

City of Washington Terrace

Est. 1958

County of Weber, State of Utah

Comprehensive Annual Financial Report

City of Washington Terrace
for the Fiscal Year Ended June 30, 2017

With
Independent Auditor's Report



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City of Washington Terrace

County of Weber, State of Utah

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2017

Includes Internal Control, Compliance Reports, and
Supplemental Information

Presented by:

Finance Department

Shari' C. Garrett, Finance Director

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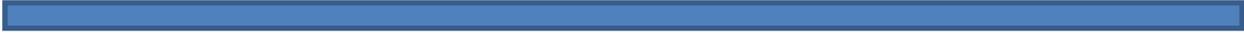
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INTRODUCTORY

SECTION



November 15, 2017

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, 2017, 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 City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City'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, 2017, 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

In the last ten years or since 2008, the City has had diminutive population growth with population growth of 10 percent or 809 persons--growing from a population of 8,389 to 9,198 in 2016. 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), a regional hospital, continues to be the City’s largest employer and taxpayer representing an estimated 39% of the City’s employment and 12% 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 developments.

Assessed Property Value

The City’s total assessed value is small compared to other cities of similar size at \$369,377,295 and the total direct tax rate is relatively high at 0.002830 compared to other cities within Weber County. Assessed taxable value increased by 3.9 percent from 2016. Said increase is largely attributed to new and renovated commercial and residential developments.

Since 2008, assessed taxable value has increased by 21 percent or \$65 million. The City experienced its largest increase in assessed taxable value in 2008--values increasing by 10 percent or \$35,783,264. Said growth was attributed to an increase in market values and new commercial growth and development in the Southeast Redevelopment area. Values have reached a pinnacle in 2017 at \$369,377,295. Prospects of new growth are leaving the City optimistic about the near term impacts on taxable values.

Major Revenues

The City's major operating revenues for governmental activities are typical of other Utah cities and are composed of sales and use taxes, charges for services, property taxes, franchise taxes, and grants. In 2017, total governmental activity revenues of \$4,653,131 decreased by 32 percent or \$2,161,117. This decrease was largely reported in Intergovernmental revenues dropping from \$2,571,025 to \$794,206 or by 69 percent. Intergovernmental capital grants and contributions were the major source of said drop as capital grant funding was fully recognized for the completion of the Adams Avenue Road Project.

The greatest increase in governmental revenue was reported in tax revenue increasing by 17 percent or \$474,383. Said increase was mostly reported in the Redevelopment Agency and the collection of tax increment.

Capital and operating grants and contributions represent the largest program revenue sources at \$706,329 or 59 percent of total program revenues for governmental activities.

Economy

According to the State of Utah Department of Workforce Services (DWS), *Economic Snapshot June 2017*, for Weber County (the county for which the City resides) “ Employment growth has been slowing a bit since late 2016, but there is nothing to indicate that it is anything more than a temporary lull. Taxable sales growth is consistently strong and average wages picked up this quarter along with the rest of the state. Unemployment remains low and initial unemployment insurance claims are back to pre-recession levels. Overall, the indicators suggest that the long term trajectory of economic performance for the county is still positive.”

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

The City adopts 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 resource allocation.

Additionally, 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.

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, 2016

Christopher P. Morill

Executive Director/CEO

MAYOR AND CITY COUNCIL



Mayor Mark C. Allen

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Washington Terrace, UT 84405
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Council Member Blair Brown

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Email: bbrown@rsac.com



Council Member Robert Jensen

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MAYOR AND CITY COUNCIL



Council Member Scott Barker

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Email: barkerscott03@gmail.com



Council Member Scott J. Monsen

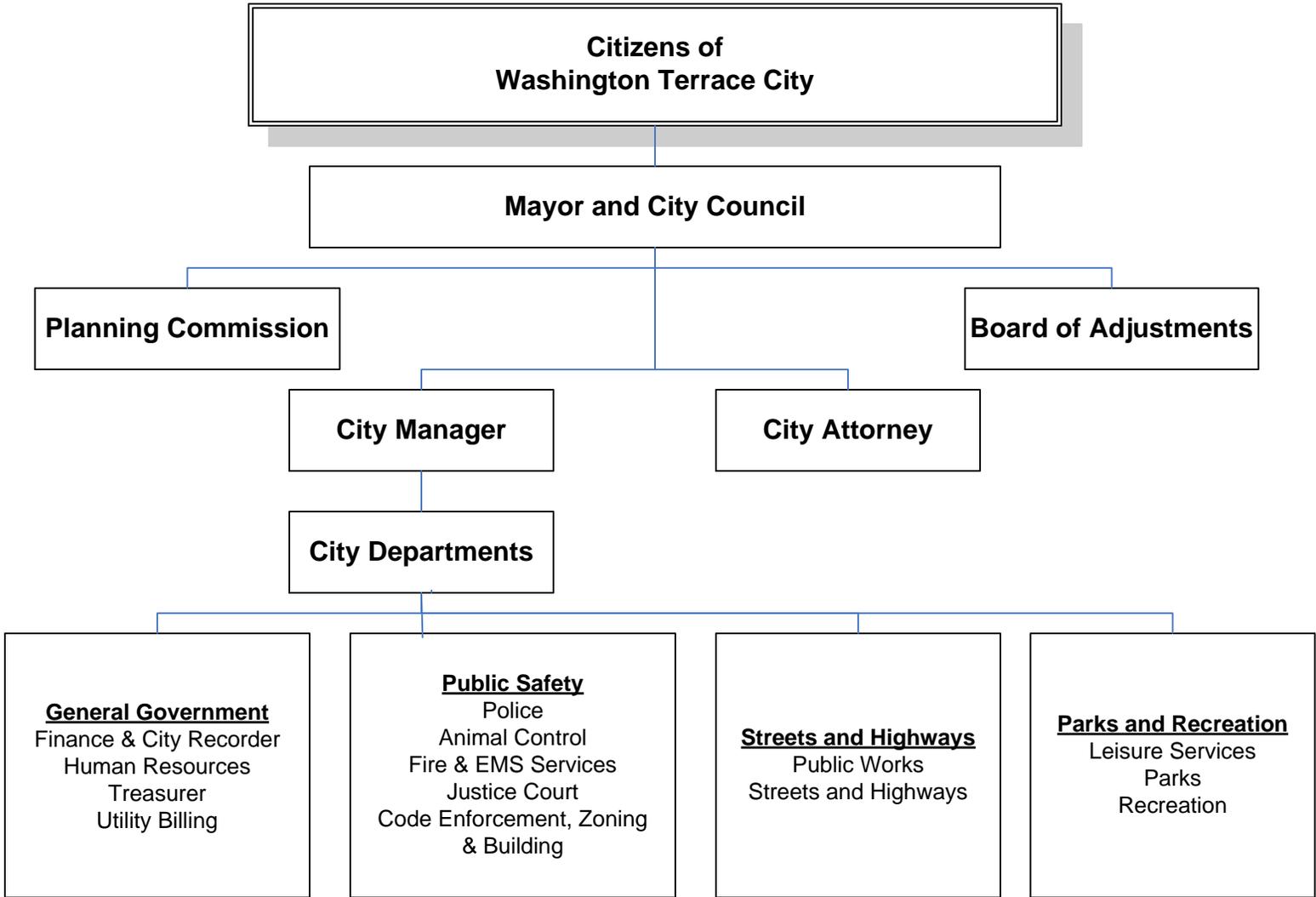
4354 South 175 East
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Council Member Val D. Shupe

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City of Washington Terrace Organizational Structure





FINANCIAL

SECTION



Keddington & Christensen, LLC
Certified Public Accountants

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA

INDEPENDENT AUDITOR'S REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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, 2017, and the respective changes in financial position, and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds, 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 the other schedules and notes 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 an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Washington Terrace's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 15, 2017 on our consideration of the City of Washington Terrace's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Washington Terrace City's internal control over financial reporting and compliance.

Keddington & Christensen, LLC

November 15, 2017



**MANAGEMENT DISCUSSION
&
ANALYSIS**

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, 2017. Readers are encouraged to consider all sections of this report to gain a more complete knowledge of the City's financial performance.

FINANCIAL HIGHLIGHTS

Governmental Activities

At year end, Governmental activities or *tax supported activities* total assets were \$37,455,173, deferred outflow of resources \$324,564, liabilities \$3,580,498, and deferred inflows of resources were \$1,171,098. The assets and deferred outflow of resources of Governmental activities exceeded its liabilities and deferred inflows by \$33,028,141 (net position). Of this amount, \$26,470,757 is net investment in capital assets; \$916,665 is restricted; and \$5,640,719 is unrestricted.

The City's Governmental funds (General, Redevelopment Agency, Capital Projects, and Debt Service Funds) reported a combined ending fund balance of \$6,732,103, or an increase of 19 percent or \$1,076,332 when compared to the prior year's total of \$5,655,771. Of the combined fund balance in 2017, \$517,910 is unassigned; \$1,467,284 is assigned for redevelopment activities and related projects; \$3,419,416 is committed for capital requirements; \$916,665 is restricted, and \$410,828 is nonspendable. The fund balances of the General Fund at June 30, 2017, totaled \$1,209,533, down less than 0.5 percent or \$5,098 from 2016. Of said balance, \$382,908 is restricted primarily for road requirements while \$826,625 is unassigned.

Business-type Activities

At year end, Business-type Activities or *fee supported activities* total assets were \$23,486,857 and liabilities \$7,343,924. The assets of Business-type Activities exceeded its liabilities by \$16,142,933 (net position). Of this amount, \$9,124,288 is net investment in capital assets, \$4,341,586 is restricted, and \$2,677,059 is unrestricted.

Government-wide

The Primary Government reported total assets of \$60,942,030, deferred outflow of resources \$324,564, liabilities of \$10,924,422, and deferred inflows of resources \$1,171,098 resulting in a total net position of \$49,171,074. Total net position consists of net investment in capital assets of \$35,595,045, restricted net position of \$5,258,251, and unrestricted net position of \$8,317,778.

Long-term Debt

Long-term debt outstanding for the Primary Government increased by 80.6 percent or \$4,314,205 compared to 2016. Governmental activities long-term debt outstanding decreased by 16.1 percent or \$493,350, with amounts due within one year of \$580,780. Business-type Activities long-term debt outstanding increased by 209.5 percent or \$4,807,555, with total amounts due within one year of \$475,213.

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 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 SA 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). Governmental activities provided by the City include: General Governmental (legislative, executive, non-departmental, and government buildings); Public Safety (police, fire, inspections & planning, and animal control), Highways and Public Works and Parks and Recreation. 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 Washington Terrace Redevelopment Agency. 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.

Business-type activities provided by the City include: culinary water distribution, sanitary sewer collection, refuse collection and disposal, and storm water management 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.

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

Governmental Funds – These fund types are essentially the same functions reported as Governmental activities in the government-wide financial statements. Governmental funds are presented using the modified accrual basis of accounting that focuses 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 – There are two types of proprietary funds: enterprise funds and internal service funds. These funds operate much like private-sector companies. 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. Like government-wide statements, proprietary fund statements are presented using the full accrual basis of accounting.

The City utilizes enterprise funds to account for its fee based services that include: culinary water, sanitary sewer, storm water, and refuse. Internal Service Funds report activities that provide internal services and supplies for the City's other programs and activities. 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 would be 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-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 or the inflow and outflows of resources. The notes apply to both government-wide financial statements and the fund financial statements.

Required Supplementary Information (RSI)

Following the Basic Financial Statements are budgetary comparison schedules for major funds with legally adopted budgets and schedules on the funded status and employer contributions for the City's pension liability. RSI further supports the information contained in the basic financial statements.

Statistical Section

This section provides up to ten years of financial, economic, demographic, and operating information.

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 2016 and 2017, assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources for Governmental and Business-type activities. The Primary Government's total net position increased by 3.4 percent or by \$1,633,677; increasing from \$47,537,397 in 2016 to \$49,171,074 in 2017.

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 and improvements, infrastructure, and machinery and equipment. Capital Assets are not resources available for spending, nor can they be readily liquidated to satisfy current liabilities. In 2017, Capital Assets for the Primary Government represented 67.1 percent or \$40,883,809 of total assets. Of the total capital assets reported, 29.2 percent or \$11,947,225 are related to Business-type activities and 70.8 percent or \$28,936,584 are related to General governmental activities.

Long-term liabilities outstanding represent 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 2017, Long-Term Liabilities (excluding deferred outflow of resources) for the Primary Government represented 88.5 percent or \$9,667,276 of total liabilities. When compared to 2016, long-term liabilities outstanding for the Primary Government have increased by 91 percent or \$4,605,752. Of the total long-term liabilities outstanding, 73.5 percent or \$7,102,523 is related to Business-type activities and 26.5 percent or \$2,564,753 is related to General governmental activities.

Total liabilities for the Primary Government have increased by 76.5 percent or \$4,735,191.

CITY OF WASHINGTON TERRACE, UT
MANAGEMENT DISCUSSION & ANALYSIS
Fiscal Year Ended June 30, 2017

CITY OF WASHINGTON TERRACE
Comparative Summary of Net Position
Primary Government
For Fiscal Year Ended June 30

	Governmental Activities		Business-Type Activities		Total Activities		% Change From Prior Year
	2016	2017	2016	2017	2016	2017	
Current and Other Assets	\$ 7,146,321	\$ 8,518,589	\$ 6,470,809	\$ 11,539,632	\$ 13,617,130	\$ 20,058,221	47.3%
Capital Assets	29,606,317	28,936,584	11,281,804	11,947,225	40,888,121	40,883,809	0.0%
Total Assets	36,752,638	37,455,173	17,752,613	23,486,857	54,505,251	60,942,030	11.8%
Deferred Outflow of Resources	274,480	324,564	-	-	274,480	324,564	18.2%
Current and Other Liabilities	745,605	1,015,745	382,102	241,401	1,127,707	1,257,146	11.5%
Long-term Liabilities	3,058,103	2,564,753	2,003,421	7,102,523	5,061,524	9,667,276	91.0%
Total Liabilities	3,803,708	3,580,498	2,385,523	7,343,924	6,189,231	10,924,422	76.5%
Deferred Inflows of Resources	1,053,103	1,171,098	-	-	1,053,103	1,171,098	11.2%
Net Position:							
Net Investment in Capital Assets	26,642,581	26,470,757	8,986,836	9,124,288	35,629,417	35,595,045	-0.1%
Restricted	689,763	916,665	36,523	4,341,586	726,286	5,258,251	624.0%
Unrestricted	4,837,963	5,640,719	6,343,731	2,677,059	11,181,694	8,317,778	-25.6%
Total Net Position	\$32,170,307	\$33,028,141	\$15,367,090	\$16,142,933	\$47,537,397	\$49,171,074	3.4%

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 representing 72.4 percent or \$35,595,045 in 2017. 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 liabilities. Net Investment in Capital Assets for the Primary Government decreased by 0.1 percent or \$34,372 compared to the prior year.

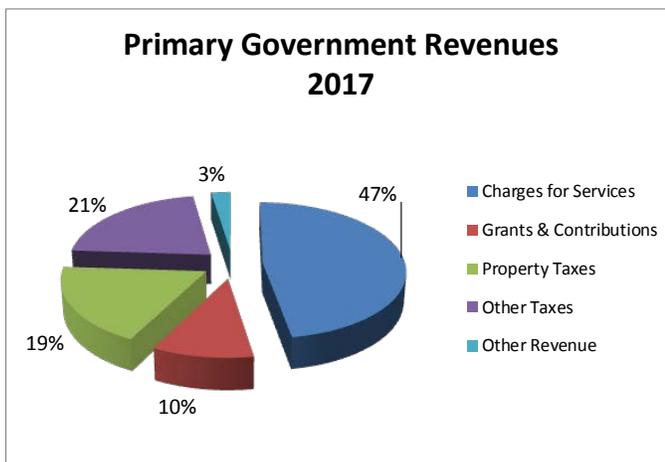
Restricted Net Position represents assets that are subject to external restrictions on how they may be used. These restrictions include: bond proceeds, road funds, debt service reserves, and grants. Restricted net position for the Primary Government increased by 624 percent or \$4,531,965 in 2017. Restricted net position for the Primary Government represents \$5,258,251 or 10.7 percent of total net position.

Unrestricted Net Position represents assets that may be used at the City’s discretion to meet its ongoing financial obligations. Unrestricted net position decreased by 25.6 percent or \$2,863,916 in 2017. Unrestricted net position for the Primary Government represents \$8,317,778 or 16.9 percent of total net position.

Changes in Net Position

Primary Government

As illustrated in the following Table 2, “Comparative Changes in Net Position”, the Primary Government’s net ending position of \$49,171,074 increased by 3.4 percent or \$1,633,677 when compared to 2016. Total activity revenue of \$8,238,403 decreased by 19.2 percent or \$1,951,632. Capital Grants and Contributions experienced the largest dollar value change from the prior year *decreasing* by 79.1 percent or \$1,486,157 from 2016.



Total program expenses of \$6,604,724 decreased by 33 percent or \$3,250,329 from 2016. Said increase was largely due to one-time capital projects for Highways and Public Works. Highways and Public Works expenses of \$1,625,695 experienced the largest dollar value and percent change from the prior year-decreasing by \$2,409,832 or 59.7 percent.

As shown in Figure 1, Charges for Services of \$3,905,435 continue to be the largest revenue source representing 47.4 percent of total revenues compared \$4,609,046 or 45.2 percent in 2016.

Other Taxes represent the second largest revenue source for the Primary Government representing 21.5 percent or \$1,767,405. Other Taxes slightly increased by 2.3 percent or \$40,311 compared to 2016.

CITY OF WASHINGTON TERRACE, UT
MANAGEMENT DISCUSSION & ANALYSIS
Fiscal Year Ended June 30, 2017



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

	Governmental Activities		Business-Type Activities		Total Activities		% Change From Prior Year
	2016	2017	2016	2017	2016	2017	
Revenues							
Program Revenues:							
Charges for Services	\$ 1,335,822	\$ 501,015	\$ 3,273,224	\$ 3,404,420	\$ 4,609,046	\$ 3,905,435	-15.3%
Operating Grants and Contributions	296,953	441,143	-	-	296,953	441,143	48.6%
Capital Grants and Contributions	1,758,196	352,431	120,747	40,355	1,878,943	392,786	-79.1%
General Revenues:							
Property Taxes	1,598,906	1,525,792	-	-	1,598,906	1,525,792	-4.6%
Other Taxes	1,727,094	1,767,405	-	-	1,727,094	1,767,405	2.3%
Other	36,138	84,076	42,955	121,766	79,093	205,842	160.3%
Total Revenues	6,753,109	4,671,862	3,436,926	3,566,541	10,190,035	8,238,403	-19.2%
Expenses							
Program Expenses:							
General Government	1,268,508	921,913	-	-	1,268,508	921,913	-27.3%
Public Safety	1,106,801	1,025,791	-	-	1,106,801	1,025,791	-7.3%
Highways & Public Works	4,035,527	1,625,695	-	-	4,035,527	1,625,695	-59.7%
Parks & Recreation	352,265	269,962	-	-	352,265	269,962	-23.4%
Interest on Long-term Debt	118,645	53,303	-	-	118,645	53,303	-55.1%
Water Services	-	-	1,290,998	1,030,805	1,290,998	1,030,805	-20.2%
Sewer Services	-	-	924,553	932,924	924,553	932,924	0.9%
Refuse Services	-	-	448,900	455,940	448,900	455,940	1.6%
Storm Water Services	-	-	308,856	288,391	308,856	288,391	-6.6%
Total Expenses	6,881,746	3,896,664	2,973,307	2,708,060	9,855,053	6,604,724	-33.0%
Increase in net position before Transfers	(128,637)	775,198	463,619	858,481	334,982	1,633,679	387.7%
Transfers	90,240	82,635	(90,240)	(82,635)	-	-	0.0%
Change in Net Position	(38,397)	857,833	373,379	775,846	334,982	1,633,679	387.7%
Net Position - Beginning (as restated)	32,208,704	32,170,308	14,993,711	15,367,087	47,202,415	47,537,395	0.7%
Net Position - Ending	\$ 32,170,307	\$ 33,028,141	\$ 15,367,090	\$ 16,142,933	\$ 47,537,397	\$ 49,171,074	3.4%

Table 2- Comparative Changes in Net Position

As shown in the following Figure 2, Highways and Public Works continue to be the largest expense activity representing \$1,625,695 or 24.6 percent of total expenses in 2017 compared to \$4,035,527 or 40.9 percent in 2016.

Public Safety and Water Services expenses represent the second largest expense activity for the Primary Government representing \$1,025,791 or 15.5 percent and \$1,030,815 or 15.6 percent. Public Safety expenses have decreased by 7.3 percent or \$81,010 compared to 2016. Water expenses have also decreased compared to the prior year by 20.2 percent or \$260,193.

Governmental Activities

Ending net position for Governmental activities of \$33,028,141 reported an increase of 2.7 percent or \$857,834 compared to the prior year.

Total Governmental activity revenue of \$4,671,862 decreased by 30.8 percent or \$2,081,247 from the prior year. Said decrease is largely attributed to a decrease in reported Capital Grants and Contributions decreasing by 80 percent or \$1,405,765.

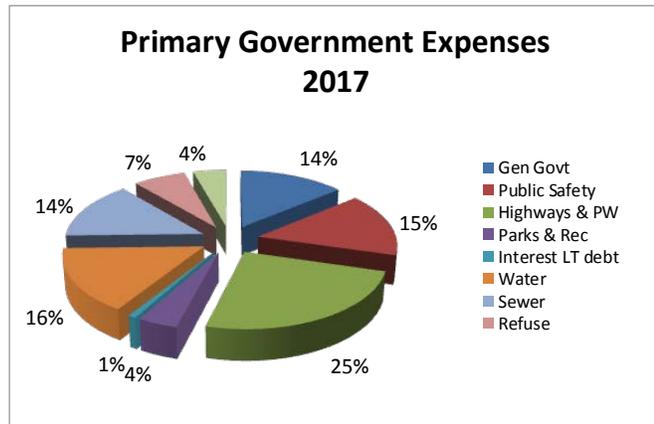


Figure 2 – Primary Government Expenses as a Percentage of Total

Total program expenses of \$3,896,664 also decreased by 43.4 percent or \$2,985,082. Said decrease was largely due to one-time capital projects for Highways and Public Works. Highways and Public Works program experienced the largest change from the prior year decreasing by 59.7 percent or \$2,409,832—program expenses for 2017 were a reported \$1,625,695.

The following Table 3 and Figure 3, “Net Cost of Governmental Activities”, illustrates each Governmental program’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 \$3,377,273 net program cots.

CITY OF WASHINGTON TERRACE
 Net Cost of Governmental Programs
 For Fiscal Year Ended June 30

Program	Program Expenses		Less Program Revenues		Net Program Cost		Program Revenues as a % of Program Expenses	
	2016	2017	2016	2017	2016	2017	2016	2017
General Government	\$ 1,268,508	\$ 921,913	\$ 1,418,977	\$ 318,403	\$ (150,469)	\$ 603,510	-111.9%	-34.5%
Public Safety	1,106,801	1,025,791	84,929	70,696	1,021,872	955,095	-7.7%	-6.9%
Highways & Public Works	4,035,527	1,625,695	1,843,072	734,291	2,192,455	891,404	-45.7%	-45.2%
Parks & Recreation	352,265	269,962	43,993	171,199	308,272	98,763	-12.5%	-63.4%
Interest on Long-term Debt	118,645	53,303	-	-	118,645	53,303	0.0%	0.0%
Total Governmental Activities	\$ 6,881,746	\$ 3,896,664	\$ 3,390,971	\$ 1,294,589	\$ 3,490,775	\$ 2,602,075	-49.3%	-33.2%

Table 3 – Net Cost of Governmental Activities

Highways & Public Works, the largest Governmental Program representing \$1,625,695 or 41.7 percent of total program expenses, had the greatest ability to generate revenues to support its

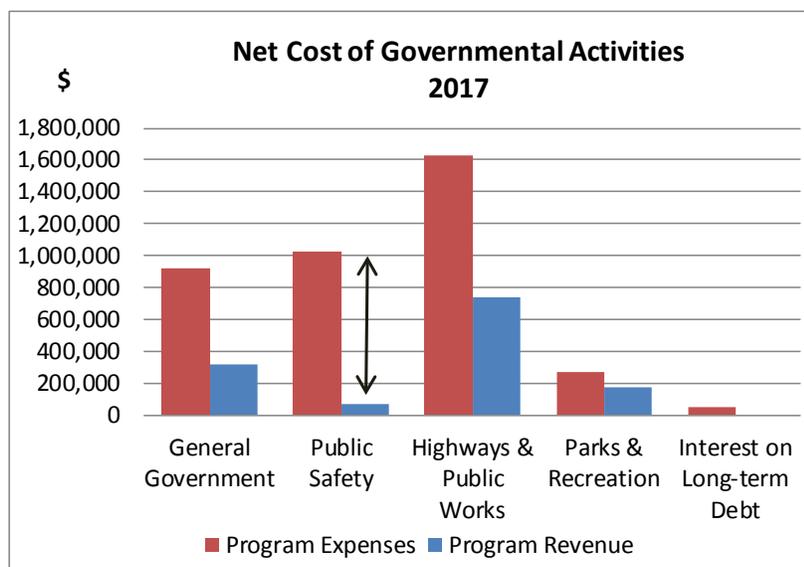


Figure 3 – Net Cost of Governmental Activities

program expenses. Program revenues of \$734,291 resulted in a net program cost of \$891,404.

Public Safety, representing \$1,025,791 or 26.3 percent of total Governmental programs, had the lowest ability to generate revenues to support its program expenses. Program revenues generated of \$70,696 resulting in a net program cost of \$955,095.

Business-Type Activities

Ending net position for Business-type activities of \$16,142,933 reported an increase of 5.0 percent or \$775,843 when compared to 2016.

Total revenue increased by 3.8 percent or \$129,615 largely due to increases in Charges for Services and Other revenues. Charges for Services of \$3,404,420 experienced the largest component value change from the prior year increasing \$131,196 or 4 percent. Other revenue of \$121,766 experienced the greatest percent change from prior year increasing 183.5 percent or \$78,811.

Total program expenses of \$2,708,060 decreased by 8.9 percent or \$265,247. Water services experienced the largest greatest change from the prior year decreasing 20.2 percent or \$260,193.

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 \$40,883,809 (net of accumulated depreciation) a 0.01 percent or \$4,312 decrease from the prior year.

Capital Assets are categorized by five major groups: Land, Construction in Process, Buildings & Improvements, Machinery & Equipment, and Infrastructure. The greatest *increase* in value was land growing by 6.3 percent or \$599,145. The greatest *decrease* in values was reported in infrastructure decreasing 4.1 percent or \$1,055,865.

Major capital asset additions for 2017 were:

- Land purchase for construction of Public Works Facility - \$599,145
- Construction in process – Public Works Facility - \$482,577

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

Capital Assets	Governmental Activities		Business-Type Activities		Total Activities		% Change From Prior Year
	2016	2017	2016	2017	2016	2017	
	Land	\$ 9,420,402	\$ 9,420,402	\$ 116,813	\$ 715,958	\$ 9,537,215	
Construction in process	118,159	24,922	27,885	457,655	146,044	482,577	230.4%
Buildings & Improvements	3,408,945	3,471,013	1,255,979	1,255,979	4,664,924	4,726,992	1.3%
Machinery & Equipment	621,920	697,910	387,815	365,632	1,009,735	1,063,542	5.3%
Infrastructure	16,036,891	15,322,337	9,493,312	9,152,001	25,530,203	24,474,338	-4.1%
Total Assets, net of accumulated depreciation	\$29,606,317	\$28,936,584	\$11,281,804	\$11,947,225	\$40,888,121	\$40,883,809	-0.01%

Table 4 – Comparative Summary of Capital Assets

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

Long-Term Debt

The Primary Government’s total outstanding debt of \$9,667,276 increased by 80.6 percent or \$4,314,205 compared to 2016.

Governmental activities total debt outstanding of \$2,564,753 reported a 16.1 percent or \$493,350 decrease from prior year. 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 general obligation indebtedness of \$1,439,000 is below the statutory limit.

Business-type activities total debt outstanding of \$7,102,523 reported a 209.5 percent or \$4,807,555 increase from prior year. As illustrated in the following table, “Comparative of Debt Outstanding”, the greatest change in outstanding debt was the 2017 issuance of Utility Revenue Bonds for \$4,795,000 issued for the construction of a new public works facility.

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

CITY OF WASHINGTON TERRACE, UT
MANGEMENT DISCUSSION & ANALYSIS
Fiscal Year Ended June 30, 2017

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

Debt Outstanding	Governmental Activities		Business-Type Activities		Total Activities		Total % Change From Prior Year
	2016	2017	2016	2017	2016	2017	
Compensated Absences	\$ 94,367	\$ 98,926	\$ -	\$ -	\$ 94,367	\$ 98,926	4.8%
Capital Lease	177,853	134,799	-	-	177,853	134,799	-24.2%
General Obligation Ref Ser15 Bonds	1,802,000	1,439,000	-	-	1,802,000	1,439,000	-20.1%
Utility Revenue Bonds Ser10A	-	-	1,175,000	960,000	1,175,000	960,000	-18.3%
Utility Revenue Bonds Ser10B	207,253	195,973	365,747	347,027	573,000	543,000	-5.2%
Utility Revenue Bonds Ser10C	243,297	230,055	421,703	397,945	665,000	628,000	-5.6%
Sales & Excise Tax Revenue Bonds Ser13	533,333	466,000	266,667	233,000	800,000	699,000	-12.6%
Utility Revenue Bonds Ser17	-	-	-	4,795,000	-	4,795,000	
Bond Premium	-	-	65,851	369,551	65,851	369,551	461.2%
Total Debt Outstanding	\$ 3,058,103	\$ 2,564,753	\$2,294,968	\$7,102,523	\$5,353,071	\$ 9,667,276	80.6%

Table 5 – Comparative of Debt Outstanding

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

Fund Balances

As illustrated in the following Table 6, “Governmental Fund Balances,” total Governmental fund balance of \$6,732,103 for 2017 has increased by 19 percent or \$1,076,332 from 2016.

Of said balance, \$410,828 or 6.1 percent is non-spendable (prepaids); \$916,665 or 13.6 percent is restricted (externally enforceable limitations on use i.e. imposed by creditors, grantors, contributors, law and regulations); \$3,419,416 or 50.8 percent is committed (self-imposed limitations); \$1,467,284 or 21.8 percent is assigned for community development activities; and \$517,910 or 7.7 percent is unassigned (total fund balance in excess of restricted, committed, and assigned balances).

Assigned fund balance experienced the greatest value change increasing \$500,694 or 51.8 percent resulting in an ending assigned \$1,467,284. Said increase is attributed to the continued collection of property tax increment to be used for future development and redevelopment projects.

Unassigned fund balance experienced the greatest decreased dropping 40.1 percent or \$346,023 leaving an ending balance of \$517,910. Said decrease is attributed to a reported negative unassigned balance in the Debt Service Fund.

CITY OF WASHINGTON TERRACE, UT
 MANGEMENT DISCUSSION & ANALYSIS
 Fiscal Year Ended June 30, 2017

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

Components	General Fund		Redevelopment Fund		Capital Project Fund		Debt Service Fund		Total		% Change from Prior Year
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	
Nonspendable			\$ 41,656	\$ 25,261				\$ 385,567	\$ 41,656	\$ 410,828	886.2%
Restricted	350,698	382,908			251,308	523,770	87,757	9,987	689,763	916,665	32.9%
Committed					3,093,829	3,419,416			3,093,829	3,419,416	10.5%
Assigned			966,590	1,467,284					966,590	1,467,284	51.8%
Unassigned	863,933	826,625						(308,715)	863,933	517,910	-40.1%
Total	\$1,214,631	\$1,209,533	\$1,008,246	\$1,492,545	\$3,345,137	\$3,943,186	\$87,757	\$ 86,839	\$5,655,771	\$ 6,732,103	19.0%

Table 6 – Governmental Fund Balances

General Fund Budgetary Highlights

Final budget to actual variances for revenues and expenditures reported in 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.

REVENUES

General Revenues

Tax collections of \$2,381,743 *exceeded* final budget estimates of \$2,309,078 or a \$77,698 final budget variance.

Licenses and permits of \$184,586 *exceeded* final budget estimates of \$129,500 or a \$55,086 final budget variance.

Intergovernmental collections of \$454,004 *exceeded* final budget estimates of \$415,311 or a \$38,693 final budget variance.

Fines & Forfeitures of \$133,966 were *below* final budget estimates of \$147,000 or a \$13,034 final budget variance.

Miscellaneous collections of \$106,931 *exceeded* final budget estimates of \$68,800 or a final budget variance of \$38,131.

EXPENDITURES

Budget variances described below are largely attributed interfund reclassifications of actual expenses incurred for personnel and overhead costs. These reclassified expenses have been mostly reported as in Business-type activities as operating expenses.

General Government expenditures of \$720,103 were below budget estimates of \$1,157,661 or a budget variance of \$437,558.

Public Safety expenditures of \$1,148,434 were below budget estimates of \$1,186,112 or a budget variance of \$37,678.

Highways and Public Works expenditures of \$364,588 were below budget estimates of \$829,222 or a budget variance of \$464,634.

Parks & Recreation expenditures of \$291,764 were below budget estimates of \$318,235 generating a budget variance of \$26,471.

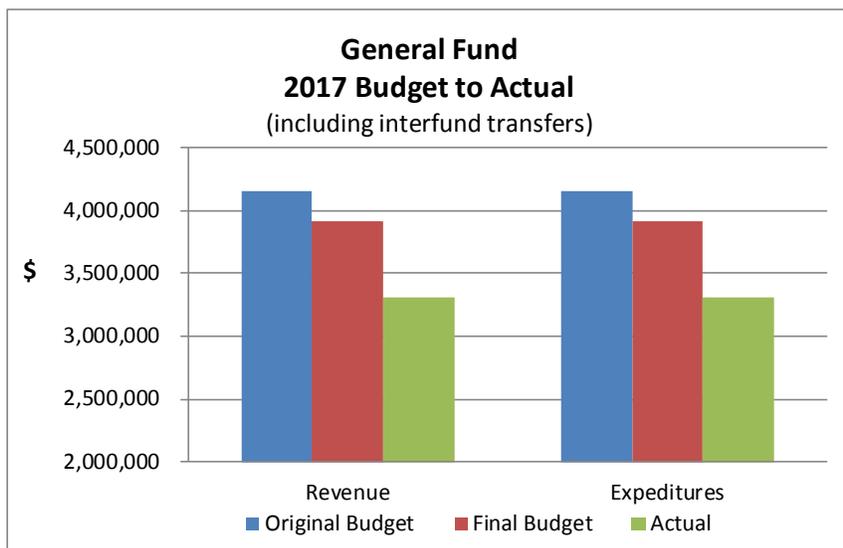


Figure 4 – General Fund Final Budget to Actual

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 \$16,142,933 has increased by 5 percent or \$775,843 from the prior year. Of said balance, \$9,124,288 or 56.5 percent represents net investment in capital assets, increasing 1.5 percent or \$137,452 prior year. Restricted net position of \$4,341,586 is up by \$4,305,063 from prior year. Unrestricted net position of \$2,677,059 is down 57.8 percent or \$3,666,672 from prior year.

Changes in Net Position

Business-type activities generated \$3,566,541 of total revenue up 3.8 percent or \$129,615 from prior year. The largest program revenue, Charges for Services, representing 95.5 percent of revenues, increased by 4 percent or \$131,196. Capital Grants and Contributions decreased by 26 percent or from \$120,747 to \$40,355. Other revenue, representing 3.4 percent or \$121,766 to program revenue increased by \$78,811 or 183.5 percent.

Total program expenses of \$2,708,060 decreased by 8.9 percent or \$265,247 from prior year.

Culinary Water Services, the largest operating expense program, represent 38.1 percent or \$1,030,805 of total program expenses. Water expenses declined by \$260,193 or 20.2 percent compared to prior year. Said decrease is attributed to one-time system maintenance expenses largely reported in 2016.

Sanitary Sewer Services, the second largest utility activity representing 34.4 percent or \$932,924 of total program expenses, have remained relatively flat compared to the prior year at \$932,924.

ECONOMIC & DEMOGRAPHIC FACTORS

According to the State of Utah Department of Workforce Services (DWS), *Economic Snapshot June 2017*, for Weber County (the county for which the City resides) “ Employment growth has been slowing a bit since late 2016, but there is nothing to indicate that it is anything more than a temporary lull. Taxable sales growth is consistently strong and average wages picked up this quarter along with the rest of the state. Unemployment remains low and initial unemployment insurance claims are back to pre-recession levels. Overall, the indicators suggest that the long term trajectory of economic performance for the county is still positive.” The DWS further reports that “in 2016, Utah’s strong economic performance continued. The state has a history of settling into above-average employment growth cycles and that has been the case for the past five years. Unemployment is low and construction activity is robust. Population growth was strong in 2016 with a vibrant amount of

in-migration to boot.”

According to the *Utah’s Employment Summary: June 2017* issued by the Utah Department of Workforce Services, Utah’s nonfarm employment for June 2017 grew by an estimated 3.4 percent, adding 49,200 jobs to the economy compared to June 2016. Current employment registers at 1,477,700. June’s seasonally adjusted unemployment rate increased two-tenth from May to 3.4

Demographic Profile Highlights	
Population	
Population (2016 estimate)	9,198
Persons under 5 years (2010)	9.30%
Persons under 18 years (2010)	27.60%
Persons 65 years and over (2010)	15.00%
Education	
High school graduate or higher (2010-2014)	92.70%
Bachelor’s degree or higher (2010-2014)	19.10%
Housing	
Housing units (2010)	3,462
Homeownership rate (2011-2015)	61.80%
Median value of owner-occupied housing units (2011-2015)	\$140,900
Persons per household (2010-2014)	2.56
Income	
Per capita money income (2011-2015)	\$21,758
Median household income (2011-2015)	\$44,188
Persons in poverty, percent	16.90%
Land area in square miles	1.97
Persons per square mile	4,604.90

Source: US Census 2010

percent. Approximately 53,400 Utahans were unemployed in the month and actively seeking work. The national unemployment also rose one-tenth of a percentage point to 4.4 percent.

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, taxes, and fund/developer contributions. Through the budget process, capital requirements will be prioritized according to funding availability.

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





BASIC FINANCIAL STATEMENTS
(audited)

STATEMENT OF NET POSITION

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and cash equivalents	\$ 5,424,413	\$ 6,804,315	\$ 12,228,728
Accounts receivable, net	51,068	283,051	334,119
Due from other governmental units	1,400,375	-	1,400,375
Prepaid expenses	410,828	91,825	502,653
Cash - restricted	962,084	4,360,441	5,322,525
Notes receivable	268,440	-	268,440
Capital assets not being depreciated:			
Land	9,420,402	715,958	10,136,360
Construction work in progress	24,922	457,655	482,577
Capital assets, net of accumulated depreciation:			
Buildings and improvements	3,471,013	1,255,979	4,726,992
Infrastructure	15,322,337	9,152,001	24,474,338
Machinery and equipment	697,910	365,632	1,063,542
Net pension asset	1,381	-	1,381
Total Assets	37,455,173	23,486,857	60,942,030
Deferred Outflows of Resources			
Pension related	324,564	-	324,564
Total Deferred Outflows of Resources	324,564	-	324,564
Total Assets and Deferred Outflows of Resources	\$ 37,779,737	\$ 23,486,857	\$ 61,266,594
Liabilities			
Accounts payable	\$ 312,211	\$ 181,837	\$ 494,048
Accrued liabilities	69,926	59,564	129,490
Accrued interest	12,567	-	12,567
Unearned revenue	50,114	-	50,114
Noncurrent liabilities:			
Due within one year	580,780	475,213	1,055,993
Due in more than one year	1,983,973	6,627,310	8,611,283
Net pension liability	570,927	-	570,927
Total Liabilities	3,580,498	7,343,924	10,924,422
Deferred Inflows of Resources			
Deferred revenue - property taxes	1,084,414	-	1,084,414
Pension related	86,684	-	86,684
Total Deferred Inflows of Resources	1,171,098	-	1,171,098
Net Position			
Net investment in capital assets	26,470,757	9,124,288	35,595,045
Restricted for:			
Debt service	9,987	62,000	71,987
Roads	906,678	-	906,678
Construction	-	4,279,586	4,279,586
Unrestricted	5,640,719	2,677,059	8,317,778
Total Net Position	33,028,141	16,142,933	49,171,074
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 37,779,737	\$ 23,486,857	\$ 61,266,594

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

STATEMENT OF ACTIVITIES

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	\$ 921,913	\$ 313,617	\$ 4,786	\$ -	\$ (603,510)	\$ -	\$ (603,510)
Public safety	1,025,791	60,918	8,505	1,273	(955,095)	-	(955,095)
Highways and public works	1,625,695	80,660	427,852	225,779	(891,404)	-	(891,404)
Parks and recreation	269,962	45,820	-	125,379	(98,763)	-	(98,763)
Interest on long-term debt	53,303	-	-	-	(53,303)	-	(53,303)
Total Governmental Activities	<u>3,896,664</u>	<u>501,015</u>	<u>441,143</u>	<u>352,431</u>	<u>(2,602,075)</u>	<u>-</u>	<u>(2,602,075)</u>
Business-type Activities							
Water services	1,030,805	1,312,840	-	22,960	-	304,995	304,995
Sewer services	932,924	1,163,060	-	10,791	-	240,927	240,927
Refuse services	455,940	479,991	-	-	-	24,051	24,051
Storm water services	288,391	448,529	-	6,604	-	166,742	166,742
Total Business-type Activities	<u>2,708,060</u>	<u>3,404,420</u>	<u>-</u>	<u>40,355</u>	<u>-</u>	<u>736,715</u>	<u>736,715</u>
Total Government	<u>\$ 6,604,724</u>	<u>\$ 3,905,435</u>	<u>\$ 441,143</u>	<u>\$ 392,786</u>	<u>(2,602,075)</u>	<u>736,715</u>	<u>(1,865,360)</u>
General Revenues							
					1,525,792	-	1,525,792
					1,070,626	-	1,070,626
					696,779	-	696,779
					65,345	88,852	154,197
					18,731	32,914	51,645
					82,635	(82,635)	-
					<u>3,459,908</u>	<u>39,131</u>	<u>3,499,039</u>
						857,833	1,633,679
					<u>32,170,308</u>	<u>15,367,087</u>	<u>47,537,395</u>
					<u>\$ 33,028,141</u>	<u>\$ 16,142,933</u>	<u>\$ 49,171,074</u>

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

BALANCE SHEET - GOVERNMENTAL FUNDS

	<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	\$ 822,888	\$ 1,467,284	\$ 3,134,241	\$ -	\$ 5,424,413
Accounts receivable, net	51,068	-	-	-	51,068
Due from other funds	-	-	308,715	-	308,715
Due from other governmental units	901,051	103,800	-	395,524	1,400,375
Prepays	-	25,261	-	385,567	410,828
Restricted assets:					
Cash and cash equivalents	382,908	-	569,189	9,987	962,084
Total Assets	<u>\$ 2,157,915</u>	<u>\$ 1,596,345</u>	<u>\$ 4,012,145</u>	<u>\$ 791,078</u>	<u>\$ 8,557,483</u>
Liabilities					
Accounts payable	\$ 288,671	\$ -	\$ 23,540	\$ -	\$ 312,211
Accrued liabilities	69,926	-	-	-	69,926
Due to other funds	-	-	-	308,715	308,715
Unearned revenue	4,695	-	45,419	-	50,114
Total Liabilities	<u>363,292</u>	<u>-</u>	<u>68,959</u>	<u>308,715</u>	<u>740,966</u>
Deferred Inflows of Resources					
Unavailable revenue - property taxes	585,090	103,800	-	395,524	1,084,414
Fund Balances					
Nonspendable					
Prepays	-	25,261	-	385,567	410,828
Restricted					
Roads funds	382,908	-	523,770	-	906,678
Debt service	-	-	-	9,987	9,987
Committed for:					
Capital projects	-	-	3,419,416	-	3,419,416
Assigned					
Redevelopment Agency	-	1,467,284	-	-	1,467,284
Unassigned	826,625	-	-	(308,715)	517,910
Total Fund Balances	<u>1,209,533</u>	<u>1,492,545</u>	<u>3,943,186</u>	<u>86,839</u>	<u>6,732,103</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,157,915</u>	<u>\$ 1,596,345</u>	<u>\$ 4,012,145</u>	<u>\$ 791,078</u>	<u>\$ 8,557,483</u>

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

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION**

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

Total fund balance - governmental funds	\$ 6,732,103
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	28,936,584
Long-term liabilities, including bond payable, are not due and payable in the current period and therefore are not recorded in the funds.	(2,564,753)
Accrued interest expense is not due and payable in the current period and therefore is not recorded in the funds.	(12,567)
Pension assets and liabilities along with the corresponding deferred inflows and outflows are not collectable or payable in the current period and therefore are not recorded in the funds.	(331,666)
Special Improvement District receivables are not recorded in the fund financial statements.	<u>268,440</u>
Net position - governmental activities	<u><u>\$ 33,028,141</u></u>

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES – GOVERNMENTAL FUNDS**

	General	Redevelopment Agency	Capital Projects	Debt Service	Total Governmental Funds
Revenues					
Taxes	\$ 2,381,743	\$ 512,612	\$ -	\$ 389,678	\$ 3,284,033
Licenses and permits	184,586	-	-	-	184,586
Intergovernmental	454,004	225,779	114,423	-	794,206
Charges for services	45,820	-	80,660	-	126,480
Impact fees	-	-	12,229	-	12,229
Fines and forfeitures	133,966	-	-	-	133,966
Interest income	54,645	10,620	-	80	65,345
Miscellaneous revenue	52,286	-	-	-	52,286
Total Revenues	3,307,050	749,011	207,312	389,758	4,653,131
Expenditures					
Current:					
General government	720,103	5,652	9,526	-	735,281
Public safety	1,148,434	-	-	-	1,148,434
Highways and public works	364,588	16,677	-	-	381,265
Parks and recreation	291,764	-	-	-	291,764
Capital expenditures	-	242,383	387,757	-	630,140
Debt service:					
Principal retirement	-	-	-	524,586	524,586
Interest and fiscal charges	-	-	-	28,168	28,168
Total Expenditures	2,524,889	264,712	397,283	552,754	3,739,638
Excess (Deficiency) of Revenues Over (Under) Expenditures	782,161	484,299	(189,971)	(162,996)	913,493
Other Financing Sources (Uses)					
Transfer in	84,028	-	887,993	201,025	1,173,046
Transfer out	(871,288)	-	(180,176)	(38,947)	(1,090,411)
Disposal of capital assets	-	-	80,203	-	80,203
Total Other Financing Sources (Uses)	(787,260)	-	788,020	162,078	162,838
Net Change in Fund Balances	(5,099)	484,299	598,049	(918)	1,076,331
Fund Balance, Beginning	1,214,632	1,008,246	3,345,137	87,757	5,655,772
Fund Balance, Ending	<u>\$ 1,209,533</u>	<u>\$ 1,492,545</u>	<u>\$ 3,943,186</u>	<u>\$ 86,839</u>	<u>\$ 6,732,103</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
 STATEMENT OF ACTIVITIES**

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

Net change in fund balances - total governmental funds	\$ 1,076,331
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.	(1,159,733)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net position.	551,473
Government funds have proceeds from the sale of assets as revenue. However, in the activities it reports the gain or loss on the sale of assets.	(61,472)
Repayment of bond principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.	497,909
In the statement of activities, accrued interest on debt is recorded.	1,543
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.	(4,560)
Changes in the pension asset and liability accounts are not recorded in the funds rather they recorded in the statement of activities	(43,658)
Change in net position - governmental activities	\$ 857,833

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

**STATEMENT OF NET POSITION
 PROPRIETARY FUND**

	Business-type Activities
	Enterprise Fund Public Utilities
Assets	
Current Assets	
Cash and cash equivalents	\$ 6,804,315
Accounts receivable, net	283,051
Prepays	91,825
Cash - restricted	4,360,441
	11,539,632
Noncurrent Assets	
Land	715,958
Construction work in progress	457,655
Buildings	1,267,343
Infrastructure	13,646,562
Machinery and equipment	1,170,431
Less: Accumulated depreciation	(5,310,724)
	11,947,225
Total Assets	\$ 23,486,857
Liabilities	
Current Liabilities	
Accounts payable	\$ 181,837
Accrued liabilities	59,564
Bonds payable	475,213
	716,614
Noncurrent Liabilities	
Bonds payable	6,627,310
Total Noncurrent Liabilities	6,627,310
Total Liabilities	7,343,924
Net Position	
Net invested in capital assets	9,124,288
Restricted:	
Debt reserve	62,000
Construction	4,279,586
Unrestricted	2,677,059
	16,142,933
Total Liabilities and Net Position	\$ 23,486,857

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
 NET POSITION – PROPRIETARY FUND**

	Business-type Activities
	Enterprise Fund Public Utilities
Operating Revenues	
Charges for services:	
Water	\$ 1,306,210
Sewer	1,158,680
Refuse	479,991
Storm water	448,529
Connection and other fees	
Water	6,630
Sewer	4,380
Total Operating Revenues	3,404,420
Operating Expenses	
Personnel services	787,275
Contractual services	1,054,907
Materials and supplies	360,139
Depreciation expense	393,193
Total operating expenses	2,595,514
Operating income	808,906
Nonoperating revenue (expense)	
Interest income	88,852
Interest expense	(112,546)
Sale of capital assets	32,914
Total nonoperating revenues (expenses)	9,220
Income (loss) before capital contributions and transfers	818,126
Capital contributions:	
Impact fee income	28,291
Intergovernmental income	12,064
Transfers in/(out)	(82,635)
Change in net position	775,846
Net position, beginning	15,367,087
Net position, ending	\$ 16,142,933

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

STATEMENT OF CASH FLOWS – PROPRIETARY FUND

	Business-type Activities
	Enterprise Fund Public Utilities
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 3,400,282
Payments to suppliers and service providers	(1,215,632)
Cash payments for interfund services used	(787,275)
Net cash flows from operating activities	1,397,375
Cash Flows From Non-Capital Financing Activities	
Transfers out	(82,635)
Intergovernmental	12,064
Net cash flows from non-capital financing activities	(70,571)
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(1,185,404)
Principal paid on bonds and leases	(310,973)
Proceeds from sale of assets	159,701
Proceeds from issuance of debt	5,118,528
Interest Paid	(112,546)
Impact fees received	28,291
Net cash flows from capital and related financing activities	3,697,597
Cash Flows From Investing Activities	
Interest on investment	88,852
Net cash flows from investing activities	88,852
Net Increase (Decrease) In Cash and Cash Equivalents	5,113,253
Cash and Cash Equivalents, Beginning	6,051,503
Cash and Cash Equivalents, Ending	\$ 11,164,756

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

STATEMENT OF CASH FLOWS – PROPRIETARY FUND (Continued)

	<u>Business-type Activities</u>
	<u>Enterprise Fund Public Utilities</u>
Reconciliation of operating income to net cash flows from operating activities	
Operating income	\$ 808,906
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation expense	393,193
(Increase) Decrease in accounts receivables	(4,138)
(Increase) Decrease in prepaids	48,568
Increase (Decrease) in accounts payable	150,278
Increase (Decrease) in accrued liabilities	<u>568</u>
Net cash flows from operating activities	<u>\$ 1,397,375</u>

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



NOTES TO THE 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.

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.

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, 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.

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 acquisition value at the date of donation.

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

Buildings and improvements	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.

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 constitutional provisions or enabling legislation.

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

Assigned fund balance 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, Cash Equivalents and Investments

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.

Investments for the City are reported at fair value. The State Treasurer's Investment Pool operates in accordance with state laws and regulations. The reported value of the pool is approximately the same as the fair value of the pool shares.

(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 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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(K) Deferred outflows/inflows of resources (Continued)

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 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.

(L) Pensions

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

(M) Prepaid

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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".

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").

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

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

The City's PTIF investment was measured as Level 2.

The 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

NOTE 2 CASH AND INVESTMENTS (Continued)

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, 2017, \$521,107 of the City's bank balances of \$843,185 (excluding PTIF) 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, 2017, the City had cash balances of \$16,723,268 deposited in the PTIF. The fair value of this cash balance was \$16,802,189 using a fair value factor of 1.00471926.

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 and on deposit at June 30, 2017:

	<u>Carrying Amount</u>
Cash on hand and on deposit:	
Cash on hand	\$ 1,000
Cash on deposit	826,987
Utah State Treasurer's investment pool accounts	<u>16,723,266</u>
Total cash on hand and deposit	<u><u>\$ 17,551,253</u></u>

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable are recorded net of the allowance for doubtful accounts of \$10,712 in the enterprise fund.

NOTE 4 RESTRICTED ASSETS

Certain assets are restricted to use as follows as of June 30, 2017:

Customer deposits	\$	18,855
Road Funds		906,678
Unspent grant proceeds		45,419
2010 Series Bond Reserve Fund		62,000
2013 Series Bond Reserve Fund		9,987
2017 Servies Bond Construction Fund		<u>4,279,586</u>
	<u>\$</u>	<u>5,322,525</u>

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2017, is as follows:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 9,420,402	\$ -	\$ -	\$ 9,420,402
Construction in progress	<u>118,159</u>	<u>23,516</u>	<u>(116,753)</u>	<u>24,922</u>
Total capital assets, not being depreciated	<u>9,538,561</u>	<u>23,516</u>	<u>(116,753)</u>	<u>9,445,324</u>
Capital assets, being depreciated				
Buildings and Improvements	4,653,353	201,902	-	4,855,255
Infrastructure	24,833,323	242,383	-	25,075,706
Machinery and equipment	<u>1,173,427</u>	<u>200,425</u>	<u>(126,247)</u>	<u>1,247,605</u>
Total capital assets, being depreciated	30,660,103	644,710	(126,247)	31,178,566
Less accumulated depreciation for				
Buildings and Improvements	(1,244,408)	(139,834)	-	(1,384,242)
Infrastructure	(8,796,433)	(956,936)	-	(9,753,369)
Machinery and equipment	<u>(551,507)</u>	<u>(62,963)</u>	<u>64,775</u>	<u>(549,695)</u>
Total accumulated depreciation	(10,592,348)	(1,159,733)	64,775	(11,687,306)
Total capital assets, being depreciated, net	<u>20,067,755</u>	<u>(515,023)</u>	<u>(61,472)</u>	<u>19,491,260</u>
Governmental activities capital assets, net	<u>\$ 29,606,316</u>	<u>\$ (491,507)</u>	<u>\$ (178,225)</u>	<u>\$ 28,936,584</u>

NOTE 5 CAPITAL ASSETS (Continued)

The Business-type Activities property, plant and equipment consist of the following at June 30, 2017:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Business-type Activities				
Capital assets, not being depreciated				
Land	\$ 116,813	\$ 599,145	\$ -	\$ 715,958
Construction in progress	27,886	429,769	-	457,655
Total capital assets, not being depreciated	<u>144,699</u>	<u>1,028,914</u>	<u>-</u>	<u>1,173,613</u>
Capital assets, being depreciated				
Buildings	11,364	-	-	11,364
Infrastructure	14,902,542	-	-	14,902,542
Machinery and equipment	1,193,893	156,492	(179,955)	1,170,430
Total capital assets, being depreciated	16,107,799	156,492	(179,955)	16,084,336
Less accumulated depreciation for				
Buildings	(11,364)	-	-	(11,364)
Infrastructure	(4,153,250)	(341,311)	-	(4,494,561)
Machinery and equipment	(806,078)	(51,882)	53,161	(804,799)
Total accumulated depreciation	(4,970,692)	(393,193)	53,161	(5,310,724)
Total capital assets, being depreciated, net	<u>11,137,107</u>	<u>(236,701)</u>	<u>(126,794)</u>	<u>10,773,612</u>
Business-type activities capital assets, net	<u>\$ 11,281,806</u>	<u>\$ 792,213</u>	<u>\$ (126,794)</u>	<u>\$ 11,947,225</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General government	\$ 90,069
Public safety	40,319
Highways and public works	972,473
Parks and recreation	56,872
Total depreciation expense - governmental activities	<u>\$ 1,159,733</u>
Business-type activities	
Water services	\$ 184,452
Sewer services	121,087
Storm water services	87,654
Total depreciation expense - business-type activities	<u>\$ 393,193</u>
Combined depreciation expense	<u>\$ 1,552,926</u>

NOTE 6 DEFERRED OUTFLOWS/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, Redevelopment Agency, and the Debt Service Fund in the amounts of \$500,491, \$102,500, and \$389,678 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, 2017 was not expected to be received within 30 days after the year ended June 30, 2017, 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, 2017.

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 \$69,247 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 fire truck valued at \$220,934. The fire truck has a ten-year estimated useful life. This year, \$11,047 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.

Asset:	Governmental Activities
Machinery and equipment	\$ 220,934
Less: accumulated depreciation	(26,573)
	\$ 194,361

NOTE 8 CAPITAL LEASES (Continued)

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

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2018	\$ 46,631
2019	46,631
2020	<u>46,631</u>
Total minimum lease payments	139,893
Less: amount representing interest	<u>(5,094)</u>
Present value of minimum lease payments	<u><u>\$ 134,799</u></u>

NOTE 9 LONG-TERM DEBT

The following is summary of long-term debt transactions of the City for the year ended June 30, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities					
G.O. Refunding Bonds, Series 2015	\$ 1,802,000	\$ -	\$ (363,000)	\$ 1,439,000	\$ 373,000
Sales Tax Revenue Refunding Bonds, Series 2013	533,333	-	(67,333)	466,000	70,667
Utility Revenue Bond, Series 2010B	207,253	-	(11,280)	195,973	10,800
Utility Revenue Bond, Series 2010C	<u>243,297</u>	<u>-</u>	<u>(13,242)</u>	<u>230,055</u>	<u>13,320</u>
Total bonds payable	\$ 2,785,883	\$ -	\$ (454,855)	\$ 2,331,028	\$ 467,787
Capital lease	177,853	-	(43,054)	134,799	43,746
Compensated absences	<u>94,367</u>	<u>72,263</u>	<u>(67,704)</u>	<u>98,926</u>	<u>69,247</u>
Governmental activity long-term liabilities	<u>\$ 3,058,103</u>	<u>\$ 72,263</u>	<u>\$ (565,613)</u>	<u>\$ 2,564,753</u>	<u>\$ 580,780</u>
Business-type activities					
Sales Tax Revenue Refunding Bonds, Series 2013	\$ 266,667	\$ -	\$ (33,667)	\$ 233,000	\$ 35,333
Revenue Refunding Bonds, Series 2010A	1,175,000	-	(215,000)	960,000	225,000
Utility Revenue Bond, Series 2010B	365,747	-	(18,720)	347,027	20,200
Utility Revenue Bond, Series 2010C	421,703	-	(23,758)	397,945	24,680
Utility Revenue Bond, Series 2017	-	4,795,000	-	4,795,000	170,000
Bond Premium	<u>65,850</u>	<u>323,528</u>	<u>(19,827)</u>	<u>369,551</u>	<u>-</u>
Total bonds payable	\$ 2,294,967	\$ 5,118,528	\$ (310,972)	\$ 7,102,523	\$ 475,213
Business-type activity long-term liabilities	<u>\$ 2,294,967</u>	<u>\$ 5,118,528</u>	<u>\$ (310,972)</u>	<u>\$ 7,102,523</u>	<u>\$ 475,213</u>

The General Fund typically liquidates the liability for compensated absences.

NOTE 9 LONG-TERM DEBT (Continued)

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 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, 2017 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	76,000	1,505	77,505
Total	\$ 699,000	\$ 52,568	\$ 751,568

General Obligation Refunding Bonds, Series 2015

The General Obligation Refunding Bonds, Series 2005 was issued in September 2015. The \$1,802,000 revenue bonds are due in annual principal installments and semiannual interest installments through July 2020. The bonds carry a varying interest rate each year from .850% - 2.150%. The government issued general obligation bonds to provide funds to refund the General Obligation Refunding Bonds, Series 2005. The bonds are direct obligations and pledge the full faith and credit of the government. This refunding was undertaken to reduce total debt service payments by \$73,231 and resulted in a \$67,027 economic gain.

The annual debt service requirements to maturity, including principal and interest, for the General Obligation Refunding Bonds, Series 2015, as of June 30, 2017 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 373,000	\$ 22,524	\$ 395,524
2019	375,000	16,819	391,819
2020	377,000	10,238	387,238
2021	314,000	3,376	317,376
Total	\$ 1,439,000	\$ 52,957	\$ 1,491,957

NOTE 9 LONG-TERM DEBT (Continued)

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, 2017 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 960,000</u>	<u>\$ 105,750</u>	<u>\$ 1,065,750</u>

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, 2017 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 543,000</u>	<u>\$ 155,750</u>	<u>\$ 698,750</u>

NOTE 9 LONG-TERM DEBT (Continued)

Utility Revenue Bond, Series 2010C

The Utility Revenue Bond, Series 2010C 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 2010C, as of June 30, 2017 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 38,000	\$ 15,700	\$ 53,700
2019	39,000	14,750	53,750
2020	40,000	13,775	53,775
2021	41,000	12,775	53,775
2022	42,000	11,750	53,750
2023	43,000	10,700	53,700
2024	44,000	9,625	53,625
2025	45,000	8,525	53,525
2026	46,000	7,400	53,400
2027	47,000	6,250	53,250
2028	48,000	5,075	53,075
2029	50,000	2,875	52,875
2030	52,000	26,525	78,525
2031	53,000	1,325	54,325
Total	<u>\$ 628,000</u>	<u>\$ 147,050</u>	<u>\$ 775,050</u>

NOTE 9 LONG-TERM DEBT (Continued)

Utility Revenue Bond, Series 2017

The Utility Revenue Bond, Series 2017 was issued in January 2017. The \$4,795,000 revenue bonds are due in annual principal and semiannual interest installments through June 1, 2037. The bonds carry interest rates of 3.00% to 4.00%.

The annual debt service requirements to maturity, including principal and interest, for the Utility Revenue Bond Series 2017, as of June 30, 2017 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 170,000	\$ 165,275	\$ 335,275
2019	175,000	160,175	335,175
2020	185,000	154,925	339,925
2021	190,000	149,375	339,375
2022	195,000	143,675	338,675
2023	200,000	137,825	337,825
2024	205,000	131,825	336,825
2025	215,000	123,625	338,625
2026	220,000	115,025	335,025
2027	230,000	106,225	336,225
2028	240,000	97,025	337,025
2029	250,000	87,425	337,425
2030	255,000	79,925	334,925
2031	265,000	72,275	337,275
2032	275,000	63,000	338,000
2033	285,000	53,375	338,375
2034	295,000	43,400	338,400
2035	305,000	33,075	338,075
2036	315,000	22,400	337,400
2037	325,000	11,375	336,375
Total	<u>\$ 4,795,000</u>	<u>\$ 1,951,225</u>	<u>\$ 6,746,225</u>

NOTE 10 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 11 CONSTRUCTION COMMITMENTS

The City has active construction projects as of June 30, 2017.

<u>Project</u>	<u>Contract Amount</u>	<u>Paid to Date</u>	<u>Commitment Outstanding</u>
Public Works Facility	\$ 3,936,159	\$ 402,844	\$ 3,533,315
Rohmer Park Improvements	78,524	21,750	56,774
	<u>\$ 4,014,683</u>	<u>\$ 424,594</u>	<u>\$ 3,590,089</u>

NOTE 12 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 13 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 2017:

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

<u>Project Area</u>	<u>2017</u>
Southeast	\$ 482,317
Central B/D	30,295
Total increment received	<u>\$ 512,612</u>

The Agency expended amounts in the following areas:

Amounts expended for:	
Administrative costs	\$ 22,329
Property acquisitions and site improvements	<u>242,383</u>
Total amounts expended by RDA	<u>\$ 264,712</u>
Outstanding bonds to finance RDA projects	<u>\$ -</u>

NOTE 14 INTERFUND TRANSFERS AND LOANS

Transfers

During the year transfers were made which will not be repaid. Interfund transfers for the year ended June 30, 2017 are as follows:

	<u>In</u>	<u>Out</u>
Governmental:		
General Fund	\$ 84,028	\$ 871,288
Capital Projects	887,993	180,176
Debt Service	201,025	38,947
Business-type		
Public Utilities	<u>44,722</u>	<u>127,357</u>
	<u>\$ 1,217,768</u>	<u>\$ 1,217,768</u>

The purpose of the interfund transfers is to meet the City's ongoing cash needs for capital projects and shared portion of debt. In addition to the transfers, the General Fund charged \$787,275 to the proprietary fund for personnel and administrative services during the year.

Loans

The composition of interfund balances (due to/from other funds) is a result of a negative cash balance in the Debt Service Fund at year end. In order to not be delinquent in a bond payment that was due July 1, 2017, on June 30, 2017 the Debt Service Fund made the bond payment, which caused a temporary negative cash balance of \$308,715 in the Debt Service Fund at year end.

NOTE 15 RETIREMENT PLAN

Plan Description

Eligible plan participants are provided with pensions through the Utah Retirement Systems. Utah Retirement Systems are comprised of the following Pension Trust Funds:

- Public Employees Noncontributory Retirement System (Noncontributory System);
- Firefighters Retirement System (Firefighters System); are multiple employer, cost sharing, public employee retirement systems.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple-employer, cost sharing, public employee retirement system.

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The System's defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

NOTE 15 RETIREMENT PLAN (Continued)

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S. Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

Benefits Provided

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

Summary of Benefits by System

System	Final Average Salary	Years of Service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 Years	30 years any age 25 years any age * 20 years age 60 * 10 years age 62 * 4 years age 65	2.0% per year all years	Up to 4%
Firefighter System	Highest 3 Years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 4%
Tier 2 Public Employees System	Highest 5 Years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.50% per year all years	Up to 2.5%

* with actuarial reductions

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

NOTE 15 RETIREMENT PLAN (Continued)

Contributions

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2017 are as follows:

Utah Retirement Systems

	Employee	Employee	Employer 401(k)
Contributory System			
111 Local Governmental Div - Tier 2	N/A	14.91	1.78
Noncontributory System			
15 Local Governmental Div - Tier 1	N/A	18.47	N/A
Firefighters Retirement System			
31 Other Division A	15.05	3.89	N/A
132 Tier 2 DB Hybrid Firefighters	N/A	10.75	1.33
Tier 2 DC Only			
211 Local Government	N/A	6.69	10.00
232 Firefighters	N/A	0.08	12.00

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

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

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 142,713	N/A
Firefighters System	1,943	-
Tier 2 Public Employees System	16,854	-
Tier 2 DC Only System	3,138	N/A
Total Contributions	\$ 164,648	\$ -

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

Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, we reported a net pension asset of \$1,381 and a net pension liability of \$570,927.

NOTE 15 RETIREMENT PLAN (Continued)

(Measurement Date): December 31, 2016

	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share Dec 31, 2015	Change (Decrease)
Noncontributory System	\$ -	\$ 569,380	0.0886715%	0.0892990%	-0.0006275%
Firefighters System	1,381	-	0.1751689%	0.1773189%	-0.0021500%
Tier 2 Public Employees System	-	1,547	0.0138746%	0.0142525%	-0.0003779%
	<u>\$ 1,381</u>	<u>\$ 570,927</u>			

The net pension asset and liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2015 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2017, we recognized pension expense of \$208,278.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,368	\$ 19,768
Change in assumptions	84,868	23,080
Net difference between projected and actual earnings on pension plan investments	137,980	40,785
Changes in proportion and differences between contributions and proportionate share of contributions	5,026	3,051
Contributions subsequent to the measurement date	84,322	-
Total	<u>\$ 324,564</u>	<u>\$ 86,684</u>

\$84,322 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2016.

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

Year Ended December 31,	Deferred Outflows (inflow) of Resources
2017	\$ 47,561
2018	48,054
2019	58,381
2020	(1,634)
2021	(239)
Thereafter	1,433

NOTE 15 RETIREMENT PLAN (Continued)

Actuarial Assumptions

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

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

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

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

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

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
	Inflation		2.60%
	Expected Arithmetic Nominal Return		7.83%

The 7.20% assumed investment rate of return is comprised of an inflation rate of 2.60%, a real return of 4.60% that is net of investment expense.

Discount Rate

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

NOTE 15 RETIREMENT PLAN (Continued)

Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate

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

System	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Noncontributory System	\$ 1,179,378	\$ 569,380	\$ 60,369
Firefighters System	\$ 49,938	\$ (1,381)	\$ (43,021)
Tier 2 Public Employees System	\$ 10,535	\$ 1,548	\$ (5,289)
Total	\$ 1,239,851	\$ 569,547	\$ 12,059

Pension Plan Fiduciary Net Position

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

Defined Contribution Savings Plans

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

City of Washington Terrace participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- 401(k) Plan
- 457(b) Plan
- Roth IRA Plan

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

401 (k) Plan	2017	2016	2015
Employer Contributions	\$32,575	\$31,366	\$29,969
Employee Contributions	\$53,213	\$33,791	\$31,849
457 Plan			
Employer Contributions	\$0	\$0	\$0
Employee Contributions	\$23,291	\$16,436	\$19,981
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$11,324	\$15,155	\$11,627

**REQUIRED SUPPLEMENTARY
INFORMATION**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Property tax - real estate	\$ 597,083	\$ 480,491	\$ 516,205	\$ 35,714
Property tax - vehicles	90,500	90,500	90,286	(214)
Delinquent property taxes	20,000	20,000	16,417	-
Direct charges	2,000	2,000	550	-
Sales and use taxes	1,029,588	1,039,369	1,070,670	31,301
Franchise taxes	671,700	676,718	687,615	10,897
Total taxes	<u>2,410,871</u>	<u>2,309,078</u>	<u>2,381,743</u>	<u>77,698</u>
Licenses and permits:				
Business licenses	98,000	94,000	95,406	1,406
Building permits	25,000	25,000	58,954	33,954
Planning fees	16,250	5,000	23,648	18,648
Animal licenses	5,500	5,500	6,578	1,078
Total licenses and permits	<u>144,750</u>	<u>129,500</u>	<u>184,586</u>	<u>55,086</u>
Intergovernmental revenue:				
RAMP tax	9,067	9,067	9,164	97
Class "C" roads	550,968	388,739	427,852	39,113
State liquor fund allotment	7,000	8,505	8,505	-
Other grants	4,500	4,500	4,786	286
Service Contracts	4,500	4,500	3,697	(803)
Total intergovernmental revenue	<u>576,035</u>	<u>415,311</u>	<u>454,004</u>	<u>38,693</u>
Charges for services:				
Administrative fee - other funds	793,845	793,845	-	(793,845)
Recreation fees	47,750	48,850	45,820	(3,030)
Total charges for services	<u>841,595</u>	<u>842,695</u>	<u>45,820</u>	<u>(796,875)</u>
Fines and forfeitures	<u>150,000</u>	<u>147,000</u>	<u>133,966</u>	<u>(13,034)</u>
Miscellaneous:				
Interest	10,000	25,000	54,645	29,645
Other	24,300	43,800	52,286	8,486
Total miscellaneous	<u>34,300</u>	<u>68,800</u>	<u>106,931</u>	<u>38,131</u>
Total Revenues	<u>\$ 4,157,551</u>	<u>\$ 3,912,384</u>	<u>\$ 3,307,050</u>	<u>\$ (600,301)</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCES – BUDGET AND ACTUAL – GENERAL FUND (Continued)**

	<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	\$ 36,165	\$ 36,165	\$ 29,559	\$ 6,606
Municipal court	145,345	150,662	140,915	9,747
Administrative	334,950	332,150	204,128	128,022
Treasurer	215,840	218,340	64,460	153,880
Recorder	82,705	82,705	66,373	16,332
Leisure services	95,035	95,211	83,223	11,988
Non-departmental	111,178	112,481	41,998	70,483
General government building	143,947	129,947	89,447	40,500
Total general government	<u>1,165,165</u>	<u>1,157,661</u>	<u>720,103</u>	<u>437,558</u>
Public safety:				
Police department	755,666	755,666	755,666	-
Fire department	236,545	243,045	219,869	23,176
Inspection and planning	125,522	132,422	121,730	10,692
Animal control	54,979	54,979	51,169	3,810
Total public safety	<u>1,172,712</u>	<u>1,186,112</u>	<u>1,148,434</u>	<u>37,678</u>
Highways and public works:				
Streets	112,582	112,582	98,281	14,301
Public works	704,640	716,640	266,307	450,333
Total highways and public works	<u>817,222</u>	<u>829,222</u>	<u>364,588</u>	<u>464,634</u>
Parks and recreation	<u>311,800</u>	<u>318,235</u>	<u>291,764</u>	<u>26,471</u>
Total Expenditures	<u>3,466,899</u>	<u>3,491,230</u>	<u>2,524,889</u>	<u>966,341</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	<u>690,652</u>	<u>421,154</u>	<u>782,161</u>	<u>366,040</u>
Other Financing Sources (Uses)				
Transfer in	84,028	84,028	84,028	-
Transfer out	(774,680)	(506,765)	(871,288)	(364,523)
Total Other Financing Sources (Uses)	<u>(690,652)</u>	<u>(422,737)</u>	<u>(787,260)</u>	<u>(364,523)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (1,583)</u>	<u>(5,099)</u>	<u>\$ 1,517</u>
Fund Balance, Beginning, Restated			<u>1,214,632</u>	
Fund Balance, Ending			<u>\$ 1,209,533</u>	

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

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCES – BUDGET AND ACTUAL – REDEVELOPMENT AGENCY
 SPECIAL REVENUE FUND**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes - increment	\$ 418,172	\$ 528,795	\$ 512,612	\$ (16,183)
Interest	-	-	10,620	10,620
Intergovernmental	-	254,814	225,779	(29,035)
Total Revenues	<u>418,172</u>	<u>783,609</u>	<u>749,011</u>	<u>(34,598)</u>
Expenditures				
Salaries and benefits	15,500	15,500	15,811	(311)
Professional and technical	3,800	3,800	866	2,934
Capital expenditures	1,229,411	1,484,225	242,383	1,241,842
Administrative fee to general fund	5,652	5,652	5,652	-
Water utility charge	-	114,050	-	114,050
Total Expenditures	<u>1,254,363</u>	<u>1,623,227</u>	<u>264,712</u>	<u>1,358,515</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(836,191)</u>	<u>(839,618)</u>	<u>484,299</u>	<u>1,323,917</u>
Other Financing Sources (Uses)				
Transfers In	110,623	-	-	-
Total Other Financing Sources (Uses)	<u>110,623</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (725,568)</u>	<u>\$ (839,618)</u>	<u>484,299</u>	<u>\$ 1,323,917</u>
Fund Balance, Beginning			<u>1,008,246</u>	
Fund Balance, Ending			<u>\$ 1,492,545</u>	

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

**SCHEDULE OF PROPORTIONATE SHARE OF
 THE PENSION LIABILITY
 UTAH RETIREMENT SYSTEMS
 December 31, 2016
 Last 10 Fiscal Years***

	Year Ended 12/31	Noncontributory Retirement System	Firefighters Retirement System	Tier 2 Public Employees Retirement System
Proportion of the net pension liability (asset)	2014	0.0874154%	0.1685186%	0.0147457%
	2015	0.0892990%	0.1773189%	0.0142525%
	2016	0.0886715%	0.1751689%	0.0138746%
Proportionate share of the net pension liability (asset)	2014	\$ 379,578	\$ (9,616)	\$ (447)
	2015	\$ 505,297	\$ (3,212)	\$ (31)
	2016	\$ 569,380	\$ (1,381)	\$ 1,548
Covered-employee payroll	2014	\$ 755,767	\$ 390,094	\$ 78,361
	2015	\$ 774,829	\$ 47,679	\$ 92,070
	2016	\$ 788,554	\$ 49,205	\$ 113,783
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2014	50.20%	-21.80%	-0.60%
	2015	65.21%	-6.74%	-0.03%
	2016	72.21%	-2.84%	1.36%
Plan fiduciary net position as a percentage of its covered-employee payroll	2014	90.2%	103.5%	103.5%
	2015	87.8%	101.0%	100.2%
	2016	87.3%	100.4%	95.1%

*In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the net pension liability (asset) in their RSI. The schedule will need to be built prospectively.

**SCHEDULE OF CONTRIBUTIONS
 UTAH RETIREMENT SYSTEMS
 December 31, 2016
 Last 10 Fiscal Years***

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required Contributions	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2015	\$ 137,506	\$ 137,506	\$ -	\$ 773,112	17.79%
	2016	\$ 140,423	\$ 140,423	\$ -	\$ 787,605	17.83%
	2017	\$ 142,713	\$ 142,713	\$ -	\$ 799,975	17.84%
Firefighters System	2015	\$ 1,757	\$ 1,757	\$ -	\$ 46,003	3.82%
	2016	\$ 1,974	\$ 1,974	\$ -	\$ 49,460	3.99%
	2017	\$ 1,943	\$ 1,943	\$ -	\$ 49,941	3.89%
Tier 2 Public Employees System*	2015	\$ 13,624	\$ 13,624	\$ -	\$ 91,189	14.94%
	2016	\$ 15,725	\$ 15,725	\$ -	\$ 105,729	14.87%
	2017	\$ 16,854	\$ 16,854	\$ -	\$ 113,392	14.86%
Tier 2 Public Employees DC Only System*	2015	\$ 3,076	\$ 3,076	\$ -	\$ 45,772	6.72%
	2016	\$ 3,117	\$ 3,117	\$ -	\$ 46,596	6.69%
	2017	\$ 3,138	\$ 3,138	\$ -	\$ 46,904	6.69%

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

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes in Assumptions

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



SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – CAPITAL PROJECTS FUND**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	97,023	159,842	114,423	\$ (45,419)
Charges for services	80,660	80,660	80,660	-
Impact fees	5,000	5,000	12,229	-
Total Revenues	<u>182,683</u>	<u>245,502</u>	<u>207,312</u>	<u>(45,419)</u>
Expenditures				
Administrative fee to general fund	918	918	918	-
Capital expenditures	821,229	1,076,010	387,757	688,253
Water utility charge	53,035	8,608	8,608	-
Total Expenditures	<u>875,182</u>	<u>1,085,536</u>	<u>397,283</u>	<u>688,253</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(692,499)</u>	<u>(840,034)</u>	<u>(189,971)</u>	<u>642,834</u>
Other Financing Sources (Uses)				
Transfer in	664,057	523,470	887,993	364,523
Transfer out	(163,471)	(180,176)	(180,176)	-
Disposal of capital assets	117,500	117,500	80,203	(37,297)
Total Other Financing Sources (Uses)	<u>618,086</u>	<u>460,794</u>	<u>788,020</u>	<u>327,226</u>
Net Change in Fund Balance	<u>\$ (74,413)</u>	<u>\$ (379,240)</u>	598,049	<u>\$ 970,060</u>
Fund Balance, Beginning, Restated			<u>3,345,137</u>	
Fund Balance, Ending			<u>\$ 3,943,186</u>	

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

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – NONMAJOR DEBT SERVICE FUND**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 389,678	\$ (389,678)	\$ 389,678	\$ 779,356
Interest income	-	-	80	80
Total Revenues	<u>389,678</u>	<u>(389,678)</u>	<u>389,758</u>	<u>779,436</u>
Expenditures				
Debt service:				
Principal retirement	524,586	524,586	524,586	-
Interest and fiscal charges	28,920	28,920	28,168	752
Total Expenditures	<u>553,506</u>	<u>553,506</u>	<u>552,754</u>	<u>752</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(163,828)</u>	<u>(943,184)</u>	<u>(162,996)</u>	<u>780,188</u>
Other Financing Sources (Uses)				
Transfer in	(201,025)	(201,025)	201,025	402,050
Transfer out	(38,947)	(38,947)	(38,947)	-
Total Other Financing Sources (Uses)	<u>(239,972)</u>	<u>(239,972)</u>	<u>162,078</u>	<u>402,050</u>
Net Change in Fund Balance	<u>\$ (403,800)</u>	<u>\$ (1,183,156)</u>	(918)	<u>\$ 1,182,238</u>
Fund Balance, Beginning			<u>87,757</u>	
Fund Balance, Ending			<u>\$ 86,839</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

NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental Activities										
Net investment in capital assets	26,470,757	26,642,581	26,868,331	24,809,751	24,243,148	24,773,485	23,271,524	23,115,197	21,530,243	21,735,498
Restricted	916,665	689,763	220,498	1,002,446	792,171	724,144	1,031,661	971,559	1,038,001	1,228,921
Unrestricted	5,640,719	4,837,963	3,823,697	4,529,696	5,253,102	4,224,554	3,815,011	3,711,039	4,722,837	2,551,108
Total Governmental Activities Net Position	<u>\$33,028,141</u>	<u>\$32,170,307</u>	<u>\$30,912,526</u>	<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>
Business-Type Activities										
Net investment in capital assets	9,124,288	8,986,836	8,957,657	9,268,778	6,962,596	7,046,086	4,819,572	5,850,150	5,854,976	5,474,317
Restricted	4,341,586	36,523	29,833	281,627	-	-	-	-	-	-
Unrestricted	2,677,059	6,343,731	6,006,221	4,836,916	4,133,635	3,568,149	3,772,175	1,973,641	1,185,690	100,069
Total Business-Type Activities Net Position	<u>\$16,142,933</u>	<u>\$15,367,090</u>	<u>\$14,993,711</u>	<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>
Primary Government										
Net investment in capital assets	35,595,045	35,629,417	35,825,988	34,078,529	31,205,744	31,819,571	28,091,096	28,965,347	27,385,219	27,209,815
Restricted	5,258,251	726,286	250,331	1,284,073	792,171	724,144	1,031,661	971,559	1,038,001	1,228,921
Unrestricted	8,317,778	11,181,694	9,829,918	9,366,612	9,386,737	7,792,703	7,587,186	5,684,680	5,908,527	2,651,177
Total Primary Government Net Position	<u>\$49,171,074</u>	<u>\$47,537,397</u>	<u>\$45,906,237</u>	<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>

CHANGES IN NET POSITION
 Last Ten Fiscal Years
 (accrual basis of accounting)

Expenses	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities:										
General Government	921,913	1,268,508	840,591	1,299,410	1,227,430	1,059,655	1,102,705	1,073,622	1,079,101	1,006,926
Public Safety	1,025,791	1,106,801	1,153,802	1,268,295	1,173,056	1,153,483	1,130,528	1,214,932	1,197,872	1,149,680
Highways and Public Works	1,625,695	4,035,527	2,574,589	1,506,224	1,723,620	977,754	1,647,499	1,793,659	1,491,848	1,457,532
Parks and Recreation	269,962	352,265	261,500	244,530	223,097	209,734	186,999	180,901	180,326	188,071
Interest and Long-term Debt	53,303	118,645	116,935	112,941	195,865	259,206	275,517	324,825	299,143	283,059
Total Governmental Activities	\$ 3,896,664	\$ 6,881,746	\$ 4,947,417	\$ 4,431,400	\$ 4,543,068	\$ 3,659,832	\$ 4,343,248	\$ 4,587,939	\$ 4,248,290	\$ 4,085,268
Business-Type Activities:										
Water services	997,891	1,290,998	951,617	834,383	815,941	725,142	774,618	720,818	728,511	697,403
Sewer services	932,924	924,553	965,234	916,534	903,727	743,011	704,079	607,499	554,896	448,436
Refuse services	455,940	448,900	436,185	421,714	482,100	458,407	445,248	442,545	454,020	343,036
Storm Water services	288,391	308,856	301,513	282,040	257,990	229,326	261,955	222,279	226,799	200,683
Public Utilities										
Total Business-Type Activities	\$ 2,675,146	\$ 2,973,307	\$ 2,654,549	\$ 2,454,671	\$ 2,459,758	\$ 2,155,886	\$ 2,185,900	\$ 1,993,141	\$ 1,964,226	\$ 1,689,558
Total Expenses	\$ 6,571,810	\$ 9,855,053	\$ 7,601,966	\$ 6,886,071	\$ 7,002,826	\$ 5,815,718	\$ 6,529,148	\$ 6,581,080	\$ 6,212,516	\$ 5,774,826
Program Revenues										
Governmental Activities:										
Charges for Services										
General Government	313,617	1,188,505	1,109,104	1,178,215	968,522	847,924	893,319	852,338	926,269	805,287
Public Safety	60,918	77,749	76,235	69,409	160,392	170,033	205,613	149,075	122,224	156,929
Highways and Public Works	80,660	25,575	74,900	87,942	83,109	86,577	90,695	100,496	103,600	
Parks and Recreation	45,820	43,993	42,819	52,691	51,152	46,081	28,004	32,722	32,476	34,005
Operating Grants and Contributions:	353,898	296,953	278,869	275,322	349,177	310,363	276,511	255,217	317,945	286,009
Capital Grants and Contributions	352,431	1,758,196	1,939,832	1,200,243	322,351	974,000	184,609	726,243	1,738,260	1,114,704
Total Governmental Activities	\$ 1,207,344	\$ 3,390,971	\$ 3,521,759	\$ 2,863,822	\$ 1,934,703	\$ 2,434,978	\$ 1,678,751	\$ 2,116,091	\$ 3,240,774	\$ 2,396,934
Business-Type Activities:										
Charges for Services										
Water services	1,312,840	1,262,644	1,309,749	1,355,552	1,118,803	1,079,900	1,022,204	1,010,392	1,082,007	949,092
Sewer services	1,163,060	1,106,126	1,148,077	1,140,737	1,058,798	905,983	873,327	821,167	798,912	555,970
Refuse services	479,991	481,828	449,480	453,241	501,473	523,077	525,341	528,553	543,913	520,380
Storm water services	448,529	422,626	396,246	370,951	328,388	299,953	283,933	278,421	294,948	210,641
Operating Grants and Contributions:	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	40,355	120,747	13,247	242,162	7,790	1,302,809	230,915	42,081	412,753	-
Total Business-Type Activities	\$ 3,444,775	\$ 3,393,971	\$ 3,316,799	\$ 3,562,643	\$ 3,015,252	\$ 4,111,722	\$ 2,935,720	\$ 2,680,614	\$ 3,132,533	\$ 2,236,083

CHANGES IN NET POSITION (continued)
 Last Ten Fiscal Years
 (accrual basis of accounting)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Total Program Revenues	<u>\$ 4,652,119</u>	<u>\$ 6,784,942</u>	<u>\$ 6,838,558</u>	<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>
Net (Expense)/Revenue										
Governmental Activities	(2,689,320)	(3,490,775)	(1,425,658)	(1,567,578)	(2,608,365)	(1,224,854)	(2,664,497)	(2,471,848)	(1,007,516)	(1,688,334)
Business-Type Activities	769,629	420,664	662,250	1,107,972	555,494	1,955,836	749,820	687,473	1,168,307	546,525
Total Net (Expense)	<u>\$(1,919,691)</u>	<u>\$(3,070,111)</u>	<u>\$(763,408)</u>	<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>
General Revenues & Transfers										
Governmental Activities:										
Property taxes	1,525,792	1,598,906	1,591,528	1,719,870	1,571,060	1,577,070	1,519,651	1,560,747	1,524,661	1,348,177
General sales and use tax	1,070,626	1,008,180	978,712	919,397	887,879	873,830	765,000	724,468	737,185	926,068
Franchise tax	784,024	718,914	695,220	698,397	699,047	677,204	683,168	658,721	669,459	635,230
Investment earnings	65,345	36,138	13,979	20,182	16,617	15,918	17,079	34,625	57,766	112,570
Miscellaneous	-	-	-	-	-	2,479	-	-	-	81,603
Gain (loss) on sale of assets	18,731	-	-	-	-	-	-	-	(206,001)	-
Transfers	82,635	90,240	91,106	90,538	-	-	-	-	-	(37,423)
Total Governmental Activities	<u>\$ 3,547,153</u>	<u>\$ 3,452,378</u>	<u>\$ 3,370,545</u>	<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>
Business-Type Activities:										
Investment earnings	88,852	42,955	35,245	24,432	53,635	48,950	18,136	6,695	12,286	12,350
Miscellaneous	-	-	-	-	-	-	-	88,956	-	-
Gain (loss) on sale of assets	-	-	-	-	6,045	17,702	-	-	-	-
Transfers	(82,635)	(90,240)	(91,106)	(90,538)	-	-	-	-	206,001	37,423
Total Business-Type Activities	<u>\$ 6,217</u>	<u>\$ (47,285)</u>	<u>\$ (55,861)</u>	<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>
Total Primary Government	<u>\$ 3,553,370</u>	<u>\$ 3,405,093</u>	<u>\$ 3,314,684</u>	<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>
Change in Net Position										
Governmental Activities	857,833	(38,397)	1,944,887	1,880,806	566,238	1,921,647	320,401	506,713	1,775,554	1,377,891
Business-Type Activities	775,846	373,379	606,389	1,041,866	615,174	2,022,488	767,956	783,124	1,386,594	596,298
Total Primary Government	<u>\$ 1,633,679</u>	<u>\$ 334,982</u>	<u>\$ 2,551,276</u>	<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>

FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009 (1)(2)</u>	<u>2008</u>
General Fund										
Restricted	382,908	350,698	315,941	282,707	241,345	203,376	492,437	464,791	459,189	414,528
Unassigned	826,625	863,933	915,480	1,040,164	801,557	601,278	618,819	598,070	564,426	925,844
Total General Fund	<u>\$1,209,533</u>	<u>\$1,214,631</u>	<u>\$1,231,421</u>	<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>
All Other Governmental Funds										
Nonspendable	410,828	41,656								
Restricted	533,757	339,065	871,157	719,739	2,334,889	596,569	609,431	579,674	659,345	888,384
Committed	3,419,416	3,093,829	2,595,947	2,132,560	2,232,625	2,140,120	1,900,204	2,022,491	3,440,780	1,127,657
Assigned	1,467,284	966,590	774,007	672,779	-	1,437,854	1,172,745	944,035	626,352	426,381
Unassigned	(308,715)									
Total All Other Governmental Funds	<u>\$5,522,570</u>	<u>\$4,441,140</u>	<u>\$4,241,111</u>	<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>
Total Fund Balances	<u>\$6,732,103</u>	<u>\$5,655,771</u>	<u>\$5,472,532</u>	<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>

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.

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
 (modified accrual basis of accounting)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Revenues										
Taxes	3,284,033	2,809,650	3,265,460	3,337,664	3,157,986	3,128,104	2,967,819	2,943,936	2,931,305	2,909,475
Licenses and permits	184,586	191,414	158,860	218,632	111,449	99,981	114,076	128,304	165,638	76,376
Intergovernmental	794,206	2,571,025	2,218,701	1,471,056	671,528	310,363	461,120	981,460	2,056,205	286,009
Charges for services	126,480	958,888	942,182	965,682	910,344	856,609	869,278	829,379	869,005	700,235
Impact fees	12,229	5,697	-	6,841	7,952	3,647	7,329	16,819	17,297	50,878
Fines and forfeitures	133,966	163,061	154,858	146,356	154,803	170,033	205,613	149,075	120,724	156,929
Interest income	65,345	36,138	13,976	20,182	16,617	15,918	17,079	34,625	57,766	112,570
Miscellaneous revenue	52,286	78,375	47,158	55,255	78,627	996,824	21,335	11,054	11,904	1,208,110
Total Revenues	\$ 4,653,131	\$ 6,814,248	\$6,801,195	\$6,221,668	\$5,109,306	\$5,581,479	\$4,663,649	\$ 5,094,652	\$6,229,844	\$5,500,582
Expenditures										
Current:										
General Government	735,281	1,129,884	1,198,067	1,184,080	1,031,931	978,234	1,021,693	989,764	1,044,072	958,548
Public Safety	1,148,434	1,140,698	1,139,546	1,151,935	1,129,803	1,140,451	1,117,570	1,167,257	1,156,683	1,112,995
Highways and public works	381,265	725,355	691,966	695,917	709,811	700,222	713,828	717,215	730,926	685,875
Parks and recreation	291,764	233,761	210,827	212,704	199,168	190,131	167,255	162,418	161,263	153,057
Capital expenditures	630,140	2,913,404	2,509,991	1,642,215	592,153	1,544,163	418,222	1,861,384	1,914,591	1,295,763
Debt Service:										
Principal retirement	524,586	2,218,950	644,799	1,385,792	608,399	611,832	779,739	1,041,099	465,893	442,099
Interest and fiscal charges	28,168	120,157	128,794	184,797	206,822	230,885	260,768	296,545	283,117	280,681
Bond issuance costs	-	20,059								
Total Expenditures	\$ 3,739,638	\$ 8,502,268	\$6,523,990	\$6,457,440	\$4,478,087	\$5,395,918	\$4,479,075	\$ 6,235,682	\$5,756,545	\$4,929,018
Excess (Deficiency) of Revenues over Expenditures	\$ 913,493	\$(1,688,020)	\$ 277,205	\$(235,772)	\$ 631,219	\$ 185,561	\$ 184,574	\$(1,141,030)	\$ 473,299	\$ 571,564
Other Financing Sources (Uses)										
Contributions										
Transfers in	1,078,612	1,201,174	1,421,662	538,670	856,390	856,390	838,651	2,594,179	835,850	550,953
Transfers out	(995,977)	(1,203,606)	(1,330,556)	(448,132)	(856,390)	(856,390)	(838,651)	(294,179)	(1,041,851)	(588,376)
Bond proceeds		1,802,000		731,333					1,700,000	
Capital lease			220,379							
Sale of capital assets	80,203	71,688	35,892	63,400						
Total Other Financing Sources (Uses)	\$ 162,838	\$ 1,871,256	\$ 347,377	\$ 885,271	\$ -	\$ -	\$ -	\$ 2,300,000	\$1,493,999	\$ (37,423)
Net change in fund balance	\$ 1,076,331	\$ 183,236	\$ 624,582	\$ 649,499	\$ 631,219	\$ 185,561	\$ 184,574	\$ 1,158,970	\$1,967,298	\$ 534,141
Debt service as a percentage of non-capital expenditures	17.3%	60.6%	19.2%	32.7%	21.0%	20.2%	25.4%	30.9%	15.9%	20.1%



REVENUE CAPACITY

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
2017	\$3,284,033	\$ 184,586	\$ 794,206	\$ 126,480	\$ 133,966	\$ 117,631	\$12,229	\$4,653,131
2016	2,809,650	191,414	2,571,025	958,888	163,061	36,138	-	6,730,176
2015	3,265,460	158,860	2,218,701	942,182	154,858	61,134	-	6,801,195
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

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
 Last Ten Fiscal Years

Fiscal Year	General Property	General Sales & Use	Franchise	Total Tax Revenue
2017	\$1,525,792	\$1,070,670	\$ 784,024	\$ 3,380,486
2016	1,598,906	1,008,180	718,914	3,326,000
2015	1,591,528	978,712	695,220	3,265,460
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

ASSESSED / TAXABLE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY
Last Ten Calendar Years

Calendar Year December 31,	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.						
2017	\$248,919,923	\$83,629,636	\$ 30,114	\$31,314,654	\$5,482,968	\$ 369,377,295	0.002830	\$572,172,541	64.56
2016	239,125,984	83,666,594	24,762	27,320,869	5,514,042	355,652,251	0.002950	556,434,265	63.92
2015	223,683,370	75,817,539	30,581	30,334,997	5,059,647	334,926,134	0.003101	523,188,279	64.02
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

Source:
 State Tax Commission
 Weber County Clerk Auditor
 Weber County Assessor

**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	Weber School District	Mosquito Abatement District	Weber Basin Water	Central Weber Sewer	Paramedic & Dispatch 911 Fund	
2017	0.001591	0.001239	0.002830	0.002179	0.000329	0.000079	0.000597	0.006693	0.000127	0.000187	0.000758	0.000430	0.014209
2016	0.001637	0.0013130	0.002950	0.002269	0.000349	0.000083	0.000631	0.006643	0.000134	0.000196	0.000802	0.000499	0.014556
2015	0.001690	0.0014110	0.003101	0.002335	0.000367	0.000125	0.000662	0.006526	0.000141	0.000199	0.000838	0.000525	0.014819
2014	0.001743	0.0014737	0.003217	0.002288	0.000385	0.000129	0.000686	0.006920	0.000146	0.000210	0.000866	0.000540	0.015387
2013	0.001588	0.0014970	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	0.0014410	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	0.0014410	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	0.0014460	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	0.0014520	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	0.0015840	0.002865	0.002376	0.000295	0.000164	0.000615	0.005626	0.000094	0.000200	0.000519	0.000451	0.013205

Source:
 Utah State Tax Commission

PRINCIPAL PROPERTY TAX PAYERS
Current Year and Ten Years Ago

Property Taxpayer	Principal Nature of Business	2016			2007		
		Rank	Taxable Assessed Valuation (1)	% of Total Assessed Value	Rank	Taxable Assessed Valuation (1)	% of Total Assessed Value
Columbia Ogden Medical Center.....	Healthcare	1	\$ 42,322,095	11.5	1	\$ 32,250,584	10.6
HCPI/Utah LLC.....	Professional Office	2	7,446,105	2.0			-
Stonehenge.....	Healthcare	3	5,252,772	1.4			
Washington House Assisted Living.....	Healthcare	4	3,968,901	1.1	4	2,945,998	1.0
Ogden Orthopedic Medical.....	Healthcare	5	3,205,767	0.9			
Goldenwest Credit Union.....	Financial	6	2,978,383				
Pleasant Valley Office.....	Professional Office	7	2,762,017	0.7	5	2,377,436	0.8
Mt. Ogden Healt & Rehab.....	Healthcare	8	2,744,761	0.7	6	2,272,268	0.7
Storage South LLC.....	Storage	9	2,323,485	0.6			
Lake Park Apartments Inc.....	Housing	10	2,643,283	0.7	8	1,797,936	0.6
The Boyer Co.....	Professional Office		-	-	2	4,491,712	
CNL Retirement.....	Healthcare		-	-	3	3,467,210	1.1
Woodland Cove.....	Housing		-	-	7	1,827,165	0.6
Healthcare Property Investors.....	Healthcare		-	-	9	1,640,497	
Questar Gas.....	Healthcare		-	-	10	1,522,156	0.5
Totals			\$ 75,647,569	20.5%		\$ 54,592,962	17.9%
City Taxable Value			\$ 369,377,295	100.0%		\$ 304,411,259	100%

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

Source:
 Weber County Clerk Auditor

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Calendar Years

Calendar Year December 31,	Taxes Levied for the Year	Less: Treasurer's Relief (1)	Net Taxes to be Collected	Collections Current Year Levy	%	of Current Year Levy Collected	Collections in Subsequent Years (2)	Total Collections to Date	
								\$ Amount	% of Levy
2016	\$ 1,049,096	\$ 42,303	\$ 1,006,793	\$ 1,006,793	95.97	\$ 15,048	\$ 1,021,841	97.40	
2015	1,053,300	37,651	1,015,649	1,015,649	96.43	22,167	1,037,816	98.53	
2014	1,042,125	48,352	993,773	993,773	95.36	28,257	1,022,030	98.07	
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	

Note:

- (1) Treasurer's relief includes abatements
- (2) Delinquent tax collections do not include interest and penalties.

Source:
 Weber County Treasurer

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>
2017	1.00	1.40	4.70	7.10
2016	1.00	1.40	4.70	7.10
2015	1.00	1.15	4.70	6.85
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

Source:
Utah State Tax Commission



DEBT CAPACITY

INFORMATION

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						Business-Type Activities						% of Personal Income (1)	\$ Per Capita (1)
	General Obligation Bonds (3)	Sales Tax Revenue Bonds (4)(5)	Utility Revenue Bonds (10)(11)	Capital Lease	Redevelopment Tax Increment Bonds (6)	Special Assessment Bonds (7)	Utility Revenue Bonds (8)(9)(10)(11)(12)	Bond Premium	Sales Tax Revenue Bonds (5)	Capital Lease	Special Assessment Bonds (7)	Total Primary Government		
2017	\$1,439,000	\$466,000	\$426,028	\$134,799	\$ -	\$ -	\$5,539,972	\$369,551	\$233,000	\$ -	\$ -	\$ 8,608,350	na	\$ 936
2016	1,802,000	533,333	450,550	177,853	-	-	1,962,450	65,850	266,667	-	-	5,258,703	1.57	574
2015	2,085,000	601,333	474,353	220,000	-	-	2,213,647	79,021	300,667	-	-	5,974,021	1.87	652
2014	2,390,000	660,000	497,437		257,745	-	2,463,563	92,191	330,000	27,309	-	6,718,245	2.05	733
2013 (2)	2,685,000	744,000	519,651		504,208	6,783	2,707,349	105,361	-	44,700	393,217	7,710,269	2.38	843
2012	2,970,000	797,000			739,608	435,000	3,491,000	118,532		61,467		8,612,607	2.77	946
2011	3,245,000	874,000			964,441	470,000	3,748,000	131,703		69,623		9,502,767	3.21	1,044
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	2,675,000			11,237		8,826,409	3.11	1,052

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 2015 (Refunded GO Ref Series 2005), par \$1,802,000
- (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
- (12) Utility Revenue Bonds, Series 2017, par \$4,795,000

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

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
2017	9,198	\$ 369,377,295	\$ 1,439,000	\$ 86,839	\$ 1,352,161	0.37	147
2016	9,157	355,652,251	1,802,000	87,757	1,714,243	0.48	187
2015	9,164	334,926,134	2,085,000	88,402	1,996,598	0.60	218
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

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

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

<u>Governmental Unit</u>	<u>Net Debt Outstanding (1)</u>	<u>Estimated % Applicable to City</u>	<u>Estimated \$ Applicable to City</u>
Weber County	\$ 47,115,000	2.67%	\$ 1,259,883
Weber County School District	116,930,000	3.88%	<u>4,540,570</u>
Total Overlapping Debt.....			5,800,453
Washington Terrace City Direct Debt.....			<u>2,465,827</u>
Total Direct and Overlapping Debt.....			<u><u>\$ 8,266,280</u></u>

Notes:

(1) 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

LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Debt Limit	14,775,092	14,226,090	13,397,045	13,149,338	12,863,918	13,352,357	13,283,439	13,642,616	13,493,229	12,176,450
Total net debt applicable to limit	<u>1,352,161</u>	<u>1,714,243</u>	<u>1,996,598</u>	<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>
Legal debt margin	<u><u>\$13,422,931</u></u>	<u><u>\$12,511,847</u></u>	<u><u>\$11,400,447</u></u>	<u><u>\$10,842,167</u></u>	<u><u>\$ 10,263,598</u></u>	<u><u>\$10,452,564</u></u>	<u><u>\$10,108,646</u></u>	<u><u>\$10,205,522</u></u>	<u><u>\$9,808,762</u></u>	<u><u>\$8,240,440</u></u>
Total net debt applicable to debt limit as a percentage	9.15%	12.05%	14.90%	17.55%	20.21%	21.72%	23.90%	25.19%	27.31%	32.32%

Legal Debt Margin Calculation for Fiscal Year 2015

Total assessed value	\$355,652,251
Debt limit - 4% of total assessed value	<u>14,226,090</u>
Amount of debt applicable to debt limits:	1,439,000
General Obligation Refunding Bonds Series 2015	
Less: Amount available for repayment of general obligation bonds	86,839
Total net debt applicable to limit	<u>1,352,161</u>
Legal debt margin	<u><u>\$ 12,873,929</u></u>

PLEGGED-REVENUE COVERAGE
Last Ten Fiscal Years

Fiscal Year	Gross Operating Revenue	Operating Expenses less Depreciation	Nonoperating Revenue	Net Available Revenue	Debt Service			Time Coverage %
					Principal	Interest	Total	
Utility Revenue Bonds								
2017	\$ 3,404,420	\$ 2,202,321	\$ 162,121	\$ 1,364,220	\$464,000	\$240,106	\$704,106	1.94
2016	3,273,224	2,354,498	23,750	942,476	282,000	82,735	364,735	2.58
2015	3,303,552	2,229,784	108,262	1,182,030	275,000	89,918	364,918	3.24
2014	3,320,481	1,922,097	227,247	1,625,631	266,000	88,728	354,728	4.58
2013	3,007,462	2,021,772	67,470	1,053,160	263,639	96,473	360,112	2.92
2012	2,808,913	1,761,918	1,369,461	2,416,456	257,000	113,289	370,289	6.53
2011	2,704,805	1,720,634	249,051	1,233,222	220,000	209,952	429,952	2.87
2010	2,645,228	1,627,410	137,732	1,155,550	160,000	129,648	289,648	3.99
2009	2,732,066	1,586,487	425,039	1,570,618	155,000	136,391	291,391	5.39
2008	2,248,433	1,307,046	12,350	953,737	150,000	142,766	292,766	3.26
Sales & Franchise Tax Revenue Bonds (1)								
2017	\$ 1,854,694	\$ -	\$ -	1,854,694	\$106,000	\$ 13,840	\$119,840	15.48
2016	1,727,094	-	-	1,727,094	101,000	15,840	116,840	14.78
2015	1,673,932	-	-	1,673,932	102,000	17,870	119,870	13.96
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) Sales and Franchise Tax Revenue Bonds, Series 2009 and Sales and Franchise Tax Refunding Bonds, Series 2013.

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



**DEMOGRAPHIC & ECONOMIC
INFORMATION**

DEMOGRAPHIC AND ECONOMIC INDICATORS
Last Ten Fiscal Years

Fiscal Year	Population					Income (1)		Employment Unemployment Rate as of June 30,		
	City	City % Change From Prior Year	Weber County	County % Change From Prior Year	State of Utah	State % Change From Prior Year	Personal Income (\$000)	Per Capita Personal Income (2)	Utah	Weber County
2017	9,198	0.45%	247,560	1.61%	3,051,217	1.85%	na	na	3.4%	3.7%
2016	9,157	(0.08)	243,645	1.32	2,995,919	1.80	\$334,432	\$ 36,522	3.60	3.80
2015	9,164	-	240,475	0.82	2,942,902	1.45	320,172	34,938	3.60	4.10
2014	9,164	0.19	238,519	0.79	2,900,872	1.60	328,474	35,844	3.70	4.40
2013	9,147	0.45	236,640	0.95	2,855,287	1.47	323,392	35,355	4.50	5.40
2012	9,106	-	234,420	1.38	2,813,923	1.41	310,578	34,107	5.40	6.40
2011	9,106	0.43	231,236	(0.26)	2,774,663	0.39	296,063	32,513	6.80	8.00
2010	9,067	6.48	231,834	2.04	2,763,885	3.79	297,253	32,784	7.90	8.90
2009	8,515	1.50	227,193	2.78	2,663,029	2.51	288,514	33,883	7.60	8.60
2008	8,389	1.72	221,044	2.26	2,597,746	2.86	283,666	33,814	3.30	3.80

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

PRINCIPAL EMPLOYERS
Last Ten Fiscal Years

Employer	Principal Nature of Business	2017				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	39.2	1	500	750	41.7
Weber School District.....	Education	2	100	249	9.8	2	300	349	19.4
Stonehenge of Ogden.....	Health Care	3	50	99	3.9				
Goldenwest Credit Union.....	Financial	4	50	99					
Washington Heights Healthcare Inc.....	Health Care	5	50	99	3.9				
Gauss Management Research & Engineering.....	Professional	6	20	49	1.9				
Legacy House of Ogden.....	Health Care	7	50	99	3.9	6	75	99	5.5
Washington Terrace Care & Rehab.....	Health Care	8	50	99	3.9				
Wasatch Physical Therapy, Inc.....	Health Care	9	20	49	1.9				
Bravo Arts Academy.....	Education	10	20	49	1.9				
Family Fresh Foods.....	Grocery					3	50	74	4.1
Mountain Star Blood Services.....	Health Care					4	20	49	2.7
Bear Care Pediatric, Inc.....	Health Care					5	20	49	2.7
Vistacare Hospice.....	Health Care					7	20	49	2.7
Washington Terrace City.....	Government					8	20	49	2.7
Adams Ave Parkway.....	Commercial					9	10	19	1.1
Terrace Depot.....	Commercial					10	10	19	1.1
Total			910	1,890	70.2%		1,025	1,506	83.7%

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**

OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Fire Protection										
Number of full-time employees	1	1	1	1	1	1	1	1	1	-
Number of volunteers	20	20	20	20	20	20	20	20	20	20
Fire calls for service	na	98	81	131	257	175	117	143	106	99
Medical calls for service	na	842	786	708	710	669	736	629	659	626
Police Protection & Animal Control										
Police calls for service	na	5,387	5,237	4,601	4,734	4,342	4,893	4,834	5,071	4,880
Animal control calls for service	361	294	335	275	302	192	166	115	175	181
Municipal Water Services										
Connections	2,890	2,887	2,884	2,880	2,878	2,876	2,870	2,858	2,848	2,838
Gallons billed (in millions)	200,167	206,591	213,021	217,174	218,677	218,559	223,170	224,676	233,260	243,605
Gallons used (in millions)	274,082	248,855	242,560	243,023	251,541	251,989	256,522	269,452	288,069	292,296
Municipal Sewer Services										
Connections	2,880	2,878	2,875	2,856	2,871	2,845	2,849	2,842	2,825	2,823
Municipal Refuse Services - Residential										
Service containers (general use)	2,637	2,648	2,645	2,613	2,607	2,601	2,631	2,635	2,635	2,635
Refuse tonnage disposed	3,095	3,074	3,076	2,886	3,028	3,053	3,149	3,099	*	*
Recycle tonnage disposed	*	381	415	405	412	352	546	445	*	*
Parks and Recreation										
Football participants	115	121	125	143	130	123	136	114	109	113
Basketball participants	146	156	160	162	123	120	117	114	139	110
Baseball/softball participants	214	264	260	260	222	153	150	145	130	109
Soccer participants	121	122	140	130	115	105	92	86	na	na
Volleyball participants	27	40	31	14	na	na	na	na	na	na
Business Licenses										
Licenses issued	427	409	423	438	415	411	410	412	432	433

Note:
 * Information not available at the time of report compilation.

Source:
 City departments

CAPITAL ASSETS BY FUNCTION
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Area (square miles)	2	2	2	2	2	2	2	2	2	2
Streets										
Lane miles	58	58	58	58	53	53	53	53	53	53
Street lights	286	286	286	286	286	286	286	286	286	286
Police Protection & Animal Control										
Fire Protection										
Stations	1	1	1	1	1	1	1	1	1	1
Fire hydrants	265	265	265	265	265	265	265	265	265	260
Fire pumping vehicles	4	4	4	4	4	4	4	4	4	4
Education										
High schools (public)	1	1	1	1	1	1	1	1	1	1
Junior high schools (public)	1	1	1	1	1	1	1	1	1	1
Elementary schools (public)	2	2	2	2	2	2	2	2	2	2
Municipal Water Facilities										
Miles of water mains	32	32	32	32	32	32	32	32	32	32
Municipal Sewer Facilities										
Miles of sewer mains	31	31	31	31	31	29	29	29	29	29
Parks and Recreation										
Parks	7	7	7	7	7	7	7	7	7	7
Community centers	1	1	1	1	1	1	1	1	2	2
Park and open space acreage	50	50	50	50	50	50	50	50	50	50

Note:
 * Information not available at the time of report compilation.

Source:
 City departments

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

Governmental Activities	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Government	6.56	6.56	6.56	6.56	6.34	6.06	5.56	5.55	5.55	5.68
Public Safety	3.63	3.63	3.63	3.63	3.63	3.63	3.63	2.65	2.65	2.50
Highways and Public Works	8.73	8.73	8.73	8.73	8.75	8.75	8.75	8.75	8.75	9.00
Parks and Recreation	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40
Total Employees	<u>20.32</u>	<u>20.32</u>	<u>20.32</u>	<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>

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

Source:
 City of Washington Terrace

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)
2017	24	\$ 5,361	\$ 1,224	na	\$ 923	\$ 6,193	24	\$ 13,702	-57%	78%
2016	16	1,832	426	40	609	4,828	56	7,695	2%	458%
2015	-	-	69	55	362	947	55	1,379	1000%	61%
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%

Source:
 University of Utah, David Eccles School of Business, Bureau of Economic and Business Research, *Utah Construction Report*
 University of Utah, Kem C. Gardner, Policy Institute, *Ivory-Boyer Construction Report*



INTERNAL CONTROLS

&

COMPLIANCE REPORTS



Keddington & Christensen, LLC
Certified Public Accountants

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Washington Terrace, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Washington Terrace's (the City) basic financial statements, and have issued our report thereon dated November 15, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keddington & Christensen, LLC

November 15, 2017



Keddington & Christensen, LLC
Certified Public Accountants

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA

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

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

Report on Compliance

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

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

Budgetary Compliance	Fund Balance
Utah Retirement Systems	Restricted Taxes
Open and Public Meetings Act	Treasurer's Bond
Justice Courts	Tax Levy Revenue Recognition

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance of each state compliance requirement referred to above.

Opinion on General State Compliance Requirements and Each Major State Program

In our opinion, Washington Terrace City complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2017.

Report on Internal Control over Compliance

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

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

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

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

Keddington & Christensen, LLC

November 15, 2017