

COMPREHENSIVE
ANNUAL FINANCIAL REPORT



CITY OF SARATOGA SPRINGS, UTAH
FISCAL YEAR ENDED JUNE 30, 2016

CITY OF SARATOGA SPRINGS, UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

FOR FISCAL YEAR ENDED JUNE 30, 2016

PREPARED BY:
FINANCE DEPARTMENT

THE CITY OF SARATOGA SPRINGS
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INTRODUCTORY SECTION



CITY OF SARATOGA SPRINGS

November 15, 2016

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, 2016.

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.

Litz & Company P.C., 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, 2016, 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 Litz & Company P.C. 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 28,652 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

- Improve communication to foster engagement between the City, the residents, businesses, and schools
- Create a successful environment for business “Class A”, dining, and retail to foster an environment of work, live, and play
- Foster high quality, long-term growth and development
- Improve the experience of the development community in our City
- Build 1st class recreation facilities
- Improve staff satisfaction to develop and retain committed employees

- Develop a long range, sustainable plan with quantifiable metrics to increase “infrastructure” staff roads proportionally, etc.
- Create a unique lakefront for economic & residential development

Update on Major Projects

Project	Estimated Cost	Description
Marina Pump Station	\$4.6 million	To provide water source in the south end of the City
Zone 1 North Pond	\$3.2 million	Pond will service the north and middle of the City.
Inlet Park Outfall Upsize	\$3.1 million	Creating alternate sewer line through Legacy Farms to accommodate flow capacity.
Police Facility	\$3 million	New facility for Police and Justice Court departments.
Zone 2 South Pond	\$2.3 million	Serve as storage for the Marina pump project
Zone 2 North Pond	\$2.3 million	Provide capacity in the north part of the City
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.
Foothill South Pipeline and Pump Station	\$1.75 million	Provide transmission of water from Israel Canyon Pond to Fox Hollow

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, 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, 2012, 2013, 2014, and 2015. 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 Litz & Company P.C., 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, 2016

Mayor Jim Miller

Email: jmiller@saratogaspringscity.com

Term: 01/2014 - 01/2018

Council Member Bud Poduska

Email: bpoduska@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

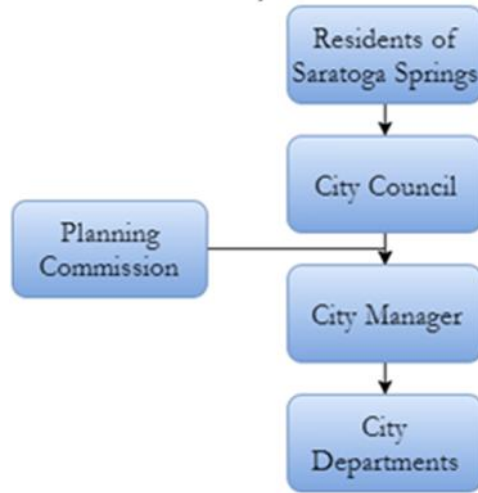
Term: 01/2016 - 01/2020

CITY OF SARATOGA SPRINGS, UTAH

ORGANIZATIONAL CHARTS

FY2016

Overall City Structure



City Departments





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, 2015

Executive Director/CEO

FINANCIAL SECTION

Independent Auditor's Report

**Honorable Mayor and City Council
City of Saratoga Springs, Utah**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Saratoga Springs (City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Saratoga Springs, Utah, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general and special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis and budgetary comparison information on pages 12 through 25 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 the 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.

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 and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in 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 September 30, 2016, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.



**Roy, Utah
September 30, 2016**

CITY OF SARATOGA SPRINGS, UTAH
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2016

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, 2016. 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, 2016, were \$223,940,044. Of this amount, \$30,566,807 (unrestricted net position) is available to meet ongoing financial obligations.
- The City's government-wide net position increased by \$34,953,607. Of this amount, business-type activities increased by \$22,373,953, a rise of 22.7 percent, and the governmental activities increased by \$12,579,654 an increase of 14.0 percent when compared to last fiscal year.
- The City's governmental funds reported a combined ending fund balance of \$15,648,803, a decrease of \$1,106,425 (6.6 Percent) compared to the beginning of this year's fund balance amount. The decrease in fund balance in comparison to last fiscal year is attributable to a decrease in unassigned fund balance and committed for capital projects. Of the combined total fund balance, \$2,768,845 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, 2016, totaled \$2,768,845 and is 19.3 percent of the General Fund total revenues for the year and 17.7 percent of total governmental fund balance.
- The City's total debt had a net decrease of \$1,966,816 during fiscal year 2016. This represents a 6.8 percent decrease over the prior year, this is a result from required debt service payments and no new issuance of bonds.

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 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 Assets and the Statement of Activities.

CITY OF SARATOGA SPRINGS, UTAH
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2016

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 assets. Net assets (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 assets 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 assets 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 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 30 and 32. 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 29-34 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 31, 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.

CITY OF SARATOGA SPRINGS, UTAH
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2016

- **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 35-37 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, UTAH
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2016

FINANCIAL ANALYSIS OF THE CITY AS A – WHOLE

Net assets – The following table presents summary information for the Statement of net assets for the years ended June 30, 2016 and 2015.

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

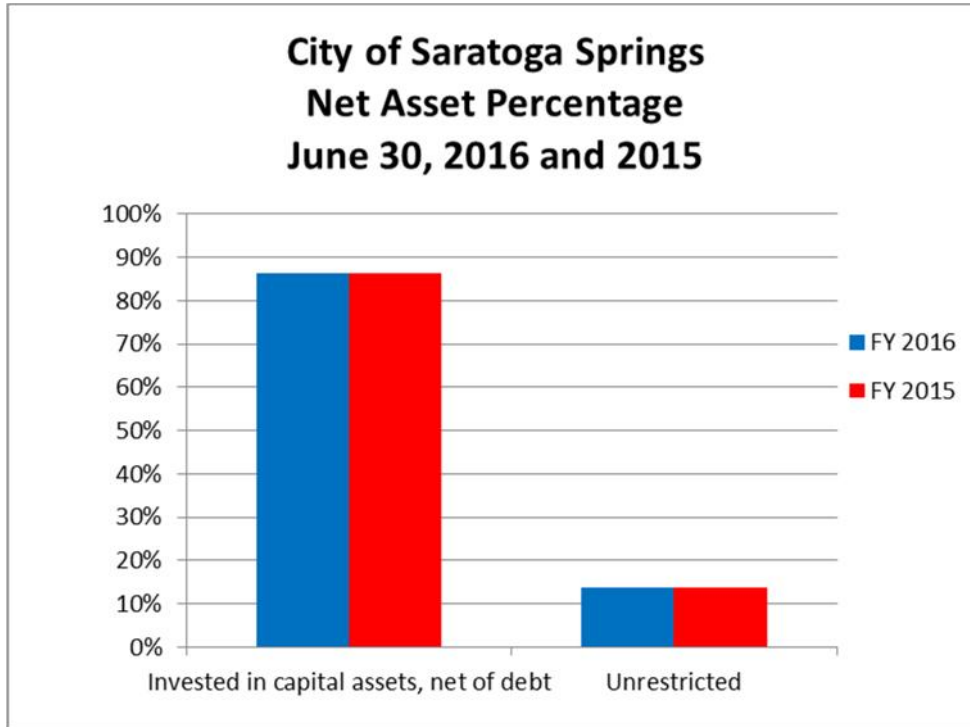
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>		<u>Total %</u>
	<u>Activities</u>		<u>Activities</u>				<u>Change</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
Current and other assets	\$ 27.8	\$ 23.8	\$ 22.7	\$ 17.3	\$ 50.5	\$ 41.1	22.9%
Capital assets	91.1	77.5	127.4	111.8	218.5	189.3	15.4%
Total Assets	<u>118.9</u>	<u>101.3</u>	<u>150.1</u>	<u>129.1</u>	<u>269.0</u>	<u>230.4</u>	<u>16.8%</u>
Long-Term debt	5.8	5.5	21.6	23.2	27.4	28.7	-4.5%
Other liabilities	10.2	5.5	7.4	7.2	17.6	12.7	38.6%
Total liabilities	<u>16.0</u>	<u>11.0</u>	<u>29.0</u>	<u>30.4</u>	<u>45.0</u>	<u>41.4</u>	<u>8.7%</u>
Net assets							
Invested in capital assets,							
net of related debt	86.4	73.2	107.0	89.9	193.4	163.1	18.6%
Unrestricted	16.5	17.1	14.1	8.8	30.6	25.9	18.1%
Total net assets	<u>\$ 102.9</u>	<u>\$ 90.3</u>	<u>\$ 121.1</u>	<u>\$ 98.7</u>	<u>\$ 224.0</u>	<u>\$ 189.0</u>	<u>18.5%</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At June 30, 2016, the City's assets exceeded liabilities by approximately \$224.0 million (net assets) compared to \$189.0 million at June 30, 2015. This would indicate an improved financial position in comparison to last fiscal year. Roughly 86.4 percent at June 30, 2016, and 86.3 percent at June 30, 2015, of these amounts are represented by the investment in capital assets, net of debt 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 capital assets net of related debt, it 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 investment in capital assets net of related debt of \$35.0 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 assets is unrestricted. The balance of \$30.6 million at June 30, 2016 and \$25.9 million at June 30, 2015, 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 charges for services for ongoing revenues.

CITY OF SARATOGA SPRINGS, UTAH
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2016

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



CITY OF SARATOGA SPRINGS, UTAH
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2016

Changes in Net Assets – As taken from the Statement of Activities, the following table signifies the changes in net assets for fiscal years 2016 and 2015.

City of Saratoga Springs
Summary of Change in Net Assets
(in millions of dollars)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>		<u>Total %</u> <u>Change</u>
	<u>Activities</u>		<u>Activities</u>				
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
Revenues							
Program Revenues							
Charges for Services	\$ 10.5	\$ 8.7	\$ 17.1	\$ 11.1	\$ 27.6	\$ 19.8	39.4%
Operating grants and contributions	0.2	0.8	-	-	0.2	0.8	-75.0%
Capital grants and contributions	10.8	1.5	17.8	6.6	28.6	8.1	253.1%
General Revenues							
Property Tax	3.0	2.8	-	-	3.0	2.8	7.1%
Other Taxes	4.3	4.0	-	-	4.3	4.0	7.5%
Investment earnings	0.2	0.1	0.1	0.1	0.3	0.2	50.0%
Other	-	-	-	-	-	-	-100.0%
Total Revenues	<u>29.0</u>	<u>17.9</u>	<u>35.0</u>	<u>17.8</u>	<u>64.0</u>	<u>35.7</u>	<u>79.3%</u>
Expenses							
General government	2.5	2.1	-	-	2.5	2.1	19.0%
Public safety	6.0	5.2	-	-	6.0	5.2	15.4%
Highways and public improvements	6.0	5.4	-	-	6.0	5.4	11.1%
Parks and recreation	2.0	2.7	-	-	2.0	2.7	-25.9%
Interest on long-term debt	0.1	0.1	-	-	0.1	0.1	0.0%
Water utility	-	-	6.3	5.5	6.3	5.5	14.5%
Sewer utility	-	-	4.2	3.2	4.2	3.2	31.3%
Garbage utility	-	-	0.9	0.9	0.9	0.9	0.0%
Storm drain utility	-	-	1.1	1.1	1.1	1.1	0.0%
Total Expenses	<u>16.6</u>	<u>15.5</u>	<u>12.5</u>	<u>10.7</u>	<u>29.1</u>	<u>26.2</u>	<u>11.1%</u>
Change in net position	12.6	2.4	22.4	7.1	35.0	9.5	268.4%
Net position beginning	<u>90.3</u>	<u>87.9</u>	<u>98.7</u>	<u>91.6</u>	<u>189.0</u>	<u>179.5</u>	<u>5.3%</u>
Net position ending	<u>\$ 102.9</u>	<u>\$ 90.3</u>	<u>\$ 121.1</u>	<u>\$ 98.7</u>	<u>\$ 224.0</u>	<u>\$ 189.0</u>	<u>18.5%</u>

Net position increased from governmental activities in fiscal year 2016 approximately \$12.6 million and \$0.3 million in fiscal year 2015. The increase is primarily due to increased charges for services and capital grants and contributions. Expenses for governmental activities were higher with a \$1.1 million increase. This is mainly due to increase in personnel and expenses for capital projects.

Net position increased \$22.4 million in fiscal year 2016 and increased \$6.9 million in 2015 for business-type activities. The revenues for business-type activities increased in charges for services and capital grants and contributions due to increase impact fee collection, and developer contributions.

CITY OF SARATOGA SPRINGS, UTAH
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2016

Revenues – For the year ended June 30, 2016, the City’s government-wide revenues are approximately \$64.0 million as compared to the prior year total revenues of \$35.7 million. Key elements of this change were as follows:

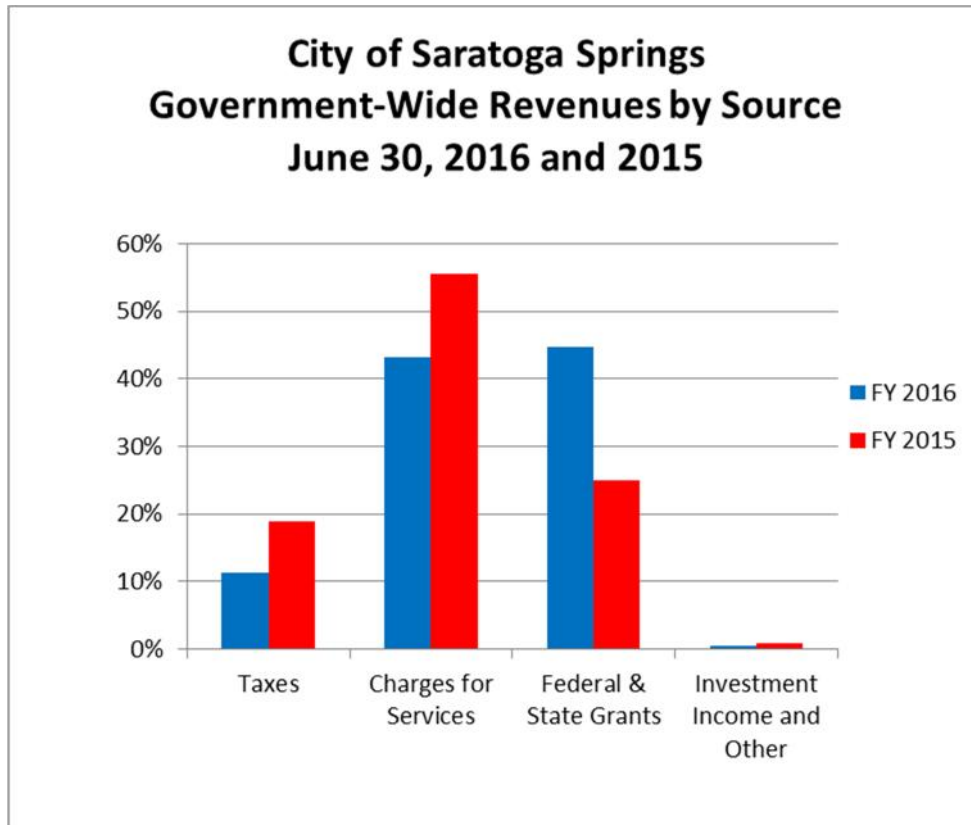
Of the City’s total revenues, about 11.4 percent in fiscal year 2016 and 19.0 percent in fiscal year 2015 resulted from taxes (under half of which is from property taxes) as shown in the following table:

City of Saratoga Springs
(in millions of dollars)

	Government-wide		Total % Change
	Tax Revenues		
	2016	2015	
Property tax	\$ 3.0	\$ 2.8	7%
General sales and use tax	3.2	2.9	10%
Franchise fees	0.2	0.2	0%
Energy Tax	0.9	0.9	0%
Total	\$ 7.3	\$ 6.8	7%

- Charges for services increased in fiscal year 2016 about \$7.8 million and increased 43.2 percent of total revenues in fiscal year 2016 from 55.5 percent in fiscal year 2015. The increase is due to increased collections in general government and business type activities service fees.
- Operating and capital contributions combined increased by \$19.9 million in fiscal year 2016. This was due to more capital and operating grant revenues received, combined with developer contributions.
- Investment and other income, which is a combination of interest earnings and gain on the sale of capital assets, increased by \$0.1 million in fiscal year 2016.

CITY OF SARATOGA SPRINGS, UTAH
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2016



Expenses – The City’s government-wide total expenses cover a range of services. For the year ended June 30, 2016, the City’s total expenses are \$29.1 million compared to the prior year of \$26.2 million. Of the \$2.9 million increase, general government expenses increased \$0.4 million, public safety increased \$0.8 million, highways and public improvements increased \$0.6 million, parks and recreation decreased \$0.7 million, interest on long-term debt stayed the same, and business-type activities increased by \$1.8 million.

Governmental Activities:

Revenue Highlights:

- Taxes encompass a sizable source of revenue for the City’s governmental activities: Roughly \$7.3 million or 25.2 percent in fiscal year 2016 and \$6.8 million or 38.0 percent in fiscal year 2015 of total revenues from governmental activities. The \$0.5 million increase is majorly from property and other taxes.
- Charges for services increased to \$10.5 million or 36.2 percent of total revenues from governmental activities in fiscal year 2016 from \$8.7 million or 48.6 percent of total revenues in fiscal year 2015. The increase in fiscal year 2016 is a result from increased building, planning and engineering fee collection.
- Grant and contribution revenue denotes approximately \$11.0 million or 38.0 percent in fiscal year 2016 and \$2.3 million or 12.8 percent in fiscal year 2015 of total revenues from governmental activities. The \$8.7 million increase was the effect more developer contributions to the City.

CITY OF SARATOGA SPRINGS, UTAH
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2016

Expense Highlights:

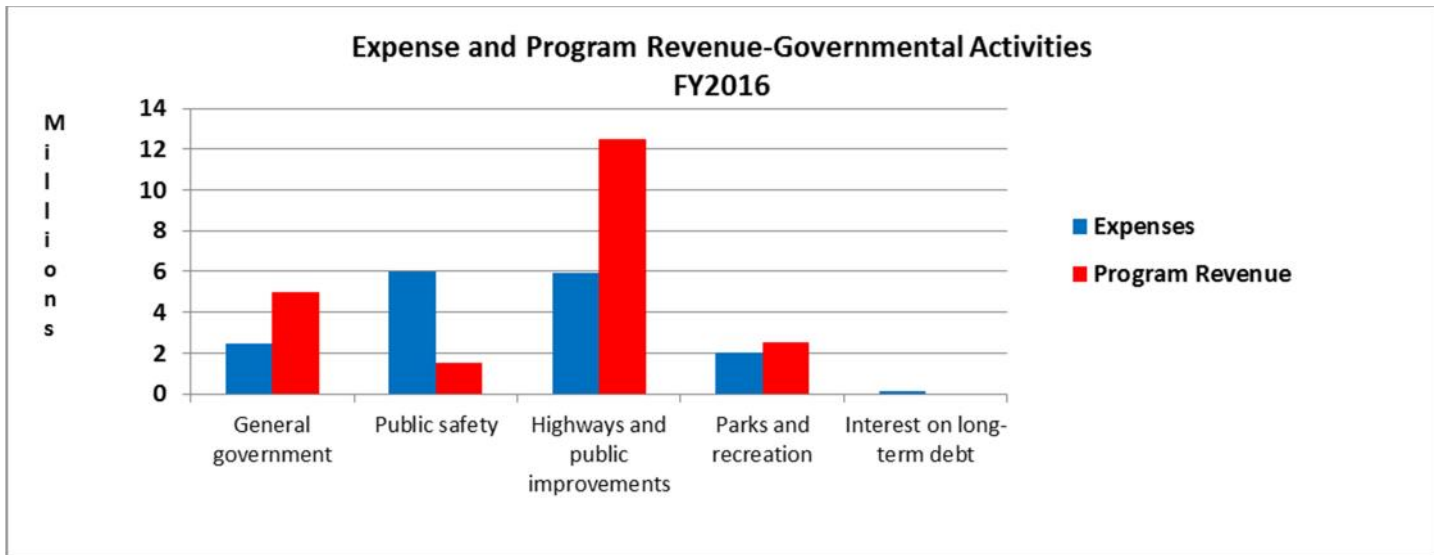
- General government expenses of around \$2.5 million in fiscal year 2016 and \$2.1 million in fiscal year 2015 represented 15.1 percent in fiscal year 2016 and 13.6 percent in fiscal year 2015 of total expenses from governmental activities. General government includes: Legislative, Administration, Utility billing, Treasury, Recorder, Attorney, Justice Court, Elections, and non-departmental. The \$0.4 million increase is due mainly due to an increase in personnel.
- Public safety expenses were \$6.0 million or 36.2 percent in fiscal year 2016 and \$5.2 million or 33.5 percent in fiscal year 2015. The expenses are higher due to increased personnel.
- Highways and public improvements were \$6.0 million or 36.2 percent in fiscal year 2016 and \$5.4 million or 34.87 percent in fiscal year 2015. The \$0.6 million increase is due to road and general capital projects in conjunction with increased personnel.
- Parks and recreation expenses were \$2.0 million or 12.1 percent in fiscal year 2016 and \$2.7 million or 17.4 percent in fiscal year 2015. The \$0.7 million decrease is due to less capital projects and less purchase of equipment.

As a result, total net expenses that were funded by general revenues were \$4.9 million. Tax revenues of \$7.3 million were sufficient to fund net expenses in fiscal year 2016.

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
	2016	2015	2016	2015	
General government	\$ 2.5	\$ 2.1	\$ (2.5)	\$ (1.3)	92.3%
Public safety	6.0	5.2	4.5	4.1	9.8%
Highways and public improvements	6.0	5.4	(6.5)	2.1	409.5%
Parks and recreation	2.0	2.7	(0.5)	(0.4)	25.0%
Interest on long-term debt	0.1	0.1	0.1	0.1	100.0%
Total	<u>\$ 16.6</u>	<u>\$ 15.5</u>	<u>\$ (4.9)</u>	<u>\$ 4.6</u>	<u>-206.5%</u>



Based on Government-Wide Financial Statements. See page 26.

Business-type Activities:

The City’s business-type activities increased net position by \$22.4 million. Key elements of this increase were as follows:

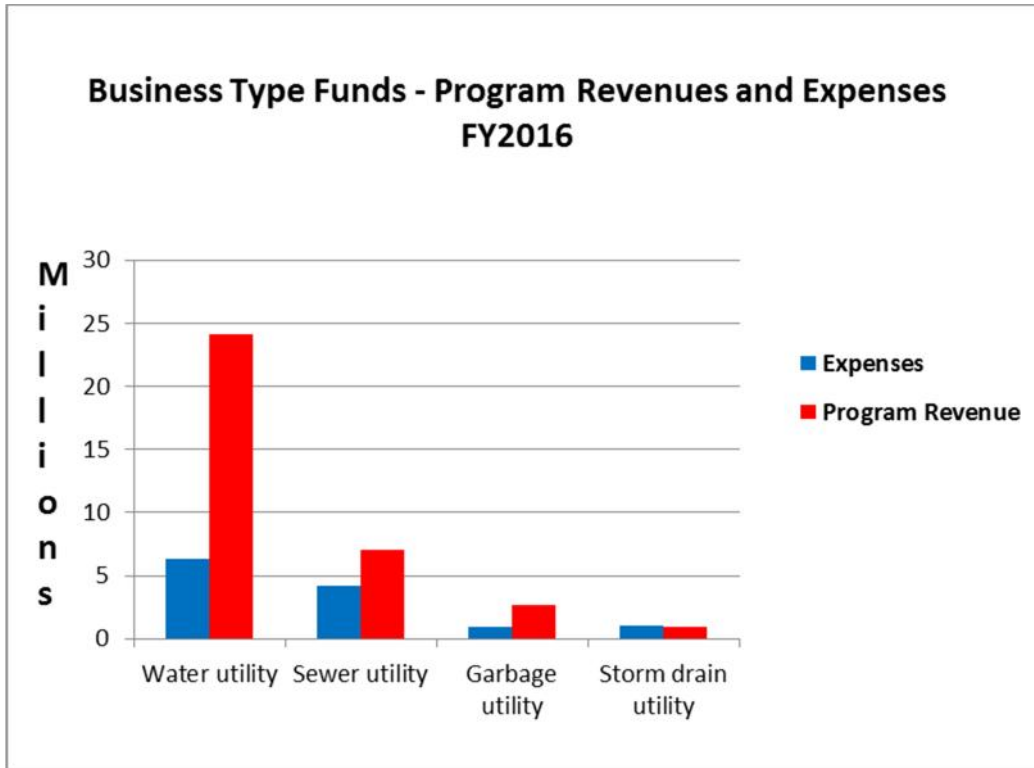
Revenue Highlights:

- Charges for services for business-type activities increased by \$6.0 million for fiscal year 2016. This is mainly due to increased impact fees in the business type-funds.
- Operating and capital grants and contributions increased about \$11.2 million in fiscal year 2016. The \$11.2 million increase is due to developer contributions.
- Investment earnings stayed approximately the same in fiscal year 2016.

Expense Highlights:

- Personnel expenses increased approximately \$0.1 million due to an increase in positions in the utility funds.
- Supplies and maintenance expenses increased by \$0.9 million. The increase is due to increased water meter expenses coupled with increases in sewer capital projects.
- Professional services expenses increased by \$0.4 million. The increase is due to higher consulting services to prepare for various upcoming capital projects
- Treatment and sanitation expenses increased approximately \$0.1 million due to increase in sewer treatment costs.

**CITY OF SARATOGA SPRINGS, UTAH
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2016**



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, 2016, the aggregate fund balance of the City’s governmental funds was \$15.6 million, a decrease of \$1.1 million in comparison with the fiscal year ended June 30, 2015. In fiscal year 2016, about \$2.8 million or 18.0 percent of this amount is unassigned fund balance compared to about \$3.0 million or 17.9 percent in fiscal year 2015. Unassigned fund balance categories are available for appropriation by the City Council at their discretion.

Restricted fund balance which have externally enforceable limitations on use are not available for new spending and are approximately \$12.5 million in fiscal year 2016 and \$13.4 million in fiscal year 2015. The remainder of the fund balance of \$0.4 million is assigned. Of the assigned fund balance, \$0.4 million is assigned to street lighting. In fiscal year 2015 the assigned fund balance was about \$0.3 million with \$0.3 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 (\$736,459) and a 25.0 percent maximum (\$3,682,294) limit to the amount that may be accumulated as the fund balance in the General Fund. As of June 30, 2016 the unassigned fund balance of the General Fund was \$2,768,845 and was \$913,449 below the 25.0 percent limit. The unassigned fund balance decreased by \$220,231 in fiscal year 2016. The main reason for decreased fund balance is more transfers to the capital projects fund to fund currently budgeted projects. The unassigned fund balance in fiscal year 2015 increased by \$920,651.

CITY OF SARATOGA SPRINGS, UTAH
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2016

As of June 30, 2016, the restricted fund balance in the Capital Projects Fund was \$12.5 million. In fiscal year 2015 the restricted fund balance was \$13.4 million and the remaining fund balances combined were \$.4 million. The \$0.9 million decrease in restricted fund balance resulted from more capital outlay spending and increased revenues.

As of June 30, 2016, the assigned fund balance in Street Lighting was \$0.4 million. In fiscal year 2015 the assigned fund balance was \$0.3 million. The increase of fund balance resulted from increased revenue in fiscal year 2016 as compared to fiscal year 2015.

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 assets of the City’s enterprise funds totaled about \$121.1 million at June 30, 2016, as compared to \$98.7 million at the end of fiscal year 2015. Net position at the end of fiscal year 2016 and 2015 for each of these funds were:

Fund	City of Saratoga Springs		
	Proprietary Funds		
	Amount		Change
	2016	2015	
Water Utility	\$ 78,689,538	\$ 60,856,061	\$ 17,833,477
Sewer Utility	22,607,717	19,753,420	2,854,297
Strom Drain Utility	19,651,732	17,866,905	1,784,827
Garbage Utility	118,387	217,036	(98,649)
Total	\$ 121,067,374	\$ 98,693,422	\$ 22,373,952

The net increase in net position from the prior year was \$22.4 million as compared to an increase of \$6.9 million in fiscal year 2015. Operating revenues increased \$1.1 million as compared to a \$2.3 million increase change in fiscal year 2015.

The Water Utility operating revenues increased by \$0.3 million due to increased service fees most likely due to more users than the prior fiscal year combined with an increase in rates. The Sewer Utility operating revenues increased by \$0.7 million in comparison to the previous fiscal year due to an increase in rates in conjunction with more users. The Storm Drain Utility operating revenues increased minimally, which the small increase was a result of increased storm utility fees collected. The Garbage Utility operating revenues increased minimally.

Water Utility net position invested in capital assets net of related debt increased by \$13.2 million in fiscal year 2016 primarily due to increased accumulated depreciation, routine acquisition and disposition of capital assets, and depreciation expense. Unrestricted net position increased about \$4.7 million.

Sewer utility net position invested in capital assets net of related debt increased by \$2.3 million, unrestricted net position increased by \$0.5 million. The increase in net position invested in capital assets net of related debt was due to the net acquisition of capital assets, and depreciation expense.

Storm Drain Utility net position invested in capital assets net of related debt increased \$1.6 million, unrestricted net position increased by \$0.2 million resulting in a net increase of total net position of less than \$1.8 million. The increase in net assets invested in capital assets net of related debt was due to the net acquisition of capital assets, and depreciation expense.

CITY OF SARATOGA SPRINGS, UTAH
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2016

Garbage Utility unrestricted net position decreased by \$0.1 million. This is mostly due to the purchase of recycle cans to provide free recycling to residents.

GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget for expenditures of less than \$0.4 million (net increase) can be summarized as follows:

- Less than \$0.3 million increase in general government resulting from increases in general government personnel.
- More than \$0.1 million increase in public safety from Wildland expenses, public safety personnel.
- Minimal increase in highways and streets.
- More than \$0.1 million decrease in Parks and recreation for decreased contract services.

Total actual expenditures came in \$1.1 million below the final budget. Parks and recreation department and Public Safety did not keep within their legal spending authority. The differences between actual and the final budget can be briefly summarized as follows:

- The final budget was \$0.7 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 \$0.3 million less than the actual expenditures in public safety. This difference was attributed to salaries and wages also professional contract services.
- The final budget was \$1.0 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, general road maintenance, snow removal and vehicle lease payments.
- The final budget was \$0.3 million less than actual expenditures in parks and recreation. The difference was coming in over budget in the recreations department in conjunction with going over budget in the construction of a park.

Actual revenues of \$14.4 million were above the final budgeted revenues of \$12.4 million by \$2.0 million. This is mainly due to increased taxes, licenses and permits, intergovernmental revenue.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The City's investment in capital assets for is governmental and business-type activities totaled 217.0 million (net of \$83.2 million accumulated depreciation) at June 30, 2016, as compared to \$188.6 million (net of \$73.9 million accumulated depreciation) at June 30, 2015. This investment in capital assets includes land, water rights, buildings, equipment, infrastructure, water capacities, culinary 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, 2016 include:

Governmental Activities:

- \$9.9 million Developer Streets Infrastructure Contributions
- \$4.2 million Riverside Drive
- \$2.0 million Market Street

CITY OF SARATOGA SPRINGS, UTAH
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2016

Business-type Activities:

- \$13.8 million Developer Water Infrastructure Contributions
- \$2.4 million Developer Sewer Infrastructure Contributions
- \$1.7 million Developer Storm Drain Infrastructure Contributions

Additional information on the City’s capital assets can be found in Note 4 – Capital Assets on pages 45-47 of this report.

Long-Term Debt: Long-term debt for governmental activities decreased by over \$0.3 million in comparison with fiscal year 2015. Business-type activities debt decreased in fiscal year 2016 by \$1.7 million when compared with fiscal year 2015. Please see note 12 for details concerning long-term debt on pages 55-58.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

- The unemployment rate for Utah County was 3.3 percent compared with the State unemployment rate of 3.7 percent and a national rate of 4.9 percent.
- The fiscal year 2016 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.

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, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 24,238,193	\$ 15,223,544	\$ 39,461,737
Cash - restricted	-	2,787,320	2,787,320
Accounts receivable - net	845,617	893,838	1,739,455
Due from other funds	296,275	3,786,861	4,083,136
Due from other governmental units	2,396,502	-	2,396,502
Inventory	-	18,477	18,477
Net pension assets	6,972	23	6,995
Capital assets not being depreciated:			
Land	20,148,298	53,554	20,201,852
Water rights	-	15,720,925	15,720,925
Construction work in process	399,427	19,372	418,799
Capital assets net of accumulated depreciation:			
Buildings and improvements	6,059,984	-	6,059,984
Equipment	5,283,410	1,513,599	6,797,009
Infrastructure	104,303,928	146,665,387	250,969,315
Accumulated depreciation	(46,345,512)	(36,825,349)	(83,170,861)
Net capital assets	<u>89,849,535</u>	<u>127,147,488</u>	<u>216,997,023</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	<u>1,297,990</u>	<u>191,697</u>	<u>1,489,687</u>
Total deferred outflows of resources	<u>1,297,990</u>	<u>191,697</u>	<u>1,489,687</u>
 Total assets	 <u>\$ 118,931,084</u>	 <u>\$ 150,049,248</u>	 <u>\$ 268,980,332</u>
LIABILITIES			
Accounts payable	\$ 994,989	\$ 1,672,926	\$ 2,667,915
Accrued liabilities	304,526	31,116	335,642
Due to other funds	149,461	3,933,675	4,083,136
Deposits payable	8,282,306	135,838	8,418,144
Net pension liability	2,060,568	195,159	2,255,727
Noncurrent liabilities due within one year	535,757	1,616,420	2,152,177
Noncurrent liabilities due in more than one year	3,440,254	21,347,168	24,787,422
Total liabilities	<u>15,767,861</u>	<u>28,932,302</u>	<u>44,700,163</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	<u>290,553</u>	<u>49,572</u>	<u>340,125</u>
Total deferred inflows of resources	<u>290,553</u>	<u>49,572</u>	<u>340,125</u>
NET POSITION			
Net investment in capital assets	86,379,952	106,993,285	193,373,237
Unrestricted	<u>16,492,718</u>	<u>14,074,089</u>	<u>30,566,807</u>
Total net position	<u>102,872,670</u>	<u>121,067,374</u>	<u>223,940,044</u>
 Total liabilities and net position	 <u>\$ 118,931,084</u>	 <u>\$ 150,049,248</u>	 <u>\$ 268,980,332</u>

CITY OF SARATOGA SPRINGS
Statement of Activities
For the Year Ended June 30, 2016

Function/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,462,794	\$ 4,985,682	\$ -	\$ -	\$ 2,522,888	\$ -	\$ 2,522,888
Public safety	6,012,919	1,372,884	170,927	-	(4,469,108)	-	(4,469,108)
Highways and public works	5,966,661	1,641,262	68,101	10,796,710	6,539,412	-	6,539,412
Parks and recreation	2,023,421	2,555,462	-	-	532,041	-	532,041
Interest on long-term debt	133,171	-	-	-	(133,171)	-	(133,171)
Total governmental activities	<u>16,598,967</u>	<u>10,555,290</u>	<u>239,028</u>	<u>10,796,710</u>	<u>4,992,061</u>	<u>-</u>	<u>4,992,061</u>
Business-type activities:							
Water utility	6,353,950	10,473,751	-	13,686,713	-	17,806,514	17,806,514
Sewer utility	4,203,587	4,675,210	-	2,359,017	-	2,830,640	2,830,640
Storm drain utility	901,351	958,500	-	1,723,560	-	1,780,709	1,780,709
Garbage utility	1,059,777	961,029	-	-	-	(98,748)	(98,748)
Total business-type activities	<u>12,518,665</u>	<u>17,068,490</u>	<u>-</u>	<u>17,769,290</u>	<u>-</u>	<u>22,319,115</u>	<u>22,319,115</u>
Total primary government	<u>\$ 29,117,632</u>	<u>\$ 27,623,780</u>	<u>\$ 239,028</u>	<u>\$ 28,566,000</u>	<u>\$ 4,992,061</u>	<u>\$ 22,319,115</u>	<u>\$ 27,311,176</u>
General revenues:							
Property taxes					2,969,689	-	2,969,689
General sales and use tax					3,215,928	-	3,215,928
Franchise tax					212,144	-	212,144
Energy tax					953,656	-	953,656
Investment earnings					190,746	92,225	282,971
Gain (loss) on sale of assets					8,043	-	8,043
Transfers					37,387	(37,387)	-
Total general revenues					<u>7,587,593</u>	<u>54,838</u>	<u>7,642,431</u>
Change in net position					12,579,654	22,373,953	34,953,607
Net position - beginning					<u>90,293,016</u>	<u>98,693,421</u>	<u>188,986,437</u>
Net position - ending					<u>\$ 102,872,670</u>	<u>\$ 121,067,374</u>	<u>\$ 223,940,044</u>

CITY OF SARATOGA SPRINGS
Balance Sheet
Governmental Funds
June 30, 2016

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects	Special Revenue	
ASSETS				
Cash and cash equivalents	\$ 11,049,700	\$ 12,811,414	\$ 377,079	\$ 24,238,193
Accounts receivable, net of allowance	737,177	80,777	27,663	845,617
Due from other funds	296,275	-	-	296,275
Due from other governmental units	2,396,502	-	-	2,396,502
Total assets	<u>\$ 14,479,654</u>	<u>\$ 12,892,191</u>	<u>\$ 404,742</u>	<u>\$ 27,776,587</u>
LIABILITIES				
Accounts payable	\$ 578,014	\$ 400,034	\$ 16,941	\$ 994,989
Due to other funds	149,461	-	-	149,461
Accrued liabilities	304,526	-	-	304,526
Deposits payable	8,282,306	-	-	8,282,306
Total liabilities	<u>9,314,307</u>	<u>400,034</u>	<u>16,941</u>	<u>9,731,282</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>2,396,502</u>	<u>-</u>	<u>-</u>	<u>2,396,502</u>
FUND BALANCES				
Committed for - capital projects	-	12,492,157	-	12,492,157
Assigned to - street lights	-	-	387,801	387,801
Unassigned fund balance	2,768,845	-	-	2,768,845
Total fund balances	<u>2,768,845</u>	<u>12,492,157</u>	<u>387,801</u>	<u>15,648,803</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 14,479,654</u>	<u>\$ 12,892,191</u>	<u>\$ 404,742</u>	<u>\$ 27,776,587</u>

CITY OF SARATOGA SPRINGS
Balance Sheet Reconciliation to Statement of Net Position - Governmental Funds
June 30, 2016

Total fund balances - governmental funds: \$ 15,648,803

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 89,849,535

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. 2,396,502

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable	(3,250,000)	
Capital lease payable	(219,583)	
Unfunded pension liability	(1,046,159)	
Compensated absences payable	<u>(506,428)</u>	
		(5,022,170)

Net position of government activities \$102,872,670

CITY OF SARATOGA SPRINGS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	
Revenues:				
Taxes	\$ 7,141,996	\$ -	\$ -	\$ 7,141,996
Licenses and permits	1,231,004	-	-	1,231,004
Intergovernmental revenue	1,114,882	-	-	1,114,882
Charges for services	4,120,343	4,387,645	191,531	8,699,519
Fines and forfeitures	514,587	-	-	514,587
Investment earnings	137,752	50,860	2,134	190,746
Other	106,387	-	3,793	110,180
Total revenues	<u>14,366,951</u>	<u>4,438,505</u>	<u>197,458</u>	<u>19,002,914</u>
Expenditures:				
Current:				
General government	2,204,995	-	140,334	2,345,329
Public safety	6,268,225	8,121	-	6,276,346
Highways and public works	1,021,610	3,937,779	-	4,959,389
Parks and recreation	1,472,563	2,488,643	-	3,961,206
Capital expenditures	-	2,319,328	-	2,319,328
Debt service:				
Principal retirement	160,000	-	-	160,000
Interest and fiscal charges	133,171	-	-	133,171
Total expenditures	<u>11,260,564</u>	<u>8,753,871</u>	<u>140,334</u>	<u>20,154,769</u>
Excess revenues over (under) expenditures	<u>3,106,387</u>	<u>(4,315,366)</u>	<u>57,124</u>	<u>(1,151,855)</u>
Other financing sources (uses):				
Sale of capital asset	8,043	-	-	8,043
Transfers in	78,201	3,543,046	-	3,621,247
Transfers out	<u>(3,412,860)</u>	<u>(171,000)</u>	<u>-</u>	<u>(3,583,860)</u>
Total other financing sources and uses	<u>(3,326,616)</u>	<u>3,372,046</u>	<u>-</u>	<u>45,430</u>
Net change in fund balances	(220,229)	(943,320)	57,124	(1,106,425)
Fund balances - beginning of year	<u>2,989,074</u>	<u>13,435,477</u>	<u>330,677</u>	<u>16,755,228</u>
Fund balances - end of year	<u>\$ 2,768,845</u>	<u>\$ 12,492,157</u>	<u>\$ 387,801</u>	<u>\$ 15,648,803</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, 2016

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

Net change in fund balances - total governmental funds	\$	(1,106,425)
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 capitalized expenditures exceeded depreciation in the current period.		
Capitalized expenditures		8,167,678
Depreciation expense		<u>(5,245,371)</u>
		2,922,307
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable revenue - property taxes		<u>209,421</u>
		209,421
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		
		9,920,856
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 governmental funds.		
Change in unfunded pension liability		326,883
Change in accrued compensated absences		<u>(7,560)</u>
		319,323
The issuance of long-term debt (e.g., bonds, leases) provides 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 the statement of activities.		
Principal repayments on bonds		160,000
Payment on capital lease		<u>154,172</u>
		314,172
Change in net position of governmental activities	<u>\$</u>	<u>12,579,654</u>

CITY OF SARATOGA SPRINGS
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund - Budget and Actual
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes:				
Property	\$ 2,570,350	\$ 2,570,350	\$ 2,760,268	\$ 189,918
Sales	2,400,000	2,400,000	3,215,928	815,928
Franchise	239,800	239,800	212,144	(27,656)
Energy	750,000	750,000	953,656	203,656
Licenses and permits	582,100	582,100	1,231,004	648,904
Intergovernmental revenue	782,202	807,884	1,114,882	306,998
Charges for services	4,674,974	4,569,788	4,120,343	(449,445)
Fines and forfeitures	419,700	419,700	514,587	94,887
Investment earnings	20,800	20,800	137,752	116,952
Other	30,000	30,000	106,387	76,387
	<u>12,469,926</u>	<u>12,390,422</u>	<u>14,366,951</u>	<u>1,976,529</u>
Expenditures:				
General government	2,569,426	2,940,524	2,204,995	(735,529)
Public safety	5,817,960	5,927,610	6,268,225	340,615
Highways and streets	2,046,475	2,055,775	1,021,610	(1,034,165)
Parks and recreation	1,312,039	1,183,035	1,472,563	289,528
Debt service:				
Principal retirement	150,000	150,000	160,000	-
Interest and fiscal charges	142,450	142,450	133,171	-
	<u>12,038,350</u>	<u>12,399,394</u>	<u>11,260,564</u>	<u>(1,139,551)</u>
Excess revenues over (under) expenditures	<u>431,576</u>	<u>(8,972)</u>	<u>3,106,387</u>	<u>3,116,080</u>
Other financing sources (uses):				
Sale of capital asset	-	-	8,043	8,043
Transfers in	-	78,027	78,201	-
Transfers out	(329,860)	(329,860)	(3,412,860)	(3,083,000)
Total other financing sources (uses)	<u>(329,860)</u>	<u>(329,860)</u>	<u>(3,326,616)</u>	<u>(3,074,957)</u>
Net change in fund balance	101,716	(338,832)	(220,229)	41,123
Fund balance - beginning of year			<u>2,989,074</u>	
Fund balance - end of year			<u>\$ 2,768,845</u>	

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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenue	-	-	-	-
Charges for services	157,500	157,500	191,531	34,031
Fines and forfeitures	-	-	-	-
Investment earnings	-	-	2,134	2,134
Other	-	-	3,793	3,793
Total	<u>157,500</u>	<u>157,500</u>	<u>197,458</u>	<u>39,958</u>
Expenditures:				
General government	201,975	201,975	140,334	(61,641)
Public safety	-	-	-	-
Highways and public works	-	-	-	-
Parks and recreation	-	-	-	-
Capital expenditures	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total	<u>201,975</u>	<u>201,975</u>	<u>140,334</u>	<u>(61,641)</u>
Excess of revenues over (under) expenditures	<u>(44,475)</u>	<u>(44,475)</u>	<u>57,124</u>	<u>101,599</u>
Other financing sources (uses):				
Bond proceeds	-	-	-	-
Bond issuance cost	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(44,475)	(44,475)	57,124	101,599
Fund balance - beginning of year			<u>330,677</u>	
Fund balance - end of year			<u>\$ 387,801</u>	

CITY OF SARATOGA SPRINGS
Statement of Net Position
Proprietary Funds
June 30, 2016

	<u>Major Funds</u>				<u>Total</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Storm Drain Utility</u>	<u>Garbage Utility</u>	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 9,816,887	\$ 4,155,553	\$ 1,147,100	\$ 104,004	\$ 15,223,544
Cash - restricted	2,787,320	-	-	-	2,787,320
Accounts receivable - net	386,437	347,357	51,534	108,510	893,838
Due from other funds	3,782,361	4,500	-	-	3,786,861
Inventory	18,477	-	-	-	18,477
Total current assets	<u>16,791,482</u>	<u>4,507,410</u>	<u>1,198,634</u>	<u>212,514</u>	<u>22,710,040</u>
Noncurrent assets:					
Pension assets	18	5	-	-	23
Capital assets:					
Water rights	15,774,479	-	-	-	15,774,479
Construction work in process	3,108	16,264	-	-	19,372
Water capacities	70,619,626	-	-	-	70,619,626
Culinary water system	18,553,685	-	-	-	18,553,685
Secondary water system	8,431,383	-	-	-	8,431,383
Sewer system	-	26,052,946	-	-	26,052,946
Storm drain system	-	-	23,007,747	-	23,007,747
Equipment	558,748	811,736	143,115	-	1,513,599
Less: Accumulated depreciation	<u>(24,417,599)</u>	<u>(7,955,158)</u>	<u>(4,452,592)</u>	<u>-</u>	<u>(36,825,349)</u>
Total capital assets	<u>89,523,430</u>	<u>18,925,788</u>	<u>18,698,270</u>	<u>-</u>	<u>127,147,488</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension related deferred outflows	155,085	36,612	-	-	191,697
Total	<u>\$ 106,470,015</u>	<u>\$ 23,469,815</u>	<u>\$ 19,896,904</u>	<u>\$ 212,514</u>	<u>\$ 150,049,248</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 624,038	\$ 757,196	\$ 197,565	\$ 94,127	\$ 1,672,926
Due to other funds	3,838,461	47,607	47,607	-	3,933,675
Compensated absences	8,631	1,804	-	-	10,435
Customer deposits payable	127,340	8,498	-	-	135,838
Accrued interest payable	31,116	-	-	-	31,116
Bonds and contracts payable - current	1,604,000	-	-	-	1,604,000
Capital leases payable - current	1,985	-	-	-	1,985
Total current liabilities	<u>6,235,571</u>	<u>815,105</u>	<u>245,172</u>	<u>94,127</u>	<u>7,389,975</u>
Noncurrent liabilities:					
Compensated absences	9,222	2,408	-	-	11,630
Net pension liability	159,359	35,800	-	-	195,159
Bonds and contracts payable	21,334,540	-	-	-	21,334,540
Capital leases payable	998	-	-	-	998
Total noncurrent liabilities	<u>21,504,119</u>	<u>38,208</u>	<u>-</u>	<u>-</u>	<u>21,542,327</u>
Total liabilities	<u>27,739,690</u>	<u>853,313</u>	<u>245,172</u>	<u>94,127</u>	<u>28,932,302</u>
DEFERRED INFLOWS OF RESOURCES					
Pension deferred inflows	40,787	8,785	-	-	49,572
NET POSITION					
Net investment in capital assets	69,369,227	18,925,788	18,698,270	-	106,993,285
Unrestricted	<u>9,320,311</u>	<u>3,681,929</u>	<u>953,462</u>	<u>118,387</u>	<u>14,074,089</u>
Net position	<u>78,689,538</u>	<u>22,607,717</u>	<u>19,651,732</u>	<u>118,387</u>	<u>121,067,374</u>
Total	<u>\$ 106,470,015</u>	<u>\$ 23,469,815</u>	<u>\$ 19,896,904</u>	<u>\$ 212,514</u>	<u>\$ 150,049,248</u>

CITY OF SARATOGA SPRINGS
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Major Funds				Total
	Water Utility	Sewer Utility	Storm Drain Utility	Garbage Utility	
Operating revenue:					
Charges for services	\$ 4,372,041	\$ 3,176,051	\$ 439,906	\$ 961,029	\$ 8,949,027
Connection and other fees	2,483,335	244,552	-	-	2,727,887
Other	6,300	-	-	-	6,300
Total operating revenues	<u>6,861,676</u>	<u>3,420,603</u>	<u>439,906</u>	<u>961,029</u>	<u>11,683,214</u>
Operating expenses:					
Personnel services	523,942	126,129	74,072	-	724,143
Supplies and maintenance	971,750	1,260,031	76,264	70,596	2,378,641
Professional services	87,405	-	-	-	87,405
Administration	1,107,437	610,063	128,504	59,621	1,905,625
Power and pumping	446,767	55,436	6,742	-	508,945
Treatment and sanitation	323,885	1,334,324	-	929,560	2,587,769
Depreciation	2,580,753	811,065	615,769	-	4,007,587
Other	-	6,539	-	-	6,539
Total operating expenses	<u>6,041,939</u>	<u>4,203,587</u>	<u>901,351</u>	<u>1,059,777</u>	<u>12,206,654</u>
Operating income (loss)	<u>819,737</u>	<u>(782,984)</u>	<u>(461,445)</u>	<u>(98,748)</u>	<u>(523,440)</u>
Nonoperating revenue (expense):					
Investment earnings	64,350	23,657	4,118	100	92,225
Interest expense	(312,011)	-	-	-	(312,011)
Total nonoperating revenues (expenses)	<u>(247,661)</u>	<u>23,657</u>	<u>4,118</u>	<u>100</u>	<u>(219,786)</u>
Income (loss) before contributions and transfers	<u>572,076</u>	<u>(759,327)</u>	<u>(457,327)</u>	<u>(98,648)</u>	<u>(743,226)</u>
Capital contributions	13,686,713	2,359,017	1,723,560	-	17,769,290
Impact fees	3,612,075	1,254,607	518,594	-	5,385,276
Transfer out	(37,387)	-	-	-	(37,387)
Change in net position	17,833,477	2,854,297	1,784,827	(98,648)	22,373,953
Net position - beginning	<u>60,856,061</u>	<u>19,753,420</u>	<u>17,866,905</u>	<u>217,035</u>	<u>98,693,421</u>
Net position - ending	<u>\$78,689,538</u>	<u>\$ 22,607,717</u>	<u>\$19,651,732</u>	<u>\$ 118,387</u>	<u>\$ 121,067,374</u>

CITY OF SARATOGA SPRINGS
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Major Funds				Total
	Water Utility	Sewer Utility	Storm Drain Utility	Garbage Utility	
Cash flows from operating activities					
Receipts from customers	\$ 6,789,381	\$ 3,380,583	\$ 431,880	\$ 952,837	\$ 11,554,681
Payments to suppliers	(1,851,784)	(2,085,676)	68,613	(980,539)	(4,849,386)
Payment to employees	(525,859)	(124,397)	(74,072)	-	(724,328)
Payments for interfund services used	(1,107,437)	(610,063)	(128,504)	(59,621)	(1,905,625)
Net cash provided (used) by operating activities	<u>3,304,301</u>	<u>560,447</u>	<u>297,917</u>	<u>(87,323)</u>	<u>4,075,342</u>
Cash flows from noncapital financing activities					
Advances to other funds	363,032	-	-	-	363,032
Advance from other funds	(338,055)	-	(277,393)	-	(615,448)
Net cash provided (used) by noncapital financing activities	<u>24,977</u>	<u>-</u>	<u>(277,393)</u>	<u>-</u>	<u>(252,416)</u>
Cash flows from capital and related financing activities					
Purchases of capital assets	(544,106)	(779,617)	(478,942)	-	(1,802,665)
Proceeds of capital-type special assessments	3,612,075	1,254,607	518,594	-	5,385,276
Principal paid on capital lease and debt	(1,626,727)	-	-	-	(1,626,727)
Interest paid on capital lease and debt	(312,784)	-	-	-	(312,784)
Net cash provided (used) by capital and related financing activities	<u>1,128,458</u>	<u>474,990</u>	<u>39,652</u>	<u>-</u>	<u>1,643,100</u>
Cash flows from investing activities					
Interest and dividends received	64,350	23,657	4,118	100	92,225
Net cash provided (used) by investing activities	<u>64,350</u>	<u>23,657</u>	<u>4,118</u>	<u>100</u>	<u>92,225</u>
Net increase (decrease) in cash and cash equivalents	4,522,086	1,059,094	64,294	(87,223)	5,558,251
Cash and cash equivalents - beginning	<u>8,089,892</u>	<u>3,053,495</u>	<u>1,050,905</u>	<u>191,228</u>	<u>12,385,520</u>
Cash and cash equivalents (deficit) - ending	<u>\$ 12,611,978</u>	<u>\$ 4,112,589</u>	<u>\$ 1,115,199</u>	<u>\$ 104,005</u>	<u>\$ 17,943,771</u>
Cash and cash equivalents make up					
Cash and cash equivalents	9,816,887	4,155,553	1,147,100	104,004	15,223,544
Cash restricted	2,787,320	-	-	-	2,787,320
Total cash and cash equivalents - ending	<u>12,604,207</u>	<u>4,155,553</u>	<u>1,147,100</u>	<u>104,004</u>	<u>18,010,864</u>
Reconciliation of operating income to net cash provided (used) by operating activities					
Operating income	\$ 819,737	\$ (782,984)	\$ (461,445)	\$ (98,748)	\$ (523,440)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation and amortization expense	2,580,753	811,065	615,769	-	4,007,587
(Increase)/decrease in accounts receivable	(83,105)	(49,654)	(8,026)	(8,192)	(148,977)
(Increase)/decrease in inventory	18,478	-	-	-	18,478
(Decrease)/increase in accounts payable	(40,455)	570,654	151,619	19,617	701,435
(Decrease)/increase in compensated absences	(1,917)	1,732	-	-	(185)
(Decrease)/increase in deposits payable	10,810	9,634	-	-	20,444
Total adjustments	<u>2,484,564</u>	<u>1,343,431</u>	<u>759,362</u>	<u>11,425</u>	<u>4,598,782</u>
Net cash provided (used) by operating activities	<u>\$ 3,304,301</u>	<u>\$ 560,447</u>	<u>\$ 297,917</u>	<u>\$ (87,323)</u>	<u>\$ 4,075,342</u>
Schedule of non-cash capital and related financing activities:					
Contribution of capital assets	\$ 13,686,713	\$ 2,359,017	\$ 1,723,560	\$ -	\$ 17,769,290

CITY OF SARATOGA
Notes to the Financial Statements
June 30, 2016

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 constraints 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.

CITY OF SARATOGA
Notes to the Financial Statements
June 30, 2016

Note 1 - Summary of Significant Accounting Policies -Continued

B. Government-wide and Fund Financial Statements - Continued

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.

C. 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 expenditure 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.)

CITY OF SARATOGA
Notes to the Financial Statements
June 30, 2016

Note 1 - Summary of Significant Accounting Policies -Continued

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.

C. Measurement Focus and Basis of Accounting - Continued

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.

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 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.

CITY OF SARATOGA
Notes to the Financial Statements
June 30, 2016

Note 1 - Summary of Significant Accounting Policies -Continued

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.

F. Capital Assets - Continued

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

CITY OF SARATOGA
Notes to the Financial Statements
June 30, 2016

Note 1 - Summary of Significant Accounting Policies -Continued

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 assets and is displayed in three components:

- a. Invested in capital assets, net of related debt – 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 assets – 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 assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

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

Nonspendable 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 include those funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the governments highest level of 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.

Note 1 - Summary of Significant Accounting Policies -Continued

CITY OF SARATOGA
Notes to the Financial Statements
June 30, 2016

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) an 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, 2016, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Ratings</u>
PTIF Investments	\$ 37,509,630	85 days *	not rated
Total	\$ 37,509,630		

* Weighted-average maturity

Note 2 - Deposits and Investments - Continued

CITY OF SARATOGA
Notes to the Financial Statements
June 30, 2016

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, 2016 were \$3,374,700 of which \$3,124,700 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 \$159,053 at June 30, 2016.

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.

Note 2 - Deposits and Investments - Continued

CITY OF SARATOGA
Notes to the Financial Statements
June 30, 2016

D. Restricted Cash

The City maintains cash in accounts held by third party custodians that are restricted for the use of bond payments. The amount of restricted cash at June 30, 2016 was \$2,787,320.

Note 3 - Accounts Receivable – Unearned Revenue

Accounts receivable are recorded net of the allowance for doubtful accounts of \$44,000 in the enterprise funds. Unearned revenue in the governmental funds consist of property taxes receivable that will not be collected in sufficient time to be classified as revenue in the current fiscal year.

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

CITY OF SARATOGA
Notes to the Financial Statements
June 30, 2016

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 20,201,852	\$ -	\$ (53,554)	\$ 20,148,298
Construction in process	<u>2,241,758</u>	<u>55,105</u>	<u>(1,897,436)</u>	<u>399,427</u>
Total	22,443,610	55,105	(1,950,990)	20,547,725
Capital assets, being depreciated:				
Buildings	6,059,984		-	6,059,984
Machinery and equipment	4,910,506	372,903	-	5,283,409
Infrastructure	<u>84,694,949</u>	<u>19,618,503</u>	<u>(9,524)</u>	<u>104,303,928</u>
Total	95,665,439	19,991,406	(9,524)	115,647,321
Less accumulated depreciation for:				
Buildings	(1,473,934)	(286,481)	-	(1,760,415)
Machinery and equipment	(2,882,888)	(285,571)	-	(3,168,459)
Infrastructure	<u>(36,745,857)</u>	<u>(4,673,319)</u>	<u>2,539</u>	<u>(41,416,637)</u>
Total	<u>(41,102,679)</u>	<u>(5,245,371)</u>	<u>2,539</u>	<u>(46,345,511)</u>
Capital assets, being depreciated, net	<u>54,562,760</u>	<u>14,746,035</u>	<u>(6,985)</u>	<u>69,301,810</u>
	<u>\$ 77,006,370</u>	<u>\$ 14,801,140</u>	<u>\$ (1,957,975)</u>	<u>\$ 89,849,535</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ -	\$ 53,554	\$ -	\$ 53,554
Water rights	15,699,176	75,311	-	15,774,487
Construction in progress	<u>853,095</u>	<u>19,372</u>	<u>(853,094)</u>	<u>19,373</u>
Total	16,552,271	94,683	(853,094)	15,847,414
Capital assets, being depreciated:				
Water capacity	10,950,988	-	-	10,950,988
Culinary water system	63,647,128	14,533,629	(11,984)	78,168,773
Secondary water irrigation system	8,117,962	313,421	-	8,431,383
Sewer system	22,940,187	3,112,760	-	26,052,947
Storm drain system	20,768,662	2,239,085	-	23,007,747
Equipment	<u>1,482,299</u>	<u>31,302</u>	<u>-</u>	<u>1,513,601</u>
Total	127,907,226	20,230,197	(11,984)	148,125,439
Less accumulated depreciation for:				
Water capacity	(5,638,893)	(547,549)	-	(6,186,442)
Culinary water system	(14,037,167)	(1,610,588)	2,397	(15,645,358)
Secondary water irrigation system	(1,801,805)	(401,788)	-	(2,203,593)
Sewer system	(6,847,229)	(755,667)	-	(7,602,896)
Storm drain system	(3,702,228)	(611,760)	-	(4,313,988)
Equipment	<u>(792,855)</u>	<u>(80,233)</u>	<u>-</u>	<u>(873,088)</u>
Total accumulated depreciation	<u>(32,820,177)</u>	<u>(4,007,585)</u>	<u>2,397</u>	<u>(36,825,365)</u>
Capital assets, being depreciated, net	<u>95,087,049</u>	<u>16,222,612</u>	<u>(9,587)</u>	<u>111,300,074</u>
Business-type activities capital assets, net	<u>\$ 111,639,320</u>	<u>\$ 16,317,295</u>	<u>\$ (862,681)</u>	<u>\$ 127,147,488</u>

CITY OF SARATOGA
Notes to the Financial Statements
June 30, 2016

Note 4 - Capital Assets – Continued

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:

General government	\$ 240,571
Public safety	209,302
Highways and public works	3,277,020
Parks and recreation	<u>1,518,478</u>
Total depreciation expense - governmental activities	<u>\$ 5,245,371</u>

Business-type activities:

Water utility	\$ 2,580,752
Sewer utility	811,064
Storm drain utility	<u>615,771</u>
Total depreciation expense - business-type activities	<u>\$ 4,007,587</u>

Combined depreciation expense	<u>\$ 9,252,958</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 \$260,223 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.

CITY OF SARATOGA
Notes to the Financial Statements
June 30, 2016

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 any 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 any 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
Notes to the Financial Statements
June 30, 2016

Note 6 - Retirement Plans - Continued

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
Contributory System			
111 - Local Governmental Division Tier 2	N/A	N/A	16.670%
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	N/A	18.470 %
Public Safety Retirement System			
49 - Other Division B Noncontributory Tier 1	N/A	N/A	32.200 %
122 - Other Division A Contributory Tier 2	N/A	N/A	20.390%
Firefighters System			
32 - Division B Tier 1	N/A	16.710 %	6.760%
132 - Division B Tier 2	N/A	N/A	10.750%

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, 2016, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 398,883	N/A
Public Safety System	279,168	-
Firefighters System	23,989	-
Tier 2 Public Employees System	112,743	-
Tier 2 Public Safety and Firefighter	57,161	-
Tier 2 DC Only System	2,376	N/A
Total Contributions	\$ 874,320	\$ -

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.

Note 6 - Retirement Plans – Continued

CITY OF SARATOGA
Notes to the Financial Statements
June 30, 2016

Pension Assets, Liabilities, Expenses, and Deferred Outflows of Resources and Deferred inflows of Resources Related to Pensions

At June 30, 2016, we reported a net pension asset of \$6,995 and a net pension liability of \$2,255,727.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.2668688%	\$0	\$1,510,073
Public Safety System	1.3970959%	\$0	\$681,715
Firefighters System	0.3757619%	\$0	\$63,939
Tier 2 Public Employees System	0.0886421%	\$194	\$0
Tier 2 Public Safety and Firefighter System	0.4654713%	\$6,801	\$0
Total Net Pension Asset/Liability		<u>\$6,995</u>	<u>\$2,255,727</u>

The net pension asset and liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2015 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, 2016, we recognized pension expense of \$498,859. At December 31, 2014, 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	\$120,260	\$133,747
Changes in assumptions	\$0	\$187,074
Net difference between projected and actual earnings on pension plan investments	\$892,121	\$0
Changes in proportion and differences between contributions and proportionate share of contributions	\$20,593	\$19,304
Contributions subsequent to the measurement date	\$456,713	\$0
Total	<u>\$1,489,687</u>	<u>\$340,125</u>

Note 6 - Retirement Plans – Continued

CITY OF SARATOGA
Notes to the Financial Statements
June 30, 2016

\$456,713 was reported as deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

Year Ended December 31,	Deferred Outflows (inflows) of Resources
2016	\$167,465
2017	\$167,465
2018	\$168,950
2019	\$196,809
2020	(\$6,597)
Thereafter	(\$1,244)

Actual assumptions: The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 Percent
Salary increases	3.50 – 10.50 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

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:

	Expected Return Arithmetic Basis		
Asset class	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%
	<u>Inflation</u>		<u>2.75%</u>
	<u>Expected arithmetic nominal return</u>		<u>7.98%</u>

Note 6 - Retirement Plans – Continued

CITY OF SARATOGA
Notes to the Financial Statements
June 30, 2016

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

Discount rate: The discount rate is 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.

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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

System	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Noncontributory System	3,190,635	1,510,073	107,141
Public Safety System	1,487,245	681,715	21,763
Firefighters System	505,485	63,939	(300,722)
Tier 2 Public Employees System	35,485	(194)	(27,235)
Tier 2 Public Safety and Firefighter	11,560	(6,801)	(219,953)
	<u>5,230,410</u>	<u>2,248,732</u>	<u>(419,006)</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
Notes to the Financial Statements
June 30, 2016

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

	2016		2015		2014
401(k) Plan					
Employer Contributions	\$ 403,660	\$	343,928	\$	287,319
Employee Contributions	\$ 113,748	\$	100,203	\$	77,033
457 Plan					
Employer Contributions	\$ -	\$	-	\$	-
Employee Contributions	\$ 38,996	\$	43,614	\$	44,277
Roth IRA Plan					
Employer Contributions	N/A		N/A		N/A
Employee Contributions	\$ 23,635	\$	13,771	\$	12,269
Traditional IRA					
Employer Contributions	N/A		N/A		N/A
Employee Contributions	\$ -	\$	-	\$	60

Note 7 - Interfund Transfers

Transfers were made which will not be repaid. Such amounts for the fiscal year ended June 30, 2016 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities		
General	\$ 78,201	\$ 3,412,860
Capital Projects	3,543,046	171,000
Water Utilities	-	37,387
	<u>\$ 3,621,247</u>	<u>\$ 3,621,247</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 \$1,810,199 to the enterprise funds for personnel and administrative services and facility costs during the year.

Note 8 - Contingent Liabilities

CITY OF SARATOGA
Notes to the Financial Statements
June 30, 2016

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 dated. 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, 2016 the City received \$989,228 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, 2016 was \$1,132,420.

Note 9 – Construction Commitments

The City has active construction projects as of June 30, 2016. 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	\$ 9,735	\$417,506	June 2017

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

Note 11 – Leases

Capital Leases

CITY OF SARATOGA
Notes to the Financial Statements
June 30, 2016

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:

	Governmental Activities	Business Type Activities		
		Water Utility	Sewer Utility	Storm Drain Utility
Equipment	\$ 760,499	\$ 19,701	\$ -	\$ -
Accumulated depreciation	(462,341)	(19,701)	-	-
Total	<u>\$ 298,158</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, 2016 were as follows:

<u>Year Ending June 30</u>	Governmental Activities	Business Type Activities		
		Water Utility	Sewer Utility	Storm Drain Utility
2017	\$ 119,321	\$ 1,986	\$ -	\$ -
2018	84,277	997	-	-
2019	33,299	-	-	-
2020	1,106	-	-	-
2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total minimum lease payments	238,002	2,983	-	-
Less: amount representing interest	(18,419)	-	-	-
Present value of minimum lease payments	<u>\$ 219,583</u>	<u>\$ 2,983</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.

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

Note 12 – Long-term Debt - Continued

A. Special Assessment Bonds - Continued

CITY OF SARATOGA
Notes to the Financial Statements
June 30, 2016

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	124,000	78,396	202,396
2018	126,000	75,919	201,919
2019	127,000	72,997	199,997
2020	130,000	57,242	187,242
2021	133,000	55,037	363,321
2022-2026	724,000	230,321	830,882
2027-2029	473,000	106,882	1,149,794
	<u>\$ 1,837,000</u>	<u>\$ 676,794</u>	<u>\$ 3,135,551</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 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. The City has pledged all water utility net revenues to pay the debt service costs through maturity in 2033. During the year the net revenue before depreciation was \$2,146,220 and the debt service requirement was \$692,425.

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	430,000	263,925	693,925
2018	435,000	255,275	690,275
2019	445,000	246,475	691,475
2020	455,000	237,475	692,475
2021	465,000	228,275	693,275
2022-2026	2,490,000	971,176	3,461,176
2027-2031	2,885,000	580,513	3,465,513
2032-2033	1,970,000	105,001	2,075,001
	<u>\$ 9,575,000</u>	<u>\$ 2,888,115</u>	<u>\$ 12,463,115</u>

Note 12 – Long-term Debt - Continued

2011 Sales Tax Revenue Bonds

CITY OF SARATOGA
Notes to the Financial Statements
June 30, 2016

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.

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. During the year the sales tax revenue was \$3,215,928 and the debt service requirement was \$290,800 or 10% of the sales tax revenue. 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
2017	165,000	125,587	290,587
2018	170,000	120,483	290,483
2019	175,000	113,667	288,667
2020	185,000	106,633	291,633
2021	190,000	99,217	289,217
2022-2026	1,065,000	386,366	1,451,366
2027-2031	1,300,000	158,710	1,458,710
Total	<u>\$ 3,250,000</u>	<u>\$ 1,110,663</u>	<u>\$ 4,360,663</u>

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:

Note 12 – Long-term Debt - Continued

CITY OF SARATOGA
Notes to the Financial Statements
June 30, 2016

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	1,050,000	-	1,050,000
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
2022-2026	5,250,000	-	5,250,000
2027-2028	1,026,540	-	1,026,540
	<u>\$ 11,526,540</u>	<u>\$ -</u>	<u>\$ 11,526,540</u>

D. Changes in Long-term Debt

During the year ended June 30, 2016, the following activity occurred in liabilities reported as long-term:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>June 30, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2016</u>	<u>One Year</u>
Governmental Activities:					
2011 Sales Tax Revenue Bonds	\$ 3,410,000	\$ -	\$ (160,000)	\$ 3,250,000	\$ 165,000
Obligations Under Capital Lease	373,755	-	(154,172)	219,583	112,337
Compensated Absences	498,868	332,881	(325,321)	506,428	258,420
Total	<u>\$ 4,282,623</u>	<u>\$ 332,881</u>	<u>\$ (639,493)</u>	<u>\$ 3,976,011</u>	<u>\$ 535,757</u>
Business Type Activities:					
Debt					
2012 Special Assessment Bonds	1,957,000	-	(120,000)	1,837,000	124,000
2014 Water Revenue Bonds	9,995,000	-	(420,000)	9,575,000	430,000
Contract payable	12,658,960	-	(1,132,420)	11,526,540	1,050,000
Obligations Under Capital Lease	4,612	-	(1,629)	2,983	1,985
Compensated Absences	8,221	22,790	(8,945)	22,066	10,436
Total	<u>\$ 24,623,793</u>	<u>\$ 22,790</u>	<u>\$ (1,682,994)</u>	<u>\$ 22,963,589</u>	<u>\$ 1,616,421</u>

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Proportionate Share of the Net Pension Liability
SARATOGA SPRINGS CITY
Utah Retirement System
December 31, 2015
Last 10 Fiscal Years*

	Noncontributory System	Public Safety System	Firefighters System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighter System
Proportion of the net pension liability (asset)	0.2668688%	1.3970959%	0.3757619%	0.0886421%	0.4654713%
Proportionate share of the net pension liability (asset)	\$1,510,073	\$681,715	\$63,939	(\$194)	(\$6,801)
Covered employee payroll	\$2,164,610	\$1,149,462	\$316,691	\$572,836	\$276,945
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	69.76%	59.31%	20.19%	-0.03%	-2.46%
Plan fiduciary net position as a percentage of the total pension liability	87.80%	87.60%	98.10%	100.20%	110.70%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10 year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10 year schedule will need to be built prospectively. The schedule above is only for the current year.

Schedule of Contributions
SARATOGA SPRINGS CITY
Utah State Retirement Systems
June 30, 2016

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions 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%
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%
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%
Tier 2 Public Employees 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%
Tier 2 Public Safety and Firefighter System*	2014	\$ 18,415	\$ 18,415	\$ -	\$ 129,851	14.18%
	2015	\$ 45,324	\$ 45,324	\$ -	\$ 264,244	17.15%
	2016	\$ 57,161	\$ 57,161	\$ -	\$ 341,321	16.75%
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%

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

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

Changes of Assumptions

The following assumption changes were adopted from the most recent actuarial experience study. There was a decrease in the wage inflation assumption for all employee groups from 3.75% to 3.50%. Also, there was a modification to the rate of salary increases for most groups. The payroll growth assumption was decreased from 3.5% to 3.25%. There was an improvement in the post retirement mortality assumption for female educators and minor adjustments to the pre-retirement mortality assumption.

There were additional changes to certain demographic assumptions that generally resulted in: (1) more members are anticipated to terminate employment prior to retirement, (2) slightly fewer members are expected to become disabled, and (3) members are expected to retire at a slightly later age.

Other information that is not required as part of RSI

This information below is not required as part of GASB 68 but is provided for informational purposes. The schedule below is a summary of the Defined Contribution Savings Plans for the pay periods January 1-December 31.

INDIVIDUAL FUND FINANCIAL STATEMENTS

CITY OF SARATOGA SPRINGS
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Capital Projects Fund - Budget and Actual
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	1,278,598	1,278,598
Impact fees	1,650,000	1,650,000	3,109,047	1,459,047
Investment earnings	-	-	50,860	50,860
Miscellaneous	-	-	-	-
Total	<u>1,650,000</u>	<u>1,650,000</u>	<u>4,438,505</u>	<u>2,788,505</u>
Expenditures:				
General government	-	-	-	-
Public safety	-	824,737	8,121	(816,616)
Highways and public works	5,831,381	5,831,381	3,937,779	(1,893,602)
Parks and recreation	2,907,326	2,907,326	2,488,643	(418,683)
Capital expenditures	<u>5,339,819</u>	<u>5,339,819</u>	<u>2,319,328</u>	<u>(3,020,491)</u>
Total	<u>14,078,526</u>	<u>14,903,263</u>	<u>8,753,871</u>	<u>(6,149,392)</u>
Excess of revenues over (under) expenditures	<u>(12,428,526)</u>	<u>(13,253,263)</u>	<u>(4,315,366)</u>	<u>8,937,897</u>
Other financing sources (uses):				
Transfers in	3,697,046	3,697,046	3,543,046	(154,000)
Transfers out	<u>-</u>	<u>-</u>	<u>(171,000)</u>	<u>(171,000)</u>
Total other financing sources (uses)	<u>3,697,046</u>	<u>3,697,046</u>	<u>3,372,046</u>	<u>(325,000)</u>
Net change in fund balance	(8,731,480)	(9,556,217)	(943,320)	8,612,897
Fund balance - beginning of year			<u>13,435,477</u>	
Fund balance - end of year			<u>\$ 12,492,157</u>	

STATISTICAL SECTION

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.

Sources: unless otherwise noted, the information in these schedules is derived from the financial statements for the relevant year. The city implemented GASB 34 in 2004; schedules presenting government-wide information include information beginning in that year.

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

	<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>
Governmental activities:										
Invested in capital assets, net of related debt	\$ 71,195,926	\$ 79,015,924	\$ 80,964,663	\$ 72,879,872	\$ 74,023,634	\$ 75,648,247	\$ 72,106,589	\$ 74,598,446	\$ 73,222,615	\$ 86,379,952
Restricted	8,446,142	10,597,938	9,436,161	5,418,579	6,879,966	7,890,183	600,591	95,687	-	-
Unrestricted	<u>967,824</u>	<u>342,310</u>	<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>
Total governmental activities										
Net assets	<u>\$ 80,609,892</u>	<u>\$ 89,956,172</u>	<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>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 57,048,125	\$ 62,062,064	\$ 62,465,261	\$ 80,299,189	\$ 79,011,572	\$ 80,775,067	\$ 79,532,232	\$ 83,658,220	\$ 87,124,624	\$ 104,205,965
Restricted	4,568,662	3,020,674	1,299,971	2,156,528	3,487,439	5,079,787	-	-	2,814,571	2,787,320
Unrestricted	<u>53,505</u>	<u>1,526,777</u>	<u>3,178,868</u>	<u>2,166,007</u>	<u>2,429,896</u>	<u>1,733,791</u>	<u>8,867,434</u>	<u>8,122,994</u>	<u>8,754,227</u>	<u>14,074,089</u>
Total business-type activities										
Net assets	<u>\$ 61,670,292</u>	<u>\$ 66,609,515</u>	<u>\$ 66,944,100</u>	<u>\$ 84,621,724</u>	<u>\$ 84,928,907</u>	<u>\$ 87,588,645</u>	<u>\$ 88,399,666</u>	<u>\$ 91,781,214</u>	<u>\$ 98,693,422</u>	<u>\$ 121,067,374</u>
Primary government:										
Invested in capital assets, net of related debt	\$ 128,244,051	\$ 141,077,988	\$ 143,429,924	\$ 153,179,061	\$ 153,035,206	\$ 156,423,314	\$ 151,638,821	\$ 158,256,666	\$ 160,347,239	\$ 190,585,917
Restricted	13,014,804	13,618,612	10,736,132	7,575,107	10,367,405	12,969,970	600,591	95,687	2,814,571	2,787,320
Unrestricted	<u>1,021,329</u>	<u>1,869,087</u>	<u>4,590,730</u>	<u>4,550,852</u>	<u>5,066,457</u>	<u>6,675,321</u>	<u>24,038,701</u>	<u>23,443,384</u>	<u>25,824,628</u>	<u>30,566,807</u>
Total primary government										
Net assets	<u>\$ 142,280,184</u>	<u>\$ 156,565,687</u>	<u>\$ 158,756,786</u>	<u>\$ 165,305,020</u>	<u>\$ 168,469,068</u>	<u>\$ 176,068,605</u>	<u>\$ 176,278,113</u>	<u>\$ 181,795,737</u>	<u>\$ 188,986,438</u>	<u>\$ 223,940,044</u>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EXPENSES										
Governmental Activities:										
General Government	\$ 1,638,279	\$ 1,611,513	\$ 1,199,630	\$ 1,292,510	\$ 1,291,631	\$ 1,998,497	\$ 2,609,093	\$ 2,171,825	\$ 2,096,762	\$ 2,462,795
Public Safety	3,352,802	3,318,850	3,010,953	3,669,436	4,651,168	4,833,686	4,960,936	5,018,488	5,240,399	6,012,919
Highways and Public Improvements	3,038,959	4,401,040	5,479,252	3,126,167	3,364,997	4,022,464	4,722,390	2,666,666	5,384,522	5,966,661
Parks and Recreation	834,999	1,421,153	1,784,119	1,614,955	1,738,032	1,899,678	2,438,028	2,635,964	2,701,630	2,023,421
Economic Development	880	1,425	3,168	-	-	-	-	-	-	-
Interest on Long-Term Debt	100,180	109,232	95,006	27,858	47,519	157,437	146,800	142,332	137,882	133,171
Total Governmental Activities	8,966,099	10,863,213	11,572,128	9,730,926	11,093,347	12,911,762	14,877,247	12,635,275	15,561,195	16,598,967
Business-type Activities:										
Water Utility	2,626,163	3,726,377	3,485,076	3,940,978	4,286,081	4,649,685	5,102,548	5,001,698	5,477,856	6,353,950
Sewer Utility	1,161,951	1,551,185	1,588,786	1,766,075	2,043,128	2,434,510	2,833,924	3,005,658	3,244,648	4,203,587
Garbage Utility	458,001	579,672	625,307	649,154	633,551	702,476	822,106	1,028,024	1,080,662	1,059,777
Storm Drain Utility	-	-	-	467,758	470,700	756,772	691,410	880,773	908,198	901,351
Total Business-type Activities	4,246,115	5,857,234	5,699,169	6,823,965	7,433,460	8,543,443	9,449,988	9,916,153	10,711,364	12,518,665
Total Primary Government Expenses	\$ 13,212,214	\$ 16,720,447	\$ 17,271,297	\$ 16,554,891	\$ 18,526,807	\$ 21,455,205	\$ 24,327,235	\$ 22,551,428	\$ 26,272,559	\$ 29,117,632
REVENUES										
Governmental Activities:										
Charges for Services										
General Government	\$ 2,616,829	\$ 1,340,052	\$ 643,604	\$ 893,642	\$ 734,865	\$ 2,473,625	\$ 4,081,953	\$ 2,778,204	\$ 3,379,235	\$ 4,985,682
Public Safety	419,557	295,758	414,455	500,334	715,131	1,894,515	1,039,947	1,101,415	1,214,388	1,372,884
Highways and Public Improvements	-	-	-	-	-	1,179,069	1,268,709	1,105,971	1,541,709	1,641,262
Parks and Recreation	55,750	874,933	103,641	128,501	150,558	888,193	886,054	652,831	2,519,097	2,555,462
Operating Grants and Contributions	322,409	400,110	387,031	713,486	1,719,874	1,118,658	172,388	123,870	764,283	239,028
Capital Grants and Contributions	26,048,845	13,586,365	6,883,169	5,754,442	5,740,308	2,664,043	672,095	2,502,760	1,545,870	10,796,710
Total Governmental Activities	29,463,390	16,497,218	8,431,900	7,990,405	9,060,736	10,218,103	8,121,146	8,265,051	10,964,582	21,591,028
Business-type Activities:										
Charges for Services										
Water Utility	1,192,492	1,366,764	1,430,353	1,944,116	2,222,973	6,393,708	6,154,942	5,976,789	6,512,923	10,473,751
Sewer Utility	863,291	890,102	1,290,128	1,671,891	1,970,431	2,488,427	2,674,392	2,720,120	3,047,088	4,675,210
Garbage Utility	480,279	585,684	668,184	679,208	745,432	596,706	639,307	893,984	641,802	961,029
Storm Drain Utility	-	-	-	145,373	148,947	808,855	895,505	579,827	913,322	958,500
Capital Grants and Contributions	16,209,498	8,318,095	2,877,659	5,724,324	2,223,380	1,238,142	-	3,070,714	6,587,528	17,769,290
Total Business-type Activities	18,745,560	11,160,645	6,266,324	10,164,912	7,311,163	11,525,838	10,364,146	13,241,434	17,702,663	34,837,780
Total Primary Government Revenues	\$ 48,208,950	\$ 27,657,863	\$ 14,698,224	\$ 18,155,317	\$ 16,371,899	\$ 21,743,941	\$ 18,485,292	\$ 21,506,485	\$ 28,667,245	\$ 56,428,808
Net (Expense)/Revenue:										
Governmental Activities	\$ 20,497,291	\$ 5,634,005	\$(3,140,228)	\$(1,740,521)	\$(2,032,611)	\$(2,693,659)	\$(6,756,101)	\$(4,370,224)	\$(4,596,613)	\$ 4,992,061
Business-type Activities	14,499,445	5,303,411	567,155	3,340,947	(122,297)	2,982,395	914,158	3,325,281	6,991,299	22,319,115
Total Primary Government Net Expense	\$ 34,996,736	\$ 10,937,416	\$(2,573,073)	\$ 1,600,426	\$(2,154,908)	\$ 288,736	\$(5,841,943)	\$(1,044,943)	\$ 2,394,686	\$ 27,311,176

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

	<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>
EXPENSES										
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes										
Property Taxes	\$ 737,174	\$ 785,703	\$ 2,304,884	\$ 2,442,112	\$ 2,395,277	\$ 2,758,185	\$ 2,659,844	\$ 2,686,612	\$ 2,844,496	\$ 2,969,689
Sales and Use Taxes	868,029	1,246,985	1,495,027	1,723,051	1,881,168	2,162,610	2,360,544	2,653,278	2,939,653	3,215,928
Franchise Fees	131,526	141,716	193,385	158,393	227,207	212,494	199,838	221,085	207,142	212,144
Energy Taxes	314,617	450,148	480,352	549,691	632,865	655,845	793,113	870,992	877,695	953,656
Interest Earnings	561,210	508,018	223,094	56,812	98,172	73,233	89,897	74,332	89,800	190,746
Gain on Sale of Capital Assets	-	-	-	-	34,787	-	51,352	-	15,799	8,043
Other	-	579,705	300,000	(14,318,928)	(380,000)	309,789	-	-	-	37,387
Total Governmental Activities	<u>2,612,556</u>	<u>3,712,275</u>	<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>
Business-Type Activities:										
Interest Earnings	234,830	215,517	67,430	17,749	49,480	57,343	45,004	56,267	109,205	92,225
Other	-	(579,705)	(300,000)	14,318,928	380,000	6,569	-	-	-	(37,387)
Total Business-Type Activities	<u>234,830</u>	<u>(364,188)</u>	<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>
Total Primary Government										
General Revenue	<u>\$ 2,847,386</u>	<u>\$ 3,348,087</u>	<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>
Change in Net Assets:										
Governmental Activities	\$ 23,109,847	\$ 9,346,280	\$ 1,856,514	\$ (11,129,390)	\$ 2,856,865	\$ 4,559,799	\$ (601,513)	\$ 2,136,075	\$ 2,377,972	\$ 12,579,654
Business-Type Activities	14,734,275	4,939,223	334,585	17,677,624	307,183	3,039,738	959,162	3,381,548	7,100,504	22,373,953
Total Primary Government	<u>\$ 37,844,122</u>	<u>\$ 14,285,503</u>	<u>\$ 2,191,099</u>	<u>\$ 6,548,234</u>	<u>\$ 3,164,048</u>	<u>\$ 7,599,537</u>	<u>\$ 357,649</u>	<u>\$ 5,517,623</u>	<u>\$ 9,478,476</u>	<u>\$ 34,953,607</u>

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

	<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>
General Fund:										
Unreserved, undesignated	\$ 637,523	\$ 200,514	\$ 767,756	\$ 1,601,996	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	-	-	-	-	1,782,816	2,478,911	2,508,347	2,068,425	2,989,076	2,768,845
All other governmental funds:										
Reserved:										
Roads and impact fees	-	-	-	-	-	-	-	-	-	-
Roads and capital improvements	7,777,648	810,413	170,162	6,048,717	-	-	-	-	-	-
Advance to sewer fund	-	-	-	-	-	-	-	-	-	-
Unreserved, undesignated:										
Special revenue funds	48,571	58,141	100,783	163,926	-	-	-	-	-	-
Capital Project Fund	913,673	9,764,797	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
Assigned:										
Capital project funds	-	-	-	-	1,713,820	1,406,121	-	-	-	-
Street lighting	-	-	-	-	249,453	305,725	282,980	328,151	330,677	387,801
Total all other governmental funds	<u>\$8,739,892</u>	<u>\$10,633,351</u>	<u>\$ 9,573,435</u>	<u>\$ 5,825,002</u>	<u>\$9,359,208</u>	<u>\$ 9,602,029</u>	<u>\$11,835,975</u>	<u>\$12,207,911</u>	<u>\$13,766,154</u>	<u>\$12,879,958</u>

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

	<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>
Revenues:										
Taxes	\$ 2,040,986	\$ 2,553,945	\$ 4,073,541	\$ 4,804,683	\$ 5,240,234	\$ 5,789,134	\$ 5,988,153	\$ 6,320,529	\$ 6,692,613	\$ 7,141,996
Licenses and Permits	865,624	516,266	228,197	301,258	321,571	563,917	648,974	583,374	749,910	1,231,004
Intergovernmental	627,459	409,345	363,569	4,138,356	1,799,494	1,063,618	844,483	2,626,630	2,310,153	1,114,882
Fees/Charges for Services	5,928,566	3,559,163	2,267,583	2,501,208	2,506,678	5,589,526	6,545,780	4,975,201	7,429,506	8,699,519
Fines and forfeitures	-	-	-	-	-	-	-	-	427,554	514,587
Developer Contributions	5,280	778,060	-	-	-	-	-	-	-	-
Interest Earnings	561,210	508,018	223,094	56,812	98,172	66,551	89,897	74,332	89,800	190,746
Other	5,115	40,719	29,966	203,803	2,041,161	534,896	81,909	79,846	47,459	110,180
Total Revenues	\$ 10,034,240	\$ 8,365,516	\$ 7,185,950	\$ 12,006,120	\$ 12,007,310	\$ 13,607,642	\$ 14,199,196	\$ 14,659,912	\$ 17,746,995	\$ 19,002,914
Expenditures:										
General Government	\$ 1,718,133	\$ 1,614,753	\$ 1,137,079	\$ 1,211,931	\$ 1,256,561	\$ 1,919,556	\$ 2,294,465	\$ 2,118,559	\$ 2,266,424	\$ 2,345,329
Public Safety	3,765,665	3,169,752	2,915,047	5,122,624	4,613,424	4,582,135	5,229,313	5,295,083	5,724,366	6,276,346
Highways and Public Improvements	3,269,729	2,280,268	2,743,826	6,304,986	2,464,024	3,545,121	2,521,683	1,589,359	2,003,657	4,959,389
Parks and Recreation	1,393,201	578,584	830,865	1,627,197	2,264,012	2,665,475	953,329	1,379,264	2,777,486	3,961,206
Capital Expenditures	-	-	-	-	-	-	533,463	4,135,524	2,339,204	2,319,328
Economic Development	880	920	-	-	-	-	-	-	-	-
Debt Service:										
Capital Lease Payments	236,627	404,811	351,807	324,228	1,405,289	365,282	163,113	129,099	-	-
Principal retirement	-	-	-	-	-	140,000	145,000	150,000	155,000	160,000
Interest and fiscal charges	-	-	-	-	114,617	151,000	146,800	142,332	137,882	133,171
Total Expenditures	\$ 10,384,235	\$ 8,049,088	\$ 7,978,624	\$ 14,590,966	\$ 12,117,927	\$ 13,368,569	\$ 11,987,166	\$ 14,939,220	\$ 15,404,019	\$ 20,154,769
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (349,995)	\$ 316,428	\$ (792,674)	\$ (2,584,846)	\$ (110,617)	\$ 239,073	\$ 2,212,030	\$ (279,308)	\$ 2,342,976	\$ (1,151,855)
Other Financing Sources (Uses):										
Proceeds From Obligations Under Capital Leases	\$ 760,119	\$ 534,135	\$ -	\$ 69,021	\$ 21,400	\$ 119,100	\$ -	\$ 211,322	\$ 120,119	\$ -
Proceeds from the Sale of Capital Assets	-	26,182	-	-	50,050	200,743	51,352	-	15,799	8,043
Issuance of Sales Tax Revenue Bonds	-	-	-	-	4,000,000	-	-	-	-	-
Bond Premium	-	-	-	-	134,193	-	-	-	-	-
Transfers In	503,677	1,493,351	300,000	-	750,130	2,538,216	2,428,616	2,231,485	1,344,074	3,621,247
Transfers Out	(503,677)	(913,646)	-	(398,368)	(1,130,130)	(2,538,216)	(2,428,616)	(2,231,485)	(1,344,074)	(3,583,860)
Total Other Financing Sources (Uses)	\$ 760,119	\$ 1,140,022	\$ 300,000	\$ (329,347)	\$ 3,825,643	\$ 319,843	\$ 51,352	\$ 211,322	\$ 135,918	\$ 45,430
Net Change in Fund Balances	\$ 410,124	\$ 1,456,450	\$ (492,674)	\$ (2,914,193)	\$ 3,715,026	\$ 558,916	\$ 2,263,382	\$ (67,986)	\$ 2,478,894	\$ (1,106,425)
Debt service as a percentage of noncapital	2%	5%	5%	2%	14%	5%	4%	4%	2%	2%

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
2007	737,174	868,029	131,526	-	1,736,729
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	2,939,653	207,142	877,695	6,868,986
2016	\$ 2,668,123	\$ 2,939,653	\$ 207,142	\$ 877,695	\$ 6,692,613
Change: 2007-2016	261.9%	238.7%	57.5%		285.4%

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	Commercial Property	Miscellaneous Property	Total Assessed Value	Total Taxable Assessed Value	Total Direct Tax Rate
2006	403,813,760	36,579,918	24,902,808	465,296,486	446,676,129	0.001331
2007	703,649,723	45,666,410	46,532,533	795,848,666	770,569,048	0.000933
2008	932,667,853	62,553,999	49,865,634	1,045,087,486	1,017,244,323	0.002019
2009	761,281,348	108,869,886	54,449,296	924,600,530	895,096,173	0.002436
2010	677,853,887	112,726,260	56,471,741	847,051,888	818,019,054	0.002744
2011	613,123,034	104,439,630	39,673,599	757,236,263	744,534,001	0.003120
2012	554,081,621	88,261,615	134,695,645	777,038,881	763,106,508	0.003054
2013	625,910,515	90,163,478	115,855,901	831,929,894	818,244,896	0.002761
2014	826,502,262	111,913,600	766,397,289	1,704,813,151	969,656,009	0.011925
2015	\$ 892,160,029	\$ 91,446,400	\$ 139,318,209	\$ 1,155,908,456	\$ 1,885,166,371	0.011763

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	Commercial Property	Miscellaneous Property	Fee-In-Lieu Value	Total Assessed Value
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	31,237,187	15,728,392	969,656,099
2015	\$ 892,160,029	\$ 91,446,400	\$ 139,318,209	\$ 15,640,297	\$ 1,155,908,456

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

	Calendar Year				
	2011	2012	2013	2014	2015
Retail trade	\$ 93,191,165	\$ 103,118,541	\$ 112,342,890	\$ 113,167,547	\$ 120,193,315
Accommodation and food service	11,289,591	13,542,661	16,782,513	20,963,103	23,056,127
Utilities	9,528,834	10,384,850	12,491,830	12,964,613	13,545,560
Information	6,295,409	7,266,740	8,205,139	9,472,286	9,232,412
Wholesale trade	1,501,921	3,172,489	2,179,487	2,481,843	7,257,027
Motor vehicle sales tax	5,105,906	5,214,109	5,901,951	6,435,003	6,346,056
Other services	714,733	2,387,363	2,123,710	2,342,173	3,142,629
Miscellaneous sales tax	266,213	1,839,127	1,153,018	1,929,795	2,323,817
All other industries	13,437,761	5,534,666	9,171,516	5,360,641	6,575,124
Total	\$ 141,331,533	\$ 152,460,546	\$ 170,352,054	\$ 175,117,004	\$ 191,672,067
City direct sales tax rate	2.20%	2.20%	2.20%	2.20%	2.20%

Source: Utah State Tax Commission website: Wasatch Front Zip Code Taxable Sales by Major Industry.

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	(a) City Direct Rate	Utah County Levy	Local Assessment Levy	State Assessment/ Collecting	Cent Utah Levy	Alpine School District	Levy for Saratoga Springs Residents
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	0.000474	0.008699	0.013193
2014	0.002233	0.000916	0.000220	0.000013	0.000447	0.008096	0.011925
2015	0.002083	0.000870	0.000283	0.000228	0.000405	0.008177	0.011763

(a) The city has only one rate

Source: Utah County Assessors Office.

<http://www.utahcounty.gov/dept/treas/tax rates.asp>

Schedule 10
CITY OF SARATOGA SPRINGS
Direct and Overlapping Sales Tax Rate
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Utah County</u>	<u>State of Utah</u>	<u>Total</u>
2007	1.00	0.25	4.75	6.00
2008	1.25	0.25	4.75	6.25
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

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

Taxpayer	2014			2015		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Wal-Mart	\$ 15,500,000	1	1.34%	\$ 15,262,500	1	1.57%
Scott McLachlan	15,359,765	2	1.33%	14,466,215	2	1.49%
Aldara Apartment Associates	14,840,540	3	1.28%	19,417,365	3	2.00%
SCP Fox Hollow	8,486,900	4	0.73%	10,000,600	4	1.03%
Pacificorp	7,299,996	6	0.63%	8,581,310	5	0.88%
Questar Gas	7,150,992	7	0.62%	9,695,430	6	1.00%
Wasatch Land Company	-	0	0.00%	8,683,960	7	0.90%
Woodside Homes of Utah LLC	-	-	0.00%	8,582,240	8	0.89%
D R Horton Inc	-	-	0.00%	8,160,786	9	0.84%
Stations West Saratoga LLC	-	-	0.00%	8,042,200	10	0.83%
Stations West	7,666,700	5	0.66%	-		0.00%
Saratoga Self-Storage	3,582,700	8	0.31%	-		0.00%
Cougars Rock Investments	3,526,500	9	0.31%	-		0.00%
Towne Storage	3,253,365	10	0.28%	-		0.00%
	\$ 86,667,458			\$110,892,606		

Source: Utah County Treasurer and City Finance Department

Note: No other information available at this time.

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

Tax Year End December 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
2006	606,342	32,254	574,088	531,510	191,661	723,171	92.58%
2007	719,417	10,406	709,011	579,792	159,660	739,452	81.77%
2008	2,054,518	38,475	2,016,043	1,468,836	270,146	1,738,982	72.86%
2009	2,181,526	7,717	2,173,809	1,763,228	543,549	2,306,777	81.11%
2010	2,246,026	14,729	2,231,297	1,934,821	520,414	2,455,235	86.71%
2011	2,322,946	19,180	2,303,766	2,079,374	575,767	2,655,141	90.26%
2012	2,330,527	15,364	2,315,163	2,134,668	678,428	2,813,096	92.20%
2013	2,300,968	151,612	2,149,356	2,007,713	226,980	2,234,693	93.41%
2014	2,888,902	156,192	2,132,709	2,551,376	193,021	2,592,072	93.32%
2015	\$ 2,409,970	\$ 111,248	\$ 2,292,722	\$ 2,181,066	\$ 145,890	\$ 2,699,813	95.13%

Source: Utah County Treasurer

(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.

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 Bonds	Capital Leases	Water Interim Warrant Certificate	Water Revenue Bonds	Special Assessment Bonds	Culinary Water System Contract Payable	Capital Leases			
2007	-	2,217,921 (6)	2,675,534 (7)	4,717,595 (8)	-	18,164,750	91,608	27,867,408	10.63%	2,479
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	294,004	-	4,634,000	2,896,000	13,946,960	17,264	25,623,498	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	Unavailable	Unavailable
2015	3,410,000	373,755 (13)	-	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%	922

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

(1) See Schedule 17 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

(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 \$120,119 and issued water revenue bond \$9,995,000 retiring all previous issues of water bonds, in fiscal year 2015.

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

	<u>2006</u>	<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>
Debt limit	\$ 18,641,966	\$ 31,854,358	\$ 41,817,397	\$ 37,001,624	\$ 33,902,216	\$ 30,297,072	\$ 31,089,915	\$ 33,882,650	\$ 38,786,244	\$ 46,236,338
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 18,641,966</u>	<u>\$ 31,854,358</u>	<u>\$ 41,817,397</u>	<u>\$ 37,001,624</u>	<u>\$ 33,902,216</u>	<u>\$ 30,297,072</u>	<u>\$ 31,089,915</u>	<u>\$ 33,882,650</u>	<u>\$ 38,786,244</u>	<u>\$ 46,236,338</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Legal Debt Margin Calculation for Fiscal Year 2015

Total assessed value	<u>\$ 1,155,908,456</u>
Debt limit - 4% of total assessed value	46,236,338
Amount of debt applicable to debt limit	<u>-</u>
Legal debt margin	<u>\$ 46,236,338</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.

Total assessed value	\$ 466,049,154	\$ 796,358,952	\$ 1,045,434,916	\$ 925,040,605	\$ 847,555,412	\$ 757,426,797	\$ 777,247,867	\$ 847,066,261	\$ 969,656,099	\$ 1,155,908,456
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Schedule 15
CITY OF SARATOGA SPRINGS
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016
(amounts expressed in thousands)

<u>Government Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated % Applicable (2)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Alpine School District	\$ 375,435	5%	\$ 20,586
CUWCD	<u>236,649</u>	3%	<u>7,769</u>
Subtotal, overlapping debt	612,084		28,355
Saratoga Springs City direct debt	<u>3,470</u>		<u>3,470</u>
Total direct and overlapping debt	<u><u>\$ 615,554</u></u>		<u><u>\$ 31,825</u></u>

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.

The State's general obligation debt is not included in overlapping debt because the State currently levies no property tax for payment of general obligation bonds.

Source:

Utah State Auditor

Utah State Tax Commission

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

Fiscal Year	Water Revenue and Special Improvement District Bonds						Sales Tax Revenue Bonds					
	Water Charges and Other	Impact Fees (1)	Less: Operating Expenses	Add: Depreciation	Net Available Revenue	Debt Service			Sales Tax Revenues	Debt Service		
						Principal	Interest	Coverage		Principal	Interest	Coverage
2007	1,369,176	5,612,811	2,539,485	1,575,343	6,017,845	69,000	160,246	26.3	868,029	N/A	N/A	N/A
2008	1,566,855	1,946,853	3,532,631	1,892,892	1,873,969	199,000	187,341	4.9	1,246,985	N/A	N/A	N/A
2009	1,491,377	688,466	3,150,276	2,120,859	1,150,426	206,000	180,512	3.0	1,495,027	N/A	N/A	N/A
2010	1,957,038	4,375,575	3,451,286	2,144,841	5,026,168	250,000	204,462	11.1	1,723,051	N/A	N/A	N/A
2011	2,246,895	794,380	3,781,645	2,138,400	1,398,030	333,539	441,463	1.8	1,881,168	N/A	N/A	N/A
2012	4,205,638	1,251,779	4,241,147	2,144,295	3,360,565	436,000	428,506	3.9	2,162,610	140,000	148,500	7.5
2013	4,303,822	1,869,510	4,841,196	2,242,027	3,574,163	502,374	174,434	5.3	2,360,544	145,000	146,800	8.1
2014	4,723,748	1,284,698	4,748,461	2,287,721	3,547,706	1,080,000	252,431	2.7	2,653,278	270,270	139,950	6.5
2015	4,772,755	1,674,878	5,281,995	2,362,626	3,528,264	1,592,000	257,868	1.9	2,939,633	155,000	137,882	10.0
2016	\$ 5,601,106	\$ 4,866,345	\$ 6,041,939	\$ 2,580,753	\$ 7,006,265	\$ 1,672,420	\$ 332,211	3.5	\$ 3,215,928	\$ 160,000	\$ 137,882	10.8

Source: City Finance Department

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

Water charges and other includes investment earnings. Operating expenses do not include interest.

(1) A portion of the impact fees are paid to others as per contracts. The impact fees have been reduced by those payments.

Impact fees are specifically included as available for debt payment.

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

Fiscal Year	Population (3)	Personal Income (5)	Per Capita Personal Income (1)(4)	Median Age (1)(3)	Unemployment Rate (1)(2)
2007	11,241	262,252,530	23,330	24.8	2.9
2008	13,039	321,567,818	24,662	25.2	2.5
2009	14,788	385,848,496	26,092	25.6	3.4
2010	16,516	446,179,740	27,015	25.9	7.3
2011	17,781	451,708,524	25,404	26.1	7.9
2012	17,904	450,124,464	21,209	22.6	6.5
2013	21,137	560,024,815	27,624	22.6	5.5
2014	unavailable	unavailable	unavailable	unavailable	3.6
2015	24,356	492,234,760	20,210	24.3	3.4
2016	28,652	515,863,728	21,070	24.1	3.0

Sources:

- (2) Utah Department of Workforce Services
- (3) U.S. Census Bureau
- (4) U.S Bureau of Economic Analysis

Notes:

- (1) Applies to Utah County
- (5) Calculated from Utah County Per Capital Income and City Population

<http://quickfacts.census.gov/qfd/states/49/4967825.html>

Schedule 18
CITY OF SARATOGA SPRINGS
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Census:	2016			2007		
	Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank
Alpine School District	1,695	1	53%	350	1	43%
Wal-Mart Stores Inc	500	2	16%	-		0%
Lakeview Academy	250	3	8%	-		0%
Smith's Food & Drug #107	249	4	8%	120	3	15%
City of Saratoga Springs	200	5	6%	200	2	25%
Vivint/ARM Security	60	6	2%	-		0%
Dean Flour, LLC	40	7	1%	-		0%
Mcdonalds	40	8	1%	-		0%
Riding Siding	40	9	1%	-		0%
Artic Circle Restuarants	40	10	1%	40	5	5%
Learning Dynamics	-		0%	49	4	6%
Top-Stop C Store	-		0%	19	6	2%
Various	-		0%	15		2%
Alpine Pediatrics	-		0%	19	7	2%
	<u>3,114</u>		<u>97%</u>	<u>812</u>		<u>100%</u>
Total City Employmenbt	3,207			812		

Note:

(1) based on the maximum number of employees within the range.

Data range will increase to ten years over time

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

	Full-time Equivalent Employees as of December 31									
	<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>
Function:										
General Government										
Administration	6.4	10.8	6.8	7.1	7.7	7.3	7.5	8.5	8.15	10.00
Attorney	1.0	0.0	0.5	0.5	0.5	1.5	1.5	2.5	2.14	2.90
Planning	5.6	4.8	3.0	1.0	2.0	2.0	3.0	3.5	3.74	4.63
Courts	0.0	0.0	1.0	1.0	2.0	2.4	2.4	3.0	1.99	3.03
Public Safety										
Police (1)	4.6	22.9	22.3	25.3	33.9	36.0	36.0	34.5	37.86	42.00
Fire	16.6	16.8	19.1	18.3	21.0	22.5	22.5	16.0	23.25	17.50
Building inspection	7.0	7.0	5.0	4.0	4.0	3.0	4.0	5.0	5.00	8.60
Public Works										
Public Works	0.0	1.0	1.0	1.0	1.0	2.4	2.4	6.0	3.97	5.50
Engineering	5.0	8.1	4.5	7.4	7.0	6.7	7.7	6.5	5.14	5.00
Highways and street	5.5	4.1	3.0	3.0	2.0	2.0	2.0	4.0	4.28	7.00
Water	2.8	6.6	5.7	4.7	5.7	5.0	5.0	5.5	8.03	8.75
Sewer	0.8	1.3	1.3	0.3	2.3	3.0	3.0	3.0	2.54	2.75
Parks and Recreation	1.8	3.8	3.7	3.7	5.5	7.8	8.8	2.5	11.68	16.53
Total	57.1	87.2	76.9	77.3	94.6	101.6	105.8	100.5	117.8	134.2

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>2016</u>
Fire Protection	
Number of full-time employees	10
Number of part-time employees	36
Fire calls for service	286
Medical calls for service	727
Police Protection	
Number of officers	42
Police calls for service	16,247
Municipal Water Services	
Number of connections	6,878
Gallons billed/day	1,009,193
Municipal Sewer Services	
Number of connections	6,878
Municipal Refuse Services	
Number of first cans	5,592
Number of second cans	1,609
Number of recycle cans	5,293
Business Licenses	
Number of licenses issued	341
Building and Construction	
Number of building permits issued	986
Number of residential units - single family	457
Number of residential units - multi-family	173
Parks and Recreation	
Number of football participants	232
Number of basketball participants	1,204
Number of soccer participants	2,040
Number of tball participants	478

Source: City Departments

Notes: Years available will increase to ten years over time

Schedule 21
CITY OF SARATOGA SPRINGS
CAPTIAL ASSETS BY FUNCTION
Current Year

	2016
Streets	
Number of lane miles	85
Number of street lights	1,678
Fire Protection	
Number of stations	2
Number of fire hydrants	1,368
Number of fire pumping vehicles	2
Police Protection	
Number of Stations	1
Education	
Number of high schools	1
Number of junior high Schools	1
Number of elementary schools	7
Municipal Water Facilities	
Miles of water mains	223
Municipal Sewer Facilities	
Miles of sewer mains	94
Parks and Recreation	
Number of parks	25
Park and open space acreage	258

Source: City Departments

Notes: Years available will increase to ten years over time

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

	Fiscal Year Ended June 30				
	2012	2013	2014	2015	2016
ASSETS					
Cash and investments	\$ 17,181,142	\$ 23,064,986	\$ 24,177,117	\$ 28,510,379	\$ 39,461,737
Receivables, (net of allowance for uncollectibles)	3,541,742	1,461,995	1,644,369	2,867,139	1,739,455
Prepaid and inventories	100,010	80,183	56,166	36,955	18,477
Deferred charges	259,288	-	-	-	-
Restricted cash and investments	2,585,041	675,132	646,003	2,814,571	2,787,320
Due from other funds	-	296,275	1,661,426	4,766,668	4,083,136
Due from other governmental units	-	1,899,270	2,010,708	2,187,081	2,396,502
Pension assets	-	-	-	43,059	6,995
Capital assets not being depreciated:					-
Land	18,365,122	18,402,042	18,720,913	20,201,852	20,201,852
Water rights	14,792,562	14,998,026	15,231,188	15,699,164	15,720,925
Construction in progress	5,354,590	1,353,103	4,939,031	3,094,850	418,799
Capital assets net of accumulated depreciation:					-
Buildings and system	10,846,740	5,159,014	4,872,532	4,586,050	4,299,569
Improvements other than buildings	80,452,456	-	-	-	-
Machinery and equipment	1,166,402	1,571,059	2,578,304	2,717,062	2,755,463
Infrastructure	51,178,970	135,761,060	135,270,979	142,400,266	173,600,415
Deferred outflows of resources					
Pension related deferred outflows	-	-	-	503,540	1,489,687
Total assets	<u>\$ 205,824,065</u>	<u>\$ 204,722,145</u>	<u>\$ 211,808,736</u>	<u>\$ 230,428,636</u>	<u>\$ 268,980,332</u>
LIABILITIES					
Accounts payable	\$ 805,665	\$ 1,566,133	\$ 2,093,885	\$ 2,432,336	\$ 2,667,915
Accrued interest payable	107,250	243,617	97,370	304,689	335,642
Due to other funds	-	296,275	1,396,275	4,766,668	4,083,136
Deposits	527,446	486,007	2,264,122	3,044,350	8,418,144
Unearned revenue	-	-	-	-	-
Noncurrent liabilities:					
Net pension liability	-	-	-	1,719,308	2,255,727
Due or payable within one year	2,360,927	1,786,123	1,897,221	2,176,142	2,152,177
Due or payable after one year	25,954,172	24,298,389	22,264,127	26,696,981	24,787,422
Total liabilities	<u>29,755,460</u>	<u>28,676,544</u>	<u>30,013,000</u>	<u>41,140,474</u>	<u>44,700,163</u>
Deferred Invlow of Resources					
Pension related deferred inflows	-	-	-	301,724	340,125
NET ASSETS					
Invested in capital assets, net of related debt	156,423,314	151,648,119	158,256,666	160,347,239	190,585,917
Restricted for debt service	310,945	-	-	2,814,857	2,787,320
Restricted for capital improvements	12,659,025	-	-	-	-
Restricted for roads	-	600,591	95,687	-	-
Unrestricted	6,675,321	23,796,891	23,443,383	25,824,628	30,566,807
Total net assets	<u>176,068,605</u>	<u>176,045,601</u>	<u>181,795,736</u>	<u>188,986,724</u>	<u>223,940,044</u>
Total Liabilities and net assets	<u>\$ 205,824,065</u>	<u>\$ 204,722,145</u>	<u>\$ 211,808,736</u>	<u>\$ 230,428,922</u>	<u>\$ 268,980,332</u>

Source: Information extracted from the City's general purpose financial statements for the included years.

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 City Council
City of Saratoga Springs, Utah**

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Saratoga Springs, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Saratoga Springs' basic financial statements and have issued our report thereon dated September 30, 2016.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Saratoga Springs' 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 of Saratoga Springs' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Saratoga Springs' 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 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 that 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 of Saratoga Springs' financial statements are free of material misstatement, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.



**Roy, Utah
September 30, 2016**

CITY OF SARATOGA SPRINGS
Status of Prior Year's Findings and Questioned Costs
June 30, 2016

2015-1- Storm Drain Fees

Condition: During our audit work, we noted that the amounts being billed commercial accounts for storm drain fees did not correspond with the approved ERU rates, instead they were being billed the lower residential Acre rates. There can be multiple ERU's per acre.

Criteria: Commercial accounts are to be billed ERU rates for storm drain while non-commercial customers are to be billed by the Acre. When rates were changed by the City Council in July of 2014, city personnel mistakenly changed the rates along with changing the billing units from ERU's to Acres for the commercial accounts.

Cause and Effect: Because of this change, the City has under billed some commercial accounts and has reduced its storm drain revenue accordingly.

Auditor's Recommendation: We recommend that the City review all accounts to ensure they are on the correct billing unit ERU vs Acre for storm drain fees. Along with this, safeguards should be put in place to limit access to make changes to these fields. When changes are to be made, authorized personnel should be trained on the procedures necessary to properly make the changes.

Current Status: Resolved – the City has reviewed all customer rates and ensured the proper billing units.

2015-2 – Material Adjustments

Condition: During the audit process it was noted that numerous account balances did not agree with the supporting documentation or were not adjusted during the year to account for transactional activity in the accounts. These differences resulted in material adjusting entries being made to the financial statements.

Criteria: The financial statements should be supported by and reconciled to supporting documentation for each of the balance sheet accounts. Debt issuance and payments in the governmental funds should be properly recorded when incurred and distinctions made between fees for services and transfers between funds.

Recommendation: Due to the rapid growth of the City, high turnover and job duty reassignments among the accounting personnel, we recommend that appropriate annual training be provided to all members of the accounting staff. Training should emphasize the appropriate accounting and reporting for bond issuance and payment for governmental and enterprise funds and the distinction of transfers vs charges for services between funds. To aid in this process the City may wish to streamline the number of funds used for each activity back to one fund for each enterprise activity. The rapid growth of the City has put a strain on the personnel resources available to account and report on the ever increasing volumes and unique transactions. The City should review its staffing levels and assignments and determine if additional staff members are needed for the account and reporting activities of the City.

Current Status: Resolved – the accounting for the City has included the review of accounts to ensure that they agree to subsidiary schedules and all year end balances are properly adjusted.

**Honorable Mayor and City Council
City of Saratoga Springs**

REPORT ON COMPLIANCE

We have audited the City of Saratoga Springs' (City) compliance with the applicable general state and major state program 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 or each of its major state programs for the year ended June 30, 2016.

General state compliance requirements were tested for the year ended June 30, 2016 in the following areas:

Budgetary Compliance	Utah Retirement Systems
Fund Balance	Cash Management
Open and Public Meetings Act	Justice Courts
Restricted Taxes and Related Revenues	Compliance Audit Planning
Treasurers Bond	Utah Public Finance Website

The City received state funding from the following programs classified as major programs for the year ended June 30, 2016:

None

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

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's or its major programs 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 and for each major state program. However, our audit does not provide a legal determination of City's compliance.

Opinion on General State Compliance Requirements and Each Major State Program

In our opinion, The City of Saratoga Springs complied, in all material respects, with the general compliance requirements referred to above that could have a direct and material effect on the City or on each of its major state programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in the accompanying schedule of findings and recommendations as items 2015-1.

The City’s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and recommendations. The City’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report On Internal Control Over Compliance

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 or on each major state program 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 for each major state program 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 or major state program 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 compliance with a general state or major state program 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 or major state program 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and recommendations as item 2015-1 that we consider to be significant deficiencies.

The City’s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and recommendations as item 2015-1. The City’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of Report

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.



Roy, Utah
September 30, 2016

CITY OF SARATOGA SPRINGS
State Schedule of Findings and Questioned Costs
June 30, 2016

2015-1 Open and Public Meeting Act - Repeat Finding

Finding: The open and public meeting act requires the City to post minutes of meetings to the Utah Public Notice Website within three days of the minutes being approved. The City recorder was not aware of this requirement and was not making such postings although they were posted to the City's website in 2015. During 2016 the City had personnel turnover in the recorders position and as a result of this turnover the City did not comply.

Recommendation: The City should discuss the issue with the new City recorder and ensure that the posting of information to the public website is timely.

Questioned Costs: \$ -0-

Response: This issue has been discussed with the current City Recorder who is committed to make sure timely postings of the City's minutes are made to the Utah Public Notice Website.

