year 2017 from 43.2 percent in fiscal year 2016. The decrease is due to not including impact fees in the category of Charges for services.
- Operating and capital contributions combined decreased by \$16.4 million in fiscal year 2017. This was due to less capital and operating grant revenues received, combined with less developer contributions.
- Investment and other income, which is a combination of interest earnings and gain on the sale of capital assets, remained the same in fiscal year 2017.

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Expenses – The City’s government-wide total expenses cover a range of services. For the year ended June 30, 2017, the City’s total expenses are \$32.6 million compared to the prior year of \$29.1 million. Of the \$3.5 million increase, general government expenses increased \$0.2 million, public safety increased \$0.7 million, highways and public improvements decreased \$0.1 million, parks and recreation increased \$1.5 million, interest on long-term debt increased \$0.3 million, and business-type activities increased by \$0.9 million.

Governmental Activities:

Revenue Highlights:

- Taxes encompass a sizable source of revenue for the City’s governmental activities: Roughly \$7.6 million or 35.8 percent in fiscal year 2016 and \$7.3 million or 25.2 percent in fiscal year 2016 of total revenues from governmental activities. The \$0.3 million increase is majorly from property and other taxes.
- Charges for services decreased to \$6.1 million or 28.8 percent of total revenues from governmental activities in fiscal year 2017 from \$10.5 million or 36.2 percent of total governmental activities revenues in fiscal year 2016. The decrease in fiscal year 2016 is a result from not including impact fees as a charge for service in fiscal year 2017.

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- Grant and contribution revenue denotes approximately \$7.0 million or 33.0 percent in fiscal year 2017 and \$11.0 million or 38.0 percent in fiscal year 2016 of total revenues from governmental activities. The \$4.0 million decrease was the effect of less grants and contributions received as compared to last fiscal year.

Expense Highlights:

- General government expenses of around \$2.7 million in fiscal year 2017 and \$2.5 million in fiscal year 2016 represented 14.1 percent in fiscal year 2017 and 15.1 percent in fiscal year 2016 of total expenses from governmental activities. General government includes: Legislative, Administration, Utility billing, Treasury, Recorder, Attorney, Justice Court, Elections, and non-departmental. The \$0.2 million increase is due mainly due to an increase in personnel.
- Public safety expenses were \$6.7 million or 34.9 percent in fiscal year 2017 and \$6.0 million or 36.2 percent in fiscal year 2016. The expenses are higher due to increased personnel.
- Highways and public improvements were \$5.9 million or 30.7 percent in fiscal year 2017 and \$6.0 million or 36.2 percent in fiscal year 2016. The \$0.1 million decrease is due to less road and general capital projects.
- Parks and recreation expenses were \$3.5 million or 18.2 percent in fiscal year 2017 and \$2.0 million or 12.1 percent in fiscal year 2016. The \$0.7 million decrease is due to more capital projects, more purchase of equipment and increased personnel.

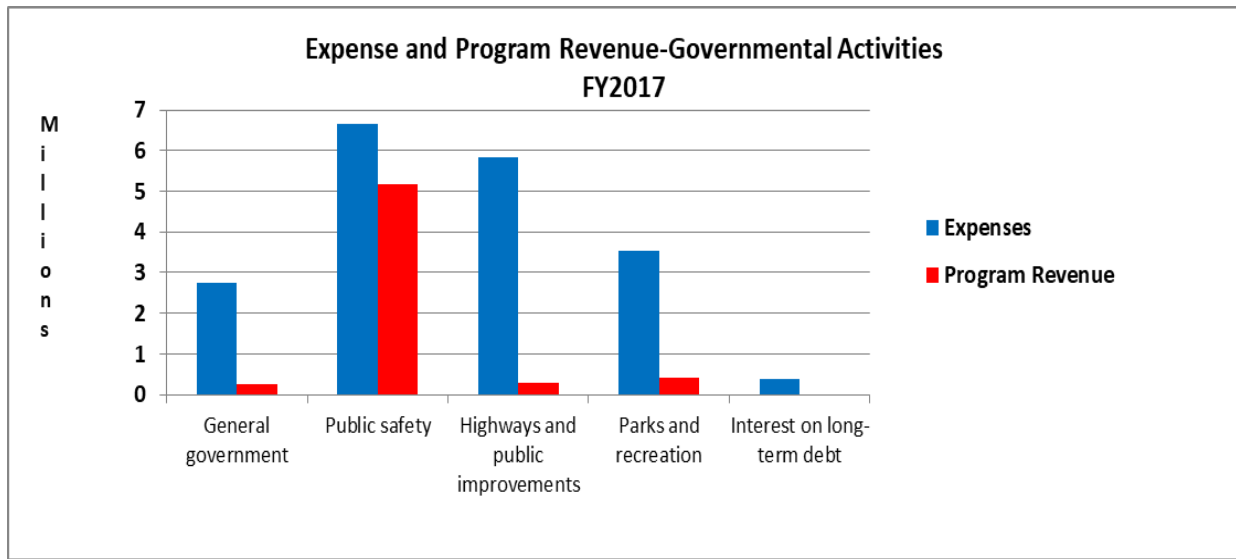
As a result, total net expenses that were funded by general revenues were \$6.0 million. Tax revenues of \$7.6 million were sufficient to fund net expenses in fiscal year 2017.

The following presents the costs and net costs (total cost less fees generated by the activities and intergovernmental aid) of the City's programs:

**City of Saratoga Springs
Costs of Governmental Activities
(in millions of dollars)**

	Total Cost of Services		Net Cost of Services		Total % Change
	2017	2016	2017	2016	
General government	\$ 2.7	\$ 2.5	\$ (2.5)	\$ (2.5)	0.0%
Public safety	6.7	6.0	(0.7)	4.5	-115.6%
Highways and public improvements	5.9	6.0	(0.5)	(6.5)	92.3%
Parks and recreation	3.5	2.0	(1.9)	(0.5)	280.0%
Interest on long-term debt	0.4	0.1	(0.4)	0.1	100.0%
Total	\$ 19.2	\$ 16.6	\$ (6.0)	\$ (4.9)	22.4%

CITY OF SARATOGA SPRINGS
Management Discussion and Analysis (Unaudited)
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Based on Government-Wide Financial Statements. See page 30.

Business-type Activities:

The City's business-type activities increased net position by \$5.8 million. Key elements of this increase were as follows:

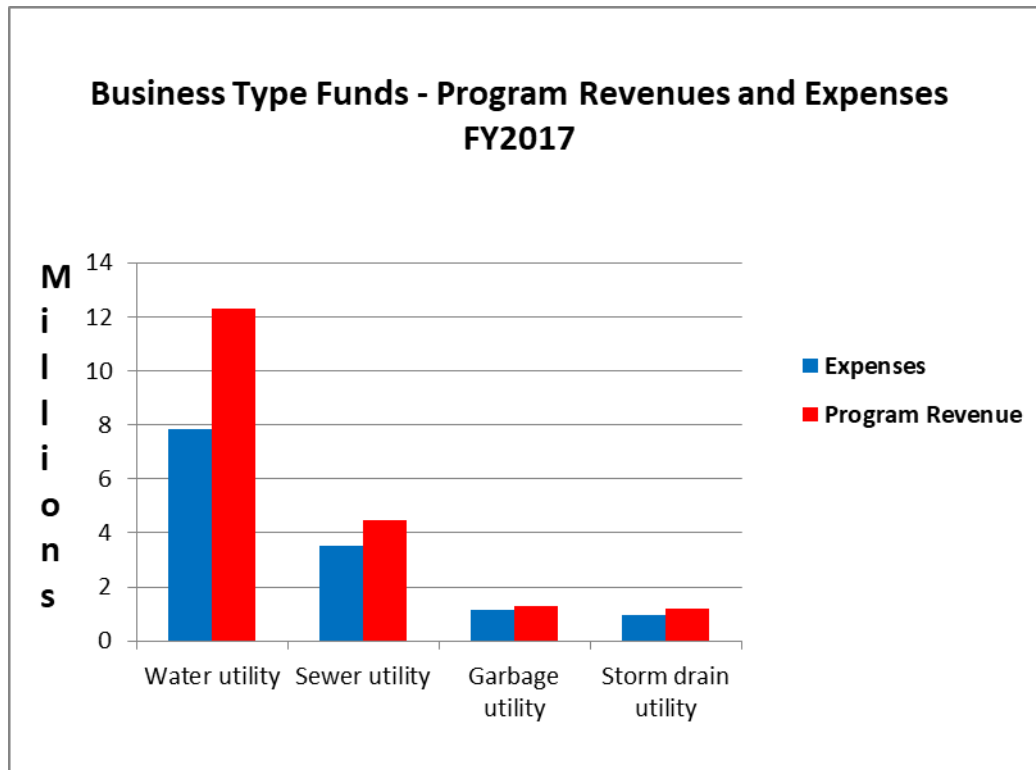
Revenue Highlights:

- Charges for services for business-type activities decreased by \$3.0 million for fiscal year 2017. This is mainly due to not including impact fees in the charges for services category.
- Operating and capital grants and contributions decreased about \$12.4 million in fiscal year 2017. The \$12.4 million decrease is due to less developer contributions and grants.
- Investment earnings decreased slightly in fiscal year 2017.

Expense Highlights:

- Personnel expenses decreased approximately \$0.1 million due to unfilled positions in the utility funds.
- Supplies and maintenance expenses decreased by \$0.3 million. The decrease is due to an increase of purchase of water meters coupled with decreases in sewer capital projects.
- Professional services expenses decreased slightly. The decrease is due to lower consulting services to prepare for various upcoming capital projects
- Treatment and sanitation expenses decreased approximately \$0.1 million due to decrease in water treatment costs.

CITY OF SARATOGA SPRINGS
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FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of resources available for appropriation. Such information is helpful in assessing the City's financial requirements.

As of June 30, 2017, the aggregate fund balance of the City's governmental funds was \$35.4 million, an increase of \$19.8 million in comparison with the fiscal year ended June 30, 2016. In fiscal year 2017, about \$3.7 million or 10.5 percent of this amount is unassigned fund balance compared to about \$2.8 million or 17.9 percent in fiscal year 2016. Unassigned fund balance categories are available for appropriation by the City Council at their discretion.

Committed fund balance which have externally enforceable limitations on use are not available for new spending and are approximately \$25.4 million in fiscal year 2017 and \$12.5 million in fiscal year 2016. The remainder of the fund balance of \$5.4 million is assigned. Of the assigned fund balance, \$0.4 million is assigned to street lighting and \$5.9 million is for debt service. In fiscal year 2016 the assigned fund balance was about \$0.4 million with \$0.4 million attributed to street lighting.

The General Fund is the principal operating fund of the City. Utah State code establishes a 5.0 percent minimum (\$802,965) and a 25.0 percent maximum (\$4,014,829) limit to the amount that may be accumulated as the fund balance in the General Fund. As of June 30, 2017 the unassigned fund balance

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of the General Fund was \$3,662,232 and was \$352,597 below the 25.0 percent limit. The unassigned fund balance increased by \$893,387 in fiscal year 2017. The main reason for increased fund balance is less transfers to the capital projects fund to fund currently budgeted projects. The unassigned fund balance in fiscal year 2016 decreased by \$220,231.

As of June 30, 2017, the restricted fund balance in the Capital Projects Fund was \$25.4 million. In fiscal year 2016 the restricted fund balance was \$12.5 million and the remaining fund balances combined were \$6.3 million. The \$12.9 million increase in restricted fund balance resulted from increased revenues through bonding for secondary water projects and parks.

As of June 30, 2017, the assigned fund balance was \$6.3 million. In fiscal year 2016 the assigned fund balance was \$0.4 million. The increase of fund balance resulted from increased debt service in fiscal year 2017 as compared to fiscal year 2016.

Proprietary Funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net position of the City's enterprise funds totaled about \$126.8 million at June 30, 2017, as compared to \$121.1 million at the end of fiscal year 2016. Net position at the end of fiscal year 2017 and 2016 for each of these funds were:

**City of Saratoga Springs
Proprietary Funds**

<u>Fund</u>	<u>Amount</u>		<u>Change</u>
	<u>2017</u>	<u>2016</u>	
Water Utility	\$ 83,128,056	\$ 78,689,538	\$ 4,438,518
Sewer Utility	23,541,859	22,607,717	934,142
Storm Drain Utility	20,014,688	19,651,732	362,956
Garbage Utility	150,744	118,387	32,357
Total	<u>\$ 126,835,347</u>	<u>\$ 121,067,374</u>	<u>\$ 5,767,973</u>

The net increase in net position from the prior year was \$5.7 million as compared to an increase of \$22.4 million in fiscal year 2016. Operating revenues increased \$0.3 million as compared to a \$1.1 million increase change in fiscal year 2016.

The Water Utility operating revenues decreased by \$0.3 million due to decreased connection and user fees in conjunction with more users and conservation methods encouraged. The Sewer Utility operating revenues increased by \$0.3 million in comparison to the previous fiscal year due to most likely due to more users. The Storm Drain Utility operating revenues increased \$0.1 million, the small increase was a result of increased storm utility fees collected.

Water Utility net investment in capital assets increased by \$6.3 million in fiscal year 2017 primarily due to increased accumulated depreciation, routine acquisition and disposition of capital assets, and depreciation expense. Unrestricted net position decreased about \$1.9 million.

CITY OF SARATOGA SPRINGS
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June 30, 2017

Sewer utility net investment in capital assets decreased by \$0.5 million, unrestricted net position increased by \$1.4 million. The decrease in net investment in capital assets was due to the net acquisition of capital assets, disposition of capital assets and depreciation expense.

Storm Drain Utility net investment in capital assets decreased minimally, unrestricted net position increased by \$0.4 million resulting in a net increase of total net position of less than \$0.4 million.

GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget for expenditures of less than \$0.5 million (net increase) can be summarized as follows:

- More than \$0.1 million increase in general government resulting from increases in general government personnel.
- More than \$0.2 million increase in public safety from Wildland expenses, public safety personnel.
- Minimal increase in highways and streets.
- Less than \$0.1 million increase in Parks and recreation for increased personnel.

Total actual expenditures came in \$3.0 million below the final budget. The differences between actual and the final budget can be briefly summarized as follows:

- The final budget was \$1.1 million more than the actual expenditures in general government. This difference was attributed to spending coming in under budget in salaries and wages, supplies, education and training, and contract services
- The final budget was \$0.4 million more than the actual expenditures in public safety. This difference was attributed to actuals less than budget in salaries and wages and professional contract services.
- The final budget was \$1.3 million more than the actual expenditures in highways and public improvements. This difference was attributed to coming in under budget in salaries and wages, employee benefits, street maintenance equipment and vehicle lease payments.
- The final budget was \$0.2 million more than actual expenditures in parks and recreation. The difference was coming in under budget in salaries and wages, employee benefits, vehicle lease payments, and supplies.

Actual revenues of \$14.9 million were below the final budgeted revenues of \$15.2 million by \$0.3 million. This is mainly due to decreased property tax redemptions, penalties and interest some development fees, and marina launch fees (marina closed to public much of the summer due to a secondary water project).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The City's investment in capital assets for is governmental and business-type activities totaled \$25.0 million (net of \$94.2 million accumulated depreciation) at June 30, 2016, as compared to \$217.0 million (net of \$83.2 million accumulated depreciation) at June 30, 2016. This investment in capital assets includes land, water rights, buildings, equipment, infrastructure, water capacities, culinary

CITY OF SARATOGA SPRINGS
Management Discussion and Analysis (Unaudited)
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water system, secondary water irrigation system, sewer system, storm drain system, and construction in progress.

Major capital asset additions during the year ended June 30, 2017 include:

Governmental Activities:

- \$1.9 million Developer Streets Infrastructure Contributions
- \$0.6 million Land Purchase – Sports Complex
- \$0.2 million 400 S. Widening

Business-type Activities:

- \$4.7 million Marina Pump Station
- \$2.2 million ULDC Pump Station
- \$2.1 million Developer Water Infrastructure Contributions

Additional information on the City's capital assets can be found in Note 4 – Capital Assets on page 48 of this report.

Long-Term Debt: Long-term debt for governmental activities increased by over \$15.4 million in comparison with fiscal year 2016. Business-type activities debt increased in fiscal year 2017 by \$9.7 million when compared with fiscal year 2016. Please see note 12 for details concerning long-term debt on Page 60.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The unemployment rate for Utah County was 3.0 percent compared with the State unemployment rate of 3.4 percent and a national rate of 4.4 percent.
- The fiscal year 2017 City budget does not include a property tax increase. The City Council adopted the certified tax rate for the General Fund. In accordance with Utah Statutes, the certified tax rate is intended to generate the same amount of property tax revenue as was received the prior year plus revenue for “new growth” occurring in the City. All other revenue sources have been estimated on a conservative basis using a multi-year trend analysis and assuming no significant changes in the local economy. The City's approach to budgeting includes preparation of a five-year capital plan. The long-term nature of the City's financial planning system allows decision makers to better understand the true effect of policy decisions. One of the most powerful aspects of the multi-year financial planning is its capability to recognize trends over time and begin at an early point to consider necessary steps to alter the long-term forecasted position of the City.

CITY OF SARATOGA SPRINGS
Management Discussion and Analysis (Unaudited)
June 30, 2017

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Saratoga Springs' finances to everyone with an interest. Questions concerning any of the information provided in this report requests for additional information should be addressed to:

City of Saratoga Springs
Attn: Finance Department
1307 N. Commerce Drive, Suite 200, Saratoga Springs, Utah 84045-5302

BASIC FINANCIAL STATEMENTS

CITY OF SARATOGA SPRINGS

Statement of Net Position

June 30, 2017

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 23,924,363	\$ 15,937,195	\$ 39,861,558
Cash restricted	15,798,458	6,688,647	22,487,105
Accounts receivable - net	1,286,323	1,379,410	2,665,733
Internal balances	146,814	(146,814)	-
Due from other governmental units	2,648,789	-	2,648,789
Net pension asset	4,648	-	4,648
Capital assets			
Land	20,710,163	554,841	21,265,004
Water rights	-	15,954,480	15,954,480
Construction in progress	851,784	4,093,925	4,945,709
Buildings and improvements	6,069,799	-	6,069,799
Equipment	5,577,760	1,677,752	7,255,512
Infrastructure	106,600,081	156,820,620	263,420,701
Accumulated Depreciation	(52,305,959)	(41,870,066)	(94,176,025)
Total assets	131,313,023	161,089,990	292,403,013
DEFERRED OUT FLOW OF RESOURCES			
Pension related costs	1,929,699	276,355	2,206,054
Total Deferred outflow of resources	1,929,699	276,355	2,206,054
 Total assets and deferred outflows of resources	<u>\$ 133,242,722</u>	<u>\$ 161,366,345</u>	<u>\$ 294,609,067</u>
LIABILITIES			
Accounts payable	\$ 750,027	\$ 2,791,615	\$ 3,541,642
Accrued liabilities	364,000	-	364,000
Deposits payable	4,626,197	172,838	4,799,035
Net pension liability	2,616,460	269,657	2,886,117
Accrued interest payable	151,074	46,529	197,603
Long-term liabilities			
Due within one year	1,298,440	1,765,460	3,063,900
Due in more than one year	17,828,608	29,412,664	47,241,272
Total liabilities	27,634,806	34,458,763	62,093,569
DEFERRED INFLOWS OF RESOURCES			
Pension related costs	459,666	72,235	531,901
Property taxes levied for future years	2,648,789	-	2,648,789
Total deferred inflow of resources	3,108,455	72,235	3,180,690
NET POSITION			
Net investment in capital assets	84,573,253	112,772,271	197,345,524
Unrestricted	17,926,208	14,063,076	31,989,284
Total net position	102,499,461	126,835,347	229,334,808
 Total liabilities, deferred inflows of resources and net position	<u>\$ 133,242,722</u>	<u>\$ 161,366,345</u>	<u>\$ 294,609,067</u>

CITY OF SARATOGA SPRINGS
Statement of Activities
For the Year Ended June 30, 2017

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,740,131	\$ 257,321	\$ -	\$ -	\$ (2,482,810)	\$ -	\$ (2,482,810)
Public safety	6,654,993	5,175,558	242,108	544,850	(692,477)	-	(692,477)
Highways and public works	5,850,964	285,091	-	5,068,296	(497,577)	-	(497,577)
Parks and recreation	3,532,875	416,750	-	1,143,542	(1,972,583)	-	(1,972,583)
Interest on long-term debt	392,392	-	-	-	(392,392)	-	(392,392)
Total governmental activities	19,171,356	6,134,720	242,108	6,756,688	(6,037,840)	-	(6,037,840)
Business-type activities:							
Major Funds							
Water	7,828,265	7,934,650	-	4,362,981	-	4,469,366	4,469,366
Sewer	3,541,052	4,255,070	-	226,663	-	940,681	940,681
Storm Drain	954,935	755,522	-	562,369	-	362,956	362,956
Non Major Funds							
Garbage	1,171,046	1,203,403	-	-	-	32,357	32,357
Street Lights	-	-	-	-	-	-	-
Total business-type activities	13,495,298	14,148,645	-	5,152,013	-	5,805,360	5,805,360
Total primary government	\$ 32,666,654	\$ 20,283,365	\$ 242,108	\$ 11,908,701	(6,037,840)	5,805,360	(232,480)
General revenues:							
Property taxes					\$ 2,849,625	\$ -	\$ 2,849,625
General sales and use tax					3,639,272	-	3,639,272
Franchise taxes					227,184	-	227,184
Energy taxes					1,003,254	-	1,003,254
Interest earnings					304,412	-	304,412
Transfers					37,387	(37,387)	-
Total general revenues and transfers					8,061,134	(37,387)	8,023,747
Change in net Position					2,023,294	5,767,973	7,791,267
Net position- beginning					102,872,670	121,067,374	223,940,044
Net position as restated (see note13)					(2,396,503)	-	(2,396,503)
Net position - ending					\$ 102,499,461	\$ 126,835,347	\$ 229,334,808

CITY OF SARATOGA SPRINGS
Balance Sheet
For the Year Ended June 30, 2017

	Major Funds			Nonmajor Fund	Total
	General Fund	Capital Projects	Debt Service	Special Revenue	Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 7,852,221	\$ 15,621,126	\$ 45,136	\$ 405,880	\$ 23,924,363
Cash - restricted	-	9,916,863	5,881,595	-	15,798,458
Accounts receivable - net	1,096,218	164,110	-	25,995	1,286,323
Due from other funds	296,275	-	-	-	296,275
Due from other governments	2,648,789	-	-	-	2,648,789
Total assets	<u>\$ 11,893,503</u>	<u>\$ 25,702,099</u>	<u>\$ 5,926,731</u>	<u>\$ 431,875</u>	<u>\$ 43,954,208</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable & accrued liabilities	\$ 531,692	\$ 217,909	\$ -	\$ 426	\$ 750,027
Due to other funds	149,461	-	-	-	149,461
Accrued liabilities	364,000	-	-	-	364,000
Deposits	4,537,329	88,868	-	-	4,626,197
Total liabilities	<u>5,582,482</u>	<u>306,777</u>	<u>-</u>	<u>426</u>	<u>5,889,685</u>
Deferred inflows of Resources:					
Property taxes levied for future years	2,648,789	-	-	-	2,648,789
Total deferred inflows of resources	<u>2,648,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,648,789</u>
Fund Balances:					
Fund balances committed for:					
Capital projects	-	25,395,322	-	-	25,395,322
Assigned, for:	-	-	-	-	-
Street lights	-	-	-	431,449	431,449
Debt service	-	-	5,926,731	-	5,926,731
Unassigned:	3,662,232	-	-	-	3,662,232
Total fund balances	<u>3,662,232</u>	<u>25,395,322</u>	<u>5,926,731</u>	<u>431,449</u>	<u>35,415,734</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,893,503</u>	<u>\$ 25,702,099</u>	<u>\$ 5,926,731</u>	<u>\$ 431,875</u>	<u>\$ 43,954,208</u>

CITY OF SARATOGA SPRINGS
Balance Sheet Reconciliation to Statement of Net Position – Governmental Funds
June 30, 2017

Total fund balances - governmental fund types:	\$	35,415,734
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		87,503,628
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Net pension assets and deferred outflows of resources are not available financial resources and are not reported in the governmental funds.		1,934,347
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Net pension liabilities and deferred inflows of resources are not available financial resources and are not reported in the governmental funds.		(3,076,126)
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Long-term liabilities, including bonds payable and pension liabilities, are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable	\$ (18,165,000)	
Capital lease payable	(108,543)	
Bond premium	(304,216)	
Accrued interest	(151,074)	
Compensated absences	<u>(549,289)</u>	(19,278,122)

Net assets of government activities	\$	<u>102,499,461</u>
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CITY OF SARATOGA SPRINGS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	Major Funds			Nonmajor Fund	Total
	General	Capital Projects	Debt	Special	Governmental
	Fund	Fund	Service	Revenue	Funds
REVENUES					
Taxes	\$ 7,719,336	\$ -	\$ -	\$ -	\$ 7,719,336
Licenses and permits	1,267,524	-	-	-	1,267,524
Intergovernmental	1,298,970	164,110	-	-	1,463,080
Charges for services	3,951,335	-	733,460	102,537	4,787,332
Fines and forfeitures	480,309	-	-	-	480,309
Investment earnings	107,326	173,653	6,271	1,951	289,201
Impact fees	-	2,912,619	-	-	2,912,619
Other	101,372	-	-	-	101,372
Total revenues	<u>14,926,172</u>	<u>3,250,382</u>	<u>739,731</u>	<u>104,488</u>	<u>19,020,773</u>
EXPENDITURES					
Current:					
General government	2,401,736	-	-	60,840	2,462,576
Public safety	6,535,638	18,508	-	-	6,554,146
Highways and public works	968,263	473,839	-	-	1,442,102
Parks and recreation	1,682,890	818,252	-	-	2,501,142
Capital expenditures	-	1,310,587	-	-	1,310,587
Debt service:	-	-	-	-	-
Principal retirement	165,000	-	-	-	165,000
Bond issuance costs	-	197,504	-	-	197,504
Interest and fiscal charges	128,318	-	113,000	-	241,318
Total expenditures	<u>11,881,845</u>	<u>2,818,690</u>	<u>113,000</u>	<u>60,840</u>	<u>14,874,375</u>
Excess revenues over (under)					
expenditures	<u>3,044,327</u>	<u>431,692</u>	<u>626,731</u>	<u>43,648</u>	<u>4,146,398</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	183,719	-	-	-	183,719
Bond proceeds	-	10,099,427	5,300,000	-	15,399,427
Transfers in	-	2,372,046	-	-	2,372,046
Transfers out	(2,334,659)	-	-	-	(2,334,659)
Total other financing sources and uses	<u>(2,150,940)</u>	<u>12,471,473</u>	<u>5,300,000</u>	<u>-</u>	<u>15,620,533</u>
Net change in fund balance	893,387	12,903,165	5,926,731	43,648	19,766,931
Fund balances - beginning of year	2,768,845	12,492,157	-	387,801	15,648,803
Fund balances - end of year	<u>\$ 3,662,232</u>	<u>\$ 25,395,322</u>	<u>\$ 5,926,731</u>	<u>\$ 431,449</u>	<u>\$ 35,415,734</u>

CITY OF SARATOGA SPRINGS
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 19,766,931
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Governmental funds report capital outlays 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 capital outlays exceeded depreciation in the current period.

Capitalized Expenditures	\$ 1,676,981	
Depreciation Expense	<u>(5,960,448)</u>	
		(4,283,467)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net assets.

Current year capital contributions from developers	1,937,560
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds

Change in pension related costs	(95,620)	
Change in accrued compensated absences	<u>(42,861)</u>	
		(138,481)

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bond issuance	(15,080,000)	
Bond premium	(319,427)	
Principal repayments on bonds	165,000	
Principal repayments of capital leases	111,041	
Accrued interest	(151,074)	
Bond premium amortization	<u>15,211</u>	
		(15,259,249)

Change in net assets of governmental activities	<u>\$ 2,023,294</u>
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CITY OF SARATOGA SPRINGS
Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Totals	Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 2,714,269	\$ 2,714,269	\$ 2,849,626	\$ 135,357
Sales	3,000,000	3,300,000	3,639,272	339,272
Franchise	200,000	200,000	227,184	27,184
Energy	862,500	950,000	1,003,254	53,254
Licenses and permits	789,900	839,900	1,267,524	427,624
Intergovernmental	707,952	944,486	1,298,970	354,484
Charges for services	5,606,032	5,812,023	3,951,335	(1,860,688)
Fines and forfeitures	428,900	428,900	480,309	51,409
investment earnings	26,000	26,000	107,326	81,326
Other	30,000	30,000	101,372	71,372
Total revenues	14,365,553	15,245,578	14,926,172	(319,406)
EXPENDITURES				
Current:				
General government	3,353,932	3,496,294	2,401,736	1,094,558
Public safety	6,746,967	6,958,942	6,535,638	423,304
Highways and public works	2,233,637	2,297,144	968,263	1,328,881
Parks and recreation	1,781,942	1,858,589	1,682,890	175,699
Debt Service:				
Principal retirement	165,000	165,000	165,000	-
Interest and fiscal charges	128,500	128,500	128,318	182
Total expenditures	14,409,978	14,904,469	11,881,845	3,022,624
Excess (deficit) of revenues over (under) expenditures	(44,425)	341,109	3,044,327	2,703,218
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	183,719	183,719
Transfers in	-	-	-	-
Transfers out	(2,334,659)	(2,334,659)	(2,334,659)	-
Total other financing sources (uses)	(2,334,659)	(2,334,659)	(2,150,940)	183,719
Net change in fund balance	(2,379,084)	(1,993,550)	893,387	2,886,937
Fund balances - beginning	2,768,845	2,768,845	2,768,845	-
Fund balances - ending	\$ 389,761	\$ 775,295	\$ 3,662,232	\$ 2,886,937

CITY OF SARATOGA SPRINGS
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Special Revenue Fund – Budget and Actual
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Totals</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Charges for services	\$ 204,492	\$ 204,492	\$ 102,537	\$ (101,955)
Investment earnings	-	-	1,951	1,951
Total revenues	<u>204,492</u>	<u>204,492</u>	<u>104,488</u>	<u>(100,004)</u>
EXPENDITURES				
General government	<u>159,983</u>	<u>159,983</u>	<u>60,840</u>	<u>99,143</u>
Total expenditures	<u>159,983</u>	<u>159,983</u>	<u>60,840</u>	<u>99,143</u>
Excess (deficit) of				
revenues over (under)				
expenditures	<u>44,509</u>	<u>44,509</u>	<u>43,648</u>	<u>(861)</u>
OTHER FINANCING SOURCES (USES)				
Net change in fund balance	44,509	44,509	43,648	(861)
Fund balances - beginning	<u>387,801</u>	<u>387,801</u>	<u>387,801</u>	<u>-</u>
Fund balances - ending	<u>\$ 432,310</u>	<u>\$ 432,310</u>	<u>\$ 431,449</u>	<u>\$ (861)</u>

CITY OF SARATOGA SPRINGS
Schedule of Net Position
Proprietary Funds
June 30, 2017

	Business-Type Activities - Enterprise				
	Major Funds			Non Major	
	Water	Sewer	Storm Drain	Funds	Total
<u>ASSETS</u>					
Current assets:					
Cash and cash equivalents	\$ 9,538,139	\$ 4,986,673	\$ 1,343,857	\$ 68,526	\$ 15,937,195
Restricted cash and cash equivalents	6,688,647	-	-	-	6,688,647
Accounts receivable - net	713,065	428,099	77,676	160,570	1,379,410
Due from other funds	6,005,105	4,500	-	-	6,009,605
Total current assets	22,944,956	5,419,272	1,421,533	229,096	30,014,857
Noncurrent assets:					
Capital Assets					
Water rights	15,954,480	-	-	-	15,954,480
Land	554,841	-	-	-	554,841
Construction in progress	3,934,514	158,781	630	-	4,093,925
Water capacities	10,950,988	-	-	-	10,950,988
Culinary water system	80,472,095	-	-	-	80,472,095
Secondary water system	15,333,456	-	-	-	15,333,456
Sewer system	-	26,389,358	-	-	26,389,358
Storm drain system	-	-	23,674,723	-	23,674,723
Equipment	695,901	838,736	143,115	-	1,677,752
Less: Accumulated depreciation	(27,771,964)	(8,924,018)	(5,174,084)	-	(41,870,066)
Total capital assets	100,124,311	18,462,857	18,644,384	-	137,231,552
Net pension asset	-	-	-	-	-
Total noncurrent assets	-	-	-	-	-
Total assets	123,069,267	23,882,129	20,065,917	229,096	167,246,409
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Pension related costs	222,690	53,665	-	-	276,355
Total deferred outflow of resources	222,690	53,665	-	-	276,355
Total assets & deferred outflows of resources	\$ 123,291,957	\$ 23,935,794	\$ 20,065,917	\$ 229,096	\$ 167,522,764
<u>LIABILITIES</u>					
Current liabilities:					
Accounts Payable	\$ 2,462,150	\$ 269,794	\$ 3,622	\$ 56,049	\$ 2,791,615
Due to other funds	6,038,902	47,607	47,607	22,303	6,156,419
Compensated absences	12,354	2,986	-	-	15,340
Customer deposits payable	164,340	8,498	-	-	172,838
Accrued interest payable	46,529	-	-	-	46,529
Bonds and contracts payable - current	1,749,000	-	-	-	1,749,000
Capital leases payable - current	1,120	-	-	-	1,120
Total current liabilities	10,474,395	328,885	51,229	78,352	10,932,861
Noncurrent liabilities:					
Compensated absences	12,843	893	-	-	13,736
Net pension liability	218,850	50,807	-	-	269,657
Bonds and contracts payable	29,398,928	-	-	-	29,398,928
Total noncurrent liabilities	29,630,621	51,700	-	-	29,682,321
Total liabilities	40,105,016	380,585	51,229	78,352	40,615,182
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Pension related costs	58,885	13,350	-	-	72,235
Total deferred outflow of resources	58,885	13,350	-	-	72,235
<u>NET POSITION</u>					
Net investment in capital assets	75,665,030	18,462,857	18,644,384	-	112,772,271
Unrestricted	7,463,026	5,079,002	1,370,304	150,744	14,063,076
Total net position	83,128,056	23,541,859	20,014,688	150,744	126,835,347
Total liabilities, deferred inflows of resources and net position	\$ 123,291,957	\$ 23,935,794	\$ 20,065,917	\$ 229,096	\$ 167,522,764

CITY OF SARATOGA SPRINGS
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds				
	Major Funds			Non Major	
	Water	Sewer	Storm Drain	Funds	Total
Operating revenues:					
Charges for services	\$ 4,427,155	\$ 3,466,911	\$ 530,411	\$ 1,198,295	\$ 9,622,772
Connection and other fees	2,135,072	226,980	-	-	2,362,052
Other	602	-	-	-	602
Total operating revenues	6,562,829	3,693,891	530,411	1,198,295	11,985,426
Operating expenses:					
Personnel Services	473,675	93,704	41,365	-	608,744
Supplies and maintenance	1,572,922	354,172	36,442	69,169	2,032,705
Professional services	25,074	-	-	-	25,074
Administration	1,385,791	694,540	147,641	80,391	2,308,363
Power and pumping	372,373	39,238	7,995	-	419,606
Treatment and sanitation	-	1,390,539	-	1,021,486	2,412,025
Depreciation	3,354,364	968,859	721,492	-	5,044,715
Other	-	-	-	-	-
Total operating expenses	7,184,199	3,541,052	954,935	1,171,046	12,851,232
Operating income	(621,370)	152,839	(424,524)	27,249	(865,806)
Nonoperating revenues (expenses):					
Interest revenue	209,340	48,605	13,373	5,108	276,426
Interest expense and fiscal charges	(644,066)	-	-	-	(644,066)
Total nonoperating revenues (expense)	(434,726)	48,605	13,373	5,108	(367,640)
Net income (loss) before contributions and transfers	(1,056,096)	201,444	(411,151)	32,357	(1,233,446)
Capital contributions	4,362,981	226,663	562,369	-	5,152,013
Impact fees	1,162,481	512,574	211,738	-	1,886,793
Transfers in	-	-	-	-	-
Transfers out	(30,848)	(6,539)	-	-	(37,387)
Total contributions and transfers	5,494,614	732,698	774,107	-	7,001,419
Change in net position	4,438,518	934,142	362,956	32,357	5,767,973
Total net position - beginning	78,689,538	22,607,717	19,651,732	118,387	121,067,374
Total net position - ending	\$ 83,128,056	\$ 23,541,859	\$ 20,014,688	\$ 150,744	\$ 126,835,347

CITY OF SARATOGA SPRINGS

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds				
	Major Funds			Non Major	Total BTAs
	Water	Sewer	Storm Drain	Funds	
Cash Flows From Operating Activities					
Receipts from customers	\$ 6,236,201	\$ 3,613,149	\$ 504,269	\$ 1,146,235	\$ 11,499,854
Payments to suppliers	(95,256)	(2,271,351)	(238,380)	(1,143,273)	(3,748,260)
Payments to interfund services	(1,385,791)	(694,540)	(147,641)	(65,851)	(2,293,823)
Payments to employees	(456,329)	(91,513)	(41,365)	-	(589,207)
Net cash provided (used) by operating activities	4,298,825	555,745	76,883	(62,889)	4,868,564
Cash Flows From Noncapital Financing Activities					
Advance from other funds	(2,222,744)	-	-	22,303	(2,200,441)
Advance to other funds	2,173,593	(6,539)	-	-	2,167,054
Net cash provided (used) by noncapital financing activities	(49,151)	(6,539)	-	22,303	(33,387)
Cash Flows From Capital and Related Financing Activities					
Purchases of capital assets	(11,783,850)	(279,265)	(105,237)	-	(12,168,352)
Impact fees collected	1,162,481	512,574	211,738	-	1,886,793
Revenue bond proceeds	9,710,000	-	-	-	9,710,000
Bond premium proceeds	433,965	-	-	-	433,965
Payments for developer contributions	2,206,063	-	-	-	2,206,063
Principal paid on capital debt	(1,914,743)	-	-	-	(1,914,743)
Interest and fees paid on capital debt	(628,653)	-	-	-	(628,653)
Net cash provided (used) by capital and related financing activities	(814,737)	233,309	106,501	-	(474,927)
Cash Flows From Investing Activities					
Interest and dividends received	187,642	48,605	13,373	5,108	254,728
Net increase (decrease) in cash and cash equivalents	3,622,579	831,120	196,757	(35,478)	4,614,978
Cash and cash equivalents - beginning	12,604,207	4,155,553	1,147,100	104,004	18,010,864
Cash and cash equivalents (deficit) - ending	\$ 16,226,786	\$ 4,986,673	\$ 1,343,857	\$ 68,526	\$ 22,625,842
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income	\$ (621,370)	\$ 152,839	\$ (424,524)	\$ 27,249	\$ (865,806)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation and amortization expense	3,354,364	968,859	721,492		5,044,715
(Increase)/decrease in accounts receivable	(326,628)	(80,742)	(26,142)	(52,060)	(485,572)
(Increase)/decrease in net pension assets	18	5			23
(Increase)/decrease in deferred outflows	(67,605)	(17,053)			(84,658)
Increase/(decrease) in accounts payable	1,838,113	(487,402)	(193,943)	(38,078)	1,118,690
Increase/(decrease) in compensated absences	7,344	(333)			7,011
Increase/(decrease) in net pension liability	59,491	15,007			74,498
Increase/(decrease) in deferred inflows	18,098	4,565			22,663
Increase/(decrease) in deposits	37,000	-			37,000
Total adjustments	4,920,195	402,906	501,407	(90,138)	5,734,370
Net cash provided (used) by operating activities	\$ 4,298,825	\$ 555,745	\$ 76,883	\$ (62,889)	\$ 4,868,564

CITY OF SARATOGA SPRINGS

Notes to the Financial Statements

June 30, 2017

Note 1 - Summary of Significant Accounting Policies

The City of Saratoga Springs (City) was incorporated in December 1997. The City operates under a council manager form of government and provides the following services as authorized by its charter: public safety (police, fire, inspection and animal control), streets and highways, public utilities (refuse collection, water sewer, and storm drain), parks and recreation and general administrative services. The financial statements of the City of Saratoga Springs have been prepared in conformity with generally accepted accounting principles (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. The following is a summary of the more significant policies.

A. Reporting Entity

The City of Saratoga Springs is a municipal corporation governed by an elected mayor and six council members. The accompanying financial statements present the financial affairs of the government and its operations.

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 the related Governmental Accounting Standards. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent on the City.

The City has no component units.

B. Government-wide and Fund Financial Statements

The City's basic financial statements consist of both government-wide statements (the statement of net position and the statement of activities) and fund statements. The government-wide statements focus on the City as a whole, while the fund statements focus on individual funds. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The effects of inter-fund activity have been eliminated from the government-wide statements except for the residual amounts due between governmental and business-type activities and inter-fund services provided.

The Statement of Net Position presents the City's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position. Net position is restricted when constraint placed upon it is either externally imposed or is imposed by constitutional provisions or enabling legislation. 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 within a specific function. The City does not allocate general government (indirect) expenses to other functions. 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; and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function. Taxes and other revenues not meeting

the definition of program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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.

The use of financial resources to acquire capital assets are shown as assets in the government-wide financial statements, rather than reported as expenditures in the governmental fund financial statements. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source in the governmental fund financial statements. Amounts paid to reduce long-term debt in the government-wide financial statements are reported as a reduction of the related liability, rather than expenditures in the governmental fund statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter (generally within sixty days) to pay liabilities of the current period. Expenditures are generally recorded when a liability is incurred, as under the accrual method of accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded when payment is due.

Sales and use taxes, franchise taxes and earned but un-reimbursed state and federal grants associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Property taxes are measurable as of the date levied and available only when cash is received by the county treasurer prior to the City's fiscal year end and remitted to the City within sixty days of its fiscal year end.

The City reports the following governmental funds:

General Fund - The General Fund is the primary operating fund. It is used to account for all financial resources of the City not accounted for by a separate, specialized fund.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are restricted or committed for specified purposes. The City has one special revenue fund that operates the street light program funded by property owner assessments.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital improvements (other than those financed by proprietary funds.)

C. Measurement Focus and Basis of Accounting

Debt Service Fund - The debt service fund is used to account for the debt related to the special assessment area and will be funded by property owner assessments.

The City reports the following proprietary fund types as enterprise funds:

Water Utility Fund - The Water Utility Fund accounts for the water distribution system of the City for its residents.

Sewer Utility Fund - The Sewer Utility Fund accounts for the sewage collection systems of the City for its residents

Storm Drain Utility Fund - The Storm Drain Utility Fund accounts for the various storm drain collection and retention systems in the City for its residents.

Garbage Collection Utility Fund - The Garbage Collection Utility Fund accounts for the collection and disposal of garbage for City residents.

Street Light Utility Fund – The Street Light Utility Fund accounts for the street light services of the City for its residents.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by the Enterprise Funds for providing administrative, billing, and facility costs for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operation. The principal operating revenues of the enterprise funds are charges to customers to the system. Operating expenses for enterprise funds 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 non-operating revenues and expenses.

D. Budgets

Annual budgets are prepared and adopted before June 22 for the fiscal year commencing the following July 1, in accordance with the Uniform Fiscal Procedures Act for Utah Cities. State

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law requires budgeted revenues to equal budgeted expenditures, and legal control is exercised at the department level, administration, public safety, public works, etc. Once a budget has been adopted, it remains in effect until it has been formally revised. Budgets for the general fund, special revenue, and capital projects funds are legally required and prepared and adopted on the modified accrual basis of accounting. Therefore, no reconciliation between budgetary schedules and the GAAP statements is required.

The Budgetary Comparison schedules presented in this section of the report are for the City's general fund and special revenue funds. Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to July 1. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the City Council through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unassigned fund balance at the end of each year.

Utah State allows for any unassigned fund balances in excess of 5% of total revenue of the general fund to be utilized for budget purposes. The law also allows for the accumulation of a fund balance in the general fund in an amount equal to 25% of the total estimated revenue of the general fund. In the event that the fund balance, at the end of the fiscal year, is in excess of that allowed, the City has one year to determine an appropriate use and then the excess must be included as an available resource in the general fund budget.

E. Taxes

In connection with budget adoption, an annual tax ordinance establishing the tax rate is adopted before June 22 and the City Recorder is to certify the tax rate to the County Auditor before June 22. Budgets for the general, special revenue, and capital projects funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The above procedures are authorized by the Utah Code Sections 10-6-109 through 10-6-135.

All property taxes levied by the City are assessed and collected by Utah County. Taxes are attached as an enforceable lien as of January 1, are levied as of October 1, and are due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 until paid. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the County monthly.

F. Capital Assets

Capital assets, which include land, buildings, property, plant, equipment, water rights, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are carried at cost or estimated historical cost. Depreciation of these assets is computed by use of the straight-line method over their estimated useful lives as follows:

Buildings and improvements	40 Years
Sewer collection system	30 Years
Water distribution systems	40 Years
Infrastructure and improvements	10-25 Years
Machinery and equipment	5-20 Years
Other improvements	10-40 Years

G. Long-Term Obligation

In the government-wide financial statements and proprietary fund types, 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 assets.

H. Equity Classifications

Equity is classified in the government-wide financial statements as net position and is displayed in three components:

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net assets that do not meet the definition of “restricted” or “net investment in capital assets”.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as Non-spendable, Restricted, Committed, Assigned or Unassigned.

Non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

Restricted fund balance classifications are restricted by enabling legislation. Also reported if, (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance classification includes those funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of

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decision making authority, the City Council. Fund balance commitments can only be removed or changed by the same type of action (for example, resolution) of the City Council.

Assigned fund balance classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Also includes all remaining amounts that are reported in governmental funds, other than the general fund that are not classified as non-spendable, restricted nor committed in the General Fund, that are intended to be used for specific purposes. It is the City's policy to require City Council action for the assignment of funds.

Unassigned fund balance classification is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted. It is the City's policy to use committed funds first then assigned funds and lastly use unassigned funds when all are available for use in satisfying the expenditure.

Proprietary Fund equity is classified the same as in the government-wide statements.

I. Cash and Cash Equivalents

Cash includes amounts in demand deposits as well as short-term investments with a maturity date of three months or less when acquired by the City.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources which represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City also records deferred outflows for changes to the net pension liability as provided by the cost sharing defined benefit pension systems administered by Utah State Retirement System (URS).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The governmental has two items which qualifies for reporting in this category. First, unavailable revenues, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the

period that the amounts become available. Second, the city recognizes deferred inflows for changes to the net pension liability as provided by the URS.

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2 - Deposits and Investments

As of June 30, 2017, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Ratings</u>
PTIF Investments	\$ 58,875,310	85 days*	not rated
Total	<u>\$ 58,875,310</u>		

*Weighted-average maturity

A. Custodial Credit Risk

Deposits and investments for the City are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council"). Following are discussions of the City's exposure to various risks related to its cash management activities.

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of City funds to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. The City's deposits in the bank in excess of the insured amount are uninsured and are not collateralized, nor do state statutes require them to be. The City's bank balances at June 30, 2017 were \$2,223,851 of which \$1,973,851 were uninsured and uncollateralized.

Investments. Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City policy to minimize custodial credit risk is to follow the Utah Money Management Act and the City's approved investment policy. The City currently invests only in the State of Utah PTIF as discussed below.

B. Credit Risk

Credit risk is the risk that the counterparty to an investment transaction will not fulfill its obligations. The City's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first- tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations; and shares in a money market fund as defined in the Act. The City is also authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The

PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances. The fair value of the PTIF investment pool exceeded its amortized cost basis by \$170,918 at June 30, 2017.

C. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by following its investment policy by investing mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the City's investments are noted in the table at the beginning of Note 2.

D. Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted Prices for identical investments in active markets
- Level 2: Observable inputs other than quoted market prices; and
- Level 3: Unobservable inputs.

As of June 30, 2017 the City had the following recurring fair value measurements:

- PTIF Investments totaling \$58,875,310 valued using the application of the June 30, 2017, fair value factor, as calculated by the Utah State Treasurer which is

CITY OF SARATOGA SPRINGS
Notes to the Financial Statements
June 30, 2017

therefore valued under level 2.

E. Restricted Cash

The City maintains cash in accounts held by third party custodians that are restricted for the use of bond payments and construction costs. The amount of restricted cash at June 30, 2017 was \$22,487,105.

Note 3 - Accounts Receivable – Unearned and Unavailable Revenue

Accounts receivable are recorded net of the allowance for doubtful accounts of \$23,959 in the enterprise funds. The governmental funds also report unavailable resources from Property taxes of \$2,648,789 as deferred inflows of resources due to property taxes being recognized as receivables prior to the period for which the taxes are levied. This amount is also reported as deferred inflows of resources on the Government-wide statement of net position.

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

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	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 20,148,298	\$ 561,865	\$ -	\$ 20,710,163
Construction in process	399,427	452,357	-	851,784
Total	20,547,725	1,014,222	-	21,561,947
Capital assets, being depreciated:				
Buildings	6,059,984	9,815	-	6,069,799
Machinery and equipment	5,283,409	294,351	-	5,577,760
Infrastructure	104,303,928	2,296,153	-	106,600,081
Total	115,647,321	2,600,319	-	118,247,640
Less accumulated depreciation for:				
Buildings	(1,760,415)	(281,596)	-	(2,042,011)
Machinery and equipment	(3,168,459)	(314,702)	-	(3,483,161)
Infrastructure	(41,416,637)	(5,364,150)	-	(46,780,787)
Total	(46,345,511)	(5,960,448)	-	(52,305,959)
Capital assets, being depreciated, net	69,301,810	(3,360,129)	-	65,941,681
Governmental activities capital assets, net	<u>\$ 89,849,535</u>	<u>\$ (2,345,907)</u>	<u>\$ -</u>	<u>\$ 87,503,628</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 53,554	\$ 501,287	\$ -	\$ 554,841
Water rights	15,774,480	180,000	-	15,954,480
Construction in progress	19,373	4,090,816	(16,264)	4,093,925
Total	15,847,407	4,772,103	(16,264)	20,603,246
Capital assets, being depreciated:				
Water capacity	10,950,988	-	-	10,950,988
Culinary water system	78,168,773	2,303,322	-	80,472,095
Secondary water irrigation system	8,431,383	6,902,073	-	15,333,456
Sewer system	26,052,947	336,411	-	26,389,358
Storm drain system	23,007,747	666,976	-	23,674,723
Equipment	1,513,601	164,151	-	1,677,752
Total	148,125,439	10,372,933	-	158,498,372
Less accumulated depreciation for:				
Water capacity	(6,186,442)	(547,549)	-	(6,733,991)
Culinary water system	(15,645,358)	(2,478,347)	-	(18,123,705)
Secondary water irrigation system	(2,203,579)	(286,399)	-	(2,489,978)
Sewer system	(7,602,896)	(912,432)	-	(8,515,328)
Storm drain system	(4,313,988)	(717,483)	-	(5,031,471)
Equipment	(873,088)	(102,505)	-	(975,593)
Total	(36,825,351)	(5,044,715)	-	(41,870,066)
Capital assets, being depreciated, net	111,300,088	5,328,218	-	116,628,306
Business-type activities capital assets, net	<u>\$ 127,147,495</u>	<u>\$ 10,100,321</u>	<u>\$ (16,264)</u>	<u>\$ 137,231,552</u>

CITY OF SARATOGA SPRINGS
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Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:

General government	\$ 249,085
Public Safety	213,844
Highways and public works	3,865,953
Parks and recreation	1,631,566
Total depreciation expense - governmental activities	<u>\$ 5,960,448</u>

Business-type activities:

Water utility	\$ 3,354,364
Sewer utility	968,859
Storm drain utility	721,492
Total depreciation expense - business-type activities	<u>\$ 5,044,715</u>

Combined depreciation expense	<u>\$ 11,005,163</u>
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Note 5-Compensated Absences

Accumulated unpaid vacation, compensatory leave pay and other employee benefit amounts are accrued when incurred in proprietary funds (using the accrual basis of accounting). In the governmental funds (using the modified accrual basis of accounting) only the unpaid amounts due to retired or terminated employees are recorded as liabilities. All City employees are paid from the general fund. The total compensated absences liability is reported in the government wide financial statements as long-term debt in accordance with the Governmental Accounting Standards. Based on historical estimates, the City estimates that \$300,597 of the compensated absences balance will be due in the next year.

Note 6 - Retirement Plans

General Information about the Pension Plans

Plan description: Eligible plan participants are provided with pensions through the Utah retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System); Firefighters Retirement System (Firefighters System); are multiple employer, cost sharing, public employees, retirement systems.
- The Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer retirement system;
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); and the Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) are multiple employer, cost sharing, public employees, retirement systems.

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Note 6 - Retirement Plans – Continued

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning service on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

Benefits provided: URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

Summary of Benefits by System

System	Final Average Salary	Years of service required and/or age eligible for	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65*	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% to 4% depending on the employer
Firefighters System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

*with actuarial reductions

**All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

CITY OF SARATOGA SPRINGS

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Contributions: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employees contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

Utah Retirement Systems

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates	Employer 401(k)
Contributory System				
111 - Local Governmental Division Tier 2	N/A	N/A	14.910%	1.78%
Noncontributory System				
15 - Local Governmental Division Tier 1	N/A	N/A	18.470%	N/A
Public Safety Retirement System				
49 - Other Division B Noncontributory Tier 1	N/A	N/A	20.390%	133.00%
122 - Other Division A Contributory Tier 2	N/A	N/A	32.200%	N/A
Firefighters System				
32 - Division B Tier 1	N/A	16.710%	6.660%	N/A
132 - Division B Tier 2	N/A	N/A	10.750%	133.00%
Tier 2 DC Only				
211 - Local Government	N/A	N/A	6.690%	10.00%
222 - Public Safety	N/A	N/A	9.720%	12.00%
222 - Firefighters	N/A	N/A	0.080%	12.00%

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For fiscal year ended June 30, 2017, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 422,199	N/A
Public Safety System	284,450	-
Firefighters System	26,859	-
Tier 2 Public Employees System	156,900	-
Tier 2 Public Safety and Firefighter	77,557	-
Tier 2 DC Only System	3,517	N/A
Total Contributions	\$ 971,482	\$ -

Contributions reported are URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

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Notes to the Financial Statements
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Pension Assets, Liabilities, Expenses, and Deferred Outflows of Resources and Deferred inflows of Resources Related to Pensions

At June 30, 2017, we reported a net pension asset of \$4,648 and a net pension liability of \$2,886,117.

	(Measurement Date): December 31, 2016				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2015	Change (Decrease)
Noncontributory System	\$ -	\$ 1,873,700	0.2917979%	0.2668688%	0.0249291%
Public Safety System	-	929,654	1.4915100%	1.3970959%	0.0944141%
Firefighters System	-	70,158	0.4743030%	0.3757619%	0.0985411%
Tier 2 Public Employees System	-	12,605	0.1129970%	0.0886421%	0.0243549%
Tier 2 Public Safety and Firefighter System	4,648	-	0.5354597%	0.4654713%	0.0699884%
	<u>\$ 4,648</u>	<u>\$ 2,886,117</u>			

The net pension asset and liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2016 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2017, we recognized pension expense of \$1,079,595. At June 30, 2017, we reported deferred outflows of resources and deferred inflows of resources related to pensions for the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 344,525	\$ 142,377
Changes in assumptions	530,194	153,151
Net difference between projected and actual earnings on pension plan investments	744,470	221,080
Changes in proportion and differences between contributions and proportionate share of contributions	128,350	15,294
Contributions subsequent to the measurement date	458,516	-
Total	<u>\$ 2,206,055</u>	<u>\$ 531,902</u>

\$458,516 was reported as deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

CITY OF SARATOGA SPRINGS
Notes to the Financial Statements
June 30, 2017

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2017	\$ 348,093
2018	349,717
2019	379,953
2020	79,412
2021	47,821
Thereafter	10,642

Actual assumptions: The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 Percent
Salary increases	3.35 - 10.35 percent, average, including inflation
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender and age, as appropriate, with adjustments for future improvement in mortality based on scale AA, a model developed by the society of Actuaries.

The actuarial assumptions used in the January 1, 2016, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013.

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

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
		Inflation	2.75%
		Expected arithmetic nominal return	7.98%

The 7.20% assumed investment rate of return is comprised of an inflation rate of 2.60%, a real return of

CITY OF SARATOGA SPRINGS
Notes to the Financial Statements
June 30, 2017

4.60% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 7.20 percent from 7.50 percent from the prior measurement period.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate at 7.20 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

System	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Noncontributory System	\$ 3,881,067	\$ 1,873,700	\$ 198,661
Public Safety System	1,926,483	929,654	115,023
Firefighters System	669,609	70,158	(424,321)
Tier 2 Public Employees System	85,796	12,605	(43,076)
Tier 2 Public Safety and Firefighter System	32,520	(4,648)	(33,211)
	<u>\$ 6,595,475</u>	<u>\$ 2,881,469</u>	<u>\$ (186,924)</u>

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

Defined Contribution Savings Plan

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic requirements benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b), and 408 of the Internal Revenue code. Detailed information regarding plan provision is available in the separately issued URS financial report.

City of Saratoga Springs participates in the following Defined Contribution Savings Plans with Utah Retirement Systems: 401(k) Plan, 457(b) Plan, Roth IRA Plan, and Traditional IRA Plan.

CITY OF SARATOGA SPRINGS
Notes to the Financial Statements
June 30, 2017

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30 were as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
401(k) Plan			
Employer Contributions	\$ 464,279	\$ 403,660	\$ 343,928
Employee Contributions	\$ 118,158	\$ 113,748	\$ 100,203
457 Plan			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	\$ 50,802	\$ 38,996	\$ 43,614
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 24,199	\$ 23,635	\$ 13,771
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ -	\$ -	\$ -

Note 7 – Inter-fund Transfers

Transfers were made which will not be repaid. Such amounts for the fiscal year ended June 30, 2017 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities		
General	\$ -	\$ 2,334,659
Capital Projects	2,372,046	-
Water Utilities	-	30,848
Sewer Utilities	-	6,539
	<u>\$ 2,372,046</u>	<u>\$ 2,372,046</u>

The purpose of the inter-fund transfers is to meet the City's ongoing cash needs for capital projects. In addition to the transfers, the General Fund charged \$2,090,323 to the enterprise funds for personnel and administrative services and facility costs during the year.

Note 8 - Contingent Liabilities

Amounts received or receivables from grantor agencies are subject to audit and adjustment by those grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial. The City is also involved in various claims and litigation that should be covered by insurance.

On November 25, 2009 the City entered into an agreement with the Central Utah Water Conservancy District (District) to obtain delivery of water through District facilities equal to 10,000 acre feet. The City is obligated to pay a one-time development charge of \$6,200 per acre foot (\$62,000,000 for 10,000 acre feet of water) to the district which is due when the City takes delivery but no later than June 30, 2020. The City's obligation is backed by a contract with a landowner of property that is located within the City. The contract with the landowner requires collateral in the amount of the obligation and the funding of an account twelve months prior to the payment due date. The purpose of the water rights is to provide water resources for land development in the future as those parcels are developed.

On March 30, 2010 the City entered into an agreement with a neighboring municipality to provide police services. For the year ended June 30, 2017 the City received \$1,124,330 for the service.

The City has entered into an agreement with a developer to reimburse the developer for installing added improvements to the sewer system. The City will pay the developer \$700 for each connection to the north sewer system service area until the year 2020 up to a maximum of \$2,200,396. The City makes payments to the developer as fees are collected. The total amount paid to the developer for the year ended June 30, 2017 was \$90,300.

Note 9 - Construction Commitments

The City has active construction projects as of June 30, 2017. The projects include construction of roads and utility system upgrades.

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>	<u>Estimated Completion</u>
All projects	\$11,107,101	\$10,650,851	June 2018

Note 10 - 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; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and participation in the Local Governments Trust, a public entity risk pool. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. The City carries \$2,000,000 of liability coverage and \$1,000,000 of fidelity bond coverage for the treasurer.

The City participates in the public entity risk pool's general liability insurance program. This program requires annual premiums based on the City's level of insurance and previous claims experience. The payment of the premium indemnifies the City for claims that exceed its deductible amount. The risk pool is governed by the inter-local risk pool agreement.

CITY OF SARATOGA SPRINGS
Notes to the Financial Statements
June 30, 2017

Note 11 – Leases

Capital Leases

The government has entered into lease agreements as lessee for financing the acquisition of several vehicles for the various City departments. The lease agreements qualify as capital lease obligations for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

		Business Type Activities		
	Governmental Activities	Water Utility	Sewer Utility	Storm Drain Utility
Equipment	\$ 760,499	\$ 19,701	\$ -	\$ -
Accumulated depreciation	(608,399)	(19,701)	-	-
Total	<u>\$ 152,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

		Business Type Activities		
<u>Year Ending June 30</u>	Governmental Activities	Water Utility	Sewer Utility	Storm Drain Utility
2018	\$ 91,183	\$ 1,120	\$ -	\$ -
2019	8,680	-	-	-
2020	8,680	-	-	-
2021	-	-	-	-
2022	-	-	-	-
Total minimum lease payments	108,543	1,120	-	-
Less: amount representing interest	-	-	-	-
Present value of minimum lease payments	<u>\$ 108,543</u>	<u>\$ 1,120</u>	<u>\$ -</u>	<u>\$ -</u>

Note 12 - Long-term Debt

A. Special Assessment Bonds

The 2012 series bonds will be repaid from assessments levied against the property owners benefited by the improvements made by the City in the special improvement district area. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government may draw from the established reserve fund to cover the deficiency. The bonds have a stated rate of interest of 0.75% -4.45% with a maturity date of April 1, 2029.

CITY OF SARATOGA SPRINGS
Notes to the Financial Statements
June 30, 2017

The 2012 series special assessment bond is recorded in the enterprise fund with annual debt service requirements to maturity for special assessment bonds as follows:

A. Special Assessment Bonds – Continued

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	\$ 109,000	\$ 49,796	\$ 158,796
2019	111,000	47,838	158,838
2020	114,000	45,718	159,718
2021	115,000	43,154	158,154
2022	119,000	40,393	159,393
2023-2027	649,000	143,876	792,876
2028-2029	298,000	19,879	317,879
	<u>\$ 1,515,000</u>	<u>\$ 390,654</u>	<u>\$ 1,905,654</u>

The 2016 series bonds will be repaid from assessments levied against the property owners benefited by the improvements made by the City in the special improvement district area. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government may draw from the established reserve fund to cover the deficiency. The bonds have a stated rate of interest of 3.0% -6.0% with a maturity date of February 1, 2027.

The 2016 series special assessment bond is recorded in a debt service fund with annual debt service requirements to maturity for special assessment bonds as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	\$ 422,000	\$ 261,039	\$ 683,039
2019	462,000	226,460	688,460
2020	477,000	211,445	688,445
2021	493,000	194,750	687,750
2022	512,000	176,263	688,263
2023-2027	2,934,000	506,195	3,440,195
	<u>\$ 5,300,000</u>	<u>\$ 1,576,152</u>	<u>\$ 6,876,152</u>

B. Revenue Bonds

The government has issued bonds where the government pledged revenues derived from the operation of the utility system to pay the outstanding debt service. Revenue bonds are the obligations of the enterprise funds and the amounts outstanding at year end are as follows:

2014 Water Revenue Bonds

On October 22, 2014, the City issued \$9,995,000 in Series 2014 Water Revenue Bonds with a

CITY OF SARATOGA SPRINGS
Notes to the Financial Statements
June 30, 2017

maturity date of December 1, 2033 with an average coupon rate of 3.051%. The bonds were issued to (1) finance the costs associated with acquiring, constructing, and equipping portions of the City's culinary water system, (2) refund the Series 2005, 2006, and 2009 Water Revenue Bonds, and (3) finance the cost of issuance of the Series 2014 Bonds. Each principal payment is subject to prepayment and redemption at any time, in whole or in part, in inverse order, at the election of the City. The redemption price is equal to 100% of the principal amount to be prepaid or redeemed, plus accrued interest, if any, to the date of redemption, with annual debt service requirements to maturity for special assessment bonds as follows:

Year Ending June 30	Principal	Interest	Total Debt Service
2018	\$ 435,000	\$ 259,624	\$ 694,624
2019	445,000	250,924	695,924
2020	455,000	242,026	697,026
2021	465,000	232,926	697,926
2022	475,000	223,626	698,626
2023-2027	2,555,000	938,652	3,493,652
2028-2032	2,980,000	353,704	3,333,704
2033	1,335,000	70,526	1,405,526
	<u>\$ 9,145,000</u>	<u>\$ 2,572,008</u>	<u>\$ 11,717,008</u>

2016 Water Revenue Bonds

On November 22, 2016, the City issued \$9,710,000 in Series 2016 Water Revenue Bonds with a maturity date of June 1, 2037 with an average coupon rate of 2.50%. The bonds were issued to finance the costs associated with acquiring, constructing, and equipping portions of the City's culinary water system. Each principal payment is subject to prepayment and redemption at any time, in whole or in part, in inverse order, at the election of the City. The redemption price is equal to 100% of the principal amount to be prepaid or redeemed, plus accrued interest, if any, to the date of redemption. The annual debt service requirements to maturity for special assessment bonds are as follows:

CITY OF SARATOGA SPRINGS
Notes to the Financial Statements
June 30, 2017

Year Ending June 30	Principal	Interest	Total Debt Service
2018	\$ 155,000	\$ 312,850	\$ 467,850
2019	240,000	310,900	550,900
2020	380,000	306,700	686,700
2021	385,000	302,050	687,050
2022	395,000	290,275	685,275
2023-2027	2,245,000	1,178,775	3,423,775
2028-2032	2,735,000	693,325	3,428,325
2033-2037	3,175,000	235,125	3,410,125
	<u>\$ 9,710,000</u>	<u>\$ 3,630,000</u>	<u>\$ 13,340,000</u>

The City has pledged all water utility net revenues to pay the debt service costs through maturity in 2037. During the year, the net revenue before depreciation was \$2,732,994 and the debt service requirement was \$853,335.

Sales Tax Revenue Bonds

Sales tax revenue bonds are special limited obligations of the City backed by the portion of sales and use taxes levied by the City under the Local Sales and Use Tax Act. The bonds are obligations of the governmental funds.

2011 Sales Tax Revenue Bonds

On June 1, 2011, the city issued \$4,000,000 in Series 2011 Sales Taxes Revenue Bonds at interest rates ranging from 3.0% to 4.125% with a maturity date of June 1, 2031. The bonds were issued to finance the costs associated with acquiring, constructing, renovating, equipping, and furnishing the City's facilities (including a public works facility, fire station, and city well improvements) and to exercise a purchase option under an outstanding financing lease for the City Hall building. Bond proceeds were also used to pay the cost of issuance of the Bonds. The Bonds maturing on or after June 1, 2021 are subject to redemption prior to maturity, in whole or in part, at the option of the City on December 31, 2020 or on any date thereafter, from such maturities or parts thereof as selected by the City. The redemption price will equal 100% of the principal amount to be repaid or redeemed, plus accrued interest, if any, to the date of redemption.

The City has pledged all sales tax revenues to pay the debt service costs through maturity in 2031. The City has pledged all of its sales tax revenues. Revenue bond debt service requirements to maturity are as follows:

CITY OF SARATOGA SPRINGS
Notes to the Financial Statements
June 30, 2017

Year Ending June 30	Principal	Interest	Total Debt Service
2018	\$ 170,000	\$ 121,050	\$ 291,050
2019	175,000	114,250	289,250
2020	185,000	107,250	292,250
2021	190,000	99,850	289,850
2022	200,000	92,250	292,250
2023-2027	1,105,000	350,102	1,455,102
2028-2032	1,060,000	110,414	1,170,414
	<u>\$ 3,085,000</u>	<u>\$ 995,166</u>	<u>\$ 4,080,166</u>

2017 Sales Tax Revenue Bonds

On December 1, 2016, the city issued \$4,000,000 in Series 2017 Sales Taxes Revenue Bonds at interest rates ranging from 3.0% to 3.50% with a maturity date of June 1, 2037. The bonds were issued to finance the costs associated with acquiring, constructing, renovating, equipping, and furnishing the City's facilities (including a regional park complex). Bond proceeds were also used to pay the cost of issuance of the Bonds. The Bonds maturing on or after June 1, 2037 are subject to redemption prior to maturity, in whole or in part, at the option of the City on December 31, 2020 or on any date thereafter, from such maturities or parts thereof as selected by the City. The redemption price will equal 100% of the principal amount to be repaid or redeemed, plus accrued interest, if any, to the date of redemption. The City has pledged all sales tax revenues to pay the debt service costs through maturity in 2037. The City has pledged all of its sales tax revenues. Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total Debt Service
2018	\$ 330,000	\$ 342,243	\$ 672,243
2019	375,000	295,826	670,826
2020	385,000	284,576	669,576
2021	400,000	273,026	673,026
2022	410,000	261,026	671,026
2023-2027	2,245,000	1,112,680	3,357,680
2028-2032	2,600,000	755,380	3,355,380
2033-2037	3,035,000	322,810	3,357,810
	<u>\$ 9,780,000</u>	<u>\$ 3,647,567</u>	<u>\$ 13,427,567</u>

During the year the sales tax revenue was \$3,639,272 and the debt service requirement was \$291,000 or 10% of the sales tax revenue. The City has pledged all of its sales tax revenues.

CITY OF SARATOGA SPRINGS

Notes to the Financial Statements

June 30, 2017

C. Note Payable

Culinary Water System

Prior to the City being established in December 1997, a water company had built a water system in the area covered by the City. On February 2, 2005, the city entered into a settlement agreement to purchase the water system and the rights to the unused water capacity. The City's obligation of \$21,000,000 is to be serviced by paying two-thirds, presently \$2,000, of each connection or impact fee collected. By agreement, the obligation bears no interest. If the City has not paid the full obligation by February 2, 2025, then the remaining, unpaid balance becomes due at that date. The note is an obligation of the water enterprise fund. Based on the projection of 525 connections annually, the remaining obligation is expected to be retired as follows:

Year Ending June 30	Principal	Interest	Total Debt Service
2018	\$ 1,050,000	\$ -	\$ 1,050,000
2019	1,050,000	-	1,050,000
2020	1,050,000	-	1,050,000
2021	1,050,000	-	1,050,000
2022	1,050,000	-	1,050,000
2023-2027	5,115,660	-	5,115,660
	<u>\$ 10,365,660</u>	<u>\$ -</u>	<u>\$ 10,365,660</u>

D. Changes in Long-term Debt

During the year ended June 30, 2017, the following activity occurred in liabilities reported as long-term:

CITY OF SARATOGA SPRINGS

Notes to the Financial Statements

June 30, 2017

	Balance			Balance		Due Within
	June 30, 2016	Additions	Retirements	June 30, 2017		One Year
Governmental Activities:						
2011 Sales Tax Revenue Bonds	\$ 3,250,000	\$ -	\$ (165,000)	\$ 3,085,000	\$ 170,000	
2017 Sales Tax Revenue Bonds	-	9,780,000	-	9,780,000	330,000	
Plus Issuance Premium	-	319,427	(15,211)	304,216	-	
2016 Special Assessment Bond	-	5,300,000	-	5,300,000	422,000	
Obligations Under Capital Lease	219,583	-	(111,040)	108,543	91,183	
Compensated Absences	506,428	42,861	-	549,289	285,257	
Total	\$ 3,976,011	\$ 15,442,288	\$ (291,251)	\$ 19,127,048	\$ 1,298,440	
Business Type Activities:						
Debt						
2012 Special Assessment Bonds	\$ 1,837,000	\$ -	\$ (322,000)	\$ 1,515,000	\$ 109,000	
2014 Water Revenue Bonds	9,575,000	-	(430,000)	9,145,000	435,000	
2016 Water Revenue Bond	-	9,710,000	-	9,710,000	155,000	
Contract payable	11,526,540	-	(1,160,880)	10,365,660	1,050,000	
Obligations Under Capital Lease	2,983	-	(1,863)	1,120	1,120	
Compensated Absences	22,066	7,010	-	29,076	15,340	
Total	\$ 22,963,589	\$ 9,717,010	\$ (1,914,743)	\$ 30,765,856	\$ 1,765,460	

Note 13 – Restatement of Net Position

Property taxes levied for a future year are not considered available and are not recognized as revenue in the government-wide statement of activities. The property taxes are reported as a deferred inflow of resources on the government-wide statement of net position. The beginning net position was reduced by \$2,396,503 to reflect prior year property taxes recorded as revenue on the Government-wide Statement of Activities.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SARATOGA SPRINGS
Schedule of the Proportionate Share of the Net Pension Liability
June 30, 2017
Utah Retirement System

	Fiscal Year	Proportion of the net liability (asset)	Proportionate share of the net pension liability (asset)	Covered employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability
Noncontributory System						
	2015	0.2635465%	\$ 1,144,381	\$ 2,236,578	51.20%	90.20%
	2016	0.2668688%	1,510,073	2,164,610	69.76%	87.80%
	2017	0.2917979%	1,873,700	2,353,876	79.60%	87.30%
Public Safety System						
	2015	0.2635465%	574,927	1,140,839	50.40%	89.00%
	2016	1.3970959%	681,715	1,149,462	59.31%	87.60%
	2017	1.4915100%	929,654	1,235,277	75.26%	86.10%
Firefighters retirement system						
	2015	0.3034621%	(33,395)	252,495	-13.20%	101.30%
	2016	0.3757619%	63,939	316,691	20.19%	98.10%
	2017	0.4743030%	70,158	410,102	17.11%	98.40%
Tier 2 Public Employees Retirement System						
	2015	0.0561807%	(1,703)	275,889	-0.60%	103.50%
	2016	0.0886421%	(194)	572,836	-0.03%	100.20%
	2017	0.1129970%	12,605	926,665	1.36%	95.10%
Tier 2 Public Safety and Firefighters retirement system						
	2015	0.5381763%	(7,961)	222,627	-3.60%	120.50%
	2016	0.4654713%	(6,801)	276,945	-2.46%	110.70%
	2017	0.5354597%	(4,648)	442,409	-1.05%	103.60%

* The amounts presented for each fiscal year were determined as of December 31. In accordance with GASB 68, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF SARATOGA SPRINGS
Required Supplementary Information
Schedule of Contributions
June 30, 2017
Last 10 Fiscal Years*

	Fiscal year ended June 30,	Actuarial Determined Contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contribution as a percentage of covered employee payroll
Noncontributory System	2014	\$ 376,272	\$ 376,272	\$ -	\$ 2,181,974	17.24%
	2015	410,152	410,152	-	2,234,890	18.35%
	2016	398,883	398,883	-	2,159,626	18.47%
	2017	422,199	422,199	-	2,295,957	18.39%
Public Safety System	2014	301,111	301,111	-	1,134,533	26.54%
	2015	272,932	272,932	-	1,138,990	23.96%
	2016	279,168	279,168	-	1,175,484	23.75%
	2017	284,450	284,450	-	1,190,696	23.89%
Firefighters System	2014	14,208	14,208	-	233,012	6.10%
	2015	18,440	18,440	-	279,810	6.59%
	2016	23,989	23,989	-	355,634	6.75%
	2017	26,859	26,859	-	403,277	6.66%
Tier 2 Public Safety and Firefighters System*	2014	30,095	30,095	-	214,501	14.03%
	2015	57,532	57,532	-	385,088	14.94%
	2016	112,743	112,743	-	756,062	14.91%
	2017	77,557	77,557	-	465,913	16.65%
Tier 2 Public Employees DC Only System*	2014	1,163	1,163	-	25,982	4.47%
	2015	2,254	2,254	-	52,502	4.29%
	2016	2,376	2,376	-	35,507	6.69%
	2017	3,517	3,517	-	52,577	6.69%

* Contributions in Tier 2 include an amortization rate to help the unfunded liabilities in the Tier 1 systems.
Tier 2 systems were created effective July 1, 2011.

** The amounts presented were determined for the Calendar year January 1-December 31. In accordance with
GASB 68, until a full 10-year trend is compiled, information is presented for those years for which
information is available.

CITY OF SARATOGA SPRINGS
Notes to Required Supplementary Information
For the Year Ended June 30, 2017

Change in Assumptions

The following actuarial assumption changes were adopted in January 1, 2016. The assumed investment return assumption was decreased from 7.50% to 7.20% and the assumed inflation rate was decreased from 2.75% to 2.60%. With the decrease in the assumed rate of inflation, both the payroll growth and wage inflation assumptions were decreased by 0.15% from the prior year's assumption.

INDIVIDUAL FUND FINANCIAL STATEMENTS

CITY OF SARATOGA SPRINGS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Capital Projects Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Totals	
REVENUES				
Intergovernmental	\$ 270,000	\$ 270,000	\$ 164,110	\$ (105,890)
Investment earnings	-	-	173,653	173,653
Impact fees	1,650,000	1,650,000	2,912,619	1,262,619
Total Revenues	1,920,000	1,920,000	3,250,382	1,330,382
EXPENDITURES				
General government			-	
Public safety	3,024,652	3,024,652	18,508	3,006,144
Highways and public works	2,278,631	2,278,631	473,839	1,804,792
Parks and recreation	848,351	848,351	818,252	30,099
Capital expenditures	7,600,387	7,600,387	1,310,587	6,289,800
Debt service				
Bond issuance costs	200,000	200,000	197,504	2,496
Total expenditures	13,952,021	13,952,021	2,818,690	11,133,331
Excess (deficit) of revenues over (under) expenditures	(12,032,021)	(12,032,021)	431,692	12,463,713
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	10,099,427	10,099,427
Transfers in	3,372,046	3,372,046	2,372,046	(1,000,000)
Transfers out	-	-	-	-
Total other financing sources (uses)	3,372,046	3,372,046	12,471,473	9,099,427
Net change in fund balance	(8,659,975)	(8,659,975)	12,903,165	21,563,140
Fund balances - beginning	12,492,157	12,492,157	12,492,157	-
Fund balances - ending	\$ 3,832,182	\$ 3,832,182	\$ 25,395,322	\$ 21,563,140

STATISTICAL SECTION

CITY OF SARATOGA SPRINGS

June 30, 2017

The Statistical Section presents detailed comparative data to assist with understanding what the information in the financial statements, note disclosures, and required supplementary information express about the government's overall financial health.

Financial Trends Those schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity These schedules contain information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information These schedules contain service data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Schedule 1
CITY OF SARATOGA SPRINGS
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental Activities									
Net investment in									
capital assets	\$ 80,964,663	\$ 72,879,872	\$ 74,023,634	\$ 75,648,247	\$ 72,106,589	\$ 74,598,446	\$ 73,222,615	\$ 86,379,952	\$ 84,573,253
Restricted	9,436,161	5,418,579	6,879,966	7,890,183	600,591	95,687			
Unrestricted	<u>1,411,862</u>	<u>2,384,845</u>	<u>2,636,561</u>	<u>4,941,530</u>	<u>15,171,267</u>	<u>15,320,390</u>	<u>17,070,401</u>	<u>16,492,718</u>	<u>17,926,208</u>
Total Governmental Activities									
Net Position	<u>\$ 91,812,686</u>	<u>\$ 80,683,296</u>	<u>\$ 83,540,161</u>	<u>\$ 88,479,960</u>	<u>\$ 87,878,447</u>	<u>\$ 90,014,523</u>	<u>\$ 90,293,016</u>	<u>\$ 102,872,670</u>	<u>\$ 102,499,461</u>
Business-Type Activities									
Net investment in									
capital assets	\$ 62,465,261	\$ 80,299,189	\$ 79,011,572	\$ 80,775,067	\$ 79,541,530	\$ 83,658,220	\$ 87,124,624	\$ 104,205,965	\$ 112,772,271
Restricted	1,299,971	2,156,528	3,487,439	5,079,787	-	-	2,814,571	2,787,320	-
Unrestricted	<u>3,178,868</u>	<u>2,166,007</u>	<u>2,429,896</u>	<u>1,733,791</u>	<u>8,625,624</u>	<u>8,122,994</u>	<u>8,754,227</u>	<u>14,074,089</u>	<u>14,063,076</u>
Total Business-Type Activities									
Net Position	<u>\$ 66,944,100</u>	<u>\$ 84,621,724</u>	<u>\$ 84,928,907</u>	<u>\$ 87,588,645</u>	<u>\$ 88,167,154</u>	<u>\$ 91,781,214</u>	<u>\$ 98,693,422</u>	<u>\$ 121,067,374</u>	<u>\$ 126,835,347</u>
Primary Government									
Net investment in									
capital assets	\$ 143,429,924	\$ 153,179,061	\$ 153,035,206	\$ 156,423,314	\$ 151,648,119	\$ 158,256,666	\$ 160,347,239	\$ 190,585,917	\$ 197,345,524
Restricted	10,736,132	7,575,107	10,367,405	12,969,970	600,591	95,687	5,814,571	2,787,320	
Unrestricted	<u>4,590,730</u>	<u>4,550,852</u>	<u>5,066,457</u>	<u>6,675,321</u>	<u>23,796,891</u>	<u>23,443,384</u>	<u>25,824,628</u>	<u>30,566,807</u>	<u>31,989,284</u>
Total Primary Government									
Net Position	<u>\$ 158,756,786</u>	<u>\$ 165,305,020</u>	<u>\$ 168,469,068</u>	<u>\$ 176,068,605</u>	<u>\$ 176,045,601</u>	<u>\$ 181,795,737</u>	<u>\$ 191,986,438</u>	<u>\$ 223,940,044</u>	<u>\$ 229,334,808</u>

Note: Table represents data available since implementation of GASB Statement 44, and will increase to ten years over time

Schedule 2
CITY OF SARATOGA SPRINGS
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Expenses									
Governmental Activities:									
General Government	\$ 1,199,630	\$ 1,292,510	\$ 1,291,631	\$ 1,998,497	\$ 2,609,093	\$ 2,171,825	\$ 2,096,762	\$ 2,462,795	\$ 2,740,131
Public Safety	3,010,953	3,669,436	4,651,168	4,833,686	4,966,496	5,018,488	5,240,399	6,012,919	6,654,993
Highways and Public Improvements	5,479,252	3,126,167	3,364,997	4,022,464	4,722,390	2,666,666	5,384,522	5,966,661	5,850,964
Parks and Recreation	1,784,119	1,614,955	1,738,032	1,899,678	2,438,028	2,635,964	2,701,630	2,023,421	3,532,875
Economic Development	3,168								
Interest on Long-Term Debt	95,006	27,858	47,519	157,437	141,240	142,332	137,882	133,171	392,392
Total Governmental Activities	<u>11,572,128</u>	<u>9,730,926</u>	<u>11,093,347</u>	<u>12,911,762</u>	<u>14,877,247</u>	<u>12,635,275</u>	<u>15,561,195</u>	<u>16,598,967</u>	<u>19,171,355</u>
Business-Type Activities:									
Water Utility	3,485,076	3,940,978	4,286,081	4,649,685	5,102,548	5,001,698	5,477,856	6,353,950	7,828,265
Sewer Utility	1,588,786	1,766,075	2,043,128	2,434,510	3,066,436	3,005,658	3,244,648	4,203,587	3,541,052
Garbage Utility	625,307	649,154	633,551	702,476	822,106	1,028,024	1,080,662	1,059,777	1,171,046
Storm Drain Utility	-	467,758	470,700	756,772	691,410	880,773	908,198	901,351	954,935
Street Lighting									-
Total Business-Type Activities	<u>5,699,169</u>	<u>6,823,965</u>	<u>7,433,460</u>	<u>8,543,443</u>	<u>9,682,500</u>	<u>9,916,153</u>	<u>10,711,364</u>	<u>12,518,665</u>	<u>13,495,298</u>
Total Primary Government Expenses	<u>\$ 17,271,297</u>	<u>\$ 16,554,891</u>	<u>\$ 18,526,807</u>	<u>\$ 21,455,205</u>	<u>\$ 24,559,747</u>	<u>\$ 22,551,428</u>	<u>\$ 26,272,559</u>	<u>\$ 29,117,632</u>	<u>\$ 32,666,653</u>
Revenues									
Governmental Activities:									
Charges for Services									
General Government	\$ 643,604	\$ 893,642	\$ 734,865	\$ 2,473,625	\$ 4,081,953	\$ 2,778,204	\$ 3,379,235	\$ 4,985,982	\$ 257,321
Public Safety	\$ 414,455	\$ 500,334	\$ 715,131	\$ 1,894,515	\$ 1,039,947	\$ 1,101,415	\$ 1,214,388	\$ 1,372,884	\$ 5,175,558
Highways & Public Improvements				\$ 1,179,069	\$ 1,268,709	\$ 1,105,971	\$ 1,541,709	\$ 1,641,262	\$ 285,091
Parks & Recreation	\$ 103,641	\$ 128,501	\$ 150,558	\$ 888,193	\$ 886,054	\$ 652,831	\$ 2,519,097	\$ 2,555,462	\$ 415,750
Operating Grants and Contributions	387,031	713,486	1,719,874	1,118,658	172,388	123,870	764,283	239,028	242,108
Capital Grants and Contributions	6,883,169	5,754,442	5,740,308	2,664,043	672,095	2,502,760	1,545,870	10,796,710	6,756,688
Total Governmental Activities	<u>8,431,900</u>	<u>7,990,405</u>	<u>9,060,736</u>	<u>10,218,103</u>	<u>8,121,146</u>	<u>8,265,051</u>	<u>10,964,582</u>	<u>21,591,328</u>	<u>13,132,516</u>
Business-Type Activities									
Charges for Services									
Water Utility	1,430,353	1,944,116	2,222,973	6,393,708	6,154,942	5,976,789	6,512,923	10,473,751	7,934,650
Sewer Utility	1,290,128	1,671,891	1,970,431	2,488,427	2,674,392	2,720,120	3,047,088	4,675,210	4,255,070
Garbage Utility	668,184	679,208	745,432	596,706	639,307	893,984	641,802	961,029	1,203,403
Storm Drain Utility		145,373	148,947	808,855	895,505	579,827	913,322	958,500	755,522
Street Lighting									
Capital Grants and Contributions	2,877,659	5,724,324	2,223,380	1,238,142		3,070,714	6,587,528	17,769,209	5,152,013
Total Business-Type Activities	<u>6,266,324</u>	<u>10,164,912</u>	<u>7,311,163</u>	<u>11,525,838</u>	<u>10,364,146</u>	<u>13,241,434</u>	<u>17,702,663</u>	<u>34,837,699</u>	<u>19,300,658</u>
Total Primary Government Revenues	<u>\$ 14,698,224</u>	<u>\$ 18,155,317</u>	<u>\$ 16,371,899</u>	<u>\$ 21,743,941</u>	<u>\$ 18,485,292</u>	<u>\$ 21,506,485</u>	<u>\$ 28,667,245</u>	<u>\$ 56,429,027</u>	<u>\$ 32,433,174</u>
Net (Expense)/Revenue									
Governmental Activities	\$ (3,140,228)	\$ (1,740,521)	\$ (2,032,611)	\$ (2,693,659)	\$ (6,756,101)	\$ (4,370,224)	\$ (4,596,613)	\$ 4,992,361	\$ (6,038,839)
Business-Type Activities	567,155	3,340,947	(122,297)	2,982,395	681,646	3,325,281	6,991,299	22,319,034	5,805,360
Total Primary Government Net Expense	<u>\$ (2,573,073)</u>	<u>\$ 1,600,426</u>	<u>\$ (2,154,908)</u>	<u>\$ 288,736</u>	<u>\$ (6,074,455)</u>	<u>\$ (1,044,943)</u>	<u>\$ 2,394,686</u>	<u>\$ 27,311,395</u>	<u>\$ (233,479)</u>

Schedule 2, Continued

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Expenses									
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Taxes									
Property Taxes	2,304,884	2,442,112	2,395,277	2,758,185	2,659,844	2,686,612	2,844,496	2,969,689	2,849,626
Sales and Use Taxes	1,495,027	1,723,051	1,881,168	2,162,610	2,360,544	2,653,278	2,939,653	3,215,928	3,639,272
Franchise Fees	193,385	158,393	227,207	212,494	199,838	221,085	207,142	212,144	227,184
Energy Taxes	480,352	549,691	632,865	655,845	793,113	870,992	877,695	953,656	1,003,254
Interest Earnings	223,094	56,812	98,172	73,233	89,897	74,332	89,800	190,746	107,326
Gain on Sale of Capital Assets	-	-	34,787	-	51,352	-	15,799	8,043	183,719
Other	300,000	(14,318,928)	(380,000)	309,789	-	-	-	37,387	-
Total Governmental Activities	<u>4,996,742</u>	<u>(9,388,869)</u>	<u>4,889,476</u>	<u>6,172,156</u>	<u>6,154,588</u>	<u>6,506,299</u>	<u>6,974,585</u>	<u>7,587,593</u>	<u>8,010,381</u>
Business-Type Activities:									
Interest Earnings	67,430	17,749	49,480	57,343	45,004	56,267	109,205	92,225	276,426
Other	(300,000)	14,318,928	380,000	6,569	-	-	-	(37,387)	-
Total Business-Type Activities	<u>(232,570)</u>	<u>14,336,677</u>	<u>429,480</u>	<u>63,912</u>	<u>45,004</u>	<u>56,267</u>	<u>109,205</u>	<u>54,838</u>	<u>276,426</u>
Total Primary Government									
General Revenue	<u>4,764,172</u>	<u>4,947,808</u>	<u>5,318,956</u>	<u>6,236,068</u>	<u>6,199,592</u>	<u>6,562,566</u>	<u>7,083,790</u>	<u>7,642,431</u>	<u>8,286,807</u>
Change in Net Position									
Governmental Activities	\$ 1,856,514	\$ (11,129,390)	\$ 2,856,865	\$ 4,559,799	\$ (601,513)	\$ 2,136,075	\$ 2,377,972	\$ 12,579,654	\$ 2,023,294
Business-Type Activities	334,585	17,677,624	307,183	3,039,738	726,650	3,381,548	7,100,504	22,373,953	5,767,973
Total Primary Government	<u>\$ 2,191,099</u>	<u>\$ 6,548,234</u>	<u>\$ 3,164,048</u>	<u>\$ 7,599,537</u>	<u>\$ 125,137</u>	<u>\$ 5,517,623</u>	<u>\$ 9,478,476</u>	<u>\$ 34,953,607</u>	<u>\$ 7,791,267</u>

Note: Table represents data available since implementation of GASB Statement 44, and will increase to ten years over time

Schedule 3
CITY OF SARATOGA SPRINGS
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	
General Fund										
Unreserved, undesignated	\$ 767,756	\$ 1,601,996	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Unassigned			1,782,816	2,478,911	2,508,347	2,068,425	2,989,076	2,768,845	3,662,232	(1)
All other governmental funds										
Reserved										
Roads and impact fees										
Roads and capital improvements	170,162	6,048,717								
Advance to sewer fund										
Unreserved, undesignated										
Special revenue funds	100,783	163,926								
Capital Project Fund	9,302,490	(387,641)								
Nonspendable - prepaid expenses			22,459	7,628	6,277	737				
Restricted										
Capital project funds			7,373,476	7,271,642						
General fund				610,913	600,591	95,687				
Committed										
Capital project funds					10,946,127	11,783,336	13,435,477	12,492,157	25,395,322	(1)
Assigned										
Capital project funds			1,713,820	1,406,121						
Street lighting			249,453	305,725	282,980					
Total all other governmental Funds	\$ 9,573,435	\$ 5,825,002	\$ 9,359,208	\$ 9,602,029	\$ 11,835,975	\$ 11,879,760	\$ 13,435,477	\$ 12,492,157	\$ 25,395,322	

Note: Table represents data available since implementation of GASB Statement 44, and will increase to ten years over time

(1) Difference from prior year is revenues exceeded expenditures to increase unassigned fund balance and in the Committed capital projects fund we bonded for funds for parks projects.

Schedule 4
CITY OF SARATOGA SPRINGS
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues									
Taxes	\$ 4,073,541	\$ 4,804,683	\$ 5,240,234	\$ 5,789,134	\$ 5,988,153	\$ 6,320,529	\$ 6,692,613	\$ 7,141,996	\$ 7,719,336
Licenses and Permits	228,197	301,258	321,571	563,917	648,974	583,374	749,910	1,231,004	1,267,524
Intergovernmental	363,569	4,138,356	1,799,494	1,063,618	844,483	2,626,630	2,310,153	1,114,882	1,463,080
Fees/Charges for Services	2,267,583	2,501,208	2,506,678	5,589,526	6,545,780	4,975,201	7,429,506	8,699,519	4,787,332
Fines & Forfeitures	-	-	-	-	-	-	427,554	514,587	480,309
Developer Contributions	-	-	-	-	-	-	-	-	-
Interest Earnings	223,094	56,812	98,172	66,551	89,897	74,332	89,800	190,746	289,201
Impact Fees	-	-	-	-	-	-	-	-	2,912,619
Other	29,966	203,803	2,041,161	534,896	81,909	79,846	47,459	110,180	101,372
Total Revenues	\$ 7,185,950	\$ 12,006,120	\$ 12,007,310	\$ 13,607,642	\$ 14,199,196	\$ 14,659,912	\$ 17,746,995	\$ 19,002,914	\$ 19,020,773
Expenditures									
General Government	1,137,079	1,211,931	1,256,561	1,919,556	2,294,465	2,118,559	2,266,424	2,345,329	2,462,576
Public Safety	2,915,047	5,122,624	4,613,424	4,582,135	5,392,426	5,295,083	5,724,366	6,276,346	6,554,146
Highways and Public Improvements	2,743,826	6,304,986	2,464,024	3,545,121	2,521,683	1,589,359	2,003,657	4,959,389	1,442,102
Parks and Recreation	830,865	1,627,197	2,264,012	2,665,475	953,329	1,379,264	2,777,486	3,961,206	2,501,142
Capital Expenditures	-	-	-	-	-	4,135,524	2,339,204	2,319,328	1,310,587
Debt Service:									
Principal Retirement	-	-	-	-	-	-	-	-	165,000
Intrest & Fiscal Charges	-	-	-	-	-	-	-	-	241,318
Capital Lease Payments	351,807	324,228	1,405,289	365,282	533,463	129,099	155,000	160,000	-
Bond Issuance Costs and Trustee Fees	-	-	114,617	291,000	291,800	292,332	137,882	133,171	197,504
Total Expenditures	\$ 7,978,624	\$ 14,590,966	\$ 12,117,927	\$ 13,368,569	\$ 11,987,166	\$ 14,939,220	\$ 15,404,019	\$ 20,154,769	\$ 14,874,375
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (792,674)	\$ (2,584,846)	\$ (110,617)	\$ 239,073	\$ 2,212,030	\$ (279,308)	\$ 2,342,976	\$ (1,151,855)	\$ 4,146,398
Other Financing Sources (Uses)									
Proceeds From Obligations Under Capital Leases	-	69,021	21,400	119,100	-	211,322	120,119	8,043	-
Bond Proceeds	-	-	4,000,000	-	-	-	15,799	-	15,399,427
Bond Premium	-	-	134,193	-	-	-	-	-	-
Proceeds From Sales of Capital Assets	-	-	50,050	200,743	51,352	-	-	-	183,719
Transfers In	300,000	-	750,130	2,538,216	2,428,616	2,231,485	1,344,074	3,621,247	2,372,046
Transfers Out	-	(398,368)	(1,130,130)	(2,538,216)	(2,428,616)	(2,231,485)	(1,344,074)	(3,583,860)	(2,334,659)
Total Other Financing Sources (Uses)	\$ 300,000	\$ (329,347)	\$ 3,825,643	\$ 319,843	\$ 51,352	\$ 211,322	\$ 135,918	\$ 45,430	\$ 15,620,533
Net Change in Fund Balances	\$ (492,674)	\$ (2,914,193)	\$ 3,715,026	\$ 558,916	\$ 2,263,382	\$ (67,986)	\$ 2,478,894	\$ (1,106,425)	\$ 19,766,931

Note: Table represents data available since implementation of GASB Statement 44, and will increase to ten years over time

Schedule 5
CITY OF SARATOGA SPRINGS
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax	Sales and Use Tax	Franchise Fees	Energy Taxes	Total
2008	\$ 785,703	\$ 1,246,985	\$ 141,716	\$ 450,148	\$ 2,624,552
2009	2,304,884	1,495,027	193,385	480,352	4,473,648
2010	2,442,112	1,723,051	158,393	549,691	4,873,247
2011	2,395,277	1,881,168	227,207	632,865	5,136,517
2012	2,758,185	2,162,610	212,494	655,845	5,789,134
2013	2,659,844	2,360,544	199,838	793,113	6,013,339
2014	2,686,612	2,653,278	221,085	870,992	6,431,967
2015	2,844,496	2,939,652	207,142	877,695	6,868,985
2016	2,668,123	2,939,653	212,143	953,656	6,773,575
2017	2,849,626	3,639,272	227,184	1,003,254	7,719,336
					-
Change:					0%
2008-2017					-
					-

Note: Table represents data available since implementation of GASB Statement 44, and will increase to ten years over time

Schedule 6
CITY OF SARATOGA SPRINGS
Assessed Value of Taxable Property Excluding Fee-In-Lieu
Last Ten Calendar Years
(Modified Accrual Basis of Accounting)

Calendar Year	Residential Property	Commerical Property	Miscellaneous Property	Total Assessed Value	Total Taxable Assessed Value
2006	403,813,760	36,579,918	24,902,808	465,296,486	446,676,129
2007	703,649,723	45,666,410	46,532,533	795,848,666	770,569,048
2008	932,667,853	62,553,999	49,865,634	1,045,087,486	1,017,244,323
2009	761,281,348	108,869,886	54,449,296	924,600,530	895,096,173
2010	677,853,887	112,726,260	56,471,741	847,051,888	818,019,054
2011	613,123,034	104,439,630	39,673,599	757,236,263	744,534,001
2012	554,081,621	88,261,615	134,695,645	777,038,881	763,106,508
2013	625,910,515	90,163,478	115,855,901	831,929,894	818,244,896
2014	826,502,262	111,913,600	122,397,289	1,060,813,151	969,656,009
2015	842,160,029	91,446,400	139,318,209	1,072,924,638	1,885,166,371
2016	999,046,165	97,612,900	161,893,154	1,258,552,219	1,296,364,927

Source: Utah State Tax Commission and Utah County Treasurer

Schedule 7
CITY OF SARATOGA SPRINGS
Assessed Value of Taxable Property Including Fee-In-Lieu
Last Ten Calendar Years
(Modified Accrual Basis of Accounting)

Calendar Year	Residential Property	Commerical Property	Miscellaneous Property	Fee-In-Lieu Value	Total Assessed Value
2005	317,685,146	37,482,579	24,410,377	2,741,024	382,319,126
2006	403,813,760	36,579,918	24,902,808	752,668	466,049,154
2007	703,649,723	45,666,410	46,532,533	510,286	796,358,952
2008	932,667,853	62,553,999	49,865,634	347,430	1,045,434,916
2009	761,281,348	108,869,886	54,449,296	440,075	925,040,605
2010	677,853,887	112,726,260	56,471,741	503,524	847,555,412
2011	613,123,034	104,439,630	39,673,599	190,534	757,426,797
2012	554,081,621	88,261,615	134,695,645	208,986	777,247,867
2013	625,910,515	90,163,478	115,855,901	15,136,367	847,066,261
2014	826,505,262	111,913,600	131,237,187	15,728,392	969,656,099
2015	892,160,029	91,446,400	139,318,209	15,640,297	1,155,908,456
2016	999,046,165	97,612,900	161,893,154	37,812,708	1,296,364,927

Source: Utah State Tax Commission

Schedule 8
CITY OF SARATOGA SPRINGS
Taxable Sales by Category
Last Five Calendar Years

	Calendar Year				
	2012	2013	2014	2015	2016
Retail Trade	103118541	112342890	113167547	120493315	134903638
Accommodation and Food Services	13542661	16782513	20963103	23056127	24272362
Utilities	10384850	12491830	12964613	13545560	14520668
Information	7266740	8205139	9472286	9232412	9020018
Wholesale Trade	3172489	2179487	2481843	7257027	3880350
Motor Vehicle Sales Tax	5214109	5901951	6435003	6346056	7645128
Other Services (except Public Administration)	2387363	2123710	2342173	3142629	5592281
Miscellaneous	1839127	1153018	1929795	2323817	7980524
All others	5534666	9171516	5360641	6575124	9604431
Total	\$ 152,460,546	\$ 170,354,067	\$ 175,117,004	\$ 191,972,067	\$ 217,419,400
City direct sales tax rate	2.20%	2.20%	2.20%	2.20%	2.20%

Schedule 9
CITY OF SARATOGA SPRINGS
Direct and Overlapping Property Tax Rates
Last Ten Calendar Years
(Rate per \$1,000 of Assessed Value)

Calendar Year	City Direct Rate	Overlapping Rates					Total Levy for Saratoga Springs Residents
		Utah County Levy	Local Assessment Levy	State Assessment/ Collecting	Cent Ut Levy	Alpine School District	
2006	0.001331	0.001079	0.000044	0.000139	0.000357	0.006883	0.009833
2007	0.000933	0.000843	0.000036	0.000121	0.000302	0.006937	0.009172
2008	0.002019	0.000809	0.000175	0.000121	0.000286	0.007057	0.010467
2009	0.002436	0.000878	0.000183	0.000142	0.000400	0.007541	0.011580
2010	0.002744	0.001108	0.000024	0.000162	0.000421	0.008220	0.012679
2011	0.003120	0.001143	0.000027	0.000172	0.000436	0.008812	0.013710
2012	0.003054	0.001127	0.000029	0.000168	0.000455	0.008828	0.013661
2013	0.002761	0.001006	0.000095	0.000158	0.000447	0.008699	0.013166
2014	0.002233	0.000916	0.000022	0.000013	0.000447	0.008096	0.011727
2015	0.002083	0.000870	0.000028	0.000228	0.000405	0.008070	0.011684
2016	0.001994	0.000834	0.000025	0.000190	0.000400	0.007718	0.011161

Source: Utah County Assessors Office

Note: Table represents data available since implementation of GASB Statement 44

Schedule 10
CITY OF SARATOGA SPRINGS
Direct and Overlapping Sales Tax Rates
Last Ten Calendar Years

Fiscal Year	City Direct Rate	Utah County	State of Utah	Total
2009	1.25	0.25	4.70	6.20
2010	1.80	0.25	4.70	6.75
2011	1.80	0.25	4.70	6.75
2012	1.80	0.25	4.70	6.75
2013	1.80	0.25	4.70	6.75
2014	1.80	0.25	4.70	6.75
2015	1.80	0.25	4.70	6.75
2016	1.80	0.25	4.70	6.75
2017	1.80	0.25	4.70	6.75

Source: Utah State Tax Commission

Note: Table represents data available since implementation of GASB Statement 44,
and will increase to ten years over time

Schedule 11
CITY OF SARATOGA SPRINGS
Principal Property Taxpayers
Current and previous year

2017				2016			
Taxpayer	Taxable Assessed Value	Total Parcels	Rank	Taxpayer	Taxable Assessed Value	Total Parcels	Rank
Aldara Apartments	19,417,365	1	1	Aldara Apartments	19,417,365	1	1
Wal- Mart	15,262,500	1	2	Wal- Mart	15,262,500	1	2
McLaughlin, Scott	14,466,215	15	3	McLaughlin, Scott	14,466,215	15	3
SCP Fox Hollow	10,000,600	28	4	SCP Fox Hollow	10,000,600	28	4
Questar Gas (Dominion)	9,695,430	1	5	Questar Gas	9,695,430	1	5
Wasatch Land Company	8,686,960	94	6	Wasatch Land Comp:	8,686,960	94	6
Woodside Homes of Utah	8,582,240	106	7	Woodside Homes of	8,582,240	106	7
Pacificorp	8,581,310	1	8	Pacificorp	8,581,310	1	8
D R Horton	8,160,786	174	9	D R Horton Inc	8,160,786	174	9
Stations West	8,042,200	6	10	Stations West Saratog:	8,042,200	6	10
	110,895,606	427			110,895,606	427	

Schedule 12
CITY OF SARATOGA SPRINGS
City Tax Revenue Collected by Utah County
Last Ten Calendar Years

Tax Year End 12/31	Total Taxes Levied	Treasurer's Relief (1)	Net Taxes Assessed	Current Collections	Delinquent, Personal Property, and Misc. Collections (2)	Total Collections	% of Current Collections to Net Taxes Assessed	% of Total Collections to Net Taxes Assessed (3)
2009	2,181,526	7,717	2,173,809	1,763,228	543,549	2,306,777	81.11%	106.12%
2010	2,246,026	14,729	2,231,297	1,934,821	520,414	2,455,235	86.71%	110.04%
2011	2,322,946	19,180	2,303,766	2,079,374	575,767	2,655,141	90.26%	115.25%
2012	2,330,527	15,364	2,315,163	2,134,668	678,428	2,813,096	92.20%	121.51%
2013	2,300,968	151,612	2,149,356	2,149,356	226,980	2,376,336	100.00%	110.56%
2014	2,888,902	156,192	2,732,710	2,132,709	193,021	2,325,730	78.04%	85.11%
2015	2,409,970	111,248	2,298,722	2,292,722	142,890	2,435,612	99.74%	105.96%
2016	2,586,315	162,703	2,586,315	2,423,612	103,163	2,526,775	93.71%	97.70%

Source: Utah County Treasurer

Note: Table represents data available since implementation of GASB Statement 44, and will increase to ten years over time

- (1) "Treasurer's Relief" includes abatements. These "Treasurer's Relief" items are levied against the property, but are never collected and paid to the City.
- (2) "Delinquent, Personal Property, and Miscellaneous Collections" include interest, sales of real and personal property, and miscellaneous delinquent collections.
- (3) Due to collections of Delinquent, Personal Property, Miscellaneous, and interest from prior years, collections may exceed 100%.

Schedule 13
CITY OF SARATOGA SPRINGS
Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities					Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Sales Tax Revenue	Capital Leases	Water	Water Revenue Bonds	Special Assessment Bonds	Culinary				
			Interim			Water System				
			Warrant			Contract				
			Certificate			Payable	Capital Leases			
2008	-	2,455,702	6,122,986	5,048,595	-	17,306,750	127,143	31,061,176	9.66%	2,382
2009	-	2,199,243	6,122,986	4,842,595	-	16,942,750	81,172	30,188,746	7.82%	2,041
2010	-	1,895,779	- (9)	5,458,595	4,669,539 (9)	16,460,750	100,914	28,585,577	6.41%	1,731
2011	4,000,000 (10)	549,948 (10)	-	5,193,000	4,601,000	15,971,500	68,123	30,383,571	6.73%	1,709
2012	3,860,000	382,431		4,918,000	3,114,374 (11)	15,003,460	37,974	27,316,239	6.07%	1,526
2013	3,835,270	349,923		4,634,000	2,898,500	13,946,960	17,267	25,681,920	4.58%	1,212
2014	3,565,000	376,227 (12)		4,340,000	2,110,000	13,334,960	6,325	23,732,512	5.20%	1,193
2015	3,410,000	373,755		9,995,000 (13)	1,957,000	12,658,960	4,612	28,399,327	5.77%	1,166
2016	3,250,000	219,583		9,575,000	1,837,000	11,526,540	2,983	26,411,106	5.12%	1,180
2017	3,085,000	108,543		9,145,000	1,515,000	10,365,660	1,120	24,220,323	3.66%	1,097

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule 16 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

(2) The City issued Water Revenue Bonds Series 2004 for \$2,244,000 in fiscal year 2004.

(3) The City entered into a capital lease agreement for office building for \$1,343,410 in fiscal year 2005.

(4) The City issued Water Revenue Bonds Series 2006 for \$3,500,000 in fiscal year 2006, but had drawn only \$600,000 by June 30, 2006.

(5) The City entered into a contract to pay \$21,000,000 for the purchase of an existing water system. There is no interest on the debt.

Principal payments are made for each new culinary water connection sold by the City.

(6) The City entered into capital lease agreements for a dump truck, a street sweeper, an ambulance, and police vehicles for \$625,000 in fiscal year 2007.

(7) The City issued an Interim Warrant Certificate for \$6,000,000 in fiscal year 2007, but had drawn only \$2,675,534 as of June 30, 2007.

(8) The City drew the remaining \$2,900,000 of the Water Revenue Bonds Series 2006.

(9) The City issued Special Assessment Bonds Series 2009 for \$4,669,539 and retired the Interim Warrant Certificate in fiscal year 2010.

(10) The City issued Sales Tax Revenue Bonds Series 2011 for \$4,000,000 and retired the lease on the office building in fiscal year 2011.

(11) The City issued Special Assessment Bonds Series 2012 for \$3,114,374 and retired the Special Assessment Bonds Series 2009 in fiscal year 2012.

(12) The City Entered into capital lease agreements for police vehicles for \$211,322 in fiscal year 2014.

(13) The City entered into capital lease agreements for police vehicles for \$120,000 and issued water revenue bond \$9,995,000 retiring all issues of water bonds, in fiscal year 2015.

Schedule 14
CITY OF SARATOGA SPRINGS
Legal Debt Margin Information
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 18,611,859	\$ 31,833,947	\$ 41,803,499	\$ 36,984,021	\$ 33,882,076	\$ 30,289,451	\$ 31,081,555	33882650	38786244	46236338	50342089
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 18,611,859	\$ 31,833,947	\$ 41,803,499	\$ 36,984,021	\$ 33,882,076	\$ 30,289,451	\$ 31,081,555	33882650	38786244	46236338	50342089
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Legal Debt Margin Calculation for Fiscal Year 2016

Total assessed value	<u>\$ 1,301,680,175</u>
Debt limit - 4% of total assessed value	52,067,207
Amount of debt applicable to debt limit	<u>-</u>
Legal debt margin	<u>\$ 52,067,207</u>

Source: Utah County Treasurer

Notes: Under Utah State Law, the City of Saratoga Springs' outstanding debt should not exceed 4 percent of total assessed property value.

The general obligation debt subject to the limitation may be offset by resources set aside for the repayment of the principal that are externally restricted.

Schedule 15
CITY OF SARATOGA SPRINGS
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2017
 (Amounts expressed in thousands)

Government Unit	Debt Outstanding	Estimated %	Estimated Share of Overlapping Debt
Alpine School District	\$ 491,269,589	5%	24,563,479
CUWCD		3%	
Subtotal, Overlapping debt		8%	
Saratoga Springs Direct Debt			
Total Direct and overlapping debt	\$		\$

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Saratoga Springs. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. (1) Includes only long-term general obligation debt being repaid through general property taxes.

(2) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by dividing the City's taxable assessed value by each overlapping unit's total taxable assessed value.

Central Utah Water Conservancy District's (CUWCD) outstanding general obligation bonds are limited ad valorem tax bonds. By law

CUWCD may levy a tax rate of up to .000400 to pay for operation and maintenance expenses and any outstanding ad valorem tax bonds.

CUWCD is located in multiple counties. Overlapping debt is based solely on the portion of value within City boundaries. Source: Utah State Auditor, Utah State Tax Commission

Schedule 16
CITY OF SARATOGA SPRINGS
Pledged-Revenue Coverage
Last Ten Fiscal Years

2011 Sales Tax Bond				2012 Special Assessment Bond							2014 Water Revenue Bond						
Debt Service				Debt Service							Debt Service						
<u>Sales Tax</u>					<u>Operating</u>	<u>Net Available</u>					<u>Operating</u>	<u>Net Available</u>					
<u>Revenues</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>	<u>SID Fees</u>	<u>Expenses</u>	<u>Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>	<u>Water Revenues</u>	<u>Expenses</u>	<u>Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>		
2008 \$	1,256,981.00	N/A	N/A	N/A	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
2009 \$	1,495,026.92	N/A	N/A	N/A	\$ -	\$ 22,921.27	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
2010 \$	1,723,050.95	N/A	N/A	N/A	\$ 3,696,125.34	\$ 1,706.51	\$3,694,418.83	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
2011 \$	1,881,168.00	N/A	N/A	N/A	\$ 447,832.24	\$ 22,644.00	\$ 425,188.24	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
2012 \$	2,162,610.27	\$ 140,000	\$ 148,500	7.5	\$ 1,631,518.92	\$207,479.96	\$1,424,038.96	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
2013 \$	2,360,543.79	\$ 145,000	\$ 144,300	8.2	\$ 713,047.12	\$ 35,682.99	\$ 677,364.13	\$ 157,374.34	\$ 23,357.81	3.7	N/A	N/A	N/A	N/A	N/A		
2014 \$	2,653,278.10	\$ 150,000	\$ 139,950	9.2	\$ 339,994.97	\$ 36,320.56	\$ 303,674.41	\$ 159,000.00	\$ 25,134.50	1.6	\$ 4,084,565	\$1,782,803.17	\$2,301,762.10	N/A	N/A		
2015 \$	2,939,652.89	\$ 155,000	\$ 135,450	10.1	\$ 248,540.78	\$ 10,310.00	\$ 238,230.78	\$ 160,000.00	\$ 28,819.40	1.3	\$ 4,874,198	\$1,960,760.27	\$2,913,437.67	\$ -	\$ 158,291		
2016 \$	3,215,928.54	\$ 160,000	\$ 130,800	11.1	\$ 297,185.17	\$ 13,828.00	\$ 283,357.17	\$ 162,000.00	\$ 35,613.00	1.4	\$ 6,778,818	\$2,470,413.59	\$4,308,404.68	\$ 420,000	\$ 272,425		
2017 \$	3,639,272.01	\$ 165,000	\$ 126,000	12.5	\$ 372,019.65	\$ 9,098.00	\$ 362,921.65	\$ 164,000.00	\$ 37,387.60	1.8	\$ 6,234,326	\$2,649,500.57	\$3,584,825.20	\$ 430,000	\$ 263,925		

Source: City Finance Department

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Water Revenues includes investment earnings, charges for services, and impact fees. Operating expenses do not include interest.

Schedule 17
CITY OF SARATOGA SPRINGS
Demographic and Economic Statistics
Last Ten Calendar Years

Census:	<u>Fiscal Year</u>	<u>City of Saratoga Springs</u>	<u>Personal Income</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>Unemployment Rate</u>
	2005	11,241	277,225,542	24,662	24.8	2.90
	2006	13,039	340,213,588	26,092	25.2	2.50
	2007	14,788	399,497,820	27,015	25.6	3.40
	2008	16,516	419,572,464	25,404	25.9	7.30
	2009	17,781	447,032,121	25,141	26.1	7.90
	2010	18,299	474,366,480	25,923	22.6	6.50
	2011	21,137	583,888,488	27,624	22.6	5.50
	2012	23,207	532,104,777	22,929	24.2	3.60
	2013	24,356	492,234,760	20,210	24.3	3.40
	2014	26,652	515,863,728	20,210	24.1	3.20
	2015	27,763	613,201,381	21,070	24.6	3.00
	2016	29,921	660,865,127	22,087	22.1	3.90

Source: U.S. Census Bureau, State of Utah

Notes: (1) Percentages for Utah County

Schedule 18
CITY OF SARATOGA SPRINGS
Principal Employers
Current Year and Nine Years Ago

<u>2017</u>				<u>2009</u>			
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	Percentage of Total City <u>Employees</u>	<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	Percentage of Total City <u>Employees</u>
Alpine School District	1695	1	53	Alpine School District	350	1	43
Wal-Mart	500	2	16	Wal-Mart			
Lakeview Academy	250	3	8	Lakeview Academy			
Smith's Food and Drug	249	4	8	Smith's Food and Drug	120	3	15
City of Saratoga Springs	200	5	6	City of Saratoga Springs	200	2	25
Vivant/ AMR Security	60	6	2	Vivant/ AMR Security			
Dean Flour	40	7	1	Dean Flour			
McDonalds	40	8	1	McDonalds			
Riding Siding	40	9	1	Riding Siding			
Arctic Circle	40	10	1	Arctic Circle	40	4	5

Schedule 19
CITY OF SARATOGA SPRINGS
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General government											
Administration	6.4	10.8	6.8	7.1	7.7	7.3	7.5	8.5	8.2	10.0	7.7
Attorney	1.0		0.5	0.5	0.5	1.5	1.5	2.5	2.1	2.9	3.1
Planning	5.6	4.8	3.0	1.0	2.0	2.0	3.0	3.5	3.7	4.6	5.4
Courts			1.0	1.0	2.0	2.4	2.4	3.0	2.0	3.0	2.5
Public Safety											
Police (1)	4.6	22.9	22.3	25.3	33.9	36.0	36.0	34.5	37.9	42.0	47.0
Fire	16.6	16.8	19.1	18.3	21.0	22.5	22.5	16.0	23.3	17.5	20.0
Building inspection	7.0	7.0	5.0	4.0	4.0	3.0	4.0	5.0	5.0	8.6	8.7
Public Works											
Public Works		1.0	1.0	1.0	1.0	2.4	2.4	6.0	4.0	5.5	5.4
Engineering	5.0	8.1	4.5	7.4	7.0	6.7	7.7	6.5	5.1	5.0	4.0
Highways and streets	5.5	4.1	3.0	3.0	2.0	2.0	2.0	4.0	4.3	7.0	10.8
Water	2.8	6.6	5.7	4.7	5.7	5.0	5.0	5.5	8.0	8.8	9.4
Sewer	0.8	1.3	1.3	0.3	2.3	3.0	3.0	3.0	2.5	2.8	1.7
Parks and recreation	1.8	3.8	3.7	3.7	5.5	7.8	8.8	2.5	11.7	16.53	21.21
Total	57.1	87.2	76.9	77.3	94.6	101.6	105.8	100.5	117.77	134.23	147.1

Source: City Finance Department

Notes: The City of Saratoga Springs is a growing, developing municipality.

(1) The City contracted to provide police services to the City of Bluffdale starting with the 2010-2011 fiscal year.

Schedule 20
CITY OF SARATOGA SPRINGS
Operation Indicators by Function
Current Year

	<u>2017</u>
Fire Protection	
Number of Full-time employees	13
Number of Part-time employees	25
Fire calls for service	271
Medical Calls for Service	713
Police Protection	
Number of Officers	41
Police calls for service	15355
Municipal Water Services	
Number of connections	6414
Gallons billed/day	1289630
Municipal Sewer Services	
Number of connections	6414
Municipal Refuse Services	
Number of first cans	6114
Number of second cans	1624
Number of recycle cans	5967
Business Licenses	
Number of licenses issued	330
Building and Construction	
Number of building permits issued	1067
Number of residential units- single family	485
Number of residential units- multi-family	163
Parks & Recreation	
Number of football participants	342
Number of basketball participants	1306
Number of soccer participants	2426
Number of baseball participants	577

Source: City Departments

Notes Years will increase to 10 years over time

Schedule 21
CITY OF SARATOGA SPRINGS
Capital Assets by Function
Current Year

	<u>2017</u>
Streets	
Number of lane miles	95.5
Number of street lights	1965
Fire Protection	
Number of Stations	2
Number of hydrants	1425
Number of fire pumping vehicles	3
Police Protection	
Number of stations	1
Edication	
Number of high schools	1
Number of junior high schools	1
Number of elementary schools	7
Municipal Water Facilities	
Miles of water mains	254.5
Municipal Sewer Facilities	
Miles of sewer mains	114
Parks & Recreation	
Number of parks	30
Park and open space acreage	296

Source: City Departments

Notes: Years available will increase to 10 years over time

Schedule 22
CITY OF SARATOGA SPRINGS
Five-Year Financial Summaries
Last Five Fiscal Years

		Fiscal Year Ended	June 30		
	2013	2014	2015	2016	2017
ASSETS					
Cash and Investments	\$23,064,986.00	\$24,177,117.00	\$28,510,379.00	\$39,461,737.00	39,609,385.00
Receivables (not of allowances for uncollectables)	1,461,995	1,644,369	2,867,139	1,739,455	1,096,218
Prepaid and inventories	80,183	56,166	36,955	18,477	
Deferred charges					
Restricted cash and investments	675,132	646,003	2,814,571	2,787,320	3,391,770
Due from other funds	296,275	1,661,426	4,766,668	4,083,136	3,789,823
Due from other governmental units	1,899,270	2,010,708	2,187,081	2,396,502	2,396,502
Pension assets			43,059	6,995	4,648
Capital assets					
Land	18,402,042	18,720,913	20,201,852	20,201,852	21,265,004
Water Rights	14,998,026	15,231,188	15,699,164	15,720,925	15,954,480
Construction in progress	1,353,103	4,939,031	3,094,850	418,799	4,945,709
Capital assets not of accumulated depreciation					
Buildings and systems	5,159,014	4,872,532	4,586,050	4,299,569	4,027,788
Improvements other than buildings					
Machinery and equipment	1,571,059	2,578,304	2,717,062	2,755,463	2,094,599
Infrastructure	135,761,060	135,270,979	142,400,266	62,887,291	59,819,294
Deferred outflows of resources					
Pension related deferred outflows			503,540	1,489,687	
Total Assets	<u>\$204,722,145</u>	<u>\$211,808,736</u>	<u>\$230,428,636</u>	<u>\$158,267,208</u>	<u>\$158,395,220</u>
LIABILITIES					
Accounts Payable	\$1,566,133	\$2,093,885	\$2,432,336	\$2,667,915	\$750,027
Accrued interest payable	243,617	97,370	304,689	335,642	364,000
Due to other funds	296,275	1,396,275	4,766,668	4,083,136	149,461
Deposits	486,007	2,264,122	3,044,350	8,418,144	4,626,197
Unearned revenue					
Nonconcurrent Liability					
Net pension Liability			1,719,308	2,255,727	3,076,126
Due or payable within one year	1,786,123	1,897,221	2,176,142	2,152,177	3,063,900
Due or payable after one year	24,298,389	22,264,127	26,696,981	24,787,422	47,241,272
Total Liabilities	<u>\$28,676,544</u>	<u>\$30,013,000</u>	<u>\$41,140,474</u>	<u>\$44,700,163</u>	<u>\$59,270,983</u>
Deferred inflows of resources					
Pension related deferred inflows			\$301,724	\$340,125	
NET POSITION					
Net investment in capital assets	151,648,119	158,256,666	160,347,239	190,585,917	223,940,044
Restricted for debt service			2,814,857	2,787,320	5,926,731
Restricted for capital improvements					
Restricted for roads	600,591	95,687			
Unrestricted	<u>23,796,891</u>	<u>23,443,383</u>	<u>25,824,628</u>	<u>30,566,807</u>	<u>31,989,284</u>
Total net assets	<u>176,045,601</u>	<u>181,795,736</u>	<u>189,288,448</u>	<u>224,280,169</u>	<u>261,856,059</u>
Total liabilities and net assets	<u>\$204,722,145</u>	<u>\$211,808,736</u>	<u>\$230,428,922</u>	<u>\$268,980,332</u>	<u>\$321,127,042</u>



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ESTABLISHED 1974

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

Honorable Mayor and Members of the City Council
City of Saratoga Springs
Saratoga Springs, Utah

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Saratoga Springs (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 20, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Saratoga Springs's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control which might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gilbert & Stewart

GILBERT & STEWART, CPA PC

October 20, 2017



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE STATE COMPLIANCE AUDIT GUIDE

Honorable Mayor and Members of the City Council
City of Saratoga Springs
Saratoga Springs, Utah

Report On Compliance with General State Compliance Requirements

We have audited the City of Saratoga Springs' ("the City") compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2017.

General state compliance requirements were tested for the year ended June 30, 2017 in the following areas:

- Budgetary Compliance
- Fund Balance
- Justice Court
- Utah Retirement Systems
- Restricted Taxes and Related Revenues
- Open and Public Meetings Act
- Treasurer's Bond
- Cash Management
- Impact Fees

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the City occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements. However, our audit does not provide a legal determination of the City's compliance.



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Opinion on General State Compliance Requirements

In our opinion, the City of Saratoga Spring complied, in all material respects, with the general compliance requirements identified above for the year ended June 30, 2017.

Report on Internal Control over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Gilbert & Stewart

GILBERT & STEWART, CPA PC
October 20, 2017