

# **WEST BOUNTIFUL CITY**

**Annual Financial Report  
For the Fiscal Year Ended June 30, 2016  
(With Accountants' Report Therein)**



# WEST BOUNTIFUL CITY

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## **INDEPENDENT AUDITORS' REPORT**

The Honorable Mayor and Members of City Council  
West Bountiful City  
West Bountiful City, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Bountiful City, Utah, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major

fund, and the aggregate remaining fund information of West Bountiful City, Utah, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, retirement information, on pages 3 through 10 and 46 through 50, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Bountiful City, Utah's basic financial statements. The combining non-major fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements and are listed in other supplementary information. The combining and individual nonmajor fund financial statements and budgetary comparison schedules were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2016, on our consideration of West Bountiful City, Utah's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 West Bountiful City, Utah's internal control over financial reporting and compliance.



Karren, Hendrix, Stagg, Allen & Company  
November 30, 2016

# WEST BOUNTIFUL CITY

## Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2016

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West Bountiful City's management team presents the following summary of the City's financial statements for the twelve months between July 1, 2015 and June 30, 2016.

### FINANCIAL HIGHLIGHTS

- Total assets exceeded liabilities by \$24,145,453 (net assets) at the end of the fiscal year. Of this amount, \$7,605,340 (unrestricted net position) is available to meet ongoing obligations to citizens and creditors. Overall, the unrestricted net position increased by \$2,839,039.
- Total governmental revenue exceeded total governmental expenditures by \$744,590.
- The unassigned fund balance of the General Fund at June 30, 2016, totaled \$1,611,848 and is 36% of the General Fund total revenue for the year.
- Total debt for West Bountiful City decreased by approximately \$327,860.
- The results of the above highlights show the City has continued to stabilize its financial position.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This summary serves as an introduction to West Bountiful City's basic financial statements. These statements are organized as follows: (1) government-wide financial statements, (2) government fund financial statements, (3) proprietary fund financial statements, and (4) notes to the financial statements. This report also contains information in addition to the basic financial statements, such as budgetary comparisons and independent auditor reports, that will help the reader gain a more in-depth understanding of the City.

**Government-wide financial statements** give readers a broad overview of the entire City's financial position, as well as changes in financial position, similar to consolidated financial statements in a private sector business. These statements consist of the statement of net position and the statement of activities.

The statement of net position shows West Bountiful City's entire assets and liabilities with the difference shown as net position. Increases or decreases over time in net position help determine whether the financial condition of the City is improving or declining.

The statement of activities shows the changes to net position that occurred during the fiscal year. These changes are recorded on an accrual basis, meaning that changes are accounted for when the underlying event that causes the change occurs, regardless of when the cash transaction takes place.

Both of the government-wide financial statements include government activities that are largely supported by taxes and intergovernmental revenue and business-type activities whose operations are entirely or largely financed by user charges and fees. The governmental activities for West Bountiful City include general government, public works, public safety, parks, and redevelopment departments. The business-type activities include culinary water, golf course, solid waste, and storm drain operations.

The government-wide financial statements include only the financial statements of West Bountiful City. The City Redevelopment Agency is a blended component unit.

The government-wide financial statements are found immediately following this discussion and analysis.

**Government fund financial statements** are a set of closely related accounts that are used to oversee resources that have been set apart for specific activities or purposes. One reason West Bountiful City uses fund accounting is to demonstrate compliance with finance-related legal requirements. All of the City's funds can be categorized into one of two categories: governmental funds and proprietary funds.

Governmental funds include the same activities as the governmental activities in the government-wide financial statements, but with a narrower focus. Governmental funds concentrate on near-term inflows and outflows of financial resources and the balances of spendable resources available at the end of the fiscal year. This information can be useful in evaluating the government's short-term financing requirements.

Because of the different focus of the two approaches, comparing the government-wide statements to the governmental funds statements can provide useful information regarding long-term and near-term financial health and trends. To see a reconciliation between the two a reader can review (1) the governmental fund balance sheet and (2) the governmental fund statement of revenue, expenditures, and changes in fund balance.

West Bountiful City uses three different major government funds, which are the general fund, Pages Lane fund, and the capital improvement and redevelopment fund. The information on these funds is shown separately. The City has several non-major funds which are police impact fee fund, park impact fee fund, rap tax fund, street impact fee fund, capital improvement fund, street capital improvement fund, Jesse Meadows capital improvement fund, 800 West capital improvement fund, and the 725 West capital improvement fund. The City adopts an annual appropriated budget for all its governmental funds. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

**Proprietary fund financial statements** comprise funds that are commonly known as enterprise funds. The enterprise funds report the same functions as the business-type activities in the government-wide financial statements. The enterprise funds maintained by West Bountiful City are culinary water, golf course, solid waste, and storm drain.

Proprietary funds present the same information as in the government-wide statements, but in more detail. All of the proprietary funds are considered to be major funds of West Bountiful City.

**Notes to the financial statements** contain additional information important to a complete understanding of the information contained in the government-wide and fund financial statements. Notes to the financial statements are located after the statements for major funds as listed in the table of contents.

## **OTHER INFORMATION**

Other information is contained in this report immediately following the notes to the financial statements and required supplementary information as listed in the table of contents.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current assets	\$ 6,467,711	\$ 5,660,773	\$ 3,798,718	\$ 2,356,015	\$ 10,266,429	\$ 8,016,788
Deferred outflows	564,800	-	211,593	52,207	776,393	52,207
Capital assets	11,326,091	10,981,217	11,276,792	10,805,190	22,602,883	21,786,407
Other assets	2,197	256,446	1,132	942	3,329	257,388
<b>Total assets</b>	<b>\$ 18,360,799</b>	<b>\$ 16,898,436</b>	<b>\$ 15,288,235</b>	<b>\$ 13,214,354</b>	<b>\$ 33,649,034</b>	<b>\$ 30,112,790</b>
Current and other liabilities	\$ 820,805	\$ 855,283	\$ 378,203	\$ 462,973	\$ 1,199,008	\$ 1,318,256
Long-term liabilities	2,348,431	1,974,379	4,043,572	3,986,864	6,392,003	5,961,243
Deferred inflows	1,856,106	1,477,909	56,464	48,968	1,912,570	1,526,877
Total liabilities	5,025,342	4,307,571	4,478,239	4,498,805	9,503,581	8,806,376
Net position						
Invested in capital assets, net of related debt	9,986,091	9,523,217	5,808,524	6,784,532	15,794,615	16,307,749
Restricted	434,930	771,026	810,568	439,855	1,245,498	1,210,881
Unrestricted	2,914,436	2,296,622	4,190,904	1,491,162	7,105,340	3,787,784
Total net position	13,335,457	12,590,865	10,809,996	8,715,549	24,145,453	21,306,414
<b>Total liabilities and net position</b>	<b>\$ 18,360,799</b>	<b>\$ 16,898,436</b>	<b>\$ 15,288,235</b>	<b>\$ 13,214,354</b>	<b>\$ 33,649,034</b>	<b>\$ 30,112,790</b>

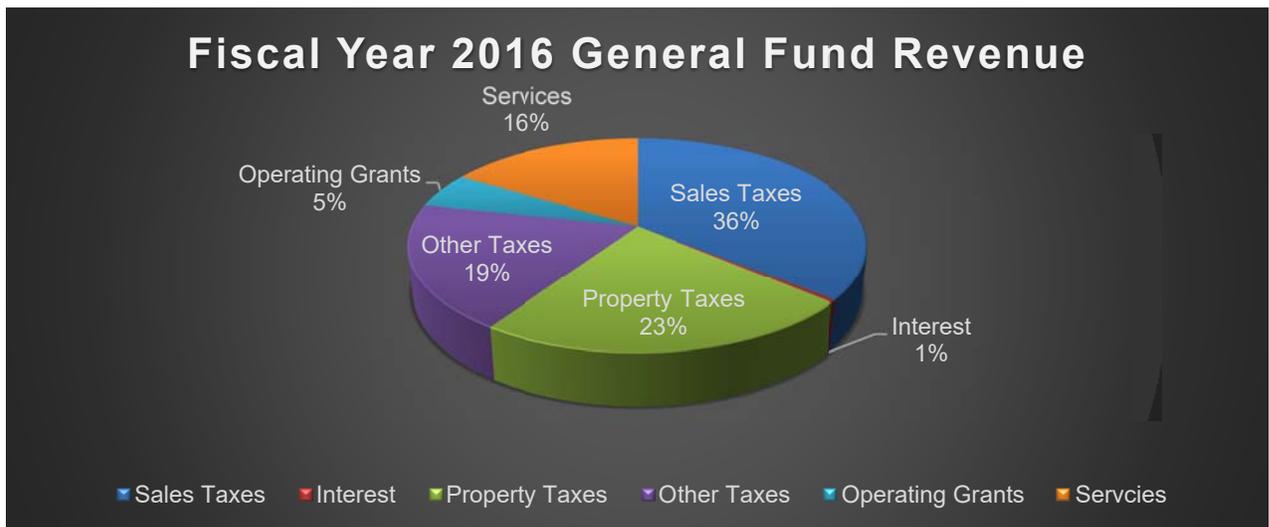
### ANALYSIS OF NET POSITION

By far, the largest component of West Bountiful City's net position is its investment in capital assets, which represents 66% of the net position. The City's investment in fixed assets include infrastructure, including roads and culinary water lines, parks, improvements, maintenance, and machinery and equipment, less any related outstanding debt that was used to acquire these assets. West Bountiful City uses these capital assets to provide services to citizens who live, work, pass through, or benefit in other ways from the City. By their nature, these assets are not available for future spending. Further, even though these capital assets are reported net of any related debt, resources needed to repay the debt must come from other sources, as the assets themselves cannot be used to satisfy the related obligations.

An additional 3% of net position is subject to external restrictions on how it may be expended. These include Impact Fees, B and C Road Funds, as well as monies committed by the City Council for specific capital projects. The remaining 31% of net position can be used to meet the City's ongoing obligations to its creditors and to citizens.

**WEST BOUNTIFUL CITY STATEMENT OF NET POSITION**

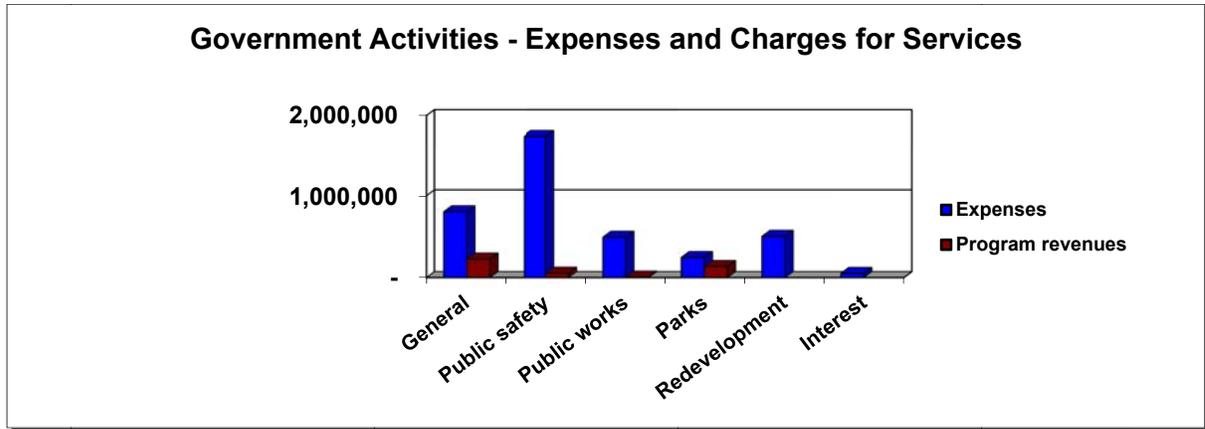
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenue						
Charges for services	\$ 422,615	\$ 427,701	\$ 2,632,929	\$ 2,617,568	\$ 3,055,544	\$ 3,045,269
Operating grants and contributions	207,162	201,848	-	-	207,162	201,848
Capital grants and contributions	171,648	30,610	890,175	91,695	1,061,823	122,305
General revenue:						
Property taxes, levied for general purposes	2,383,042	1,089,987	-	-	2,383,042	1,089,987
Other taxes	759,309	719,590	-	-	759,309	719,590
Sales taxes	1,471,801	1,366,648	-	-	1,471,801	1,366,648
Other revenue	-	-	9,126	27,351	9,126	27,351
Disposal of fixed assets	(9,985)	(32,006)	-	-	(9,985)	(32,006)
Investment earnings	39,007	14,492	15,481	19,454	54,488	33,946
Total revenue	<u>5,444,599</u>	<u>3,818,870</u>	<u>3,547,711</u>	<u>2,756,068</u>	<u>8,992,310</u>	<u>6,574,938</u>
Expenses						
General government	801,914	718,665	-	-	801,914	718,665
Public safety	1,621,461	1,421,453	-	-	1,621,461	1,421,453
Public works	495,708	548,399	-	-	495,708	548,399
Parks and recreation	365,749	204,182	-	-	365,749	204,182
Redevelopment	507,574	474,897	-	-	507,574	474,897
Interest expense	50,915	54,112	-	-	50,915	54,112
Water	-	-	1,017,477	932,682	1,017,477	932,682
Solid waste	-	-	334,873	327,636	334,873	327,636
Storm drain	-	-	109,457	96,772	109,457	96,772
Golf course	-	-	848,146	953,662	848,146	953,662
Total Expenses	<u>3,843,321</u>	<u>3,421,708</u>	<u>2,309,953</u>	<u>2,310,752</u>	<u>6,153,274</u>	<u>5,732,460</u>
Transfers	(856,688)	24,909	856,688	(24,909)	-	-
CHANGE IN NET POSITION	744,590	422,071	2,094,446	420,407	2,839,036	842,478
NET POSITION, BEGINNING	<u>12,590,867</u>	<u>12,168,794</u>	<u>8,715,550</u>	<u>8,295,142</u>	<u>21,306,417</u>	<u>20,463,936</u>
NET POSITION, ENDING	<u>\$ 13,335,457</u>	<u>\$ 12,590,865</u>	<u>\$ 10,809,996</u>	<u>\$ 8,715,549</u>	<u>\$ 24,145,453</u>	<u>\$ 21,306,414</u>



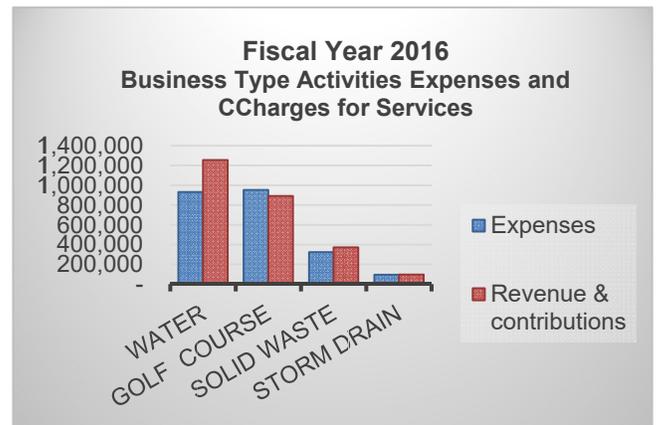
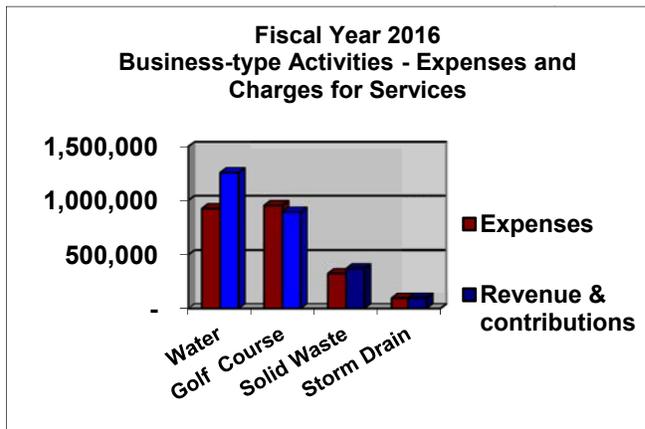
**GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES**

Governmental activities net position increased by \$726,126 for the year ended June 30, 2016, with much of this increase from the completion of streets projects and modest growth in revenue.

As indicated in the chart on the previous page, government activities in the General Fund are largely dependent on sales and property tax revenue, with additional revenue received from service fees. Overall, General Fund activity is not intended to be a “for profit” operation, and the City is specifically restricted from assessing or collecting revenue in excess of the cost of providing services to its citizens.



Business-type activities in the Enterprise Funds are generally intended to use self-generating revenue from fees for services to pay for the cost of the services. Of these funds, the Water and Storm Drain funds require additional reserves to cover the cost of future infrastructure replacements.



Business-type activities contributed an increase of \$2,094,446 in net position.

**FINANCIAL ANALYSIS OF WEST BOUNTIFUL CITY’S FUNDS**

West Bountiful City’s governmental funds reflect the short-term resource inflows and outflows and account balances at the end of the fiscal year. The total fund balance is a measure of total available

resources. The unreserved portion of this total fund balance is the available spendable resources at June 30, 2016.

For the period ended June 30, 2016, the City's governmental funds reported a combined fund balance of \$3,730,629, representing an increase of \$395,350 compared with the prior fiscal year. Of the total balance at year-end, \$795,318 is assigned or committed for capital projects,

The General Fund is the main operating fund for West Bountiful City. At June 30, 2016, the General Fund's unassigned fund balance was \$1,737,636. Total fund balance of the General Fund for West Bountiful City increased by \$441,002 this fiscal year. This is representative of the increased liquidity and stability of the General Fund.

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the City's major proprietary funds totaled \$10,809,996.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

General Fund balance increased based on the timing of property tax receipts. Otherwise, the fund experienced modest increases in revenues and expenditures based on continued local growth and investment in equipment and service levels.

- **Revenue**
  - The General Fund continued to realize modest growth in sales tax and other user taxes (municipal energy, telecommunications, and transient room). Year-over-year revenue increased dramatically due to the timing of 2015 property tax receipts being grouped with those from 2016.
- **Public Safety**
  - While overall costs of the City's police department were flat compared to the previous year, fire/paramedic services costs through South Davis Metro Fire increased by 12.7%.
- **Public Works**
  - The City continued its methodic maintenance of streets. Large capital projects, such as street re-builds, are accounted in special capital projects funds. As the majority of streets maintenance occurs in the summer months, it is common for projects to spill fiscal years.
- **Parks**
  - The City increased investment in parks maintenance and equipment. Large projects, including new playground equipment, are accounted for in the RAP Tax Fund.

### **PROPRIETARY BUDGETARY HIGHLIGHTS**

West Bountiful proprietary funds continued a commitment to infrastructure improvements. Highlights from the proprietary funds include:

- **Water Fund**
  - Operating revenue (water sales) grew at a modest 3.3%. Impact fees experienced a dramatic increase based on local development.
  - Water main replaced on Pages Lane from 800W to 550 W.

- **Golf Course**
  - Operating revenue decreased year-over-year by 3%.
  - Operating expenditures decreased by 10.2%.
  - Loans to the General Fund, Water Fund, and Solid Waste Fund were retired.
  - Net position increased by \$907,112.
  
- **Storm Drain and Solid Waste Funds**
  - The storm drain fund contributed to storm line improvements.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

West Bountiful City’s investment in capital assets for its combined governmental and business type activities totaled \$22,602,883 (net of \$7,243,558 accumulated depreciation) at June 30, 2016. Types of assets included in this category are land, buildings, and related improvements, vehicles, machinery and equipment, roads (including curb and gutter), street lights, culinary water distribution, and storm water collection systems.

Major capital asset activities that occurred during the past fiscal year include:

- Replacement of main water line on Pages Lane between 800 W and 550 W.
- Installation of new playground equipment, volleyball court, and basketball court at City Park.
- Installation of new storm drain line at 1200 W.

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land and water rights	\$ 5,326,490	\$ 5,301,488	\$ 1,743,497	\$ 1,743,497	\$ 7,069,987	\$ 7,044,985
Buildings	2,199,893	2,199,893	308,938	308,938	2,508,831	2,508,831
Improvements other than buildings	5,713,466	5,246,502	11,946,549	11,685,281	17,660,015	16,931,783
Vehicles	263,519	263,519	306,205	369,757	569,724	633,276
Machinery and equipment	705,411	681,504	725,724	757,930	1,431,135	1,439,434
Work in process	47,960	-	558,789	-	606,749	-
Accumulated depreciation	<u>(2,930,648)</u>	<u>(2,711,689)</u>	<u>(4,312,910)</u>	<u>(4,060,213)</u>	<u>(7,243,558)</u>	<u>(6,771,902)</u>
Net book value	<u>\$ 11,326,091</u>	<u>\$ 10,981,217</u>	<u>\$ 11,276,792</u>	<u>\$ 10,805,190</u>	<u>\$ 22,602,883</u>	<u>\$ 21,786,407</u>

In an effort to stabilize and improve the City’s overall financial health, debt service has been systematically reduced with bonds being retired and re-funded, where possible, to shorten the term and interest expense of the debt.

The City holds \$3,460,555 of debt by the business-type activities (Enterprise Funds) and the remaining \$1,340,000 was held by the City’s governmental units. Most of the City’s debt is known as revenue bonds and is secured by specific revenue sources (i.e. sales tax and culinary water user fees).

Additional information on West Bountiful City’s capital assets and debt can be found in Note 6 in the notes to the City’s basic financial statements.

**West Bountiful City's Outstanding Debt**  
**Revenue Bonds**

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Totals</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Water bond premium	\$ -	\$ -	\$ 10,555	\$ 11,485	\$ 10,555	\$ 11,485
Revenue bonds	<u>1,340,000</u>	<u>1,458,000</u>	<u>3,450,000</u>	<u>3,655,000</u>	<u>4,790,000</u>	<u>5,113,000</u>
Totals	<u>\$ 1,340,000</u>	<u>\$ 1,458,000</u>	<u>\$ 3,460,555</u>	<u>\$ 3,666,485</u>	<u>\$ 4,800,555</u>	<u>\$ 5,124,485</u>

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

West Bountiful City continues to improve long term capital planning, including preventive maintenance for streets and water systems. The City anticipates continued moderate growth in sales and use taxes.

Long term, the City's plan for financial stability includes, (1) minimizing debt, (2) investing wisely in infrastructure and infrastructure maintenance to prolong the life of streets, water lines, storm drains and equipment, (3) appropriately matching expenses or revenue and services, (5) maintaining appropriate reserves, (6) and planning capital projects to stay within budget for revenue sources available.

**REQUEST FOR INFORMATION**

This financial report is designed to give its readers a general overview of the West Bountiful City's finances. Questions regarding any information contained in this report or requests for additional financial information should be addressed to West Bountiful City, 550 North 800 West, West Bountiful City, Utah 84087.

# WEST BOUNTIFUL CITY

## Statement of Net Position

June 30, 2016

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Restricted	\$ 479,165	\$ 310,568	\$ 789,733
Unrestricted	2,395,954	3,978,192	6,374,146
Prepaid expense	6,029	81,968	87,997
Receivables			
Property, franchise, and excise taxes	2,722,523	-	2,722,523
Accounts, less allowance for doubtful accounts of \$10,758	-	170,588	170,588
Inventories	-	121,442	121,442
Internal balances	864,040	(864,040)	-
Total current assets	<u>6,467,711</u>	<u>3,798,718</u>	<u>10,266,429</u>
<b>NONCURRENT ASSETS</b>			
Pension asset	2,197	1,132	3,329
Property and equipment, (net)			
Land and easements	5,326,489	1,743,497	7,069,986
Buildings	1,441,243	114,427	1,555,670
Improvements, other than buildings	4,220,201	8,348,148	12,568,349
Vehicles	60,949	168,509	229,458
Machinery and equipment	229,248	343,421	572,669
Work in progress	47,961	558,790	606,751
Net property and equipment	<u>11,326,091</u>	<u>11,276,792</u>	<u>22,602,883</u>
Total assets	<u>17,795,999</u>	<u>15,076,642</u>	<u>32,872,641</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	410,739	211,593	622,332
Refunding bond costs	154,061	-	154,061
Total deferred outflows of resources	<u>564,800</u>	<u>211,593</u>	<u>776,393</u>
Total assets and deferred outflows	<u>\$ 18,360,799</u>	<u>\$ 15,288,235</u>	<u>\$ 33,649,034</u>

The accompanying notes are an integral part of this statement.

# WEST BOUNTIFUL CITY

## Statement of Net Position, Continued June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b><u>LIABILITIES</u></b>			
CURRENT LIABILITIES			
Accounts payable	\$ 481,015	\$ 62,596	\$ 543,611
Accounts payable to related parties		11,658	11,658
Current portion capital leases	4,179	74,749	78,928
Restricted assets:			
Current portion of revenue bonds	120,000	120,840	240,840
Accrued interest	5,302	57,439	62,741
Unearned revenue	6,000	40,577	46,577
Accrued liabilities	204,309	10,344	214,653
Total current liabilities	<u>820,805</u>	<u>378,203</u>	<u>1,199,008</u>
NON-CURRENT LIABILITIES			
Deposits, advance rentals, and long-term accruals	299,259	64,730	363,989
Long-term compensation liability	50,033	47,830	97,863
Pension liability	760,710	391,882	1,152,592
Long term leases	18,429	199,415	217,844
Restricted assets:			
Long-term portion of revenue bonds	1,220,000	3,339,715	4,559,715
Total non-current liabilities	<u>2,348,431</u>	<u>4,043,572</u>	<u>6,392,003</u>
Total liabilities	<u>3,169,236</u>	<u>4,421,775</u>	<u>7,591,011</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	109,606	56,464	166,070
Deferred property taxes	1,746,500	-	1,746,500
Total deferred inflows of resources	<u>1,856,106</u>	<u>56,464</u>	<u>1,912,570</u>
NET POSITION			
Investment in capital assets, net of related debt	9,986,091	5,808,524	15,794,615
Restricted for:			
Specific projects and programs	434,930	-	434,930
Debt service	-	310,568	310,568
Unrestricted	2,914,436	4,690,904	7,605,340
Total net position	<u>13,335,457</u>	<u>10,809,996</u>	<u>24,145,453</u>
Total liabilities and net position and deferred inflows	<u>\$ 18,360,799</u>	<u>\$ 15,288,235</u>	<u>\$ 33,649,034</u>

The accompanying notes are an integral part of this statement.

# WEST BOUNTIFUL CITY

## Statement of Activities For the Fiscal Year Ended June 30, 2016

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Expenses	Program Revenue			Primary Government		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-type Activities	
<b>PRIMARY GOVERNMENT</b>							
Government activities							
General government	\$ 801,914	\$ 227,295	\$ -	\$ 146,648	(427,971)	\$ -	\$ (427,971)
Public safety	1,621,461	53,336	8,012	-	(1,560,113)	-	(1,560,113)
Public works	495,708	5,076	199,150	-	(291,482)	-	(291,482)
Parks	365,749	136,908	-	25,000	(203,841)	-	(203,841)
Redevelopment	507,574	-	-	-	(507,574)	-	(507,574)
Interest on long-term debt	50,915	-	-	-	(50,915)	-	(50,915)
Total government activities	<u>3,843,321</u>	<u>422,615</u>	<u>207,162</u>	<u>171,648</u>	<u>(3,041,896)</u>	<u>-</u>	<u>(3,041,896)</u>
Business-type activities							
Water utility	1,017,477	1,296,158	-	695,917	-	974,598	974,598
Golf course	848,146	864,078	-	-	-	15,932	15,932
Solid waste	334,873	375,633	-	-	-	40,760	40,760
Storm drain	109,457	97,060	-	194,258	-	181,861	181,861
Total business-type activities	<u>2,309,953</u>	<u>2,632,929</u>	<u>-</u>	<u>890,175</u>	<u>-</u>	<u>1,213,151</u>	<u>1,213,151</u>
Total primary government	<u>\$ 6,153,274</u>	<u>\$ 3,055,544</u>	<u>\$ 207,162</u>	<u>\$ 1,061,823</u>	<u>(3,041,896)</u>	<u>1,213,151</u>	<u>(1,828,745)</u>
General revenue							
Taxes							
Property taxes, levied for general purposes					2,383,042	-	2,383,042
Other taxes					759,309	-	759,309
Sales taxes					1,471,801	-	1,471,801
Investment earnings					39,007	15,481	54,488
Disposal of assets					(9,985)	-	(9,985)
Other revenue					-	9,126	9,126
Transfers					(856,688)	856,688	-
Total general revenue, special items, and transfers					<u>3,786,486</u>	<u>881,295</u>	<u>4,667,781</u>
Changes in net position					744,590	2,094,446	2,839,036
Beginning net position July 1, 2015					<u>12,590,867</u>	<u>8,715,550</u>	<u>21,306,417</u>
Net position, June 30, 2016					<u>\$ 13,335,457</u>	<u>\$ 10,809,996</u>	<u>\$ 24,145,453</u>

The accompanying notes are an integral part of this statement.

# WEST BOUNTIFUL CITY

## Balance Sheet Governmental Funds June 30, 2016

	General	Special Revenue Redevelopment Fund	Capital Improvements Page Lane Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
ASSETS					
Cash and cash equivalents					
Unrestricted	\$ 1,394,530	\$ -	\$ 580,208	\$ 421,217	\$ 2,395,955
Restricted	119,759	95,215	-	264,191	479,165
Receivables (net)					
Property, franchise, and excise tax	2,186,646	500,000	-	35,877	2,722,523
Fees	-	-	-	-	-
Due from other funds	-	-	-	864,040	864,040
Prepaid expenses	6,029	-	-	-	6,029
Total assets	<u>\$ 3,706,964</u>	<u>\$ 595,215</u>	<u>\$ 580,208</u>	<u>\$ 1,585,325</u>	<u>\$ 6,467,712</u>
<b>LIABILITIES AND FUND BALANCES</b>					
LIABILITIES					
Accounts payable	\$ 215,149	\$ 384	\$ 175,712	\$ 60,703	\$ 451,948
Accrued liabilities	202,420	561	-	-	202,981
Installment payable	-	-	-	-	-
Retainage payable	-	-	30,395	-	30,395
Deposits	299,259	-	-	-	299,259
Total liabilities	<u>716,828</u>	<u>945</u>	<u>206,107</u>	<u>60,703</u>	<u>984,583</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	1,252,500	500,000	-	-	1,752,500
Total deferred inflows of resources	<u>1,252,500</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>1,752,500</u>
FUND BALANCES					
Unassigned	1,611,848	-	-	-	1,611,848
Assigned for capital projects	-	-	374,101	421,217	795,318
Committed for capital improvements	-	-	-	-	-
Unspendable	6,029	-	-	864,040	870,069
Restricted for:					
Class C roads	117,143	-	-	-	117,143
Liquor funds	2,616	-	-	-	2,616
Rap tax	-	-	-	66,685	66,685
Construction	-	94,270	-	19,910	114,180
Impact fees	-	-	-	152,770	152,770
Total fund balances	<u>1,737,636</u>	<u>94,270</u>	<u>374,101</u>	<u>1,524,622</u>	<u>3,730,629</u>
Total liabilities and fund balances, and deferred inflows	<u>\$ 3,706,964</u>	<u>\$ 595,215</u>	<u>\$ 580,208</u>	<u>\$ 1,585,325</u>	<u>\$ 6,467,712</u>

The accompanying notes are an integral part of this statement.

# WEST BOUNTIFUL CITY

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position For the Fiscal Year Ended June 30, 2016

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TOTAL FUND BALANCE \$ 3,730,629

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. Those assets consist of:

Land	5,326,489	
Buildings	2,199,893	
Improvements, other than buildings	5,713,467	
Equipment	705,411	
Vehicles	263,519	
Work in process	47,961	
Accumulated depreciation	<u>(2,930,649)</u>	
Total capital assets		11,326,091

Bond refunding costs are expensed in the governmental funds and capitalized and amortized in the government wide statements. 154,061

Pension assets are not included in fund statements 2,197

Deferred outflows related to pensions are not included on the fund statements 410,739

Deferred inflows related to pensions are not included in the funds statements (109,606)

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position.

Accrued liabilities	(50,034)	
Accrued interest on bonds	(5,302)	
Current portion of revenue bonds	(120,000)	
Current portion capital leases	(4,179)	
Capital leases	(18,429)	
Pension liability	(760,710)	
Long-term portion of revenue bonds	<u>(1,220,000)</u>	
Total liabilities		<u>(2,178,654)</u>

Total net position of governmental activities \$ 13,335,457

# WEST BOUNTIFUL CITY

## Statement of Revenue, Expenditures, and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2016

	General	Special Revenue Redevelopment Fund	Capital Improvements Page Lane Fund	Nonmajor Governmental Funds	Totals
<b>REVENUES</b>					
General property taxes	\$ 1,935,018	\$ 492,271	\$ -	\$ -	\$ 2,427,289
Sales, use, and excise taxes	1,471,800	-	-	-	1,471,800
Other taxes	561,276	-	-	209,196	770,472
Impact fees	-	-	-	131,619	131,619
Licenses	157,692	-	-	-	157,692
Interest	34,904	263	-	3,838	39,005
Intergovernmental	219,610	-	-	-	219,610
Charges for services	6,501	-	-	12,000	18,501
Fines	50,299	-	-	-	50,299
Miscellaneous	15,110	-	-	-	15,110
Total revenue	<u>4,452,210</u>	<u>492,534</u>	<u>-</u>	<u>356,653</u>	<u>5,301,397</u>
<b>EXPENDITURES</b>					
Current					
General government	728,218	-	-	3,894	732,112
Public works	344,095	-	-	-	344,095
Public safety	1,486,538	-	-	-	1,486,538
Parks	200,148	-	-	5,643	205,791
Redevelopment	-	501,249	-	-	501,249
Capital outlay	-	-	621,899	587,764	587,764
Debt service:					
Principal	118,000	-	-	-	118,000
Interest	35,712	-	-	-	35,712
Total expenditures	<u>2,912,711</u>	<u>501,249</u>	<u>621,899</u>	<u>597,301</u>	<u>4,011,261</u>
Revenue over expenditures	<u>1,539,499</u>	<u>(8,715)</u>	<u>(621,899)</u>	<u>(240,648)</u>	<u>1,290,136</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Contributions	-	-	-	25,000	25,000
Loan adjustment	(449,924)	-	-	-	(449,924)
Operating transfers, in	12,338	-	996,000	234,948	1,243,286
Operating transfers, out	(660,911)	-	-	(430,338)	(1,091,249)
Total other financing sources (uses)	<u>(1,098,497)</u>	<u>-</u>	<u>996,000</u>	<u>(170,390)</u>	<u>(272,887)</u>
Revenue and other sources over expenditures and other uses	441,002	(8,715)	374,101	(411,038)	395,350
FUND BALANCE, JULY 1, 2015	<u>1,296,634</u>	<u>102,985</u>	<u>-</u>	<u>1,935,660</u>	<u>3,335,279</u>
FUND BALANCE, JUNE 30, 2016	<u>\$ 1,737,636</u>	<u>\$ 94,270</u>	<u>\$ 374,101</u>	<u>\$ 1,524,622</u>	<u>\$ 3,730,629</u>

The accompanying notes are an integral part of this statement.

# WEST BOUNTIFUL CITY

## Reconciliation of the Statement of Revenue, Expenditures, and Changes in Funds Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2016

---

NET CHANGES IN FUND BALANCES, TOTAL GOVERNMENTAL FUNDS	\$ 395,350
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$310,577) was less than capital outlay (\$542,380).	231,703
Bond refunding costs are expensed in the government fund statement and are amortized in the government wide statement.	(15,669)
Retirement expenses are adjustments on the government wide statements	(117,325)
Loss on sale of assets is not recorded on the funds statements	(9,829)
Repayment of principal on bonds is an expenditure in the governmental funds but reduces the liability in the statement of net position.	118,000
Contributions from developers is not recognized in the fund statements	123,000
Lease payments are expensed on the fund statement and recorded against the lease liability in the government wide statement.	4,020
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds. This adjustment is as follows:	
Accrued interest	467
Accrued absences	14,873
	<hr/>
Change in net position of governmental activities	<u>\$ 744,590</u>

The accompanying notes are an integral part of this statement.

# WEST BOUNTIFUL CITY

## Statement of Net Position Proprietary Funds June 30, 2016

	Water Utility Fund	Golf Course Fund	Solid Waste Fund	Storm Drain Utility Fund	Totals Proprietary Fund
<b><u>ASSETS</u></b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents					
Restricted	\$ 310,568	\$ -	\$ -	\$ -	\$ 310,568
Unrestricted	3,500,475	139,231	333,995	4,491	3,978,192
Prepaid expense	81,968	-	-	-	81,968
Inventories	67,975	53,467	-	-	121,442
Receivables					
Accounts, less allowance					
Uncollectables	125,821	715	35,395	8,657	170,588
Total current assets	<u>4,086,807</u>	<u>193,413</u>	<u>369,390</u>	<u>13,148</u>	<u>4,662,758</u>
<b>NON-CURRENT ASSETS</b>					
Pension asset	499	533	33	67	1,132
Property and equipment, at cost					
Land and easements	74,370	1,510,386	-	158,741	1,743,497
Buildings	-	308,938	-	-	308,938
Improvements, other than buildings	7,925,173	1,886,124	-	2,114,649	11,925,946
Machinery and equipment	118,827	573,641	53,858	-	746,326
Work in process	444,571	-	-	114,219	558,790
Vehicles	306,205	-	-	-	306,205
Accumulated depreciation	<u>(2,243,585)</u>	<u>(1,361,407)</u>	<u>(32,796)</u>	<u>(675,122)</u>	<u>(4,312,910)</u>
Net property and equipment	<u>6,625,561</u>	<u>2,917,682</u>	<u>21,062</u>	<u>1,712,487</u>	<u>11,276,792</u>
Total assets	<u>10,712,867</u>	<u>3,111,628</u>	<u>390,485</u>	<u>1,725,702</u>	<u>15,940,682</u>
Deferred outflows of resources					
Deferred outflows relating to pensions	93,350	99,573	6,223	12,447	211,593
Total assets and deferred outflows	<u>\$ 10,806,217</u>	<u>\$ 3,211,201</u>	<u>\$ 396,708</u>	<u>\$ 1,738,149</u>	<u>\$ 16,152,275</u>

The accompanying notes are an integral part of this statement.

# WEST BOUNTIFUL CITY

## Statement of Net Position Proprietary Funds, Continued June 30, 2016

	Water Utility Fund	Golf Course Fund	Solid Waste Fund	Storm Drain Utility Fund	Totals Proprietary Fund
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 10,925	\$ 24,394	\$ 12,972	\$ 14,305	\$ 62,596
Accounts payable to related party	-	-	11,658	-	11,658
Current portion capital leases	-	74,749	-	-	74,749
Current portion bonds payable	120,840	-	-	-	120,840
Unearned revenue	-	40,577	-	-	40,577
Accrued liabilities	2,401	7,562	381	-	10,344
Accrued interest	57,439	-	-	-	57,439
Total current liabilities	<u>191,605</u>	<u>147,282</u>	<u>25,011</u>	<u>14,305</u>	<u>378,203</u>
<b>NONCURRENT LIABILITIES</b>					
Deposits, advance rentals, and long term accruals	64,730	-	-	-	64,730
Long term compensation liability	29,434	16,196	800	1,400	47,830
Long term leases	-	199,415	-	-	199,415
Due other funds	-	864,040	-	-	864,040
Bonds payable	3,339,715	-	-	-	3,339,715
Pension Liability	172,889	184,415	11,526	23,052	391,882
Total noncurrent liabilities	<u>3,606,768</u>	<u>1,264,066</u>	<u>12,326</u>	<u>24,452</u>	<u>4,907,612</u>
Total liabilities	<u>3,798,373</u>	<u>1,411,348</u>	<u>37,337</u>	<u>38,757</u>	<u>5,285,815</u>
Deferred inflows of resources					
Deferred inflows relating to pensions	24,911	26,571	1,661	3,321	56,464
<b>NET POSITION</b>					
Investment in capital assets, net of related debt	3,165,006	2,643,518	-	-	5,808,524
Restricted debt service	310,568	-	-	-	310,568
Other restrictions	-	-	-	-	-
Unrestricted net position	3,507,359	(870,236)	357,710	1,696,071	4,690,904
Total net position	<u>6,982,933</u>	<u>1,773,282</u>	<u>357,710</u>	<u>1,696,071</u>	<u>10,809,996</u>
Total Liabilities, deferred outflows, and net position	<u>\$ 10,806,217</u>	<u>\$ 3,211,201</u>	<u>\$ 396,708</u>	<u>\$ 1,738,149</u>	<u>\$ 16,152,275</u>

The accompanying notes are an integral part of this statement.

# WEST BOUNTIFUL CITY

## Statement of Revenue, Expenses, and Changes in Fund Net Position Proprietary Funds For the Fiscal Year Ended June 30, 2016

	Water Utility Fund	Golf Course Fund	Solid Waste Fund	Storm Drain Utility Fund	Totals Proprietary Fund
<b>OPERATING REVENUE</b>					
Revenue secured by revenue bond	\$ 1,296,158	\$ -	\$ -	\$ -	\$ 1,296,158
Sales and charges for services	-	864,078	375,633	97,060	1,336,771
Total operating revenue	<u>1,296,158</u>	<u>864,078</u>	<u>375,633</u>	<u>97,060</u>	<u>2,632,929</u>
<b>OPERATING EXPENDITURES</b>					
Personnel services	361,158	440,330	20,688	40,684	862,860
Water purchases	130,079	-	-	-	130,079
Utilities	4,606	27,839	-	-	32,445
Supplies	134,366	248,740	21,506	20,147	424,759
Other expenses	3,997	3,767	-	-	7,764
Purchased services	-	961	290,159	1,805	292,925
Depreciation and amortization	241,410	120,465	2,520	46,821	411,216
Total operating expenditures	<u>875,616</u>	<u>842,102</u>	<u>334,873</u>	<u>109,457</u>	<u>2,162,048</u>
Operating income (loss)	<u>420,542</u>	<u>21,976</u>	<u>40,760</u>	<u>(12,397)</u>	<u>470,881</u>
<b>NON-OPERATING REVENUE (EXPENSES)</b>					
Interest income	13,878	-	969	634	15,481
Other revenue	5,593	2,845	-	688	9,126
Impact fees	169,948	-	-	33,238	203,186
Disposal of assets	-	-	-	-	-
Interest expense	(141,861)	(6,044)	-	-	(147,905)
Total non-operating revenue (expenses)	<u>47,558</u>	<u>(3,199)</u>	<u>969</u>	<u>34,560</u>	<u>79,888</u>
<b>Transfers and other resources</b>					
Grants	-	-	-	125,000	125,000
Loan adjustment	-	449,924	-	-	449,924
Contributions	970,571	-	-	150,219	1,120,790
Transfers in	-	438,411	-	55,000	493,411
Transfers out	(447,448)	-	-	(198,000)	(645,448)
Total transfers and other resources	<u>523,123</u>	<u>888,335</u>	<u>-</u>	<u>132,219</u>	<u>1,543,677</u>
Increase in net position	991,223	907,112	41,729	154,382	2,094,446
NET POSITION, JULY 1, 2015	<u>5,991,710</u>	<u>866,170</u>	<u>315,981</u>	<u>1,541,689</u>	<u>8,715,550</u>
NET POSITION, JUNE 30, 2016	<u>\$ 6,982,933</u>	<u>\$ 1,773,282</u>	<u>\$ 357,710</u>	<u>\$ 1,696,071</u>	<u>\$ 10,809,996</u>

The accompanying notes are an integral part of this statement.

# WEST BOUNTIFUL CITY

## Statement of Cash Flows Proprietary Funds For The Fiscal Year Ended June 30, 2016

	Water Utility Fund	Golf Course Fund	Solid Waste Fund	Storm Drain Fund	Total Proprietary Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 1,286,394	\$ 866,506	\$ 373,716	\$ 96,870	\$ 2,623,486
Payments to suppliers	(257,865)	(278,538.00)	(312,179.00)	(7,656.00)	(856,238)
Payments to employees	(323,861)	(446,271.00)	(12,658)	(36,630)	(819,420)
Net cash provided by operating activities	<u>704,668</u>	<u>141,697</u>	<u>48,879</u>	<u>52,584</u>	<u>947,828</u>
<b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING</b>					
Interfund loans	193,411	(843,335)	200,000	-	(449,924)
Loan adjustment	-	449,924	-	-	449,924
Transfers (net)	(447,448)	438,411	-	(143,000)	(152,037)
Net cash provided from non-capital and related financing	<u>(254,037)</u>	<u>45,000</u>	<u>200,000</u>	<u>(143,000)</u>	<u>(152,037)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets	(20,604)	(12,500)	-	(178,665)	(211,769)
Contributions	500,000	-	-	-	500,000
Impact fees	169,948	-	-	33,238	203,186
Other	5,593	2,844	-	689	9,126
Sale capital assets	2,000	-	542	-	2,542
Grants	-	-	-	125,000	125,000
Principal paid in capital leases	-	(58,440)	-	-	(58,440)
Interest paid	(144,210)	(6,044)	-	-	(150,254)
Principal paid on bonds	(205,930)	-	-	-	(205,930)
Net cash provided (used) in capital and related financing activities	<u>306,797</u>	<u>(74,140)</u>	<u>542</u>	<u>(19,738)</u>	<u>213,461</u>
<b>Cash flows from investing activities</b>					
Investment earnings	13,878	-	970	633	15,481
Net cash provided by investing activities	<u>13,878</u>	<u>-</u>	<u>970</u>	<u>633</u>	<u>15,481</u>
Net increase (decrease) in cash and cash equivalents	771,306	112,557	250,391	(109,521)	1,024,733
CASH AND CASH EQUIVALENTS, JULY 1, 2015	<u>3,039,737</u>	<u>26,674</u>	<u>83,604</u>	<u>114,012</u>	<u>3,264,027</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2016	<u>\$ 3,811,043</u>	<u>\$ 139,231</u>	<u>\$ 333,995</u>	<u>\$ 4,491</u>	<u>\$ 4,288,760</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 420,542	\$ 21,976	\$ 40,760	\$ (12,397)	\$ 470,881
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>					
Depreciation and amortization	241,410	120,465	2,520	46,821	411,216
<b>(Decrease) increase due to changes in:</b>					
Accounts receivable	(9,614)	1,242	(1,917)	(190)	(10,479)
Inventory	21,890	1,260	-	-	23,150
Prepaid expenses	(13,643)	-	-	-	(13,643)
Accounts payable	6,803	1,509	(514)	14,296	22,094
Deposits	(150)	-	-	-	(150)
Changes related to pensions	32,649	(15,269)	6,931	2,890	27,201
Deferred revenue	-	1,186	-	-	1,186
Accrued liabilities affecting operating activities	4,781	9,328	1,099	1,164	16,372
Net cash provided by operating activities	<u>\$ 704,668</u>	<u>\$ 141,697</u>	<u>\$ 48,879</u>	<u>\$ 52,584</u>	<u>\$ 947,828</u>

The accompanying notes are an integral part of this statement.

# WEST BOUNTIFUL CITY

## Notes to the Financial Statements For The Fiscal Year Ended June 30, 2016

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **History and Organization**

West Bountiful City was incorporated in 1948. The City operates under a six member council form of government and provides the following services authorized by state law: public safety, highways and streets, parks, recreation, planning and zoning, and administrative services. The City also provides water, solid waste, storm drain, and golf course services which are reported as proprietary enterprise funds.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City is discussed below.

#### **Financial Reporting Entity**

For financial reporting purposes, the reporting entity includes all funds, agencies, and authorities for which the City holds corporate powers, and all component units for which the City is financially accountable. The Governmental Accounting Standards Board (GASB) has established criteria to consider in determining financial accountability. The criteria are: appointment of a majority of the voting members of an organization's governing board and, either (1) the City has the ability to impose its will on the organization or, (2) there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City.

The City established a Redevelopment Agency (RDA) pursuant to state code and designated the City Council and the Mayor as the Redevelopment Agency Board. The financial statements of the RDA are included as part of the basic financial statements of the City (by blended presentation) and are included as a major governmental fund. Financial information for the component unit may be obtained at the City's office, located at 550 North 800 West, West Bountiful, Utah 84087.

#### **Basis of Presentation – Government-Wide and Fund Financial Statements**

Government-wide statements are comprised of the statement of net position and the statement of activities. They contain information on all of the activities of the primary government and its component. Most effects of inter-fund activities have been eliminated from these statements. Governmental activities are normally supported by taxes and intergovernmental revenue, while business-type activities receive a significant portion of revenue from fees and charges for services.

The statement of activities is presented to show the extent that program revenues of a given activity support direct expenses. Direct expenses are those that can clearly be associated with a particular activity or program. Program revenue is: (1) charges to customers or others who purchase, use, or directly benefit from the services or goods provided by a given activity or, (2) grants or other contributions that are restricted to operations or capital needs of a specific activity. General revenue is revenue, such as taxes and other items, which are not properly reported as program revenue.

Separate financial statements are included for governmental funds and proprietary funds. Major individual governmental funds are reported in separate columns in the governmental funds statements, as are major individual proprietary funds in the proprietary funds statements.

### **Measurement Focus and Basis of Accounting**

Measurement focus refers to the types of assets that appear on the statement of net position, and changes to those same assets, which appear on the statement of activities. The flow of financial resources measurement focus shows current assets and liabilities on the statement of net position and changes to net position in the statement of activities. The flow of economic resources measurement focus shows total assets and liabilities on the statement of net position and changes to net position on the statement of activities. Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements.

**Government-Wide and Proprietary Fund Statements** use the economic resources measurement focus and the accrual basis of accounting. Revenue is recognized in the accounting period in which it is earned and expenses are recognized in the period incurred, regardless of the timing of the related cash flows. Unbilled fees for proprietary funds are recorded as receivables at year end. Property taxes are recorded as revenue in the year for which they are levied. Grants and similar other contributions are recognized as revenue as soon as the eligibility requirements of the provider have been met. West Bountiful City's enterprise funds are the water, solid waste, storm drain, and the golf course operations and all are major funds of the City.

**The Water Fund** accounts for the activities of the City's water distribution system.

**The Solid Waste Fund** accounts for the activities of the City's garbage collection system.

**The Storm Drain Fund** accounts for the provision of this service to the residents of the City.

**The Golf Course Fund** accounts for the activities of the City's golf course.

Proprietary funds have separate operating and non-operating revenue and expenses. Operating revenue and expenses normally arise from providing goods and services in connection with the fund's normal ongoing operations. The principal sources of operating revenue for the proprietary funds are charged to customers for services. Operating expenses include the cost of providing water services, administrative overhead expenses, and depreciation on capital assets. All other revenue or expenses are recorded as non-operating.

**Governmental Fund Statements** use the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenue is recognized when it becomes measurable and available. "Measurable" means that amounts can be reasonably determined within the current period. "Available" means that amounts are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. As a practical matter, West Bountiful City uses 60 days as a cut-off for meeting the available criterion. Property taxes are considered "measurable" when levied, and available when collected and held by the county. Any amounts not available are recorded as deferred revenue. Franchise taxes are considered "measurable" when collected and held by the utility company, and are recognized as revenue at that time. Other revenue that is determined to be susceptible to accrual includes grants earned and other intergovernmental revenue, and assessments. Property taxes and assessments are recorded as receivables when levied or assessed. However, they are reported as deferred inflows until the "available" criterion has been met. Sales and use taxes collected by the state and remitted to the City within the "available" time period are recognized as revenue. Revenue collected in advance is deferred and recognized in the period to which it applies.

Revenue that is determined to not be susceptible to accrual because it is either not available soon enough to pay liabilities of the current period (60 days), or is not objectively measurable, includes licenses, permits, and miscellaneous revenue. Revenue is recognized when cash is received.

Expenditures are recognized in the accounting period in which the fund liability is incurred, except for long-term obligations (debt service payments and long term compensated absences) and related interest which are recognized as expenditures when due. Inventories of supplies are expended when purchased.

West Bountiful City has three major governmental funds: the general fund page lane capital improvements fund and the redevelopment agency special revenue fund.

**General Fund** is the general operating fund of the City. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

**Page Lane Capital Improvements** fund is a construction fund for street improvements on page lane.

**Redevelopment Fund** provides redevelopment activities located within City limits and is accounted for as a special revenue fund.

### **Budgets and Budgetary Accounting**

Annual budgets are prepared and adopted by ordinance for each department, in accordance with State law, by the City Council before June 22<sup>nd</sup> for the following fiscal year, which begins on July 1<sup>st</sup>. Estimated revenue 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 several different funds, including the General Fund, special revenue funds, and enterprise funds. Annual budgets are also adopted for capital projects which may include activities which overlap several fiscal years. The level of the City's budgetary control (that is, the level at which the City's expenditures cannot legally exceed the appropriated amounts) is established at the department level. Each department head is responsible to the Mayor and City Council for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unreserved General Fund balance until it exceeds 5% of the General Fund revenue. Until the unreserved fund balance is greater than the above percentage, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. When an unreserved fund balance is greater than 25% of the next year's budgeted revenue, the excess must be appropriated.

Once adopted, the budget can be amended by subsequent City Council action. The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenue and appropriated fund balance, in which case a public hearing must be held. The governmental funds budget is prepared using the modified accrual basis of accounting. Governmental appropriations lapse at year-end.

With the approval of the City Administrator, 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, Capital Projects Fund, and Special Revenue Funds are prepared on the modified accrual basis of accounting. Encumbrance accounting is not used by the City.

Expenditures in the Capital Projects Fund are budgeted annually on a project-by-project basis. Although it is the intention of the City that each project be funded by a specific revenue source, the adopted budget reflects only total anticipated revenue by source. Since it is neither practical,

nor appropriate to separate revenue and fund balance on a project-by-project basis, the Capital Projects Fund is reported as an individual fund in the accompanying financial statements.

**Cash, Cash Equivalents, and Investments**

The GASB standards require certain investments to be reported at fair value and the change in fair value to be included in revenue or expenses. The City’s policy is to report all investments at value and the change in fair value to be included in revenue or expenses. The City’s investment in the State Treasurer’s Pool has a fair value equivalent to the value of the pool shares. This pool is administered by the State of Utah and is regulated by the Money Management Council under provisions of the Utah State Money Management Act. In all statements, the City considers all highly liquid investments, including restricted assets that mature within ninety days or less when purchased, to be cash equivalents.

**Depreciable Fixed Assets**

Fixed assets are valued at historical cost, or estimated historical cost, for assets where actual historical cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. The City has a capitalization threshold of \$5,000 for vehicles and equipment and \$50,000 for buildings, land and improvements. The City follows GAAP by capitalizing a portion of its interest costs (net of any interest earned on related interest bearing investments acquired with proceeds of related tax-exempt borrowings) as a cost of constructed property and equipment in enterprise funds. Depreciation of fixed assets is computed using the straight-line method over the following estimated useful lives:

Buildings	30	years
Improvements, other than buildings	20-50	years
Machinery and equipment, including leased property, under capital leases	7	years
Infrastructure roads, signals, lights, and bridges	20-50	years
Utility systems	20-50	years
Vehicles	7	years

**Bond Issuance Costs and Amortization**

Bond costs on new issue bonds are expensed as incurred. Costs on refunding bonds are amortized over the life of the new bond or old bond whichever life is shorter by the effective interest method.

**Property Taxes**

Ad valorem (based on value) property taxes constitute a major source of general fund revenue. Taxes are levied through the passage of an ordinance in June of each year. The levy is applicable to only one year. All taxable property is required to be assessed and taxed at a uniform and equal rate on the basis of its fair market value. The county assessor is required to assess all other taxable property, and both entities are required to assess the respective types of property, as of January 1, the assessment date. The county is then required to complete the tax rolls by May 15. By July 21 the County Treasurer is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. Approved changes in assessed value are made by the County Auditor by November 1. On this same date the auditor is to deliver the completed assessment rolls to the County Treasurer. Tax notices are mailed with a due date of November 30. Delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15 a lien is attached to the property. The outstanding amount of taxes and penalties bear interest from January 1 until paid. If, after five years, delinquent taxes have not been paid, the county sells the property at a tax sale. Tax collections are remitted to the City from the county on a monthly basis. With the July 1, 2000, adoption of Statement of Governmental Accounting Standards (SGAS) No. 33, more fully described below, West Bountiful City changed its accounting for property taxes.

SGAS No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, defines a non-exchange transaction as one in which “a government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange.” For property taxes, at January 1 of each year (the assessment date), West Bountiful City has the legal right to collect the taxes, and in accordance with the provisions of the new statement, has now recorded a receivable and a corresponding deferred revenue for the assessed amount of those property taxes as of January 1, 2016.

The Utah State Tax Commission collects sales, room, and telecommunication taxes and remits them to the City monthly.

Franchise taxes are collected by natural gas companies and are remitted monthly. Cable television companies collect the franchise taxes and remit them to the City quarterly.

### **Inventories and Prepaid Items**

Inventories of the enterprise funds are stated at cost using the first-in-first-out (FIFO) method.

### **Long-term Liabilities**

In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt used is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **Use of Restricted Funds**

The City has funds with various restrictions. When an expense is incurred which meets the requirements to release the restriction, such restricted funds are first used to satisfy the expense followed by any unrestricted funds needed to satisfy the expense.

### **Compensated Absences**

Accumulated unpaid vacation is accrued as incurred based on the years of service for each employee. Vacation is accumulated on a bi-weekly basis and is fully vested when earned. Accumulated vacation cannot exceed 240 hours at any time and any vacation in excess of this amount is forfeited. At retirement, death, or termination, all unpaid accrued vacation, up to 240 hours, is paid to the employee or his or her beneficiary. Accumulated sick leave is earned at a rate of 4 hours per pay period. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate sick leave up to 1,440 hours. Accumulated sick leave paid to employees upon retirement is limited depending on years of service with West Bountiful City as follows:

- Retiring employees with at least ten years of City service may cash out 20% of accumulated hours, or 288 hours, whichever is less.
- Retiring employees with at least 20 years of City service may cash out 40% of accumulated hours, or 576 hours, whichever is less.
- Retiring employees with at least 25 years of City service may cash out 50% of accumulated hours or 720 hours, whichever is less.

The amount of accumulated leave is accrued when incurred in the government-wide, proprietary fund financial statements. Employees that are terminated for reasons other than retirement are

not paid for accumulated sick leave.

### **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded, in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the general and capital projects funds.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### **Transfers**

During the course of normal operations, the City has transactions between funds to subsidize operations in certain enterprise funds, to construct assets, and to distribute grant proceeds, etc. These transactions are generally reflected as transfers, which are transfers from a fund authorized to receive certain revenue to the fund through which the resources are to be expended.

### **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.

### **Deferred Outflows of Resources**

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense\expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as inflows of resources (revenue) until that time.

## **2. INTER-LOCAL AGREEMENTS**

The City participates in the following special districts to provide services to its residents:

- Davis County Solid Waste Management and Emergency Recovery Special Service District
- South Davis Metro Fire District
- South Davis Sewer District
- South Davis Recreation District
- Davis County Mosquito Abatement District

The Davis County Solid Waste Management and Emergency Recovery Special Service District bills the City for services received and the City bills its residents for this service. The City paid the Davis County Solid Waste Management and Energy Recovery Special Service District \$149,850

for their services. The City paid the South Davis Metro Fire District \$490,766 for fire services. South Davis Sewer District bills the City's residents directly for the services provided. The City has representatives on the governing boards of the above districts but does not have total or final control over the fiscal or administrative activities of these entities. Payments for services to these entities are included as expenditures of the City's General Fund and Enterprise Fund.

### **3. RETIREMENT PLAN**

#### **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)
- Public Employees Contributory Retirement System (Contributory System)
- Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing multiple-employer public employee retirement system.
- Tier 2 Public Employee Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer cost sharing public employee retirement system.
- Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) is a multiple employer, cost sharing public employee retirement system.

The Tier 2 Public Employee 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 East 200 South, Salt Lake City, Utah 84102, or visiting the website: [www.urs.org](http://www.urs.org).

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

**Summary of Benefits by System**

<b>System</b>	<b>Final Average Salary</b>	<b>Years of Service Required and/or Age Eligible For Benefit</b>	<b>Benefit Percent Per Year of Service</b>	<b>COLA**</b>
Noncontributory System	Highest of 3 years	30 Years any age 25 Years age * 20 years age 60 10 Years age 62* 4 Years age 65	2.00% Per all years to present	Up to 4%
Public Safety System	Highest 3 years	20 Years any age 10 years age 60 4 years age 65	2.5% Per year up to 20 years; 2.0% Per year over 20 years	Up to 2.5% to 4% depending on the employer
Tier 2 Public Employees System	Highest 5 years	35 Years any age 20 Years any age 60* 10 Years age 62* 4 Years age 65	1.5% Per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 Years any age 20 Years any age 60* 10 Years age 62* 4 Years age 65	1.5% Per year all years	Up to 2.5%

\* With actuarial reductions

\*\* All post-retirement cost of living adjustments are non-compounding and are based on the original benefit except for Judges, which is 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.

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

## Utah Retirement Systems

	<u>Employee Paid</u>	<u>Paid by Employer for Employee</u>	<u>Employer Contribution Rates</u>	<u>Employer Rate for 401(k) Plan</u>
Contributory System				
11 - Local Governmental Division Tier 1	6	NA	14.46%	NA
111 - Local Governmental Division Tier 2	N/A	N/A	16.67%	1.78
Noncontributory System				
15 Local Government Div - Tier 1	NA	NA	18.47%	NA
Public Safety Retirement System				
Contributory				
23 - Other Division A Contributory Tier 1	12.29	NA	22.75%	NA
122 Tier 2 DB Hybrid Public-Safety	NA	NA	22.50%	1.33
Noncontributory				
43 - Other Division A Noncontributory Tie	N/A	N/A	34.04%	NA

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

**For fiscal year ended June 30, 2016, the employer and employee contributions to the Systems were as follows**

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory system	\$ 75,500	NA
Contributory system	10,635	
Public safety system	99,581	
Tier 2 public employee system	33,590	
Tier 2 public safety and firefighters	34,158	
Total contributions	<u>\$ 253,464</u>	<u>NA</u>

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

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

At June 30, 2016, we reported a new pension asset of \$3,329 and a net pension liability of \$1,152,592.

	<u>Proportionate Share</u>	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>
Noncontributory System	0.0243008%	\$ -	\$ 137,506
Contributory System	0.8667448%	-	609,195
Public Safety System	0.2265962%	-	405,891
Tier 2 Public Employees System	0.0348135%	76	-
Tier 2 Public Safety and Firefighter System	0.2226753%	<u>3,253</u>	<u>-</u>
Total net pension asset/liability		<u>\$ 3,329</u>	<u>\$ 1,152,592</u>

The net pension asset and liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2015, and rolled forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended December 31, 2014, we recognized pension expense of \$398,586.

At June 30, 2016 we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 565	\$ 81,483
Changes in assumptions	-	38,678
Net difference between projected and actual earnings on pension plan investments	360,375	-
Changes in proportion and differences between contributions and proportionate share of contributions	133,887	45,909
Contributions subsequent to the measurement date	<u>127,505</u>	<u>-</u>
Total	<u>\$ 622,332</u>	<u>\$ 166,070</u>

\$127,505 was reported as deferred outflows of resources related to pension's results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2015. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	<u>Deferred Outflows (Inflows) of Resources</u>
2016	\$ 26,537
2017	92,826
2018	110,255
2019	100,937
2020	(257)
Thereafter	(1,541)

Actuarial assumptions: The total pension liability in the December 31, 2015, 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

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation, and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2015, valuation were based on the results of an actuarial experience study for the five-year period ending December 21, 2013.

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 through December 31, 2013.

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:

<b>Expected Return Arithmetic Basis</b>			
<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Real Return Arithmetic Basis</b>	<b>Long-Term Expected Portfolio Real Rate of Return</b>
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%
<b>Totals</b>	<b>100%</b>		<b>5.23%</b>
	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%. 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%, 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%) or 1 percentage-point higher (8.50%) than the current rate:

<b>System</b>	<b>1% Decrease (6.50%)</b>	<b>Discount Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
Noncontributory System	\$ 290,536	\$ 137,506	\$ 9,756
Contributory System	1,072,851	609,195	219,935
Public Safety System	859,505	405,891	36,565
Tier 2 Public Employees System	13,937	(76)	(10,696)
Tier 2 Public Safety and Firefighter	5,530	(3,253)	(9,998)
<b>Total</b>	<b>\$ 2,242,359</b>	<b>\$ 1,149,263</b>	<b>\$ 245,562</b>

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

**Defined Contribution Savings Plans**

The Defined Contribution Savings Plans are administered by the Utah Retirement System Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provision is available in the separately issued URS financial report

West Bountiful City participates in the following Defined Contribution Savings Plans with Utah Retirement systems:

- 401\*(k) Plan
- 457(b) Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30, 2016, were as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>401(k) Plan</b>			
Employer contributions	\$ 37,095	\$ 25,113	\$ 15,125
Employee contributions	49,938	50,979	35,875
<b>457 Plan</b>			
Employer contributions	-	-	-
Employee contributions	3,638	6,087	3,900

**4. INTERFUND TRANSFERS**

Transfers are outlined as follows:

<u>Funds</u>	<u>Amount</u>
From rap tax to general fund	\$ 4,500
From capital improvements to general fund	5,823
From police impact fees to general fund	2,015
From general fund to streets capital improvements	212,500
From general fund to storm water fund	55,000
From general fund to golf course	393,411
From rap tax to golf course	45,000
From water fund to 725 West fund	22,448
From water fund to Page Lane	425,000
From street capital improvements to Page Lane	175,000
From street impact to Page Lane	198,000
From storm water to Page Lane	198,000
<b>Total</b>	<b><u><u>\$ 1,736,697</u></u></b>

The purpose of the transfers is to fund capital projects for financing capital improvements.

## 5. CAPITAL ASSETS

The following schedule summarizes the changes in capital assets for governmental and business type activities during the year ended June 30, 2016.

<u>ACTIVITY</u>	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Nondepreciated assets				
Land	\$ 5,301,488	\$ 25,000	\$ -	\$ 5,326,488
Work in process	-	47,961	-	47,961
Total nondepreciated assets	<u>5,301,488</u>	<u>72,961</u>	<u>-</u>	<u>5,374,449</u>
Depreciated assets				
Buildings	2,199,893	-	-	2,199,893
Improvements	5,246,502	518,998	(52,033)	5,713,467
Equipment	681,504	73,478	(49,571)	705,411
Vehicles	263,519	-	-	263,519
Total depreciated assets	<u>8,391,418</u>	<u>592,476</u>	<u>(101,604)</u>	<u>8,882,290</u>
Less accumulated depreciation				
Buildings	(689,826)	(68,823)	-	(758,649)
Improvements other than buildings	(1,368,650)	(167,659)	43,043	(1,493,266)
Machinery and equipment	(475,654)	(49,085)	48,575	(476,164)
Vehicles	(177,559)	(25,010)	-	(202,569)
Total accumulated depreciation	<u>(2,711,689)</u>	<u>(310,577)</u>	<u>91,618</u>	<u>(2,930,648)</u>
Net assets depreciated	<u>5,679,729</u>	<u>281,899</u>	<u>(9,986)</u>	<u>5,951,642</u>
Total governmental activities	<u>10,981,217</u>	<u>354,860</u>	<u>(9,986)</u>	<u>11,326,091</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Nondepreciated assets				
Land	1,743,497	-	-	1,743,497
Work in process	-	558,789	-	558,789
Total nondepreciated assets	<u>1,743,497</u>	<u>558,789</u>	<u>-</u>	<u>2,302,286</u>
Depreciated assets				
Buildings	308,938	-	-	308,938
Improvements other than buildings	11,685,281	261,268	-	11,946,549
Equipment	757,930	65,302	(97,508)	725,724
Vehicles	369,757	-	(63,553)	306,204
Total depreciated assets	<u>13,121,906</u>	<u>326,570</u>	<u>(161,061)</u>	<u>13,287,415</u>
Less accumulated depreciation				
Buildings	(184,393)	(10,118)	-	(194,511)
Improvements other than buildings	(3,285,950)	(308,823)	-	(3,594,773)
Machinery and equipment	(423,503)	(59,394)	96,967	(385,930)
Vehicles	(166,367)	(32,881)	61,553	(137,695)
Total accumulated depreciation	<u>(4,060,213)</u>	<u>(411,216)</u>	<u>158,520</u>	<u>(4,312,909)</u>
Net assets depreciated	<u>9,061,693</u>	<u>(84,646)</u>	<u>(2,541)</u>	<u>8,974,506</u>
Total business type assets	<u>10,805,190</u>	<u>474,143</u>	<u>(2,541)</u>	<u>11,276,792</u>
Total combined assets	<u>\$ 21,786,407</u>	<u>\$ 829,003</u>	<u>\$ (12,527)</u>	<u>\$ 22,602,883</u>

Depreciation expense for the year ended June 30, 2016, is as follows:

	<b>Governmental Types</b>	<b>Business Types</b>	<b>Totals</b>
FUNCTION			
General government	\$ 59,006	\$ -	\$ 59,006
Public safety	83,851	-	83,851
Public works	133,539	-	133,539
Parks and recreation	34,181	-	34,181
Water	-	241,410	241,410
Solid waste	-	2,520	2,520
Storm drain	-	46,821	46,821
Golf course	-	120,465	120,465
Totals	<u>\$ 310,577</u>	<u>\$ 411,216</u>	<u>\$ 721,793</u>

## 6. LONG-TERM DEBT

Bonds payable at June 30, 2016, are comprised of the following individual issues:

Long-Term Debt	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
GOVERNMENTAL ACTIVITIES					
\$1,812,000 sales tax revenue refunding bonds series 2012 due in annual principal installments. The rate is fixed at 2.374% and the bond matures in 2026.	\$ 1,458,000	\$ -	\$ 118,000	\$ 1,340,000	\$ 120,000
Total governmental long-term debt	1,458,000	-	118,000	1,340,000	120,000
BUSINESS-TYPE ACTIVITIES					
Water revenue bonds series 2009. Original issue was \$4,785,000 with interest from 22.5% to 4.05%. The bonds are secured by water revenue and mature in 2029.	3,655,000	-	205,000	3,450,000	120,000
Water bond premium	11,395	-	840	10,555	840
Total business-type long-term debt	3,666,395	-	205,840	3,460,555	120,840
Total long term debt	\$ 5,124,395	\$ -	\$ 323,840	\$ 4,800,555	\$ 240,840
Compensated absences					
Governmental funds	\$ 64,909	\$ -	\$ 14,876	\$ 50,033	\$ -
Business funds	34,153	13,677	-	47,830	-
Total	\$ 99,062	\$ 13,677	\$ 14,876	\$ 97,863	\$ -
Capital leases					
Governmental funds	\$ 26,628	\$ -	\$ 4,020	\$ 22,608	\$ 4,179
Business funds	273,803	52,802	52,441	274,164	74,749
Total	\$ 300,431	\$ 52,802	\$ 56,461	\$ 296,772	\$ 78,928
Pension					
Governmental	\$ 346,875	\$ 413,835	\$ -	\$ 760,710	\$ -
Business funds	212,601	179,281	-	391,882	-
Total	\$ 559,476	\$ 593,116	\$ -	\$ 1,152,592	\$ -

Compensated absences are generally liquidated by the general, water, and golf course funds.

### **Governmental Activities:**

**Sales Tax Revenue Refunding Bonds, Series 2012:** In October 2012, the City refinanced the Sales Tax Revenue Bonds, Series 2004, with a new bond with an initial issue amount of \$1,812,000. There were costs associated with the refunding of the series 2012 bonds of \$39,919 that are being amortized over the life of the bonds. The bonds have a state interest rate of 2.374%. The City is required to make annual principal installments on May 1<sup>st</sup> of each year and semi-annual interest payments on May 1<sup>st</sup> and November 1<sup>st</sup> of each year. The bonds mature in May 2026.

The annual debt requirement to maturity, including principal and interest as of June 30, 2016, is listed in the following table:

**Government Activities**  
**Series 2009 Sales Tax Revenue Bonds**

<u>Year Ending June 30</u>	<u>Rates</u>	<u>Principal</u>	<u>Interest</u>
2017	2.374%	\$ 120,000	\$ 31,812
2018	2.374%	123,000	28,963
2019	2.374%	126,000	26,043
2020	2.374%	129,000	23,052
2021	2.374%	132,000	19,989
2022-2026	2.374%	710,000	51,373
Totals		<u>\$ 1,340,000</u>	<u>\$ 181,232</u>

**Business Type Activities:**

**Water Revenue Bonds, Series 2009:** In February 2009, the City issued Water Revenue Bonds, Series 2009 with an original issue amount of \$4,785,000 for the purpose of financing the acquisition and construction of certain improvements to the existing water systems. The bonds have an interest rate ranging from 2.50% to 4.05%. The City is required to make annual principal installments due on February 1<sup>st</sup> of each year. The City is also required to make semi-annual interest payments on February 1<sup>st</sup> and August 1<sup>st</sup> of each year. The City has pledged future water revenue to service the debt. The bonds mature in February 2029.

The debt service reserve requirement for the Series 2009 bonds is \$353,753 and has been satisfied by acquiring a debt service reserve insurance policy. The annual debt service requirements to maturity, including principal and interest for the Series 2009 Water Revenue Refunding Bonds as of June 30, 2016, are as follows:

**Business Activities**  
**Series 2009 Water Revenue Bonds**

<u>Year Ending June 30</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>
2017	2.50%	\$ 210,000	\$ 137,852
2018	2.75%	220,000	131,553
2019	2.75%	225,000	124,403
2020	2.75%	235,000	116,526
2021	2.75-3.25%	245,000	108,185
2022-2026	3.25-4.05%	1,355,000	388,052
2027-2031	3.85-4.45%	960,000	86,471
Totals		<u>\$ 3,450,000</u>	<u>\$ 1,093,042</u>

**7. CASH AND INVESTMENTS**

The City maintains a cash and investment pool that is available for use by all funds. In addition, investments are separately held by several of the City's funds. Cash and investments as of June 30, 2016, are classified in the accompanying financial statements as follows:

Statement of net position	
Cash and cash equivalents	\$ 7,163,880

Cash investments and cash equivalents as of June 30, 2016, consist of the following:

Cash on hand	\$ 350
Deposits with financial institutions	473,659
Investments, State Treasurer	<u>6,718,059</u>
 Total cash and cash equivalents	 <u><u>\$ 7,192,068</u></u>

**Investments Authorized by the Utah Government Code**

The City follows the requirements of the Utah Money Management Act in handling its depository and temporary investment transactions. This law requires the depositing of City funds in a “qualified depository”. The Act defines a “qualified depository” as any financial institution in whose deposits are insured by an agency of the Federal Government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Money Management Act also defines the types of securities allowed as appropriate temporary investments for the City and the conditions for making investments and investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

Certain funds are restricted by provisions of the revenue bond resolutions. The resolutions also describe how these restricted assets may be deposited and invested. Restricted cash may only be deposited in state or national banks meeting certain minimum net worth requirements, or invested in securities representing direct obligations of, or obligations guaranteed by, the United States government, agencies of the United States government, any state within the territorial United States of America, or repurchase agreements or interest bearing time deposits with state or national banks meeting certain minimum net worth requirements.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act. The act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF, and details the type of authorized investments it makes. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah and participants share proportionally in any realized gains or losses on investments. The PTIF funds are not rated.

Certain assets are restricted by provisions of the revenue bond resolutions. The resolutions also describe how these restricted assets may be deposited and invested. Restricted cash may only be deposited in state or national banks meeting certain minimum net worth requirements, or invested in securities representing direct obligations of, or obligations guaranteed by agencies of the U.S. government, or any state within the territorial United States of America, or repurchase agreements or interest-bearing time deposits with state or national banks meeting certain minimum net worth requirements.

As of June 30, 2016, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>		
		<u>Less Than 1 Year</u>	<u>1 - 10 Years</u>	<u>More Than 10 Years</u>
State of Utah Public Treasurer Investment Fund	<u>\$ 6,718,059</u>	<u>\$ 6,718,059</u>	<u>\$ -</u>	<u>\$ -</u>
Total investments	<u><u>\$ 6,718,059</u></u>	<u><u>\$ 6,718,059</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Interest Rate Risk**

Interest rate risk is the risk that occurs when changes in interest rates will adversely affect the fair value of an investment. The City policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. In accordance with that act, the remaining term to maturity of the investments above do not exceed the period of availability of these funds.

**Credit Risk**

Credit risk is the risk that an issuer, or other counterparty to an investment, will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act. As of June 30, 2016, the Utah Public Treasurer's Investment Fund was unrated.

**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. The City policy for reducing the risk of loss is to comply with the Rules of the Money Management Council. The City's investment in the Utah Public Treasurer's Investment Fund has no concentration of credit risk.

**Custodial Credit Risk Deposits**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal policy of custodial credit risk. As of June 30, 2016, no deposits were exposed to custodial credit risk because they were uninsured and uncollateralized.

**Custodial Credit Risk Investments**

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City's investment in the Utah Public Treasurer Investment Fund has no custodial credit risk.

**8. RESERVED FUND BALANCES**

The City records reserves to indicate that a portion of the fund equity is legally segregated for a specific future use. The following details the description and amounts of all reserves used by the City.

<u>Description</u>	<u>Government Activities</u>	<u>Business Activities</u>	<u>Total</u>
Specific projects	\$ 432,314	\$ -	\$ 432,314
Specific activities	2,616		\$ 2,616
Bond reserve and escrow funds	-	310,568	310,568
Totals	<u>\$ 434,930</u>	<u>\$ 310,568</u>	<u>\$ 745,498</u>

**9. INTEREST EXPENSE**

The proprietary fund incurred \$147,905 in interest expense of which \$147,905 was charged to expense and \$0 was capitalized. The governmental funds incurred \$35,712 in interest expense.

## **10. RESTRICTED CASH**

The City governmental funds have restricted cash of \$478,679 for specific projects and programs. The utility fund has restricted cash of \$310,568 and is in the bond reserve and construction escrow accounts.

## **11. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The City participates in the Utah Local Government Insurance Trust (the Trust), a public entity risk pool to manage its risk of loss. The City pays an annual premium to the Trust for its general liability insurance coverage. The Trust was created to be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of one million dollars for each insured event. The City had several claims brought against them during the fiscal year. However, the City had no claim settlements during the three years ending June 30, 2016, which exceeded its insurance coverage. The City also has a fidelity bond with a private carrier.

## **12. TOTAL COLUMNS**

Total columns on the governmental fund statements are captioned "Total" and are presented to facilitate financial analysis. Data in these columns does not represent consolidated information since interfund eliminations have not been made.

## **13. RELATED PARTY INFORMATION**

A Council member serves on the board of the solid waste plant. The City paid the entity \$140,319, and the City owes \$11,658 to the burn plant as of June 30, 2016.

## **14. CONTINGENCIES**

**Business Revenue Sharing Agreement** - The City has entered into two distinct business revenue sharing agreements. The first agreement was established in 1990 and the share of sales tax revenue the City keeps is 65%. The term of the agreement, for tax increment purposes, is 10 years and will be satisfied in 2016.

The City is involved in some legal actions. Although most of the actions and possible settlements could be covered by insurance and would be immaterial to the financial statements, some of the cases could have a material impact on the City if the judgment went against the City and the damages would not be covered by insurance.

## **15. NEWLY ISSUED ACCOUNTING STANDARDS**

The GASB has issued the following statements that will apply to government reporting in future years:

GASB 72 Fair value measurements and application

GASB 73 Accounting and financial reporting for pensions and related assets that are not within the scope of GASB statement 68, and amendments to certain provisions of GASB statements 67 and 68

GASB 74 Financial reporting for post-employment benefit plans other than pension plans

GASB 75 Accounting and financial reporting for post-employment benefit plans other than pension plans

GASB 76 The hierarchy of General Accepted Accounting Principles for state and local governments

GASB 77 Tax abatement disclosures

The statements should not have a material effect on the financial statements.

**16. SUBSEQUENT EVENTS**

The City has evaluated subsequent events through November 30, 2016, the date which the financial statements were available to be issued.

**17. REDEVELOPMENT AGENCY**

For the year ended June 30, 2016, the following activity occurred in the City's Redevelopment Agency.

Tax increment collected	\$ 492,271
Amounts expended for payments to developers	501,249
Amounts expended for legal and professional fees	-
Amounts expended for administrative costs	-

**18. INTERFUND LOANS**

The resulting composition of the interfund balances as of June 30, 2016, is as follows:

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>
Rap tax	306,000	
Capital improvements	558,040	
Golf course		864,040
Totals	<u>\$ 864,040</u>	<u>\$ 864,040</u>

The City passed a resolution for the golf course loan that will be paid back to the other funds when the golf course bonds are paid.

## 19. FUND BALANCE

These financial statements include the provisions of GASB Statement No. 54 which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Non-spendable - Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors.

Committed - Amounts that can be used only for specific purposes determined by a formal action of the council.

Assigned - Amounts that are designated by the Council for a specific purpose but are not spendable until specific conditions are met.

Unassigned - All amounts not included in the other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet and Statement of Net Position. Restricted funds are used first as appropriate. Assigned funds are used when specific conditions are met. Decreases to the fund balance first reduce Unassigned Fund Balance. In the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order. The General Fund has Unassigned Fund Balance in the amount of \$1,611,848 at June 30, 2016.

## 20. OBLIGATION UNDER CAPITAL LEASE

The City acquired certain enterprise capital assets financed with capital leases. The leased assets and related capital lease obligations are accounted for in an enterprise fund. The lease agreements contain fiscal funding clauses which allow cancellation of leases if future funds for the leases are not budgeted by the City Council. Capital equipment leased during the year ended June 30, 2016, was \$466,004. The City has the option of paying off the lease before the lease expires. The following is a schedule of yearly future lease payments for the capital lease together with the present rate of net minimum lease payments as of June 30, 2016:

<u>Year Ending June 30</u>	<u>Lease Payments</u>
June 30, 2017	\$ 81,901
June 30, 2018	101,162
June 30, 2019	65,614
June 30, 2020	21,606
June 30, 2021	15,602
Thereafter	4,799
Totals	<u>290,684</u>
Less amounts representing interest	<u>16,520</u>
Present value	274,164
Less current portion	<u>74,749</u>
Long term portion	<u>\$ 199,415</u>

The City acquired certain governmental capital assets financed with capital leases. The leased assets and related capital lease obligations are accounted for in fixed assets. The lease

agreements contain fiscal funding clauses which allow cancellation of leases if future funds for the leases are not budgeted by the City Council. Capital equipment leased during the year ended June 30, 2016, was \$26,627. The City has the option of paying off the lease before the lease expires. The following is a schedule of yearly future lease payments for the capital lease together with the present rate of net minimum lease payments as of June 30, 2016:

<u>Year Ending June 30</u>	<u>Lease Payments</u>
June 30, 2017	\$ 5,070
June 30, 2018	5,070
June 30, 2019	5,070
June 30, 2020	5,070
June 30, 2021	5,070
June 30, 2022	-
Totals	<u>25,350</u>
Less amounts representing interest	<u>2,742</u>
Present value	22,608
Less current portion	<u>4,179</u>
Long term portion	<u><u>\$ 18,429</u></u>

The City has operating leases used to purchase equipment and vehicles. The minimum lease payments for the next five years under operating leases are as follows:

<u>Year</u>	<u>Governmental</u>	<u>Business</u>
June 30, 2017	\$ 13,493	\$ -
July 1, 2018	-	-
July 2, 2019	-	-
July 3, 2020	-	-
July 4, 2021	-	-

## **21. COMPLIANCE**

The general fund balance is in excess of the state legal limit. Most of the excess is extra property taxes received. The Redevelopment Agency Rap Tax funds have overspent their budgets.

**REQUIRED SUPPLEMENTARY INFORMATION**

# WEST BOUNTIFUL CITY

## Budgetary Comparison Schedule

### General Fund

For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
<b>REVENUE</b>				
General property taxes	\$ 1,034,069	\$ 1,360,000	\$ 1,935,018	\$ 575,018
Sales, use, and excise taxes	1,416,526	1,486,794	1,471,800	(14,994)
Other taxes	437,000	428,000	561,276	133,276
Licenses	89,750	134,450	157,692	23,242
Fines	80,000	55,000	50,299	(4,701)
Interest	5,000	5,000	34,904	29,904
Intergovernmental	208,000	216,900	219,610	2,710
Charges for services	25,200	25,700	6,501	(19,199)
Miscellaneous	8,000	15,000	15,110	110
Total revenue	<u>3,303,545</u>	<u>3,726,844</u>	<u>4,452,210</u>	<u>725,366</u>
<b>EXPENDITURES</b>				
General government	751,485	781,885	728,218	53,667
Public works	438,028.00	442,728	344,095	98,633
Public safety	1,513,677	1,503,738	1,486,538	17,200
Parks	243,539	215,239	200,148	15,091
Debt service				
Principal	115,000	115,000	118,000	(3,000)
Interest	41,000	41,000	35,712	5,288
Total expenditures	<u>3,102,729</u>	<u>3,099,590</u>	<u>2,912,711</u>	<u>186,879</u>
Excess of revenue over (usage of) fund balance	<u>200,816</u>	<u>627,254</u>	<u>1,539,499</u>	<u>912,245</u>
<b>OTHER FINANCES SOURCES (USES)</b>				
Loan adjustment	-	(449,924)	(449,924)	-
Transfers in	12,488	12,488	12,338	(150)
Transfers out	(422,911)	(660,911)	(660,911)	-
Total other financing sources (uses)	<u>(410,423)</u>	<u>(1,098,347)</u>	<u>(1,098,497)</u>	<u>(150)</u>
Net change in fund balance	(209,607)	(471,093)	441,002	912,095
FUND BALANCE, JULY 1, 2015	<u>1,296,634</u>	<u>1,296,634</u>	<u>1,296,634</u>	-
FUND BALANCE, JUNE 30, 2016	<u>\$ 1,087,027</u>	<u>\$ 825,541</u>	<u>\$ 1,737,636</u>	<u>\$ 912,095</u>

Notes to schedule:

1. Budget note: There is no difference between budgetary basis and GAAP basis on these statements.

# WEST BOUNTIFUL CITY

## Budgetary Comparison Schedule Special Revenue Redevelopment Fund For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 500,000	\$ 500,000	\$ 492,271	\$ (7,729)
Interest	200	200	263	-
Sales taxes	-	-	-	-
Other revenue	-	-	-	-
Contributions	-	-	-	-
Total revenue	<u>500,200</u>	<u>500,200</u>	<u>492,534</u>	<u>(7,729)</u>
<b>EXPENDITURES</b>				
Redevelopment	<u>485,200</u>	<u>500,200</u>	<u>501,249</u>	<u>(1,049)</u>
Total expenditures	<u>485,200</u>	<u>500,200</u>	<u>501,249</u>	<u>(1,049)</u>
Excess of revenue over expenditures (usage of fund balance)	<u>15,000</u>	<u>-</u>	<u>(8,715)</u>	<u>(8,778)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	15,000	-	(8,715)	(8,778)
FUND BALANCE, JULY 1, 2015	<u>102,985</u>	<u>102,985</u>	<u>102,985</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2016	<u>\$ 117,985</u>	<u>\$ 102,985</u>	<u>\$ 94,270</u>	<u>\$ (8,778)</u>

1. Budget note: There is no difference between budgetary basis and GAAP basis on these statements.

## WEST BOUNTIFUL CITY

### Schedule of the Proportionate Share of the Net Pension Liability For the Fiscal Year Ended June 30, 2016 Last 10 Fiscal Years\*

	<u>Noncontributory Retirement System</u>	<u>Contributory Retirement System</u>	<u>Public Safety System</u>	<u>Tier 2 Public Employees System</u>	<u>Tier 2 Public Safety and Firefighter System</u>
Proportion of the net pension liability (asset)	0.0243008%	0.8667448%	0.2265962%	0.0348135%	0.2226753%
Proportionate share of the net pension liability (asset)	\$ 137,506	\$ 609,195	\$ 405,891	\$ (76)	\$ (3,253)
Covered employee payroll	185,292	289,537	296,810	224,895	132,490
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	74.21%	210.4%	136.8%	-0.03%	-2.5%
Plan fiduciary net position as a percentage of the total pension liability	87.80%	85.7%	87.1%	100.2%	110.7%

\* In accordance with paragraph 81.a of GASB 68, employers 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. Prior year numbers are available from your prior year note disclosure confirmation.

**For the Fiscal Year Ended June 30, 2016**  
**Last 10 Fiscal Years\***

	<b>As of Fiscal Year Ended June 30</b>	<b>Actuarial Determined Contributions</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Contributions as a Percentage of Covered Employee Payroll</b>
Noncontributory system	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	75,500	75,500	-	426,241	17.71%
Contributory system	2014	67,782	67,782	-	511,856	13.24%
	2015	69,542	69,542	-	480,929	14.46%
	2016	10,635	10,635	-	73,550	14.46%
Public safety System	2014	82,104	82,104	-	394,166	20.83%
	2015	99,258	99,258	-	325,102	30.53%
	2016	99,581	99,581	-	297,339	33.49%
Tier 2 Public Employees System *	2014	16,552	16,552	-	105,089	15.75%
	2015	34,490	34,490	-	206,524	16.70%
	2016	33,590	33,590	-	229,205	14.65%
Tier 2 Public Safety and Firefighter System *	2014	5,874	5,874	-	28,171	20.85%
	2015	19,211	19,211	-	85,192	22.55%
	2016	34,158	34,158	-	152,494	22.40%

\*Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities into the Tier 1 systems  
Tier 2 systems were created effective July 1, 2011

Paragraph 81.b of GASB 68 requires employers to disclose a 10- year history of contributions in RSI. Contributions as a percentage of covered payroll may be different than the board certified rate due to rounding and other administrative issues.

# WEST BOUNTIFUL CITY

## Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2015

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### Changes of Assumptions

The following assumption changes were adopted from the most recent actuarial experience study. There was a decrease in the wage inflation assumption for all employee groups from 3.75% to 3.50%. Also there was a modification to the rate of salary increased for most groups.. The payroll growth assumption was decreased from 3.5% to 3.25%. There was an improvement in the post retirement mortality assumption for female educations and minor adjustments to the pre retirement mortality assumption.

There were additional changes to certain demographic assumptions that generally resulted in: (1) more members are anticipated to terminate employment prior to retirement, (2) slightly fewer members are expected to become disabled, and (3) members are expected to retire at a slightly later age.

**SUPPLEMENTARY INFORMATION**

# WEST BOUNTIFUL CITY

## Budgetary Comparison Schedules Special Revenue Police Impact Fee Fund For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
<b>REVENUE</b>				
Impact Fees	\$ 2,000	\$ 2,000	\$ 3,378	\$ 1,378
Interest	15	15	67	52
Total revenue	<u>2,015</u>	<u>2,015</u>	<u>3,445</u>	<u>1,430</u>
<b>EXPENDITURES</b>				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue over expenditures (usage of fund balance)	<u>2,015</u>	<u>2,015</u>	<u>3,445</u>	<u>1,430</u>
<b>OTHER FINANCES SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(2,015)	(2,015)	(2,015)	-
Total other financing sources (uses)	<u>(2,015)</u>	<u>(2,015)</u>	<u>(2,015)</u>	<u>-</u>
Net change in fund balance	-	-	1,430	1,430
FUND BALANCE, JULY 1, 2015	<u>2,011</u>	<u>2,011</u>	<u>2,011</u>	<u>1,254</u>
FUND BALANCE, JUNE 30, 2016	<u>\$ 2,011</u>	<u>\$ 2,011</u>	<u>\$ 3,441</u>	<u>\$ 2,684</u>

The accompanying notes are an integral part of this statement.

# WEST BOUNTIFUL CITY

## Budgetary Comparison Schedules Special Revenue Park Impact Fee Fund For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
<b>REVENUE</b>				
Impact fees	\$ 30,000	\$ 44,000	\$ 48,208	\$ 4,208
Interest	500	500	123	(377)
Total revenue	<u>30,500</u>	<u>44,500</u>	<u>48,331</u>	<u>3,831</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>41,600</u>	<u>56,600</u>	<u>56,600</u>	<u>-</u>
Total expenditures	<u>41,600</u>	<u>56,600</u>	<u>56,600</u>	<u>-</u>
Excess of revenue over expenditures (usage of fund balance)	<u>(11,100)</u>	<u>(12,100)</u>	<u>(8,269)</u>	<u>3,831</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(11,100)	(12,100)	(8,269)	3,831
FUND BALANCE, JULY 1, 2015	<u>25,510</u>	<u>25,510</u>	<u>25,510</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2016	<u>\$ 14,410</u>	<u>\$ 13,410</u>	<u>\$ 17,241</u>	<u>\$ 3,831</u>

Notes to schedule:

1. There is no difference between GAAP and budget reporting.

# WEST BOUNTIFUL CITY

## Budgetary Comparison Schedules Special Revenue Rap Tax Fund For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ 224,334	\$ 224,334	\$ 209,196	\$ (15,138)
Charges for services	-	-	-	-
Interest	1,000	1,000	1,726	726
Total revenue	<u>225,334</u>	<u>225,334</u>	<u>210,922</u>	<u>(14,412)</u>
<b>EXPENDITURES</b>				
Recreation	-	-	5,643	(5,643)
Capital outlay	323,000	399,000	443,008	(44,008)
Total expenditures	<u>323,000</u>	<u>399,000</u>	<u>448,651</u>	<u>(49,651)</u>
Excess of revenue over expenditures (usage of fund balance)	<u>(97,666)</u>	<u>(173,666)</u>	<u>(237,729)</u>	<u>(64,063)</u>
<b>OTHER FINANCING SOURCES</b>				
Contributions	-	25,000	25,000	-
Transfers out	(4,500)	(49,500)	(49,500)	-
Total other financing sources	<u>(4,500)</u>	<u>(24,500)</u>	<u>(24,500)</u>	<u>-</u>
Net change in fund balance	(102,166)	(198,166)	(262,229)	(64,063)
FUND BALANCE, JULY 1, 2015	<u>634,914</u>	<u>634,914</u>	<u>634,914</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2016	<u>\$ 532,748</u>	<u>\$ 436,748</u>	<u>\$ 372,685</u>	<u>\$ (64,063)</u>

1. There is no difference between GAAP and budget reporting.

# WEST BOUNTIFUL CITY

## Budgetary Comparison Schedules Special Revenue Street Impact Fee Fund For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
<b>REVENUE</b>				
Impact fees	\$ 40,000	\$ 74,000	\$ 80,033	\$ 6,033
Interest	1,500.00	1,000	486.00	\$ (514)
Total revenue	<u>41,500</u>	<u>75,000</u>	<u>80,519</u>	<u>5,519</u>
<b>EXPENDITURES</b>				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures (usage of fund balance)	<u>41,500</u>	<u>75,000</u>	<u>80,519</u>	<u>5,519</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers out	(326,390)	(198,000)	(198,000)	-
Total other financing sources	<u>(326,390)</u>	<u>(198,000)</u>	<u>(198,000)</u>	<u>-</u>
Net change in fund balance	(284,890)	(123,000)	(117,481)	5,519
FUND BALANCE, JULY 1, 2015	<u>249,569</u>	<u>249,569</u>	<u>249,569</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2016	<u>\$ (35,321)</u>	<u>\$ 126,569</u>	<u>\$ 132,088</u>	<u>\$ 5,519</u>

Notes to schedule:

1. There is no difference between GAAP and budget reporting.

# WEST BOUNTIFUL CITY

## Budgetary Comparison Schedules Capital Improvement Fund For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUE				
Interest	-	-	-	-
Total revenue	-	-	-	-
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenue over expenditures (usage of fund balance)	-	-	-	-
OTHER FINANCING SOURCES				
Transfers out	(5,823)	(5,823)	(5,823)	-
Total other financing sources	(5,823)	(5,823)	(5,823)	-
Net change in fund balance	(5,823)	(5,823)	(5,823)	-
FUND BALANCE, JULY 1, 2015	563,932	563,932	563,932	-
FUND BALANCE, JUNE 30, 2016	<u>\$ 558,109</u>	<u>\$ 558,109</u>	<u>\$ 558,109</u>	<u>\$ -</u>

1. There is no difference between GAAP and budget reporting.

# WEST BOUNTIFUL CITY

## Budgetary Comparison Schedules Streets Capital Improvement Fund, 900 West For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Interest	-	-	408	408
Total revenue	-	-	408	408
<b>EXPENDITURES</b>				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenue over expenditures (usage of fund balance)	-	-	408	408
<b>OTHER FINANCING SOURCES</b>				
Transfers out	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	-	408	408
FUND BALANCE, JULY 1, 2015	117,722	117,722	117,722	-
FUND BALANCE, JUNE 30, 2016	\$ 117,722	\$ 117,722	\$ 118,130	\$ 408

1. There is no difference between GAAP and budget reporting.

# WEST BOUNTIFUL CITY

## Budgetary Comparison Schedules Streets Capital Improvements Fund For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUE				
Taxes	\$ 212,500	\$ 212,500	\$ -	\$ -
Interest	-	-	833	833
Total revenue	<u>212,500</u>	<u>212,500</u>	<u>833</u>	<u>833</u>
EXPENDITURES				
Capital outlay	<u>116,000</u>	<u>116,000</u>	<u>65,707</u>	<u>50,293</u>
Total expenditures	<u>116,000</u>	<u>116,000</u>	<u>65,707</u>	<u>50,293</u>
Excess of revenue over expenditures (usage of fund balance)	<u>96,500</u>	<u>96,500</u>	<u>(64,874)</u>	<u>51,126</u>
OTHER FINANCING SOURCES				
Transfers out	(525,000)	(175,000)	(175,000)	-
Transfers in	-	-	212,500	212,500
Total other financing sources	<u>(525,000)</u>	<u>(175,000)</u>	<u>37,500</u>	<u>212,500</u>
Net change in fund balance	(428,500)	(78,500)	(27,374)	263,626
FUND BALANCE, JULY 1, 2015	<u>300,507</u>	<u>300,507</u>	<u>300,507</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2016	<u>\$ (127,993)</u>	<u>\$ 222,007</u>	<u>\$ 273,133</u>	<u>\$ 263,626</u>

1. There is no difference between GAAP and budget reporting.

# WEST BOUNTIFUL CITY

## Budgetary Comparison Schedules Jesse Meadows Special Revenue Fund For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
<b>REVENUE</b>				
Interest	\$ -	\$ -	\$ 195	\$ -
Services	12,025	12,025	12,000	(25)
Total revenue	<u>12,025</u>	<u>12,025</u>	<u>12,195</u>	<u>(25)</u>
<b>EXPENDITURES</b>				
General	12,025	12,025	3,894	8,131
Total expenditures	<u>12,025</u>	<u>12,025</u>	<u>3,894</u>	<u>8,131</u>
Excess of revenue over expenditures (usage of fund balance)	-	-	8,301	8,106
<b>OTHER FINANCING SOURCES</b>				
Transfers out	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	8,301	8,106
FUND BALANCE, JULY 1, 2015	<u>11,609</u>	<u>11,609</u>	<u>11,609</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2016	<u>\$ 11,609</u>	<u>\$ 11,609</u>	<u>\$ 19,910</u>	<u>\$ 8,106</u>

1. There is no difference between GAAP and budget reporting.

# WEST BOUNTIFUL CITY

## Budgetary Comparison Schedules Streets Capital Improvement Fund, 800 West For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUE				
Taxes	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Total revenue	-	-	-	-
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenue over expenditures (usage of fund balance)	-	-	-	-
OTHER FINANCING SOURCES				
Transfers out	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	-	-	-
FUND BALANCE, JULY 1, 2015	29,885	29,885	29,885	-
FUND BALANCE, JUNE 30, 2016	\$ 29,885	\$ 29,885	\$ 29,885	\$ -

1. There is no difference between GAAP and budget reporting.

# WEST BOUNTIFUL CITY

## Budgetary Comparison Schedules Streets Capital Improvement Fund, 725 West For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUE				
Contributions	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Total revenue	-	-	-	-
EXPENDITURES				
Capital outlay	-	22,500	22,449	51
Total expenditures	-	22,500	22,449	51
Excess of revenue over expenditures (usage of fund balance)	-	(22,500)	(22,449)	51
OTHER FINANCING SOURCES				
Transfers out	-	-	-	-
Transfers in	-	22,500	22,448	(52)
Total other financing sources	-	22,500	22,448	(52)
Net change in fund balance	-	-	(1)	(1)
FUND BALANCE, JULY 1, 2015	1	1	1	-
FUND BALANCE, JUNE 30, 2016	\$ 1	\$ 1	\$ -	\$ (1)

1. There is no difference between GAAP and budget reporting.

# WEST BOUNTIFUL CITY

## Budgetary Comparison Schedules Capital Improvements Fund Page Lane For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
<b>REVENUE</b>				
Contributions	\$ -	\$ -	\$ -	\$ -
Grants	150,000	150,000	-	(150,000)
Total revenue	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>1,000,000</u>	<u>1,146,000</u>	<u>621,899</u>	<u>524,101</u>
Total expenditures	<u>1,000,000</u>	<u>1,146,000</u>	<u>621,899</u>	<u>524,101</u>
Excess of revenue over expenditures (usage of fund balance)	<u>(850,000)</u>	<u>(996,000)</u>	<u>(621,899)</u>	<u>374,101</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers out	-	-	-	-
Transfers in	850,000	996,000	996,000	-
Total other financing sources	<u>850,000</u>	<u>996,000</u>	<u>996,000</u>	<u>-</u>
Net change in fund balance	-	-	374,101	374,101
FUND BALANCE, JULY 1, 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 374,101</u>	<u>\$ 374,101</u>

1. There is no difference between GAAP and budget reporting.

# WEST BOUNTIFUL CITY

Combining Balance Sheet  
 Non-major Governmental Funds  
 June 30, 2016

	<u>Police Impact Fee Fund</u>	<u>Park Impact Fee Fund</u>	<u>Rap Tax Fund</u>	<u>Street Impact Fee Fund</u>	<u>Capital Improvement Fund</u>	<u>900 West Street Improvement Fund</u>	<u>Street Capital Improvement Fund</u>	<u>Jesse Meadows Special Revenue Fund</u>	<u>800 West Capital Improvement Fund</u>	<u>725 West Capital Improvement Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>											
ASSETS											
Cash and cash equivalents											
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ 69	\$ 118,130	\$ 273,133	\$ -	\$ 29,885	\$ -	\$ 421,217
Restricted	3,441	17,241	90,651	132,088	-	-	20,770	-	-	-	264,191
Due from other funds	-	-	306,000	-	558,040	-	-	-	-	-	864,040
Taxes receivable	-	-	35,877	-	-	-	-	-	-	-	35,877
Total assets	<u>\$ 3,441</u>	<u>\$ 17,241</u>	<u>\$ 432,528</u>	<u>\$ 132,088</u>	<u>\$ 558,109</u>	<u>\$ 118,130</u>	<u>\$ 273,133</u>	<u>\$ 20,770</u>	<u>\$ 29,885</u>	<u>\$ -</u>	<u>\$ 1,585,325</u>
<b>LIABILITIES AND FUND BALANCES</b>											
Accounts payable	\$ -	\$ -	\$ 59,843	\$ -	\$ -	\$ -	\$ -	\$ 860	\$ -	\$ -	\$ 60,703
Checks in excess of cash	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>59,843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>860</u>	<u>-</u>	<u>-</u>	<u>60,703</u>
FUND BALANCES											
Assigned for capital improvements	-	-	-	-	69	118,130	273,133	-	29,885	-	421,217
Committed for capital improvements	-	-	-	-	-	-	-	-	-	-	-
Unspendable	-	-	306,000	-	558,040	-	-	-	-	-	864,040
Restricted for:											
Other	-	-	-	-	-	-	19,910	-	-	-	19,910
Rap tax	-	-	66,685	-	-	-	-	-	-	-	66,685
Impact fees	3,441	17,241	-	132,088	-	-	-	-	-	-	152,770
Total fund balances	<u>3,441</u>	<u>17,241</u>	<u>372,685</u>	<u>132,088</u>	<u>558,109</u>	<u>118,130</u>	<u>273,133</u>	<u>19,910</u>	<u>29,885</u>	<u>-</u>	<u>1,524,622</u>
Total liabilities and fund balances	<u>\$ 3,441</u>	<u>\$ 17,241</u>	<u>\$ 432,528</u>	<u>\$ 132,088</u>	<u>\$ 558,109</u>	<u>\$ 118,130</u>	<u>\$ 273,133</u>	<u>\$ 20,770</u>	<u>\$ 29,885</u>	<u>\$ -</u>	<u>\$ 1,585,325</u>

The accompanying notes are an integral part of this statement.

## WEST BOUNTIFUL CITY

### Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Non-major Governmental Funds For the Fiscal Year Ended June 30, 2016

	Police Impact Fee Fund	Park Impact Fee Fund	Rap Tax Fund	Street Impact Fee Fund	Capital Improvement Fund	900 West Street Improvement Fund	Street Capital Improvement Fund	Jesse Meadows Special Revenue Fund	800 West Capital Improvement Fund	725 West Capital Improvement Fund	Total Nonmajor Governmental Funds
<b>REVENUE</b>											
Impact fees	\$ 3,378	\$ 48,208	\$ -	\$ 80,033	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 131,619
Interest	67	123	1,726	486	-	408	833	195	-	-	3,838
Taxes	-	-	209,196	-	-	-	-	-	-	-	209,196
Charges for services	-	-	-	-	-	-	12,000	-	-	-	12,000
Total revenue	<u>3,445</u>	<u>48,331</u>	<u>210,922</u>	<u>80,519</u>	<u>-</u>	<u>408</u>	<u>833</u>	<u>12,195</u>	<u>-</u>	<u>-</u>	<u>356,653</u>
<b>EXPENDITURES</b>											
Public safety	-	-	-	-	-	-	-	-	-	-	-
General government	-	-	-	-	-	-	3,894	-	-	-	3,894
Parks	-	-	5,643	-	-	-	-	-	-	-	5,643
Capital outlay	-	56,600	443,008	-	-	-	65,707	-	-	22,449	587,764
Total expenditures	<u>-</u>	<u>56,600</u>	<u>448,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,707</u>	<u>3,894</u>	<u>-</u>	<u>22,449</u>	<u>597,301</u>
Revenue over expenditures	<u>3,445</u>	<u>(8,269)</u>	<u>(237,729)</u>	<u>80,519</u>	<u>-</u>	<u>408</u>	<u>(64,874)</u>	<u>8,301</u>	<u>-</u>	<u>(22,449)</u>	<u>(240,648)</u>
<b>Other sources</b>											
Contributions	-	-	25,000	-	-	-	-	-	-	-	25,000
Transfers in	-	-	-	-	-	-	212,500	-	-	22,448	234,948
Transfers out	(2,015)	-	(49,500)	(198,000)	(5,823)	-	(175,000)	-	-	-	(430,338)
Total other sources	<u>(2,015)</u>	<u>-</u>	<u>(24,500)</u>	<u>(198,000)</u>	<u>(5,823)</u>	<u>-</u>	<u>37,500</u>	<u>-</u>	<u>-</u>	<u>22,448</u>	<u>(170,390)</u>
Revenue and other sources over expenditures and other uses	<u>1,430</u>	<u>(8,269)</u>	<u>(262,229)</u>	<u>(117,481)</u>	<u>(5,823)</u>	<u>408</u>	<u>(27,374)</u>	<u>8,301</u>	<u>-</u>	<u>(1)</u>	<u>(411,038)</u>
FUND BALANCE, JULY 1, 2015	<u>2,011</u>	<u>25,510</u>	<u>634,914</u>	<u>249,569</u>	<u>563,932</u>	<u>117,722</u>	<u>300,507</u>	<u>11,609</u>	<u>29,885</u>	<u>1</u>	<u>1,935,660</u>
FUND BALANCE, JUNE 30, 2016	<u>\$ 3,441</u>	<u>\$ 17,241</u>	<u>\$ 372,685</u>	<u>\$ 132,088</u>	<u>\$ 558,109</u>	<u>\$ 118,130</u>	<u>\$ 273,133</u>	<u>\$ 19,910</u>	<u>\$ 29,885</u>	<u>\$ -</u>	<u>\$ 1,524,622</u>

The accompanying notes are an integral part of this statement.



KARREN | HENDRIX | STAGG | ALLEN  
COMPANY

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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE IN ACCORDANCE WITH THE STATE OF UTAH LEGAL COMPLIANCE AUDIT GUIDE**

We have audited the West Bountiful City’s compliance with general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2016. The general compliance requirements applicable to the City are identified as follows:

- |   |   |
|---|---|
| Cash Management   | Locally generated taxes and fees        |
| Budgetary Compliance  | Impact Fees                             |
| Transient Room Tax and Tourism, Recreation, Culture, convention tax | Fund Balance                            |
|   | Utah Retirement Systems                 |
|   | Transfers from Utility Enterprise Funds |

The City did not receive any major State grants during the year ended June 30, 2016.

**Management’s Responsibility**

Compliance with the requirements referred to above is the responsibility of the City’s management.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards and the *State of Utah Legal Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the City and its major programs occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City’s compliance with those requirements.

**Opinion**

In our opinion, West Bountiful City complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended June 30, 2016.

This report is intended solely for the information and use of the City, county, school, management, Office of the Utah State Auditor, awarding and pass-through entities, and other specified parties as applicable and is not intended to be, and should not be, used by anyone other than the specified parties. However, the report is a matter of public record and its distribution is not limited.

## **Other Matters**

The results of our auditing 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 the accompanying schedule of findings and recommendations as items 2014-1.

## **Report on Internal Control over Compliance**

Management of West Bountiful City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirement referred to above. In planning and performing our audit, we considered West Bountiful City's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of West Bountiful City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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

## **Purpose of Report**

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



Karren, Hendrix, Stagg, Allen & Company  
November 30, 2016



KARREN | HENDRIX | STAGG | ALLEN  
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**INDEPENDENT AUDITORS' 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**

To the City Council  
West Bountiful City, Utah

We 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 West Bountiful City, Utah, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise West Bountiful City, Utah's basic financial statements and have issued our report thereon dated November 30, 2016.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether West Bountiful City, Utah's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions, laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing

an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

A handwritten signature in blue ink that reads "Karren, Hendrix, Stagg, Allen & Company". The signature is written in a cursive, flowing style.

Karren, Hendrix, Stagg, Allen & Company  
November 30, 2016

# WEST BOUNTIFUL CITY

## Schedule of Findings For the Fiscal Year Ended June 30, 2016

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### Finding 2016-1

#### **Condition**

The general fund balance is in excess of the state legal limit.

#### **Effect**

The fund balance in the general fund is limited to 25% of general fund revenue. The fund balance is in excess of this amount.

#### **Cause**

The revenue exceeded expenditures in the current year and there is an unexpendable amount for a loan from the golf course.

#### **Criteria**

The general fund has limits on the amount of funds that can be built up in the general fund.

#### **Recommendation**

We recommend the City stay in the legal limits of the general fund balance.

#### **Client Response**

The City will transfer excess funds to the capital improvements fund for needed projects.

### Finding 2016-2

#### **Condition**

The Utah code requires that expenditures be kept within the legal budget.

#### **Effect**

The Redevelopment Agency, and Rap tax, funds have overspent their budgets.

#### **Cause**

The expenditures exceeded the budget in these funds.

#### **Criteria**

The expenditures are to be kept within these budgets.

#### **Recommendation**

We recommend the City stay within the budget for these funds.

#### **Client Response**

The City recognizes its statutory responsibility to care for public funds in relation to authorized budget.

# WEST BOUNTIFUL CITY

## Status of Previous Year's Findings For the Fiscal Year Ended June 30, 2016

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### Finding 2015-1

#### **Condition**

The general fund balance is in excess of the state legal limit.

#### **Status**

Not implemented