

Garden City
Rich County, Utah

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

Garden City
TABLE OF CONTENTS
 June 30, 2015

	<u>Beginning on page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	13
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Net Position - Proprietary Funds	22
Statement of Revenues, Expenses, and Changes in Net Position- Proprietary Funds	23
Statement of Cash Flows - Proprietary Funds	24
Notes to Financial Statements	26
REQUIRED SUPPLEMENTARY INFORMATION	45
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	47
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Redevelopment Agency Fund	48
Schedule of the Proportianate Share of the Net Pension Liability	49
Schedule of Contributions	50
Notes to Required Supplementary Information	51

(continued on next page)

Garden City
TABLE OF CONTENTS
June 30, 2015

	<u>Beginning on page</u>
(continued from previous page)	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	52
Independent Auditor's Report on Compliance in Accordance with the <i>State Compliance Audit Guide</i>	54
Management Letter	57



TIFFANY M.
WAHLBERG

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Garden City, Utah, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 4-D to the financial statements, in 2015 the Town adopted Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27*

and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB No. 68*. My opinion is not modified with respect to this matter.

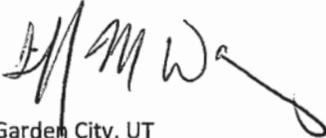
Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 28, 2015, on my consideration of the Town of Garden City, Utah’s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Garden City’s internal control over financial reporting and compliance.



Garden City, UT
December 28, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

This page intentionally left blank.

Garden City
Management's Discussion and Analysis
June 30, 2015

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

FINANCIAL HIGHLIGHTS

- *Total net position for the Town as a whole increased by \$530,237.
- *Total unrestricted net position for the Town as a whole decreased by \$459,280.
- *Total net position for governmental activities increased by \$291,823.
- *Total net position for business-type activities increased by \$238,414.

BASIC FINANCIAL STATEMENTS

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

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

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

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

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

Garden City
Management's Discussion and Analysis
June 30, 2015

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

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

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

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

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

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

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

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

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

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

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

Garden City
Management's Discussion and Analysis
June 30, 2015

FINANCIAL ANALYSIS

Garden City's Net Position

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Current and other assets	\$ 1,157,081	1,569,320	1,613,981	1,415,345	2,771,062	2,984,664
Net capital assets	4,395,430	3,592,318	6,298,619	6,510,223	10,694,050	10,102,540
Deferred outflows of resources	12,467	11,887	8,290	7,904	20,757	19,791
Total assets and deferred outflows	<u>5,564,978</u>	<u>5,173,524</u>	<u>7,920,890</u>	<u>7,933,471</u>	<u>13,485,868</u>	<u>13,106,996</u>
Other liabilities	304,121	183,543	116,690	110,139	420,811	293,682
Deferred inflows of resources	432,127	416,532	5,591	-	437,718	416,532
Long-term debt outstanding	546,018	582,560	4,870,623	5,133,761	5,416,640	5,716,320
Total liabilities and deferred inflows	<u>1,282,266</u>	<u>1,182,635</u>	<u>4,992,904</u>	<u>5,243,899</u>	<u>6,275,170</u>	<u>6,426,534</u>
Net position:						
Net investment in capital assets	3,849,413	3,009,758	1,427,997	1,376,462	5,277,409	4,386,220
Restricted	144,605	119,967	530,399	456,709	675,005	576,676
Unrestricted	288,694	861,164	969,590	856,401	1,258,285	1,717,565
Total net position	<u>\$ 4,282,712</u>	<u>3,990,889</u>	<u>2,927,986</u>	<u>2,689,572</u>	<u>7,210,699</u>	<u>6,680,461</u>

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources at the close of the year by \$7,210,699, an increase of \$530,237 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net position at the end of the year are \$1,258,285, which represents a decrease of \$459,280 from the previous year. Unrestricted net position are those resources available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

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

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

Garden City
Management's Discussion and Analysis
June 30, 2015

FINANCIAL ANALYSIS (continued)

Garden City's Change in Net Position

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Program revenues:						
Charges for services	\$ 143,043	137,187	996,700	948,231	1,139,743	1,085,418
Operating grants and contributions	391,006	44,483	-	33,525	391,006	78,008
Capital grants and contributions	48,473	90,184	53,332	18,848	101,805	109,032
General revenues:						
Property taxes	306,297	315,834	-	-	306,297	315,834
Sales tax	149,266	136,331	-	-	149,266	136,331
Other taxes	288,982	260,688	-	-	288,982	260,688
Other revenues	55,821	62,906	2,523	1,124	58,344	64,031
Total revenues	<u>1,382,887</u>	<u>1,047,613</u>	<u>1,052,555</u>	<u>1,001,729</u>	<u>2,435,443</u>	<u>2,049,342</u>
Expenses:						
General government	375,693	451,652	-	-	375,693	451,652
Public safety	20,051	29,455	-	-	20,051	29,455
Highways and improvements	452,305	287,138	-	-	452,305	287,138
Parks and recreation	174,493	174,080	-	-	174,493	174,080
Interest on long-term debt	19,122	33,477	-	-	19,122	33,477
Water operations	-	-	830,674	902,530	830,674	902,530
Beach access	-	-	32,867	15,196	32,867	15,196
Total expenses	<u>1,041,664</u>	<u>975,802</u>	<u>863,541</u>	<u>917,726</u>	<u>1,905,205</u>	<u>1,893,528</u>
Excess (deficiency) before transfers	341,223	71,811	189,014	84,003	530,237	155,814
Transfers in (out)	(49,400)	(55,200)	49,400	55,200	-	-
Change in net position	<u>291,823</u>	<u>16,611</u>	<u>238,414</u>	<u>139,203</u>	<u>530,237</u>	<u>155,814</u>
Net position - beginning	3,990,889	3,974,278	2,689,572	2,550,369	6,680,461	6,524,647
Net position - ending	<u>\$ 4,282,712</u>	<u>3,990,889</u>	<u>2,927,986</u>	<u>2,689,572</u>	<u>7,210,698</u>	<u>6,680,461</u>

For the Town as a whole, total revenues decreased by \$386,101 compared to the previous year, while total expenses increased \$11,677. The total net change of \$530,237 is, in private sector terms, the net income for the year which is \$374,423 more than the previous year's net change (net income).

Governmental activities revenues of \$1,382,887 is \$335,274 more than the previous year. Governmental activities expenses of \$1,041,664 is \$65,862 more than the previous year. While general government and public safety expenses decreased, this decrease was more than offset by increases in expenses in the highways and improvements and parks and recreation departments.

Business-type activities revenue of \$1,052,555 is \$50,826 more than the previous year. This increase is due to a increase in charges for services compared to the previous year. Business-type activities expenses of \$863,541 were less than the previous year by \$54,185.

Garden City
Management's Discussion and Analysis
June 30, 2015

BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

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

General Fund

The fund balance deficit of \$90,611 reflects a decrease of \$524,993 from the previous year. Total revenues, excluding transfers in, decreased by \$143,944. Proceeds from bond issues amounted to \$468,761 in the prior year, while there were none in the current year. Tax revenues, including property taxes and sales taxes increased by \$23,285. Intergovernmental revenue increased by \$308,107. Impact fee revenue decreased by \$3,294. All other revenues decreased by \$3,280.

Total expenditures, excluding transfers out, increased by \$434,220. Current expenditure changes by department (excluding capital outlay and debt service related to the department) were as follows: general government decreased by \$71,727, public safety decreased by \$9,315, streets and highways increased by \$171,432, and parks and recreation decreased by \$8,914. Expenditures for capital outlay increased by \$801,457. Expenditures for debt service decreased by \$448,714.

The unassigned fund balance amounts to a deficit of \$90,611.

Water Fund

Net operating income for the year was \$276,056 compared to the previous year amount of \$232,414. While operating expenses decreased \$959 during the year, operating income increased by \$42,682. The change in net position (net income) of \$237,969 was \$98,797 more than the previous year.

The amounts restricted for debt service and construction are \$491,061 and \$39,338, respectively. Unrestricted net position amounts to \$950,919.

Beach Access Fund

Net operating loss for the year was \$22,054. After a transfer in of \$22,500, the change in net position (net income) amounted to \$446. Unrestricted net position amounts to \$18,671.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, excluding transfers in, were originally budgeted in the amount of \$1,516,550. There were no amendments to budgeted revenues during the year. Actual revenues amounted to \$1,244,833, which is \$271,717 less than budgeted. Transfers in were budgeted for the amount of \$53,000, which was equal to the amount transferred.

Expenditures for the current year, exclusive of transfers out, were originally budgeted in the amount of \$2,103,586. Budgeted expenditures were amended during the year to \$2,081,086. Actual expenditures amounted to \$1,790,325, which is \$290,761 less than budgeted. Transfers out were budgeted for the amount of \$32,500, which was equal to the amount transferred.

Garden City
Management's Discussion and Analysis
June 30, 2015

CAPITAL ASSETS AND DEBT ADMINISTRATION

Garden City's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Net Capital Assets:						
Land	\$ 304,820	304,820	47,970	47,970	352,790	352,790
Water shares and rights	-	-	30,000	30,000	30,000	30,000
Buildings	2,323,805	2,293,448	533,516	533,516	2,857,321	2,826,964
Improvements	736,993	219,589	-	-	736,993	219,589
Water distribution system	-	-	7,956,380	7,915,836	7,956,380	7,915,836
Machinery and equipment	225,330	225,330	113,212	113,212	338,542	338,542
Infrastructure	1,059,310	1,050,115	-	-	1,059,310	1,050,115
Construction in progress	856,288	481,505	-	-	856,288	481,505
 Total	 5,506,545	 4,574,807	 8,681,078	 8,640,534	 14,187,623	 13,215,341
 Less accumulated depreciation	 <u>(1,111,114)</u>	 <u>(982,489)</u>	 <u>(2,382,459)</u>	 <u>(2,130,311)</u>	 <u>(3,493,573)</u>	 <u>(3,112,800)</u>
 Net capital assets	 <u>\$ 4,395,430</u>	 <u>3,592,318</u>	 <u>6,298,619</u>	 <u>6,510,223</u>	 <u>10,694,050</u>	 <u>10,102,540</u>

The total amount of capital assets, net of depreciation, of \$10,694,050 is an increase of \$591,509 from the previous year.

Governmental activities capital assets, net of depreciation, of \$4,395,430 represents an increase of \$803,112 from the previous year. Assets added during the year in the total amount of \$931,738 were related to road construction, street lights, a kiosk, and park projects. Depreciation charged during the year on governmental activities assets amounted to \$128,625.

Business-type activities capital assets, net of depreciation, of \$6,298,619 decreased during the year by \$211,603. Additions for water system assets amounted to \$40,544. Depreciation charged on business-type assets amounted to \$252,147.

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

Garden City
Management's Discussion and Analysis
 June 30, 2015

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Garden City's Outstanding Debt

	Current Year	Previous Year
Governmental activities:		
2006 SID Bond	\$ 94,395	113,799
2013 Real Property Lease	451,623	468,761
Total governmental	\$ 546,018	582,560
 Business-type activities:		
2013A Water Revenue Refunding	\$ 177,000	205,000
2013 GO Water Refunding	160,000	181,000
2008A Water Revenue	2,081,000	2,196,000
2013B Water Revenue	2,001,000	2,083,000
2013 Real Property Lease	451,623	468,761
Total business-type	4,870,623	5,133,761
Total long-term debt	\$ 5,416,640	5,716,320

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

REQUESTS FOR INFORMATION

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

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

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

Garden City
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 624,638	968,668	1,593,306
Accounts receivable, net	387,691	164,427	552,117
Total current assets	1,012,329	1,133,095	2,145,423
Non-current assets:			
Restricted cash and cash equivalents	144,605	469,935	614,540
Capital assets:			
Not being depreciated	1,161,107	77,970	1,239,077
Net of accumulated depreciation	3,234,323	6,220,649	9,454,972
Other non-current assets	-	10,855	10,855
Net pension asset	147	97	244
Total non-current assets	4,540,183	6,779,506	11,319,688
Total assets	5,552,511	7,912,600	13,465,111
Deferred outflows of resources	12,467	8,290	20,757
Total assets and deferred outflows of resources	\$ 5,564,978	7,920,890	13,485,868
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 158,833	16,126	174,959
Customer security deposits	59,039	-	59,039
Accrued interest payable	8,468	48,781	57,249
Bonds due within one year	38,260	267,819	306,079
Total current liabilities	264,600	332,726	597,326
Non-current liabilities:			
Compensated absences	13,573	9,089	22,662
Bonds due after one year	507,757	4,602,804	5,110,561
Net pension liability	64,209	42,694	106,903
Total non-current liabilities	585,539	4,654,586	5,240,126
Total liabilities	850,139	4,987,313	5,837,451
Deferred inflows of resources	432,127	5,591	437,718
Total liabilities and deferred inflows of resources	1,282,266	4,992,904	6,275,170
NET POSITION:			
Net investment in capital assets	3,849,413	1,427,997	5,277,409
Restricted:			
Debt service	-	491,061	491,061
Construction	144,605	39,338	183,943
Unrestricted	288,694	969,590	1,258,285
Total net position	4,282,712	2,927,986	7,210,699
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,564,978	7,920,890	13,485,868

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

Garden City
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

<u>FUNCTIONS/PROGRAMS:</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue (To Next Page)</u>
Primary government:					
Governmental activities:					
Administration	\$ 375,693	78,386	-	-	(297,307)
Public safety	20,051	-	-	-	(20,051)
Streets and highways	452,305	18,864	391,006	31,132	(11,303)
Parks and recreation	174,493	45,793	-	17,341	(111,360)
Interest on long-term debt	19,122	-	-	-	(19,122)
Total governmental activities	<u>1,041,664</u>	<u>143,043</u>	<u>391,006</u>	<u>48,473</u>	<u>(459,143)</u>
Business-type activities:					
Water	830,674	985,887	-	53,332	208,545
Beach Access	32,867	10,813	-	-	(22,054)
Total business-type activities	<u>863,541</u>	<u>996,700</u>	<u>-</u>	<u>53,332</u>	<u>186,491</u>
Total primary government	<u>\$ 1,905,205</u>	<u>1,139,743</u>	<u>391,006</u>	<u>101,805</u>	<u>(272,652)</u>

(continued on next page)

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

Garden City
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
CHANGES IN NET POSITION:			
Net (expense) revenue (from previous page)	<u>\$ (459,143)</u>	<u>186,491</u>	<u>(272,652)</u>
General revenues:			
Property taxes	306,297	-	306,297
Sales tax	149,266	-	149,266
Other taxes	288,982	-	288,982
Unrestricted investment earnings	15,543	2,523	18,066
Miscellaneous	40,278	-	40,278
Total general revenues	<u>800,366</u>	<u>2,523</u>	<u>802,889</u>
Transfers in (out)	<u>(49,400)</u>	<u>49,400</u>	<u>-</u>
Change in net position	291,823	238,414	530,237
Net position - beginning, restated	<u>3,990,889</u>	<u>2,689,572</u>	<u>6,680,461</u>
Net position - ending	<u><u>\$ 4,282,712</u></u>	<u><u>2,927,986</u></u>	<u><u>7,210,699</u></u>

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

Garden City
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	Capital Projects Fund	Special Revenue Fund	Nonmajor Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 165,010	543,594	(85,833)	1,867	624,638
Receivables, net	160,556	-	120,000	107,135	387,691
Restricted cash and cash equivalents	-	144,605	-	-	144,605
TOTAL ASSETS	<u>\$ 325,566</u>	<u>688,200</u>	<u>34,167</u>	<u>109,001</u>	<u>1,156,934</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Liabilities:					
Accounts payable	\$ 158,833	-	-	-	158,833
Customer security deposits	59,039	-	-	-	59,039
Total liabilities	217,871	-	-	-	217,871
Deferred inflows of resources	198,306	-	120,000	105,412	423,718
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>416,177</u>	<u>-</u>	<u>120,000</u>	<u>105,412</u>	<u>641,590</u>
FUND BALANCES:					
Restricted for:					
Construction	-	144,605	-	-	144,605
Committed	-	543,594	-	-	543,594
Assigned	-	-	(85,833)	3,589	(82,244)
Unassigned	(90,611)	-	-	-	(90,611)
TOTAL FUND BALANCES	<u>(90,611)</u>	<u>688,200</u>	<u>(85,833)</u>	<u>3,589</u>	<u>515,344</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 325,566</u>	<u>688,200</u>	<u>34,167</u>	<u>109,001</u>	<u>1,156,934</u>

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

Garden City
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
 For the Year Ended June 30, 2015

	General Fund	Capital Projects Fund	Special Revenue Fund	Nonmajor Debt Service Fund	Total Governmental Funds
REVENUES:					
Taxes:					
Property	\$ 193,948	-	112,350	-	306,297
Sales	149,266	-	-	-	149,266
Other taxes	288,982	-	-	-	288,982
Licenses and permits	78,386	-	-	-	78,386
Intergovernmental revenues	406,506	-	-	-	406,506
Charges for services	45,793	-	-	18,864	64,657
Interest	8,721	-	224	6,598	15,543
Miscellaneous revenue	40,259	-	-	19	40,278
Total revenues	<u>1,211,860</u>	<u>-</u>	<u>112,574</u>	<u>25,481</u>	<u>1,349,915</u>
EXPENDITURES:					
General government	294,790	-	10,301	-	305,091
Public safety	20,140	-	-	-	20,140
Highways and public improvements	405,194	-	-	-	405,194
Parks, recreation and public property	157,856	-	-	-	157,856
Capital outlay	881,708	-	50,030	-	931,738
Debt service:					
Principal	17,138	-	-	19,404	36,542
Interest	13,498	-	-	6,134	19,633
Total expenditures	<u>1,790,325</u>	<u>-</u>	<u>60,331</u>	<u>25,538</u>	<u>1,876,194</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>(578,466)</u>	<u>-</u>	<u>52,243</u>	<u>(57)</u>	<u>(526,279)</u>
Other Financing Sources and (Uses):					
Impact fees	32,973	-	-	-	32,973
Transfer in	53,000	10,000	-	-	63,000
Transfer out	(32,500)	-	(79,900)	-	(112,400)
Total other financing sources and (uses)	<u>53,473</u>	<u>10,000</u>	<u>(79,900)</u>	<u>-</u>	<u>(16,427)</u>
Net Change in Fund Balances	<u>(524,993)</u>	<u>10,000</u>	<u>(27,657)</u>	<u>(57)</u>	<u>(542,707)</u>
Fund balances - beginning of year	434,382	678,200	(58,176)	3,646	1,058,051
Fund balances - end of year	<u><u>\$ (90,611)</u></u>	<u><u>688,200</u></u>	<u><u>(85,833)</u></u>	<u><u>3,589</u></u>	<u><u>515,344</u></u>

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

Garden City
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION**
 June 30, 2015

Total Fund Balances for Governmental Funds	<u>\$ 515,344</u>
Total net assets reported for governmental activities in the Statement of Net Position is different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.	
Capital assets, at cost	5,506,545
Less accumulated depreciation	<u>(1,111,114)</u>
Net capital assets	<u>4,395,430</u>
Net pension assets are not financial resources and, therefore, are not reported in the funds.	
	<u>147</u>
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the funds statements.	
	<u>12,467</u>
Long-term liabilities, for funds other than enterprise funds, are recorded in the government-wide statements but not in the fund statements.	
General long-term debt	<u>(546,018)</u>
Interest accrued but not yet paid on general long-term debt	<u>(8,468)</u>
Compensated absences	<u>(13,573)</u>
Net pension liability	<u>(64,209)</u>
Deferred inflows of resources - pensions	<u>(8,409)</u>
Total Net Position of Governmental Activities	<u><u>\$ 4,282,712</u></u>

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

Garden City
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds \$ (542,707)

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

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

Capital outlays	931,738
Depreciation expense	<u>(128,625)</u>
Net	<u>803,112</u>

The Statement of Activities show pension benefits and pension expenses from the adoption of GASB 68 that are not shown in the fund statements.	<u>7,937</u>
--	--------------

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

Long-term debt principal repayments	<u>36,542</u>
-------------------------------------	---------------

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

Accrued interest on long-term debt at end of period	<u>511</u>
---	------------

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Change in compensated absences	<u>(13,573)</u>
--------------------------------	-----------------

Change in Net Position of Governmental Activities \$ 291,823

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

Garden City
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2015

	Water Fund	Beach Access Fund	Total Enterprise Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 949,996	18,671	968,668
Accounts receivable, net	164,427	-	164,427
Total current assets	1,114,423	18,671	1,133,095
Non-current assets:			
Restricted cash and cash equivalents	469,935	-	469,935
Capital assets:			
Not being depreciated	77,970	-	77,970
Net of accumulated depreciation	6,220,649	-	6,220,649
Other non-current assets	10,855	-	10,855
Net pension asset	97	-	97
Total non-current assets	6,779,506	-	6,779,506
Total assets	7,893,929	18,671	7,912,600
Deferred outflows of resources - pensions	8,290	-	8,290
Total assets and deferred outflows of resources	\$ 7,902,219	18,671	7,920,890
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 16,126	-	16,126
Accrued interest payable	48,781	-	48,781
Bonds due within one year	267,819	-	267,819
Total current liabilities	332,726	-	332,726
Non-current liabilities:			
Bonds due after one year	4,602,804	-	4,602,804
Compensated absences	9,089	-	9,089
Net pension liability	42,694	-	42,694
Total non-current liabilities	4,654,586	-	4,654,586
Total liabilities	4,987,313	-	4,987,313
Deferred inflows of resources - pensions	5,591	-	5,591
Total liabilities and deferred inflows of resources	4,992,904	-	4,992,904
NET POSITION:			
Net investment in capital assets	1,427,997	-	1,427,997
Restricted for:			
Debt service	491,061	-	491,061
Construction	39,338	-	39,338
Unrestricted	950,919	18,671	969,590
Total net position	2,909,315	18,671	2,927,986
Total liabilities, deferred inflows of resources, and net position	\$ 7,902,219	18,671	7,920,890

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

Garden City
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION- PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Water Fund	Beach Access Fund	Total Enterprise Funds
Operating income:			
Charges for sales and service	\$ 967,533	10,813	978,346
Connection fees	950	-	950
Other operating income	17,404	-	17,404
Total operating revenue	<u>985,887</u>	<u>10,813</u>	<u>996,700</u>
Operating expenses:			
Personal services	170,118	11,882	182,000
Utilities	59,007	-	59,007
Repair & maintenance	92,693	20,986	113,678
Other supplies & expenses	118,737	-	118,737
Insurance expense	17,129	-	17,129
Depreciation expense	252,147	-	252,147
Total operating expense	<u>709,831</u>	<u>32,867</u>	<u>742,698</u>
Net operating income (loss)	<u>276,056</u>	<u>(22,054)</u>	<u>254,002</u>
Non-operating income (expense):			
Impact fees	53,332	-	53,332
Interest income	2,523	-	2,523
Interest on long-term debt	(120,843)	-	(120,843)
Total non-operating income (expense)	<u>(64,988)</u>	<u>-</u>	<u>(64,988)</u>
Income (loss) before transfers	211,069	(22,054)	189,014
Transfers in	26,900	22,500	49,400
Change in net position	237,969	446	238,414
Net position - beginning, restated	2,671,347	18,226	2,689,572
Net position - ending	<u>\$ 2,909,315</u>	<u>18,671</u>	<u>2,927,986</u>

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

Garden City
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2015

	Water Fund	Beach Access Fund	Total Enterprise Funds
Cash flows from operating activities:			
Cash received from customers - service	\$ 988,435	10,813	999,248
Cash receipts from interfund services provided	2,016	-	2,016
Cash paid to suppliers	(277,599)	(20,998)	(298,597)
Cash paid to employees	(166,306)	(11,882)	(178,188)
Net cash provided (used) in operating activities	<u>546,545</u>	<u>(22,066)</u>	<u>524,479</u>
Cash flows from noncapital financing activities:			
Interfund activity	26,900	22,500	49,400
Net cash provided (used) in noncapital financing activities	<u>26,900</u>	<u>22,500</u>	<u>49,400</u>
Cash flows from capital and related financing activities:			
Cash from impact fees	53,332	-	53,332
Cash payments for capital assets	(40,544)	-	(40,544)
Cash payments for long-term debt	(263,138)	-	(263,138)
Cash payments for long-term debt interest	(122,949)	-	(122,949)
Net cash provided (used) in capital and related financing activities	<u>(373,299)</u>	<u>-</u>	<u>(373,299)</u>
Cash flows from investing activities:			
Cash received from interest earned	2,523	-	2,523
Net cash provided (used) in investing activities	<u>2,523</u>	<u>-</u>	<u>2,523</u>
Net increase (decrease) in cash	202,669	434	203,103
Cash balance, beginning	1,217,262	18,238	1,235,500
Cash balance, ending	<u>\$ 1,419,931</u>	<u>18,671</u>	<u>1,438,603</u>
Cash reported on the balance sheet:			
Cash and cash equivalents	\$ 949,996	18,671	968,668
Non-current restricted cash	469,935	-	469,935
Total cash and cash equivalents	<u>\$ 1,419,931</u>	<u>18,671</u>	<u>1,438,603</u>

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

Garden City
STATEMENT OF CASH FLOWS (continued)
For the Year Ended June 30, 2015

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

	Water Fund	Beach Access Fund	Total Enterprise Funds
Net operating income (loss)	\$ 276,056	(22,054)	254,002
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:			
Depreciation and amortization	252,147	-	252,147
Changes in assets and liabilities:			
(Increase) decrease in receivables	4,564	-	4,564
(Increase) decrease in non-current assets	(97)	-	(97)
(Increase) decrease in deferred outflows	(386)	-	(386)
Increase (decrease) in payables	(419)	(12)	(431)
Increase (decrease) in compensated absences	9,089	-	9,089
Increase (decrease) in deferred inflows	5,591	-	5,591
Net cash provided (used) in operating activities	<u>\$ 546,545</u>	<u>(22,066)</u>	<u>524,479</u>

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

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

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

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

1-B. Government-wide and fund financial statements

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

Policy regarding use of restricted resources

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

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

1-D. Fund types and major funds

Governmental funds

The Town reports the following major governmental funds:

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

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

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

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

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

Proprietary funds

The Town reports the following major proprietary funds:

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

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

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

1-E-1. Deposit and Investments

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

1-E-2. Cash and Cash Equivalents

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

1-E-3. Receivables and Payables

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

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

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

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

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

1-E-4. Restricted Assets

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

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

1-E-5. Inventories and Prepaid items

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

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

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

In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows related to pensions as required by GASB 68.

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. Property taxes to be collected in November were unavailable in the current fiscal year, and therefore are reported as deferred inflows of resources in the current year. Additionally, the Town reports assessment revenue and Raspberry Days revenue as deferred inflows of resources. Lastly, the Town reports deferred inflows of resources related to pensions as required by GASB 68.

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

1-E-7. Capital Assets

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

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

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

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

Assets	Years
Buildings	40
Water system	45
Infrastructure and improvements	25
Vehicles and equipment	10

1-E-8. Long-term Obligations

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

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

1-E-9. Pensions

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

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

1-E-10. Fund Equity

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as Nonspendable, Restricted, Committed, Assigned or Unassigned. Descriptions of each follow:

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

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

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

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

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

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

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

1-E-11. Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary data

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

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

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

2-B. Deficit fund balance or net position

At June 30, 2015, the Town's General Fund has a deficit fund balance of \$90,611 and the Special Revenue Fund has a deficit fund balance of \$85,833.

Garden City
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of June 30, 2015 consist of the following:

	<u>Fair Value</u>
Demand deposits - checking	\$ 198,916
Investments - PTIF	2,008,930
Total cash	\$ 2,207,846

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

Cash and cash equivalents (current)	\$ 1,593,306
Restricted cash and cash equivalents (non-current)	614,540
Total cash and cash equivalents	\$ 2,207,846

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

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

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

Garden City
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

3-A. Deposits and investments (continued)

Deposit and Investment Risk

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

Interest rate risk

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

Credit risk

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

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

Concentration of credit risk

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

3-B. Receivables

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

	General Fund	Special Revenue Fund	Debt Service Fund	Enterprise Funds	Total
Customers, current	\$ -	-	1,722	161,970	163,693
Customers, non-current	-	-	105,412	2,456	107,869
Property taxes	160,556	120,000	-	-	280,556
Total Receivables	\$ 160,556	120,000	107,135	164,427	552,117

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

3-C. Capital Assets

Capital asset activity for the governmental activities was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land and rights	\$ 304,820	-	-	304,820
Construction in progress	481,505	889,177	514,395	856,288
Total capital assets, not being depreciated	<u>786,325</u>	<u>889,177</u>	<u>514,395</u>	<u>1,161,107</u>
Capital assets, being depreciated:				
Buildings	2,293,448	30,358	-	2,323,805
Improvements other than buildings	219,589	517,404	-	736,993
Machinery and equipment	225,330	-	-	225,330
Infrastructure	1,050,115	9,195	-	1,059,310
Total capital assets, being depreciated	<u>3,788,482</u>	<u>556,956</u>	<u>-</u>	<u>4,345,437</u>
Less accumulated depreciation for:				
Buildings	412,366	77,038	-	489,404
Improvements other than buildings	112,418	14,281	-	126,699
Machinery and equipment	185,870	9,957	-	195,827
Infrastructure	271,836	27,349	-	299,185
Total accumulated depreciation	<u>982,489</u>	<u>128,625</u>	<u>-</u>	<u>1,111,114</u>
Total capital assets being depreciated, net	<u>2,805,993</u>	<u>428,330</u>	<u>-</u>	<u>3,234,323</u>
Governmental activities capital assets, net	<u>\$ 3,592,318</u>	<u>1,317,507</u>	<u>514,395</u>	<u>4,395,430</u>

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

Governmental activities:	
General government	\$ 66,251
Highways and public improvements	46,467
Parks, recreation and public property	15,908
Total	<u>\$ 128,625</u>

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

3-C. Capital assets (continued)

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land and water shares	\$ 77,970	-	-	77,970
Total capital assets, not being depreciated	<u>77,970</u>	<u>-</u>	<u>-</u>	<u>77,970</u>
Capital assets, being depreciated:				
Water buildings	533,516	-	-	533,516
Water system	7,915,836	40,544	-	7,956,380
Machinery and equipment	113,212	-	-	113,212
Total capital assets, being depreciated	<u>8,562,564</u>	<u>40,544</u>	<u>-</u>	<u>8,603,108</u>
Less accumulated depreciation for:				
Water buildings	116,083	17,784	-	133,866
Water system	1,947,935	226,212	-	2,174,147
Machinery and equipment	66,293	8,152	-	74,445
Total accumulated depreciation	<u>2,130,311</u>	<u>252,147</u>	<u>-</u>	<u>2,382,459</u>
Total capital assets being depreciated, net	<u>6,432,253</u>	<u>(211,603)</u>	<u>-</u>	<u>6,220,649</u>
Business-type activities capital assets, net	<u>\$ 6,510,223</u>	<u>(211,603)</u>	<u>-</u>	<u>6,298,619</u>

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

3-D. Long-term debt

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

	Original Principal	% Rate	6/30/2014	Additions	Reductions	6/30/2015	Due Within One Year
<u>Governmental activities:</u>							
2006 SID bond Matures 6/1/2021	\$ 403,867	5.35	\$ 113,799	-	19,404	94,395	20,441
2013 Real Property Lease General Matures 11/15/2033	468,761	2.70	468,761	-	17,138	451,623	17,819
Total governmental activity long-term liabilities			<u>\$582,560</u>	<u>-</u>	<u>36,542</u>	<u>546,018</u>	<u>38,260</u>

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

	Principal	Interest	Total
2016	\$ 38,260	17,921	56,182
2017	39,945	16,237	56,182
2018	41,707	14,474	56,182
2019	43,551	12,630	56,182
2020	26,142	10,700	36,843
2021 - 2025	112,100	41,369	153,470
2026 - 2030	128,925	24,545	153,470
2031 - 2033	115,386	7,389	122,776
Total	<u>\$546,018</u>	<u>145,266</u>	<u>691,284</u>

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

3-D. Long-term debt (continued)

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

	Original Principal	% Rate	6/30/2014	Additions	Reductions	6/30/2015	Due Within One Year
<u>Business-type activities:</u>							
2013A Water Revenue Refunding Matures 6/15/2021	\$ 221,000	2.269	\$ 205,000	-	28,000	177,000	29,000
2013 GO Water Refunding Bonds Matures 2/1/2022	181,000	2.368	180,000	-	21,000	159,000	21,000
2008A Water Revenue Matures 1/1/2029	2,700,000	2.31	2,197,000	-	115,000	2,082,000	117,000
2013B Water Revenue Bond Matures 9/15/2033	2,083,000	2.503	2,083,000	-	82,000	2,001,000	83,000
2013 Real Property Lease Water Matures 11/15/2033	468,761	2.70	468,761	-	17,138	451,623	17,819
Total business-type activity long-term liabilities			<u>\$5,133,761</u>	<u>-</u>	<u>263,138</u>	<u>4,870,623</u>	<u>267,819</u>

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

	Principal	Interest	Total
2016	\$ 267,819	118,907	386,726
2017	273,411	113,770	387,181
2018	278,022	108,116	386,138
2019	285,653	101,835	387,489
2020	292,306	94,770	387,076
2021 - 2025	1,374,101	352,979	1,727,079
2026 - 2030	1,477,925	170,768	1,648,693
2031 - 2033	621,386	31,113	652,500
Total	<u>\$4,870,623</u>	<u>1,092,259</u>	<u>5,962,881</u>

Garden City
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

3-E. Interfund Transfers

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 53,000	32,500
Capital Projects Fund	10,000	-
Special Revenue Fund	-	79,900
Water Fund	26,900	-
Beach Access Fund	22,500	-
	<u>\$ 112,400</u>	<u>112,400</u>

Transfers were made for the following purposes:

-The Special Revenue Redevelopment Agency Fund transferred \$26,900 to the Water Fund for water projects that lie within the RDA area that were paid by the Water Fund and \$53,000 to the General Fund for activities related to that fund.

-The General Fund transferred \$32,500 to other funds, \$10,000 to the Capital Projects Fund for future capital projects and \$22,500 to the Beach Access Fund to help fund activities related to that fund.

NOTE 4 - OTHER INFORMATION

4-A. Risk management

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

4-B. Rounding convention

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

Garden City
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

4-C. 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 Noncontributory Retirement System (Noncontributory 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 on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The 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 Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

Benefits provided:

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

Summary of Benefits by System

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

* with actuarial reductions

** All past-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.

Garden City
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

4-C. General Information about the Pension Plan (continued)

Contributions:

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

<u>Utah Retirement Systems</u>	Employee Paid	Pay by Employer for Employee	Employer Contribution Rates
Contributory System			
111 - Local Governmental Division Tier 2	N/A	N/A	14.940%
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	N/A	18.470%

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

At December 31, 2014, we reported a net pension asset of \$244 and a net pension liability of \$106,903.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.0246194%	\$ -	\$ 106,903
Tier 2 Public Employees System	0.0080526%	\$ 244	\$ -
Total Net Pension Asset/Liability		<u>\$ 244</u>	<u>\$ 106,903</u>

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

For the year ended December 31, 2014, we recognized pension expense of \$27,197. At December 31, 2014, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,502
Changes in assumptions	\$ -	\$ 10,498
Net difference between projected and actual earnings on pension plan investments	\$ 2,439	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ 18,318	\$ -
Total	<u>\$ 20,757</u>	<u>\$ 14,000</u>

Garden City
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

4-C. General Information about the Pension Plan (continued)

\$18,318 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	\$ (2,858)
2016	\$ (2,858)
2017	\$ (2,858)
2018	\$ (2,721)
2019	\$ (43)
Thereafter	\$ (224)

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 place experience. Retiree mortality assumption are highlighted in the table below.

Retired Member Mortality

Class of Member

Educators

Men EDUM (90%)

Women EDUF (100%)

Public Safety and Firefightings

Men RP 2000mWC (100%)

Women EDUF (120%)

Local Government, Public Employees

Men RP 2000mWC (100%)

Women EDUF (120%)

EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage

EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage

RP 2000mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by given percentage

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

Garden City
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

4-C. General Information about the Pension Plan (continued)

The long-term expected rate of return on 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 for each major asset class are summarized in the following table:

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

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

Discount rate:

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

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate:

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

Proportionate share of	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
	Net pension (asset) / liability	\$ 258,298	\$ 106,659

Pension plan fiduciary net position:

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

Garden City
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

4-D. Prior period adjustments

The requirement to apply GASB 68 this fiscal year resulted in adjustments to the prior period net positions. This is due to the required disclosure of a Net Pension Liability, Deferred Outflows and Inflows of Resources, and if applicable, a Net Pension Asset.

The results to beginning net positions are as follows:

	Governmental Activities	Business-type Activities <u>Water</u> <u>Fund</u>	<u>Total</u>
Net position - beginning	\$ 4,058,830	2,734,747	6,793,577
GASB 68 adjustments	(67,941)	(45,175)	(113,116)
Net position - beginning, restated	<u>\$ 3,990,889</u>	<u>2,689,572</u>	<u>6,680,461</u>

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

This page intentionally left blank.

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

For the Year Ended June 30, 2015

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 590,000	590,000	632,195	42,195
Licenses and permits	62,500	62,500	78,386	15,886
Intergovernmental revenues	760,000	760,000	406,506	(353,494)
Charges for services	45,500	45,500	45,793	293
Interest	7,050	7,050	8,721	1,671
Miscellaneous revenue	34,500	34,500	40,259	5,759
Total revenues	<u>1,499,550</u>	<u>1,499,550</u>	<u>1,211,860</u>	<u>(287,690)</u>
Expenditures				
General government	1,207,700	1,125,200	944,232	180,968
Public safety	25,500	25,500	20,140	5,360
Highways and public improvements	634,886	458,486	421,331	37,155
Parks and recreation	235,500	471,900	404,622	67,278
Total expenditures	<u>2,103,586</u>	<u>2,081,086</u>	<u>1,790,325</u>	<u>290,761</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(604,036)</u>	<u>(581,536)</u>	<u>(578,466)</u>	<u>3,070</u>
Other Financing Sources and (Uses)				
Impact fees	17,000	17,000	32,973	15,973
Transfers in	53,000	53,000	53,000	-
Transfers out	(10,000)	(32,500)	(32,500)	-
Total Other Financing Sources and (Uses)	<u>60,000</u>	<u>37,500</u>	<u>53,473</u>	<u>15,973</u>
Net Change in Fund Balances	<u>(544,036)</u>	<u>(544,036)</u>	<u>(524,993)</u>	<u>19,043</u>
Fund Balances - beginning of year	434,382	434,382	434,382	-
Fund Balances - end of year	<u><u>\$ (109,654)</u></u>	<u><u>(109,654)</u></u>	<u><u>(90,611)</u></u>	<u><u>19,043</u></u>

Garden City
**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
REDEVELOPMENT AGENCY FUND**
(Unaudited)
For the Year Ended June 30, 2015

	<u>Budgeted Original</u>	<u>Budgeted Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Property taxes	\$ 100,000	100,000	112,350	12,350
Interest	100	130	224	94
Total revenues	<u>100,100</u>	<u>100,130</u>	<u>112,574</u>	<u>12,444</u>
Expenditures				
General government	20,200	80,230	60,331	19,900
Total expenditures	<u>20,200</u>	<u>80,230</u>	<u>60,331</u>	<u>19,900</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>79,900</u>	<u>19,900</u>	<u>52,243</u>	<u>32,343</u>
Other Financing Sources and (Uses)				
Transfers out	(79,900)	(79,900)	(79,900)	-
Total Other Financing Sources and (Uses)	<u>(79,900)</u>	<u>(79,900)</u>	<u>(79,900)</u>	<u>-</u>
Net Change in Fund Balances	-	(60,000)	(27,657)	32,343
Fund balances - beginning of year	(58,176)	(58,176)	(58,176)	-
Fund balances - ending of year	<u>\$ (58,176)</u>	<u>(118,176)</u>	<u>(85,833)</u>	<u>32,343</u>

Garden City
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
 June 30, 2015
 Last 10 Fiscal Years*

	Noncontributory System	Tier 2 Public Employees System
Proportion of the net pension liability (asset)	0.0246194 %	0.0080526 %
Proportionate share of the net pension liability (asset)	\$ 106,903	\$ (244)
Covered employee payroll	\$ 202,824	\$ 39,527
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	52.7 %	-0.6 %
Plan fiduciary net position as a percentage of the total pension liability	90.2 %	103.5 %

* In accordance with paragraph 81.a of GASB 68, employees will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the current year.

Garden City
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
 June 30, 2015
 Last 10 Fiscal Years*

	Noncontributory System	Tier 2 Public Employees System
Contractually required contribution	\$ 38,695	\$ 3,322
Contributions in relation to the contractually required contribution	\$ (38,695)	\$ (3,322)
Contribution deficiency (excess)	-	-
Covered employee payroll	\$ 202,824	\$ 39,527
Contributions as a percentage of covered-employee payroll **	19.08 %	8.40 %

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

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

Garden City
Notes to Required Supplementary Information
 June 30, 2015

Budgetary Comparison Schedules

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

Budgeting and Budgetary Control

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

Original budgets represent the revenue estimates and spending authority authorized by the Town Council prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Council through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

Current Year Excess of Expenditures over Appropriations

For the year ended June 30, 2015, expenditures within all departments was within budget appropriations.

Other information that is not required as part of RSI

This information below is not required as part of GASB 68 but is provided for information purposes. The schedule below is a summary of the Defined Contribution Savings Plans for pay periods January 1 - December 31.

Defined Contribution System

	Employee Paid Contributions	Employer Paid Contributions
401(k) Plan	\$ 3,900	\$ 670
457 Plan	1,300	-
Roth IRA Plan	1,300	-
Traditional IRA Plan	-	-
HRA Plan	-	-

* The employer paid 401(k) contributions include the totals paid for employees enrolled in the Tier 2 Defined Contribution 401(k) Plan.



TIFFANY M.
WAHLBERG

CERTIFIED PUBLIC ACCOUNTANT

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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Garden City, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Garden City, Utah's basic financial statements and have issued my report dated December 28, 2015.

Internal Control Over Financial Reporting

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

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

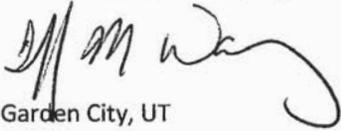
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "M M Way", with a long, sweeping flourish extending to the right.

Garden City, UT
December 28, 2015



TIFFANY M.
WAHLBERG

CERTIFIED PUBLIC ACCOUNTANT

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

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

REPORT ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS

I have audited the Town of Garden City's compliance with the applicable general state and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the Town of Garden City for the year ended June 30, 2015.

General state compliance requirements were tested for the year ended June 20, 2015 in the following areas:

- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems
- Enterprise Fund Transfers, Reimbursements, Loans and Services
- Tax Levy Revenue Recognition
- Restricted Taxes
- Open and Public Meetings Act
- Conflicts of Interest
- Utah Public Finance Website
- Open and Public Meetings Act

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Fund Balance

As described in the accompanying schedule of findings and recommendations, the Town did not comply with requirements regarding fund balance (see Item 2015-1). Compliance with such requirements is necessary, in my opinion, for the Town to comply with the requirements applicable to that area.

Qualified Opinion on Fund Balance

In my opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Town complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on fund balance for the year ended June 30, 2015.

Unmodified Opinion on Each of the Other General State Compliance Areas

In my opinion, the Town of Garden City, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Town or on each of its other General Compliance Areas for the year ended June 30, 2015.

Other Matters

The results of my audit procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State of Utah Legal Compliance Audit Guide* and which are described in my letter to management dated December 23, 2015. My opinion on compliance is not modified with respect to these matters.

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Town is responsible for establishing and maintaining effective control over compliance with the compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Town's internal control over compliance with the compliance requirements that could have a direct and material effect on the Town or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be material weaknesses or significant deficiencies.

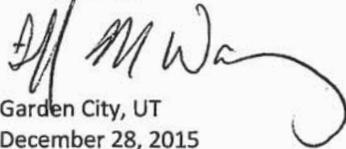
A deficiency in internal control over compliance exists when the design of operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general state or major state program compliance requirement on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state or major state program compliance requirement will not be prevented, or detected and corrected, on a timely basis. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and recommendations as item 2015-1 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state or major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with

governance. I consider the deficiencies in internal control over compliance described in my letter to management dated December 23, 2015 to be significant deficiencies.

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

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

A handwritten signature in black ink, appearing to read "D. M. Wa", with a large, sweeping flourish extending to the right.

Garden City, UT
December 28, 2015



TIFFANY M.
WAHLBERG

CERTIFIED PUBLIC ACCOUNTANT

December 28, 2015

To the Honorable Mayor and City Council

Town of Garden City
Garden City, UT 84028

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Garden City for the year ended June 30, 2015. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my letter to you dated November 10, 2015. Professional standards also require that I communicate to you the following information related to my audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Town of Garden City are described in Note 1 to the financial statements. As described in Note 4-D to the financial statements, the Town adopted Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68*. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Net Position. I noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

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

- Adjust tax revenue to amount confirmed by the county
- Adjust for deferred inflows of resources
- Reclassify capital equipment purchases
- Adjust restricted cash and equity to actual
- Adjust for pension liabilities, deferred inflows and outflows of resources
- Amendment of budget for RDA fund to correct equity over the next year

Disagreements with Management

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

Management Representations

I have requested certain representations from management that are included in the management representation letter dated December 23, 2015.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

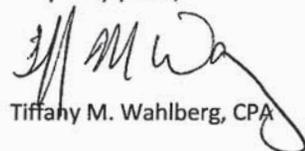
Other Matters

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

Restriction on Use

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

Very truly yours,



Tiffany M. Wahlberg, CPA