

CITY OF BLUFFDALE, UTAH

**Basic Financial Statements and
Supplementary Information**

Year Ended June 30, 2013

CITY OF BLUFFDALE, UTAH

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CITY OF BLUFFDALE, UTAH

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Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South
Bountiful, Utah 84010
801-296-0200
Fax 801-296-1218

E. Lynn Hansen, CPA
Clarke R. Bradshaw, CPA
Gary E. Malmrose, CPA
Edwin L. Erickson, CPA
Michael L. Smith, CPA
Jason L. Tanner, CPA

Robert D. Wood, CPA
Aaron R. Hixson, CPA
Ted C. Gardner, CPA
Jeffrey B. Miles, CPA

*Members of the
American Institute
of Certified Public
Accountants*

*Members of the
Private Company
Practice Section*

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City Bluffdale, Utah ("the City"), as of and for the year ended June 30, 2013, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and the major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The accompanying combining and individual nonmajor fund financial statements and budgetary comparison information are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 1, 2013, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

November 1, 2013



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

Management's Discussion and Analysis

As management of the City of Bluffdale ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$42,541,370. The City's assets are comprised of capital assets and funds legally restricted in their use (*restricted net position*).
- The government's total net position increased by \$10,951,537 during 2013. The increase in net assets can be attributed to major infrastructure additions and expending less than the budgeted amount in the general fund, and increases in various fee revenues.
- The unassigned fund balance for the general fund was \$1,050,131 or approximately 25 percent of total general fund expenditures. The unassigned fund balance for the general fund decreased by \$495,597 from the previous year.
- The City's total outstanding long-term liabilities experienced a net increase of \$1,147,909. The increase was a combination of new debt (2011 series) issued in the water fund and a decrease due to the principal payment on the Special Improvement District Bonds.

Overview of the Financial Statements

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

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

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

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis (Continued)
June 30, 2013

Overview of the Financial Statements (Continued)

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

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

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

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

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

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis (Continued)
June 30, 2013

Overview of the Financial Statements (Continued)

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-45 of this report.

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis (Continued)
June 30, 2013

Overview of the Financial Statements (Continued)

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2013, the City's assets exceeded liabilities and deferred inflows of resources by \$42,541,370. The largest portion (64.9 percent) of the City's net position is composed of Capital assets are used to provide services to citizens and they are not available for future spending. Although the investment in capital assets are reported net of any related outstanding debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net assets (22.4 percent) can be used to spend in the future with no restrictions. As in contrast with restricted assets (12.7 percent), which are assets restricted for a specific purpose, in this case for debt service.

City of Bluffdale's Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 14,038,966	\$ 12,550,023	\$ 3,895,516	\$ 3,316,789	\$ 17,934,482	\$ 15,866,812
Capital assets	22,622,237	17,405,185	14,428,983	8,940,180	37,051,220	26,345,365
Total assets	<u>36,661,203</u>	<u>29,955,208</u>	<u>18,324,499</u>	<u>12,256,969</u>	<u>54,985,702</u>	<u>42,212,177</u>
Other liabilities	2,456,581	3,336,468	759,923	314,171	3,216,504	2,766,462
Long-term liabilities outstanding	3,540,650	3,957,921	4,578,963	3,013,783	8,119,613	6,971,704
Total liabilities	<u>5,997,231</u>	<u>7,294,389</u>	<u>5,338,886</u>	<u>3,327,954</u>	<u>11,336,117</u>	<u>9,738,166</u>
Deferred inflows of resources						
Deferred property tax revenue	1,108,215	-	-	-	1,108,215	884,177
Net position:						
Net investment in capital assets	18,639,385	13,012,114	8,950,636	5,072,907	27,590,021	18,085,021
Restricted	5,412,214	3,600,366	-	-	5,412,214	3,600,366
Unrestricted	5,504,158	6,048,339	4,034,977	3,856,107	9,539,135	9,904,446
Total net position	<u>\$ 29,555,757</u>	<u>\$ 22,660,819</u>	<u>\$ 12,985,613</u>	<u>\$ 8,929,014</u>	<u>\$ 42,541,370</u>	<u>\$ 31,589,833</u>

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis (Continued)
June 30, 2013

Government-wide Financial Analysis (Continued)

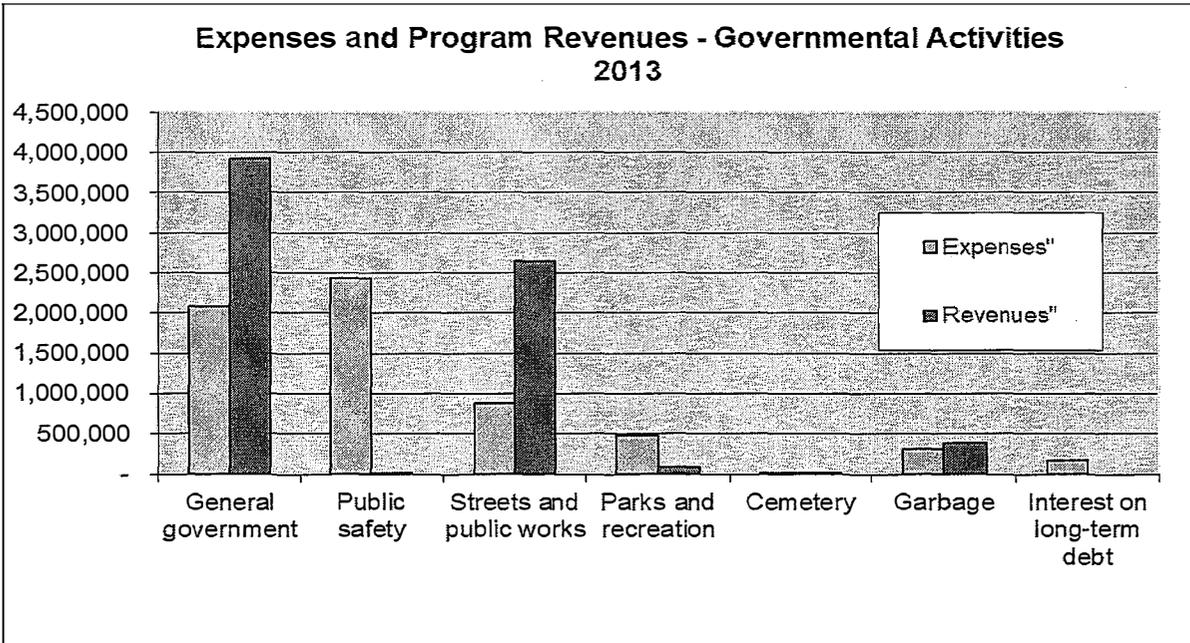
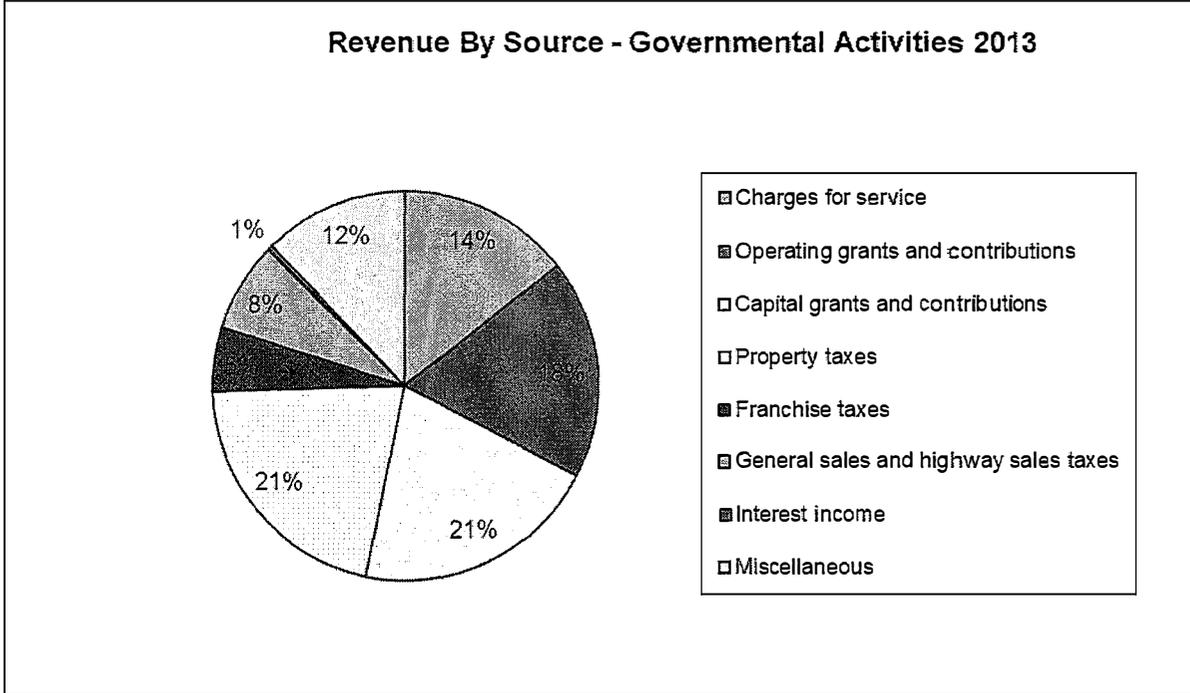
Governmental activities. Governmental activities increased the City's net position by \$6,894,938, accounting for 63 percent of the total growth in net position. Business-type activities increased the City's net position by \$4,056,599 accounting for 37 percent of the total growth in net position. This increase in both activities was the result of investment in infrastructure for the City.

City of Bluffdale's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues						
Charges for services	\$ 1,909,564	\$ 1,452,785	\$ 5,932,822	\$ 5,229,693	\$ 7,842,386	\$ 6,682,478
Operating grants and contributions	2,422,255	1,429,082	-	-	2,422,255	1,429,082
Capital grants and contributions	2,738,922	1,199,558	311,977	100,000	3,050,899	1,299,558
General revenues:						
Property taxes	2,823,305	2,883,967	-	-	2,823,305	2,883,967
Sales tax and highway tax	992,277	887,227	-	-	992,277	887,227
Franchise taxes	707,989	623,172	-	-	707,989	623,172
Interest income	60,878	61,489	-	-	60,878	61,489
Transfers, net	(113,731)	-	113,731	-	-	-
Other	1,727,881	85,014	-	-	1,727,881	85,014
Total revenues	<u>13,269,340</u>	<u>8,622,294</u>	<u>6,358,530</u>	<u>5,329,693</u>	<u>19,627,870</u>	<u>13,951,987</u>
Expenses:						
General government	2,085,240	657,310	-	-	2,085,240	657,310
Public safety	2,439,496	2,193,240	-	-	2,439,496	2,193,240
Streets and public works	880,646	1,874,658	-	-	880,646	1,874,658
Parks and recreation	485,439	402,314	-	-	485,439	402,314
Cemetery	3,474	3,298	-	-	3,474	3,298
Garbage	311,357	294,536	-	-	311,357	294,536
Interest on long-term debt	168,750	182,680	-	-	168,750	182,680
Water	-	-	2,301,931	1,786,258	2,301,931	1,786,258
Total expenses	<u>6,374,402</u>	<u>5,608,036</u>	<u>2,301,931</u>	<u>1,786,258</u>	<u>8,676,333</u>	<u>7,394,294</u>
Increase in net position	6,894,938	3,014,258	4,056,599	3,543,435	10,951,537	6,557,693
Net position, beginning	22,660,819	19,646,561	8,929,014	5,385,579	31,589,833	25,032,140
Net position, ending	<u>\$ 29,555,757</u>	<u>\$ 22,660,819</u>	<u>\$ 12,985,613</u>	<u>\$ 8,929,014</u>	<u>\$ 42,541,370</u>	<u>\$ 31,589,833</u>

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis (Continued)
June 30, 2013

Government-wide Financial Analysis (Continued)



CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis (Continued)
June 30, 2013

Government-wide Financial Analysis (Continued)

Business-type activities. Business-type activities increased the City's net position by \$4,056,599 accounting for 37 percent of the total growth in the government's net position. The key elements of this major increase are revenues exceeding expenses. Infrastructure was developed for a major developer and paid for by that developer. The water fund is the only business-type activity. Charges for services were the only source of revenue in the water fund.

Financial Analysis of the Government's Funds

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,021,753 an increase of \$1,630,609 in comparison with prior year. Of the ending fund balance, 9.5 percent (\$1,050,131) constitutes unassigned fund balance, which is available for spending at the government's discretion. The restricted portion of fund balance is restricted to indicate that it is not available for new spending because it has already been committed 1) to pay for the retirement of debt service (\$1,961,670), 2) to pay for debt service and construction of capital assets (\$394,383), 3) construction of capital assets funded by impact fees (\$2,270,971), 4) to pay for Class "C" road projects (\$785,190).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,050,131 while total fund balance was \$1,835,321. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 25 percent of total general fund expenditures.

The City's total general fund balance experienced a \$666,289 increase during the current fiscal year. The majority of the increase is due to a residential building permits and increase in tax revenues due to the economy. Unassigned fund balance increase \$495,597 in comparison with prior year. These funds are available to spend at the City's discretion.

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis (Continued)
June 30, 2013

Financial Analysis of the Government's Funds (Continued)

The capital projects fund has a total fund balance of \$4,196,234. Of that amount \$1,961,670 is restricted for 1) retirement of debt and 2) \$2,270,971 restricted for construction of capital assets funded by impact fees. The fund balance increased \$76,627 from the previous year.

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

Net position of the Water fund at the end of the year was \$12,985,613. Net position increased \$4,056,599 from the preceding year. The majority of the increase was due to capital infrastructure due to residential development and growth.

General Fund Budgetary Highlights

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

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2013 amounts to \$36,221,091 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, distribution and collection systems, and construction in process. The City's capital assets increased \$10,705,855 from the preceding year. The majority of the increase was from infrastructure from developer's contributions.

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis (Continued)
June 30, 2013

Capital Assets and Debt Administration (Continued)

City of Bluffdale's Capital Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Land	\$ 4,942,469	\$ 3,729,969	\$ 75,004	\$ 75,004	\$ 5,017,473	\$ 3,804,973
Buildings	2,026,322	1,807,728	-	-	2,026,322	1,807,728
Infrastructure	19,554,965	14,711,531	-	-	19,554,965	14,711,531
Water distribution system	-	-	16,062,817	9,576,619	16,062,817	9,576,619
Machinery and equipment	2,128,571	2,040,334	351,682	311,557	2,480,253	2,351,891
Construction in progress	-	-	-	214,165	-	214,165
Total	<u>\$ 28,652,327</u>	<u>\$ 22,289,562</u>	<u>\$ 16,489,503</u>	<u>\$ 10,177,345</u>	<u>\$ 45,141,830</u>	<u>\$ 32,466,907</u>

Long-term debt. At the end of the current fiscal year, the City had \$8,708,530 in outstanding long-term debt. The City's total debt increased \$1,214,045 during fiscal year 2013.

City of Bluffdale's Long-term Debt

	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
SID revenue bonds	\$ 2,310,000	\$ 2,588,000	\$ -	\$ -	\$ 2,310,000	\$ 2,588,000
Sales tax revenue bonds	1,525,000	1,635,000	-	-	1,525,000	1,635,000
Lease payable	96,843	116,255	-	-	96,843	116,255
Water revenue	-	-	4,679,326	3,070,288	4,679,326	3,070,288
Vacation payable	79,487	69,078	17,874	15,864	97,361	84,942
Total	<u>\$ 4,011,330</u>	<u>\$ 4,408,333</u>	<u>\$ 4,697,200</u>	<u>\$ 3,086,152</u>	<u>\$ 8,708,530</u>	<u>\$ 7,494,485</u>

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis (Continued)
June 30, 2013

Economic Factors and the Next Year's Budgets and Rates

As part of the budget process each year the City performs an evaluation to project future revenues for the coming fiscal year. A major aspect of this evaluation is projecting property tax and sales tax revenues. Property taxes were raised seven years ago in the amount of approximately 35% as a result in the City holding a Truth in Taxation hearing. Building permits declined at a rapid pace with the slowdown in the economy from 2008 - 2011 and the ability to obtain credit. This also affects impact fees collected by the City on building permits. Sales tax revenue in the most recent months, have averaged a slight increase from the previous year amounts, along with an increase in building permits over the past few years which is encouraging to the City's financial picture. The City has just recently approved a large development located in the North East part of the City, a 294 acre master planned community development. The planned community will include about 1,900 housing units at build-out which is expected to take 10-12 years. The first phase of construction has begun in the northeast section of the project. The City is taking progressive steps to ensure that the community is developed in the most responsible manner possible. With the completion of the Mountain View Corridor in South Salt Lake County a new road, Porter Rockwell Boulevard ("PRB") connects the corridor with Redwood Road. The City has successfully added PRB to Phase I of the Wasatch Regional Council list of roads to be built during the next 8 years. PRB, when completed, will connect the corridor to I-15. This freeway to freeway connection will become a major economic development corridor for the City. The first portion of the northern section of PRB has been built and a section of the right-of-way has been obtained that extends from Redwood Road to the Jordan River, with funds received during fiscal year 2013 from the corridor preservation funds. This area holds significant developmental challenges and the City intends to set up a community development agency to help overcome the challenges. The City has begun to build a reuse water line that includes a 2 million gallon water tank to take the cooling water discharge from the UDC and then deliver it to irrigate the city park. This project will be funded by a \$4.9 million discharge water fee to be paid by the UDC when the City can show the water can be disposed of by State-permitted means. This project should be completed in fiscal year 2014.

Requests for Information

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

CITY OF BLUFFDALE, UTAH
Statement of Net Position
June 30, 2013

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 7,931,139	\$ 3,407,819	\$ 11,338,958
Receivables:			
Property and other taxes	2,842,743	-	2,842,743
Accounts	843,052	210,830	1,053,882
Due from other governments	65,979	-	65,979
Investment in water stock and rights	40,600	789,529	830,129
Restricted cash	2,356,053	276,867	2,632,920
Capital assets:			
Land	4,942,469	75,004	5,017,473
Buildings	2,026,322	-	2,026,322
Machinery and equipment	2,128,571	351,682	2,480,253
Distribution and collection systems	-	16,062,817	16,062,817
Infrastructure	19,554,965	-	19,554,965
Accumulated depreciation	(6,070,690)	(2,850,049)	(8,920,739)
Total assets	36,661,203	18,324,499	54,985,702
<u>LIABILITIES</u>			
Accounts payable	415,320	542,014	957,334
Accrued interest payable	76,903	-	76,903
Accrued liabilities	1,493,678	99,672	1,593,350
Non-current liabilities:			
Due within one year	470,680	118,237	588,917
Due in more than one year	3,540,650	4,578,963	8,119,613
Total liabilities	5,997,231	5,338,886	11,336,117
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred property tax revenue	1,108,215	-	1,108,215
Total deferred inflows of resources	1,108,215	-	1,108,215
<u>NET POSITION</u>			
Net investment in capital assets	18,639,385	8,950,636	27,590,021
Restricted for:			
Debt service	2,356,053	-	2,356,053
Capital projects	3,056,161	-	3,056,161
Unrestricted	5,504,158	4,034,977	9,539,135
Total net position	\$ 29,555,757	\$ 12,985,613	\$ 42,541,370

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

CITY OF BLUFFDALE, UTAH
Statement of Activities
For the Year Ended June 30, 2013

	<u>Program Revenues</u>				<u>Net (Expense) Revenues and Changes in Net Position</u>		<u>Total</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
<u>GOVERNMENTAL ACTIVITIES</u>							
General government	\$ 2,085,240	\$ 1,512,118	\$ 2,408,076	\$ -	\$ 1,834,954		\$ 1,834,954
Public safety	2,439,496	-	14,179	-	(2,425,317)		(2,425,317)
Streets and public works	880,646	-	-	2,645,747	1,765,101		1,765,101
Parks and recreation	485,439	-	-	93,175	(392,264)		(392,264)
Cemetery	3,474	7,200	-	-	3,726		3,726
Garbage	311,357	390,246	-	-	78,889		78,889
Interest on long-term debt	168,750	-	-	-	(168,750)		(168,750)
Total governmental activities	6,374,402	1,909,564	2,422,255	2,738,922	696,339		696,339
<u>BUSINESS TYPE ACTIVITIES</u>							
Water	2,301,931	5,932,822	-	311,977		\$ 3,942,868	3,942,868
Total business-type activities	2,301,931	5,932,822	-	311,977		3,942,868	3,942,868
<u>GENERAL REVENUES</u>							
Taxes:							
Property taxes					2,823,305	-	2,823,305
Franchise taxes					707,989	-	707,989
General sales taxes and highway sales taxes					992,277	-	992,277
Interest income					60,878	-	60,878
Miscellaneous					1,727,881	-	1,727,881
Transfers, net					(113,731)	113,731	-
Total general revenues					6,198,599	113,731	6,312,330
Change in net position					6,894,938	4,056,599	10,951,537
Net position - beginning					22,660,819	8,929,014	31,589,833
Net position - ending					<u>\$ 29,555,757</u>	<u>\$ 12,985,613</u>	<u>\$ 42,541,370</u>

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

CITY OF BLUFFDALE, UTAH
Balance Sheet – Governmental Funds
June 30, 2013

	General	Special Revenue Funds		Capital Projects Fund	Cemetery Perpetual Care (Nonmajor)	Totals Governmental Funds
		Improvement District	Redevelopment Agency			
<u>ASSETS</u>						
Cash and cash equivalents	\$ 1,474,751	\$ 522,605	\$ 4,073,415	\$ 1,848,868	\$ 11,500	\$ 7,931,139
Restricted cash and investments	-	394,383	-	1,961,670	-	2,356,053
Receivables:						
Sales, property and franchise taxes	978,832	-	1,863,911	-	-	2,842,743
Accounts	166,661	-	-	676,391	-	843,052
Class C road funds	65,979	-	-	-	-	65,979
Due from other funds	4,874	-	-	-	-	4,874
Total assets	\$ 2,691,097	\$ 916,988	\$ 5,937,326	\$ 4,486,929	\$ 11,500	\$ 14,043,840
<u>LIABILITIES</u>						
Liabilities:						
Accounts payable	\$ 117,794	\$ -	\$ 6,831	\$ 290,695	\$ -	\$ 415,320
Accrued liabilities	39,813	-	1,453,865	-	-	1,493,678
Due to other funds	-	-	4,874	-	-	4,874
Total liabilities	157,607	-	1,465,570	290,695	-	1,913,872
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred property tax revenue	698,169	-	410,046	-	-	1,108,215
Total deferred inflows of resources	698,169	-	410,046	-	-	1,108,215
<u>FUND BALANCES</u>						
Restricted for:						
Retirement of debt	-	-	-	1,961,670	-	1,961,670
Impact fees	-	-	-	2,270,971	-	2,270,971
Class C road projects	785,190	-	-	-	-	785,190
Debt service and construction	-	394,383	-	-	-	394,383
Total restricted	785,190	394,383	-	4,232,641	-	5,412,214
Assigned to:						
Special revenue funds	-	522,605	4,061,710	-	-	4,584,315
Permanent fund	-	-	-	-	11,500	11,500
Total assigned	-	522,605	4,061,710	-	11,500	4,595,815
Unassigned	1,050,131	-	-	(36,407)	-	1,013,724
Total fund balances	1,835,321	916,988	4,061,710	4,196,234	11,500	11,021,753
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,691,097	\$ 916,988	\$ 5,937,326	\$ 4,486,929	\$ 11,500	\$ 14,043,840

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

CITY OF BLUFFDALE, UTAH
Reconciliation of the Balance Sheet of Governmental Funds
To The Statement of Net Position
June 30, 2013

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

Total Fund Balances - Total Governmental Funds (page 16)	\$ 11,021,753
Capital assets and water stock used in governmental activities are not financial resources and therefore, are not reported in the funds.	22,622,237
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(4,088,233)</u>
Net Position - Governmental Activities (page 14)	<u><u>\$29,555,757</u></u>

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

CITY OF BLUFFDALE, UTAH
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds
For the Year Ended June 30, 2013

	General	Special Revenue Funds		Capital Projects Fund	Cemetery Perpetual Care (Nonmajor)	Totals Governmental Funds
		Improvement District	Redevelopment Agency			
<u>REVENUES</u>						
Taxes	\$ 2,659,660	\$ 166,803	\$ 1,697,108	\$ -	\$ -	\$ 4,523,571
Special assessments	308,077	217,770	-	1,882,229	-	2,408,076
Licenses and permits	712,979	-	-	-	-	712,979
Charges for services	522,386	-	-	60,625	-	583,011
Intergovernmental	14,179	-	-	93,175	-	107,354
Garbage	390,246	-	-	-	-	390,246
Fines and forfeitures	216,128	-	-	-	-	216,128
Cemetery	7,200	-	-	-	-	7,200
Interest	34,425	4,710	3,852	17,891	-	60,878
Miscellaneous	147,564	-	-	1,580,317	-	1,727,881
Total revenues	5,012,844	389,283	1,700,960	3,634,237	-	10,737,324
<u>EXPENDITURES</u>						
General government	1,159,021	-	614,467	-	-	1,773,488
Public safety	1,608,668	-	-	-	-	1,608,668
Streets and public works	689,218	-	-	3,649,335	-	4,338,553
Parks and recreation	393,617	-	-	1,100	-	394,717
Cemetery	3,474	-	-	-	-	3,474
Garbage	311,357	-	-	-	-	311,357
Debt service:						
Principal retirement	-	278,000	-	110,000	-	388,000
Interest and fiscal charges	-	111,283	-	63,444	-	174,727
Total expenditures	4,165,355	389,283	614,467	3,823,879	-	8,992,984
Excess of revenues over (under) expenditures	847,489	-	1,086,493	(189,642)	-	1,744,340
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers in	198,800	-	-	380,000	-	578,800
Transfers out	(380,000)	-	(198,800)	(113,731)	-	(692,531)
Total other financing sources (uses)	(181,200)	-	(198,800)	266,269	-	(113,731)
Net change in fund balance	666,289	-	887,693	76,627	-	1,630,609
Fund balance, beginning of year	1,169,032	916,988	3,174,017	4,119,607	11,500	9,391,144
Fund balance, end of year	\$ 1,835,321	\$ 916,988	\$ 4,061,710	\$ 4,196,234	\$ 11,500	\$ 11,021,753

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

CITY OF BLUFFDALE, UTAH
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of
Governmental Funds To the Statement of Activities
For the Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds (page 18)	\$	1,630,609
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and capital contributions exceeded depreciation in the current period.		5,217,052
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. Repayment of principal on det is an expenditure in the governmental funds, but thte repayment reduces long-term liabilities in the Statement of Net Assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		407,412
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(360,135)</u>
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Change in net position - governmental activities (page 15)	\$	<u><u>6,894,938</u></u>
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The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – General Fund
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
REVENUES				
Taxes	\$ 2,365,000	\$ 2,591,700	\$ 2,659,660	\$ 67,960
Special assessments	275,000	275,000	308,077	33,077
Licenses and permits	465,000	711,000	712,979	1,979
Charges for service	396,850	494,500	522,386	27,886
Intergovernmental	25,000	14,500	14,179	(321)
Garbage	375,000	385,000	390,246	5,246
Fines and forfeitures	250,000	200,000	216,128	16,128
Cemetery	5,000	5,000	7,200	2,200
Interest	20,000	20,000	34,425	14,425
Miscellaneous	69,600	122,020	147,564	25,544
Contributions and transfers	237,900	481,772	198,800	(282,972)
Total revenues	<u>4,484,350</u>	<u>5,300,492</u>	<u>5,211,644</u>	<u>(88,848)</u>
EXPENDITURES				
General government				
City council	29,250	37,250	33,730	3,520
Mayor	12,580	13,740	12,439	1,301
Administration	385,996	398,696	320,276	78,420
Facilities	72,000	108,140	56,899	51,241
Planning and zoning	115,339	162,422	145,702	16,720
Risk management	80,500	80,500	77,358	3,142
Court	190,848	191,848	180,828	11,020
Building inspection	122,065	129,065	119,773	9,292
Code enforcement	112,693	112,693	94,594	18,099
Legal	136,882	141,202	117,422	23,780
Public safety				
Fire and ambulance	710,520	764,920	715,446	49,474
Law enforcement	865,400	911,297	893,222	18,075
Streets and public works	1,242,974	1,280,646	689,218	591,428
Parks and recreation	358,601	410,821	393,617	17,204
Cemetery	8,500	8,500	3,474	5,026
Garbage	275,000	315,000	311,357	3,643
Transfers	123,202	553,552	380,000	173,552
Total expenditures	<u>4,842,350</u>	<u>5,620,292</u>	<u>4,545,355</u>	<u>1,074,937</u>
Net change in fund balance	(358,000)	(319,800)	666,289	986,089
Fund balance, beginning of year	1,169,032	1,169,032	1,169,032	-
Fund balance, end of year	<u>\$ 811,032</u>	<u>\$ 849,232</u>	<u>\$ 1,835,321</u>	<u>\$ 986,089</u>

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

CITY OF BLUFFDALE, UTAH
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – Special Improvement District – Special Revenue Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ 166,803	\$ 166,803
Special assessments	200,000	200,000	217,770	17,770
Interest	5,000	5,000	4,710	(290)
Total revenues	<u>205,000</u>	<u>205,000</u>	<u>389,283</u>	<u>184,283</u>
<u>EXPENDITURES</u>				
Debt service	<u>535,000</u>	<u>535,000</u>	<u>389,283</u>	<u>145,717</u>
Total expenditures	<u>535,000</u>	<u>535,000</u>	<u>389,283</u>	<u>145,717</u>
Net change in fund balance	(330,000)	(330,000)	-	330,000
Fund balance at beginning of year	<u>916,988</u>	<u>916,988</u>	<u>916,988</u>	-
Fund balance at end of year	<u>\$ 586,988</u>	<u>\$ 586,988</u>	<u>\$ 916,988</u>	<u>\$ 330,000</u>

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

CITY OF BLUFFDALE, UTAH
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – Redevelopment Agency – Special Revenue Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<u>REVENUES</u>				
Taxes	\$ 1,600,000	\$ 1,500,000	\$ 1,697,108	\$ 197,108
Interest	-	-	3,852	3,852
Total revenue	1,600,000	1,500,000	1,700,960	200,960
<u>EXPENDITURES</u>				
General government	4,456,048	4,252,079	614,467	3,637,612
Total expenditures	4,456,048	4,252,079	614,467	3,637,612
Excess of revenues over expenditures	(2,856,048)	(2,752,079)	1,086,493	3,838,572
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer out	(160,000)	(145,000)	(198,800)	(53,800)
Net change in fund balance	(3,016,048)	(2,897,079)	887,693	3,784,772
Fund balance, beginning of year	3,174,017	3,174,017	3,174,017	-
Fund balance, end of year	<u>\$ 157,969</u>	<u>\$ 276,938</u>	<u>\$ 4,061,710</u>	<u>\$ 3,784,772</u>

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

CITY OF BLUFFDALE, UTAH
Statement of Net Position – Proprietary Fund
June 30, 2013

	Water Fund
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents - unrestricted	\$ 3,407,819
Cash and cash equivalents - restricted	276,867
Receivables:	
Accounts receivable, net	210,830
Total current assets	3,895,516
Investment in water rights and stock	789,529
Property, plant and equipment:	
Land	75,004
Water distribution system	16,062,817
Machinery and equipment	351,682
Accumulated depreciation	(2,850,049)
Net property, plant and equipment	13,639,454
Total assets	18,324,499
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	542,014
Accrued liabilities	99,672
Compensated absences payable	8,382
Current portion of long-term debt	109,855
Total current liabilities	759,923
Long term debt	4,578,963
Total liabilities	5,338,886
<u>NET POSITION</u>	
Net investment in capital assets	8,950,636
Unrestricted	4,034,977
Total net position	\$ 12,985,613

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

CITY OF BLUFFDALE, UTAH
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund
For the Year Ended June 30, 2013

	<u>Water Fund</u>
<u>OPERATING REVENUES</u>	
Water sales	\$ 1,645,655
Connection and service fees	4,010,965
Total operating revenues	<u>5,656,620</u>
<u>OPERATING EXPENSES</u>	
Water purchases	792,218
Wages and fringe benefits	421,001
Maintenance and engineering	116,209
Office supplies, postage and insurance	15,697
Depreciation and amortization	870,249
Other	5,353
Total operating expenses	<u>2,220,727</u>
Operating income	<u>3,435,893</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Interest income	15,268
Interest expense	(81,204)
Impact fees	260,934
Total non-operating revenues	<u>194,998</u>
Income before contributions and transfers	3,630,891
Transfers in	113,731
Capital contributions	311,977
Total other financing sources	<u>425,708</u>
Change in net position	4,056,599
Total net position, beginning of year	<u>8,929,014</u>
Total net position, end of year	<u>\$ 12,985,613</u>

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

CITY OF BLUFFDALE, UTAH
Statement of Cash Flows – Proprietary Fund
For the Year Ended June 30, 2013

	<u>Water Fund</u>
<u>Cash flows from operating activities:</u>	
Cash received from customers (including cash deposits)	\$ 5,637,629
Cash paid to suppliers	(591,434)
Cash paid to employees	(357,150)
Net cash provided by operating activities	<u>4,689,045</u>
<u>Cash flows from non-capital financing activities:</u>	
Impact fees	260,934
Increase (decrease) in due to/from other fund	414,373
Net cash provided by non-capital financing activities	<u>675,307</u>
<u>Cash flow from capital and related financing activities:</u>	
Payments on long-term debt	(63,692)
Proceeds from bonds	1,672,730
Interest paid on long-term debt	(81,204)
Interest income received	15,268
Interfund receipts to establish fund	1,213,731
Payments to water impact fee fund	(1,100,000)
Purchase of capital assets	(6,000,181)
Net cash used by capital and related financing activities	<u>(4,343,348)</u>
Net increase in cash and cash equivalents	1,021,004
Cash and cash equivalents at beginning of year	<u>2,663,682</u>
Cash and cash equivalents at end of year	<u><u>\$ 3,684,686</u></u>

(Continued)

CITY OF BLUFFDALE, UTAH
Statement of Cash Flows – Proprietary Fund (Continued)
For the Year Ended June 30, 2013

	<u>Water Fund</u>
<u>Reconciliation of operating income to net cash provided</u>	
<u>by operating activities:</u>	
Operating income	\$ 3,435,893
Adjustments to reconcile operating income	
to net cash provided by operating activities:	
Depreciation and amortization expense	870,249
Changes in assets and liabilities:	
Increase in accounts receivable	(18,991)
Increase in accounts payable	338,043
Increase in accrued liabilities	63,851
Total adjustments	<u>1,253,152</u>
Net cash provided by operating activities	<u>\$ 4,689,045</u>
Capital and related financing activities not affecting cash:	
Developer contributions of capital assets	<u>\$ 311,977</u>

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

CITY OF BLUFFDALE, UTAH
Statement of Net Assets – Fiduciary Fund
June 30, 2013

	Escrow Fund Total
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,757,503
Total assets	1,757,503
<u>LIABILITIES</u>	
Construction and improvement bonds	1,757,503
Total liabilities	1,757,503
<u>NET ASSETS</u>	
Unrestricted	-
Total net assets	\$ -

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

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements
June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units.

For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

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

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary fund:

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

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

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

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Assets, Liabilities, and Net Position or Equity

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

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

Receivables and Payables Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to or due from other funds". In the Water fund, the City records utility revenues billed to customers when meters are read on a monthly basis. Unbilled service accounts receivable at June 30, 2013 are not material and are not recorded.

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

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

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

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

Deferred Inflows of Resources Deferred inflows of resources represent an acquisition of net position that applies to a future period, and is therefore deferred until that time. Governmental funds report revenue that is unavailable as deferred inflows of resources. Governmental funds report unavailable revenue from property taxes and from special assessments. These amounts are deferred and recognized as revenue in the period that the amount become available.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2013

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

Capital related items:

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

Cost of capital assets and water stock	\$ 28,692,927
Accumulated depreciation	<u>(6,070,690)</u>
	<u>\$ 22,622,237</u>

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

Long-term debt transactions:

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financials. All liabilities (both current and long-term) are reported in the statement of net assets. Balances at June 30, 2013 were:

Sales Tax Revenue bonds	\$ 1,525,000
Special Improvement District bonds	2,310,000
Interest payable on long-term debt	76,903
Compensated absences	<u>79,487</u>
	<u>\$ 4,088,233</u>

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2013

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

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

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

Capital outlays and contributions	\$ 6,362,765
Depreciation expense	<u>(1,145,713)</u>
Net difference, as reported	<u><u>\$ 5,217,052</u></u>

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

- For the fiscal year beginning July 1, the Mayor submits a proposed budget to the City Council by the first City Council meeting in May. The budget includes proposed expenditures and the means of financing them.
- By passage of a resolution, the budget is legally enacted on or before June 15, after a public hearing has been held.
- Once adopted, the budget can be amended by subsequent City Council action. The budget officer is authorized to transfer budgeted amounts between departments within any fund; however, the City Council must approve any revisions that alter the total expenditures of any fund. Increased appropriations require a public hearing to amend the budget.
- Interim adjustments of estimated revenues and appropriations, during the year ended June 30, 2013, have been included in the final budget approved by the City Council, as presented in the basic financial statements.
- As determined by state law, the level by which expenditures may not legally exceed appropriations is the total departmental budgets within a given fund.
- Unencumbered appropriations lapse at the end of each fiscal year.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2013

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

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

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

The City Council made several supplemental budgetary appropriations throughout the year, including increases and decreases in the general fund. The expenditure appropriations for the fund increased \$777,942. The biggest increase was in Transfers for \$430,350. The other changes were generally spread among the functions and were for general operations items.

Tax Revenues

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

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

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

4. DETAILED NOTES FOR ALL FUNDS

Deposits and Investments

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

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2013

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Deposits and Investments (Continued)

As of June 30, 2013, the City's demand deposits amounted to \$216,771. Cash equivalents restricted for debt service invested in money market accounts amounted to \$2,356,053.

As of June 30, 2013, the City had investments in the Utah Public Treasurer's Investment Fund of \$14,560,868. The fund is not rated and the weighted average maturity was less than 90 days.

Custodial Credit Risk - Deposits This is the risk that in the event of a bank failure, the City's deposits may not be returned. As of June 30, 2013, \$250,000 of the City's \$728,615 bank balance was insured by FDIC limits and, therefore, is not exposed to custodial credit risk. The Utah Money Management Act does not require deposits to be insured or collateralized and the City has no formal policy regarding deposit credit risk. The Act requires that the City keep deposits in a qualified depository, which the City has done.

Custodial Credit Risk – Investments This is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City has no formal policy regarding custodial credit risk for investments. Money invested in the Utah Public Treasurer's Investment Fund is pooled with many other state and local entities, and is managed by the Utah State Treasurer. The Fund is not categorized as to custodial credit risk.

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

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

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

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2013

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Deposits and Investments (Continued)

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

Cash and cash equivalents	\$ 11,338,958
Restricted cash	<u>2,632,920</u>
	<u><u>\$ 13,971,878</u></u>

Accounts Receivable

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

	General	Projects	Water	Total
Receivables:				
Taxes	\$ 978,832	\$ -	\$ -	\$ 978,832
Accounts and others	166,661	676,391	219,830	1,062,882
Intergovernmental	65,979	-	-	65,979
Gross receivables	1,211,472	676,391	219,830	2,107,693
Less: allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>(9,000)</u>	<u>(9,000)</u>
Net total receivables	<u><u>\$1,211,472</u></u>	<u><u>\$ 676,391</u></u>	<u><u>\$ 210,830</u></u>	<u><u>\$2,098,693</u></u>

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2013

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Accounts Receivable (Continued)

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

	Deferred Inflows of Resources	Unearned
Property taxes receivable (General Fund)	\$ 698,169	\$ -
Property taxes receivable (Redevelopment Agency)	410,046	-
Total deferred inflows of resources/ unearned revenue, governmental funds	\$1,108,215	\$ -

Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2013 was as follows:

	7/1/2012	Increases	Decreases	6/30/2013
<u>Governmental activities</u>				
Capital assets:				
Land	\$ 3,729,969	\$ 1,212,500	\$ -	\$ 4,942,469
Buildings	1,807,728	218,594	-	2,026,322
Infrastructure	14,711,531	4,843,434	-	19,554,965
Machinery and equipment	2,040,334	88,237	-	2,128,571
Total capital assets	22,289,562	6,362,765	-	28,652,327
Accumulated depreciation:				
Buildings	(542,561)	(84,412)	-	(626,973)
Infrastructure	(2,976,465)	(869,709)	-	(3,846,174)
Machinery and equipment	(1,405,951)	(191,592)	-	(1,597,543)
Total accumulated depreciation	(4,924,977)	(1,145,713)	-	(6,070,690)
Net governmental capital assets	\$17,364,585	\$ 5,217,052	\$ -	\$22,581,637

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2013

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets (Continued)

Capital asset activity for business-type activities for the year ended June 30, 2013 was as follows:

	7/1/2012	Increases	Decreases	6/30/2013
<u>Business-type activities</u>				
Capital assets:				
Land	\$ 75,004	\$ -	\$ -	\$ 75,004
Water distribution system	9,576,619	6,486,198	-	16,062,817
Equipment	311,557	40,125	-	351,682
Construction in progress	214,165	-	(214,165)	-
Total capital assets	10,177,345	6,526,323	(214,165)	16,489,503
Accumulated depreciation:				
Water distribution system	(1,817,562)	(786,815)	-	(2,604,377)
Equipment	(209,132)	(36,540)	-	(245,672)
Total accumulated depreciation	(2,026,694)	(823,355)	-	(2,850,049)
Net business-type capital assets	\$ 8,150,651	\$ 5,702,968	\$ (214,165)	\$13,639,454

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

Governmental activities:	
General government	\$ 34,549
Public safety	135,434
Highways and public improvements	885,008
Parks and recreation	90,722
Total depreciation expense - governmental activities	\$ 1,145,713
Business-type activities:	
Water	\$ 823,355
Total depreciation expense - business-type activities	\$ 823,355

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2013

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Revenue Bonds

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

Revenue bonds outstanding at June 30, 2013, by issue, are as follows:

<u>Bond Description</u>	<u>Original Issue</u>	<u>Annual Principal</u>	<u>Interest Rate</u>	<u>Final Due Date</u>	<u>Outstanding as of 6/30/13</u>
Sales Tax Series 2005	\$ 2,000,000	\$20,000 to \$170,000	3.25% to 4.50%	2/1/2024	\$ 1,525,000
Special Improvement District Series 2007	3,933,000	\$200,000 to \$420,000	4.30%	12/1/2019	2,310,000
Water Revenue Series 2007	1,223,000	\$3,000 to \$48,000	4.375%	4/1/2048	1,156,326
Water Revenue Series 2011	3,573,000	\$50,000 to \$248,000	3.19%	6/1/2031	3,523,000
	<u>\$10,729,000</u>				<u>\$ 8,514,326</u>

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2013

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Revenue Bonds (Continued)

Revenue bond debt service requirements to maturity are as follows:

	Principal	Interest	Total
2014	\$ 514,855	\$ 321,446	\$ 836,301
2015	551,236	300,985	852,221
2016	604,916	279,027	883,943
2017	629,452	255,241	884,693
2018	649,980	230,503	880,483
2019 - 2023	2,448,524	791,286	3,239,810
2024 - 2028	1,315,597	455,893	1,771,490
2029 - 2033	1,096,552	248,258	1,344,810
2034 - 2038	189,826	134,424	324,250
2039 - 2043	236,207	88,043	324,250
2044 - 2048	277,181	30,388	307,569
	<u>\$ 8,514,326</u>	<u>\$ 3,135,494</u>	<u>\$ 11,649,820</u>

In June 2011, the City issued \$3,573,000 in Water Revenue Bonds Series 2011, of which \$3,523,000 has been distributed and is outstanding at June 30, 2013. The bonds are used for a project to expand the water main trunk line out to Redwood Road.

Capital Lease

The future minimum lease obligations and the net present value of these lease payments as of June 30, 2013 were as follows:

	Total
2014	\$ 23,770
2015	23,770
2016	23,770
2017	23,770
2018	11,440
Thereafter	-
	<u>106,520</u>
Lease amount representing interest	<u>(9,677)</u>
Present value of minimum lease payments	96,843
Amount due within one year	<u>(20,179)</u>
Amount due after one year	<u>\$ 76,664</u>

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2013

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2013 was as follows:

	<u>7/1/2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2013</u>	<u>Due in One Year</u>
<u>Governmental activities</u>					
Bonds payable:					
Special improvement district	\$ 2,588,000	\$ -	\$ (278,000)	\$ 2,310,000	\$ 290,000
Sales tax revenue	<u>1,635,000</u>	<u>-</u>	<u>(110,000)</u>	<u>1,525,000</u>	<u>115,000</u>
Total bonds payable	<u>4,223,000</u>	<u>-</u>	<u>(388,000)</u>	<u>3,835,000</u>	<u>405,000</u>
Lease payable	<u>116,255</u>	<u>-</u>	<u>(19,412)</u>	<u>96,843</u>	<u>20,179</u>
Compensated absences	<u>69,078</u>	<u>53,409</u>	<u>(43,000)</u>	<u>79,487</u>	<u>45,501</u>
Governmental activity long-term liabilities	<u>\$ 4,408,333</u>	<u>\$ 53,409</u>	<u>\$ (450,412)</u>	<u>\$ 4,011,330</u>	<u>\$ 470,680</u>
<u>Business-type activities</u>					
Bonds payable:					
Water revenue	<u>\$ 3,070,288</u>	<u>\$ 1,672,730</u>	<u>\$ (63,692)</u>	<u>\$ 4,679,326</u>	<u>\$ 109,855</u>
Total bonds payable	<u>3,070,288</u>	<u>1,672,730</u>	<u>(63,692)</u>	<u>4,679,326</u>	<u>109,855</u>
Compensated absences	<u>15,864</u>	<u>10,418</u>	<u>(8,408)</u>	<u>17,874</u>	<u>8,382</u>
Business-type activity long-term liabilities	<u>\$ 3,086,152</u>	<u>\$ 1,683,148</u>	<u>\$ (72,100)</u>	<u>\$ 4,697,200</u>	<u>\$ 118,237</u>

Interfund Transfers

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

<u>Transfers out</u>	<u>Transfers in</u>			<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Water</u>	
General fund	\$ -	\$ 380,000	\$ -	\$ 380,000
Capital projects	-	-	113,731	113,731
Redevelopment agency	<u>198,800</u>	<u>-</u>	<u>-</u>	<u>198,800</u>
Totals	<u>\$ 198,800</u>	<u>\$ 380,000</u>	<u>\$ 113,731</u>	<u>\$ 692,531</u>

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2013

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Other Information

Risk Management The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries insurance through the Utah Local Government Insurance Trust for all of these risks of loss. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. Expenses and claims not covered by insurance are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

City Management estimates that the amount of other actual or potential claims against the City as of June 30, 2013 will not materially affect the financial condition of the City.

Redevelopment Agency In connection with the activities of the Redevelopment Agency (RDA), incremental tax revenues totaling \$1,697,108 were generated. The RDA was not required to pay any portion of this revenue to other taxing agencies. There is no outstanding debt of the RDA at June 30, 2013.

During the year ended June 30, 2013, funds expended by the RDA were limited to the category of administration costs totaling \$614,467.

Employee Retirement Systems and Pension Plans The City contributes to the Local Governmental Contributory Retirement System (hereafter referred to as the Systems) which is cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (URS). The Systems provide retirement benefits, annual cost of living adjustments, death benefits, and refunds to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953, as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. URS issues a publicly available financial report that includes financial statements and required supplementary information for the Systems.

A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy Plan members in the Local Government Contributory Retirement System are required to contribute 6.00 percent of their annual covered salary (all or part may be paid by the employer for the employee), and the City is required to contribute 12.03 percent of its annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2013

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Other Information (Continued)

The City's contributions in dollars to each of the Systems for the years ending June 30, 2013, 2012 and 2011, were equal to the required contributions for each year. The contribution amounts are as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Local Governmental Contributory Retirement System	\$ 142,540	\$ 110,956	\$ 90,417

Deferred Compensation Plan Under the URS, the City offers its employees a Deferred Compensation Plan (the Plan) in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The payment of deferred compensation is not available to employees until termination, retirement, death, or emergency. The City's contributions to the 457 Deferred Compensation Plan were \$25,234, \$26,235, and \$25,905 for the years ended June 30, 2013, 2012 and 2011, respectively.

Defined Contribution Plans The 401(k) plan provided by URS is a multiple-employer defined contribution plan. All employees of the City who participate in the URS contributory, noncontributory, or public safety system are eligible to participate in the plan. Employees are immediately 100 percent vested in their contributions to the plan. Employee contributions to the 401(k) plan and the Deferred Compensation Plan are voluntary. Employer contributions are also voluntary and are intended to standardize the contribution rates for all full time employees participating in the URS. The City's contributions to the 401(k) plan were \$68,364, \$65,470, and \$55,557 for the years ended June 30, 2013, 2012 and 2011, respectively.

CITY OF BLUFFDALE, UTAH
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Capital Projects Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<u>REVENUES</u>				
Special assessments	\$ 660,000	\$ 1,802,384	\$ 1,882,229	\$ 79,845
Charges for services	504,170	1,876,671	60,625	(1,816,046)
Intergovernmental	-	23,000	93,175	70,175
Interest	-	-	17,891	17,891
Miscellaneous	1,050,000	903,980	1,580,317	676,337
Total revenues	<u>2,214,170</u>	<u>4,606,035</u>	<u>3,634,237</u>	<u>(971,798)</u>
<u>EXPENDITURES</u>				
Streets and public works	2,826,000	3,976,000	3,649,335	326,665
Parks and recreation	-	1,200	1,100	100
Debt service	197,170	197,170	173,444	23,726
Total expenditures	<u>3,023,170</u>	<u>4,174,370</u>	<u>3,823,879</u>	<u>350,491</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(809,000)</u>	<u>431,665</u>	<u>(189,642)</u>	<u>(621,307)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	1,192,000	1,252,135	380,000	(872,135)
Transfers out	(467,829)	(592,169)	(113,731)	478,438
Total other financing sources (uses)	<u>724,171</u>	<u>659,966</u>	<u>266,269</u>	<u>(393,697)</u>
Net change in fund balance	(84,829)	1,091,631	76,627	(1,015,004)
Fund balance at beginning of year	<u>4,119,607</u>	<u>4,119,607</u>	<u>4,119,607</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,034,778</u>	<u>\$ 5,211,238</u>	<u>\$ 4,196,234</u>	<u>\$ (1,015,004)</u>

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South
Bountiful, Utah 84010
801-296-0200
Fax 801-296-1218

E. Lynn Hansen, CPA
Clarke R. Bradshaw, CPA
Gary E. Malmrose, CPA
Edwin L. Erickson, CPA
Michael L. Smith, CPA
Jason L. Tanner, CPA

Robert D. Wood, CPA
Aaron R. Hixson, CPA
Ted C. Gardiner, CPA
Jeffrey B. Miles, CPA

*Members of the
American Institute
of Certified Public
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*Members of the
Private Company
Practice Section*

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

Mayor and City Council
City of Bluffdale, Utah

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bluffdale, Utah (“the City”), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated November 1, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

November 1, 2013

Hansen, Bradshaw, Malmrose & Erickson

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CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South
Bountiful, Utah 84010
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INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROLS OVER COMPLIANCE IN ACCORDANCE WITH THE STATE OF UTAH LEGAL COMPLIANCE AUDIT GUIDE

Major and City Council
City of Bluffdale, Utah

We have audited City of Bluffdale, Utah's ("the City") compliance with general and major State program compliance requirements described in the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2013.

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

Cash Management	Government Records Access
Budgetary Compliance	Management Act
Fund Balance	Conflicts of Interest
Justice Courts	Nepotism
Impact Fees	Utah Public Finance Website
URS Compliance	Open and Public Meetings Act
Transfers from Utility	Other Compliance Requirements
Enterprise Funds	

The City received the following major State assistance program from the State of Utah:

B & C Road Funds (Department of Transportation)

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit 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 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 major assistance programs or general compliance requirement identified above. 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, the City of Bluffdale, Utah 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, 2013.

Report on Internal Control Over Compliance

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

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

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

Purpose of Report

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

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

November 1, 2013