City of Washington Terrace

Est. 1958

Comprehensive Annual Financial Report

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Washington Terrace City Corporation

County of Weber, State of Utah

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2015

Includes Internal Control, Compliance Reports, and Supplemental Information

Prepared by:

Finance Department

Shari' C. Garrett, Finance Director

THE CITY OF Washington Terrace

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INTRODUCTORY

SECTION

November 5, 2015

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

Overview

The Comprehensive Annual Financial Report of the City of Washington Terrace City ("the City") for the fiscal year ended June 30, 2015, is hereby submitted.

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

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

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

In order to provide a reasonable basis for making these representations, the management of Washington Terrace City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Washington Terrace City Corporation's

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

All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Keddington & Christensen, an independent firm of Certified Public Accountants, has audited these basic financial statements and related notes. Their report is included herein. The goal of the independent audit was to provide reasonable assurance that the financial statements of Washington Terrace City Corporation for the fiscal year ended June 30, 2015, are free of material misstatements. This independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and significant estimates made by management.

City History

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

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

The Washington Terrace Non-Profit Housing Corporation purchased the temporary housing project from the Federal Government on September 1, 1950, for $2,250,000. On that day, the Housing Corporation paid a 10 percent down payment of $225,000 and assumed a mortgage note of $2,025,000. From 1950 until its incorporation on December 12, 1958, the Housing Corporation operated the municipal needs of the community. The City has always been a leader in innovation and determination. Inspired by the founding residents, this community has never lacked great examples of vision and leadership.

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

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

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

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

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

Local Economy

Population

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

Major Industries

Healthcare is the largest industry in the City. Ogden Regional Medical Center (since 1977) continues to be the City's largest employer and taxpayer representing an estimated 39% of the City's employment and 12.1% of the total taxable assessed valuation. Other healthcare businesses include assisted living, retirement and rehabilitation centers, surgical centers, and other healthcare professional office. This business sector, located in the southeast region of the City, continues to grow and develop as a regional healthcare center. Other predominate commercial industries in the City include professional office and multifamily residential housing.

Assessed Property Value

The City's total assessed value is small compared to other cities of similar size at $334,926,134, while the total direct tax rate is relatively high at 0.003101. Assessed taxable value increased by 1.9 percent from fiscal year 2014. Said increase is attributed to an improving housing market and values and new/renovated commercial developments.

Since 2006, assessed taxable value has increased by 25 percent. Like perhaps many areas, the City experienced is largest increase in assessed taxable value in 2008, values increasing by 39 percent or $35,783,264. Said growth was attributed an increase in values and new commercial growth and development in the Southeast Redevelopment area. Subsequently, values reached their pinnacle in 2010 at $341,065,402. While current values have yet to reach the 2010 high, they appear have stabilized and showing signs of some growth.

Major Revenues

The City's major operating revenues for governmental activities are typical of other Utah cities and are composed of sales and use taxes, charges for services, property taxes, franchise taxes, and grants. In 2015, total governmental activity revenues of $6,801,198 increased by 9.3 percent or $579,530. The greatest increase was reported in intergovernmental revenues increasing 61.6 percent or $739,589. The greatest decrease was reported in property taxes decreasing by 7.5 percent or $128,342. Capital grants and contributions represent the largest program revenue source at $1,939,832 or 28.5 percent of total governmental activity revenue--other taxes represents 24.6 percent, property taxes 23.4 percent, charges for services 19.2 percent, operating grants and contributions 4.1 percent and other revenue 0.21 percent.

Economy

According to the State of Utah Department of Workforce Services, the Weber County (the county which the City resides) economy started 2015 with strong economic performance. Employment is growing at a rate not seen in more than 10 years and is very wide-spread across all industries. Employment growth is up to 4.1% year-over growth in March 2015 adding 3,923 new jobs. Taxable sales were up more than 6 percent with particular strength in retail markets suggesting consumer confidence continues to build. Unemployment remains low and initial unemployment insurance claims are back to pre-recession levels. Overall, the indicators are reaffirming that the long term trajectory of economic performance for the county is very positive.

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

Budgetary Control

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

Regional Overview

The City of Washington Terrace is a 2 square mile suburban community located along the Wasatch Front in Weber County, Utah. Weber County, population 238,519, is home to 22 communities of cities, towns, and unincorporated areas. The City is located 30 miles north of the capital city Salt Lake City, 40 miles from the Salt Lake International Airport, which can be easily reached by nearby Interstate 15 or the Front Runner Rail System. Additionally, Interstate 84 runs adjacent to the southern City boundaries serving as a main easterly corridor.

Its location near Ogden City offers excellent local access to commerce, education, recreation,

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

Northern Utah and the Weber County region offers excellent recreational opportunities that attract visitors around the world. During the 2002 Olympics Winter Games the Weber County region hosted a number of events including the downhill, combined races, and super-G events. The local area offers a wide-variety of high adventure recreation such as: skiing and snowboarding, skydiving, hiking, biking and cycling, climbing and bouldering, and kayaking and paddle sports. Other regional recreational opportunities include classic recreation such as golf, swimming, home to the Ogden Marathon, and local sports teams and leagues.

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

Long-Term Financial Planning

The City adopts a five-year budget document that anticipates revenues and expenses over a five year period. This multi-year budget is a valuable financial planning tool that encourages a forward thinking approach to programs and resource allocation.

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

Financial Policies

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

Awards and Acknowledgements

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

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

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

Respectfully Submitted,

Tom Hanson, City Manager

Shari' C. Garrett, Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Washington Terrace
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

MAYOR AND CITY COUNCIL

Mayor Mark C. Allen

170 West 5600 South

Washington Terrace, UT 84405

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Council Member Robert Jensen

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MAYOR AND CITY COUNCIL

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Council Member Scott J. Monsen

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Council Member Val D. Shupe

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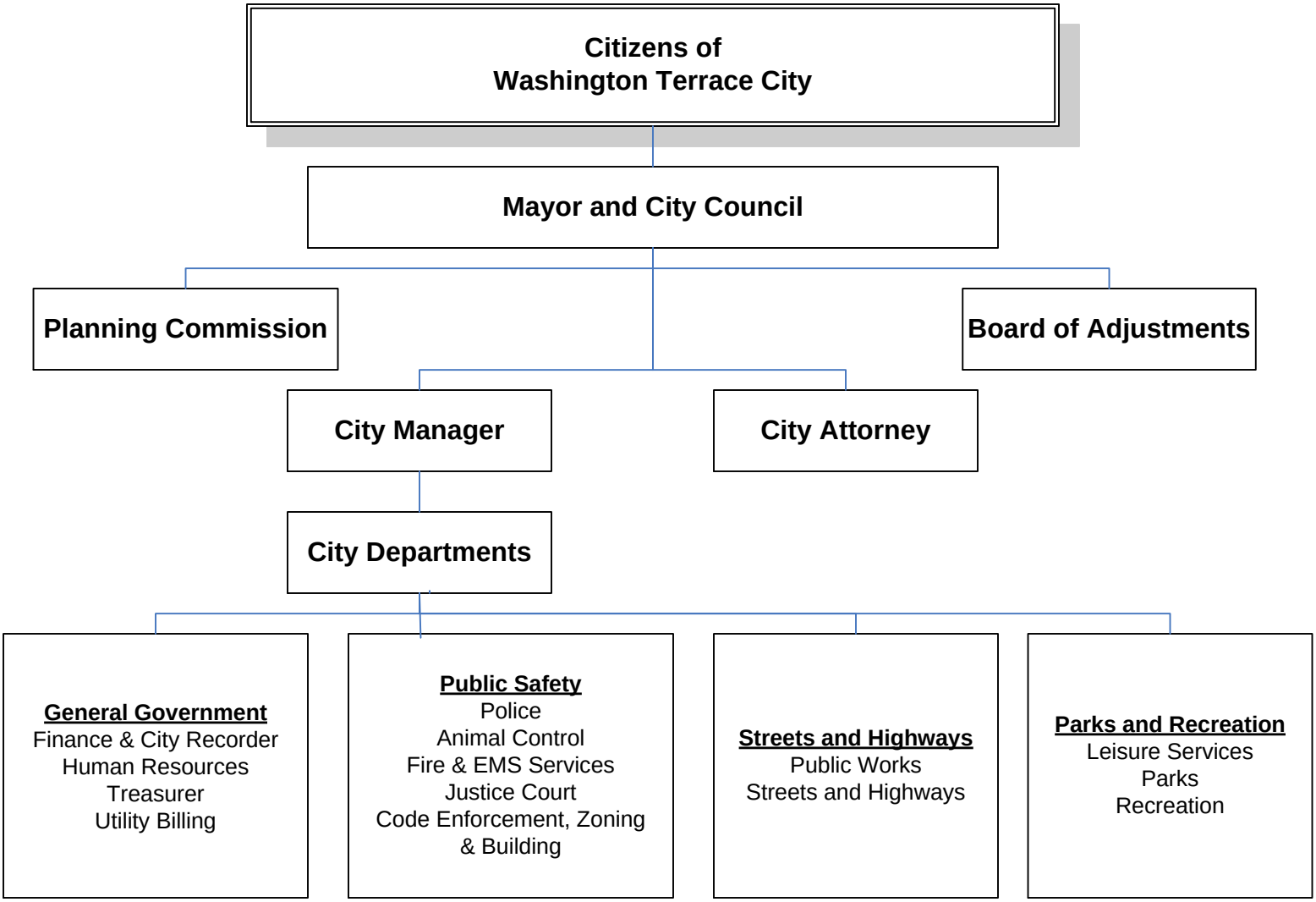
City of Washington Terrace
Organizational Structure



FINANCIAL

SECTION

Keddington & Christensen, LLC
Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Washington Terrace as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Washington Terrace as of June 30, 2015, and the respective changes in

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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.

Emphasis of Matter

As discussed in Note 15 to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, and the schedule of contributions as noted on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 4, 2015 on our consideration of the City of Washington Terrace's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Washington Terrace City's internal control over financial reporting and compliance.

Keddington & Christensen, LLC

November 4, 2015

MANAGEMENT DISCUSSION
&
ANALYSIS

The management of the City of Washington Terrace presents to the readers of its financial statements this narrative information to facilitate a better understanding of the City's financial position and results of operations for fiscal year ended June 30, 2015. Readers are encouraged to consider all sections of this report to gain a more complete knowledge of the City's financial performance.

FINANCIAL HIGHLIGHTS

Governmental Activities

At year end, Governmental Activities or *tax supported activities* total assets were $37,688,322, deferred outflow of resources $87,072, liabilities $4,375,964, and deferred inflows of resources were $1,520,304. The assets and deferred outflow of resources of Governmental Activities exceeded its liabilities and deferred inflows by $31,879,126 (net position). Of this amount, $26,868,331 is net investment in capital assets; $1,187,098 is restricted; and $3,823,697 is unrestricted.

The City's Governmental funds (General, Redevelopment Agency, Capital Projects, and Debt Service Funds) reported a combined ending fund balance of $5,472,532, an increase of 12.9 percent or $624,582 in comparison to the prior year's total ending fund balances of $4,847,950. Of the combined total fund balance in 2015, $915,480 is unassigned; $774,007 is assigned for redevelopment activities and related projects; $2,595,947 is committed for capital projects; and $1,187,098 is restricted. The fund balances of the General Fund at June 30, 2015, totaled $1,231,421, down 6.9 percent or $91,450 from 2014. Of said balance, $315,941 is restricted for Class "C" road and debt service purposes and $915,480 is unassigned.

Business-type Activities

At year end, Business-type Activities or *fee supported activities* total assets were $17,718,471 and liabilities $2,724,760. The assets of Business-type Activities exceeded its liabilities by 14,993,711 (net position). Of this amount, $8,957,657 is net investment in capital assets, $29,833 is restricted, and $6,006,221 is unrestricted.

Government-wide

The Primary Government reported total assets of $55,406,793, deferred outflow of resources $87,072, liabilities of $7,100,724, and deferred inflows of resources $1,520,304 resulting in a total net position of $46,872,837. Total net position consists of net investment in capital assets of $35,825,988, $1,216,931 restricted, and $9,829,918 unrestricted.

Long-term Debt

Long-term debt outstanding for the Primary Government decreased by 10.9 percent or $739,886 compared to the prior year. Governmental Activities long-term debt outstanding decreased by 10.8 percent or $420,158, with amounts due within one year of $509,409. Business-type Activities long-term debt outstanding decreased by 11 percent or $319,728, with total amounts due within one year of $285,600.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The SA helps identify functions of the City that are primarily supported by taxes and other general governmental activity revenue in conjunction with other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). The SA shows the changes to net position that occurred during the most recent fiscal year. These changes are recorded on an accrual basis when the underlying event that causes the change occurs, regardless of when the cash transaction takes place. One example is the next debt interest payment when the fiscal year ends in between interest payments. The Statement of Activities shows an additional interest expense for the time period between the last interest payment and the end of the fiscal year.

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

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

FUND FINANCIAL STATEMENTS

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

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

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

Proprietary Funds – There are two types of proprietary funds: enterprise funds and internal service funds. These funds operate much like private-sector companies. These funds, like the government-wide statements, provide both long-term and short-term financial information. Enterprise Funds are the same as Business-type activities, but the financial statements provide more detailed information, such as cash flows. Like government-wide statements, proprietary fund statements are presented using the full accrual basis of accounting.

The City utilizes enterprise funds to account for its fee based services: culinary water, sanitary sewer, storm water, and refuse. Internal Service Funds report activities that provide services and supplies for the City's other programs and activities such as city garage and fuel services. The City has no Internal Service Funds.

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

Differences between Government-Wide and Fund Statements

Capital assets and long-term debt are included on the government-wide statements but are not reported on the governmental fund statements. Capital outlays result in capital assets on the government-wide statements but are expenditures on the governmental fund statements. Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements. Those revenues are deferred on the governmental fund statements. Government-wide statements provide users with a broad overview of the City's finances, similar to a private-sector business.

Notes to the Financial Statements

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

Required Supplementary Information (RSI)

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

Statistical Section

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As discussed in the Overview of the Financial Statements, total net position may over time serve as a useful tool to determine if the City's overall financial position is improving or declining. For fiscal years ended 2014 and 2015, assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources for Governmental and Business-type Activities. The Primary Government's total net position increased by 5.8 percent or by $2,551,276; increasing from $44,321,561 as restated in 2014 to $46,872,837 in 2015.

Net Position

As illustrated in the following "Comparative Summary of Net Position", Capital Assets represent the largest asset type for Governmental and Business-type activities for all comparative years. Capital Assets include: land, construction in process, buildings, equipment, infrastructure, and improvements. Capital Assets are not resources available for spending, nor can they be readily liquidated to satisfy related liabilities. In 2015, Capital Assets represented 80.3 percent or $30,249,017 of total Governmental activity total assets, 65.2 percent or $11,550,992 of total for Business-type activities, and 75.4 percent or $41,800,009 of total assets for the Primary Government.

Long-term liabilities outstanding represent the largest liability type for Governmental and Business-type activities for all comparative years. Long-term liabilities outstanding include: bonds, notes, and leases outstanding and compensated absences. In 2015, Long-Term Liabilities (excluding deferred outflow of resources) for the Primary Government represented 85.4 percent or $6,060,967 of total liabilities. For Governmental Activities long-term liabilities represented 79.2 percent or $3,467,632 of total liabilities and 95.2 percent or $2,593,335 for Business-type Activities. Long-term liabilities outstanding for the Primary Government decreased by 10.9 percent or $739,886 from 2014 to 2015. Total liabilities outstanding decreased by 1.8 percent or $130,876.

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

	Governmental Activities		Business-Type Activities		Total Activities		Total % Change From Prior Year
	2014	2015	2014	2015	2014	2015	
Current and Other Assets	$ 6,617,651	$ 7,439,305	$ 5,510,043	$ 6,167,479	$12,127,694	$13,606,784	12.2%
Capital Assets	29,429,197	30,249,017	11,895,323	11,550,992	41,324,520	41,800,009	1.2%
Total Assets	**36,046,848**	**37,688,322**	**17,405,366**	**17,718,471**	**53,452,214**	**55,406,793**	**3.7%**
Deferred Outflow of Resources	**-**	**87,072**	**-**	**-**	**-**	**87,072**	**100.0%**
Current and Other Liabilities	325,765	908,332	104,982	131,425	430,747	1,039,757	141.4%
Long-term Liabilities	3,887,790	3,467,632	2,913,063	2,593,335	6,800,853	6,060,967	-10.9%
Total Liabilities	**4,213,555**	**4,375,964**	**3,018,045**	**2,724,760**	**7,231,600**	**7,100,724**	**-1.8%**
Deferred Inflows of Resources	**1,491,400**	**1,520,304**	**-**	**-**	**1,491,400**	**1,520,304**	**1.9%**
Net Position:							
Net Investment in Capital Assets	25,624,015	26,868,331	9,232,700	8,957,657	34,856,715	35,825,988	2.8%
Restricted	1,002,446	1,187,098	281,627	29,833	1,284,073	1,216,931	-5.2%
Unrestricted	3,715,432	3,823,697	4,872,994	6,006,221	8,588,426	9,829,918	14.5%
Total Net Position	**$30,341,893**	**$31,879,126**	**$14,387,321**	**$14,993,711**	**$44,729,214**	**$46,872,837**	**4.8%**

Table 1 – Comparative Summary of Net Position

Net Investment in Capital Assets represents the largest component of the City's net position for the Primary Government at 76.4 percent or $35,825,988 in 2015. These assets reflects the City's investment in capital assets less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to the City's customers and therefore, are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources need to repay this debt must be provided from other sources, since the capital assets cannot be liquidated or easily liquidated to repay these liabilities. Net Investment in Capital Assets for the Primary Government increased by 2.8 percent or $969,273 compared to the prior year.

Restricted Net Position or assets that are subject to external restrictions on how they may be used. These restrictions include: Class C road funds, debt service reserves, and grants. Restricted net position for the Primary Government decreased by 5.2 percent or $67,142 in 2015. Restricted net position for the Primary Government represents 2.6 percent of total net position. The Primary Government's remaining $9,829,918 or 21.0 percent of its net position is

unassigned and may be used at the City's discretion to meet its ongoing obligations to customers, creditors, completion of ongoing or scheduled projects, or maintained for a reserve.

Changes in Net Position

Primary Government

As illustrated in the following Table 2, "Comparative Changes in Net Position", the Primary Government's net ending position increased by 4.8 percent or $2,551,276 from the prior year. Total activity revenue increased by 3.5 percent or $371,396 primarily as a result of an increase in reported grants and contributions. Capital Grants and Contributions experienced the largest component change from the prior year increasing by 35.4 percent or $510,674 from 2014.

Total program expenses increased by 10.4 percent or $715,895 from 2014. Said increase was largely due to one-time capital projects for Highways and Public Works. Highways and Public Works experienced the largest dollar value and percent change from the prior year-increasing by $1,068,365 or 70.9 percent. General Government experienced the greatest decrease in dollar value and percent change—decreasing $458,819 or 35.3 percent.

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

	Governmental Activities		Business-Type Activities		Total Activities		Total % Change From Prior Year
Revenues	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	
Program Revenues:							
Charges for Services	$ 1,388,257	$ 1,303,058	$ 3,320,481	$ 3,303,552	$ 4,708,738	$ 4,606,610	-2.2%
Operating Grants and Contributions	275,322	278,869	-	-	275,322	278,869	1.3%
Capital Grants and Contributions	1,200,243	1,939,832	242,162	13,247	1,442,405	1,953,079	35.4%
General Revenues:							
Property Taxes	1,719,870	1,591,528	-	-	1,719,870	1,591,528	-7.5%
Other Taxes	1,617,794	1,673,932	-	-	1,617,794	1,673,932	3.5%
Other	20,182	13,979	24,432	35,245	44,614	49,224	10.3%
Total Revenues	**6,221,668**	**6,801,198**	**3,587,075**	**3,352,044**	**9,808,743**	**10,153,242**	**3.5%**
Expenses							
Program Expenses:							
General Government	1,299,410	840,591	-	-	1,299,410	840,591	-35.3%
Public Safety	1,268,295	1,153,802	-	-	1,268,295	1,153,802	-9.0%
Highways & Public Works	1,506,224	2,574,589	-	-	1,506,224	2,574,589	70.9%
Parks & Recreation	244,530	261,500	-	-	244,530	261,500	6.9%
Interest on Long-term Debt	112,941	116,935	-	-	112,941	116,935	3.5%
Water Services	-	-	834,383	951,617	834,383	951,617	14.1%
Sewer Services	-	-	916,534	965,234	916,534	965,234	5.3%
Refuse Services	-	-	421,714	436,185	421,714	436,185	3.4%
Storm Water Services	-	-	282,040	301,513	282,040	301,513	6.9%
Total Expenses	**4,431,400**	**4,947,417**	**2,454,671**	**2,654,549**	**6,886,071**	**7,601,966**	**10.4%**
Increase in Net Position Before Transfers	1,790,268	1,853,781	1,132,404	697,495	2,922,672	2,551,276	-12.7%
Transfers	90,538	91,106	(90,538)	(91,106)	-	-	
Change in Net Position	**1,880,806**	**1,944,887**	**1,041,866**	**606,389**	**2,922,672**	**2,551,276**	**-12.7%**
Net Position - Beginning (as restated)	28,461,087	29,934,239	13,345,455	14,387,322	41,806,542	44,321,561	6.0%
Net Position - Ending	**$30,341,893**	**$31,879,126**	**$14,387,321**	**$14,993,711**	**$44,729,214**	**$46,872,837**	**4.8%**

Table 2- Comparative Changes in Net Position

As shown in Figure 1, Charges for Services continue to be the largest revenue source representing 45 percent of total revenues in 2015 compared to 48 percent in 2014. Charges for Services declined by 2.2 percent in 2015 or from $4,708,738 in 2014 to $4,606,610 in 2015.

Grants & Contributions represent the second largest revenue source for the primary government representing 22.0 percent or $1,953,079. Grants and Contributions increased by 35.4 percent or $510,674 in 2015. Other Taxes and Property Taxes closely follow Grants & Contributions representing 16.5 and 15.7 percent or a combined $3,265,460 of total revenues.

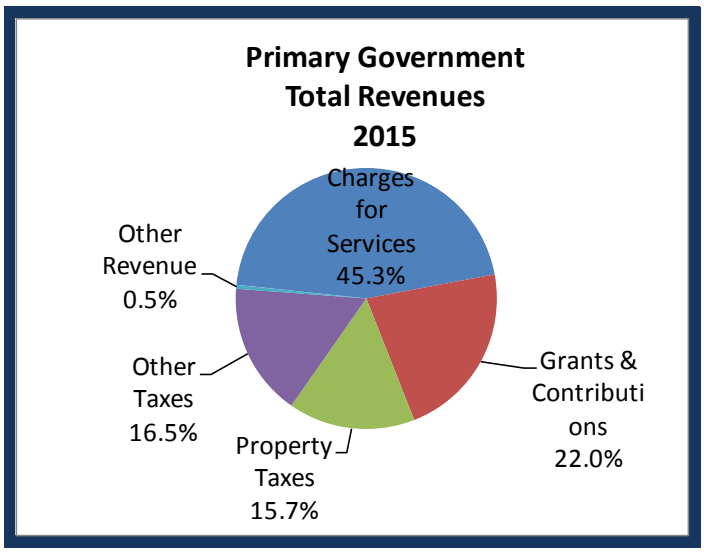

Figure 1 – Primary Government Revenues as a Percentage of Total

As shown in Figure 2, Highways and Public Works continue to be the largest expenses activity representing 33.9 percent of total revenues in 2015 compared to 21.9 percent in 2014. Highways and Public Works increased by 70.9 percent or $1,068,365 in 2015.

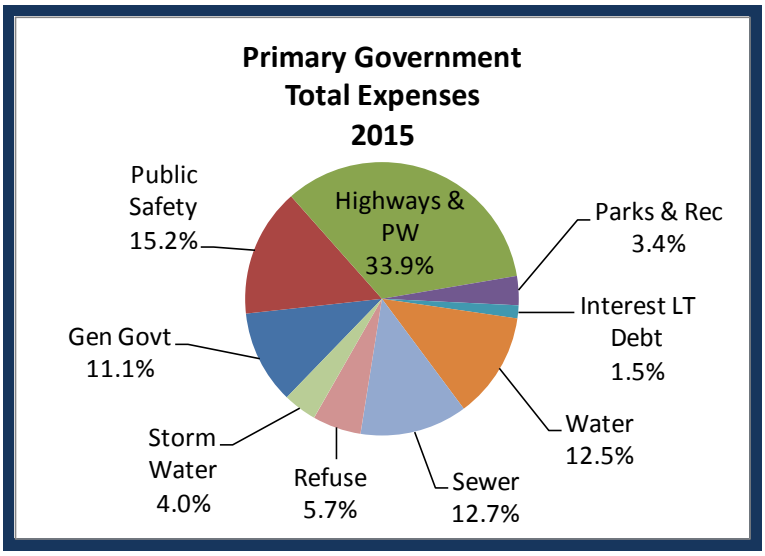

Figure 2 – Primary Government Expenses as a Percentage of Total

Public Safety represents the second largest expense activity for the primary government representing 15.2 percent or $1,153,802. Public Safety expenses decreased by 9 percent or $114,493 in 2015. Closely following Public Safety is Water and Sewer activities at 12.7 and 12.5 respectively or a combined expense total of $1,916,851.

Governmental Activities

Ending net position for Governmental Activities increased by 3.4 percent or $1,944,887 compared to the prior year.

Total activity revenue increased by 9.3 percent or $579,530 primarily attributed to an increase in reported Capital Grants and contributions. Capital Grants and Contributions experienced the largest component change from the prior year increasing by 61.6 percent or $739,589. Capital Grants and Contributions represent 28.5 percent or $1,939,832 of total governmental revenues.

Total activity expenses increased by 11.6 percent or $516,017 largely due to one-time capital projects for Highways and Public Works. Highways and Public Works experienced the largest component change from the prior year increasing by 70.9 percent or $1,068,365.

The following Table 3 and Figure 3, "Net Cost of Governmental Activities", illustrates each governmental activity's ability to rely on self-generated revenues to cover its related program expenses. General revenues including property tax, sales tax, and franchise taxes cover the remaining $1,425,658 net program deficit.

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

	Program Expenses		*Less* Program Revenues		Net Program (Expense) / Revenues		Program Revenues as a % of Program Expenses	
Activities	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**
General Government	$ 1,299,410	$ 840,591	$ 984,483	$ 1,117,176	$ (314,927)	$ 276,585	-75.8%	-132.9%
Public Safety	1,268,295	1,153,802	171,253	84,743	(1,097,042)	(1,069,059)	-13.5%	-7.3%
Highways & Public Works	1,506,224	2,574,589	348,069	2,277,021	(1,158,155)	(297,568)	-23.1%	-88.4%
Parks & Recreation	244,530	261,500	430,898	42,819	186,368	(218,681)	-176.2%	-16.4%
Interest on Long-term Debt	112,941	116,935	-	-	(112,941)	(116,935)	0.0%	0.0%
Total Governmental Activities	**$ 4,431,400**	**$ 4,947,417**	**$ 1,934,703**	**$ 3,521,759**	**$ (2,496,697)**	**$ (1,425,658)**	**-43.7%**	**-71.2%**

Table 3 – Net Cost of Governmental Activities

General Government, representing 17 percent of total governmental expense activities, had the greatest ability to generate revenues to support its program expenses. Program revenues generated were $1,117,176 and expenses were $840,591 resulting in a program surplus of $276,585.

Public Safety, the third largest activity representing $1,153,802 or 23.3 percent of total program expenses, had the lowest ability to generate revenues to support its program expenses. Program revenues of $84,743 resulted in a program deficit of $1,069,059.

Business-Type Activities

Ending net position for Business-type Activities increased by 4.2 percent or $606,389 when compared to the prior year. Total activity revenue decreased by 6.6 percent or $235,031 largely due to a 94.5 percent or $228,915 reduction in Capital Grants and Contributions. Capital Grants and Contributions experienced the largest component value change from the prior year.

Total activity expenses increased by 8.1 percent or $199,878 largely due to general increases to water operating costs. Water services experienced the largest component change from the prior year increasing 14.1 percent or $117,234.

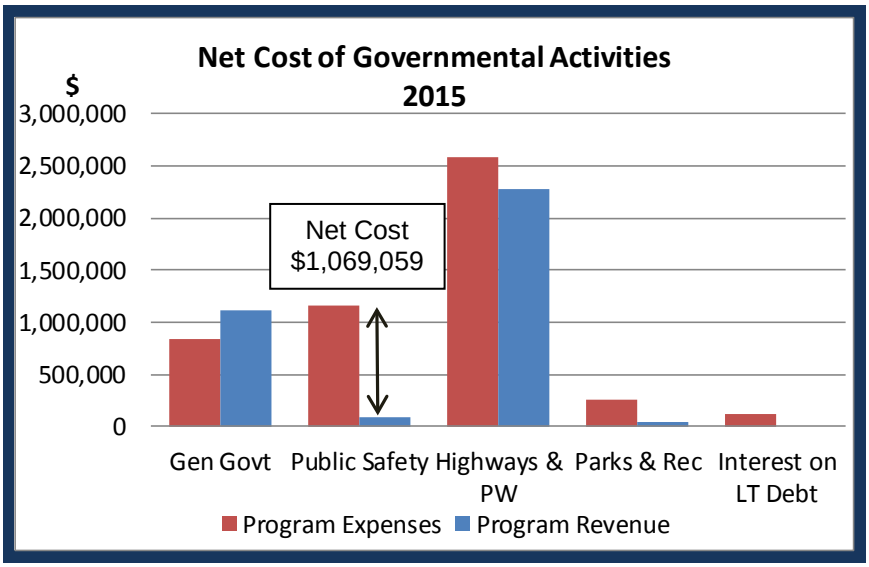

Figure 3 – Net Cost of Governmental Activities

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

As illustrated in Table 4, "Comparative Summary of Capital Assets", the City's investment in capital assets for the Primary Government totaled $41,800,009 (net of $15,935,236 accumulated depreciation) a 1.2 percent or $475,489 increase from the prior year.

Capital Assets are categorized by five major groups: land, construction in process, buildings & improvements, equipment, and infrastructure. The greatest percent and value change in capital assets from prior year as a percentage change was construction in process increasing 272.9 percent or $2,027,021 from prior year.

Major capital asset added during 2015 included the following:

- Adams Avenue Road Reconstruction - *$2,081,228*
- Fleet Replacement - *$389,260*

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

Capital Assets	Governmental Activities		Business-Type Activities		Total Activities		Total % Change From Prior Year
	2014	2015	2014	2015	2014	2015	
Land	$ 9,420,401	$ 9,420,402	$ 116,813	$ 116,813	$ 9,537,214	$ 9,537,215	0.0%
Construction in process	742,851	2,760,898	-	8,974	742,851	2,769,872	272.9%
Buildings & Improvements	3,511,794	2,896,362	-	-	3,511,794	2,896,362	-17.5%
Machinery & Equipment	814,263	1,105,721	370,532	381,405	1,184,795	1,487,126	25.5%
Infrastructure	14,939,888	14,065,634	11,407,978	11,043,800	26,347,866	25,109,434	-4.7%
Total Assets, net of accumulated depreciation	**$29,429,197**	**$30,249,017**	**$11,895,323**	**$11,550,992**	**$41,324,520**	**$41,800,009**	**1.2%**

Table 4 – Comparative Summary of Capital Assets

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

Long-Term Debt

The State of Utah mandates a general obligation debt limit not to exceed 4 percent of the City's total assessed value. The City's general obligation indebtedness of $2,085,000 is below the statutory limit.

As illustrated in the following table, "Comparative of Debt Outstanding", the greatest decrease in debt outstanding for Governmental Activities was the General Obligation Refunding Bonds Series 2005 decreasing by $305,000 or 12.8 percent from the prior year. The greatest increase in debt for the Primary Government was capital leases outstanding increasing to $220,000. Said capital lease was used to finance a fire ladder truck.

Governmental activities total debt outstanding decreased by 10.8 percent or $420,158. Business-type activities total debt outstanding decreased by 11 percent or $319,728. Total outstanding debt for the Primary Government decreased by 10.9 percent or $739,886.

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

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

Debt Outstanding	Governmental Activities		Business-Type Activities		Total Activities		Total % Change From Prior Year
	2014	2015	2014	2015	2014	2015	
Compensated Absences	$ 82,608	$ 86,946	$ -	$ -	$ 82,608	$ 86,946	5.3%
Capital Lease	-	220,000	27,309	-	27,309	220,000	705.6%
General Obligation Ref Ser05 Bonds	2,390,000	2,085,000	-	-	2,390,000	2,085,000	-12.8%
Utility Revenue Bonds Ser10A	-	-	1,595,000	1,385,000	1,595,000	1,385,000	-13.2%
Utility Revenue Bonds Ser10B	228,821	218,202	401,179	383,798	630,000	602,000	-4.4%
Utility Revenue Bonds Ser10C	268,616	256,151	467,384	444,849	736,000	701,000	-4.8%
Sales & Excise Tax Revenue Bonds Ser13	660,000	601,333	330,000	300,667	990,000	902,000	-8.9%
Redevelopment Tax Increment Bonds Ser03	257,745	-	-	-	257,745	-	-100.0%
Bond Premium	-	-	92,191	79,021	92,191	79,021	-14.3%
Total Debt Outstanding	**$3,887,790**	**$3,467,632**	**$2,913,063**	**$2,593,335**	**$6,800,853**	**$6,060,967**	**-10.9%**

Table 5 – Comparative of Debt Outstanding

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

Fund Balances

As illustrated in the following Table 6, "Governmental Fund Balances", total governmental fund balance of $5,472,532 for 2015 has increased by 12.9 percent or $624,582 from 2014.

Of said balance, $1,187,098 or 21.7 percent is restricted (externally enforceable limitations on use i.e. imposed by creditors, grantors, contributors, law and regulations); $2,595,947 or 47.4 percent is committed (self-imposed limitations); $774,007 or 14.1 percent is assigned for redevelopment activities and projects; and $915,480 or 16.7 percent is unassigned (total fund balance in excess of restricted, committed, and assigned balances).

Committed Capital Project Fund balance experienced the greatest change in fund balance increasing 21.7 percent or $463,387 resulting in an ending fund balance of $2,595,947. Said increase is attributed to the General Fund transferring reserves to the Capital Projects Fund to support capital requirements. Additionally, increases to committed reserves resulted from funded outstanding projects to yet to be completed. Committed reserves are expected to decrease in the future in response to completing outstanding funded projects.

Unassigned fund balance decreased by 12 percent or $124,684. Said decrease is attributed to a one-time General Fund reserves transfer to the Capital Projects Fund to support the capital needs for governmental activities.

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

Components	General Fund		Redevelopment Fund		Capital Project Fund		Debt Service Fund		Total		Total % Change From Prior Year
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	
Restricted	$ 282,707	$ 315,941	$ -	$ -	$ 636,910	$ 782,755	$ 82,829	$ 88,402	$1,002,446	$1,187,098	18.4%
Committed	-	-	-	-	2,132,560	2,595,947	-	-	2,132,560	2,595,947	21.7%
Assigned	-	-	672,779	774,007	-	-	-	-	672,779	774,007	15.0%
Unassigned	1,040,164	915,480	-	-	-	-	-	-	1,040,164	915,480	-12.0%
Total	**$1,322,871**	**$1,231,421**	**$ 672,779**	**$ 774,007**	**$2,769,470**	**$3,378,702**	**$ 82,829**	**$ 88,402**	**$4,847,949**	**$5,472,532**	**12.9%**

Table 6 – Governmental Fund Balances

General Fund Budgetary Highlights

Significant differences or variance with final budget amounts and actual revenues or expenditures for the General Fund are summarized below. For a comprehensive schedule, refer to Required Supplemental Information, Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual, General Fund.

REVENUES

General Revenues

Actual real Property Tax collections of $593,690 exceeded its final budget estimates of $574,063 or $19,627 or 3.4 percent. Said increase is largely attributed to incremental property tax revenue received from the redevelopment project areas within the City.

EXPENDITURES

Public Safety

Public Safety final budget of $1,163,106 exceeded actual expenditures of $1,139,546, resulting in a budget surplus of $23,560. Said surplus is being ascribed to overestimating the personnel and service and supply requirements for the Fire Department during the fiscal year.

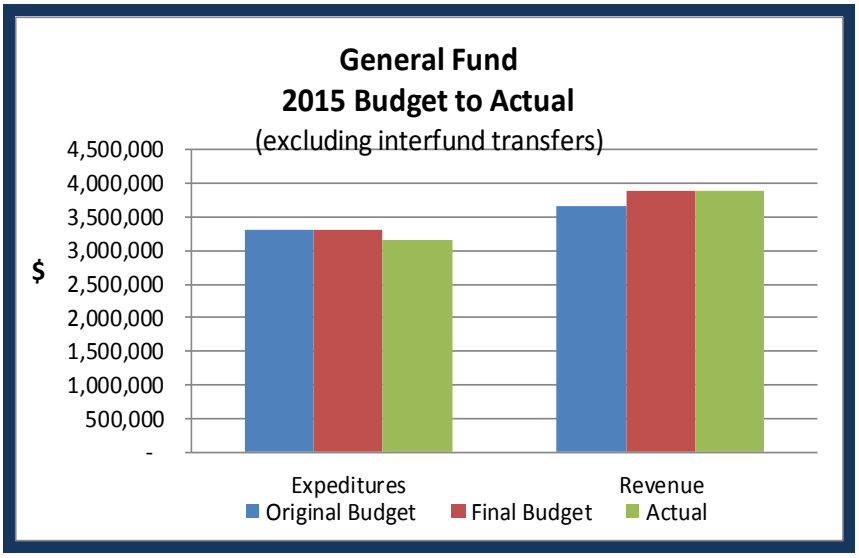

Figure 4 – General Fund Budget to Actual

Streets and Public Works

The Streets Public Works Department final budget of $782,024 exceeded actual expenditures of $676,139, resulting in a budget surplus of $105,885. Said variance was largely due to public works personnel staffing changes that resulting in a budgetary savings and unexpended street

maintenance operating costs. Street surpluses are used to fund future street operating and capital requirements.

FINANCIAL ANALYSIS OF ENTERPRISE FUNDS

Net Position

As illustrated in Table 1 "Comparative Summary of Net Position", the City's enterprise funds or Business-type Activities total net position of $14,993,711 has increased by 4.2 percent or $606,390 from the prior year. Of said balance, $8,957,657 or 59.7 percent represents net investment in capital assets, down 3 percent or $275,043 from prior year. Restricted net position is down $251,794 from prior year and unrestricted net position is up 23 percent or $1,133,227 from prior year.

Changes in Net Position

The largest program revenue, Charges for Services representing 98.6 percent of revenues, decreased by 0.51 percent or $16,929. Capital Grants and Contributions decreased by $228,915 or from $242,162 in 2014 to $13,247 in 2015. Total program revenues decreased by 6.6 percent or $235,031.

Sanitary Sewer Services, the largest operating expense activity representing 36.4 percent or $965,234 of Business-type Activity expenses. Sewer expenses grew by $48,700 or 5.3 percent compared to prior year.

Culinary Water Service, the second largest utility activity representing 35.8 percent or $951,617 of Business-type Activity expenses, experienced the greatest operating expense growth—growing 14.1 percent or $117,234 from prior year. Said growth is attributed to replacing customer water meters.

ECONOMIC & DEMOGRAPHIC FACTORS

According to the State of Utah Department of Workforce Services, the Weber County (the county which the City resides) economy started 2015 with strong economic performance. Employment is growing at a rate not seen in more than 10 years and is very wide-spread across all industries. Employment growth is up to 4.1% year-over growth in March 2015 adding 3,923 new jobs. Taxable sales were up more than 6 percent with particular strength in retail markets suggesting consumer confidence continues to build. Unemployment remains low and initial unemployment insurance claims are back to pre-recession levels. Overall, the indicators are reaffirming that the long term trajectory of economic performance for the county is very positive.

Utah's Employment Summary: June 2015, Utah's nonfarm wage and salaried job count for June 2015 grew by 4.5 percent adding 59,200 jobs to the Utah economy compared to June 2014. Utah's June 2015 seasonally adjusted unemployment rate registered 3.5 percent, employment year-over change 4.5 percent. The national employment year-over change was 2.1 percent with an unemployment rate at 5.3 percent.

Approximately 51,700 Utahans were considered to be unemployed and actively seeking work.

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

Source: US Census

According to the US Census, the City represents 0.32 percent of the State of Utah's population. The City has an older demographic compared to the State. Persons over 65 represent 15 percent of the City's population or 6 percent higher than the State's 9 percent. Persons under 18 represent 27.6 percent compared to the

State's 31.5 percent. Levels of education are comparable with the State at 91.6 percent of the population with a high school graduate or higher level of education but fall short of a bachelor's degree or higher representing 14.7 percent compared to the State's 29.9 percent. The City offers more housing diversity and affordability compared to the State with 29.7 percent of housing units multi-unit structures—State 21.3 percent. Homeownership rates represent 60.3 percent of housing compared to 70.4 percent statewide. Median value of owner-occupied housing units is $141,700 compared to $217,800 statewide. The City's poverty levels and median household income are below statewide levels at 10 percent and $50,325 respectively compared to 12.10 percent and $58,164 statewide.

OTHER MATTERS

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

REQUESTS FOR INFORMATION

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

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

BASIC FINANCIAL STATEMENTS

(audited)

STATEMENT OF NET POSITION

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 4,397,031	$ 5,672,759	$ 10,069,790
Investments	-	42,313	42,313
Accounts receivable, net	46,051	316,361	362,412
Due from other governmental units	1,712,388	-	1,712,388
Prepaid expenses	153,185	86,413	239,598
Cash - restricted	1,120,587	49,633	1,170,220
Capital assets not being depreciated:			
Land	9,420,402	116,813	9,537,215
Construction work in progress	2,760,898	8,974	2,769,872
Capital assets, net of accumulated depreciation:			
Buildings and improvements	2,896,362	-	2,896,362
Infrastructure	14,065,634	11,043,800	25,109,434
Machinery and equipment	1,105,721	381,405	1,487,126
Net pension asset	10,063	-	10,063
Total Assets	37,688,322	17,718,471	55,406,793
Deferred Outflows of Resources			
Pension related	87,072	-	87,072
Total Deferred Outflows of Resources	87,072	-	87,072
Total Assets and Deferred Outflows of Resources	$ 37,775,394	$ 17,718,471	$ 55,493,865
Liabilities			
Accounts payable	$ 362,480	$ 71,916	$ 434,396
Accrued liabilities	113,270	59,509	172,779
Accrued interest	35,681	-	35,681
Unearned revenue	17,323	-	17,323
Noncurrent liabilities:			
Due within one year	509,409	285,600	795,009
Due in more than one year	2,958,223	2,307,735	5,265,958
Net pension liability	379,578	-	379,578
Total Liabilities	4,375,964	2,724,760	7,100,724
Deferred Inflows of Resources			
Deferred revenue - property taxes	1,463,636	-	1,463,636
Pension related	56,668	-	56,668
Total Deferred Inflows of Resources	1,520,304	-	1,520,304
Net Position			
Net investment in capital assets	26,868,331	8,957,657	35,825,988
Restricted for:			
Debt service	113,078	29,833	142,911
Capital projects	-	-	-
Roads	1,074,020	-	1,074,020
Unrestricted	3,823,697	6,006,221	9,829,918
Total Net Position	31,879,126	14,993,711	46,872,837
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 37,775,394	$ 17,718,471	$ 55,493,865

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

STATEMENT OF ACTIVITIES

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Primary Government:							
Government Activities							
General governmental	$ 840,591	$ 1,109,104	$ 8,072	$ -	$ 276,585	$ -	$ 276,585
Public safety	1,153,802	76,235	8,508	-	(1,069,059)	-	(1,069,059)
Highways and public works	2,574,589	74,900	262,289	1,939,832	(297,568)	-	(297,568)
Parks and recreation	261,500	42,819	-	-	(218,681)	-	(218,681)
Interest on long-term debt	116,935	-	-	-	(116,935)	-	(116,935)
Total Governmental Activities	4,947,417	1,303,058	278,869	1,939,832	(1,425,658)	-	(1,425,658)
Business-type Activities							
Water services	951,617	1,309,749	-	7,277	-	365,409	365,409
Sewer services	965,234	1,148,077	-	5,970	-	188,813	188,813
Refuse services	436,185	449,480	-	-	-	13,295	13,295
Storm water services	301,513	396,246	-	-	-	94,733	94,733
Total Business-type Activities	2,654,549	3,303,552	-	13,247	-	662,250	662,250
Total Government	$ 7,601,966	$ 4,606,610	$ 278,869	$ 1,953,079	(1,425,658)	662,250	(763,408)
			General Revenues				
			Property taxes		1,591,886	-	1,591,886
			Sales taxes		978,354	-	978,354
			Franchise taxes		695,220	-	695,220
			Unrestricted interest on investments		13,979	35,245	49,224
			Transfers		91,106	(91,106)	-
			Total General Revenues and Transfers		3,370,545	(55,861)	3,314,684
			Changes in Net Position		1,944,887	606,389	2,551,276
			Net Position, Beginning, Restated		29,934,239	14,387,322	44,321,561
			Net Position, Ending		$ 31,879,126	$ 14,993,711	$ 46,872,837

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

BALANCE SHEET - GOVERNMENTAL FUNDS

	General	Redevelopment Agency	Capital Projects	Debt Service	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 973,254	$ 653,679	$ 2,681,696	$ 88,402	$ 4,397,031
Accounts receivable, net	46,051	-	-	-	46,051
Due from other governmental units	857,085	462,877	-	392,426	1,712,388
Prepaids	-	153,185	-	-	153,185
Restricted assets:					
Cash and cash equivalents	337,832	-	782,755	-	1,120,587
Total Assets	$ 2,214,222	$ 1,269,741	$ 3,464,451	$ 480,828	$ 7,429,242
Liabilities					
Accounts payable	$ 241,062	$ 35,670	$ 85,749	$ -	$ 362,481
Accrued liabilities	113,270	-	-	-	113,270
Unearned revenue	17,323	-	-	-	17,323
Total Liabilities	371,655	35,670	85,749	-	493,074
Deferred Inflows of Resources					
Unavailable revenue - property taxes	611,146	460,064	-	392,426	1,463,636
Fund Balances					
Restricted					
Class "C" roads	291,265	-	782,755	-	1,074,020
Debt service	24,676	-	-	88,402	113,078
Committed for:					
Capital projects		-	2,595,947	-	2,595,947
Assigned					
Redevelopment Agency	-	774,007	-	-	774,007
Unassigned	915,480	-	-	-	915,480
Total Fund Balances	1,231,421	774,007	3,378,702	88,402	5,472,532
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 2,214,222	$ 1,269,741	$ 3,464,451	$ 480,828	$ 7,429,242

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

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

Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balance - governmental funds	$	5,472,532
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		30,249,017
Long-term liabilities, including bond payable, are not due and payable in the current period and therefore are not recorded in the funds.		(3,467,632)
Accrued interest exepnse is not due and payable in the current period and therefore is not recorded in the funds.		(35,680)
Pension assets and liabilities along with the corresponding deferred inflows and outflows are not collectable or payable in the current period and therefore are not recorded in the funds.		(339,111)
Net position - governmental activities	$	31,879,126

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

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

	General	Redevelopment Agency	Capital Projects	Debt Service	Total Governmental Funds
Revenues					
Taxes	$ 2,375,809	$ 495,442	$ -	$ 394,209	$ 3,265,460
Licenses and permits	158,860	-	-	-	158,860
Intergovernmental	278,869	1,939,832	-	-	2,218,701
Charges for services	867,282	-	74,900	-	942,182
Impact fees	-	-	-	-	-
Fines and forfeitures	154,858	-	-	-	154,858
Interest income	10,297	3,671	-	8	13,976
Miscellaneous revenue	47,158	-	-	-	47,158
Total Revenues	3,893,133	2,438,945	74,900	394,217	6,801,195
Expenditures					
Current:					
General government	1,132,514	63,154	2,399	-	1,198,067
Public safety	1,139,546	-	-	-	1,139,546
Highways and public works	676,139	15,827	-	-	691,966
Parks and recreation	210,827	-	-	-	210,827
Capital expenditures	-	2,110,432	399,559	-	2,509,991
Debt service:					
Principal retirement	-	258,047	-	386,752	644,799
Interest and fiscal charges	-	12,128	-	116,666	128,794
Total Expenditures	3,159,026	2,459,588	401,958	503,418	6,523,990
Excess (Deficiency) of Revenues Over (Under) Expenditures	734,107	(20,643)	(327,058)	(109,201)	277,205
Other Financing Sources (Uses)					
Transfer in	92,093	121,872	1,054,470	153,227	1,421,662
Transfer out	(917,650)	-	(374,453)	(38,453)	(1,330,556)
Proceeds from capital lease	-	-	220,379	-	220,379
Sale of capital assets	-	-	35,892	-	35,892
Total Other Financing Sources (Uses)	(825,557)	121,872	936,288	114,774	347,377
Net Change in Fund Balances	(91,450)	101,229	609,230	5,573	624,582
Fund Balance, Beginning, Restated	1,322,871	672,778	2,769,472	82,829	4,847,950
Fund Balance, Ending	$ 1,231,421	$ 774,007	$ 3,378,702	$ 88,402	$ 5,472,532

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

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

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

Net change in fund balances - total governmental funds	$	624,582
Governmental funds have reported capital outlays, past and present, as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		(1,295,978)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net position.		2,486,503
Government funds have proceeds from the sale of assets as revenue. However, in the state of activities it reports the gain or loss on the sale of assets.		(370,654)
Repayment of bond principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.		644,496
Issuance of long-term debt provides current financial resources to governmental funds. However, these revenues are reported as debt in the statement of net position.		(220,000)
In the statement of activities, accrued interest on debt is recorded.		11,783
The long term portion of accrued leave does not require the use of current financial resources and therefore is not recorded as an expenditure in the Governmental Funds.		(4,388)
Changes in the pension asset and liabiltiy accounts are not recorded in the funds rather they are recorded in the statement of activities		68,543
Change in net position - governmental activities	$	1,944,887

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

STATEMENT OF NET POSITION – PROPRIETARY FUND

	Business-type Activities Enterprise Fund Public Utilities
Assets	
Current Assets	
Cash and cash equivalents	$ 5,672,759
Investments	42,313
Accounts receivable, net	316,361
Prepaids	86,413
Cash - restricted	49,633
Total Current Assets	6,167,479
Noncurrent Assets	
Land	116,813
Construction work in progress	8,974
Buildings	11,364
Infrastructure	15,141,356
Machinery and equipment	1,169,703
Less: Accumulated depreciation	(4,897,218)
Total Noncurrent Assets	11,550,992
Total Assets	$ 17,718,471
Liabilities	
Current Liabilities	
Accounts payable	$ 71,916
Accrued liabilities	59,509
Bonds payable	285,600
Total Current Liabilities	417,025
Noncurrent Liabilities	
Bonds payable	2,307,735
Total Noncurrent Liabilities	2,307,735
Total Liabilities	2,724,760
Net Position	
Net invested in capital assets	8,957,657
Restricted:	
Debt reserve	29,833
Unrestricted	6,006,221
Total Net Position	14,993,711
Total Liabilities and Net Position	$ 17,718,471

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

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

	Business-type Activities Enterprise Fund Public Utilities
Operating Revenues	
Charges for services:	
Water	$ 1,305,469
Sewer	1,143,797
Refuse	449,480
Storm water	396,246
Connection and other fees	
Water	4,280
Sewer	4,280
Total Operating Revenues	3,303,552
Operating Expenses	
Personnel services	765,980
Contractual services	1,041,518
Materials and supplies	422,286
Depreciation expense	409,043
Total operating expenses	2,638,827
Operating income	664,725
Nonoperating revenue (expense)	
Interest income	35,245
Impact fee income	-
Intergovernmental income	13,247
Interest expense	(75,492)
Sale of capital assets	59,770
Total nonoperating revenues (expenses)	32,770
Income (loss) before capital contributions and transfers	697,495
Transfers in/(out)	(91,106)
Change in net position	606,389
Net position, beginning	14,387,322
Net position, ending	$ 14,993,711

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

STATEMENT OF CASH FLOWS – PROPRIETARY FUND

	Business-type Activities Enterprise Fund Public Utilities
Cash Flows From Operating Activities	
Receipts from customers and users	$ 3,294,085
Payments to suppliers and service providers	(1,429,465)
Payments to employees and related benefits	(765,980)
Net cash flows from operating activities	1,098,640
Cash Flows From Non-Capital Financing Activities	
Transfers out	(91,106)
Intergovernmental	13,247
Net cash flows from non-capital financing activities	(77,859)
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(94,903)
Principal paid on bonds and leases	(319,728)
Proceeds from sale of assets	89,962
Interest Paid	(75,492)
Impact fees received	-
Net cash flows from capital and related financing activities	(400,161)
Cash Flows From Investing Activities	
Interest on investments	35,245
Net cash flows from investing activities	35,245
Net Increase (Decrease) In Cash and Cash Equivalents	655,865
Cash and Cash Equivalents, Beginning	5,108,840
Cash and Cash Equivalents, Ending	$ 5,764,705

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

STATEMENT OF CASH FLOWS – PROPRIETARY FUND (Continued)

	Business-type Activities Enterprise Fund Public Utilities
Reconciliation of operating income to net cash flows from operating activities	
Operating income	$ 664,725
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation expense	409,043
(Increase) Decrease in accounts receivables	(9,467)
(Increase) Decrease in prepaids	7,896
Increase (Decrease) in accounts payable	29,164
Increase (Decrease) in accrued liabilities	(2,721)
Net cash flows from operating activities	$ 1,098,640

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Washington Terrace (City) was incorporated on December 12, 1958. The City operates under a council manager form of government and provides the following services as authorized by its character: public safety (police, fire, inspection and animal control), streets and highways, public utilities (refuse collection, water and sewer), parks and recreation and general administrative services. The financial statements of The City of Washington Terrace have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

(A) The Reporting Entity

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

Blended Component Unit

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

(B) Government-Wide and Fund Financial Statements

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

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

(C) Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The use of financial resources to acquire capital assets are shown as assets in the government-wide financial statements, rather than reported as expenditures in the governmental fund financial statements. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source in the governmental fund financial statements. Amounts paid to reduce long-term debt in the government-wide financial statements are reported as a reduction of the related liability, rather than expenditures in the governmental fund statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter (generally within sixty days) to pay liabilities of the current period. Expenditures are generally recorded when a liability is incurred, as under the accrual method of accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded when payment is due.

Sales and use taxes, franchise taxes and earned but un-reimbursed state and federal grants associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Property taxes are measurable as of the date levied and available only when cash is received by the county treasurer prior to the City's fiscal year end and remitted to the City within sixty days of its fiscal year end.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate se of self-balancing accounts that comprise its assets, liabilities, revenues, fund balance, revenues, and expenditures or expenses as appropriate.

The City reports the following major governmental funds:

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

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

Capital Projects Fund- The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital improvements (other than those financed by proprietary funds).

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

The City reports the following major enterprise funds:

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

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by the Enterprise Funds for providing administrative, billing, and repair services for such funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the enterprise funds and of the City's internal service funds are charges to customers to the system. Operating expenses for enterprise funds and the internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(D) Budgets

Annual budgets are prepared and adopted before June 22 for the fiscal year commencing the following July 1, in accordance with the Uniform Fiscal Procedures Act for Utah Cities. State law requires budgeted revenues to equal budgeted expenditures, and legal control is exercised at the department level. Once a budget has been adopted, it remains in effect until it has been formally revised. Budgets for the general fund, special revenue, and capital projects funds are legally required and prepared and adopted on the modified accrual basis of accounting. Therefore, no reconciliation between budgetary schedules and the GAAP statements is required.

The Budgetary Comparison schedules presented in this section of the report are for the City's general fund and major special revenue funds. Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to July 1. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the City Council through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

Utah State allows for any undesignated fund balances in excess of 5% of total revenue of the general fund to be utilized for budget purposes. The law also allows for the accumulation of a fund balance in the general fund in an amount equal to 25% of the total estimated revenue of the general fund. In the event that the fund balance, at the end of the fiscal year, is in excess of that allowed, the City has one year to determine an appropriate use and then the excess must be included as an available resource in the general fund budget.

(E) Taxes

In connection with budget adoption an annual tax ordinance establishing the tax rate is adopted before June 22 and the City Recorder is to certify the tax rate to the County Auditor before June 22. Budgets for the general, special revenue, debt service and capital projects funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).The above procedures are authorized by the Utah Code Sections 10-6-109 through 10-6-135.

All property taxes levied by the City are assessed and collected by Weber County. Taxes are attached as an enforceable lien as of January 1, are levied as of October 1, and are due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 until paid. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the County on a monthly basis.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(F) Capital Assets

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

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

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

(G) Long-Term Obligation

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

(H) Equity Classifications

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

a. Net investment capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position - consists of net positions with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

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

In the fund financial statements; governmental fund equity is classified as fund balance. Fund balance is further classified as Nonspendable, Restricted, Committed, Assigned or Unassigned.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(H) Equity Classifications (Continued)

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

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

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

Unassigned fund balance classification is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted. It is the City's policy to use committed funds first then assigned funds and lastly use unassigned funds when all are available for use in satisfying the expenditure.

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

(I) Cash and Cash Equivalents

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

Cash includes amounts in demand deposits as well as short-term investments with a maturity date of three months or less when acquired by the City.

(J) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(K) Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In additional to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows or resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

this category. The governmental funds report unavailable revenue from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

(L) Pensions

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

NOTE 2 CASH AND INVESTMENTS

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

Deposits and investments for the City are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council"). Following are discussions of the City's exposure to various risks related to its cash management activities.

Custodial credit risk – deposits is the risk that in the event of bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the City to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Money Management Council. As of June 30, 2015, $1,258,346 of the City's bank balances of $1,518,334 (excluding PTIF) was uninsured and uncollateralized.

Custodial credit risk – investments is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. As of June 30, 2015, all of the City's $42,313 in investments was exposed to custodial credit risk because it was uninsured and uncollateralized.

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The City's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; banker acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations as defined in the Act.

NOTE 2 CASH AND INVESTMENTS (Continued)

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

For the year ended June 30, 2015, the City had cash balances of $9,754,390 deposited in the PTIF. The fair value of this cash balance was $9,802,776 using a fair value factor of 1.00496043.

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

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City has no formal policy regarding interest rate risk. The City manages its exposure to declines in fair value by investing mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. The City's investments do not have stipulated maturity dates but are only deposited and held until debt service due dates arrive.

Following are the City's cash on hand, on deposit, and investments at June 30, 2015:

	Carrying Amount
Cash on hand and on deposit:	
Cash on hand	$ 1,000
Cash on deposit	1,484,620
Utah State Treasurer's investment pool accounts	9,754,390
Total cash on hand and deposit	$ 11,240,010
Investments	
Utah State Treasurer's investment pool accounts	42,313
Total Investments	$ 42,313

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable are recorded net of the allowance for doubtful accounts of $13,287 in the enterprise fund.

NOTE 4 RESTRICTED ASSETS

Certain assets are restricted to use as follows as of June 30, 2015:

Developer and Customer deposits	$	24,368
Unearned Revenue - Football Fees		4,323
Class C Road Funds		1,074,020
2010 Series Bond Reserve Fund		44,521
2013 Series Bond Fund		9,988
Unspent grant proceeds		13,000
	$	1,170,220

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2015, is as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Governmental activities				
Capital assets, not being depreciated				
Land	$ 9,420,402	$ -	$ -	$ 9,420,402
Construction in progress	742,851	2,082,635	(64,588)	2,760,898
Total capital assets, not being depreciated	10,163,253	2,082,635	(64,588)	12,181,300
Capital assets, being depreciated				
Buildings	3,574,332	68,282	(8,159)	3,634,455
Improvements	901,672	-	(537,786)	363,886
Infrastructure	23,112,248	-	-	23,112,248
Machinery and equipment	1,751,429	335,586	(91,869)	1,995,146
Total capital assets, being depreciated	29,339,681	403,868	(637,814)	29,105,735
Less accumulated depreciation for				
Buildings	(708,523)	(58,207)	72	(766,658)
Improvements	(255,687)	(79,634)	-	(335,321)
Infrastructure	(8,172,361)	(1,126,178)	251,925	(9,046,614)
Machinery and equipment	(937,165)	(31,959)	79,699	(889,425)
Total accumulated depreciation	(10,073,736)	(1,295,978)	331,696	(11,038,018)
Total capital assets, being depreciated, net	19,265,945	(892,110)	(306,118)	18,067,717
Governmental activities capital assets, net	$ 29,429,198	$ 1,190,525	$ (370,706)	$ 30,249,017

NOTE 5 CAPITAL ASSETS (Continued)

The Business-type Activities property, plant and equipment consist of the following at June 30, 2015:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Business-type Activities				
Capital assets, not being depreciated				
Land	$ 116,813	$ -	$ -	$ 116,813
Construction in progress	-	8,974	-	8,974
Total capital assets, not being depreciated	116,813	8,974	-	125,787
Capital assets, being depreciated				
Buildings	11,364	-	-	11,364
Infrastructure	15,141,356	-	-	15,141,356
Machinery and equipment	1,182,215	85,932	(98,444)	1,169,703
Total capital assets, being depreciated	16,334,935	85,932	(98,444)	16,322,423
Less accumulated depreciation for				
Buildings	(11,364)	-	-	(11,364)
Infrastructure	(3,733,377)	(364,179)	-	(4,097,556)
Machinery and equipment	(811,683)	(44,864)	68,249	(788,298)
Total accumulated depreciation	(4,556,424)	(409,043)	68,249	(4,897,218)
Total capital assets, being depreciated, net	11,778,511	(323,111)	(30,195)	11,425,205
Business-type activities capital assets, net	$ 11,895,324	$ (314,137)	$ (30,195)	$ 11,550,992

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General government	$ 105,493
Public safety	14,256
Highways and public works	1,125,555
Parks and recreation	50,674
Total depreciation expense - governmental activities	$ 1,295,978
Business-type activities	
Water services	$ 200,592
Sewer services	121,850
Refuse services	86,579
Storm water services	22
Total depreciation expense - business-type activities	$ 409,043
Combined depreciation expense	$ 1,705,021

NOTE 6 DEFERRED OUTFLOWS/INFLOWS

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time.

In conjunction with GASB pronouncement 33, "*Accounting and Financial Reporting for Nonexchange Transactions*" the City has accrued property tax receivable and a deferred outflow in the General Fund, Redevelopment Agency, and the Debt Service Fund in the amounts of $611,146, $460,064, and $392,426 respectively.

Property taxes recorded in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 30 days). Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on October 1, and then are due and payable at November 30. Since the property tax levied on October 1, 2015 was not expected to be received within 30 days after the year ended June 30, 2015, the City was required to record receivable and deferred inflow of the estimated amount of the total property tax to be levied on October 1, 2015.

NOTE 7 COMPENSATED ABSENCES

Accumulated unpaid vacation, compensatory leave pay and other employee benefit amounts are accrued when incurred in proprietary funds (using the accrual basis of accounting). In the governmental funds (using the modified accrual basis of accounting) only the unpaid amounts due to retired or terminated employees are recorded as liabilities. All City employees are paid from the general fund. The total compensated absences liability is reported in the government wide financial statements as long-term debt in accordance with the Governmental Accounting Standards. Based on historical estimates, the City estimates that $60,862 of the compensated absences balance will be due in the next year.

NOTE 8 CAPITAL LEASES

The City entered into a lease agreement as lessee for financing the acquisition of a fire truck valued at $220,000. The fire truck has a ten-year estimated useful life. This year, $4,479 was included in depreciation expense. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date.

Asset:	Governmental Activities
Machinery and equipment	$ 220,000
Less: accumulated depreciation	(4,479)
	$ 215,521

NOTE 8 CAPITAL LEASES (Continued)

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2015 are as follows:

Year Ending June 30,	Governmental Activities
2016	$ 46,631
2017	46,631
2018	46,631
2019	46,631
2020	46,631
Total minimum lease payments	233,155
Less: amount representing interest	(13,155)
Present value of minimum lease payments	$ 220,000

NOTE 9 LONG-TERM DEBT

The following is summary of long-term debt transactions of the City for the year ended June 30, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities					
RDA Tax Increment Revenue & Refunding Bonds, Series 2003	$ 257,745	$ -	$ (257,745)	$ -	$ -
Sales Tax Revenue Refunding Bonds, Series 2013	660,000	-	(58,667)	601,333	68,000
Utility Revenue Bond, Series 2010B	228,821	-	(10,619)	218,202	10,440
Utility Revenue Bond, Series 2010C	268,616	-	(12,465)	256,151	12,960
G.O. Refunding Bonds, Series 2005	2,390,000	-	(305,000)	2,085,000	315,000
Total bonds payable	$ 3,805,182	$ -	$ (644,496)	$ 3,160,686	$ 406,400
Capital lease	-	220,000	-	220,000	42,147
Compensated absences	82,608	76,192	(71,854)	86,946	60,862
Governmental activity long-term liabilities	$ 3,887,790	$ 296,192	$ (716,350)	$ 3,467,632	$ 509,409
Business-type activities					
Sales Tax Revenue Refunding Bonds, Series 2013	$ 330,000	$ -	$ (29,333)	$ 300,667	$ 34,000
Revenue Refunding Bonds, Series 2010A	1,595,000	-	(210,000)	1,385,000	210,000
Utility Revenue Bond, Series 2010B	401,179	-	(17,381)	383,798	18,560
Utility Revenue Bond, Series 2010C	467,384	-	(22,535)	444,849	23,040
Bond Premium	92,191	-	(13,170)	79,021	-
Total bonds payable	$ 2,885,754	$ -	$ (292,419)	$ 2,593,335	$ 285,600
Capital lease	27,309	-	(27,309)	-	-
Business-type activity long-term liabilities	$ 2,913,063	$ -	$ (319,728)	$ 2,593,335	$ 285,600

The General Fund typically liquidates the liability for compensated absences.

NOTE 9 LONG-TERM DEBT (Continued)

Sales Tax Revenue Refunding Bonds, Series 2013

The $1,097,000 Sales Tax Revenue Refunding Bonds, Series 2013 was issued in December 2013. The proceeds, along with the debt reserve account of $98,057, were used to refund the Special Assessments Bonds, Series 2001 and the 2009 Sales Tax Revenue Bond which had interest rates from 2.50% to 5.95%. The Sales Tax Revenue Refunding Bonds, Series 2013 are due in annual installments through June 1, 2024. The bonds carry an interest rate of 1.98%.

The annual debt service requirements to maturity, including principal and interest, for the Sales Tax Revenue Refunding Bonds, Series 2013, as of June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 102,000	$ 17,870	$ 119,870
2017	101,000	15,840	116,840
2018	106,000	13,840	119,840
2019	105,000	11,741	116,741
2020	109,000	9,662	118,662
2021	110,000	7,504	117,504
2022	118,000	5,326	123,326
2023	75,000	2,990	77,990
2024	76,000	1,505	77,505
Total	$ 902,000	$ 86,278	$ 988,278

General Obligation Refunding Bonds, Series 2005

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

The annual debt service requirements to maturity, including principal and interest, for the General Obligation Refunding Bonds Series 2005, as of June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 315,000	$ 77,426	$ 392,426
2017	325,000	64,862	389,862
2018	345,000	51,572	396,572
2019	355,000	37,463	392,463
2020	365,000	22,971	387,971
2021	380,000	7,790	387,790
Total	$ 2,085,000	$ 262,084	$ 2,347,084

NOTE 9 LONG-TERM DEBT (Continued)

Utility Revenue Bond, Series 2010C

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

The annual debt service requirements to maturity, including principal and interest, for the Utility Revenue Bond Series 2010C, as of June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 36,000	$ 17,525	$ 53,525
2017	37,000	16,625	53,625
2018	38,000	15,700	53,700
2019	39,000	14,750	53,750
2020	40,000	13,775	53,775
2021	41,000	12,775	53,775
2022	42,000	11,750	53,750
2023	43,000	10,700	53,700
2024	44,000	9,625	53,625
2025	45,000	8,525	53,525
2026	46,000	7,400	53,400
2027	47,000	6,250	53,250
2028	48,000	5,075	53,075
2029	50,000	2,875	52,875
2030	52,000	26,525	78,525
2031	53,000	1,325	54,325
Total	$ 701,000	$ 181,200	$ 882,200

NOTE 10 CONTINGENT LIABILITIES

Amounts received or receivables from grantor agencies are subject to audit and adjustment by those grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial. The City is also involved in various claims that should be covered by insurance.

NOTE 11 CONSTRUCTION COMMITMENTS

The City has active construction projects as of June 30, 2015.

Project	Contract Amount	Paid to Date	Commitment Outstanding
Road Maintenance	$ 911,742	$ 84,245	$ 827,497
Adams Ave. road reconstruction	360,487	207,302	153,185
	$ 1,272,229	$ 291,547	$ 980,682

NOTE 9 LONG-TERM DEBT (Continued)

Revenue Refunding Bonds, Series 2010A

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

The annual debt service requirements to maturity, including principal and interest, for the Revenue Refunding Bonds Series 2010A, as of June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 210,000	$ 50,962	$ 260,962
2017	215,000	45,712	260,712
2018	225,000	39,800	264,800
2019	230,000	33,050	263,050
2020	250,000	22,700	272,700
2021	255,000	10,200	265,200
Total	$ 1,385,000	$ 202,424	$ 1,587,424

Utility Revenue Bond, Series 2010B

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

The annual debt service requirements to maturity, including principal and interest, for the Utility Revenue Bond Series 2010B, as of June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 29,000	$ 21,431	$ 50,431
2017	30,000	20,399	50,399
2018	31,000	19,331	50,331
2019	32,000	18,227	50,227
2020	33,000	17,088	50,088
2021	34,000	15,913	49,913
2022	35,000	14,703	49,703
2023	36,000	13,457	49,457
2024	38,000	12,175	50,175
2025	39,000	10,822	49,822
2026	40,000	9,434	49,434
2027	42,000	8,010	50,010
2028	43,000	6,515	49,515
2029	45,000	4,984	49,984
2030	47,000	3,382	50,382
2031	48,000	1,709	49,709
Total	$ 602,000	$ 197,580	$ 799,580

NOTE 12 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and participation in the Local Governments Trust, a public entity risk pool. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. The City carries $2,000,000 of liability coverage, $500,000 of fidelity bond coverage for the treasurer, and $10,000 fidelity bond coverage for other city cashiers.

The City participates in the public entity risk pool's general liability insurance program. This program requires annual premiums based on the City's level of insurance and previous claims experience. The payment of the premium indemnifies the City for claims that exceed its deductible amount. The risk pool is governed by the inter-local risk pool agreement.

NOTE 13 REDEVELOPMENT AGENCY

In accordance with Utah Code Section 17C-1-605(1), the City's Redevelopment Agency is required to disclose the following information for fiscal year 2015:

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

Project Area	2015
Southeast	$ 474,131
Central B/D	21,311
Total increment received	$ 495,442

The Agency expended amounts in the following areas:

Amounts expended for:	
Administrative costs	$ 78,981
Property acquisitions and site improvements	2,110,432
Debt service costs	270,175
Total amounts expended by RDA	$ 2,459,588
Outstanding bonds to finance RDA projects	$ -

NOTE 14 TRANSFERS

During the year transfers were made which will not be repaid. Interfund transfers for the year ended June 30, 2015 are as follows:

	In	Out
Governmental:		
General Fund	$ 92,093	$ 917,650
RDA	121,872	-
Capital Projects	1,054,470	374,453
Debt Service	153,227	38,453
Business-type		
Public Utilities	38,453	129,559
	$ 1,460,115	$ 1,460,115

The purpose of the interfund transfers is to meet the City's ongoing cash needs for capital projects and shared portion of debt. In addition to the transfers, the General Fund charged $795,980 to the proprietary fund for personnel and administrative services during the year.

NOTE 15 RETIREMENT PLAN

Plan Description

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

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

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The System’s defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S. Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

NOTE 15 RETIREMENT PLAN (Continued)

Benefits Provided

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

Summary of Benefits by System

System	Final Average Salary	Years of Service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

** With actuarial reductions*
*** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases no met may be carried forward to subsequent years.*

Contributions

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

Utah Retirement Systems	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates
Contributory System			
111 - Local Governmental Division Tier 2	N/A	N/A	14.830%
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	N/A	18.470%
Public Safety Retirement System			
31 - Division A Tier 1	N/A	15.050%	3.820%
122 - Division B Tier 2	N/A	N/A	10.800%

NOTE 15 RETIREMENT PLAN (Continued)

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

At December 31, 2014, we reported a net pension asset of $10,063 and a net pension liability of $379,578.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.0874154%	$ -	$ 379,578
Firefighter System	0.1685186%	9,616	-
Tier 2 Public Employees System	0.0147457%	447	-
Total Net Pension Asset / Liability		$ 10,063	$ 379,578

The net pension asset and liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

For the year ended December 31, 2014, we recognized pension expense of $93,170. At December 31, 2014, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 13,632
Changes in assumptions	-	43,036
Net difference between projected and actual earnings on pension plan investments	9,445	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	77,627	-
Total	$ 87,072	$ 56,668

NOTE 15 RETIREMENT PLAN (Continued)

$77,627 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2014. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of Resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (inflows) of Resources
2015	$ (10,981)
2016	(10,981)
2017	(10,981)
2018	(10,981)
2019	(10,981)
Thereafter	(2,606)

Actuarial Assumptions

The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 Percent
Salary increases	3.50 – 10.50 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table.

Retired Member Mortality Class of Member
Educators
Men EDUM (90%)
Women EDUF (100%)
Public Safety and Firefighters
Men RP 2000mWC (100%)
Women EDUF (120%)
Local Government, Public Employees
Men RP 2000mWC (100%)
Women EDUF (120%)

EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage
EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage
RP 2000mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by given percentage

The actuarial assumptions used in the January 1, 2014, valuation were based on the results of an actuarial experience study for the five year period of January 1, 2008 – December 31, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best estimate rages of expected future real rates of return (expected returns,

NOTE 15 RETIREMENT PLAN (Continued)

net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Expected Return Arithmetic Basis		
Asset Class	Target Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real Assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
	Inflation		2.75%
	Expected arithmetic nominal return		7.98%

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of			
Net pension (asset) / liability	$ 946,692	$ 369,515	$ (110,151)

NOTE 15 RETIREMENT PLAN (Continued)

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

NOTE 16 DEFINED CONTRIBUTION PLANS

The City sponsors a defined contribution deferred compensation plan administered by Utah Retirement Systems under the Internal Revenue Code Section 401(k). Although not required by the Systems to contribute to the 401(k), the City contributed 4% of salaries for those eligible exempt positions for the year ended June 30, 2015. The rate of City participation is determined by the City Council.

The City also sponsors a defined contribution deferred compensation plan under the Internal Revenue Code Section 457 as well Roth Individual Retirement Accounts (Roth IRA) administered by Utah Retirement Systems. All full-time regular employees are eligible to participate in this plan. The City does not contribute to these plans.

The following illustrates the three year-trend analysis of employer and employee contributions to Utah Retirement System for deferred compensation plans.

Plan	Year Ended June 30	Employee paid Contributions	Employer paid for Employee Contributions
401(k) Plan	2015	$ 29,196	$ 32,778
	2014	25,600	51,047
	2013	24,201	22,582
457 Plan	2015	16,495	-
	2014	13,829	-
	2013	16,330	-
Roth IRA Plan	2015	8,700	-
	2014	6,130	-
	2013	5,770	-

NOTE 17 SUBSEQUENT EVENTS

Subsequent to year end the City issued $1,802,000 General Obligation Convertible Road Refunding bonds, Series 2015. The proceeds from this bond were used to refund the General Obligation Refunding Bonds, Series 2005. The Series 2015 bonds carry interest rates of .85% to 2.15% and are due in semi-annual payments maturing in July 2020.

Subsequent events have been evaluated through the day of the financial statement issuance of November 4, 2015

NOTE 18 PRIOR PERIOD ADJUSTMENT – APPLICATION OF GASB 68

The requirement to apply GASB 68 this fiscal year resulted in an adjustment to the prior period net position of the Governmental Activities on the Statement of Net Position. This is due to the required disclosure of the Net Pension Liability, Deferred Outflows and Inflows of Resources and a Net Pension Asset. The net results to net position was a decrease of $407,654.

REQUIRED SUPPLEMENTARY

INFORMATION

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final budget
Revenues				
Taxes:				
Property tax - real estate	$ 452,022	$ 574,063	$ 593,690	$ 19,627
Property tax - vehicles	90,304	90,304	90,838	534
Delinquent property taxes	20,000	20,000	17,707	-
Direct charges	1,500	1,500	-	-
Sales and use taxes	906,576	980,000	978,354	(1,646)
Franchise taxes	714,070	684,070	677,153	(6,917)
RAMP tax	-	31,067	18,067	(13,000)
Total taxes	2,184,472	2,381,004	2,375,809	11,598
Licenses and permits:				
Business licenses	100,000	120,500	120,483	(17)
Building permits	25,000	25,000	23,122	(1,878)
Planning fees	12,500	12,500	8,934	(3,566)
Animal licenses	5,000	6,000	6,321	321
Total licenses and permits	142,500	164,000	158,860	(5,140)
Intergovernmental revenue:				
Class "C" roads	255,000	255,000	262,289	7,289
State liquor fund allotment	6,700	6,700	6,888	188
Other grants	7,000	8,800	9,692	892
Service Contracts	4,500	6,900	6,513	(387)
Total intergovernmental revenue	273,200	277,400	285,382	7,982
Charges for services:				
Administrative fee - other funds	817,949	817,949	817,950	1
Recreation fees	41,620	45,420	42,819	(2,601)
Total charges for services	859,569	863,369	860,769	(2,600)
Fines and forfeitures	153,500	153,500	154,858	1,358
Miscellaneous:				
Interest	8,000	8,000	10,297	2,297
Other	37,777	43,399	47,158	3,759
Total miscellaneous	45,777	51,399	57,455	6,056
Total Revenues	$ 3,659,018	$ 3,890,672	$ 3,893,133	$ 19,254

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final budget
Expenditures				
General government:				
City council	$ 33,940	$ 33,940	$ 32,726	$ 1,214
Municipal court	137,662	139,462	134,090	5,372
Administrative	324,007	326,759	317,979	8,780
Treasurer	205,157	205,157	204,343	814
Recorder	83,110	83,110	81,978	1,132
Leisure services	87,384	87,384	79,180	8,204
Non-departmental	132,800	127,800	187,650	(59,850)
General government building	125,300	125,300	94,568	30,732
Total general government	1,129,360	1,128,912	1,132,514	(3,602)
Public safety:				
Police department	763,535	751,835	751,834	1
Fire department	237,666	246,166	222,360	23,806
Inspection and planning	107,437	114,569	114,520	49
Animal control	50,536	50,536	50,832	(296)
Total public safety	1,159,174	1,163,106	1,139,546	23,560
Highways and public works:				
Streets	113,040	113,040	70,171	42,869
Public works	688,984	668,984	605,968	63,016
Total highways and public works	802,024	782,024	676,139	105,885
Parks and recreation	209,834	232,460	210,827	21,633
Total Expenditures	3,300,392	3,306,502	3,159,026	147,476
Excess (Deficiency) of Revenues Over (Under) Expenditures	358,626	584,170	734,107	166,730
Other Financing Sources (Uses)				
Transfer in	92,093	92,093	92,093	-
Transfer out	(450,719)	(828,339)	(917,650)	(89,311)
Total Other Financing Sources (Uses)	(358,626)	(736,246)	(825,557)	(89,311)
Net Change in Fund Balance	$ -	$ (152,076)	(91,450)	$ 77,419
Fund Balance, Beginning, Restated			1,322,871	
Fund Balance, Ending			$ 1,231,421	

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
Revenues				
Property taxes - increment	$ 675,000	$ 553,128	$ 495,442	$ (57,686)
Interest	-	-	3,671	3,671
Intergovernmental	-	3,037,011	1,939,832	(1,097,179)
Total Revenues	675,000	3,590,139	2,438,945	(1,151,194)
Expenditures				
Salaries and benefits	15,502	15,502	15,502	-
Professional and technical	6,100	14,100	325	13,775
Capital expenditures	360,580	3,487,011	2,110,432	1,376,579
Administrative fee to general fund	51,070	51,070	63,154	(12,084)
Debt service:				
Principal retirement	229,620	258,047	258,047	-
Interest and fiscal charges	12,128	12,128	12,128	-
Total Expenditures	675,000	3,837,858	2,459,588	1,378,270
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(247,719)	(20,643)	227,076
Other Financing Sources (Uses)				
Transfers In	-	121,872	121,872	-
Total Other Financing Sources (Uses)	-	121,872	121,872	-
Net Change in Fund Balance	$ -	$ (125,847)	101,229	$ 227,076
Fund Balance, Beginning			672,778	
Fund Balance, Ending			$ 774,007	

SCHEDULE OF PROPORTIONATE SHARE OF THE PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
December 31, 2014
Last 10 Fiscal Years*

	Noncontributory System	Firefighters System	Tier 2 Public Employees System
Proportion of the net pension liability (asset)	0.0874154%	0.1685186%	0.0147457%
Proportionate share of the net pension liability (asset)	$ 379,578	$ (9,616)	$ (447)
Covered employee payroll	755,767	390,094	78,361
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	50.2%	-21.8%	-0.6%
Plan fiduciary net position as a percentage of the total pension liability	90.2%	103.5%	103.5%

*In accordance with paragraph81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in the RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the current year.

SCHEDULE OF PENSION CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
December 31, 2014
Last 10 Fiscal Years*

	Noncontributory System	Firefighters System	Tier 2 Public Employees System
Contractually required contribution	$ 137,393	$ 1,052	$ 6,084
Contributions in relation to the contractually required contribution	(137,393)	(1,052)	(6,084)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered employee payroll	$ 755,767	$ 44,195	$ 72,469
Contributions as a percentage of covered-employee payroll**	18.18%	3.40%	8.41%

*Amounts presented were determined as of calendar year January 1 – December 31. Employers are required to prospectively develop this table in future years to show 10-years of information. The Schedule above is only for the current year.

*** Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or administrative issues.*

STATISTICAL SECTION (unaudited)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

FINANCIAL TREND DATA

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities										
Net investment in capital assets	26,868,331	24,809,751	24,243,148	24,773,485	23,271,524	23,115,197	21,530,243	21,735,498	20,816,639	20,921,337
Restricted	220,498	1,002,446	792,171	724,144	1,031,661	971,559	1,038,001	1,228,921	699,211	442,084
Unrestricted	3,823,697	4,529,696	5,253,102	4,224,554	3,815,011	3,711,039	4,722,837	2,551,108	2,621,787	2,443,624
Total Governmental Activities Net Position	**$30,912,526**	**$30,341,893**	**$30,288,421**	**$29,722,183**	**$28,118,196**	**$27,797,795**	**$27,291,081**	**$25,515,527**	**$24,137,637**	**$23,807,045**
Business-Type Activities										
Net investment in capital assets	8,957,657	9,268,778	6,962,596	7,046,086	4,819,572	5,850,150	5,854,976	5,474,317	5,378,627	5,417,528
Restricted	29,833	281,627	-	-	-	-	-	-	-	-
Unrestricted	6,006,221	4,836,916	4,133,635	3,568,149	3,772,175	1,973,641	1,185,690	100,069	(400,541)	(602,678)
Total Business-Type Activities Net Position	**$14,993,711**	**$14,387,321**	**$11,096,231**	**$10,614,235**	**$ 8,591,747**	**$ 7,823,791**	**$ 7,040,666**	**$ 5,574,386**	**$ 4,978,086**	**$ 4,814,850**
Primary Government										
Net investment in capital assets	35,825,988	34,078,529	31,205,744	31,819,571	28,091,096	28,965,347	27,385,219	27,209,815	26,195,266	26,338,865
Restricted	250,331	1,284,073	792,171	724,144	1,031,661	971,559	1,038,001	1,228,921	699,211	442,084
Unrestricted	9,829,918	9,366,612	9,386,737	7,792,703	7,587,186	5,684,680	5,908,527	2,651,177	2,221,246	1,840,946
Total Primary Government Net Position	**$45,906,237**	**$44,729,214**	**$41,384,652**	**$40,336,418**	**$36,709,943**	**$35,621,586**	**$34,331,747**	**$31,089,913**	**$29,115,723**	**$28,621,895**

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

Expenses	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Governmental Activities:										
General Government	840,591	1,299,410	1,227,430	1,059,655	1,102,705	1,073,622	1,079,101	1,006,926	926,255	935,221
Public Safety	1,153,802	1,268,295	1,173,056	1,153,483	1,130,528	1,214,932	1,197,872	1,149,680	1,083,474	1,108,090
Highways and Public Works	2,574,589	1,506,224	1,723,620	977,754	1,647,499	1,793,659	1,491,848	1,457,532	1,546,983	1,344,756
Parks and Recreation	261,500	244,530	223,097	209,734	186,999	180,901	180,326	188,071	144,432	158,641
Interest and Long-term Debt	116,935	112,941	195,865	259,206	275,517	324,825	299,143	283,059	459,702	319,404
Total Governmental Activities	**$ 4,947,417**	**$ 4,431,400**	**$ 4,543,068**	**$ 3,659,832**	**$ 4,343,248**	**$ 4,587,939**	**$ 4,248,290**	**$ 4,085,268**	**$ 4,160,846**	**$ 3,866,112**
Business-Type Activities:										
Water services	951,617	834,383	815,941	725,142	774,618	720,818	728,511	697,403	764,699	
Sewer services	965,234	916,534	903,727	743,011	704,079	607,499	554,896	448,436	504,760	
Refuse services	436,185	421,714	482,100	458,407	445,248	442,545	454,020	343,036	430,934	
Storm Water services	301,513	282,040	257,990	229,326	261,955	222,279	226,799	200,683	14,085	16,423
Public Utilities										1,689,534
Total Business-Type Activities	**$ 2,654,549**	**$ 2,454,671**	**$ 2,459,758**	**$ 2,155,886**	**$ 2,185,900**	**$ 1,993,141**	**$ 1,964,226**	**$ 1,689,558**	**$ 1,714,478**	**$ 1,705,957**
Total Expenses	**$ 7,601,966**	**$ 6,886,071**	**$ 7,002,826**	**$ 5,815,718**	**$ 6,529,148**	**$ 6,581,080**	**$ 6,212,516**	**$ 5,774,826**	**$ 5,875,324**	**$ 5,572,069**
Program Revenues										
Governmental Activities:										
Charges for Services										
General Government	1,109,104	1,178,215	968,522	847,924	893,319	852,338	926,269	805,287	1,016,722	1,072,818
Public Safety	76,235	69,409	160,392	170,033	205,613	149,075	122,224	156,929	205,554	222,406
Highways and Public Works	74,900	87,942	83,109	86,577	90,695	100,496	103,600			
Parks and Recreation	42,819	52,691	51,152	46,081	28,004	32,722	32,476	34,005	26,466	26,204
Contributions	278,869	275,322	349,177	310,363	276,511	255,217	317,945	286,009	273,025	285,519
Capital Grants and Contributions	1,939,832	1,200,243	322,351	974,000	184,609	726,243	1,738,260	1,114,704		
Total Governmental Activities	**$ 3,521,759**	**$ 2,863,822**	**$ 1,934,703**	**$ 2,434,978**	**$ 1,678,751**	**$ 2,116,091**	**$ 3,240,774**	**$ 2,396,934**	**$ 1,521,767**	**$ 1,606,947**
Business-Type Activities:										
Charges for Services										
Water services	1,309,749	1,355,552	1,118,803	1,079,900	1,022,204	1,010,392	1,082,007	949,092	655,537	
Sewer services	1,148,077	1,140,737	1,058,798	905,983	873,327	821,167	798,912	555,970	518,224	
Refuse services	449,480	453,241	501,473	523,077	525,341	528,553	543,913	520,380	477,207	
Storm Water services	396,246	370,951	328,388	299,953	283,933	278,421	294,948	210,641	160,383	186,041
Public Utilities										1,677,713
Operating Grants and Contributions		-								2,988
Capital Grants and Contributions	13,247	242,162	7,790	1,302,809	230,915	42,081	412,753			
Total Business-Type Activities	**$ 3,316,799**	**$ 3,562,643**	**$ 3,015,252**	**$ 4,111,722**	**$ 2,935,720**	**$ 2,680,614**	**$ 3,132,533**	**$ 2,236,083**	**$ 1,811,351**	**$ 1,866,742**

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Program Revenues	**$ 6,838,558**	**$ 6,426,465**	**$ 4,949,955**	**$ 6,546,700**	**$ 4,614,471**	**$ 4,796,705**	**$ 6,373,307**	**$ 4,633,017**	**$ 3,333,118**	**$ 3,473,689**
Net (Expense)/Revenue										
Governmental Activities	(1,425,658)	(1,567,578)	(2,608,365)	(1,224,854)	(2,664,497)	(2,471,848)	(1,007,516)	(1,688,334)	(2,639,079)	(2,259,165)
Business-Type Activities	662,250	1,107,972	555,494	1,955,836	749,820	687,473	1,168,307	546,525	96,873	160,785
Total Net (Expense)	**$ (763,408)**	**$ (459,606)**	**$(2,052,871)**	**$ 730,982**	**$(1,914,677)**	**$(1,784,375)**	**$ 160,791**	**$ (1,141,809)**	**$ (2,542,206)**	**$ (2,098,380)**
General Revenues & Transfers										
Governmental Activities:										
Property taxes	1,591,528	1,719,870	1,571,060	1,577,070	1,519,651	1,560,747	1,524,661	1,348,177	1,283,263	1,312,438
General sales and use tax	978,712	919,397	887,879	873,830	765,000	724,468	737,185	926,068	864,738	752,715
Franchise tax	695,220	698,397	699,047	677,204	683,168	658,721	669,459	635,230	588,724	622,866
Investment earnings	13,979	20,182	16,617	15,918	17,079	34,625	57,766	112,570	101,219	72,975
Miscellaneous				2,479				81,603	153,219	269,179
Gain (loss) on sale of assets							(206,001)			(56,544)
Transfers	91,106	90,538						(37,423)	(21,494)	(70,358)
Total Governmental Activities	**$ 3,370,545**	**$ 3,448,384**	**$ 3,174,603**	**$ 3,146,501**	**$ 2,984,898**	**$ 2,978,561**	**$ 2,783,070**	**$ 3,066,225**	**$ 2,969,669**	**$ 2,903,271**
Business-Type Activities:										
Investment earnings	35,245	24,432	53,635	48,950	18,136	6,695	12,286	12,350	44,869	5,151
Miscellaneous						88,956				
Gain (loss) on sale of assets			6,045	17,702						
Transfers	(91,106)	(90,538)					206,001	37,423	21,494	70,358
Total Business-Type Activities	**$ (55,861)**	**$ (66,106)**	**$ 59,680**	**$ 66,652**	**$ 18,136**	**$ 95,651**	**$ 218,287**	**$ 49,773**	**$ 66,363**	**$ 75,509**
Total Primary Government	**$ 3,314,684**	**$ 3,382,278**	**$ 3,234,283**	**$ 3,213,153**	**$ 3,003,034**	**$ 3,074,212**	**$ 3,001,357**	**$ 3,115,998**	**$ 3,036,032**	**$ 2,978,780**
Change in Net Position										
Governmental Activities	1,944,887	1,880,806	566,238	1,921,647	320,401	506,713	1,775,554	1,377,891	330,590	644,106
Business-Type Activities	606,389	1,041,866	615,174	2,022,488	767,956	783,124	1,386,594	596,298	163,236	236,294
Total Primary Government	**$ 2,551,276**	**$ 2,922,672**	**$ 1,181,412**	**$ 3,944,135**	**$ 1,088,357**	**$ 1,289,837**	**$ 3,162,148**	**$ 1,974,189**	**$ 493,826**	**$ 880,400**

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

	2015	2014	2013	2012	2011	2010	2009 (1)(2)	2008	2007	2006
General Fund										
Restricted	315,941	282,707	241,345	203,376	492,437	464,791	459,189	414,528	384,016	211,097
Unassigned	915,480	1,040,164	801,557	601,278	618,819	598,070	564,426	925,844	949,220	977,005
Total General Fund	**$1,231,421**	**$1,322,871**	**$1,042,902**	**$ 804,654**	**$1,111,256**	**$1,062,861**	**$1,023,615**	**$1,340,372**	**$1,333,236**	**$1,188,102**
All Other Governmental Funds										
Restricted	871,157	719,739	2,334,889	596,569	609,431	579,674	659,345	888,384	372,906	280,181
Committed	2,595,947	2,132,560	2,232,625	2,140,120	1,900,204	2,022,491	3,440,780	1,127,657	1,257,894	949,689
Assigned	774,007	672,779	-	1,437,854	1,172,745	944,035	626,352	426,381	284,618	231,949
Total All Other Governmental Funds	**$4,241,111**	**$3,525,078**	**$4,567,514**	**$4,174,543**	**$3,682,380**	**$3,546,200**	**$4,726,477**	**$2,442,422**	**$1,915,418**	**$1,461,819**
Total Fund Balances	**$5,472,532**	**$4,847,949**	**$5,610,416**	**$4,979,197**	**$4,793,636**	**$4,609,061**	**$5,750,092**	**$3,782,794**	**$3,248,654**	**$2,649,921**

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

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Taxes	3,265,460	3,337,664	3,157,986	3,128,104	2,967,819	2,943,936	2,931,305	2,909,475	2,736,725	2,688,019
Licenses and permits	158,860	218,632	111,449	99,981	114,076	128,304	165,638	76,376	159,771	156,345
Intergovernmental	2,218,701	1,471,056	671,528	310,363	461,120	981,460	2,056,205	286,009	273,025	285,519
Charges for services	942,182	965,682	910,344	856,609	869,278	829,379	869,005	700,235	764,747	753,361
Impact fees	-	6,841	7,952	3,647	7,329	16,819	17,297	50,878	127,764	214,160
Fines and forfeitures	154,858	146,356	154,803	170,033	205,613	149,075	120,724	156,929	185,494	184,838
Interest income	13,976	20,182	16,617	15,918	17,079	34,625	57,766	112,570	101,219	72,975
Miscellaneous revenue	47,158	55,255	78,627	996,824	21,335	11,054	11,904	1,208,110	164,185	225,358
Total Revenues	**$6,801,195**	**$6,221,668**	**$5,109,306**	**$5,581,479**	**$4,663,649**	**$ 5,094,652**	**$6,229,844**	**$5,500,582**	**$4,512,930**	**$4,580,575**
Expenditures										
Current:										
General Government	1,198,067	1,184,080	1,031,931	978,234	1,021,693	989,764	1,044,072	958,548	892,078	839,362
Public Safety	1,139,546	1,151,935	1,129,803	1,140,451	1,117,570	1,167,257	1,156,683	1,112,995	1,044,916	1,070,649
Highways and public works	691,966	695,917	709,811	700,222	713,828	717,215	730,926	685,875	635,684	604,246
Parks and recreation	210,827	212,704	199,168	190,131	167,255	162,418	161,263	153,057	132,385	147,506
Capital expenditures	2,509,991	1,642,215	592,153	1,544,163	418,222	1,861,384	1,914,591	1,295,763	231,717	743,025
Debt Service:										
Principal retirement	644,799	1,385,792	608,399	611,832	779,739	1,041,099	465,893	442,099	644,000	635,678
Interest and fiscal charges	128,794	184,797	206,822	230,885	260,768	296,545	283,117	280,681	311,925	308,287
Total Expenditures	**$6,523,990**	**$6,457,440**	**$4,478,087**	**$5,395,918**	**$4,479,075**	**$ 6,235,682**	**$5,756,545**	**$4,929,018**	**$3,892,705**	**$4,348,753**
Excess (Deficiency of Revenues over Expenditures	$ 277,205	$ (235,772)	$ 631,219	$ 185,561	$ 184,574	$(1,141,030)	$ 473,299	$ 571,564	$ 620,225	$ 231,822
Other Financing Sources (Uses)										
Bond proceeds:		731,333					1,700,000			
Payment to refunded bond escrow agent										
Capital lease	220,379									
Transfers in	1,421,662	538,670	856,390	856,390	838,651	2,594,179	835,850	550,953	626,942	355,490
Transfers out	(1,330,556)	(448,132)	(856,390)	(856,390)	(838,651)	(294,179)	(1,041,851)	(588,376)	(648,436)	(425,848)
Sale of capital assets	35,892	63,400								
Total Other Financing Sources (Uses)	**$ 347,377**	**$ 885,271**	**$ -**	**$ -**	**$ -**	**$ 2,300,000**	**$1,493,999**	**$ (37,423)**	**$ (21,494)**	**$ (70,358)**
Net change in fund balance	**$ 624,582**	**$ 649,499**	**$ 631,219**	**$ 185,561**	**$ 184,574**	**$ 1,158,970**	**$1,967,298**	**$ 534,141**	**$ 598,731**	**$ 161,464**
Debt service as a percentage of non-capital expenditures	19%	33%	21%	22%	26%	31%	19%	20%	26%	26%

REVENUE CAPACITY

GENERAL GOVERNMENTAL REVENUES BY SOURCE
Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses & Permits	Inter-Governmental	Charges for Services	Fines & Forfeitures	Interest & Miscellaneous	Impact Fees	Total Revenue
2015	**$ 3,265,460**	**$ 158,860**	**$ 2,218,701**	**$ 942,182**	**$ 154,858**	**$ 61,134**	**$ -**	6,801,195
2014	3,337,664	218,632	1,471,056	965,682	146,356	75,437	6,841	6,221,668
2013	3,157,986	111,449	671,528	910,344	154,803	95,244	7,952	5,109,306
2012	3,128,104	99,981	310,363	856,609	170,033	1,012,742	3,647	5,581,479
2011	2,967,819	114,076	461,120	869,278	205,613	17,079	7,329	4,642,314
2010	2,943,936	128,304	981,460	829,379	149,075	34,625	16,819	5,232,673
2009	2,931,305	165,638	2,056,205	869,005	120,724	57,766	17,297	6,217,940
2008	2,909,475	76,376	286,009	700,235	156,929	1,320,680	50,878	5,500,582
2007	2,736,725	159,771	273,025	764,747	185,494	265,404	127,764	4,512,930
2006	2,688,019	156,345	285,519	753,361	184,838	298,333	214,160	4,580,575

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
Last Ten Fiscal Years

Fiscal Year	General Property	General Sales & Use	Franchise	Total Tax Revenue
2015	**$ 1,591,528**	**$ 978,712**	**$ 695,220**	**$ 3,265,460**
2014	1,719,809	919,458	698,397	3,337,664
2013	1,571,060	887,879	699,047	3,157,986
2012	1,577,070	873,830	677,204	3,128,104
2011	1,519,651	765,000	683,168	2,967,819
2010	1,560,747	724,468	658,721	2,943,936
2009	1,524,661	737,185	669,459	2,931,305
2008	1,348,177	926,068	635,230	2,909,475
2007	1,283,263	864,738	588,724	2,736,725
2006	1,312,438	752,715	622,866	2,688,019

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

Fiscal Year	Real Property			Personal Property	State Centrally Assessed	Total Assessed/Taxable Value	Total Direct Tax Rate	Estimated Market Value	Ratio of Assessed / Taxable to Estimated Market Value
	Residential	Commercial	Other Misc.						
2015	**$ 223,683,370**	**$75,817,539**	**$ 30,581**	**$ 30,334,997**	**$ 5,059,647**	**$ 334,926,134**	**0.003101**	**$523,188,279**	**64.02**
2014	217,583,053	75,167,587	31,788	30,832,278	5,118,752	328,733,458	0.003217	512,097,796	64.19
2013	213,364,811	74,327,029	33,706	28,919,283	4,953,113	321,597,942	0.003085	513,941,537	62.57
2012	226,028,844	73,479,614	33,548	28,790,810	5,476,106	333,808,922	0.002938	561,930,652	59.40
2011	226,052,833	70,034,831	868,983	29,640,983	5,488,357	332,085,987	0.002939	560,862,597	59.21
2010	240,581,217	65,336,332	881,836	28,552,953	5,713,064	341,065,402	0.002866	581,729,703	58.63
2009	246,645,897	59,804,472	882,526	25,872,159	4,125,679	337,330,733	0.002830	580,824,791	58.08
2008	226,279,216	52,599,877	882,345	20,838,514	3,811,307	304,411,259	0.002865	522,332,162	58.28
2007	202,717,420	46,250,462	880,477	14,988,687	3,790,949	268,627,995	0.003203	461,041,193	58.27
2006	205,792,054	42,382,323	881,325	15,163,045	3,827,533	268,046,280	0.003308	462,054,967	58.01

Source:
Weber County Clerk Auditor
Weber County Assessor

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

	City Direct Rates			Overlapping Rates									
Fiscal Year	General Operations	General Obligation Debt Service	Total City Millage	Weber County Levy	State & County Assessment /Collecting	Weber Morgan Health	Weber County Library	School District	Mosquito Abatement District	Secondary Water	Central Weber Sewer	Paramedic & Dispatch 911 Fund	TOTAL TAX RATES
2015	**0.001690**	**0.001411**	**0.003101**	**0.002335**	**0.000367**	**0.000125**	**0.000662**	**0.006526**	**0.000141**	**0.000199**	**0.000838**	**0.000525**	**0.014819**
2014	0.001743	0.0014737	0.003217	0.002288	0.000385	0.000129	0.000686	0.00692	0.000146	0.000210	0.000866	0.000540	0.015387
2013	0.001588	0.001497	0.003085	0.002507	0.000399	0.000130	0.000696	0.007071	0.000148	0.000215	0.000880	0.000550	0.015681
2012	0.001497	0.001441	0.002938	0.002520	0.000391	0.000123	0.000660	0.006833	0.000141	0.000217	0.000854	0.000523	0.015200
2011	0.001498	0.001441	0.002939	0.002472	0.000377	0.000120	0.000646	0.006526	0.000138	0.000207	0.000833	0.000526	0.014784
2010	0.001420	0.001446	0.002866	0.002303	0.000342	0.000112	0.000601	0.005721	0.000128	0.000188	0.000811	0.000488	0.013560
2009	0.001378	0.001452	0.002830	0.002235	0.000321	0.000156	0.000585	0.005458	0.000089	0.000181	0.000800	0.000428	0.013083
2008	0.001281	0.001584	0.002865	0.002376	0.000295	0.000164	0.000615	0.005626	0.000094	0.000200	0.000519	0.000451	0.013205
2007	0.001408	0.001795	0.003203	0.002673	0.000335	0.000185	0.000692	0.006263	0.000106	0.000870	0.000573	0.000480	0.015380
2006	0.001510	0.001798	0.003308	0.002808	0.000464	0.000193	0.000721	0.006427	0.000110	0.001247	0.000567	0.000185	0.016234

Source:
Utah State Tax Commission

PRINCIPAL PROPERTY TAX PAYERS
Current Year and Ten Years Ago

		2015			2006		
Taxpayer	**Principal Nature of Business**	**Rank**	**Taxable Assessed Valuation** (1)	**% of Total Assessed Value**	**Rank**	**Taxable Assessed Valuation** (1)	**% of Total Assessed Value**
Columbia Ogden Medical Center	Healthcare	1	40,611,377	12.1	1	27,648,764	10.3
The Boyer Company	Professional Office	2	6,653,375	2.0	2	4,491,712	1.7
Pleasant Valley Office	Professional Office	3	3,715,827	1.1	4	2,903,399	1.1
Washington House Assisted Living	Healthcare	4	3,511,710	1.0	3	2,663,437	1.0
Ogden Orthepedic Medical	Healthcare	5	2,636,867	0.8			
Mt. Ogden Healt & Rehab	Healthcare	6	2,631,939	0.8	5	2,041,634	0.8
Lake Park Apartments Inc	Housing	7	2,614,974	0.8	10	1,797,936	6.7
Venture Investments	Healthcare	8	2,302,939	0.7			
Ogden Tomotherapy	Healthcare	9	2,278,193	0.7			
Woodland Cove	Housing	10	2,217,588	0.7	6	2,049,939	0.8
ST Benedicks Development					7	1,825,010	0.7
GFI LTD					9	1,642,200	0.6
Health Care Property Investors	Healthcare				8	1,640,497	0.6
Totals			**$ 69,174,789**	**20.7%**		**$ 47,064,031**	**23.6%**
City Taxable Value			**$ 334,926,134**	**100.0%**		**$ 268,046,280**	**100%**

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

Source:
Weber County Clerk Auditor

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Calendar Years

Washington Terrace City

Calendar Year December 31,	Taxes Levied for the Year	*Less:* Treasurer's Relief (1)	Net Taxes to be Collected	Collections Current Year Levy	% of Current Year Levy Collected	Collections in Subsequent Years (2)	Total Collections to Date Amount	Total Collections to Date % of Levy
2014	**$ 1,042,125**	**$ 48,352**	**$ 993,773**	**$ 993,773**	**95.4%**	**$ 28,257**	**$ 1,022,030**	**98.07%**
2013	922,382	48,662	873,720	873,720	94.72	21,756	895,476	97.08
2012	864,581	46,944	817,637	817,637	94.57	27,501	845,138	97.75
2011	859,026	44,151	814,875	814,875	94.86	31,562	846,437	98.53
2010	851,234	20,720	830,514	798,825	93.84	19,180	818,005	96.10
2009	839,520	20,993	818,527	783,283	93.30	26,655	809,938	96.48
2008	832,113	20,920	811,193	787,143	94.60	28,897	816,040	98.07
2007	778,700	19,075	759,625	729,321	93.66	25,858	755,179	96.98
2006	771,633	21,308	750,325	724,594	93.90	22,951	747,545	96.88
2005	795,914	22,834	773,080	748,318	94.02	20,669	768,987	96.62

Redevelopment Agencies

2014	**$ 618,527**	**$ -**	**$ 618,527**	**$ 618,527**	**100.00%**	**$ -**	**$ 618,527**	**100.00%**
2013	629,545	-	629,545	629,545	100.00	-	629,545	100.00
2012	630,369	-	630,369	630,369	100.00	-	630,369	100.00
2011	628,311	-	628,311	628,311	100.00	-	628,311	100.00
2010	613,653	-	613,653	613,653	100.00	-	613,653	100.00
2009	646,392	-	646,392	646,392	100.00	-	646,392	100.00
2008	570,446	-	570,446	570,446	100.00	-	570,446	100.00
2007	463,006	-	463,006	463,006	100.00	-	463,006	100.00
2006	414,196	-	414,196	414,196	100.00	-	414,196	100.00
2005	428,294	-	428,294	428,294	100.00	-	428,294	100.00

Total Property Tax Levies and Collections

Calendar Year Ended December 31,	Taxes Levied for the Year	Treasurer's Relief	Net Taxes Assessed	Current Tax Collection	% of Current Taxes Collected	Delinquent Tax Collections (1)	Total Tax Collections	Ratio of Total Tax Collections
2014	**$ 1,660,652**	**$ 48,352**	**$ 1,612,300**	**$ 1,612,300**	**$ 2**	**$ 28,257**	**$ 1,640,557**	**98.79%**
2013	1,551,927	48,662	1,503,265	1,503,265	195	21,756	1,525,021	98.27
2012	1,494,950	46,944	1,448,006	1,448,006	195	27,501	1,475,507	98.70
2011	1,487,337	44,151	1,443,186	1,443,186	195	31,562	1,474,748	99.15
2010	1,464,887	20,720	1,444,167	1,412,478	194	19,180	1,431,658	97.73
2009	1,485,912	20,993	1,464,919	1,429,675	193	26,655	1,456,330	98.01
2008	1,402,559	20,920	1,381,639	1,357,589	195	28,897	1,386,486	98.85
2007	1,241,706	19,075	1,222,631	1,192,327	194	25,858	1,218,185	98.11
2006	1,185,829	21,308	1,164,521	1,138,790	194	22,951	1,161,741	97.97
2005	1,224,208	22,834	1,201,374	1,176,612	194	20,669	1,197,281	97.80

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

Source:
Weber County Treasurer

DIRECT AND OVERLAPPING SALES TAX RATES
Last Ten Fiscal Years

Fiscal Year	City Direct Rate	Weber County	State of Utah	Combined Rate
2015	1.00	1.15	4.70	6.85
2014	1.00	1.15	4.70	6.85
2013	1.00	1.15	4.70	6.85
2012	1.00	1.15	4.70	6.85
2011	1.00	1.15	4.70	6.85
2010	1.00	1.15	4.70	6.85
2009	1.00	1.15	4.70	6.85
2008	1.00	1.10	4.65	6.75
2007	1.00	0.85	4.75	6.60
2006	1.00	0.85	4.75	6.60

Source:
Utah State Tax Commission

DEBT CAPACITY

INFORMATION

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

Governmental Unit	Net Debt Outstanding (2)	Estimated % Applicable to City	Estimated $ Applicable to City
Weber County	$ 94,849,032	2.80%	$ 2,652,813
Weber County School District	141,010,000	4.11%	5,798,547
Weber Basin Water Conservancy District (1)	22,440,000	2.80%	627,621
Total Overlapping Debt……..			9,078,981
Washington Terrace City Direct Debt……..			3,380,686
Total Direct and Overlapping Debt……..			**$ 12,459,667**

Notes:

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

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

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

Source:
Utah State Auditor
Utah State Tax Commission

LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt Limit	13,397,045	13,149,338	12,863,918	13,352,357	13,283,439	13,642,616	13,493,229	12,176,450	10,745,120	10,721,851
Total net debt applicable to limit	1,996,598	2,307,171	2,600,320	2,899,793	3,174,793	3,437,094	3,684,467	3,936,010	4,182,289	4,410,806
Legal debt margin	$11,400,447	$10,842,167	$10,263,598	$10,452,564	$10,108,646	$10,205,522	$9,808,762	$8,240,440	$6,562,831	$6,311,045
Total net debt applicable to debt limit as a percentage	14.90%	17.55%	20.21%	21.72%	23.90%	25.19%	27.31%	32.32%	38.92%	41.14%

Legal Debt Margin Calculation for Fiscal Year 2015

Total assessed value	334,926,134
Debt limit - 4% of total assessed value	13,397,045
Amount of debt applicable to debt limits: General Obligation Refunding Bonds Series 2005	2,085,000
Less: Amount available for repayment of general obligation bonds	88,402
Total net debt applicable to limit	1,996,598
Legal debt margin	$11,400,447

PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Less Operating Expense	Net Available Revenue	Debt Service Principal	Debt Service Interest	Debt Service Total	Time Coverage %
Utility Revenue Bonds							
2015	**$ 3,303,552**	**$ 2,638,827**	**$ 664,725**	**$275,000**	**$ 89,918**	**$364,918**	**1.82**
2014	3,320,481	2,312,942	1,007,539	266,000	88,728	354,728	2.84
2013	3,007,462	2,363,285	644,177	263,639	96,473	360,112	1.79
2012	2,808,913	2,042,597	766,316	257,000	113,289	370,289	2.07
2011	2,704,805	1,975,948	728,857	220,000	209,952	429,952	1.70
2010	2,645,228	1,627,410	1,017,818	160,000	129,648	289,648	3.51
2009	2,732,066	1,586,487	1,145,579	155,000	136,391	291,391	3.93
2008	2,248,433	1,307,046	941,387	150,000	142,766	292,766	3.22
2007	1,856,220	1,352,914	503,306	140,000	148,576	288,576	1.74
2006	1,871,893	1,344,979	526,914	135,000	153,975	288,975	1.82
Sales & Franchise Tax Revenue Bonds (1)							
2015	**$ 1,673,932**	**$ -**	**1,673,932**	**$102,000**	**$ 17,870**	**119,870**	13.96
2014	1,617,855	-	1,617,855	107,000	19,488	126,488	12.79
2013	1,586,926	-	1,586,926	53,000	35,891	88,891	17.85
2012	1,551,034	-	1,551,034	77,000	38,201	115,201	13.46
2011	1,448,168	-	1,448,168	300,000	73,824	373,824	3.87
2010	1,383,189	-	1,383,189	270,000	45,626	315,626	4.38
2009	1,406,644	-	1,406,644	556,000	59,526	615,526	2.29
2008	-	-	-	-	-	-	-

Notes:
(1) Sales and Franchise Tax Revenue Bonds, Series 2009 and Sales and Franchise Tax Refunding Bonds, Series 2013.

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

RATIOS OF GENERAL OBLIGATION (GO) BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Less Debt Service Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded GO Debt Per Capita
2015	**9,164**	**$ 334,926,134**	**$ 2,085,000**	**$ 88,402**	**$1,996,598**	**0.60**	**$ 218**
2014	9,164	328,733,458	2,390,000	82,829	2,307,171	0.70	252
2013	9,147	321,597,942	2,685,000	84,680	2,600,320	0.81	284
2012	9,106	333,808,922	2,970,000	70,207	2,899,793	0.87	318
2011	9,106	332,085,987	3,245,000	70,207	3,174,793	0.96	349
2010	9,067	341,065,402	3,510,000	72,906	3,437,094	1.01	379
2009	8,515	337,330,733	3,765,000	80,533	3,684,467	1.09	433
2008	8,389	304,411,259	4,010,000	73,990	3,936,010	1.29	469
2007	8,247	268,627,995	4,240,000	57,711	4,182,289	1.56	507
2006	8,346	268,046,280	4,460,000	49,194	4,410,806	1.65	528

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

Sources:
US Census Bureau
Weber County Clerk Auditor

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

	Governmental Activities						Business-Type Activities						
Fiscal Year	**General Obligation Bonds** (3)	**Sales Tax Revenue Bonds** (4)(5)	**Utility Revenue Bonds** (10)(11)	**Capital Lease**	**Redevelopment Tax Increment Bonds** (6)	**Special Assessment Bonds** (7)	**Utility Revenue Bonds** (8)(9)(10)(11)	**Sales Tax Revenue Bonds** (5)	**Capital Lease**	**Special Assessment Bonds** (7)	**Total Primary Government**	**% of Personal Income** (1)	**Per Capita** (1)
2015	**$2,085,000**	**$ 601,333**	**$474,353**	**$ 220,000**	**$ -**	**$ -**	**$ 2,213,647**	**$ 300,667**	**$ -**		**$ 5,895,000**	**na**	**643**
2014	2,390,000	660,000	497,437		257,745	-	2,463,563	330,000	27,309	-	6,626,054	2.02	723
2013 (2)	2,685,000	744,000	519,651		504,208	6,783	2,707,349	-	44,700	393,217	7,604,908	2.35	831
2012	2,970,000	797,000			739,608	435,000	3,491,000		61,467		8,494,075	2.73	933
2011	3,245,000	874,000			964,441	470,000	3,748,000		69,623		9,371,064	3.17	1,029
2010	3,510,000	1,144,000			1,179,180	500,000	2,360,000		-		8,693,180	2.92	959
2009	3,765,000	1,700,000			1,384,279	525,000	2,520,000		-		9,894,279	3.43	1,162
2008	4,010,000	-			1,580,172	550,000	2,675,000		11,237		8,826,409	3.11	1,052
2007	4,240,000	-			1,767,271	575,000	2,825,000		21,928		9,429,199	3.63	1,143
2006	4,460,000	-			1,946,272	820,000	2,965,000		32,100		10,223,372	4.20	1,225

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

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

DEMOGRAPHIC & ECONOMIC

INFORMATION

DEMOGRAPHIC AND ECONOMIC INDICATORS
Last Ten Fiscal Years

	Population						Income			Employment
Fiscal Year	City	City % Change From Prior Year	Weber County	County % Change From Prior Year	State of Utah	State % Change From Prior Year	Personal Income ($000) (1)	Per Capita Personal Income (2)		Utah Unemployment Rate for June 30,
2015	**9,164**	**0.00%**	**240,475**	**0.82%**	**2,942,902**	**1.45%**	**$333,017**	**$ 36,340**	**(1)**	**3.50%**
2014	9,164	0.19%	238,519	0.79%	2,900,872	1.60%	328,474	35,844		3.50
2013	9,147	0.45%	236,640	0.95%	2,855,287	1.47%	323,392	35,355		4.60
2012	9,106	0.00%	234,420	1.38%	2,813,923	1.41%	310,578	34,107		5.50
2011	9,106	0.43%	231,236	-0.26%	2,774,663	0.39%	296,063	32,513		7.00
2010	9,067	6.48%	231,834	2.04%	2,763,885	3.79%	297,253	32,784		8.10
2009	8,515	1.50%	227,193	2.78%	2,663,029	2.51%	288,514	33,883		7.90
2008	8,389	1.72%	221,044	2.26%	2,597,746	2.86%	283,666	33,814		3.20
2007	8,247	-1.19%	216,165	1.17%	2,525,507	2.76%	259,789	31,501		2.60
2006	8,346	-0.31%	213,667	1.44%	2,457,719	2.34%	243,227	29,143		3.00

Note:
(1) Estimated
(2) Applies to Weber County

Source:
Weber County Clerk Auditor
US Census Bureau
Utah Department of Workforce Services
US Department of Labor, Bureau of Labor Statistics
Utah State Tax Commission
US Department of Commerce, Bureau of Economic Analysis

PRINCIPAL EMPLOYERS
Current Year and Seven Years Ago

		2015				2008			
Employer	**Principal Nature of Business**	**Rank**	**Yearly Minimum Employees**	**Yearly Maximum Employees**	**% of Total City Employment (1)**	**Rank**	**Yearly Minimum Employees**	**Yearly Maximum Employees**	**% of Total City Employment (1)**
Ogden Regional Medical Center	Health Care	1	500	999	39.2	1	500	750	41.7
Weber School District	Education	2	100	249	9.8	2	300	349	19.4
Stonehenge of Ogden	Health Care	3	100	249	9.8				
Washington Heights Healthcare Inc	Health Care	4	50	99	3.9				
Gauss Management Research & Engineering	Professional	5	20	49	1.9				
Legacy House of Ogden	Health Care	6	50	99	3.9	6	75	99	5.5
Washington Terrace Care & Rehab	Health Care	7	50	99	3.9				
Mountain Star Blood Services	Health Care	8	20	49	1.9	4	20	49	2.7
Wasatch Physical Therapy, Inc	Health Care	9	20	49	1.9				
Washington Terrace City	Government	10	20	49	1.9	8	20	49	2.7
Family Fresh Foods	Grocery					3	50	74	4.1
Vistacare Hospice	Health Care				-	7	20	49	2.7
Bear Care Pediatric, Inc	Health Care		-	-	-	5	20	49	2.7
Adams Ave Parkway	Commercial		-	-	-	9	10	19	1.1
Terrace Depot	Commercial		-	-	-	10	10	19	1.1
Total			**930**	**1,990**	**78.0%**		**1,025**	**1,506**	**83.7%**

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

Data range will increase to ten years over time.

Source:
Utah Department of Workforce Services

OPERATING

INFORMATION

OPERATING INDICATORS BY FUNCTION
Last Nine Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007
Fire Protection									
Number of full-time employees	1	1	1	1	1	1	1	-	-
Number of volunteers	20	20	20		20	20	20	20	22
Fire calls for service	81	131	257	175	117	143	106	99	
Medical calls for service	786	708	710	669	736	629	659	626	
Police Protection & Animal Control									
Police calls for service	5,237	4,601	4,734	4,342	4,893	4,834	5,071	4,880	
Animal control calls for service	335	275	302	192	166	115	175	181	
Municipal Water Services									
Connections	2,904	2,896	2,891	2,870	2,870	2,858	2,848	2,838	2,835
Gallons billed/day	583,676	590,615	564,952	568,585	574,193	581,030	604,550	632,891	660,553
Gallons used/day	664,548	665,819	689,153	690,381	702,800	738,225	789,230	#REF!	#REF!
Municipal Sewer Services									
Connections	2,875	2,856	2,871	2,845	2,849	2,842	2,825	2,823	2,820
Municipal Refuse Services									
Service containers	2,645	2,613	2,607	2,601	2,631	2,635	2,635	2,635	1,815
Refuse tonage disposed	3,326	2,958	3,028	3,053	3,149	3,099			
Recycle tonage disposed	466	378	413	400	546	445			
Parks and Recreation									
Football participants	125	143	130	123	136	114	109	113	
Basketball participants	160	162	123	120	117	114	139	110	
Baseball/softball participants	260	222	203	153	150	145	130	109	
Soccer participants	140	130	115	105	92	86	na	na	
Volleyball participants	31	14	na	na	na	na	na	na	
Business Licenses									
Licenses issued	423	438	415	411	410	412	432	433	336

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

Source:
City departments

CAPITAL ASSETS BY FUNCTION
Last Nine Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007
Area (square miles)	2	2	2	2	2	2	2	2	2
Streets									
Lane miles	58	58	53	53	53	53	53	53	53
Street lights	286	286	286	286	286	286	286	286	286
Police Protection & Animal Control									
Fire Protection									
Stations	1	1	1	1	1	1	1	1	1
Fire hydrants	265	265	265	265	265	265	265	260	260
Fire pumping vehicles	4	4	4	4	4	4	4	4	3
Education									
High schools (public)	1	1	1	1	1	1	1	1	1
Junior high schools (public)	1	1	1	1	1	1	1	1	1
Elementary schools (public)	2	2	2	2	2	2	2	2	2
Municipal Water Facilities									
Miles of water mains	32	32	32	32	32	32	32	32	32
Municipal Sewer Facilities									
Miles of sewer mains	31	31	31	29	29	29	29	29	29
Parks and Recreation									
Parks	7	7	7	7	7	7	7	7	6
Community centers	1	1	1	1	1	1	2	2	2
Park and open space acreage	50	50	50	50	50	50	50	50	48

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

Source:
City departments

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

Governmental Activities	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government	6.56	6.56	6.34	6.06	5.56	5.55	5.55	5.68	5.50	5.53
Public Safety	3.63	3.63	3.63	3.63	3.63	2.65	2.65	2.50	2.50	3.50
Highways and Public Works	8.73	8.73	8.75	8.75	8.75	8.75	8.75	9.00	8.00	8.00
Parks and Recreation	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.00
Total Employees	**20.32**	**20.32**	**20.12**	**19.84**	**19.34**	**18.35**	**18.35**	**18.58**	**17.40**	**18.03**

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

Source:
City of Washington Terrace

PROPERTY VALUE AND CONSTRUCTION
Last Ten Fiscal Years

	New			Additions, Alterations, Repairs			Total		% Change from Prior Year	
Fiscal Year	# of Buildings	Residential Value ($000)	Non-Residential Value ($000)	# of Units	Residential Value ($000)	Non-Residential Value ($000)	# of Units	Construction Value ($000)	# of Units	Construction Value ($000)
2015	**-**	**$ -**	**$ 69**	**55**	**$ 362**	**$ 947**	**55**	**$ 1,379**	**1000%**	**61%**
2014	1	229	-	4	44	585	5	857	-95%	-87%
2013	13	3,283	2,107	88	506	744	101	6,639	339%	399%
2012	1	291	66	22	367	607	23	1,331	-21%	-55%
2011	3	160	872	26	131	1,820	29	2,983	222%	409%
2010	4	308	219	5	45	15	9	586	-91%	-92%
2009	3	108	408	93	2,202	4,504	96	7,222	-34%	90%
2008	-	-	-	145	874	2,918	145	3,793	6%	-65%
2007	14	1,887	4,996	123	556	3,384	137	10,823	36%	63%
2006	13	3,283	2,107	88	506	744	101	6,639	-5%	166%

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

INTERNAL CONTROLS
&
COMPLIANCE REPORTS

K&C

Keddington & Christensen, LLC
Certified Public Accountants

Gary K. Keddington, CPA
Brent E. Christensen, CPA
Phyl R. Warnock, CPA

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Washington Terrace, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Washington Terrace's (the City) basic financial statements, and have issued our report thereon dated November 4, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying S*chedule of Findings and Recommendations*, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

Purpose of this Report

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

Keddington & Christensen, LLC

November 4, 2015

K&C

Keddington & Christensen, LLC
Certified Public Accountants

Gary K. Keddington, CPA
Brent E. Christensen, CPA
Phyl R. Warnock, CPA

INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH THE STATE COMPLIANCE AUDIT GUIDE ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS AND INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance with General State Compliance Requirements
We have audited the City of Washington Terrace's compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City or each of its major state programs for the year ended June 30, 2015.

General state compliance requirements were tested for the year ended June 30, 2015 in the following areas:

Budgetary Compliance	Transfers from Utility Enterprise Funds
Fund Balance	Tax Levy Revenue Recognition
Justice Courts	Open and Public Meetings Act
Utah Retirement Systems	Cash Management
Restricted Taxes	Conflict of Interest

The City did not have any state funding classified as a major program during the year ended June 30, 2015.

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

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

Opinion on General State Compliance Requirements
In our opinion, Washington Terrace City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City for the year ended June 30, 2015.

Other Matters
The results of our auditing procedures disclosed one instance of noncompliance, which is required to be reported in accordance with the *State Compliance Audit Guide* and which is described in the accompanying *Schedule of Findings and Recommendations.* Our opinion on compliance is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying *Schedule of Findings and Recommendations.* The City'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 City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

Keddington & Christensen, LLC

November 4, 2015

STATE COMPLIANCE

Finding:
During our compliance testing with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, we selected the year end "Deposit and Investment Report Form" to determine that the report agreed to the financial institution statement year-end balances and that all cash and investment accounts are included in the report.

Our procedures revealed that four of the cash accounts had not been included in the June 30, 2015 Deposit and Investment report.

Recommendation:
We recommend the City ensure that all cash and investment accounts are included in the Deposit and Investment Report.

City Response:
Treasurer Department was unaware that these bonds were interest bearing. In the future, Treasurer Department will ensure that all accounts earning interest are identified and reported as required by "Deposit and Investment Report Form".