

CITY OF BLUFFDALE, UTAH

**Basic Financial Statements and
Supplementary Information**

Year Ended June 30, 2015

CITY OF BLUFFDALE, UTAH

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Mayor and Members of the City Council
City of Bluffdale, Utah

Report on the Financial Statements

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 City Bluffdale, Utah ("the City"), as of and for the year ended June 30, 2015, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's 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.

Auditors' Responsibility

Our responsibility is to express opinions 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 *Government 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 auditors' 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, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and the major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13 and the pension schedules on pages 53 and 54 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 opinions on the financial statements that collectively comprise the City's financial statements as a whole. The accompanying combining and individual nonmajor fund financial statements and budgetary comparison information 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 information 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. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 30, 2015, on our consideration of the City's internal control over financial reporting and 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 the City's internal control over financial reporting and compliance.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

October 30, 2015



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Management's Discussion and Analysis

As management of the City of Bluffdale ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$60,058,145. The City's assets are comprised of capital assets and funds legally restricted in their use (*restricted net assets*).
- The government's total net position increased by \$8,567,591 during 2015. The increase in net position can be attributed to major infrastructure additions and expending less than the budgeted amount in the general fund, and increases in various fee revenues.
- The unassigned fund balance for the general fund was \$549,520 or approximately 11 percent of total general fund expenditures. The unassigned fund balance for the general fund decreased by \$529,188 from the previous year. This decrease was a planned transfer of funds to the capital projects fund for use on a new city hall building.
- The City's total outstanding long-term liabilities experienced a decrease of \$557,763. The decrease was attributed to principal payments on the outstanding amounts.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Bluffdale's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis (Continued)
June 30, 2015

Overview of the Financial Statements (Continued)

Government-wide financial Statements (Continued) The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental* activities) from other functions that are intended to cover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets and public works, parks and recreation, cemetery, and garbage. Water is the only business-type activities of the City.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the Redevelopment Agency of Bluffdale City (RDA), a legally separate entity for which the City is financially accountable. Financial information for this *component unit* is blended with the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 14-15 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis (Continued)
June 30, 2015

Overview of the Financial Statements (Continued)

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

The City maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital improvements fund, which are considered major funds. Financial information for the other three funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 16-19 of this report. The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The City maintains one proprietary fund, the water fund that is an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The water fund is a major fund. The basic proprietary fund financial statements can be found on pages 23-26 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City maintains one fiduciary fund for deposits made by contractors to ensure that building requirements are met. The accounting for fiduciary funds is very similar to the accounting used for proprietary funds. The basic fiduciary fund financial statements can be found on page 27 of this report.

Notes to the financial statements. The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-51 of this report.

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis (Continued)
June 30, 2015

Overview of the Financial Statements (Continued)

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The combining statements referred to earlier in connection with non-major funds are presented as supplementary information. Also included are budget to actual comparisons for the special revenue funds and the capital projects fund.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2015, the City's assets exceeded liabilities by \$60,058,145. The largest portion (66.33 percent) of the City's net position is composed of Capital assets are used to provide services to citizens and they are not available for future spending. Although the investment in capital assets are reported net of any related outstanding debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position (25.92 percent) can be used to spend in the future with no restrictions. As in contrast with restricted assets (7.75 percent), which are assets restricted for a specific purpose, in this case for debt service.

City of Bluffdale's Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 18,425,989	\$ 18,047,866	\$ 4,498,676	\$ 4,021,547	\$ 22,924,665	\$22,069,413
Capital assets	29,913,541	26,702,583	17,367,168	15,044,662	47,280,709	41,747,245
Total assets	48,339,530	44,750,449	21,865,844	19,066,209	70,205,374	63,816,658
Deferred outflows of resources						
Deferred related to pensions	114,065	-	28,516	-	142,581	-
Other liabilities	1,139,919	727,931	462,500	823,850	1,602,419	1,551,781
Long-term liabilities outstanding	3,107,715	3,043,451	4,414,381	4,445,838	7,522,096	7,489,289
Total liabilities	4,247,634	3,771,382	4,876,881	5,269,688	9,124,515	9,041,070
Deferred inflows of resources						
Deferred property tax revenue	1,019,241	2,672,327	-	-	1,019,241	2,672,327
Deferred related to pensions	116,843	-	29,211	-	146,054	-
Total deferred inflows of resources	1,136,084	2,672,327	29,211	-	1,165,295	2,672,327
Net position:						
Invested in capital assets, net of related debt	26,920,936	23,272,583	12,916,031	10,464,588	39,836,967	33,737,171
Restricted	4,651,846	7,392,267	-	-	4,651,846	7,392,267
Unrestricted	11,497,095	7,641,890	4,072,237	3,331,933	15,569,332	10,973,823
Total net position	\$ 43,069,877	\$38,306,740	\$16,988,268	\$13,796,521	\$ 60,058,145	\$52,103,261

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis (Continued)
June 30, 2015

Government-wide Financial Analysis (Continued)

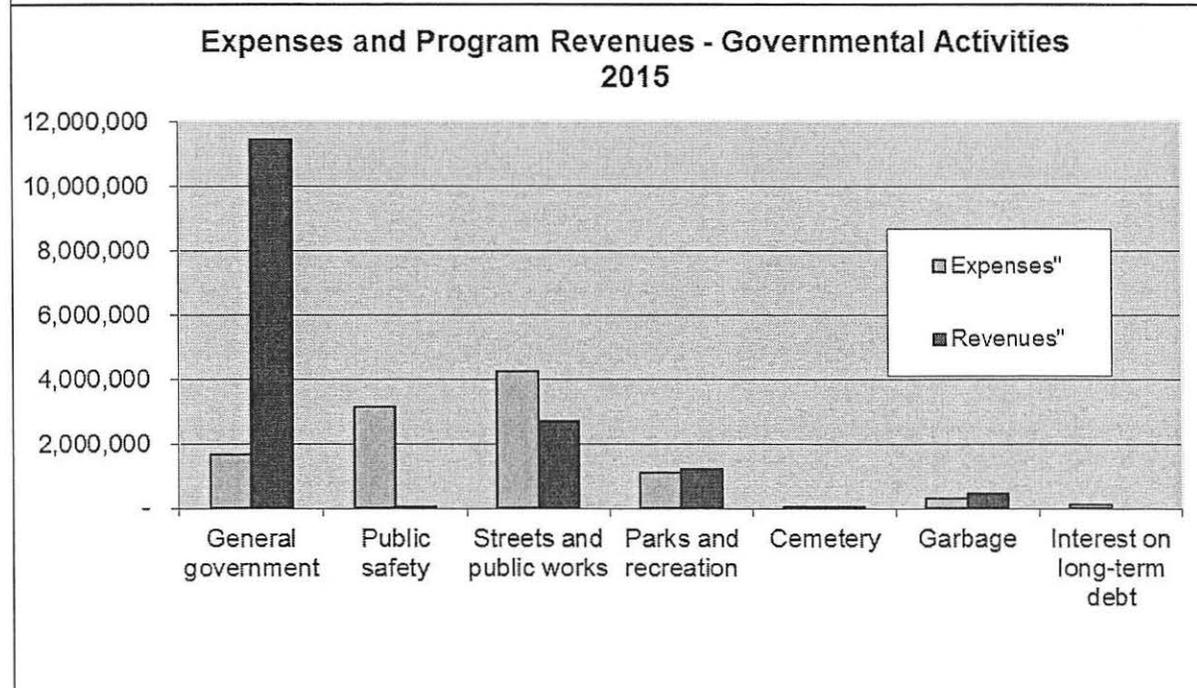
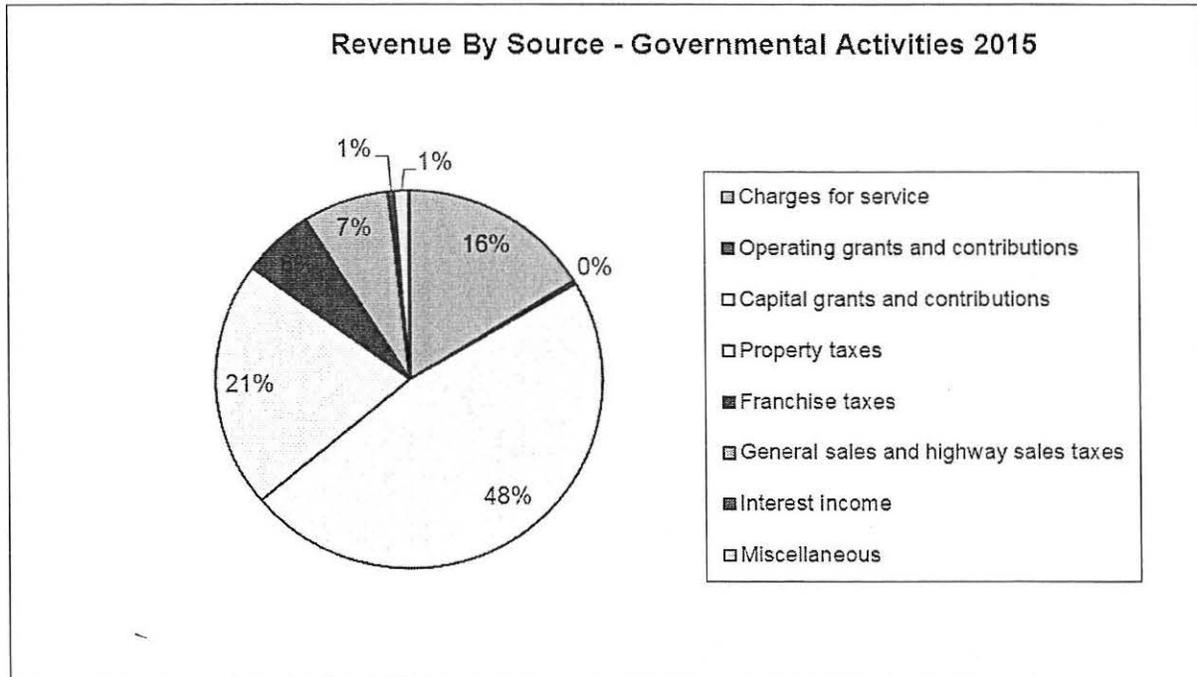
Governmental activities. Governmental activities increased the City's net position by \$5,253,303 accounting for 61.3 percent of the total growth in net position. Business-type activities increased the City's net position by \$3,314,288 accounting for 38.7 percent of the total growth in net position. This increase in both activities was the result of investment in infrastructure for the City.

City of Bluffdale's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues						
Charges for services	\$ 2,577,360	\$ 2,594,851	\$ 2,898,369	\$ 2,509,177	\$ 5,475,729	\$ 5,104,028
Operating grants and contributions	52,580	24,998	-	-	52,580	24,998
Capital grants and contributions	7,509,213	9,046,678	3,571,758	1,252,417	11,080,971	10,299,095
General revenues:						
Property taxes	3,345,477	2,853,651	-	-	3,345,477	2,853,651
Sales tax and highway tax	1,138,644	1,075,501	-	-	1,138,644	1,075,501
Franchise taxes	959,622	848,810	-	-	959,622	848,810
Interest income	79,609	67,495	14,463	13,040	94,072	80,535
Gain on sale of assets	29,140	100	-	-	29,140	100
Other	169,669	881,397	-	-	169,669	881,397
Total revenues	<u>15,861,314</u>	<u>17,393,481</u>	<u>6,484,590</u>	<u>3,774,634</u>	<u>22,345,904</u>	<u>21,168,115</u>
Expenses:						
General government	1,661,788	3,529,423	-	-	1,661,788	3,529,423
Public safety	3,152,035	2,911,619	-	-	3,152,035	2,911,619
Streets and public works	4,238,757	1,221,821	-	-	4,238,757	1,221,821
Parks and recreation	1,096,988	452,729	-	-	1,096,988	452,729
Cemetery	3,361	5,579	-	-	3,361	5,579
Garbage	321,460	372,270	-	-	321,460	372,270
Interest on long-term debt	133,622	149,057	-	-	133,622	149,057
Water	-	-	3,170,302	2,963,726	3,170,302	2,963,726
Total expenses	<u>10,608,011</u>	<u>8,642,498</u>	<u>3,170,302</u>	<u>2,963,726</u>	<u>13,778,313</u>	<u>11,606,224</u>
Increase in net position	5,253,303	8,750,983	3,314,288	810,908	8,567,591	9,561,891
Net position, beginning (restated)	37,816,574	29,555,757	13,673,980	12,985,613	51,490,554	42,541,370
Net position, ending	<u>\$ 43,069,877</u>	<u>\$ 38,306,740</u>	<u>\$ 16,988,268</u>	<u>\$ 13,796,521</u>	<u>\$ 60,058,145</u>	<u>\$ 52,103,261</u>

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis (Continued)
June 30, 2015

Government-wide Financial Analysis (Continued)



CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis (Continued)
June 30, 2015

Government-wide Financial Analysis (Continued)

Business-type activities. Business-type activities increased the City's net position by \$3,314,288 accounting for 38.7 percent of the total growth in the government's net assets. The key elements of this major increase are revenues exceeding expenses. Infrastructure was developed for subdivisions (water lines) paid for by that developer. The water fund is the only business-type activity. Charges for services were the only source of revenue in the water fund.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,764,064 an increase of \$1,620,273 in comparison with prior year. Of the ending fund balance, 3.28 percent (\$549,520) constitutes unassigned fund balance, which is available for spending at the government's discretion. The restricted portion of fund balance is restricted to indicate that it is not available for new spending because it has already been committed 1) to pay for the retirement of debt service (\$1,961,529), 2) to pay for debt service and construction of capital assets (\$393,155), 3) construction of capital assets funded by impact fees (\$1,651,124), 4) to pay for Class "C" road projects (\$646,038). The assigned fund balance to the Special Revenue funds is (\$5,077,369) and to the Capital Projects fund is (\$6,485,329)

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$549,520 while total fund balance was \$1,195,558. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 11 percent of total general fund expenditures.

The City's total general fund balance experienced a \$529,188 decrease during the current fiscal year. The majority of the decrease is due to a transfer to the capital project fund.

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis (Continued)
June 30, 2015

Financial Analysis of the Government's Funds (Continued)

The capital projects fund has a total fund balance of \$10,097,982. Of that amount \$1,961,529 is restricted for 1) retirement of debt and 2) \$6,485,329) for various capital projects at the City's discretion, 3) \$1,651,124 restricted for construction of capital assets funded by impact fees. The fund balance increased \$695,611 from the previous year.

Proprietary funds. The City's proprietary fund provides the same type of information found in the government-wide financial statements business-type activities, but in more detail.

Net position of the Water fund at the end of the year was \$16,988,268. Net position increased \$3,334,288 from the preceding year. The majority of the increase was due to capital infrastructure due to residential development and growth.

General Fund Budgetary Highlights

The original budget and the final amended budget overall totals were same in total except for minor adjustments that were made from department to department budgets during the course of the year to more accurately reflect the budgetary needs of those departments.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2015 amounts to \$47,280,709 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, distribution and collection systems, and construction in process. The City's capital assets increased \$5,533,464 from the preceding year. The majority of the increase was from infrastructure from developer's contributions.

City of Bluffdale's Capital Assets, Net

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Land	\$ 7,370,981	\$ 6,354,317	\$ 75,004	\$ 75,004	\$ 7,445,985	\$ 6,429,321
Buildings	1,240,521	1,326,133	-	-	1,240,521	1,326,133
Infrastructure	20,523,400	18,258,495	-	-	20,523,400	18,258,495
Water distribution system	-	-	17,158,616	14,812,376	17,158,616	14,812,376
Machinery and equipment	778,639	763,638	133,548	157,282	912,187	920,920
Total	<u>\$ 29,913,541</u>	<u>\$26,702,583</u>	<u>\$17,367,168</u>	<u>\$15,044,662</u>	<u>\$ 47,280,709</u>	<u>\$41,747,245</u>

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis (Continued)
June 30, 2015

Capital Assets and Debt Administration (Continued)

Long-term debt. At the end of the current fiscal year, the City had \$7,544,520 in outstanding long-term debt. The City's total debt decreased \$557,763 during fiscal year 2015.

City of Bluffdale's Long-term Debt

	Governmental		Business-type		Total	
	Activities	Activities	Activities	Activities	2015	2014
	2015	2014	2015	2014	2015	2014
SID revenue bonds	\$ 1,718,000	\$ 2,020,000	\$ -	\$ -	\$ 1,718,000	\$ 2,020,000
Sales tax revenue bonds	1,295,000	1,410,000	-	-	1,295,000	1,410,000
Water revenue	-	-	4,435,238	4,569,473	4,435,238	4,569,473
Vacation payable	62,573	82,968	33,709	19,842	96,282	102,810
Total	\$ 3,075,573	\$ 3,512,968	\$ 4,468,947	\$ 4,589,315	\$ 7,544,520	\$ 8,102,283

Economic Factors and the Next Year's Budgets and Rates

As part of the budget process each year the City performs an evaluation to project future revenues for the coming fiscal year. A major aspect of this evaluation is projecting property tax and sales tax revenues. Property taxes have not been increased since fiscal year 2008 when they were increased approximately 35%. Building permits have increased dramatically over the last couple of years due to a 294 acre master planned community development which will house about 1,900 housing units. Build-out of the master planned community is expected to take 10-12 years. The first phase of construction has begun in the northeast section of the project. The City is taking progressive steps to ensure that the community is developed in a safe and responsible manner.

A major upgrade to an intersection in a retail area has been completed. Following the upgrade, the City has received considerable interest in developing large retail in that area. Sales tax revenues in the past six months have shown an above average gain, and the City ranks tenth in the highest percentage of sales tax growth of 62 cities surveyed. The City is also in the first phase of building a city hall at approximately \$5 million dollars. Construction should begin in early spring of 2016 and be completed the following spring. The City is presently conducting business out of the City's fire station.

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis (Continued)
June 30, 2015

Requests for Information

The financial report is designed to provide a general overview of the City for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Manager, Mark Reid, 14350 South 2200 West, Bluffdale Utah 84065, or email, mreid@bluffdale.com.

CITY OF BLUFFDALE, UTAH
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 14,415,764	\$ 2,976,228	\$ 17,391,992
Receivables:			
Property and other taxes	1,343,343	-	1,343,343
Accounts	209,557	201,321	410,878
Due from other governments	60,395	-	60,395
Net pension asset	1,646	412	2,058
Investment in water stock and rights	40,600	929,028	969,628
Restricted cash	2,354,684	391,687	2,746,371
Capital assets:			
Land	7,370,981	75,004	7,445,985
Buildings	2,038,318	-	2,038,318
Machinery and equipment	2,844,916	483,400	3,328,316
Distribution and collection systems	-	21,730,884	21,730,884
Infrastructure	26,861,031	-	26,861,031
Accumulated depreciation	(9,201,705)	(4,922,120)	(14,123,825)
Total assets	48,339,530	21,865,844	70,205,374
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows related to pensions	114,065	28,516	142,581
Total deferred inflows of resources	114,065	28,516	142,581
<u>LIABILITIES</u>			
Accounts payable	555,201	181,041	736,242
Accrued interest payable	58,977	-	58,977
Accrued liabilities	45,237	98,732	143,969
Non-current liabilities:			
Due within one year	480,504	182,727	663,231
Due in more than one year	2,595,069	4,286,220	6,881,289
Net pension liability	512,646	128,161	640,807
Total liabilities	4,247,634	4,876,881	9,124,515
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred property tax revenue	1,019,241	-	1,019,241
Deferred inflows relating to pensions	116,843	29,211	146,054
Total deferred inflows of resources	1,136,084	29,211	1,165,295
<u>NET POSITION</u>			
Net investment in capital assets	26,920,936	12,916,031	39,836,967
Restricted for:			
Debt service	2,354,684	-	2,354,684
Capital projects	2,297,162	-	2,297,162
Unrestricted	11,497,095	4,072,237	15,569,332
Total net position	\$ 43,069,877	\$ 16,988,268	\$60,058,145

The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Statement of Activities
For the Year Ended June 30, 2015

	<u>Program Revenues</u>				<u>Net (Expense) Revenues and Changes in Net Position</u>		<u>Total</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
<u>GOVERNMENTAL ACTIVITIES</u>							
General government	\$ 1,661,788	\$ 2,113,067	\$ -	\$ 3,590,885	\$ 4,042,164		\$ 4,042,164
Public safety	3,152,035	-	52,580	-	(3,099,455)		(3,099,455)
Streets and public works	4,238,757	-	-	2,703,671	(1,535,086)		(1,535,086)
Parks and recreation	1,096,988	-	-	1,214,657	117,669		117,669
Cemetery	3,361	5,900	-	-	2,539		2,539
Garbage	321,460	458,393	-	-	136,933		136,933
Interest on long-term debt	133,622	-	-	-	(133,622)		(133,622)
Total governmental activities	10,608,011	2,577,360	52,580	7,509,213	(468,858)		(468,858)
<u>BUSINESS TYPE ACTIVITIES</u>							
Water	3,170,302	2,898,369	-	3,571,758		\$ 3,299,825	3,299,825
Total business-type activities	3,170,302	2,898,369	-	3,571,758		3,299,825	3,299,825
<u>GENERAL REVENUES</u>							
Taxes:							
Property taxes					3,345,477	-	3,345,477
Franchise taxes					959,622	-	959,622
General sales taxes and highway sales taxes					1,138,644	-	1,138,644
Interest income					79,609	14,463	94,072
Gain on sale of assets					29,140	-	29,140
Miscellaneous					169,669	-	169,669
Total general revenues					5,722,161	14,463	5,736,624
Change in net position					5,253,303	3,314,288	8,567,591
Net position - beginning (restated)					37,816,574	13,673,980	51,490,554
Net position - ending					<u>\$ 43,069,877</u>	<u>\$ 16,988,268</u>	<u>\$ 60,058,145</u>

The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Balance Sheet – Governmental Funds
June 30, 2015

	General	Special Revenue Funds		Capital Projects Fund	Totals Governmental Funds
		Improvement District	Redevelopment Agency		
<u>ASSETS</u>					
Cash and cash equivalents	\$ 783,648	\$ 209,700	\$ 4,886,843	\$ 8,535,573	\$ 14,415,764
Restricted cash and investments	-	393,155	-	1,961,529	2,354,684
Receivables:					
Sales, property and franchise taxes	1,086,646	-	256,697	-	1,343,343
Accounts	209,557	-	-	-	209,557
Class C road funds	60,395	-	-	-	60,395
Due from other funds	13,674	-	-	-	13,674
Total assets	<u>\$ 2,153,920</u>	<u>\$ 602,855</u>	<u>\$ 5,143,540</u>	<u>\$ 10,497,102</u>	<u>\$ 18,397,417</u>
<u>LIABILITIES</u>					
Liabilities:					
Accounts payable	\$ 150,581	\$ -	\$ 5,500	\$ 399,120	\$ 555,201
Accrued liabilities	45,237	-	-	-	45,237
Due to other funds	-	-	13,674	-	13,674
Total liabilities	<u>195,818</u>	<u>-</u>	<u>19,174</u>	<u>399,120</u>	<u>614,112</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred property tax revenue	762,544	-	256,697	-	1,019,241
Total deferred inflows of resources	<u>762,544</u>	<u>-</u>	<u>256,697</u>	<u>-</u>	<u>1,019,241</u>
<u>FUND BALANCES</u>					
Restricted for:					
Retirement of debt	-	-	-	1,961,529	1,961,529
Impact fees	-	-	-	1,651,124	1,651,124
Class C road projects	646,038	-	-	-	646,038
Debt service and construction	-	393,155	-	-	393,155
Total restricted	<u>646,038</u>	<u>393,155</u>	<u>-</u>	<u>3,612,653</u>	<u>4,651,846</u>
Assigned to:					
Special revenue funds	-	209,700	4,867,669	-	5,077,369
Capital projects fund	-	-	-	6,485,329	6,485,329
Total assigned	<u>-</u>	<u>209,700</u>	<u>4,867,669</u>	<u>6,485,329</u>	<u>11,562,698</u>
Unassigned	549,520	-	-	-	549,520
Total fund balances	<u>1,195,558</u>	<u>602,855</u>	<u>4,867,669</u>	<u>10,097,982</u>	<u>16,764,064</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,153,920</u>	<u>\$ 602,855</u>	<u>\$ 5,143,540</u>	<u>\$ 10,497,102</u>	<u>\$ 18,397,417</u>

The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Reconciliation of the Balance Sheet of Governmental Funds
To The Statement of Net Position
June 30, 2015

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund Balances - Total Governmental Funds (page 16)	\$ 16,764,064
Capital assets and water stock used in governmental activities are not financial resources and therefore, are not reported in the funds.	29,954,141
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(3,649,974)</u>
Net Position - Governmental Activities (page 14)	<u>\$ 43,069,877</u>

The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds
For the Year Ended June 30, 2015

	General	Special Revenue Funds		Capital Projects Fund	Totals Governmental Funds
		Improvement District	Redevelopment Agency		
REVENUES					
Taxes	\$ 3,045,456	\$ 98,423	\$ 256,697	\$ -	\$ 3,400,576
Special assessments	315,312	208,539	-	3,067,034	3,590,885
Licenses and permits	985,173	-	-	-	985,173
Charges for services	913,168	-	-	-	913,168
Intergovernmental	52,580	-	2,043,167	1,214,657	3,310,404
Garbage	458,393	-	-	-	458,393
Fines and forfeitures	214,726	-	-	-	214,726
Cemetery	5,900	-	-	-	5,900
Interest	6,893	3,020	21,393	48,303	79,609
Miscellaneous	169,669	-	-	-	169,669
Total revenues	6,167,270	309,982	2,321,257	4,329,994	13,128,503
EXPENDITURES					
General government	1,525,855	-	131,630	-	1,657,485
Public safety	1,868,604	-	-	-	1,868,604
Streets and public works	1,197,235	-	475,999	4,350,135	6,023,369
Parks and recreation	499,367	-	-	604,813	1,104,180
Cemetery	3,361	-	-	-	3,361
Garbage	321,460	-	-	-	321,460
Debt service:					
Principal retirement	-	302,000	-	115,000	417,000
Interest and fiscal charges	-	86,860	-	55,051	141,911
Total expenditures	5,415,882	388,860	607,629	5,124,999	11,537,370
Excess of revenues over (under) expenditures	751,388	(78,878)	1,713,628	(795,005)	1,591,133
OTHER FINANCING SOURCES (USES)					
Transfers in	180,900	-	-	1,461,476	1,642,376
Transfers out	(1,461,476)	-	(180,900)	-	(1,642,376)
Proceeds from sale of assets	-	-	-	29,140	29,140
Total other financing sources (uses)	(1,280,576)	-	(180,900)	1,490,616	29,140
Net change in fund balance	(529,188)	(78,878)	1,532,728	695,611	1,620,273
Fund balance, beginning of year	1,724,746	681,733	3,334,941	9,402,371	15,143,791
Fund balance, end of year	\$ 1,195,558	\$ 602,855	\$ 4,867,669	\$ 10,097,982	\$ 16,764,064

The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of
Governmental Funds To the Statement of Activities
For the Year Ended June 30, 2015

Amounts reported for governmental activities in the statement of activities (page 15) are different because:

Net change in fund balances - total governmental funds (page 18)	\$	1,620,273
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Governmental funds report capital outlays 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. This is the amount by which capital outlays and capital contributions exceeded depreciation in the current period.		3,210,958
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. Repayment of principal on debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		417,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>5,072</u>
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Change in net position - governmental activities (page 15)	\$	<u><u>5,253,303</u></u>
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The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – General Fund
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ 2,692,000	\$ 3,124,800	\$ 3,045,456	\$ (79,344)
Special assessments	325,000	325,000	315,312	(9,688)
Licenses and permits	1,360,000	1,606,500	985,173	(621,327)
Charges for service	681,800	684,300	913,168	228,868
Intergovernmental	12,000	12,000	52,580	40,580
Garbage	415,000	415,000	458,393	43,393
Fines and forfeitures	180,000	180,000	214,726	34,726
Cemetery	5,000	5,000	5,900	900
Interest	22,500	22,500	6,893	(15,607)
Miscellaneous	151,650	151,650	169,669	18,019
Contributions and transfers	1,524,526	1,397,026	180,900	(1,216,126)
Total revenues	<u>7,369,476</u>	<u>7,923,776</u>	<u>6,348,170</u>	<u>(1,575,606)</u>
<u>EXPENDITURES</u>				
General government				
City council	53,000	53,000	50,721	2,279
Mayor	30,500	31,500	25,410	6,090
Administration	487,057	569,057	519,402	49,655
Facilities	90,500	90,500	66,714	23,786
Planning and zoning	227,618	242,618	210,781	31,837
Risk management	100,500	101,500	88,524	12,976
Court	183,595	178,595	173,217	5,378
Building inspection	186,393	173,393	143,833	29,560
Code enforcement	148,567	113,567	91,196	22,371
Legal	166,867	212,867	156,057	56,810
Public safety				
Fire and ambulance	880,690	903,690	824,336	79,354
Law enforcement	972,500	1,068,800	1,044,268	24,532
Streets and public works	2,007,721	1,964,721	1,197,235	767,486
Parks and recreation	640,556	611,056	499,367	111,689
Cemetery	15,500	15,500	3,361	12,139
Garbage	330,000	330,000	321,460	8,540
Transfers	-	1,181,000	1,461,476	(280,476)
Total expenditures	<u>6,521,564</u>	<u>7,841,364</u>	<u>6,877,358</u>	<u>964,006</u>
Net change in fund balance	847,912	82,412	(529,188)	(611,600)
Fund balance, beginning of year	1,724,746	1,724,746	1,724,746	-
Fund balance, end of year	<u>\$ 2,572,658</u>	<u>\$ 1,807,158</u>	<u>\$ 1,195,558</u>	<u>\$ (611,600)</u>

The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – Special Improvement District – Special Revenue Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<u>REVENUES</u>				
Special assessments	\$ 200,000	\$ 200,000	\$ 208,539	\$ 8,539
Interest	5,000	5,000	3,020	(1,980)
Total revenues	<u>205,000</u>	<u>205,000</u>	<u>309,982</u>	<u>104,982</u>
<u>EXPENDITURES</u>				
Debt service	<u>390,000</u>	<u>390,000</u>	<u>388,860</u>	<u>1,140</u>
Total expenditures	<u>390,000</u>	<u>390,000</u>	<u>388,860</u>	<u>1,140</u>
Net change in fund balance	(185,000)	(185,000)	(78,878)	106,122
Fund balance at beginning of year	<u>681,733</u>	<u>681,733</u>	<u>681,733</u>	<u>-</u>
Fund balance at end of year	<u>\$ 496,733</u>	<u>\$ 496,733</u>	<u>\$ 602,855</u>	<u>\$ 106,122</u>

The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – Redevelopment Agency – Special Revenue Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<u>REVENUES</u>				
Taxes	\$ 2,025,000	\$ 1,685,000	\$ 2,299,864	\$ 614,864
Interest	-	-	21,393	21,393
Total revenue	2,025,000	1,685,000	2,321,257	636,257
<u>EXPENDITURES</u>				
General government	185,000	185,000	131,630	53,370
Public works	4,134,100	3,794,100	475,999	3,318,101
Total expenditures	4,319,100	3,979,100	607,629	3,371,471
Excess of revenues over expenditures	(2,294,100)	(2,294,100)	1,713,628	4,007,728
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer out	(180,900)	(180,900)	(180,900)	-
Net change in fund balance	(2,475,000)	(2,475,000)	1,532,728	4,007,728
Fund balance, beginning of year	3,334,941	3,334,941	3,334,941	-
Fund balance, end of year	<u>\$ 859,941</u>	<u>\$ 859,941</u>	<u>\$ 4,867,669</u>	<u>\$ 4,007,728</u>

The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Statement of Net Position – Proprietary Fund
June 30, 2015

	Water Fund
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents - unrestricted	\$ 2,976,228
Cash and cash equivalents - restricted	391,687
Receivables:	
Accounts receivable, net	201,321
Total current assets	3,569,236
Net pension asset	412
Investment in water rights and stock	929,028
Property, plant and equipment:	
Land	75,004
Water distribution system	21,730,884
Machinery and equipment	483,400
Accumulated depreciation	(4,922,120)
Net property, plant and equipment	17,367,168
Total assets	21,865,844
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows related to pensions	28,516
Total deferred outflows of resources	28,516
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	181,041
Accrued liabilities	98,732
Compensated absences payable	17,810
Current portion of long-term debt	164,917
Total current liabilities	462,500
Noncurrent liabilities:	
Long term debt	4,286,220
Net pension liability	128,161
Total noncurrent liabilities	4,414,381
Total liabilities	4,876,881
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows related to pensions	29,211
Total deferred inflows of resources	29,211
<u>NET POSITION</u>	
Net investment in capital assets	12,916,031
Unrestricted	4,072,237
Total net position	\$ 16,988,268

The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund
For the Year Ended June 30, 2015

	<u>Water Fund</u>
<u>OPERATING REVENUES</u>	
Water sales	\$ 2,263,102
Connection and service fees	<u>236,727</u>
Total operating revenues	<u>2,499,829</u>
<u>OPERATING EXPENSES</u>	
Water purchases	934,159
Wages and fringe benefits	659,793
Maintenance and engineering	243,224
Office supplies, postage and insurance	22,413
Depreciation and amortization	1,122,616
Other	<u>32,270</u>
Total operating expenses	<u>3,014,475</u>
Operating income (loss)	<u>(514,646)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Interest income	14,463
Interest expense	(155,827)
Impact fees	<u>398,540</u>
Total non-operating revenues	<u>257,176</u>
Income before contributions	(257,470)
Capital contributions	<u>3,571,758</u>
Change in net position	3,314,288
Total net position, beginning of year (restated)	<u>13,673,980</u>
Total net position, end of year	<u><u>\$ 16,988,268</u></u>

The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Statement of Cash Flows – Proprietary Fund
For the Year Ended June 30, 2015

	<u>Water Fund</u>
<u>Cash flows from operating activities:</u>	
Cash received from customers (including cash deposits)	\$ 2,541,296
Cash paid to suppliers	(1,631,302)
Cash paid to employees	<u>(641,387)</u>
Net cash provided by operating activities	<u>268,607</u>
<u>Cash flows from non-capital financing activities:</u>	
Impact fees	<u>398,540</u>
Net cash provided by non-capital financing activities	<u>398,540</u>
<u>Cash flow from capital and related financing activities:</u>	
Payments on long-term debt	(134,235)
Interest paid on long-term debt	(155,827)
Interest income received	14,463
Purchase of capital assets	<u>(12,863)</u>
Net cash used by capital and related financing activities	<u>(288,462)</u>
Net increase in cash and cash equivalents	378,685
Cash and cash equivalents at beginning of year	<u>2,989,230</u>
Cash and cash equivalents at end of year	<u><u>\$ 3,367,915</u></u>

(Continued)

CITY OF BLUFFDALE, UTAH
Statement of Cash Flows – Proprietary Fund (Continued)
For the Year Ended June 30, 2015

	<u>Water Fund</u>
<u>Reconciliation of operating income to net cash provided</u>	
<u>by operating activities:</u>	
Operating income (loss)	\$ (514,646)
Adjustments to reconcile operating income (loss)	
to net cash provided by operating activities:	
Depreciation and amortization expense	1,122,616
Changes in assets and liabilities:	
Decrease in accounts receivable	41,467
Increase in deferred outflows	(11,673)
Decrease in accounts payable	(399,236)
Increase in accrued liabilities	12,503
Increase in deferred inflows	29,211
Decrease in net pension liability	<u>(11,635)</u>
Total adjustments	<u>783,253</u>
Net cash provided by operating activities	<u>\$ 268,607</u>
Capital and related financing activities not affecting cash:	
Developer contributions of capital assets	<u>\$ 3,571,758</u>

The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Statement of Net Assets – Fiduciary Fund
June 30, 2015

	<u>Escrow Fund Total</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,486,711
Total assets	<u>1,486,711</u>
<u>LIABILITIES</u>	
Construction and improvement bonds	<u>1,486,711</u>
Total liabilities	<u>1,486,711</u>
<u>NET ASSETS</u>	
Unrestricted	<u>-</u>
Total net assets	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The basic financial statements of City of Bluffdale, Utah (the City) have been prepared in conformity with accounting principles (GAAP) generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

The City of Bluffdale was incorporated in 1978. The City operates under a Council-Mayor form of government. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). The component unit discussed below is included as part of the City's reporting entity as a blended component unit.

The Redevelopment Agency of Bluffdale City (RDA) was established to prepare and carry out plans to improve, rehabilitate and redevelop blighted areas within the City. The RDA is governed by a board of trustees composed of the City Mayor and members of the City Council. Although it is a legally separate entity from the City, the RDA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the RDA. The RDA is included in these financial statements as the Redevelopment Agency Special Revenue Fund. Separate financial statements are not issued for the RDA.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial 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 to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Sales taxes, use taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.
- The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of the major capital facilities of the City (other than those financed by proprietary funds).
- The SID Special Revenue Fund is used to account for financial resources and activities of the City's Special Improvement District.
- The Redevelopment Agency Special Revenue Fund is used to account for financial resources to be used for the re-vitalization of blighted areas within the City.

The City reports the following major proprietary fund:

- The Water Fund accounts for the activities of the City's water production, treatment and distribution operations.

Additionally, the City reports a fiduciary fund to account for construction and improvement bonds received from developers.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by various enterprise funds for the providing of administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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

Assets, Liabilities, and Net Position or Equity

Cash, Deposits and Investments Cash includes cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. City policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund and other investments allowed by the State of Utah's Money Management Act. Investments are reported at fair value. The State Treasurer's Investment Fund operates in accordance with state laws and regulations. The reported value of the Fund is the same as the fair value of the Fund shares.

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less when purchased meet this definition.

Receivables and Payables Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to or due from other funds". In the Water fund, the City records utility revenues billed to customers when meters are read on a monthly basis. Unbilled service accounts receivable at June 30, 2015 are not material and are not recorded.

Inventories and Prepaid Items Inventories of materials and supplies in the proprietary funds, consisting principally of materials used in the repair of the transmission, distribution, collection and treatment systems, are valued at cost and accounted for on a first-in, first-out basis (FIFO). Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position or Equity (Continued)

Capital Assets Capital assets, which include 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 City as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of three 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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

As permitted by GASB Statement No. 34, the City has not retroactively recorded infrastructure assets.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	10 to 50 years
Infrastructure	20 to 50 years
Machinery and equipment	5 to 7 years
Furniture and fixtures	5 to 10 years
Water distribution system	20 years

Compensated Absences For governmental funds amounts of vested or accumulated vacation leave and comp time that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net assets and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation leave and comp time of proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate sick leave without limitation. Accumulated vacation leave is paid to employees upon termination or retirement.

Deferred Inflows and Outflows of Resources Deferred inflows of resources represent an acquisition of net position that applies to a future period, and is therefore deferred until that time. The City also recognizes deferred inflows of resources related to pensions.

Governmental funds report revenue that is unavailable as deferred inflows of resources. Governmental funds report unavailable revenue from property taxes and from special assessments. These amounts are deferred and recognized as revenue in the period that the amount become available.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position or Equity (Continued)

Deferred Inflows and Outflows of Resources (Continued)

Deferred outflows of resources represent a consumption of net position that applies to a future period, and is therefore deferred until that time. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and the reacquisition price. The City also recognizes deferred outflows related to pensions.

Long-Term Obligations In the government-wide financial statements and proprietary fund types in the fund financial statements, 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 assets. Bond premiums and discounts are amortized over the life of the applicable debt. Bond issuance costs are reported as an expense of the current period. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance Governmental fund balance is reported in five separate categories: Nonspendable, restricted, committed, assigned, and unassigned. When both restricted and unrestricted fund balance is available for use, it is the City's policy to use restricted fund balance first. When expenditures qualify for more than one unrestricted fund balance classification, it is the City's policy to use resources in the following order: Committed, assigned, and then unassigned.

Restricted Assets Restricted assets are comprised of cash restricted for future payments of principal and interest on debt service as well as unexpended portions of bonds issued for capital construction purposes.

Pensions For purposes of measuring the 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 the 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 at fair value.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2015

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital related items:

When capital assets (property, plant and equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets and water stock	\$ 39,155,846
Accumulated depreciation	<u>(9,201,705)</u>
	<u>\$ 29,954,141</u>

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets (Continued)

Long-term debt transactions:

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financials. All liabilities (both current and long-term) are reported in the statement of net assets. Balances at June 30, 2015 were:

Sales Tax Revenue bonds	\$ 1,295,000
Special Improvement District bonds	1,718,000
Interest payable on long-term debt	58,977
Compensated absences	62,573
Pension liability, net	<u>515,424</u>
	<u>\$ 3,649,974</u>

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2015

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

Explanation of Certain Differences Between Governmental Fund Operating Statements and the Statement of Net Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays and contributions are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follow:

Capital outlays and contributions	\$ 4,915,827
Depreciation expense	<u>(1,704,869)</u>
Net difference, as reported	<u><u>\$ 3,210,958</u></u>

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

- For the fiscal year beginning July 1, the Mayor submits a proposed budget to the City Council by the first City Council meeting in May. The budget includes proposed expenditures and the means of financing them.
- By passage of a resolution, the budget is legally enacted on or before June 15, after a public hearing has been held.
- Once adopted, the budget can be amended by subsequent City Council action. The budget officer is authorized to transfer budgeted amounts between departments within any fund; however, the City Council must approve any revisions that alter the total expenditures of any fund. Increased appropriations require a public hearing to amend the budget.
- Interim adjustments of estimated revenues and appropriations, during the year ended June 30, 2015, have been included in the final budget approved by the City Council, as presented in the basic financial statements.
- As determined by state law, the level by which expenditures may not legally exceed appropriations is the total departmental budgets within a given fund.
- Unencumbered appropriations lapse at the end of each fiscal year.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2015

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Annual budgets for the General Fund, all Special Revenue Funds and the Capital Projects Fund were legally adopted by the City and are prepared on the modified-accrual method of accounting.

Although Utah State law requires the initial preparation of budgets for all City funds (both governmental and proprietary), it only requires the reporting of actual versus such budgets for governmental funds.

The City Council made several supplemental budgetary appropriations throughout the year, including increases and decreases in the general fund. The expenditure appropriations for the fund increased \$1,320,000. The biggest increase was in transfers for \$1,181,000. The other changes were generally spread among the functions and were for general operations items.

Tax Revenues

Property taxes are collected by the Salt Lake County Treasurer and remitted to the City in two to three installments in November, December, and January of each fiscal year and a final settlement by March 31st. Taxes are levied and are due and payable on November 1st and delinquent after November 30th of each year at which time they become liens if not paid. An accrual of delinquent current and prior year's property taxes beyond that which was received within 60 days after fiscal year end has not been made, as the amounts are not deemed to be material. An accrual for current year property taxes estimated to be collected the following November and December is made each year.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly. An accrual has been made for all taxes received by the State for the period ended June 30th and thus due and payable to the City.

Franchise taxes are charged to various utility companies doing business with the City including telephone, cable television, gas utility, and electric utility companies. The fees are remitted on a monthly, quarterly, semi-annual, or annual basis. An accrual has not been made for fees due and payable to the City at June 30th as the amounts are not deemed to be material.

4. DETAILED NOTES FOR ALL FUNDS

Deposits and Investments

Utah State law establishes the rules and regulations for deposits and investments and is known as the Utah Money Management Act. The Act established the Money Management Council that promulgates additional rules and determines which financial institutions may qualify to hold deposits and investments for state and local entities. The City has complied with the Utah Money Management Act and rules of the Money Management Council with regard to deposits and investments.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2015

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Deposits and Investments (Continued)

As of June 30, 2015, the City's demand deposits amounted to \$876,365. Cash equivalents restricted for debt service invested in money market accounts amounted to \$1,961,529.

As of June 30, 2015, the City had investments in the Utah Public Treasurer's Investment Fund of \$17,700,558. The fund is not rated and the weighted average maturity was less than 90 days.

Custodial Credit Risk - Deposits This is the risk that in the event of a bank failure, the City's deposits may not be returned. As of June 30, 2015, \$250,000 of the City's \$997,992 bank balance was insured by FDIC limits and, therefore, is not exposed to custodial credit risk. The Utah Money Management Act does not require deposits to be insured or collateralized and the City has no formal policy regarding deposit credit risk. The Act requires that the City keep deposits in a qualified depository, which the City has done.

Custodial Credit Risk – Investments This 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. The City has no formal policy regarding custodial credit risk for investments. Money invested in the Utah Public Treasurer's Investment Fund is pooled with many other state and local entities, and is managed by the Utah State Treasurer. The Fund is not categorized as to custodial credit risk.

Interest Rate Credit Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss from changes in interest rates is to follow the Utah Money Management Act and only invest in instruments that mature in one year or less. Investments within the Public Treasurer's Investment Fund have a weighted average maturity of less than ninety days.

Credit Risk is the risk that an issuer will not fulfill its obligations. The City policy is consistent with and complies with the Utah State Money Management Act. Investment is limited to U.S. Treasuries, U.S. Government Agency instruments, Utah Public Treasurer's Investment Fund, and other instruments that are rated A or higher by Standard & Poor's or Moody's. The City only invested in the Utah Public Treasurer's Investment Fund and U.S. Treasury securities during the year.

Concentration of Credit risk City policy requires diversification and limits the amount that may be invested in the same company. First, the City may not invest more than 20% of its idle funds outside of the Utah Public Treasurer's Investment Fund. Second, not more than 10% of the total portfolio may be invested in a single company's credit instruments. The Utah Public Treasurer's Investment Fund is highly diversified and must comply with various rules of the Utah State Money Management Act and Money Management Council.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2015

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Deposits and Investments (Continued)

The deposits and investments described above are included on the government-wide statement of net assets as follows:

Cash and cash equivalents	\$ 17,391,992
Restricted cash	<u>2,746,371</u>
	<u>\$ 20,138,363</u>

Accounts Receivable

Receivables as of year end for the City's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Redevelopment Agency	Water	Total
Receivables:				
Taxes	\$ 1,086,646	\$ 256,697	\$ -	\$ 1,343,343
Accounts and others	209,557	-	210,321	419,878
Intergovernmental	60,395	-	-	60,395
	1,356,598	256,697	210,321	1,823,616
Gross receivables				
Less: allowance for uncollectibles	-	-	(9,000)	(9,000)
	-	-	(9,000)	(9,000)
Net total receivables	\$ 1,356,598	\$ 256,697	\$ 201,321	\$ 1,814,616

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2015

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Accounts Receivable (Continued)

Governmental funds report *deferred revenue* as deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the government funds were as follows:

	Deferred Inflows of Resources	Unearned
Property taxes receivable (General Fund)	\$ 762,544	\$ -
Property taxes receivable (Redevelopment Agency)	256,697	-
Total deferred inflows of resources/ unearned revenue, governmental funds	\$ 1,019,241	\$ -

Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2015 was as follows:

	7/1/2014	Increases	Decreases	6/30/2015
<u>Governmental activities</u>				
Capital assets:				
Land	\$ 6,354,317	\$ 1,016,664	\$ -	\$ 7,370,981
Buildings	2,038,318	-	-	2,038,318
Infrastructure	23,253,074	3,607,957	-	26,861,031
Machinery and equipment	2,553,710	291,206	-	2,844,916
Total capital assets	34,199,419	4,915,827	-	39,115,246
Accumulated depreciation:				
Buildings	(712,185)	(85,612)	-	(797,797)
Infrastructure	(4,994,579)	(1,343,052)	-	(6,337,631)
Machinery and equipment	(1,790,072)	(276,205)	-	(2,066,277)
Total accumulated depreciation	(7,496,836)	(1,704,869)	-	(9,201,705)
Net governmental capital assets	\$26,702,583	\$ 3,210,958	\$ -	\$29,913,541

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2015

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets (Continued)

Capital asset activity for business-type activities for the year ended June 30, 2015 was as follows:

	7/1/2014	Increases	Decreases	6/30/2015
<u>Business-type activities</u>				
Capital assets:				
Land	\$ 75,004	\$ -	\$ -	\$ 75,004
Water distribution system	18,315,647	3,415,237	-	21,730,884
Equipment	453,515	29,885	-	483,400
 Total capital assets	 18,844,166	 3,445,122	 -	 22,289,288
Accumulated depreciation:				
Water distribution system	(3,503,271)	(1,068,997)	-	(4,572,268)
Equipment	(296,233)	(53,619)	-	(349,852)
 Total accumulated depreciation	 (3,799,504)	 (1,122,616)	 -	 (4,922,120)
 Net business-type capital assets	 \$15,044,662	 \$ 2,322,506	 \$ -	 \$17,367,168

In the government-wide financial statements depreciation was charged as follows by program or activity:

Governmental activities:	
General government	\$ 23,905
Public safety	161,603
Highways and public improvements	1,374,142
Parks and recreation	145,219
 Total depreciation expense - governmental activities	 \$ 1,704,869
Business-type activities:	
Water	\$ 1,122,616
 Total depreciation expense - business-type activities	 \$ 1,122,616

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2015

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Revenue Bonds

The City has issued bonds where the revenues and assets of the issuing fund are pledged as security for the bonds.

Revenue bonds outstanding at June 30, 2015, by issue, are as follows:

<u>Bond Description</u>	<u>Original Issue</u>	<u>Annual Principal</u>	<u>Interest Rate</u>	<u>Final Due Date</u>	<u>Outstanding as of 6/30/15</u>
Sales Tax Series 2005	\$ 2,000,000	\$20,000 to \$170,000	3.25% to 4.50%	2/1/2024	\$ 1,295,000
Special Improvement District Series 2007	3,933,000	\$200,000 to \$420,000	4.30%	12/1/2019	1,718,000
Water Revenue Series 2007	1,223,000	\$3,000 to \$48,000	4.375%	4/1/2048	1,126,238
Water Revenue Series 2011	3,573,000	\$50,000 to \$248,000	3.19%	6/1/2031	3,309,000
	<u>\$10,729,000</u>				<u>\$ 7,448,238</u>

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2015

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Revenue Bonds (Continued)

Revenue bond debt service requirements to maturity are as follows:

	Principal	Interest	Total
2016	\$ 604,916	\$ 283,499	\$ 888,415
2017	629,544	263,139	892,683
2018	650,283	238,657	888,940
2019	676,056	210,552	886,608
2020	706,863	183,597	890,460
2021 - 2025	1,672,737	649,433	2,322,170
2026 - 2030	1,222,060	413,816	1,635,876
2031 - 2035	654,816	211,126	865,942
2036 - 2040	207,575	125,665	333,240
2041 - 2045	258,293	77,116	335,409
2046 - 2048	165,095	18,945	184,040
	<u>\$ 7,448,238</u>	<u>\$ 2,675,545</u>	<u>\$ 10,123,783</u>

Changes in Long-Term Liabilities

Long-term liability activity for governmental activities for the year ended June 30, 2015 was as follows:

	7/1/2014	Additions	Reductions	6/30/2015	Due in One Year
<u>Governmental activities</u>					
Bonds payable:					
Special improvement district	\$ 2,020,000	\$ -	\$ (302,000)	\$ 1,718,000	\$ 315,000
Sales tax revenue	1,410,000	-	(115,000)	1,295,000	125,000
Total bonds payable	<u>3,430,000</u>	<u>-</u>	<u>(417,000)</u>	<u>3,013,000</u>	<u>440,000</u>
Compensated absences	<u>82,968</u>	<u>87,525</u>	<u>(107,920)</u>	<u>62,573</u>	<u>40,504</u>
Governmental activity long-term liabilities	<u>\$ 3,512,968</u>	<u>\$ 87,525</u>	<u>\$ (524,920)</u>	<u>\$ 3,075,573</u>	<u>\$ 480,504</u>

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2015

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Changes in Long-Term Liabilities (Continued)

Long-term liability activity for business-type activities for the year ended June 30, 2015 was as follows:

	<u>7/1/2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2015</u>	<u>Due in One Year</u>
<u>Business-type activities</u>					
Bonds payable:					
Water revenue	\$ 4,569,473	\$ -	\$ (134,235)	\$ 4,435,238	\$ 164,917
Total bonds payable	4,569,473	-	(134,235)	4,435,238	164,917
Compensated absences	19,842	22,500	(8,633)	33,709	17,810
Business-type activity long-term liabilities	<u>\$ 4,589,315</u>	<u>\$ 22,500</u>	<u>\$ (142,868)</u>	<u>\$ 4,468,947</u>	<u>\$ 182,727</u>

Interfund Transfers

During the course of normal operations, transfers are made between funds. The following table summarizes the transfers made during the year:

<u>Transfers out</u>	<u>Transfers in</u>		
	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
General fund	\$ -	\$ 1,461,476	\$ 1,461,476
Redevelopment agency	180,900	-	180,900
Totals	<u>\$ 180,900</u>	<u>\$ 1,461,476</u>	<u>\$ 1,642,376</u>

Other Information

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. The City carries insurance through the Utah Local Government Insurance Trust for all of these risks of loss. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. Expenses and claims not covered by insurance are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

City Management estimates that the amount of other actual or potential claims against the City as of June 30, 2015 will not materially affect the financial condition of the City.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2015

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Other Information (Continued)

Redevelopment Agency In connection with the activities of the Redevelopment Agency (RDA), incremental tax revenues totaling \$2,398,287 were generated. The RDA was not required to pay any portion of this revenue to other taxing agencies. There is no outstanding debt of the RDA at June 30, 2015.

During the year ended June 30, 2015, funds expended by the RDA were limited to the categories of general government for \$131,630 and public works for \$475,999.

Employee Retirement Systems and Pension Plans

General Information about the Pension 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 Contributory Retirement System (Contributory System is a multiple employer, cost sharing, public employee retirement system.
- 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 work on or after July 1, 2011, who has 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 Systems' 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 System, 560 E 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2015

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Other Information (Continued)

Benefits Provided

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

System	Final Average Salary	Years of Service	Benefit Percent per	COLA**
		Required and/or age Eligible for Benefit	Year of Service	
Contributory System	Highest 5 years	30 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year to June 1975; 2.00% per year July 1975 to present	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% to 4% depending on the employer
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% 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 for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2015

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Other Information (Continued)

Contributions

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the 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:

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates
Contributory System			
11-Local Governmental Division Tier 1	3.000%	3.000%	14.460%
111-Local Governmental Division Tier 2	N/A	N/A	16.590%
Public Safety Retirement System			
49-Other Division B Noncontributory Tier 1	N/A	N/A	32.200%

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

At June 30, 2015, the City reported a net pension asset of \$2,058 and a net pension liability of \$640,808.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Contributory System	2.2216079%	\$ -	\$ 640,808
Tier 2 Public Employees System	0.0679200%	2,058	-
Total Net Pension Asset / Liability		\$ 2,058	\$ 640,808

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 census data submitted to the plan for pay periods ending in 2014.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2015

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Other Information (Continued)

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

For the year ended June 30, 2015, the City recognized pension expense of \$247,518. At June 30, 2015, the City 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	\$ -	\$ 108,729
Changes in assumptions	-	37,325
Net difference between projected and actual earnings on pension plan investments	30,319	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	112,262	-
Total	\$ 142,581	\$ 146,054

\$112,262 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:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2015	\$ (103,140)
2016	(24,785)
2017	7,220
2018	7,220
2019	(360)
Thereafter	(1,890)

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2015

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Other Information (Continued)

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 below.

Retired Member Mortality
Class of Member
Educators
Men EDUM (90%)
Women EDUF (100%)
Public Safety and Fire fighters
Men RP 200mWC (100%)
Women EDUF (120%)
Local Government, Public Employees
Men RP 200m WC (100%)
Women EDUF (120%)
<i>EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage</i>
<i>EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage</i>
<i>RP 200mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by given percentage</i>

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.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2015

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Other Information (Continued)

Actuarial assumptions (Continued)

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

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
		Inflation	2.75%
		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.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2015

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Other Information (Continued)

Discount Rate (Continued)

Sensitivity to 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	\$ 1,836,688	\$ 638,750	\$ (364,464)

Pension Plan Fiduciary Net Position

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

5. SUBSEQUENT EVENTS

On July 2, 2015, the City issued \$1,152,000 of 2015 Series Water Revenue Bonds to refund the 2007 series water revenue bonds in the amount of \$1,127,080. The average coupon rate on the 2015 series bonds is 2.22%. The 2015 Series Water Revenue Bonds mature on April 1, 2025. Also on July 21, 2015, the City issued \$1,022,000 of 2015 Series Sales Tax Revenue Bond to refund the 2005 series sales tax bonds. The average coupon rate on the 2015 series bond is 2.06%. The 2015 Series Sales Tax Revenue Bonds mature on August 1, 2023.

The City evaluated all events or transactions that occurred after June 30, 2015 through October 30, 2015, the date the financial statements were available to be issued.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2015

6. PRIOR PERIOD RESTATEMENT

During 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, resulting in the recognition of assets, liabilities, expenses, deferred inflows and outflows related to pensions. Prior to this statement, most of this information was either disclosed in the notes to the financial statements or was available in a separate report issued by Utah Retirement Systems. The implementation of this statement resulted in the restatement as of June 30, 2014 of net position of the water fund and business type activities of \$122,541 and of the governmental activities of \$490,166.

CITY OF BLUFFDALE, UTAH
Schedule of the Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Capital Projects Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<u>REVENUES</u>				
Special assessments	\$ 4,200,000	\$ 4,200,000	\$ 3,067,034	\$ (1,132,966)
Intergovernmental	945,000	945,000	1,214,657	269,657
Interest	-	1,000	48,303	47,303
Total revenues	<u>5,145,000</u>	<u>5,146,000</u>	<u>4,329,994</u>	<u>(816,006)</u>
<u>EXPENDITURES</u>				
Streets and public works	8,080,476	9,371,476	4,350,135	5,021,341
Parks and recreation	2,715,000	2,715,000	604,813	2,110,187
Debt service	200,000	200,000	170,051	29,949
Total expenditures	<u>10,995,476</u>	<u>12,286,476</u>	<u>5,124,999</u>	<u>7,161,477</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,850,476)</u>	<u>(7,140,476)</u>	<u>(795,005)</u>	<u>6,345,471</u>
<u>OTHER FINANCING SOURCES</u>				
Proceeds from sale of assets	-	30,000	29,140	(860)
Transfers in	411,476	961,476	1,461,476	500,000
Total other financing sources	<u>411,476</u>	<u>991,476</u>	<u>1,490,616</u>	<u>499,140</u>
Net change in fund balance	(5,439,000)	(6,149,000)	695,611	6,844,611
Fund balance at beginning of year	<u>9,402,371</u>	<u>9,402,371</u>	<u>9,402,371</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,963,371</u>	<u>\$ 3,253,371</u>	<u>\$ 10,097,982</u>	<u>\$ 6,844,611</u>

CITY OF BLUFFDALE, UTAH
Schedule of the Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years

	Contributory Retirement System	Tier 2 Public Employees System
	2015	
Proportion of the net pension liability (asset)	2.2216079%	0.0679200%
Proportionate share of the net pension liability (asset)	\$640,808	(\$2,058)
Covered employee payroll	\$1,052,462	\$333,812
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	60.9%	-0.6%
Plan fiduciary net position as a percentage of the total pension liability	94.0%	103.5%

Note:

This schedule usually covers the 10 most recent fiscal years; however, this is the information available as of the implementation year of GASB 68.

CITY OF BLUFFDALE, UTAH
Schedule of Pension Contributions
Last Ten Fiscal Years

	Contributory Retirement System	Tier 2 Public Employees System
	2015	
Contractually required contribution	\$164,847	\$28,022
Contributions in relation to the contractually required contribution	(\$164,847)	(\$28,022)
Contribution deficiency (excess)	\$ - \$ -	
Covered employee payroll	\$1,052,462	\$333,812
Contributions as a percentage of covered-employee payroll	15.66%	8.39%

Note:

This schedule usually covers the 10 most recent fiscal years; however, this is the information available as of the implementation year of GASB 68.

CITY OF BLUFFDALE, UTAH
Notes to the Required Supplementary Information
June 30, 2015

1. ACTUARIALLY DETERMINED PENSION CONTRIBUTIONS

Contribution rates include an amount for normal cost, the estimated amount necessary to finance benefits earned by the members during the current year, and an amount for amortization of the unfunded or excess funded actuarial accrued liability over a closed 20-year amortization period. The rates are determined using the entry age actuarial cost method.

Contributions made were in accordance with actuarially computed funding requirements. For contribution rate purposes, the actuary evaluates the assets of the plan based on a 5-year smoothed expected return wherein 20 percent of a year's excess or shortfall of expected return is recognized each year for five years.

Hansen, Bradshaw, Malmrose & Erickson

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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

Mayor and City Council
City of Bluffdale, Utah

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bluffdale, Utah ("the City"), 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 and have issued our report thereon dated October 30, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

October 30, 2015

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROLS OVER COMPLIANCE IN ACCORDANCE WITH THE *STATE OF UTAH LEGAL COMPLIANCE AUDIT GUIDE*

Major and City Council
City of Bluffdale, Utah

We have audited City of Bluffdale, Utah's ("the City") compliance with general and major State program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2015.

The general compliance requirements applicable to the City are identified as follows:

Budgetary Compliance	Cash Management
Fund Balance	Impact Fees
Justice Courts	Government Records Access
URS Compliance	Management Act
Enterprise Fund Transfers, Reimbursements, Loans, and Services	Conflicts of Interest
	Nepotism
	Open and Public Meetings Act

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, contract, and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on the 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 State of America; the standards applicable to financial audited 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 that could have a direct and material effect on the City or 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 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, City of Bluffdale, Utah 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.

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, we considered the City's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, 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 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Purpose of 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.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

October 30, 2015



14350 SOUTH 2200 WEST * Bluffdale, UT 84065 * 801-254-2200 * Fax 801-253-3270

October 30, 2015

Hansen, Bradshaw, Malmrose & Erickson, P.C.
559 West 500 South
Bountiful, UT 84010

Gentlemen:

This representation letter is provided in connection with your audit of the basic financial statements of Bluffdale City, Utah as of June 30, 2015 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of Bluffdale City, Utah in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of October 30, 2015:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated August 21, 2015, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.

- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with GASB Statement No. 62 (GASB-62), Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements (FASB Accounting Standards Codification™ (ASC) 450, Contingencies), and we have not consulted a lawyer concerning litigation, claims, or assessments.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.

- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management’s intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes,⁷ and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
- We have disclosed to you the identity of the entity’s related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- Bluffdale City, Utah has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which Bluffdale City, Utah is contingently liable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to

volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
- Bluffdale City, Utah has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.



Mark Reid, City Manager



Dave Sanderson, Finance Director



14350 S 2200 W
Bluffdale Utah 84065

Certification of Annual Financial Report

Under penalty of perjury, I, Mark Reid and David Sanderson certify that the annual financial report of Bluffdale City Corporation for the year ended June 30, 2015, fairly presents in all material respects the financial condition and results of operation of Bluffdale City Corporation.

Signature:

Chief Administrative Officer

Signature:

Chief Financial Officer

Notes:

- a. This certification is to be submitted with the annual financial report to the Office of the Utah State Auditor.
- b. *Utah Code 11-50-202* designates the **chief administrative officer** as the individual appointed as the chief administrative officer of the political subdivision in accordance with statute; or if a chief administrative officer is not appointed in accordance with statute, the individual designated as the chief administrative officer by the governing body of the political subdivision. In designating a chief administrative officer, the governing body shall designate the individual who holds a managerial or similar position to perform administrative duties or functions for the political subdivision.
- c. *Utah Code 11-50-202* designates the **chief financial officer** as the individual appointed as the chief financial officer of the political subdivision in accordance with statute; or if a chief financial officer is not appointed in accordance with statute, the individual designated as the chief financial officer by the governing body of the political subdivision. In designating a chief financial officer, the governing body shall designate the individual who has primary responsibility for preparing the annual financial report.