

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT



CITY OF SARATOGA SPRINGS, UTAH  
FISCAL YEAR ENDED JUNE 30, 2019

# CITY OF SARATOGA SPRINGS, UTAH

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

FOR FISCAL YEAR ENDED JUNE 30, 2019

PREPARED BY:  
FINANCE DEPARTMENT

**THE CITY OF SARATOGA SPRINGS**  
**Table of Contents**

Page

**INTRODUCTORY SECTION**

|  |     |
|--|-----|
| Transmittal Letter.....  | 1-4 |
| Principal Officials .....  | 5   |
| Organization Chart.....  | 6   |
| Certificate of Achievement for Excellence in Financial Reporting ..... | 7   |

**FINANCIAL SECTION**

|   |       |
|---|-------|
| Independent Auditor’s Report.....   | 9-10  |
| Management Discussion and Analysis.....   | 11-24 |
| Basic Financial Statements  |       |
| Government-Wide Financial Statements  |       |
| Statement of Net Position.....  | 26    |
| Statement of Activities.....  | 27    |
| Governmental Funds Statements   |       |
| Balance Sheet.....  | 28    |
| Balance Sheet Reconciliation to Statement of Net Position .....   | 29    |
| Statement of Revenues, Expenditures, and Changes in Fund Balances –<br>Governmental Funds.....                | 30    |
| Statement of Changes Reconciliation to Statement of Activities.....   | 31    |
| Statement of Revenues, Expenditures, and Changes in Fund Balances –<br>General Fund – Budget and Actual ..... | 32    |
| Proprietary Funds Statements  |       |
| Statement of Net Position.....  | 33    |
| Statement of Revenues, Expenses, and Changes in Fund Net Position .....                                       | 34    |
| Statement of Cash Flows.....  | 35    |
| Notes to the Basic Financial Statements   |       |
| Note 1 – Summary of Significant Accounting Policies .....   | 36-41 |
| Note 2 – Deposits and Investments .....   | 42-43 |
| Note 3 – Accounts Receivable – Unearned Revenue.....  | 43    |
| Note 4 – Capital Assets .....   | 44-45 |
| Note 5 – Compensated Absences .....   | 45    |
| Note 6 – Retirement Plans.....  | 45-55 |
| Note 7 – Interfund Transfers .....  | 55    |
| Note 8 – Contingent Liabilities .....   | 55    |
| Note 9 – Construction Commitments.....  | 56    |
| Note 10 – Risk Management.....  | 56    |
| Note 11 – Long-term Debt .....  | 56-61 |
| Note 12 – Restatement of Net Position.....  | 62    |
| Note 13 – Deficit Net Position.....   | 62    |

**REQUIRED SUPPLEMENTARY INFORMATION**

|  |    |
|--|----|
| Schedule of Expenditures of the Proportionate Share of Net Pension Liability of the Utah State Retirement System ..... | 64 |
| Schedule of Contributions to the Utah State Retirement System .....  | 65 |
| Notes to Required Supplementary Information.....   | 66 |

**THE CITY OF SARATOGA SPRINGS**  
**Table of Contents - Continued**

**SUPPLEMENTARY INFORMATION**

|  |    |
|--|----|
| Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget to Actual Special Service Area – Debt Service ..... | 69 |
| Schedule of Rev, Expend, and Changes in Fund Balance Capital Projects Fund.....  | 70 |
| Combining Statement of Net Position Nonmajor Proprietary Funds .....   | 72 |
| Combining Statement of Revs, Expenses, Changes in Fund Net Position Nonmajor Proprietary Funds ..                          | 73 |
| Combining Statement of Cash Flows Nonmajor Proprietary Funds .....   | 74 |

**STATISTICAL SECTION**

|   |       |
|---|-------|
| Schedule 1 – Net Position by Component .....                                  | 76    |
| Schedule 2 – Changes in Net Position.....                                     | 77-78 |
| Schedule 3 – Fund Balances of Governmental Funds .....                        | 79    |
| Schedule 4 – Changes in Fund Balances of Governmental Funds .....             | 80    |
| Schedule 5 – Governmental Activities Tax Revenues by Source.....              | 81    |
| Schedule 6 – Assessed Value of Taxable Property Excluding Fee-In-Lieu .....   | 82    |
| Schedule 7 – Assessed Value of Taxable Property Including Fee-In-Lieu .....   | 83    |
| Schedule 8 – Taxable Sales by Category.....                                   | 84    |
| Schedule 9 – Direct and Overlapping Property Tax Rates .....                  | 85    |
| Schedule 10 – Direct and Overlapping Sales Tax Rate .....                     | 86    |
| Schedule 11 – City Tax Revenue Collected by Utah County.....                  | 87    |
| Schedule 12 – Outstanding Debt by Type .....                                  | 88    |
| Schedule 13 – Legal Debt Margin Information.....                              | 89    |
| Schedule 14 – Direct and Overlapping Governmental Activities Debt.....        | 90    |
| Schedule 15 – Pledged-Revenue Coverage .....                                  | 92    |
| Schedule 16 – Demographic and Economic Statistics.....                        | 91    |
| Schedule 17 – Principal Employers.....  | 93    |
| Schedule 18 – Full-time Equivalent City Government Employees by Function..... | 94    |
| Schedule 19 – Operation Indicators by Function.....                           | 95    |
| Schedule 20 – Capital Assets by Function .....                                | 96    |
| Schedule 21 – Five-Year Financial Summaries.....                              | 97    |

**INTERNAL CONTROL AND COMPLIANCE REPORTS**

|  |     |
|--|-----|
| 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 ..... | 98  |
| Report on Auditor’s Report on Compliance and Report of Internal Control over Compliance as required by the State Compliance Audit Guide.....   | 100 |

## **INTRODUCTORY SECTION**



# CITY OF SARATOGA SPRINGS

November 10, 2019

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, 2019.

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

Gilbert & Stewart, a firm of licensed certified public accountants, has audited the basic financial statements contained in this report. With this type of audit, the independent auditors render an opinion, with reasonable assurance, as to whether the basic financial statements for the fiscal year ended June 30, 2018, are fairly presented and free of any material misstatement. Audit procedures included extensive testing and analysis of transactions, balances, and systems. The unmodified ("clean") opinion on the basic financial statements signed by Gilbert & Stewart is located at the beginning of the financial section.

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

## **CITY PROFILE**

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

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

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

## **BUDGETARY CONTROL**

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

## **LOCAL ECONOMY AND TRENDS**

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

The City's population (2017 Census Estimate) of 29,608 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 Strategic Goals*

- Create a sense of community
- Preserve natural beauty and community aesthetics
- Foster high quality, long-term planning, growth and development
- Create a healthy and safe community
- Transportation Planning
- Maintain fiscal sustainability and responsibility

### *Update on Major Projects*

| <b>Project</b>           | <b>Estimated Cost</b> | <b>Description</b>                                   |
|--------------------------|-----------------------|--|
| Sewer Land Easements     | \$0.9 million         | To provide for sewer utility                         |
| Pioneer Crossing Sewer   | \$2.6 million         | Creating sewer line in Pioneer Crossing.             |
| Trunk Riverside to Cross | \$1.1 million         | Creating sewer line from Riverside to Pioneer Cross. |
| Sewer Gravity Outfall    | \$1.9 million         | Creating a Sewer Gravity Outfall.                    |

|                             |                |   |
|-----------------------------|----------------|---|
| Purchase of Water Rights    | \$2.3 million  | Water Rights  |
| 400 South Widening          | \$1.3 million  | Provide more road capacity  |
| Patriot Park Sports Complex | \$11.2 million | To provide recreation and ball fields to the City   |
| Public Safety Building      | \$4.0 million  | Police and court facility, construction is currently in progress and amount shown shows amount spent to date. |

*Awards and Acknowledgements*

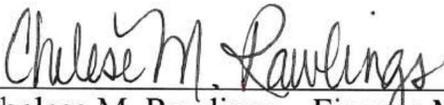
The City of Saratoga Springs received the Distinguished Budget Presentation Award from the Government Finance Officer's Association (GFOA) for the City's adopted budget beginning for the periods beginning July 1, 2011-2018,. In order to qualify for the award program, the City's budget document was judged 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 2012-2017 and 2018. In order to qualify for the award, the staff must prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure.

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

Respectfully submitted,

  
 \_\_\_\_\_  
 Mark Christensen – City Manager

  
 \_\_\_\_\_  
 Chelese M. Rawlings – Finance Manager

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

**MAYOR AND CITY COUNCIL AS OF JUNE 30, 2019**

**Mayor Jim Miller**

Email: [jmiller@saratogaspringscity.com](mailto:jmiller@saratogaspringscity.com)

Term: 01/2014 - 01/2018

**Council Member Ryan Poduska**

Email: [rpoduska@saratogaspringscity.com](mailto:rpoduska@saratogaspringscity.com)

Term: 01/2016 - 01/2020

**Council Member Michael McOmber**

Email: [mmcomber@saratogaspringscity.com](mailto:mmcomber@saratogaspringscity.com)

Term: 01/2014 - 01/2018

**Council Member Shellie Baertsch**

Email: [sbaertsch@saratogaspringscity.com](mailto:sbaertsch@saratogaspringscity.com)

Term: 01/2016 - 01/2020

**Council Member Stephen Willden**

Email: [swillden@saratogaspringscity.com](mailto:swillden@saratogaspringscity.com)

Term: 01/2014 - 01/2018

**Council Member Christopher Porter**

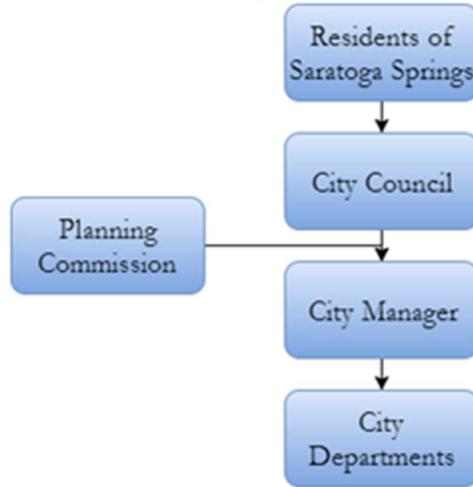
Email: [cporter@saratogaspringscity.com](mailto:cporter@saratogaspringscity.com)

Term: 01/2016 - 01/2020

# CITY OF SARATOGA SPRINGS, UTAH

## ORGANIZATIONAL CHARTS FY2019

### 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, 2018**

*Christopher P. Morill*

Executive Director/CEO

## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Basic Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Saratoga Springs, Utah (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Saratoga Springs, as of June 30, 2019 and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplemental information, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

***Gilbert & Stewart***

GILBERT & STEWART, CPA PC  
Provo, Utah  
November 10, 2019

**CITY OF SARATOGA SPRINGS, UTAH**  
**MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED)**  
**June 30, 2019**

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, 2019. 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, 2019, were \$268,756,114. Of this amount, \$28,214,939 (unrestricted net position) is available to meet ongoing financial obligations.
- The City's government-wide net position increased by \$19,767,907. Of this amount, business-type activities increased by \$14,009,893, a minimal decrease, and the governmental activities increased by \$5,758,014 an increase of 5.3 percent when compared to last fiscal year. A restatement of net position was made which decreases the beginning net position of the business-type activities.
- The City's governmental funds reported a combined ending fund balance of \$17,698,953, a decrease of \$5,188,092 (22.7 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 fund balances due to expenditures for capital projects and debt service. Of the combined total fund balance, \$6,098,269 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, 2018, totaled \$6,098,269 and is 32.7 percent of the General Fund total revenues for the year and 34.5 percent of total governmental fund balance.
- The City's total debt had a net decrease of \$3,397,518 during fiscal year 2019. This represents a 6.3 percent decrease over the prior year, this is a result from required debt service payments.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of this report includes four parts: 1) the independent auditors' report on financial statements and supplementary information; 2) this segment, management's discussion and analysis; 3) the basic financial statements; and 4) supplementary information. Within the basic financial statements are two distinct types of financial statements, 1) the government-wide financial statements, and 2) the fund financial statements. The notes to the financial statements are also an integral part of the basic financial statements. The City's basic financial statements are presented in accordance with 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, 2019**

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 29 and 31. 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 26-29 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 32, 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, 2019**

- **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 33-35 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, 2019**

**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, 2019 and 2018.

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

|  | <b>Governmental</b> |                    | <b>Business-Type</b> |                    | <b>Total</b>       |                    | <b>Total %</b> |
|--|---------------------|--------------------|----------------------|--------------------|--------------------|--------------------|----------------|
|  | <b>Activities</b>   |                    | <b>Activities</b>    |                    |                    |                    | <b>Change</b>  |
|  | <u><b>2019</b></u>  | <u><b>2018</b></u> | <u><b>2019</b></u>   | <u><b>2018</b></u> | <u><b>2019</b></u> | <u><b>2018</b></u> |                |
| Current and other assets   | \$ 34.4             | \$ 39.4            | \$ 34.3              | \$ 34.4            | \$ 68.7            | \$ 73.8            | -6.9%          |
| Capital assets   | 111.0               | 101.7              | 161.4                | 149.6              | 272.4              | 251.3              | 8.4%           |
| Deferred Outflow of Resources  | 2.7                 | 2.3                | 0.4                  | 0.3                | 3.1                | 2.6                | 19.2%          |
| Total Assets and Deferred<br>Outflow of resources                    | <u>\$ 148.1</u>     | <u>\$ 143.4</u>    | <u>\$ 196.1</u>      | <u>\$ 184.3</u>    | <u>\$ 344.2</u>    | <u>\$ 327.7</u>    | <u>5.0%</u>    |
| Long-Term liabilities  | 19.2                | 18.7               | 35.0                 | 37.1               | 54.2               | 55.8               | -2.9%          |
| Other liabilities  | 11.8                | 12.5               | 6.0                  | 4.9                | 17.8               | 17.3               | 2.9%           |
| Total liabilities  | <u>31.0</u>         | <u>31.2</u>        | <u>41.0</u>          | <u>41.9</u>        | <u>72.0</u>        | <u>73.1</u>        | <u>-1.5%</u>   |
| Deferred Inflows of Resources  | 3.4                 | 4.3                | 0.0                  | 0.2                | 3.4                | 4.5                | 24.4%          |
| <b>Net Position</b>  |                     |                    |                      |                    |                    |                    |                |
| Invested in capital assets,<br>net of related debt                   | 110.2               | 99.8               | 130.3                | 123.9              | 240.5              | 223.7              | 7.5%           |
| Unrestricted   | 3.5                 | 8.1                | 24.8                 | 18.3               | 28.3               | 26.4               | 7.2%           |
| Total net Position   | <u>113.7</u>        | <u>107.9</u>       | <u>155.1</u>         | <u>142.2</u>       | <u>268.8</u>       | <u>250.1</u>       | <u>7.5%</u>    |
| Total liabilities, deferred inflows<br>of resources and net position | <u>\$ 148.1</u>     | <u>\$ 143.4</u>    | <u>\$ 196.1</u>      | <u>\$ 184.3</u>    | <u>\$ 344.2</u>    | <u>\$ 327.7</u>    | <u>5.0%</u>    |

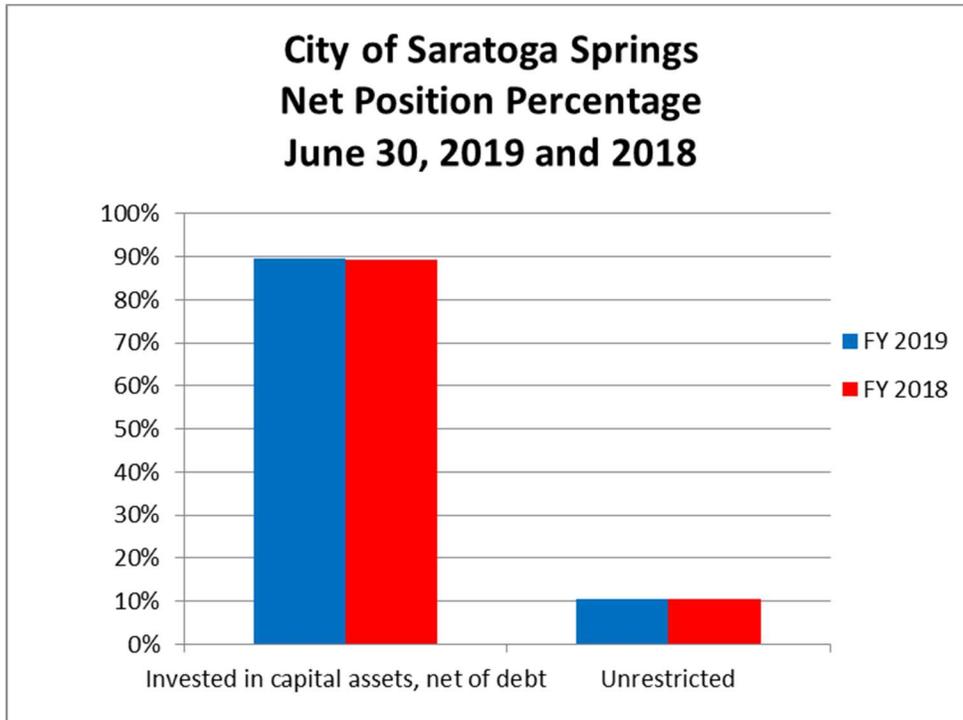
As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At June 30, 2019, the City's assets exceeded liabilities by approximately \$268.8 million (net assets) compared to \$250.1 million at June 30, 2018. This would indicate an improved financial position in comparison to last fiscal year. Roughly 89.8 percent at June 30, 2019, and 89.4 percent at June 30, 2018, 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 \$16.8 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 \$28.3 million at June 30, 2019 and \$26.4 million at June 30, 2018, which is unrestricted, indicates that this amount may be used to meet

**CITY OF SARATOGA SPRINGS, UTAH**  
**MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED)**  
**June 30, 2019**

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 fund balances in general capital and debt service accounts due to capital acquisitions.

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, 2019**

*Changes in Net Assets* – As taken from the Statement of Activities, the following table signifies the changes in net assets for fiscal years 2019 and 2018.

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

|                                    | Governmental    |              | Business-Type   |                 | Total           |                 | <u>Total %<br/>Change</u> |
|------------------------------------|-----------------|--------------|-----------------|-----------------|-----------------|-----------------|---------------------------|
|                                    | Activities      |              | Activities      |                 |                 |                 |                           |
|                                    | <u>2019</u>     | <u>2018</u>  | <u>2019</u>     | <u>2018</u>     | <u>2019</u>     | <u>2018</u>     |                           |
| Revenues                           |                 |              |                 |                 |                 |                 |                           |
| Program Revenues                   |                 |              |                 |                 |                 |                 |                           |
| Charges for Services               | \$ 7.7          | \$ 7.1       | \$ 17.3         | \$ 17.9         | \$ 25.0         | \$ 25.0         | -                         |
| Operating grants and contributions | 0.1             | 0.1          | -               | -               | 0.1             | 0.1             | -                         |
| Capital grants and contributions   | 9.4             | 10.4         | 14.4            | 13.3            | 23.8            | 23.7            | 0.4%                      |
| General Revenues                   |                 |              |                 |                 |                 |                 |                           |
| Property Tax                       | 3.6             | 3.2          | -               | -               | 3.6             | 3.2             | 12.5%                     |
| Other Taxes                        | 6.0             | 5.4          | -               | -               | 6.0             | 5.4             | 11.1%                     |
| Investment earnings                | 0.7             | 0.5          | -               | -               | 0.7             | 0.5             | 40.0%                     |
| Transfers                          | -               | (0.9)        | -               | 0.9             | -               | -               | -                         |
| <b>Total Revenues</b>              | <u>27.5</u>     | <u>25.8</u>  | <u>31.7</u>     | <u>32.1</u>     | <u>59.2</u>     | <u>57.9</u>     | <u>42.3%</u>              |
| Expenses                           |                 |              |                 |                 |                 |                 |                           |
| General government                 | 2.8             | 2.4          | -               | -               | 2.8             | 2.4             | 16.7%                     |
| Public safety                      | 8.4             | 7.4          | -               | -               | 8.4             | 7.4             | 13.5%                     |
| Highways and public improvements   | 5.8             | 6.5          | -               | -               | 5.8             | 6.5             | -10.8%                    |
| Parks and recreation               | 4.1             | 3.4          | -               | -               | 4.1             | 3.4             | 20.6%                     |
| Interest on long-term debt         | 0.6             | 0.7          | -               | -               | 0.6             | 0.7             | -14.3%                    |
| Water utility                      |                 | -            | 9.5             | 8.9             | 9.5             | 8.9             | 6.7%                      |
| Sewer utility                      |                 | -            | 4.9             | 5.0             | 4.9             | 5.0             | -2.0%                     |
| Storm drain utility                |                 | -            | 1.3             | 1.3             | 1.3             | 1.3             | -                         |
| Garbage                            |                 |              | 1.5             | 1.5             | 1.5             | 1.5             | -                         |
| Street Lights                      |                 | -            | 0.5             | -               | 0.5             | -               | 100.0%                    |
| <b>Total Expenses</b>              | <u>21.7</u>     | <u>20.4</u>  | <u>17.7</u>     | <u>16.8</u>     | <u>39.4</u>     | <u>37.1</u>     | <u>6.2%</u>               |
| Change in net position             | 5.8             | 5.4          | 14.0            | 15.4            | 19.8            | 20.8            | -4.8%                     |
| Net position beginning             | 107.9           | 102.5        | 142.2           | 126.8           | 250.1           | 229.3           | 9.1%                      |
| Net Position as restated           |                 | -            | -1.1            |                 | -1.1            | -               | 100%                      |
| Net position ending                | <u>\$ 113.7</u> | <u>107.9</u> | <u>\$ 155.1</u> | <u>\$ 142.2</u> | <u>\$ 268.8</u> | <u>\$ 250.1</u> | <u>7.5%</u>               |

Net position increased from governmental activities in fiscal year 2019 approximately \$5.8 million and increased \$5.4 million in fiscal year 2018. The increase is primarily due to increases in general government revenue, primarily in taxes (both property and sales). Expenses for governmental activities were higher with a \$0.4 million increase. This is mainly due to increase in personnel costs in addition to increased positions.

**CITY OF SARATOGA SPRINGS, UTAH**  
**MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED)**  
**June 30, 2019**

Net position increased \$14.0 million in fiscal year 2019 and increased \$14.3 million in 2018 for business-type activities. The revenues for business-type activities increased in and capital grants and contributions.

**Revenues** – For the year ended June 30, 2019, the City’s government-wide revenues are approximately \$59.2 million as compared to the prior year total revenues of \$57.9 million. Key elements of this change were as follows:

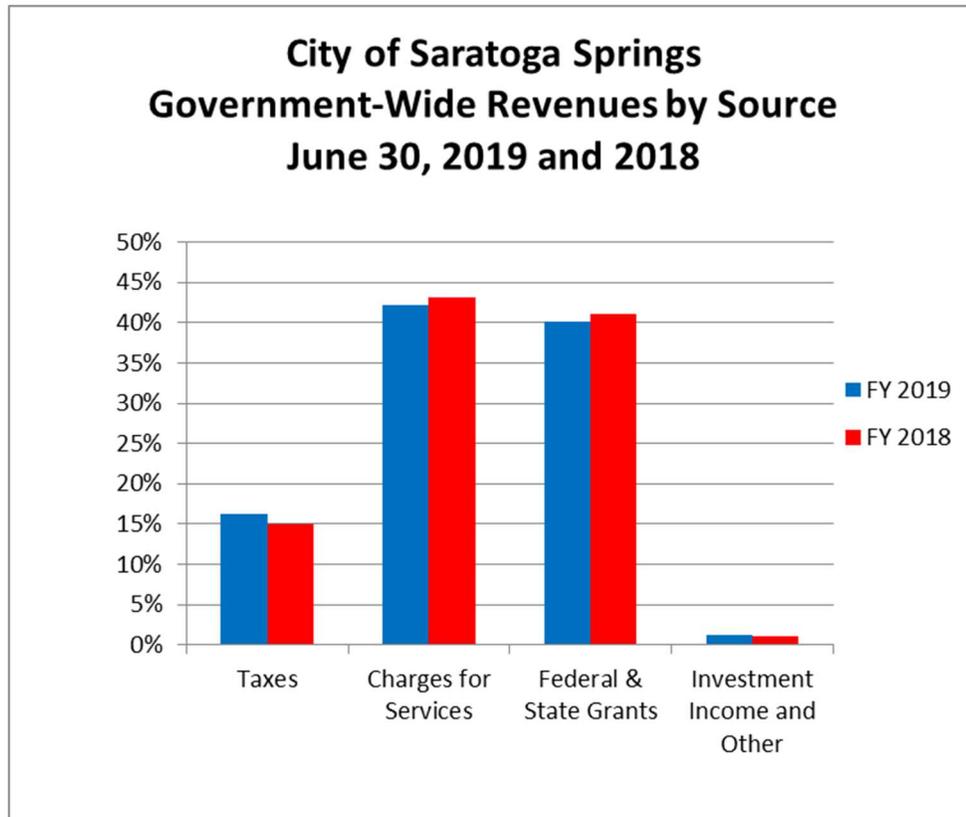
Of the City’s total revenues, about 16.2 percent in fiscal year 2019 and 14.9 percent in fiscal year 2018 resulted from taxes (under half of which is from property taxes) as shown in the following table:

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

|                           | <b>Government<br/>wide</b> |             | <b>Total %<br/>Change</b> |
|---------------------------|----------------------------|-------------|---------------------------|
|                           | <b>Tax Revenues</b>        |             |                           |
|                           | <b>2019</b>                | <b>2018</b> |                           |
| Property tax              | \$ 3.6                     | \$ 3.2      | 12.5%                     |
| General sales and use tax | 4.7                        | 4.1         | 14.6%                     |
| Franchise fees            | 0.2                        | 0.2         | -                         |
| Energy Tax                | 1.1                        | 1.1         | -                         |
| Total                     | \$ 9.6                     | \$ 8.6      | 11.6%                     |

- Charges for services increased slightly in fiscal year 2019 less than \$0.1 million and was 42.2 percent of total revenues in fiscal year 2019 from 43.2 percent in fiscal year 2018. The increase is due increases in the amount of Charges for services.
- Operating and capital contributions combined increased slightly in fiscal year 2019. This was due to slightly more operating grant revenues received in public safety.
- Investment and other income, which is a combination of interest earnings and gain on the sale of capital assets increased in fiscal year 2019 by \$0.2 million due to the increasing in interest rates.

**CITY OF SARATOGA SPRINGS, UTAH**  
**MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED)**  
**June 30, 2019**



**Expenses** – The City’s government-wide total expenses cover a range of services. For the year ended June 30, 2019, the City’s total expenses are \$39.4 million compared to the prior year of \$37.1 million. Of the \$2.3 million increase, general government expenses increased \$0.4 million, public safety increased \$1.0 million, highways and public improvements decreased \$0.7 million, parks and recreation increased \$0.7 million, interest on long-term debt decreased \$0.1 million, and business-type activities increased by \$0.9 million.

**Governmental Activities:**

*Revenue Highlights:*

- Taxes encompass a sizable source of revenue for the City’s governmental activities: Roughly \$9.6 million or 34.9 percent in fiscal year 2019 and \$8.6 million or 33.3 percent in fiscal year 2018 of total revenues from governmental activities. The \$1.0 million increase is majorly from property and other taxes.
- Charges for services increased to \$7.7 million or 28.0 percent of total revenues from governmental activities in fiscal year 2019 from \$7.1 million or 27.5 percent of total governmental activities revenues in fiscal year 2018. The increase in fiscal year 2019 is a result increased charges for services in public safety being collected due to the Bluffdale Services Contract, in addition to overall increased revenue from charges from services.
- Grant and contribution revenue denotes approximately \$9.5 million or 34.5 percent in fiscal year 2019 and \$10.5 million or 40.7 percent in fiscal year 2018 of total revenues from governmental

**CITY OF SARATOGA SPRINGS, UTAH**  
**MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED)**  
**June 30, 2019**

activities. The \$1.0 million increase was the effect of less grants and contributions received in highways and public works as compared to last fiscal year.

*Expense Highlights:*

- General government expenses of around \$2.8 million in fiscal year 2019 and \$2.4 million in fiscal year 2018 represented 12.9 percent in fiscal year 2019 and 11.8 percent in fiscal year 2018 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 cost from new positions.
- Public safety expenses were \$8.4 million or 38.7 percent in fiscal year 2019 and \$7.4 million or 36.3 percent in fiscal year 2018. The expenses are higher due to increased personnel costs from new positions in conjunction with a new pay plan, and an increase in one time capital purchases.
- Highways and public improvements were \$5.8 million or 26.7 percent in fiscal year 2019 and \$6.5 million or 31.9 percent in fiscal year 2018. The \$0.7 million decrease is due to road and general capital projects not being budgeted within the operating departments.
- Parks and recreation expenses were \$4.1 million or 18.9 percent in fiscal year 2019 and \$3.4 million or 16.7 percent in fiscal year 2018. The \$0.7 million increase is due to more capital projects and personnel costs because a new park was put into service.

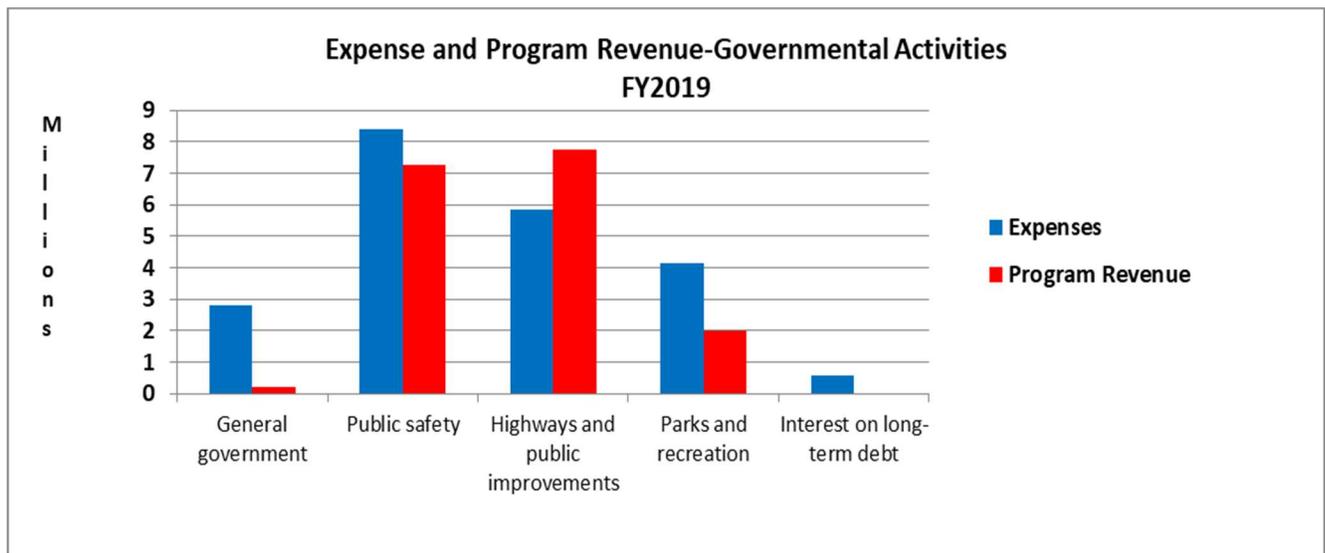
As a result, total net expenses that were funded by general revenues were \$4.5 million. Tax revenues of \$9.6 million were sufficient to fund net expenses in fiscal year 2019.

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)**

|                                  | <b>Total<br/>Cost of<br/>Services</b> |                | <b>Net Cost<br/>of<br/>Services</b> |                 | <b>Total %<br/>Change</b> |
|----------------------------------|---------------------------------------|----------------|-------------------------------------|-----------------|---------------------------|
|                                  | <b>2019</b>                           | <b>2018</b>    | <b>2019</b>                         | <b>2018</b>     |                           |
| General government               | \$ 2.8                                | \$ 2.4         | \$ (2.5)                            | \$ (2.2)        | 13.6%                     |
| Public safety                    | 8.4                                   | 7.4            | (1.1)                               | (0.6)           | 83.3%                     |
| Highways and public improvements | 5.8                                   | 6.5            | 1.9                                 | 2.2             | -13.6%                    |
| Parks and recreation             | 4.1                                   | 3.4            | (2.2)                               | (1.5)           | 46.7%                     |
| Interest on long-term debt       | 0.6                                   | 0.7            | (0.6)                               | (0.7)           | -14.3%                    |
| <b>Total</b>                     | <b>\$ 21.7</b>                        | <b>\$ 20.4</b> | <b>\$ (4.5)</b>                     | <b>\$ (2.8)</b> | <b>60.7</b>               |

**CITY OF SARATOGA SPRINGS, UTAH**  
**MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED)**  
**June 30, 2019**



Based on Government-Wide Financial Statements. See page 27.

**Business-type Activities:**

The City's business-type activities increased net position by \$14.0 million. Key elements of this increase were as follows:

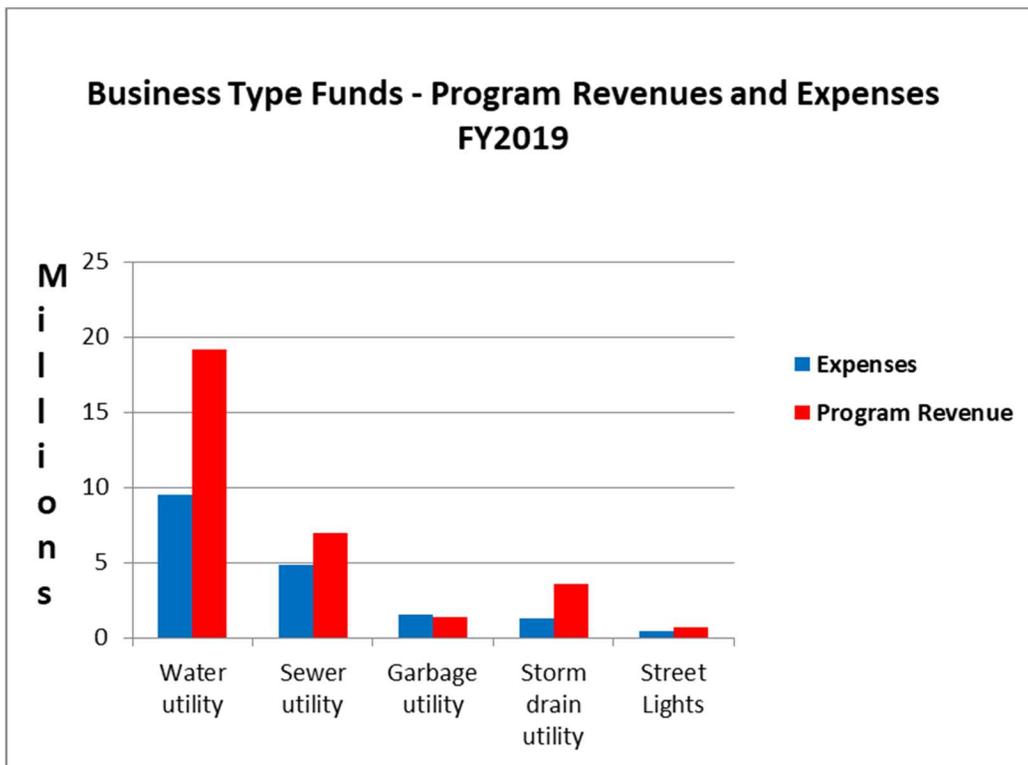
*Revenue Highlights:*

- Charges for services for business-type activities decreased by \$0.6 million for fiscal year 2019. This is mainly due to an overstatement in revenues for last fiscal year which was restated this year.
- Operating and capital grants and contributions decreased about \$1.1 million in fiscal year 2019. The \$1.1 million increase is due to less developer contributions and grants mainly in water.

*Expense Highlights:*

- Personnel expenses increased over \$0.1 million due to filled and additional positions in the utility funds.
- Supplies and maintenance expenses increased by less than \$0.5 million. The increase is due to an increase of purchase of water meters coupled with increases in sewer capital projects.
- Professional services expenses decreased by less than \$0.2 million. The decrease is due to lower consulting services needed to prepare for various upcoming capital projects.
- Treatment and sanitation expenses increased approximately \$0.5 million due to an increase in sewer treatment costs.

**CITY OF SARATOGA SPRINGS, UTAH  
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2019**



**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, 2019, the aggregate fund balance of the City's governmental funds was \$17.7 million, a decrease of \$5.2 million in comparison with the fiscal year ended June 30, 2018. In fiscal year 2019, about \$6.1 million or 34.5 percent of this amount is unassigned fund balance compared to about \$4.6 million or 20.1 percent in fiscal year 2018. Unassigned fund balance categories are available for appropriation by the City Council at their discretion.

Committed fund balance which have externally enforceable limitations on use are not available for new spending and are approximately \$10.0 million in fiscal year 2019 and \$15.5 million in fiscal year 2018. The remainder of the fund balance of \$1.6 million is assigned. Of the assigned fund balance \$1.6 million is for debt service.

The General Fund is the principal operating fund of the City. Utah State code establishes a 5.0 percent minimum (\$1,057,400) and a 25.0 percent maximum (\$4,698,058) limit to the amount that may be accumulated as the fund balance in the General Fund. As of June 30, 2019 the unassigned fund balance of the General Fund was \$6,098,269 and was \$1,439,410 above the 25.0 percent limit. The unassigned fund balance increased by \$1,509,287 in fiscal year 2019. The main reason for increased fund balance is less transfers to the capital projects fund to fund currently budgeted projects. The unassigned fund balance in fiscal year 2019 increased by \$926,350.

**CITY OF SARATOGA SPRINGS, UTAH**  
**MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED)**  
**June 30, 2019**

As of June 30, 2019, the committed fund balance in the Capital Projects Fund was \$10.0 million. In fiscal year 2018 the committed fund balance was \$15.5 million and the remaining fund balances combined were \$1.6 million. The \$5.5 million decrease in restricted fund balance resulted from decreased revenues through bonding for parks.

As of June 30, 2019, the assigned fund balance was \$1.6 million. In fiscal year 2018 the assigned fund balance was \$2.7 million. The decrease of fund balance resulted from decreased debt service in fiscal year 2019 as compared to fiscal year 2018.

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

Net position of the City’s enterprise funds totaled about \$155.1 million at June 30, 2019, as compared to \$142.2 million at the end of fiscal year 2018. Net position at the end of fiscal year 2019 and 2018 for each of these funds were:

**City of Saratoga Springs**  
**Proprietary Funds**

| <b>Fund</b>         | <b>Amount</b>  |                | <b>Change</b> |
|---------------------|----------------|----------------|---------------|
|                     | <b>2019</b>    | <b>2018</b>    |               |
| Water Utility       | \$ 101,718,279 | \$ 92,492,161  | \$ 9,226,118  |
| Sewer Utility       | 27,581,646     | 26,156,088     | 1,425,558     |
| Strom Drain Utility | 24,727,906     | 22,510,728     | 2,217,178     |
| Non Major Funds     | 1,069,931      | 1,032,807      | 37,124        |
| Total               | \$ 155,097,762 | \$ 142,191,784 | \$ 12,905,978 |

The net increase in net position from the prior year was \$14.0 million as compared to an increase of \$14.3 million in fiscal year 2018. Operating revenues decreased \$0.5 million as compared to a \$2.4 million increase change in fiscal year 2018 due to an overstatement that was restated this year.

The Water Utility operating revenues decreased by \$0.6 million due to an overstatement that was restated this year. The Sewer Utility operating revenues decreased by \$0.3 million in comparison to the previous fiscal year due to an overstatement in the utility funds that was restated this year. The Storm Drain Utility operating revenues increased \$0.2 million, the increase was a result of increased storm utility fees collected.

Water Utility net position invested in capital assets net of related debt increased by \$4.5 million in fiscal year 2019 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 \$0.1 million, unrestricted net position decreased by \$1.3 million. The increase in net position invested in capital assets net of related debt was due to the net acquisition of capital assets, disposition of capital assets and depreciation expense.

Storm Drain Utility net position invested in capital assets net of related debt increased by \$1.6 million, unrestricted net position increased by \$0.6 million resulting in a net increase of total net position of a little more than \$2.2 million.

**CITY OF SARATOGA SPRINGS, UTAH**  
**MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED)**  
**June 30, 2019**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget for expenditures of more than \$0.9 million (net increase) can be summarized as follows:

- Less than \$0.4 million increase in general government resulting from increases in general government consulting, grant expenditures, and personnel.
- More than \$0.1 million increase in public safety from public safety personnel for the Bluffdale contract.
- More than \$0.3 million increase in highways and streets mainly for new position in personnel.
- More than \$0.1 million increase in Parks and recreation for increased personnel and equipment.

Total actual expenditures came in \$4.4 million below the final budget. The differences between actual and the final budget can be briefly summarized as follows:

- The final budget was \$2.1 million more than the actual expenditures in general government. This difference was attributed to spending coming in under budget in salaries and wages, supplies, education and training, and contract services
- The final budget was \$0.6 million more than the actual expenditures in public safety. This difference was attributed to actuals less than budget in salaries and wages, equipment and professional contract services.
- The final budget was \$1.3 million more than the actual expenditures in highways and public improvements. This difference was attributed to coming in under budget in salaries and wages, employee benefits, street maintenance equipment and vehicle lease payments.
- The final budget was \$0.4 million more than actual expenditures in parks and recreation. The difference was coming in under budget in salaries and wages, employee benefits, vehicle lease payments, and supplies.

Actual revenues of \$18.6 million were below the final budgeted revenues of \$19.3 million by \$0.7 million. This is mainly due to decreased charges for services and fines and forfeitures.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets:** The City's investment in capital assets for is governmental and business-type activities totaled \$272.4 million (net of \$118.5 million accumulated depreciation) at June 30, 2019, as compared to \$251.3 million (net of \$105.8 million accumulated depreciation) at June 30, 2018. 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, 2019 include:

*Governmental Activities:*

- \$5.6 million Developer Streets Infrastructure Contributions
- \$11.2 million for Patriot Park
- \$1.3 million 400 S. Widening
- \$4.0 million construction in progress for Public Safety Building
- \$0.6 million construction in progress for Public Works Building expansion
- \$0.3 million Redwood Road Betterments
- \$0.3 million 2018 Ford F450 Ambulance

**CITY OF SARATOGA SPRINGS, UTAH**  
**MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED)**  
**June 30, 2019**

*Business-type Activities:*

- \$4.1 million Developer Water Infrastructure Contributions
- \$0.9 million Sewer Land Easements
- \$1.7 million Developer Sewer Infrastructure Contributions
- \$2.6 million Pioneer Crossing Sewer
- \$2.3 million Developer Storm Drain Infrastructure Contributions
- \$2.3 million Water Rights Purchase

Additional information on the City’s capital assets can be found in Note 4 – Capital Assets on page 44 of this report.

**Long-Term Liabilities:** Long-term debt for governmental activities increased by less than \$0.6 million in comparison with fiscal year 2018 due to the pension liability. Business-type activities debt increased in fiscal year 2019 by \$1.8 million when compared with fiscal year 2018. Please see note 12 for details concerning long-term debt on Page 56.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

- The unemployment rate for Utah County was 2.8 percent compared with the State unemployment rate of 2.7 percent and a national rate of 3.6 percent.
- The fiscal year 2019 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, 2019

|  | Primary Government         |                             |                           |
|--|----------------------------|-----------------------------|---------------------------|
|  | Governmental<br>Activities | Business-type<br>Activities | Total                     |
| <b>ASSETS</b>  |                            |                             |                           |
| Cash and cash equivalents  | \$ 25,243,878              | \$ 27,552,714               | \$ 52,796,592             |
| Cash restricted  | 1,246,928                  | 5,839,526                   | 7,086,454                 |
| Accounts receivable - net  | 1,355,641                  | 1,095,483                   | 2,451,124                 |
| Internal balances  | 146,814                    | (146,814)                   | -                         |
| Due from other governmental units  | 3,213,403                  | -                           | 3,213,403                 |
| Special assessment receivable  | 3,149,206                  | -                           | 3,149,206                 |
| Net pension asset  | -                          | -                           | -                         |
| Prepaid expenses   | -                          | -                           | -                         |
| Capital assets   |                            |                             |                           |
| Land   | 24,758,078                 | 1,615,710                   | 26,373,788                |
| Water rights   | -                          | 18,498,848                  | 18,498,848                |
| Construction in progress   | 5,145,108                  | 4,478,234                   | 9,623,342                 |
| Buildings and improvements   | 6,265,925                  | -                           | 6,265,925                 |
| Equipment  | 7,019,897                  | 1,975,448                   | 8,995,345                 |
| Infrastructure   | 129,414,179                | 191,649,150                 | 321,063,329               |
| Accumulated Depreciation   | (61,585,291)               | (56,878,640)                | (118,463,931)             |
| Total assets   | <u>145,373,766</u>         | <u>195,679,659</u>          | <u>341,053,425</u>        |
| <b>DEFERRED OUT FLOW OF RESOURCES</b>                                    |                            |                             |                           |
| Pension related costs  | 2,693,169                  | 378,672                     | 3,071,841                 |
| Total Deferred outflow of resources                                      | <u>2,693,169</u>           | <u>378,672</u>              | <u>3,071,841</u>          |
| <br>Total assets and deferred outflows of resources                      | <br><u>\$ 148,066,935</u>  | <br><u>\$ 196,058,331</u>   | <br><u>\$ 344,125,266</u> |
| <b>LIABILITIES</b>   |                            |                             |                           |
| Accounts payable   | \$ 1,521,698               | \$ 3,137,346                | \$ 4,659,044              |
| Accrued liabilities  | 525,393                    | -                           | 525,393                   |
| Deposits payable   | 8,247,217                  | 457,742                     | 8,704,959                 |
| Accrued interest payable   | 117,362                    | 73,319                      | 190,681                   |
| Long-term liabilities  |                            |                             |                           |
| Due within one year  | 1,385,486                  | 2,295,557                   | 3,681,043                 |
| Due in more than one year  | 19,242,442                 | 34,965,122                  | 54,207,564                |
| Total liabilities  | <u>31,039,598</u>          | <u>40,929,086</u>           | <u>71,968,684</u>         |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     |                            |                             |                           |
| Pension related costs  | 155,582                    | 31,483                      | 187,065                   |
| Property taxes levied for future years                                   | 3,213,403                  | -                           | 3,213,403                 |
| Total deferred inflow of resources                                       | <u>3,368,985</u>           | <u>31,483</u>               | <u>3,400,468</u>          |
| <b>NET POSITION</b>  |                            |                             |                           |
| Net investment in capital assets   | 110,194,198                | 130,346,977                 | 240,541,175               |
| Unrestricted   | 3,464,154                  | 24,750,785                  | 28,214,939                |
| Total net position   | <u>113,658,352</u>         | <u>155,097,762</u>          | <u>268,756,114</u>        |
| <br>Total liabilities, deferred inflows of resources<br>and net position | <br><u>\$ 148,066,935</u>  | <br><u>\$ 196,058,331</u>   | <br><u>\$ 344,125,266</u> |

*See accompanying notes to the financial statements.*

**CITY OF SARATOGA SPRINGS**

Statement of Activities

For the Year Ended June 30, 2019

| Function/Programs                     | Expenses             | Program Revenues        |  |  | Net (Expense) Revenue & Changes<br>in Net Position |                             |                       |
|---------------------------------------|----------------------|-------------------------|--|--|--|-----------------------------|-----------------------|
|                                       |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                         | Business-type<br>Activities | Total                 |
| <b>Primary government:</b>            |                      |                         |  |  |  |                             |                       |
| Governmental activities:              |                      |                         |  |  |  |                             |                       |
| General government                    | \$ 2,787,352         | \$ 223,274              | \$ -                                     | \$ -                                   | \$ (2,564,078)                                     | \$ -                        | \$ (2,564,078)        |
| Public safety                         | 8,379,318            | 6,743,052               | 114,655                                  | 388,505                                | (1,133,106)  | -                           | (1,133,106)           |
| Highways and public works             | 5,829,164            | 196,987                 | -  | 7,555,010                              | 1,922,833  | -                           | 1,922,833             |
| Parks and recreation                  | 4,156,484            | 531,525                 | -  | 1,449,957                              | (2,175,002)  | -                           | (2,175,002)           |
| Interest on long-term debt            | 571,051              | -                       | -  | -                                      | (571,051)  | -                           | (571,051)             |
| Total governmental activities         | <u>21,723,368</u>    | <u>7,694,838</u>        | <u>114,655</u>                           | <u>9,393,472</u>                       | <u>(4,520,403)</u>                                 | <u>-</u>                    | <u>(4,520,403)</u>    |
| Business-type activities:             |                      |                         |  |  |  |                             |                       |
| Major Funds                           |                      |                         |  |  |  |                             |                       |
| Water                                 | 9,484,321            | 9,112,844               | -  | 10,064,948                             | -  | 9,693,471                   | 9,693,471             |
| Sewer                                 | 4,888,210            | 5,252,833               | -  | 1,745,979                              | -  | 2,110,602                   | 2,110,602             |
| Storm Drain                           | 1,324,079            | 1,216,128               | -  | 2,325,129                              | -  | 2,217,178                   | 2,217,178             |
| Non Major Funds                       |                      |                         |  |  |  |                             |                       |
| Garbage                               | 1,518,045            | 1,362,947               | -  | -                                      | -  | (155,098)                   | (155,098)             |
| Street Lights                         | 477,347              | 360,270                 | -  | 309,300                                | -  | 192,223                     | 192,223               |
| Total business-type activities        | <u>17,692,002</u>    | <u>17,305,022</u>       | <u>-</u>                                 | <u>14,445,356</u>                      | <u>-</u>   | <u>14,058,376</u>           | <u>14,058,376</u>     |
| Total primary government              | <u>\$ 39,415,370</u> | <u>\$ 24,999,860</u>    | <u>\$ 114,655</u>                        | <u>\$ 23,838,828</u>                   | <u>(4,520,403)</u>                                 | <u>14,058,376</u>           | <u>9,537,973</u>      |
| General revenues:                     |                      |                         |  |  |  |                             |                       |
| Property taxes                        |                      |                         |  |  | \$ 3,555,528                                       | \$ -                        | \$ 3,555,528          |
| General sales and use tax             |                      |                         |  |  | 4,708,384  | -                           | 4,708,384             |
| Franchise taxes                       |                      |                         |  |  | 205,177  | -                           | 205,177               |
| Energy taxes                          |                      |                         |  |  | 1,097,410  | -                           | 1,097,410             |
| Interest earnings                     |                      |                         |  |  | 663,435  | -                           | 663,435               |
| Transfers                             |                      |                         |  |  | 48,483   | (48,483)                    | -                     |
| Total general revenues and transfers  |                      |                         |  |  | <u>10,278,417</u>                                  | <u>(48,483)</u>             | <u>10,229,934</u>     |
| Change in net Position                |                      |                         |  |  | 5,758,014  | 14,009,893                  | 19,767,907            |
| Net position- beginning               |                      |                         |  |  | 107,900,338  | 142,191,783                 | 250,092,121           |
| Net position as restated (see note13) |                      |                         |  |  | -  | (1,103,914)                 | (1,103,914)           |
| Net position - ending                 |                      |                         |  |  | <u>\$ 113,658,352</u>                              | <u>\$ 155,097,762</u>       | <u>\$ 268,756,114</u> |

See accompanying notes to the financial statements.

**CITY OF SARATOGA SPRINGS**

Balance Sheet  
Governmental Funds  
June 30, 2019

|   | Major Funds          |                      |                     | Total<br>Governmental<br>Funds |
|---|----------------------|----------------------|---------------------|--------------------------------|
|   | General<br>Fund      | Capital<br>Projects  | Debt<br>Service     |                                |
| <b>ASSETS</b>   |                      |                      |                     |                                |
| Cash and cash equivalents   | \$ 13,671,681        | \$ 11,207,620        | \$ 364,577          | \$ 25,243,878                  |
| Cash - restricted   | -                    | 997                  | 1,245,931           | 1,246,928                      |
| Accounts receivable - net   | 1,354,705            | 936                  | -                   | 1,355,641                      |
| Special Assessments   | -                    | -                    | 3,149,206           | 3,149,206                      |
| Due from other funds  | 296,275              | -                    | -                   | 296,275                        |
| Due from other governments  | 3,213,403            | -                    | -                   | 3,213,403                      |
| Prepays   | -                    | -                    | -                   | -                              |
| Total assets  | <u>\$ 18,536,064</u> | <u>\$ 11,209,553</u> | <u>\$ 4,759,714</u> | <u>\$ 34,505,331</u>           |
| <b>LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b> |                      |                      |                     |                                |
| Liabilities:  |                      |                      |                     |                                |
| Accounts payable  | \$ 414,312           | \$ 1,107,386         | \$ -                | \$ 1,521,698                   |
| Due to other funds  | 149,461              | -                    | -                   | 149,461                        |
| Accrued liabilities   | 502,270              | 23,123               | -                   | 525,393                        |
| Deposits  | 8,158,349            | 88,868               | -                   | 8,247,217                      |
| Total liabilities   | <u>9,224,392</u>     | <u>1,219,377</u>     | <u>-</u>            | <u>10,443,769</u>              |
| Deferred inflows of Resources:  |                      |                      |                     |                                |
| Property taxes levied for future years                                  | 3,213,403            | -                    | -                   | 3,213,403                      |
| Unavailable special improvement assessments                             | -                    | -                    | 3,149,206           | 3,149,206                      |
| Total deferred inflows of resources                                     | <u>3,213,403</u>     | <u>-</u>             | <u>3,149,206</u>    | <u>6,362,609</u>               |
| Fund Balances:  |                      |                      |                     |                                |
| Non spendable   | -                    | -                    | -                   | -                              |
| Fund balances committed for:  |                      |                      |                     |                                |
| Capital projects  | -                    | 9,990,176            | -                   | 9,990,176                      |
| Assigned, for:  | -                    | -                    | -                   | -                              |
| Street lights   | -                    | -                    | -                   | -                              |
| Debt service  | -                    | -                    | 1,610,508           | 1,610,508                      |
| Unassigned:   | 6,098,269            | -                    | -                   | 6,098,269                      |
| Total fund balances   | <u>6,098,269</u>     | <u>9,990,176</u>     | <u>1,610,508</u>    | <u>17,698,953</u>              |
| Total liabilities, deferred inflows of resources<br>and fund balances   | <u>\$ 18,536,064</u> | <u>\$ 11,209,553</u> | <u>\$ 4,759,714</u> | <u>\$ 34,505,331</u>           |

*See accompanying notes to the financial statements.*

**CITY OF SARATOGA SPRINGS**  
 Balance Sheet Reconciliation to  
 Statement of Net Assets  
 June 30, 2019

|  |                 |                |
|--|-----------------|----------------|
| Total fund balances - governmental fund types:   |                 | \$ 17,698,953  |
| Amounts reported for governmental activities in the statement of net assets are different because:   |                 |                |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.  |                 | 111,017,896    |
| Net pension assets and deferred outflows of resources are not available financial resources and are not reported in the governmental funds.                        |                 | 2,693,169      |
| Deferred inflows of resources from unearned revenue are not available financial resources and are not reported in the governmental funds.                          |                 | 3,149,206      |
| Net pension liabilities and deferred inflows of resources are not available financial resources and are not reported in the governmental funds.                    |                 | (3,761,340)    |
| Long-term liabilities, including bonds payable and pension liabilities, are not due and payable in the current period and therefore are not reported in the funds. |                 |                |
| Bonds payable  | \$ (16,231,000) |                |
| Capital lease payable  | 0               |                |
| Bond premium   | (273,794)       |                |
| Accrued interest   | (117,362)       |                |
| Compensated absences   | (517,376)       | (17,139,532)   |
|  |                 |                |
| Net assets of government activities  |                 | \$ 113,658,352 |

*See accompanying notes to the financial statements.*

**CITY OF SARATOGA SPRINGS**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2019

|  | Major Funds         |                          |                     | Total<br>Governmental<br>Funds |
|--|---------------------|--------------------------|---------------------|--------------------------------|
|  | General<br>Fund     | Capital Projects<br>Fund | Debt<br>Service     |                                |
| <b>REVENUES</b>                              |                     |                          |                     |                                |
| Taxes  | \$ 9,566,499        | \$ -                     | \$ -                | \$ 9,566,499                   |
| Licenses and permits                         | 1,360,909           | -                        | -                   | 1,360,909                      |
| Intergovernmental                            | 1,552,581           | -                        | -                   | 1,552,581                      |
| Charges for services                         | 5,313,999           | -                        | 664,649             | 5,978,648                      |
| Fines and forfeitures                        | 505,381             | -                        | -                   | 505,381                        |
| Investment earnings                          | 305,219             | 358,216                  | -                   | 663,435                        |
| Impact fees                                  | -                   | 2,676,903                | -                   | 2,676,903                      |
| Other  | 30,845              | -                        | -                   | 30,845                         |
| Total revenues                               | <u>18,635,433</u>   | <u>3,035,119</u>         | <u>664,649</u>      | <u>22,335,201</u>              |
| <b>EXPENDITURES</b>                          |                     |                          |                     |                                |
| Current:                                     |                     |                          |                     |                                |
| General government                           | 2,541,928           | -                        | -                   | 2,541,928                      |
| Public safety                                | 7,983,674           | 3,974,744                | -                   | 11,958,418                     |
| Highways and public works                    | 1,532,074           | 188,542                  | -                   | 1,720,616                      |
| Parks and recreation                         | 2,435,675           | 4,218,889                | -                   | 6,654,564                      |
| Capital expenditures                         | -                   | 2,036,111                | -                   | 2,036,111                      |
| Debt service:                                | -                   | -                        | -                   | -                              |
| Principal retirement                         | 175,000             | 375,000                  | 462,000             | 1,012,000                      |
| Interest and fiscal charges                  | 116,197             | 270,531                  | 207,110             | 593,838                        |
| Developer Reimbursement                      | -                   | -                        | 1,066,279           | 1,066,279                      |
| Total expenditures                           | <u>14,784,548</u>   | <u>11,063,817</u>        | <u>1,735,389</u>    | <u>27,583,754</u>              |
| Excess revenues over (under)<br>expenditures | <u>3,850,885</u>    | <u>(8,028,698)</u>       | <u>(1,070,740)</u>  | <u>(5,248,553)</u>             |
| <b>OTHER FINANCING SOURCES (USES)</b>        |                     |                          |                     |                                |
| Sale of capital assets                       | 11,978              | -                        | -                   | 11,978                         |
| Transfers in                                 | -                   | 3,040,448                | -                   | 3,040,448                      |
| Transfers out                                | (2,473,176)         | (518,789)                | -                   | (2,991,965)                    |
| Total other financing sources and uses       | <u>(2,461,198)</u>  | <u>2,521,659</u>         | <u>-</u>            | <u>60,461</u>                  |
| Net change in fund balance                   | 1,389,687           | (5,507,039)              | (1,070,740)         | (5,188,092)                    |
| Fund balances - beginning of year            | 4,708,582           | 15,497,215               | 2,681,248           | 22,887,045                     |
| Fund balances - end of year                  | <u>\$ 6,098,269</u> | <u>\$ 9,990,176</u>      | <u>\$ 1,610,508</u> | <u>\$ 17,698,953</u>           |

*See accompanying notes to the financial statements.*

**CITY OF SARATOGA SPRINGS**  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balance of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2019

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

Net changes in fund balances - total governmental funds \$ (5,188,092)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

|                          |                    |           |
|--------------------------|--------------------|-----------|
| Capitalized Expenditures | \$ 10,162,219      |           |
| Depreciation Expense     | <u>(6,384,014)</u> | 3,778,205 |

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

|  |                 |           |
|--|-----------------|-----------|
| Current year capital contributions from developers | 5,596,205       |           |
| Gain on Sale of Assets                             | <u>(48,486)</u> | 5,547,719 |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds

|  |                |          |
|--|----------------|----------|
| Change in pension related costs        | (170,979)      |          |
| Change in accrued compensated absences | <u>134,734</u> | (36,245) |

Long term receivables that do not provide current financial resources are deferred in the funds. The issuance of the receivable is reported as an expenditure in the funds, but is reported as an asset in the statement of net assets

|                         |  |           |
|-------------------------|--|-----------|
| Developer Reimbursement |  | 1,066,279 |
|-------------------------|--|-----------|

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

|                              |  |           |
|------------------------------|--|-----------|
| Special Assessments revenues |  | (461,999) |
|------------------------------|--|-----------|

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

|  |               |           |
|--|---------------|-----------|
| Principal repayments on bonds          | 1,012,000     |           |
| Principal repayments of capital leases | 17,360        |           |
| Accrued interest                       | 7,576         |           |
| Bond premium amortization              | <u>15,211</u> | 1,052,147 |

|   |  |                     |
|---|--|---------------------|
| Change in net assets of governmental activities |  | <u>\$ 5,758,014</u> |
|---|--|---------------------|

*See accompanying notes to the financial statements.*

**CITY OF SARATOGA SPRINGS**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget to Actual  
**General Fund**  
For the Year Ended June 30, 2019

|   | Budgeted Amounts    |                    | Actual<br>Totals    | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|---------------------|--------------------|---------------------|---|
|   | Original            | Final              |                     |   |
| <b>REVENUES</b>   |                     |                    |                     |   |
| Taxes:  |                     |                    |                     |   |
| Property  | \$ 3,276,035        | \$ 3,426,035       | \$ 3,555,528        | \$ 129,493  |
| Sales   | 4,000,000           | 4,200,000          | 4,708,384           | 508,384   |
| Franchise   | 204,000             | 204,000            | 205,177             | 1,177   |
| Energy  | 1,114,350           | 1,114,350          | 1,097,410           | (16,940)  |
| Licenses and permits                                      | 1,059,129           | 1,059,129          | 1,360,909           | 301,780   |
| Intergovernmental   | 816,231             | 1,149,631          | 1,552,581           | 402,950   |
| Charges for services                                      | 5,559,488           | 6,000,763          | 5,313,999           | (686,764)   |
| Fines and forfeitures                                     | 1,960,804           | 1,960,804          | 505,381             | (1,455,423)   |
| investment earnings                                       | 102,000             | 102,000            | 305,219             | 203,219   |
| Other   | 51,000              | 51,000             | 30,845              | (20,155)  |
| Total revenues  | <u>18,143,037</u>   | <u>19,267,712</u>  | <u>18,635,433</u>   | <u>(632,279)</u>  |
| <b>EXPENDITURES</b>                                       |                     |                    |                     |   |
| Current:  |                     |                    |                     |   |
| General government  | 4,274,142           | 4,647,082          | 2,541,928           | 2,105,154   |
| Public safety   | 8,465,494           | 8,590,924          | 7,983,674           | 607,250   |
| Highways and public works                                 | 2,571,596           | 2,871,440          | 1,532,074           | 1,339,366   |
| Parks and recreation                                      | 2,721,128           | 2,825,422          | 2,435,675           | 389,747   |
| Debt Service:   |                     |                    |                     |   |
| Principal retirement                                      | 175,000             | 175,000            | 175,000             | -   |
| Interest and fiscal charges                               | 118,500             | 118,500            | 116,197             | 2,303   |
| Total expenditures  | <u>18,325,860</u>   | <u>19,228,368</u>  | <u>14,784,548</u>   | <u>4,443,820</u>  |
| Excess (deficit) of revenues over<br>(under) expenditures | <u>(182,823)</u>    | <u>39,344</u>      | <u>3,850,885</u>    | <u>3,811,540</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                     |                    |                     |   |
| Sale of capital assets                                    | -                   | -                  | 11,978              | 11,978  |
| Transfers in  | -                   | -                  | -                   | -   |
| Transfers out   | (629,403)           | (2,629,403)        | (2,473,176)         | 156,227   |
| Total other financing sources (uses)                      | <u>(629,403)</u>    | <u>(2,629,403)</u> | <u>(2,461,198)</u>  | <u>168,205</u>  |
| Net change in fund balance                                | (812,226)           | (2,590,059)        | 1,389,687           | 3,979,746   |
| Fund balances - beginning                                 | 2,768,845           | 2,768,845          | 4,708,582           | 1,939,737   |
| Fund balances - ending                                    | <u>\$ 1,956,619</u> | <u>\$ 178,786</u>  | <u>\$ 6,098,269</u> | <u>\$ 5,919,483</u>                                       |

**CITY OF SARATOGA SPRINGS**  
Statement of Net Position  
**Proprietary Funds**  
June 30, 2019

|   | Business-Type Activities - Enterprise |                      |                      |                     |                       |
|---|---------------------------------------|----------------------|----------------------|---------------------|-----------------------|
|   | Major Funds                           |                      |                      | Non Major           | Total                 |
|   | Water                                 | Sewer                | Storm Drain          | Funds               |                       |
| <b><u>ASSETS</u></b>  |                                       |                      |                      |                     |                       |
| Current assets:   |                                       |                      |                      |                     |                       |
| Cash and cash equivalents   | \$ 16,605,511                         | \$ 7,924,372         | \$ 2,754,123         | \$ 268,708          | \$ 27,552,714         |
| Restricted cash and cash equivalents                              | 2,821,545                             | 3,017,981            | -                    | -                   | 5,839,526             |
| Accounts receivable - net   | 412,259                               | 423,448              | 84,449               | 175,327             | 1,095,483             |
| Due from other funds  | 5,784,871                             | 4,500                | -                    | 256,088             | 6,045,459             |
| Total current assets  | <u>25,624,186</u>                     | <u>11,370,301</u>    | <u>2,838,572</u>     | <u>700,123</u>      | <u>40,533,182</u>     |
| Noncurrent assets:  |                                       |                      |                      |                     |                       |
| Capital Assets  |                                       |                      |                      |                     |                       |
| Water rights  | 18,498,848                            | -                    | -                    | -                   | 18,498,848            |
| Land  | 679,810                               | 935,900              | -                    | -                   | 1,615,710             |
| Construction in progress  | 539,997                               | 3,866,498            | 71,739               | -                   | 4,478,234             |
| Water capacities  | 10,950,988                            | -                    | -                    | -                   | 10,950,988            |
| Culinary water system   | 89,726,089                            | -                    | -                    | -                   | 89,726,089            |
| Secondary water system  | 24,995,521                            | -                    | -                    | -                   | 24,995,521            |
| Sewer system  | -                                     | 33,688,708           | -                    | -                   | 33,688,708            |
| Storm drain system  | -                                     | -                    | 28,495,276           | -                   | 28,495,276            |
| Street light system   | -                                     | -                    | -                    | 3,792,568           | 3,792,568             |
| Equipment   | 895,377                               | 936,956              | 143,115              | -                   | 1,975,448             |
| Less: Accumulated depreciation                                    | (36,068,617)                          | (10,997,239)         | (6,740,828)          | (3,071,956)         | (56,878,640)          |
| Total capital assets  | <u>110,218,013</u>                    | <u>28,430,823</u>    | <u>21,969,302</u>    | <u>720,612</u>      | <u>161,338,750</u>    |
| Total assets  | <u>135,842,199</u>                    | <u>39,801,124</u>    | <u>24,807,874</u>    | <u>1,420,735</u>    | <u>201,871,932</u>    |
| <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>                      |                                       |                      |                      |                     |                       |
| Pension related costs   | 304,396                               | 74,276               | -                    | -                   | 378,672               |
| Total deferred outflow of resources                               | <u>304,396</u>                        | <u>74,276</u>        | <u>-</u>             | <u>-</u>            | <u>378,672</u>        |
| Total assets & deferred outflows of resources                     | <u>\$ 136,146,595</u>                 | <u>\$ 39,875,400</u> | <u>\$ 24,807,874</u> | <u>\$ 1,420,735</u> | <u>\$ 202,250,604</u> |
| <b><u>LIABILITIES</u></b>   |                                       |                      |                      |                     |                       |
| Current liabilities:  |                                       |                      |                      |                     |                       |
| Accounts Payable  | \$ 834,647                            | \$ 2,175,622         | \$ 32,361            | \$ 94,716           | \$ 3,137,346          |
| Due to other funds  | 5,840,971                             | 47,607               | 47,607               | 256,088             | 6,192,273             |
| Compensated absences  | 9,681                                 | 1,876                | -                    | -                   | 11,557                |
| Customer deposits payable   | 396,280                               | 61,462               | -                    | -                   | 457,742               |
| Accrued interest payable  | 46,268                                | 27,051               | -                    | -                   | 73,319                |
| Bonds and contracts payable - current                             | 1,999,000                             | 285,000              | -                    | -                   | 2,284,000             |
| Total current liabilities   | <u>9,126,847</u>                      | <u>2,598,618</u>     | <u>79,968</u>        | <u>350,804</u>      | <u>12,156,237</u>     |
| Noncurrent liabilities:   |                                       |                      |                      |                     |                       |
| Compensated absences  | 12,772                                | 2,811                | -                    | -                   | 15,583                |
| Net pension liability   | 324,725                               | 77,515               | -                    | -                   | 402,240               |
| Bonds and contracts payable                                       | 24,937,630                            | 9,609,669            | -                    | -                   | 34,547,299            |
| Total noncurrent liabilities                                      | <u>25,275,127</u>                     | <u>9,689,995</u>     | <u>-</u>             | <u>-</u>            | <u>34,965,122</u>     |
| Total liabilities   | <u>34,401,974</u>                     | <u>12,288,613</u>    | <u>79,968</u>        | <u>350,804</u>      | <u>47,121,359</u>     |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>                       |                                       |                      |                      |                     |                       |
| Pension related costs   | 26,342                                | 5,141                | -                    | -                   | 31,483                |
| Total deferred outflow of resources                               | <u>26,342</u>                         | <u>5,141</u>         | <u>-</u>             | <u>-</u>            | <u>31,483</u>         |
| <b><u>NET POSITION</u></b>  |                                       |                      |                      |                     |                       |
| Net investment in capital assets                                  | 86,102,928                            | 21,554,135           | 21,969,302           | 720,612             | 130,346,977           |
| Unrestricted  | 15,615,351                            | 6,027,511            | 2,758,604            | 349,319             | 24,750,785            |
| Total net position  | <u>101,718,279</u>                    | <u>27,581,646</u>    | <u>24,727,906</u>    | <u>1,069,931</u>    | <u>155,097,762</u>    |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 136,146,595</u>                 | <u>\$ 39,875,400</u> | <u>\$ 24,807,874</u> | <u>\$ 1,420,735</u> | <u>\$ 202,250,604</u> |

*See accompanying notes to the financial statements.*

## CITY OF SARATOGA SPRINGS

### Statement of Revenues, Expenses, and Changes in Fund Net Position

#### Proprietary Funds

For the Year Ended June 30, 2019

|   | Business-Type Activities - Enterprise Funds |               |               |              |                |
|---|---|---------------|---------------|--------------|----------------|
|   | Major Funds                                 |               |               | Non Major    | Total          |
|   | Water                                       | Sewer         | Storm Drain   | Funds        |                |
| <b>Operating revenues:</b>                                  |   |               |               |              |                |
| Charges for services  | \$ 5,017,370                                | \$ 4,125,906  | \$ 835,616    | \$ 1,703,828 | \$ 11,682,720  |
| Connection and other fees                                   | 1,939,037                                   | 214,650       | -             | -            | 2,153,687      |
| Other   | -   | -             | 86,670        | -            | 86,670         |
| Total operating revenues                                    | 6,956,407                                   | 4,340,556     | 922,286       | 1,703,828    | 13,923,077     |
| <b>Operating expenses:</b>                                  |   |               |               |              |                |
| Personnel Services  | 665,246                                     | 170,234       | 62,005        | -            | 897,485        |
| Supplies and maintenance                                    | 1,866,750                                   | 266,632       | 39,563        | 403,815      | 2,576,760      |
| Professional services                                       | 31,086                                      | -             | -             | -            | 31,086         |
| Administration  | 1,396,957                                   | 1,045,820     | 402,547       | 150,161      | 2,995,485      |
| Power and pumping   | 531,457                                     | 40,734        | 4,472         | -            | 576,663        |
| Treatment and sanitation                                    | -   | 1,674,896     | -             | 1,392,463    | 3,067,359      |
| Depreciation  | 4,411,937                                   | 1,079,580     | 815,492       | 48,953       | 6,355,962      |
| Other   | -   | -             | -             | -            | -              |
| Total operating expenses                                    | 8,903,433                                   | 4,277,896     | 1,324,079     | 1,995,392    | 16,500,800     |
| Operating income  | (1,947,026)                                 | 62,660        | (401,793)     | (291,564)    | (2,577,723)    |
| <b>Nonoperating revenues (expenses):</b>                    |   |               |               |              |                |
| Interest revenue  | 433,133                                     | 371,233       | 62,094        | 19,389       | 885,849        |
| Developer reimbursements                                    | -   | (268,743)     | -             | -            | (268,743)      |
| Bond issuance costs   | -   | -             | -             | -            | -              |
| Interest expense and fiscal charges                         | (580,888)                                   | (341,571)     | -             | -            | (922,459)      |
| Total nonoperating revenues (expenses)                      | (147,755)                                   | (239,081)     | 62,094        | 19,389       | (305,353)      |
| <b>Net income (loss) before contributions and transfers</b> | (2,094,781)                                 | (176,421)     | (339,699)     | (272,175)    | (2,883,076)    |
| Capital contributions                                       | 10,064,948                                  | 1,745,979     | 2,325,129     | -            | 14,136,056     |
| Contribution of capital assets from governmental funds      | -   | -             | -             | 309,300      | 309,300        |
| Impact fees   | 1,723,304                                   | 541,044       | 231,748       | -            | 2,496,096      |
| Transfers in  | 440,792                                     | 20,725        | -             | -            | 461,517        |
| Transfers out   | (360,000)                                   | (150,000)     | -             | -            | (510,000)      |
| Total contributions and transfers                           | 11,869,044                                  | 2,157,748     | 2,556,877     | 309,300      | 16,892,969     |
| Change in net position                                      | 9,774,263                                   | 1,981,327     | 2,217,178     | 37,125       | 14,009,893     |
| Total net position - beginning                              | 92,492,161                                  | 26,156,088    | 22,510,728    | 1,032,806    | 142,191,783    |
| Restatement of net position (see Note 18)                   | (548,145)                                   | (555,769)     | -             | -            | (1,103,914)    |
| Total net position - ending                                 | \$ 101,718,279                              | \$ 27,581,646 | \$ 24,727,906 | \$ 1,069,931 | \$ 155,097,762 |

*See accompanying notes to the financial statements.*

**CITY OF SARATOGA SPRINGS**  
Statement of Cash Flows  
**Proprietary Funds**  
For the Year Ended June 30, 2019

|  | Business-Type Activities - Enterprise Funds |                      |                     |                     |                      |
|--|---|----------------------|---------------------|---------------------|----------------------|
|  | Major Funds                                 |                      |                     | Non Major           | Total BTAs           |
|  | Water                                       | Sewer                | Storm Drain         | Funds               |                      |
| <b>Cash Flows From Operating Activities</b>  |   |                      |                     |                     |                      |
| Receipts from customers  | \$ 6,997,748                                | \$ 4,312,071         | \$ 920,786          | \$ 1,689,274        | \$ 13,919,879        |
| Payments to suppliers  | (2,395,978)                                 | (1,279,460)          | (37,087)            | -                   | (3,712,525)          |
| Payments to interfund services   | (1,396,957)                                 | (1,045,820)          | (402,547)           | (1,932,802)         | (4,778,126)          |
| Payments to employees  | (661,669)                                   | (166,294)            | (62,005)            | -                   | (889,968)            |
| Net cash provided (used) by operating activities   | <u>2,543,144</u>                            | <u>1,820,497</u>     | <u>419,147</u>      | <u>(243,528)</u>    | <u>4,539,260</u>     |
| <b>Cash Flows From Noncapital Financing Activities</b>   |   |                      |                     |                     |                      |
| Advance from other funds   | 815,206                                     | 20,725               | -                   | (90,059)            | 745,872              |
| Advance to other funds   | (644,355)                                   | (150,000)            | -                   | -                   | (794,355)            |
| Net cash provided (used) by noncapital financing activities                                    | <u>170,851</u>                              | <u>(129,275)</u>     | <u>-</u>            | <u>(90,059)</u>     | <u>(48,483)</u>      |
| <b>Cash Flows From Capital and Related Financing Activities</b>                                |   |                      |                     |                     |                      |
| Purchases of capital assets  | (3,367,967)                                 | (6,173,491)          | (68,240)            | -                   | (9,609,698)          |
| Impact fees collected  | 1,723,304                                   | 541,044              | 231,748             | -                   | 2,496,096            |
| Payment for developer reimbursements   | -   | (268,743)            | -                   | -                   | (268,743)            |
| Payments for developer contributions   | 5,996,185                                   | -                    | -                   | -                   | 5,996,185            |
| Principal paid on capital debt   | (1,852,000)                                 | (170,000)            | -                   | -                   | (2,022,000)          |
| Interest and fees paid on capital debt   | (611,578)                                   | (319,779)            | -                   | -                   | (931,357)            |
| Net cash provided (used) by capital and related financing activities                           | <u>1,887,944</u>                            | <u>(6,390,969)</u>   | <u>163,508</u>      | <u>-</u>            | <u>(4,339,517)</u>   |
| <b>Cash Flows From Investing Activities</b>  |   |                      |                     |                     |                      |
| Interest and dividends received  | 433,133                                     | 371,233              | 62,094              | 19,389              | 885,849              |
| Net increase (decrease) in cash and cash equivalents   | 5,035,072                                   | (4,328,514)          | 644,749             | (314,198)           | 1,037,109            |
| Cash and cash equivalents - beginning  | 14,391,984                                  | 15,270,867           | 2,109,374           | 582,906             | 32,355,131           |
| Cash and cash equivalents (deficit) - ending   | <u>\$ 19,427,056</u>                        | <u>\$ 10,942,353</u> | <u>\$ 2,754,123</u> | <u>\$ 268,708</u>   | <u>\$ 33,392,240</u> |
| <b>Reconciliation of operating income to net cash provided (used) by operating activities:</b> |   |                      |                     |                     |                      |
| Operating income   | \$ (1,947,026)                              | \$ 62,660            | \$ (401,793)        | \$ (291,564)        | \$ (2,577,723)       |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: |   |                      |                     |                     |                      |
| Depreciation and amortization expense  | 4,411,937                                   | 1,079,580            | 815,492             | 48,953              | 6,355,962            |
| (Increase)/decrease in accounts receivable (Inc.)/decrease in prepaid expenses                 | 41,341                                      | (28,485)             | (1,500)             | (14,554)            | (3,198)              |
| (Inc.)/decrease in due from other funds  | -   | -                    | -                   | -                   | -                    |
| (Increase)/decrease in net pension assets  | -   | -                    | -                   | -                   | -                    |
| (Increase)/decrease in deferred outflows   | (44,051)                                    | (11,112)             | -                   | -                   | (55,163)             |
| Increase/(decrease) in accounts payable  | 10,767                                      | 701,094              | 6,948               | 13,637              | 732,446              |
| Increase/(decr.) in due to other funds   | -   | -                    | -                   | -                   | -                    |
| Increase/(decrease) in compensated absences  | (2,504)                                     | 2,405                | -                   | -                   | (99)                 |
| Increase/(decrease) in net pension liability   | 186,123                                     | 46,952               | -                   | -                   | 233,075              |
| Increase/(decrease) in deferred inflows  | (135,991)                                   | (34,305)             | -                   | -                   | (170,296)            |
| Increase/(decrease) in deposits  | 22,548                                      | 1,708                | -                   | -                   | 24,256               |
| Total adjustments  | <u>4,490,170</u>                            | <u>1,757,837</u>     | <u>820,940</u>      | <u>48,036</u>       | <u>7,116,983</u>     |
| Net cash provided (used) by operating activities   | <u>\$ 2,543,144</u>                         | <u>\$ 1,820,497</u>  | <u>\$ 419,147</u>   | <u>\$ (243,528)</u> | <u>\$ 4,539,260</u>  |
| Noncash investing, capital, and financing activities   |   |                      |                     |                     |                      |
| Contributions by developers  | \$ 4,068,762                                | \$ 1,745,979         | \$ 2,325,129        | \$ -                | \$ 8,139,870         |

See accompanying notes to the financial statements.

**CITY OF SARATOGA SPRINGS**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

**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 governmentwide statements except for the residual amounts due between governmental and business-type activities and inter-fund services provided.

The Statement of Net Position presents the City's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position. Net position is restricted when constraint placed upon it is either externally imposed or is imposed by constitutional provisions or enabling legislation. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The City does not allocate general government (indirect) expenses to other functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

**CITY OF SARATOGA SPRINGS**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

**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 expenditures related to compensated absences and claims and judgments are recorded when payment is due.

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

The City reports the following governmental funds:

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

**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 SPRINGS**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

**Note 1 - Summary of Significant Accounting Policies – Continued**

**C. Measurement Focus and Basis of Accounting**

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

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

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

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

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

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

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

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

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operation. The principal operating revenues of the enterprise funds are charges to customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. Budgets**

Annual budgets are prepared and adopted before June 22 for the fiscal year commencing the following July 1, in accordance with the Uniform Fiscal Procedures Act for Utah Cities. State 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 SPRINGS**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

**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 and capital assets received in a concession arrangement should be reported at acquisition value at the date of donation.

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

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

**CITY OF SARATOGA SPRINGS**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

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

**CITY OF SARATOGA SPRINGS**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

**Note 1 - Summary of Significant Accounting Policies – Continued**

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 fund has two items which qualifies for reporting in this category. First, unavailable revenues, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Second, the city recognizes deferred inflows for changes to the net pension liability as provided by the URS.

**L. Pensions**

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

**CITY OF SARATOGA SPRINGS**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

**Note 2 - Deposits and Investments**

As of June 30, 2019, the City had the following investments:

| <u>Investment Type</u> | <u>Fair Value</u>    | <u>Maturity</u> | <u>Quality Ratings</u> |
|------------------------|----------------------|-----------------|------------------------|
| PTIF Investments       | \$ 53,893,764        | 85 days*        | not rated              |
| Total                  | <u>\$ 53,893,764</u> |                 |                        |

\*Weighted-average maturity

**A. Custodial Credit Risk**

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

**Deposits.** Custodial credit risk for deposits is the risk that in the event of a bank failure, the City’s deposits may not be recovered. The City’s policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of City funds to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. The City’s deposits in the bank in excess of the insured amount are uninsured and are not collateralized, nor do state statutes require them to be. The City’s bank balances at June 30, 2019 were \$6,001,072 of which \$5,651,072 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

**CITY OF SARATOGA SPRINGS**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

**Note 2 - Deposits and Investments – Continued**

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 \$172,247 at June 30, 2019.

**C. Interest Rate Risk**

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

**D. Fair Value of Investments**

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

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

As of June 30, 2019 the City had the following recurring fair value measurements:

- PTIF Investments totaling \$53,893,764 valued using the application of the June 30, 2019, fair value factor, as calculated by the Utah State Treasurer which is therefore valued under level 2.

**E. Restricted Cash**

The City maintains cash in accounts held by third party custodians that are restricted for the use of bond payments and construction costs. The amount of restricted cash at June 30, 2019 was \$7,086,454.

**Note 3 - Accounts Receivable – Unearned and Unavailable Revenue**

Accounts receivable are recorded net of the allowance for doubtful accounts of \$11,066 in the enterprise funds. The governmental funds also report two types of unavailable resources:

1. Property taxes of \$3,213,403 as deferred inflows of resources due to property taxes being recognized as receivables prior to the period for which the taxes are levied. This amount is also reported as deferred inflows of resources on the Government-wide statement of net position.
2. Special assessments of \$3,149,206 as deferred inflows of resources due to special assessments not being available to liquidate liabilities of the current period. This amount is recognized as revenues on the Government-wide statement of activities.

**CITY OF SARATOGA SPRINGS**  
**Notes to the Financial Statements**  
**June 30, 2019**

**Note 4 - Capital Assets**

Capital asset activity for the year ended June 30, 2019 was as follows:

|  | <b>Balance June<br/>30, 2018</b> | <b>Additions</b>     | <b>Deletions</b>      | <b>Balance June<br/>30, 2019</b> |
|--|----------------------------------|----------------------|-----------------------|----------------------------------|
| <b>Governmental activities:</b>              |                                  |                      |                       |                                  |
| Capital assets, not being depreciated:       |                                  |                      |                       |                                  |
| Land   | \$ 24,758,078                    | \$ -                 | \$ -                  | \$ 24,758,078                    |
| Construction in process                      | 8,756,237                        | 4,603,739            | (8,214,868)           | 5,145,108                        |
| Total  | 33,514,315                       | 4,603,739            | (8,214,868)           | 29,903,186                       |
| Capital assets, being depreciated:           |                                  |                      |                       |                                  |
| Buildings                                    | 6,265,925                        | -                    | -                     | 6,265,925                        |
| Machinery and equipment                      | 6,218,098                        | 959,267              | (157,468)             | 7,019,897                        |
| Infrastructure                               | 111,003,893                      | 18,410,286           | -                     | 129,414,179                      |
| Total  | 123,487,916                      | 19,369,553           | (157,468)             | 142,700,001                      |
| Less accumulated depreciation for:           |                                  |                      |                       |                                  |
| Buildings                                    | (2,326,225)                      | (289,782)            | -                     | (2,616,007)                      |
| Machinery and equipment                      | (3,840,442)                      | (429,203)            | 108,982               | (4,160,663)                      |
| Infrastructure                               | (49,143,592)                     | (5,665,029)          | -                     | (54,808,621)                     |
| Total  | (55,310,259)                     | (6,384,014)          | 108,982               | (61,585,291)                     |
| Capital assets, being depreciated, net       | 68,177,657                       | 12,985,539           | (48,486)              | 81,114,710                       |
| Governmental activities capital assets, net  | <u>\$ 101,691,972</u>            | <u>\$ 17,589,278</u> | <u>\$ (8,263,354)</u> | <u>\$ 111,017,896</u>            |
| <b>Business-type activities:</b>             |                                  |                      |                       |                                  |
| Capital assets, not being depreciated:       |                                  |                      |                       |                                  |
| Land   | \$ 679,810                       | \$ 935,900           | \$ -                  | \$ 1,615,710                     |
| Water rights                                 | 16,212,530                       | 2,286,318            | -                     | 18,498,848                       |
| Construction in progress                     | 2,608,840                        | 3,669,306            | (1,799,910)           | 4,478,236                        |
| Total  | 19,501,180                       | 6,891,524            | (1,799,910)           | 24,592,794                       |
| Capital assets, being depreciated:           |                                  |                      |                       |                                  |
| Water capacity                               | 10,950,988                       | -                    | -                     | 10,950,988                       |
| Culinary water system                        | 85,031,466                       | 4,694,622            | -                     | 89,726,088                       |
| Secondary water irrigation system            | 24,577,215                       | 418,306              | -                     | 24,995,521                       |
| Sewer system                                 | 28,683,498                       | 5,005,210            | -                     | 33,688,708                       |
| Storm drain system                           | 26,170,147                       | 2,325,129            | -                     | 28,495,276                       |
| Street light system                          | 3,483,268                        | 309,300              | -                     | 3,792,568                        |
| Equipment                                    | 1,760,762                        | 214,685              | -                     | 1,975,447                        |
| Total  | 180,657,344                      | 12,967,252           | -                     | 193,624,596                      |
| Less accumulated depreciation for:           |                                  |                      |                       |                                  |
| Water capacity                               | (7,281,540)                      | (547,549)            | -                     | (7,829,089)                      |
| Culinary water system                        | (20,738,571)                     | (2,731,626)          | -                     | (23,470,197)                     |
| Secondary water irrigation system            | (3,159,553)                      | (1,066,488)          | -                     | (4,226,041)                      |
| Sewer system                                 | (9,450,292)                      | (1,017,086)          | -                     | (10,467,378)                     |
| Storm drain system                           | (5,782,223)                      | (815,491)            | -                     | (6,597,714)                      |
| Street light system                          | (3,023,004)                      | (48,953)             | -                     | (3,071,957)                      |
| Equipment                                    | (1,087,495)                      | (128,769)            | -                     | (1,216,264)                      |
| Total  | (50,522,678)                     | (6,355,962)          | -                     | (56,878,640)                     |
| Capital assets, being depreciated, net       | 130,134,666                      | 6,611,290            | -                     | 136,745,956                      |
| Business-type activities capital assets, net | <u>\$ 149,635,846</u>            | <u>\$ 13,502,814</u> | <u>\$ (1,799,910)</u> | <u>\$ 161,338,750</u>            |

**CITY OF SARATOGA SPRINGS**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

**Note 4 - Capital Assets – Continued**

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

**Governmental activities:**

|  |                     |
|--|---------------------|
| General government                                   | \$ 285,307          |
| Public Safety  | 246,660             |
| Highways and public works                            | 4,209,843           |
| Parks and recreation                                 | 1,642,204           |
| Total depreciation expense - governmental activities | <u>\$ 6,384,014</u> |

**Business-type activities:**

|   |                     |
|---|---------------------|
| Water utility   | \$ 4,411,937        |
| Sewer utility   | 1,079,580           |
| Storm drain utility                                   | 815,492             |
| Street light utility                                  | 48,953              |
| Total depreciation expense - business-type activities | <u>\$ 6,355,962</u> |

|                               |                      |
|-------------------------------|----------------------|
| Combined depreciation expense | <u>\$ 12,739,976</u> |
|-------------------------------|----------------------|

**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 \$338,486 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, 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);
- 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 SPRINGS**  
**Notes to the Financial Statements**  
**June 30, 2019**

**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](http://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<br>and/or age eligible for   | Benefit percent per year of<br>service                       | COLA**   |
|---|----------------------|--|--|--|
| Noncontributory System                      | Highest 3 years      | 30 years any age<br>25 years any age*<br>20 years age 60*<br>10 years age 62*<br>4 years age 65* | 2.0% per year all years                                      | Up to 4%   |
| Public Safety System                        | Highest 3 years      | 20 years any age<br>10 years age 60<br>4 years age 65  | 2.5% per year up to 20 years;<br>2.0% per year over 20 years | Up to 2.5% to<br>4%<br>depending<br>on the<br>employer |
| Firefighters System                         | Highest 3 years      | 20 years any age<br>10 years age 60<br>4 years age 65  | 2.5% per year up to 20 years;<br>2.0% per year over 20 years | Up to 4%   |
| Tier 2 Public Employees System              | Highest 5 years      | 35 years any age<br>20 years age 60*<br>10 years age 62*<br>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<br>20 years age 60*<br>10 years age 62*<br>4 years age 65                       | 1.5% per year all years                                      | Up to 2.5%   |

\*with actuarial reductions

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

**CITY OF SARATOGA SPRINGS**  
**Notes to the Financial Statements**  
**June 30, 2019**

**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<br>Paid | Employer<br>Contribution<br>Rates | Employer<br>401(k) |
|--|------------------|-----------------------------------|--------------------|
| Contributory System                          |                  |                                   |                    |
| 111 - Local Governmental Division Tier 2     | N/A              | 15.54%                            | 1.15%              |
| Noncontributory System                       |                  |                                   |                    |
| 15 - Local Governmental Division Tier 1      | N/A              | 18.47%                            | N/A                |
| Public Safety Retirement System              |                  |                                   |                    |
| Contributory                                 |                  |                                   |                    |
| 122 - Other Division A Contributory Tier 2   | N/A              | 21.00%                            | 0.74%              |
| NonContributory                              |                  |                                   |                    |
| 49 - Other Division B Noncontributory Tier 1 | N/A              | 32.28%                            | N/A                |
| Firefighters System                          |                  |                                   |                    |
| 32 - Other Division B                        | 16.71%           | 7.24%                             | N/A                |
| 132 - Tier 2 DB Hybrid firefighters          | N/A              | 11.34%                            | 0.74%              |
| Tier 2 DC Only                               |                  |                                   |                    |
| 211 - Local Government                       | N/A              | 6.69%                             | 10.00%             |
| 222 - Public Safety                          | N/A              | 9.74%                             | 12.00%             |
| 222 - Firefighters                           | N/A              | 0.08%                             | 12.00%             |

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

For fiscal year ended June 30, 2019, the employer and employee contributions to the Systems were as follows:

| <b>System</b>                                  | <b>Employer<br/>Contributions</b> | <b>Employee<br/>Contributions</b> |
|--|-----------------------------------|-----------------------------------|
| Noncontributory System                         | \$ 456,481                        | N/A                               |
| Public Safety System                           | 332,460                           | -                                 |
| Firefighters System                            | 30,989                            | 71,522                            |
| Tier 2 Public Employees System                 | 251,427                           | -                                 |
| Tier 2 Public Safety and Firefighter           | 185,331                           | -                                 |
| Tier 2 DC Only System                          | 13,925                            | N/A                               |
| Tier 2 DC Public Safety and Firefighter System | 1,137                             | N/A                               |
| Total Contributions                            | \$ 1,271,751                      | \$ 71,522                         |

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.

**CITY OF SARATOGA SPRINGS**  
**Notes to the Financial Statements**  
**June 30, 2019**

**Note 6 - Retirement Plans – Continued**

**Combined Pension Assets, Liabilities, Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2019, we reported a net pension asset of \$0 and a net pension liability of \$4,007,996.

|   | (Measurement Date): December 31, 2018 |                             |                        |   |                      |
|---|---------------------------------------|-----------------------------|------------------------|---|----------------------|
|   | Net<br>Pension<br>Asset               | Net<br>Pension<br>Liability | Proportionate<br>Share | Proportionate<br>Share<br>December 31, 2017 | Change<br>(Decrease) |
| Noncontributory System                      | \$ -                                  | \$ 2,328,971                | 0.3162762%             | 0.2958139%                                  | 0.0204623%           |
| Contributory System                         | \$ -                                  | \$ -                        |                        | -   | -                    |
| Public Safety System                        | -                                     | 1,401,071                   | 1.7780179%             | 1.5064946%                                  | 0.2715233%           |
| Firefighters System                         | -                                     | 206,265                     | 0.5103655%             | 0.4811169%                                  | 0.0292486%           |
| Tier 2 Public Employees System              | -                                     | 53,862                      | 0.1257648%             | 0.1337068%                                  | -0.0079420%          |
| Tier 2 Public Safety and Firefighter System | -                                     | 17,827                      | 0.7115034%             | 0.5385951%                                  | 0.1729083%           |
|   | <u>\$ -</u>                           | <u>\$ 4,007,996</u>         |                        |   |                      |

The net pension asset and liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018 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, 2019, we recognized pension expense of \$1,448,411. At June 30, 2019, we reported deferred outflows of resources and deferred inflows of resources related to pensions for the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience   | \$ 547,894                           | \$ 133,769                          |
| Changes in assumptions   | 767,543                              | 44,825                              |
| Net difference between projected and actual earnings on pension plan investments                     | 932,359                              | -                                   |
| Changes in proportion and differences between contributions and proportionate share of contributions | 177,137                              | 8,471                               |
| Contributions subsequent to the measurement date   | 646,908                              | -                                   |
| Total  | <u>\$ 3,071,841</u>                  | <u>\$ 187,065</u>                   |

**CITY OF SARATOGA SPRINGS**  
**Notes to the Financial Statements**  
**June 30, 2019**

**Note 6 - Retirement Plans – Continued**

\$646,908 was reported as deferred outflows of resources and deferred inflows of resources relating to pension results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2018.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions expense as follows:

| <b>Year Ended December 31,</b> | <b>(Inflows) of Resources</b> |
|--------------------------------|-------------------------------|
| 2019                           | 852,776                       |
| 2020                           | 517,827                       |
| 2021                           | 364,169                       |
| 2022                           | 471,542                       |
| 2023                           | 2,997                         |
| Thereafter                     | 28,557                        |

**Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2019 we recognized pension expense of \$697,879.

At June 30, 2019, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience   | \$ 29,954                            | \$ 43,438                           |
| Changes in assumptions   | 311,992                              | -                                   |
| Net difference between projected and actual earnings on pension plan investments                     | 484,632                              | -                                   |
| Changes in proportion and differences between contributions and proportionate share of contributions | 104,549                              | -                                   |
| Contributions subsequent to the measurement date   | 230,134                              | -                                   |
| Total  | \$ 1,161,261                         | \$ 43,438                           |

\$230,134 was reported as deferred outflows of resources and deferred inflows of resources relating to pension results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2018.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions expense as follows:

**CITY OF SARATOGA SPRINGS**  
**Notes to the Financial Statements**  
**June 30, 2019**

**Note 6 - Retirement Plans – Continued**

| <b>Year Ended December 31,</b> | <b>Deferred Outflows<br/>(Inflows) of Resources</b> |
|--------------------------------|---|
| 2019                           | \$ 400,279  |
| 2020                           | 178,802   |
| 2021                           | 788,988   |
| 2022                           | 229,619   |
| 2023                           | -   |
| Thereafter                     | -   |

**Public Safety System Pension Expense, and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2019 we recognized pension expense of \$460,952.

At June 30, 2019, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Differences between expected and actual experience   | \$ 509,370                                    | \$ -   |
| Changes in assumptions   | 289,273                                       | 21,487                                       |
| Net difference between projected and actual earnings on pension plan investments                     | 259,396                                       | -  |
| Changes in proportion and differences between contributions and proportionate share of contributions | 47,552  | 7,274  |
| Contributions subsequent to the measurement date   | 166,500                                       | -  |
| Total  | \$ 1,272,092                                  | \$ 28,761                                    |

\$166,500 was reported as deferred outflows of resources and deferred inflows of resources relating to pension results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2018.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions expense as follows:

| <b>Year Ended December 31,</b> | <b>Deferred Outflows<br/>(Inflows) of Resources</b> |
|--------------------------------|---|
| 2019                           | 383,492   |
| 2020                           | 317,481   |
| 2021                           | 231,931   |
| 2022                           | 143,925   |
| 2023                           | -   |
| Thereafter                     | -   |

**CITY OF SARATOGA SPRINGS**  
**Notes to the Financial Statements**  
**June 30, 2019**

**Note 6 - Retirement Plans – Continued**

**Firefighters System Pension Expense, and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2019 we recognized pension expense of \$46,839.

At June 30, 2019, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience   | \$ -                                 | \$ 79,176                           |
| Changes in assumptions   | 135,818                              | 21,717                              |
| Net difference between projected and actual earnings on pension plan investments                     | 158,226                              | -                                   |
| Changes in proportion and differences between contributions and proportionate share of contributions | 5,048                                | 114                                 |
| Contributions subsequent to the measurement date   | 15,644                               | -                                   |
| Total  | \$ 314,736                           | \$ 101,007                          |

\$15,644 was reported as deferred outflows of resources and deferred inflows of resources relating to pension results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2018.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions expense as follows:

| <b>Year Ended December 31,</b> | <b>Deferred Outflows<br/>(Inflows) of Resources</b> |
|--------------------------------|---|
| 2019                           | 58,099  |
| 2020                           | 13,271  |
| 2021                           | 44,270  |
| 2022                           | 82,769  |
| 2023                           | (324)   |
| Thereafter                     | -   |

**Tier 2 Public Employees System Pension Expense, and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2019 we recognized pension expense of \$139,248.

At June 30, 2019, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

**CITY OF SARATOGA SPRINGS**  
**Notes to the Financial Statements**  
**June 30, 2019**

**Note 6 - Retirement Plans – Continued**

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience   | \$ 378                               | \$ 11,132                           |
| Changes in assumptions   | 13,500                               | 968                                 |
| Net difference between projected and actual earnings on pension plan investments                     | 17,540                               | -                                   |
| Changes in proportion and differences between contributions and proportionate share of contributions | 16,802                               | -                                   |
| Contributions subsequent to the measurement date   | 141,855                              | -                                   |
| Total  | \$ 190,075                           | \$ 12,100                           |

\$141,855 was reported as deferred outflows of resources and deferred inflows of resources relating to pension results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2018.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions expense as follows:

| <u>Year Ended December 31,</u> | <u>(Inflows) of Resources</u> |
|--------------------------------|-------------------------------|
| 2019                           | 6,134                         |
| 2020                           | 4,478                         |
| 2021                           | 4,901                         |
| 2022                           | 8,616                         |
| 2023                           | 1,647                         |
| Thereafter                     | 10,346                        |

**Tier 2 Public Safety and Firefighter Pension Expense, and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2019 we recognized pension expense of \$139,248.

At June 30, 2019, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience   | \$ 8,192                             | \$ 23                               |
| Changes in assumptions   | 16,961                               | 654                                 |
| Net difference between projected and actual earnings on pension plan investments                     | 12,565                               | -                                   |
| Changes in proportion and differences between contributions and proportionate share of contributions | 3,186                                | 1,083                               |
| Contributions subsequent to the measurement date   | 92,774                               | -                                   |
| Total  | \$ 133,678                           | \$ 1,760                            |

**CITY OF SARATOGA SPRINGS**  
**Notes to the Financial Statements**  
**June 30, 2019**

**Note 6 - Retirement Plans – Continued**

\$92,774 was reported as deferred outflows of resources and deferred inflows of resources relating to pension results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2018.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions expense as follows:

Actual assumptions: The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |   |
|---------------------------|---|
| Inflation                 | 2.50 Percent  |
| Salary increases          | 3.25 – 9.75 percent, average, including inflation                         |
| Investment rate of return | 6.95 percent, net of pension plan investment expense, including inflation |

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

The actuarial assumptions used in the January 1, 2018; valuation was based on the results of an actuarial experience study for the five year period ending December 31, 2016.

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

| Asset Class               | Expected Return Arithmetic Basis   |                                    |  |
|---------------------------|------------------------------------|------------------------------------|--|
|                           | Target Asset<br>Allocation         | Real Return<br>Arithmetic<br>Basis | Long-Term expected<br>portfolio real<br>rate of return |
| Equity securities         | 40%                                | 6.15%                              | 2.46%  |
| Debt securities           | 20%                                | 0.40%                              | 0.08%  |
| Real assets               | 15%                                | 5.75%                              | 0.86%  |
| Private equity            | 9%                                 | 9.95%                              | 0.89%  |
| Absolute return           | 16%                                | 2.85%                              | 0.46%  |
| Cash and cash equivalents | 0%                                 | 0.00%                              | 0.00%  |
| Totals                    | 100%                               |                                    | 4.75%  |
|                           | Inflation                          |                                    | 2.50%  |
|                           | Expected arithmetic nominal return |                                    | 7.25%  |

**CITY OF SARATOGA SPRINGS**  
**Notes to the Financial Statements**  
**June 30, 2019**

**Note 6 - Retirement Plans – Continued**

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 6.95 percent from 7.20 percent from the prior measurement period.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate at 6.95 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 (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

| <b>System</b>                               | <b>1%<br/>Decrease<br/>(5.95%)</b> | <b>Discount<br/>Rate<br/>(6.95%)</b> | <b>1%<br/>Increase<br/>(7.95%)</b> |
|---|------------------------------------|--------------------------------------|------------------------------------|
| Noncontributory System                      | \$ 4,773,132                       | \$ 2,328,971                         | \$ 293,629                         |
| Public Safety System                        | 2,848,128                          | 1,401,071                            | 220,782                            |
| Firefighters System                         | 928,215                            | 206,265                              | (387,522)                          |
| Tier 2 Public Employees System              | 215,783                            | 53,862                               | (71,100)                           |
| Tier 2 Public Safety and Firefighter System | 134,463                            | (6,232)                              | (71,428)                           |
|   | <u>\$ 8,899,721</u>                | <u>\$ 3,983,937</u>                  | <u>\$ (15,639)</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.

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

**CITY OF SARATOGA SPRINGS**  
**Notes to the Financial Statements**  
**June 30, 2019**

**Note 6 - Retirement Plans – Continued**

|                        | 2019       | 2018       | 2017       |
|------------------------|------------|------------|------------|
| <b>401(k) Plan</b>     |            |            |            |
| Employer Contributions | \$ 65,995  | \$ 577,001 | \$ 464,279 |
| Employee Contributions | \$ 138,580 | \$ 137,135 | \$ 118,158 |
| <br>                   |            |            |            |
| <b>457 Plan</b>        |            |            |            |
| Employer Contributions | \$ -       | \$ -       | \$ -       |
| Employee Contributions | \$ 65,165  | \$ 58,694  | \$ 50,802  |
| <br>                   |            |            |            |
| <b>Roth IRA Plan</b>   |            |            |            |
| Employer Contributions | N/A        | N/A        | N/A        |
| Employee Contributions | \$ 39,446  | \$ 33,860  | \$ 24,199  |

**Note 7 - Interfund Transfers**

Transfers were made which will not be repaid. Such amounts for the fiscal year ended June 30, 2019 were as follows:

| <u>Fund</u>             | <u>Transfers In</u> | <u>Transfers Out</u> |
|-------------------------|---------------------|----------------------|
| Governmental Activities |                     |                      |
| General                 | \$ -                | \$ 2,473,176         |
| Capital Projects        | 3,040,448           | 518,789              |
| Water Utilities         | 440,792             | 360,000              |
| Sewer Utilities         | 20,725              | 150,000              |
| Non major Utilities     | -                   | -                    |
|                         | \$ 3,501,965        | \$ 3,501,965         |

The purpose of the inter-fund transfers is to meet the City's ongoing cash needs for capital projects. In addition to the transfers, the General Fund charged \$2,995,485 to the enterprise funds for personnel and administrative services and facility costs during the year.

**Note 8 - Contingent Liabilities**

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

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

**CITY OF SARATOGA SPRINGS**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

**Note 8 - Contingent Liabilities– Continued**

prior to the payment due date. The purpose of the water rights is to provide water resources for land development in the future as those parcels are developed.

On March 30, 2010 the City entered into an agreement with a neighboring municipality to provide police services. For the year ended June 30, 2019 the City received \$1,564,409 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, 2019 was \$268,743.

**Note 9 - Construction Commitments**

The City has active construction projects as of June 30, 2019. The projects include construction of roads and utility system upgrades.

| <u>Project</u> | <u>Spent to Date</u> | <u>Remaining<br/>Commitment</u> | <u>Estimated<br/>Completion</u> |
|----------------|----------------------|---------------------------------|---------------------------------|
| All Projects   | \$ 4,290,033         | \$13,868,229                    | June 2020                       |

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

**CITY OF SARATOGA SPRINGS**  
**Notes to the Financial Statements**  
**June 30, 2019**

**Note 11 - Long-term Debt – Continued**

**A. Special Assessment Bonds – Continued**

| <u>Year Ending June 30</u> | <u>Principal</u>    | <u>Interest</u>   | <u>Total Debt Service</u> |
|----------------------------|---------------------|-------------------|---------------------------|
| 2020                       | \$ 114,000          | \$ 45,718         | \$ 159,718                |
| 2021                       | 115,000             | 43,154            | 158,154                   |
| 2022                       | 119,000             | 40,393            | 159,393                   |
| 2023                       | 121,000             | 37,156            | 158,156                   |
| 2024                       | 125,000             | 33,647            | 158,647                   |
| 2025-2029                  | 670,000             | 92,952            | 762,952                   |
|                            | <u>\$ 1,264,000</u> | <u>\$ 293,020</u> | <u>\$ 1,557,020</u>       |

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

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

| <u>Year Ending June 30</u> | <u>Principal</u>    | <u>Interest</u>     | <u>Total Debt Service</u> |
|----------------------------|---------------------|---------------------|---------------------------|
| 2020                       | \$ 477,000          | \$ 211,445          | \$ 688,445                |
| 2021                       | 493,000             | 194,750             | 687,750                   |
| 2022                       | 512,000             | 176,263             | 688,263                   |
| 2023                       | 532,000             | 155,783             | 687,783                   |
| 2024                       | 556,000             | 132,374             | 688,374                   |
| 2025-2027                  | 1,846,000           | 218,038             | 2,064,038                 |
|                            | <u>\$ 4,416,000</u> | <u>\$ 1,088,653</u> | <u>\$ 5,504,653</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 OF SARATOGA SPRINGS**  
**Notes to the Financial Statements**  
**June 30, 2019**

**Note 11 - Long-term Debt – Continued**

City. The redemption price is equal to 100% of the principal amount to be prepaid or redeemed, plus accrued interest, if any, to the date of redemption, with annual debt service requirements to maturity for special assessment bonds as follows:

| <b>Year Ending June 30</b> | <b>Principal</b>    | <b>Interest</b>     | <b>Total Debt Service</b> |
|----------------------------|---------------------|---------------------|---------------------------|
| 2020                       | \$ 455,000          | \$ 242,026          | \$ 697,026                |
| 2021                       | 465,000             | 232,926             | 697,926                   |
| 2022                       | 475,000             | 223,626             | 698,626                   |
| 2023                       | 485,000             | 214,124             | 699,124                   |
| 2024                       | 495,000             | 202,000             | 697,000                   |
| 2025-2029                  | 2,710,000           | 790,480             | 3,500,480                 |
| 2030-2033                  | 3,180,000           | 338,278             | 3,518,278                 |
|                            | <u>\$ 8,265,000</u> | <u>\$ 2,243,460</u> | <u>\$ 10,508,460</u>      |

**2016 Water Revenue Bonds**

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

| <b>Year Ending June 30</b> | <b>Principal</b>    | <b>Interest</b>     | <b>Total Debt Service</b> |
|----------------------------|---------------------|---------------------|---------------------------|
| 2020                       | 380,000             | 306,700             | 686,700                   |
| 2021                       | 385,000             | 302,050             | 687,050                   |
| 2022                       | 395,000             | 290,275             | 685,275                   |
| 2023                       | 410,000             | 275,200             | 685,200                   |
| 2024                       | 425,000             | 258,425             | 683,425                   |
| 2025-2029                  | 2,455,000           | 1,079,150           | 3,534,150                 |
| 2030-2034                  | 2,900,000           | 599,075             | 3,499,075                 |
| 2035-2037                  | 1,965,000           | 153,800             | 2,118,800                 |
|                            | <u>\$ 9,315,000</u> | <u>\$ 3,264,675</u> | <u>\$ 12,579,675</u>      |

The City has pledged all water utility net revenues to pay the debt service costs through maturity in 2037. During the year, the net revenue before depreciation was \$2,464,911 and the debt service requirement was \$1,162,474.

**CITY OF SARATOGA SPRINGS**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

**Note 11 - Long-term Debt – Continued**

**2018 Sewer Revenue Bonds**

On May 17, 2018, the City issued \$9,970,000 in Series 2018 Sewer Revenue Bonds with a maturity date of June 1, 2038 with an average coupon rate of 3.25%. The bonds were issued to finance the costs associated with acquiring, constructing, and equipping portions of the City’s sewer system. Each principal payment is subject to prepayment and redemption at any time, in whole or in part, in

inverse order, at the election of the City. The redemption price is equal to 100% of the principal amount to be prepaid or redeemed, plus accrued interest, if any, to the date of redemption. The annual debt service requirements to maturity for revenue bonds are as follows:

| <u>Year Ending June 30</u> | <u>Principal</u>    | <u>Interest</u>     | <u>Total Debt Service</u> |
|----------------------------|---------------------|---------------------|---------------------------|
| 2020                       | \$ 285,000          | \$ 312,114          | \$ 597,114                |
| 2021                       | 405,000             | 303,562             | 708,562                   |
| 2022                       | 415,000             | 291,412             | 706,412                   |
| 2023                       | 430,000             | 278,962             | 708,962                   |
| 2024                       | 440,000             | 266,062             | 706,062                   |
| 2025-2029                  | 2,420,000           | 1,193,810           | 3,613,810                 |
| 2030-2034                  | 2,805,000           | 818,710             | 3,623,710                 |
| 2035-2038                  | 2,600,000           | 343,354             | 2,943,354                 |
|                            | <u>\$ 9,800,000</u> | <u>\$ 3,807,986</u> | <u>\$ 13,607,986</u>      |

The City has pledged all sewer utility net revenues to pay the debt service costs through maturity in 2038. During the year, the net revenue before depreciation was \$1,142,240 and the debt service requirement was \$0.00.

**Sales Tax Revenue Bonds**

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

**2011 Sales Tax Revenue Bonds**

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

**CITY OF SARATOGA SPRINGS**  
**Notes to the Financial Statements**  
**June 30, 2019**

**Note 11 - Long-term Debt – Continued**

| <b>Year Ending June 30</b> | <b>Principal</b>    | <b>Interest</b>   | <b>Total Debt Service</b> |
|----------------------------|---------------------|-------------------|---------------------------|
| 2020                       | \$ 185,000          | \$ 107,250        | \$ 292,250                |
| 2021                       | 190,000             | 99,850            | 289,850                   |
| 2022                       | 200,000             | 92,250            | 292,250                   |
| 2023                       | 205,000             | 85,750            | 290,750                   |
| 2024                       | 210,000             | 79,088            | 289,088                   |
| 2025-2029                  | 1,200,000           | 261,440           | 1,461,440                 |
| 2030-2032                  | 550,000             | 34,238            | 584,238                   |
|                            | <u>\$ 2,740,000</u> | <u>\$ 759,866</u> | <u>\$ 3,499,866</u>       |

**2017 Sales Tax Revenue Bonds**

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

| <b>Year Ending June 30</b> | <b>Principal</b>    | <b>Interest</b>     | <b>Total Debt Service</b> |
|----------------------------|---------------------|---------------------|---------------------------|
| 2020                       | \$ 385,000          | \$ 284,576          | \$ 669,576                |
| 2021                       | 400,000             | 273,026             | 673,026                   |
| 2022                       | 410,000             | 261,026             | 671,026                   |
| 2023                       | 425,000             | 248,726             | 673,726                   |
| 2024                       | 435,000             | 235,976             | 670,976                   |
| 2025-2029                  | 2,380,000           | 976,030             | 3,356,030                 |
| 2030-2034                  | 2,760,000           | 596,964             | 3,356,964                 |
| 2035-2037                  | 1,880,000           | 133,174             | 2,013,174                 |
|                            | <u>\$ 9,075,000</u> | <u>\$ 3,009,498</u> | <u>\$ 12,084,498</u>      |

During the year the sales tax revenue was \$4,702,242 and the debt service requirement was \$670,826 or 14% of the sales tax revenue. The City has pledged all of its sales tax revenues.

**C. Note Payable**

**Culinary Water System**

Prior to the City being established in December 1997, a water company had built a water system in

**CITY OF SARATOGA SPRINGS**  
**Notes to the Financial Statements**  
**June 30, 2019**

**Note 11 - Long-term Debt – Continued**

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:

| <b>Year Ending June 30</b> | <b>Principal</b>    | <b>Interest</b> | <b>Total Debt Service</b> |
|----------------------------|---------------------|-----------------|---------------------------|
| 2020                       | \$ 1,050,000        | \$ -            | \$ 1,050,000              |
| 2021                       | 1,050,000           | -               | 1,050,000                 |
| 2022                       | 1,050,000           | -               | 1,050,000                 |
| 2023                       | 1,050,000           | -               | 1,050,000                 |
| 2024                       | 1,050,000           | -               | 1,050,000                 |
| 2025-2027                  | 2,473,750           | -               | 2,473,750                 |
|                            | <u>\$ 7,723,750</u> | <u>\$ -</u>     | <u>\$ 7,723,750</u>       |

**D. Changes in Long-term Debt**

During the year ended June 30, 2019, the following activity occurred in liabilities reported as long-term:

|                                  | <b>Balance<br/>June 30, 2018</b> | <b>Additions</b>    | <b>Retirements</b>    | <b>Balance<br/>June 30, 2019</b> | <b>Due Within<br/>One Year</b> |
|----------------------------------|----------------------------------|---------------------|-----------------------|----------------------------------|--------------------------------|
| <b>Governmental Activities:</b>  |                                  |                     |                       |                                  |                                |
| 2011 Sales Tax Revenue Bonds     | \$ 2,915,000                     | \$ -                | \$ (175,000)          | \$ 2,740,000                     | \$ 185,000                     |
| 2017 Sales Tax Revenue Bonds     | 9,450,000                        | -                   | (375,000)             | 9,075,000                        | 385,000                        |
| Plus Issuance Premium            | 289,005                          | -                   | (15,211)              | 273,794                          | -                              |
| 2016 Special Assessment Bond     | 4,878,000                        | -                   | (462,000)             | 4,416,000                        | 477,000                        |
| Obligations Under Capital Lease  | 17,360                           | -                   | (17,360)              | -                                | -                              |
| Net Pension Liability            | 1,866,616                        | 1,739,142           | -                     | 3,605,758                        | -                              |
| Compensated Absences             | 652,110                          | -                   | (134,734)             | 517,376                          | 338,486                        |
| Total                            | <u>\$ 20,068,091</u>             | <u>\$ 1,739,142</u> | <u>\$ (1,179,305)</u> | <u>\$ 20,627,928</u>             | <u>\$ 1,385,486</u>            |
| <b>Business Type Activities:</b> |                                  |                     |                       |                                  |                                |
| <b>Debt</b>                      |                                  |                     |                       |                                  |                                |
| 2012 Special Assessment Bonds    | \$ 1,375,000                     | \$ -                | \$ (111,000)          | \$ 1,264,000                     | \$ 114,000                     |
| 2014 Water Revenue Bonds         | 8,710,000                        | -                   | (445,000)             | 8,265,000                        | 455,000                        |
| 2016 Water Revenue Bond          | 9,555,000                        | -                   | (240,000)             | 9,315,000                        | 380,000                        |
| Plus Issuance Premium            | 390,578                          | -                   | (21,690)              | 368,888                          | -                              |
| 2018 Sewer Revenue Bond          | 9,970,000                        | -                   | (170,000)             | 9,800,000                        | 285,000                        |
| Plus Issuance Premium            | 99,929                           | -                   | (5,259)               | 94,670                           | -                              |
| Contract payable                 | 8,779,750                        | -                   | (1,056,000)           | 7,723,750                        | 1,050,000                      |
| Net pension Liability            | 169,165                          | 233,075             | -                     | 402,240                          | -                              |
| Compensated Absences             | 27,239                           | -                   | (99)                  | 27,140                           | 11,557                         |
| Total                            | <u>\$ 39,076,661</u>             | <u>\$ 233,075</u>   | <u>\$ (2,049,048)</u> | <u>\$ 37,260,688</u>             | <u>\$ 2,295,557</u>            |

**CITY OF SARATOGA SPRINGS**  
**Notes to the Financial Statements**  
**June 30, 2019**

---

**Note 12 – Restatement of Net Position**

It was discovered during the 2019 fiscal year that several meters in the Water and Sewer funds for the month of June 2018 recorded the data incorrectly. The result of the error is that revenue and accounts receivable in the Water and Sewer funds were overstated in the prior year. The restatement decreases the beginning net position in the Water and Sewer funds in the amount of \$548,145 and \$555,769 respectively.

**Note 13 – Deficit Net Position**

In Fiscal Year 2019 the Garbage enterprise fund reflected a negative net position of \$154,743. The City is currently reviewing options to address the negative net position.

## REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF SARATOGA SPRINGS**  
 Required Supplementary Information  
 Schedule of the Proportionate Share of the Net Pension Liability  
 June 30, 2019  
 Last 10 Fiscal Years\*

|  | Fiscal Year | Proportion of the net liability (asset) | Proportionate share of the net pension liability (asset) | Covered employee payroll | Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | Plan fiduciary net position as a percentage of the total pension liability |
|--|-------------|---|--|--------------------------|--|--|
| <b>Noncontributory System</b>                                  |             |   |  |                          |  |  |
|  | 2015        | 0.2635465%                              | \$ 1,144,381   | \$ 2,236,578             | 51.20%   | 90.20%   |
|  | 2016        | 0.2668688%                              | 1,510,073  | 2,164,610                | 69.76%   | 87.80%   |
|  | 2017        | 0.2917979%                              | 1,873,700  | 2,353,876                | 79.60%   | 87.30%   |
|  | 2018        | 0.2958139%                              | 1,296,049  | 2,266,730                | 57.18%   | 91.90%   |
|  | 2019        | 0.3162762%                              | 2,328,971  | 2,433,749                | 95.69%   | 87.00%   |
| <b>Public Safety System</b>                                    |             |   |  |                          |  |  |
|  | 2015        | 0.2635465%                              | 574,927  | 1,140,839                | 50.40%   | 89.00%   |
|  | 2016        | 1.3970959%                              | 681,715  | 1,149,462                | 59.31%   | 87.60%   |
|  | 2017        | 1.4915100%                              | 929,654  | 1,235,277                | 75.26%   | 86.10%   |
|  | 2018        | 1.5064946%                              | 727,943  | 1,202,686                | 60.53%   | 90.50%   |
|  | 2019        | 1.7780179%                              | 1,401,071  | 1,287,130                | 108.85%  | 85.60%   |
| <b>Firefighters retirement system</b>                          |             |   |  |                          |  |  |
|  | 2015        | 0.3034621%                              | (33,395)   | 252,495                  | -13.20%  | 101.30%  |
|  | 2016        | 0.3757619%                              | 63,939   | 316,691                  | 20.19%   | 98.10%   |
|  | 2017        | 0.4743030%                              | 70,158   | 410,102                  | 17.11%   | 98.40%   |
|  | 2018        | 0.4811169%                              | (107,932)  | 402,462                  | -26.82%  | 102.30%  |
|  | 2019        | 51.0365500%                             | 206,265  | 417,313                  | 49.43%   | 96.10%   |
| <b>Tier 2 Public Employees Retirement System</b>               |             |   |  |                          |  |  |
|  | 2015        | 0.0561807%                              | (1,703)  | 275,889                  | -0.60%   | 103.50%  |
|  | 2016        | 0.0886421%                              | (194)  | 572,836                  | -0.03%   | 100.20%  |
|  | 2017        | 0.1129970%                              | 12,605   | 926,665                  | 1.36%  | 95.10%   |
|  | 2018        | 0.1337068%                              | 11,789   | 1,306,770                | 0.90%  | 97.40%   |
|  | 2019        | 0.1257648%                              | 53,862   | 1,470,210                | 3.66%  | 90.80%   |
| <b>Tier 2 Public Safety and Firefighters retirement system</b> |             |   |  |                          |  |  |
|  | 2015        | 0.5381763%                              | (7,961)  | 222,627                  | -3.60%   | 120.50%  |
|  | 2016        | 0.4654713%                              | (6,801)  | 276,945                  | -2.46%   | 110.70%  |
|  | 2017        | 0.5354597%                              | (4,648)  | 442,409                  | -1.05%   | 103.60%  |
|  | 2018        | 0.5385951%                              | (6,232)  | 568,236                  | -1.10%   | 103.00%  |
|  | 2019        | 0.7115034%                              | 17,827   | 950,988                  | 1.87%  | 95.60%   |

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

**CITY OF SARATOGA SPRINGS**  
 Required Supplementary Information  
 Schedule of Contributions  
 June 30, 2019  
 Last 10 Fiscal Years\*

|  | Fiscal year ended<br>June 30, | Actuarial Determined<br>Contribution | Contributions in<br>relation to the<br>contractually<br>required<br>contribution | Contribution<br>deficiency (excess) | Covered<br>employee<br>payroll | Contribution as<br>a percentage of<br>covered<br>employee<br>payroll |
|--|-------------------------------|--------------------------------------|--|-------------------------------------|--------------------------------|--|
| <b>Noncontributory System</b>                                | 2014                          | \$ 376,272                           | \$ 376,272   | \$ -                                | \$ 2,181,974                   | 17.24%   |
|  | 2015                          | 410,152                              | 410,152  | -                                   | 2,234,890                      | 18.35%   |
|  | 2016                          | 398,883                              | 398,883  | -                                   | 2,159,626                      | 18.47%   |
|  | 2017                          | 422,199                              | 422,199  | -                                   | 2,295,957                      | 18.39%   |
|  | 2018                          | 439,512                              | 439,512  | -                                   | 2,406,599                      | 18.26%   |
|  | 2019                          | 456,481                              | 456,481  | -                                   | 2,485,898                      | 18.36%   |
| <b>Public Safety System</b>                                  | 2014                          | 301,111                              | 301,111  | -                                   | 1,134,533                      | 26.54%   |
|  | 2015                          | 272,932                              | 272,932  | -                                   | 1,138,990                      | 23.96%   |
|  | 2016                          | 279,168                              | 279,168  | -                                   | 1,175,484                      | 23.75%   |
|  | 2017                          | 284,450                              | 284,450  | -                                   | 1,190,696                      | 23.89%   |
|  | 2018                          | 306,295                              | 306,295  | -                                   | 1,286,043                      | 23.82%   |
|  | 2019                          | 332,460                              | 332,460  | -                                   | 1,286,651                      | 25.84%   |
| <b>Firefighters System</b>                                   | 2014                          | 14,208                               | 14,208   | -                                   | 233,012                        | 6.10%  |
|  | 2015                          | 18,440                               | 18,440   | -                                   | 279,810                        | 6.59%  |
|  | 2016                          | 23,989                               | 23,989   | -                                   | 355,634                        | 6.75%  |
|  | 2017                          | 26,859                               | 26,859   | -                                   | 403,277                        | 6.66%  |
|  | 2018                          | 28,456                               | 28,456   | -                                   | 424,716                        | 6.70%  |
|  | 2019                          | 30,989                               | 30,989   | -                                   | 429,077                        | 7.22%  |
| <b>Tier 2 Public Employees System</b>                        | 2016                          | 112,743                              | 112,743  | -                                   | 756,062                        | 41.91%   |
|  | 2017                          | 156,900                              | 156,900  | -                                   | 1,052,316                      | 14.91%   |
|  | 2018                          | 229,355                              | 229,355  | -                                   | 1,517,905                      | 15.11%   |
|  | 2019                          | 251,427                              | 251,427  | -                                   | 1,618,073                      | 15.54%   |
| <b>Tier 2 Public Safety and Firefighters System*</b>         | 2014                          | 30,095                               | 30,095   | -                                   | 214,501                        | 14.03%   |
|  | 2015                          | 57,532                               | 57,532   | -                                   | 385,088                        | 14.94%   |
|  | 2016                          | 112,743                              | 112,743  | -                                   | 756,062                        | 14.91%   |
|  | 2017                          | 77,557                               | 77,557   | -                                   | 465,913                        | 16.65%   |
|  | 2018                          | 127,672                              | 127,672  | -                                   | 773,055                        | 16.52%   |
|  | 2019                          | 185,331                              | 185,331  | -                                   | 1,026,493                      | 18.05%   |
| <b>Tier 2 Public Employees DC Only System*</b>               | 2014                          | 1,163                                | 1,163  | -                                   | 25,982                         | 4.47%  |
|  | 2015                          | 2,254                                | 2,254  | -                                   | 52,502                         | 4.29%  |
|  | 2016                          | 2,376                                | 2,376  | -                                   | 35,507                         | 6.69%  |
|  | 2017                          | 3,517                                | 3,517  | -                                   | 52,577                         | 6.69%  |
|  | 2018                          | 7,011                                | 7,011  | -                                   | 104,797                        | 6.69%  |
|  | 2019                          | 13,925                               | 13,925   | -                                   | 208,148                        | 6.69%  |
| <b>Tier 2 Public Safety and Fire Fighter DC Only System*</b> | 2014                          | -                                    | -  | -                                   | -                              | -  |
|  | 2015                          | -                                    | -  | -                                   | -                              | -  |
|  | 2016                          | -                                    | -  | -                                   | -                              | -  |
|  | 2017                          | -                                    | -  | -                                   | -                              | -  |
|  | 2018                          | -                                    | -  | -                                   | -                              | -  |
|  | 2019                          | 1,137                                | 1,137  | -                                   | 11,676                         | 9.74%  |

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

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

**CITY OF SARATOGA SPRINGS**  
**Notes to Required Supplementary Information**  
**For the year ended June 30, 2019**

Change in Assumptions

The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.

## SUPPLEMENTARY INFORMATION

**CITY OF SARATOGA SPRINGS**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget to Actual**

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

**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 SPRINGS**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget to Actual  
**Special Service Area - Debt Service**  
For the Year Ended June 30, 2019

|  | <u>Budgeted Amounts</u> |                     | <u>Actual<br/>Totals</u> | Variance with<br>Final Budget - |
|--|-------------------------|---------------------|--------------------------|---------------------------------|
|  | <u>Original</u>         | <u>Final</u>        |                          | Positive<br>(Negative)          |
| <b>REVENUES</b>  |                         |                     |                          |                                 |
| Charges for Services                                   | \$ 688,460              | \$ 688,460          | \$ 664,649               | \$ (23,811)                     |
| Investment earnings                                    | -                       | -                   | -                        | -                               |
| Total revenues   | <u>688,460</u>          | <u>688,460</u>      | <u>664,649</u>           | <u>(23,811)</u>                 |
| <b>EXPENDITURES</b>                                    |                         |                     |                          |                                 |
| Debt service   |                         |                     |                          |                                 |
| Principal  | 462,000                 | 462,000             | 462,000                  | -                               |
| Interest and fiscal charges                            | 226,460                 | 226,460             | 207,110                  | 19,350                          |
| Developer reimbursement                                | -                       | 1,067,000           | 1,066,279                | (721)                           |
| Total expenditures                                     | <u>688,460</u>          | <u>1,755,460</u>    | <u>1,735,389</u>         | <u>20,071</u>                   |
| Excess (deficit) of revenues over (under) expenditures | <u>-</u>                | <u>(1,067,000)</u>  | <u>(1,070,740)</u>       | <u>(3,740)</u>                  |
| <b>OTHER FINANCING SOURCES (USES)</b>                  |                         |                     |                          |                                 |
| Total other financing sources and uses                 | <u>-</u>                | <u>-</u>            | <u>-</u>                 | <u>-</u>                        |
| Net change in fund balance                             | -                       | (1,067,000)         | (1,070,740)              | (3,740)                         |
| Fund balances - beginning                              | <u>2,681,248</u>        | <u>2,681,248</u>    | <u>2,681,248</u>         | -                               |
| Fund balances - ending                                 | <u>\$ 2,681,248</u>     | <u>\$ 1,614,248</u> | <u>\$ 1,610,508</u>      | <u>\$ (3,740)</u>               |

**CITY OF SARATOGA SPRINGS**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget to Actual  
**Capital Projects Fund**  
For the Year Ended June 30, 2019

|  | <u>Budgeted Amounts</u> |                     | Actual<br>Totals    | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|-------------------------|---------------------|---------------------|---|
|  | <u>Original</u>         | <u>Final</u>        |                     | <u>(Negative)</u>   |
| <b>REVENUES</b>  |                         |                     |                     |   |
| Intergovernmental                                      | \$ -                    | \$ -                | \$ -                | \$ -  |
| Investment earnings                                    | -                       | -                   | 358,216             | 358,216   |
| Impact fees  | 2,000,000               | 2,000,000           | 2,676,903           | 676,903   |
| Miscellaneous  | -                       | -                   | -                   | -   |
| <b>Total Revenues</b>                                  | <u>2,000,000</u>        | <u>2,000,000</u>    | <u>3,035,119</u>    | <u>1,035,119</u>  |
| <b>EXPENDITURES</b>                                    |                         |                     |                     |   |
| General government                                     | -                       | -                   | -                   | -   |
| Public safety  | -                       | 7,010,065           | 3,974,744           | 3,035,321   |
| Highways and public works                              | -                       | 1,634,414           | 188,542             | 1,445,872   |
| Parks and recreation                                   | -                       | 6,123,187           | 4,218,889           | 1,904,298   |
| Capital expenditures                                   | 2,983,176               | 2,983,176           | 2,036,111           | 947,065   |
| Debt service   | -                       | -                   | -                   | -   |
| Principal retirement                                   | 375,000                 | 375,000             | 375,000             | -   |
| Interest and fiscal charges                            | 295,825                 | 295,825             | 270,531             | 25,294  |
| <b>Total expenditures</b>                              | <u>3,654,001</u>        | <u>18,421,667</u>   | <u>11,063,817</u>   | <u>7,357,850</u>  |
| Excess (deficit) of revenues over (under) expenditures | <u>(1,654,001)</u>      | <u>(16,421,667)</u> | <u>(8,028,698)</u>  | <u>8,392,969</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                  |                         |                     |                     |   |
| Bond proceeds  | -                       | -                   | -                   | -   |
| Transfers in   | 2,983,176               | 2,983,176           | 3,040,448           | 57,272  |
| Transfers out  | (529,175)               | (529,175)           | (518,789)           | 10,386  |
| <b>Total other financing sources (uses)</b>            | <u>2,454,001</u>        | <u>2,454,001</u>    | <u>2,521,659</u>    | <u>67,658</u>   |
| Net change in fund balance                             | 800,000                 | (13,967,666)        | (5,507,039)         | 8,460,627   |
| Fund balances - beginning                              | <u>15,497,215</u>       | <u>15,497,215</u>   | <u>15,497,215</u>   | <u>-</u>  |
| Fund balances - ending                                 | <u>\$ 16,297,215</u>    | <u>\$ 1,529,549</u> | <u>\$ 9,990,176</u> | <u>\$ 8,460,627</u>                                       |

**CITY OF SARATOGA SPRINGS**  
**Combining Financial Statements**  
**Nonmajor Proprietary Funds**

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

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

**CITY OF SARATOGA SPRINGS**

Combining Statement of Net Position

**Nonmajor Proprietary Funds**

June 30, 2019

|  | <u>Garbage</u>    | <u>Street Lights</u> | <u>Total</u>        |
|--|-------------------|----------------------|---------------------|
| <b><u>ASSETS</u></b>   |                   |                      |                     |
| Current assets:  |                   |                      |                     |
| Cash and cash equivalents  | \$ -              | \$ 268,708           | \$ 268,708          |
| Accounts receivable - net  | 144,286           | 31,041               | 175,327             |
| Due from other funds   | -                 | 256,088              | 256,088             |
| Total current assets   | <u>144,286</u>    | <u>555,837</u>       | <u>700,123</u>      |
| Noncurrent assets:   |                   |                      |                     |
| Capital Assets   |                   |                      |                     |
| Street light system  |                   | 3,792,568            | 3,792,568           |
| Less: Accumulated depreciation                                       |                   | <u>(3,071,956)</u>   | <u>(3,071,956)</u>  |
| Total capital assets   | <u>-</u>          | <u>720,612</u>       | <u>720,612</u>      |
| Total noncurrent assets  | <u>-</u>          | <u>720,612</u>       | <u>720,612</u>      |
| Total assets   | <u>144,286</u>    | <u>1,276,449</u>     | <u>1,420,735</u>    |
| <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>                         |                   |                      |                     |
| Pension related costs  | <u>-</u>          | <u>-</u>             | <u>-</u>            |
| Total deferred outflow of resources                                  | <u>-</u>          | <u>-</u>             | <u>-</u>            |
| Total assets & deferred outflows of resources                        | <u>\$ 144,286</u> | <u>\$ 1,276,449</u>  | <u>\$ 1,420,735</u> |
| <b><u>LIABILITIES</u></b>  |                   |                      |                     |
| Current liabilities:   |                   |                      |                     |
| Accounts payable and accrued liabilities                             | \$ 42,941         | \$ 51,775            | \$ 94,716           |
| Due to other funds   | 256,088           | -                    | 256,088             |
| Total current liabilities  | <u>299,029</u>    | <u>51,775</u>        | <u>350,804</u>      |
| Noncurrent liabilities:  |                   |                      |                     |
| Total noncurrent liabilities   | <u>-</u>          | <u>-</u>             | <u>-</u>            |
| Total liabilities  | <u>299,029</u>    | <u>51,775</u>        | <u>350,804</u>      |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>                          |                   |                      |                     |
| Pension related costs  | <u>-</u>          | <u>-</u>             | <u>-</u>            |
| Total deferred inflows of resources                                  | <u>-</u>          | <u>-</u>             | <u>-</u>            |
| <b><u>NET POSITION</u></b>   |                   |                      |                     |
| Net investment in capital assets                                     | -                 | 720,612              | 720,612             |
| Unrestricted   | <u>(154,743)</u>  | <u>504,062</u>       | <u>349,319</u>      |
| Total net Position   | <u>(154,743)</u>  | <u>1,224,674</u>     | <u>1,069,931</u>    |
| Total liabilities, deferred inflows of resources<br>and net position | <u>\$ 144,286</u> | <u>\$ 1,276,449</u>  | <u>\$ 1,420,735</u> |

## CITY OF SARATOGA SPRINGS

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

### Nonmajor Proprietary Funds

For the Year Ended June 30, 2019

|   | Garbage      | Street Lights | Total        |
|---|--------------|---------------|--------------|
| <b>Operating revenues:</b>                                  |              |               |              |
| Charges for services  | \$ 1,358,537 | \$ 345,291    | \$ 1,703,828 |
| Other   | -            | -             | -            |
| Total operating revenues                                    | 1,358,537    | 345,291       | 1,703,828    |
| <b>Operating expenses:</b>                                  |              |               |              |
| Supplies and Maintenance                                    | 5,288        | 398,527       | 403,815      |
| Administration  | 120,294      | 29,867        | 150,161      |
| Treatment and sanitation                                    | 1,392,463    | -             | 1,392,463    |
| Depreciation  | -            | 48,953        | 48,953       |
| Total operating expenses                                    | 1,518,045    | 477,347       | 1,995,392    |
| Operating income  | (159,508)    | (132,056)     | (291,564)    |
| <b>Nonoperating revenues (expenses):</b>                    |              |               |              |
| Interest revenue  | 4,410        | 14,979        | 19,389       |
| Total nonoperating revenues (expenses)                      | 4,410        | 14,979        | 19,389       |
| <b>Net income (loss) before contributions and transfers</b> | (155,098)    | (117,077)     | (272,175)    |
| <b>Contributions and transfers</b>                          |              |               |              |
| Contributions from developers                               | -            | 309,300       | 309,300      |
| Operating transfers in                                      | -            | -             | -            |
| Total contributions and transfers                           | -            | 309,300       | 309,300      |
| Change in net Position                                      | (155,098)    | 192,223       | 37,125       |
| Total net position - beginning                              | 355          | 1,032,451     | 1,032,806    |
| Total net position - ending                                 | \$ (154,743) | \$ 1,224,674  | \$ 1,069,931 |

**CITY OF SARATOGA SPRINGS**  
Combining Statement of Cash Flows  
**Nonmajor Proprietary Funds**  
For the Year Ended June 30, 2019

|  | Garbage      | Street Lights | Total        |
|--|--------------|---------------|--------------|
| <b>Cash Flows From Operating Activities</b>  |              |               |              |
| Receipts from customers  | \$ 1,344,937 | \$ 344,337    | \$ 1,689,274 |
| Payments to employees  | -            | -             | -            |
| Payments to suppliers  | (1,515,376)  | (417,426)     | (1,932,802)  |
| Net cash provided (used) by operating activities   | (170,439)    | (73,089)      | (243,528)    |
| <b>Cash Flows From Noncapital Financing Activities</b>   |              |               |              |
| Advance from other funds   | 166,029      | (256,088)     | (90,059)     |
| Transfers Out  | -            | -             | -            |
| Net cash provided (used) by noncapital financing activities                                    | 166,029      | (256,088)     | (90,059)     |
| <b>Cash Flows From Capital and Related Financing Activities</b>                                |              |               |              |
| Proceeds from the sale of assets   | -            | -             | -            |
| Net cash provided (used) by capital and related financing activities                           | -            | -             | -            |
| <b>Cash Flows From Investing Activities</b>  |              |               |              |
| Interest and dividends received  | 4,410        | 14,979        | 19,389       |
| Net cash provided (used) by investing and related financing activities                         | 4,410        | 14,979        | 19,389       |
| Net increase (decrease) in cash and cash equivalents   | -            | (314,198)     | (314,198)    |
| Cash and cash equivalents - beginning  | -            | 582,906       | 582,906      |
| Cash and cash equivalents - end  | \$ -         | \$ 268,708    | \$ 268,708   |
| <b>Reconciliation of operating income to net cash provided (used) by operating activities:</b> |              |               |              |
| Operating income   | \$ (159,508) | \$ (132,056)  | \$ (291,564) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: |              |               |              |
| Depreciation expense   | -            | 48,953        | 48,953       |
| Increase/ (decrease) in accounts receivable  | (13,600)     | (954)         | (14,554)     |
| Increase/(decrease) in accounts payable  | 2,669        | 10,968        | 13,637       |
| Total adjustments  | (10,931)     | 58,967        | 48,036       |
| Net cash provided (used) by operating activities   | \$ (170,439) | \$ (73,089)   | \$ (243,528) |
| Capital assets contributed by developers   |              | \$ 309,300    | \$ 309,300   |

## **STATISTICAL SECTION**

Schedule 1  
**CITY OF SARATOGA SPRINGS, UTAH**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

|                                       | <u>2010</u>                  | <u>2011</u>                  | <u>2012</u>                  | <u>2013</u>                  | <u>2014</u>                  | <u>2015</u>                  | <u>2016</u>                  | <u>2017</u>                  | <u>2018</u>                  | <u>2019</u>                  |
|---------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| <b>Governmental Activities</b>        |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |
| Net investment in                     |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |
| capital assets                        | \$ 72,879,872                | \$ 74,023,634                | \$ 75,648,247                | \$ 72,106,589                | \$ 74,598,446                | \$ 73,222,615                | \$ 86,379,952                | \$ 84,573,253                | \$ 99,816,127                | \$ 110,194,198               |
| Restricted                            | 5,418,579                    | 6,879,966                    | 7,890,183                    | 600,591                      | 95,687                       |                              |                              |                              |                              |                              |
| Unrestricted                          | <u>2,384,845</u>             | <u>2,636,561</u>             | <u>4,941,530</u>             | <u>15,171,267</u>            | <u>15,320,390</u>            | <u>17,070,401</u>            | <u>16,492,718</u>            | <u>17,926,208</u>            | <u>8,084,211</u>             | <u>3,464,154</u>             |
| <b>Total Governmental Activities</b>  |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |
| <b>Net Position</b>                   | <b><u>\$ 80,683,296</u></b>  | <b><u>\$ 83,540,161</u></b>  | <b><u>\$ 88,479,960</u></b>  | <b><u>\$ 87,878,447</u></b>  | <b><u>\$ 90,014,523</u></b>  | <b><u>\$ 90,293,016</u></b>  | <b><u>\$ 102,872,670</u></b> | <b><u>\$ 102,499,461</u></b> | <b><u>\$ 107,900,338</u></b> | <b><u>\$ 113,658,352</u></b> |
| <b>Business-Type Activities</b>       |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |
| Net investment in                     |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |
| capital assets                        | \$ 80,299,189                | \$ 79,011,572                | \$ 80,775,067                | \$ 79,541,530                | \$ 83,658,220                | \$ 87,124,624                | \$ 104,205,965               | \$ 112,772,271               | \$ 123,848,895               | \$ 130,346,977               |
| Restricted                            | 2,156,528                    | 3,487,439                    | 5,079,787                    | -                            | -                            | 2,814,571                    | 2,787,320                    | -                            | -                            | -                            |
| Unrestricted                          | <u>2,166,007</u>             | <u>2,429,896</u>             | <u>1,733,791</u>             | <u>8,625,624</u>             | <u>8,122,994</u>             | <u>8,754,227</u>             | <u>14,074,089</u>            | <u>14,063,076</u>            | <u>18,342,889</u>            | <u>24,750,785</u>            |
| <b>Total Business-Type Activities</b> |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |
| <b>Net Position</b>                   | <b><u>\$ 84,621,724</u></b>  | <b><u>\$ 84,928,907</u></b>  | <b><u>\$ 87,588,645</u></b>  | <b><u>\$ 88,167,154</u></b>  | <b><u>\$ 91,781,214</u></b>  | <b><u>\$ 98,693,422</u></b>  | <b><u>\$ 121,067,374</u></b> | <b><u>\$ 126,835,347</u></b> | <b><u>\$ 142,191,784</u></b> | <b><u>\$ 155,097,762</u></b> |
| <b>Primary Government</b>             |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |
| Net investment in                     |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |
| capital assets                        | \$ 153,179,061               | \$ 153,035,206               | \$ 156,423,314               | \$ 151,648,119               | \$ 158,256,666               | \$ 160,347,239               | \$ 190,585,917               | \$ 197,345,524               | \$ 223,665,022               | \$ 240,541,175               |
| Restricted                            | 7,575,107                    | 10,367,405                   | 12,969,970                   | 600,591                      | 95,687                       | 5,814,571                    | 2,787,320                    |                              |                              |                              |
| Unrestricted                          | <u>4,550,852</u>             | <u>5,066,457</u>             | <u>6,675,321</u>             | <u>23,796,891</u>            | <u>23,443,384</u>            | <u>25,824,628</u>            | <u>30,566,807</u>            | <u>31,989,284</u>            | <u>26,427,100</u>            | <u>28,214,939</u>            |
| <b>Total Primary Government</b>       |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |
| <b>Net Position</b>                   | <b><u>\$ 165,305,020</u></b> | <b><u>\$ 168,469,068</u></b> | <b><u>\$ 176,068,605</u></b> | <b><u>\$ 176,045,601</u></b> | <b><u>\$ 181,795,737</u></b> | <b><u>\$ 191,986,438</u></b> | <b><u>\$ 223,940,044</u></b> | <b><u>\$ 229,334,808</u></b> | <b><u>\$ 250,092,122</u></b> | <b><u>\$ 268,756,114</u></b> |

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

**Schedule 2**  
**CITY OF SARATOGA SPRINGS, UTAH**  
**CHANGES IN NET POSITION**  
**Last Nine Fiscal Years**  
**(accrual basis of accounting)**

|   | <u>2010</u>          | <u>2011</u>           | <u>2012</u>          | <u>2013</u>           | <u>2014</u>           | <u>2015</u>          | <u>2016</u>          | <u>2017</u>          | <u>2018</u>          | <u>2019</u>          |
|---|----------------------|-----------------------|----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Expenses</b>                             |                      |                       |                      |                       |                       |                      |                      |                      |                      |                      |
| <b>Governmental Activities:</b>             |                      |                       |                      |                       |                       |                      |                      |                      |                      |                      |
| General Government                          | \$ 1,292,510         | \$ 1,291,631          | \$ 1,998,497         | \$ 2,609,093          | \$ 2,171,825          | \$ 2,096,762         | \$ 2,462,795         | \$ 2,740,131         | \$ 2,454,741         | \$ 2,787,352         |
| Public Safety                               | 3,669,436            | 4,651,168             | 4,833,686            | 4,966,496             | 5,018,488             | 5,240,399            | 6,012,919            | 6,654,993            | 7,398,839            | 8,379,318            |
| Highways and Public Improvements            | 3,126,167            | 3,364,997             | 4,022,464            | 4,722,390             | 2,666,666             | 5,384,522            | 5,966,661            | 5,850,964            | 6,463,171            | 5,829,164            |
| Parks and Recreation                        | 1,614,955            | 1,738,032             | 1,899,678            | 2,438,028             | 2,635,964             | 2,701,630            | 2,023,421            | 3,532,875            | 3,351,597            | 4,156,484            |
| Interest on Long-Term Debt                  | 27,858               | 47,519                | 157,437              | 141,240               | 142,332               | 137,882              | 133,171              | 392,392              | 726,526              | 571,051              |
| <b>Total Governmental Activities</b>        | <b>9,730,926</b>     | <b>11,093,347</b>     | <b>12,911,762</b>    | <b>14,877,247</b>     | <b>12,635,275</b>     | <b>15,561,195</b>    | <b>16,598,967</b>    | <b>19,171,355</b>    | <b>20,394,874</b>    | <b>21,723,369</b>    |
| <b>Business-Type Activities:</b>            |                      |                       |                      |                       |                       |                      |                      |                      |                      |                      |
| Water Utility                               | 3,940,978            | 4,286,081             | 4,649,685            | 5,102,548             | 5,001,698             | 5,477,856            | 6,353,950            | 7,828,265            | 8,902,476            | 9,484,321            |
| Sewer Utility                               | 1,766,075            | 2,043,128             | 2,434,510            | 3,066,436             | 3,005,658             | 3,244,648            | 4,203,587            | 3,541,052            | 4,989,823            | 4,888,210            |
| Garbage Utility                             | 649,154              | 633,551               | 702,476              | 822,106               | 1,028,024             | 1,080,662            | 1,059,777            | 1,171,046            | 1,557,791            | 1,518,045            |
| Storm Drain Utility                         | 467,758              | 470,700               | 756,772              | 691,410               | 880,773               | 908,198              | 901,351              | 954,935              | 1,303,165            | 1,324,079            |
| Street Lighting                             |                      |                       |                      |                       |                       |                      |                      | -                    |                      | 477,347              |
| <b>Total Business-Type Activities</b>       | <b>6,823,965</b>     | <b>7,433,460</b>      | <b>8,543,443</b>     | <b>9,682,500</b>      | <b>9,916,153</b>      | <b>10,711,364</b>    | <b>12,518,665</b>    | <b>13,495,298</b>    | <b>16,753,255</b>    | <b>17,692,002</b>    |
| <b>Total Primary Government Expenses</b>    | <b>\$ 16,554,891</b> | <b>\$ 18,526,807</b>  | <b>\$ 21,455,205</b> | <b>\$ 24,559,747</b>  | <b>\$ 22,551,428</b>  | <b>\$ 26,272,559</b> | <b>\$ 29,117,632</b> | <b>\$ 32,666,653</b> | <b>\$ 37,148,129</b> | <b>\$ 39,415,371</b> |
| <b>Revenues</b>                             |                      |                       |                      |                       |                       |                      |                      |                      |                      |                      |
| <b>Governmental Activities:</b>             |                      |                       |                      |                       |                       |                      |                      |                      |                      |                      |
| Charges for Services                        |                      |                       |                      |                       |                       |                      |                      |                      |                      |                      |
| General Government                          | \$ 893,642           | \$ 734,865            | \$ 2,473,625         | \$ 4,081,953          | \$ 2,778,204          | \$ 3,379,235         | \$ 4,985,982         | \$ 257,321           | \$ 254,635           | \$ 223,274           |
| Public Safety                               | \$ 500,334           | \$ 715,131            | \$ 1,894,515         | \$ 1,039,947          | \$ 1,101,415          | \$ 1,214,388         | \$ 1,372,884         | \$ 5,175,558         | \$ 6,008,513         | \$ 6,743,052         |
| Highways & Public Improvements              |                      |                       | \$ 1,179,069         | \$ 1,268,709          | \$ 1,105,971          | \$ 1,541,709         | \$ 1,641,262         | \$ 285,091           | \$ 346,534           | \$ 196,987           |
| Parks & Recreation                          | \$ 128,501           | \$ 150,558            | \$ 888,193           | \$ 886,054            | \$ 652,831            | \$ 2,519,097         | \$ 2,555,462         | \$ 415,750           | \$ 450,249           | \$ 531,525           |
| Operating Grants and Contributions          | 713,486              | 1,719,874             | 1,118,658            | 172,388               | 123,870               | 764,283              | 239,028              | 242,108              | 98,790               | 114,655              |
| Capital Grants and Contributions            | 5,754,442            | 5,740,308             | 2,664,043            | 672,095               | 2,502,760             | 1,545,870            | 10,796,710           | 6,756,688            | 10,431,394           | 9,393,472            |
| <b>Total Governmental Activities</b>        | <b>7,990,405</b>     | <b>9,060,736</b>      | <b>10,218,103</b>    | <b>8,121,146</b>      | <b>8,265,051</b>      | <b>10,964,582</b>    | <b>21,591,328</b>    | <b>13,132,516</b>    | <b>17,590,115</b>    | <b>17,202,965</b>    |
| <b>Business-Type Activities</b>             |                      |                       |                      |                       |                       |                      |                      |                      |                      |                      |
| Charges for Services                        |                      |                       |                      |                       |                       |                      |                      |                      |                      |                      |
| Water Utility                               | 1,944,116            | 2,222,973             | 6,393,708            | 6,154,942             | 5,976,789             | 6,512,923            | 10,473,751           | 7,934,650            | 9,707,208            | 9,112,844            |
| Sewer Utility                               | 1,671,891            | 1,970,431             | 2,488,427            | 2,674,392             | 2,720,120             | 3,047,088            | 4,675,210            | 4,255,070            | 5,342,114            | 5,252,833            |
| Garbage Utility                             | 679,208              | 745,432               | 596,706              | 639,307               | 893,984               | 641,802              | 961,029              | 1,203,403            | 1,488,613            | 1,362,947            |
| Storm Drain Utility                         | 145,373              | 148,947               | 808,855              | 895,505               | 579,827               | 913,322              | 958,500              | 755,522              | 1,335,382            | 1,216,128            |
| Street Lighting                             |                      |                       |                      |                       |                       |                      |                      |                      |                      | 360,270              |
| Capital Grants and Contributions            | 5,724,324            | 2,223,380             | 1,238,142            |                       | 3,070,714             | 6,587,528            | 17,769,209           | 5,152,013            | 13,322,518           | 14,445,356           |
| <b>Total Business-Type Activities</b>       | <b>10,164,912</b>    | <b>7,311,163</b>      | <b>11,525,838</b>    | <b>10,364,146</b>     | <b>13,241,434</b>     | <b>17,702,663</b>    | <b>34,837,699</b>    | <b>19,300,658</b>    | <b>31,195,835</b>    | <b>31,750,378</b>    |
| <b>Total Primary Government Revenues</b>    | <b>\$ 18,155,317</b> | <b>\$ 16,371,899</b>  | <b>\$ 21,743,941</b> | <b>\$ 18,485,292</b>  | <b>\$ 21,506,485</b>  | <b>\$ 28,667,245</b> | <b>\$ 56,429,027</b> | <b>\$ 32,433,174</b> | <b>\$ 48,785,950</b> | <b>\$ 48,953,343</b> |
| <b>Net (Expense)/Revenue</b>                |                      |                       |                      |                       |                       |                      |                      |                      |                      |                      |
| Governmental Activities                     | \$ (1,740,521)       | \$ (2,032,611)        | \$ (2,693,659)       | \$ (6,756,101)        | \$ (4,370,224)        | \$ (4,596,613)       | \$ 4,992,361         | \$ (6,038,839)       | \$ (2,804,759)       | \$ (4,520,403)       |
| Business-Type Activities                    | 3,340,947            | (122,297)             | 2,982,395            | 681,646               | 3,325,281             | 6,991,299            | 22,319,034           | 5,805,360            | 14,442,580           | 14,058,376           |
| <b>Total Primary Government Net Expense</b> | <b>\$ 1,600,426</b>  | <b>\$ (2,154,908)</b> | <b>\$ 288,736</b>    | <b>\$ (6,074,455)</b> | <b>\$ (1,044,943)</b> | <b>\$ 2,394,686</b>  | <b>\$ 27,311,395</b> | <b>\$ (233,479)</b>  | <b>\$ 11,637,821</b> | <b>\$ 9,537,973</b>  |

Schedule 2, Continued

|   | <u>2010</u>         | <u>2011</u>         | <u>2012</u>         | <u>2013</u>       | <u>2014</u>         | <u>2015</u>         | <u>2016</u>          | <u>2017</u>         | <u>2018</u>          | <u>2019</u>          |
|---|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|----------------------|---------------------|----------------------|----------------------|
| <b>Expenses</b>   |                     |                     |                     |                   |                     |                     |                      |                     |                      |                      |
| <b>General Revenues and Other Changes in Net Assets</b> |                     |                     |                     |                   |                     |                     |                      |                     |                      |                      |
| <b>Governmental Activities:</b>                         |                     |                     |                     |                   |                     |                     |                      |                     |                      |                      |
| Taxes   |                     |                     |                     |                   |                     |                     |                      |                     |                      |                      |
| Property Taxes  | 2,442,112           | 2,395,277           | 2,758,185           | 2,659,844         | 2,686,612           | 2,844,496           | 2,969,689            | 2,849,626           | 3,154,305            | 3,555,528            |
| Sales and Use Taxes                                     | 1,723,051           | 1,881,168           | 2,162,610           | 2,360,544         | 2,653,278           | 2,939,653           | 3,215,928            | 3,639,272           | 4,146,681            | 4,708,384            |
| Franchise Fees  | 158,393             | 227,207             | 212,494             | 199,838           | 221,085             | 207,142             | 212,144              | 227,184             | 223,363              | 205,177              |
| Energy Taxes  | 549,691             | 632,865             | 655,845             | 793,113           | 870,992             | 877,695             | 953,656              | 1,003,254           | 1,067,046            | 1,097,410            |
| Interest Earnings                                       | 56,812              | 98,172              | 73,233              | 89,897            | 74,332              | 89,800              | 137,752              | 107,325             | 528,098              | 663,435              |
| Gain on Sale of Capital Assets                          | -                   | 34,787              | -                   | 51,352            | -                   | 15,799              | 8,043                | 183,719             | -                    | -                    |
| Transfers   | (14,318,928)        | (380,000)           | 309,789             | -                 | -                   | -                   | 37,387               | -                   | (913,857)            | 48,483               |
| <b>Total Governmental Activities</b>                    | <b>(9,388,869)</b>  | <b>4,889,476</b>    | <b>6,172,156</b>    | <b>6,154,588</b>  | <b>6,506,299</b>    | <b>6,974,585</b>    | <b>7,534,599</b>     | <b>8,010,380</b>    | <b>8,205,636</b>     | <b>10,278,417</b>    |
| <b>Business-Type Activities:</b>                        |                     |                     |                     |                   |                     |                     |                      |                     |                      |                      |
| Interest Earnings                                       | 17,749              | 49,480              | 57,343              | 45,004            | 56,267              | 109,205             | 92,225               | 463,620             | -                    | -                    |
| Transfers   | 14,318,928          | 380,000             | 6,569               | -                 | -                   | -                   | (37,387)             | -                   | 913,857              | (48,483)             |
| <b>Total Business-Type Activities</b>                   | <b>14,336,677</b>   | <b>429,480</b>      | <b>63,912</b>       | <b>45,004</b>     | <b>56,267</b>       | <b>109,205</b>      | <b>54,838</b>        | <b>463,620</b>      | <b>913,857</b>       | <b>(48,483)</b>      |
| <b>Total Primary Government</b>                         |                     |                     |                     |                   |                     |                     |                      |                     |                      |                      |
| <b>General Revenue</b>                                  | <b>4,947,808</b>    | <b>5,318,956</b>    | <b>6,236,068</b>    | <b>6,199,592</b>  | <b>6,562,566</b>    | <b>7,083,790</b>    | <b>7,589,437</b>     | <b>8,474,000</b>    | <b>9,119,493</b>     | <b>10,229,934</b>    |
| <b>Change in Net Position</b>                           |                     |                     |                     |                   |                     |                     |                      |                     |                      |                      |
| Governmental Activities                                 | \$ (11,129,390)     | \$ 2,856,865        | \$ 4,559,799        | \$ (601,513)      | \$ 2,136,075        | \$ 2,377,972        | \$ 12,579,654        | \$ 2,023,294        | \$ 5,400,877         | \$ 5,758,014         |
| Business-Type Activities                                | 17,677,624          | 307,183             | 3,039,738           | 726,650           | 3,381,548           | 7,100,504           | 22,373,953           | 5,767,973           | 15,356,437           | 14,009,893           |
| <b>Total Primary Government</b>                         | <b>\$ 6,548,234</b> | <b>\$ 3,164,048</b> | <b>\$ 7,599,537</b> | <b>\$ 125,137</b> | <b>\$ 5,517,623</b> | <b>\$ 9,478,476</b> | <b>\$ 34,953,607</b> | <b>\$ 7,791,267</b> | <b>\$ 20,757,314</b> | <b>\$ 19,767,907</b> |

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

**Schedule 3**  
**CITY OF SARATOGA SPRINGS, UTAH**  
**Fund Balances of Governmental Funds**  
**Last Nine Fiscal Years**  
**(modified accrual basis of accounting)**

|                                    | <u>2010</u>  | <u>2011</u>  | <u>2012</u>  | <u>2013</u>   | <u>2014</u>   | <u>2015</u>   | <u>2016</u>   | <u>2017</u>   | <u>2018</u>   | <u>2019</u>   |
|------------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Fund                       |              |              |              |               |               |               |               |               |               |               |
| Unreserved, undesignated           | \$ 1,601,996 | \$ -         | \$ -         | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          |
| Unassigned                         |              | 1,782,816    | 2,478,911    | 2,508,347     | 2,068,425     | 2,989,076     | 2,768,845     | 3,662,232     | 4,588,582     | 6,098,269     |
| All other governmental funds       |              |              |              |               |               |               |               |               |               |               |
| Reserved                           |              |              |              |               |               |               |               |               |               |               |
| Roads and impact fees              |              |              |              |               |               |               |               |               |               |               |
| Roads and capital improvements     | 6,048,717    |              |              |               |               |               |               |               |               |               |
| Advance to sewer fund              |              |              |              |               |               |               |               |               |               |               |
| Unreserved, undesignated           |              |              |              |               |               |               |               |               |               |               |
| Special revenue funds              | 163,926      |              |              |               |               |               |               |               |               |               |
| Capital Project Fund               | (387,641)    |              |              |               |               |               |               |               |               |               |
| Nonspendable - prepaid expenses    |              | 22,459       | 7,628        | 6,277         | 737           |               |               |               | 120,000       |               |
| Restricted                         |              |              |              |               |               |               |               |               |               |               |
| Capital project funds              |              | 7,373,476    | 7,271,642    |               |               |               |               |               |               |               |
| General fund                       |              |              | 610,913      | 600,591       | 95,687        |               |               |               |               |               |
| Committed                          |              |              |              |               |               |               |               |               |               |               |
| Capital project funds              |              |              |              | 10,946,127    | 11,783,336    | 13,435,477    | 12,492,157    | 25,395,322    | 15,497,215    | 9,990,176     |
| Assigned                           |              |              |              |               |               |               |               |               |               |               |
| Debt Service                       |              | 1,713,820    | 1,406,121    |               |               |               |               | 5,926,731     | 2,681,248     | 1,610,508     |
| Street lighting                    |              | 249,453      | 305,725      | 282,980       |               |               |               | 431,449       |               |               |
| Total all other governmental Funds | \$ 5,825,002 | \$ 9,359,208 | \$ 9,602,029 | \$ 11,835,975 | \$ 11,879,760 | \$ 13,435,477 | \$ 12,492,157 | \$ 31,753,502 | \$ 18,298,463 | \$ 11,600,684 |

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

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

**Schedule 4**  
**CITY OF SARATOGA SPRINGS, UTAH**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

|   | <u>2010</u>           | <u>2011</u>          | <u>2012</u>          | <u>2013</u>          | <u>2014</u>          | <u>2015</u>          | <u>2016</u>           | <u>2017</u>          | <u>2018</u>            | <u>2019</u>           |
|---|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|------------------------|-----------------------|
| <b>Revenues</b>   |                       |                      |                      |                      |                      |                      |                       |                      |                        |                       |
| Taxes   | \$ 4,804,683          | \$ 5,240,234         | \$ 5,789,134         | \$ 5,988,153         | \$ 6,320,529         | \$ 6,692,613         | \$ 7,141,996          | \$ 7,719,336         | \$ 8,591,396           | \$ 9,566,499          |
| Licenses and Permits  | 301,258               | 321,571              | 563,917              | 648,974              | 583,374              | 749,910              | 1,231,004             | 1,267,524            | 1,440,007              | 1,360,909             |
| Intergovernmental   | 4,138,356             | 1,799,494            | 1,063,618            | 844,483              | 2,626,630            | 2,310,153            | 1,114,882             | 1,463,080            | 1,255,756              | 1,552,581             |
| Fees/Charges for Services   | 2,501,208             | 2,506,678            | 5,589,526            | 6,545,780            | 4,975,201            | 7,429,506            | 8,699,519             | 4,787,332            | 5,593,339              | 5,978,648             |
| Fines & Forfeitures   | -                     | -                    | -                    | -                    | -                    | 427,554              | 514,587               | 480,309              | 456,796                | 505,381               |
| Developer Contributions   | -                     | -                    | -                    | -                    | -                    | -                    | -                     | -                    | -                      | -                     |
| Interest Earnings   | 56,812                | 98,172               | 66,551               | 89,897               | 74,332               | 89,800               | 190,746               | 289,201              | 528,099                | 663,435               |
| Impact Fees   | -                     | -                    | -                    | -                    | -                    | -                    | -                     | 2,912,619            | 3,360,807              | 2,676,903             |
| Other   | 203,803               | 2,041,161            | 534,896              | 81,909               | 79,846               | 47,459               | 110,180               | 101,372              | 346,534                | 30,845                |
| <b>Total Revenues</b>   | <b>\$ 12,006,120</b>  | <b>\$ 12,007,310</b> | <b>\$ 13,607,642</b> | <b>\$ 14,199,196</b> | <b>\$ 14,659,912</b> | <b>\$ 17,746,995</b> | <b>\$ 19,002,914</b>  | <b>\$ 19,020,773</b> | <b>\$ 21,572,734</b>   | <b>\$ 22,335,201</b>  |
| <b>Expenditures</b>   |                       |                      |                      |                      |                      |                      |                       |                      |                        |                       |
| General Government  | 1,211,931             | 1,256,561            | 1,919,556            | 2,294,465            | 2,118,559            | 2,266,424            | 2,345,329             | 2,462,576            | 2,287,597              | 2,541,928             |
| Public Safety   | 5,122,624             | 4,613,424            | 4,582,135            | 5,392,426            | 5,295,083            | 5,724,366            | 6,276,346             | 6,554,146            | 8,113,915              | 11,958,418            |
| Highways and Public Improvements  | 6,304,986             | 2,464,024            | 3,545,121            | 2,521,683            | 1,589,359            | 2,003,657            | 4,959,389             | 1,442,102            | 4,310,738              | 1,720,616             |
| Parks and Recreation  | 1,627,197             | 2,264,012            | 2,665,475            | 953,329              | 1,379,264            | 2,777,486            | 3,961,206             | 2,501,142            | 8,842,946              | 6,654,564             |
| Capital Expenditures  | -                     | -                    | -                    | -                    | 4,135,524            | 2,339,204            | 2,319,328             | 1,310,587            | 4,916,714              | 2,036,111             |
| Debt Service:   |                       |                      |                      |                      |                      |                      |                       |                      |                        |                       |
| Principal Retirement  | -                     | -                    | -                    | -                    | -                    | -                    | -                     | 165,000              | 922,000                | 1,012,000             |
| Interest & Fiscal Charges   | -                     | -                    | -                    | -                    | -                    | -                    | -                     | 241,318              | 767,873                | 593,838               |
| Capital Lease Payments  | 324,228               | 1,405,289            | 365,282              | 533,463              | 129,099              | 155,000              | 160,000               | -                    | -                      | -                     |
| Developer Reimbursement   | -                     | -                    | -                    | -                    | -                    | -                    | -                     | -                    | -                      | 1,066,279             |
| Bond Issuance Costs and Trustee Fees  | -                     | 114,617              | 291,000              | 291,800              | 292,332              | 137,882              | 133,171               | 197,504              | -                      | -                     |
| <b>Total Expenditures</b>   | <b>\$ 14,590,966</b>  | <b>\$ 12,117,927</b> | <b>\$ 13,368,569</b> | <b>\$ 11,987,166</b> | <b>\$ 14,939,220</b> | <b>\$ 15,404,019</b> | <b>\$ 20,154,769</b>  | <b>\$ 14,874,375</b> | <b>\$ 30,161,783</b>   | <b>\$ 27,583,754</b>  |
| <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>                  | <b>\$ (2,584,846)</b> | <b>\$ (110,617)</b>  | <b>\$ 239,073</b>    | <b>\$ 2,212,030</b>  | <b>\$ (279,308)</b>  | <b>\$ 2,342,976</b>  | <b>\$ (1,151,855)</b> | <b>\$ 4,146,398</b>  | <b>\$ (8,589,049)</b>  | <b>\$ (5,248,553)</b> |
| <b>Other Financing Sources (Uses)</b>   |                       |                      |                      |                      |                      |                      |                       |                      |                        |                       |
| Proceeds From Obligations Under Capital I   | 69,021                | 21,400               | 119,100              | -                    | 211,322              | 120,119              | 8,043                 | -                    | -                      | 11,978                |
| Developer Reimbursement   | -                     | -                    | -                    | -                    | -                    | -                    | -                     | -                    | (3,545,575)            | -                     |
| Bond Proceeds   | -                     | 4,000,000            | -                    | -                    | -                    | 15,799               | -                     | 15,399,427           | -                      | -                     |
| Bond Premium  | -                     | 134,193              | -                    | -                    | -                    | -                    | -                     | -                    | -                      | -                     |
| Proceeds From Sales of Capital Assets   | -                     | 50,050               | 200,743              | 51,352               | -                    | -                    | -                     | 183,719              | -                      | -                     |
| Transfers In  | -                     | 750,130              | 2,538,216            | 2,428,616            | 2,231,485            | 1,344,074            | 3,621,247             | 2,372,046            | 2,450,242              | 3,040,448             |
| Transfers Out   | (398,368)             | (1,130,130)          | (2,538,216)          | (2,428,616)          | (2,231,485)          | (1,344,074)          | (3,583,860)           | (2,334,659)          | (2,844,307)            | (2,991,965)           |
| <b>Total Other Financing Sources (Uses)</b>                                       | <b>\$ (329,347)</b>   | <b>\$ 3,825,643</b>  | <b>\$ 319,843</b>    | <b>\$ 51,352</b>     | <b>\$ 211,322</b>    | <b>\$ 135,918</b>    | <b>\$ 45,430</b>      | <b>\$ 15,620,533</b> | <b>\$ (3,939,640)</b>  | <b>\$ 60,461</b>      |
| <b>Net Change in Fund Balances</b>  | <b>\$ (2,914,193)</b> | <b>\$ 3,715,026</b>  | <b>\$ 558,916</b>    | <b>\$ 2,263,382</b>  | <b>\$ (67,986)</b>   | <b>\$ 2,478,894</b>  | <b>\$ (1,106,425)</b> | <b>\$ 19,766,931</b> | <b>\$ (12,528,689)</b> | <b>\$ (5,188,092)</b> |
| <b>Ratio of Total Debt Service Expenditures to total non capital expenditures</b> | 2.3%                  | 14.3%                | 5.2%                 | 7.4%                 | 4.1%                 | 2.3%                 | 1.7%                  | 4.7%                 | 7.2%                   | 7.0%                  |

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

**Schedule 5**  
**CITY OF SARATOGA SPRINGS, UTAH**  
**Governmental Activities Tax Revenues by Source**  
**Last TEN Fiscal Years**  
**(modified accrual basis of accounting)**

| <b>Fiscal Year</b> | <b>Property Tax</b> | <b>Sales and Use Tax</b> | <b>Franchise Fees</b> | <b>Energy Taxes</b> | <b>Total</b> |
|--------------------|---------------------|--------------------------|-----------------------|---------------------|--------------|
| 2009               | \$ 1,929,926        | \$ 1,446,985             | \$ 141,716            | \$ 450,148          | \$ 3,968,775 |
| 2010               | 2,442,112           | 1,723,051                | 158,393               | 549,691             | 4,873,247    |
| 2011               | 2,395,277           | 1,881,168                | 227,207               | 632,865             | 5,136,517    |
| 2012               | 2,758,185           | 2,162,610                | 212,494               | 655,845             | 5,789,134    |
| 2013               | 2,659,844           | 2,360,544                | 199,838               | 793,113             | 6,013,339    |
| 2014               | 2,686,612           | 2,653,278                | 221,085               | 870,992             | 6,431,967    |
| 2015               | 2,844,496           | 2,939,652                | 207,142               | 877,695             | 6,868,985    |
| 2016               | 2,668,123           | 2,939,653                | 212,143               | 953,656             | 6,773,575    |
| 2017               | 2,649,626           | 3,639,272                | 227,184               | 1,003,254           | 7,519,336    |
| 2018               | 2,643,303           | 4,146,681                | 223,362               | 1,019,126           | 8,034,490    |
| 2019               | 3,555,528           | 4,708,384                | 205,177               | 1,097,410           | 9,566,499    |
|                    |                     |                          |                       |                     | -            |
|                    |                     |                          |                       |                     | -            |

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

**Schedule 6**

**CITY OF SARATOGA SPRINGS, UTAH**

**Assessed Value of Taxable Property Excluding Fee-In-Lieu**

**Last Ten Calendar Years**

**(modified accrual basis of accounting)**

| <b>Calendar<br/>Year</b> | <b>Residential<br/>Property</b> | <b>Commerical<br/>Property</b> | <b>Miscellaneous<br/>Property</b> | <b>Total<br/>Assessed<br/>Value</b> | <b>Total Taxable<br/>Assessed<br/>Value</b> |
|--------------------------|---------------------------------|--------------------------------|-----------------------------------|-------------------------------------|---|
| 2008                     | \$ 932,667,853                  | \$ 62,553,999                  | \$ 49,865,634                     | \$ 1,045,087,486                    | \$ 1,017,244,323                            |
| 2009                     | 761,281,348                     | 108,869,886                    | 54,449,296                        | 924,600,530                         | 895,096,173                                 |
| 2010                     | 677,853,887                     | 112,726,260                    | 56,471,741                        | 847,051,888                         | 818,019,054                                 |
| 2011                     | 613,123,034                     | 104,439,630                    | 39,673,599                        | 757,236,263                         | 744,534,001                                 |
| 2012                     | 554,081,621                     | 88,261,615                     | 134,695,645                       | 777,038,881                         | 763,106,508                                 |
| 2013                     | 625,910,515                     | 90,163,478                     | 115,855,901                       | 831,929,894                         | 818,244,896                                 |
| 2014                     | 826,502,262                     | 111,913,600                    | 122,397,289                       | 1,060,813,151                       | 969,656,009                                 |
| 2015                     | 842,160,029                     | 91,446,400                     | 139,318,209                       | 1,072,924,638                       | 1,065,166,371                               |
| 2016                     | 999,046,165                     | 97,612,900                     | 161,893,154                       | 1,258,552,219                       | 1,206,364,927                               |
| 2017                     | 1,181,544,415                   | 121,605,600                    | 213,810,120                       | 1,516,960,135                       | 1,502,170,172                               |
| 2018                     | 1,367,830,802                   | 149,607,200                    | 259,689,568                       | 1,800,541,461                       | 1,712,820,837                               |

Source: Utah State Tax Commission and Utah County Treasurer

<http://propertytax.utah.gov/property-tax-rates/year-end-values-by-entity>

**Schedule 7**  
**CITY OF SARATOGA SPRINGS, UTAH**  
**Assessed Value of Taxable Property Including Fee-In-Lieu**  
**Last Ten Calendar Years**  
**(modified accrual basis of accounting)**

| <b>Calendar Year</b> | <b>Residential Property</b> | <b>Commerical Property</b> | <b>Miscellaneous Property</b> | <b>Fee-In-Lieu Value</b> | <b>Total Assessed Value</b> |
|----------------------|-----------------------------|----------------------------|-------------------------------|--------------------------|-----------------------------|
| 2008                 | \$ 932,667,853              | \$ 62,553,999              | \$ 49,865,634                 | \$ 347,430               | \$ 1,045,434,916            |
| 2009                 | 761,281,348                 | 108,869,886                | 54,449,296                    | 440,075                  | 925,040,605                 |
| 2010                 | 677,853,887                 | 112,726,260                | 56,471,741                    | 503,524                  | 847,555,412                 |
| 2011                 | 613,123,034                 | 104,439,630                | 39,673,599                    | 190,534                  | 757,426,797                 |
| 2012                 | 554,081,621                 | 88,261,615                 | 134,695,645                   | 208,986                  | 777,247,867                 |
| 2013                 | 625,910,515                 | 90,163,478                 | 115,855,901                   | 15,136,367               | 847,066,261                 |
| 2014                 | 826,505,262                 | 111,913,600                | 131,237,187                   | 15,728,392               | 969,656,099                 |
| 2015                 | 892,160,029                 | 91,446,400                 | 139,318,209                   | 15,640,297               | 1,155,908,456               |
| 2016                 | 999,046,165                 | 97,612,900                 | 161,893,154                   | 16,309,114               | 1,296,364,927               |
| 2017                 | 1,181,544,415               | 121,605,600                | 213,810,120                   | 18,375,999               | 1,535,336,134               |
| 2018                 | 1,367,830,802               | 149,607,200                | 259,689,568                   | 20,093,297               | 1,820,634,758               |

Source: Utah State Tax Commission

**Schedule 8**  
**CITY OF SARATOGA SPRINGS, UTAH**  
**TAXABLE SALES BY CATEGORY**  
**Last Five Calendar Years**

|   | Calendar Year         |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 2014                  | 2015                  | 2016                  | 2017                  | 2018                  |
| Retail Trade                                  | \$ 113,167,547        | \$ 120,493,315        | \$ 134,903,638        | \$ 141,021,664        | \$ 194,756,492        |
| Accommodation and Food Services               | 20,963,103            | 23,056,127            | 24,272,362            | 25,687,334            | 70,000                |
| Utilities                                     | 12,964,613            | 13,545,560            | 14,520,668            | 14,750,136            | 16,500                |
| Information                                   | 9,472,286             | 9,232,412             | 9,020,018             | 9,130,021             | 9,420,083             |
| Wholesale Trade                               | 2,481,843             | 7,257,027             | 3,880,350             | 4,160,248             | 6,273,824             |
| Motor Vehicle Sales Tax                       | 6,435,003             | 6,346,056             | 7,645,128             | 8,128,123             | 11,000,000            |
| Other Services (except Public Administration) | 2,342,173             | 3,142,629             | 5,592,281             | 5,907,622             | 8,309,872             |
| Miscellaneous                                 | 1,929,795             | 2,323,817             | 7,980,524             | 6,687,151             | 10,119,962            |
| All others                                    | 5,360,641             | 6,575,124             | 9,604,431             | 8,843,201             | 20697314              |
| <b>Total</b>                                  | <b>\$ 175,117,004</b> | <b>\$ 191,972,067</b> | <b>\$ 217,419,400</b> | <b>\$ 224,315,500</b> | <b>\$ 260,664,047</b> |
| 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

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

**Schedule 9**  
**CITY OF SARATOGA SPRINGS, UTAH**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Calendar Years**  
**(rate per \$1,000 of assessed value)**

| Calendar Year | City Direct Rate | Overlapping Rates |                       |                             |              |                        | Total Levy for Saratoga Springs Residents |
|---------------|------------------|-------------------|-----------------------|-----------------------------|--------------|------------------------|---|
|               |                  | Utah County Levy  | Local Assessment Levy | State Assessment/Collecting | Cent Ut Levy | Alpine School District |   |
| 2008          | 0.002019         | 0.000809          | 0.000175              | 0.000121                    | 0.000286     | 0.007057               | 0.010467                                  |
| 2009          | 0.002436         | 0.000878          | 0.000183              | 0.000142                    | 0.000400     | 0.007541               | 0.011580                                  |
| 2010          | 0.002744         | 0.001108          | 0.000024              | 0.000162                    | 0.000421     | 0.008220               | 0.012679                                  |
| 2011          | 0.003120         | 0.001143          | 0.000027              | 0.000172                    | 0.000436     | 0.008812               | 0.013710                                  |
| 2012          | 0.003054         | 0.001127          | 0.000029              | 0.000168                    | 0.000455     | 0.008828               | 0.013661                                  |
| 2013          | 0.002761         | 0.001006          | 0.000095              | 0.000158                    | 0.000447     | 0.008699               | 0.013166                                  |
| 2014          | 0.002233         | 0.000916          | 0.000022              | 0.000013                    | 0.000447     | 0.008096               | 0.011727                                  |
| 2015          | 0.002083         | 0.000870          | 0.000028              | 0.000228                    | 0.000405     | 0.008070               | 0.011684                                  |
| 2016          | 0.001994         | 0.000834          | 0.000025              | 0.000190                    | 0.000400     | 0.007718               | 0.011161                                  |
| 2017          | 0.001731         | 0.000732          | 0.000170              | 0.000200                    | 0.000419     | 0.007310               | 0.010094                                  |
| 2018          | 0.001731         | 0.000732          | 0.000170              | 0.000009                    | 0.000420     | 0.007033               | 0.010095                                  |

Source: Utah County Assessors Office

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

[http://www.utahcounty.gov/Dept/Treas/TaxRates/TaxRatesYear.asp?tax\\_year=2016&button=Search](http://www.utahcounty.gov/Dept/Treas/TaxRates/TaxRatesYear.asp?tax_year=2016&button=Search)

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

| <b>Fiscal<br/>Year</b> | <b>City<br/>Direct<br/>Rate</b> | <b>Utah<br/>County</b> | <b>State<br/>of Utah</b> | <b>Total</b> |
|------------------------|---------------------------------|------------------------|--------------------------|--------------|
| 2009                   | 1.25                            | 0.25                   | 4.70                     | 6.20         |
| 2010                   | 1.80                            | 0.25                   | 4.70                     | 6.75         |
| 2011                   | 1.80                            | 0.25                   | 4.70                     | 6.75         |
| 2012                   | 1.80                            | 0.25                   | 4.70                     | 6.75         |
| 2013                   | 1.80                            | 0.25                   | 4.70                     | 6.75         |
| 2014                   | 1.80                            | 0.25                   | 4.70                     | 6.75         |
| 2015                   | 1.80                            | 0.25                   | 4.70                     | 6.75         |
| 2016                   | 1.80                            | 0.25                   | 4.70                     | 6.75         |
| 2017                   | 1.80                            | 0.25                   | 4.70                     | 6.75         |
| 2018                   | 1.80                            | 0.25                   | 4.70                     | 6.75         |
| 2019                   | 2.05                            | 0.25                   | 4.85                     | 7.15         |

Source: Utah State Tax Commission

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

**Schedule 11**

**CITY OF SARATOGA SPRINGS, UTAH**

**City Tax Revenue Collected by Utah County**

**Last Eight Calendar Years**

| <b>Tax Year<br/>End<br/>12/31</b> | <b>Total<br/>Taxes<br/>Levied</b> | <b>Treasurer's<br/>Relief (1)</b> | <b>Net Taxes<br/>Assessed</b> | <b>Current<br/>Collections</b> | <b>Delinquent,<br/>Personal<br/>Property,<br/>and Misc.<br/>Collections (2)</b> | <b>Total<br/>Collections</b> | <b>% of Current<br/>Collections to<br/>Net Taxes<br/>Assessed</b> | <b>% of Total<br/>Collections to<br/>Net Taxes<br/>Assessed (3)</b> |
|-----------------------------------|-----------------------------------|-----------------------------------|-------------------------------|--------------------------------|---|------------------------------|---|---|
| 2011                              | \$ 2,322,946                      | \$ 19,180                         | \$ 2,303,766                  | \$ 2,079,374                   | \$ 575,767  | \$ 2,655,141                 | 90.26%  | 115.25%   |
| 2012                              | 2,330,527                         | 15,364                            | 2,315,163                     | 2,134,668                      | 678,428   | 2,813,096                    | 92.20%  | 121.51%   |
| 2013                              | 2,300,968                         | 151,612                           | 2,149,356                     | 2,149,356                      | 226,980   | 2,376,336                    | 100.00%   | 110.56%   |
| 2014                              | 2,888,902                         | 156,192                           | 2,732,710                     | 2,132,709                      | 193,021   | 2,325,730                    | 78.04%  | 85.11%  |
| 2015                              | 2,409,970                         | 111,248                           | 2,298,722                     | 2,292,722                      | 142,890   | 2,435,612                    | 99.74%  | 105.96%   |
| 2016                              | 2,586,315                         | 162,703                           | 2,423,612                     | 2,423,612                      | 103,163   | 2,526,775                    | 100.00%   | 104.26%   |
| 2017                              | 2,840,276                         | 196,973                           | 2,643,303                     | 2,643,303                      | 490,547   | 3,133,850                    | 100.00%   | 118.56%   |
| 2018                              | 3,118,867                         | 231,874                           | 2,886,993                     | 2,886,993                      | 642,906   | 3,529,900                    | 100.00%   | 122.27%   |

Source: Utah County Treasurer

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

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

Schedule 12

CITY OF SARATOGA SPRINGS, UTAH

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 | Special Assessment Bonds | Capital Leases | Water Interim Warrant Certificate | Water Revenue Bonds | Sewer Revenue Bonds | Special Assessment Bonds | Culinary Water System Contract Payable |                          |                                   |                | Capital Leases |
| 2010        | \$ -                    |                          | \$ 1,895,779   | \$ - (9)                          | \$ 5,458,595        |                     | \$ 4,669,539 (9)         | \$ 16,460,750                          | \$ 100,914               | \$ 28,585,577                     | 6.41%          | 1,731          |
| 2011        | 4,000,000 (10)          |                          | 549,948 (10)   | -                                 | 5,193,000           |                     | 4,601,000                | 15,971,500                             | 68,123                   | 30,383,571                        | 6.73%          | 1,709          |
| 2012        | 3,860,000               |                          | 382,431        |                                   | 4,918,000           |                     | 3,114,374 (11)           | 15,003,460                             | 37,974                   | 27,316,239                        | 6.07%          | 1,526          |
| 2013        | 3,835,270               |                          | 349,923        |                                   | 4,634,000           |                     | 2,898,500                | 13,946,960                             | 17,267                   | 25,681,920                        | 4.58%          | 1,212          |
| 2014        | 3,565,000               |                          | 376,227 (12)   |                                   | 4,340,000           |                     | 2,110,000                | 13,334,960                             | 6,325                    | 23,732,512                        | 5.20%          | 1,193          |
| 2015        | 3,410,000               |                          | 373,755        |                                   | 9,995,000 (13)      |                     | 1,957,000                | 12,658,960                             | 4,612                    | 28,399,327                        | 5.77%          | 1,166          |
| 2016        | 3,250,000               |                          | 219,583        |                                   | 9,575,000           |                     | 1,837,000                | 11,526,540                             | 2,983                    | 26,411,106                        | 5.12%          | 1,180          |
| 2017        | 12,865,000 (15)         | 5,300,000 (14)           | 108,543        |                                   | 18,855,000 (14)     |                     | 1,515,000                | 10,365,660                             | 1,120                    | 49,010,323                        | 7.42%          | 2,085          |
| 2018        | 12,365,000              | 4,878,000                | 17,360         |                                   | 18,265,000          | 9,970,000 (16)      | 1,375,000                | 8,779,750                              | -                        | 55,650,110                        | 7.95%          | 2,354          |
| 2019        | 11,815,000              | 4,416,000                | -              |                                   | 17,580,000          | 9,800,000           | 1,264,000                | 7,723,750                              | -                        | 52,598,750                        | 7.52%          | 2,225          |

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(14) The City issued Water Revenue Bonds for \$9,710,000 and Special Assessment Bonds for \$5,300,000 in 2016

(15) The City issued Sales Tax Revenue Bonds for \$9,780,000 in 2017

(16) The City issued Sewer Revenue Bonds for \$9,970,000 in 2018

**Schedule 13**  
**City of Saratoga Springs**  
**Legal Debt Margin Information**  
**Last Ten Calendar Years**

|  | 2009          | 2010          | 2011          | 2012          | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Debt limit   | \$ 36,984,021 | \$ 33,882,076 | \$ 30,289,451 | \$ 31,081,555 | \$ 40,873,471 | \$ 46,402,900 | \$ 46,192,426 | \$ 60,067,207 | \$ 63,029,814 | \$ 72,021,658 |
| Total net debt applicable to limit                                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Legal debt margin  | \$ 36,984,021 | \$ 33,882,076 | \$ 30,289,451 | \$ 31,081,555 | \$ 40,873,471 | \$ 46,402,900 | \$ 46,192,426 | \$ 60,067,207 | \$ 63,029,814 | \$ 72,021,658 |
| 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 Calander Year 2018**

|   |                         |
|---|-------------------------|
| Total assessed value                    | <u>\$ 1,800,541,461</u> |
| Debt limit - 4% of total assessed value | 72,021,658              |
| Amount of debt applicable to debt limit | <u>-</u>                |
| Legal debt margin                       | <u>\$ 72,021,658</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 limitaion may be offset by resources set aside for the repayment of the principal that are externally restricted.

Schedule 14  
 CITY OF SARATOGA SPRINGS, UTAH  
 Direct and Overlapping Governmental Activities Debt  
 As of June 30 2019

| Government Unit                   | Debt Outstanding | Estimated % | Estimated Share of Overlapping Debt |
|-----------------------------------|------------------|-------------|-------------------------------------|
| Alpine School District            | \$ 597,834,097   | 5%          | \$ 29,891,705                       |
| CUWCD                             | 932,700,000      | 3%          | 27,981,000                          |
| Subtotal, Overlapping debt        | 1,530,534,097    | 8%          | 57,872,705                          |
| <br>Saratoga Springs Direct Debt  | <br>20,627,928   |             | <br>20,627,928                      |
| Total Direct and overlapping debt | \$ 1,551,162,025 |             | \$ 78,500,633                       |

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Saratoga Springs. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. (1) Includes only long-term general obligation debt being repaid through general property taxes. (2) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by dividing the City's taxable assessed value by each overlapping unit's total taxable assessed value. Central Utah Water Conservancy District's (CUWCD) outstanding general obligation bonds are limited ad valorem tax bonds. By law CUWCD may levy a tax rate of up to .000400 to pay for operation and maintenance expenses and any outstanding ad valorem tax bonds. CUWCD is located in multiple counties. Overlapping debt is based solely on the portion of value within City boundaries. Source: Utah State Auditor, Utah State Tax Commission

Schedule 15  
City of Saratoga Springs  
Pledged-Revenue Coverage  
Last Ten Fiscal Years

| 2011 Sales Tax Bond & 2017 Sales Tax Bond |                 |            |            | 2012 Special Assessment Bond |                    |                       |                 |               |              | 2014 Water Revenue Bond & 2016 Water Revenue Bond |                    |                       |                 |            |            |      |
|---|-----------------|------------|------------|------------------------------|--------------------|-----------------------|-----------------|---------------|--------------|---|--------------------|-----------------------|-----------------|------------|------------|------|
| Debt Service                              |                 |            |            | Debt Service                 |                    |                       |                 |               |              | Debt Service                                      |                    |                       |                 |            |            |      |
| Sales Tax Revenues                        | Principal       | Interest   | Coverage   | SID Fees                     | Operating Expenses | Net Available Revenue | Principal       | Interest      | Coverage     | Water Revenues                                    | Operating Expenses | Net Available Revenue | Principal       | Interest   | Coverage   |      |
| 2010                                      | \$ 1,723,050.95 | N/A        | N/A        | N/A                          | \$ 3,696,125.34    | \$ 1,706.51           | \$ 3,694,418.83 | N/A           | N/A          | N/A   | N/A                | N/A                   | N/A             | N/A        | N/A        |      |
| 2011                                      | \$ 1,881,168.00 | N/A        | N/A        | N/A                          | \$ 447,832.24      | \$ 22,644.00          | \$ 425,188.24   | N/A           | N/A          | N/A   | N/A                | N/A                   | N/A             | N/A        | N/A        |      |
| 2012                                      | \$ 2,162,610.27 | \$ 140,000 | \$ 148,500 | 7.5                          | \$ 1,631,518.92    | \$ 207,479.96         | \$ 1,424,038.96 | N/A           | N/A          | N/A   | N/A                | N/A                   | N/A             | N/A        | N/A        |      |
| 2013                                      | \$ 2,360,543.79 | \$ 145,000 | \$ 144,300 | 8.2                          | \$ 713,047.12      | \$ 35,682.99          | \$ 677,364.13   | \$ 157,374.34 | \$ 23,357.81 | 3.7   | N/A                | N/A                   | N/A             | N/A        | N/A        |      |
| 2014                                      | \$ 2,653,278.10 | \$ 150,000 | \$ 139,950 | 9.2                          | \$ 339,994.97      | \$ 36,320.56          | \$ 303,674.41   | \$ 159,000.00 | \$ 25,134.50 | 1.6   | \$ 4,084,565       | \$ 1,782,803.17       | \$ 2,301,762.10 | N/A        | N/A        |      |
| 2015                                      | \$ 2,939,652.89 | \$ 155,000 | \$ 135,450 | 10.1                         | \$ 248,540.78      | \$ 10,310.00          | \$ 238,230.78   | \$ 160,000.00 | \$ 28,819.40 | 1.3   | \$ 4,874,198       | \$ 1,960,760.27       | \$ 2,913,437.67 | \$ -       | \$ 158,291 | 18.4 |
| 2016                                      | \$ 3,215,928.54 | \$ 160,000 | \$ 130,800 | 11.1                         | \$ 297,185.17      | \$ 13,828.00          | \$ 283,357.17   | \$ 162,000.00 | \$ 35,613.00 | 1.4   | \$ 6,778,818       | \$ 2,470,413.59       | \$ 4,308,404.68 | \$ 420,000 | \$ 272,425 | 6.2  |
| 2017                                      | \$ 3,639,272.01 | \$ 165,000 | \$ 126,000 | 12.5                         | \$ 372,019.65      | \$ 9,098.00           | \$ 362,921.65   | \$ 164,000.00 | \$ 37,387.60 | 1.8   | \$ 6,234,326       | \$ 2,649,500.57       | \$ 3,584,825.20 | \$ 430,000 | \$ 263,925 | 5.2  |
| 2018                                      | \$ 4,146,681.00 | \$ 500,000 | \$ 463,058 | 4.3                          | \$ 166,047.31      | \$ 1,750.00           | \$ 164,297.31   | \$ 140,000.00 | \$ 47,646.64 | 0.9   | \$ 7,593,872       | \$ 4,333,689.00       | \$ 3,260,183.00 | \$ 590,000 | \$ 572,474 | 2.8  |
| 2019                                      | \$ 4,708,384.00 | \$ 570,000 | \$ 391,826 | 4.9                          | \$ 310,206.94      | \$ 11,560.00          | \$ 298,646.94   | \$ 114,000.00 | \$ 45,718.00 | 1.9   | \$ 8,752,694       | \$ 5,544,595.34       | \$ 3,208,098.93 | \$ 835,000 | \$ 548,726 | 2.3  |

| 2018 Sewer Revenue Bonds |                    |                       |              |           |            |         |
|--------------------------|--------------------|-----------------------|--------------|-----------|------------|---------|
| Debt Service             |                    |                       |              |           |            |         |
| Sewer Revenues           | Operating Expenses | Net Available Revenue | Principal    | Interest  | Coverage   |         |
| 2010                     | N/A                | N/A                   | N/A          | N/A       | N/A        | N/A     |
| 2011                     | N/A                | N/A                   | N/A          | N/A       | N/A        | N/A     |
| 2012                     | N/A                | N/A                   | N/A          | N/A       | N/A        | N/A     |
| 2013                     | N/A                | N/A                   | N/A          | N/A       | N/A        | N/A     |
| 2014                     | N/A                | N/A                   | N/A          | N/A       | N/A        | N/A     |
| 2015                     | N/A                | N/A                   | N/A          | N/A       | N/A        | N/A     |
| 2016                     | N/A                | N/A                   | N/A          | N/A       | N/A        | N/A     |
| 2017                     | N/A                | N/A                   | N/A          | N/A       | N/A        | N/A     |
| 2018                     | \$ 4,741,279       | \$ 1,568,774          | \$ 3,172,505 | \$ -      | \$ -       | #DIV/0! |
| 2019                     | \$ 6,903,388       | \$ 3,453,713          | \$ 3,449,675 | \$285,000 | \$ 312,114 | 5.8     |

Source: City Finance Department

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

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

**Schedule 16**  
**CITY OF SARATOGA SPRINGS, UTAH**  
**Demographic Statistics**

| Census: | Year | City of<br>Saratoga<br>Springs | Personal<br>Income | Per<br>Capita<br>Income | Median<br>Age | Unemployment<br>Rate |
|---------|------|--------------------------------|--------------------|-------------------------|---------------|----------------------|
|         | 2005 | 11,241                         | \$ 277,225,542     | \$ 24,662               | 24.8          | 2.90                 |
|         | 2006 | 13,039                         | 340,213,588        | 26,092                  | 25.2          | 2.50                 |
|         | 2007 | 14,788                         | 399,497,820        | 27,015                  | 25.6          | 3.40                 |
|         | 2008 | 16,516                         | 419,572,464        | 25,404                  | 25.9          | 7.30                 |
|         | 2009 | 17,781                         | 447,032,121        | 25,141                  | 26.1          | 7.90                 |
|         | 2010 | 18,299                         | 474,366,480        | 25,923                  | 22.6          | 6.50                 |
|         | 2011 | 21,137                         | 583,888,488        | 27,624                  | 22.6          | 5.50                 |
|         | 2012 | 23,207                         | 532,104,777        | 22,929                  | 24.2          | 3.60                 |
|         | 2013 | 24,356                         | 492,234,760        | 20,210                  | 24.3          | 3.40                 |
|         | 2014 | 26,652                         | 515,863,728        | 20,210                  | 24.1          | 3.20                 |
|         | 2015 | 27,763                         | 613,201,381        | 21,070                  | 24.6          | 3.00                 |
|         | 2016 | 28,121                         | 660,865,127        | 23,501                  | 22.1          | 3.90                 |
|         | 2017 | 29,608                         | 699,853,104        | 23,637                  | 20.0          | 3.90                 |
|         | 2018 | 29,608                         | 699,853,104        | 23,637                  | 19.2          | 3.90                 |
|         | 2019 | 31,393                         | 737,013,461        | 23,477                  | 18.0          | 2.90                 |

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

Notes: (1) Percentages for Utah County

**Schedule 17**  
**CITY OF SARATOGA SPRINGS, UTAH**  
**PRINCIPAL EMPLOYERS**  
**Current and 9 years ago**

| <u>2019</u>            |                  |             | <u>2009</u>              |                  |             |
|------------------------|------------------|-------------|--------------------------|------------------|-------------|
| <u>Employer</u>        | <u>Employees</u> | <u>Rank</u> | <u>Employer</u>          | <u>Employees</u> | <u>Rank</u> |
| Alpine School District | 500-999          | 1           | Alpine School District   | 350              | 1           |
| Smiths Marketplace     | 250-499          | 2           | Wal-Mart                 | 300              | 2           |
| Walmart Super Center   | 250-499          | 2           | City of Saratoga Springs | 200              | 2           |
| Saratoga Springs City  | 100-249          | 4           | Smith's Food and Drug    | 120              | 4           |
| Dean Fluor, LLC        | 50-100           | 5           | Lakeview Academy         | 60               | 5           |
| Lakeview Academy       | 50-100           | 5           | McDonalds                | 40               | 5           |
| McDonalds              | 50-99            | 7           | Arctic Circle            | 40               | 5           |
| Arctic Circle          | 50-99            | 7           |                          |                  |             |
| Vasa Fitness           | 50-99            | 7           |                          |                  |             |
| Riding Siding          | 1-49             | 10          |                          |                  |             |

**Schedule 18**  
**CITY OF SARATOGA SPRINGS**  
**Full-time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

| <b>Function</b>      | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u>  | <u>2013</u>  | <u>2014</u>  | <u>2015</u>   | <u>2016</u>   | <u>2017</u>  | <u>2018</u>  | <u>2019</u>  |
|----------------------|-------------|-------------|-------------|--------------|--------------|--------------|---------------|---------------|--------------|--------------|--------------|
| General government   |             |             |             |              |              |              |               |               |              |              |              |
| Administration       | 6.8         | 7.1         | 7.7         | 7.3          | 7.5          | 8.5          | 8.2           | 10.0          | 7.7          | 7.3          | 9.0          |
| Attorney             | 0.5         | 0.5         | 0.5         | 1.5          | 1.5          | 2.5          | 2.1           | 2.9           | 3.1          | 3.1          | 3.1          |
| Planning             | 3.0         | 1.0         | 2.0         | 2.0          | 3.0          | 3.5          | 3.7           | 4.6           | 5.4          | 5.1          | 5.6          |
| Courts               | 1.0         | 1.0         | 2.0         | 2.4          | 2.4          | 3.0          | 2.0           | 3.0           | 2.5          | 2.0          | 2.3          |
| Public Safety        |             |             |             |              |              |              |               |               |              |              |              |
| Police (1)           | 22.3        | 25.3        | 33.9        | 36.0         | 36.0         | 34.5         | 37.9          | 42.0          | 47.0         | 50.9         | 53.9         |
| Fire                 | 19.1        | 18.3        | 21.0        | 22.5         | 22.5         | 16.0         | 23.3          | 17.5          | 20.0         | 21.3         | 23.0         |
| Building inspection  | 5.0         | 4.0         | 4.0         | 3.0          | 4.0          | 5.0          | 5.0           | 8.6           | 8.7          | 8.7          | 10.1         |
| Public Works         |             |             |             |              |              |              |               |               |              |              |              |
| Public Works         | 1.0         | 1.0         | 1.0         | 2.4          | 2.4          | 6.0          | 4.0           | 5.5           | 5.4          | 5.5          | 6.3          |
| Engineering          | 4.5         | 7.4         | 7.0         | 6.7          | 7.7          | 6.5          | 5.1           | 5.0           | 4.0          | 4.0          | 4.0          |
| Highways and streets | 3.0         | 3.0         | 2.0         | 2.0          | 2.0          | 4.0          | 4.3           | 7.0           | 10.8         | 8.0          | 9.0          |
| Water                | 5.7         | 4.7         | 5.7         | 5.0          | 5.0          | 5.5          | 8.0           | 8.8           | 9.4          | 10.0         | 12.9         |
| Sewer                | 1.3         | 0.3         | 2.3         | 3.0          | 3.0          | 3.0          | 2.5           | 2.8           | 1.7          | 2.8          | 2.8          |
| Parks and recreation | 3.7         | 3.7         | 5.5         | 7.8          | 8.8          | 2.5          | 11.7          | 16.53         | 21.21        | 18.4         | 23.8         |
| Other                |             |             |             |              |              |              |               |               |              | 24.13        | 25.6         |
| <b>Total</b>         | <b>76.9</b> | <b>77.3</b> | <b>94.6</b> | <b>101.6</b> | <b>105.8</b> | <b>100.5</b> | <b>117.77</b> | <b>134.23</b> | <b>147.1</b> | <b>146.9</b> | <b>191.4</b> |

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 19**  
**CITY OF SARATOGA SPRINGS, UTAH**  
**OPERATION INDICATORS BY FUNCTION**  
**Current Year**

---

|  | <u>2019</u> |
|--|-------------|
| Fire Protection                            |             |
| Number of Full-time employees              | 14          |
| Number of Part-time employees              | 33          |
| Fire calles for service                    | 464         |
| Medical Calls for Service                  | 792         |
| Police Protection                          |             |
| Number of Officers                         | 49          |
| Police calls for service                   | 19,256      |
| Municipal Water Services                   |             |
| Number of connections                      | 8696        |
| Gallons billed/day                         | 1,534,000   |
| Municipal Sewer Services                   |             |
| Number of connections                      | 8696        |
| Municipal Refuse Services                  |             |
| Number of first cans                       | 7282        |
| Number of second cans                      | 2079        |
| Number of recycle cans                     | 7225        |
| Business Licenses                          |             |
| Number of licenses issued                  | 347         |
| Building and Construction                  |             |
| Number of building permits issued          | 1078        |
| Number of residential units- single family | 521         |
| Number of residential units- multi-family  | 144         |
| Parks & Recreation                         |             |
| Number of Basketball Participants          | 1735        |
| Number of Football Participants            | 354         |
| Number of Soccer                           | 3351        |
| Number of Baseball                         | 2117        |
| Number of Fishing                          | 27          |
| Number of Camps/Tournaments                | 1175        |
| Number of Tennis                           | 176         |
| Number of Golf                             | 217         |
| Number of Volleyball                       | 481         |
| Number of Pickleball                       | 114         |
| Number of Track/Cross Country              | 192         |

Source: City Departments

---

**Schedule 20**  
**CITY OF SARATOGA SPRINGS, UTAH**  
**CAPITAL ASSETS BY FUNCTION**  
**Current Year**

---

|                                 | <u>2019</u> |
|---------------------------------|-------------|
| Streets                         |             |
| Number of lane miles            | 225.6       |
| Number of street lights         | 2247        |
| Fire Protection                 |             |
| Number of Stations              | 2           |
| Number of hydrants              | 1644        |
| Number of fire pumping vehicles | 3           |
| 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            | 254.5       |
| Municipal Sewer Facilities      |             |
| Miles of sewer mains            | 119.8       |
| Parks & Recreation              |             |
| Number of parks                 | 31          |
| Park and open space acreage     | 335.1       |

Source: City Departments

---

Schedule 21  
CITY OF SARATOGA SPRINGS CITY UTAH  
Five Year Financial Summaries  
Last Five Fiscal Years

|  | Fiscal Year Ended June 30 |                      |                      |                      |                      |
|--|---------------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2015                      | 2016                 | 2017                 | 2018                 | 2019                 |
| <b>ASSETS</b>  |                           |                      |                      |                      |                      |
| Cash and Investments                                 | \$28,510,379              | \$39,461,737         | \$39,609,385         | \$44,883,339         | \$52,796,592         |
| Receivables (not of allowances for uncollectables)   | 2,867,139                 | 1,739,455            | 1,096,218            | 3,392,264            | 2,451,124            |
| Prepaid and inventories                              | 36,955                    | 18,477               |                      | 120,000              |                      |
| Deferred charges                                     |                           |                      |                      |                      |                      |
| Restricted cash and investments                      | 2,814,571                 | 2,787,320            | 3,391,770            | 19,861,313           | 7,086,454            |
| Due from other funds                                 | 4,766,668                 | 4,083,136            | 3,789,823            |                      |                      |
| Due from other governmental units                    | 2,187,081                 | 2,396,502            | 2,396,502            | 2,897,153            | 3,213,403            |
| Speical Assessment Receivable                        |                           |                      |                      | 2,544,927            | 3,149,206            |
| Pension assets                                       | 43,059                    | 6,995                | 4,648                | 114,164              |                      |
| Capital assets                                       |                           |                      |                      |                      |                      |
| Land   | 20,201,852                | 20,201,852           | 21,265,004           | 25,437,888           | 26,373,788           |
| Water Rights   | 15,699,164                | 15,720,925           | 15,954,480           | 16,212,529           | 18,498,848           |
| Construction in progress                             | 3,094,850                 | 418,799              | 4,945,709            | 11,365,077           | 9,623,342            |
| Capital assets not of accumulated depreciation       |                           |                      |                      |                      |                      |
| Buildings and systems                                | 4,586,050                 | 4,299,569            | 4,027,788            | 6,265,925            | 6,265,925            |
| Improvements other than buildings                    |                           |                      |                      |                      |                      |
| Machinery and equipment                              | 2,717,062                 | 2,755,463            | 2,094,599            | 7,978,860            | 8,995,345            |
| Infrastructure                                       | 142,400,266               | 62,887,291           | 59,819,294           | 289,900,475          | 321,063,329          |
| Accumulated Depreciation                             |                           |                      |                      | (105,832,938)        | (118,463,931)        |
| Deferred outflows of resources                       |                           |                      |                      |                      |                      |
| Pension related deferred outflows                    | 503,540                   | 1,489,687            |                      | 2,605,063            | 3,071,841            |
| Total Assets and deferred Outflows                   | <u>\$230,428,636</u>      | <u>\$158,267,208</u> | <u>\$158,395,220</u> | <u>\$327,746,039</u> | <u>\$344,125,266</u> |
| <b>LIABILITIES</b>                                   |                           |                      |                      |                      |                      |
| Accounts Payable                                     | \$2,432,336               | \$2,667,915          | \$750,027            | \$5,382,664          | \$4,659,044          |
| Accrued interest payable                             | 304,689                   | 335,642              | 364,000              | 180,198              | 190,681              |
| Due to other funds                                   | 4,766,668                 | 4,083,136            | 149,461              | 415,858              | 525,393              |
| Deposits   | 3,044,350                 | 8,418,144            | 4,626,197            | 8,005,219            | 8,704,959            |
| Unearned revenue                                     |                           |                      |                      |                      |                      |
| Nonconcurrent Liability                              |                           |                      |                      |                      |                      |
| Net pension Liability                                | 1,719,308                 | 2,255,727            | 3,076,126            |                      |                      |
| Due or payable within one year                       | 2,176,142                 | 2,152,177            | 3,063,900            | 3,364,057            | 3,681,043            |
| Due or payable after one year                        | 26,696,981                | 24,787,422           | 47,241,272           | 55,780,695           | 54,207,564           |
| Total Liabilities                                    | <u>\$41,140,474</u>       | <u>\$44,700,163</u>  | <u>\$59,270,983</u>  | <u>\$73,128,691</u>  | <u>\$71,968,684</u>  |
| Deferred inflows of resources                        |                           |                      |                      |                      |                      |
| Pension related deferred inflows                     | \$301,724                 | \$340,125            |                      | \$1,628,073          | \$187,065            |
| Property tax levied for future years                 |                           |                      |                      | 2,897,153.00         | 3,213,403.00         |
| <b>NET POSITION</b>                                  |                           |                      |                      |                      |                      |
| Net investment in capital assets                     | 160,347,239               | 190,585,917          | 223,940,044          | 223,665,022          | 240,541,175          |
| Restricted for debt service                          | 2,814,857                 | 2,787,320            | 5,926,731            |                      |                      |
| Restricted for capital improvements                  |                           |                      |                      |                      |                      |
| Restricted for roads                                 |                           |                      |                      |                      |                      |
| Unrestricted   | 25,824,628                | 30,566,807           | 31,989,284           | 26,427,100           | 28,214,939           |
| Total net position                                   | <u>189,288,448</u>        | <u>224,280,169</u>   | <u>261,856,059</u>   | <u>254,617,348</u>   | <u>272,156,582</u>   |
| Total liabilities, deferred inflows and net position | <u>\$230,428,922</u>      | <u>\$268,980,332</u> | <u>\$321,127,042</u> | <u>\$327,746,039</u> | <u>\$344,125,266</u> |

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



# GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
ESTABLISHED 1974

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

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

---

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Saratoga Springs (the City), as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 10, 2019.

### Internal Control Over Financial Reporting

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

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

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

### Compliance and Other Matters

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

---

AMERICAN FORK OFFICE  
85 NORTH CENTER STREET  
AMERICAN FORK, UT 84003  
(801) 756-9666  
FAX (801) 756-9667

PROVO OFFICE  
190 WEST 800 NORTH #100  
PROVO, UT 84601  
(801) 377-5300  
FAX (801) 373-5622

HEBER OFFICE  
45 SOUTH MAIN ST  
HEBER, UT 84032  
(435) 654-6477  
FAX (801) 373-5622

WWW.GILBERTANDSTEWART.COM

## **Purpose of this Report**

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

*Gilbert & Stewart*

GILBERT & STEWART, CPA PC  
Provo, Utah  
November 10, 2019



---

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

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

**Report on Compliance**

We have audited the City of Saratoga Springs' (the City) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2019.

State compliance requirements were tested for the year ended June 30, 2019 in the following areas:

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Utah Retirement Systems
- Restricted Taxes and Related Revenues
- Open and Public Meetings Act
- Public Treasurer's Bond
- Enterprise Fund Transfers, Reimbursements, Loans, and Services

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on the City's compliance based on our audit of the state 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 state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement 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 for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the City's compliance with those requirements.

### ***Opinion on Compliance***

In our opinion, the City of Saratoga Springs complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2019.

### ***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 our letter to management dated November 10, 2019 as items 2019-1. Our opinion on compliance is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying letter to management dated November 10, 2019 as items 2019-1. 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.

### **Report On Internal Control Over Compliance**

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

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

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

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

*Gilbert & Stewart*

GILBERT & STEWART, CPA PC  
Provo, Utah  
November 10, 2019



---

---

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

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

**Report on Compliance**

We have audited the City of Saratoga Springs' (the City) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2019.

State compliance requirements were tested for the year ended June 30, 2019 in the following areas:

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Utah Retirement Systems
- Restricted Taxes and Related Revenues
- Open and Public Meetings Act
- Public Treasurer's Bond
- Enterprise Fund Transfers, Reimbursements, Loans, and Services

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on the City's compliance based on our audit of the state 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 state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement 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 for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the City's compliance with those requirements.

### ***Opinion on Compliance***

In our opinion, the City of Saratoga Springs complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2019.

### ***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 our letter to management dated November 10, 2019 as items 2019-1 and 2019-2. Our opinion on compliance is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying letter to management dated November 10, 2019 as items 2019-1 and 2019-2. 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 state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

*Gilbert & Stewart*

GILBERT & STEWART, CPA PC

Provo, Utah

November 10, 2019