

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, 2019

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, 2019

Includes Internal Control, Compliance Reports, and
Supplemental Information

Presented by:

Finance Department

Shari' C. Garrett, Finance Director

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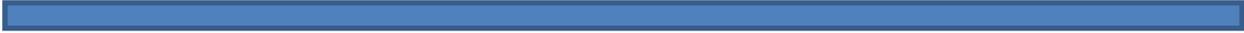
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INTRODUCTORY

SECTION

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



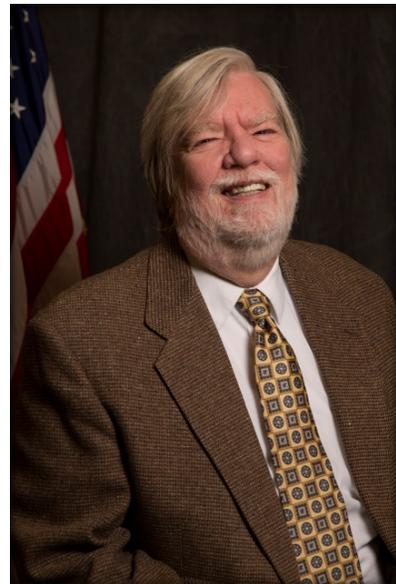
Council Member Scott Monsen

Email: s.monsen@washingtonterracecity.org



Council Member Jeff West

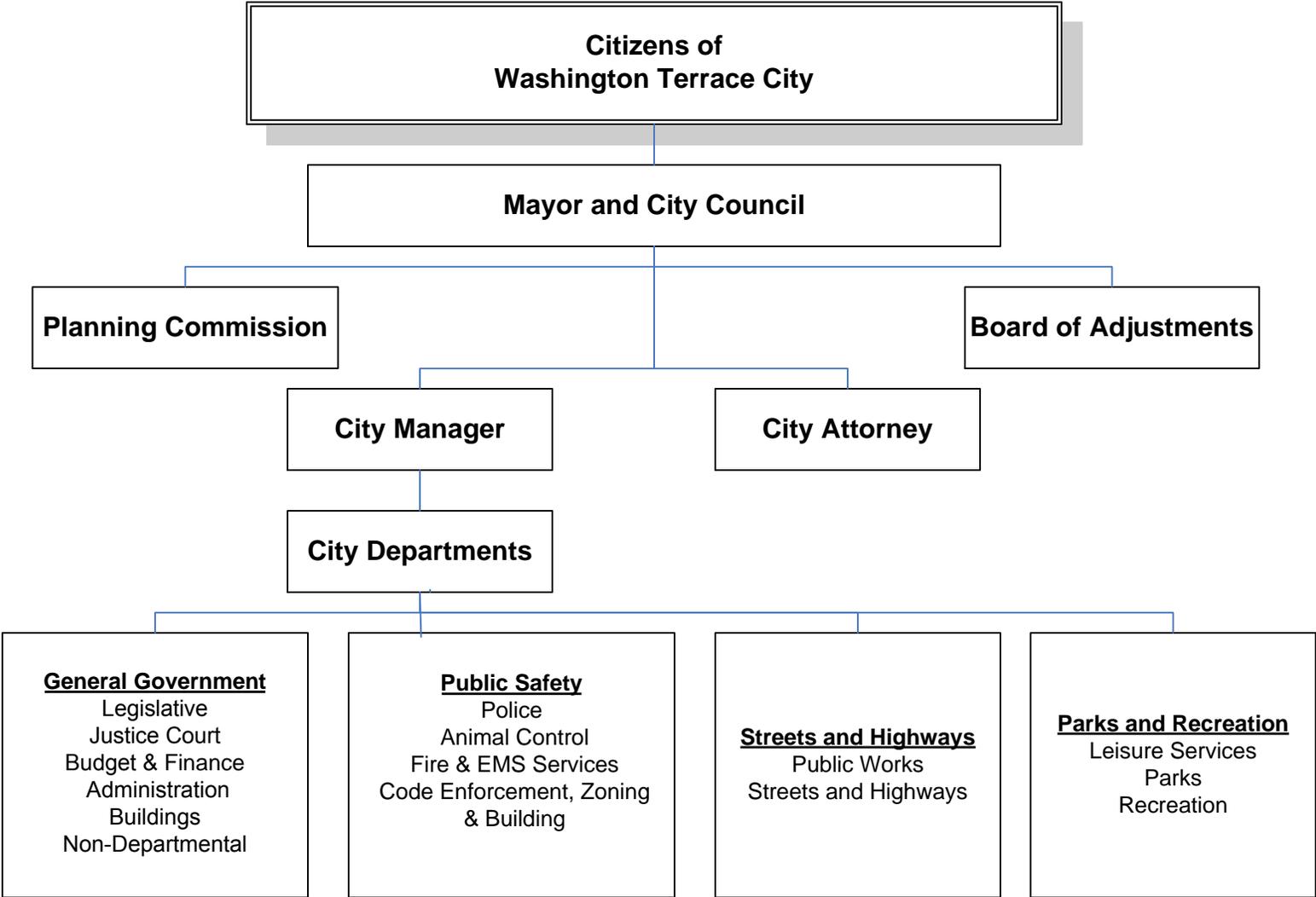
Email: jeffwest0813@gmail.com



Council Member Larry Weir

Email: ldweir@live.com

City of Washington Terrace Organizational Structure





November 30, 2019

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, 2019, 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, 2019, 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/emergency medical services, animal control, and justice court); parks and open space, recreation and special events;



culinary water, sanitary sewer, refuse & recycling 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 2010, the City has had diminutive population growth of 1 percent or 120 persons--growing from 9,067 to 9,187 in calendar year 2018. Future population estimates indicate that the City will have a “build out” population of approximately 10,000-12,000.

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 \$456,554,378 and the total direct tax rate is relatively high at 0.002549 compared to other cities within Weber County. Assessed taxable value increased by 15 percent from 2018. Said increase is largely attributed to new and renovated developments in addition to general market adjustments.

Since 2009, assessed taxable value has increased by 34 percent or \$115 million. Aside from 2019, the City experienced its second 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 2019 at \$456,554,378. 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 2019, total governmental activity revenues of \$5,700,777 increased by 24.5 percent or \$1,123,273. This increase was largely attributed to Capital Grants and Contributions increasing to \$649,150.

Business-Type Activities composed of utility services for water, sewer, storm water, and refuse & recycling reported total revenues of \$4,183,671 in 2019 or a decrease of 1.3 percent or \$53,454. Said decrease is attributed to Capital Grants and Contributions decreasing by 36 percent or \$167,593.

City-wide or the Primary Government's Charges for Services represent \$4,202,992 or 42.5 percent of total revenue.

Governmental activity expenses increased 30.2 percent or \$4,359,463 in 2019. The greatest change in program expenses was reported in Highways and Public Works increasing 59.8 percent or \$562,198. Highways and Public Works total expenses reached \$1,501,806.

Business-Type activity expenses increased by 0.6 percent or \$18,754 in 2019. The greatest change in program expenses was reported in Sewer Services decreasing by 11.5 percent or \$121,013. Sewer Services total expenses were \$935,822.

City-wide or the Primary Government's Highways and Public Works represented \$1,501,806 or 20.5 percent of total program expenses.

Economy

According to the State of Utah Department of Workforce Services (DWS), *Economic Snapshot June 2019*, for Weber County (the county for which the City resides) year-over job growth was 3.5 percent or 3,740 between June 2018 and June 2019. There were large employment gains in government, manufacturing, and professional and business services combined adding 2,305 new jobs. The information industry saw job loss, but growth in every other industry helped offset the loss and provide substantial overall gains for the year.

Unemployment and Wages – Weber County’s unemployment rate dropped down to 2.6 percent in March 2019 speaking to the county’s economic health despite a tightening labor market. Initial unemployment insurance claims in Weber County are following slightly lower than the trend of the past recent years. The average monthly wage for the second quarter 2019 was a healthy 2.8 percent above the same period in 2018.

Construction and Sales – Dwelling unity permit activity through August 2019 has increased by 6 percent compared to last August’s running total. The total value of construction permitting is 18 percent higher than in 2018, with nonresidential values increasing by 44 percent. Taxable sales grew 5 percent year-to-year in June 2019. Weber County was one of only five Utah counties to surpass \$1 billion in sales proving its economic prowess in the state. Taxable sales have remained positive since fourth quarter 2010 and largely mirror the statewide growth.

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 256,359, 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 2018.

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, 2018

Christopher P. Morill

Executive Director/CEO



FINANCIAL

SECTION



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of City Council
City of Washington Terrace, Utah
Washington Terrace, Utah, 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, Utah, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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, Utah as of June 30, 2019, 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, Utah'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 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 14, 2019 on our consideration of the City of Washington Terrace, Utah'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, Utah City's internal control over financial reporting and compliance.

Keddington & Christensen, LLC

November 14, 2019



**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, 2019.

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 \$39,400,574, deferred outflow of resources \$365,000, liabilities \$2,586,251, and deferred inflows of resources were \$1,383,099. The assets and deferred outflow of resources of Governmental activities exceeded its liabilities and deferred inflows by \$35,796,224 (net position). Of this amount, \$26,759,958 is net investment in capital assets; \$1,844,386 is restricted; and \$7,191,880 is unrestricted.

The City's Governmental funds (General, Redevelopment Agency, Capital Projects, and Debt Service Funds) reported a combined ending fund balance of \$9,367,652, or an increase of 18 percent or \$1,456,445. Of the combined fund balance in 2019, \$915,547 is unassigned; \$2,429,358 is assigned for redevelopment activities and related projects; \$4,154,796 is committed for capital requirements; \$1,844,386 is restricted, and \$23,565 is nonspendable. Fund balance of the General Fund totaled \$1,411,163 or an increase of 0.4 percent or \$5,664 from 2018. Of said balance, \$510,949 is restricted while \$900,214 is unassigned.

Business-type Activities

At year end, Business-type Activities or *fee supported activities* total assets were \$24,726,656 and liabilities \$6,265,670. The assets of Business-type Activities exceeded its liabilities by \$18,460,986 (net position). Of this amount, \$9,774,936 is net investment in capital assets, \$268,708 is restricted, and \$8,417,342 is unrestricted.

Government-wide

The Primary Government reported total assets of \$64,127,230, deferred outflow of resources \$365,000, liabilities of \$8,851,921, and deferred inflows of resources \$1,383,099 resulting in a total net position of

\$54,257,210. Total net position consists of net investment in capital assets of \$36,534,894, restricted net position of \$2,113,094, and unrestricted net position of \$15,609,222.

Total assets of \$64,127,230 increased by 2.7 percent or \$1,685,760 from 2018. Capital assets of \$43,864,110 decreased by 1.1 percent or \$496,526, while current and other assets increased by 12.1 percent or \$2,182,286.

Total liabilities of \$8,851,921 decreased by 9.3 percent or \$904,398 from 2018. Long-term liabilities decreased by 16.6 percent or \$1,440,234 and current and other liabilities increased by 48.6 percent or \$535,836.

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/recycling 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 2018 and 2019, 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 percent or by \$2,563,294; increasing from \$51,693,916 in 2018 to \$54,257,210 in 2019.

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 2019, Capital Assets for the Primary Government represented 68.4 percent or \$43,864,110 of total assets. Of the total capital assets reported, 35.7 percent or \$15,667,092 are related to Business-type activities and 64.3 percent or \$28,197,018 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 2019, Long-Term Liabilities (excluding deferred outflow of resources) for the Primary Government represented 81.5 percent or \$7,213,509 of total liabilities. When compared to 2018, long-term liabilities outstanding for the Primary Government have decreased by 16.6

percent or \$1,440,234. Of the total long-term liabilities outstanding, 77.2 percent or \$5,567,037 is related to Business-type activities and 22.8 percent or \$1,646,472 is related to General governmental activities.

Total liabilities for the Primary Government of \$8,851,921 have decreased by 9.3 percent or \$904,398.

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
	2018	2019	2018	2019	2018	2019	
Current and Other Assets	\$ 9,594,047	\$ 11,203,556	\$ 8,486,787	\$ 9,059,564	\$ 18,080,834	\$ 20,263,120	12.1%
Capital Assets	28,566,206	28,197,018	15,794,430	15,667,092	44,360,636	\$ 43,864,110	-1.1%
Total Assets	38,160,253	39,400,574	24,281,217	24,726,656	62,441,470	64,127,230	2.7%
Deferred Outflows of Resources	399,408	365,000			399,408	365,000	-8.6%
Current and Other Liabilities	773,534	939,779	329,042	698,633	1,102,576	1,638,412	48.6%
Long-term Liabilities	2,054,462	1,646,472	6,599,281	5,567,037	8,653,743	7,213,509	-16.6%
Total Liabilities	2,827,996	2,586,251	6,928,323	6,265,670	9,756,319	8,851,921	-9.3%
Deferred Inflows of Resources	1,390,641	1,383,099	-	-	1,390,641	1,383,099	-0.5%
Net Position:							
Net Investment in Capital Assets	26,613,264	26,759,958	9,494,617	9,774,936	36,107,881	36,534,894	1.2%
Restricted	1,249,966	1,844,386	623,382	268,708	1,873,348	2,113,094	12.8%
Unrestricted	6,477,794	7,191,880	7,234,895	8,417,342	13,712,689	15,609,222	13.8%
Total Net Position	\$ 34,341,024	\$ 35,796,224	\$ 17,352,894	\$ 18,460,986	\$ 51,693,918	\$ 54,257,210	5.0%

Table 1 – Comparative Summary of Net Position

Net Investment in Capital Assets represents the largest component of the City’s net position for the Primary Government representing 67.3 percent or \$36,534,894 in 2019. 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 1.2 percent or \$427,013 compared to the prior year.

Restricted Net Position represents assets that are subject to external restrictions on how they may be used. These restrictions include: bond proceeds, road funds, debt service reserves, and grants. Restricted net position for the Primary Government increased by 12.8 percent or \$239,746 in 2019. Said increase is attributed to

accumulated road funds and debt service reserves reported in Governmental Activities. Restricted net position for the Primary Government represents \$2,113,094 or 3.9 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 13.8 percent or \$1,896,533 in 2019. Unrestricted net position for the Primary Government represents \$15,609,222 or 28.8 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 \$54,257,210 increased by 5 percent or \$2,563,294 when compared to 2018. Total activity revenue of \$9,884,448 increased by 10.5 percent or \$925,454. Capital Grants and Contributions experienced the greatest dollar value a percentage change from the prior year *increasing* by \$481,557 or 85.7 percent from 2018.

Total program expenses of \$7,321,154 increased by 16.4 percent or \$1,029,369 from 2018. Said decrease was largely due to one-time capital projects/contributions for Highways and Public Works. Highways and Public Works expenses/contributions of \$1,501,806 experienced the largest dollar value and percent change from the prior year-increasing by \$562,198 or 59.8 percent.

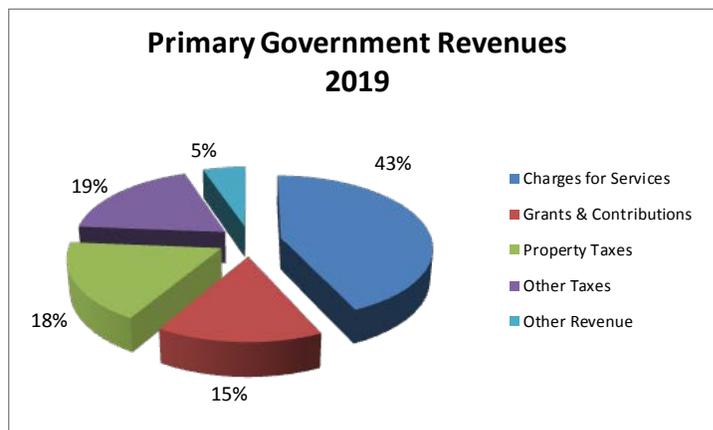


Figure 1 – Primary Government Revenues as a Percentage of Total Revenues

As shown in Figure 1, Charges for Services of \$4,202,992 continue to be the largest revenue source representing 43.2 percent of total revenues.

Other Taxes (sales and franchise) represent the second largest revenue source for the Primary Government representing 18.5 percent or \$1,801,308. Other Taxes remained unchanged compared to 2018.

CITY OF WASHINGTON TERRACE, UT
MANAGEMENT DISCUSSION & ANALYSIS
Fiscal Year Ended June 30, 2019

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
	2018	2019	2018	2019	2018	2019	
Revenues							
Program Revenues:							
Charges for Services	\$ 468,199	\$ 551,767	\$ 3,604,495	\$ 3,651,225	\$ 4,072,694	\$ 4,202,992	3.2%
Operating Grants and Contributions	421,993	453,184	-	-	421,993	453,184	7.4%
Capital Grants and Contributions	96,816	745,966	465,229	297,636	562,045	1,043,602	85.7%
General Revenues:							
Property Taxes	1,652,915	1,731,549	-	-	1,652,915	1,731,549	4.8%
Other Taxes	1,801,336	1,801,308	-	-	1,801,336	1,801,308	0.0%
Other	136,245	417,003	167,401	234,810	303,646	651,813	114.7%
Total Revenues	4,577,504	5,700,777	4,237,125	4,183,671	8,814,629	9,884,448	12.1%
Expenses							
Program Expenses:							
General Government	792,357	1,142,552	-	-	792,357	1,142,552	44.2%
Public Safety	1,183,257	1,302,603	-	-	1,183,257	1,302,603	10.1%
Highways & Public Works	939,608	1,501,806	-	-	939,608	1,501,806	59.8%
Parks & Recreation	388,509	375,145	-	-	388,509	375,145	-3.4%
Interest on Long-term Debt	45,117	37,357	-	-	45,117	37,357	-17.2%
Water Services	-	-	1,050,660	1,147,621	1,050,660	1,147,621	9.2%
Sewer Services	-	-	1,056,835	935,822	1,056,835	935,822	-11.5%
Refuse Services	-	-	478,155	514,638	478,155	514,638	7.6%
Storm Water Services	-	-	357,287	363,610	357,287	363,610	1.8%
Total Expenses	3,348,848	4,359,463	2,942,937	2,961,691	6,291,785	7,321,154	16.4%
Increase in net position before Transfers	1,228,656	1,341,314	1,294,188	1,221,980	2,522,844	2,563,294	1.6%
Transfers	84,227	113,888	(84,227)	(113,888)	-	-	
Change in Net Position	1,312,883	1,455,202	1,209,961	1,108,092	2,522,844	2,563,294	1.6%
Net Position - Beginning (as restated)	33,028,139	34,341,022	16,142,933	17,352,894	49,171,072	51,693,916	5.1%
Net Position - Ending	\$ 34,341,022	\$ 35,796,224	\$ 17,352,894	\$ 18,460,986	\$ 51,693,916	\$ 54,257,210	5.0%

Table 2- Comparative Changes in Net Position

As shown in Figure 2, Highways and Public Works continue to be the largest expense activity representing \$1,501,806 or 20.5 percent of total expenses in 2019 compared to \$939,608 or 14.9 percent in 2018.

Public Safety expenses represent the second largest expense activity for the Primary Government representing \$1,302,603 or 17.8 percent of total expenses. Public Safety expenses have increased by 10.1 percent or \$119,346 compared to 2018.

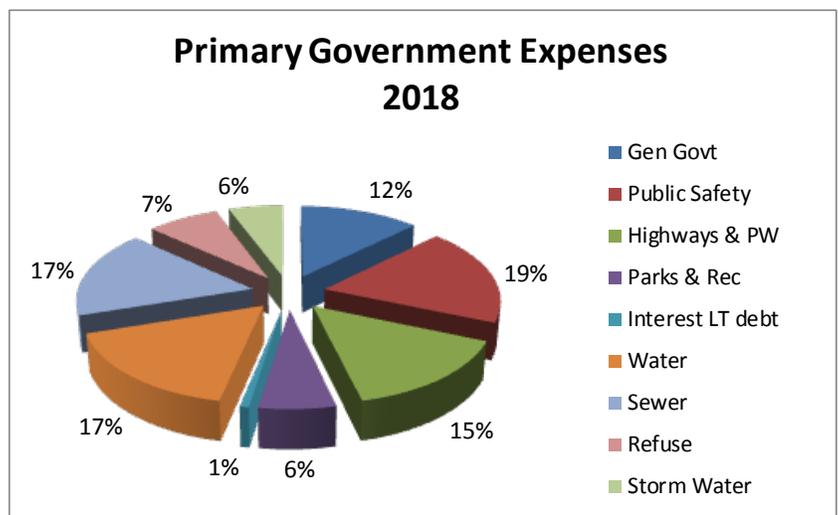


Figure 2 – Primary Government Expenses as a Percentage of Total

Governmental Activities

Ending net position for Governmental activities of \$35,796,224 reported an increase of 4.2 percent or \$1,455,202 compared to prior year 2018.

Total Governmental activity revenue of \$5,700,777 increased by 24.5 percent or \$1,123,273 from the prior year. Said increase is largely attributed to an increase in reported Capital Grants and Contributions increasing by \$649,150.

Total program expenses of \$4,359,463 also increased by 30.2 percent or \$1,010,615. Said increase was also largely due to one-time capital projects/contributions for Highways and Public Works. Highways and Public Works program, representing 20.5 percent of Primary government expenses, experienced the greatest value change from the prior year increasing by 59.8 percent or \$562,198.

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 2019, general revenues covered \$2,608,546 of program costs.

CITY OF WASHINGTON TERRACE Net Cost of Governmental Programs For Fiscal Year Ended June 30								
Program	Program Expenses		Less Program Revenues		Net Program Cost		Program Revenues as a % of Program Expenses	
	2018	2019	2018	2019	2018	2019	2018	2019
General Government	\$ 792,357	\$ 1,142,552	\$ 347,920	\$ 414,869	\$ 444,437	\$ 727,683	-43.9%	-36.3%
Public Safety	1,183,257	1,302,603	73,818	88,651	1,109,439	1,213,952	-6.2%	-6.8%
Highways & Public Works	939,608	1,501,806	450,433	1,166,292	489,175	335,514	-47.9%	-77.7%
Parks & Recreation	388,509	375,145	124,035	81,105	264,474	294,040	-31.9%	-21.6%
Interest on Long-term Debt	45,117	37,357	-	-	45,117	37,357	0.0%	0.0%
Total Governmental Activities	\$3,348,848	\$4,359,463	\$ 996,206	\$1,750,917	\$2,352,642	\$2,608,546	-29.7%	-40.2%

Table 3 – Net Cost of Governmental Activities

Highways & Public Works, the second largest Governmental Program representing \$1,501,806 or 20.5 percent of total program expenses, had the greatest ability to generate revenues to support its program expenses. Program revenues of \$1,166,292 resulted in a net program cost of \$335,514.

Public Safety had the lowest ability to generate revenues to support its program expenses. Public Safety representing \$1,302,603 or 29.5 percent of total Governmental program expenses, generated of \$88,651 of program revenue resulting in a net program cost of \$1,213,952.

Business-Type Activities

Ending net position for Business-type activities of \$18,460,986 reported an increase of 6.4 percent or \$1,108,092 when compared to 2018.

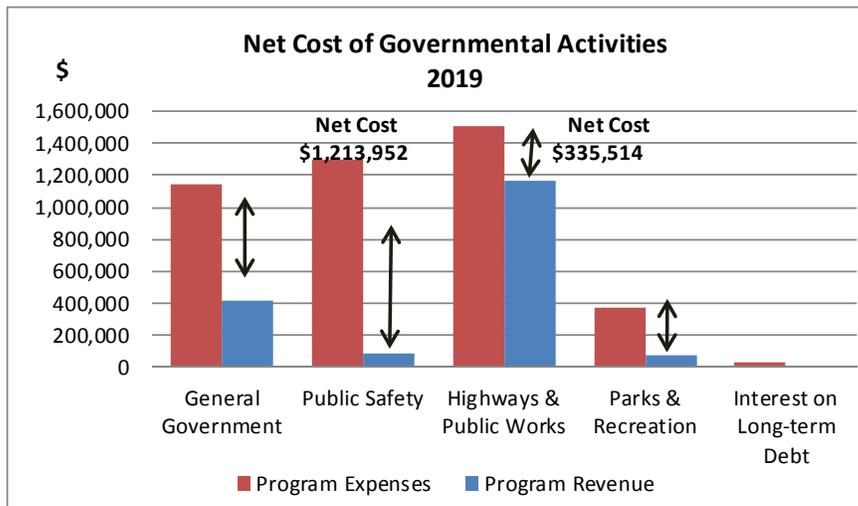


Figure 3 – Net Cost of Governmental Activities

Total revenue decreased by 1.3 percent or \$53,454 largely due to increases in Capital Grants and Contributions. Capital Grants and Contributions decreased from \$465,229 to \$297,636 or by 36 percent. Charges for Services, continue to be the largest revenue source of \$3,651,225 increased by \$46,730 or 1.3 percent.

Total program expenses of \$2,961,691 increased by 0.6 percent or \$18,754. Water services experienced the greatest value change from the prior year increasing by \$96,961 or 9.2 percent.

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 \$43,864,110 (net of accumulated depreciation) or an decrease of 1.1 percent or \$496,526 from the prior year.

Capital Assets are categorized by five major groups: Land, Construction in Process, Buildings & Improvements, Machinery & Equipment, and Infrastructure. The greatest *increase* in value was Land growing by 3.9 percent or \$422,692. The greatest *decrease* in values was reported in Machinery & Equipment *decreasing* 2.3 percent or \$62,703.

Major capital asset additions for the Primary Government in 2019 were:

- Land – Developer Contributions for Street Infrastructure \$423K
- Buildings & Improvements – Water Tank Improvements \$300K
- Infrastructure – Developer Contributions – Streets \$297K
- Machinery & Equipment – Fleet Replacements & Shop Equipment \$253K
- Infrastructure – 5350 S. Road Reconstruction \$188K

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
	2018	2019	2018	2019	2018	2019	
Land	\$ 9,991,972	\$ 10,414,664	\$ 715,958	\$ 715,958	\$ 10,707,930	\$ 11,130,622	3.9%
Construction in process	1,118	46,536	6,002	6,724	7,120	53,260	648.0%
Buildings & Improvements	4,935,546	4,790,237	5,422,537	5,743,946	10,358,083	10,534,183	1.7%
Machinery & Equipment	1,392,053	1,299,945	1,278,952	1,308,357	2,671,005	2,608,302	-2.3%
Infrastructure	25,102,674	25,392,695	14,047,888	14,047,888	39,150,562	39,440,583	0.7%
Less: Accum. Depreciation	(12,857,157)	(13,747,059)	(5,676,907)	(6,155,781)	(18,534,064)	(19,902,840)	7.4%
Total Assets, net of accumulated depreciation	\$ 28,566,206	\$ 28,197,018	\$ 15,794,430	\$ 15,667,092	\$ 44,360,636	\$ 43,864,110	-1.1%

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 long-term liabilities of \$7,626,212 decreased by 11.9 percent or \$1,027,531 compared to 2018.

Governmental activities total debt outstanding of \$1,541,122 reported a percent or \$513,340 or a 25 percent 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 \$691,000 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 \$375,000.

Business-type activities total debt outstanding of \$6,085,090 reported a 7.1 percent or \$514,191 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 \$230,000.

Debt Outstanding	Governmental Activities		Business-Type Activities		Total Activities		Change From Prior Year
	2018	2019	2018	2019	2018	2019	
Compensated Absences	\$ 101,520	\$ 104,062	\$ -	\$ -	\$ 101,520	\$ 104,062	2.5%
Capital Lease	90,819	45,893	-	-	90,819	45,893	-49.5%
General Obligation Ref Ser15 Bonds	1,066,000	691,000	-	-	1,066,000	691,000	-35.2%
Utility Revenue Bonds Ser10A	-	-	735,000	505,000	735,000	505,000	-31.3%
Utility Revenue Bonds Ser10B	184,364	172,424	327,636	307,576	512,000	480,000	-6.3%
Utility Revenue Bonds Ser10C	216,426	202,410	373,574	348,590	590,000	551,000	-6.6%
Sales & Excise Tax Revenue Bonds Ser1	395,333	325,333	197,667	162,667	593,000	488,000	-17.7%
Utility Revenue Bonds Ser17	-	-	4,625,000	4,450,000	4,625,000	4,450,000	-3.8%
Bond Premium	-	-	340,404	311,257	340,404	311,257	-8.6%
Total Debt Outstanding	\$ 2,054,462	\$ 1,541,122	\$ 6,599,281	\$ 6,085,090	\$ 8,653,743	\$ 7,626,212	-11.9%

Table 5 – Comparative of Debt Outstanding

For more information on long-term debt activity refer to the Notes to the Financial Statements, Long-Term Debt, Note 9.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

Fund Balances

As illustrated in the following Table 6, “Governmental Fund Balances,” total Governmental fund balance of \$9,367,652 for 2019 has increased by 18.4 percent or \$1,456,445 from 2018.

Of said balance, \$23,565 or 0.3 percent is non-spendable (prepaids); \$1,844,386 or 19.7 percent is restricted (externally enforceable limitations on use i.e. imposed by creditors, grantors, contributors, law and regulations); \$4,154,796 or 44.4 percent is committed (self-imposed limitations); \$2,429,358 or 25.9 percent is assigned for community development activities; and \$915,547 or 9.8 percent is unassigned (total fund balance in excess of restricted, committed, and assigned balances).

Restricted fund balance experienced the greatest value change increasing \$594,420 or 47.6 percent resulting in an ending restricted balance of \$1,844,386. Said increase is attributed to the accumulation of road funds and debt service repayment funds.

Unassigned fund balance slightly increased by 74.9 percent or \$392,095 resulting in an ending balance of \$915,547. Said increase is largely attributed to changes in the Debt Service Fund balances.

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
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	
Nonspendable	\$ -	\$ -	\$ 23,459	\$ 23,565	\$ -	\$ -	\$384,955		\$ 408,414	\$ 23,565	-94.2%
Restricted	573,327	510,949	-	-	666,911	1,323,572	9,728	9,865	1,249,966	1,844,386	47.6%
Committed	-	-	-	-	3,720,032	4,154,796	-	-	3,720,032	4,154,796	11.7%
Assigned	-	-	2,009,343	2,429,358	-	-	-	-	2,009,343	2,429,358	20.9%
Unassigned	832,172	900,214	-	-	-	-	(308,720)	15,333	523,452	915,547	74.9%
Total	\$ 1,405,499	\$ 1,411,163	\$ 2,032,802	\$ 2,452,923	\$ 4,386,943	\$ 5,478,368	\$ 85,963	\$ 25,198	\$ 7,911,207	\$ 9,367,652	18.4%

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 \$2,558,390 *exceeded* final budget estimates of \$2,488,925 or an \$69,465 final budget variance.
- Licenses and permits of \$215,969 *exceeded* final budget estimates of \$165,500 or a \$50,469 final budget variance.
- Intergovernmental collections of \$532,484 *exceeded* final budget estimates of \$514,650 or a \$17,834 final budget variance.
- Fines & Forfeitures of \$88,968 were *exceeded* final budget estimates of \$86,140 or a \$2,828 final budget variance.
- Miscellaneous collections of \$314,111 *exceeded* final budget estimates of \$203,094 or a final budget variance of \$111,017.

EXPENDITURES

General Fund Expenditures

- General Government expenditures of \$729,006 were *below* final budget estimates of \$856,323 or a budget variance of \$127,317.
- Public Safety expenditures of \$1,294,402 were *below* final budget estimates of \$1,342,666 or a budget variance of \$48,264.
- Highways and Public Works expenditures of \$425,142 were *below* final budget estimates of \$506,720 or a budget variance of \$81,578.
- Parks & Recreation expenditures of \$310,544 were *below* final budget estimates of \$343,196 generating a budget variance of \$32,652.

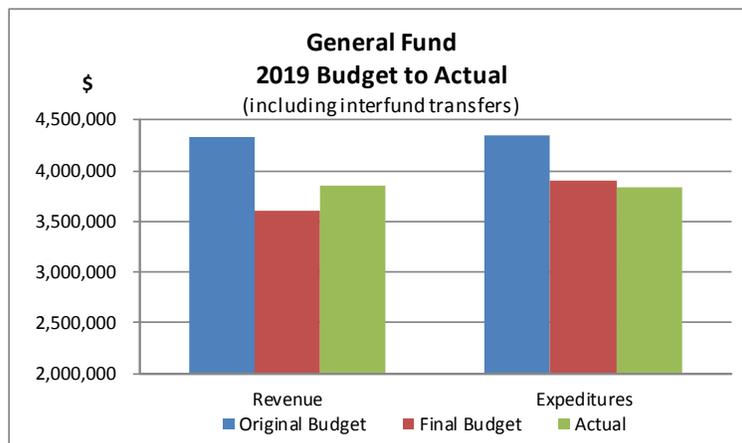


Figure 4 – General Fund Final Budget to Actual

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 \$18,460,986 has increased by 6.4 percent or \$1,108,092 from the prior year. Of said balance, \$9,774,936 or 52.9 percent represents net investment in capital assets, increasing 3 percent or \$280,319 from prior year. Restricted net position of \$268,708 is down \$354,674 or 56.9 percent from the prior year. Said change is attributed the use of bond proceeds for the construction of a new public works facility. Unrestricted net position of \$8,417,342 is up \$1,182,447 from the prior year.

Changes in Net Position

Business-type activities generated \$4,183,671 of total revenue down 1.3 percent or \$53,454 from prior year. The largest program revenue, Charges for Services, representing 87.3 percent of revenues, increased by 1.3 percent or \$46,730. Capital Grants and Contributions decreased by from \$465,229 to \$297,636 or \$167,593. Other revenue, representing 5.6 percent or \$234,810 to program revenue increased by \$67,409 or 40.3 percent from the prior year.

Total program expenses of \$2,961,691 increased by 0.6 percent or \$18,754 from the prior year.

Culinary water services, the largest operating expense program, represents 38.7 percent or \$1,147,621 of total program expenses. Sewer service expenses grew by \$96,961 or 9.2 percent from the prior year. Sewer services closely following at \$935,822 or 31.6 percent of total program expenses.

Culinary water services reported the greatest percentage change increase. Sewer services reported the only expense reduction decreasing by \$121,013 or 11.5 percent.

ECONOMIC & DEMOGRAPHIC FACTORS

According to the State of Utah Department of Workforce Services (DWS), *Utah’s Employment Summary: June 2019*, “Utah’s nonfarm payroll employment for June 2019 grew by an estimated 3.0 percent, adding 45,200 jobs to the economy since June 2018. Utah’s current employment level registers 1,561,400. May’s year-over job growth rate was revised up from 2.9 percent to 3.0 percent. June’s seasonally-adjusted unemployment rate of 2.8 percent is down from May’s 2.9 percent. A year ago, the unemployment rate was 3.1 percent. Approximately 45,500 Utahns were unemployed and actively seeking work during the month. The national unemployment rate ticked up one percentage point to 3.7 percent. ‘The Utah economy remains strong and continues to absorb and employ labor at a fast pace,’ reported Mark Knold, Senior Economist at the Department of Workforce Services. ‘The unemployment rate has lowered to 2.8 percent, the lowest in more than 12 years. It is remarkable that Utah can still grow the employment base by 3.0 percent given this extremely tight labor market.’ Utah’s private sector employment grew by 3.2 percent year-over with the addition of 40,200 positions. All 10 of the private sector industry groups measured in the establishment survey posted net job increases in June. The largest private sector employment increases were in Education and Health Services (9,900 jobs); Professional and Business Services (8,600 jobs); and Manufacturing (6,300 jobs). The fastest employment growth occurred in Education and Health Services (5.0 percent); Manufacturing (4.7 percent); and Information (4.4 percent).”

**Washington Terrace City
 Census Statistics**

Population Estimates - 2018	9,187
Median Household Income	\$53,070
Persons in Poverty	11.6%
Median Housing Value	\$149,400
Total Housing Units	3,657
Number of Companies	374
Veterans	568

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)

STATEMENT OF NET POSITION

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and cash equivalents	\$ 7,451,797	\$ 8,375,414	\$ 15,827,211
Accounts receivable, net	51,799	309,492	361,291
Due from other governmental units	1,694,180	-	1,694,180
Prepaid expenses	23,565	105,950	129,515
Cash - restricted	1,845,706	268,708	2,114,414
Notes receivable	136,509	-	136,509
Capital assets not being depreciated:			
Land	10,414,664	715,958	11,130,622
Construction work in progress	46,536	6,724	53,260
Capital assets, net of accumulated depreciation:			
Buildings and improvements	3,266,404	4,967,175	8,233,579
Infrastructure	13,812,205	9,550,346	23,362,551
Machinery and equipment	657,209	426,889	1,084,098
Net pension asset	-	-	-
Total Assets	39,400,574	24,726,656	64,127,230
Deferred Outflows of Resources			
Pension related	365,000	-	365,000
Total Deferred Outflows of Resources	365,000	-	365,000
Total Assets and Deferred Outflows of Resources	\$ 39,765,574	\$ 24,726,656	\$ 64,492,230
Liabilities			
Accounts payable	\$ 276,890	\$ 101,628	\$ 378,518
Accrued liabilities	60,023	78,952	138,975
Accrued interest	6,863	-	6,863
Unearned revenue	1,320	-	1,320
Noncurrent liabilities:			
Due within one year	594,683	518,053	1,112,736
Due in more than one year	946,439	5,567,037	6,513,476
Net pension liability	700,033	-	700,033
Total Liabilities	2,586,251	6,265,670	8,851,921
Deferred Inflows of Resources			
Deferred revenue - property taxes	1,361,162	-	1,361,162
Pension related	21,937	-	21,937
Total Deferred Inflows of Resources	1,383,099	-	1,383,099
Net Position			
Net investment in capital assets	26,759,958	9,774,936	36,534,894
Restricted for:			
Debt service	336,879	56,787	393,666
Repair & Replacement	7,797	18,987	26,784
Roads	1,499,710	-	1,499,710
Construction	-	192,934	192,934
Unrestricted	7,191,880	8,417,342	15,609,222
Total Net Position	35,796,224	18,460,986	54,257,210
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 39,765,574	\$ 24,726,656	\$ 64,492,230

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	\$ 1,142,552	\$ 414,869	\$ -	\$ -	\$ (727,683)	\$ -	\$ (727,683)
Public safety	1,302,603	74,955	9,928	3,768	(1,213,952)	-	(1,213,952)
Highways and public works	1,501,806	15,774	432,058	718,460	(335,514)	-	(335,514)
Parks and recreation	375,145	46,169	11,198	23,738	(294,040)	-	(294,040)
Interest on long-term debt	37,357	-	-	-	(37,357)	-	(37,357)
Total Governmental Activities	<u>4,359,463</u>	<u>551,767</u>	<u>453,184</u>	<u>745,966</u>	<u>(2,608,546)</u>	<u>-</u>	<u>(2,608,546)</u>
Business-type Activities							
Water services	1,147,621	1,388,800	-	269,350	-	510,529	510,529
Sewer services	935,822	1,208,166	-	16,657	-	289,001	289,001
Refuse services	514,638	510,994	-	-	-	(3,644)	(3,644)
Storm water services	363,610	543,265	-	11,629	-	191,284	191,284
Total Business-type Activities	<u>2,961,691</u>	<u>3,651,225</u>	<u>-</u>	<u>297,636</u>	<u>-</u>	<u>987,170</u>	<u>987,170</u>
Total Government	<u>\$ 7,321,154</u>	<u>\$ 4,202,992</u>	<u>\$ 453,184</u>	<u>\$ 1,043,602</u>	<u>(2,608,546)</u>	<u>987,170</u>	<u>(1,621,376)</u>
General Revenues							
					1,731,549	-	1,731,549
					1,127,904	-	1,127,904
					673,404	-	673,404
					258,253	201,415	459,668
					158,750	33,395	192,145
					<u>113,888</u>	<u>(113,888)</u>	<u>-</u>
					<u>4,063,748</u>	<u>120,922</u>	<u>4,184,670</u>
					1,455,202	1,108,092	2,563,294
					<u>34,341,022</u>	<u>17,352,894</u>	<u>51,693,916</u>
					<u>\$ 35,796,224</u>	<u>\$ 18,460,986</u>	<u>\$ 54,257,210</u>

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	\$ 827,901	\$ 2,429,358	\$ 4,179,205	\$ 15,333	\$ 7,451,797
Accounts receivable, net	51,799	-	-	-	51,799
Due from other governmental units	1,200,279	106,662	-	387,239	1,694,180
Prepays	-	23,565	-	-	23,565
Restricted assets:					
Cash and cash equivalents	512,269	-	1,323,572	9,865	1,845,706
Total Assets	<u>\$ 2,592,248</u>	<u>\$ 2,559,585</u>	<u>\$ 5,502,777</u>	<u>\$ 412,437</u>	<u>\$ 11,067,047</u>
Liabilities					
Accounts payable	\$ 252,481	\$ -	\$ 24,409	\$ -	\$ 276,890
Accrued liabilities	60,023	-	-	-	60,023
Unearned revenue	1,320	-	-	-	1,320
Total Liabilities	<u>313,824</u>	<u>-</u>	<u>24,409</u>	<u>-</u>	<u>338,233</u>
Deferred Inflows of Resources					
Unavailable revenue - property taxes	867,261	106,662	-	387,239	1,361,162
Fund Balances					
Nonspendable					
Prepays	-	23,565	-	-	23,565
Restricted					
Roads funds	473,230	-	1,026,480	-	1,499,710
Debt service	29,922	-	297,092	9,865	336,879
Repair & Replacement	7,797	-	-	-	7,797
Committed for:					
Capital projects	-	-	4,154,796	-	4,154,796
Assigned					
Redevelopment Agency	-	2,429,358	-	-	2,429,358
Unassigned	900,214	-	-	15,333	915,547
Total Fund Balances	<u>1,411,163</u>	<u>2,452,923</u>	<u>5,478,368</u>	<u>25,198</u>	<u>9,367,652</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,592,248</u>	<u>\$ 2,559,585</u>	<u>\$ 5,502,777</u>	<u>\$ 412,437</u>	<u>\$ 11,067,047</u>

**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	\$ 9,367,652
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	28,197,018
Long-term liabilities, including bond payable, are not due and payable in the current period and therefore are not recorded in the funds.	(1,541,122)
Accrued interest expense is not due and payable in the current period and therefore is not recorded in the funds.	(6,863)
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.	(356,970)
Special Improvement District receivables are not recorded in the fund financial statements.	<u>136,509</u>
Net position - governmental activities	<u><u>\$ 35,796,224</u></u>

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

	General	Redevelopment Agency	Capital Projects	Debt Service	Total Governmental Funds
Revenues					
Taxes	\$ 2,558,390	\$ 582,646	\$ -	\$ 391,819	\$ 3,532,855
Licenses and permits	215,969	-	-	-	215,969
Intergovernmental	532,484	(1,462)	-	-	531,022
Charges for services	46,169	-	90,057	-	136,226
Impact fees	-	-	27,506	-	27,506
Fines and forfeitures	88,968	-	-	-	88,968
Interest income	208,524	49,626	-	103	258,253
Miscellaneous revenue	105,587	-	-	-	105,587
Total Revenues	3,756,091	630,810	117,563	391,922	4,896,386
Expenditures					
Current:					
General government	729,006	6,661	50,411	-	786,078
Public safety	1,294,402	-	-	-	1,294,402
Highways and public works	425,142	18,667	-	-	443,809
Parks and recreation	310,544	-	-	-	310,544
Capital expenditures	-	185,361	136,052	-	321,413
Debt service:					
Principal retirement	-	-	-	515,882	515,882
Interest and fiscal charges	-	-	-	40,451	40,451
Total Expenditures	2,759,094	210,689	186,463	556,333	3,712,579
Excess (Deficiency) of Revenues Over (Under) Expenditures	996,997	420,121	(68,900)	(164,411)	1,183,807
Other Financing Sources (Uses)					
Transfer in	88,080	-	1,195,796	142,559	1,426,435
Transfer out	(1,079,413)	-	(194,220)	(38,914)	(1,312,547)
Disposal of capital assets	-	-	158,750	-	158,750
Total Other Financing Sources (Uses)	(991,333)	-	1,160,326	103,645	272,638
Net Change in Fund Balances	5,664	420,121	1,091,426	(60,766)	1,456,445
Fund Balance, Beginning	1,405,499	2,032,802	4,386,942	85,964	7,911,207
Fund Balance, Ending	\$ 1,411,163	\$ 2,452,923	\$ 5,478,368	\$ 25,198	\$ 9,367,652

**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	\$ 1,456,445
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.	(1,205,781)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net position.	1,036,944
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.	(200,351)
Repayment of bond principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.	515,884
In the statement of activities, accrued interest on debt is recorded.	3,094
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.	(2,542)
Changes in the pension asset and liability accounts are not recorded in the funds rather they recorded in the statement of activities	(74,208)
Repayment of Special Improvement District receivables is a revenue in the funds, but the reduces the receivable in the statement of net position.	<u>(74,283)</u>
Change in net position - governmental activities	<u><u>\$ 1,455,202</u></u>

STATEMENT OF NET POSITION – PROPRIETARY FUND

	Business-type Activities
	Enterprise Fund Public Utilities
Assets	
Current Assets	
Cash and cash equivalents	\$ 8,375,414
Accounts receivable, net	309,492
Prepays	105,950
Cash - restricted	268,708
Total Current Assets	<u>9,059,564</u>
Noncurrent Assets	
Land	715,958
Construction work in progress	6,724
Buildings	5,743,946
Infrastructure	14,047,888
Machinery and equipment	1,308,357
Less: Accumulated depreciation	<u>(6,155,781)</u>
Total Noncurrent Assets	<u>15,667,092</u>
Total Assets	<u>\$ 24,726,656</u>
Liabilities	
Current Liabilities	
Accounts payable	\$ 101,628
Accrued liabilities	78,952
Bonds payable	518,053
Total Current Liabilities	<u>698,633</u>
Noncurrent Liabilities	
Bonds payable	<u>5,567,037</u>
Total Noncurrent Liabilities	<u>5,567,037</u>
Total Liabilities	<u>6,265,670</u>
Net Position	
Net invested in capital assets	9,774,936
Restricted:	
Debt reserve	56,787
Repair & Replacement	18,987
Construction	192,934
Unrestricted	<u>8,417,342</u>
Total Net Position	<u>18,460,986</u>
Total Liabilities and Net Position	<u>\$ 24,726,656</u>

**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	\$ 1,378,705
Sewer	1,203,626
Refuse	510,994
Storm water	543,265
Connection and other fees	
Water	10,095
Sewer	4,540
Total Operating Revenues	3,651,225
Operating Expenses	
Personnel services	807,697
Contractual services	1,116,264
Materials and supplies	322,095
Depreciation expense	526,264
Total operating expenses	2,772,320
Operating income	878,905
Nonoperating revenue (expense)	
Interest income	201,415
Interest expense	(189,371)
Disposal of capital assets	33,395
Total nonoperating revenues (expenses)	45,439
Income (loss) before capital contributions and transfers	924,344
Capital contributions:	
Impact fee income	59,307
Intergovernmental income	238,329
Transfers in/(out)	(113,888)
Change in net position	1,108,092
Net position, beginning	17,352,894
Net position, ending	\$ 18,460,986

STATEMENT OF CASH FLOWS – PROPRIETARY FUND

	<u>Business-type Activities</u>
	<u>Enterprise Fund Public Utilities</u>
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 3,651,108
Payments to suppliers and service providers	(1,593,685)
Cash payments for interfund services used	<u>(807,697)</u>
Net cash flows from operating activities	<u>1,249,726</u>
Cash Flows From Non-Capital Financing Activities	
Transfers out	<u>(113,888)</u>
Net cash flows from non-capital financing activities	<u>(113,888)</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(519,107)
Principal paid on bonds and leases	(514,191)
Proceeds from disposal of assets	153,575
Intergovernmental	238,329
Interest Paid	(189,371)
Impact fees received	<u>59,307</u>
Net cash flows from capital and related financing activities	<u>(771,458)</u>
Cash Flows From Investing Activities	
Interest on investment	<u>201,415</u>
Net cash flows from investing activities	<u>201,415</u>
Net Increase (Decrease) In Cash and Cash Equivalents	565,795
Cash and Cash Equivalents, Beginning	<u>8,078,327</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 8,644,122</u></u>

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	\$ 878,905
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation expense	526,264
(Increase) Decrease in accounts receivables	(117)
(Increase) Decrease in prepaids	(6,865)
Increase (Decrease) in accounts payable	28,222
Increase (Decrease) in accrued liabilities	<u>(176,683)</u>
Net cash flows from operating activities	<u>\$ 1,249,726</u>



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 City established a Redevelopment Agency (RDA) pursuant to state code and designated the City Council and the Mayor as the RDA board. Management of the City is responsible for the day-to-day operations. The financial statements of the RDA are included as part of the Comprehensive Annual Financial Report of the City (by blended presentation) and are included as a major governmental fund.

(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 30 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 30. 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, 2019, \$609,866 of the City’s bank balances of \$912,801 (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, 2019, the City had cash balances of \$17,025,396 deposited in the PTIF. The fair value of this cash balance was \$17,095,674 using a fair value factor of 1.00412782.

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. The weighted average maturity for the PTIF at June 30, 2019 is 47.67 days.

Following are the City’s cash on hand and on deposit at June 30, 2019:

	Carrying Amount
Cash on hand and on deposit:	
Cash on hand	\$ 1,300
Cash on deposit	914,929
Utah State Treasurer's investment pool accounts	<u>17,025,396</u>
Total cash on hand and deposit	<u>\$ 17,941,625</u>

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable are recorded net of the allowance for doubtful accounts of \$8,755 in the enterprise fund.

NOTE 4 RESTRICTED ASSETS

Certain assets are restricted to use as follows as of June 30, 2019:

Road Funds	\$	1,499,710
SID loan proceeds collected for debt payments		297,092
Unearned revenues received		1,320
2010 Series Bond Reserve Fund		110,848
2013 Series Bond Reserve Fund		9,865
2017 Series Bond Reserve Fund		2,645
2017 Series Bond Construction Fund		192,934
	<u>\$</u>	<u>2,114,414</u>

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2019, is as follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 9,991,972	\$ 422,692	\$ -	\$ 10,414,664
Construction in progress	1,118	233,118	(187,700)	46,536
Total capital assets, not being depreciated	<u>9,993,090</u>	<u>655,810</u>	<u>(187,700)</u>	<u>10,461,200</u>
Capital assets, being depreciated				
Buildings and Improvements	4,935,546	17,226	(162,535)	4,790,237
Infrastructure	25,102,674	484,930	(194,909)	25,392,695
Machinery and equipment	1,392,053	66,678	(158,786)	1,299,945
Total capital assets, being depreciated	<u>31,430,273</u>	<u>568,834</u>	<u>(516,230)</u>	<u>31,482,877</u>
Less accumulated depreciation for				
Buildings and Improvements	(1,532,078)	(145,791)	154,036	(1,523,833)
Infrastructure	(10,723,732)	(980,272)	123,514	(11,580,490)
Machinery and equipment	(601,347)	(79,718)	38,329	(642,736)
Total accumulated depreciation	<u>(12,857,157)</u>	<u>(1,205,781)</u>	<u>315,879</u>	<u>(13,747,059)</u>
Total capital assets, being depreciated, net	<u>18,573,116</u>	<u>(636,947)</u>	<u>(200,351)</u>	<u>17,735,818</u>
Governmental activities capital assets, net	<u>\$ 28,566,206</u>	<u>\$ 18,863</u>	<u>\$ (388,051)</u>	<u>\$ 28,197,018</u>

NOTE 5 CAPITAL ASSETS (Continued)

The Business-type Activities property, plant and equipment consist of the following at June 30, 2019:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Business-type Activities				
Capital assets, not being depreciated				
Land	\$ 715,958	\$ -	\$ -	\$ 715,958
Construction in progress	6,002	299,671	(298,949)	6,724
Total capital assets, not being depreciated	721,960	299,671	(298,949)	722,682
Capital assets, being depreciated				
Buildings	5,422,537	332,773	(11,364)	5,743,946
Infrastructure	14,047,888	-	-	14,047,888
Machinery and equipment	1,278,952	185,610	(156,205)	1,308,357
Total capital assets, being depreciated	20,749,377	518,383	(167,569)	21,100,191
Less accumulated depreciation for				
Buildings	(642,414)	(145,721)	11,364	(776,771)
Infrastructure	(4,175,142)	(322,400)	-	(4,497,542)
Machinery and equipment	(859,351)	(58,142)	36,025	(881,468)
Total accumulated depreciation	(5,676,907)	(526,263)	47,389	(6,155,781)
Total capital assets, being depreciated, net	15,072,470	(7,880)	(120,180)	14,944,410
Business-type activities capital assets, net	\$ 15,794,430	\$ 291,791	\$ (419,129)	\$ 15,667,092

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General government	\$ 93,349
Public safety	45,547
Highways and public works	1,002,686
Parks and recreation	64,199
Total depreciation expense - governmental activities	<u>\$ 1,205,781</u>
Business-type activities	
Water services	\$ 305,327
Sewer services	132,005
Storm water services	88,931
Total depreciation expense - business-type activities	<u>\$ 526,263</u>
Combined depreciation expense	<u>\$ 1,732,044</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 \$867,261, \$106,662, and \$387,239 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, 2019 was not expected to be received within 30 days after the year ended June 30, 2019, the City was required to record a receivable and a deferred inflow of the estimated amount of the total property tax to be levied on October 1, 2019.

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 \$72,843 of the compensated absences balance will be due in the next year.

NOTE 8 CAPITAL LEASES

The City entered into a lease agreement as lessee for financing the acquisition of a fire truck valued at \$220,934. The fire truck has a ten-year estimated useful life. This year, \$11,047 was included in depreciation expense. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date. The lease contains a provision wherein if the City fails to pay the scheduled payments or does not observe to perform any covenants, conditions the City may be considered in default. Upon default, the Lessor has the right to terminate the lease and take possession of the leased equipment.

	Governmental Activities
Asset:	
Machinery and equipment	\$ 220,934
Less: accumulated depreciation	(48,666)
	\$ 172,268

NOTE 8 CAPITAL LEASES (Continued)

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2019 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2020	\$ 46,631
Total minimum lease payments	46,631
Less: amount representing interest	<u>(738)</u>
Present value of minimum lease payments	<u>\$ 45,893</u>

NOTE 9 LONG-TERM DEBT

The following is summary of long-term debt transactions of the City for the year ended June 30, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities					
Direct Placement Debt:					
G.O. Refunding Bonds, Series 2015	\$ 1,066,000	\$ -	\$ (375,000)	\$ 691,000	\$ 377,000
Sales Tax Revenue Refunding Bonds, Series 2013	395,333	-	(70,000)	325,333	72,667
Utility Revenue Bond, Series 2010B	184,364	-	(11,940)	172,424	11,880
Utility Revenue Bond, Series 2010C	<u>216,426</u>	<u>-</u>	<u>(14,016)</u>	<u>202,410</u>	<u>14,400</u>
Total bonds payable	\$ 1,862,123	\$ -	\$ (470,956)	\$ 1,391,167	\$ 475,947
Direct Borrowing Debt					
Capital lease	90,819	-	(44,926)	45,893	45,893
Other Debt					
Compensated absences	<u>101,520</u>	<u>93,738</u>	<u>(91,196)</u>	<u>104,062</u>	<u>72,843</u>
Governmental activity long-term liabilities	<u>\$ 2,054,462</u>	<u>\$ 93,738</u>	<u>\$ (607,078)</u>	<u>\$ 1,541,122</u>	<u>\$ 594,683</u>
Business-type activities					
Direct Placement bonds:					
Sales Tax Revenue Refunding Bonds, Series 2013	\$ 197,667	\$ -	\$ (35,000)	\$ 162,667	\$ 36,333
Utility Revenue Bond, Series 2010B	327,636	-	(20,060)	307,576	21,120
Utility Revenue Bond, Series 2010C	<u>373,574</u>	<u>-</u>	<u>(24,984)</u>	<u>348,590</u>	<u>25,600</u>
Other bonds:					
Revenue Refunding Bonds, Series 2010A	735,000	-	(230,000)	505,000	250,000
Utility Revenue Bond, Series 2017	4,625,000	-	(175,000)	4,450,000	185,000
Bond Premium	<u>340,404</u>	<u>-</u>	<u>(29,147)</u>	<u>311,257</u>	<u>-</u>
Total bonds payable	\$ 6,599,281	\$ -	\$ (514,191)	\$ 6,085,090	\$ 518,053
Business-type activity long-term liabilities	<u>\$ 6,599,281</u>	<u>\$ -</u>	<u>\$ (514,191)</u>	<u>\$ 6,085,090</u>	<u>\$ 518,053</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 City has pledged the local sales and use tax revenue to repay this debt. The bond contains a provision wherein if the City fails to pay the scheduled bond payments the City may be considered in default. Upon default, the Trustee may pursue any available remedy by suit at law or equity to enforce the payment of principal of premium and interest on the bonds then outstanding or to enforce any obligation of the City.

The annual debt service requirements to maturity, including principal and interest, for the Sales Tax Revenue Refunding Bonds, Series 2013, as of June 30, 2019 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 488,000</u>	<u>\$ 26,987</u>	<u>\$ 514,987</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 bond contains a provision wherein if the City fails to pay the scheduled bond payments the City may be considered in default. Upon default, the bonds shall bear interest at the default rate of 18% per annum from the date to which interest has been paid or the default has been cured, whichever comes first.

The annual debt service requirements to maturity, including principal and interest, for the General Obligation Refunding Bonds, Series 2015, as of June 30, 2019 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 377,000	\$ 10,238	\$ 387,238
2021	314,000	3,376	317,376
Total	<u>\$ 691,000</u>	<u>\$ 13,614</u>	<u>\$ 704,614</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; Series 2010A, 2010B and 2010C.

The annual debt service requirements to maturity, including principal and interest, for the Revenue Refunding Bonds Series 2010A, as of June 30, 2019 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 250,000	\$ 22,700	\$ 272,700
2021	255,000	10,200	265,200
Total	\$ 505,000	\$ 32,900	\$ 537,900

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 bond contains a provision wherein if the City fails to pay the scheduled bond payments the City may be considered in default. Upon default, the Trustee may pursue any available remedy by suit at law or equity to enforce the payment of principal of premium and interest on the bonds then outstanding. In addition, the Trustee may liquidate investments in the Bond Fund and Debt Service Fund accounts to apply to the defaulted payments.

The annual debt service requirements to maturity, including principal and interest, for the Utility Revenue Bond Series 2010B, as of June 30, 2019 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	\$ 480,000	\$ 118,192	\$ 598,192

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 bond contains a provision wherein if the City fails to pay the scheduled bond payments the City may be considered in default. Upon default, the Trustee may pursue any available remedy by suit at law or equity to enforce the payment of principal of premium and interest on the bonds then outstanding. In addition, the Trustee may liquidate investments in the Bond Fund and Debt Service Fund accounts to apply to the defaulted payments.

The annual debt service requirements to maturity, including principal and interest, for the Utility Revenue Bond Series 2010C, as of June 30, 2019 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 551,000</u>	<u>\$ 116,600</u>	<u>\$ 667,600</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 City has pledged future utility customer revenues to repay this debt.

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>
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>\$ 4,450,000</u>	<u>\$ 1,625,775</u>	<u>\$ 6,075,775</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 the following active construction projects as of June 30, 2019.

	Project	Contract Amount	Paid to Date		Commitment Outstanding
Governmental Funds	Rohmer Park Improvemer	\$ 458,201	\$ -	\$ -	\$ 458,201
		\$ 458,201	\$ -	\$ -	\$ 458,201

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 which represents the maximum combined aggregate limit or the most the Trust will pay per policy period regardless of the number of (1) insureds; (2) claims or suits; (3) persons or organizations sustaining damages; (4) occurrences, personal injury offenses, public officials' error and omissions, wrongful law enforcement acts; or (5) coverages involved in a loss. Payment under any of the coverages provided by the Trust shall reduce the maximum combined aggregate limit available per policy period. The City carries \$5,000,000 of crime coverage to protect against losses associated with employee theft, forgery/alteration, and funds transfer.

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 2019:

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

<u>Project Area</u>	<u>2019</u>
Southeast	\$ 514,827
Central B/D	<u>27,339</u>
Total increment received	<u><u>542,166</u></u>

The Agency expended amounts in the following areas:

Amounts expended for:	
Administrative costs	\$ 25,328
Property acquisitions and site improvements	<u>185,361</u>
Total amounts expended by RDA	<u><u>\$ 210,689</u></u>
Outstanding bonds to finance RDA projects	<u><u>\$ -</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, 2019 are as follows:

	<u>In</u>	<u>Out</u>
Governmental:		
General Fund	\$ 88,080	\$ 1,079,413
RDA	-	
Capital Projects	1,195,796	194,220
Debt Service	142,559	38,914
Business-type		
Public Utilities	<u>44,689</u>	<u>158,577</u>
	<u><u>\$ 1,471,124</u></u>	<u><u>\$ 1,471,124</u></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 \$807,697 to the proprietary fund for personnel and administrative services during the year.

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.

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 * 15.54 4 years age 65	2.0% per year all years	Up to 4% 1.15
Firefighter System	Highest 3 Years	20 years any age 10 years age 60 4.61 11.34	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 4% 0.74
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)

Contribution Rate Summary

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, 2019 are as follows:

	Employee	Employee	Employer 401(k)
Contributory System			
111 Local Governmental Div - Tier 2	N/A	15.54	1.15
Noncontributory System			
15 Local Governmental Div - Tier 1	N/A	18.47	N/A
Firefighters Retirement System			
31 Other Division A	15.05	4.61	N/A
132 Tier 2 DB Hybrid Firefighters	N/A	11.34	0.74
Tier 2 DC Only			
211 Local Government	N/A	6.69	10.00
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, 2019, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 146,308	N/A
Firefighters System	1,989	6,538
Tier 2 Public Employees System	24,448	-
Tier 2 DC Only System	3,657	N/A
Total Contributions	\$ 176,402	\$ 15.54

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.

NOTE 15 RETIREMENT PLAN (Continued)

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

At June 30, 2019, we reported a net pension asset of \$0 and a net pension liability of \$700,034.

	(Measurement Date): December 31, 2018			Proportionate Share	Change
	Net Pension Asset	Net Pension Liability	Proportionate Share	Dec 31, 2017	(Decrease)
Noncontributory System	\$ -	\$ 673,224	0.0914244%	0.0912999%	0.0001245%
Firefighters System	-	21,745	0.1674643%	0.1724810%	-0.0050167%
Tier 2 Public Employees System	-	5,065	0.0118255%	0.0120871%	-0.0002616%
	<u>\$ -</u>	<u>\$ 700,034</u>			

The net pension asset and liability were measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2019, we recognized pension expense of \$210,654.

At June 30, 2019, 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	\$ 13,291	\$ 17,524
Change in assumptions	103,021	2,615
Net difference between projected and actual earnings on pension plan investments	153,069	-
Changes in proportion and differences between contributions and proportionate share of contributions	7,676	1,798
Contributions subsequent to the measurement date	87,943	-
Total	<u>\$ 365,000</u>	<u>\$ 21,937</u>

\$87,943 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, 2018.

NOTE 15 RETIREMENT PLAN (Continued)

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:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (inflow) of Resources</u>
2019	\$ 109,276
2020	46,280
2021	21,403
2022	75,478
2023	1,578
Thereafter	1,105

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

For the year ended June 30, 2019, we recognized pension expense of \$189,350.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,659	\$ 12,556
Change in assumptions	90,186	-
Net difference between projected and actual earnings on pension plan investments	140,090	-
Changes in proportion and differences between contributions and proportionate share of contributions	5,948	1,727
Contributions subsequent to the measurement date	71,318	-
Total	<u>\$ 316,201</u>	<u>\$ 14,283</u>

\$71,319 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, 2018.

NOTE 15 RETIREMENT PLAN (Continued)

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:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (inflow) of Resources</u>
2019	\$ 102,979
2020	43,456
2021	17,790
2022	66,375
2023	-
Thereafter	-

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

For the year ended June 30, 2019, we recognized pension expense of \$8,220.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,596	\$ 3,921
Change in assumptions	11,566	2,524
Net difference between projected and actual earnings on pension plan investments	11,330	-
Changes in proportion and differences between contributions and proportionate share of contributions	279	71
Contributions subsequent to the measurement date	785	-
Total	<u>\$ 28,556</u>	<u>\$ 6,516</u>

\$785 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, 2018.

NOTE 15 RETIREMENT PLAN (Continued)

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:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (inflow) of Resources</u>
2019	\$ 5,729
2020	2,412
2021	3,161
2022	8,302
2023	1,432
Thereafter	218

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

For the year ended June 30, 2019, we recognized pension expense of \$13,084.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 36	\$ 1,047
Change in assumptions	1,269	91
Net difference between projected and actual earnings on pension plan investments	1,649	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,449	-
Contributions subsequent to the measurement date	15,840	-
Total	<u>\$ 20,243</u>	<u>\$ 1,138</u>

\$15,840 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, 2018.

NOTE 15 RETIREMENT PLAN (Continued)

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:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (inflow) of Resources</u>
2019	\$ 568
2020	412
2021	452
2022	801
2023	146
Thereafter	887

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, 2018, 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:

NOTE 15 RETIREMENT PLAN (Continued)

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%	0.40%	0.08%
Real assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.89%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		4.75%
	Inflation		2.50%
	Expected Arithmetic Nominal Return		7.25%

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 remained the same at 6.95 percent.

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	\$ 1,379,746	\$ 673,224	\$ 84,878
Firefighters System	\$ 81,144	\$ 21,745	\$ (26,353)
Tier 2 Public Employees System	\$ 20,290	\$ 5,065	\$ (6,685)
Total	\$ 1,481,180	\$ 700,034	\$ 51,840

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

NOTE 15 RETIREMENT PLAN (Continued)

authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

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

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

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

401 (k) Plan	2019	2018	2017
Employer Contributions	\$29,072	\$32,315	\$32,575
Employee Contributions	\$51,449	\$55,556	\$53,213
457 Plan			
Employer Contributions	\$0	\$0	\$0
Employee Contributions	\$54,311	\$27,154	\$23,291
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$23,996	\$14,956	\$11,324

**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	\$ 581,072	\$ 581,072	\$ 635,624	\$ 54,552
Property tax - vehicles	90,000	90,000	96,550	6,550
Delinquent property taxes	20,000	20,000	24,946	4,946
Direct charges	2,000	2,000	-	(2,000)
Sales and use taxes	1,097,313	1,103,057	1,127,866	24,809
Franchise taxes	692,796	692,796	650,114	(42,682)
Municipal energy tax	-	-	23,290	23,290
Total taxes	<u>2,483,181</u>	<u>2,488,925</u>	<u>2,558,390</u>	<u>69,465</u>
Licenses and permits:				
Business licenses	80,000	80,000	80,126	126
Building permits	35,000	60,000	86,509	26,509
Planning fees	10,000	20,000	44,174	24,174
Animal licenses	5,500	5,500	5,160	(340)
Total licenses and permits	<u>130,500</u>	<u>165,500</u>	<u>215,969</u>	<u>50,469</u>
Intergovernmental revenue:				
RAMP tax	9,164	9,164	11,198	2,034
Road funds	421,386	421,386	432,058	10,672
State liquor fund allotment	7,000	7,000	7,281	281
Other grants	-	2,600	2,647	47
Service Contracts	74,500	74,500	79,300	4,800
Total intergovernmental revenue	<u>512,050</u>	<u>514,650</u>	<u>532,484</u>	<u>17,834</u>
Charges for services:				
Administrative fee - other funds	830,026	15,533	-	(15,533)
Recreation fees	45,719	45,719	46,169	450
Total charges for services	<u>875,745</u>	<u>61,252</u>	<u>46,169</u>	<u>(15,083)</u>
Fines and forfeitures	<u>86,140</u>	<u>86,140</u>	<u>88,968</u>	<u>2,828</u>
Miscellaneous:				
Interest	53,984	100,000	208,524	108,524
Other	106,478	103,094	105,587	2,493
Total miscellaneous	<u>160,462</u>	<u>203,094</u>	<u>314,111</u>	<u>111,017</u>
Total Revenues	<u>\$ 4,248,078</u>	<u>\$ 3,519,561</u>	<u>\$ 3,756,091</u>	<u>\$ 236,530</u>

**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	\$ 38,223	\$ 33,996	\$ 30,119	\$ 3,877
Municipal court	159,260	157,197	149,604	7,593
Administrative	302,800	198,142	179,671	18,471
Finance	348,325	206,635	195,399	11,236
Leisure services	89,492	89,492	82,946	6,546
Non-departmental	142,101	74,333	43,878	30,455
General government building	145,491	96,528	47,389	49,139
Total general government	<u>1,225,692</u>	<u>856,323</u>	<u>729,006</u>	<u>127,317</u>
Public safety:				
Police department	826,260	826,260	826,256	4
Fire department	296,950	332,437	293,453	38,984
Inspection and planning	130,234	128,559	119,779	8,780
Animal control	55,410	55,410	54,914	496
Total public safety	<u>1,308,854</u>	<u>1,342,666</u>	<u>1,294,402</u>	<u>48,264</u>
Highways and public works:				
Streets	113,634	113,634	109,924	3,710
Public works	817,294	393,086	315,218	77,868
Total highways and public works	<u>930,928</u>	<u>506,720</u>	<u>425,142</u>	<u>81,578</u>
Parks and recreation	<u>345,752</u>	<u>343,196</u>	<u>310,544</u>	<u>32,652</u>
Total Expenditures	<u>3,811,226</u>	<u>3,048,905</u>	<u>2,759,094</u>	<u>289,811</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>436,852</u>	<u>470,656</u>	<u>996,997</u>	<u>526,341</u>
Other Financing Sources (Uses)				
Transfer in	88,080	88,080	88,080	-
Transfer out	<u>(534,647)</u>	<u>(854,647)</u>	<u>(1,079,413)</u>	<u>(224,766)</u>
Total Other Financing Sources (Uses)	<u>(446,567)</u>	<u>(766,567)</u>	<u>(991,333)</u>	<u>(224,766)</u>
Net Change in Fund Balance	<u>\$ (9,715)</u>	<u>\$ (295,911)</u>	<u>5,664</u>	<u>\$ 301,575</u>
Fund Balance, Beginning, Restated			<u>1,405,499</u>	
Fund Balance, Ending			<u>\$ 1,411,163</u>	

**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	\$ 561,519	\$ 561,519	\$ 582,646	\$ 21,127
Interest	-	-	49,626	49,626
Intergovernmental	-	322,813	(1,462)	(324,275)
Total Revenues	<u>561,519</u>	<u>884,332</u>	<u>630,810</u>	<u>(253,522)</u>
Expenditures				
Salaries and benefits	15,800	15,800	15,838	(38)
Professional and technical	19,333	19,333	2,829	16,504
Capital expenditures	2,012,269	2,710,952	185,361	2,525,591
Administrative fee to general fund	6,661	6,661	6,661	-
Total Expenditures	<u>2,054,063</u>	<u>2,752,746</u>	<u>210,689</u>	<u>2,542,057</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,492,544)</u>	<u>(1,868,414)</u>	<u>420,121</u>	<u>2,288,535</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>\$(1,492,544)</u>	<u>\$ (1,868,414)</u>	<u>420,121</u>	<u>\$ 2,288,535</u>
Fund Balance, Beginning			<u>2,032,802</u>	
Fund Balance, Ending			<u>\$ 2,452,923</u>	

**SCHEDULE OF PROPORTIONATE SHARE
 OF THE PENSION LIABILITY
 UTAH RETIREMENT SYSTEMS Measurement
 Date of December 31, 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%
	2018	0.0914244%	0.1674643%	0.0118255%
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
	2018	\$ 673,224	\$ 21,745	\$ 5,065
Covered 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
	2018	\$ 827,790	\$ 51,901	\$ 138,298
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%
	2018	81.33%	41.90%	3.66%
Plan fiduciary net position as a percentage of its covered 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%
	2018	87.0%	94.3%	90.8%

**SCHEDULE OF CONTRIBUTIONS
 UTAH RETIREMENT SYSTEMS
 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%
	2019	\$ 146,308	\$ 146,308	\$ -	\$ 822,922	17.78%
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%
	2019	\$ 1,989	\$ 1,989	\$ -	\$ 43,440	4.58%
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%
	2019	\$ 24,448	\$ 24,448	\$ -	\$ 157,452	15.53%

*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 – 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	\$ -	\$ 245,185	\$ -	\$ (245,185)
Charges for services	80,935	80,935	90,057	9,122
Impact fees	5,000	5,000	27,506	-
Total Revenues	85,935	331,120	117,563	(236,063)
Expenditures				
Administrative fee to general fund	135	135	135	-
Capital expenditures	404,368	1,683,820	136,052	1,547,768
Interfund charges for services	50,276	50,276	50,276	-
Total Expenditures	454,779	1,734,231	186,463	1,547,768
Excess (Deficiency) of Revenues Over (Under) Expenditures	(368,844)	(1,403,111)	(68,900)	1,311,705
Other Financing Sources (Uses)				
Transfer in	496,319	1,086,538	1,195,796	109,258
Transfer out	(163,373)	(252,592)	(194,220)	58,372
Disposal of capital assets	-	96,250	158,750	62,500
Total Other Financing Sources (Uses)	332,946	930,196	1,160,326	230,130
Net Change in Fund Balance	<u>\$ (35,898)</u>	<u>\$ (472,915)</u>	1,091,426	<u>\$ 1,541,835</u>
Fund Balance, Beginning, Restated			4,386,942	
Fund Balance, Ending			<u>\$ 5,478,368</u>	

**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	\$ 391,819	\$ 391,819	\$ 391,819	\$ -
Interest income	-	-	103	103
Total Revenues	<u>391,819</u>	<u>391,819</u>	<u>391,922</u>	<u>103</u>
Expenditures				
Debt service:				
Principal retirement	515,883	515,883	515,882	1
Interest and fiscal charges	<u>39,702</u>	<u>40,453</u>	<u>40,451</u>	<u>2</u>
Total Expenditures	<u>555,585</u>	<u>556,336</u>	<u>556,333</u>	<u>3</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(163,766)</u>	<u>(164,517)</u>	<u>(164,411)</u>	<u>106</u>
Other Financing Sources (Uses)				
Transfer in	200,931	200,931	142,559	(58,372)
Transfer out	<u>(38,914)</u>	<u>(38,914)</u>	<u>(38,914)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>162,017</u>	<u>162,017</u>	<u>103,645</u>	<u>(58,372)</u>
Net Change in Fund Balance	<u>\$ (1,749)</u>	<u>\$ (2,500)</u>	<u>(60,766)</u>	<u>\$ (58,266)</u>
Fund Balance, Beginning			<u>85,964</u>	
Fund Balance, Ending			<u>\$ 25,198</u>	

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

CITY OF WASHINGTON TERRACE, UT
 STATISTICAL SECTION - FINANCIAL TRENDS
 Fiscal Year Ended June 30, 2019

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(accrual basis of accounting)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities										
Net investment in capital assets	26,759,958	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
Restricted	1,844,386	1,249,966	916,665	689,763	220,498	1,002,446	792,171	724,144	1,031,661	971,559
Unrestricted	7,191,880	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
Total Governmental Activities Net Position	\$ 35,796,224	\$ 34,341,024	\$ 33,028,141	\$ 32,170,307	\$ 30,912,526	\$ 30,341,893	\$ 30,288,421	\$ 29,722,183	\$ 28,118,196	\$ 27,797,795
Business-Type Activities										
Net investment in capital assets	9,774,936	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
Restricted	268,708	623,382	4,341,586	36,523	29,833	281,627	-	-	-	-
Unrestricted	8,417,342	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
Total Business-Type Activities Net Position	\$ 18,460,986	\$ 17,352,894	\$ 16,142,933	\$ 15,367,090	\$ 14,993,711	\$ 14,387,321	\$ 11,096,231	\$ 10,614,235	\$ 8,591,747	\$ 7,823,791
Primary Government										
Net investment in capital assets	36,534,894	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
Restricted	2,113,094	1,873,348	5,258,251	726,286	250,331	1,284,073	792,171	724,144	1,031,661	971,559
Unrestricted	15,609,222	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
Total Primary Government Net Position	\$ 54,257,210	\$ 51,693,918	\$ 49,171,074	\$ 47,537,397	\$ 45,906,237	\$ 44,729,214	\$ 41,384,652	\$ 40,336,418	\$ 36,709,943	\$ 35,621,586

CITY OF WASHINGTON TERRACE, UT
 STATISTICAL SECTION - FINANCIAL TRENDS
 Fiscal Year Ended June 30, 2019

CHANGES IN NET POSITION

Last Ten Fiscal Years

(accrual basis of accounting)

Expenses	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities:										
General Government	1,142,552	792,357	921,913	1,268,508	840,591	1,299,410	1,227,430	1,059,655	1,102,705	1,073,622
Public Safety	1,302,603	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
Highways and Public Works	1,501,806	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
Parks and Recreation	375,145	388,509	269,962	352,265	261,500	244,530	223,097	209,734	186,999	180,901
Interest and Long-term Debt	37,357	45,117	53,303	118,645	116,935	112,941	195,865	259,206	275,517	324,825
Total Governmental Activities	\$ 4,359,463	\$ 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
Business-Type Activities:										
Water services	1,147,621	1,050,660	1,030,805	1,290,998	951,617	834,383	815,941	725,142	774,618	720,818
Sewer services	935,822	1,056,835	932,924	924,553	965,234	916,534	903,727	743,011	704,079	607,499
Refuse services	514,638	478,155	455,940	448,900	436,185	421,714	482,100	458,407	445,248	442,545
Storm Water services	363,610	357,287	288,391	308,856	301,513	282,040	257,990	229,326	261,955	222,279
Total Business-Type Activities	\$ 2,961,691	\$ 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
Total Expenses	\$ 7,321,154	\$ 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
Program Revenues										
Governmental Activities:										
Charges for Services										
General Government	414,869	347,920	313,617	1,188,505	1,109,104	1,178,215	968,522	847,924	893,319	852,338
Public Safety	74,955	62,249	60,918	77,749	76,235	69,409	160,392	170,033	205,613	149,075
Highways and Public Works	15,774	14,176	80,660	25,575	74,900	87,942	83,109	86,577	90,695	100,496
Parks and Recreation	46,169	43,854	45,820	43,993	42,819	52,691	51,152	46,081	28,004	32,722
Operating Grants and Contributions	453,184	431,191	353,898	296,953	278,869	275,322	349,177	310,363	276,511	255,217
Capital Grants and Contributions	745,966	96,816	352,431	1,758,196	1,939,832	1,200,243	322,351	974,000	184,609	726,243
Total Governmental Activities	\$ 1,750,917	\$ 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
Business-Type Activities:										
Charges for Services										
Water services	1,388,800	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
Sewer services	1,208,166	1,177,040	1,163,060	1,106,126	1,148,077	1,140,737	1,058,798	905,983	873,327	821,167
Refuse services	510,994	497,830	479,991	481,828	449,480	453,241	501,473	523,077	525,341	528,553
Storm water services	543,265	542,702	448,529	422,626	396,246	370,951	328,388	299,953	283,933	278,421
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	297,636	465,229	40,355	120,747	13,247	242,162	7,790	1,302,809	230,915	42,081
Total Business-Type Activities	\$ 3,948,861	\$ 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

CITY OF WASHINGTON TERRACE, UT
 STATISTICAL SECTION - FINANCIAL TRENDS
 Fiscal Year Ended June 30, 2019

CHANGES IN NET POSITION (continued)

Last Ten Fiscal Years

(accrual basis of accounting)

	<u>2019</u>	<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>
Total Program Revenues	\$ 5,699,778	\$ 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
Net (Expense)/Revenue										
Governmental Activities	(2,608,546)	(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)
Business-Type Activities	987,170	1,126,787	736,715	420,664	662,250	1,107,972	555,494	1,955,836	749,820	687,473
Total Net (Expense)	\$ (1,621,376)	\$ (1,225,855)	\$ (1,952,605)	\$ (3,070,111)	\$ (763,408)	\$ (459,606)	\$ (2,052,871)	\$ 730,982	\$ (1,914,677)	\$ (1,784,375)
General Revenues & Transfers										
Governmental Activities:										
Property taxes	1,731,549	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
General sales and use tax	1,127,904	1,106,849	1,070,626	1,008,180	978,712	919,397	887,879	873,830	765,000	724,468
Franchise tax	673,404	685,289	784,024	718,914	695,220	698,397	699,047	677,204	683,168	658,721
Investment earnings	258,253	123,922	65,345	36,138	13,979	20,182	16,617	15,918	17,079	34,625
Miscellaneous	-	-	-	-	-	-	-	2,479	-	-
Gain (loss) on sale of assets	158,750	12,323	18,731	-	-	-	-	-	-	-
Transfers	113,888	84,227	82,635	90,240	91,106	90,538	-	-	-	-
Total Governmental Activities	\$ 4,063,748	\$ 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
Business-Type Activities:										
Investment earnings	201,415	167,401	88,852	42,955	35,245	24,432	53,635	48,950	18,136	6,695
Miscellaneous	-	-	-	-	-	-	-	-	-	88,956
Gain (loss) on sale of assets	33,395	-	-	-	-	-	6,045	17,702	-	-
Transfers	(113,888)	(84,227)	(82,635)	(90,240)	(91,106)	(90,538)	-	-	-	-
Total Business-Type Activities	\$ 120,922	\$ 83,174	\$ 6,217	\$ (47,285)	\$ (55,861)	\$ (66,106)	\$ 59,680	\$ 66,652	\$ 18,136	\$ 95,651
Total Primary Government	\$ 4,184,670	\$ 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
Change in Net Position										
Governmental Activities	1,455,202	1,312,883	857,833	(38,397)	1,944,887	1,880,806	566,238	1,921,647	320,401	506,713
Business-Type Activities	1,108,092	1,209,961	742,932	373,379	606,389	1,041,866	615,174	2,022,488	767,956	783,124
Total Primary Government	\$ 2,563,294	\$ 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

CITY OF WASHINGTON TERRACE, UT
 STATISTICAL SECTION - FINANCIAL TRENDS
 Fiscal Year Ended June 30, 2019

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>2019</u>	<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>
General Fund										
Restricted	510,949	573,327	382,908	350,698	315,941	282,707	241,345	203,376	492,437	464,791
Unassigned	900,214	832,172	826,625	863,933	915,480	1,040,164	801,557	601,278	618,819	598,070
Total General Fund	<u>\$ 1,411,163</u>	<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>
All Other Governmental Funds										
Nonspendable	23,565	408,414	410,828	41,656						
Restricted	1,333,437	676,639	533,757	339,065	871,157	719,739	2,334,889	596,569	609,431	579,674
Committed	4,154,796	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
Assigned	2,429,358	2,009,343	1,467,284	966,590	774,007	672,779	-	1,437,854	1,172,745	944,035
Unassigned	15,333	(308,720)	(308,715)							
Total All Other Governmental Funds	<u>\$ 7,956,489</u>	<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>
Total Fund Balances	<u>\$ 9,367,652</u>	<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>

Notes:

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

CITY OF WASHINGTON TERRACE, UT
 STATISTICAL SECTION - FINANCIAL TRENDS
 Fiscal Year Ended June 30, 2019

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>2019</u>	<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>
Revenues										
Taxes	3,532,855	3,445,053	3,380,486	3,326,000	3,265,460	3,337,664	3,157,986	3,128,104	2,967,819	2,943,936
Licenses and permits	215,969	171,128	184,586	191,414	158,860	218,632	111,449	99,981	114,076	128,304
Intergovernmental	531,022	505,876	794,206	2,571,025	2,218,701	1,471,056	671,528	310,363	461,120	981,460
Charges for services	136,226	115,678	126,480	958,888	942,182	965,682	910,344	856,609	869,278	829,379
Impact fees	27,506	26,591	12,229	5,697	-	6,841	7,952	3,647	7,329	16,819
Fines and forfeitures	88,968	177,588	133,966	163,061	154,858	146,356	154,803	170,033	205,613	149,075
Interest income	258,253	123,922	65,345	36,138	13,976	20,182	16,617	15,918	17,079	34,625
Miscellaneous revenue	105,587	56,993	52,286	78,375	47,158	55,255	78,627	996,824	21,335	11,054
Total Revenues	\$ 4,896,386	\$ 4,622,829	\$ 4,749,584	\$ 7,330,598	\$ 6,801,195	\$ 6,221,668	\$ 5,109,306	\$ 5,581,479	\$ 4,663,649	\$ 5,094,652
Expenditures										
Current:										
General Government	786,078	762,066	735,281	1,129,884	1,198,067	1,184,080	1,031,931	978,234	1,021,693	989,764
Public Safety	1,294,402	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
Highways and public works	443,809	407,045	381,265	725,355	691,966	695,917	709,811	700,222	713,828	717,215
Parks and recreation	310,544	316,768	291,764	233,761	210,827	212,704	199,168	190,131	167,255	162,418
Capital expenditures	321,413	331,322	630,140	2,913,404	2,509,991	1,642,215	592,153	1,544,163	418,222	1,861,384
Debt Service:										
Principal retirement	515,882	512,885	524,586	2,218,950	644,799	1,385,792	608,399	611,832	779,739	1,041,099
Interest and fiscal charges	40,451	47,728	28,168	120,157	128,794	184,797	206,822	230,885	260,768	296,545
Bond issuance costs	-	-	-	20,059	-	-	-	-	-	-
Total Expenditures	\$ 3,712,579	\$ 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
Excess (Deficiency of Revenues over Expenditures)	\$ 1,183,807	\$ 1,041,783	\$ 1,009,946	\$ (1,171,670)	\$ 277,205	\$ (235,772)	\$ 631,219	\$ 185,561	\$ 184,574	\$ (1,141,030)
Other Financing Sources (Uses)										
Contributions										
Transfers in	1,426,435	1,058,388	1,078,612	1,201,174	1,421,662	538,670	856,390	856,390	838,651	2,594,179
Transfers out	(1,312,547)	(974,161)	(995,977)	(1,203,606)	(1,330,556)	(448,132)	(856,390)	(856,390)	(838,651)	(294,179)
Bond proceeds	-	-	-	1,802,000	-	731,333	-	-	-	-
Capital lease	-	-	-	-	220,379	-	-	-	-	-
Sale of capital assets	158,750	53,096	80,203	71,688	35,892	63,400	-	-	-	-
Total Other Financing Sources (Uses)	\$ 272,638	\$ 137,323	\$ 162,838	\$ 1,871,256	\$ 347,377	\$ 885,271	\$ -	\$ -	\$ -	\$ 2,300,000
Net change in fund balance	\$ 1,456,445	\$ 1,179,106	\$ 1,172,784	\$ 699,586	\$ 624,582	\$ 649,499	\$ 631,219	\$ 185,561	\$ 184,574	\$ 1,158,970
Debt service as a percentage of non-capital expenditures	17.6%	18.5%	17.3%	60.6%	19.2%	32.7%	21.0%	20.2%	25.4%	30.9%



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
2019	\$ 3,532,855	\$ 215,969	\$ 531,022	\$ 136,226	\$ 88,968	\$ 363,840	\$ 27,506	\$ 4,896,386
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	3,326,000	191,414	2,571,025	958,888	163,061	36,138	-	7,246,526
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

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
 Last Ten Fiscal Years

Fiscal Year	General Property	General Sales & Use	Franchise	Total Tax Revenue
2019	\$ 1,731,549	\$ 1,127,904	\$ 673,404	\$ 3,532,857
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

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	\$ 324,596,482	\$ 93,498,730	\$ 20,314	\$ 32,241,691	\$ 6,197,161	\$ 456,554,378	0.002549	\$ 726,085,547	62.88
2017	276,186,330	86,855,996	22,434	28,799,663	4,067,366	395,931,789	0.002881	619,833,688	63.88
2016	248,919,923	83,629,636	30,114	31,314,654	5,482,968	369,377,295	0.002830	572,172,541	64.56
2015	239,125,984	83,666,594	24,762	27,320,869	5,514,042	355,652,251	0.002950	556,434,265	63.92
2014	223,683,370	75,817,539	30,581	30,334,997	5,059,647	334,926,134	0.003101	523,188,279	64.02
2013	217,583,053	75,167,587	31,788	30,832,278	5,118,752	328,733,458	0.003217	512,097,796	64.19
2012	213,364,811	74,327,029	33,706	28,919,283	4,953,113	321,597,942	0.003085	513,941,537	62.57
2011	226,028,844	73,479,614	33,548	28,790,810	5,476,106	333,808,922	0.002938	561,930,652	59.40
2010	226,052,833	70,034,831	868,983	29,640,983	5,488,357	332,085,987	0.002939	560,862,597	59.21
2009	240,581,217	65,336,332	881,836	28,552,953	5,713,064	341,065,402	0.002866	581,729,703	58.63

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	
2019	0.001543	0.001006	0.002549	0.002304	0.000284	0.000086	0.000526	0.006307	0.000108	0.000164	0.000649	0.000369	0.013346
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

Source:
 Utah State Tax Commission

PRINCIPAL PROPERTY TAX PAYERS
 Current Year and Ten Years Ago

Property Taxpayer	Principal Nature of Business	2018			2009		
		Rank	Taxable Assessed Valuation (1)	% of Total Assessed Value	Rank	Taxable Assessed Valuation (1)	% of Total Assessed Value
Columbia Ogden Medical Center.....	Healthcare	1	\$ 53,305,332	11.7	1	\$ 39,756,943	11.7
Healthcare Property Investors/Utah LLC.....	Healthcare	2	7,797,199	1.7			
Stonehenge.....	Healthcare	3	5,247,000	1.1			
Washington House Assisted Living.....	Healthcare	4	4,093,413	0.9	3	3,261,003	1.0
Ogden Orthopedic Medical.....	Healthcare	5	3,397,000	0.7			
Goldenwest Credit Union.....	Financial	6	3,267,000				
Lake Park Apartments Inc.....	Housing	7	3,266,965	0.7			
Woodland Cove.....	Housing	8	2,875,602		8	2,062,501	0.6
Storage South LLC.....	Storage	9	2,507,466	0.5	9	2,049,939	0.6
Questar Gas.....	Utilities	10	2,495,999				
The Boyer Co.....	Professional Office				2	5,490,454	1.6
Mt. Ogden Heat & Rehab.....	Healthcare				6	2,185,582	0.6
Pleasant Valley Office.....	Professional Office				4	2,706,705	0.8
CNL Retirement.....	Healthcare				10	2,007,511	0.6
Qwest Corp.....	Utilities				5	2,207,738	0.6
Medical Property Holdings LLC.....	Healthcare				7	2,122,105	0.6
Woodland Cove.....	Housing						
Totals			\$ 88,252,976	19.3%		\$ 63,850,481	18.7%
City Taxable Value			\$ 456,554,378	100.0%		\$ 341,065,402	100%

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

Source:
 Weber County Clerk Auditor

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Calendar Years

Calendar Year December 31,	Taxes Levied for the Year	Less: Treasurer's Relief (1)	Net Taxes to be Collected	Collections Current Year Levy	% of Current Year Levy Collected	Collections in Subsequent Years (2)	Total Collections to Date	
							\$ Amount	% of Levy
2018	\$ 1,174,461	\$ 47,766	1,126,695	1,126,695	95.93	\$ 20,157	\$ 1,146,852	97.65
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

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>
2019	1.00	1.40	4.85	7.25
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

Source:
 Utah State Tax Commission



DEBT CAPACITY

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

<u>Governmental Unit</u>	<u>Net Debt Outstanding (1)</u>	<u>2018 Taxable Value</u>	<u>Estimated % Applicable to City</u>	<u>Estimated \$ Applicable to City</u>
Weber County	\$ 45,533,180	17,106,423,704	2.67%	\$ 1,215,238
Weber County School District	123,720,000	11,868,614,515	3.85%	4,759,183
Total Overlapping Debt.....				5,974,421
Washington Terrace City Direct Debt (1).....				691,000
Total Direct and Overlapping Debt.....				\$ 6,665,421

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

CITY OF WASHINGTON TERRACE, UT
 STATISTICAL SECTION - DEBT CAPACITY
 Fiscal Year Ended June 30, 2019

LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

	<u>2019</u>	<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>
Debt Limit	18,262,175	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
Total net debt applicable to limit	<u>665,802</u>	<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>
Legal debt margin	<u>\$ 17,596,373</u>	<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>
Total net debt applicable to debt limit as a percentage	3.65%	6.19%	9.15%	12.05%	14.90%	17.55%	20.21%	21.72%	23.90%	25.19%

Legal Debt Margin Calculation for Fiscal Year 2019

Total assessed taxable value - 2018	\$ 456,554,378
Debt limit - 4% of total assessed value	<u>18,262,175</u>
Amount of debt applicable to debt limits:	691,000
General Obligation Refunding Bonds Series 2015	
Less: Amount available for repayment of general obligation bonds	25,198
Total net debt applicable to limit	<u>665,802</u>
Legal debt margin	<u>\$ 17,596,373</u>

PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating Expenses less Depreciation	Nonoperating Revenues (Expenses)	Net Available Revenue for Debt Service	Debt Service			Time Coverage %
					Principal	Interest	Total	
Utility Revenue Bonds (1)								
2019	\$ 3,651,225	\$ 2,246,056	\$ 532,446	\$ 1,937,615	\$ 508,000	\$ 208,488	\$ 716,488	2.70
2018	3,604,495	2,257,928	554,605	1,901,172	476,000	226,202	702,202	2.71
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
Sales & Franchise Tax Revenue Bonds (2)								
2019	\$ 1,801,308	-	-	\$ 1,801,308	\$ 109,000	\$ 9,662	\$ 118,662	15.18
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

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
2019	9,187	\$ 456,554,378	\$ 691,000	\$ 25,198	\$ 665,802	0.15	\$ 72
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

(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

CITY OF WASHINGTON TERRACE, UT
 STATISTICAL SECTION - DEBT CAPACITY
 Fiscal Year Ended June 30, 2019

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	% of Personal Income (1)	\$ Per Capita (1)	
	General Obligation Bonds (3)	Sales Tax Revenue Bonds (4)(5)	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)
2019	\$ 691,000	\$ 325,333	\$ 374,834	\$ 45,893			\$ 5,611,166	\$ 311,257	\$ 162,667			\$ 7,522,150	na	\$ 819
2018	1,066,000	395,333	400,790	90,819			6,061,210	340,404	197,667			8,552,223	2.38	933
2017	1,439,000	466,000	426,028	134,799			5,539,972	369,551	233,000			8,608,350	2.47	941
2016	1,802,000	533,333	450,550	177,853			1,962,450	65,850	266,667			5,258,703	1.55	574
2015	2,085,000	601,333	474,353	220,000			2,213,647	79,021	300,667			5,974,021	1.85	652
2014	2,390,000	660,000	497,437		257,745		2,463,563	92,191	330,000	27,309		6,718,245	2.17	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	2.52	843
2012	2,970,000	797,000			739,608	435,000	3,491,000	118,532		61,467		8,612,607	2.88	946
2011	3,245,000	874,000			964,441	470,000	3,748,000	131,703		69,623		9,502,767	3.31	1,044
2010	3,510,000	1,144,000			1,179,180	500,000	2,360,000					8,693,180	3.04	959

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)	Unemployment Rate as of June 30,	
									Utah	Weber County
2019	9,187	0.24%	256,359	1.82%	3,161,105	1.91%	na	na	2.8%	3.2%
2018	9,165	0.1420	251,769	1.80	3,101,833	1.66	\$ 9,890,916	\$ 39,286	3.1	3.6
2017	9,152	(0.05)	247,319	1.79	3,051,217	1.85	9,408,900	38,044	3.4	3.7
2016	9,157	(0.08)	242,978	1.15	2,995,919	1.80	8,989,235	36,996	3.6	3.8
2015	9,164	-	240,219	0.84	2,942,902	1.45	8,464,731	35,238	3.6	4.1
2014	9,164	0.19	238,222	0.80	2,900,872	1.60	8,065,025	33,855	3.7	4.4
2013	9,147	0.45	236,342	1.05	2,855,287	1.47	7,915,617	33,492	4.5	5.4
2012	9,106	-	233,890	0.75	2,813,923	1.41	7,687,831	32,869	5.4	6.4
2011	9,106	0.43	232,138	1.76	2,774,663	0.39	7,320,568	31,535	6.8	8.0
2010	9,067	6.48	228,118	1.99	2,763,885	3.79	7,186,715	31,504	7.9	8.9

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

CITY OF WASHINGTON TERRACE, UT
 STATISTICAL SECTION - OPERATING INFORMATION
 Fiscal Year Ended June 30, 2019

OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Fire Protection										
Number of full-time employees	1	1	1	1	1	1	1	1	1	1
Number of Fire/EMS volunteers	20	20	20	20	20	20	20	20	20	20
Fire calls for service	na	84	104	98	81	131	257	175	117	143
Medical calls for service	na	726	1018	842	786	708	710	669	736	629
Police Protection & Animal Control										
Officers	outsourced									
Police calls for service	5,285	6,261	5,397	5,387	5,237	4,601	4,734	4,342	4,893	4,834
Animal control calls for service		325	361	294	335	275	302	192	166	115
Municipal Water Services										
Connections	2,896	2,898	2,890	2,887	2,884	2,880	2,878	2,876	2,870	2,858
Gallons billed (in millions)		na	200,167	206,591	213,021	217,174	218,677	218,559	223,170	224,676
Gallons used (in millions)		237,471	274,091	248,855	242,560	243,023	251,541	251,989	256,522	269,452
Municipal Sewer Services										
Connections	2,871	2,860	2,880	2,878	2,875	2,856	2,886	2,845	2,849	2,842
Municipal Refuse Services - Residential										
Service containers (general use)	2,974	2,912	2,924	2,869	2,884	2,613	2,607	2,601	2,631	2,635
Mainstream waste disposed (tons)	3,240	3,125	3,025	3,207	3,107	2,894	3,091	2,778	3,092	3,438
Recycle material disposed (tons)	216	333	*	428	442	382	384	386	432	563
Parks and Recreation										
Football participants		116	115	121	125	143	130	123	136	114
Basketball participants		141	146	156	160	162	123	120	117	114
Baseball/softball participants		223	214	264	260	260	222	153	150	145
Soccer participants		117	121	122	140	130	115	105	92	86
Volleyball participants		19	27	40	31	14	na	na	na	na
Business Licenses										
Licenses issued	298	314	396	409	423	438	415	411	410	412

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

Source:
 City departments

CITY OF WASHINGTON TERRACE, UT
 STATISTICAL SECTION - OPERATING INFORMATION
 Fiscal Year Ended June 30, 2019

CAPITAL ASSETS BY FUNCTION
Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Area (square miles)	2	2	2	2	2	2	2	2	2	2
Streets										
Lane miles	na	na	58	58	58	58	53	53	53	53
Street lights	na	na	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	na	na	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	na	na	32	32	32	32	32	32	32	32
Municipal Sewer Facilities										
Miles of sewer mains	na	na	31	31	31	31	31	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	1
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	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government	8.75	8.75	8.72	8.72	8.72	8.72	8.72	8.70	8.20	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	9.00	8.75	8.75	8.75	8.75	8.75	8.75	8.75	8.75
Parks and Recreation	1.39	1.39	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40
Total Employees	<u>20.14</u>	<u>20.14</u>	<u>19.87</u>	<u>19.87</u>	<u>19.87</u>	<u>19.87</u>	<u>19.87</u>	<u>19.85</u>	<u>19.35</u>	<u>18.35</u>

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

Source:
 City of Washington Terrace

PROPERTY VALUE AND CONSTRUCTION
 Last Ten Fiscal Years

Fiscal Year	New			Additions, Alterations, Repairs			Total		% Change from Prior Year	
	# of Buildings	Residential Value (\$000)	Non-Residential Value (\$000)	# of Units	Residential Value (\$000)	Non-Residential Value (\$000)	# of Units	Construction Value (\$000)	# of Units	Construction Value (\$000)
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, 2019, 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 14, 2019.

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 14, 2019



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

Honorable Mayor and
Members of the City Council
City of 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, 2019.

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

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

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, 2019.

Other Matters

The results of our auditing procedures disclosed no area of noncompliance, which would have been required to be reported in accordance with the *State Compliance Audit Guide*.

Report on Internal Control over Compliance

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

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

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

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

Keddington & Christensen, LLC

November 14, 2019