

City of Washington Terrace

Est. 1958

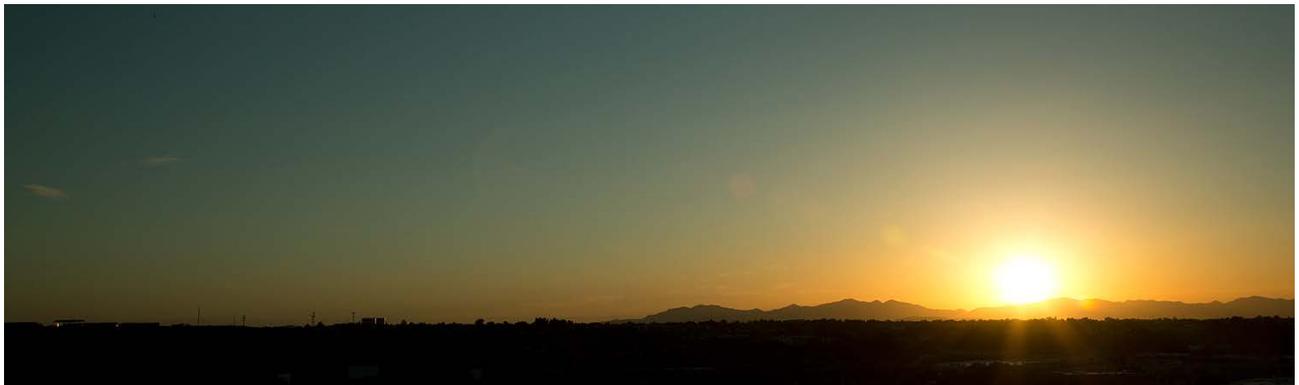
Comprehensive Annual Financial Report

Washington Terrace City Corporation, Utah

For the Fiscal Year Ended June 30, 2014

With

Independent Auditor's Report



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Washington Terrace, UT 84405

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www.washingtonterracecity.org

Washington Terrace City Corporation

County of Weber, State of Utah

COMPREHENSIVE ANNUAL FINANCIAL REPORT

includes Internal Control, Compliance Reports, and
Supplemental Information

For Fiscal Year Ended June 30, 2014



Prepared by:
Finance Department
Shari' C. Garrett
Finance Director

TABLE OF CONTENTS

City of Washington Terrace
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014

INTRODUCTORY SECTION

Transmittal Letter _____	2
Certificate of Achievement _____	12
Principal Officials _____	13
Organizational Chart _____	15

FINANCIAL SECTION

Independent Auditor's Report _____	18
Management's Discussion and Analysis _____	21

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position _____	41
Statement of Activities _____	42

Fund Financial Statements

Governmental Funds

Balance Sheet _____	44
Balance Sheet Reconciliation to Statement of Net Position _____	45
Statement of Revenues, Expenditures and Changes in Fund Balances _____	46
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities _____	47

TABLE OF CONTENTS

Proprietary Funds

Statement of Net Position _____	48
Statement of Revenues, Expenses, and Changes in Fund Net Position _____	49
Statement of Cash Flows _____	50

Notes to the Financial Statements _____	52
--	----

Supplementary Information

Governmental Funds

Budgetary Comparison Schedules

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual - General Fund _____	72
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual -Redevelopment Agency Special Revenue Fund _____	74

STATISTICAL SECTION

Financial Trends

Net Position by Component _____	77
Changes in Net Position _____	78
Fund Balance of Governmental Funds _____	80
Changes in Fund Balances, Governmental Funds _____	81

Revenue Capacity

General Governmental Revenues by Source _____	83
General Governmental Tax Revenue by Source _____	83
Assessed /Taxable and Estimated Market Value of Taxable Property _____	84
Property Tax Rates – Direct and Overlapping Governments _____	85
Principal Property Tax Payers _____	86
Property Tax Levies and Collections _____	87
Direct and Overlapping Sales Tax Rates _____	88

TABLE OF CONTENTS

Debt Capacity

Computation of Direct and Overlapping Debt _____	90
Legal Debt Margin _____	91
Pledged Revenue Coverage _____	92
Ratios of General Bonded Debt Outstanding _____	93
Ratios of Outstanding Debt by Type _____	94

Demographic and Economic Information

Demographic and Economic Indicators _____	96
Principal Employers _____	97

Operating Information

Operating Indicators by Function _____	99
Capital Assets by Function _____	100
Full-Time Equivalent Employees by Function _____	101
Property Value and Construction _____	102

**INTRODUCTORY
SECTION**





October 15, 2014

The Honorable Mayor, Members of the City Council, and Citizens of the City of Washington Terrace

Overview

The Comprehensive Annual Financial Report of the City of Washington Terrace City (“the City”) for the fiscal year ended June 30, 2013, is hereby submitted.

The Financial Statements have been prepared by the Washington Terrace City Department of Finance and Budget in accordance with the Generally Accepted Accounting Principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures, are the responsibility of the management of the City.

We believe the data, as presented, are accurate in all material respects and are presented in a manner that fairly sets forth the following aspects of the City:

- (1) the financial position of the governmental activities;
- (2) the business-type activities;
- (3) the discretely presented component unit;
- (4) each major fund;
- (5) the aggregate remaining fund information;
- (6) the respective changes in financial position; and
- (7) applicable cash flows.

In order to provide a reasonable basis for making these representations, the management of Washington Terrace City has established a comprehensive internal control framework that is

designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Washington Terrace City Corporation's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Washington Terrace City Corporation's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this report is complete and reliable in all material respects.

All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. This letter of transmittal is intended 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.

Keddington & Christensen, an independent firm of Certified Public Accountants, has audited these basic financial statements and related notes. Their report is included herein. The goal of the independent audit was to provide reasonable assurance that the financial statements of Washington Terrace City Corporation for the fiscal year ended June 30, 2014, are free of material misstatements. This independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and significant estimates made by management.

City History

Washington Terrace is a bedroom community with a rich history dating back to the World War II era. In the 1940's, the United States Government began creating large housing projects to provide temporary housing for workers of the military facilities supporting the war effort. As part of a military housing project, Washington Terrace was created in 1942-43. This project created approximately 1,400 two-bedroom family homes in barrack style housing. During World War II, the Terrace Housing Project met the needs of many service men and women and war workers from many trades. At the time there was no thought of this project continuing beyond the war.



After World War II, residents began efforts to convert the surplus temporary housing project into a permanent community. Through painstaking planning efforts, residents negotiated with the Federal government to create a permanent community utilizing the temporary infrastructure and housing. It is estimated that the original construction cost of the temporary governmental project was about \$8,000,000.

The Washington Terrace Non-Profit Housing Corporation purchased the temporary housing project from the Federal Government on September 1, 1950, for \$2,250,000. On that day, the Housing Corporation paid a 10 percent down payment of \$225,000 and assumed a mortgage note of \$2,025,000. From 1950 until its incorporation on December 12, 1958, the Housing Corporation operated the municipal needs of the community. The City has always been a leader in innovation and



determination. Inspired by the founding residents, this community has never lacked great examples of vision and leadership.

The City operates under a council-manager form of government. Under this organizational structure, the Mayor and a five member Council appoint a city manager to act as the chief executive officer who oversees the daily operations of the City. The Council establishes policy and direction by enacting local legislation and adopting budgets; the city manager is responsible for implementing the Council's policies and direction. The Mayor is elected for a term of 4 years, while the Council is elected for 4 years with staggered terms.

The Mayor appoints Planning Commission members and alternates. The Planning Commission is a volunteer position appointed to 4 year staggered terms. The Commission's primary responsibilities are to review and provide a recommendation on new development plans in accordance to the direction established by Council, zoning changes, and the general plan.

The City provides many public services including: public safety (police, fire/EMS, animal control, and justice court); parks and open space, recreation and special events; culinary water, sanitary sewer, refuse collection, and storm water services; streets and sidewalks; planning and zoning; and administrative services.

There are multiple overlapping taxing entities which results in the City's customers being subject to overlapping debt and taxation. Additionally, the City established in 1987 two redevelopment project areas known as the Southeast Project Area and Central Business District Project Area. These redevelopment projects were created to promote economic development growth that focus on job creation, increased economic activity, and ultimately broaden the economic base to support governmental services. Redevelopment Agencies are chartered under Utah law as separate legal governmental entities. This document includes reports of the Agency as the Mayor and City Council act as the appointed board members.

This document includes financial statements of all funds responsible for these activities, organizations, and functions that are related to the City and are controlled by or dependent upon the City's governing body, the Mayor and City Council.

Local Economy

Population

The City has had relative diminutive population growth since 2000 with population growth of 7.2 percent or 613 people or from 8,551 to 9,164 estimated 2013. Future population estimates indicate that the City will have a “build out” population of approximately 12,000 – 13,000 people.

Major Industries

Healthcare is the largest industry in the City. Ogden Regional Medical Center (since 1977) continues to be the City’s largest employer and taxpayer representing an estimated 42% of the City’s employment and 11.8% of the total taxable assessed valuation. Other healthcare businesses include assisted living, retirement and rehabilitation centers, surgical centers, and other healthcare professional office. This business sector, located in the southeast region of the City, continues to grow and develop as a regional healthcare center. Other predominate commercial industries in the City include professional office and multifamily residential housing.

Assessed Property Value

The City’s total assessed value is somewhat small compared to other cities of similar size at \$328,733,458, while the total direct tax rate is relatively high at 0.003217. Assessed taxable value increased by 2.2 percent from fiscal year 2013. Said increase is attributed to an improving housing market and values and new commercial developments.

Since 2005, assessed taxable value has increased by 35.3 percent. Like perhaps many areas, the City experienced its largest increase in assessed taxable value in 2008, values increasing by 39 percent or \$35,783,264. Said growth was attributed an increase in values and new commercial growth and development in the Southeast Redevelopment area. Subsequently, values reached their pinnacle in 2010 at \$341,065,402. While current values have yet to the 2010 high, they appear to be stabilizing.

Major Revenues

The City’s major operating revenues are typical of other Utah cities and are composed of sales and use taxes, charges for services, property taxes, franchise taxes, and grants. In 2014, governmental funds revenue increased by 21.7 percent or \$1,112,362. Said increase was largely attributed to a 119 percent or \$799,528 increase in intergovernmental revenues, specifically grant

contributions. Governmental funds revenue share for 2014 as a percentage were as follows: Taxes 53.6; Licenses and Permits 3.5; Intergovernmental 23.6; Charges for Services 15.5; Impact Fees 0.1; Fines and Forfeitures 2.4; Interest Income 0.3; and miscellaneous 0.9.

Employment

According to the State of Utah Department of Workforce Services, “Utah’s Employment Summary report for June 2014”, Utah’s nonfarm payroll employment for June 2014 grew by an estimated 3.5 percent, adding 44,600 jobs to the economy as compared to June 2013. Utah’s current employment level registers 1,335,900. June’s seasonally adjusted unemployment rate registered at 3.5 percent, a one-tenth percentage point drop from May. Approximately 51,100 Utahns were unemployed in the month and actively seeking work. The national unemployment rate for June was 6.1 percent, two percentage points lower than May. June’s job growth is the highest thus far in 2014, both in terms of rate and numerical change compared to 2013. A growing job market aligns with the downward trend in the unemployment rate over the last three months. Utah’s labor force has expanded by roughly 17,000 in the first six months of 2014, which closely mirrors the rate of expansion in 2013. All of the ten private sector industry groups measured in the establishment survey posted net job increases in June as compared to last year. The largest employment increases were in Trade, Transportation and Utilities (9,100 jobs), Construction (6,900 jobs) and Education and Health Services (5,800 jobs). The fastest employment growth occurred in Construction (9.2 percent), Information, (5.2 percent) and Other Services (4.4 percent).

For additional information, refer to the Statistical Section, “Revenue Capacity” and “Demographic and Economic Information” of this report.

Budgetary Control

Budgetary control of each fund is maintained at the department level. Department directors play an active and important role in controlling the budget. The City Council may amend the budget by motion during the fiscal year; however, increases in overall fund budgets require a public hearing. Enterprise fund budgets may be increased by the City Council without a public hearing. Expenditures may not exceed appropriations at the department level.

Regional Overview



The City of Washington Terrace is a 2 square mile suburban community located along the Wasatch Front in Weber County, Utah. Weber County, population 238,519, is home to 22 communities of cities, towns, and unincorporated areas. The City is located 30 miles north of the capital city Salt Lake City, 40 miles from the Salt Lake International Airport, which can be easily reached by nearby Interstate 15 or the Front Runner Rail System. Additionally, Interstate



84 runs adjacent to the southern City boundaries serving as a main easterly corridor.

Its location near Ogden City offers excellent local access to commerce, education, recreation, transportation, healthcare, and other services. Washington Terrace is home to Ogden Regional Medical Center, Weber School District, and Bonneville High School. Within an 8 mile radius of the City is Hill Air Force Base, Internal Revenue Service, Weber State University, Ogden Hinkley Airport, and McKay Dee Hospital. The City of Washington Terrace is a proud residential community that focuses on preserving the community as a great place to live.



Northern Utah and the Weber County region offers excellent recreational opportunities that attract visitors around the world. During the 2002 Olympics Winter Games the Weber County region hosted a number of events including the downhill, combined races, and super-G events. The local area offers a wide-variety of high adventure recreation such as: skiing and

snowboarding, skydiving, hiking, biking and cycling, climbing and bouldering, and kayaking and paddle sports. Other regional recreational opportunities include classic recreation such as golf,



swimming, home to the Ogden Marathon, and local sports teams and leagues.

All of these recreational opportunities are within close proximity to the City—within 30 minutes or 20 miles.

Long-Term Financial Planning

Each year the City conducts a comprehensive assessment of existing facilities and a plan enacted to renovate, repair, and replace existing deficiencies and new growth demands throughout the City. The areas of classification assessed in the update are as follows: road seal projects, city fleet replacement, building and miscellaneous projects, culinary water, sanitary sewer, and storm drain projects, park projects, road overlay and reconstruction projects. The Plan projects a 20 year completion date. Completion of the projects identified in the Plan are subject to funding availability as identified in and an integral part of the City’s multi-year budgeting process. The City has committed to actively pursue grant funding to assist with offsetting project costs.

Additionally, the City has adopted a five-year budget document that anticipates revenues and expenses over a five year period. This multi-year budget is a valuable financial planning tool that encourages a forward thinking approach to programs and services and resource allocation.

Financial Policies

The City recognizes its duty to its citizens and other interested parties to vigilantly account for public funds and resources. The City has adopted financial policies and objectives establishing guidelines for controls, fiscal accountability, full disclosure, and planning. These financial management policies provide a basic framework for the overall fiscal management of the City. The Policies represent a foundation to address changing circumstances and conditions and to assist in the decision making process. These Policies represent guidelines for evaluating both current and future activities including, but not limited to: general revenue management, user fee cost recovery goals, capital financing and debt management, recession/net revenue shortfall plan, contracting and purchasing, and investments.

Awards and Acknowledgements

According to the Government Finance Officers Association of the United States and Canada (GFOA) the Certificate of Achievement for Excellence in Financial Reporting Program (CAFR Program) was established in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles and prepare a comprehensive annual financial reports that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal. The goal of the program is not to assess the financial health of the governments, but rather to ensure that users of their financial statements have the information they need to do so themselves. This Certificate is valid for a period of one year.

We believe our current report conforms to Certificate of Achievement Program requirements and goals. We are submitting it to the GFOA to determine its eligibility for recognition. The City has been a successful recipient of this prestigious award consecutively since 2007.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of management. We appreciate Keddington & Christensen, Certified Public Accountants, for their professional services and assistance. We thank the members of the City Council and the Mayor for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully Submitted,



Tom Hanson, City Manager



Shari' C. Garrett, Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Washington Terrace
Utah**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

MAYOR AND CITY COUNCIL



Mayor Mark C. Allen

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Term: 01/2014 - 01/2018



Council Member Blair Brown

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MAYOR AND CITY COUNCIL



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Term: 01/2012 - 01/2016



Council Member Val D. Shupe

98 East 5600 South

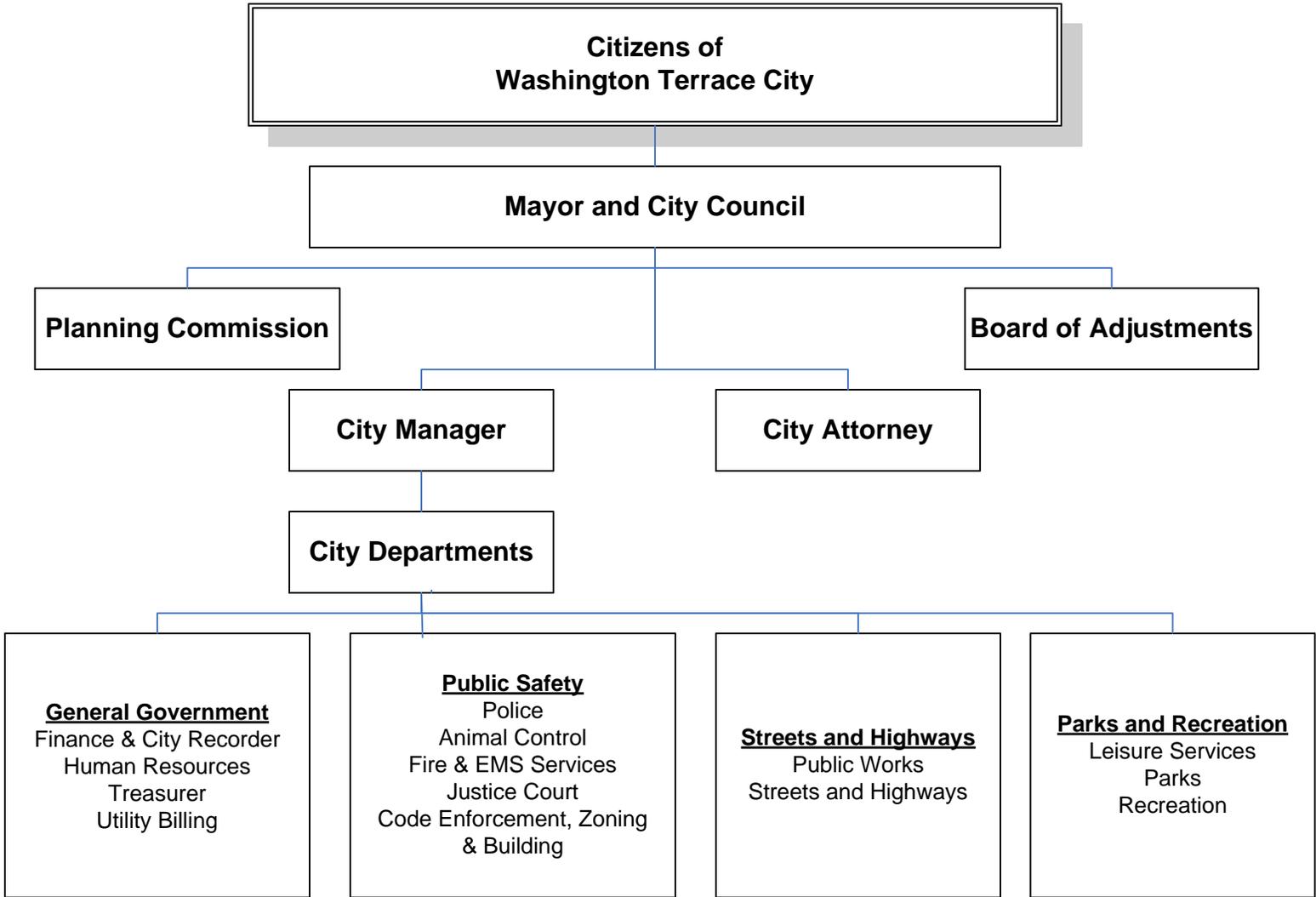
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Term: 01/2014 - 01/2018

City of Washington Terrace Organizational Structure



FINANCIAL SECTION





Keddington & Christensen

Certified Public Accountants

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA
Tyson C. Beck, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of City Council
City of Washington Terrace
Washington Terrace, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Washington Terrace as of and for the year ended June 30, 2014, 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type-activities, each major fund, and the aggregate remaining fund information of the City of Washington Terrace as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity 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, as noted on 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 the 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Washington Terrace's financial statements. The introductory section and statistical tables are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 22, 2014, on our consideration of Washington Terrace City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Washington Terrace's internal control over financial reporting and compliance.

Keddington & Christensen

October 22, 2014

**MANAGEMENT DISCUSSION
AND
ANALYSIS**

City of Washington Terrace, UT
MANAGEMENT DISCUSSION AND ANALYSIS (unaudited)
June 30, 2014

The management of the City of Washington Terrace presents to the readers of its financial statements this narrative information to facilitate a better understanding of the City's financial position and results of operations for fiscal year ended June 30, 2014. Readers are encouraged to consider all sections of this report to gain a more complete knowledge of the City's financial performance.

FINANCIAL HIGHLIGHTS

At year end, Governmental Activities or *tax supported activities* total assets were \$36,046,848, liabilities \$4,213,555, and deferred inflows of resources were \$1,491,400. The assets of Governmental Activities exceeded its liabilities and deferred inflows by \$30,341,893 (net position). Of this amount, \$25,624,015 is net investment in capital assets; \$1,002,446 is restricted; and \$3,715,432 is unrestricted.

At year end, Business-type Activities or *fee supported activities* total assets were \$17,405,366 and liabilities \$3,018,045. The assets of Business-type Activities exceeded its liabilities by 14,387,321 (net position). Of this amount, \$9,232,700 is net investment in capital assets and \$4,872,994 is unrestricted.

The Primary Government reported total assets of \$53,452,214, liabilities of \$7,231,600, and deferred inflows of resources \$1,491,400 resulting in a total net position of \$44,729,214. Total net position consists of net investment in capital assets of \$34,856,715, \$1,284,073 restricted, and \$8,588,426 unrestricted.

The City's Governmental funds (General, Redevelopment Agency, Capital Projects, and Debt Service Funds) reported a combined ending fund balance of \$4,847,949 an increase of 15.5 percent or \$649,499 in comparison to the prior year's total ending fund balances of \$4,198,450. Of the combined total fund balance in 2014, \$1,040,164 is unassigned; \$672,779 is assigned for redevelopment activities and related projects; \$2,132,560 is committed for capital projects; and \$1,002,446 is restricted. The fund balances of the General Fund at June 30, 2014, totaled

City of Washington Terrace, UT
MANAGEMENT DISCUSSION AND ANALYSIS (unaudited), *continued*
June 30, 2014

\$1,322,871, up 26.8 percent or \$279,969 from 2013. Of said amount, \$282,707 is restricted for Class “C” road purposes and \$1,040,164 is unassigned.

Long-term debt outstanding for the Primary Government decreased by 12.7 percent or \$989,630 compared to the prior year. Governmental Activities long-term debt outstanding decreased by 14.4 percent or \$652,066, with amounts due within one year of \$707,512. Business-type Activities long-term debt outstanding decreased by 10.4 percent or \$337,564, with total amounts due within one year of \$300,097.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the City’s basic financial statements that include three components: 1) the government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report also contains other supplementary information that will help the reader gain a more in depth understanding of the City’s financial condition.

The government-wide financial statements are comprised of: 1) the Statement of Net Position (SNP), and 2) the Statement of Activities (SA). These two statements provide a broad overview of the City’s finances.

The SNP reports the overall net position of the City and is measured as the difference between 1) assets and deferred outflows of resources and 2) liabilities and deferred inflows of resources. Over time, increases and decreases in net position are one indicator of the City’s overall financial position as improving or declining.

The SA helps identify functions of the City that are primarily supported by taxes and other general governmental activity revenue in conjunction with other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). The SA shows the changes to net position that occurred during the most recent fiscal year. These changes

City of Washington Terrace, UT
MANAGEMENT DISCUSSION AND ANALYSIS (unaudited), *continued*
June 30, 2014

are recorded on an accrual basis when the underlying event that causes the change occurs, regardless of when the cash transaction takes place. One example is the next debt interest payment when the fiscal year ends in between interest payments. The Statement of Activities shows an additional interest expense for the time period between the last interest payment and the end of the fiscal year.

Both of the government-wide financial statements distinguish between activities that are largely supported by taxes and intergovernmental revenues (Governmental Activities) and those whose operations are entirely or largely financed by user charges and fees (Business-type Activities). The Governmental Activities for the City include general governmental (legislative and executive activities and non-departmental); public safety (Police and Fire), public works/streets and parks/recreation (Public Services). Business-type activities include water, sewer, storm water, and refuse collection. The government-wide financial statements include not only Washington Terrace City itself (the primary government), but also the legally separate Redevelopment Agency of Washington Terrace. This entity (a component unit) is financially accountable to the City and is presented separately from the primary government itself; but for all practical purposes function as a part of the City and are therefore blended as an integral part of the primary government.

The City Business-type Activities include operating culinary water, sanitary sewer, refuse, and storm water services.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the City's major funds. A fund is a group of related accounts that the City uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required to exist by law to demonstrate compliance with financial related requirements, while other funds are established internally to maintain control over a particular activity.

City of Washington Terrace, UT
MANAGEMENT DISCUSSION AND ANALYSIS (unaudited), *continued*
June 30, 2014

There are three fund types in which all individual fund classifications can be categorized: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

Governmental Funds – Most of the City’s basic services are accounted for in governmental funds. These fund types are essentially the same functions reported as Governmental Activities in the government-wide financial statements. Governmental Funds focus on near-term inflows and outflows of spendable resources and balances of spendable resources available at the end of the fiscal year. Governmental fund types include the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

Proprietary Funds – Services for which the City charges customers a fee are generally reported in proprietary funds. There are two types of proprietary funds: Enterprise Funds and Internal Service Funds. These funds, like the government-wide statements, provide both long-term and short-term financial information. Enterprise Funds are the same as Business-type activities, but the financial statements provide more detailed information, such as cash flows. The City utilizes Enterprise Funds to account for its water, sewer, storm water, and refuse services. Internal Service Funds report activities that provide services and supplies for the City’s other programs and activities such as city garage and fuel services. The City has no Internal Service Funds.

Fiduciary Funds - Used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and other governmental units. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. There are four fiduciary fund types: Pension (and other employee benefits) Trust Funds, Investment Trust Funds, Private-Purpose Trust Funds, and Agency Funds. The City has no fiduciary funds.

Differences between Government-Wide and Fund Statements

Capital assets and long-term debt are included on the government-wide statements but are not reported on the governmental fund statements. Capital outlays result in capital assets on the government-wide statements but are expenditures on the governmental fund statements. Certain tax revenues that are earned but not yet available are reported as revenue on the government-

City of Washington Terrace, UT
MANAGEMENT DISCUSSION AND ANALYSIS (unaudited), *continued*
June 30, 2014

wide statements. Those revenues are deferred on the governmental fund statements. Government-wide statements provide users with a broad overview of the City's finances, similar to a private-sector business.

Notes to the Financial Statements

The notes found within these financial statements provide additional schedules and information that are essential to a complete understanding of the financial statements and the City's financial position. The notes apply to both government-wide financial statements and the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As discussed in the Overview of the Financial Statements, total net position may over time serve as a useful tool to determine if the City's overall financial position is improving or declining. For fiscal years ended 2013 and 2014, assets exceeded liabilities and deferred inflows of resources for Governmental and Business-type Activities. The Primary Government's total net position increased by 7 percent or by \$2,922,672; increasing from \$41,806,542 in 2013 to \$44,729,214 in 2014.

Net Position

As illustrated in the following "Comparative Summary of Net Position", Capital Assets represent the largest asset type for Governmental and Business-type activities for all comparative years. Capital Assets include: land, construction in process, buildings, equipment, infrastructure, and improvements. Capital Assets are not resources available for spending, nor can they be readily liquidated to satisfy related liabilities. In 2014, Capital Assets represented 81.6 percent or \$29,429,197 of total Governmental activity assets, 68.3 percent or \$11,895,323 of total for Business-type activities, and 77.3 percent or \$41,324,520 of total assets for the Primary Government.

City of Washington Terrace, UT
MANAGEMENT DISCUSSION AND ANALYSIS (unaudited), *continued*
June 30, 2014

Long-Term Liabilities Outstanding represents the largest liability type for Governmental and Business-type activities for all comparative years. Long-Term Liabilities Outstanding include: bonds, notes, and leases outstanding and compensated absences. In 2014, Long-Term Liabilities for the Primary Government represented 94.0 percent or \$6,800,853 of total liabilities. For Governmental Activities long-term liabilities represented 92.3 percent or \$3,887,790 of total liabilities and 96.5 percent or \$2,913,063 for Business-type Activities. Long-Term Liabilities Outstanding for the Primary Government decreased by 12.7 percent or \$989,630 from 2013 to 2014. Total liabilities outstanding decreased by 16.8 percent or \$1,459,768.

CITY OF WASHINGTON TERRACE
Comparative Summary of Net Position
Primary Government

	Governmental Activities		Business-Type Activities		Total Activities		Total % Change From Prior Year
	2013	2014	2013	2014	2013	2014	
Current and other assets	5,671,641	6,617,651	5,772,003	5,510,043	11,443,644	12,127,694	6.0%
Capital assets	28,887,298	29,429,197	11,029,826	11,895,323	39,917,124	41,324,520	3.5%
Total Assets	\$34,558,939	\$36,046,848	\$16,801,829	\$ 17,405,366	\$51,360,768	\$ 53,452,214	4.1%
Long-term liabilities outstanding	4,539,856	3,887,790	3,250,627	2,913,063	7,790,483	6,800,853	-12.7%
Other liabilities	695,138	325,765	205,747	104,982	900,885	430,747	-52.2%
Total Liabilities	\$ 5,234,994	\$ 4,213,555	\$ 3,456,374	\$ 3,018,045	\$ 8,691,368	\$ 7,231,600	-16.8%
Total Deferred Inflows of Resources	\$ 862,858	\$ 1,491,400	\$ -	\$ -	\$ 862,858	\$ 1,491,400	72.8%
Net Position:							
Net Investment in Capital Assets	24,427,656	25,624,015	7,779,199	9,232,700	32,206,855	34,856,715	8.2%
Restricted	792,171	1,002,446	600,318	281,627	1,392,489	1,284,073	-7.8%
Unrestricted	3,241,260	3,715,432	4,965,938	4,872,994	8,207,198	8,588,426	4.6%
Total Net Position	\$28,461,087	\$30,341,893	\$13,345,455	\$ 14,387,321	\$41,806,542	\$ 44,729,214	7.0%

Table 1 – Comparative Summary of Net Position

Net Investment in Capital Assets represents the largest component of the City's net position for the Primary Government at 77.9 percent or \$34,856,715 in 2014. These assets reflects the City's investment in capital assets less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to the City's customers and therefore, are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources need to repay this debt must be provided from other sources, since the capital assets cannot be liquidated or easily liquidated to repay these

City of Washington Terrace, UT
MANAGEMENT DISCUSSION AND ANALYSIS (unaudited), *continued*
June 30, 2014

liabilities. Net Investment in Capital Assets for the Primary Government increased by 8.2 percent or \$2,649,860 compared to the prior year.

Restricted Net Position or assets that are subject to external restrictions on how they may be used of \$1,284,073 include for Class C road funds, debt service reserves, and debt issued construction funds. Restricted net position for the Primary Government represent 2.9 percent of total net position. The Primary Government's remaining \$8,588,426 or 19.2 percent of its net position is unassigned and may be used at the City's discretion to meet its ongoing obligations to customers, creditors, completion of ongoing or scheduled projects, or maintained for a reserve.

Changes in Net Position

Primary Government

As illustrated in Table 2, "Comparative Changes in Net Position", the Primary Government's net ending position increased by 7 percent or \$2,922,672 from the prior year. Total activity revenue increased by 19.8 percent or \$1,624,505 primarily as a result of an increase in reported grants and contributions. Grants and Contributions experienced the largest component change from the prior year increasing by 153 percent or \$1,038,409 from 2013.

Total program expenses decreased by 1.2 percent or \$80,827 from 2013. Said decrease was largely due to one-time capital projects for Highways and Public Works. Highways and Public Works experienced the largest dollar value change from the prior year decreasing by \$217,396 or 12.6 percent.

City of Washington Terrace, UT
MANAGEMENT DISCUSSION AND ANALYSIS (unaudited), *continued*
June 30, 2014

CITY OF WASHINGTON TERRACE
Comparative Changes in Net Position
Primary Government
For Year Ended June 30

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Activities</u>		<u>Total % Change From Prior Year</u>
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	
Revenues							
Program Revenues:							
Charges for services	1,263,175	1,388,257	3,007,462	3,320,481	4,270,637	4,708,738	10.3%
Operating Grants and Contributions	349,177	275,322	-	-	349,177	275,322	-21.2%
Capital Grants and Contributions	322,351	1,200,243	7,790	242,162	330,141	1,442,405	336.9%
General Revenues:							
Property Taxes	1,571,060	1,719,870	-	-	1,571,060	1,719,870	9.5%
Other Taxes	1,586,926	1,617,794	-	-	1,586,926	1,617,794	1.9%
Other	16,617	20,182	59,680	24,432	76,297	44,614	-41.5%
Total Revenues	\$ 5,109,306	\$ 6,221,668	\$ 3,074,932	\$ 3,587,075	\$ 8,184,238	\$ 9,808,743	19.8%
Expenses							
Program Expenses:							
General Government	1,227,430	1,299,410			1,227,430	1,299,410	5.9%
Public Safety	1,173,056	1,268,295			1,173,056	1,268,295	8.1%
Highways & Public Works	1,723,620	1,506,224			1,723,620	1,506,224	-12.6%
Parks & Recreation	223,097	244,530			223,097	244,530	9.6%
Interest on long-term debt	187,477	112,941			187,477	112,941	-39.8%
Water Services			807,297	834,383	807,297	834,383	3.4%
Sewer Services			894,498	916,534	894,498	916,534	2.5%
Refuse Services			482,100	421,714	482,100	421,714	-12.5%
Storm Water Services			248,323	282,040	248,323	282,040	13.6%
Total Expenses	\$ 4,534,680	\$ 4,431,400	\$ 2,432,218	\$ 2,454,671	\$ 6,966,898	\$ 6,886,071	-1.2%
Increase in net position before transfers	574,626	1,790,268	642,714	1,132,404	1,217,340	2,922,672	140%
Transfers		90,538		(90,538)	-	-	
Change in Net Position	574,626	1,880,806	642,714	1,041,866	1,217,340	2,922,672	140%
Net Position - Beginning (as restated)	27,886,461	28,461,087	12,702,741	13,345,455	40,589,202	41,806,542	3.0%
Net Position - Ending	\$28,461,087	\$ 30,341,893	\$13,345,455	\$14,387,321	\$41,806,542	\$ 44,729,214	7.0%

Table 2- Comparative Changes in Net Position

City of Washington Terrace, UT

MANAGEMENT DISCUSSION AND ANALYSIS (unaudited), *continued*

June 30, 2014

As shown in Figure 1, Charges for Services continue to be the largest revenue source representing 48 percent of total revenues in 2014 compared to 52.2 percent in 2013.

Property Taxes represent the second largest revenue source for the primary government representing 17.53 percent or \$1,719,870. Closely following property taxes are Grants and Contributions following as the third largest revenue source representing 17.51 percent or \$1,717,727 of total revenues.

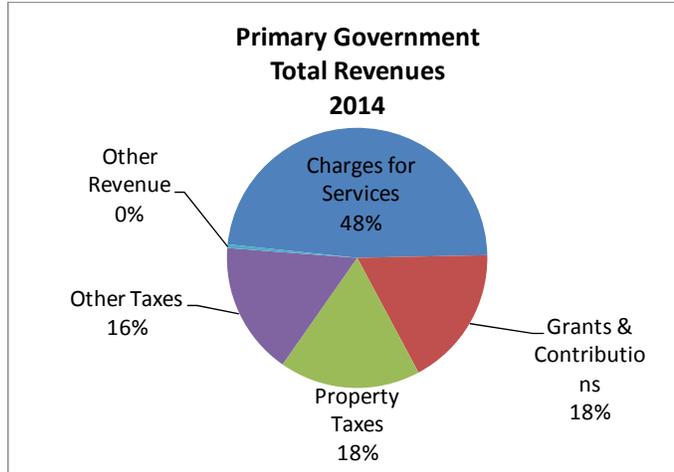


Figure 1 – Primary Government Revenues as a Percentage of Total

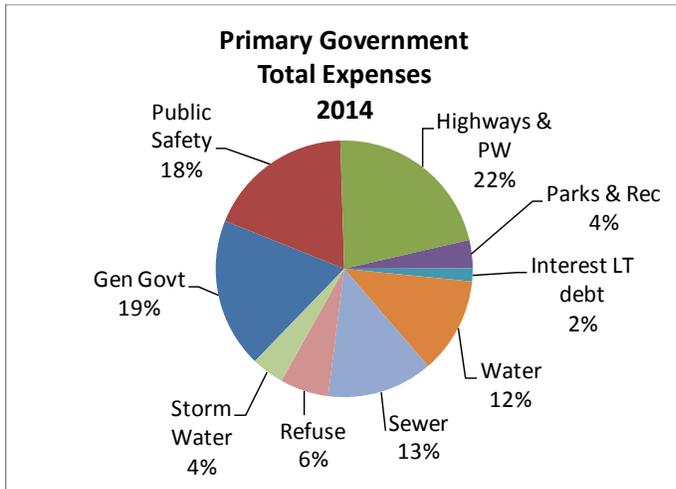


Figure 2 – Primary Government Expenses as a Percentage of Total

As shown in Figure 2, Highways and Public Works continue to be the largest expenses activity representing 21.9 percent of total revenues in 2014 compared to 24.7 percent in 2013

General Government represents the second largest expense activity for the primary government representing 18.9 percent or \$1,299,410. Closely following General Government is Public Safety

representing the third largest revenue source representing 18.4 percent or \$1,268,295 of total expenses.

City of Washington Terrace, UT
MANAGEMENT DISCUSSION AND ANALYSIS (unaudited), *continued*
June 30, 2014

Governmental Activities

Ending net position for Governmental Activities increased by 6.6 percent or \$1,880,806 compared to the prior year.

Total activity revenue increased by 21.8 percent or \$1,112,362 primarily attributed to an increase in reported capital grants and contributions. Capital grants and contributions, representing 19.3 percent or \$1,200,243 of total governmental revenues. Capital grants and contributions experienced the largest component change from the prior year increasing by 272 percent or \$877,892.

Total activity expenses decreased by 2.3 percent or \$103,280 largely due to one-time capital projects for Highways and Public Works. Highways and Public Works experienced the largest component change from the prior year decreasing 12.6 percent or \$217,396.

The following Table 3 and Figure 3, “Net Cost of Governmental Activities”, illustrates each governmental activity’s ability to rely on self-generated revenues to cover its related program expenses. General revenues including property tax, sales tax, and franchise taxes cover the remaining 35.4 percent of expenses.

CITY OF WASHINGTON TERRACE								
Net Cost of Governmental Activities								
For Year Ended June 30								
Activities	Program Expenses		Less Program Revenues		Net Program Costs		Program Revenues as a % of Program Expenses	
	2013	2014	2013	2014	2013	2014	2013	2014
General Government	1,227,430	1,299,410	984,483	2,099,154	242,947	(799,744)	-80.2%	-161.5%
Public Safety	1,173,056	1,268,295	171,253	76,081	1,001,803	1,192,214	-14.6%	-6.0%
Highways & Public Works	1,723,620	1,506,224	348,069	599,834	1,375,551	906,390	-20.2%	-39.8%
Parks & Recreation	223,097	244,530	430,898	88,753	(207,801)	155,777	-193.1%	-36.3%
Interest on long-term debt	187,477	112,941	-	-	187,477	112,941	0.0%	0.0%
Total Governmental Activities	\$4,534,680	\$4,431,400	\$1,934,703	\$2,863,822	\$2,599,977	\$1,567,578	-42.7%	-64.6%

Table 3 – Net Cost of Governmental Activities

General Government, representing 29.3 percent of total Governmental Activities, had the greatest ability to generate revenues to support its program expenses. Program revenues generated were \$2,099,154 and expenses were \$1,299,410 resulting in a program surplus of

City of Washington Terrace, UT
MANAGEMENT DISCUSSION AND ANALYSIS (unaudited), *continued*
June 30, 2014

\$799,744. Said surplus is primarily attributed to receiving one-time Capital Grants and Contributions of \$914,939.

Public Safety, the third largest program activity representing \$1,268,295 or 28.6 percent of total program expenses, had the lowest ability to generate revenues to support its program expenses. Program revenues of \$76,081 resulted in a program activity deficit of \$1,192,214.

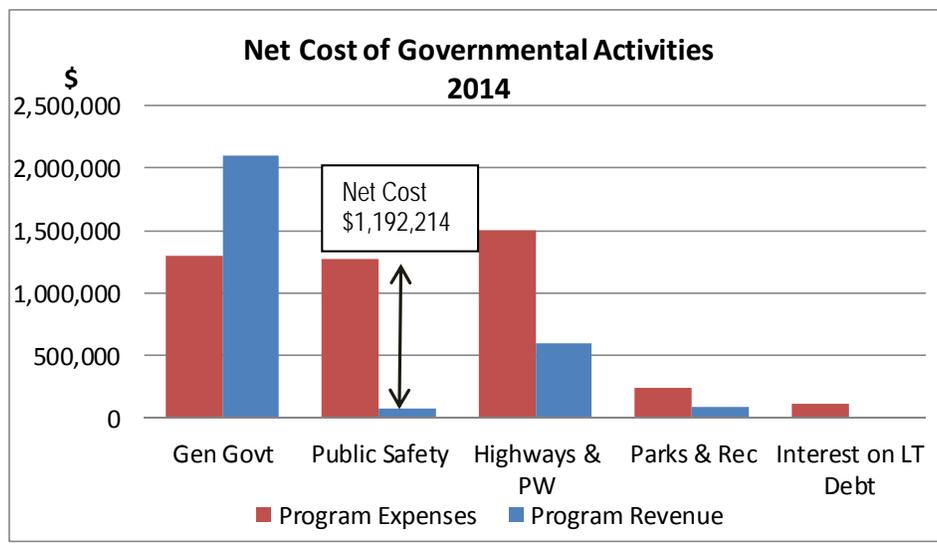


Figure 3 – Net Cost of Governmental Activities

Business-Type Activities

Ending net position (including beginning position as restated) for Business-type Activities increased by 7.8 percent or \$1,041,866 when compared to the prior year. Total activity revenue increased by 16.7 percent or \$512,143 as a result of an increase in charges for services and capital grants and contributions. Charges for services experienced the largest component value change from the prior year increasing by 10 percent or \$313,019.

Total activity expenses increased by 0.9 percent or \$22,453 largely due to general increases to operating costs. Sewer services experienced the largest component change from the prior year increasing 13.6 percent or \$33,717.

City of Washington Terrace, UT
MANAGEMENT DISCUSSION AND ANALYSIS (unaudited), *continued*
June 30, 2014

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

As illustrated in Table 4, “Comparative Summary of Capital Assets”, the City’s investment in capital assets for the Primary Government totaled \$41,324,520 (net of \$14,630,160 accumulated depreciation) a 3.5 percent increase from the prior year.

Capital Assets are categorized by five major groups: land, construction in process, buildings & improvements, equipment, and infrastructure. The greatest percent change in capital assets from prior year as a percentage change was construction in process increasing 192.6 percent from prior year. The greatest value change occurred in infrastructure increasing \$883,878.

Major capital asset added during 2014 included the following:

- Land - \$353,660
- Adams Avenue Water and Sewer Line Replacement - \$718,786
- 450 West utility replacement project - \$600,239
- Fleet Replacement - \$211,251

CITY OF WASHINGTON TERRACE
Comparative Summary of Capital Assets
Primary Government
For Year Ended June 30

Capital Assets	Governmental Activities		Business-Type Activities		Total Activities		Total % Change From Prior Year
	2013	2014	2013	2014	2013	2014	
Land	9,066,741	9,420,401	116,813	116,813	9,183,554	9,537,214	3.9%
Construction in process	95,900	742,851	158,002	-	253,902	742,851	192.6%
Buildings & Improvements	4,352,246	4,476,004	11,364	11,364	4,363,610	4,487,368	2.8%
Equipment	1,560,919	1,751,429	1,126,082	1,182,215	2,687,001	2,933,644	9.2%
Infrastructure	23,112,248	23,112,248	14,257,477	15,141,355	37,369,725	38,253,603	2.4%
Less: Accum. Depreciation	(9,300,756)	(10,073,736)	(4,639,912)	(4,556,424)	(13,940,668)	(14,630,160)	4.9%
Total	\$28,887,298	\$29,429,197	\$11,029,826	\$11,895,323	\$39,917,124	\$41,324,520	3.5%

Table 4 – Comparative Summary of Capital Assets

Additional information on Capital Assets can be found in Note 5 of the Financial Statements.

City of Washington Terrace, UT
MANAGEMENT DISCUSSION AND ANALYSIS (unaudited), *continued*
June 30, 2014

Long-Term Debt

The State of Utah mandates a general obligation debt limit not to exceed 4 percent of the City’s total assessed value. The City’s outstanding debt is significantly below this limit. As illustrated in the following table, “Comparative of Debt Outstanding”, the greatest change in value of debt outstanding, excluding refunding’s, was the General Obligation Bonds decreasing by \$295,000 or 11.0 percent from the prior year. The City refunded its Sales & Excise Tax Revenue Bonds, Series 2009 and Special Assessment Bonds, Series 2001 to save money by reducing the interest rate from 2.5 – 5.95 percent to 1.98 percent maturing in 2024.

Additional information on Long-Term Debt can be found in Notes 7-9 of the Financial Statements.

CITY OF WASHINGTON TERRACE
Comparative of Debt Outstanding
Primary Government
For Year Ended June 30

Debt Outstanding	Governmental Activities		Business-Type Activities		Total Activities		Total % Change From Prior Year
	2013	2014	2013	2014	2013	2014	
Compensated Absences	80,214	82,608			80,214	82,608	3.0%
Capital Lease			44,700	27,309	44,700	27,309	-38.9%
General Obligation Bonds	2,685,000	2,390,000			2,685,000	2,390,000	-11.0%
Utility Revenue Bonds 10A			1,800,000	1,595,000	1,800,000	1,595,000	-11.4%
Utility Revenue Bonds 10B	239,039	228,821	417,961	401,179	657,000	630,000	-4.1%
Utility Revenue Bonds 10C	280,612	268,616	489,388	467,384	770,000	736,000	-4.4%
Sales & Excise Tax Revenue Bonds 09	744,000	-			744,000		-100.0%
Sales & Excise Tax Revenue Bonds 13		660,000		330,000	#N/A	990,000	#N/A
Redevelopment Tax Increment Bonds 03	504,208	257,745			504,208	257,745	-48.9%
Special Assessment Bonds 01	6,783		393,217		400,000		-100.0%
Bond Premium			105,361	92,191	105,361	92,191	-12.5%
Total Debt	\$ 4,539,856	\$ 3,887,790	\$ 3,250,627	\$ 2,913,063	\$ 7,790,483	\$ 6,800,853	-12.7%

Table 5 – Comparative of Debt Outstanding

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

Fund Balances

As illustrated in the following Table 6, “Governmental Fund Balances”, for the year ended June 30, 2014, Governmental Funds reported a combined ending fund balance of \$4,847,949 up 15.5 percent or \$649,499 from the prior year. Of said balance, \$1,002,446 or 20.7 percent is restricted (externally enforceable limitations on use i.e. imposed by creditors, grantors, contributors, law

City of Washington Terrace, UT
MANAGEMENT DISCUSSION AND ANALYSIS (unaudited), *continued*
June 30, 2014

and regulations); \$2,132,560 or 44.0 percent is committed (self-imposed limitations); \$672,779 or 13.9 percent is assigned for redevelopment activities and projects; and \$1,040,164 or 21.5 percent is unassigned (total fund balance in excess of restricted, committed, and assigned balances).

The Redevelopment Agency Fund experienced the largest increase in fund balance of 101.6 percent or \$338,981. Current and future improvements within the project area are expected to deplete these balances through the life of the redevelopment project area. The General Fund experienced a moderate increase to unassigned fund balance increasing by 26.8 percent or \$279,969. Said increase is primarily representative of stronger than anticipated sales tax revenue, personnel changes that resulted in cost savings, and deferring budgeted one-time expenditures.

CITY OF WASHINGTON TERRACE
Governmental Fund Balances
For Year Ended June 30

Components	General Fund		Redevelopment Agency		Capital Projects		Debt Service		Total		Total % Change From Prior Year
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	
Restricted	241,345	282,707	333,798		550,826	636,910	122,421	82,829	1,248,390	1,002,446	-19.7%
Committed					2,148,503	2,132,560			2,148,503	2,132,560	-0.7%
Assigned				672,779					-	672,779	
Unassigned	801,557	1,040,164							801,557	1,040,164	29.8%
Total	\$1,042,902	\$1,322,871	\$ 333,798	\$672,779	\$2,699,329	\$2,769,470	\$122,421	\$82,829	\$4,198,450	\$4,847,949	15.5%

Table 6 – Governmental Fund Balances

General Fund Budgetary Highlights

Significant differences or variance with final budget amounts and actual revenues or expenditures for the General Fund are summarized below. For a comprehensive schedule, refer to Required Supplemental Information, Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual, General Fund. Net change in fund balance or excess revenues over expenditures was \$279,969.

City of Washington Terrace, UT
MANAGEMENT DISCUSSION AND ANALYSIS (unaudited), *continued*
June 30, 2014

REVENUES

General Revenues

Sales and use tax revenues of \$919,458 exceeded final budget estimates of \$888,800 by 3.4 percent or \$30,658. Said increase is attributed to stronger growth in taxable sales than projected.

EXPENDITURES

Administrative

Administrative Department final budget \$339,050, actual expenditures \$315,472, with a variance of \$23,578. Said variance was largely due to overstated benefit requirements and unexpended general operating requirements.

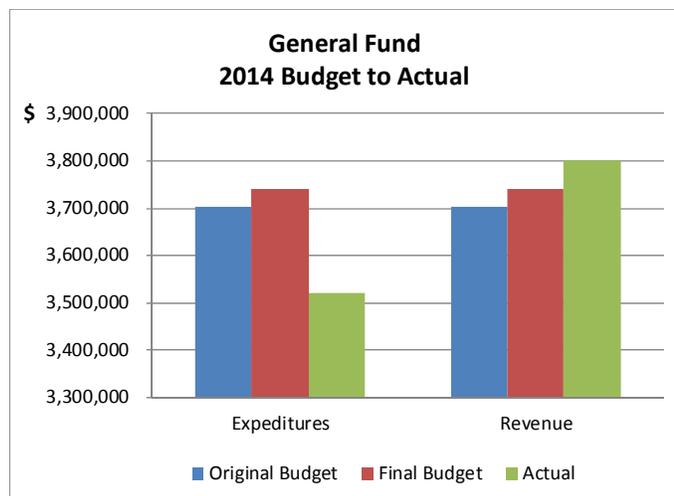


Figure 4 – General Fund Original and Final Budget to Actual

Fire Department

Fire Department final budget \$242,903, actual expenditures \$215,452, with a variance of \$27,451. Said variance was largely due to unexpended one-time purchases. It is anticipated that these one-time purchases will be expended during Fiscal Year 2015.

Streets and Public Works

The Streets Public Works Department final budget \$790,130, actual expenditures \$680,045, variance \$100,085. Said variance was largely due to personnel staffing changes that resulting in a budgetary savings and unexpended operating costs that will be used to fund capital purchases during Fiscal Year 2015.

City of Washington Terrace, UT
MANAGEMENT DISCUSSION AND ANALYSIS (unaudited), *continued*
June 30, 2014

FINANCIAL ANALYSIS OF ENTERPRISE FUNDS

Net Position

As illustrated in Table 1 “Comparative Summary of Net Position”, the City’s enterprise funds or Business-type Activities total net position of \$14,387,321 has increased by 7.8 percent or \$1,041,866 from the prior year. Of said balance, \$9,232,700 represents net investment in capital assets, up 18.7 percent or \$1,453,501 from prior year; \$4,872,994 unrestricted down 1.9 percent or \$92,944 from the prior year. Decreases to unrestricted net position are a result of undertaking previously scheduled and funded capital projects.

Charges for Services continue to experience moderate increases each year. In 2014, Charges for Services increased by 10 percent or \$313,019. Said increases are largely attributed to the City’s commitment to cover required operating and system capital costs. Sewer services represent the largest expense activity at \$916,534, representing 37.3 percent of Business-type activities. Storm water services represented the fastest growing operating expense activity increasing 13.6 percent or \$33,717 from the prior year due to greater state and federal regulations imposing stricter storm water maintenance guidelines.

Culinary water services, the second largest operating expense activity representing 34 percent or \$834,383 of Business-type activities. Water service operating expenses grew by 3.4 percent or \$27,086 from the prior year. The greatest operating cost drivers (excluding depreciation) for water services include the cost of purchasing water from Weber Basin Water and labor/overhead costs.

Refuse services, the third largest operating expense activity, represents 17.2 percent or \$421,714 of total Business-type activities. Refuse service operating expenses decreased by 12.5 percent or \$60,386 from the prior year. Refuse operating expenses are substantially comprised of external waste hauling and disposal contracts for services. The City renegotiated its waste hauling contract beginning 2014. These renegotiated terms have resulted in lower waste hauling fees and charges for services.

City of Washington Terrace, UT
MANAGEMENT DISCUSSION AND ANALYSIS (unaudited), *continued*
June 30, 2014

ECONOMIC & DEMOGRAPHIC FACTORS

According to the State of Utah Department of Workforce Services, *Utah's Employment Summary: June 2014*, Utah's nonfarm wage and salaried job count for June 2014 grew by 3.5 percent adding 44,600 jobs to the Utah economy compared to June 2013. Utah's June 2014 seasonally adjusted unemployment rate registered 3.5 percent compared to 4.6 percent June 2013 and the national unemployment rate at 6.1 percent. Approximately 51,100 Utahans were considered to be unemployed and actively seeking work.

Demographic Profile Highlights	
Population	
Population 2013 (estimate)	9,164
Persons under 5 years	9.30%
Persons under 18 years	27.60%
Persons 65 years and over	15.00%
Education	
High school graduate or higher	91.60%
Bachelor's degree or higher	14.70%
Housing	
Housing units	3,462
Homeownership rate	60.30%
Housing units in multi-unit structures	29.70%
Median value of owner-occupied housing units	\$141,700
Persons per household	2.58
Income	
Per capita money income	\$23,034
Median household income	\$50,325
Persons below poverty level	10.00%
Geography	
Land area in square miles	1.97
Persons per square mile	4,604.90

Source: US Census

According to the US Census, the City represents 0.32 percent of the State of Utah's population. The City has an older demographic compared to the State. Persons over 65 represent 15 percent of the City's population or 6 percent higher than the State's 9 percent. Persons under 18 represent 27.6 percent compared to the State's 31.5 percent. Levels of education are comparable with the State at 91.6 percent of the population with a high school graduate or higher level of education but fall short of a bachelor's degree or higher representing 14.7 percent compared to the State's 29.9 percent. The City offers more housing diversity and affordability compared to the State with 29.7 percent of housing units multi-unit structures—State 21.3 percent. Homeownership rates represent 60.3 percent of housing compared to 70.4 percent statewide. Median value of owner-occupied housing units is \$141,700 compared to \$217,800 statewide. The City's poverty levels and median household income are below statewide levels at 10 percent and \$50,325 respectively compared to 12.10 percent and \$58,164 statewide.

City of Washington Terrace, UT
MANAGEMENT DISCUSSION AND ANALYSIS (unaudited), *continued*
June 30, 2014

OTHER MATTERS

Current and Future Projects - The City's Capital Facilities Plan is a comprehensive assessment on existing and future facilities. The Plan provides a 20 year outlook on renovating, repairing, replacing, and expanding facilities and equipment. The Plan assists in addressing budgetary issues more effectively and focuses on the following project areas: Road Maintenance and Reconstruction, City Fleet and Equipment Replacement, Buildings, Culinary Water, Parks and Open Space, Storm Water, and Sanitary Sewer. Funding sources identified in the Plan include: grants, impact fees, user fees, and fund/developer contributions. Through the budgeting process, projects will be identified and scheduled for completion as funding becomes available.

REQUESTS FOR INFORMATION

This financial report is designed to provide its readers with a general overview of the City's financial performance and condition. The City recognizes its duty to its citizens and other interested parties to vigilantly account for public funds and resources. Questions concerning any of the information in this report or any other matters related to the City's finances should be addressed to:

Washington Terrace Municipal Corporation
Finance Department
5249 South 400 East
Washington Terrace City, Utah 84405
Email: sharip@washingtonterracecity.org
Direct: 801-395-8284
Fax: 801-393-1921

BASIC FINANCIAL STATEMENTS
(audited)



CITY OF WASHINGTON TERRACE
STATEMENT OF NET POSITION
June 30, 2014

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and cash equivalents	\$ 3,887,472	\$ 4,521,593	\$ 8,409,065
Investments	-	282,330	282,330
Accounts receivable, net	45,128	306,894	352,022
Due from other governmental units	1,749,294	-	1,749,294
Prepaid expenses	-	94,309	94,309
Cash - restricted	935,757	304,917	1,240,674
Capital assets not being depreciated:			
Land	9,420,401	116,813	9,537,214
Construction work in progress	742,851	-	742,851
Capital assets, net of accumulated depreciation:			
Buildings and improvements	3,511,794	-	3,511,794
Infrastructure	14,939,887	11,407,978	26,347,865
Machinery and equipment	814,264	370,532	1,184,796
Total Assets	\$ 36,046,848	\$ 17,405,366	\$ 53,452,214
Liabilities			
Accounts payable	\$ 181,194	\$ 42,752	\$ 223,946
Accrued liabilities	90,693	62,230	152,923
Accrued interest	47,464	-	47,464
Unearned revenue	6,414	-	6,414
Noncurrent liabilities:			
Due within one year	707,512	300,097	1,007,609
Due in more than one year	3,180,278	2,612,966	5,793,244
Total Liabilities	4,213,555	3,018,045	7,231,600
Deferred Inflows of Resources			
Unavailable revenue - property taxes	1,491,400	-	1,491,400
Net Position			
Net investment in capital assets	24,809,751	9,268,778	34,078,529
Restricted for:			
Debt service	82,829	31,187	114,016
Capital projects	-	250,440	250,440
Roads	919,617	-	919,617
Unrestricted	4,529,696	4,836,916	9,366,612
Total Net Position	30,341,893	14,387,321	44,729,214
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 36,046,848	\$ 17,405,366	\$ 53,452,214

The notes to the basic financial statements are an integral part of this statement.

**CITY OF WASHINGTON TERRACE
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2014**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Government Activities							
General governmental	\$ 1,299,410	\$ 1,178,215	\$ 6,000	\$ 914,939	\$ 799,744	\$ -	\$ 799,744
Public safety	1,268,295	69,409	6,672	-	(1,192,214)	-	(1,192,214)
Highways and public works	1,506,224	87,942	262,650	249,242	(906,390)	-	(906,390)
Parks and recreation	244,530	52,691	-	36,062	(155,777)	-	(155,777)
Interest on long-term debt	112,941	-	-	-	(112,941)	-	(112,941)
Total Governmental Activities	4,431,400	1,388,257	275,322	1,200,243	(1,567,578)	-	(1,567,578)
Business-type Activities							
Water services	834,383	1,355,552	-	113,788	-	634,957	634,957
Sewer services	916,534	1,140,737	-	109,326	-	333,529	333,529
Refuge services	421,714	453,241	-	-	-	31,527	31,527
Storm water services	282,040	370,951	-	19,048	-	107,959	107,959
Total Business-type Activities	2,454,671	3,320,481	-	242,162	-	1,107,972	1,107,972
Total Government	\$ 6,886,071	\$ 4,708,738	\$ 275,322	\$ 1,442,405	\$ (1,567,578)	\$ 1,107,972	\$ (459,606)
General Revenues							
Property taxes					\$ 1,719,870	\$ -	\$ 1,719,870
Sales taxes					919,397	-	919,397
Franchise taxes					698,397	-	698,397
Unrestricted interest on investments					20,182	24,432	44,614
Transfers					90,538	(90,538)	-
Total General Revenues and Transfers					3,448,384	(66,106)	3,382,278
Changes in Net Position					1,880,806	1,041,866	2,922,672
Net Position, Beginning, Restated					28,461,087	13,345,455	41,806,542
Net Position, Ending					\$ 30,341,893	\$ 14,387,321	\$ 44,729,214

The notes to the basic financial statements are an integral part of this statement.

GOVERNMENTAL FUND

FINANCIAL STATEMENTS

(audited)

Major Funds

General Fund – The General Fund is the principal fund of the City and is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund. The General Fund accounts for the normal activities of the City, (i.e. public safety, public works, parks and recreation, general administration, etc.). These activities are funded principally by property taxes, sales and use taxes, franchise taxes, licenses and permits.

Redevelopment Agency Fund – Accounts for the accumulation of money for improvements in the Central Business District Project Area and the Southeast Project area including the repayment of the Tax Increment Revenue & Refund Bonds Series 2003 for related improvements.

Capital Projects Fund – Accounts for the accumulation of resources for the renovating, repairing, replacing, and expanding facilities and equipment i.e. buildings, information technology, fleet, and heavy equipment and road construction projects. The Capital Projects Fund does not account for enterprise related activities. The Capital Projects Fund is primarily used to account for resources designated to construct capital projects and acquire capital assets which, by their nature, may require more than one budgetary cycle for completion.

Debt Service Fund – Accounts for the accumulation of resources for the City's general obligation debt outstanding and the payment of principal, interest, and related costs.

**CITY OF WASHINGTON TERRACE
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2014**

	<u>General</u>	<u>Redevelopment Agency</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 893,586	\$ 689,842	\$ 2,221,215	\$ 82,829	\$ 3,887,472
Accounts receivable, net	45,128	-	-	-	45,128
Due from other funds	-	-	-	-	-
Due from other governmental units	730,085	625,000	-	394,209	1,749,294
Restricted assets:					
Cash and cash equivalents	298,847	-	636,910	-	935,757
Total Assets	<u>\$ 1,967,646</u>	<u>\$ 1,314,842</u>	<u>\$ 2,858,125</u>	<u>\$ 477,038</u>	<u>\$ 6,617,651</u>
Liabilities					
Accounts payable	\$ 75,477	\$ 17,063	\$ 88,655	\$ -	\$ 181,195
Accrued liabilities	90,693	-	-	-	90,693
Unearned revenue	6,414	-	-	-	6,414
Total Liabilities	<u>172,584</u>	<u>17,063</u>	<u>88,655</u>	<u>-</u>	<u>278,302</u>
Deferred Inflows of Resources					
Unavailable revenue - property taxes	472,191	625,000	-	394,209	1,491,400
Fund Balances					
Restricted					
Class "C" roads	282,707	-	636,910	-	919,617
Debt service	-	-	-	82,829	82,829
Committed for:					
Capital projects	-	-	2,132,560	-	2,132,560
Assigned					
Redevelopment Agency	-	672,779	-	-	672,779
Unassigned	1,040,164	-	-	-	1,040,164
Total Fund Balances	<u>1,322,871</u>	<u>672,779</u>	<u>2,769,470</u>	<u>82,829</u>	<u>4,847,949</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,967,646</u>	<u>\$ 1,314,842</u>	<u>\$ 2,858,125</u>	<u>\$ 477,038</u>	<u>\$ 6,617,651</u>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF WASHINGTON TERRANCE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2014**

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

Total fund balance - governmental funds	\$ 4,847,949
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	29,429,197
Long-term liabilities, including bond payable, are not due and payable in the current period and therefore are not recorded in the funds.	(3,887,790)
Accrued interest expense is not due and payable in the current period and therefore is not recorded in the funds.	<u>(47,463)</u>
Net position - governmental activities	<u><u>\$ 30,341,893</u></u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF WASHINGTON TERRACE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
For The Year Ended June 30, 2014

	<u>General</u>	<u>Redevelopment Agency</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 2,219,283	\$ 724,171	\$ -	\$ 394,210	\$ 3,337,664
Licenses and permits	218,632	-	-	-	218,632
Intergovernmental	270,813	914,939	285,304	-	1,471,056
Charges for services	877,740	-	87,942	-	965,682
Impact fees	-	-	6,841	-	6,841
Fines and forfeitures	146,356	-	-	-	146,356
Interest income	11,959	7,977	246	-	20,182
Miscellaneous revenue	55,255	-	-	-	55,255
Total Revenues	3,800,038	1,647,087	380,333	394,210	6,221,668
Expenditures					
Current:					
General government	1,117,791	65,232	1,057	-	1,184,080
Public safety	1,151,935	-	-	-	1,151,935
Highways and public works	680,045	15,872	-	-	695,917
Parks and recreation	212,704	-	-	-	212,704
Capital expenditures	-	956,828	685,387	-	1,642,215
Debt service:					
Principal retirement	-	246,463	822,115	317,214	1,385,792
Interest and fiscal charges	-	23,711	44,498	116,588	184,797
Total Expenditures	3,162,475	1,308,106	1,553,057	433,802	6,457,440
Excess (Deficiency) of Revenues Over (Under) Expenditures	637,563	338,981	(1,172,724)	(39,592)	(235,772)
Other Financing Sources (Uses)					
Transfer in	90,538	-	448,132	-	538,670
Transfer out	(448,132)	-	-	-	(448,132)
Refunding bonds issued	-	-	731,333	-	731,333
Sale of capital assets	-	-	63,400	-	63,400
Total Other Financing Sources (Uses)	(357,594)	-	1,242,865	-	885,271
Net Change in Fund Balances	279,969	338,981	70,141	(39,592)	649,499
Fund Balance, Beginning, Restated	1,042,902	333,798	2,699,329	122,421	4,198,450
Fund Balance, Ending	<u>\$ 1,322,871</u>	<u>\$ 672,779</u>	<u>\$ 2,769,470</u>	<u>\$ 82,829</u>	<u>\$ 4,847,949</u>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF WASHINGTON TERRACE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2014**

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

Net change in fund balances - total governmental funds	\$ 649,499
Governmental funds have reported capital outlays, past and present, 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.	(1,041,759)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net position.	1,654,778
Government funds have proceeds from the sale of assets as revenue. However, in the state of activities the reports the gain or loss on the sale of assets.	(79,643)
Repayment of bond principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.	1,385,793
Issuance of long-term debt provides current financial resources to governmental funds. However, these revenues are reported as debt in the statement of net position.	(731,333)
In the statement of activities, accrued interest on debt is recorded.	45,865
The long term portion of accrued leave does not require the use of current financial resources and therefore is not recorded as an expenditure in the Governmental Funds.	(2,394)
Change in net position - governmental activities	\$ 1,880,806

The notes to the basic financial statements are an integral part of this statement.

CITY OF WASHINGTON TERRACE
STATEMENT OF NET POSITION – PROPRIETARY FUND
June 30, 2014

	Business-type Activities
	Enterprise Fund Public Utilities
Assets	
Current Assets	
Cash and cash equivalents	\$ 4,521,593
Investments	282,330
Accounts receivable, net	306,894
Prepays	94,309
Cash - restricted	304,917
Total Current Assets	5,510,043
Noncurrent Assets	
Land	116,813
Buildings	11,364
Infrastructure	15,141,356
Machinery and equipment	1,182,215
Less: Accumulated depreciation	(4,556,425)
Total Noncurrent Assets	11,895,323
Total Assets	\$ 17,405,366
Liabilities	
Current Liabilities	
Accounts payable	\$ 42,752
Accrued liabilities	62,230
Capital lease payable	18,039
Bonds payable	282,058
Total Current Liabilities	405,079
Noncurrent Liabilities	
Capital lease payable	9,270
Bonds payable	2,603,696
Total Noncurrent Liabilities	2,612,966
Total Liabilities	3,018,045
Net Position	
Net invested in capital assets	9,268,778
Restricted:	
Debt reserve	31,187
Capital projects	250,440
Unrestricted	4,836,916
Total Net Position	14,387,321
Total Liabilities and Net Position	\$ 17,405,366

The notes to the basic financial statements are an integral part of this statement.

**CITY OF WASHINGTON TERRACE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET
POSITION – PROPRIETARY FUND
For The Year Ended June 30, 2014**

	<u>Business-type Activities</u>
	<u>Enterprise Fund</u>
	<u>Public Utilities</u>
Operating Revenues	
Charges for services:	
Water	\$ 1,347,885
Sewer	1,137,097
Refuse	453,241
Storm water	370,951
Connection and other fees	
Water	7,667
Sewer	3,640
Total Operating Revenues	<u>3,320,481</u>
Operating Expenses	
Personnel services	775,960
Contractual services	994,391
Materials and supplies	151,746
Depreciation expense	390,845
Total operating expenses	<u>2,312,942</u>
Operating income	<u>1,007,539</u>
Nonoperating revenue (expense)	
Interest income	24,432
Impact fee income	53,095
Intergovernmental income	189,067
Interest expense	(102,382)
Sale of capital assets	(39,347)
Total nonoperating revenues (expenses)	<u>124,865</u>
Income (loss) before capital contributions and transfers	1,132,404
Capital contributions	-
Transfers in/(out)	(90,538)
Change in net position	1,041,866
Net position, beginning Restated	<u>13,345,455</u>
Net position, ending	<u>\$ 14,387,321</u>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF WASHINGTON TERRACE
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
For The Year Ended June 30, 2014**

	<u>Business-type Activities</u> <u>Enterprise Fund</u> <u>Public Utilities</u>
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 3,336,666
Payments to suppliers and service providers	(1,311,583)
Payments to employees and related benefits	(713,730)
	1,311,353
Cash Flows From Non-Capital Financing Activities	
Transfers out	(90,538)
Intergovernmental	189,067
	98,529
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(1,320,387)
Proceeds from bonds	365,667
Principal paid on bonds and leases	(703,231)
Proceeds from sale of assets	24,700
Interest Paid	(102,382)
Impact fees received	53,095
	(1,682,538)
Cash Flows From Investing Activities	
Interest on investments	24,432
	24,432
Net Increase (Decrease) In Cash and Cash Equivalents	(248,224)
Cash and Cash Equivalents, Beginning	5,357,064
Cash and Cash Equivalents, Ending	\$ 5,108,840

The notes to the basic financial statements are an integral part of this statement.

**CITY OF WASHINGTON TERRACE
STATEMENT OF CASH FLOWS – PROPRIETARY FUND (Continued)
For The Year Ended June 30, 2014**

	<u>Business-type Activities</u> <u>Enterprise Fund</u> <u>Public Utilities</u>
Reconciliation of operating income to net cash flows from operating activities	
Operating income	\$ 1,007,539
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation expense	390,845
(Increase) Decrease in accounts receivables	16,185
(Increase) Decrease in prepaids	(2,453)
Increase (Decrease) in accounts payable	(162,995)
Increase (Decrease) in accrued liabilities	62,232
	62,232
Net cash flows from operating activities	\$ 1,311,353

The notes to the basic financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF WASHINGTON TERRACE NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Washington Terrace (City) was incorporated on December 12, 1958. The City operates under a council manager form of government and provides the following services as authorized by its character: public safety (police, fire, inspection and animal control), streets and highways, public utilities (refuse collection, water and sewer), parks and recreation and general administrative services. The financial statements of The City of Washington Terrace 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) **The Reporting Entity**

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations.

Blended Component Unit

The Washington Terrace Redevelopment Agency (RDA) is governed by the Mayor and City Council. Although it is legally separate from the City, the RDA is reported as if it were part of the primary government because its sole purpose is to redevelop areas within the City thereby generating additional property tax and sales tax for the City.

(B) **Government-Wide and Fund Financial Statements**

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

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

(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.

CITY OF WASHINGTON TERRACE
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) Measurement Focus and Basis of Accounting (Continued)

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 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, revenues, fund balance, revenues, and expenditures or expenses as appropriate.

The City reports the following major governmental funds:

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

Redevelopment Agency Funds- Special Revenue Fund is used to account for the proceeds of property tax revenues that are legally restricted for the improvement, rehabilitation, and redevelopment of lighted areas within the City.

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).

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs (other than those of the proprietary funds).

The City reports the following major enterprise funds:

Public Utilities Fund - is used to account for the water, sewer, refuse, and storm water service.

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 repair services for such funds.

CITY OF WASHINGTON TERRACE
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) Measurement Focus and Basis of Accounting (Continued)

Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the enterprise funds and of the City's internal service funds are charges to customers to the system. Operating expenses for enterprise funds and the internal service 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 nonoperating 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. Once a budget has been adopted, it remains in effect until it has been formally revised. Budgets for the general fund, special revenue, and capital projects funds are legally required and prepared and adopted on the modified accrual basis of accounting. Therefore, no reconciliation between budgetary schedules and the GAAP statements is required.

The Budgetary Comparison schedules presented in this section of the report are for the City's general fund and major 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 unreserved fund balance at the end of each year.

Utah State allows for any undesignated 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, debt service 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 Weber 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 on a monthly basis.

**CITY OF WASHINGTON TERRACE
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(F) Capital Assets

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

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

Buildings and improvements	20-50 Years
Sewer collection system	50 Years
Water distribution system	50 Years
Infrastructure and improvements	20-40 Years
Machinery and equipment	5-10 Years
Other improvements	10-40 Years

(G) Long-Term Obligation

In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

(H) Equity Classifications

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

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

In the fund financial statements; governmental fund equity is classified as fund balance. Fund balance is further classified as 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.

CITY OF WASHINGTON TERRACE
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(H) Equity Classifications (Continued)

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.

Committed fund balance classification include those funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the governments highest level of decision making authority, the City Council. Fund balance commitments can only be removed or changed by the same type of action (for example, resolution) of the City Council.

Assigned fund balance classifications include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Council authorizes such assignments. Also includes all remaining amounts that are reported in governmental funds, other than the general fund that are not classified as nonspendable, restricted nor committed or in the General Fund, that are intended to be used for specific purposes.

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.

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

The City considers all cash and investments with original maturities of three months or less to be cash and cash equivalents. For the purpose of the statement of cash flows, cash and cash equivalents are defined as the cash and cash equivalent accounts and the restricted cash and cash equivalents accounts.

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, 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.

In additional to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows or resources, 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 government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in

CITY OF WASHINGTON TERRACE
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(K) Deferred outflows/inflows of resources

this category. 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.

NOTE 2 CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits including the portion of the Utah State Treasurer's investment pool (PTIF) that is considered as a demand deposit. Investments are stated at carrying value as the carrying value approximates the fair value. Each fund's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents" and "investments" which also includes cash accounts that are separately held by several of the City's funds.

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.

Custodial credit risk – deposits is the risk that in the event of 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 the City 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 Money Management Council. As of June 30, 2014, \$691,063 of the City's bank balances of \$950,710 (excluding PTIF) was uninsured and uncollateralized.

Custodial credit risk – 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. As of June 30, 2014, all of the City's \$282,330 in investments was exposed to custodial credit risk because it was uninsured and uncollateralized.

Credit risk is the risk that the counterparty to an investment 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; banker 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 as defined in the Act.

The City is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF) which is a voluntary external pooled investment fund managed by the Utah State Treasurer's Office and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, is not rated, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

For the year ended June 30, 2014, the City had cash balances of \$8,883,455 deposited in the PTIF. The fair value of this cash balance was \$8,932,369 using a fair value factor of 1.0055062.

**CITY OF WASHINGTON TERRACE
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 2 CASH AND INVESTMENTS (Continued)

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment in the PTIF has no concentration of credit risk as the PTIF is an external investment pool managed by the Utah State Treasurer.

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 has no formal policy regarding interest rate risk. The City manages its exposure to declines in fair value by investing mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity may not exceed the period of availability of the funds to be invested. The Act further 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. The City's investments do not have stipulated maturity dates but are only deposited and held until debt service due dates arrive.

Following are the City's cash on hand, on deposit, and investments at June 30, 2014:

	Carrying Amount
Cash on hand and on deposit:	
Cash on hand	\$ 1,000
Cash on deposit	765,285
Utah State Treasurer's investment pool accounts	8,883,455
Total cash on hand and deposit	\$ 9,649,740
Investments	
Utah State Treasurer's investment pool accounts	282,330
Total Investments	\$ 282,330

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable are recorded net of the allowance for doubtful accounts of \$7,718 in the enterprise fund.

NOTE 4 RESTRICTED ASSETS

Certain assets are restricted to use as follows as of June 30, 2014:

Developer and Customer deposits	\$ 32,965
Unearned Revenue - Football Fees	6,465
Class C Road Funds	919,617
2010 Series Bond Reserve Fund	31,187
2010 Unspent Road Bond Proceeds	250,441
	\$ 1,240,674

**CITY OF WASHINGTON TERRACE
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2014, is as follows:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 9,066,741	\$ 353,660	\$ -	\$ 9,420,401
Construction in progress	95,900	735,065	(88,114)	742,851
Total capital assets, not being depreciated	9,162,641	1,088,725	(88,114)	10,163,252
Capital assets, being depreciated				
Buildings	3,536,491	37,841	-	3,574,332
Improvements	815,755	343,670	(257,753)	901,672
Infrastructure	23,112,248	-	-	23,112,248
Machinery and equipment	1,560,919	272,656	(82,146)	1,751,429
Total capital assets, being depreciated	29,025,413	654,167	(339,899)	29,339,681
Less accumulated depreciation for				
Buildings	(623,605)	(84,918)	-	(708,523)
Improvements	(475,114)	(38,326)	257,753	(255,687)
Infrastructure	(7,277,188)	(895,173)	-	(8,172,361)
Machinery and equipment	(924,849)	(23,342)	11,026	(937,165)
Total accumulated depreciation	(9,300,756)	(1,041,759)	268,779	(10,073,736)
Total capital assets, being depreciated, net	19,724,657	(387,592)	(71,120)	19,265,945
Governmental activities capital assets, net	\$ 28,887,298	\$ 701,133	\$ (159,234)	\$ 29,429,197

**CITY OF WASHINGTON TERRACE
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 5 CAPITAL ASSETS (Continued)

The Business-type Activities property, plant and equipment consist of the following at June 30, 2014:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Business-type Activities				
Capital assets, not being depreciated				
Land	\$ 116,813	\$ -	\$ -	\$ 116,813
Construction in progress	158,002		(158,002)	-
Total capital assets, not being depreciated	274,815	-	(158,002)	116,813
Capital assets, being depreciated				
Buildings	11,364	-	-	11,364
Infrastructure	14,257,477	1,241,231	(357,353)	15,141,355
Machinery and equipment	1,126,082	79,156	(23,023)	1,182,215
Total capital assets, being depreciated	15,394,923	1,320,387	(380,376)	16,334,934
Less accumulated depreciation for				
Buildings	(11,364)	-	-	(11,364)
Infrastructure	(3,837,078)	(347,608)	451,309	(3,733,377)
Machinery and equipment	(791,470)	(43,236)	23,023	(811,683)
Total accumulated depreciation	(4,639,912)	(390,844)	474,332	(4,556,424)
Total capital assets, being depreciated, net	10,755,011	929,543	93,956	11,778,510
Business-type activities capital assets, net	\$ 11,029,826	\$ 929,543	\$ (64,046)	\$ 11,895,323

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General government	\$ 84,821
Public safety	11,459
Highways and public works	904,709
Parks and recreation	40,770
Total depreciation expense - governmental activities	\$ 1,041,759
Business-type activities	
Water services	\$ 188,640
Sewer services	116,799
Refuse services	85,249
Storm water services	156
Total depreciation expense - business-type activities	\$ 390,844

**CITY OF WASHINGTON TERRACE
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 6 DEFERRED INFLOWS

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, 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 has no items that qualify for reporting in this category.

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, *deferred inflows of resources*, 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.

In conjunction with GASB pronouncement 33, “*Accounting and Financial Reporting for Nonexchange Transactions*” the City has accrued property tax receivable and a deferred outflow in the General Fund and Redevelopment Agency in the amounts of \$472,191 and \$625,000, respectively.

Property taxes recorded in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 30 days). Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on October 1, and then are due and payable at November 30. Since the property tax levied on October 1, 2014 was not expected to be received within 30 days after the year ended June 30, 2014, the City was required to record receivable and deferred inflow of the estimated amount of the total property tax to be levied on October 1, 2014.

NOTE 7 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 \$57,825 of the compensated absences balance will be due in the next year.

NOTE 8 CAPITAL LEASES

The City entered into a lease agreement as lessee for financing the acquisition of a street sweeper valued at \$79,000. The sweeper has a ten-year estimated useful life. This year, \$7,900 was included in depreciation expense. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date.

	Governmental Activities
Asset:	
Machinery and equipment	\$ 79,000
Less: accumulated depreciation	(27,812)
	\$ 51,188

**CITY OF WASHINGTON TERRACE
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 8 CAPITAL LEASES (Continued)

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2014 are as follows:

Year Ending June 30,	Governmental Activities
2015	\$ 18,882
2016	9,440
Total minimum lease payments	28,322
Less: amount representing interest	(1,013)
Present value of minimum lease payments	\$ 27,309

NOTE 9 LONG-TERM DEBT

The following is summary of long-term debt transactions of the City for the year ended June 30, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities					
RDA Tax Increment Revenue					
& Refunding Bonds, Series 2003	\$ 504,208	\$ -	\$ (246,463)	\$ 257,745	\$ 257,745
Special Assessments Bonds, Series 2001	6,783	-	(6,783)	-	-
Sales Tax Revenue Bond 2009	744,000	-	(744,000)	-	-
Sales Tax Revenue Refunding Bonds, Series 2013	-	731,333	(71,333)	660,000	64,000
Utility Revenue Bond, Series 2010B	239,039	-	(10,218)	228,821	10,553
Utility Revenue Bond, Series 2010C	280,612	-	(11,996)	268,616	12,389
G.O. Refunding Bonds, Series 2005	2,685,000	-	(295,000)	2,390,000	305,000
Total bonds payable	\$ 4,459,642	\$ 731,333	\$ (1,385,793)	\$ 3,805,182	\$ 649,687
Compensated absences	80,214	82,608	(80,214)	82,608	57,825
Governmental activity long- term liabilities	\$ 4,539,856	\$ 813,941	\$ (1,466,007)	\$ 3,887,790	\$ 707,512
Business-type activities					
Special Assessments Bonds, Series 2001	\$ 393,217	\$ -	\$ (393,217)	\$ -	\$ -
Sales Tax Revenue Refunding Bonds, Series 2013	-	365,667	(35,667)	330,000	32,000
Revenue Refunding Bonds, Series 2010A	1,800,000	-	(205,000)	1,595,000	210,000
Utility Revenue Bond, Series 2010B	417,961	-	(16,782)	401,179	17,447
Utility Revenue Bond, Series 2010C	489,388	-	(22,004)	467,384	22,611
Bond Premium	105,361	-	(13,170)	92,191	-
Total bonds payable	\$ 3,205,927	\$ 365,667	\$ (685,840)	\$ 2,885,754	\$ 282,058
Capital lease	44,700	-	(17,391)	27,309	18,039
Business-type activity long- term liabilities	\$ 3,250,627	\$ 365,667	\$ (703,231)	\$ 2,913,063	\$ 300,097

The General Fund typically liquidates the liability for compensated absences.

**CITY OF WASHINGTON TERRACE
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 9 LONG-TERM DEBT (Continued)

Redevelopment Agency Tax Increment Revenue Bonds Series 2003

The Redevelopment Agency Tax Increment Revenue Bonds Series 2003 was issued in August 2003 by the Redevelopment Agency. The \$2,490,000 revenue bonds are due in annual installments through March 1, 2015. The bonds carry an interest rate of 4.70%.

The annual debt service requirements to maturity, including principal and interest, for the Tax Increment Revenue Bonds Series 2003, as of June 30, 2014 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 257,745	\$ 12,128	\$ 269,873
Total	<u>\$ 257,745</u>	<u>\$ 12,128</u>	<u>\$ 269,873</u>

Sales Tax Revenue Refunding Bonds, Series 2013

The \$1,097,000 Sales Tax Revenue Refunding Bonds, Series 2013 was issued in December 2013. The proceeds, along with the debt reserve account of \$98,057, were used to refund the Special Assessments Bonds, Series 2001 and the 2009 Sales Tax Revenue Bond which had interest rates from 2.50% to 5.95%. The City paid accrued interest of \$25,063 along with costs of issuance of \$25,994. The net present value cash flow savings in the refunding is \$257,660. The economic gain is \$\$257,716

The Sales Tax Revenue Refunding Bonds, Series 2013 are due in annual installments through June 1, 2024. The bonds carry an interest rate of 1.98%.

The annual debt service requirements to maturity, including principal and interest, for the Sales Tax Revenue Refunding Bonds, Series 2013, as of June 30, 2014 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 96,000	\$ 19,760	\$ 115,760
2016	102,000	17,870	119,870
2017	101,000	15,840	116,840
2018	106,000	13,840	119,840
2019	105,000	11,741	116,741
2020	109,000	9,662	118,662
2021	110,000	7,504	117,504
2022	118,000	5,326	123,326
2023	75,000	2,990	77,990
2024	68,000	1,505	69,505
Total	<u>\$ 990,000</u>	<u>\$ 106,038</u>	<u>\$ 1,096,038</u>

**CITY OF WASHINGTON TERRACE
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 9 LONG-TERM DEBT (Continued)

General Obligation Refunding Bonds, Series 2005

The General Obligation Refunding Bonds, Series 2005 was issued in March 2005. The \$3,445,000 revenue bonds are due in annual installments through March, 2020. The bonds carry a varying interest rate each year from 3.85% - 4.10%. The government issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The bonds are direct obligations and pledge the full faith and credit of the government.

The annual debt service requirements to maturity, including principal and interest, for the General Obligation Refunding Bonds Series 2005, as of June 30, 2014 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 305,000	\$ 89,209	\$ 394,209
2016	315,000	77,426	392,426
2017	325,000	64,862	389,862
2018	345,000	51,572	396,572
2019	355,000	37,463	392,463
2020	365,000	22,971	387,971
2021	380,000	7,790	387,790
Total	<u>\$ 2,390,000</u>	<u>\$ 351,293</u>	<u>\$ 2,741,293</u>

Revenue Refunding Bonds, Series 2010A

The Revenue Refunding Bonds, Series 2010A was issued in December 2010. The \$2,505,000 revenue bonds are due in annual installments through June 1, 2021. The bonds carry a varying interest rate each year from 2.0% - 4.0%. The Revenue Refunding Bond, Series 2010A requires a Debt Service Reserve which is being funded by an insurance policy. The city has pledged future utility customer revenues to repay revenue refunding bonds issued in 2010

The annual debt service requirements to maturity, including principal and interest, for the Revenue Refunding Bonds Series 2010A, as of June 30, 2014 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 210,000	\$ 55,162	\$ 265,162
2016	210,000	50,962	260,962
2017	215,000	45,712	260,712
2018	225,000	39,800	264,800
2019	230,000	33,050	263,050
2020	250,000	22,700	272,700
2021	255,000	10,200	265,200
Total	<u>\$ 1,595,000</u>	<u>\$ 257,586</u>	<u>\$ 1,852,586</u>

**CITY OF WASHINGTON TERRACE
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 9 LONG-TERM DEBT (Continued)

Utility Revenue Bond, Series 2010B

The Utility Revenue Bond, Series 2010B was issued in December 2010. The \$708,000 revenue bonds are due in annual installments through June 1, 2031. The bonds carry an interest rate of 3.56%.

The annual debt service requirements to maturity, including principal and interest, for the Utility Revenue Bond Series 2010B, as of June 30, 2014 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 28,000	\$ 22,428	\$ 50,428
2016	29,000	21,431	50,431
2017	30,000	20,399	50,399
2018	31,000	19,331	50,331
2019	32,000	18,227	50,227
2020	33,000	17,088	50,088
2021	34,000	15,913	49,913
2022	35,000	14,703	49,703
2023	36,000	13,457	49,457
2024	38,000	12,175	50,175
2025	39,000	10,822	49,822
2026	40,000	9,434	49,434
2027	42,000	8,010	50,010
2028	43,000	6,515	49,515
2029	45,000	4,984	49,984
2030	47,000	3,382	50,382
2031	48,000	1,709	49,709
Total	<u>\$ 630,000</u>	<u>\$ 220,008</u>	<u>\$ 850,008</u>

**CITY OF WASHINGTON TERRACE
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 9 LONG-TERM DEBT (Continued)

Utility Revenue Bond, Series 2010C

The Utility Revenue Bond, Series 2010B was issued in December 2010. The \$835,000 revenue bonds are due in annual installments through June 1, 2031. The bonds carry an interest rate of 2.50%.

The annual debt service requirements to maturity, including principal and interest, for the Utility Revenue Bond Series 2010B, as of June 30, 2014 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 35,000	\$ 22,428	\$ 57,428
2016	36,000	21,431	57,431
2017	37,000	20,399	57,399
2018	38,000	19,331	57,331
2019	39,000	18,227	57,227
2020	40,000	17,088	57,088
2021	41,000	15,913	56,913
2022	42,000	14,703	56,703
2023	43,000	13,457	56,457
2024	44,000	12,175	56,175
2025	45,000	10,822	55,822
2026	46,000	9,434	55,434
2027	47,000	8,010	55,010
2028	48,000	6,515	54,515
2029	50,000	4,984	54,984
2030	52,000	3,382	55,382
2031	53,000	1,709	54,709
Total	<u>\$ 736,000</u>	<u>\$ 220,008</u>	<u>\$ 956,008</u>

NOTE 10 RETIREMENT PLAN

Cost Sharing Defined Benefits Pension Plans

Plan description: The City of Washington Terrace contributes to the Local Governmental Contributory Retirement System and Local Governmental Non-contributory Retirement System. Firefighters Retirement System which is for employers with Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustment, and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated, 1953, as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (the Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, the Local Governmental Noncontributory Retirement System, and the Firefighters Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

**CITY OF WASHINGTON TERRACE
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 10 RETIREMENT PLAN (Continued)

Funding policy:

The contribution rates are the actuarially determined rates. The contribution requirements of the systems are authorized by statute and specified by the board. The City is required to contribute a percent of covered salary to the respective systems, as follows:

	<u>Paid by Employer for Employee</u>	<u>Employer Contribution Rates</u>
Contributory System:		
Local Governmental Division Tier 2	-	13.990%
Noncontributory System:		
Local Governmental Division Tier 1	-	17.290%
Firefighters system:		
Division A Tier 1	15.050%	2.960%

The contributions were equal to the required contributions for each year. The City's contributions to the plans were as follows:

<u>System</u>	<u>Year Ended June 30,</u>	<u>Employee paid Contributions</u>	<u>Employer paid for Employee Contribution</u>	<u>Employer Contributions</u>	<u>Salary Subject to Retirement Contributions</u>
Contributory System:					
Local Governmental Division					
	2014	\$ -	\$ -	\$ 3,583	\$ 42,150
	2013	-	-	4,592	53,647
	2012	-	-	2,782	36,655
Noncontributory System:					
Local Governmental Division Tier 1					
	2014	\$ -	\$ -	\$ 131,149	\$ 759,449
	2013	-	-	118,879	748,542
	2012	-	-	109,748	824,249
Firefighters System:					
Division A Tier 1					
	2014	\$ -	\$ 6,483	\$ 1,275	\$ 43,076
	2013	-	5,129	907	34,082
	2012	-	4,869	162	32,354
Defined Contribution System:					
457 Plan					
	2014	\$ 13,829	\$ -	\$ -	\$ -
	2013	16,330	-	-	-
	2012	14,509	-	-	-
401(k) Plan					
	2014	\$ 25,600	\$ 51,047	\$ -	\$ -
	2013	24,201	22,582	-	-
	2012	31,576	22,897	-	-
Traditional IRA Plan					
	2012	\$ 600	\$ -	\$ -	\$ -
Roth IRA Plan					
	2014	\$ 6,130	\$ -	\$ -	\$ -
	2013	5,770	-	-	-
	2012	2,450	-	-	-

**CITY OF WASHINGTON TERRACE
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 11 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 that should be covered by insurance.

NOTE 12 CONSTRUCTION COMMITMENTS

The City has active construction projects as of June 30, 2014.

<u>Project</u>	<u>Contract Amount</u>	<u>Paid to Date</u>	<u>Commitment Outstanding</u>
Park restrooms	\$ 67,723	\$ 64,588	\$ 3,135
Adams Ave. road reconstruction	5,367,533	1,024,137	4,343,396
	<u>\$ 5,435,256</u>	<u>\$ 1,088,725</u>	<u>\$ 4,346,531</u>

NOTE 13 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, \$500,000 of fidelity bond coverage for the treasurer, and \$10,000 fidelity bond coverage for other city cashiers.

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 14 REDEVELOPMENT AGENCY

In accordance with Utah Code Section 17C-1-605(1), the City's Redevelopment Agency is required to disclose the following information for fiscal year 2014:

The tax increment collected by the Agency for each project area is as follows:

<u>Project Area</u>	<u>2014</u>
Southeast	\$ 698,132
Central B/D	26,039
Total increment received	<u>\$ 724,171</u>

**CITY OF WASHINGTON TERRACE
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 14 REDEVELOPMENT AGENCY (Continued)

The Agency expended amounts in the following areas:

Amounts expended for:

Administrative costs	\$	81,104
Property acquisitions and site improvements		956,358
Debt service costs		<u>270,174</u>
 Total amounts expended by RDA	 \$	 <u><u>1,307,636</u></u>
 Outstanding bonds to finance RDA projects	 \$	 <u><u>257,745</u></u>

NOTE 15 TRANSFERS

During the year transfers were made which will not be repaid. Interfund transfers for the year ended June 30, 2014 are as follows:

	In	Out	
Governmental:			
General Fund	\$ 90,538	\$ 448,132	
Capital Projects	448,132	-	
Business-type			
Public Utilities	-	90,538	
	<u>\$ 538,670</u>	<u>\$ 538,670</u>	

The purpose of the interfund transfers is to meet the City's ongoing cash needs for capital projects. In addition to the transfers, the General Fund charged \$775,960 to the proprietary fund for personnel and administrative services during the year.

NOTE 16 PRIOR PERIOD ADJUSTMENT

During the year the City noted that several of the prior years construction projects had elements of new road construction along with replacement of utility infrastructure. These projects, and their related debt, had been improperly allocated and recorded in the respective funds. In addition, the City had not recorded the retirement of the assets replaced. The corrections did not affect current year revenues or expenditures, expenses.

The following are the adjustments to net position for each fund:

	Increase	Decrease	
Government-Wide:			
Governmental Activities	\$ -	\$ 1,827,334	
Business-type Activities	2,249,224	-	
Governmental:			
General Fund	\$ -	\$ -	
Redevelopment	-	1,365,585	
Capital Projects	-	84,123	
Debt Service	37,741	-	

SUPPLEMENTARY INFORMATION

WASHINGTON TERRACE CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For The Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Property tax - real estate	\$ 434,619	\$ 447,547	\$ 462,054	\$ 14,507
Property tax - vehicles	90,000	90,000	98,497	8,497
Delinquent property taxes	20,000	20,000	31,810	-
Direct charges	1,500	1,500	-	-
Sales and use taxes	888,800	888,800	919,458	30,658
Franchise taxes	707,000	707,000	698,397	(8,603)
RAMP tax	-	-	9,067	9,067
Total taxes	<u>2,141,919</u>	<u>2,154,847</u>	<u>2,219,283</u>	<u>45,059</u>
Licenses and permits:				
Business licenses	78,000	92,000	99,898	7,898
Building permits	20,000	65,000	74,139	9,139
Planning fees	5,400	36,000	38,776	2,776
Animal licenses	5,000	5,000	5,819	819
Total licenses and permits	<u>108,400</u>	<u>198,000</u>	<u>218,632</u>	<u>20,632</u>
Intergovernmental revenue:				
Class "C" roads	250,000	250,000	262,650	12,650
State liquor fund allotment	6,185	6,672	6,672	-
Other grants	140,600	44,397	1,491	(42,906)
Total intergovernmental revenue	<u>396,785</u>	<u>301,069</u>	<u>270,813</u>	<u>(30,256)</u>
Charges for services:				
Administrative fee - other funds	825,489	825,489	830,242	4,753
Recreation fees	33,100	49,122	47,498	(1,624)
Total charges for services	<u>858,589</u>	<u>874,611</u>	<u>877,740</u>	<u>3,129</u>
Fines and forfeitures	<u>153,400</u>	<u>152,000</u>	<u>146,356</u>	<u>(5,644)</u>
Miscellaneous:				
Interest	12,000	12,000	11,959	(41)
Other	30,945	47,983	55,255	7,272
Total miscellaneous	<u>42,945</u>	<u>59,983</u>	<u>67,214</u>	<u>7,231</u>
Total Revenues	<u>\$ 3,702,038</u>	<u>\$ 3,740,510</u>	<u>\$ 3,800,038</u>	<u>\$ 40,151</u>

The notes to the basic financial statements are an integral part of this statement.

WASHINGTON TERRACE CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – GENERAL FUND (Continued)
For The Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
General government:				
City council	\$ 34,286	\$ 37,126	\$ 34,257	\$ 2,869
Municipal court	136,090	137,550	135,295	2,255
Administrative	444,950	339,050	315,472	23,578
Treasurer	186,227	186,927	185,326	1,601
Recorder	84,727	84,727	84,632	95
Leisure services	84,498	84,498	77,799	6,699
Non-departmental	125,457	111,957	181,130	(69,173)
General government building	106,500	112,650	103,880	8,770
Total general government	<u>1,202,735</u>	<u>1,094,485</u>	<u>1,117,791</u>	<u>(23,306)</u>
Public safety:				
Police department	790,701	790,701	788,310	2,391
Fire department	231,203	242,903	215,452	27,451
Inspection and planning	106,318	106,518	100,289	6,229
Animal control	48,688	48,688	47,884	804
Total public safety	<u>1,176,910</u>	<u>1,188,810</u>	<u>1,151,935</u>	<u>36,875</u>
Highways and public works:				
Streets	112,000	112,000	84,467	27,533
Public works	682,430	678,130	595,578	82,552
Total highways and public works	<u>794,430</u>	<u>790,130</u>	<u>680,045</u>	<u>110,085</u>
Parks and recreation				
	<u>190,681</u>	<u>220,534</u>	<u>212,704</u>	<u>7,830</u>
Total Expenditures	<u>\$ 3,364,756</u>	<u>\$ 3,293,959</u>	<u>\$ 3,162,475</u>	<u>\$ 131,484</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>\$ 337,282</u>	<u>\$ 446,551</u>	<u>\$ 637,563</u>	<u>\$ 171,635</u>
Other Financing Sources (Uses)				
Transfer in	-	90,538	90,538	-
Transfer out	(337,282)	(538,670)	(448,132)	90,538
Total Other Financing Sources (Uses)	<u>(337,282)</u>	<u>(448,132)</u>	<u>(357,594)</u>	<u>90,538</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (1,581)</u>	<u>279,969</u>	<u>\$ 262,173</u>
Fund Balance, Beginning, Restated			<u>1,042,902</u>	
Fund Balance, Ending			<u>\$ 1,322,871</u>	

The notes to the basic financial statements are an integral part of this statement.

**WASHINGTON TERRACE CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL –REDEVELOPMENT AGENCY
SPECIAL REVENUE FUND
For The Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes - increment	\$ 675,000	\$ 675,000	\$ 724,171	\$ 49,171
Interest	-	-	7,977	7,977
Intergovernmental	-	-	914,939	914,939
Total Revenues	<u>675,000</u>	<u>675,000</u>	<u>1,647,087</u>	<u>972,087</u>
Expenditures				
Salaries and benefits	15,502	15,502	15,502	-
Professional and technical	4,230	4,230	370	3,860
Capital expenditures	1,245,602	1,245,602	956,828	288,774
Administrative fee to general fund	48,638	48,638	65,232	(16,594)
Debt service:				
Principal retirement	246,463	246,463	246,463	-
Interest and fiscal charges	23,712	23,712	23,711	1
Total Expenditures	<u>1,584,147</u>	<u>1,584,147</u>	<u>1,308,106</u>	<u>276,041</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(909,147)</u>	<u>(909,147)</u>	<u>338,981</u>	<u>1,248,128</u>
Net Change in Fund Balance	<u>\$ (909,147)</u>	<u>\$ (909,147)</u>	<u>338,981</u>	<u>\$ 1,248,128</u>
Fund Balance, Beginning, Restated			<u>333,798</u>	
Fund Balance, Ending			<u>\$ 672,779</u>	

The notes to the basic financial statements are an integral part of this statement.

STATISTICAL SECTION

(unaudited)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

FINANCIAL TREND DATA

CITY OF WASHINGTON TERRACE, UTAH
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Governmental Activities										
Net investment in capital assets	24,809,751	24,243,148	24,773,485	23,271,524	23,115,197	21,530,243	21,735,498	20,816,639	20,921,337	20,404,232
Restricted	1,002,446	792,171	724,144	1,031,661	971,559	1,038,001	1,228,921	699,211	442,084	290,102
Unrestricted	4,529,696	5,253,102	4,224,554	3,815,011	3,711,039	4,722,837	2,551,108	2,621,787	2,443,624	2,468,604
Total Governmental Activities Net Position	<u>\$30,341,893</u>	<u>\$30,288,421</u>	<u>\$29,722,183</u>	<u>\$28,118,196</u>	<u>\$27,797,795</u>	<u>\$27,291,081</u>	<u>\$25,515,527</u>	<u>\$24,137,637</u>	<u>\$23,807,045</u>	<u>\$23,162,938</u>
Business-Type Activities										
Net investment in capital assets	9,268,778	6,962,596	7,046,086	4,819,572	5,850,150	5,854,976	5,474,317	5,378,627	5,417,528	4,155,523
Restricted	281,627	-	-	-	-	-	-	-	-	-
Unrestricted	4,836,916	4,133,635	3,568,149	3,772,175	1,973,641	1,185,690	100,069	(400,541)	(602,678)	423,032
Total Business-Type Activities Net Position	<u>\$14,387,321</u>	<u>\$11,096,231</u>	<u>\$10,614,235</u>	<u>\$ 8,591,747</u>	<u>\$ 7,823,791</u>	<u>\$ 7,040,666</u>	<u>\$ 5,574,386</u>	<u>\$ 4,978,086</u>	<u>\$ 4,814,850</u>	<u>\$ 4,578,555</u>
Primary Government										
Net investment in capital assets	34,078,529	31,205,744	31,819,571	28,091,096	28,965,347	27,385,219	27,209,815	26,195,266	26,338,865	24,559,755
Restricted	1,284,073	792,171	724,144	1,031,661	971,559	1,038,001	1,228,921	699,211	442,084	290,102
Unrestricted	9,366,612	9,386,737	7,792,703	7,587,186	5,684,680	5,908,527	2,651,177	2,221,246	1,840,946	2,891,636
Total Primary Government Net Position	<u>\$44,729,214</u>	<u>\$41,384,652</u>	<u>\$40,336,418</u>	<u>\$36,709,943</u>	<u>\$35,621,586</u>	<u>\$34,331,747</u>	<u>\$31,089,913</u>	<u>\$29,115,723</u>	<u>\$28,621,895</u>	<u>\$27,741,493</u>

CITY OF WASHINGTON TERRACE, UTAH
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

Expenses	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental Activities:										
General government	1,299,410	1,227,430	1,059,655	1,102,705	1,073,622	1,079,101	1,006,926	926,255	935,221	732,372
Public safety	1,268,295	1,173,056	1,153,483	1,130,528	1,214,932	1,197,872	1,149,680	1,083,474	1,108,090	1,065,717
Highways and public works	1,506,224	1,723,620	977,754	1,647,499	1,793,659	1,491,848	1,457,532	1,546,983	1,344,756	1,268,005
Parks and recreation	244,530	223,097	209,734	186,999	180,901	180,326	188,071	144,432	158,641	127,172
Interest and long-term debt	112,941	195,865	259,206	275,517	324,825	299,143	283,059	459,702	319,404	427,949
Total Governmental Activities	\$ 4,431,400	\$ 4,543,068	\$ 3,659,832	\$ 4,343,248	\$ 4,587,939	\$ 4,248,290	\$ 4,085,268	\$ 4,160,846	\$ 3,866,112	\$ 3,621,215
Business-Type Activities:										
Water services	834,383	815,941	725,142	774,618	720,818	728,511	697,403	764,699		
Sewer services	916,534	903,727	743,011	704,079	607,499	554,896	448,436	504,760		
Garbage services	421,714	482,100	458,407	445,248	442,545	454,020	343,036	430,934		
Storm drain services	282,040	257,990	229,326	261,955	222,279	226,799	200,683	14,085	16,423	
Public utilities									1,689,534	1,096,464
Total Business-Type Activities	\$ 2,454,671	\$ 2,459,758	\$ 2,155,886	\$ 2,185,900	\$ 1,993,141	\$ 1,964,226	\$ 1,689,558	\$ 1,714,478	\$ 1,705,957	\$ 1,096,464
Total Expenses	\$ 6,886,071	\$ 7,002,826	\$ 5,815,718	\$ 6,529,148	\$ 6,581,080	\$ 6,212,516	\$ 5,774,826	\$ 5,875,324	\$ 5,572,069	\$ 4,717,679
Program Revenues										
Governmental Activities:										
Charges for Services										
General government	1,178,215	968,522	847,924	893,319	852,338	926,269	805,287	1,016,722	1,072,818	67,966
Public safety	69,409	160,392	170,033	205,613	149,075	122,224	156,929	205,554	222,406	255,473
Highways and public works	87,942	83,109	86,577	90,695	100,496	103,600				
Parks and recreation	52,691	51,152	46,081	28,004	32,722	32,476	34,005	26,466	26,204	73,273
Contributions	275,322	349,177	310,363	276,511	255,217	317,945	286,009	273,025	285,519	241,085
Capital Grants and Contributions	1,200,243	322,351	974,000	184,609	726,243	1,738,260	1,114,704			350,848
Total Governmental Activities	\$ 2,863,822	\$ 1,934,703	\$ 2,434,978	\$ 1,678,751	\$ 2,116,091	\$ 3,240,774	\$ 2,396,934	\$ 1,521,767	\$ 1,606,947	\$ 988,645
Business-Type Activities:										
Charges for Services										
Water services	1,355,552	1,118,803	1,079,900	1,022,204	1,010,392	1,082,007	949,092	655,537		
Sewer services	1,140,737	1,058,798	905,983	873,327	821,167	798,912	555,970	518,224		
Garbage services	453,241	501,473	523,077	525,341	528,553	543,913	520,380	477,207		
Storm drain services	370,951	328,388	299,953	283,933	278,421	294,948	210,641	160,383	186,041	
Public Utilities									1,677,713	1,805,033
Operating Grants and Contributions									2,988	
Capital Grants and Contributions	242,162	7,790	1,302,809	230,915	42,081	412,753				
Total Business-Type Activities	\$ 3,562,643	\$ 3,015,252	\$ 4,111,722	\$ 2,935,720	\$ 2,680,614	\$ 3,132,533	\$ 2,236,083	\$ 1,811,351	\$ 1,866,742	\$ 1,805,033

CITY OF WASHINGTON TERRACE, UTAH
CHANGES IN NET POSITION (continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Total Program Revenues	<u>\$ 6,426,465</u>	<u>\$ 4,949,955</u>	<u>\$ 6,546,700</u>	<u>\$ 4,614,471</u>	<u>\$ 4,796,705</u>	<u>\$ 6,373,307</u>	<u>\$ 4,633,017</u>	<u>\$ 3,333,118</u>	<u>\$ 3,473,689</u>	<u>\$ 2,793,678</u>
Net (Expense)/Revenue										
Governmental Activities	(1,567,578)	(2,608,365)	(1,224,854)	(2,664,497)	(2,471,848)	(1,007,516)	(1,688,334)	(2,639,079)	(2,259,165)	(2,632,570)
Business-Type Activities	1,107,972	555,494	1,955,836	749,820	687,473	1,168,307	546,525	96,873	160,785	708,569
Total Net (Expense)	<u>\$ (459,606)</u>	<u>\$(2,052,871)</u>	<u>\$ 730,982</u>	<u>\$(1,914,677)</u>	<u>\$(1,784,375)</u>	<u>\$ 160,791</u>	<u>\$(1,141,809)</u>	<u>\$(2,542,206)</u>	<u>\$(2,098,380)</u>	<u>\$(1,924,001)</u>
General Revenues & Transfers										
Governmental Activities:										
Property taxes	1,719,870	1,571,060	1,577,070	1,519,651	1,560,747	1,524,661	1,348,177	1,283,263	1,312,438	1,324,695
General sales and use tax	919,397	887,879	873,830	765,000	724,468	737,185	926,068	864,738	752,715	641,925
Franchise tax	698,397	699,047	677,204	683,168	658,721	669,459	635,230	588,724	622,866	520,298
Investment earnings	20,182	16,617	15,918	17,079	34,625	57,766	112,570	101,219	72,975	60,793
Miscellaneous			2,479				81,603	153,219	269,179	195,155
Gain (loss) on sale of assets						(206,001)			(56,544)	(2,744)
Transfers	90,538						(37,423)	(21,494)	(70,358)	589,975
Total Governmental Activities	<u>\$ 3,448,384</u>	<u>\$ 3,174,603</u>	<u>\$ 3,146,501</u>	<u>\$ 2,984,898</u>	<u>\$ 2,978,561</u>	<u>\$ 2,783,070</u>	<u>\$ 3,066,225</u>	<u>\$ 2,969,669</u>	<u>\$ 2,903,271</u>	<u>\$ 3,330,097</u>
Business-Type Activities:										
Investment earnings	24,432	53,635	48,950	18,136	6,695	12,286	12,350	44,869	5,151	2,902
Miscellaneous					88,956					
Gain (loss) on sale of assets		6,045	17,702							
Transfers	(90,538)					206,001	37,423	21,494	70,358	(589,975)
Total Business-Type Activities	<u>\$ (66,106)</u>	<u>\$ 59,680</u>	<u>\$ 66,652</u>	<u>\$ 18,136</u>	<u>\$ 95,651</u>	<u>\$ 218,287</u>	<u>\$ 49,773</u>	<u>\$ 66,363</u>	<u>\$ 75,509</u>	<u>\$ (587,073)</u>
Total Primary Government	<u>\$ 3,382,278</u>	<u>\$ 3,234,283</u>	<u>\$ 3,213,153</u>	<u>\$ 3,003,034</u>	<u>\$ 3,074,212</u>	<u>\$ 3,001,357</u>	<u>\$ 3,115,998</u>	<u>\$ 3,036,032</u>	<u>\$ 2,978,780</u>	<u>\$ 2,743,024</u>
Change in Net Position										
Governmental Activities	1,880,806	566,238	1,921,647	320,401	506,713	1,775,554	1,377,891	330,590	644,106	697,527
Business-Type Activities	1,041,866	615,174	2,022,488	767,956	783,124	1,386,594	596,298	163,236	236,294	121,496
Total Primary Government	<u>\$ 2,922,672</u>	<u>\$ 1,181,412</u>	<u>\$ 3,944,135</u>	<u>\$ 1,088,357</u>	<u>\$ 1,289,837</u>	<u>\$ 3,162,148</u>	<u>\$ 1,974,189</u>	<u>\$ 493,826</u>	<u>\$ 880,400</u>	<u>\$ 819,023</u>

CITY OF WASHINGTON TERRACE, UTAH
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund										
Restricted	282,707	241,345	203,376	492,437	464,791	459,189	414,528	384,016	211,097	113,837
Unassigned	1,040,164	801,557	601,278	618,819	598,070	564,426	925,844	949,220	977,005	545,236
Total General Fund	<u>\$1,322,871</u>	<u>\$1,042,902</u>	<u>\$ 804,654</u>	<u>\$1,111,256</u>	<u>\$1,062,861</u>	<u>\$1,023,615</u>	<u>\$1,340,372</u>	<u>\$1,333,236</u>	<u>\$1,188,102</u>	<u>\$ 659,073</u>
All Other Governmental Funds										
Restricted	719,739	2,334,889	596,569	609,431	579,674	659,345	888,384	372,906	280,181	218,726
Committed	2,132,560	2,232,625	2,140,120	1,900,204	2,022,491	3,440,780	1,127,657	1,257,894	949,689	1,445,070
Assigned	672,779	-	1,437,854	1,172,745	944,035	626,352	426,381	284,618	231,949	165,588
Total All Other Governmental Funds	<u>\$3,525,078</u>	<u>\$4,567,514</u>	<u>\$4,174,543</u>	<u>\$3,682,380</u>	<u>\$3,546,200</u>	<u>\$4,726,477</u>	<u>\$2,442,422</u>	<u>\$1,915,418</u>	<u>\$1,461,819</u>	<u>\$1,829,384</u>
Total Fund Balances	<u>\$4,847,949</u>	<u>\$5,610,416</u>	<u>\$4,979,197</u>	<u>\$4,793,636</u>	<u>\$4,609,061</u>	<u>\$5,750,092</u>	<u>\$3,782,794</u>	<u>\$3,248,654</u>	<u>\$2,649,921</u>	<u>\$2,488,457</u>

Notes:

- (1) In 2009, the City dissolved nonmajor special revenue fund. Special revenue reserved fund balance is reported in reserved major capital projects funds.
- (2) The increase in unreserved fund balance in fiscal year 2009 was due to unspent bond proceeds from an issuance during the period for capital projects.

CITY OF WASHINGTON TERRACE, UTAH
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Revenues										
Taxes	3,337,664	3,157,986	3,128,104	2,967,819	2,943,936	2,931,305	2,909,475	2,736,725	2,688,019	2,486,918
Licenses and permits	218,632	111,449	99,981	114,076	128,304	165,638	76,376	159,771	156,345	129,173
Intergovernmental	1,471,056	671,528	310,363	461,120	981,460	2,056,205	286,009	273,025	285,519	241,085
Charges for services	965,682	910,344	856,609	869,278	829,379	869,005	700,235	764,747	753,361	677,018
Impact fees	6,841	7,952	3,647	7,329	16,819	17,297	50,878	127,764	214,160	62,078
Fines and forfeitures	146,356	154,803	170,033	205,613	149,075	120,724	156,929	185,494	184,838	194,266
Interest income	20,182	16,617	15,918	17,079	34,625	57,766	112,570	101,219	72,975	60,793
Miscellaneous revenue	55,255	78,627	996,824	21,335	11,054	11,904	1,208,110	164,185	225,358	207,230
Total Revenues	<u>\$6,221,668</u>	<u>\$5,109,306</u>	<u>\$5,581,479</u>	<u>\$4,663,649</u>	<u>\$ 5,094,652</u>	<u>\$6,229,844</u>	<u>\$5,500,582</u>	<u>\$4,512,930</u>	<u>\$4,580,575</u>	<u>\$ 4,058,561</u>
Expenditures										
Current:										
General Government	1,184,080	1,031,931	978,234	1,021,693	989,764	1,044,072	958,548	892,078	839,362	800,099
Public Safety	1,151,935	1,129,803	1,140,451	1,117,570	1,167,257	1,156,683	1,112,995	1,044,916	1,070,649	1,112,176
Highways and public works	695,917	709,811	700,222	713,828	717,215	730,926	685,875	635,684	604,246	655,840
Parks and recreation	212,704	199,168	190,131	167,255	162,418	161,263	153,057	132,385	147,506	153,723
Capital expenditures	1,642,215	592,153	1,544,163	418,222	1,861,384	1,914,591	1,295,763	231,717	743,025	1,049,968
Debt Service:										
Principal retirement	1,385,792	608,399	611,832	779,739	1,041,099	465,893	442,099	644,000	635,678	923,017
Interest and fiscal charges	184,797	206,822	230,885	260,768	296,545	283,117	280,681	311,925	308,287	425,177
Total Expenditures	<u>\$6,457,440</u>	<u>\$4,478,087</u>	<u>\$5,395,918</u>	<u>\$4,479,075</u>	<u>\$ 6,235,682</u>	<u>\$5,756,545</u>	<u>\$4,929,018</u>	<u>\$3,892,705</u>	<u>\$4,348,753</u>	<u>\$ 5,120,000</u>
Excess (Deficiency of Revenues over Expenditures)	\$ (235,772)	\$ 631,219	\$ 185,561	\$ 184,574	\$ (1,141,030)	\$ 473,299	\$ 571,564	\$ 620,225	\$ 231,822	\$ (1,061,439)
Other Financing Sources (Uses)										
Bond proceeds:	731,333					1,700,000				3,445,000
Payment to refunded bond escrow agent										(3,369,515)
Capital lease										53,588
Transfers in	538,670	856,390	856,390	838,651	2,594,179	835,850	550,953	626,942	355,490	874,155
Transfers out	(448,132)	(856,390)	(856,390)	(838,651)	(294,179)	(1,041,851)	(588,376)	(648,436)	(425,848)	(874,155)
Sale of capital assets	63,400									
Total Other Financing Sources (Uses)	<u>\$ 885,271</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,300,000</u>	<u>\$1,493,999</u>	<u>\$ (37,423)</u>	<u>\$ (21,494)</u>	<u>\$ (70,358)</u>	<u>\$ 129,073</u>
Net change in fund balance	<u>\$ 649,499</u>	<u>\$ 631,219</u>	<u>\$ 185,561</u>	<u>\$ 184,574</u>	<u>\$ 1,158,970</u>	<u>\$1,967,298</u>	<u>\$ 534,141</u>	<u>\$ 598,731</u>	<u>\$ 161,464</u>	<u>\$ (932,366)</u>
Debt service as a percentage of non-capital expenditures	33%	21%	22%	26%	31%	19%	20%	26%	26%	33%

**REVENUE CAPACITY
INFORMATION**

CITY OF WASHINGTON TERRACE, UTAH
GENERAL GOVERNMENTAL REVENUES BY SOURCE
Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses & Permits	Inter-Governmental	Charges for Services	Fines & Forfeitures	Interest & Miscellaneous	Impact Fees	Total Revenue
2014	\$3,337,664	\$ 218,632	\$ 1,471,056	\$ 965,682	\$ 146,356	75,437	\$ 6,841	\$6,221,668
2013	3,157,986	111,449	671,528	910,344	154,803	95,244	7,952	5,109,306
2012	3,128,104	99,981	310,363	856,609	170,033	1,012,742	3,647	5,581,479
2011	2,967,819	114,076	461,120	869,278	205,613	17,079	7,329	4,642,314
2010	2,943,936	128,304	981,460	829,379	149,075	34,625	16,819	5,232,673
2009	2,931,305	165,638	2,056,205	869,005	120,724	57,766	17,297	6,217,940
2008	2,909,475	76,376	286,009	700,235	156,929	1,320,680	50,878	5,500,582
2007	2,736,725	159,771	273,025	764,747	185,494	265,404	127,764	4,512,930
2006	2,688,019	156,345	285,519	753,361	184,838	298,333	214,160	4,580,575
2005	2,486,918	129,173	241,085	677,018	194,266	207,230	62,078	3,997,768

CITY OF WASHINGTON TERRACE, UTAH
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
Last Ten Fiscal Years

Fiscal Year	General Property	General Sales & Use	Franchise	Total Tax Revenue
2014	\$1,719,809	\$ 919,458	\$ 698,397	\$ 3,337,664
2013	\$1,571,060	887,879	699,047	3,157,986
2012	1,577,070	873,830	677,204	3,128,104
2011	1,519,651	765,000	683,168	2,967,819
2010	1,560,747	724,468	658,721	2,943,936
2009	1,524,661	737,185	669,459	2,931,305
2008	1,348,177	926,068	635,230	2,909,475
2007	1,283,263	864,738	588,724	2,736,725
2006	1,312,438	752,715	622,866	2,688,019
2005	1,324,695	641,925	520,298	2,486,918

CITY OF WASHINGTON TERRACE, UTAH
ASSESSED / TAXABLE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year	Real Property			Personal Property	State Centrally Assessed	Total Assessed/Taxable Value	Total Direct Tax Rate	Estimated Market Value	Ratio of Assessed / Taxable to Estimated Market Value
	Residential	Commercial	Other Misc.						
2014	\$ 217,583,053	\$75,167,587	\$ 31,788	\$ 30,832,278	\$5,118,752	328,733,458	0.003217	\$512,097,796	64.19
2013	213,364,811	74,327,029	33,706	28,919,283	4,953,113	321,597,942	0.003085	513,941,537	62.57
2012	226,028,844	73,479,614	33,548	28,790,810	5,476,106	333,808,922	0.002938	561,930,652	59.40
2011	226,052,833	70,034,831	868,983	29,640,983	5,488,357	332,085,987	0.002939	560,862,597	59.21
2010	240,581,217	65,336,332	881,836	28,552,953	5,713,064	341,065,402	0.002866	581,729,703	58.63
2009	246,645,897	59,804,472	882,526	25,872,159	4,125,679	337,330,733	0.002830	580,824,791	58.08
2008	226,279,216	52,599,877	882,345	20,838,514	3,811,307	304,411,259	0.002865	522,332,162	58.28
2007	202,717,420	46,250,462	880,477	14,988,687	3,790,949	268,627,995	0.003203	461,041,193	58.27
2006	205,792,054	42,382,323	881,325	15,163,045	3,827,533	268,046,280	0.003308	462,054,967	58.01
2005	182,081,559	40,887,863	890,453	15,393,295	3,699,518	242,952,688	0.003594	414,618,884	58.60

Source:
Weber County Clerk Auditor
Weber County Assessor

CITY OF WASHINGTON TERRACE, UTAH
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

Fiscal Year	City Direct Rates			Overlapping Rates									TOTAL TAX RATES
	General Operations	General Obligation Debt Service	Total City Millage	Weber County Levy	State & County Assessment /Collecting	Weber Morgan Health	Weber County Library	School District	Mosquito Abatement District	Secondary Water	Central Weber Sewer	Paramedic & Dispatch 911 Fund	
2014	0.001743	0.0014737	0.003217	0.002288	0.000385	0.000129	0.000686	0.00692	0.000146	0.000210	0.000866	0.000540	0.015387
2013	0.001588	0.001497	0.003085	0.002507	0.000399	0.000130	0.000696	0.007071	0.000148	0.000215	0.000880	0.000550	0.015681
2012	0.001497	0.001441	0.002938	0.002520	0.000391	0.000123	0.000660	0.006833	0.000141	0.000217	0.000854	0.000523	0.015200
2011	0.001498	0.001441	0.002939	0.002472	0.000377	0.000120	0.000646	0.006526	0.000138	0.000207	0.000833	0.000526	0.014784
2010	0.001420	0.001446	0.002866	0.002303	0.000342	0.000112	0.000601	0.005721	0.000128	0.000188	0.000811	0.000488	0.013560
2009	0.001378	0.001452	0.002830	0.002235	0.000321	0.000156	0.000585	0.005458	0.000089	0.000181	0.000800	0.000428	0.013083
2008	0.001281	0.001584	0.002865	0.002376	0.000295	0.000164	0.000615	0.005626	0.000094	0.000200	0.000519	0.000451	0.013205
2007	0.001408	0.001795	0.003203	0.002673	0.000335	0.000185	0.000692	0.006263	0.000106	0.000870	0.000573	0.000480	0.015380
2006	0.001510	0.001798	0.003308	0.002808	0.000464	0.000193	0.000721	0.006427	0.000110	0.001247	0.000567	0.000185	0.016234
2005	0.001600	0.001994	0.003594	0.002333	0.000420	0.000188	0.000566	0.006245	0.000112	0.001232	0.000552	0.000236	0.015638

Source:
Utah State Tax Commission

CITY OF WASHINGTON TERRACE, UTAH
PRINCIPAL PROPERTY TAX PAYERS
Current Year and Ten Years Ago

Taxpayer	Principal Nature of Business	2014			2005		
		Rank	Taxable Assessed Valuation (1)	% of Total Assessed Value	Rank	Taxable Assessed Valuation (1)	% of Total Assessed Value
Columbia Ogden Medical Center.....	Healthcare	1	38,837,641	11.8	1	27,267,703	11.2
The Boyer Company.....	Professional Office	2	6,295,773	1.9	2	4,491,712	1.8
CNL Retirement.....	Healthcare	3	4,310,288	1.3			-
Washington House Assisted Living.....	Healthcare	4	3,461,095	1.1	3	2,689,258	1.1
Pleasant Valley Office.....	Professional Office	5	2,679,664	0.8	4	2,182,565	0.9
Ogden Orthopedic Medical.....	Healthcare	6	2,636,867	0.8			
Lake Park Apartments Inc.....	Housing	7	2,614,974	0.8	10	1,602,000	6.6
Mt. Ogden Heat & Rehab.....	Healthcare	8	2,539,248	0.8	5	1,988,360	0.8
Ogden Tomotherapy.....	Healthcare	9	2,467,566	0.8			
Storage South LLC.....	Storage Facilities	10	2,177,286	0.7	6	1,863,520	0.8
New York Life Insurance Company.....					7	1,825,010	0.8
Health Care Property Investors.....	Healthcare				8	1,767,997	0.7
GFI LTD.....					9	1,642,200	0.7
Totals			\$ 68,020,402	20.7%		\$ 47,320,325	25.4%
City Taxable Value			\$ 328,733,458	100.0%		\$ 242,952,688	100.0

Note:
(1) Assessed valuation includes real, personal and centrally assessed.

Source:
Weber County Clerk Auditor

CITY OF WASHINGTON TERRACE, UTAH
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Calendar Years

Washington Terrace City

Calendar Year December 31,	Taxes	Less:	Net Taxes to be Collected	Collections Current Year Levy	of Current Year Levy Collected	Collections in Subsequent Years (2)	Total Collections to Date	
	Levied for the Year	Treasurer's Relief (1)					Amount	of Levy
2013	\$ 922,382	\$ 48,662	\$ 873,720	\$ 873,720	94.72%	\$ 21,756	\$ 895,476	97.08%
2012	864,581	46,944	817,637	817,637	94.57	27,501	845,138	97.75
2011	859,026	44,151	814,875	814,875	94.86	31,562	846,437	98.53
2010	851,234	20,720	830,514	798,825	93.84	19,180	818,005	96.10
2009	839,520	20,993	818,527	783,283	93.30	26,655	809,938	96.48
2008	832,113	20,920	811,193	787,143	94.60	28,897	816,040	98.07
2007	778,700	19,075	759,625	729,321	93.66	25,858	755,179	96.98
2006	771,633	21,308	750,325	724,594	93.90	22,951	747,545	96.88
2005	795,914	22,834	773,080	748,318	94.02	20,669	768,987	96.62
2004	774,121	17,173	756,948	722,724	93.36	23,077	745,801	96.34

Redevelopment Agencies

2013	\$ 629,545	-	\$ 629,545	\$ 629,545	100.00%	-	\$ 629,545	100.00%
2012	630,369	-	630,369	630,369	100.00	-	630,369	100.00
2011	628,311	-	628,311	628,311	100.00	-	628,311	100.00
2010	613,653	-	613,653	613,653	100.00	-	613,653	100.00
2009	646,392	-	646,392	646,392	100.00	-	646,392	100.00
2008	570,446	-	570,446	570,446	100.00	-	570,446	100.00
2007	463,006	-	463,006	463,006	100.00	-	463,006	100.00
2006	414,196	-	414,196	414,196	100.00	-	414,196	100.00
2005	428,294	-	428,294	428,294	100.00	-	428,294	100.00
2004	414,196	-	414,196	414,196	100.00	-	414,196	100.00

Total Property Tax Levies and Collections

2013	\$ 1,551,927	\$ 48,662	\$ 1,503,265	\$ 1,503,265	\$ 2	\$ 21,756	\$ 1,525,021	98.27%
2012	1,494,950	46,944	1,448,006	1,448,006	195	27,501	1,475,507	98.70
2011	1,487,337	44,151	1,443,186	1,443,186	195	31,562	1,474,748	99.15
2010	1,464,887	20,720	1,444,167	1,412,478	194	19,180	1,431,658	97.73
2009	1,485,912	20,993	1,464,919	1,429,675	193	26,655	1,456,330	98.01
2008	1,402,559	20,920	1,381,639	1,357,589	195	28,897	1,386,486	98.85
2007	1,241,706	19,075	1,222,631	1,192,327	194	25,858	1,218,185	98.11
2006	1,185,829	21,308	1,164,521	1,138,790	194	22,951	1,161,741	97.97
2005	1,224,208	22,834	1,201,374	1,176,612	194	20,669	1,197,281	97.80
2004	1,188,317	17,173	1,171,144	1,136,920	193	23,077	1,159,997	97.62

Note:

(1) Treasurer's relief includes abatements

(2) Delinquent tax collections do not include interest and penalties.

Source:

Weber County Treasurer

**CITY OF WASHINGTON TERRACE, UTAH
 DIRECT AND OVERLAPPING SALES TAX RATES
 Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Weber County</u>	<u>State of Utah</u>	<u>Combined Rate</u>
2014	1.00%	1.15%	4.70%	6.85%
2013	1.00	1.15	4.70	6.85
2012	1.00	1.15	4.70	6.85
2011	1.00	1.15	4.70	6.85
2010	1.00	1.15	4.70	6.85
2009	1.00	1.15	4.70	6.85
2008	1.00	1.10	4.65	6.75
2007	1.00	0.85	4.75	6.60
2006	1.00	0.85	4.75	6.60
2005	1.00	0.75	4.75	6.50

Source:
 Utah State Tax Commission

**DEBT CAPACITY
INFORMATION**

CITY OF WASHINGTON TERRACE, UTAH
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2014

<u>Governmental Unit</u>	<u>Net Debt Outstanding (2)</u>	<u>Estimated % Applicable to City</u>	<u>Estimated \$ Applicable to City</u>
Weber County	41,010,000	1.89%	776,748
Weber County School District	102,630,000	2.71%	2,779,047
Weber Basin Water Conservancy District (1)	\$ 23,888,492	1.89%	<u>\$ 452,459</u>
Total Overlapping Debt.....			4,008,254
Washington Terrace City Direct Debt.....			<u>2,390,000</u>
Total Direct and Overlapping Debt.....			<u><u>\$ 6,398,254</u></u>

Notes:

(1) Weber Basin Water Conservancy District services all of Morgan and Weber County, most of Davis County, and portions of Box Elder and Summit Counties. Principal and interest payments on bonds outstanding are paid primarily from the sale of water. WBWCD bonds are shown as

(2) Includes only long-term general obligation debt being repaid through general property taxes.

The State of Utah general obligation debt is not included in the calculation of general obligation overlapping debt because the State does not levy property tax for the payment of general obligation bonds.

Source:
Utah State Auditor
Utah State Tax Commission

CITY OF WASHINGTON TERRACE, UTAH
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Debt Limit	13,149,338	12,863,918	13,352,357	13,283,439	13,642,616	13,493,229	12,176,450	10,745,120	10,721,851	9,718,108
Total net debt applicable to limit	<u>2,307,171</u>	<u>2,600,320</u>	<u>2,899,793</u>	<u>3,174,793</u>	<u>3,437,094</u>	<u>3,684,467</u>	<u>3,936,010</u>	<u>4,182,289</u>	<u>4,410,806</u>	<u>4,704,050</u>
Legal debt margin	<u>\$10,842,167</u>	<u>\$10,263,598</u>	<u>\$10,452,564</u>	<u>\$10,108,646</u>	<u>\$10,205,522</u>	<u>\$9,808,762</u>	<u>\$8,240,440</u>	<u>\$6,562,831</u>	<u>\$6,311,045</u>	<u>\$5,014,058</u>
Total net debt applicable to debt limit as a percentage	17.55%	20.21%	21.72%	23.90%	25.19%	27.31%	32.32%	38.92%	41.14%	48.41%

Legal Debt Margin Calculation for Fiscal Year 2014

Total assessed value	328,733,458
Debt limit - 4% of total assessed value	<u>13,149,338</u>
Amount of debt applicable to debt limits:	2,390,000
General Obligation Refunding Bonds Series 2005	
Less: Amount available for repayment of general obligation bonds	82,829
Total net debt applicable to limit	<u>2,307,171</u>
Legal debt margin	<u>\$10,842,167</u>

CITY OF WASHINGTON TERRACE, UTAH
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Less Operating Expense	Net Available Revenue	Debt Service			Time Coverage %
				Principal	Interest	Total	
Utility Revenue Bonds							
2014	\$ 3,320,481	\$ 2,312,942	\$ 1,007,539	\$ 266,000	\$ 88,728	\$ 354,728	2.84
2013	3,007,462	2,363,285	644,177	263,639	96,473	360,112	1.79
2012	2,808,913	2,042,597	766,316	257,000	113,289	370,289	2.07
2011	2,704,805	1,975,948	728,857	220,000	209,952	429,952	1.70
2010	2,645,228	1,627,410	1,017,818	160,000	129,648	289,648	3.51
2009	2,732,066	1,586,487	1,145,579	155,000	136,391	291,391	3.93
2008	2,248,433	1,307,046	941,387	150,000	142,766	292,766	3.22
2007	1,856,220	1,352,914	503,306	140,000	148,576	288,576	1.74
2006	1,871,893	1,344,979	526,914	135,000	153,975	288,975	1.82
2005	1,649,674	1,303,826	345,848	130,000	154,556	284,556	1.22
Redevelopment Tax Increment Revenue Bonds							
2014	\$ 732,148	\$ 81,104	\$ 651,044	\$ 246,463	\$ 23,711	\$ 270,174	2.41
2013	638,123	106,419	531,704	235,399	34,776	270,175	1.97
2012	626,650	91,366	535,284	224,832	45,343	270,175	1.98
2011	610,401	61,715	548,686	214,739	55,436	270,175	2.03
2010	652,751	64,894	587,857	205,100	65,075	270,175	2.18
2009	578,574	68,428	510,146	195,893	74,282	270,175	1.89
2008	474,751	62,814	411,937	187,099	83,076	270,175	1.52
2007	419,951	97,107	322,844	178,700	91,475	270,175	1.19
2006	432,327	95,791	336,536	170,678	99,497	270,175	1.25
2005	426,284	112,566	313,718	163,016	107,185	270,202	1.16
Sales & Franchise Tax Revenue Bonds (1)							
2014	\$ 1,617,855	\$ -	\$ 1,617,855	\$ 107,000	\$ 19,488	\$ 126,488	12.79
2013	1,586,926	-	1,586,926	53,000	35,891	88,891	17.85
2012	1,551,034	-	1,551,034	77,000	38,201	115,201	13.46
2011	1,448,168	-	1,448,168	300,000	73,824	373,824	3.87
2010	1,383,189	-	1,383,189	270,000	45,626	315,626	4.38
2009	1,406,644	-	1,406,644	556,000	59,526	615,526	2.29
2008	-	-	-	-	-	-	-

Notes:

(1) Debt issued in Fiscal Year 2009.

For additional information on the City's outstanding debt, refer to Note 8 and 9 to the financial statements.

CITY OF WASHINGTON TERRACE, UTAH
RATIOS OF GENERAL OBLIGATION (GO) BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Less Debt Service Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded GO Debt Per Capita
2014	9,164	\$ 328,733,458	\$ 2,390,000	\$ 82,829	\$2,307,171	0.70	\$ 252
2013	9,147	321,597,942	2,685,000	84,680	2,600,320	0.81	284
2012	9,106	333,808,922	2,970,000	70,207	2,899,793	0.87	318
2011	9,106	332,085,987	3,245,000	70,207	3,174,793	0.96	349
2010	9,067	341,065,402	3,510,000	72,906	3,437,094	1.01	379
2009	8,515	337,330,733	3,765,000	80,533	3,684,467	1.09	433
2008	8,389	304,411,259	4,010,000	73,990	3,936,010	1.29	469
2007	8,247	268,627,995	4,240,000	57,711	4,182,289	1.56	507
2006	8,346	268,046,280	4,460,000	49,194	4,410,806	1.65	528
2005	8,372	242,952,688	4,705,000	950	4,704,050	1.94	562

Notes:

For additional information on the City's outstanding debt, refer to the notes to the financial statements.

Sources:

US Census Bureau
 Weber County Clerk Auditor

CITY OF WASHINGTON TERRACE, UTAH
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities				Total Primary Government	% of Personal Income (1)	Per Capita (1)
	General Obligation Bonds (3)	Sales Tax Revenue Bonds (4)(5)	Redevelopment Tax Increment Bonds (6)	Special Assessment Bonds (7)	Utility Revenue Bonds (10)(11)	Capital Lease	Utility Revenue Bonds (8)(9)(10)(11)	Special Assessment Bonds (7)	Sales Tax Revenue Bonds (5)			
2014	\$ 2,390,000	\$ 660,000	\$ 257,745	\$ -	\$ 497,437	\$27,309	\$ 2,463,563	\$ -	\$330,000	\$ 6,626,054	1.99	723
2013 (2)	2,685,000	744,000	504,208	6,783	519,651	44,700	2,707,349	393,217	-	7,604,908	2.35	831
2012	2,970,000	797,000	739,608	435,000		61,467	3,491,000			8,494,075	2.73	933
2011	3,245,000	874,000	964,441	470,000		69,623	3,748,000			9,371,064	3.17	1,029
2010	3,510,000	1,144,000	1,179,180	500,000		-	2,360,000			8,693,180	2.92	959
2009	3,765,000	1,700,000	1,384,279	525,000		-	2,520,000			9,894,279	3.43	1,162
2008	4,010,000	-	1,580,172	550,000		11,237	2,675,000			8,826,409	3.11	1,052
2007	4,240,000	-	1,767,271	575,000		21,928	2,825,000			9,429,199	3.63	1,143
2006	4,460,000	-	1,946,272	820,000		32,100	2,965,000			10,223,372	4.20	1,225
2005	4,705,000	-	2,116,949	1,040,000		41,779	3,100,000			11,003,728	4.72	1,314

Notes:

- (1) See Demographic and Economic Statistics for personal income and population data. These ratios are calculated using personal income and population reported from the prior calendar year.
- (2) Fiscal year debt outstanding restated according to activity type. Refer to the Fiscal Year ended June 30, 2014, CAFR, Note 16, Prior Period Adjustments
- (3) General Obligation Refunding Bonds, Series 2005, par \$3,445,000
- (4) Sales Tax Revenue Bond, Series 2009, par \$1,700,000
- (5) Sales Tax Revenue Refunding Bonds, Series 2013 (Refunded Sales Tax Series 2009 and Special Assessment Series 2001), par \$1,097,000
- (6) RDA Tax Increment Revenue Refunding Bonds, Series 2003, par \$2,490,000
- (7) Special Assessment Bonds, Series 2001, par \$2,360,000
- (8) Utility Revenue Bonds, Series 2001, par \$3,600,000
- (9) Utility Revenue Refunding Bonds, Series 2010A, par \$2,505,000
- (10) Water Utility Revenue Bonds, Series 2010B, par \$708,000
- (11) Sewer Utility Revenue Bonds, Series 2010C, par \$835,000

For additional information on the City's outstanding debt, refer to Note 8 and 9 to the financial statements.

**DEMOGRAPHIC AND ECONOMIC
INFORMATION**

CITY OF WASHINGTON TERRACE, UTAH
DEMOGRAPHIC AND ECONOMIC INDICATORS
Last Ten Fiscal Years

Fiscal Year	Population					Income		Employment	
	City	City % Change From Prior Year	Weber County	County % Change From Prior Year	State of Utah	State % Change From Prior Year	Personal Income (\$000) (1)	Per Capita Personal Income (2)	Utah Unemployment Rate for June 30,
2014	9,164	0.19%	238,519	0.79%	2,900,872	1.60%	333,713	\$ 36,416 (1)	3.50%
2013	9,147	0.45%	236,640	0.95%	2,855,287	1.47%	323,392	35,355	4.60
2012	9,106	0.00%	234,420	1.38%	2,813,923	1.41%	310,578	34,107	5.50
2011	9,106	0.43%	231,236	-0.26%	2,774,663	0.39%	296,063	32,513	7.00
2010	9,067	6.48%	231,834	2.04%	2,763,885	3.79%	297,253	32,784	8.10
2009	8,515	1.50%	227,193	2.78%	2,663,029	2.51%	288,514	33,883	7.90
2008	8,389	1.72%	221,044	2.26%	2,597,746	2.86%	283,666	33,814	3.20
2007	8,247	-1.19%	216,165	1.17%	2,525,507	2.76%	259,789	31,501	2.60
2006	8,346	-0.31%	213,667	1.44%	2,457,719	2.34%	243,227	29,143	3.00
2005	8,372	-0.44%	210,642	1.52%	2,401,580	1.76%	233,160	27,850	4.20

Note:

(1) Estimated

(2) Applies to Weber County

Source:

Weber County Clerk Auditor

US Census Bureau

Utah Department of Workforce Services

US Department of Labor, Bureau of Labor Statistics

Utah State Tax Commission

US Department of Commerce, Bureau of Economic Analysis

**CITY OF WASHINGTON TERRACE, UTAH
PRINCIPAL EMPLOYERS
Current Year and Five Years Ago**

Employer	Principal Nature of Business	2014				2008			
		Rank	Yearly Minimum Employees	Yearly Maximum Employees	% of Total City Employment (1)	Rank	Yearly Minimum Employees	Yearly Maximum Employees	% of Total City Employment (1)
Ogden Regional Medical Center.....	Health Care	1	500	999	41.63	1	500	750	41.67
Weber School District.....	Education	2	100	249	10.38	2	300	349	19.39
Legacy House of Ogden.....	Health Care	3	50	99	4.13	6	75	99	5.50
Washington Heights Healthcare Inc.....	Health Care	4	50	99	4.13				
Washington Terrace Care & Rehab.....	Health Care	5	50	99	4.13				
Mountain Star Blood Services.....	Health Care	6	20	49	2.04	4	20	49	2.72
Gauss Management Research & Engineering.....	Professional	7	20	49	2.04				
Wasatch Therapy, Inc.....	Health Care	8	20	49	2.04				
Bravo Arts Academy.....	Education	9	20	49	2.04				
Care First Pharmacy.....	Health Care	10	20	49	2.04				
Family Fresh Foods.....	Grocery					3	50	74	4.11
Vistacare Hospice.....	Health Care				-	7	20	49	2.72
Bear Care Pediatric, Inc.....	Health Care		-	-	-	5	20	49	2.72
Washington Terrace City.....	Government		-	-	-	8	20	49	2.72
Adams Ave Parkway.....	Commercial		-	-	-	9	10	19	1.06
Terrace Depot.....	Commercial		-	-	-	10	10	19	1.06
Total			850	1,790	74.58%		1,025	1,506	83.67%

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

Data range will increase to ten years over time.

Source:
Utah Department of Workforce Services

OPERATING INFORMATION

CITY OF WASHINGTON TERRACE, UTAH
OPERATING INDICATORS BY FUNCTION
Last Seven Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007
Fire Protection								
Number of full-time employees	1	1	1	1	1	1	-	-
Number of volunteers	20	20	20	20	20	20	20	22
Fire calls for service	131	257	175	117	143	106	99	
Medical calls for service	708	710	669	736	629	659	626	
Police Protection & Animal Control								
Police calls for service	4,601	4,734	4,342	4,893	4,834	5,071	4,880	
Animal control calls for service	275	302	192	166	115	175	181	
Municipal Water Services								
Connections	2,896	2,891	2,870	2,870	2,858	2,848	2,838	2,835
Gallons billed/day	590,615	564,952	568,585	574,193	581,030	604,550	632,891	660,553
Gallons used/day	665,819	689,153	690,381	702,800	738,225	789,230	800,811	809,353
Municipal Sewer Services								
Connections	2,856	2,871	2,845	2,849	2,842	2,825	2,823	2,820
Municipal Refuse Services								
Customers	2,613	2,607	2,601	2,631	2,635	2,635	2,635	1,815
Refuse tonage collected	2,886	3,028	3,053	3,149	3,099			
Recycle tonage collected	378	413	400	546	445			
Parks and Recreation								
Football participants	125	143	130	123	136	114	109	113
Basketball participants	160	162	123	120	117	114	139	110
Baseball/softball participants	260	222	203	153	150	145	130	109
Business Licenses								
Licenses issued	438	415	411	410	412	432	433	336
Building and Construction								
Building permits issued	5	169	149	163	142	110	177	294

Note:
Table represents data available since 2007. Years available will increase to ten years over time.
* Information not available at the time of report compilation.

Source:
City departments

CITY OF WASHINGTON TERRACE, UTAH
CAPITAL ASSETS BY FUNCTION
Last Seven Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007
Area (square miles)	2	2	2	2	2	2	2	2
Streets								
Lane miles	58.08	53	53	53	53	53	53	53
Street lights	286	286	286	286	286	286	286	286
Police Protection & Animal Control								
Fire Protection								
Stations	1	1	1	1	1	1	1	1
Fire hydrants	265	265	265	265	265	265	260	260
Fire pumping vehicles	4	4	4	4	4	4	4	3
Education								
High schools (public)	1	1	1	1	1	1	1	1
Junior high schools (public)	1	1	1	1	1	1	1	1
Elementary schools (public)	2	2	2	2	2	2	2	2
Municipal Water Facilities								
Miles of water mains	32	32	32	32	32	32	32	32
Municipal Sewer Facilities								
Miles of sewer mains	29	29	29	29	29	29	29	29
Parks and Recreation								
Parks	7	7	7	7	7	7	7	6
Community centers	1	1	1	1	1	2	2	2
Park and open space acreage	50	50	50	50	50	50	50	48

Note:
Table represents data available since 2007. Years available will increase to ten years over time.

Source:
City departments

CITY OF WASHINGTON TERRACE, UTAH
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

Governmental Activities	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Government	6.56	6.34	6.06	5.56	5.55	5.55	5.68	5.50	5.53	4.30
Public Safety	3.63	3.63	3.63	3.63	2.65	2.65	2.50	2.50	3.50	3.60
Highways and Public Works	8.73	8.75	8.75	8.75	8.75	8.75	9.00	8.00	8.00	8.00
Parks and Recreation	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.00	1.00
Total Employees	<u>20.32</u>	<u>20.12</u>	<u>19.84</u>	<u>19.34</u>	<u>18.35</u>	<u>18.35</u>	<u>18.58</u>	<u>17.40</u>	<u>18.03</u>	<u>16.90</u>

Note:
 General Government and Highways and Public Works Employees overlap between Business-Type Activities and Governmental Activities.

Source:
 City of Washington Terrace

**CITY OF WASHINGTON TERRACE, UTAH
PROPERTY VALUE AND CONSTRUCTION
Last Ten Fiscal Years**

Fiscal Year	New		Additions, Alterations, Repairs			Total		% Change from Prior Year		
	# of Buildings	Residential Value (\$000)	Non-Residential Value (\$000)	# of Units	Residential Value (\$000)	Non-Residential Value (\$000)	# of Units	Construction Value (\$000)	# of Units	Construction Value (\$000)
2014	1	\$ 229	\$ -	4	\$ 44	\$ 585	5	\$ 857	-95%	-87%
2013	13	3,283	2,107	88	506	744	101	6,639	339%	399%
2012	1	291	66	22	367	607	23	1,331	-21%	-55%
2011	3	160	872	26	131	1,820	29	2,983	222%	409%
2010	4	308	219	5	45	15	9	586	-91%	-92%
2009	3	108	408	93	2,202	4,504	96	7,222	-34%	90%
2008	-	-	-	145	874	2,918	145	3,793	6%	-65%
2007	14	1,887	4,996	123	556	3,384	137	10,823	36%	63%
2006	13	3,283	2,107	88	506	744	101	6,639	-5%	166%
2005	17	1,140	706	89	453	202	106	2,501	-22%	-27%

Source:

Bureau of Economic and Business Research, Utah Construction Report, David Eccles School of Business, University of Utah