

Garden City  
Rich County, Utah

**ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2014



Garden City  
**TABLE OF CONTENTS**  
 June 30, 2014

	<u>Beginning on page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	13
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Net Position - Proprietary Funds	22
Statement of Revenues, Expenses, and Changes in Net Position- Proprietary Funds	23
Statement of Cash Flows - Proprietary Funds	24
Notes to Financial Statements	26
REQUIRED SUPPLEMENTARY INFORMATION	41
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	44
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Redevelopment Agency Fund	45
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	46
Independent Auditor's Report on Compliance and on Internal Controls over Compliance in Accordance with the <i>State of Utah Legal Compliance Audit Guide</i>	48
Management Letter	50





**TIFFANY M.  
WAHLBERG**

**CERTIFIED PUBLIC ACCOUNTANT**

**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and City Council  
Town of Garden City  
Garden City, Utah 84028

I 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 Town of Garden City, Utah, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town'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**

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

An audit includes 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

**Opinions**

In my 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 Town of Garden City, Utah, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United State of America require that the management's discussion and analysis and budgetary comparison information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 response to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated December 11, 2014, on my consideration of the Town of Garden City, Utah's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Garden City's internal control over financial reporting and compliance.



Garden City, UT  
December 11, 2014

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This page intentionally left blank.

Garden City  
**Management's Discussion and Analysis**  
June 30, 2014

As management of Garden City (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of financial activities of the Town for the fiscal year ended June 30, 2014.

**FINANCIAL HIGHLIGHTS**

- \*Total net position for the Town as a whole increased by \$155,814.
- \*Total unrestricted net position for the Town as a whole increased by \$324,329.
- \*Total net position for governmental activities increased by \$16,611.
- \*Total net position for business-type activities increased by \$139,203.

**BASIC FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the basic financial statements of Garden City. The basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position . Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The statement of activities is presented on two pages. The first page reports the extent to which each function or program is self-supporting through fees and intergovernmental aid. The second page identifies the general revenues of the Town available to cover any remaining costs of the functions or programs.

Garden City  
**Management's Discussion and Analysis**  
June 30, 2014

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the government fund balance sheet and the government fund statement of the revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains four governmental funds, the general fund, capital projects fund, redevelopment agency fund, and debt service fund. The general fund, capital projects fund and redevelopment agency fund are reported as major funds, while the debt service fund is reported as a non-major fund.

The Town adopts an annual appropriated budget for its general and capital projects funds. A budgetary comparison schedule has been provided to demonstrate legal compliance with the adopted budget for the general fund and redevelopment agency fund.

The basic governmental fund financial statements can be found later in this report; see Table of Contents.

Proprietary funds. The Town maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses two enterprise funds to account for the operations of its water utility and beach access activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise fund is considered a major fund of the Town.

The proprietary fund financial statements can be found later in this report; see Table of Contents.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are reported later in this report; see Table of Contents.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town.

Garden City  
**Management's Discussion and Analysis**  
June 30, 2014

**FINANCIAL ANALYSIS**

**Garden City's Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Current and other assets	\$ 1,569,320	1,654,969	1,415,345	1,028,102	2,984,664	2,683,071
Net capital assets	3,592,318	3,503,772	6,510,223	6,737,480	10,102,540	10,241,252
<b>Total assets</b>	<b><u>5,161,637</u></b>	<b><u>5,158,741</u></b>	<b><u>7,925,567</u></b>	<b><u>7,765,581</u></b>	<b><u>13,087,205</u></b>	<b><u>12,924,322</u></b>
Other liabilities	103,715	95,036	57,060	96,641	160,775	191,677
Deferred inflow of resources	416,532	427,884	-	-	416,532	427,884
Long-term debt outstanding	582,560	593,601	5,133,761	5,073,396	5,716,320	5,666,997
<b>Total liabilities and deferred inflows</b>	<b><u>1,102,807</u></b>	<b><u>1,116,522</u></b>	<b><u>5,190,820</u></b>	<b><u>5,170,037</u></b>	<b><u>6,293,627</u></b>	<b><u>6,286,559</u></b>
Net position:						
Net investment in capital assets	3,009,758	2,910,171	1,376,462	1,664,083	4,386,220	4,574,255
Restricted	119,967	83,222	456,709	473,935	576,676	557,157
Unrestricted	929,105	1,048,826	901,576	457,526	1,830,681	1,506,352
<b>Total net position</b>	<b><u>\$ 4,058,830</u></b>	<b><u>4,042,219</u></b>	<b><u>2,734,747</u></b>	<b><u>2,595,544</u></b>	<b><u>6,793,577</u></b>	<b><u>6,637,763</u></b>

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets exceeded total liabilities and deferred inflows of resources at the close of the year by \$6,793,577, an increase of \$155,814 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net position at the end of the year are \$1,830,681, which represents an increase of \$324,329 from the previous year. Unrestricted net position are those resources available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

The amount of current and other assets represent the amounts of cash and receivables on hand at the end of each year. Other liabilities are the amounts of current and other liabilities due, at year end, for goods and services acquired.

Changes in capital assets are the result of the difference, in the current year, of the cost of acquisition of capital assets and any depreciation charges on capital assets. Change in long-term liabilities is the difference in the amount of debt issued and that which has been paid during the year.

Garden City  
**Management's Discussion and Analysis**  
June 30, 2014

**FINANCIAL ANALYSIS (continued)**

**Garden City's Change in Net Position**

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
<b>Program revenues:</b>						
Charges for services	\$ 137,187	110,002	948,231	889,825	1,085,418	999,827
Operating grants	44,483	82,697	-	-	44,483	82,697
Capital grants	90,184	197,098	52,373	4,912	142,557	202,010
<b>General revenues:</b>						
Property taxes	315,834	330,722	-	-	315,834	330,722
Sales tax	136,331	127,821	-	-	136,331	127,821
Other taxes	260,688	240,645	-	-	260,688	240,645
Other revenues	62,906	59,820	1,124	7,898	64,031	67,718
<b>Total revenues</b>	<b><u>1,047,613</u></b>	<b><u>1,148,804</u></b>	<b><u>1,001,729</u></b>	<b><u>902,634</u></b>	<b><u>2,049,342</u></b>	<b><u>2,051,439</u></b>
<b>Expenses:</b>						
General government	451,652	357,292	-	-	451,652	357,292
Public safety	29,455	23,114	-	-	29,455	23,114
Highways and improvements	287,138	331,727	-	-	287,138	331,727
Parks and recreation	174,080	128,568	-	-	174,080	128,568
Interest on long-term debt	33,477	30,140	-	-	33,477	30,140
Water operations	-	-	902,530	911,308	902,530	911,308
Beach access	-	-	15,196	1,675	15,196	1,675
<b>Total expenses</b>	<b><u>975,802</u></b>	<b><u>870,840</u></b>	<b><u>917,726</u></b>	<b><u>912,983</u></b>	<b><u>1,893,528</u></b>	<b><u>1,783,824</u></b>
<b>Excess (deficiency) before transfers</b>	<b>71,811</b>	<b>277,964</b>	<b>84,003</b>	<b>(10,349)</b>	<b>155,814</b>	<b>267,615</b>
Transfers in (out)	(55,200)	(47,500)	55,200	47,500	-	-
<b>Change in net position</b>	<b><u>16,611</u></b>	<b><u>230,464</u></b>	<b><u>139,203</u></b>	<b><u>37,151</u></b>	<b><u>155,814</u></b>	<b><u>267,615</u></b>
Net position - beginning	4,042,219	3,811,755	2,595,544	2,558,393	6,637,763	6,370,148
<b>Net position - ending</b>	<b><u>\$ 4,058,830</u></b>	<b><u>4,042,219</u></b>	<b><u>2,734,747</u></b>	<b><u>2,595,544</u></b>	<b><u>6,793,577</u></b>	<b><u>6,637,763</u></b>

For the Town as a whole, total revenues decreased by \$2,097 compared to the previous year, while total expenses increased \$109,704. The total net change of \$155,814 is, in private sector terms, the net income for the year which is \$111,801 more than the previous year's net change (net income).

Governmental activities revenues of \$1,047,613 is \$101,191 less than the previous year. Governmental activities expenses of \$975,802 is \$104,962 more than the previous year. Expenses across all departments increased during the year, with the exception of the highways and improvements department.

Business-type activities revenue of \$1,001,729 is \$99,095 more than the previous year. This increase is due to a increase in charges for services and grant revenues compared to the previous year. Business-type activities expenses of \$917,726 were more than the previous year by \$4,743.

Garden City  
**Management's Discussion and Analysis**  
June 30, 2014

**BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS**

Some of the more significant changes in fund balances and fund net position and any restrictions on those amounts is described below:

*General Fund*

The fund balance of \$434,382 reflects an increase of \$95,473 from the previous year. Total revenues, excluding transfers in, increased by \$380,339. Proceeds from bond issues amounted to \$468,761 in the current year. Tax revenues, including property taxes and sales taxes increased by \$31,790. Intergovernmental revenue decreased by \$169,230. Impact fee revenue increased by \$24,101. All other revenues increased by \$24,917.

Total expenditures, excluding transfers out, increased by \$396,905. Current expenditure changes by department (excluding capital outlay and debt service related to the department) were as follows: general government increased by \$89,478, public safety increased by \$6,341, streets and highways decreased by \$42,371, and parks and recreation increased by \$46,803. Expenditures for capital outlay decreased by \$150,927. Expenditures for debt service increased by \$447,581.

Fund balance committed for certain activities amounts to \$563,657. The unassigned fund balance amounts to a deficit of \$129,275.

*Water Fund*

Net operating income for the year was \$232,414 compared to the previous year amount of \$161,489. While operating expenses decreased \$17,545 during the year, operating income increased by \$53,380. The change in net position (net income) of \$139,172 was \$102,846 more than the previous year.

The amounts restricted for debt service and construction are \$430,288 and \$26,421, respectively. Unrestricted net position amounts to \$883,351.

*Beach Access Fund*

Net operating loss for the year was \$10,169. After a transfer in of \$10,200, the change in net position (net income) amounted to \$31. Unrestricted net position amounts to \$18,226.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Revenues for the current year, excluding transfers in, were originally budgeted in the amount of \$717,100. This amount was amended during the year to \$1,304,100. Actual revenues amounted to \$1,388,778, which is \$84,678 more than budgeted. Transfers in were budgeted for the amount of \$83,000, while actual transfers in were \$83,000.

Expenditures for the current year, exclusive of transfers out, were originally budgeted in the amount of \$1,192,200. Budgeted expenditures were amended during the year to \$1,970,450. Actual expenditures amounted to \$1,356,105, which is \$614,348 less than budgeted. Transfers out were budgeted for the amount of \$24,586, while actual transfers out amounted to \$20,200.

Garden City  
**Management's Discussion and Analysis**  
June 30, 2014

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Garden City's Capital Assets (net of depreciation)**

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
<b>Net Capital Assets:</b>						
Land	\$ 304,820	304,820	47,970	47,970	352,790	352,790
Water shares and rights	-	-	30,000	30,000	30,000	30,000
Buildings	2,293,448	2,293,448	533,516	533,516	2,826,964	2,826,964
Improvements	219,589	219,589	-	-	219,589	219,589
Water distribution system	-	-	7,915,836	7,915,836	7,915,836	7,915,836
Machinery and equipment	225,330	198,829	113,212	84,212	338,542	283,041
Infrastructure	1,050,115	1,050,115	-	-	1,050,115	1,050,115
Construction in progress	481,505	292,523	-	-	481,505	292,523
 Total	 4,574,807	 4,359,323	 8,640,534	 8,611,534	 13,215,341	 12,970,857
 Less accumulated depreciation	 <u>(982,489)</u>	 <u>(855,551)</u>	 <u>(2,130,311)</u>	 <u>(1,874,054)</u>	 <u>(3,112,800)</u>	 <u>(2,729,606)</u>
 <b>Net capital assets</b>	 <b><u>\$ 3,592,318</u></b>	 <b><u>3,503,772</u></b>	 <b><u>6,510,223</u></b>	 <b><u>6,737,480</u></b>	 <b><u>10,102,540</u></b>	 <b><u>10,241,252</u></b>

The total amount of capital assets, net of depreciation, of \$10,102,540 is a decrease of \$138,711 from the previous year.

Governmental activities capital assets, net of depreciation, of \$3,592,318 represents an increase of \$88,546 from the previous year. Assets added during the year in the total amount of \$215,484 were related to road construction, a kiosk, and a park project. Depreciation charged during the year on governmental activity assets amounted to \$126,938.

Business-type activities capital assets, net of depreciation, of \$6,510,223 decreased during the year by \$227,257. Additions for water system assets amounted to \$29,000. Depreciation charged on business-type assets amounted to \$256,257.

Additional information regarding capital assets may be found in the notes to financial statements.

Garden City  
**Management's Discussion and Analysis**  
June 30, 2014

**CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)**

**Garden City's Outstanding Debt**

	Current Year	Previous Year
<b>Governmental activities:</b>		
2008 CVB Building Note	\$ -	461,383
2006 SID Bond	113,799	132,218
2013 Real Property Lease	468,761	-
<b>Total governmental</b>	<b>582,560</b>	<b>593,601</b>
 <b>Business-type activities:</b>		
1981 USDA Revenue	-	220,263
1982 GO Water USDA	-	163,206
2008 CVB Building Note	-	461,382
2008B Water Revenue	-	1,921,545
2013A Water Revenue Refunding	205,000	-
2013 GO Water Refunding	181,000	-
2008A Water Revenue	2,196,000	2,307,000
2013B Water Revenue	2,083,000	-
2013 Real Property Lease	468,761	-
<b>Total business-type</b>	<b>5,133,761</b>	<b>5,073,396</b>
<b>Total long-term debt</b>	<b>\$ 5,716,320</b>	<b>5,666,997</b>

Additional information regarding the long-term liabilities may be found in the notes to financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

No significant economic changes that would affect the Town are expected for the next year. Budgets have been set on essentially the same factors as the current year being reported.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town of Garden City's finances for all those with an interest in the Town's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to:

Garden City Office  
PO Box 207  
Garden City, UT 84028  
435-946-2901

This page intentionally left blank.

## **BASIC FINANCIAL STATEMENTS**

This page intentionally left blank.

Garden City  
**STATEMENT OF NET POSITION**  
June 30, 2014

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Current Assets:			
Cash and cash equivalents	\$ 1,044,136	778,791	1,822,926
Accounts receivable, net	405,217	168,991	574,207
Total current assets	1,449,352	947,781	2,397,134
Non-current assets:			
Restricted cash and cash equivalents	119,967	456,709	576,676
Capital assets:			
Not being depreciated	786,325	77,970	864,295
Net of accumulated depreciation	2,805,993	6,432,253	9,238,245
Other non-current assets	-	10,855	10,855
Total non-current assets	3,712,285	6,977,786	10,690,071
<b>Total assets</b>	<b>\$ 5,161,637</b>	<b>7,925,567</b>	<b>13,087,205</b>
<b>LIABILITIES AND DEFERRED</b>			
<b>INFLOW OF RESOURCES:</b>			
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 36,689	6,173	42,861
Customer security deposits	58,048	-	58,048
Accrued interest payable	8,979	50,887	59,866
Revenue bonds due within one year	36,542	242,138	278,680
General obligation bonds due within one year	-	21,000	21,000
Total current liabilities	140,257	320,198	460,455
Non-current liabilities:			
Revenue bonds due after one year	546,018	4,710,623	5,256,640
General obligation bonds due after one year	-	160,000	160,000
Total non-current liabilities	546,018	4,870,623	5,416,640
Total liabilities	686,275	5,190,820	5,877,095
Deferred inflow of resources	416,532	-	416,532
<b>Total liabilities and deferred inflow of resources</b>	<b>1,102,807</b>	<b>5,190,820</b>	<b>6,293,627</b>
<b>NET POSITION:</b>			
Net investment in capital assets	3,009,758	1,376,462	4,386,220
Restricted:			
Debt service	-	430,288	430,288
Construction	119,967	26,421	146,388
Unrestricted	929,105	901,576	1,830,681
<b>Total net position</b>	<b>\$ 4,058,830</b>	<b>2,734,747</b>	<b>6,793,577</b>
<b>Total liabilities, deferred inflow of resources, and fund balances</b>	<b>\$ 5,161,637</b>	<b>7,925,567</b>	<b>13,087,205</b>

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

Garden City  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2014

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue (To Next Page)
<b><u>FUNCTIONS/PROGRAMS:</u></b>					
<b>Primary government:</b>					
Governmental activities:					
Administration	\$ 451,652	68,223	-	-	(383,429)
Public safety	29,455	-	-	-	(29,455)
Streets and highways	287,138	15,384	44,483	34,028	(193,243)
Parks and recreation	174,080	53,579	-	56,156	(64,345)
Interest on long-term debt	33,477	-	-	-	(33,477)
<b>Total governmental activities</b>	<b><u>975,802</u></b>	<b><u>137,187</u></b>	<b><u>44,483</u></b>	<b><u>90,184</u></b>	<b><u>(703,949)</u></b>
Business-type activities:					
Water	902,530	943,205	-	52,373	93,048
Beach Access	15,196	5,027	-	-	(10,169)
<b>Total business-type activities</b>	<b><u>917,726</u></b>	<b><u>948,231</u></b>	<b><u>-</u></b>	<b><u>52,373</u></b>	<b><u>82,878</u></b>
<b>Total primary government</b>	<b><u>\$ 1,893,528</u></b>	<b><u>1,085,418</u></b>	<b><u>44,483</u></b>	<b><u>142,557</u></b>	<b><u>(621,070)</u></b>

(continued on next page)

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

Garden City  
**STATEMENT OF ACTIVITIES (continued)**  
For the Year Ended June 30, 2014

	Governmental Activities	Business-type Activities	Total
<b>CHANGES IN NET POSITION:</b>			
<b>Net (expense) revenue (from previous page)</b>	<b><u>\$ (703,949)</u></b>	<b><u>82,878</u></b>	<b><u>(621,070)</u></b>
<b>General revenues:</b>			
Property taxes	315,834	-	315,834
Sales tax	136,331	-	136,331
Other taxes	260,688	-	260,688
Unrestricted investment earnings	17,904	1,124	19,028
Miscellaneous	45,002	-	45,002
<b>Total general revenues</b>	<b><u>775,760</u></b>	<b><u>1,124</u></b>	<b><u>776,884</u></b>
Transfers in (out)	(55,200)	55,200	-
<b>Change in net position</b>	<b>16,611</b>	<b>139,203</b>	<b>155,814</b>
Net position - beginning	<u>4,042,219</u>	<u>2,595,544</u>	<u>6,637,763</u>
<b>Net position - ending</b>	<b><u><u>\$ 4,058,830</u></u></b>	<b><u><u>2,734,747</u></u></b>	<b><u><u>6,793,577</u></u></b>

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

Garden City  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
June 30, 2014

	General Fund	Capital Projects Fund	Special Revenue Fund	Nonmajor Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 540,653	558,233	(58,176)	3,427	1,044,136
Receivables, net	160,601	-	120,000	124,616	405,217
Restricted cash and cash equivalents	-	119,967	-	-	119,967
<b>TOTAL ASSETS</b>	<b><u>\$ 701,254</u></b>	<b><u>678,200</u></b>	<b><u>61,824</u></b>	<b><u>128,043</u></b>	<b><u>1,569,320</u></b>
<b>LIABILITIES AND DEFERRED INFLOW OF RESOURCES</b>					
Liabilities:					
Accounts payable	\$ 36,689	-	-	-	36,689
Customer security deposits	58,048	-	-	-	58,048
Total liabilities	94,736	-	-	-	94,736
Deferred inflow of resources	172,136	-	120,000	124,397	416,532
<b>TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES</b>	<b><u>266,872</u></b>	<b><u>-</u></b>	<b><u>120,000</u></b>	<b><u>124,397</u></b>	<b><u>511,269</u></b>
<b>FUND BALANCES:</b>					
Restricted for:					
Construction	-	119,967	-	-	119,967
Committed	563,657	558,233	-	-	1,121,890
Assigned	-	-	(58,176)	3,646	(54,531)
Unassigned	(129,275)	-	-	-	(129,275)
<b>TOTAL FUND BALANCES</b>	<b><u>434,382</u></b>	<b><u>678,200</u></b>	<b><u>(58,176)</u></b>	<b><u>3,646</u></b>	<b><u>1,058,051</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$ 701,254</u></b>	<b><u>678,200</u></b>	<b><u>61,824</u></b>	<b><u>128,043</u></b>	<b><u>1,569,320</u></b>

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

Garden City  
**STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
 For the Year Ended June 30, 2014

	General Fund	Capital Projects Fund	Special Revenue Fund	Nonmajor Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Taxes:					
Property	\$ 211,892	-	103,942	-	315,834
Sales	136,331	-	-	-	136,331
Other taxes	260,688	-	-	-	260,688
Licenses and permits	68,223	-	-	-	68,223
Intergovernmental revenues	98,399	-	-	-	98,399
Charges for services	53,579	-	-	15,384	68,964
Interest	9,821	-	521	7,562	17,904
Miscellaneous revenue	44,816	-	-	187	45,002
<b>Total revenues</b>	<b>883,750</b>	<b>-</b>	<b>104,463</b>	<b>23,133</b>	<b>1,011,346</b>
<b>EXPENDITURES:</b>					
General government	366,517	-	18,884	-	385,401
Public safety	29,455	-	-	-	29,455
Highways and public improvements	233,762	-	-	-	233,762
Parks, recreation and public property	166,770	-	-	-	166,770
Capital outlay	80,251	-	135,232	-	215,484
Debt service:					
Principal	461,383	-	-	18,419	479,802
Interest	17,967	-	-	7,119	25,087
<b>Total expenditures</b>	<b>1,356,105</b>	<b>-</b>	<b>154,116</b>	<b>25,539</b>	<b>1,535,760</b>
<b>Excess (Deficiency) of Revenues over (Under) Expenditures</b>	<b>(472,355)</b>	<b>-</b>	<b>(49,653)</b>	<b>(2,406)</b>	<b>(524,414)</b>
<b>Other Financing Sources and (Uses):</b>					
Impact fees	36,267	-	-	-	36,267
Proceeds from bond issues	468,761	-	-	-	468,761
Transfer in	83,000	10,000	-	-	93,000
Transfer out	(20,200)	-	(128,000)	-	(148,200)
<b>Total other financing sources and (uses)</b>	<b>567,828</b>	<b>10,000</b>	<b>(128,000)</b>	<b>-</b>	<b>449,828</b>
<b>Net Change in Fund Balances</b>	<b>95,473</b>	<b>10,000</b>	<b>(177,653)</b>	<b>(2,406)</b>	<b>(74,586)</b>
Fund balances - beginning of year	338,909	668,200	119,477	6,052	1,132,637
<b>Fund balances - end of year</b>	<b>\$ 434,382</b>	<b>678,200</b>	<b>(58,176)</b>	<b>3,646</b>	<b>1,058,051</b>

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

Garden City  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION**  
 June 30, 2014

<b>Total Fund Balances for Governmental Funds</b>	<b><u>\$ 1,058,051</u></b>
<p>Total net assets reported for governmental activities in the Statement of Net Position is different because:</p>	
<p>Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.</p>	
Capital assets, at cost	4,574,807
Less accumulated depreciation	<u>(982,489)</u>
<b>Net capital assets</b>	<b><u>3,592,318</u></b>
<p>Long-term debt, for funds other than enterprise funds are recorded in the government-wide statements but not in the fund statements.</p>	
<b>General long-term debt</b>	<b><u>(582,560)</u></b>
<b>Interest accrued but not yet paid on general long-term debt</b>	<b><u>(8,979)</u></b>
<b>Total Net Position of Governmental Activities</b>	<b><u><u>\$ 4,058,830</u></u></b>

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

Garden City  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2014

**Net Change in Fund Balances - Total Governmental Funds** \$ (74,586)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.

Capital outlays	215,484
Depreciation expense	<u>(126,938)</u>
<b>Net</b>	<b><u>88,546</u></b>

Debt proceeds are reported as financing sources in governmental funds. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities.

**Debt issued** (468,761)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

**Long-term debt principal repayments** 479,802

Accrued interest for long-term debt is not reported as an expenditure for the current period, while it is recorded in the statement of activities.

**Accrued interest on long-term debt at end of period** (8,390)

**Change in Net Position of Governmental Activities** \$ 16,611

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

Garden City  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
June 30, 2014

	Water Fund	Beach Access Fund	Total Enterprise Funds
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 760,553	18,238	778,791
Accounts receivable, net	168,991	-	168,991
Total current assets	929,544	18,238	947,781
Non-current assets:			
Restricted cash and cash equivalents	456,709	-	456,709
Capital assets:			
Not being depreciated	77,970	-	77,970
Net of accumulated depreciation	6,432,253	-	6,432,253
Other non-current assets	10,855	-	10,855
Total non-current assets	6,977,786	-	6,977,786
<b>Total assets</b>	<b>\$ 7,907,330</b>	<b>18,238</b>	<b>7,925,567</b>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	\$ 6,161	12	6,173
Accrued interest payable	50,887	-	50,887
Revenue bonds due within one year	242,138	-	242,138
General obligation bonds due within one year	21,000	-	21,000
Total current liabilities	320,186	12	320,198
Non-current liabilities:			
Revenue bonds due after one year	4,710,623	-	4,710,623
General obligation bonds due after one year	160,000	-	160,000
Total non-current liabilities	4,870,623	-	4,870,623
<b>Total liabilities</b>	<b>5,190,808</b>	<b>12</b>	<b>5,190,820</b>
<b>NET POSITION:</b>			
Net investment in capital assets	1,376,462	-	1,376,462
Restricted for:			
Debt service	430,288	-	430,288
Construction	26,421	-	26,421
Unrestricted	883,351	18,226	901,577
<b>Total net position</b>	<b>2,716,522</b>	<b>18,226</b>	<b>2,734,747</b>
<b>Total liabilities and net position</b>	<b>\$ 7,907,330</b>	<b>18,238</b>	<b>7,925,567</b>

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

Garden City  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION- PROPRIETARY FUNDS**  
For the Year Ended June 30, 2014

	Water Fund	Beach Access Fund	Total Enterprise Funds
<b>Operating income:</b>			
Charges for sales and service	\$ 929,936	5,027	934,963
Connection fees	3,200	-	3,200
Other operating income	10,069	-	10,069
<b>Total operating revenue</b>	<b>943,205</b>	<b>5,027</b>	<b>948,231</b>
<b>Operating expenses:</b>			
Personal services	170,144	3,000	173,144
Utilities	56,100	-	56,100
Repair & maintenance	76,225	12,196	88,421
Other supplies & expenses	134,563	-	134,563
Insurance expense	17,501	-	17,501
Depreciation expense	256,257	-	256,257
<b>Total operating expense</b>	<b>710,790</b>	<b>15,196</b>	<b>725,986</b>
<b>Net operating income (loss)</b>	<b>232,414</b>	<b>(10,169)</b>	<b>222,245</b>
<b>Non-operating income (expense):</b>			
Impact fees	18,848	-	18,848
Interest income	1,124	-	1,124
Interest on long-term debt	(191,740)	-	(191,740)
<b>Total non-operating income (expense)</b>	<b>(171,767)</b>	<b>-</b>	<b>(171,767)</b>
<b>Income (loss) before transfers and capital contributions</b>	<b>60,647</b>	<b>(10,169)</b>	<b>50,478</b>
Grant proceeds	33,525	-	33,525
Transfers in	45,000	10,200	55,200
<b>Change in net position</b>	<b>139,172</b>	<b>31</b>	<b>139,203</b>
Net position, beginning	2,577,349	18,195	2,595,544
<b>Net position, ending</b>	<b>\$ 2,716,522</b>	<b>18,226</b>	<b>2,734,747</b>

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

Garden City  
**STATEMENT OF CASH FLOWS**  
For the Year Ended June 30, 2014

	Water Fund	Beach Access Fund	Total Enterprise Funds
<b>Cash flows from operating activities:</b>			
Cash received from customers - service	\$ 904,444	5,027	909,470
Cash receipts from interfund services provided	1,008	-	1,008
Cash paid to suppliers	(344,443)	(12,184)	(356,627)
Cash paid to employees	(170,144)	(3,000)	(173,144)
<b>Net cash provided (used) in operating activities</b>	<b>390,865</b>	<b>(10,157)</b>	<b>380,708</b>
<b>Cash flows from noncapital financing activities:</b>			
Interfund activity	45,000	10,200	55,200
<b>Net cash provided (used) in noncapital financing activities</b>	<b>45,000</b>	<b>10,200</b>	<b>55,200</b>
<b>Cash flows from capital and related financing activities:</b>			
Cash from impact fees	18,848	-	18,848
Grant proceeds	33,525	-	33,525
Proceeds from bonds issued	2,953,761	-	2,953,761
Cash payments for capital assets	(29,000)	-	(29,000)
Cash payments for long-term debt	(2,893,396)	-	(2,893,396)
Cash payments for long-term debt interest	(171,280)	-	(171,280)
<b>Net cash provided (used) in capital and related financing activities</b>	<b>(87,542)</b>	<b>-</b>	<b>(87,542)</b>
<b>Cash flows from investing activities:</b>			
Cash received from interest earned	1,124	-	1,124
<b>Net cash provided (used) in investing activities</b>	<b>1,124</b>	<b>-</b>	<b>1,124</b>
<b>Net increase (decrease) in cash</b>	<b>349,447</b>	<b>43</b>	<b>349,490</b>
Cash balance, beginning	867,815	18,195	886,010
<b>Cash balance, ending</b>	<b>\$ 1,217,262</b>	<b>18,238</b>	<b>1,235,500</b>
Cash reported on the balance sheet:			
Cash and cash equivalents	\$ 760,553	18,238	778,791
Non-current restricted cash	456,709	-	456,709
<b>Total cash and cash equivalents</b>	<b>\$ 1,217,262</b>	<b>18,238</b>	<b>1,235,500</b>

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

Garden City  
**STATEMENT OF CASH FLOWS (continued)**  
For the Year Ended June 30, 2014

**Reconciliation of Operating Income to Net Cash  
Provided (Used) in Operating Activities:**

	Water Fund	Beach Access Fund	Total Enterprise Funds
<b>Net operating income (loss)</b>	<b>\$ 232,414</b>	<b>(10,169)</b>	<b>222,245</b>
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:			
Depreciation and amortization	256,257	-	256,257
Changes in assets and liabilities:			
(Increase) decrease in receivables	(37,753)	-	(37,753)
Increase (decrease) in payables	(60,053)	12	(60,041)
<b>Net cash provided (used) in operating activities</b>	<b>\$ 390,865</b>	<b>(10,157)</b>	<b>380,708</b>

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

Garden City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1-A. Reporting entity**

Garden City (the Town), a municipal corporation located in Rich County, Utah, operates under a Mayor-Council form of government. The accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable.

The Town has no component units and is not a component unit of another entity.

**1-B. Government-wide and fund financial statements**

*Government-wide Financial Statements*

The government-wide financial statements, consisting of the statement of net position and the statement of activities report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated. All expenses are included in the applicable function. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

*Fund Financial Statements*

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, if any, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statement.

Garden City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014

**1-C. Measurement focus, basis of accounting and financial statement presentation**

The financial statements of the Town are prepared in accordance with generally accepted accounting principles (GAAP).

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification of internal activity (between or within funds). However, internal eliminations do not include utility services provided to Town departments or payments to the general fund by other funds for providing administrative and billing services for such funds. Reimbursements are reported as reductions to expenses. Proprietary and any fiduciary fund financial statements are also reported using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when the grantor eligibility requirements are met.

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 to pay liabilities of the current period. The Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments, if any, receivable within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating income and expense reported in proprietary fund financial statements include those revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services, including administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

*Policy regarding use of restricted resources*

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then committed, assigned, and unassigned resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities. *Restricted assets, non-current* reports assets restricted for acquisition or construction of non-current assets, or are restricted for liquidation of long-term debt.

Garden City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014

**1-D. Fund types and major funds**

*Governmental funds*

**The Town reports the following major governmental funds:**

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *capital projects fund* is used to account for the acquisition or construction of major capital facilities of the Town (other than those financed by proprietary funds).

The *redevelopment agency fund* accounts for the revenues and expenditures of the redevelopment agency.

**The Town reports the following as a non-major governmental fund:**

The *debt service fund* accounts for resources accumulated and payments made for principal and interest on general obligations bonds.

*Proprietary funds*

**The Town reports the following major proprietary funds:**

The *water fund* is used to account for the activities of the culinary water production, treatment and distribution.

The *beach access fund* is used to account for the revenues and expenses of the beach access activities.

**1-E. Assets, Liabilities, and Net Position or Equity**

**1-E-1. Deposit and Investments**

Investments are reported at fair value. Deposits are reported at cost, which approximates fair value. Investments of the Town are accounts at the Utah Public Treasurers Investments Fund. Additional information is contained in Note 2.

**1-E-2. Cash and Cash Equivalents**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**1-E-3. Receivables and Payables**

Accounts receivable other than property taxes and intergovernmental receivables are from customers primarily for utility services. Property tax and intergovernmental receivables are considered collectible. Customer accounts are deemed collectible; no reserve account is maintained.

Garden City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014

**1-E. Assets, Liabilities, and Net Position or Equity (continued)**

**1-E-3. Receivables and Payables (continued)**

During the course of operations, there may be transactions occur between funds that are representative of lending/borrowing arrangements outstanding at year-end. These are reported as either *due to or due from other funds*.

Property taxes are assessed and collected for the Town by Rich County and remitted to the Town shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

**1-E-4. Restricted Assets**

In accordance with certain revenue bond covenants, resources may be required to be set aside for the repayment of such bonds, and, on occasion, for the repair and maintenance of the assets acquired with the bond proceeds. These resources are classified as restricted assets on the balance sheet because of their limited use. Most capital grant agreements mandate that grant proceeds be spent only on capital assets. Unspent resources of this nature are also classified as restricted. The limited use resources described above involve a reported restriction of both cash and net position.

Unspent proceeds of bonds issued to finance capital assets are also reported as restricted cash.

**1-E-5. Inventories and Prepaid items**

Inventories in governmental funds are not reported. These consist of immaterial amounts of expendable supplies for consumption. Such supplies are acquired as needed. Proprietary fund inventories, where material, are stated at the lower of cost or market, using the first-in, first-out basis.

Prepaid items record payments to vendors that benefit future reporting and are reported on the consumption basis. Both inventories and prepayments are similarly reported in government-wide and fund financial statements.

**1-E-6. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes include 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not currently have any deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes include 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(s) and so will not be recognized as an inflow of resources (revenue) until then. The City has only one type of deferred inflows of resources. Property taxes to be collected in November were unavailable in the current fiscal year. Accordingly, these property taxes are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

Garden City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014

**1-E. Assets, Liabilities, and Net Position or Equity (continued)**

**1-E-7. Capital Assets**

Capital assets includes property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and 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 \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure is depreciated.

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend the assets' life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives.

Property, plant, and equipment of the primary government, as well as the component units if any, is depreciated using the straight line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Buildings	40
Water system	45
Infrastructure and improvements	25
Vehicles and equipment	10

**1-E-8. Long-term Obligations**

In the government-wide and proprietary fund financial statements, long-term debt and obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the terms of the respective bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

Garden City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014

**1-E. Assets, Liabilities, and Net Position or Equity (continued)**

**1-E-9. Fund Equity**

*Government-wide Financial Statements*

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

**Net investment in capital assets** - 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.

**Restricted net position** - Net position 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.

**Unrestricted net position** - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

*Fund Financial Statements*

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. Descriptions of each follow:

**Nonspendable fund balance** - Amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

**Restricted fund balance** - Amounts restricted by enabling legislation. Also reported if, (a) externally imposed by creditors, grantors, contributors, or laws regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed fund balance** - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority- the City Council. A vote by the City Council members is required to establish and modify or rescind a fund balance commitment.

**Assigned fund balance** - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Mayor is authorized to assign amounts to a specific purpose in accordance with the City's policy.

**Unassigned fund balance** - Residual classification of 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.

Proprietary fund equity is classified the same as in the government-wide statements.

Garden City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014

**1-E. Assets, Liabilities, and Net Position or Equity (continued)**

**1-E-10. Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from those estimates.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**2-A. Budgetary data**

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and Town Council on or before June 22 for the following fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the city Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the Town's budgetary control (the level at which the Town's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the Town from creating a deficit fund balance by making expenditures in excess of amounts budgeted. Any deficit so created must be made up in the following fiscal year. Deficits arising from emergencies, however, may be retired over five years. The maximum amount held in the general fund may not exceed 75% of the total estimated revenues of the fund for the succeeding year.

Once adopted, the budget may be amended by the Town Council without hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

**2-B. Deficit fund balance or net position**

At June 30, 2014, the Town's Special Revenue Fund has a deficit fund balance of \$58,176 .

Garden City  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2014

**NOTE 3 - DETAILED NOTES**

**3-A. Deposits and investments**

Cash and investments as of June 30, 2014 consist of the following:

	<u>Fair Value</u>
Demand deposits - checking	\$ 119,543
Investments - PTIF	2,280,060
<b>Total cash</b>	<b><u>\$ 2,399,602</u></b>

Cash and investments listed above are classified in the accompanying government-wide statement of net position as follows:

Cash and cash equivalents (current)	\$ 1,822,926
Restricted cash and cash equivalents (non-current)	576,676
<b>Total cash and cash equivalents</b>	<b><u>\$ 2,399,602</u></b>

Cash equivalents and investments are carried at fair value in accordance with GASB Statement No. 31.

The Utah Money Management Act (UMMA) establishes specific requirements regarding deposits of public funds by public treasurers. UMMA requires that town funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares. The Town maintains monies not immediately needed for expenditure in PTIF accounts.

Garden City  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2014

**3-A. Deposits and investments (continued)**

**Deposit and Investment Risk**

The Town maintains no investment policy containing any specific provisions intended to limit the Town's exposure to interest rate risk, credit risk, and concentration of credit risk other than that imposed by UMMA. The Town's compliance with the provisions of UMMA addresses each of these risks.

**Interest rate risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investments of the Town are available immediately.

**Credit risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. All of the Town's demand and savings deposits are covered by FDIC insurance.

Custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

**Concentration of credit risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

**3-B. Receivables**

The allowance policy is described in Note 1-E-3. All receivables are deemed collectible. Receivables as of year- end for the Town's funds are shown below:

	General Fund	Special Revenue Fund	Debt Service Fund	Enterprise Funds	Total
Customers, current	\$ -	-	219	166,534	166,753
Customers, non-current	-	-	124,397	2,456	126,853
Property taxes	160,601	120,000	-	-	280,601
<b>Total Receivables</b>	<b>\$ 160,601</b>	<b>120,000</b>	<b>124,616</b>	<b>168,991</b>	<b>574,207</b>

Garden City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014

**3-C. Capital Assets**

Capital asset activity for the governmental activities was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land and rights	\$ 304,820	-	-	304,820
Construction in progress	292,523	188,983	-	481,505
<b>Total capital assets, not being depreciated</b>	<b><u>597,343</u></b>	<b><u>188,983</u></b>	<b><u>-</u></b>	<b><u>786,325</u></b>
Capital assets, being depreciated:				
Buildings	2,293,448	-	-	2,293,448
Improvements other than buildings	219,589	-	-	219,589
Machinery and equipment	198,829	26,501	-	225,330
Infrastructure	1,050,115	-	-	1,050,115
<b>Total capital assets, being depreciated</b>	<b><u>3,761,981</u></b>	<b><u>26,501</u></b>	<b><u>-</u></b>	<b><u>3,788,482</u></b>
Less accumulated depreciation for:				
Buildings	335,918	76,448	-	412,366
Improvements other than buildings	106,144	6,274	-	112,418
Machinery and equipment	170,252	15,618	-	185,870
Infrastructure	243,237	28,599	-	271,836
<b>Total accumulated depreciation</b>	<b><u>855,551</u></b>	<b><u>126,938</u></b>	<b><u>-</u></b>	<b><u>982,489</u></b>
<b>Total capital assets being depreciated, net</b>	<b><u>2,906,429</u></b>	<b><u>(100,437)</u></b>	<b><u>-</u></b>	<b><u>2,805,993</u></b>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 3,503,772</u></b>	<b><u>88,546</u></b>	<b><u>-</u></b>	<b><u>3,592,318</u></b>

Depreciation expense was charged to functions/programs of the primary government governmental activities as follows:

<b>Governmental activities:</b>	
General government	\$ 66,251
Highways and public improvements	53,376
Parks, recreation and public property	<u>7,311</u>
<b>Total</b>	<b><u>\$ 126,938</u></b>

Garden City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014

**3-C. Capital assets (continued)**

Capital asset activity for business-type activities was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land and water shares	\$ 77,970	-	-	77,970
<b>Total capital assets, not being depreciated</b>	<b><u>77,970</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>77,970</u></b>
Capital assets, being depreciated:				
Water buildings	533,516	-	-	533,516
Water system	7,915,836	-	-	7,915,836
Machinery and equipment	84,212	29,000	-	113,212
<b>Total capital assets, being depreciated</b>	<b><u>8,533,564</u></b>	<b><u>29,000</u></b>	<b><u>-</u></b>	<b><u>8,562,564</u></b>
Less accumulated depreciation for:				
Water buildings	98,299	17,784	-	116,083
Water system	1,721,772	226,164	-	1,947,935
Machinery and equipment	53,983	12,310	-	66,293
<b>Total accumulated depreciation</b>	<b><u>1,874,054</u></b>	<b><u>256,257</u></b>	<b><u>-</u></b>	<b><u>2,130,311</u></b>
<b>Total capital assets being depreciated, net</b>	<b><u>6,659,510</u></b>	<b><u>(227,257)</u></b>	<b><u>-</u></b>	<b><u>6,432,253</u></b>
<b>Business-type activities capital assets, net</b>	<b><u>\$ 6,737,480</u></b>	<b><u>(227,257)</u></b>	<b><u>-</u></b>	<b><u>6,510,223</u></b>

Garden City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014

**3-D. Long-term debt**

Long-term debt activity for governmental activities was as follows:

	Original Principal	% Rate	6/30/2013	Additions	Reductions	6/30/2014	Due Within One Year
<b><u>Governmental activities:</u></b>							
2008 CVB building note-general Matures 6/30/2014	\$ 507,500	4.75	\$ 461,383	-	461,383	-	-
2006 SID bond Matures 6/1/2021	403,867	5.35	132,218	-	18,419	113,799	19,404
2013 Real Property Lease General Matures 11/15/2033	468,761	2.70	-	468,761	-	468,761	17,138
<b>Total governmental activity long-term liabilities</b>			<b><u>\$593,601</u></b>	<b><u>468,761</u></b>	<b><u>479,802</u></b>	<b><u>582,560</u></b>	<b><u>36,542</u></b>

Debt service requirements for maturity for governmental activities are as follows:

	Principal	Interest	Total
2015	\$ 36,542	19,640	56,182
2016	38,260	17,921	56,182
2017	39,945	16,237	56,182
2018	41,707	14,474	56,182
2019	43,551	12,630	56,182
2020 - 2024	114,335	45,283	159,618
2025 - 2029	125,744	27,726	153,470
2030 - 2033	142,476	10,994	153,470
<b>Total</b>	<b><u>\$582,559</u></b>	<b><u>164,906</u></b>	<b><u>747,465</u></b>

Garden City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014

**3-D. Long-term debt (continued)**

Long-term debt activity for business-type activities was as follows:

	Original Principal	%	6/30/2013	Additions	Reductions	6/30/2014	Due Within One Year
<b><u>Business-type activities:</u></b>							
1981 USDA revenue Matures 6/30/2014	\$ 576,500	5.00	\$ 220,263	-	220,263	-	-
1982 GO water USDA Matures 6/30/2014	400,000	5.00	163,206	-	163,206	-	-
2008 CVB building note-water Matures 6/30/2014	507,500	4.75	461,382	-	461,382	-	-
2008B Water Revenue Matures 6/30/2014	2,024,000	4.375	1,921,545	-	1,921,545	-	-
2013A Water Revenue Refunding Matures 6/15/2021	221,000	2.269	-	221,000	16,000	205,000	28,000
2013 GO Water Refunding Bonds Matures 2/1/2022	181,000	2.368	-	181,000	-	181,000	22,000
2008A Water Revenue Matures 1/1/2029	2,700,000	2.31	2,307,000	-	111,000	2,196,000	115,000
2013B Water Revenue Bond Matures 9/15/2033	2,083,000	2.503	-	2,083,000	-	2,083,000	82,000
2013 Real Property Lease Water Matures 11/15/2033	468,761	2.70	-	468,761	-	468,761	17,138
<b>Total business-type activity long-term liabilities</b>			<b><u>\$5,073,396</u></b>	<b><u>2,953,761</u></b>	<b><u>2,893,396</u></b>	<b><u>5,133,761</u></b>	<b><u>264,138</u></b>

Debt service requirements to maturity for business-type activities are as follows:

	Principal	Interest	Total
2015	\$ 264,138	123,389	387,527
2016	267,819	118,122	385,941
2017	273,411	112,985	386,396
2018	278,022	107,331	385,352
2019	285,653	101,050	386,703
2020 - 2024	1,392,498	388,873	1,781,371
2025 - 2029	1,603,744	205,111	1,808,855
2030 - 2033	768,476	47,792	816,268
<b>Total</b>	<b><u>\$5,133,761</u></b>	<b><u>1,204,653</u></b>	<b><u>6,338,413</u></b>

Garden City  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2014

**3-E. Interfund Transfers**

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 83,000	20,200
Capital Projects Fund	10,000	-
Special Revenue Fund	-	128,000
Water Fund	45,000	-
Beach Access Fund	10,200	-
	<u>\$ 148,200</u>	<u>148,200</u>

Transfers were made for the following purposes:

-The Special Revenue Redevelopment Agency Fund transferred \$45,000 to the Water Fund for water projects that lie within the RDA area that were paid by the Water Fund and \$83,000 to the General Fund for activities related to that fund.

-The General Fund transferred \$20,200 to other funds, \$10,000 to the Capital Project Fund for future capital projects and \$10,200 to the Beach Access Fund to help fund activities related to that fund.

**NOTE 4 - OTHER INFORMATION**

**4-A. Risk management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Town participates in the Utah Local Government Trust, a public agency insurance mutual, which provides coverage for property damage and general liability. The Town is subject to a minimal deductible for claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Amounts of settlements have not exceeded insurance coverage in any of the past three fiscal years.

**4-B. Employee pension and other benefit plans**

**Plan Description:**

Garden City contributes to the Local Governmental Contributory Retirement System (Contributory System) and Local Governmental Noncontributory Retirement System (Noncontributory System), which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement System (the Systems). The Systems provide retirement benefits, annual cost of living adjustments, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State legislature.

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

Garden City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014

**4-B. Employee pension and other benefit plans (continued)**

**Funding Policy:**

The City is required to contribute 13.99% employees' annual covered salary to the Contributory System and 17.29% to the Noncontributory System. The contribution rates are actuarially determined rates and are approved by the Board as authorized by Chapter 49.

The City's contributions to the Contributory System for the years ending June 30, 2014 and 2013 were \$3,330 and \$2,493, respectively. The City's contributions to the Noncontributory System for the years ending June 30, 2014, 2013, and 2012 were \$34,201, \$28,567, and \$20,075, respectively. The contributions were equal to the required contributions for each year.

*IRC Code Section 401k Plan:*

The City participates in a 401k plan offered through the Utah State Retirement Systems. The City's contributions for the years ending June 30, 2014 and 2013 were \$623 and \$463, respectively.

**4-C. Rounding convention**

A rounding convention to the nearest whole dollar has been applied throughout this report, therefore the precision displayed in any monetary amount is plus or minus \$1. These financial statements are computer generated and the rounding convention is applied to each amount displayed in a column, whether detail item or total. As a result, without the overhead cost of manually balancing each column, the sum of displayed amounts in a column may not equal the total displayed. The maximum difference between any displayed number or total and its actual value will not be more than \$1.

**REQUIRED SUPPLEMENTAL INFORMATION**  
**(Unaudited)**

This page intentionally left blank.

Garden City  
**Notes to Required Supplementary Information**  
June 30, 2014

**Budgetary Comparison Schedules**

The Budgetary Comparison Schedules presented in this section of the report are for the Town's General Fund and the Special Revenue Municipal Building Authority Fund.

**Budgeting and Budgetary Control**

Budgets for the General Fund are legally required and are prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the Town Council prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the 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.

**Current Year Excess of Expenditures over Appropriations**

For the year ended June 30, 2014, expenditures within all departments was within budget appropriations.

Garden City  
**SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 GENERAL FUND  
 (Unaudited)**

For the Year Ended June 30, 2014

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 509,000	549,000	608,911	59,911
Licenses and permits	47,500	62,500	68,223	5,723
Intergovernmental revenues	76,500	126,500	98,399	(28,101)
Charges for services	38,300	38,300	53,579	15,279
Interest	6,300	6,300	9,821	3,521
Miscellaneous revenue	27,500	27,500	44,816	17,316
<b>Total revenues</b>	<b>705,100</b>	<b>810,100</b>	<b>883,750</b>	<b>73,650</b>
<b>Expenditures</b>				
General government	434,600	1,018,850	845,867	172,983
Public safety	27,000	35,500	29,455	6,045
Highways and public improvements	515,500	490,000	299,563	190,437
Parks and recreation	215,100	426,100	181,220	244,880
<b>Total expenditures</b>	<b>1,192,200</b>	<b>1,970,450</b>	<b>1,356,105</b>	<b>614,345</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(487,100)</b>	<b>(1,160,350)</b>	<b>(472,355)</b>	<b>687,995</b>
<b>Other Financing Sources and (Uses)</b>				
Impact fees	12,000	24,000	36,267	12,267
Proceeds from bond issues	-	470,000	468,761	(1,239)
Transfers in	100,000	83,000	83,000	-
Transfers out	(14,386)	(24,586)	(20,200)	4,386
<b>Total Other Financing Sources and (Uses)</b>	<b>97,614</b>	<b>552,414</b>	<b>567,828</b>	<b>15,414</b>
<b>Net Change in Fund Balances</b>	<b>(389,486)</b>	<b>(607,936)</b>	<b>95,473</b>	<b>703,409</b>
Fund Balances - beginning of year	338,909	338,909	338,909	-
<b>Fund Balances - end of year</b>	<b>\$ (50,577)</b>	<b>(269,027)</b>	<b>434,382</b>	<b>703,409</b>

Garden City  
**SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 REDEVELOPMENT AGENCY FUND  
 (Unaudited)**

For the Year Ended June 30, 2014

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
<b>Revenues</b>				
Property taxes	\$ 114,700	101,557	103,942	2,385
Interest	1,000	1,000	521	(479)
<b>Total revenues</b>	<b>115,700</b>	<b>102,557</b>	<b>104,463</b>	<b>1,906</b>
<b>Expenditures</b>				
General government	15,700	154,557	154,116	441
<b>Total expenditures</b>	<b>15,700</b>	<b>154,557</b>	<b>154,116</b>	<b>441</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>100,000</b>	<b>(52,000)</b>	<b>(49,653)</b>	<b>2,347</b>
<b>Other Financing Sources and (Uses)</b>				
Transfers out	(100,000)	(128,000)	(128,000)	-
<b>Total Other Financing Sources and (Uses)</b>	<b>(100,000)</b>	<b>(128,000)</b>	<b>(128,000)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>(180,000)</b>	<b>(177,653)</b>	<b>2,347</b>
Fund balances - beginning of year	119,477	119,477	119,477	-
<b>Fund balances - ending of year</b>	<b>\$ 119,477</b>	<b>(60,523)</b>	<b>(58,176)</b>	<b>2,347</b>



TIFFANY M.  
WAHLBERG

CERTIFIED PUBLIC ACCOUNTANT

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 City Council  
Town of Garden City  
Garden City, UT 84028

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Garden City, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Garden City, Utah's basic financial statements and have issued my report dated December 11, 2014.

**Internal Control Over Financial Reporting**

In Planning and performing my audit of the financial statements, I considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town'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 misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

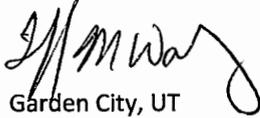
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control over financial reporting that I 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 Town's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of my 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.



Garden City, UT  
December 11, 2014



**TIFFANY M.  
WAHLBERG**

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH THE STATE COMPLIANCE AUDIT GUIDE ON:  
COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS  
COMPLIANCE FOR EACH MAJOR STATE PROGRAM  
INTERNAL CONTROL OF COMPLIANCE

HONORABLE MAYOR AND CITY COUNCIL  
TOWN OF GARDEN CITY  
GARDEN CITY, UT 84028

**REPORT ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS**

I have audited the Town of Garden City's compliance with the applicable general state and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the Town of Garden City for the year ended June 30, 2014.

General state compliance requirements were tested for the year ended June 20, 2014 in the following areas:

- Budgetary Compliance
- Fund Balance
- Transient Room Tax and Tourism, Recreation, Culture, Convention, and Airport Facilities Tax
- Utah Retirement Systems Compliance
- Transfers from Utility Enterprise Funds
- Government Records Access Management Act (GRAMA)
- Conflicts of Interest
- Nepotism
- Utah Public Finance Website
- Open and Public Meetings Act

The Town received the following major assistance programs from the State of Utah:

- B & C Road Funds (Department of Transportation)

***Management's Responsibility***

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

***Auditor's Responsibility***

My responsibility is to express an opinion on the Town's compliance based on my audit of the compliance requirements referred to above. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above that could have a material effect on the Town and its major programs occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance with general state compliance requirements and for each major state program. However, my audit does not provide a legal determination of the Town's compliance.

#### ***Opinion on General State Compliance Requirements and Each Major State Program***

In my opinion, the Town of Garden City, complied in all material respects with the compliance requirements referred to above that could have a direct and material effect on the Town or on each of its major state programs for the year ended June 30, 2014.

#### ***Other Matters***

The results of my audit procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State of Utah Legal Compliance Audit Guide* and which are described in my letter to management dated November 28, 2014. My opinion on compliance is not modified with respect to these matters.

The Town's response to the noncompliance findings identified in my audit is described in the accompanying Management Response Letter. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

#### **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Management of the Town is responsible for establishing and maintaining effective control over compliance with the compliance requirements referred to above. In planning and performing my audit, I considered the Town's internal control over compliance with the compliance requirements that could have a direct and material effect on the Town or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program 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, I do not express an opinion on the effectiveness of the Town'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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. 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 my testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Garden City, UT  
December 11, 2014



TIFFANY M.  
WAHLBERG

CERTIFIED PUBLIC ACCOUNTANT

December 11, 2014

To the Honorable Mayor and City Council

Town of Garden City  
Garden City, UT 84028

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Garden City for the year ended June 30, 2014. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my letter to you dated October 27, 2014. Professional standards also require that I communicate to you the following information related to my audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Town of Garden City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. I noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ from those expected. The most sensitive estimate affecting the General Fund's financial statements was:

Management's estimate of the useful lives of property, plant and equipment is based on the period over which an asset is expected to be available for use by an entity. I evaluated the key factors and assumptions used to develop the estimate of the useful lives of property, plant and equipment in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

I encountered no significant difficulties in dealing with management in performing and completing my audit.

##### *Corrected and Uncorrected Misstatements*

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management

has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

- Record payables at year-end
- Adjust for deferred inflows of resources
- Reclassify capital equipment purchases
- Adjust balance of Installment receivable to actual
- Adjust restricted cash and equity to actual
- Reclassify loan funds coded as grants

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

#### *Management Representations*

I have requested certain representations from management that are included in the management representation letter dated November 28, 2014.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditor. However, these discussions occurred in the normal course of our professional relationship and my responses were not a condition to my retention.

This information is intended solely for the use of the Town of Garden City, its Mayor, Town Council, Management, and is not intended to be and should not be used by anyone other than these specified parties.

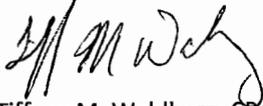
#### *Other Matters*

I applied certain limited procedures to the Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual for the General Fund and Redevelopment Agency Fund, which are required supplementary information (RSI) that supplements the basic financial statements. My procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

#### Restriction on Use

This information is intended solely for the use of the city council and management of the Town of Garden City and is not intended to be, and should not be, sued by anyone other than these specific parties.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Tiffany M. Wahlberg', written in a cursive style.

Tiffany M. Wahlberg, CPA