

**CITY OF BLUFFDALE, UTAH**

**Basic Financial Statements and  
Supplementary Information**

**Year Ended June 30, 2016**

CITY OF BLUFFDALE, UTAH

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City Bluffdale, Utah (“the City”), as of and for the year ended June 30, 2016, 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, 2016, 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 12 and the pension schedules on pages 53 and 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

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

In accordance with Government Auditing Standards, we have also issued our report dated October 28, 2016, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

October 28, 2016



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### **Management's Discussion and Analysis**

As management of the City of Bluffdale ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016.

#### **Financial Highlights**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$72,835,434. 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 \$12,777,289 during 2016. The increase in net position can be attributed to major infrastructure additions and expending less than the budgeted amount in the general fund, and increases in various fee revenues.
- The unassigned fund balance for the general fund was \$856,531 or approximately 14 percent of total general fund expenditures. The unassigned fund balance for the general fund increased by \$307,011 from the previous year. This increase was due to revenues being higher than expected.
- The City's total outstanding long-term liabilities experienced an increase of \$6,061,389. The increase was attributed to a new lease revenue bond in the amount of \$6,705,000.

#### **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, 2016**

**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 13-14 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, 2016**

**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, improvement district special revenue fund, redevelopment agency special revenue fund, local building authority special revenue fund, and the capital improvements fund, which are all considered major funds. The basic governmental fund financial statements can be found on pages 15-18 of this report. The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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

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

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

**CITY OF BLUFFDALE, UTAH**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2016**

**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, 2016, the City's assets exceeded liabilities by \$72,835,434. The largest portion (62.15 percent) of the City's net position is composed of Capital assets are used to provide services to citizens and they are not available for future spending. Although the investment in capital assets are reported net of any related outstanding debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position (25.70 percent) can be used to spend in the future with no restrictions. As in contrast with restricted assets (12.15 percent), which are assets restricted for a specific purpose, in this case for debt service and capital projects.

City of Bluffdale's Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 29,552,700	\$ 18,425,989	\$ 5,271,124	\$ 4,498,676	\$ 34,823,824	\$22,924,665
Capital assets	40,379,388	29,913,541	18,418,299	17,367,168	58,797,687	47,280,709
Total assets	<u>69,932,088</u>	<u>48,339,530</u>	<u>23,689,423</u>	<u>21,865,844</u>	<u>93,621,511</u>	<u>70,205,374</u>
Deferred outflows of resources						
Deferred related to pensions	680,320	114,065	170,080	28,516	850,400	142,581
Other liabilities	2,658,159	1,139,919	657,684	462,500	3,315,843	1,602,419
Long-term liabilities outstanding	10,116,847	3,107,715	4,262,460	4,414,381	14,379,307	7,522,096
Total liabilities	<u>12,775,006</u>	<u>4,247,634</u>	<u>4,920,144</u>	<u>4,876,881</u>	<u>17,695,150</u>	<u>9,124,515</u>
Deferred inflows of resources						
Deferred property tax revenue	3,735,834	1,019,241	-	-	3,735,834	1,019,241
Deferred related to pensions	164,394	116,843	41,099	29,211	205,493	146,054
Total deferred inflows of resources	<u>3,900,228</u>	<u>1,136,084</u>	<u>41,099</u>	<u>29,211</u>	<u>3,941,327</u>	<u>1,165,295</u>
Net position:						
Invested in capital assets, net of related debt	31,060,005	26,920,936	14,205,168	12,916,031	45,265,173	39,836,967
Restricted	8,846,864	4,651,846	-	-	8,846,864	4,651,846
Unrestricted	14,030,305	11,497,095	4,693,092	4,072,237	18,723,397	15,569,332
Total net position	<u>\$ 53,937,174</u>	<u>\$43,069,877</u>	<u>\$18,898,260</u>	<u>\$16,988,268</u>	<u>\$ 72,835,434</u>	<u>\$60,058,145</u>

**CITY OF BLUFFDALE, UTAH**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2016**

**Government-wide Financial Analysis (Continued)**

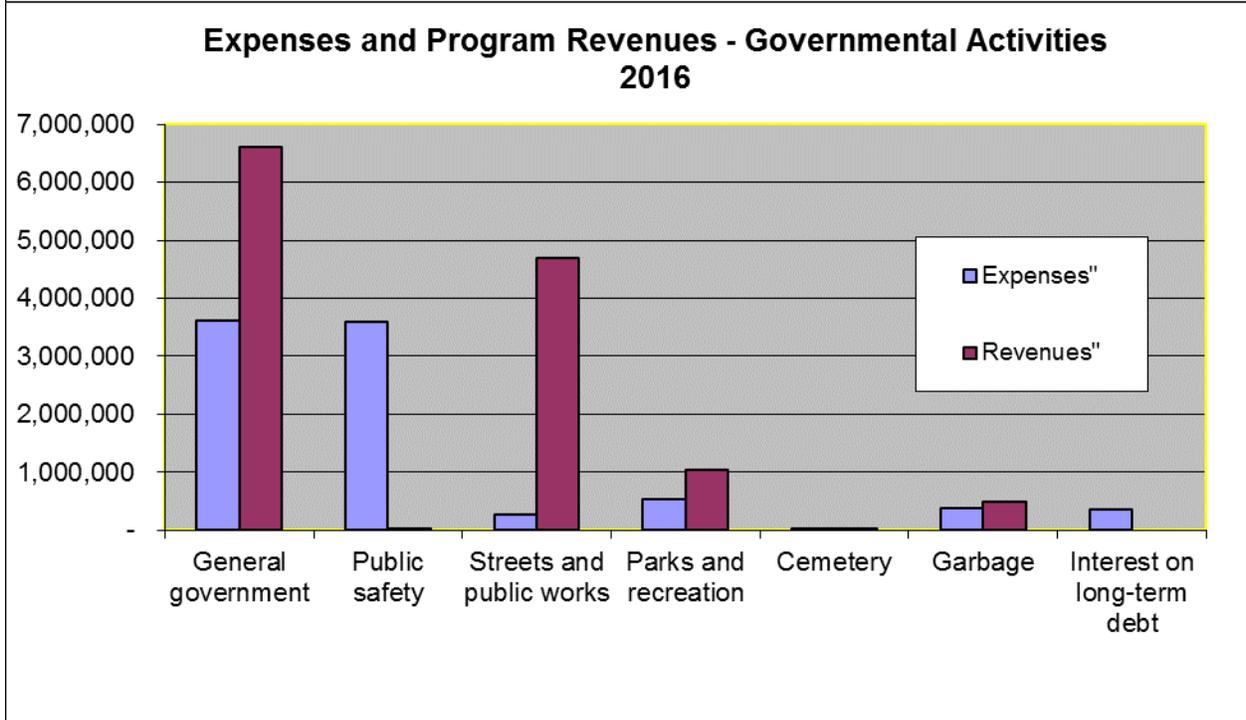
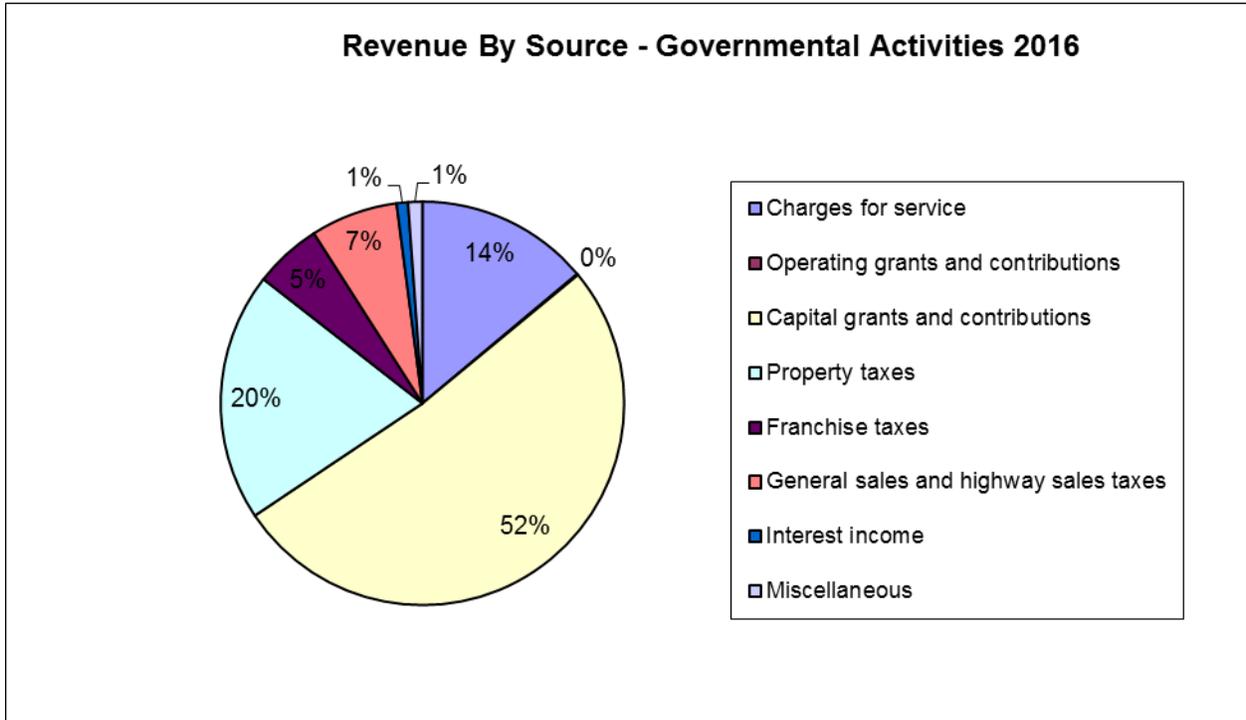
**Governmental activities.** Governmental activities increased the City's net position by \$10,867,297 accounting for 85 percent of the total growth in net position. Business-type activities increased the City's net position by \$1,909,992 accounting for 15 percent of the total growth in net position. 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	
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 2,725,436	\$ 2,577,360	\$ 3,618,269	\$ 2,898,369	\$ 6,343,705	\$ 5,475,729
Operating grants and contributions	384,047	52,580	-	-	384,047	52,580
Capital grants and contributions	9,773,519	7,509,213	2,000,581	3,571,758	11,774,100	11,080,971
General revenues:						
Property taxes	3,904,735	3,345,477	-	-	3,904,735	3,345,477
Sales tax and highway tax	1,369,508	1,138,644	-	-	1,369,508	1,138,644
Franchise taxes	1,056,845	959,622	-	-	1,056,845	959,622
Interest income	177,845	79,609	25,300	14,463	203,145	94,072
Gain on sale of assets	21,296	29,140	-	-	21,296	29,140
Other	202,393	169,669	-	-	202,393	169,669
Total revenues	<u>19,615,624</u>	<u>15,861,314</u>	<u>5,644,150</u>	<u>6,484,590</u>	<u>25,259,774</u>	<u>22,345,904</u>
<b>Expenses:</b>						
General government	3,610,886	1,661,788	-	-	3,610,886	1,661,788
Public safety	3,584,619	3,152,035	-	-	3,584,619	3,152,035
Streets and public works	273,396	4,238,757	-	-	273,396	4,238,757
Parks and recreation	537,178	1,096,988	-	-	537,178	1,096,988
Cemetery	10,190	3,361	-	-	10,190	3,361
Garbage	380,250	321,460	-	-	380,250	321,460
Interest on long-term debt	351,808	133,622	-	-	351,808	133,622
Water	-	-	3,734,158	3,170,302	3,734,158	3,170,302
Total expenses	<u>8,748,327</u>	<u>10,608,011</u>	<u>3,734,158</u>	<u>3,170,302</u>	<u>12,482,485</u>	<u>13,778,313</u>
Increase in net position	10,867,297	5,253,303	1,909,992	3,314,288	12,777,289	8,567,591
Net position, beginning	43,069,877	37,816,574	16,988,268	13,673,980	60,058,145	51,490,554
Net position, ending	<u>\$ 53,937,174</u>	<u>\$ 43,069,877</u>	<u>\$ 18,898,260</u>	<u>\$ 16,988,268</u>	<u>\$ 72,835,434</u>	<u>\$ 60,058,145</u>

**CITY OF BLUFFDALE, UTAH**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2016**

**Government-wide Financial Analysis (Continued)**



**CITY OF BLUFFDALE, UTAH**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2016**

**Government-wide Financial Analysis (Continued)**

**Business-type activities.** Business-type activities increased the City's net position by \$1,909,992 accounting for 15 percent of the total growth in the government's net assets. The key elements of this major increase are revenues exceeding expenses. Infrastructure was developed for subdivisions (water lines) paid for by that developer. The water fund is the only business-type activity. Charges for services were the only source of revenue in the water fund.

**Financial Analysis of the Government's Funds**

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$23,741,640 an increase of \$6,977,576 in comparison with prior year. Of the ending fund balance, 3.61 percent (\$856,531) 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 (\$7,022,282), 2) to pay for debt service and construction of capital assets (\$395,981), 3) construction of capital assets funded by impact fees (\$1,651,124), 4) to pay for Class "C" road projects (\$173,458). The assigned fund balance to the Special Revenue funds is \$7,424,061 and to the Capital Projects fund is \$6,218,203.

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 \$856,531 while total fund balance was \$1,029,989. 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 14 percent of total general fund expenditures.

The City's total general fund balance experienced a \$165,569 decrease during the current fiscal year. The majority of the decrease is due to a transfer to the capital project fund and increased Class "C" road projects.

**CITY OF BLUFFDALE, UTAH**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2016**

**Financial Analysis of the Government's Funds (Continued)**

The capital projects fund has a total fund balance of \$9,608,880. Of that amount \$1,739,553 is restricted for 1) retirement of debt and 2) \$6,218,203 for various capital projects at the City's discretion, 3) \$1,651,124 restricted for construction of capital assets funded by impact fees. The fund balance decreased \$489,102 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 \$18,898,260. Net position increased \$1,909,992 from the preceding year. The majority of the increase was due to capital contributions and 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, 2016 amounts to \$58,797,687 (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 \$11,516,978 from the preceding year. The majority of the increase was from infrastructure from developers' contributions.

City of Bluffdale's Capital Assets, Net

	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Land	\$ 8,679,339	\$ 7,370,981	\$ 75,004	\$ 75,004	\$ 8,754,343	\$ 7,445,985
Construction in process	1,896,474	-	-	-	1,896,474	-
Buildings	1,154,909	1,240,521	-	-	1,154,909	1,240,521
Infrastructure	27,914,468	20,523,400	-	-	27,914,468	20,523,400
Water distribution system	-	-	18,211,112	17,158,616	18,211,112	17,158,616
Machinery and equipment	734,198	778,639	132,183	133,548	866,381	912,187
Total	<u>\$ 40,379,388</u>	<u>\$29,913,541</u>	<u>\$18,418,299</u>	<u>\$17,367,168</u>	<u>\$ 58,797,687</u>	<u>\$47,280,709</u>

**CITY OF BLUFFDALE, UTAH**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2016**

**Capital Assets and Debt Administration (Continued)**

**Long-term debt.** At the end of the current fiscal year, the City had \$13,605,909 in outstanding long-term debt. The City's total debt increased \$6,061,389 during fiscal year 2016. The increase was due to a new city hall being constructed and was financed through lease revenue bonds.

City of Bluffdale's Long-term Debt

	Governmental		Business-type		Total	
	Activities	Activities	Activities	Activities	Activities	Activities
	2016	2015	2016	2015	2016	2015
SID revenue bonds	\$ 1,403,000	\$ 1,718,000	\$ -	\$ -	\$ 1,403,000	\$ 1,718,000
Sales tax revenue bonds	1,022,000	1,295,000	-	-	1,022,000	1,295,000
Lease revenue	6,705,000	-	-	-	6,705,000	-
Premium	189,383	-	-	-	189,383	-
Water revenue	-	-	4,202,000	4,435,238	4,202,000	4,435,238
Vacation payable	56,823	62,573	27,703	33,709	84,526	96,282
<b>Total</b>	<b>\$ 9,376,206</b>	<b>\$ 3,075,573</b>	<b>\$ 4,229,703</b>	<b>\$ 4,468,947</b>	<b>\$ 13,605,909</b>	<b>\$ 7,544,520</b>

**Economic Factors and the Next Year's Budgets and Rates**

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

A major upgrade to a primary intersection in a retail area has been completed and a major grocery store has committed to construction in the very near future. Sales tax revenues in the past year have shown an above average gain, and the City ranks first in the highest percentage of sales tax growth of 62 cities surveyed. The City has also begun construction on a new city hall at the cost of \$6.7 million and is 25% complete. It is anticipated occupancy will take place in April 2017.

**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, 2016**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 17,676,550	\$ 3,381,698	\$ 21,058,248
Receivables:			
Property and other taxes	4,117,672	-	4,117,672
Accounts	200,469	433,147	633,616
Due from other governments	99,016	-	99,016
Net pension asset	130	33	163
Investment in water stock and rights	40,600	1,002,278	1,042,878
Restricted cash	7,418,263	453,968	7,872,231
Capital assets:			
Land	8,679,339	75,004	8,754,343
Construction in progress	1,896,474	-	1,896,474
Buildings	2,038,318	-	2,038,318
Machinery and equipment	3,199,557	549,180	3,748,737
Distribution and collection systems	-	24,069,004	24,069,004
Infrastructure	36,054,841	-	36,054,841
Accumulated depreciation	(11,489,141)	(6,274,889)	(17,764,030)
<b>Total assets</b>	<b>69,932,088</b>	<b>23,689,423</b>	<b>93,621,511</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred outflows related to pensions	680,320	170,080	850,400
<b>Total deferred inflows of resources</b>	<b>680,320</b>	<b>170,080</b>	<b>850,400</b>
<b><u>LIABILITIES</u></b>			
Accounts payable	1,973,690	275,292	2,248,982
Accrued interest payable	126,985	-	126,985
Accrued liabilities	60,806	105,820	166,626
Non-current liabilities:			
Due within one year	496,678	276,572	773,250
Due in more than one year	8,879,528	3,953,131	12,832,659
Net pension liability	1,237,319	309,329	1,546,648
<b>Total liabilities</b>	<b>12,775,006</b>	<b>4,920,144</b>	<b>17,695,150</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred property tax revenue	3,735,834	-	3,735,834
Deferred inflows relating to pensions	164,394	41,099	205,493
<b>Total deferred inflows of resources</b>	<b>3,900,228</b>	<b>41,099</b>	<b>3,941,327</b>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	31,060,005	14,205,168	45,265,173
Restricted for:			
Debt service	7,022,282	-	7,022,282
Capital projects	1,824,582	-	1,824,582
Unrestricted	14,030,305	4,693,092	18,723,397
<b>Total net position</b>	<b>\$ 53,937,174</b>	<b>\$ 18,898,260</b>	<b>\$ 72,835,434</b>

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

**CITY OF BLUFFDALE, UTAH**  
**Statement of Activities**  
**For the Year Ended June 30, 2016**

	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b><u>GOVERNMENTAL ACTIVITIES</u></b>							
General government	\$ 3,610,886	\$ 2,224,711	\$ -	\$ 4,044,441	\$ 2,658,266		\$ 2,658,266
Public safety	3,584,619	-	17,071	-	(3,567,548)		(3,567,548)
Streets and public works	273,396	-	366,976	4,687,712	4,781,292		4,781,292
Parks and recreation	537,178	-	-	1,041,366	504,188		504,188
Cemetery	10,190	4,400	-	-	(5,790)		(5,790)
Garbage	380,250	496,325	-	-	116,075		116,075
Debt service - interest and fiscal charges	351,808	-	-	-	(351,808)		(351,808)
Total governmental activities	8,748,327	2,725,436	384,047	9,773,519	4,134,675		4,134,675
<b><u>BUSINESS TYPE ACTIVITIES</u></b>							
Water	3,734,158	3,618,269	-	2,000,581		\$ 1,884,692	1,884,692
Total business-type activities	3,734,158	3,618,269	-	2,000,581		1,884,692	1,884,692
<b><u>GENERAL REVENUES</u></b>							
Taxes:							
Property taxes					3,904,735	-	3,904,735
Franchise taxes					1,056,845	-	1,056,845
General sales taxes and highway sales taxes					1,369,508	-	1,369,508
Interest income					177,845	25,300	203,145
Gain on sale of assets					21,296	-	21,296
Miscellaneous					202,393	-	202,393
Total general revenues					6,732,622	25,300	6,757,922
Change in net position					10,867,297	1,909,992	12,777,289
Net position - beginning					43,069,877	16,988,268	60,058,145
Net position - ending					\$ 53,937,174	\$ 18,898,260	\$ 72,835,434

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

**CITY OF BLUFFDALE, UTAH**  
**Balance Sheet – Governmental Funds**  
**June 30, 2016**

	Special Revenue Funds				Capital Projects Fund	Totals Governmental Funds
	General	Improvement District	Redevelopment Agency	Local Building Authority		
<b>ASSETS</b>						
Cash and cash equivalents	\$ 597,444	\$ 389,182	\$ 7,062,303	\$ 429,227	\$ 9,198,394	\$ 17,676,550
Restricted cash and investments	-	395,981	-	5,282,729	1,739,553	7,418,263
Receivables:						
Sales, property and franchise taxes	1,177,531	-	2,940,141	-	-	4,117,672
Accounts	200,469	-	-	-	-	200,469
Class C road funds	99,016	-	-	-	-	99,016
Due from other funds	27,424	-	-	-	-	27,424
<b>Total assets</b>	<b>\$ 2,101,884</b>	<b>\$ 785,163</b>	<b>\$ 10,002,444</b>	<b>\$ 5,711,956</b>	<b>\$ 10,937,947</b>	<b>\$ 29,539,394</b>
<b>LIABILITIES</b>						
Liabilities:						
Accounts payable	\$ 215,396	\$ -	\$ -	\$ 429,227	\$ 1,329,067	\$ 1,973,690
Accrued liabilities	60,806	-	-	-	-	60,806
Due to other funds	-	-	27,424	-	-	27,424
<b>Total liabilities</b>	<b>276,202</b>	<b>-</b>	<b>27,424</b>	<b>429,227</b>	<b>1,329,067</b>	<b>2,061,920</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred property tax revenue	795,693	-	2,940,141	-	-	3,735,834
<b>Total deferred inflows of resources</b>	<b>795,693</b>	<b>-</b>	<b>2,940,141</b>	<b>-</b>	<b>-</b>	<b>3,735,834</b>
<b>FUND BALANCES</b>						
Restricted for:						
Retirement of debt	-	-	-	5,282,729	1,739,553	7,022,282
Impact fees	-	-	-	-	1,651,124	1,651,124
Class C road projects	173,458	-	-	-	-	173,458
Debt service and construction	-	395,981	-	-	-	395,981
<b>Total restricted</b>	<b>173,458</b>	<b>395,981</b>	<b>-</b>	<b>5,282,729</b>	<b>3,390,677</b>	<b>9,242,845</b>
Assigned to:						
Special revenue funds	-	389,182	7,034,879	-	-	7,424,061
Capital projects fund	-	-	-	-	6,218,203	6,218,203
<b>Total assigned</b>	<b>-</b>	<b>389,182</b>	<b>7,034,879</b>	<b>-</b>	<b>6,218,203</b>	<b>13,642,264</b>
Unassigned	856,531	-	-	-	-	856,531
<b>Total fund balances</b>	<b>1,029,989</b>	<b>785,163</b>	<b>7,034,879</b>	<b>5,282,729</b>	<b>9,608,880</b>	<b>23,741,640</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 2,101,884</b>	<b>\$ 785,163</b>	<b>\$ 10,002,444</b>	<b>\$ 5,711,956</b>	<b>\$ 10,937,947</b>	<b>\$ 29,539,394</b>

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, 2016**

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

Total Fund Balances - Total Governmental Funds (page 16)	\$ 23,741,640
Capital assets and water stock used in governmental activities are not financial resources and therefore, are not reported in the funds.	40,419,988
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(10,224,584)</u>
Net Position - Governmental Activities (page 14)	<u>\$ 53,937,174</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, 2016**

	<u>Special Revenue Funds</u>				<u>Capital Projects Fund</u>	<u>Totals Governmental Funds</u>
	<u>General</u>	<u>Improvement District</u>	<u>Redevelopment Agency</u>	<u>Local Building Authority</u>		
<u>REVENUES</u>						
Taxes	\$ 3,390,947	\$ -	\$ 307,702	\$ -	\$ -	\$ 3,698,649
Special assessments	-	150,163	-	-	3,894,278	4,044,441
Licenses and permits	1,252,244	-	-	-	-	1,252,244
Charges for services	749,937	-	-	-	-	749,937
Intergovernmental	384,047	-	2,632,439	-	1,041,366	4,057,852
Garbage	496,325	-	-	-	-	496,325
Fines and forfeitures	222,530	-	-	-	-	222,530
Cemetery	4,400	-	-	-	-	4,400
Interest	21,354	3,272	46,516	37,660	69,043	177,845
Miscellaneous	178,289	-	-	-	24,104	202,393
<b>Total revenues</b>	<b>6,700,073</b>	<b>153,435</b>	<b>2,986,657</b>	<b>37,660</b>	<b>5,028,791</b>	<b>14,906,616</b>
<u>EXPENDITURES</u>						
General government	1,618,802	-	34,047	1,898,482	-	3,551,331
Public safety	2,001,731	-	-	-	-	2,001,731
Streets and public works	1,430,217	-	138,653	-	3,734,590	5,303,460
Parks and recreation	528,881	-	-	-	2,197,076	2,725,957
Cemetery	10,190	-	-	-	-	10,190
Garbage	380,250	-	-	-	-	380,250
Debt service:						
Principal retirement	-	315,000	-	-	125,000	440,000
Interest and fiscal charges	-	73,874	-	29,057	14,812	117,743
Bond issuance costs	-	-	-	119,016	25,690	144,706
<b>Total expenditures</b>	<b>5,970,071</b>	<b>388,874</b>	<b>172,700</b>	<b>2,046,555</b>	<b>6,097,168</b>	<b>14,675,368</b>
Excess of revenues over (under) expenditures	730,002	(235,439)	2,813,957	(2,008,895)	(1,068,377)	231,248
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers in	229,000	417,747	-	394,488	751,379	1,792,614
Transfers out	(1,145,867)	-	(646,747)	-	-	(1,792,614)
Payment to bond escrow agent	-	-	-	-	(1,194,104)	(1,194,104)
Proceeds from bond issuance	-	-	-	6,897,136	1,022,000	7,919,136
Proceeds from sale of assets	21,296	-	-	-	-	21,296
<b>Total other financing sources (uses)</b>	<b>(895,571)</b>	<b>417,747</b>	<b>(646,747)</b>	<b>7,291,624</b>	<b>579,275</b>	<b>6,746,328</b>
Net change in fund balance	(165,569)	182,308	2,167,210	5,282,729	(489,102)	6,977,576
Fund balance, beginning of year	1,195,558	602,855	4,867,669	-	10,097,982	16,764,064
<b>Fund balance, end of year</b>	<b>\$ 1,029,989</b>	<b>\$ 785,163</b>	<b>\$ 7,034,879</b>	<b>\$ 5,282,729</b>	<b>\$ 9,608,880</b>	<b>\$ 23,741,640</b>

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, 2016**

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

Net change in fund balances - total governmental funds (page 17)	\$ 6,977,576
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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.	10,465,847
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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 transaction, however, has any effect on net position. Repayment of principal on debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(6,309,136)
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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>(266,990)</u>
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Change in net position - governmental activities (page 14)	<u><u>\$ 10,867,297</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, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget - Positive (Negative)</b>
<b><u>REVENUES</u></b>				
Taxes	\$ 2,960,573	\$ 3,363,029	\$ 3,390,947	\$ 27,918
Special assessments	-	-	-	-
Licenses and permits	1,165,000	1,565,000	1,252,244	(312,756)
Charges for service	756,900	791,900	749,937	(41,963)
Intergovernmental	438,000	468,000	384,047	(83,953)
Garbage	450,000	450,000	496,325	46,325
Fines and forfeitures	220,000	220,000	222,530	2,530
Cemetery	5,000	5,000	4,400	(600)
Interest	22,500	22,500	21,354	(1,146)
Miscellaneous	148,850	154,350	178,289	23,939
Contributions and transfers	843,729	1,524,729	229,000	(1,295,729)
Sale of assets	-	15,500	21,296	5,796
Total revenues	<u>7,010,552</u>	<u>8,580,008</u>	<u>6,950,369</u>	<u>(1,629,639)</u>
<b><u>EXPENDITURES</u></b>				
General government				
City council	59,500	67,500	38,947	28,553
Mayor	32,540	32,540	25,819	6,721
Administration	580,360	590,360	551,310	39,050
Facilities	90,500	90,500	69,993	20,507
Planning and zoning	251,600	273,600	237,362	36,238
Risk management	101,500	101,500	91,707	9,793
Court	180,000	180,000	179,146	854
Building inspection	175,100	175,100	160,482	14,618
Code enforcement	114,600	114,600	96,825	17,775
Legal	215,300	225,300	167,211	58,089
Public safety				
Fire and ambulance	956,500	956,500	876,470	80,030
Law enforcement	1,165,409	1,165,409	1,125,261	40,148
Streets and public works	1,509,350	1,488,050	1,430,217	57,833
Parks and recreation	614,635	641,135	528,881	112,254
Cemetery	15,500	15,500	10,190	5,310
Garbage	320,000	385,000	380,250	4,750
Transfers	-	1,181,000	1,145,867	35,133
Total expenditures	<u>6,382,394</u>	<u>7,683,594</u>	<u>7,115,938</u>	<u>567,656</u>
Net change in fund balance	628,158	896,414	(165,569)	(1,061,983)
Fund balance, beginning of year	1,195,558	1,195,558	1,195,558	-
Fund balance, end of year	<u>\$ 1,823,716</u>	<u>\$ 2,091,972</u>	<u>\$ 1,029,989</u>	<u>\$ (1,061,983)</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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance With</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget</b>
				<b>(Negative)</b>
<u>REVENUES</u>				
Special assessments	\$ 200,000	\$ 200,000	\$ 150,163	\$ (49,837)
Interest	5,000	5,000	3,272	(1,728)
Total revenues	<u>205,000</u>	<u>205,000</u>	<u>153,435</u>	<u>(51,565)</u>
<u>EXPENDITURES</u>				
Debt service	<u>390,000</u>	<u>390,000</u>	<u>388,874</u>	<u>1,126</u>
Total expenditures	<u>390,000</u>	<u>390,000</u>	<u>388,874</u>	<u>1,126</u>
Excess (deficiency) of revenues over (under) expenditures	(185,000)	(185,000)	(235,439)	(50,439)
<u>OTHER FINANCING SOURCES</u>				
Transfer in	<u>-</u>	<u>-</u>	<u>417,747</u>	<u>417,747</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>417,747</u>	<u>417,747</u>
Net change in fund balance	(185,000)	(185,000)	182,308	367,308
Fund balance at beginning of year	<u>602,855</u>	<u>602,855</u>	<u>602,855</u>	<u>-</u>
Fund balance at end of year	<u>\$ 417,855</u>	<u>\$ 417,855</u>	<u>\$ 785,163</u>	<u>\$ 367,308</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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance With</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<u>REVENUES</u>				
Taxes	\$ 2,475,000	\$ 2,475,000	\$ 2,940,141	\$ 465,141
Interest	-	-	46,516	46,516
Total revenue	2,475,000	2,475,000	2,986,657	511,657
<u>EXPENDITURES</u>				
General government	185,000	185,000	34,047	150,953
Public works	4,036,000	4,036,000	138,653	3,897,347
Total expenditures	4,221,000	4,221,000	172,700	4,048,300
Excess of revenues over expenditures	(1,746,000)	(1,746,000)	2,813,957	4,559,957
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer out	(229,000)	(229,000)	(646,747)	(417,747)
Net change in fund balance	(1,975,000)	(1,975,000)	2,167,210	4,142,210
Fund balance, beginning of year	4,867,669	4,867,669	4,867,669	-
Fund balance, end of year	<u>\$ 2,892,669</u>	<u>\$ 2,892,669</u>	<u>\$ 7,034,879</u>	<u>\$ 4,142,210</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 – Local Building Authority – Special Revenue Fund**  
**For the Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance With</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget</b>
				<b>(Negative)</b>
<u>REVENUES</u>				
Interest	\$ -	\$ -	\$ 37,660	\$ 37,660
Total revenues	-	-	37,660	37,660
<u>EXPENDITURES</u>				
General government	5,300,000	6,200,000	1,898,482	4,301,518
Debt Service	-	-	148,073	(148,073)
Total expenditures	5,300,000	6,200,000	2,046,555	4,153,445
Excess (deficiency) of revenues over (under) expenditures	(5,300,000)	(6,200,000)	(2,008,895)	4,191,105
<u>OTHER FINANCING SOURCES</u>				
Transfer in	-	-	394,488	394,488
Proceeds from bond issuance	5,300,000	6,200,000	6,897,136	697,136
Total other financing sources	5,300,000	6,200,000	7,291,624	1,091,624
Net change in fund balance	-	-	5,282,729	5,282,729
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,282,729</u>	<u>\$ 5,282,729</u>

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

**CITY OF BLUFFDALE, UTAH**  
**Statement of Net Position – Proprietary Fund**  
**June 30, 2016**

	<b>Water Fund</b>
<u><b>ASSETS</b></u>	
Current assets:	
Cash and cash equivalents - unrestricted	\$ 3,381,698
Cash and cash equivalents - restricted	453,968
Receivables:	
Accounts receivable, net	433,147
<b>Total current assets</b>	<b>4,268,813</b>
Net pension asset	33
Investment in water rights and stock	1,002,278
Property, plant and equipment:	
Land	75,004
Water distribution system	24,069,004
Machinery and equipment	549,180
Accumulated depreciation	(6,274,889)
Net property, plant and equipment	18,418,299
<b>Total assets</b>	<b>23,689,423</b>
<u><b>DEFERRED OUTFLOWS OF RESOURCES</b></u>	
Deferred outflows related to pensions	170,080
<b>Total deferred outflows of resources</b>	<b>170,080</b>
<u><b>LIABILITIES</b></u>	
Current liabilities:	
Accounts payable	275,292
Accrued liabilities	105,820
Compensated absences payable	16,572
Current portion of long-term debt	260,000
Total current liabilities	657,684
Noncurrent liabilities:	
Long term debt	3,953,131
Net pension liability	309,329
Total noncurrent liabilities	4,262,460
<b>Total liabilities</b>	<b>4,920,144</b>
<u><b>DEFERRED INFLOWS OF RESOURCES</b></u>	
Deferred inflows related to pensions	41,099
<b>Total deferred inflows of resources</b>	<b>41,099</b>
<u><b>NET POSITION</b></u>	
Net investment in capital assets	14,205,168
Unrestricted	4,693,092
<b>Total net position</b>	<b>\$ 18,898,260</b>

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, 2016**

	<b>Water Fund</b>
<u>OPERATING REVENUES</u>	
Water sales	\$ 2,881,130
Connection and service fees	260,797
Total operating revenues	3,141,927
<u>OPERATING EXPENSES</u>	
Water purchases	1,122,909
Wages and fringe benefits	709,507
Maintenance and engineering	347,030
Office supplies, postage and insurance	23,200
Depreciation and amortization	1,352,769
Other	58,669
Total operating expenses	3,614,084
Operating income (loss)	(472,157)
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Interest income	25,300
Interest expense	(120,074)
Impact fees	476,342
Total non-operating revenues	381,568
Income before contributions	(90,589)
Capital contributions	2,000,581
Change in net position	1,909,992
Total net position, beginning of year	16,988,268
Total net position, end of year	\$ 18,898,260

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, 2016**

	<b>Water Fund</b>
<u>Cash flows from operating activities:</u>	
Cash received from customers (including cash deposits)	\$ 2,910,101
Cash paid to suppliers	(1,457,557)
Cash paid to employees	(653,218)
	799,326
<u>Cash flows from non-capital financing activities:</u>	
Impact fees	476,342
	476,342
<u>Cash flow from capital and related financing activities:</u>	
Payments on long-term debt	(236,574)
Interest paid on long-term debt	(120,074)
Interest income received	25,300
Purchase of capital assets	(476,569)
	(807,917)
Net increase in cash and cash equivalents	467,751
Cash and cash equivalents at beginning of year	3,367,915
Cash and cash equivalents at end of year	\$ 3,835,666

(Continued)

**CITY OF BLUFFDALE, UTAH**  
**Statement of Cash Flows – Proprietary Fund (Continued)**  
**For the Year Ended June 30, 2016**

	<u><b>Water Fund</b></u>
<u>Reconciliation of operating income to net cash provided</u>	
<u>by operating activities:</u>	
Operating income (loss)	<u>\$ (472,157)</u>
Adjustments to reconcile operating income (loss)	
to net cash provided by operating activities:	
Depreciation and amortization expense	1,352,769
Changes in assets and liabilities:	
Increase in accounts receivable	(231,826)
Increase in deferred outflows	(141,564)
Increase in accounts payable	94,251
Increase in accrued liabilities	4,418
Increase in deferred inflows	11,888
Increase in net pension liability	<u>181,547</u>
Total adjustments	<u>1,271,483</u>
Net cash provided by operating activities	<u><u>\$ 799,326</u></u>
Capital and related financing activities not affecting cash:	
Developer contributions of capital assets	<u><u>\$ 2,000,581</u></u>

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

**CITY OF BLUFFDALE, UTAH**  
**Statement of Net Assets – Fiduciary Fund**  
**June 30, 2016**

	<b>Escrow Fund Total</b>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 2,018,041
Total assets	<u>2,018,041</u>
<u>LIABILITIES</u>	
Construction and improvement bonds	<u>2,018,041</u>
Total liabilities	<u>2,018,041</u>
<u>NET ASSETS</u>	
Unrestricted	<u>-</u>
Total net assets	<u><u>\$ -</u></u>

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

**CITY OF BLUFFDALE, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

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.

The Bluffdale City Local Building Authority (LBA) was established to finance and construct municipal buildings that are then leased to the City. The governing board of the LBA is comprised of the Mayor and members of City Council. Although it is a legally separate entity from the City, the LBA 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 LBA. The LBA is included in these financial statements as the Local Building Authority Special Revenue Fund. Separate financial statements are not issued for the LBA.

**CITY OF BLUFFDALE, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

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

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.

**CITY OF BLUFFDALE, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. Governmental funds do not report donated capital assets received unless the sale of those assets is imminent. The assets are reported in the government-wide financial statements.

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 Local Building Authority Special Revenue Fund is used to account for financial resources to be used for the design and construction of capital assets for the benefit of the City.

**CITY OF BLUFFDALE, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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, Deferred Outflows, Liabilities, Deferred Inflows, 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.

**CITY OF BLUFFDALE, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

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, 2016 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.

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.

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.

**CITY OF BLUFFDALE, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

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

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

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

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

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

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

**CITY OF BLUFFDALE, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of the financial statements in accordance with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of certain financial statement balances. Actual results could vary from the estimates used.

Pensions

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

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Capital related items:

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

Cost of capital assets and water stock	\$ 51,909,129
Accumulated depreciation	<u>(11,489,141)</u>
	<u><u>\$ 40,419,988</u></u>

**CITY OF BLUFFDALE, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

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

**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, 2016 were:

Sales Tax Revenue bonds	\$ 1,022,000
Special Improvement District bonds	1,403,000
Lease Revenue Bonds	6,705,000
Premiums	189,383
Interest payable on long-term debt	126,985
Compensated absences	56,823
Pension liability, net	721,393
	\$ 10,224,584

**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	\$ 12,753,283
Depreciation expense	(2,287,436)
	\$ 10,465,847

**CITY OF BLUFFDALE, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

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, 2016, 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.

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

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

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

**CITY OF BLUFFDALE, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

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.

As of June 30, 2016, the City's demand deposits amounted to \$452,327. Cash equivalents restricted for debt service invested in money market accounts amounted to \$1,739,553.

As of June 30, 2016, the City had investments in the Utah Public Treasurer's Investment Fund of \$20,826,899. 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, 2016, \$500,000 of the City's \$1,024,180 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.

**CITY OF BLUFFDALE, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Deposits and Investments (Continued)

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.

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

Cash and cash equivalents	\$ 21,058,248
Restricted cash	<u>7,872,231</u>
	<u><u>\$ 28,930,479</u></u>

**CITY OF BLUFFDALE, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Accounts Receivable

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

	Redevelopment			Total
	General	Agency	Water	
Receivables:				
Taxes	\$ 1,177,531	\$ 2,940,141	\$ -	\$ 4,117,672
Accounts and others	200,469	-	442,147	642,616
Intergovernmental	99,016	-	-	99,016
Gross receivables	1,477,016	2,940,141	442,147	4,859,304
Less: allowance for uncollectibles	-	-	(9,000)	(9,000)
Net total receivables	<u>\$ 1,477,016</u>	<u>\$ 2,940,141</u>	<u>\$ 433,147</u>	<u>\$ 4,850,304</u>

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)	\$ 795,693	\$ -
Property taxes receivable (Redevelopment Agency)	2,940,141	-
Total deferred inflows of resources/ unearned revenue, governmental funds	<u>\$ 3,735,834</u>	<u>\$ -</u>

**CITY OF BLUFFDALE, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2016 was as follows:

	7/1/15	Increases	Decreases	6/30/16
<u>Governmental activities</u>				
Capital assets:				
Land	\$ 7,370,981	\$ 1,308,358	\$ -	\$ 8,679,339
Construction in process	-	1,896,474	-	1,896,474
Buildings	2,038,318	-	-	2,038,318
Infrastructure	26,861,031	9,193,810	-	36,054,841
Machinery and equipment	2,844,916	354,641	-	3,199,557
Total capital assets	39,115,246	12,753,283	-	51,868,529
Accumulated depreciation:				
Buildings	(797,797)	(85,612)	-	(883,409)
Infrastructure	(6,337,631)	(1,802,742)	-	(8,140,373)
Machinery and equipment	(2,066,277)	(399,082)	-	(2,465,359)
Total accumulated depreciation	(9,201,705)	(2,287,436)	-	(11,489,141)
Net governmental capital assets	\$29,913,541	\$10,465,847	\$ -	\$40,379,388

Capital asset activity for business-type activities for the year ended June 30, 2016 was as follows:

	7/1/15	Increases	Decreases	6/30/16
<u>Business-type activities</u>				
Capital assets:				
Land	\$ 75,004	\$ -	\$ -	\$ 75,004
Water distribution system	21,730,884	2,338,120	-	24,069,004
Equipment	483,400	65,780	-	549,180
Total capital assets	22,289,288	2,403,900	-	24,693,188
Accumulated depreciation:				
Water distribution system	(4,572,268)	(1,285,624)	-	(5,857,892)
Equipment	(349,852)	(67,145)	-	(416,997)
Total accumulated depreciation	(4,922,120)	(1,352,769)	-	(6,274,889)
Net business-type capital assets	\$17,367,168	\$ 1,051,131	\$ -	\$18,418,299

**CITY OF BLUFFDALE, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets (Continued)

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

Governmental activities:

General government	\$ 31,197
Public safety	273,686
Highways and public improvements	1,743,205
Parks and recreation	<u>239,348</u>
Total depreciation expense - governmental activities	<u><u>\$ 2,287,436</u></u>

Business-type activities:

Water	<u>\$ 1,352,769</u>
Total depreciation expense - business-type activities	<u><u>\$ 1,352,769</u></u>

Revenue Bonds

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

In July 2015, the City issued \$1,152,000 in Water Revenue Refunding Bonds. The bonds bear an interest rate of 2.22%. The bonds were issued to refund the 2007 Water Revenue Bonds. The refunding will save the City \$832,374 of debt service expense over the life of the bonds and will result in an economic gain of \$294,302.

In July 2015, the City issued \$1,022,000 in Sales Tax Revenue Refunding Bonds. The bonds bear an interest rate of 2.06%. The bonds were issued to refund the 2005 Sales Tax Revenue Bonds. The refunding will save the City \$307,593 of debt service expense over the life of the bonds and will result in an economic gain of \$80,128.

In January 2016, the City issued \$6,705,000 in Lease Revenue Bonds. The bonds are to be repaid by the Municipal Building Authority. The bonds bear an interest rate ranging from 3 to 4%. The bonds were issued for the construction of a new city hall.

**CITY OF BLUFFDALE, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Revenue Bonds (Continued)

Revenue bonds outstanding at June 30, 2016, 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 6/30/16</u>
Special Improvement District Series 2007	\$ 3,933,000	\$200,000 to \$420,000	4.30%	12/1/19	\$ 1,403,000
Sales Tax Revenue Refunding Series 2015	1,022,000	\$115,000 to \$170,000	2.06%	8/1/23	1,022,000
Lease Revenue Series 2016	6,705,000	\$145,000 to \$280,000	3.0% to 4.00%	3/1/45	6,705,000
Water Revenue Series 2011	3,573,000	\$50,000 to \$248,000	3.19%	6/1/31	3,160,000
Water Revenue Refunding Series 2015	1,152,000	\$110,000 to \$126,000	2.22%	4/1/25	1,042,000
	<u>\$16,385,000</u>				<u>\$ 13,332,000</u>

Revenue bond debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 711,000	\$ 453,124	\$ 1,164,124
2018	876,000	429,309	1,305,309
2019	901,000	400,126	1,301,126
2020	935,000	370,069	1,305,069
2021	573,000	338,972	911,972
2022 - 2026	2,709,000	1,453,399	4,162,399
2027 - 2031	2,159,000	1,071,490	3,230,490
2032 - 2036	1,513,000	704,949	2,217,949
2037 - 2041	1,520,000	440,381	1,960,381
2042 - 2045	1,435,000	137,063	1,572,063
	<u>\$13,332,000</u>	<u>\$5,798,882</u>	<u>\$ 19,130,882</u>

**CITY OF BLUFFDALE, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Changes in Long-Term Liabilities

Long-term liability activity for governmental activities for the year ended June 30, 2016 was as follows:

	<u>7/1/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/16</u>	<u>Due in One Year</u>
<u>Governmental activities</u>					
Bonds payable:					
Special improvement district	\$ 1,718,000	\$ -	\$ (315,000)	\$ 1,403,000	\$ 329,000
Sales tax revenue	1,295,000	1,022,000	(1,295,000)	1,022,000	122,000
Lease revenue	-	6,705,000	-	6,705,000	-
Premium	-	192,136	(2,753)	189,383	6,606
Total bonds payable	<u>3,013,000</u>	<u>7,919,136</u>	<u>(1,612,753)</u>	<u>9,319,383</u>	<u>457,606</u>
Compensated absences	<u>62,573</u>	<u>88,921</u>	<u>(94,671)</u>	<u>56,823</u>	<u>39,072</u>
Governmental activity long-term liabilities	<u>\$ 3,075,573</u>	<u>\$ 8,008,057</u>	<u>\$ (1,707,424)</u>	<u>\$ 9,376,206</u>	<u>\$ 496,678</u>

Long-term liability activity for business-type activities for the year ended June 30, 2016 was as follows:

	<u>7/1/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/16</u>	<u>Due in One Year</u>
<u>Business-type activities</u>					
Bonds payable:					
Water revenue	\$ 4,435,238	\$ 1,152,000	\$ (1,385,238)	\$ 4,202,000	\$ 260,000
Total bonds payable	<u>4,435,238</u>	<u>1,152,000</u>	<u>(1,385,238)</u>	<u>4,202,000</u>	<u>260,000</u>
Compensated absences	<u>33,709</u>	<u>10,298</u>	<u>(16,304)</u>	<u>27,703</u>	<u>16,572</u>
Business-type activity long-term liabilities	<u>\$ 4,468,947</u>	<u>\$ 1,162,298</u>	<u>\$ (1,401,542)</u>	<u>\$ 4,229,703</u>	<u>\$ 276,572</u>

**CITY OF BLUFFDALE, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Interfund Transfers

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

Transfers out	Transfers in				Total
	General	Special Improvement District	MBA - City Hall	Capital Projects	
General fund	\$ -	\$ -	\$ 394,488	\$ 751,379	\$ 1,145,867
Redevelopment agency	229,000	417,747	-	-	646,747
Totals	<u>\$ 229,000</u>	<u>\$ 417,747</u>	<u>\$ 394,488</u>	<u>\$ 751,379</u>	<u>\$ 1,792,614</u>

Other Information

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

City Management estimates that the amount of other actual or potential claims against the City as of June 30, 2016 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 \$2,940,141 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, 2016.

During the year ended June 30, 2016, funds expended by the RDA were limited to the categories of general government for \$34,047 and public works for \$138,653.

**CITY OF BLUFFDALE, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Employee Retirement Systems and Pension Plans

General Information about the Pension Plan

Plan description

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

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

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement System, 560 E 200 S, Salt Lake City, Utah 84102 or visiting the website: [www.urs.org](http://www.urs.org).

**CITY OF BLUFFDALE, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Employee Retirement Systems and Pension Plans (Continued)

Benefits Provided

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

<b>System</b>	<b>Final Average Salary</b>	<b>Years of Service Required and/or age Eligible for Benefit</b>	<b>Benefit Percent per Year of Service</b>	<b>COLA**</b>
Noncontributory System	Highest 3 years	30 years any age	2.00% per year all years	Up to 4%
		25 years any age*		
		20 years age 60*		
		10 years age 62*		
		4 years age 65		
Tier 2 Public Employees System	Highest 5 years	35 years any age	1.5% per year all years	Up to 2.5%
		20 years age 60*		
		10 years age 62*		
		4 years age 65		

\*with actuarial reductions

\*\*All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Contributions

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

	<b>Employee Paid</b>	<b>Paid by Employer for Employee</b>	<b>Employer Contribution Rates</b>	<b>Employer rate For 401(k) Plan</b>
<b>Contributory System</b>				
11-Local Governmental Division Tier 1	6.00%	N/A	14.46%	N/A
111-Local Governmental Division Tier 2	N/A	N/A	16.67%	1.78%
<b>Noncontributory System</b>				
15-Local Government Division Tier 1	N/A	N/A	18.47%	N/A
111-Local Governmental Division Tier 2	N/A	N/A	16.67%	1.78%
<b>Tier 2 DC Only</b>				
211-Local Government	N/A	N/A	6.69%	10.00%

**CITY OF BLUFFDALE, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Employee Retirement Systems and Pension Plans (Continued)

Contributions (Continued)

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

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 180,430	N/A
Contributory System	6,163	2,557
Tier 2 Public Employees System	78,378	-
Tier 2 DC Only System	6,022	N/A
Total Contributions	\$ 270,993	\$ 2,557

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

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

At June 30, 2016, the City reported a net pension asset of \$163 and a net pension liability of \$1,546,648.

	<u>Proportionate Share</u>	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>
Noncontributory System	0.0626162%	\$ -	\$ 354,313
Contributory System	1.6964176%	-	1,192,335
Tier 2 Public Employees System	0.0745151%	163	-
		\$ 163	\$ 1,546,648

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

For the year ended June 30, 2016, the City recognized pension expense of \$529,939.

**CITY OF BLUFFDALE, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

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

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 83,085
Changes in assumptions	-	26,872
Net difference between projected and actual earnings on pension plan investments	478,241	-
Changes in proportion and differences between contributions and proportionate share of contributions	236,872	95,536
Contributions subsequent to the measurement date	135,287	-
Total	\$ 850,400	\$ 205,493

\$135,287 was reported as deferred outflows of resources related to pensions results from contributions made by the City prior to the fiscal year end, but subsequent to the measurement date of December 31, 2015. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended December 31,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2016	\$ 24,683
2017	160,929
2018	174,674
2019	151,731
2020	(442)
Thereafter	(1,951)

Actuarial assumptions

The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

**CITY OF BLUFFDALE, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Actuarial assumptions (Continued)

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

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2013.

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

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

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

**CITY OF BLUFFDALE, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Employee Retirement Systems and Pension Plans (Continued)

Discount Rate

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

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

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

<b>System</b>	<b>1% Decrease (6.50%)</b>	<b>Discount Rate (7.50%)</b>	<b>1% Increase (8.50)%</b>
Noncontributory System	\$ 748,628	\$ 354,313	\$ 25,139
Contributory System	2,099,814	1,192,335	430,463
Tier 2 Public Employees System	29,830	(163)	(22,894)
<b>Total</b>	<b>\$ 2,878,272</b>	<b>\$ 1,546,485</b>	<b>\$ 432,708</b>

Pension Plan Fiduciary Net Position

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

Defined Contribution Savings Plans

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

**CITY OF BLUFFDALE, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2016**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Defined Contribution Savings Plans (Continued)

Bluffdale City participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- 401(k) Plan
- 457(b) Plan
- Roth IRA Plan

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

	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>401(k) Plan</b>			
Employer Contributions	\$ 127,075	\$ 134,418	\$ 73,681
Employee Contributions	50,033	40,580	26,376
<b>457 Plan</b>			
Employer Contributions	35,461	35,172	26,771
Employee Contributions	21,849	22,398	14,429
<b>Roth IRA Plan</b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	14,553	-	-

5. SUBSEQUENT EVENTS

The City evaluated all events or transactions that occurred after June 30, 2016 through October 28, 2016, the date the financial statements were available to be issued.

**CITY OF BLUFFDALE, UTAH**  
**Schedule of the Revenues, Expenditures, and Changes in Fund Balances –**  
**Budget and Actual – Capital Projects Fund**  
**For the Year Ended June 30, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
Special assessments	\$ 3,185,000	\$ 3,185,000	\$ 3,894,278	\$ 709,278
Intergovernmental	600,000	670,000	1,041,366	371,366
Interest	1,000	1,000	69,043	68,043
Miscellaneous	-	-	24,104	24,104
Total revenues	3,786,000	3,856,000	5,028,791	1,172,791
<b><u>EXPENDITURES</u></b>				
Streets and public works	8,690,800	10,459,800	3,734,590	6,725,210
Parks and recreation	2,050,000	2,050,000	2,197,076	(147,076)
Debt service	200,000	322,000	165,502	156,498
Total expenditures	10,940,800	12,831,800	6,097,168	6,734,632
Excess (deficiency) of revenues over (under) expenditures	(7,154,800)	(8,975,800)	(1,068,377)	7,907,423
<b><u>OTHER FINANCING SOURCES</u></b>				
Transfers in	251,379	1,051,379	751,379	(300,000)
Payment to bond escrow agent	-	(1,200,000)	(1,194,104)	5,896
Proceeds from bond issuance	2,060,000	3,280,000	1,022,000	(2,258,000)
Total other financing sources	2,311,379	3,131,379	579,275	(2,552,104)
Net change in fund balance	(4,843,421)	(5,844,421)	(489,102)	5,355,319
Fund balance at beginning of year	10,097,982	10,097,982	10,097,982	-
Fund balance at end of year	\$ 5,254,561	\$ 4,253,561	\$ 9,608,880	\$ 5,355,319

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

	Noncontributory Retirement System	Contributory Retirement System	Tier 2 Public Employees Retirement System
	<b>2016</b>		
Proportion of the net pension liability (asset)	0.0626162%	1.6964176%	0.0745151%
Proportionate share of the net pension liability (asset)	\$354,313	\$1,192,335	(\$163)
Covered employee payroll	\$475,440	\$607,957	\$481,404
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	74.52%	196.12%	-0.03%
Plan fiduciary net position as a percentage of the total pension liability	87.80%	85.70%	100.20%
	<b>2015</b>		
Proportion of the net pension liability (asset)	N/A	2.2216079%	0.0679200%
Proportionate share of the net pension liability (asset)	N/A	\$640,808	(\$2,058)
Covered employee payroll	N/A	\$1,052,462	\$333,812
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	60.9%	-0.6%
Plan fiduciary net position as a percentage of the total pension liability	N/A	94.0%	103.5%

**Note:**

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

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

	Noncontributory System	Contributory System	Tier 2 Public Employees System*	Tier 2 Public Employees DC Only System*
<b>2016</b>				
Actuarially determined contributions	\$ 180,430	\$ 6,163	\$ 78,378	\$ 6,022
Contributions in relation to the contractually required contributions	(180,430)	(6,163)	(78,378)	(6,022)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 976,879	\$ 47,513	\$ 516,631	\$ 87,407
Contributions as a percentage of covered employee payroll	18.47%	12.97%	15.17%	6.89%
<b>2015</b>				
Actuarially determined contributions	\$ -	\$ 147,094	\$ 72,746	\$ 1,006
Contributions in relation to the contractually required contributions	-	(147,094)	(72,746)	(1,006)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ -	\$ 1,081,117	\$ 436,973	\$ 11,866
Contributions as a percentage of covered employee payroll	0.00%	13.61%	16.65%	8.48%

**Note:**

This schedule usually covers the 10 most recent fiscal years; however, this is the information available as of the implementation year of GASB 68. Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 Systems.

**CITY OF BLUFFDALE, UTAH**  
**Notes to the Required Supplementary Information**  
**June 30, 2016**

1. ACTUARIALLY DETERMINED PENSION CONTRIBUTIONS

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

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

The most recent actuarial experience study resulted in certain assumption changes. The wage inflation assumption was decreased from 3.75 to 3.50 percent. The rate of salary increases was modified for most groups. The payroll growth assumption was decreased from 3.5 to 3.25 percent.

Additional changes were made to certain demographic assumptions that generally resulted as follows: more members anticipating to terminate employment prior to retirement, slightly fewer members expecting to become disabled, and more members expecting to retire at a slightly older age.

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

Mayor and City Council  
City of Bluffdale, Utah

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bluffdale, Utah (“the City”), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated October 28, 2016.

### ***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

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

### **Purpose of this Report**

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

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

October 28, 2016

# Hansen, Bradshaw, Malmrose & Erickson

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## **INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH THE STATE COMPLIANCE AUDIT GUIDE ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS, AND INTERNAL CONTROL OVER COMPLIANCE**

Major and City Council  
City of Bluffdale, Utah

### ***Report On Compliance with General State Compliance Requirements***

We have audited City of Bluffdale, Utah's ("the City") compliance with general and major State program compliance requirements described in the *State Compliance Audit Guide* issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2016.

General state compliance requirements were tested for the year ended June 30, 2016 in the following areas:

Budgetary Compliance	Cash Management
Fund Balance	Restricted Taxes and Related Revenues
Justice Courts	Open and Public Meetings Act
Utah Retirement Systems	Treasurer's Bond

### ***Management's Responsibility***

Management is responsible for compliance with the general state requirements referred to above.

### ***Auditors' Responsibility***

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

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

### ***Opinion on General State Compliance Requirements***

In our opinion, City of Bluffdale, Utah complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City for the year ended June 30, 2016.

### ***Report on Internal Control Over Compliance***

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

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

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

### ***Purpose of Report***

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

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

October 28, 2016