

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, 2018

With
Independent Auditor's Report



5249 South 400 East
Washington Terrace, UT 84405
801.393.8681

www.washingtonterracecity.com



City of Washington Terrace

County of Weber, State of Utah

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2018

Includes Internal Control, Compliance Reports, and
Supplemental Information

Presented by:

Finance Department

Shari' C. Garrett, Finance Director

TABLE OF CONTENTS

INTRODUCTORY SECTION

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

FINANCIAL SECTION

Independent Auditor's Report _____	17
Management's Discussion and Analysis _____	19
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position _____	40
Statement of Activities _____	41
Fund Financial Statements	
Governmental Funds	
Balance Sheet _____	42
Balance Sheet Reconciliation to Statement of Net Position _____	43
Statement of Revenues, Expenditures and Changes in Fund Balances _____	44
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities _____	45

Proprietary Funds

Statement of Net Position_____	46
Statement of Revenues, Expenses, and Changes in Fund Net Position _____	47
Statement of Cash Flows _____	48
Notes to the Financial Statements _____	50

Required Supplementary Information

Governmental Funds

Budgetary Comparison Schedules

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual - General Fund_____	76
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual -Redevelopment Agency Special Revenue Fund _____	78
Schedule of Proportionate Share of the Pension Liability – Utah Retirement Systems_	79
Schedule of Pension Contributions – Utah Retirement Systems_____	80
Notes to Required Supplementary Information_____	81

Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Projects Fund _____	83
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Debt Service Fund _____	84

STATISTICAL SECTION

Financial Trends

Net Position by Component _____	87
Changes in Net Position _____	88
Fund Balance of Governmental Funds _____	90
Changes in Fund Balances, Governmental Funds _____	91

Revenue Capacity

General Governmental Revenues by Source _____	93
General Governmental Tax Revenue by Source _____	93
Assessed /Taxable and Estimated Market Value of Taxable Property _____	94
Property Tax Rates – Direct and Overlapping Governments _____	95
Principal Property Tax Payers _____	96
Property Tax Levies and Collections _____	97
Direct and Overlapping Sales Tax Rates _____	98

Debt Capacity

Computation of Direct and Overlapping Debt _____	100
Legal Debt Margin _____	101
Pledged Revenue Coverage _____	102
Ratios of General Bonded Debt Outstanding _____	103
Ratios of Outstanding Debt by Type _____	104

Demographic and Economic Information

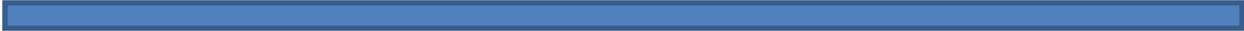
Demographic and Economic Indicators _____	106
Principal Employers _____	107

Operating Information

Operating Indicators by Function _____	109
Capital Assets by Function _____	110
Full-Time Equivalent Employees by Function _____	111
Property Value and Construction _____	112

INTERNAL CONTROL AND COMPLIANCE REPORTS

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 <i>Government Auditing Standards</i> _____	114
Independent Auditor’s Report on State of Utah Compliance _____	116
Schedule of Findings and Recommendations _____	118



INTRODUCTORY

SECTION



November 30, 2018

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, 2018, 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 2009, the City has had diminutive population growth of 8 percent or 650 persons--growing from 8,515 to 9,165 in 2018. Future population estimates indicate that the City will have a “build out” population of approximately 10,000.

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 11% 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 \$395,931,789 and the total direct tax rate is relatively high at 0.002881 compared to other cities within Weber County. Assessed taxable value increased by 7.2 percent from 2017. Said increase is largely attributed to new and renovated developments in addition to market adjustments.

Since 2009, assessed taxable value has increased by 17 percent or \$58 million. The City experienced its largest increase in assessed taxable value in 2009--values increasing by 8.1 percent or \$32,919,474. 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 2018 at \$395,931,789. 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 2018, total governmental activity revenues of \$4,622,827 decreased by 2.7 percent or \$126,755. This decrease was largely reported in Intergovernmental revenues dropping from \$794,206 to \$505,876 or by 36.3 percent or \$288,330. 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 1.9 percent or \$64,567. Said increase was mostly reported in the General Fund reported in general property and sales and use tax.

Operating grants and contributions represent the largest program revenue sources at \$431,191 or 43 percent of total program revenues for governmental activities. Water services represent the largest program revenue for business-type activities.

Economy

According to the State of Utah Department of Workforce Services (DWS), *Economic Snapshot June 2018*, for Weber County (the county for which the City resides) year-over job growth is 2.0 percent—the lowest job growth of the four major urban corridor counties. Weber County added more than 2,000 jobs year-over by June 2018. Trade/Transportation and Utilities saw a solid increase of 6.0 percent adding 1,087 jobs year over by June of 2018. Construction sector saw a healthy increase of 9 percent adding 587 jobs.

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 251,769, 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 between 2007 and 2016.

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

Email: mayormark41@yahoo.com



Council Member Blair Brown

Email: bbrown@rsac.com



Council Member Scott Barker

Email: rcjensen5@hotmail.com

MAYOR AND CITY COUNCIL



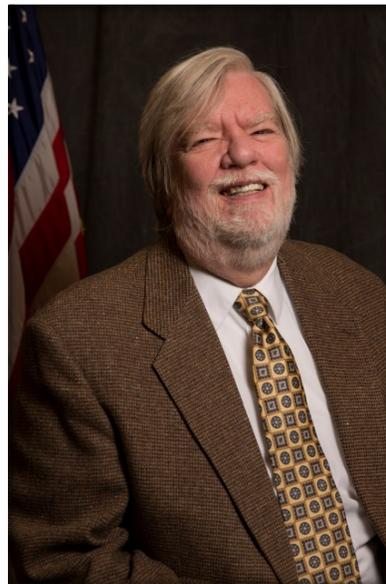
Council Member Scott Monsen

Email: s.monsen@washingtonterracecity.org



Council Member Jeff West

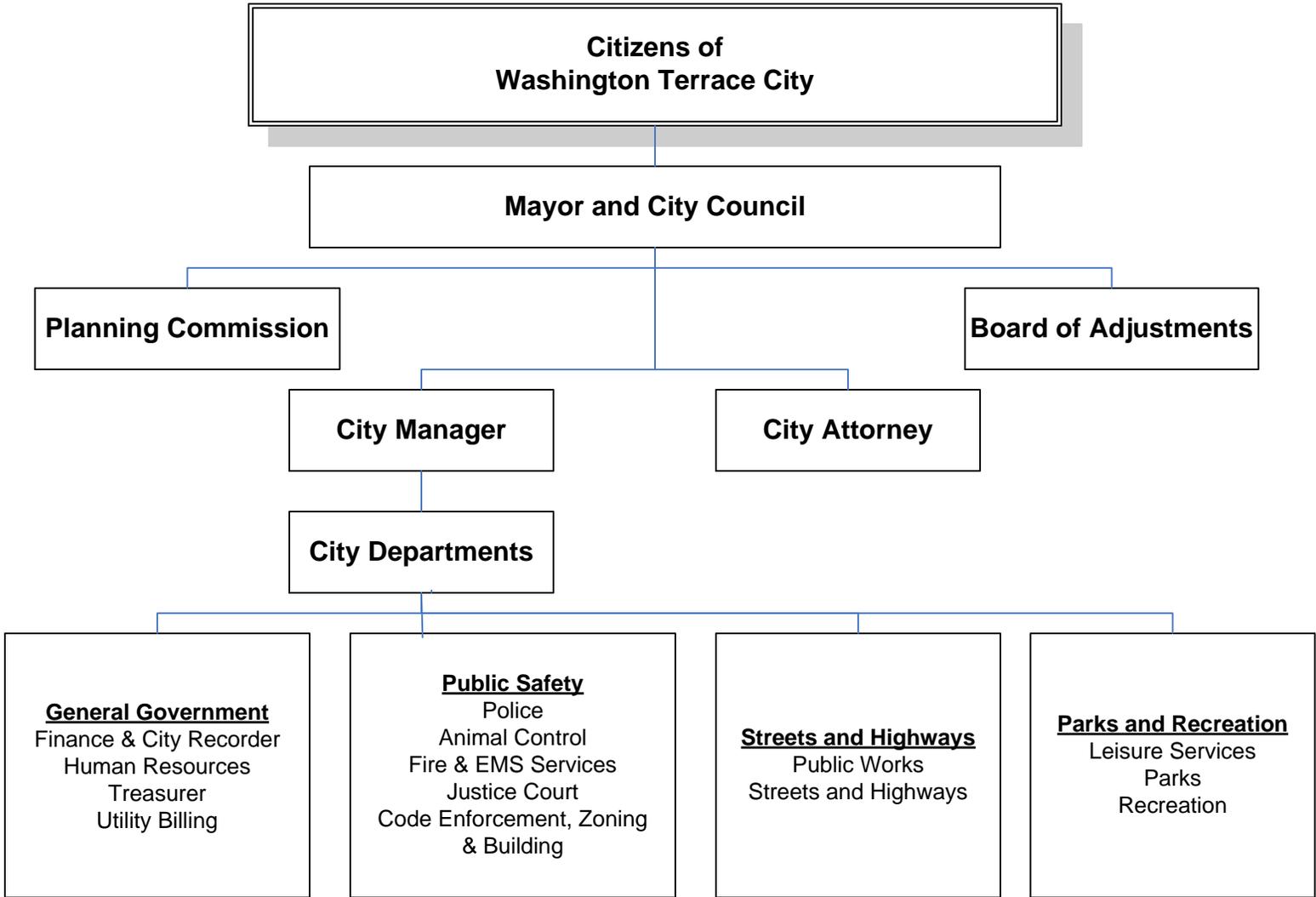
Email: jeffwest0813@gmail.com



Council Member Larry Weir

Email: ldweir@live.com

City of Washington Terrace Organizational Structure





FINANCIAL

SECTION



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, 2018, 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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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, budgetary comparison schedules for the Capital Projects Fund and the Debt Service Fund, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The 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 20, 2018 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 20, 2018



**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, 2018. 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 \$38,160,253, deferred outflow of resources \$399,408, liabilities \$2,827,996, and deferred inflows of resources were \$1,390,641. The assets and deferred outflow of resources of Governmental activities exceeded its liabilities and deferred inflows by \$34,341,024 (net position). Of this amount, \$26,613,264 is net investment in capital assets; \$1,249,966 is restricted; and \$6,477,794 is unrestricted.

The City's Governmental funds (General, Redevelopment Agency, Capital Projects, and Debt Service Funds) reported a combined ending fund balance of \$7,911,207, or an increase of 17.5 percent or \$1,179,104. Of the combined fund balance in 2018, \$523,452 is unassigned; \$2,009,343 is assigned for redevelopment activities and related projects; \$3,720,032 is committed for capital requirements; \$1,249,966 is restricted, and \$408,414 is nonspendable. Fund balance of the General Fund totaled \$1,405,499 or an increase of 16.2 percent or \$195,966 from 2017. Of said balance, \$573,327 is restricted while \$832,172 is unassigned.

Business-type Activities

At year end, Business-type Activities or *fee supported activities* total assets were \$24,281,217 and liabilities \$6,928,323. The assets of Business-type Activities exceeded its liabilities by \$17,352,894 (net position). Of this amount, \$9,494,617 is net investment in capital assets, \$623,382 is restricted, and \$7,234,895 is unrestricted.

Government-wide

The Primary Government reported total assets of \$62,441,470, deferred outflow of resources \$399,408, liabilities of \$9,756,319, and deferred inflows of resources \$1,390,641 resulting in a total net position of \$51,693,918. Total net position consists of net investment in capital assets of \$36,107,881, restricted net position of \$1,873,348, and unrestricted net position of \$13,712,689.

Total assets of \$62,441,470 increased by 2.5 percent or \$1,499,440 from 2017. Capital assets of \$44,360,636 increased by 8.5 percent or \$3,476,827, while current and other assets decreased by 9.9 percent or \$1,977,387. Said changes are attributed to the use of bond proceeds to construct a new public works facility.

Total liabilities of \$9,756,319 decreased by 10.7 percent or \$1,168,103 from 2017. Long-term liabilities decreased by 10.5 percent or \$1,013,533 and current and other liabilities decreased by 12.3 percent or \$154,570.

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 2017 and 2018, 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 5.1 percent or by \$2,522,844; increasing from \$49,171,074 in 2017 to \$51,693,918 in 2018.

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 2018, Capital Assets for the Primary Government represented 71 percent or \$44,360,636 of total assets. Of the total capital assets reported, 35.6 percent or \$15,794,430 are related to Business-type activities and 64.4 percent or \$28,566,206 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 2018, Long-Term Liabilities (excluding deferred outflow of resources) for the Primary Government represented 88.7 percent or \$8,653,743 of total liabilities. When compared to 2017, long-term liabilities outstanding for the Primary Government have decreased by 10.5 percent or \$1,013,533. Of the total long-term liabilities outstanding, 76.3 percent or \$6,599,281 is related to Business-type activities and 23.7 percent or \$2,054,462 is related to General governmental activities.

Total liabilities for the Primary Government of \$9,756,319 have decreased by 10.7 percent or \$1,168,103.

CITY OF WASHINGTON TERRACE, UT
MANAGEMENT DISCUSSION & ANALYSIS
Fiscal Year Ended June 30, 2018



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
	2017	2018	2017	2018	2017	2018	
Current and Other Assets	\$ 8,518,589	\$ 9,594,047	\$ 11,539,632	\$ 8,486,787	\$ 20,058,221	\$ 18,080,834	-9.9%
Capital Assets	28,936,584	28,566,206	11,947,225	15,794,430	40,883,809	44,360,636	8.5%
Total Assets	37,455,173	38,160,253	23,486,857	24,281,217	60,942,030	62,441,470	2.5%
Resources	324,564	399,408	-	-	324,564	399,408	23.1%
Current and Other Liabilities	1,015,745	773,534	241,401	329,042	1,257,146	1,102,576	-12.3%
Long-term Liabilities	2,564,753	2,054,462	7,102,523	6,599,281	9,667,276	8,653,743	-10.5%
Total Liabilities	3,580,498	2,827,996	7,343,924	6,928,323	10,924,422	9,756,319	-10.7%
Deferred Inflows of Resources	1,171,098	1,390,641	-	-	1,171,098	1,390,641	18.7%
Net Position:							
Net Investment in Capital Assets	26,470,757	26,613,264	9,124,288	9,494,617	35,595,045	36,107,881	1.4%
Restricted	916,665	1,249,966	4,341,586	623,382	5,258,251	1,873,348	-64.4%
Unrestricted	5,640,719	6,477,794	2,677,059	7,234,895	8,317,778	13,712,689	64.9%
Total Net Position	\$ 33,028,141	\$ 34,341,024	\$ 16,142,933	\$ 17,352,894	\$ 49,171,074	\$ 51,693,918	5.1%

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 69.8 percent or \$36,107,881 in 2018. 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 increased by 1.4 percent or \$512,836 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 decreased by 64.4 percent or \$3,384,903 in 2018. Said decrease is attributed to the use of restricted bond proceeds for the construction of a new public works facility. Restricted net position for the Primary Government represents \$1,873,348 or 3.6 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 increased by 64.9 percent or \$5,394,911 in 2018. Unrestricted net position for the Primary Government represents \$13,712,268 or 26.5 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 \$51,693,918 increased by 5.1 percent or \$2,522,844 when compared to 2017. Total activity revenue of \$8,814,627 increased by 7 percent or \$576,224. Capital Grants and Contributions experienced the greatest dollar value change from the prior year *increasing* by \$169,259 or 43.1 percent from 2017.

Total program expenses of \$6,291,785 decreased by 4.7 percent or \$312,939 from 2017. Said decrease was largely due to one-time capital projects for Highways and Public Works. Highways and

Public Works expenses of \$939,608 experienced the largest dollar value and percent change from the prior year-decreasing by \$686,087 or 42.2 percent.

As shown in Figure 1, Charges for Services of \$4,072,694 continue to be the largest revenue source representing 46.2 percent of total revenues.

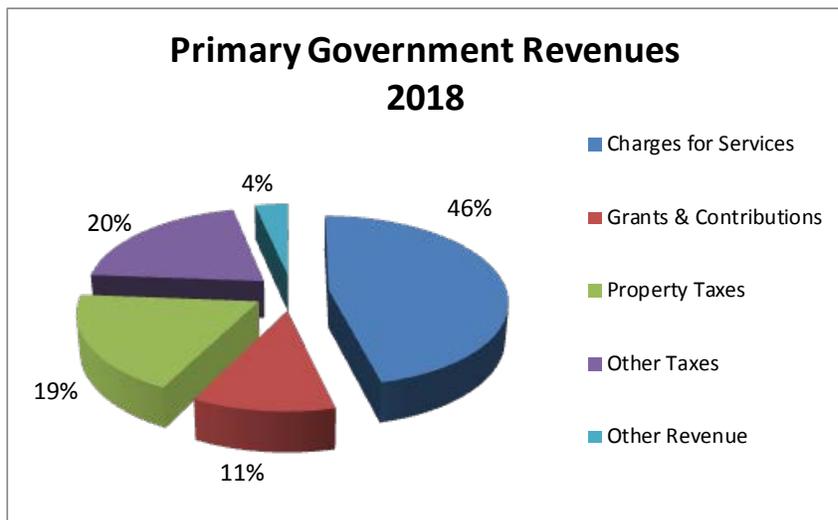


Figure 1 – Primary Government Revenues as a Percentage of Total Revenues

CITY OF WASHINGTON TERRACE, UT
MANAGEMENT DISCUSSION & ANALYSIS
Fiscal Year Ended June 30, 2018

Other Taxes (sales and franchise) represent the second largest revenue source for the Primary Government representing 20.3 percent or \$1,792,138. Other Taxes slightly increased by 1.4 percent or \$24,733 compared to 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
	2017	2018	2017	2018	2017	2018	
Revenues							
Program Revenues:							
Charges for Services	\$ 501,015	\$ 468,199	\$ 3,404,420	\$ 3,604,495	\$ 3,905,435	\$ 4,072,694	4.3%
Operating Grants and Contributions	441,143	421,993	-	-	441,143	421,993	-4.3%
Capital Grants and Contributions	352,431	96,816	40,355	465,229	392,786	562,045	43.1%
General Revenues:							
Property Taxes	1,525,792	1,652,915	-	-	1,525,792	1,652,915	8.3%
Other Taxes	1,767,405	1,801,336	-	-	1,767,405	1,801,336	1.9%
Other	84,076	136,245	121,766	167,401	205,842	303,646	47.5%
Total Revenues	4,671,862	4,577,504	3,566,541	4,237,125	8,238,403	8,814,629	7.0%
Expenses							
Program Expenses:							
General Government	921,913	792,357	-	-	921,913	792,357	-14.1%
Public Safety	1,025,791	1,183,257	-	-	1,025,791	1,183,257	15.4%
Highways & Public Works	1,625,695	939,608	-	-	1,625,695	939,608	-42.2%
Parks & Recreation	269,962	388,509	-	-	269,962	388,509	43.9%
Interest on Long-term Debt	53,303	45,117	-	-	53,303	45,117	-15.4%
Water Services	-	-	1,030,805	1,050,660	1,030,805	1,050,660	1.9%
Sewer Services	-	-	932,924	1,056,835	932,924	1,056,835	13.3%
Refuse Services	-	-	455,940	478,155	455,940	478,155	4.9%
Storm Water Services	-	-	288,391	357,287	288,391	357,287	23.9%
Total Expenses	3,896,664	3,348,848	2,708,060	2,942,937	6,604,724	6,291,785	-4.7%
Increase in net position before Transfers	775,198	1,228,656	858,481	1,294,188	1,633,679	2,522,844	54.4%
Transfers	82,635	84,227	(82,635)	(84,227)	-	-	
Change in Net Position	857,833	1,312,883	775,846	1,209,961	1,633,679	2,522,844	54.4%
Net Position - Beginning (as restated)	32,170,308	33,028,141	15,367,087	16,142,933	47,537,395	49,171,074	3.4%
Net Position - Ending	\$ 33,028,141	\$ 34,341,024	\$ 16,142,933	\$ 17,352,894	\$ 49,171,074	\$ 51,693,918	5.1%

Table 2- Comparative Changes in Net Position

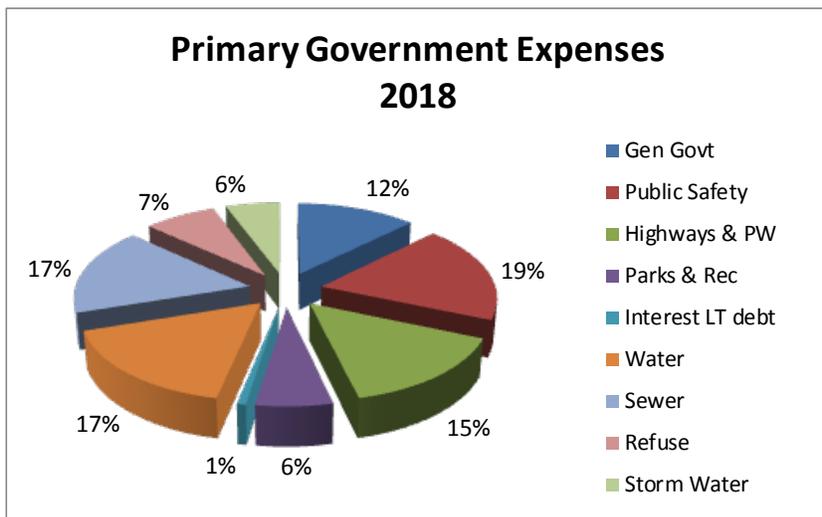
As shown in Figure 2, Highways and Public Works continue to be the largest expense activity representing \$1,474,344 or 23.4 percent of total expenses in 2018 compared to \$1,625,695 or 24.6 percent in 2017.

Public Safety expenses represent the second largest expense activity for the Primary Government representing \$1,183,257 or 18.8 percent of total expenses. Public Safety expenses have increased by 15.4 percent or \$157,466 compared to 2017.

Governmental Activities

Ending net position for Governmental activities of \$34,341,024 reported an increase of 4 percent or \$1,312,881 compared to the prior year.

Total Governmental activity revenue of \$4,577,502 decreased by 2 percent or \$94,360 from the prior year. Said decrease is largely attributed to a decrease in reported Capital Grants and Contributions decreasing by 72.5 percent or \$255,615.



Total program expenses of \$3,348,848 also decreased by 14.1 percent or \$547,816. Said decrease was also largely due to one-time capital projects for Highways and Public Works. Highways and Public Works program, representing 14.9 percent of Primary government expenses, experienced the greatest value change from the prior year decreasing by 42.2 percent or \$686,087.

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 costs. General revenues including property tax, sales tax, and franchise taxes cover the remaining program costs. In 2018, general revenues covered \$2,352,642 of program costs.

CITY OF WASHINGTON TERRACE, UT
MANGEMENT DISCUSSION & ANALYSIS
Fiscal Year Ended June 30, 2018

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 Costs	
	2017	2018	2017	2018	2017	2018	2017	2018
General Government	\$ 921,913	\$ 792,357	\$ 318,403	\$ 347,920	\$ 603,510	\$ 444,437	-34.5%	-43.9%
Public Safety	1,025,791	1,183,257	70,696	73,818	955,095	1,109,439	-6.9%	-6.2%
Highways & Public Works	1,625,695	939,608	734,291	450,433	891,404	489,175	-45.2%	-47.9%
Parks & Recreation	269,962	388,509	171,199	124,035	98,763	264,474	-63.4%	-31.9%
Interest on Long-term Debt	53,303	45,117	-	-	53,303	45,117	0.0%	0.0%
Total Governmental Activities	\$3,896,664	\$3,348,848	\$1,294,589	\$ 996,206	\$2,602,075	\$2,352,642	-33.2%	-29.7%

Table 3 – Net Cost of Governmental Activities

Highways & Public Works, the second largest Governmental Program representing \$939,608 or 28.1 percent of total program expenses, had the greatest ability to generate revenues to support its program expenses. Program revenues of \$450,433 resulted in a net program cost of \$489,175.

Public Safety, the largest Governmental Program representing \$1,183,257 or 35.33 percent of total Governmental programs, had the lowest ability to generate revenues to support its program expenses. Program revenues generated of \$73,818 resulting in a net program cost of \$1,109,439.

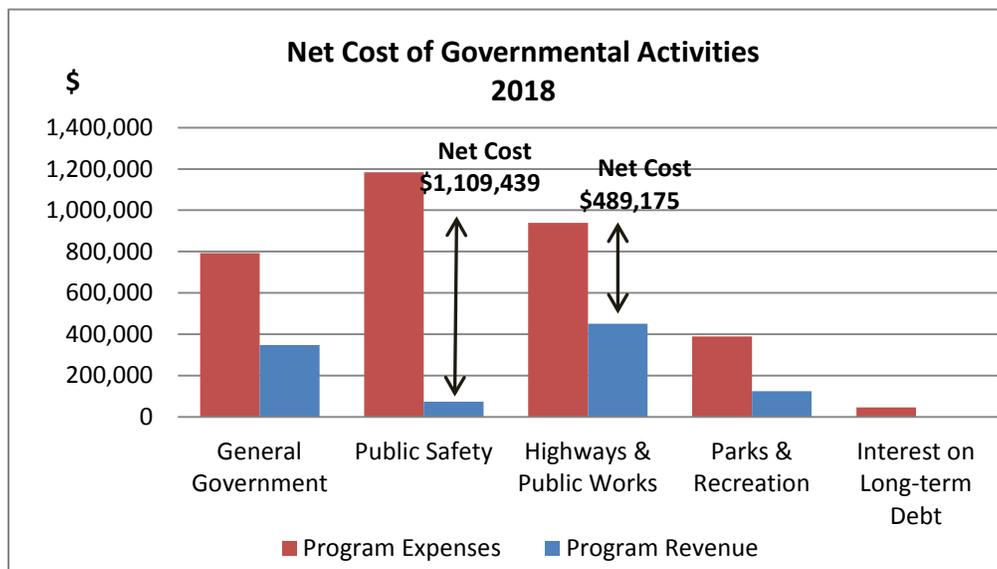


Figure 3 – Net Cost of Governmental Activities

Business-Type Activities

Ending net position for Business-type activities of \$17,352,894 reported an increase of 7.5 percent or \$1,209,961 when compared to 2017.

Total revenue increased by 18.8 percent or \$670,584 largely due to increases in Capital Grants and Contributions. Capital Grants and Contributions of \$465,229 experienced the greatest value and percent change increasing by \$424,874. Charges for Services, the largest revenue source of \$3,604,495 increased by \$167,259 or 5.9 percent.

Total program expenses of \$2,942,937 increased by 8.7 percent or \$234,877. Sewer services experienced the greatest value change from the prior year increasing \$123,911.

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 \$44,360,636 (net of accumulated depreciation) or an increase of 8.5 percent or \$3,476,827 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 Buildings & Improvements growing by 73.1 percent or \$3,456,599. The greatest *decrease* in values was reported in Construction in Process *decreasing* 98.5 percent or \$475,457.

Major capital asset additions for 2018 were:

- Buildings & Improvements - Construction of Public Works Facility - \$4.15M
- Infrastructure – Sewer line rebuild and expansion - \$311K

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
	2017	2018	2017	2018	2017	2018	
Land	\$ 9,420,402	\$ 9,991,972	\$ 715,958	\$ 715,958	\$ 10,136,360	\$ 10,707,930	5.6%
Construction in process	24,922	1,118	457,655	6,002	482,577	7,120	-98.5%
Buildings & Improvements	3,471,013	3,403,468	1,255,979	4,780,123	4,726,992	8,183,591	73.1%
Machinery & Equipment	697,910	790,706	365,632	419,601	1,063,542	1,210,307	13.8%
Infrastructure	15,322,337	14,378,942	9,152,001	9,872,746	24,474,338	24,251,688	-0.9%
Total Assets, net of accumulated depreciation	\$ 28,936,584	\$ 28,566,206	\$ 11,947,225	\$ 15,794,430	\$ 40,883,809	\$ 44,360,636	8.5%

Table 4 – Comparative Summary of Capital Assets

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

Long-Term Liabilities

The Primary Government’s total outstanding liabilities of \$8,653,743 decreased by 10.5 percent or \$1,013,533 compared to 2017.

Governmental activities total debt outstanding of \$2,054,462 reported a 19.9 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 \$1,066,000 is below the statutory limit. The greatest value change in outstanding debt obligations was the General Obligation Ref Series 2015 bonds reporting a reduction of \$373,000.

Business-type activities total debt outstanding of \$6,599,281 reported a 7.1 percent or \$503,242 decrease from prior year. As illustrated in the following table, “Comparative of Debt Outstanding”, the greatest change in outstanding debt was reported in the Utility Rev Bonds Ser10A with a reduction of \$225,000.

CITY OF WASHINGTON TERRACE, UT
MANGEMENT DISCUSSION & ANALYSIS
Fiscal Year Ended June 30, 2018

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
	2017	2018	2017	2018	2017	2018	
Compensated Absences	\$ 98,926	\$ 101,520	\$ -	\$ -	\$ 98,926	\$ 101,520	2.6%
Capital Lease	134,799	90,819	-	-	134,799	90,819	-32.6%
General Obligation Ref Ser15 Bonds	1,439,000	1,066,000	-	-	1,439,000	1,066,000	-25.9%
Utility Revenue Bonds Ser10A	-	-	960,000	735,000	960,000	735,000	-23.4%
Utility Revenue Bonds Ser10B	195,973	184,364	347,027	327,636	543,000	512,000	-5.7%
Utility Revenue Bonds Ser10C	230,055	216,426	397,945	373,574	628,000	590,000	-6.1%
Sales & Excise Tax Revenue Bonds Ser1	466,000	395,333	233,000	197,667	699,000	593,000	-15.2%
Utility Revenue Bonds Ser17	-	-	4,795,000	4,625,000	4,795,000	4,625,000	-3.5%
Bond Premium	-	-	369,551	340,404	369,551	340,404	-7.9%
Total Debt Outstanding	\$ 2,564,753	\$ 2,054,462	\$ 7,102,523	\$ 6,599,281	\$ 9,667,276	\$ 8,653,743	-10.5%

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 \$7,911,207 for 2018 has increased by 17.5 percent or \$1,179,104 from 2017.

Of said balance, \$408,414 or 5.2 percent is non-spendable (prepaids); \$1,249,966 or 15.8 percent is restricted (externally enforceable limitations on use i.e. imposed by creditors, grantors, contributors, law and regulations); \$3,720,032 or 47 percent is committed (self-imposed limitations); \$2,009,343 or 25.4 percent is assigned for community development activities; and \$523,452 or 6.6 percent is unassigned (total fund balance in excess of restricted, committed, and assigned balances).

Assigned fund balance experienced the greatest value change increasing \$542,059 or 36.9 percent resulting in an ending assigned \$2,009,343. Said increase is attributed to the accumulation of property tax increment to be used for future development and redevelopment projects.

Unassigned fund balance slightly increased by 1.1 percent or \$5,542 leaving an ending balance of \$523,452.

CITY OF WASHINGTON TERRACE, UT
 MANGEMENT DISCUSSION & ANALYSIS
 Fiscal Year Ended June 30, 2018

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
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	
Nonspendabl	\$ -	\$ -	\$ 25,261	\$ 23,459	\$ -	\$ -	\$ 385,567	\$ 384,955	\$ 410,828	\$ 408,414	-0.6%
Restricted	382,908	573,327	-	-	523,770	666,911	9,987	9,728	916,665	1,249,966	36.4%
Committed	-	-	-	-	3,419,416	3,720,032	-	-	3,419,416	3,720,032	8.8%
Assigned	-	-	1,467,284	2,009,343	-	-	-	-	1,467,284	2,009,343	36.9%
Unassigned	826,625	832,172	-	-	-	-	(308,715)	(308,720)	517,910	523,452	1.1%
Total	\$ 1,209,533	\$ 1,405,499	\$ 1,492,545	\$ 2,032,802	\$ 3,943,186	\$ 4,386,943	\$ 86,839	\$ 85,963	\$ 6,732,103	\$ 7,911,207	17.5%

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 Fund Revenues

Tax collections of \$2,508,093 *exceeded* final budget estimates of \$2,422,544 or an \$88,216 final budget variance.

Licenses and permits of \$171,128 *exceeded* final budget estimates of \$151,300 or a \$19,828 final budget variance.

Intergovernmental collections of \$435,651 *exceeded* final budget estimates of \$410,735 or a \$24,916 final budget variance.

Fines & Forfeitures of \$177,588 were *below* final budget estimates of \$187,000 or a \$9,412 final budget variance.

Miscellaneous collections of \$153,830 *exceeded* final budget estimates of \$119,000 or a final budget variance of \$34,830.

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 \$704,529 were below final budget estimates of \$1,196,484 or a budget variance of \$491,955.

Public Safety expenditures of \$1,203,232 were below final budget estimates of \$1,250,724 or a budget variance of \$47,492.

Highways and Public Works expenditures of \$388,512 were below final budget estimates of \$884,569 or a budget variance of \$496,057.

Parks & Recreation expenditures of \$316,768 were below final budget estimates of \$343,589 generating a budget variance of \$26,821.

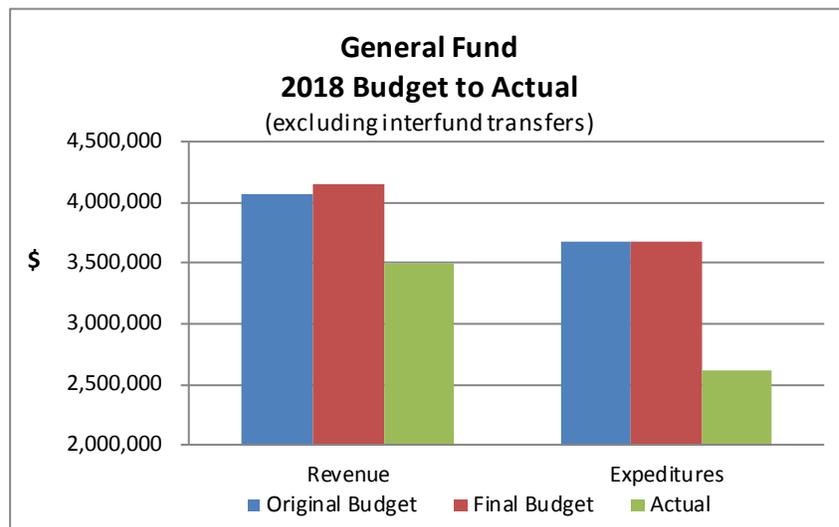


Figure 4 – General Fund Final Budget to Actual

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 \$17,352,894 has increased by 7.5 percent or \$1,209,961 from the prior year. Of said balance, \$9,494,617 or 54.7 percent represents net investment in capital assets, increasing 4.1 percent or \$370,329 from prior year. Restricted net position of \$623,382 is down \$3,718,204 from prior year. Said change is attributed the use of bond proceeds for the construction of a new public works facility. Unrestricted net position of \$7,234,895 is up \$4,557,836 from the prior year.

Changes in Net Position

Business-type activities generated \$4,237,125 of total revenue up 18.8 percent or \$670,584 from prior year. The largest program revenue, Charges for Services, representing 85.1 percent of revenues, increased by 5.9 percent or \$200,075. Capital Grants and Contributions increased by from \$40,355 to \$465,229 or \$424,874. Other revenue, representing 4 percent or \$167,401 to program revenue increased by \$45,635 or 37.5 percent.

Total program expenses of \$2,942,937 increased by 8.7 percent or \$234,877 from the prior year.

Sanitary sewer services, the largest operating expense program, represents 35.9 percent or \$1,056,835 of total program expenses. Sewer service expenses grew by \$123,911 or 13.3 percent from the prior year. Water services closely following at \$1,050,660 or 35.7 percent of total program expenses.

Storm Water services reported the greatest percentage change increasing by 23.9 percent or \$68,896. Storm Water service expenses in 2018 were \$357,287 compared to \$288,391 in 2017.

ECONOMIC & DEMOGRAPHIC FACTORS

According to the State of Utah Department of Workforce Services (DWS), *Economic Snapshot June 2018*, for Weber County (the county for which the City resides) year-over job growth for is 2.0 percent—the lowest job growth of the four major urban corridor counties. Weber County added more than 2,000 jobs year-over by June 2018. Trade/Transportation and Utilities saw a solid increase of 6.0 percent adding 1,087 jobs year over by June of 2018. Construction sector saw a healthy increase of 9 percent adding 587 jobs.

For most of Utah indicators are trending in a positive direction according to the most recently-released data. Utah’s job growth rate is consistently among the best in the nation, while unemployment has essentially plateaued at a low level. Sales are up over last year and construction permitting held steady.

Utah’s nonfarm employment for June 2018 grew by an estimated 3.3 percent, adding 49,000 jobs to the economy compared to June 2017. Most major industries experienced strong to moderate growth. Professional/business services, construction, healthcare/social services and leisure hospitality services created the greatest number of new jobs.

Washington Terrace City

Census Statistics

Population Estimates - 2017	9,152
Median Household Income	\$47,384
Persons in Poverty	15.5%
Median Housing Value	\$143,100
Total Housing Units	3,575
Number of Companies	374
Veterans	605

Source: US Census Bureau

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:

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



BASIC FINANCIAL STATEMENTS
(audited)

June 30, 2018

STATEMENT OF NET POSITION

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and cash equivalents	\$ 6,267,812	\$ 7,196,198	\$ 13,464,010
Accounts receivable, net	45,965	309,375	355,340
Due from other governmental units	1,395,903	-	1,395,903
Prepaid expenses	408,414	99,085	507,499
Cash - restricted	1,254,389	882,129	2,136,518
Notes receivable	210,792	-	210,792
Capital assets not being depreciated:			
Land	9,991,972	715,958	10,707,930
Construction work in progress	1,118	6,002	7,120
Capital assets, net of accumulated depreciation:			
Buildings and improvements	3,403,468	4,780,123	8,183,591
Infrastructure	14,378,942	9,872,746	24,251,688
Machinery and equipment	790,706	419,601	1,210,307
Net pension asset	10,772	-	10,772
Total Assets	38,160,253	24,281,217	62,441,470
Deferred Outflows of Resources			
Pension related	399,408	-	399,408
Total Deferred Outflows of Resources	399,408	-	399,408
Total Assets and Deferred Outflows of Resources	\$ 38,559,661	\$ 24,281,217	\$ 62,840,878
Liabilities			
Accounts payable	\$ 284,022	\$ 73,407	\$ 357,429
Accrued liabilities	74,054	255,635	329,689
Accrued interest	9,957	-	9,957
Unearned revenue	4,423	-	4,423
Noncurrent liabilities:			
Due within one year	586,550	485,440	1,071,990
Due in more than one year	1,467,912	6,113,841	7,581,753
Net pension liability	401,078	-	401,078
Total Liabilities	2,827,996	6,928,323	9,756,319
Deferred Inflows of Resources			
Deferred revenue - property taxes	1,098,777	-	1,098,777
Pension related	291,864	-	291,864
Total Deferred Inflows of Resources	1,390,641	-	1,390,641
Net Position			
Net investment in capital assets	26,613,264	9,494,617	36,107,881
Restricted for:			
Debt service	36,118	49,220	85,338
Repair & Replacement	112,799	274,694	387,493
Roads	1,101,049	-	1,101,049
Construction	-	299,468	299,468
Unrestricted	6,477,794	7,234,895	13,712,689
Total Net Position	34,341,024	17,352,894	51,693,918
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 38,559,661	\$ 24,281,217	\$ 62,840,878

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

STATEMENT OF ACTIVITIES

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Government Activities							
General governmental	\$ 792,357	\$ 347,920	\$ -	\$ -	\$ (444,437)	\$ -	\$ (444,437)
Public safety	1,183,257	62,249	10,542	1,027	(1,109,439)	-	(1,109,439)
Highways and public works	939,608	14,176	411,451	24,806	(489,175)	-	(489,175)
Parks and recreation	388,509	43,854	9,198	70,983	(264,474)	-	(264,474)
Interest on long-term debt	45,117	-	-	-	(45,117)	-	(45,117)
Total Governmental Activities	3,348,848	468,199	431,191	96,816	(2,352,642)	-	(2,352,642)
Business-type Activities							
Water services	1,050,660	1,386,923	-	119,221	-	455,484	455,484
Sewer services	1,056,835	1,177,040	-	283,730	-	403,935	403,935
Refuse services	478,155	497,830	-	-	-	19,675	19,675
Storm water services	357,287	542,702	-	62,278	-	247,693	247,693
Total Business-type Activities	2,942,937	3,604,495	-	465,229	-	1,126,787	1,126,787
Total Government	\$ 6,291,785	\$ 4,072,694	\$ 431,191	\$ 562,045	(2,352,642)	1,126,787	(1,225,855)
General Revenues							
					1,652,915	-	1,652,915
					1,106,849	-	1,106,849
					685,289	-	685,289
					123,922	167,401	291,323
					-	-	-
					12,323	-	12,323
					84,227	(84,227)	-
					3,665,525	83,174	3,748,699
					1,312,883	1,209,961	2,522,844
					33,028,141	16,142,933	49,171,074
					\$ 34,341,024	\$ 17,352,894	\$ 51,693,918

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	\$ 806,227	\$ 2,009,343	\$ 3,452,242	\$ -	\$ 6,267,812
Accounts receivable, net	45,965	-	-	-	45,965
Due from other funds	-	-	308,720	-	308,720
Due from other governmental units	898,198	105,885	-	391,820	1,395,903
Prepays	-	23,459	-	384,955	408,414
Restricted assets:					
Cash and cash equivalents	577,750	-	666,911	9,728	1,254,389
Total Assets	<u>\$ 2,328,140</u>	<u>\$ 2,138,687</u>	<u>\$ 4,427,873</u>	<u>\$ 786,503</u>	<u>\$ 9,681,203</u>
Liabilities					
Accounts payable	\$ 243,092	\$ -	\$ 40,930	\$ -	\$ 284,022
Accrued liabilities	74,054	-	-	-	74,054
Due to other funds	-	-	-	308,720	308,720
Unearned revenue	4,423	-	-	-	4,423
Total Liabilities	<u>321,569</u>	<u>-</u>	<u>40,930</u>	<u>308,720</u>	<u>671,219</u>
Deferred Inflows of Resources					
Unavailable revenue - property taxes	601,072	105,885	-	391,820	1,098,777
Fund Balances					
Nonspendable					
Prepays	-	23,459	-	384,955	408,414
Restricted					
Roads funds	434,138	-	666,911	-	1,101,049
Debt service	26,390	-	-	9,728	36,118
Repair & Replacement	112,799	-	-	-	112,799
Committed for:					
Capital projects	-	-	3,720,032	-	3,720,032
Assigned					
Redevelopment Agency	-	2,009,343	-	-	2,009,343
Unassigned	832,172	-	-	(308,720)	523,452
Total Fund Balances	<u>1,405,499</u>	<u>2,032,802</u>	<u>4,386,943</u>	<u>85,963</u>	<u>7,911,207</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,328,140</u>	<u>\$ 2,138,687</u>	<u>\$ 4,427,873</u>	<u>\$ 786,503</u>	<u>\$ 9,681,203</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	\$ 7,911,207
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	28,566,206
Long-term liabilities, including bond payable, are not due and payable in the current period and therefore are not recorded in the funds.	(2,054,462)
Accrued interest expense is not due and payable in the current period and therefore is not recorded in the funds.	(9,957)
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.	(282,762)
Special Improvement District receivables are not recorded in the fund financial statements.	<u>210,792</u>
Net position - governmental activities	<u>\$ 34,341,024</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	\$ 2,508,093	\$ 541,434	\$ -	\$ 395,524	\$ 3,445,051
Licenses and permits	171,128	-	-	-	171,128
Intergovernmental	435,651	24,806	45,419	-	505,876
Charges for services	43,854	-	71,824	-	115,678
Impact fees	-	-	26,591	-	26,591
Fines and forfeitures	177,588	-	-	-	177,588
Interest income	96,837	26,963	-	122	123,922
Miscellaneous revenue	56,993	-	-	-	56,993
Total Revenues	3,490,144	593,203	143,834	395,646	4,622,827
Expenditures					
Current:					
General government	704,529	6,327	51,210	-	762,066
Public safety	1,203,232	-	-	-	1,203,232
Highways and public works	388,512	18,533	-	-	407,045
Parks and recreation	316,768	-	-	-	316,768
Capital expenditures	-	28,086	303,236	-	331,322
Debt service:					
Principal retirement	-	-	-	512,885	512,885
Interest and fiscal charges	-	-	-	47,728	47,728
Total Expenditures	2,613,041	52,946	354,446	560,613	3,581,046
Excess (Deficiency) of Revenues Over (Under) Expenditures	877,103	540,257	(210,612)	(164,967)	1,041,781
Other Financing Sources (Uses)					
Transfer in	86,607	-	767,744	204,037	1,058,388
Transfer out	(767,744)	-	(166,471)	(39,946)	(974,161)
Disposal of capital assets	-	-	53,096	-	53,096
Total Other Financing Sources (Uses)	(681,137)	-	654,369	164,091	137,323
Net Change in Fund Balances	195,966	540,257	443,757	(876)	1,179,104
Fund Balance, Beginning	1,209,533	1,492,545	3,943,186	86,839	6,732,103
Fund Balance, Ending	<u>\$ 1,405,499</u>	<u>\$ 2,032,802</u>	<u>\$ 4,386,943</u>	<u>\$ 85,963</u>	<u>\$ 7,911,207</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	\$ 1,179,104
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.	(1,190,635)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net position.	861,028
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.	(40,773)
Repayment of bond principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.	512,885
In the statement of activities, accrued interest on debt is recorded.	2,611
The long term portion of accrued leave does not require the use of current financial resources and therefore is not recorded as an expenditure in the Governmental Funds.	(2,593)
Changes in the pension asset and liability accounts are not recorded in the funds rather they recorded in the statement of activities	48,904
Repayment of Special Improvement District receivables is a revenue in the funds, but the reduces the receivable in the statement of net position.	<u>(57,648)</u>
Change in net position - governmental activities	<u><u>\$ 1,312,883</u></u>

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	\$ 7,196,198
Accounts receivable, net	309,375
Prepays	99,085
Cash - restricted	882,129
Total Current Assets	8,486,787
Noncurrent Assets	
Land	715,958
Construction work in progress	6,002
Buildings	5,422,537
Infrastructure	14,047,888
Machinery and equipment	1,278,952
Less: Accumulated depreciation	(5,676,907)
Total Noncurrent Assets	15,794,430
Total Assets	\$ 24,281,217
Liabilities	
Current Liabilities	
Accounts payable	\$ 73,407
Accrued liabilities	255,635
Bonds payable	485,440
Total Current Liabilities	814,482
Noncurrent Liabilities	
Bonds payable	6,113,841
Total Noncurrent Liabilities	6,113,841
Total Liabilities	6,928,323
Net Position	
Net invested in capital assets	9,494,617
Restricted:	
Debt reserve	49,220
Repair & Replacement	274,694
Construction	299,468
Unrestricted	7,234,895
Total Net Position	17,352,894
Total Liabilities and Net Position	\$ 24,281,217

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	\$ 1,377,803
Sewer	1,171,860
Refuse	497,830
Storm water	542,702
Connection and other fees	
Water	9,120
Sewer	5,180
Total Operating Revenues	3,604,495
Operating Expenses	
Personnel services	812,327
Contractual services	1,094,254
Materials and supplies	351,347
Depreciation expense	403,738
Total operating expenses	2,661,666
Operating income	942,829
Nonoperating revenue (expense)	
Interest income	167,401
Interest expense	(203,246)
Disposal of capital assets	(78,025)
Total nonoperating revenues (expenses)	(113,870)
Income (loss) before capital contributions and transfers	828,959
Capital contributions:	
Impact fee income	37,618
Intergovernmental income	427,611
Transfers in/(out)	(84,227)
Change in net position	1,209,961
Net position, beginning	16,142,933
Net position, ending	\$ 17,352,894

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	\$ 3,578,171
Payments to suppliers and service providers	(1,365,220)
Cash payments for interfund services used	(812,327)
Net cash flows from operating activities	1,400,624
Cash Flows From Non-Capital Financing Activities	
Transfers out	(84,227)
Intergovernmental	427,611
Net cash flows from non-capital financing activities	343,384
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(4,328,968)
Principal paid on bonds and leases	(503,242)
Proceeds from disposal of assets	-
Proceeds from issuance of debt	-
Interest Paid	(203,246)
Impact fees received	37,618
Net cash flows from capital and related financing activities	(4,997,838)
Cash Flows From Investing Activities	
Interest on investment	167,401
Net cash flows from investing activities	167,401
Net Increase (Decrease) In Cash and Cash Equivalents	(3,086,429)
Cash and Cash Equivalents, Beginning	11,164,756
Cash and Cash Equivalents, Ending	\$ 8,078,327

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	\$ 942,829
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation expense	403,738
(Increase) Decrease in accounts receivables	(26,324)
(Increase) Decrease in prepaids	(7,260)
Increase (Decrease) in accounts payable	(108,430)
Increase (Decrease) in accrued liabilities	196,071
Net cash flows from operating activities	<u>\$ 1,400,624</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, 2018, \$778,062 of the City's bank balances of \$1,110,502 (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, 2018, the City had cash balances of \$14,534,909 deposited in the PTIF. The fair value of this cash balance was \$14,589,967 using a fair value factor of 1.00378796.

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, 2018:

	Carrying Amount
Cash on hand and on deposit:	
Cash on hand	\$ 1,300
Cash on deposit	1,064,319
Utah State Treasurer's investment pool accounts	<u>14,534,909</u>
Total cash on hand and deposit	<u>\$ 15,600,528</u>

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable are recorded net of the allowance for doubtful accounts of \$13,020 in the enterprise fund.

NOTE 4 RESTRICTED ASSETS

Certain assets are restricted to use as follows as of June 30, 2018:

Customer deposits	\$ 17,430
Road Funds	1,101,049
Unearned revenues received	4,420
2010 Series Bond Reserve Fund	461,535
2013 Series Bond Reserve Fund	9,728
2017 Series Bond Reserve Fund	1,571
2017 Series Bond Construction Fund	<u>540,785</u>
	<u>\$ 2,136,518</u>

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2018, is as follows:

	Balance			Balance
	June 30, 2017	Additions	Deletions	June 30, 2018
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 9,420,402	\$ 571,570	\$ -	\$ 9,991,972
Construction in progress	24,922	1,118	(24,922)	1,118
Total capital assets, not being depreciated	9,445,324	572,688	(24,922)	9,993,090
Capital assets, being depreciated				
Buildings and Improvements	4,855,256	80,290	-	4,935,546
Infrastructure	25,075,707	26,967	-	25,102,674
Machinery and equipment	1,247,605	206,005	(61,557)	1,392,053
Total capital assets, being depreciated	31,178,568	313,262	(61,557)	31,430,273
Less accumulated depreciation for				
Buildings and Improvements	(1,384,242)	(147,836)	-	(1,532,078)
Infrastructure	(9,753,369)	(970,363)	-	(10,723,732)
Machinery and equipment	(549,695)	(72,436)	20,784	(601,347)
Total accumulated depreciation	(11,687,306)	(1,190,635)	20,784	(12,857,157)
Total capital assets, being depreciated, net	19,491,262	(877,373)	(40,773)	18,573,116
Governmental activities capital assets, net	\$ 28,936,586	\$ (304,685)	\$ (65,695)	\$ 28,566,206

NOTE 5 CAPITAL ASSETS (Continued)

The Business-type Activities property, plant and equipment consist of the following at June 30, 2018:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Business-type Activities				
Capital assets, not being depreciated				
Land	\$ 715,958	\$ -	\$ -	\$ 715,958
Construction in progress	457,654	4,014,446	(4,466,098)	6,002
Total capital assets, not being depreciated	1,173,612	4,014,446	(4,466,098)	721,960
Capital assets, being depreciated				
Buildings	1,267,343	4,155,194	-	5,422,537
Infrastructure	13,646,562	516,907	(115,581)	14,047,888
Machinery and equipment	1,170,430	108,522	-	1,278,952
Total capital assets, being depreciated	16,084,335	4,780,623	(115,581)	20,749,377
Less accumulated depreciation for				
Buildings	(611,294)	(31,120)	-	(642,414)
Infrastructure	(3,894,632)	(318,066)	37,556	(4,175,142)
Machinery and equipment	(804,799)	(54,552)	-	(859,351)
Total accumulated depreciation	(5,310,725)	(403,738)	37,556	(5,676,907)
Total capital assets, being depreciated, net	10,773,610	4,376,885	(78,025)	15,072,470
Business-type activities capital assets, net	\$ 11,947,222	\$ 8,391,331	\$ (4,544,123)	\$ 15,794,430

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General government	\$ 92,269
Public safety	42,192
Highways and public works	990,685
Parks and recreation	65,489
Total depreciation expense - governmental activities	<u>\$ 1,190,635</u>
Business-type activities	
Water services	\$ 189,529
Sewer services	125,491
Storm water services	88,718
Total depreciation expense - business-type activities	<u>\$ 403,738</u>
Combined depreciation expense	<u>\$ 1,594,373</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 \$601,072, \$105,885, and \$391,820 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, 2018 was not expected to be received within 30 days after the year ended June 30, 2018, 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, 2018.

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 \$71,064 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, \$11,046 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:	<u>Governmental Activities</u>
Machinery and equipment	\$ 220,934
Less: accumulated depreciation	<u>(37,619)</u>
	<u>\$ 183,315</u>

NOTE 8 CAPITAL LEASES (Continued)

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2018 are as follows:

<u>Year Ending June 30,</u>	Governmental Activities
2019	\$ 46,631
2020	46,631
Total minimum lease payments	93,262
Less: amount representing interest	(2,443)
Present value of minimum lease payments	<u>\$ 90,819</u>

NOTE 9 LONG-TERM DEBT

The following is summary of long-term debt transactions of the City for the year ended June 30, 2018:

	<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	\$ 1,439,000	\$ -	\$ (373,000)	\$ 1,066,000	\$ 375,000
Sales Tax Revenue Refunding Bonds, Series 2013	466,000	-	(70,667)	395,333	70,000
Utility Revenue Bond, Series 2010B	195,973	-	(11,609)	184,364	11,520
Utility Revenue Bond, Series 2010C	230,055	-	(13,629)	216,426	14,040
Total bonds payable	<u>\$ 2,331,028</u>	<u>\$ -</u>	<u>\$ (468,905)</u>	<u>\$ 1,862,123</u>	<u>\$ 470,560</u>
Capital lease	134,799	-	(43,980)	90,819	44,926
Compensated absences	98,926	82,713	(80,119)	101,520	71,064
Governmental activity long-term liabilities	<u>\$ 2,564,753</u>	<u>\$ 82,713</u>	<u>\$ (593,004)</u>	<u>\$ 2,054,462</u>	<u>\$ 586,550</u>
Business-type activities					
Sales Tax Revenue Refunding Bonds, Series 2013	\$ 233,000	\$ -	\$ (35,333)	\$ 197,667	\$ 35,000
Revenue Refunding Bonds, Series 2010A	960,000	-	(225,000)	735,000	230,000
Utility Revenue Bond, Series 2010B	347,027	-	(19,391)	327,636	20,480
Utility Revenue Bond, Series 2010C	397,945	-	(24,371)	373,574	24,960
Utility Revenue Bond, Series 2017	4,795,000	-	(170,000)	4,625,000	175,000
Bond Premium	369,551	-	(29,147)	340,404	-
Total bonds payable	<u>\$ 7,102,523</u>	<u>\$ -</u>	<u>\$ (503,242)</u>	<u>\$ 6,599,281</u>	<u>\$ 485,440</u>
Business-type activity long-term liabilities	<u>\$ 7,102,523</u>	<u>\$ -</u>	<u>\$ (503,242)</u>	<u>\$ 6,599,281</u>	<u>\$ 485,440</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, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>\$ 593,000</u>	<u>\$ 38,728</u>	<u>\$ 631,728</u>

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, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 375,000	\$ 16,819	\$ 391,819
2020	377,000	10,238	387,238
2021	314,000	3,376	317,376
Total	<u>\$ 1,066,000</u>	<u>\$ 30,433</u>	<u>\$ 1,096,433</u>

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, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 230,000	\$ 33,050	\$ 263,050
2020	250,000	22,700	272,700
2021	255,000	10,200	265,200
Total	<u>\$ 735,000</u>	<u>\$ 65,950</u>	<u>\$ 800,950</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, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 512,000</u>	<u>\$ 136,419</u>	<u>\$ 648,419</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, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 590,000</u>	<u>\$ 131,350</u>	<u>\$ 721,350</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, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 4,625,000</u>	<u>\$ 1,785,950</u>	<u>\$ 6,410,950</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, 2018.

<u>Project</u>	<u>Contract Amount</u>	<u>Paid to Date</u>	<u>Commitment Outstanding</u>
Public Works Facility	\$ 3,926,709	\$ 3,730,374	\$ 196,335
	<u>\$ 3,926,709</u>	<u>\$ 3,730,374</u>	<u>\$ 196,335</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 2018:

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

<u>Project Area</u>	<u>2018</u>
Southeast	\$ 514,083
Central B/D	27,351
Total increment received	<u>541,434</u>

The Agency expended amounts in the following areas:

Amounts expended for:	
Administrative costs	\$ 24,860
Property acquisitions and site improvements	28,086
Total amounts expended by RDA	<u>\$ 52,946</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, 2018 are as follows:

	<u>In</u>	<u>Out</u>
Governmental:		
General Fund	\$ 86,607	\$ 767,744
Capital Projects	767,744	166,471
Debt Service	204,037	39,946
Business-type		
Public Utilities	<u>45,722</u>	<u>129,949</u>
	<u>\$ 1,104,110</u>	<u>\$ 1,104,110</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 \$812,327 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, 2018, on June 30, 2018 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, 2018 are as follows:

Utah Retirement Systems

	Employee	Employee	Employer 401(k)
Contributory System			
111 Local Governmental Div - Tier 2	N/A	15.11	1.58
Noncontributory System			
15 Local Governmental Div - Tier 1	N/A	18.47	N/A
Firefighters Retirement System			
31 Other Division A	15.05	3.93	N/A
132 Tier 2 DB Hybrid Firefighters	N/A	10.82	1.26
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, 2018, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 145,156	N/A
Firefighters System	2,003	-
Tier 2 Public Employees System	19,326	-
Tier 2 DC Only System	3,400	N/A
Total Contributions	\$ 169,885	\$ -

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, 2018, we reported a net pension asset of \$10,772 and a net pension liability of \$401,078.

NOTE 15 RETIREMENT PLAN (Continued)

(Measurement Date): December 31, 2017

	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share Dec 31, 2016	Change (Decrease)
Noncontributory System	\$ -	\$ 400,012	0.0912999%	0.0886715%	0.0026284%
Firefighters System	10,772	-	0.1724810%	0.1751689%	-0.0026879%
Tier 2 Public Employees System	-	1,066	0.0120871%	0.0138746%	-0.0017875%
	<u>\$ 10,772</u>	<u>\$ 401,078</u>			

The net pension asset and liability was measured as of December 31, 2017, 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, 2018, we recognized pension expense of \$160,543.

At June 30, 2018, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,963	\$ 30,563
Change in assumptions	159,820	12,923
Net difference between projected and actual earnings on pension plan investments	93,507	246,227
Changes in proportion and differences between contributions and proportionate share of contributions	11,331	2,151
Contributions subsequent to the measurement date	85,754	-
Total	<u>\$ 359,375</u>	<u>\$ 291,864</u>

\$85,754 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, 2017.

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
2018	\$ 24,150
2019	34,830
2020	(28,046)
2021	(52,732)
2022	1,895
Thereafter	1,659

NOTE 15 RETIREMENT PLAN (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were developed from actual experience and mortality tables, based on gender, 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, 2017, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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%	6.15%	2.46%
Debt securities	20%	40.00%	0.08%
Real assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.89%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		4.75%
	Inflation		2.50%
	Expected Arithmetic Nominal Return		7.25%

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

Discount Rate

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

Index. The discount rate was reduced to 6.95 percent from 7.20 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 6.95 percent as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 1,081,821	\$ 400,012	\$ (166,878)
Firefighters System	\$ 45,962	\$ (10,772)	\$ (56,615)
Tier 2 Public Employees System	\$ 12,548	\$ 1,066	\$ (7,789)
Total	\$ 1,140,331	\$ 390,306	\$ (231,282)

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:

	2018	2017	2016
401 (k) Plan			
Employer Contributions	\$32,315	\$32,575	\$31,366
Employee Contributions	\$55,556	\$53,213	\$33,791
457 Plan			
Employer Contributions	\$0	\$0	\$0
Employee Contributions	\$27,154	\$23,291	\$16,436
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$14,956	\$11,324	\$15,155



**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	\$ 565,090	\$ 565,090	\$ 603,035	\$ 37,945
Property tax - vehicles	90,000	90,000	93,597	3,597
Delinquent property taxes	20,000	20,000	19,333	(667)
Direct charges	2,000	2,000	-	(2,000)
Sales and use taxes	1,065,352	1,065,352	1,106,839	41,487
Franchise taxes	680,102	680,102	685,289	5,187
Total taxes	<u>2,422,544</u>	<u>2,422,544</u>	<u>2,508,093</u>	<u>85,549</u>
Licenses and permits:				
Business licenses	85,300	80,800	84,104	3,304
Building permits	25,000	50,000	62,546	12,546
Planning fees	5,000	15,000	19,174	4,174
Animal licenses	5,500	5,500	5,304	(196)
Total licenses and permits	<u>120,800</u>	<u>151,300</u>	<u>171,128</u>	<u>19,828</u>
Intergovernmental revenue:				
RAMP tax	9,164	9,198	9,198	-
Road funds	388,739	388,739	411,451	22,712
State liquor fund allotment	7,000	8,298	8,297	(1)
Other grants	5,000	-	2,245	2,245
Service Contracts	4,500	4,500	4,460	(40)
Total intergovernmental revenue	<u>414,403</u>	<u>410,735</u>	<u>435,651</u>	<u>24,916</u>
Charges for services:				
Administrative fee - other funds	843,246	819,573	-	(819,573)
Recreation fees	46,350	46,350	43,854	(2,496)
Total charges for services	<u>889,596</u>	<u>865,923</u>	<u>43,854</u>	<u>(822,069)</u>
Fines and forfeitures	<u>147,500</u>	<u>187,000</u>	<u>177,588</u>	<u>(9,412)</u>
Miscellaneous:				
Interest	30,000	60,000	96,837	36,837
Other	45,300	59,000	56,993	(2,007)
Total miscellaneous	<u>75,300</u>	<u>119,000</u>	<u>153,830</u>	<u>34,830</u>
Total Revenues	<u>\$ 4,070,143</u>	<u>\$ 4,156,502</u>	<u>\$ 3,490,144</u>	<u>\$ (666,358)</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	\$ 37,767	\$ 37,767	\$ 29,758	\$ 8,009
Municipal court	148,622	148,622	141,999	6,623
Administrative	340,700	340,700	201,594	139,106
Treasurer	217,990	225,890	86,769	139,121
Recorder	100,805	91,490	49,000	42,490
Leisure services	101,462	88,482	86,045	2,437
Non-departmental	129,869	125,294	43,340	81,954
General government building	122,639	138,239	66,024	72,215
Total general government	<u>1,199,854</u>	<u>1,196,484</u>	<u>704,529</u>	<u>491,955</u>
Public safety:				
Police department	831,085	811,085	801,055	10,030
Fire department	249,017	256,443	229,152	27,291
Inspection and planning	127,390	127,390	120,790	6,600
Animal control	55,806	55,806	52,235	3,571
Total public safety	<u>1,263,298</u>	<u>1,250,724</u>	<u>1,203,232</u>	<u>47,492</u>
Highways and public works:				
Streets	113,634	133,634	110,836	22,798
Public works	776,449	750,935	277,676	473,259
Total highways and public works	<u>890,083</u>	<u>884,569</u>	<u>388,512</u>	<u>496,057</u>
Parks and recreation	323,626	343,589	316,768	26,821
Total Expenditures	<u>3,676,861</u>	<u>3,675,366</u>	<u>2,613,041</u>	<u>1,062,325</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>98,282</u>	<u>107,136</u>	<u>877,103</u>	<u>772,634</u>
Other Financing Sources (Uses)				
Transfer in	86,608	86,608	86,607	(1)
Transfer out	(510,218)	(798,072)	(767,744)	30,328
Total Other Financing Sources (Uses)	<u>(423,610)</u>	<u>(711,464)</u>	<u>(681,137)</u>	<u>30,327</u>
Net Change in Fund Balance	<u>\$ (325,328)</u>	<u>\$ (604,328)</u>	<u>195,966</u>	<u>\$ 802,961</u>
Fund Balance, Beginning, Restated			<u>1,209,533</u>	
Fund Balance, Ending			<u>\$ 1,405,499</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	\$ 545,663	\$ 545,663	\$ 541,434	\$ (4,229)
Interest	-	-	26,963	26,963
Intergovernmental	-	367,255	24,806	(342,449)
Total Revenues	<u>545,663</u>	<u>912,918</u>	<u>593,203</u>	<u>(319,715)</u>
Expenditures				
Salaries and benefits	15,500	15,500	15,808	(308)
Professional and technical	3,800	3,800	2,725	1,075
Capital expenditures	520,036	773,241	28,086	745,155
Administrative fee to general fund	6,327	6,327	6,327	-
Water utility charge	-	114,050	-	114,050
Total Expenditures	<u>545,663</u>	<u>912,918</u>	<u>52,946</u>	<u>859,972</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>540,257</u>	<u>540,257</u>
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>540,257</u>	<u>\$ 540,257</u>
Fund Balance, Beginning			<u>1,492,545</u>	
Fund Balance, Ending			<u>\$ 2,032,802</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
 June 30, 2018
 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%
	2017	0.0912999%	0.1724810%	0.0120871%
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
	2017	\$ 400,012	\$ (10,772)	\$ 1,066
Covered-employee payroll	2014	\$ 755,767	\$ 390,094	\$ 78,361
	2015	\$ 774,829	\$ 47,679	\$ 92,070
	2016	\$ 788,554	\$ 49,205	\$ 113,783
	2017	\$ 814,999	\$ 50,462	\$ 118,398
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%
	2017	49.08%	-21.35%	0.90%
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%
	2017	91.9%	103.0%	97.4%

*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
June 30, 2018
 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%
	2018	\$ 145,156	\$ 145,156	\$ -	\$ 813,178	17.85%
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%
	2018	\$ 2,003	\$ 2,003	\$ -	\$ 50,960	3.93%
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%
	2018	\$ 19,326	\$ 19,326	\$ -	\$ 128,024	15.10%
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%
	2018	\$ 3,400	\$ 3,400	\$ -	\$ 50,827	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 SUPPLEMENTAL INFORMATION

Changes in Assumptions

As a result of an experience study conducted as of December 31, 2016, the Board adopted recommended changes to several economic and demographic assumptions that are used in the actuarial valuation. The assumption changes that had the largest impact on the Total pension Liability (and actuarial accrued liability) included a decrease in the investment return assumption from 7.20% to 6.95%, a reduction in the price inflation assumption from 2.60% to 2.50% (which also resulted in a corresponding decrease in the cost-of-living-adjustment assumption for the funds with a 4.00% annual COLA max), and the adoption of an updated retiree mortality table that is developed using URS's actual retiree mortality experience. There were changes to several other demographic assumptions, but those changes had a minimal impact on the Total Pension Liability (and actuarial accrued liability).



SUPPLEMENTARY
INFORMATION

**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	\$ 395,524	\$ 395,524	\$ 395,524	\$ -
Interest income	-	-	122	122
Total Revenues	<u>395,524</u>	<u>395,524</u>	<u>395,646</u>	<u>122</u>
Expenditures				
Debt service:				
Principal retirement	512,886	512,886	512,885	1
Interest and fiscal charges	<u>48,479</u>	<u>48,479</u>	<u>47,728</u>	<u>751</u>
Total Expenditures	<u>561,365</u>	<u>561,365</u>	<u>560,613</u>	<u>752</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(165,841)</u>	<u>(165,841)</u>	<u>(164,967)</u>	<u>874</u>
Other Financing Sources (Uses)				
Transfer in	204,037	204,037	204,037	-
Transfer out	<u>(39,946)</u>	<u>(39,946)</u>	<u>(39,946)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>164,091</u>	<u>164,091</u>	<u>164,091</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (1,750)</u>	<u>\$ (1,750)</u>	<u>(876)</u>	<u>\$ 874</u>
Fund Balance, Beginning			<u>86,839</u>	
Fund Balance, Ending			<u>\$ 85,963</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 – CAPITAL PROJECTS FUND For**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ 45,419	\$ 45,419	\$ -
Charges for services	80,666	80,660	71,824	(8,836)
Impact fees	5,000	5,000	26,591	-
Total Revenues	<u>85,666</u>	<u>131,079</u>	<u>143,834</u>	<u>(8,836)</u>
Expenditures				
Administrative fee to general fund	919	919	919	-
Capital expenditures	503,239	1,283,458	303,236	980,222
Water utility charge	50,291	50,291	50,291	-
Total Expenditures	<u>554,449</u>	<u>1,334,668</u>	<u>354,446</u>	<u>980,222</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(468,783)</u>	<u>(1,203,589)</u>	<u>(210,612)</u>	<u>971,386</u>
Other Financing Sources (Uses)				
Transfer in	479,890	767,744	767,744	-
Transfer out	(166,471)	(166,471)	(166,471)	-
Disposal of capital assets	119,500	119,500	53,096	(66,404)
Total Other Financing Sources (Uses)	<u>432,919</u>	<u>720,773</u>	<u>654,369</u>	<u>(66,404)</u>
Net Change in Fund Balance	<u>\$ (35,864)</u>	<u>\$ (482,816)</u>	443,757	<u>\$ 904,982</u>
Fund Balance, Beginning, Restated			<u>3,943,186</u>	
Fund Balance, Ending			<u>\$ 4,386,943</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.



FINANICAL TRENDS

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(accrual basis of accounting)

	<u>2018</u>	<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>
Governmental Activities										
Net investment in capital assets	26,613,264	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
Restricted	1,249,966	916,665	689,763	220,498	1,002,446	792,171	724,144	1,031,661	971,559	1,038,001
Unrestricted	6,477,794	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
Total Governmental Activities Net Position	<u>\$ 34,341,024</u>	<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>
Business-Type Activities										
Net investment in capital assets	9,494,617	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
Restricted	623,382	4,341,586	36,523	29,833	281,627	-	-	-	-	-
Unrestricted	7,234,895	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
Total Business-Type Activities Net Position	<u>\$ 17,352,894</u>	<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>
Primary Government										
Net investment in capital assets	36,107,881	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
Restricted	1,873,348	5,258,251	726,286	250,331	1,284,073	792,171	724,144	1,031,661	971,559	1,038,001
Unrestricted	13,712,689	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
Total Primary Government Net Position	<u>\$ 51,693,918</u>	<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>

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

Expenses	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities:										
General Government	792,357	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
Public Safety	1,183,257	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
Highways and Public Works	939,608	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
Parks and Recreation	388,509	269,962	352,265	261,500	244,530	223,097	209,734	186,999	180,901	180,326
Interest and Long-term Debt	45,117	53,303	118,645	116,935	112,941	195,865	259,206	275,517	324,825	299,143
Total Governmental Activities	\$ 3,348,848	\$ 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
Business-Type Activities:										
Water services	1,050,660	1,030,805	1,290,998	951,617	834,383	815,941	725,142	774,618	720,818	728,511
Sewer services	1,056,835	932,924	924,553	965,234	916,534	903,727	743,011	704,079	607,499	554,896
Refuse services	478,155	455,940	448,900	436,185	421,714	482,100	458,407	445,248	442,545	454,020
Storm Water services	357,287	288,391	308,856	301,513	282,040	257,990	229,326	261,955	222,279	226,799
Total Business-Type Activities	\$ 2,942,937	\$ 2,708,060	\$ 2,973,307	\$ 2,654,549	\$ 2,454,671	\$ 2,459,758	\$ 2,155,886	\$ 2,185,900	\$ 1,993,141	\$ 1,964,226
Total Expenses	\$ 6,291,785	\$ 6,604,724	\$ 9,855,053	\$ 7,601,966	\$ 6,886,071	\$ 7,002,826	\$ 5,815,718	\$ 6,529,148	\$ 6,581,080	\$ 6,212,516
Program Revenues										
Governmental Activities:										
Charges for Services										
General Government	347,920	313,617	1,188,505	1,109,104	1,178,215	968,522	847,924	893,319	852,338	926,269
Public Safety	62,249	60,918	77,749	76,235	69,409	160,392	170,033	205,613	149,075	122,224
Highways and Public Works	14,176	80,660	25,575	74,900	87,942	83,109	86,577	90,695	100,496	103,600
Parks and Recreation	43,854	45,820	43,993	42,819	52,691	51,152	46,081	28,004	32,722	32,476
Operating Grants and Contributions	431,191	353,898	296,953	278,869	275,322	349,177	310,363	276,511	255,217	317,945
Capital Grants and Contributions	96,816	352,431	1,758,196	1,939,832	1,200,243	322,351	974,000	184,609	726,243	1,738,260
Total Governmental Activities	\$ 996,206	\$ 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
Business-Type Activities:										
Charges for Services										
Water services	1,386,923	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
Sewer services	1,177,040	1,163,060	1,106,126	1,148,077	1,140,737	1,058,798	905,983	873,327	821,167	798,912
Refuse services	497,830	479,991	481,828	449,480	453,241	501,473	523,077	525,341	528,553	543,913
Storm water services	542,702	448,529	422,626	396,246	370,951	328,388	299,953	283,933	278,421	294,948
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	465,229	40,355	120,747	13,247	242,162	7,790	1,302,809	230,915	42,081	412,753
Total Business-Type Activities	\$ 4,069,724	\$ 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

CHANGES IN NET POSITION (continued)

Last Ten Fiscal Years

(accrual basis of accounting)

	<u>2018</u>	<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>
Total Program Revenues	\$ 5,065,930	\$ 4,652,119	\$ 6,784,942	\$ 6,838,558	\$ 6,426,465	\$ 4,949,955	\$ 6,546,700	\$ 4,614,471	\$ 4,796,705	\$ 6,373,307
Net (Expense)/Revenue										
Governmental Activities	(2,352,642)	(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)
Business-Type Activities	1,126,787	736,715	420,664	662,250	1,107,972	555,494	1,955,836	749,820	687,473	1,168,307
Total Net (Expense)	\$ (1,225,855)	\$ (1,952,605)	\$ (3,070,111)	\$ (763,408)	\$ (459,606)	\$ (2,052,871)	\$ 730,982	\$ (1,914,677)	\$ (1,784,375)	\$ 160,791
General Revenues & Transfers										
Governmental Activities:										
Property taxes	1,652,915	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
General sales and use tax	1,106,849	1,070,626	1,008,180	978,712	919,397	887,879	873,830	765,000	724,468	737,185
Franchise tax	685,289	784,024	718,914	695,220	698,397	699,047	677,204	683,168	658,721	669,459
Investment earnings	123,922	65,345	36,138	13,979	20,182	16,617	15,918	17,079	34,625	57,766
Miscellaneous	-	-	-	-	-	-	2,479	-	-	-
Gain (loss) on sale of assets	12,323	18,731	-	-	-	-	-	-	-	(206,001)
Transfers	84,227	82,635	90,240	91,106	90,538	-	-	-	-	-
Total Governmental Activities	\$ 3,665,525	\$ 3,547,153	\$ 3,452,378	\$ 3,370,545	\$ 3,448,384	\$ 3,174,603	\$ 3,146,501	\$ 2,984,898	\$ 2,978,561	\$ 2,783,070
Business-Type Activities:										
Investment earnings	167,401	88,852	42,955	35,245	24,432	53,635	48,950	18,136	6,695	12,286
Miscellaneous	-	-	-	-	-	-	-	-	88,956	-
Gain (loss) on sale of assets	-	-	-	-	-	6,045	17,702	-	-	-
Transfers	(84,227)	(82,635)	(90,240)	(91,106)	(90,538)	-	-	-	-	206,001
Total Business-Type Activities	\$ 83,174	\$ 6,217	\$ (47,285)	\$ (55,861)	\$ (66,106)	\$ 59,680	\$ 66,652	\$ 18,136	\$ 95,651	\$ 218,287
Total Primary Government	\$ 3,748,699	\$ 3,553,370	\$ 3,405,093	\$ 3,314,684	\$ 3,382,278	\$ 3,234,283	\$ 3,213,153	\$ 3,003,034	\$ 3,074,212	\$ 3,001,357
Change in Net Position										
Governmental Activities	1,312,883	857,833	(38,397)	1,944,887	1,880,806	566,238	1,921,647	320,401	506,713	1,775,554
Business-Type Activities	1,209,961	742,932	373,379	606,389	1,041,866	615,174	2,022,488	767,956	783,124	1,386,594
Total Primary Government	\$ 2,522,844	\$ 1,600,765	\$ 334,982	\$ 2,551,276	\$ 2,922,672	\$ 1,181,412	\$ 3,944,135	\$ 1,088,357	\$ 1,289,837	\$ 3,162,148

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>2018</u>	<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>
General Fund										
Restricted	573,327	382,908	350,698	315,941	282,707	241,345	203,376	492,437	464,791	459,189
Unassigned	832,172	826,625	863,933	915,480	1,040,164	801,557	601,278	618,819	598,070	564,426
Total General Fund	<u>\$ 1,405,499</u>	<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>
All Other Governmental Funds										
Nonspendable	408,414	410,828	41,656							
Restricted	676,639	533,757	339,065	871,157	719,739	2,334,889	596,569	609,431	579,674	659,345
Committed	3,720,032	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
Assigned	2,009,343	1,467,284	966,590	774,007	672,779	-	1,437,854	1,172,745	944,035	626,352
Unassigned	(308,720)	(308,715)								
Total All Other Governmental Funds	<u>\$ 6,505,708</u>	<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>
Total Fund Balances	<u>\$ 7,911,207</u>	<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>

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>2018</u>	<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>
Revenues										
Taxes	3,445,051	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
Licenses and permits	171,128	184,586	191,414	158,860	218,632	111,449	99,981	114,076	128,304	165,638
Intergovernmental	505,876	794,206	2,571,025	2,218,701	1,471,056	671,528	310,363	461,120	981,460	2,056,205
Charges for services	115,678	126,480	958,888	942,182	965,682	910,344	856,609	869,278	829,379	869,005
Impact fees	26,591	12,229	5,697	-	6,841	7,952	3,647	7,329	16,819	17,297
Fines and forfeitures	177,588	133,966	163,061	154,858	146,356	154,803	170,033	205,613	149,075	120,724
Interest income	123,922	65,345	36,138	13,976	20,182	16,617	15,918	17,079	34,625	57,766
Miscellaneous revenue	56,993	52,286	78,375	47,158	55,255	78,627	996,824	21,335	11,054	11,904
Total Revenues	\$ 4,622,827	\$ 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
Expenditures										
Current:										
General Government	762,066	735,281	1,129,884	1,198,067	1,184,080	1,031,931	978,234	1,021,693	989,764	1,044,072
Public Safety	1,203,232	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
Highways and public works	407,045	381,265	725,355	691,966	695,917	709,811	700,222	713,828	717,215	730,926
Parks and recreation	316,768	291,764	233,761	210,827	212,704	199,168	190,131	167,255	162,418	161,263
Capital expenditures	331,322	630,140	2,913,404	2,509,991	1,642,215	592,153	1,544,163	418,222	1,861,384	1,914,591
Debt Service:										
Principal retirement	512,885	524,586	2,218,950	644,799	1,385,792	608,399	611,832	779,739	1,041,099	465,893
Interest and fiscal charges	47,728	28,168	120,157	128,794	184,797	206,822	230,885	260,768	296,545	283,117
Bond issuance costs		-	20,059							
Total Expenditures	\$ 3,581,046	\$ 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
Excess (Deficiency of Revenues over Expenditures)	\$ 1,041,781	\$ 913,493	\$ (1,688,020)	\$ 277,205	\$ (235,772)	\$ 631,219	\$ 185,561	\$ 184,574	\$ (1,141,030)	\$ 473,299
Other Financing Sources (Uses)										
Contributions										
Transfers in	1,058,388	1,078,612	1,201,174	1,421,662	538,670	856,390	856,390	838,651	2,594,179	835,850
Transfers out	(974,161)	(995,977)	(1,203,606)	(1,330,556)	(448,132)	(856,390)	(856,390)	(838,651)	(294,179)	(1,041,851)
Bond proceeds			1,802,000		731,333					1,700,000
Capital lease				220,379						
Sale of capital assets	53,096	80,203	71,688	35,892	63,400					
Total Other Financing Sources (Uses)	\$ 137,323	\$ 162,838	\$ 1,871,256	\$ 347,377	\$ 885,271	\$ -	\$ -	\$ -	\$ 2,300,000	\$ 1,493,999
Net change in fund balance	\$ 1,179,104	\$ 1,076,331	\$ 183,236	\$ 624,582	\$ 649,499	\$ 631,219	\$ 185,561	\$ 184,574	\$ 1,158,970	\$ 1,967,298
Debt service as a percentage of non-capital expenditures	18.5%	17.3%	60.6%	19.2%	32.7%	21.0%	20.2%	25.4%	30.9%	15.9%



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
2018	\$ 3,445,051	\$ 171,128	\$ 505,876	\$ 115,678	\$ 177,588	\$ 180,915	\$ 26,591	\$ 4,622,827
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

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
 Last Ten Fiscal Years

Fiscal Year	General Property	General Sales & Use	Franchise	Total Tax Revenue
2018	\$ 1,652,915	\$ 1,106,849	\$ 685,289	\$ 3,445,053
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

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.						
2018	\$ 276,186,330	\$ 86,855,996	\$ 22,434	\$ 28,799,663	\$ 4,067,366	\$ 395,931,789	0.002881	\$ 619,833,688	63.88
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

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	
2018	0.001719	0.001162	0.002881	0.002539	0.00031	0.000095	0.000578	0.006373	0.000119	0.000174	0.000709	0.000405	0.014183
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

Source:
 Utah State Tax Commission

PRINCIPAL PROPERTY TAX PAYERS
Current Year and Ten Years Ago

Property Taxpayer	Principal Nature of Business	2017			2008		
		Rank	Taxable Assessed Valuation (1)	% of Total Assessed Value	Rank	Taxable Assessed Valuation (1)	% of Total Assessed Value
Columbia Ogden Medical Center.....	Healthcare	1	\$ 43,819,604	11.1	1	\$ 37,814,527	11.2
Healthcare Property Investors/Utah LLC...	Healthcare	2	7,446,105	1.9		1,914,353	0.6
Stonehenge.....	Healthcare	3	5,288,350	1.3			
Washington House Assisted Living.....	Healthcare	4	3,963,899	1.0	5	2,929,215	0.9
Pleasant Valley Office.....	Professional Office	5	3,352,319	0.8	7	2,057,897	0.6
Ogden Orthopedic Medical.....	Healthcare	6	3,235,567	0.8			
Goldenwest Credit Union.....	Financial	7	3,111,782				
Mt. Ogden Healt & Rehab.....	Healthcare	8	2,672,535	0.7	6	2,242,350	0.7
Lake Park Apartments Inc.....	Housing	9	2,643,283	0.7	10	1,797,937	0.5
Storage South LLC.....	Storage	10	2,390,154	0.6	8	2,052,939	
The Boyer Co.....	Professional Office		-	-	2	5,490,454	
CNL Retirement.....	Healthcare		-	-	3	3,813,931	1.1
Woodland Cove.....	Housing		-	-	4	3,055,604	0.9
Totals			\$ 77,923,598	19.7%		\$ 63,169,207	18.7%
City Taxable Value			\$ 395,931,789	100.0%		\$ 337,330,733	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	%	Collections in Subsequent Years (2)	Total Collections to Date	
							\$ Amount	% of Levy
2017	\$ 1,139,211	\$ 48,980	\$ 1,090,231	\$ 1,090,231	95.70	\$ 15,544	\$ 1,105,775	97.06
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

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>
2018	1.00	1.40	4.70	7.10
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

Source:
Utah State Tax Commission



DEBT CAPACITY

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	\$ 45,455,000	2.67%	\$ 1,215,493
Weber County School District	133,250,000	3.45%	<u>4,597,002</u>
Total Overlapping Debt.....			5,812,496
Washington Terrace City Direct Debt.....			<u>1,952,942</u>
Total Direct and Overlapping Debt.....			<u><u>\$ 7,765,438</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>2018</u>	<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>
Debt Limit	15,837,272	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
Total net debt applicable to limit	<u>980,037</u>	<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>
Legal debt margin	<u>\$ 14,857,235</u>	<u>\$ 13,422,931</u>	<u>\$ 12,511,847</u>	<u>\$ 11,400,447</u>	<u>\$ 10,842,167</u>	<u>\$ 10,263,598</u>	<u>\$ 10,452,564</u>	<u>\$ 10,108,646</u>	<u>\$ 10,205,522</u>	<u>\$ 9,808,762</u>
Total net debt applicable to debt limit as a percentage	6.19%	9.15%	12.05%	14.90%	17.55%	20.21%	21.72%	23.90%	25.19%	27.31%

Legal Debt Margin Calculation for Fiscal Year 2015

Total assessed value	\$ 395,931,789
Debt limit - 4% of total assessed value	<u>15,837,272</u>
Amount of debt applicable to debt limits:	1,066,000
General Obligation Refunding Bonds Series 2015	
Less: Amount available for repayment of general obligation bonds	<u>85,963</u>
Total net debt applicable to limit	<u>980,037</u>
Legal debt margin	<u>\$ 14,857,235</u>

PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating Expenses less Depreciation	Nonoperating Revenues (Expenses)	Net Available Revenue	Debt Service			Time Coverage %
					Principal	Interest	Total	
Utility Revenue Bonds (1)								
2018	\$ 3,604,495	\$ 2,257,928	\$ (113,870)	\$ 1,232,697	\$ 476,000	\$ 226,202	\$ 702,202	1.76
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
Sales & Franchise Tax Revenue Bonds (2)								
2018	\$ 1,792,138			\$ 1,792,138	\$ 105,000	\$ 11,741	\$ 116,741	15.35
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

Notes:

(1) Utility Revenue Bonds Series 2010A, 2010B, 2010C, 2017

(2) 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.

**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
2018	9,165	(1) \$ 395,931,789	\$ 1,066,000	\$ 85,963	\$ 980,037	0.25	107
2017	9,152	369,377,295	1,439,000	86,839	1,352,161	0.37	148
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

(1) Estimate

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

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		
2018	\$ 1,066,000	\$ 395,333	\$ 400,790	\$ 90,819			\$ 6,061,210	\$ 340,404	\$ 197,667			\$ 8,552,223	na	\$ 933
2017	1,439,000	466,000	426,028	134,799			5,539,972	369,551	233,000			8,608,350	na	941
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

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.



**DEMOGRAPHIC & ECONOMIC
INFORMATION**

DEMOGRAPHIC AND ECONOMIC INDICATORS
Last Ten Fiscal Years

Fiscal Year	Population						Income (1)		Employment	
	City	City % Change From Prior Year	Weber County	County % Change From Prior Year	State of Utah	State % Change From Prior Year	Personal Income (\$000)	Per Capita Personal Income (2)	Utah	Weber County
2018	9,165	0.14%	251,769	1.70%	3,101,833	1.66%	na	na	3.0%	3.5%
2017	9,152	(0.05)	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	3.8
2015	9,164	-	240,475	0.82	2,942,902	1.45	320,172	34,938	3.60	4.1
2014	9,164	0.19	238,519	0.79	2,900,872	1.60	328,474	35,844	3.70	4.4
2013	9,147	0.45	236,640	0.95	2,855,287	1.47	323,392	35,355	4.50	5.4
2012	9,106	-	234,420	1.38	2,813,923	1.41	310,578	34,107	5.40	6.4
2011	9,106	0.43	231,236	(0.26)	2,774,663	0.39	296,063	32,513	6.80	8.0
2010	9,067	6.48	231,834	2.04	2,763,885	3.79	297,253	32,784	7.90	8.9
2009	8,515	1.50	227,193	2.78	2,663,029	2.51	288,514	33,883	7.60	8.6

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	2018				2009			
		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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Fire Protection										
Number of full-time employees	1	1	1	1	1	1	1	1	1	1
Number of part-time employees					-	-	-	-	-	-
Number of volunteers	20	20	20	20	20	20	20	20	20	20
Fire calls for service	na	na	98	81	131	257	175	117	143	106
Medical calls for service	na	na	842	786	708	710	669	736	629	659
Police Protection & Animal Control										
Officers	outsourced									
Police calls for service	6,261	5,397	5,387	5,237	4,601	4,734	4,342	4,893	4,834	5,071
Animal control calls for service	na	361	294	335	275	302	192	166	115	175
Municipal Water Services										
Connections	na	2,890	2,887	2,884	2,880	2,878	2,876	2,870	2,858	2,848
Gallons billed (in millions)	na	200,167	206,591	213,021	217,174	218,677	218,559	223,170	224,676	233,260
Gallons used (in millions)	237,471	274,091	248,855	242,560	243,023	251,541	251,989	256,522	269,452	288,069
Municipal Sewer Services										
Connections	na	2,880	2,878	2,875	2,856	2,886	2,845	2,849	2,842	2,825
Municipal Refuse Services - Residential										
Service containers (general use)	2,905	2,902	2,869	2,884	2,613	2,607	2,601	2,631	2,635	2,635
Refuse tonnage disposed	3,125	3,025	3,207	3,107	2,894	3,091	2,778	3,092	3,438	*
Recycle tonnage disposed	333	*	428	442	382	384	386	432	563	*
Parks and Recreation										
Football participants	na	115	121	125	143	130	123	136	114	109
Basketball participants	na	146	156	160	162	123	120	117	114	139
Baseball/softball participants	na	214	264	260	260	222	153	150	145	130
Soccer participants	na	121	122	140	130	115	105	92	86	na
Volleyball participants	na	27	40	31	14	na	na	na	na	na
Business Licenses										
Licenses issued	314	396	409	423	438	415	411	410	412	432

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

Source:
 City departments

CAPITAL ASSETS BY FUNCTION
Last Ten Fiscal Years

	<u>2018</u>	<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>
Area (square miles)	2	2	2	2	2	2	2	2	2	2
Streets										
Lane miles	61	58	58	58	58	53	53	53	53	53
Street lights	36	286	286	286	286	286	286	286	286	286
Number of stations	outsourced									
Fire Protection										
Stations	1	1	1	1	1	1	1	1	1	1
Fire hydrants	268	265	265	265	265	265	265	265	265	265
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	30	31	31	31	31	31	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	1	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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government	8.75	8.72	8.72	8.72	8.72	8.72	8.70	8.20	7.20	7.20
Public Safety	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Highways and Public Works	9.00	8.75	8.75	8.75	8.75	8.75	8.75	8.75	8.75	8.75
Parks and Recreation	1.39	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40
Total Employees	20.14	19.87	19.87	19.87	19.87	19.87	19.85	19.35	18.35	18.35

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)
2018	27	\$ 3,998	\$ 309	10	\$ 84	\$ 141	27	\$ 4,532	13%	-67%
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%

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**



**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, 2018, 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 20, 2018.

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*. 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 is 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 20, 2018



**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 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, 2018.

State compliance requirements were tested for the year ended June 30, 2018 in the following areas:

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

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. However, our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion on Compliance

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, 2018.

Other Matters

The results of our auditing procedures disclosed one area of noncompliance, which is required to be reported in accordance with the *State Compliance Audit Guide* and which is described in the accompanying schedule of findings and recommendations. Our opinion on compliance is not modified with respect to this matter.

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

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the state compliance requirements referred to above to determine the 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.

We noted a matter involving internal control over compliance which we are submitting for your consideration. This matter is described in the accompanying schedule of findings and recommendations.

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 20, 2018

**CITY OF WASHINGTON TERRACE
SCHEDULE OF FINDING AND RECOMMENDATIONS
For The Fiscal Year Ended June 30, 2018**

Utah State Compliance

Enterprise Fund Transfer

Finding

Utah State Code 10-6-135.5 indicates that if a city adopts a budget which includes a transfer of money from an enterprise fund to another fund the city shall, within seven days after adopting the budget, post enterprise fund accounting data on the city's website and any social media platforms the city uses.

During the budget process the city adopted a transfer from the enterprise fund to other funds but did not post the required information on the city website.

Recommendation

We recommend that in the future if the City adopts a budget with transfers from the enterprise fund to any other fund that the require information be posted on the city website.

City Response:

Subsequent to said discovery, the City has posted all required information on the its website and will ensure that in the future if the City adopts a budget with transfers from the enterprise fund to any other fund that the required information will be posted on its website.