

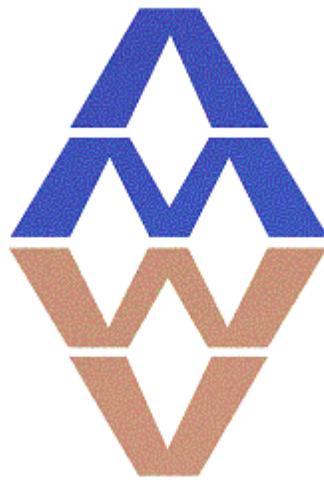
# **WEST VALLEY CITY**

**STATE OF UTAH**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2016**

Prepared By:  
West Valley City Finance Department  
James D. Welch, MBA, Finance Director  
Don L. Groo, Chief Accountant  
Niclas Hales, CPA, CGFM, MAcc, Assistant Accounting Supervisor  
Tallen Meek, Senior Accountant  
Shelley Larsen, MAcc, Senior Accountant



**WEST VALLEY CITY, UTAH**  
**Comprehensive Annual Financial Report**  
**Year Ended June 30, 2016**

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## WEST VALLEY CITY

Unity : Pride : Progress

December 14, 2016

Honorable Mayor and Members of the City Council  
West Valley City, Utah

Mayor and City Council:

The Comprehensive Annual Financial Report (CAFR) of West Valley City, Utah (the City), for the fiscal year ended June 30, 2016 is herewith submitted. This report has been prepared by the City's Finance Department. The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with City management. We believe the data as presented is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This report has been prepared to strictly follow the guidelines recommended by the Government Finance Officers Association (GFOA). Those governments whose annual financial reports are judged to conform substantially with high standards of public financial reporting including generally accepted accounting principles promulgated by the Government Accounting Standards Board, may be awarded a Certificate of Achievement for Excellence in Financial Reporting. This report will be submitted to the GFOA for consideration of this award.

The report complies with the financial reporting model required by the Governmental Accounting Standards Board (GASB). In addition to the fund financial information currently presented in the City's financial statements, this report includes government-wide financial statements. The government-wide financial statements include a Statement of Net Position that reports the total assets and deferred outflows of resources of the City, including all capital assets (including infrastructure), net of liabilities and deferred inflows of resources, and a Statement of Activities that shows the cost of providing government services.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

The City is required to undergo a single audit in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, "Audits of States,

Local Governments, and Non-Profit Organizations.” Information related to this single audit, including the schedule of expenditures of federal awards and independent auditors’ report on compliance and on internal control over financial reporting, is included in a separate report issued to the City dated December 13, 2016.

## **THE REPORTING ENTITY AND ITS SERVICES**

This report includes all of the funds of the City. A full range of municipal services excluding water, sewer, and electricity are provided by this municipality. Revenues within the general fund are utilized by the City to provide public safety including fire, police, and ordinance enforcement. Other services provided include ambulance service, streets, storm water drainage, golf courses, Maverik Center, Hale Centre Theatre, Family Fitness Center, Utah Cultural Celebration Center, sanitation, parks, planning & zoning, Harman Home Seniors Center, general legislative, and administrative services.

The City operates a number of special revenue funds, including the Redevelopment Agency, Community Services Fund, and Grants Fund; also, capital projects funds for Roads, Parks, Fire, Police, and Flood Control impact fees, and the Building Authority, a debt service fund. The Building Authority is used to accumulate resources to service lease revenue bonds issued to finance the construction of several major facilities, including the Maverik Center, Hale Centre Theatre at Harman Hall, the Fitness Center, fire stations, and the City’s maintenance shop. The Redevelopment Agency assists businesses seeking to locate within the City, and identifies and renovates blighted areas of the City. The Community Services Fund provides Sanitation services to the City’s citizens and operates City facilities, including operations of the Maverik Center, Hale Centre Theatre, Family Fitness Center, and Utah Cultural Celebration Center. The Grants Fund was created to match and segregate grant-related revenues and expenditures which were previously included in the General Fund. The Utah Cultural Celebration Center Foundation Fund, a nonprofit organization, was created to solicit donations to fund community programs and exhibits at the Utah Celebration Center. The Road, Park, Fire, Police, and Flood Control Impact Fee Funds utilize impact fees charged on new construction in the City to provide capital improvements and infrastructure required by new growth.

The City operates four enterprise funds. The Golf Courses Fund reports operations of the City’s two courses, The Ridge Golf Club and Stonebridge Golf Course. The Ridge Golf Club provides a buffer zone for the Alliant Tech System Inc. (formerly Hercules Inc.) facility as well as a recreation area for the community; it was reconfigured in 2013 to accommodate Utah Department of Transportation’s (UDOT’s) transportation corridor. Stonebridge Golf Course provides a high-quality recreation facility and catered reception center, as well as providing green space within the City’s business and industrial areas. The Storm Water Utility uses assessed fees to construct and maintain storm water drainage infrastructure in the City. The City’s Housing Authority assists in providing low-cost housing to low-income residents. The Ambulance Fund reports operations of The City’s ambulance service, providing emergency response services to City residents.

West Valley City owns the Maverik Center, an events center and hockey arena, which is operated by Centennial Management. It is the home of the Utah Grizzlies, and was the venue of the 2002 Winter Olympics for men’s hockey. It is also used for concerts, basketball tournaments, and other public events. Previously known as the E Center, the naming rights were sold to Maverik Convenience Stores.

Taxing entities within the boundaries of West Valley City including Salt Lake County, Granite School District, Granger Hunter Improvement District, Magna Water Company, Magna Mosquito Abatement District, Taylorsville Bennion Improvement District, Kearns Improvement District, Central Utah Water Conservation District, Salt Lake County Mosquito Abatement District, and Salt Lake County Water Conservancy District do not meet the criteria to be included in the reporting entity, and are therefore excluded from this CAFR.

## **ACCOUNTING SYSTEM AND BUDGETARY CONTROL**

In developing and evaluating the City's accounting system, consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition; and 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. We believe the City's internal accounting controls adequately safeguard the assets and provide reasonable assurance of proper recording of financial transactions.

The City's accounting records for general government operations are maintained on a modified accrual basis, with revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's enterprise funds are on an accrual basis.

By State law, the City Manager of West Valley City is required to submit a proposed budget to the City Council by the first regularly scheduled meeting of the City Council in May. The City Council then reviews with the City Manager, through the budget hearing process, all budget requests. The City Council then adopts a tentative budget, which is then placed before the public to review. Comments are received, requests and recommendations are considered, then after due consideration, the City Council may adopt the budget before June 22 if no tax adjustments are considered. Historically the City Council has elected to consider adoption of the judgment levy each fiscal year in order to maintain property tax revenues at previous year's levels. Due to recent changes in state law, they may also consider adjusting the property tax rate to reflect prior year collections. If these changes to the tax rate are considered or a tax increase is proposed, an additional advertising and public hearing process is required with the final budget adoption on or before August 17.

The City's budget is an annual budget. The Budget/purchasing system used by the City allows City administration and departments to allocate the annual budget on a monthly basis, restricting spending to the amount allocated during the year to date.

## GENERAL GOVERNMENT FUNCTIONS

The following schedule presents summaries of all revenues and expenditures for the General Fund for the fiscal years ended June 30, 2016 and 2015, and the percentage of increases and decreases compared to the prior year. Overall, General Fund revenues and expenditures increased slightly over the previous year. Total revenues in 2016 increased by \$1,353,079, a 1.85% increase from 2015; expenditures increased by \$2,292,707, a 3.36% increase from 2015. The largest increase came in sales taxes, which rose by \$945,873 or 4.12%. This is significant not only because of the amount of increase, but because the continuing increase in sales tax, which contributes over 30% of general fund revenues, indicates improving overall economic strength. Licenses and permits increased by \$404,158, or 10.67%, with a number of large building permits and related fees. Utility taxes increased by \$355,949, or 3.56%, as a result of increased population. Intergovernmental revenues increased by \$299,343 or 7.57% due to increased C roads tax revenues from the State. Fines and forfeitures decreased by \$804,264 (21.74%) as limited Public Safety resources were assigned to areas of greatest need within the City. Other operating revenues remained near previous year levels. Miscellaneous revenues decreased by \$192,029; annual fluctuations are inherent in revenues of this nature.

Overall operating expenditures increased by \$2,292,707, or 3.36%. Legislative expenditures increased by \$216,060 due to the biennial nature of municipal elections which occurred during this fiscal year. Administrative expenditures increased by \$943,861, or 11.74% due to communications equipment purchases and increased personnel costs. Legal Department expenditures increased by \$92,677, or 2.95% because of increased liability, insurance, and personnel costs. Police Department expenditures decreased by \$154,138, (0.68%), maintaining their prior year levels of service and expenditures. Fire Department expenditures were also at the same level as the previous year, increasing by \$93,429, or 1.01%. Highways and Public Improvements increased by \$341,893, or 4.10% due to increased Class C Roads projects and road maintenance expenditures, which are reported in the General Fund. Expenditures in other departments showed only minor increases or decreases due to normal operating fluctuations.

<b>Revenues General Fund</b>	<b>FY 2015-2016</b>	<b>FY 2014-2015</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
General Property Taxes	\$26,600,277	\$26,434,063	\$166,214	0.63%
Sales and Use Taxes	23,926,740	22,980,867	945,873	4.12%
Utility Taxes (Franchise)	10,362,934	10,006,985	355,949	3.56%
Licenses and Permits	4,192,432	3,788,274	404,158	10.67%
Intergovernmental	4,252,091	3,952,748	299,343	7.57%
Fines and Forfeitures	2,895,721	3,699,985	(804,264)	(21.74)%
Charges for Services	812,379	823,063	(10,684)	(1.30)%
Interest on Investments	473,922	420,152	53,770	12.80%
Special Improvement Districts	180,486	178,535	1,951	1.09%
Sale of Capital Assets	132,798	-	132,798	100.00%
Miscellaneous	821,729	1,013,758	(192,029)	(18.94)%
<b>TOTAL</b>	<b>\$74,651,509</b>	<b>\$73,298,430</b>	<b>\$1,353,079</b>	<b>1.85%</b>

<b>Operating Expenditures General Fund</b>	<b>FY 2015-2016</b>	<b>FY 2014-2015</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
Legislative	\$845,984	\$629,924	\$216,060	34.30%
Administrative	8,986,498	8,042,637	943,861	11.74%
Legal	3,235,104	3,142,427	92,677	2.95%
Finance	1,651,712	1,578,882	72,830	4.61%
Indigent Defense	371,850	372,700	(850)	(0.23)%
Police	22,551,861	22,705,999	(154,138)	(0.68)%
Fire	9,353,958	9,260,529	93,429	1.01%
Highways and Public Improvements/Capital outlay	8,680,022	8,338,129	341,893	4.10%
Parks and Recreation	1,962,359	1,930,901	31,458	1.63%
Community Development	3,726,445	3,508,736	217,709	6.20%
Non Departmental	4,975,781	4,765,596	210,185	4.41%
Debt Service	4,100,066	3,872,473	227,593	5.88%
<b>TOTAL</b>	<b>\$70,441,640</b>	<b>\$68,148,933</b>	<b>\$2,292,707</b>	<b>3.36%</b>

## **DEBT ADMINISTRATION**

West Valley City has no bonded general obligation debt. However, we recognize the need to have the ability to issue revenue bonds and utilize lease purchasing.

The ratios of net debt to the assessed valuation of taxable property and the amount of general debt per capita are useful indicators of the City's debt position for municipal management, citizens, and investors. This data for West Valley City, at the end of the 2016 fiscal year is as follows:

Governmental Activities Long-term Debt	\$132,152,804
Legal Limit of General Obligation Debt	\$330,160,037
Ratio of Debt to Assessed Value	2.34%
Ratio of Debt to Percent Market Value	1.60%
Debt Per Capita	\$971.88

## **CAPITAL ASSETS**

As of June 30, 2016 the capital assets of the City, net of depreciation, were \$437,222,781. Assets are used in the performance of general government functions. This amount represents the original cost of the assets, with the exception of infrastructure acquired at the time of the City's incorporation in 1980. These assets are valued at estimated cost adjusted for inflation. As of June 30, 2016, the City is required by GASB 34 to include infrastructure in capital assets. Infrastructure includes major and minor streets, right-of-ways, sidewalks, bridges, traffic signals, and stormwater drainage structures. Donated assets are capitalized at their fair value on the date received. In accordance with GASB 34, depreciation is not recognized for governmental funds at the fund level, but is included on the entity-wide financial statements. Depreciation is recognized in the Golf Courses, Storm Water Utility, Housing Authority, and Ambulance Service enterprise funds.

## **ECONOMIC CONDITION AND OUTLOOK**

West Valley City's financial situation reflects the general economy's continuing, but moderate positive trend. The City's overall outlook is somewhat positive. As noted above, total General Fund revenues increased in areas that reflect continuing growth and activity within the City. The City has maintained tight controls on spending, keeping overall expenditures below budget while operating revenues continue to improve. Sales tax receipts continued to grow, improving by over 4% over the previous year; while property taxes were basically flat, utility taxes rose by 3.6%. Licenses and permits also increased substantially, by almost 11%. The City's landscape is changing, with more development in process and planned. The City Center area surrounding Valley Fair Mall and the City Office complex has been and continues to be revitalized, with significant additions in process which are making the area a focal point for business and community activity, providing additional tax and revenue sources for the City. The City has been able to maintain its focus on major aspects of its strategic plan, and continue to accommodate the service requirements mandated by its recent growth, while keeping tight control of expenditures.

The focus of the City's economic activity is centered around the following projects:

### **Lake Park Corporate Center and Highbury Residential Community**

Located just west of Bangerter Highway and 2400 South, Lake Park Corporate Center's 875 acres make it the largest office/recreation complex in the state. Owned and developed by Zions Securities, Phase I of the Park includes 375 acres for deluxe office campuses, such as the three story, 2,000 employee regional headquarters for Discover Credit Card, and the corporate headquarters for Intermountain Health Care. When completed, the park may employ as many as 12,000 workers. The remaining acreage is designed to preserve and enhance the natural habitat for birds and other wildlife, utilizing a 27-hole Johnny Miller golf course, and a multitude of lakes, trails and open space. The City-owned Stonebridge Golf course provides recreation opportunities within the City, and ensures continuing green space.

Also being developed by Zions Securities, Highbury residential community continues to develop and provide varied options for high quality residences. Citizens choosing to live there enjoy the option of living, working, recreating, and shopping all within walking distance of their homes. The scale of this project, at 400 acres, combines the intimate feel described as well as a large enough size to make it the premiere community in the City.

### **West Valley Entertainment District**

The \$57.5 million E Center was renamed the Maverik Center after reaching an agreement on naming rights with Maverik Convenience Stores. Located east of I-215 at 3200 South, the Maverik Center opened September 1997 and served as the venue for men's ice hockey during the 2002 Winter Olympics. The 10,400 seat arena is currently the home of the Utah Grizzlies professional hockey team. The Center is also used for collegiate and high school athletic events, concerts, circuses, ice shows, rodeos, conventions, and a variety of special events.

Located southeast of the Maverik Center is the \$9.8 million, 525 seat Hale Centre Theatre at Harman Hall. This popular theater-in-the-round draws over a quarter-million patrons each year with its year-round shows and world class performances.

The 57-acre site around the Maverik Center now has more than 800 hotel rooms, plus a variety of restaurants, with additional development in various stages of completion.

In addition to the Maverik Center bringing an important entertainment dimension to Salt Lake County, it also stimulates economic development. Select Portfolio Servicing, or SPS, has established corporate offices in the area, with almost 1,000 employees. Two new hotels in the area directly north of the Maverik Center have opened, encouraging tourism and contributing tax revenues to the City. The nearly 2,000 potential jobs from development in and around the Maverik Center have a potential to infuse the regional economy with payroll wages in excess of \$40 million. Additionally, the Maverik Center, Hale Centre Theatre, and surrounding businesses have raised the City's profile among Salt Lake valley residents; it is now more than ever a destination for valley residents and visitors.

## **5600 West**

The 5600 West corridor area continues to be the City's fastest developing area. The street has been widened to accommodate increased traffic as the City's population continues to grow in this area, and businesses are taking advantage of the increased access and population base. The largest of the businesses is Wal Mart, which is operating two Super Wal Marts - one on the north end of the 5600 West corridor, and the second on the south end. Several other major retail enterprises, including Kohl's, a large WINCO grocery store and a Super Target store are operating, with more businesses and restaurants continuing to open in this area. A Cinemark Theater multiplex offers local entertainment options to the growing number of residents. A large planned-unit development has also been constructed in this area and is currently being marketed to homebuyers. This growth is providing a healthy boost to the City's tax base. A 20,000 capacity amphitheater operated by United Concerts/Pristine Alpine Entertainment brings in high-profile concerts scheduled throughout the summer season. The state of the art facility further raises West Valley City's profile as an entertainment destination, as well as further opening the West Ridge area for development. The Ridge Golf Club, formerly West Ridge Golf Course, a City-owned course operated since 1992, provides another recreation outlet in the area. During 2012 the Utah Department of Transportation (UDOT) purchased a section of the golf course, along with other City-owned properties and extended its western corridor highway system; this enhanced access should also provide impetus for further growth along 5600 West and neighboring areas. The golf course was closed for much of 2012, but reopened in June of 2013 with a scenic, redesigned layout and new name.

## **City Center**

The City Center Redevelopment Project is the City's newest area of major development. The area is focused around Valley Fair Mall and the City Offices complex. The owners of the mall have aggressively expanded the mall property, bringing in a significant number of restaurants, a Miller MegaPlex Theater, and other businesses to expand the mall's scope. A Costco warehouse store opened in 2007 adjacent to the mall property, enhancing the commercial draw of the area. As part of the overall plan for the area, the City's Redevelopment Agency has acquired business and residential properties in the area and is reviewing proposed plans from several developers. When completed, the development is planned to provide a destination for residents and shoppers in a relaxed, open space area. The City has completed a plaza and promenade extending several blocks west of the City Center, which hosts weekly open concerts by local and visiting performers during the summer months, along with numerous food truck options. In partnership with the Utah Transit Authority (UTA), Fairbourne Station is the terminus for the West Valley spur of UTA's light rail system and part of its area transportation hub. The City Center development area also includes an Embassy Suites Hotel, which opened in January 2013. Land previously acquired by the City's Redevelopment Agency was sold to Ivory Company, a large local development company with several other residential developments in the City; a large apartment complex is now open and renting, bringing in younger urban residents who should provide additional traffic for area businesses. The combination of business, residential, and public/park development, combined with the mass transit options, are starting to change the look and environment around the City Center. These and similar improvements still in the planning stage will continue to enhance the City Center's draw for City and area residents.

## **MAJOR INITIATIVES**

### **STRATEGIC PLAN**

West Valley City's administration facilitates and implements the City's annual strategic planning process. This strategic plan combines staff recommendations for service needs, Council input for policy prioritization, and reflects desires of the citizenry through such tools as the annual citizen survey and direct contact. The City's administration and City Council have found this input to be very valuable in determining the direction of the City's growth and allocation of resources. The objectives identified in the current strategic plan are as follows:

- Public Safety
- Citizen Involvement
- Education
- Place Making
- Fiscal Responsibility
- Neighborhood Enhancements

Each objective has a number of specific goals, which may change as goals are met, concerns addressed, and new objectives defined.

### **PUBLIC SAFETY**

The City has been actively responding to the citizens' concerns in this area. The City has made a conscious effort to fill vacant positions within the police department to address concerns about response time expressed by citizens, and to develop a more visible presence in neighborhood streets and public places. The police department is coordinating efforts with other involved departments to improve neighborhoods and remove some of the causes of juvenile crime. The Police and Fire departments provide safety presentations in City elementary schools. The police department is participating in the federal COPS (Community Oriented Policing) grant program to provide additional resources and training in this area. The Community Oriented Service Division is modeling and implementing new ways to track and respond to neighborhood safety issues. The City's efforts are reflected in a drop in major crime rates despite a growing population and harsh social and economic conditions that often result in upward pressures.

### **CITIZEN INVOLVEMENT**

The City is constantly working to improve communications between citizens and City staff; a City website, set up to provide online access to City information, is continually updated, with additional information and information links being added, along with a public access television channel to create more involved and informed citizens. A monthly newsletter is also mailed out to citizens. Citizen input is actively requested in bringing issues to the City's attention, including an annual citizen survey process. City CDBG grant resources are being used to provide assistance to elderly and disabled citizens, funding emergency repairs they could not otherwise afford. The City's Parks and Recreation Department operates several facilities and programs offering multiple recreation opportunities to citizens.

## **EDUCATION**

Focused efforts are being made to cultivate higher educational partnerships and programs regarding employment, housing, and educating residents to increase the number of college graduates in the City. The City's after-school program partnership is also seeing success coordinating after school programs for students.

## **PLACE MAKING**

A new area of focus identified in the most recent Strategic Plan, Place Making involves identifying and improving West Valley City's image and place in the local community. Transportation is part of this place; as West Valley City grows, increased capacity on the City's streets becomes more important. The City has been studying methods of facilitating traffic flow and improving transportation systems. These improvements include a coordinated signal system, and continuing a street resurfacing program to maintain the City's infrastructure investment. As population continues to grow, mass transit must play an increasingly important role. The 3500 South corridor is a focus of attention, with planners working to make a more efficient traffic flow design, and incorporating mass transit options. The City is working with the Utah Transit Authority (UTA) and neighboring cities on mass transit issues. UTA is operating the state's first Bus Rapid Transit System, referred to as "MAX," operating along 3500 South through the City. The new light rail spur from the main line running down the center of the valley to West Valley City was completed in August of 2011 and is now operating at near capacity. The spur terminates at City Hall at Fairbourne Station, the new intermodal transportation hub. The City is taking advantage of these transportation options in developing its City Center area and is partnering with developers to stimulate complementary transit oriented growth. Efforts are being made to recognize and embrace the City's diverse cultural and ethnic makeup. The City's Utah Cultural Celebration Center is a constant source of exhibits and programs showcasing arts and highlighting the diverse nature of the City's population. Increased recycling stations and programs are being implemented to provide working examples of environmental responsibility.

## **SUMMARY**

The City's economic and social environment continues to change, reflecting the larger society around it. Changes in property taxes, increasing e-commerce, and changes in the overall economy present challenges in projecting revenues; at the same time, a growing, changing City population requires the City to meet changing needs. The need for effective long-range planning is more important than ever. As a result of several years of conservative spending policies, the City has accumulated fund balance which has provided some cushion during the recent challenging economic cycles. The realities of the national and local post-recession economy dictate ongoing planning by management to meet citizens' needs. Demand still outstrips resources, requiring careful allocation of City resources.

That the City is able to accomplish so much during a period of tight economic circumstances is a tribute to the planning and commitment of the Mayor and Council. Successfully coordinating efforts to finish current projects while planning for new growth and improvements is only possible through continued direction and commitment, together with good management and focus from a dedicated staff. West Valley continues to show itself a leader in this area.

## **ACKNOWLEDGMENTS**

West Valley City has established itself as a major and vital part of the economic and political environment of the greater Salt Lake Valley metropolitan area. Increasingly, West Valley City plays a leadership role in all aspects of life here. That the City continues to move so far, so quickly, can be attributed to the vision and dedication to pursuing common goals and objectives identified, defined and then carried out by the community as a whole, including residents, businesses, the City's staff, and especially its elected officials. The City Manager's tireless efforts in implementing the City Council's vision are guiding the City towards the brightest future possible. Without cooperative, unselfish and dedicated City leadership, the vision that guides the strategic plan would remain only a vision.

These significant achievements are a result of the Mayor and Council's dedication to strong planning through the Strategic Plan and their continued commitment to achieve effective government for the citizens of West Valley City.

## **CONCLUSION**

Citizens of West Valley City can take great pride in their City. The City is successfully implementing the Strategic Plan, designed to improve the quality of life and effectiveness of delivering City services while at the same time promoting quality recreation and lifestyle opportunities, and providing the infrastructure improvements required by a growing citizen base. Achievements of this magnitude are only possible with clear direction from the Mayor and Council and good management from Executive Staff.

## **INDEPENDENT AUDIT**

State law and City Municipal Code require the financial statements of West Valley City to be audited annually by a Certified Public Accountant selected by the City Council. This requirement has been complied with and the auditor's opinion is included in the Financial Section of this report. This report has been audited by the firm of Keddington & Christensen, LLC, whose examination was made for the purpose of forming an opinion on the basic financial statements. As stated in the report, the independent auditors have given an unqualified opinion that the City's basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles.

## **CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded Certificates of Achievement for Excellence in Financial Reporting to West Valley City for its Comprehensive Annual Financial Reports for the fiscal years ended June 30, 1991, and 1993 through 2015. The Certificate of Achievement is a prestigious award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that this report conforms to the Certificate of Achievement Program requirements and is being submitted to the GFOA.

## ACKNOWLEDGMENTS

The timely preparation of this report was achieved by the efficient and dedicated accomplishments of the entire staff of West Valley City, to whom we offer our sincere appreciation.

Respectfully submitted,

WEST VALLEY CITY



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Wayne T. Pyle  
City Manager



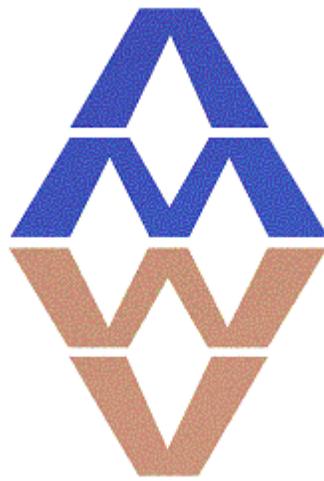
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James D. Welch  
Finance Director



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Don L. Groo  
Chief Accountant



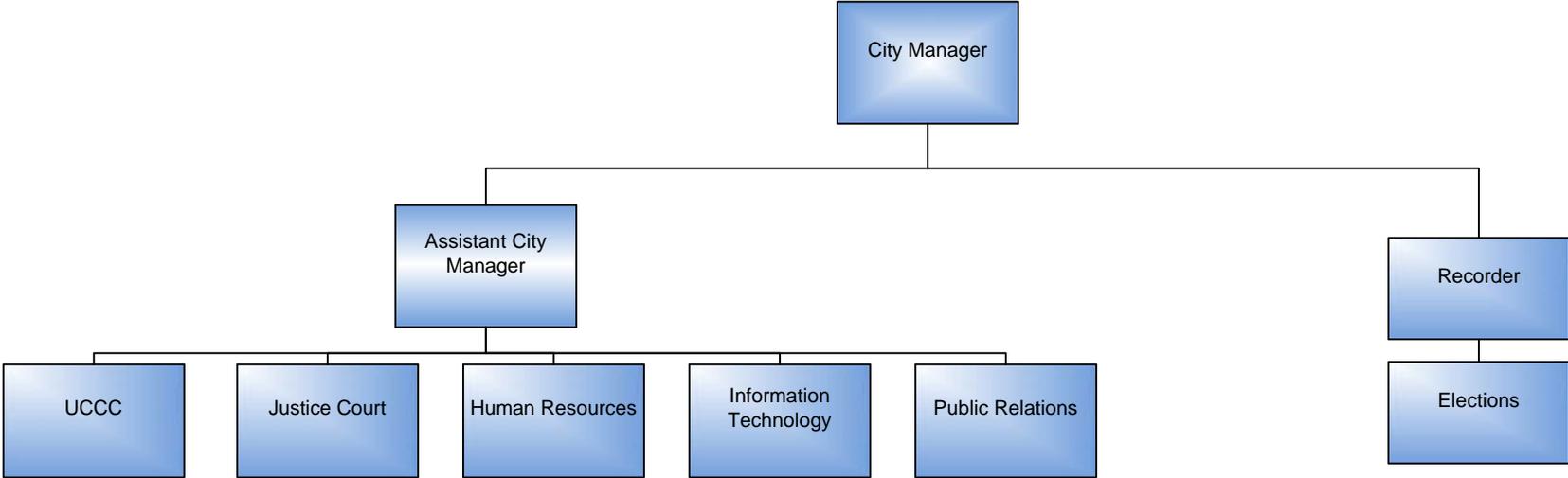
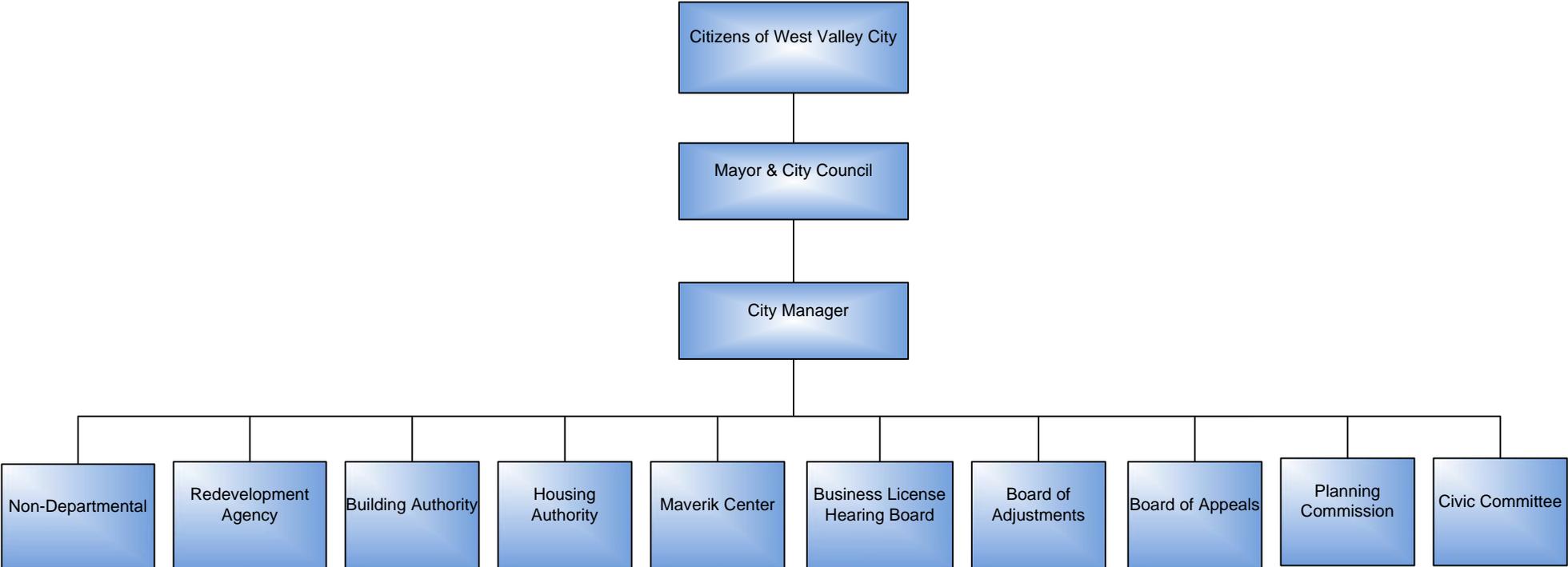
WEST VALLEY CITY, UTAH

PRINCIPAL OFFICIALS

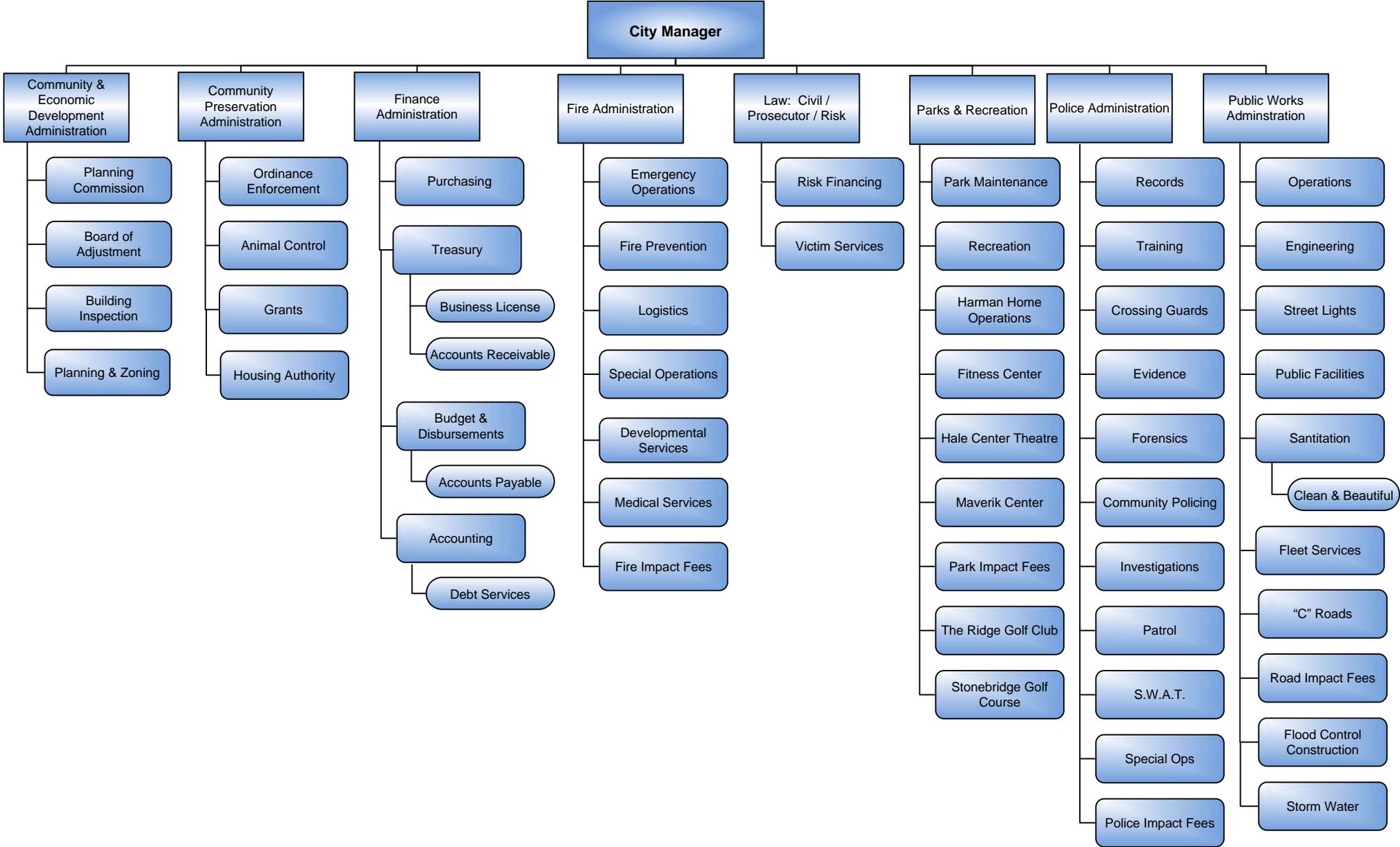
June 30, 2016

Ron Bigelow	Mayor
Don Christensen	Councilmember - At Large
Lars Nordfelt	Councilmember - At Large
Tom Huynh	Councilmember - Dist. 1
Steve Buhler	Councilmember - Dist. 2
Karen Lang	Councilmember - Dist. 3
Steve Vincent	Councilmember - Dist. 4
Wayne T. Pyle	City Manager
Paul D. Isaac	Assistant City Manager
Nicole Cottle	Asst. City Manager - Chief Counsel/ Community Development Director
Nichole Camac	City Recorder
John C. Evans	Fire Chief
Layne Morris	Community Preservation Director
J. Eric Bunderson	City Attorney
Lee W. Russo	Police Chief
James D. Welch	Finance Director
Russell B. Willardson	Public Works Director
Kevin Astill	Parks and Recreation Director
R. Scott Freckleton	City Treasurer

# West Valley City Organizational Chart



# West Valley City Organizational Chart





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**West Valley City  
Utah**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO



**Keddington & Christensen, LLC**  
Certified Public Accountants

---

Gary K. Keddington, CPA  
Brent E. Christensen, CPA  
Phyl R. Warnock, CPA

**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and  
Members of City Council  
West Valley City  
West Valley City, 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 West Valley 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 as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 City'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.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type-activities, each major fund, and the aggregate remaining fund information of West Valley City as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison 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, information about infrastructure assets reported using the modified approach, the schedule of the proportionate share of the net pension liability, and the schedule of contributions, as noted on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in the 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 inquires 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.

### *Supplemental Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Valley City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund statements and budgetary comparison schedules, listed as supplemental information in the table of contents, 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 13, 2016, on our consideration of West Valley 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* and should be read in conjunction with this report in considering the results of our audit.

*Keddington & Christensen, LLC*

December 13, 2016

**WEST VALLEY CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended June 30, 2016**

As management of West Valley City (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. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

**Financial Highlights**

- As of the end of the current fiscal year, the assets of the City exceeded its liabilities by \$340,153,013 (net position). Of this amount \$7,259,428 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The total net position of \$340,153,013 is made up of \$315,318,022 in capital assets net of related debt and \$24,834,991 in other net position.
- The City's total long-term liabilities increased by \$8,603,427.
- The City's capital assets decreased by \$1,260,724 as equipment, vehicle, and infrastructure additions were exceeded by depreciation on capital assets.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City'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 includes other supplementary information in addition to the basic financial statements.

**Government-wide financial statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of West Valley City's finances, in a 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. However, you will also need to consider other non-financial factors.
- The *statement of activities* presents information showing how the City's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of West Valley City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and public improvements, parks and recreation, and Community and Economic Development.

**WEST VALLEY CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2016**

The government-wide financial statements include not only the City itself, but the following blended component units. The West Valley City Housing Authority (Housing Authority), West Valley City Building Authority (Building Authority), and West Valley City Redevelopment Agency (Redevelopment Agency) are legally separate entities governed by boards appointed by the City Council, consisting of the City Council members. For financial reporting purposes, the Housing Authority, Building Authority, and Redevelopment Agency are reported as if they were part of the City's operations because their governing boards are the City Council. Therefore, the City Council is financially accountable and has significant influence over the programs, projects, activities, and level of services performed or provided by the organizations.

**Fund financial statements**

A *fund* is a grouping of related accounts that are 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 of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- Governmental funds These 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 *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.

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 governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains twelve 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, Redevelopment Agency Fund, and Community Services Fund, which are considered to be major funds. Data from the other nine governmental funds are combined into a single combined column. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report. Budgetary comparison schedules have been provided to demonstrate compliance with those budgets.

- Proprietary funds West Valley City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Golf Courses, Storm Water Utility, Housing Authority, and Ambulance Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. West Valley City Golf Courses and Storm Water Utility are classified as major funds and are included on the Statement of Net Position-Proprietary Funds within this report. Data from the other two proprietary funds are combined into a single combined column. Individual fund data for each of these non-major proprietary funds is provided in the form of *combining statements* elsewhere in the report. The basic proprietary fund financial statements can be found as listed in the table of contents.

**WEST VALLEY CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2016**

**Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes to the financial statements are located after the statements for major funds as listed in the table of contents.

**Other Information**

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found as listed in the table of contents.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$340,153,013 at the close of the most recent year. The City's overall financial position improved in fiscal year 2016. Total net position increased by \$7,123,115; net position from current year activities for governmental activities increased by \$6,402,905 and net position of business-type activities increased by \$720,210. The largest single area of increase for both governmental and business-type activities was in deferred outflows related to pensions. Deferred outflows related to pensions for governmental activities increased by \$8,365,490; for business-type activities by \$474,374. Overall revenues rose slightly, but were offset by increased expenses. Total liabilities decreased for governmental activities by \$3,332,597, and by \$1,084,559 for business-type activities. Unrestricted governmental activities net position decreased by \$9,413,930; this was offset by an increase of \$14,654,963 in net investment in capital assets due to additions primarily in infrastructure, and retirement of capital equipment-associated debt. Unrestricted business-type activities net position increased by \$447,437, due primarily to increased transfers.

Long-term liabilities increased by \$8,603,427. Net pension liability of \$19,212,384, which was previously included in current and other liabilities, was reclassified and reported with long-term liabilities in the current fiscal year. This addition offset a decrease in outstanding debt of \$10,608,957 due to normal debt service, as the City's financial position allowed it to acquire more capital assets with existing funds instead of financing them through debt.

Governmental revenues increased slightly from the previous year, by \$2,504,500 or 2%. The largest increase, \$1,564,604, was in gains on disposition of assets; the largest increase from recurring sources was a \$1,078,088 increase in charges for services., followed by sales taxes with an increase of \$980,856. Capital grants and contributions decreased by \$2,282,432 from the unusually high amount received the prior year for infrastructure improvements.

Governmental activities expenses increased by \$7,944,564, or 8%. The largest increase, \$4,699,584 was in General government as a result of significant purchases of computer and communications equipment, service contracts, liability insurance cost increases, and increased personnel costs, including pension-related expenses. Community Development expenses increased by \$3,688,787 reflecting the City's Redevelopment Agency's efforts to develop its City Center area, including operating costs associated with the City-owned hotel. Public Safety expenses decreased by \$1,562,272, closer to its 2014 level due to fewer one-time expenses, especially those previously funded through federal grants. Highways and public improvements increased by \$1,075,659 driven by project expenses funded through state capital grants. Interest on long-term debt decreased corresponding to the City's overall decrease in long-term debt outstanding.

In business-type activities, program revenues showed a modest increase of \$545,883, or 4%. Overall expenses decreased by \$41,508. Although the City's golf courses experience some year to year variance, overall the City's business-type activities are relatively stable in generating revenues and expenses.

**WEST VALLEY CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2016**

By far the largest portion of the City's net position (\$315,318,022 or 93%) is its investment in capital assets (e.g. land, buildings, improvements other than buildings, machinery and equipment, furniture and equipment, and infrastructure assets), less any related debt still outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related 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.

	Governmental Activities 2016	Governmental Activities 2015	Business-type Activities 2016	Business-type Activities 2015
Current and other assets	\$ 91,357,286	\$ 93,264,788	\$ 8,335,505	\$ 8,393,390
Capital assets	<u>366,124,137</u>	<u>366,511,412</u>	<u>71,098,644</u>	<u>71,972,093</u>
Total Assets	<u>457,481,423</u>	<u>459,776,200</u>	<u>79,434,149</u>	<u>80,365,483</u>
Total deferred outflows of resources	<u>14,731,781</u>	<u>6,585,498</u>	<u>1,010,354</u>	<u>584,393</u>
Current and other liabilities	18,582,662	30,926,957	552,025	1,228,313
Long-term liabilities	<u>150,498,810</u>	<u>141,487,112</u>	<u>8,633,262</u>	<u>9,041,533</u>
Total Liabilities	<u>169,081,472</u>	<u>172,414,069</u>	<u>9,185,287</u>	<u>10,269,846</u>
Total deferred inflows of resources	<u>34,030,622</u>	<u>31,249,424</u>	<u>207,313</u>	<u>348,337</u>
Net position:				
Net investment in capital assets	251,315,095	236,660,132	64,002,927	63,735,153
Restricted	15,887,822	14,725,950	1,687,741	1,682,742
Unrestricted	<u>1,898,193</u>	<u>11,312,123</u>	<u>5,361,235</u>	<u>4,913,798</u>
Total Net Position	<u>\$ 269,101,110</u>	<u>\$ 262,698,205</u>	<u>\$ 71,051,903</u>	<u>\$ 70,331,693</u>

An additional portion of West Valley City's net position totaling \$17,575,563 (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$7,259,428 may be used to meet the government's ongoing obligations to citizens and creditors.

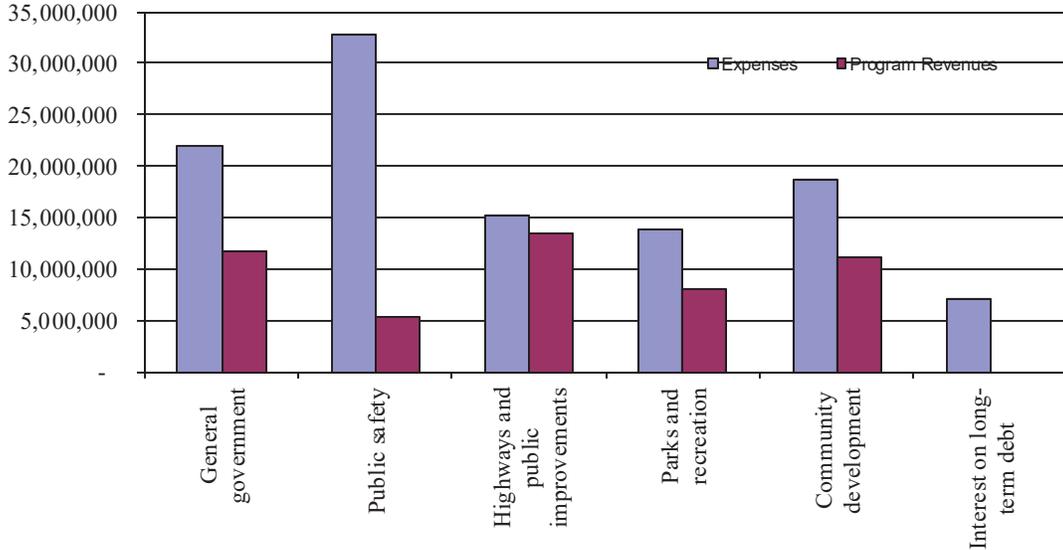
**WEST VALLEY CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2016**

	Governmental Activities 2016	Governmental Activities 2015	Business-type Activities 2016	Business-type Activities 2015
<b>Revenues:</b>				
Program revenues:				
Charges for services	\$ 30,052,365	\$ 28,974,277	\$ 9,827,323	\$ 9,396,791
Operating grants and contributions	14,987,200	14,798,016	3,215,447	3,100,096
Capital grants and contributions	4,596,742	6,879,174	-	-
General revenues:				
Property taxes	29,344,107	28,826,224	-	-
Sales taxes	24,279,409	23,298,553	-	-
Franchise taxes	10,362,934	10,006,985	-	-
Unrestricted investment earnings	878,235	842,229	68,099	191,524
Gain (loss) on disposition of assets	1,930,722	366,118	176,246	470,780
Other revenues	64,362	-	-	-
<b>Total Revenues</b>	<b>116,496,076</b>	<b>113,991,576</b>	<b>13,287,115</b>	<b>13,159,191</b>
<b>Expenses:</b>				
General government	21,940,491	17,240,907	-	-
Public safety	32,827,609	34,389,881	-	-
Highways and public improvements	15,145,800	14,070,141	-	-
Parks and recreation	13,905,735	13,414,750	-	-
Community development	18,734,903	15,046,116	-	-
Interest on long-term debt	7,063,828	7,512,007	-	-
Golf courses	-	-	4,444,512	4,374,681
Storm water utility	-	-	3,890,184	3,821,997
Housing Authority	-	-	3,175,214	3,219,275
Ambulance	-	-	1,531,800	1,667,265
<b>Total Expenses</b>	<b>109,618,366</b>	<b>101,673,802</b>	<b>13,041,710</b>	<b>13,083,218</b>
Increase (decrease) in Net Position before transfers	6,877,710	12,317,774	245,405	75,973
Transfers	(474,805)	(125,255)	474,805	125,255
<b>Increase in Net Position</b>	<b>6,402,905</b>	<b>12,192,519</b>	<b>720,210</b>	<b>201,228</b>
Net Position - Beginning	262,698,205	250,505,686	70,331,693	70,130,465
<b>Net Position - Ending</b>	<b>\$ 269,101,110</b>	<b>\$ 262,698,205</b>	<b>\$ 71,051,903</b>	<b>\$ 70,331,693</b>

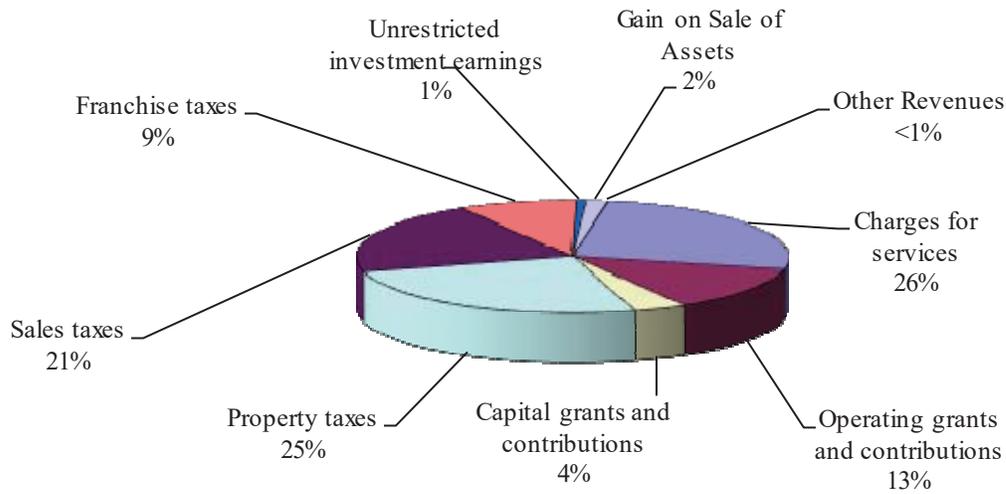
**WEST VALLEY CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2016**

The following graphs display the government-wide activities for governmental activities reflected in the above tables. The program revenues on the graph below do not include general revenue such as property tax, sales taxes, etc., as listed on the preceding page.

**Expenses and Program Revenues - Governmental Activities**

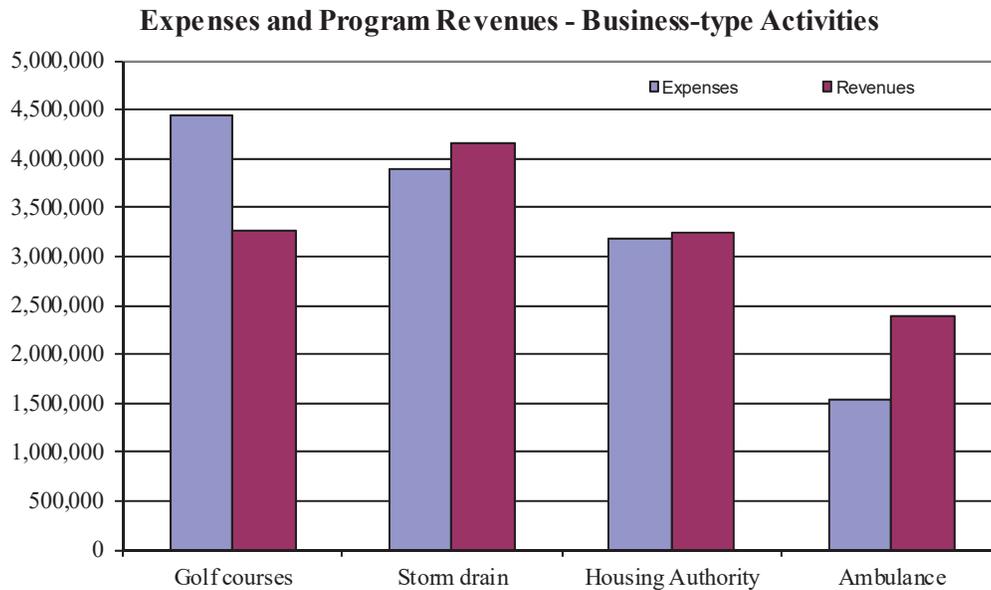


**Revenues by Source - Governmental Activities**

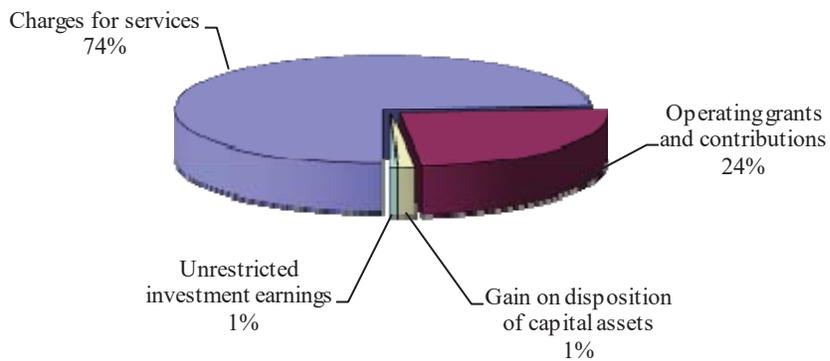


**WEST VALLEY CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2016**

**Business-type activities.** The City's business-type activities net position increased by \$720,210. As of the end of the current fiscal year, West Valley City Golf Courses, Storm Water Utility, Ambulance Fund, and Housing Authority each reported positive net position.



**Revenues by Source - Business-type Activities**



**WEST VALLEY CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2016**

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

As noted earlier, West Valley 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, unrestricted fund balance may serve as a useful measure of government's net resources available for spending at the end of the fiscal year. West Valley City has four Major Governmental Funds: the General Fund, Redevelopment Agency, Capital Projects Fund, and Community Services Fund.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$44,929,173, a decrease of \$3,838,225, made up of five components; nonspendable, restricted, committed, assigned, and unassigned. Of this total amount \$9,432,845 is unassigned and available for spending at the City's discretion. Assigned fund balance of \$7,808,441 has been assigned to intended uses. The City currently has no committed fund balance. Restricted fund balance of \$15,887,822 has been restricted to pay debt service and for future development. Nonspendable fund balance of \$11,800,065 is composed of prepaid items, long-term notes receivable, inventory, and property held for resale. The most significant change was to Redevelopment Agency's fund balance, which decreased by \$3,602,954. General Fund's fund balance decreased by \$1,241,972. Also, the Capital Projects Fund was reclassified as a minor fund; accordingly, its fund balance is now reported in Other Governmental Funds instead of being reported separately on the Balance Sheet – Governmental Funds. The increase of \$3,271,745 in Other Governmental Funds' fund balance reflects this change.

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 \$13,504,566; total fund balance was \$26,170,858. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 19.2% of total general fund expenditures, while total fund balance represents 37.2% of that same amount. Overall revenues were up by \$1,220,281, primarily due to increased tax receipts. Sales tax increased by \$945,873 as a combined result of new businesses and increased economic activity within the City; franchise tax revenue increased by \$355,948, while property tax was basically unchanged, increasing by \$166,213. . These increases are significant since they represent the largest sources of funding for the City. Fines and forfeitures decreased by \$804,264 reflecting a change in the focus of the police department's efforts. Overall expenditures increased by \$2,292,707 from the previous year. The largest increase, \$1,324,578, was in General government, due to equipment purchases, rising insurance costs, and increased personnel expenditures. Highways and public improvements expenditures increased by \$441,519. Capital outlay decreased by \$99,626. Other departments showed only minor increases or decreases from the previous year.

The Redevelopment Agency of West Valley City was created by the City Council with the authority and responsibility for redeveloping and upgrading blighted areas of the City. The members of the City Council are also members of the Redevelopment Agency's Board of Directors and, as such, are authorized to transact business and exercise their power to plan, engineer, and carry out projects of the Redevelopment Agency. Fund balance at the end of the year was \$13,335,526 with \$20,877,740 in assets composed of cash and equivalents, property tax increment receivable, land held for future development, hotel inventory, and restricted cash. The overall fund balance decrease of \$3,602,954 resulted from sales of property previously held for resale, and transfers out to other funds for debt service payments in RDA project areas. Nonspendable fund balance decreased by \$2,885,688 reflecting those sales of property previously held for resale in the City Center development.

The Community Services Fund consolidates several major services provided by the City for its citizens, including the City's Family Fitness Center, Hale Centre Theater, Maverik Center, Utah Cultural Celebration Center, and Sanitation. At year end the Community Services Fund had nonspendable fund balance of \$7,271, assigned fund balance of \$0, and unassigned negative fund balance of (\$4,071,721).

**WEST VALLEY CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2016**

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

Unrestricted net position of the West Valley City Golf Courses fund at the end of the year was \$549,682. Operating revenues decreased by \$84,455 (2.5%) while operating expenses increased by \$114,653 (2.9%). City management policy is to open the courses to play during marginal early and late season times to increase public exposure, access, and play. Additional course and equipment maintenance and operational expenses exceed additional revenues received during these times. Transfers in from the General Fund increased by \$1,174,107.

**General Fund Budgetary Highlights**

During the fiscal year, the General Fund's original budget was amended from an original budget expenditure total of \$74,366,606 to a final budget of \$76,304,050, an increase of \$1,937,444. These increases can be briefly summarized as follows:

- \$906,127 increase in General government
- \$107,490 decrease in Public safety
- \$711,180 increase in Highways and public improvements
  - \$16,815 increase in Parks and recreation
  - \$58,699 increase in Community development
- \$293,613 increase in Non-departmental
  - \$21,000 increase in Debt service
  - \$37,500 increase in Capital outlay

General government budget increased to fund communications and computer system equipment, and for additional personnel costs. Highways and public improvements budget increased to fund City maintenance needs. Non-departmental budget increased due to additional personnel costs. No other departments had significant variances between original and final budget, or between final budget and actual expenditures.

Of these increases, \$734,718 was to be funded out of operating and capital donations, \$134,038 from transfers in from other funds, \$953,188 from capital lease proceeds, and \$115,500 from sale of capital assets.

**Capital Assets and Debt Administration**

**Capital assets.** West Valley City's investment in capital assets for its governmental and business-type activities as of June 30, 2016, totals \$437,222,781 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, furniture and equipment, infrastructure, and work in progress. The total decrease in the City's investment in capital assets for the current year was \$1,260,724 (0.3%); \$387,275 (0.1%) decrease for governmental activities and a decrease of \$873,449 (1.2%) for business-type activities.

**WEST VALLEY CITY**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2016**

	Governmental Activities 2016	Governmental Activities 2015	Business - type Activities 2016	Business - type Activities 2015
Land	\$ 26,926,152	\$ 25,804,368	\$ 17,813,346	\$ 17,813,346
Infrastructure	233,017,392	228,990,906	-	-
Buildings	94,943,113	98,662,208	2,645,592	2,764,254
Improvements other than buildings	4,646,140	5,520,250	12,766,643	12,933,033
Machinery and equipment	3,707,400	4,430,271	1,895,375	2,356,032
Furniture and fixtures	210,129	349,903	35,958,421	35,957,707
Construction in progress	2,074,139	2,153,834	19,267	147,751
Intangible assets	599,672	599,672	-	-
<b>Total Capital Assets</b>	<b>\$ 366,124,137</b>	<b>\$ 366,511,412</b>	<b>\$ 71,098,644</b>	<b>\$ 71,972,123</b>

Additional information on the City’s capital assets can be found in Note 6 to this financial report.

**Infrastructure.** The City has adopted an allowable alternative to reporting depreciation for three of seven infrastructure subsystems in the transportation network. Under this alternative method, referred to as the “modified approach,” the City must maintain an asset management system and demonstrate that its subsystems are being preserved at or above condition levels established by City policy. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed.

Major Streets

The condition of the major streets pavement is measured using the Local Transportation Assistance Program (LTAP). This system uses a measurement scale that considers the condition of the roads using nine condition factors and then assigns the road a Remaining Service Life, (RSL), ranging from 0 to 21. The RSL is the remaining life of the road in years, if no additional upkeep, replacement, or maintenance is performed. The RSL is used to classify roads into categories as follows: Roads with a RSL rating of 19-21 years are considered in “excellent” condition, those with ratings of 13-18 years are considered in “very good” condition, those with ratings of 10-12 years are considered in “good” condition, those with ratings 7-9 years are considered in “fair” condition, those with ratings of 1-6 years are considered in “poor” condition, and those with ratings of 0 years are considered in “failed” condition.

It is the City’s policy to maintain an average RSL of 8 years or greater for its major streets. The City performs a complete condition assessment on each major street every three years. A condition assessment on the major streets was performed in June 2014.

In 2016, the City spent \$808,511 to maintain and preserve its major streets. These actual maintenance and preservation costs were \$310,693 less than the estimated maintenance and preservation costs of \$1,119,204. Estimated costs increased from the prior year based on the multi-year plan adopted by the City’s Public Works Department to maintain streets at the desired level. The actual costs reflected expenditures as of June 30 on several projects which were still in progress with final estimated costs significantly higher than actual year-end expenditures.

**WEST VALLEY CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2016**

Minor Streets

The condition of the minor streets pavement is also measured using the Local Transportation Assistance Program (LTAP). This system uses a measurement scale that considers the condition of the roads using nine condition factors and then assigns the road a Remaining Service Life, (RSL), ranging from 0 to 21. The RSL is the remaining life of the road in years, if no additional upkeep, replacement, or maintenance is performed. The RSL is used to classify roads into categories as follows: Roads with a RSL rating of 19-20 years are considered in "excellent" condition, those with ratings of 13-18 years are considered in "very good" condition, those with ratings of 10-12 years are considered in "good" condition, those with ratings 7-9 years are considered in "fair" condition, those with ratings of 1-6 years are considered in "poor" condition, and those with ratings of 0 years are considered in "failed" condition.

It is the City's policy to maintain an average RSL of 8 years or greater for its minor streets. The City performs a complete condition assessment on each minor street every three years. A condition assessment on the minor streets was performed in 2014. The condition assessment completed in 2014 shows that 66% of the City's minor streets were in "fair" or better condition. GASB standards require reporting the last three complete condition assessments and needed-to-actual information for five years.

In 2016, the City spent \$983,474 to maintain and preserve its minor streets. Actual maintenance and preservation costs were less than the estimated maintenance and preservation costs of \$1,299,551. Estimated costs decreased based on funds available for infrastructure maintenance in the City. Actual costs decreased by \$222,717 from the prior year.

Sidewalks

The condition of the City's sidewalks subsystem is measured by City staff using the Geodatabase System in which concrete management data has been entered into a database linked to each street which has accompanying sidewalk. Sidewalks are assigned a condition category based on physical inspection. Sidewalks showing no defects are considered in the "excellent/good" category; sidewalks with light spalling and less than 1" displacement are considered in the "fair" category; sidewalks with light spalling and 1" to 2" displacement are considered in the "poor" category; and sidewalks with heavy spalling or more than 2" displacement are considered in the "failed" category.

It is the City's policy to maintain a minimum of 95% of sidewalks (by length) in the "excellent/good" category. The City performs a complete condition assessment on its sidewalks every three years. The condition assessment completed in 2016 shows that 99% of the City's sidewalks were in "excellent/good" condition. GASB standards require reporting the last three complete condition assessments and needed-to-actual information for five years.

In 2016, the City spent \$157,170 to maintain and preserve its sidewalks. These actual maintenance and preservation costs were less than the estimated maintenance and preservation costs of \$211,519. Estimated and actual costs increased to maintain the overall condition of the City's sidewalks.

**WEST VALLEY CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2016**

**Long-term debt.** At the end of the current year, the City had total debt outstanding of \$139,919,688. The total amount is debt that is secured solely by specific revenue sources (i.e. revenue bonds). The debt shown below is net of the related debt issuance costs and/or unamortized premiums.

	Governmental Activities 2016	Governmental Activities 2015	Business - type Activities 2016	Business - type Activities 2015
Revenue bonds	\$ 88,359,097	\$ 96,863,987	\$ 7,205,333	\$ 8,374,281
Special improvement	-	236,176	-	-
Note payable	32,192,696	33,086,362	-	-
Capital leases	3,472,566	3,072,849	285,347	414,655
Compensated absences	620,665	1,094,160	-	-
Termination benefits	1,317,337	610,399	-	-
Paid time-off	3,788,706	3,562,389	276,204	252,597
Workers Compensation	326,438	527,619	-	-
Claim and contingencies	2,075,299	2,433,171	-	-
Total	<u>\$ 132,152,804</u>	<u>\$ 141,487,112</u>	<u>\$ 7,766,884</u>	<u>\$ 9,041,533</u>

During the current fiscal year the City's total debt decreased by \$10,608,957.

State statutes limit the amount of general obligation debt that a governmental entity may issue to 4% of its total taxable value. The current limitation for the City is \$330,160,037. The City currently has no outstanding general obligation debt. In addition, state statute allows for an additional 4% to be used for water, sewer, or electrical projects thus resulting in a debt limit of 8% of total taxable value. The current limitation for these water, sewer, or electrical projects is \$330,160,037. The City has no debt of this type.

Additional information on the City's long-term debt can be found in Note 9 to this financial report.

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

- The unemployment rate for Salt Lake County (of which West Valley City is the second largest city) was 3.5%. This compares with a state unemployment rate of 4.0% and a national rate of 4.9%. This compares with previous year's rates of 3.5%, 3.5%, and 5.3% respectively. (Source: Utah Department of Workforce Service).
- The General Fund budget for the fiscal year ending June 30, 2016 reflects an increase of \$4,678,461 from the final budget for the fiscal year ending June 30, 2015.
- Economic trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City's budget for the 2016 fiscal year.

**Request for Information**

This financial report is designed to provide a general overview of West Valley City's finances 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: West Valley City, Finance Director, 3600 Constitution Boulevard, West Valley City, UT 84119.

## **BASIC FINANCIAL STATEMENTS**

**WEST VALLEY CITY**  
**STATEMENT OF NET POSITION**  
**June 30, 2016**

	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>			
Cash and cash equivalents	\$ 28,746,937	\$ 5,622,833	\$ 34,369,770
Receivables:			
Accounts, net	886,515	829,600	1,716,115
Taxes	32,047,590	-	32,047,590
Intergovernmental	4,731,225	45,296	4,776,521
Loans receivable	734,679	-	734,679
Inventories	134,735	146,302	281,037
Prepaid expenses	7,271	1,951	9,222
Note receivable - short term	6,971	-	6,971
Note receivable - long term	123,025	-	123,025
Property held for resale	7,608,059	-	7,608,059
Restricted assets:			
Cash and cash equivalents	15,232,722	1,687,741	16,920,463
Intergovernmental receivable	1,060,923	-	1,060,923
Net pension asset	36,634	1,782	38,416
Capital assets not being depreciated:			
Land and collectibles	26,926,152	17,813,346	44,739,498
Infrastructure	227,461,060	-	227,461,060
Construction in progress	2,074,139	19,267	2,093,406
Intangible assets	599,672	-	599,672
Capital assets net of accumulated depreciation:			
Buildings	94,943,113	2,645,592	97,588,705
Improvements other than buildings	4,646,140	12,766,643	17,412,783
Machinery and equipment	3,707,400	1,895,375	5,602,775
Furniture and fixtures	210,129	-	210,129
Infrastructure	5,556,332	35,958,421	41,514,753
<b>Total Assets</b>	<b>457,481,423</b>	<b>79,434,149</b>	<b>536,915,572</b>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	2,157,258	290,483	2,447,741
Deferred outflows related to pensions	12,574,523	719,871	13,294,394
<b>Total Deferred Outflows of Resources</b>	<b>14,731,781</b>	<b>1,010,354</b>	<b>15,742,135</b>
<b>Total Assets and Deferred Outflow of Resources</b>	<b>\$ 472,213,204</b>	<b>\$ 80,444,503</b>	<b>\$ 552,657,707</b>

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

**WEST VALLEY CITY**  
**STATEMENT OF NET POSITION (Continued)**  
**June 30, 2016**

	Governmental Activities	Business-type Activities	Total
<b>Liabilities:</b>			
Accounts payable	\$ 3,871,138	\$ 157,153	\$ 4,028,291
Accrued liabilities	5,345,881	264,413	5,610,294
Accrued interest payable	7,410,794	130,459	7,541,253
Developer and customer deposits	1,378,943	-	1,378,943
Liabilities payable from restricted assets	405,820	-	405,820
Unearned revenue	170,086	-	170,086
Noncurrent liabilities			
Due within one year	12,622,809	1,436,234	14,059,043
Due in more than one year	119,529,995	6,330,650	125,860,645
Net pension liability	18,346,006	866,378	19,212,384
<b>Total Liabilities</b>	<b>169,081,472</b>	<b>9,185,287</b>	<b>178,266,759</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows for property taxes	30,519,714	-	30,519,714
Deferred inflows relating to pensions	3,510,908	207,313	3,718,221
<b>Total Deferred Inflows of Resources</b>	<b>34,030,622</b>	<b>207,313</b>	<b>34,237,935</b>
<b>Net Position:</b>			
Net investment in capital assets	251,315,095	64,002,927	315,318,022
Restricted for:			
Debt Service	11,738,439	1,687,741	13,426,180
Future development	4,149,383	-	4,149,383
Unrestricted	1,898,193	5,361,235	7,259,428
<b>Total Net Position</b>	<b>269,101,110</b>	<b>71,051,903</b>	<b>340,153,013</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 472,213,204</b>	<b>\$ 80,444,503</b>	<b>\$ 552,657,707</b>

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

**WEST VALLEY CITY**  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended June 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Government Activities:</b>							
General government	\$ 21,940,491	\$ 2,336,623	\$ 7,810,110	\$ 1,554,749	\$ (10,239,009)	\$ -	\$ (10,239,009)
Public safety	32,827,609	3,470,930	1,830,806	-	(27,525,873)	-	(27,525,873)
Highway and public improvements	15,145,800	6,203,568	4,252,091	3,001,993	(1,688,148)	-	(1,688,148)
Parks and recreation	13,905,735	7,968,541	65,000	40,000	(5,832,194)	-	(5,832,194)
Community development	18,734,903	10,072,703	1,029,193	-	(7,633,007)	-	(7,633,007)
Interest and issuance costs on long-term debt	7,063,828	-	-	-	(7,063,828)	-	(7,063,828)
<b>Total Governmental Activities</b>	<b>109,618,366</b>	<b>30,052,365</b>	<b>14,987,200</b>	<b>4,596,742</b>	<b>(59,982,059)</b>	<b>-</b>	<b>(59,982,059)</b>
<b>Business-type Activities:</b>							
Golf courses	4,444,512	3,269,379	-	-	-	(1,175,133)	(1,175,133)
Storm water utility	3,890,184	4,157,613	-	-	-	267,429	267,429
Housing authority	3,175,214	21,086	3,215,447	-	-	61,319	61,319
Ambulance	1,531,800	2,379,245	-	-	-	847,445	847,445
<b>Total Business-type Activities</b>	<b>13,041,710</b>	<b>9,827,323</b>	<b>3,215,447</b>	<b>-</b>	<b>-</b>	<b>1,060</b>	<b>1,060</b>
<b>Total Government</b>	<b>\$ 122,660,076</b>	<b>\$ 39,879,688</b>	<b>\$ 18,202,647</b>	<b>\$ 4,596,742</b>	<b>(59,982,059)</b>	<b>1,060</b>	<b>(59,980,999)</b>
General Revenues:							
Property taxes					29,344,107	-	29,344,107
Sales taxes					24,279,409	-	24,279,409
Franchise taxes					10,362,934	-	10,362,934
Unrestricted investment earnings					878,235	68,099	946,334
Gain on disposition of capital assets					1,930,722	176,246	2,106,968
Other revenues					64,362	-	64,362
Transfers					(474,805)	474,805	-
Total General Revenues and Transfers					66,384,964	719,150	67,104,114
Changes in Net Position					6,402,905	720,210	7,123,115
Net Position, Beginning					262,698,205	70,331,693	333,029,898
Net Position, Ending					\$ 269,101,110	\$ 71,051,903	\$ 340,153,013

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

**WEST VALLEY CITY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2016**

	General Fund	Redevelopment Agency Fund	Community Services Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 11,101,669	\$ 5,775,840	\$ 81,325	\$ 11,788,103	\$ 28,746,937
Receivables:					
Accounts, net	49,329	137,267	699,919	-	886,515
Taxes	28,828,896	3,218,694	-	-	32,047,590
Intergovernmental	4,125,281	-	-	605,944	4,731,225
Loan receivables	-	-	-	734,679	734,679
Prepaid expenses	-	-	7,271	-	7,271
Due from other funds	5,454,906	-	-	-	5,454,906
Note receivable	4,600,000	-	-	-	4,600,000
Inventory	28,130	106,605	-	-	134,735
Deposits	-	550,000	-	-	550,000
Property held for resale	-	7,058,059	-	-	7,058,059
Restricted assets:					
Cash and cash equivalents	7,056,624	4,031,275	-	4,144,823	15,232,722
Intergovernmental receivable	1,060,923	-	-	-	1,060,923
<b>Total Assets</b>	<b>\$ 62,305,758</b>	<b>\$ 20,877,740</b>	<b>\$ 788,515</b>	<b>\$ 17,273,549</b>	<b>\$ 101,245,562</b>
<b>Liabilities:</b>					
Accounts payable	\$ 971,478	\$ 374,360	\$ 482,784	\$ 2,042,516	\$ 3,871,138
Accrued liabilities	2,171,795	21,931	3,147,219	4,936	5,345,881
Developer and customer deposits	1,378,943	-	-	-	1,378,943
Due to other funds	-	3,918,329	1,222,962	313,615	5,454,906
Unearned revenue	3,905,844	8,900	-	825,243	4,739,987
Notes payable	-	-	-	4,600,000	4,600,000
Liabilities payable from restricted assets	405,820	-	-	-	405,820
<b>Total Liabilities</b>	<b>8,833,880</b>	<b>4,323,520</b>	<b>4,852,965</b>	<b>7,786,310</b>	<b>25,796,675</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - property taxes	27,301,020	3,218,694	-	-	30,519,714
<b>Total Deferred Inflows of Resources</b>	<b>27,301,020</b>	<b>3,218,694</b>	<b>-</b>	<b>-</b>	<b>30,519,714</b>
<b>Fund Balances:</b>					
Nonspendable:					
Prepaid items	-	-	7,271	-	7,271
Long-term note receivable	4,600,000	-	-	-	4,600,000
Inventory	28,130	106,605	-	-	134,735
Property held for resale	-	7,058,059	-	-	7,058,059
Restricted for:					
Debt service	6,030,633	4,031,275	-	1,676,531	11,738,439
Future development	1,681,091	-	-	2,468,292	4,149,383
Assigned for:					
Workers' compensation	326,438	-	-	-	326,438
Redevelopment agency	-	2,139,587	-	-	2,139,587
Capital projects	-	-	-	4,113,067	4,113,067
UCCCF	-	-	-	136,725	136,725
Grants	-	-	-	166,643	166,643
Municipal Building Authority	-	-	-	925,981	925,981
Unassigned:					
Community services	-	-	(4,071,721)	-	(4,071,721)
General fund	13,504,566	-	-	-	13,504,566
<b>Total Fund Balances</b>	<b>26,170,858</b>	<b>13,335,526</b>	<b>(4,064,450)</b>	<b>9,487,239</b>	<b>44,929,173</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 62,305,758</b>	<b>\$ 20,877,740</b>	<b>\$ 788,515</b>	<b>\$ 17,273,549</b>	<b>\$ 101,245,562</b>

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

**WEST VALLEY CITY**  
**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:**

<b>Total Fund Balance - Governmental Funds</b>	\$ 44,929,173
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	366,124,137
Unearned revenues in the General Fund recorded for the loan to the RDA are eliminated on the Statement of Net Position.	3,835,222
Unearned revenues on loan receivables in the governmental funds are eliminated on the Statement of Net Position.	734,679
Notes receivable that come due in future years are not recorded in the funds.	129,996
Interest expense is not due and payable in the current period and therefore is not recorded in the funds.	(7,410,794)
Long-term liabilities, including bonds, capital leases, notes, termination benefits, workers' compensation, and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(132,152,804)
Pension obligations and assets, including deferred inflows and outflows relating to pensions, are not obligations of the current period and, therefore, are not reported in the funds.	(9,245,757)
Deferred charges for long term debt are not financial resources and, therefore, are not reported in the funds.	2,157,258
<b>Total Net Position - Governmental Activities</b>	<u>\$ 269,101,110</u>

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

**WEST VALLEY CITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2016**

	General Fund	Redevelopment Agency Fund	Community Services Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 60,889,951	\$ 2,743,830	\$ 352,669	\$ -	\$ 63,986,450
Fees and passes	-	-	2,257,624	1,935,781	4,193,405
Licenses and permits	4,192,432	-	-	-	4,192,432
Intergovernmental	4,252,091	7,729,153	-	5,534,073	17,515,317
Fines and forfeitures	2,895,721	-	-	-	2,895,721
Charges for services	812,379	7,071,676	5,048,551	-	12,932,606
Rental income	-	507,050	4,524,862	-	5,031,912
Interest	473,922	208,946	15,278	7,745	705,891
Special assessments	180,486	-	-	-	180,486
Program income	-	-	-	32,787	32,787
Miscellaneous	821,729	-	294,886	66,031	1,182,646
<b>Total Revenues</b>	<b>74,518,711</b>	<b>18,260,655</b>	<b>12,493,870</b>	<b>7,576,417</b>	<b>112,849,653</b>
<b>Expenditures:</b>					
Current:					
General government	15,091,148	-	-	571,699	15,662,847
Public safety	31,905,819	-	-	1,106,296	33,012,115
Highways and public improvements	8,550,528	-	4,881,006	2,711,290	16,142,824
Parks and recreation	1,962,359	-	8,800,121	177,628	10,940,108
Community development	3,726,445	-	-	757,384	4,483,829
Other nondepartmental	4,975,781	-	-	-	4,975,781
Redevelopment Agency	-	13,461,279	-	-	13,461,279
Debt service:					
Principal	3,438,431	6,967,482	-	3,146,664	13,552,577
Interest	651,685	3,459,203	-	1,404,669	5,515,557
Bond issuance costs	9,950	70,223	-	-	80,173
Capital outlay	129,494	-	23,068	4,659,446	4,812,008
<b>Total Expenditures</b>	<b>70,441,640</b>	<b>23,958,187</b>	<b>13,704,195</b>	<b>14,535,076</b>	<b>122,639,098</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>4,077,071</b>	<b>(5,697,532)</b>	<b>(1,210,325)</b>	<b>(6,958,659)</b>	<b>(9,789,445)</b>
<b>Other Financing Sources (Uses):</b>					
Issuance of new debt	1,030,924	3,163,000	-	301,379	4,495,303
Transfers in	1,913,107	-	6,851,454	9,149,840	17,914,401
Transfers out	(8,395,872)	(2,649,096)	(5,343,829)	(2,000,409)	(18,389,206)
Sale of capital assets	132,798	1,580,674	-	217,250	1,930,722
<b>Total Other Financing Sources (Uses)</b>	<b>(5,319,043)</b>	<b>2,094,578</b>	<b>1,507,625</b>	<b>7,668,060</b>	<b>5,951,220</b>
<b>Net Change in Fund Balances</b>	<b>(1,241,972)</b>	<b>(3,602,954)</b>	<b>297,300</b>	<b>709,401</b>	<b>(3,838,225)</b>
<b>Fund Balances, Beginning</b>	<b>27,412,830</b>	<b>16,938,480</b>	<b>(4,361,750)</b>	<b>8,777,838</b>	<b>48,767,398</b>
<b>Fund Balances, Ending</b>	<b>\$ 26,170,858</b>	<b>\$ 13,335,526</b>	<b>\$ (4,064,450)</b>	<b>\$ 9,487,239</b>	<b>\$ 44,929,173</b>

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

**WEST VALLEY CITY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended June 30, 2016**

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

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	(3,838,225)
Governmental funds have reported capital outlays, past and present, 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.		(6,703,915)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the Statement of Net Position.		6,316,640
Governmental funds report losses on defeasance in the year of the bond refunding or defeasance. However, these losses are reported as deferred charges in the Statement of Net Position and subsequently amortized in the Statement of Activities.		(24,817)
Repayment of noncurrent liabilities' principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		13,535,928
Net proceeds from issuance of noncurrent liabilities is recorded as income in the governmental funds. However, the issuance of noncurrent liabilities is recorded as a liability in the Statement of Net Position.		(4,474,903)
In the Statement of Activities interest is accrued on noncurrent liabilities, whereas in governmental funds, interest expense is reported when due.		(1,198,392)
Disbursements and repayments of housing loans are accounted for as revenues and expenditures, respectively, in the governmental funds, but they are not recorded as revenues or expenses for the Statement of Activities.		105,654
Some payments for the retirement plans are considered to be payments on the net pension liability (calculated as the difference between the actuarially calculated pension expense and the contributions to the retirement plans), but are reported as expenditures in the governmental funds.		2,591,226
Some expenses, including accrued termination benefits, claims, contingencies, and the long term portion of compensated absences and workers' compensation, 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.		93,709
<b>Change in Net Position - Governmental Activities</b>	<b>\$</b>	<b>6,402,905</b>

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

**WEST VALLEY CITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL – GENERAL FUND**  
**For The Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 61,508,142	\$ 61,508,142	\$ 60,889,951	\$ (618,191)
Licenses and permits	3,922,000	3,927,000	4,192,432	265,432
Intergovernmental	3,850,000	3,850,000	4,252,091	402,091
Fines and forfeitures	4,376,000	4,376,000	2,895,721	(1,480,279)
Charges for services	694,225	694,225	812,379	118,154
Interest	428,640	428,640	473,922	45,282
Special assessments	154,000	154,000	180,486	26,486
Miscellaneous	939,790	969,557	821,729	(147,828)
<b>Total Revenues</b>	<b>75,872,797</b>	<b>75,907,564</b>	<b>74,518,711</b>	<b>(1,388,853)</b>
<b>Expenditures:</b>				
Current:				
General government:				
Legislative	1,000,436	998,975	845,984	152,991
Administrative	8,172,212	9,100,169	8,986,498	113,671
Legal	3,742,004	3,696,045	3,235,104	460,941
Finance	1,758,941	1,784,531	1,651,712	132,819
Indigent defense	373,550	373,550	371,850	1,700
Public Safety:				
Police	24,640,550	24,451,538	22,551,861	1,899,677
Fire	9,691,849	9,773,371	9,353,958	419,413
Highways and public improvements	8,831,064	9,542,244	8,550,528	991,716
Parks and recreation	2,019,294	2,036,109	1,962,359	73,750
Community development	3,755,068	3,813,767	3,726,445	87,322
Nondepartmental	5,039,182	5,332,795	4,975,781	357,014
Debt service:				
Principal	4,161,432	4,188,936	3,438,431	750,505
Interest	933,414	926,910	651,685	275,225
Bond fees	37,110	37,110	9,950	27,160
Capital outlay	210,500	248,000	129,494	118,506
<b>Total Expenditures</b>	<b>74,366,606</b>	<b>76,304,050</b>	<b>70,441,640</b>	<b>5,862,410</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<b>1,506,191</b>	<b>(396,486)</b>	<b>4,077,071</b>	<b>4,473,557</b>
<b>Other Financing Sources (Uses):</b>				
Issuance of new debt	-	953,188	1,030,924	77,736
Transfers in	2,928,602	3,062,640	1,913,107	(1,149,533)
Transfers out	(7,772,448)	(8,434,817)	(8,395,872)	38,945
Sale of capital assets	-	115,500	132,798	17,298
<b>Total Other Financing Sources (Uses)</b>	<b>(4,843,846)</b>	<b>(4,303,489)</b>	<b>(5,319,043)</b>	<b>(1,015,554)</b>
<b>Net Change in Fund Balances</b>	<b>(3,337,655)</b>	<b>(4,699,975)</b>	<b>(1,241,972)</b>	<b>3,458,003</b>
<b>Fund Balances, Beginning</b>	<b>27,412,830</b>	<b>27,412,830</b>	<b>27,412,830</b>	<b>-</b>
<b>Fund Balances, Ending</b>	<b>\$ 24,075,175</b>	<b>\$ 22,712,855</b>	<b>\$ 26,170,858</b>	<b>\$ 3,458,003</b>

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

**WEST VALLEY CITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL – REDEVELOPMENT AGENCY**  
**SPECIAL REVENUE FUND**  
**For The Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 15,341,000	\$ 15,616,000	\$ 2,743,830	\$ (12,872,170)
Intergovernmental	-	-	7,729,153	7,729,153
Charges for services	8,580,000	8,580,000	7,071,676	(1,508,324)
Rental income	41,760	41,760	507,050	465,290
Interest	104,000	104,000	208,946	104,946
<b>Total Revenues</b>	<b>24,066,760</b>	<b>24,341,760</b>	<b>18,260,655</b>	<b>(6,081,105)</b>
<b>Expenditures:</b>				
Redevelopment agency	16,209,154	20,416,216	13,461,279	6,954,937
Debt service:				
Principal	3,308,482	6,971,482	6,967,482	4,000
Interest	3,492,028	3,492,027	3,459,203	32,824
Bond issue costs	8,000	78,000	70,223	7,777
<b>Total Expenditures</b>	<b>23,017,664</b>	<b>30,957,725</b>	<b>23,958,187</b>	<b>6,999,538</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>1,049,096</b>	<b>(6,615,965)</b>	<b>(5,697,532)</b>	<b>918,433</b>
<b>Other Financing Sources (Uses):</b>				
Issuance of new debt	-	3,163,000	3,163,000	-
Transfers in	-	4,268	-	(4,268)
Transfers out	(2,649,096)	(2,649,096)	(2,649,096)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,049,096)</b>	<b>5,577,734</b>	<b>2,094,578</b>	<b>(3,483,156)</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>(1,038,231)</b>	<b>(3,602,954)</b>	<b>(2,564,723)</b>
<b>Fund Balances, Beginning</b>	<b>16,938,480</b>	<b>16,938,480</b>	<b>16,938,480</b>	<b>-</b>
<b>Fund Balances, Ending</b>	<b>\$ 16,938,480</b>	<b>\$ 15,900,249</b>	<b>\$ 13,335,526</b>	<b>\$ (2,564,723)</b>

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

**WEST VALLEY CITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL – COMMUNITY SERVICES**  
**SPECIAL REVENUE FUND**  
**For The Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Annual passes and activity fees	\$ 2,348,000	\$ 2,355,800	\$ 2,257,624	\$ 98,176
Sales & hotel tax	325,000	325,000	352,669	(27,669)
Charges for services	5,100,000	5,100,000	5,048,551	51,449
Rental income	3,866,398	3,877,888	4,524,862	(646,974)
Interest	-	-	15,278	(15,278)
Miscellaneous	280,000	280,000	294,886	(14,886)
<b>Total Revenues</b>	<u>11,919,398</u>	<u>11,938,688</u>	<u>12,493,870</u>	<u>(555,182)</u>
<b>Expenditures:</b>				
Current:				
Highways and public improvements	5,045,069	5,028,080	4,881,006	147,074
Parks and recreation	8,449,487	8,470,217	8,800,121	(329,904)
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital Outlay	15,000	23,500	23,068	432
<b>Total Expenditures</b>	<u>13,509,556</u>	<u>13,521,797</u>	<u>13,704,195</u>	<u>(182,398)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,590,158)</u>	<u>(1,583,109)</u>	<u>(1,210,325)</u>	<u>(737,580)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	6,851,454	6,869,895	6,851,454	(18,441)
Transfers out	(5,221,365)	(5,343,829)	(5,343,829)	-
Sale of capital assets	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>1,630,089</u>	<u>1,526,066</u>	<u>1,507,625</u>	<u>(18,441)</u>
<b>Net Change in Fund Balances</b>	39,931	(57,043)	297,300	354,343
<b>Fund Balances, Beginning</b>	<u>(4,361,750)</u>	<u>(4,361,750)</u>	<u>(4,361,750)</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ (4,321,819)</u>	<u>\$ (4,418,793)</u>	<u>\$ (4,064,450)</u>	<u>\$ 354,343</u>

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

**WEST VALLEY CITY**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS**  
**June 30, 2016**

	Business-type Activities - Enterprise Funds			Totals
	Golf Courses	Storm Water Utility	Other Proprietary Funds	
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 1,423,560	\$ 1,071,679	\$ 3,127,594	\$ 5,622,833
Accounts receivable, net	-	371,380	458,220	829,600
Grants receivable	-	-	45,296	45,296
Inventory	146,302	-	-	146,302
Prepays	1,951	-	-	1,951
Restricted cash and cash equivalents	-	-	1,687,741	1,687,741
<b>Total Current Assets</b>	<b>1,571,813</b>	<b>1,443,059</b>	<b>5,318,851</b>	<b>8,333,723</b>
<b>Noncurrent Assets:</b>				
Net pension asset	53	-	1,729	1,782
Capital assets net of accumulated depreciation:				
Land	14,399,944	3,413,402	-	17,813,346
Buildings	2,645,592	-	-	2,645,592
Improvements other than buildings	12,766,643	-	-	12,766,643
Machinery and equipment	779,089	597,959	518,327	1,895,375
Infrastructure	-	35,958,421	-	35,958,421
Construction in Process	-	19,267	-	19,267
<b>Total Noncurrent Assets</b>	<b>30,591,321</b>	<b>39,989,049</b>	<b>520,056</b>	<b>71,100,426</b>
<b>Total Assets</b>	<b>32,163,134</b>	<b>41,432,108</b>	<b>5,838,907</b>	<b>79,434,149</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	290,483	-	-	290,483
Deferred outflows of resources relating to pensions	335,067	-	384,804	719,871
<b>Total Deferred Outflows of Resources</b>	<b>625,550</b>	<b>-</b>	<b>384,804</b>	<b>1,010,354</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 32,788,684</b>	<b>\$ 41,432,108</b>	<b>\$ 6,223,711</b>	<b>\$ 80,444,503</b>

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

**WEST VALLEY CITY**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS (Continued)**  
**June 30, 2016**

	Business-type Activities - Enterprise Funds			Totals
	Golf Courses	Storm Water Utility	Other Proprietary Funds	
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 103,756	\$ 19,561	\$ 33,836	\$ 157,153
Accrued liabilities	137,580	-	126,833	264,413
Accrued interest payable	130,459	-	-	130,459
Paid time off payable	55,053	-	43,334	98,387
Bonds payable	906,800	302,303	-	1,209,103
Capital lease payable	103,846	-	24,898	128,744
<b>Total Current Liabilities</b>	<b>1,437,494</b>	<b>321,864</b>	<b>228,901</b>	<b>1,988,259</b>
<b>Noncurrent Liability:</b>				
Paid time off payable	95,421	-	82,396	177,817
Bonds payable, net	5,533,734	462,496	-	5,996,230
Capital lease payable, net	104,480	-	52,123	156,603
Net pension liability	629,336	-	237,042	866,378
<b>Total Noncurrent Liability</b>	<b>6,362,971</b>	<b>462,496</b>	<b>371,561</b>	<b>7,197,028</b>
<b>Total Liabilities</b>	<b>7,800,465</b>	<b>784,360</b>	<b>600,462</b>	<b>9,185,287</b>
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources relating to pensions	101,166	-	106,147	207,313
<b>Total Deferred Outflows of Resources</b>	<b>101,166</b>	<b>-</b>	<b>106,147</b>	<b>207,313</b>
<b>Net Position:</b>				
Net investment in capital assets	24,337,371	39,224,250	441,306	64,002,927
Restricted for:				
Acquisition of public housing	-	-	1,687,741	1,687,741
Unrestricted	549,682	1,423,498	3,388,055	5,361,235
<b>Total Net Position</b>	<b>24,887,053</b>	<b>40,647,748</b>	<b>5,517,102</b>	<b>71,051,903</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 32,788,684</b>	<b>\$ 41,432,108</b>	<b>\$ 6,223,711</b>	<b>\$ 80,444,503</b>

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

**WEST VALLEY CITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND**  
**NET POSITION – PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2016**

	Business-type Activities - Enterprise Funds			Totals
	Golf Courses	Storm Water Utility	Other Proprietary Funds	
<b>Operating Revenues:</b>				
Administration and lesson fees	\$ 1,522,874	\$ -	\$ -	\$ 1,522,874
Equipment and facility rental	614,156	-	-	614,156
Concession and merchandise sales	1,132,349	-	-	1,132,349
Charges for services	-	4,153,505	-	4,153,505
Ambulance fees	-	-	2,379,245	2,379,245
Miscellaneous	-	4,108	21,086	25,194
<b>Total Operating Revenues</b>	<b>3,269,379</b>	<b>4,157,613</b>	<b>2,400,331</b>	<b>9,827,323</b>
<b>Operating Expenses:</b>				
Cost of sales	502,950	-	-	502,950
Operations	1,058,051	1,645,257	-	2,703,308
Maintenance	1,354,650	-	-	1,354,650
General and administrative	585,654	857,837	1,799,670	3,243,161
Housing Payments	-	-	2,797,378	2,797,378
Depreciation	635,811	1,371,426	108,316	2,115,553
<b>Total Operating Expenses</b>	<b>4,137,116</b>	<b>3,874,520</b>	<b>4,705,364</b>	<b>12,717,000</b>
<b>Operating Income (Loss)</b>	<b>(867,737)</b>	<b>283,093</b>	<b>(2,305,033)</b>	<b>(2,889,677)</b>
<b>Nonoperating Income (Expense):</b>				
Intergovernmental revenue	-	-	3,215,447	3,215,447
Nonemployer contributions to pension plan	-	-	-	-
Gain on sale of capital assets	45,111	131,135	-	176,246
Interest income	-	63,100	4,999	68,099
Interest expense	(307,396)	(15,664)	(1,650)	(324,710)
<b>Total Nonoperating Income (Expense)</b>	<b>(262,285)</b>	<b>178,571</b>	<b>3,218,796</b>	<b>3,135,082</b>
<b>Income (Loss) Before Transfers</b>	<b>(1,130,022)</b>	<b>461,664</b>	<b>913,763</b>	<b>245,405</b>
<b>Transfers in</b>	<b>1,540,955</b>	<b>-</b>	<b>-</b>	<b>1,540,955</b>
<b>Transfers out</b>	<b>-</b>	<b>(1,066,150)</b>	<b>-</b>	<b>(1,066,150)</b>
<b>Changes in Net Position</b>	<b>410,933</b>	<b>(604,486)</b>	<b>913,763</b>	<b>720,210</b>
<b>Net Position, Beginning</b>	<b>24,476,120</b>	<b>41,252,234</b>	<b>4,603,339</b>	<b>70,331,693</b>
<b>Net Position, Ending</b>	<b>\$ 24,887,053</b>	<b>\$ 40,647,748</b>	<b>\$ 5,517,102</b>	<b>\$ 71,051,903</b>

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

**WEST VALLEY CITY**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2016**

	Business-type Activities - Enterprise Funds			Totals
	Golf Courses	Storm Water Utility	Other Proprietary Funds	
<b>Cash Flows From Operating Activities:</b>				
Receipts from customers and users	\$ 3,269,379	\$ 4,155,472	\$ 2,420,180	\$ 9,845,031
Payments to suppliers	(1,550,246)	(2,663,102)	(3,081,034)	(7,294,382)
Payments to employees and related benefits	(1,877,410)	(268)	(1,465,808)	(3,343,486)
<b>Net cash from operating activities</b>	<u>(158,277)</u>	<u>1,492,102</u>	<u>(2,126,662)</u>	<u>(792,837)</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Purchase of property and equipment	(49,515)	(1,192,589)	-	(1,242,104)
Proceeds from sale of equipment	1,511	131,135	-	132,646
Proceeds from issuance of new debt	-	-	-	-
Principal paid on bonds and capital lease	(966,217)	(297,567)	(27,591)	(1,291,375)
Interest paid on bonds and capital lease	(287,477)	(15,664)	(1,650)	(304,791)
<b>Net cash from capital and related financing activities</b>	<u>(1,301,698)</u>	<u>(1,374,685)</u>	<u>(29,241)</u>	<u>(2,705,624)</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>				
Cash subsidy from federal grants	-	-	3,233,396	3,233,396
Payment on long-term pension obligation	(7,081)	-	(203,848)	(210,929)
Transfers from other funds	1,540,955	-	-	1,540,955
Transfers to other funds	-	(1,066,150)	-	(1,066,150)
<b>Net cash from non-capital financing activities</b>	<u>1,533,874</u>	<u>(1,066,150)</u>	<u>3,029,548</u>	<u>3,497,272</u>
<b>Cash Flows From Investing Activity:</b>				
Interest on investments	-	63,100	4,999	68,099
<b>Net cash from investing activity</b>	<u>-</u>	<u>63,100</u>	<u>4,999</u>	<u>68,099</u>
<b>Net Increase (Decrease) In Cash</b>	73,899	(885,633)	878,644	66,910
<b>Cash and Cash Equivalents At Beginning Of Year</b>	1,349,661	1,957,312	3,936,691	7,243,664
<b>Cash and Cash Equivalents At End Of Year</b>	<u>\$ 1,423,560</u>	<u>\$ 1,071,679</u>	<u>\$ 4,815,335</u>	<u>\$ 7,310,574</u>

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

**WEST VALLEY CITY**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (Continued)**  
**For The Year Ended June 30, 2016**

	Business-type Activities - Enterprise Funds			
	Golf Courses	Storm Water Utility	Other Proprietary Funds	Totals
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>				
Operating income (loss)	\$ (867,737)	\$ 283,093	\$ (2,305,033)	\$ (2,889,677)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation expense	635,811	1,371,426	108,316	2,115,553
Amortization of gain on sale of assets	43,600	-	-	43,600
(Increase) Decrease in accounts receivables	-	(2,141)	19,849	17,708
(Increase) Decrease in inventory	(8,328)	-	-	(8,328)
(Increase) Decrease in prepaids	-	-	-	-
Increase (Decrease) in accounts payable	481	(160,276)	146	(159,649)
Increase (Decrease) in accrued liabilities	30,418	-	33,931	64,349
Increase (Decrease) in paid time off payable	7,478	-	16,129	23,607
<b>Net cash from operating activities</b>	<b>\$ (158,277)</b>	<b>\$ 1,492,102</b>	<b>\$ (2,126,662)</b>	<b>\$ (792,837)</b>
<b>Noncash investing, capital, and financing activities:</b>				
Trade-in credit received on operating lease	\$ 45,111	\$ -	\$ -	\$ 45,111

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

## WEST VALLEY CITY NOTES TO FINANCIAL STATEMENTS

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

West Valley City (the City) was incorporated on July 1, 1980 under the provisions of the State of Utah and operates under a mayor-council form of government and provides services as authorized by its charter.

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

(A) The Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the related GASB pronouncement.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations. The following are the City's blended component units:

The West Valley City Housing Authority (HA) was established to account for all monies received under the Section 8 Housing Assistance payments program and all monies received by the City under the Public Housing program. The HA is governed by a board composed of the members of the City Council. Although it is a legally separate entity from the City, the HA 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 HA. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the HA have been included in the financial reporting entity as a blended component unit. The HA is included in these financial statements as the Housing Authority Enterprise Fund. Separate financial statements are not issued for the HA.

The West Valley City Redevelopment Agency (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 composed of the 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. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the RDA have been included in the financial reporting entity as a blended component unit. 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 Utah Cultural Celebration Center Foundation (UCCCF) was formed solely to support the activities of the Utah Cultural Celebration Center, which is part of West Valley City (the City). The UCCCF is governed by a board of directors which is appointed by the City Council. Although it is a legally separate entity from the City, the UCCCF 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 Organization. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the UCCCF have been included in the financial reporting entity of the City as a blended component unit, as a Special Revenue Fund. Separate financial statements are not issued for the UCCCF.

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(A) The Reporting Entity (Continued)

The West Valley City Building Authority (BA) was established to finance and construct municipal buildings that are then leased to the City. The BA is governed by a board composed of the members of the City Council. Although it is a legally separate entity from the City, the BA 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 BA. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the BA have been included in the financial reporting entity as a blended component unit. The BA is included in these financial statements as the Building Authority Debt Service Fund. Separate financial statements are not issued for the BA.

(B) Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's general administrative services, public safety, highways and streets, planning and engineering, parks, community development, impact fees, recreation, theater, the RDA and the BA are classified as governmental activities. The City's golf courses, storm water utility, ambulance service, and the HA are classified as business-type activities.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the 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 and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(C) 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 revenue in the year for which they became available. 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.

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(C) 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 claims and judgments, are recorded only when payment is due.

The City departed from its 60 day revenue availability policy on one transaction in fiscal year 2016. This was for Class B & C road tax revenue, as the State legislature withheld the last payment for all Utah entities until November 2016 to correct an error in the distribution formula.

Sales 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 accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred inflows of resources, liabilities, deferred outflows of resources, fund balance, revenues, and expenditures or expenses as appropriate.

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 those accounted for in another fund.

The *Redevelopment Agency Fund*, a special revenue fund, was established to prepare and carry out plans to improve, rehabilitate and redevelop blighted areas within the City. The major revenues of this fund are tax increment revenues.

The *Community Services Fund*, a special revenue fund, was established to account for the activities and services associated with the Fitness Center, the Maverik Center, the Hale Center Theater, Sanitation (Solid Waste), and the Cultural Celebration Center. The major sources of revenue are fees charged to the Fitness Center's users, rental income for the Maverik and Hale Center Theater, and charges to users for Sanitation services.

The City reports the following major proprietary funds:

The Golf Courses Fund accounts for the activities and operations of the of the City's golf courses (The Ridge Golf Club and Stonebridge Golf Course).

The Storm Water Utility Fund accounts for the activities and operations of the City's storm water system and the associated assets and debt of that system.

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Additionally, the City reports the following fund types:

Special revenue funds account for and report the proceeds of specific revenue sources that are the foundation of the fund and are restricted or committed to expenditure for specified purposes other than debt or capital projects. Accounting and financial reporting for general and special revenue funds are identical. The City accounts for the Grants Fund and the Utah Cultural Celebration Center Foundation as a special revenue funds.

Capital projects funds account for the financial resources to be used for the acquisition or construction of the major capital facilities of the government. The City accounts for the Capital Projects Fund, Road Impact Fee Fund, Park Impact Fee Fund, Fire Impact Fee Fund, Police Impact Fee Fund, and Flood Impact Fee Fund as capital projects funds.

Debt service funds account for and report the financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The City accounts for the Municipal Building Authority fund as a debt service fund.

Housing Authority Fund (an enterprise fund) accounts for the monies received under the Section 8 Housing Assistance and the Public Housing program.

Ambulance Fund (an enterprise fund) accounts for the monies received and paid to provide ambulance and emergency services to the citizens of West Valley City.

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 providing 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.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 the enterprise funds are charges to customers of the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(D) Budgetary Data

Annual budgets are prepared and adopted, in accordance with State law, by the City Council on or before June 22 for the following fiscal year, beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in several different funds, including the General Fund, Special Revenue Funds and Enterprise Funds. Annual budgets are also adopted for capital projects which may include activities which overlap several fiscal years. The level of the City's budgetary control (that is, the level at which the City's expenditures cannot legally exceed the appropriated amounts) is established at the department level. Each department head is responsible to the Mayor and City Council for operating within the budget for their department. All annual budgets lapse at fiscal year-end.

Utah State law prohibits the appropriation of unassigned General Fund balance until it exceeds 5% of the General Fund revenues. Until the unassigned fund balance is greater than the above amount, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. Utah State law also prohibits the accumulation of the stated fund balance categories in any amount greater than 25% of the current year's total revenues.

Once adopted, the budget can be amended by subsequent City Council action. The City Council can amend the budget to any extent, provided the total expenditures do not exceed the total expenditures per the adopted budget, in which case a public hearing must be held. With the consent of the city manager and finance director, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year.

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

Expenditures in the Capital Projects Fund are budgeted annually on a project-by-project basis. Although it is the intention of the City that each project be funded by a specific revenue source, the adopted budget reflects only total anticipated revenues by source. Since it is not practicable or appropriate to separate revenues and fund balance on a project-by-project basis, the Capital Projects Fund is reported as an individual fund in the accompanying financial statements.

(E) Tax Revenues

On or before June 22 of each year, the City sets the property tax rate for various municipal purposes. If the City intends to increase property tax revenues above the tax rate of the previous year, state law requires the City to provide public notice to property owners and hold public hearings. When these special public hearings are necessary, the adoption of the final budget must be done before August 17. All property taxes levied by the City are assessed and collected by Salt Lake County. Property taxes attach as an enforceable lien on the property as of January 1. Taxes are levied on October 1 and are due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 until paid. Tax liens are placed on a property on the January 1 following the due date of unpaid taxes. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the County on a monthly basis.

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(E) Tax Revenues (Continued)

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly.

Franchise taxes are collected by telephone, mobile phone, natural gas, electric utilities, and cable television companies and remitted to the City periodically.

(F) Cash and Cash Equivalents

The City considers all cash and investments with original maturities of three months or less to be cash and cash equivalents. For the purpose of the statement of cash flows, cash and cash equivalents are defined as the cash and cash equivalent accounts and the restricted cash and cash equivalents accounts.

Investments, in the form of accounts at the Utah Public Treasurer's Investment Trust (the State Treasurer's Pool), of the City are stated at cost, which approximates fair value.

(G) Allowance for Doubtful Accounts

Management has estimated the allowance for uncollectible amounts for the Ambulance Fund, Community Services Fund, and Storm Drain Fund receivables to be approximately \$633,000, \$88,000, and \$72,000, respectively, which is estimated based on historical trends related to collections of accounts receivable.

The City considers all other receivables to be fully collectible; no allowance for doubtful accounts is required. Amounts that become uncollectible are written off.

(H) Prepaid Items

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.

(I) Inventories

Inventories are valued at cost, using the first-in first-out (FIFO) method. The costs of governmental fund-type inventories consist of supplies and are accounted for using the consumption method. Purchases are recorded as assets when purchased, then expensed when consumed. The costs of proprietary fund-type inventories consist of merchandise and are also accounted for using the consumption method.

(J) Restricted Assets

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. Additionally, the City would then use committed, assigned and lastly unassigned amounts from the unrestricted fund balance when expending funds.

(K) 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 government as assets with an initial, individual cost of more than \$5,000 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Amortization of capital assets acquired with a capital lease has been included in depreciation expense.

**WEST VALLEY CITY  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(K) Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives as follows:

Assets	Years
Buildings	10 to 40
Infrastructure	20 to 50
Improvements other than buildings	10 to 40
Machinery and equipment	3 to 10
Vehicles	5 to 10
Office equipment	3 to 5

The City has adopted an allowable alternative to reporting depreciation for its transportation infrastructure network. Under this alternative method, referred to as the “modified approach”, the City must maintain an asset management system and demonstrate that its transportation network is being preserved at or above condition levels established by City policy. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed.

(L) Property Held for Resale

Land and property acquired by the Redevelopment Agency that is held for resale is accounted for as property held for resale. The cost of the property held for resale is capitalized until the property is sold.

(M) Compensated Absences

Paid Time Off leave (PTO) is accrued as earned, based on the years of service for each employee. PTO is to be used for all discretionary employee leave previously covered by vacation or sick leave. PTO is accumulated on a biweekly basis and is fully vested when earned. Accumulated PTO cannot exceed 320 hours (415 hours for firefighters) at the end of any calendar year. The City’s policy allows employees to sell unused hours while maintaining a minimum of 40 hours at any time. At retirement, death, or termination in good standing, all accrued unpaid PTO is paid. Proprietary funds expense all accrued PTO amounts when incurred. Governmental funds report expenditures as PTO amounts become current. A significant portion of the PTO payable is considered current based on the City’s policy to allow employees to receive cash for their PTO hours as explained above.

(N) Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt 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.

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(O) Unearned Revenue

Unearned revenue arises when resources are received by the City before it has earned them, as when grant monies are received prior to the incurrence of qualifying expenditures, or when receivables are not considered available to pay liabilities of the current period, as in property taxes received in October of each year. In subsequent periods, when both revenue recognition criteria are met, or when the City has earned the resources, the revenue is recognized.

(P) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS), and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by 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.

(Q) Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City reports deferred charges on refunding and deferred outflows related to pensions (discussed previously) in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports unavailable revenue from property taxes (described more fully in Note 8) and deferred inflows related to pension (discussed previously) in this category.

(Q) Fund equity

In the fund financial statements governmental fund equity is classified as fund balance. Fund Balance is further classified as Nonspendable, Restricted, Committed, Assigned or Unassigned.

Nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to remain intact.

Restricted fund balance classification includes amounts with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislations.

Committed fund balance classification include those funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the Council (Ordinances for the City, and Resolutions for the RDA, BA, and Housing Authority) and remain binding unless removed in the same manner.

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(Q) Fund equity (Continued)

Assigned fund balance classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The governing council has authorized the City Manager to recommend amounts to be included in assigned fund balance. It is the intent of the City Council that fund balances in governmental funds other than the general fund which are not classed as nonspendable, restricted nor committed are to be assigned and budgeted for the specific purposes for which each of those funds has been created. Within the general fund, the City Manager has assigned fund balance to be budgeted, subject to Council approval, for long-term workers compensation claims.

Unassigned fund balance classification is the residual classification for the General Fund or funds with deficit fund balances. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

(R) Interfund Transactions

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

(S) Estimates and Assumptions

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

**NOTE 2 CASH AND INVESTMENTS**

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at cost, which approximate fair value. Each fund's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents" which also includes cash accounts that are separately held by several of the City's funds.

Deposits – Utah State law requires that City funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

Investments – The City's investment policies are governed by State statutes. In addition, the City has its own written investment policies. City funds are invested only in the following: (1) Negotiable or nonnegotiable deposits of qualified depositories (see definition of a qualified depository under "Deposits" above.) (2) Repurchase agreements with qualified depositories or certified dealers, acting as principal for securities of the United States Treasury or other authorized investments only if these securities are conducted with a qualified depository. (3) Commercial paper which is rated P-1 by Moody's Investor Services or A-1 by Standard and Poors, Inc., having a remaining terms to maturity of 270 days or less. Commercial paper can be purchased directly from the depository or the City Treasurer's

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 2 CASH AND INVESTMENTS (Continued)**

safekeeping bank or trust company. (4) Banker's acceptance that is eligible for discount at a federal reserve bank and which have a remaining term to maturity of 270 days or less. (5) Negotiable certificates of deposit of \$100,000 or more which have a remaining term to maturity of 365 days or less. (6) Obligations of the United States Treasury including United States Treasury Bills, United States Treasury Notes, and United States Treasury Bonds. (7) The Utah State Treasurer's Investment Pool.

The City invests in the Public Treasurer's Investment Fund (PTIF) which is a voluntary external Local Governmental Investment Pool managed by the Utah State Treasurer's Office and is audited by the Utah State Auditor. No separate report as an external investment pool has been issued for the PTIF. The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. The maximum weighted average life of the portfolio does not exceed 90 days. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor. Additional information is available at the Utah State Treasures' Office.

Repurchase agreements are secured by uninsured, unregistered securities held by the counter party but not in the City's name. The City did not enter into any reverse repurchase agreements during the year. Bond deposits are held by an appointed trustee in accordance with the Bond Resolutions.

Components of cash and investments (including interest earning deposits) at June 30, 2016, are as follows:

	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Credit Rating (1)</u>	<u>Weighted Average Years to Maturity (2)</u>
Cash on Hand	\$ 14,616	\$ 14,616	N/A	N/A
Cash on Deposit	<u>8,053,103</u>	<u>8,053,103</u>	N/A	N/A
Total cash on hand and deposit	<u>\$ 8,067,719</u>	<u>\$ 8,067,719</u>		
Investments (3):				
Utah State Treasurer's Investment Pool	40,740,612	\$ 38,964,963	unrated	3 months or less
U.S. Treasury securities	2,599,988	2,599,988.00	N/A	N/A
Corporate bonds	<u>1,657,563</u>	<u>1,657,563</u>	Baa1 / BBB+ / A-	<1 year
Total investments	<u>\$ 44,998,163</u>	<u>\$ 43,222,514</u>		
Total cash and cash equivalents	<u>\$ 53,065,882</u>	<u>\$ 51,290,233</u>		
Portfolio weighted average maturity				N/A

(1) Ratings are provided where applicable to indicate associated **Credit Risk**. N/A indicates not applicable. Credit quality ratings are listed as Moody's/S&P/Fitch as the lowest credit rating for investments in that category. Individual investment ratings within the category may be higher.

(2) **Interest Rate Risk** is estimated using the weighted average days to maturity.

(3) All investments are considered cash equivalents on the financial statements.

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 2 CASH AND INVESTMENTS (Continued)**

The City's cash and cash equivalents and investments are exposed to certain risks as outlined below:

*Interest rate risk* is the risk that changes in the interest rates will adversely affect the fair value of an investment. The City manages its exposure by investing in short term investments, or investments are matched with anticipated cash flows. The City does not make investments with maturity dates longer than planned expenditures.

*Credit risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City follows the State statutes for investments and only invests in investments that are rated A, AA, or AAA by Standard & Poor's or comparable rating from other investor services, such as Moody's. The City also invests in the Utah Public Treasurer's Investment Fund. As of June 30, 2016, the Utah Public Treasurer's Investment Fund was unrated.

*Concentration of credit risk* is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investments are held in the Utah State Treasurer's Investment Fund and United States Treasuries, which are not exposed to this risk.

*Custodial credit risk – deposits* is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2016, \$8,223,745 of the City's \$9,113,208 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial credit risk – investments* is the risk that in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. As of June 30, 2016, \$1,657,563 of the City's \$44,998,163 in investments was exposed to custodial credit risk because the investments were uninsured and held by the trustee.

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements are as follows at June 30, 2016:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Utah State Treasurer's Investment Pool	\$ 40,740,612	\$ -	\$ 40,740,612	\$ -
U.S. Treasury securities	2,599,988	2,599,988	-	-
Corporate bonds	1,657,563	1,657,563	-	-
Total	\$ 44,998,163	\$ 4,257,551	\$ 40,740,612	\$ -

**NOTE 3 LOANS RECEIVABLE**

Loans receivable consists of Grants Fund home rehabilitation loans made with Federal grant monies. These loans bear interest at rates ranging from 0% to 3%, depending on the borrower's income level and family size. Certain loans are received in monthly or annual installments; others are due upon the sale or transfer of ownership of the related property. At June 30, 2016, the outstanding balance of the loans is \$757,179. The loans are accounted for in the Grants Fund (Non-major Special Revenue Fund). In the fund financial statements, the loans are expensed at inception and revenues are recognized as payments are received by the City. Deferred revenue is recorded to offset the receivables until the payment is received.

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 4 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivable (due from) and payable (due to) balances as of June 30, 2016, are as follows:

	Receivable	Payable
Governmental Activities		
General Fund	\$ 5,454,906	\$ -
Redevelopment Agency	-	3,918,329
Community Services	-	1,222,962
Nonmajor governmental funds	-	313,615
	\$ 5,454,906	\$ 5,454,906

The due to/from other funds are the result of individual funds' cash flow needs. These accounts at the fund financial statement level have been eliminated at the government-wide financial statement level (Statement of Net Position).

The City has entered into loan agreements with the Redevelopment Agency whereby the City sold several parcels of land to the Redevelopment Agency in exchange for variable interest rate notes. The interest rate is the current rate paid by Utah's Public Treasurer's Investment Fund, plus 1%. The RDA owes the General fund \$3,918,329 as of June 30, 2016. The rate was approximately 1.91% as of June 30, 2016. During 2015, the Redevelopment Agency paid interest of \$248,640 and repaid principal of \$0. The terms of the notes call for repayment of the note by the Redevelopment Agency with tax increment monies generated from land improvements. The repayment of the notes will come solely from the tax increment on the land improvements. In the event that the tax increment received by the Redevelopment Agency is not sufficient to repay the notes, the debt will be forgiven by the City. This interfund receivable/payable has been eliminated on the Statement of Net Position.

The City has made an agreement with the Building Authority (the BA) to facilitate the costs of constructing the Maverik Center. The BA owes the General Fund \$4,600,000 as of June 30, 2016, under the terms of a note. The BA has committed to pay back all funds to the General Fund over 20 years at 0%, from the proceeds from bond issues and results of operations. For the years ended June 30, 2001 through 2016 the repayment terms were suspended and there were no payments. This interfund receivable/payable has been eliminated on the Statement of Net Position.

The transfers among the funds for the year ended June 30, 2016, were as follows:

	Transfers In	Transfers Out
Governmental Activities		
General Fund	\$ 1,913,107	\$ 8,395,872
Redevelopment Agency	-	2,649,096
Community Services Fund	6,851,454	5,343,829
Non major governmental funds	9,149,840	2,000,409
Business-type Activities		
Golf Courses	1,540,955	-
Storm Utility	-	1,066,150
	\$ 19,455,356	\$ 19,455,356

The purpose of the transfers was to provide cash flows and to fund capital projects.

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 5 CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2016, is as follows:

	<b>Balance June 30, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2016</b>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land and collectibles	\$ 25,804,368	\$ 1,121,784	\$ -	\$ 26,926,152
Infrastructure	223,383,385	4,077,675	-	227,461,060
Construction in progress	2,153,834	1,764,678	(1,844,373)	2,074,139
Intangible assets	599,672	-	-	599,672
<b>Total capital assets, not being depreciated</b>	<b>251,941,259</b>	<b>6,964,137</b>	<b>(1,844,373)</b>	<b>257,061,023</b>
Capital assets, being depreciated:				
Buildings	149,762,133	-	-	149,762,133
Improvements other than buildings	8,761,648	-	-	8,761,648
Machinery and equipment	29,883,386	936,182	(1,139,422)	29,680,146
Furniture and fixtures	1,383,242	6,463	-	1,389,705
Infrastructure	9,722,916	254,231	-	9,977,147
<b>Total capital assets, being depreciated</b>	<b>199,513,325</b>	<b>1,196,876</b>	<b>(1,139,422)</b>	<b>199,570,779</b>
Less accumulated depreciation for:				
Buildings	(51,099,925)	(3,719,095)	-	(54,819,020)
Improvements other than buildings	(3,241,398)	(874,110)	-	(4,115,508)
Machinery and equipment	(25,453,115)	(1,659,053)	1,139,422	(25,972,746)
Furniture and fixtures	(1,033,339)	(146,237)	-	(1,179,576)
Infrastructure	(4,115,395)	(305,420)	-	(4,420,815)
<b>Total accumulated depreciation</b>	<b>(84,943,172)</b>	<b>(6,703,915)</b>	<b>1,139,422</b>	<b>(90,507,665)</b>
<b>Total capital assets being depreciated, net</b>	<b>114,570,153</b>	<b>(5,507,039)</b>	<b>-</b>	<b>109,063,114</b>
<b>Governmental Activities capital assets, net</b>	<b>\$ 366,511,412</b>	<b>\$ 1,457,098</b>	<b>\$ (1,844,373)</b>	<b>\$ 366,124,137</b>

Depreciation expense was charged to functions/programs as follows:

<b>Governmental Activities:</b>	
General government	\$ 406,349
Public safety	1,210,112
Highways and public improvements	880,324
Parks and recreation	3,199,121
Community development	1,008,009
<b>Total depreciation expense - governmental activities</b>	<b>\$ 6,703,915</b>

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 5 CAPITAL ASSETS (Continued)**

The Business-type Activities property, plant and equipment consist of the following at June 30, 2016:

	<b>Balance June 30, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2016</b>
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 17,813,346	\$ -	\$ -	\$ 17,813,346
Construction in progress	147,751	-	(128,484)	19,267
Total capital assets, not being depreciated	17,961,097	-	(128,484)	17,832,613
Capital assets, being depreciated:				
Buildings	4,311,175	-	-	4,311,175
Improvements other than buildings	14,181,223	-	-	14,181,223
Machinery and equipment	6,424,682	287,664	(140,665)	6,571,681
Furniture and fixtures	10,830	-	-	10,830
Infrastructure	56,752,069	1,158,280	-	57,910,349
Total capital assets, being depreciated	81,679,979	1,445,944	(140,665)	82,985,258
Less accumulated depreciation for:				
Buildings	(1,546,921)	(118,662)	-	(1,665,583)
Improvements other than buildings	(1,248,220)	(166,360)	-	(1,414,580)
Machinery and equipment	(4,068,650)	(672,965)	65,309	(4,676,306)
Furniture and fixtures	(10,830)	-	-	(10,830)
Infrastructure	(20,794,362)	(1,157,566)	-	(21,951,928)
Total accumulated depreciation	(27,668,983)	(2,115,553)	65,309	(29,719,227)
Total capital assets being depreciated, net	54,010,996	(669,609)	(75,356)	53,266,031
Business-type Activities capital assets, net	<u>\$ 71,972,093</u>	<u>\$ (669,609)</u>	<u>\$ (203,840)</u>	<u>\$ 71,098,644</u>

Depreciation expense was charged to functions/programs as follows:

Business-type Activities	
Golf courses	\$ 635,811
Storm Utility	1,371,426
Ambulance	108,316
Total depreciation expense - business-type activities	<u>\$ 2,115,553</u>

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 6 PROPERTY HELD FOR RESALE**

Land and property acquired by the Redevelopment Agency of West Valley City (a Special Revenue fund) that is held for resale is accounted for as property held for resale. The cost of property held for resale is capitalized until the property is sold. If the Redevelopment Agency sells property at an amount greater than or less than the carrying amount, a gain/loss is recorded. In the governmental fund financial statements, the resulting gain/loss is accounted for as an other financing source/use, and recognized when measurable and available.

**NOTE 7 DEVELOPER AND CUSTOMER DEPOSITS**

Developer and customer deposits are principally deposits from developers that are held by the City until building projects and developments receive the required City inspections and are in compliance with all City ordinances.

**NOTE 8 DEFERRED INFLOW OF RESOURCES – UNAVAILABLE PROPERTY TAXES**

In conjunction with GASB pronouncement 33, “*Accounting and Financial Reporting for Nonexchange Transactions*” the City has accrued property tax receivable and an unearned property tax receivable in the General Fund and Redevelopment Agency in the amounts of \$27,301,020 and \$3,218,694, respectively.

Property taxes recorded in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 60 days). Property taxes attach as an enforceable lien on the property as of January 1 for the calendar year, and then are due and payable at November 30. Since the property tax was not expected to be received within 60 days after the year ended June 30, 2016, the City was required to record a receivable a deferred inflow of resources of the estimated amount of the total property tax for the 2016 calendar year.

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 9 LONG-TERM DEBT**

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2016:

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2016</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds payable:					
Revenue bonds	\$ 95,808,010	\$ 3,163,000	\$ (11,473,500)	\$ 87,497,510	\$ 8,038,250
Special improvement district bonds	236,176	-	(236,176)	-	-
Plus: unamortized premiums	1,055,977	-	(194,390)	861,587	-
Total bonds payable	<u>97,100,163</u>	<u>3,163,000</u>	<u>(11,904,066)</u>	<u>88,359,097</u>	<u>8,038,250</u>
Notes payable and capital leases:					
Notes payable	33,086,362	20,400	(914,066)	32,192,696	967,109
Capital leases	3,072,849	1,311,903	(912,186)	3,472,566	889,665
Total notes payable and capital leases	<u>36,159,211</u>	<u>1,332,303</u>	<u>(1,826,252)</u>	<u>35,665,262</u>	<u>1,856,774</u>
Other liabilities:					
Banked sick leave	1,094,160	18,192	(491,687)	620,665	124,000
Termination benefits	610,399	706,938	-	1,317,337	227,840
Paid time-off	3,562,389	3,262,086	(3,035,769)	3,788,706	1,650,000
Workers compensation	527,619	-	(201,181)	326,438	201,181
Claims and contingencies	2,433,171	-	(357,872)	2,075,299	524,764
Total other liabilities	<u>8,227,738</u>	<u>3,987,216</u>	<u>(4,086,509)</u>	<u>8,128,445</u>	<u>2,727,785</u>
Total Governmental activities long-term liabilities	<u>141,487,112</u>	<u>8,482,519</u>	<u>(17,816,827)</u>	<u>132,152,804</u>	<u>12,622,809</u>
<b>Business-type Activities:</b>					
Bonds payable:					
Revenue bonds	8,326,116	-	(1,162,067)	7,164,049	1,209,103
Plus: unamortized premiums	48,165	-	(6,881)	41,284	-
Total bonds payable	<u>8,374,281</u>	<u>-</u>	<u>(1,168,948)</u>	<u>7,205,333</u>	<u>1,209,103</u>
Capital Leases	414,655	-	(129,308)	285,347	128,744
Paid time-off	252,597	201,780	(178,173)	276,204	98,387
Total Business-type activities long-term liabilities	<u>9,041,533</u>	<u>201,780</u>	<u>(1,476,429)</u>	<u>7,766,884</u>	<u>1,436,234</u>
Total Liabilities	<u>\$ 150,528,645</u>	<u>\$ 8,684,299</u>	<u>\$ (19,293,256)</u>	<u>\$ 139,919,688</u>	<u>\$ 14,059,043</u>

**Governmental Activities:**

**Revenue Bonds**

Sales Tax Revenue Refunding Bonds Series 2006, original issue of \$13,905,000, principal due in annual installments beginning July 2010, interest at 4.0% to 5.0% due in semi-annual installments beginning July 2007, with the final payment due July 2021. The bonds were issued to defease the callable portion of the Sales Tax Revenue Bonds Series 2001A which were issued for the purchase and renovation of a Public Safety Building and the purchase of Stonebridge Golf Course. The Series 2001A bonds were called and redeemed July 15, 2012. Approximately 35% and 65% of the debt service payments will be made from the General Fund sales tax and Golf Course revenues, respectively. The balance shown is 35% of the total outstanding balance as of June 30, 2016, which is the portion attributable to governmental activities.

\$ 3,445,750

**WEST VALLEY CITY  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 9 LONG-TERM DEBT (Continued)**

<p>Building Authority Lease Revenue Refunding Bonds Series 2006A, original issue of \$29,275,000, principal due in annual installments beginning August 2007, interest at 4.0% to 5.0% due in semi-annual installments beginning February 2007, with the final payment due on August 2027. The bonds were issued to partially refund the Building Authority Lease Revenue Bonds Series 2002A, which were called and redeemed on August 1, 2012. Debt payments will be funded by proceeds from the Maverik Center's operations and transfers from the General Fund.</p>	<p>\$ 24,485,000</p>
<p>Building Authority Lease Revenue Refunding Bonds Series 2006B, original issue of \$6,510,000, principal due in annual installments beginning August 2007, interest at 4.0% due in semi-annual installments beginning February 2007, with the final payment due on August 2017. The bonds were issued to refund the Building Authority Tax Exempt Lease Revenue Bonds Series 1997 which were paid off at June 30, 2008. Debt payments will be funded by lease payments from the Hale Theatre and transfers from the General Fund.</p>	<p>1,490,000</p>
<p>Franchise Fee Revenue Refunding Bonds, Series 2009, original issue of \$13,735,000, principal due in annual installments beginning April 2010, interest at 2.0% to 5.0% due in semi-annual installments beginning October 2009, with the final payment due April 2020. The bonds were issued to refund the Building Authority Lease Revenue Bonds, Series 1998A, which were originally issued to refund the Series 1995 bonds and finance construction of the fitness center. The defeased portion of the 1998A bonds were called and redeemed in August 2009. Debt service payments will be made from municipal energy sales and use tax</p>	<p>5,635,000</p>
<p>Redevelopment Agency Tax Increment and Sales Tax Revenue Bonds, Series 2009, original issue of \$9,020,000, principal due in annual installments beginning November 2010, interest at 1.9% to 5.0% due in semi-annual installments beginning May 2010, with the final payment due May 2026. The bonds were issued to fund the acquisition and construction of certain City owned facilities and improvements to promote economic development within the Development Project Area. Debt service payments will be made from the tax increment revenues from the project area and sales and use taxes received by the City.</p>	<p>6,675,000</p>
<p>Building Authority Lease Revenue Refunding Bonds, Series 2010, original issue of \$2,870,000, principal due in annual installments beginning January 2012, interest at 3% to 4% due in semi-annual installments beginning January 2011, with the final payment due January 2020. The bonds were issued to defease the Building Authority Lease Revenue Bonds, Series 2001, which were issued to fund the building of a new fire station and public works building. The defeased portion of the 2001 bonds were called and redeemed on July 15, 2011. Debt service payments will be made from the Building Authority Fund.</p>	<p>1,210,000</p>

**WEST VALLEY CITY  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 9 LONG-TERM DEBT (Continued)**

<p>Sales Tax Revenue Refunding Bonds (Capital Appreciation Bonds), Series 2010, original issue of \$14,466,760, principal due in annual installments beginning July 2023, interest at 6.75% due in annual installments beginning July 2023, with the final payment due July 2035. The bonds were issued to defease the Sales Tax Revenue Tax Exempt Bonds, Series 2002A, which were issued to finance the costs of acquisition, construction, equipping and improvements of an arts and cultural heritage complex; and to finance equipment purchases and related improvements at the Maverik Center. The defeased portion of the 2002A bonds were called and redeemed in July 2012. Debt service payments will be made from municipal energy sales and use tax and telecommunications franchise tax revenues.</p>	<p>\$ 14,466,760</p>
<p>Redevelopment Agency Franchise Tax and Tax Increment Revenue Refunding Bonds, Series 2010A, original issue of \$9,380,000, principal due in annual installments beginning November 2015, interest at 4.85% due in semi-annual installments beginning May 2011, with the final payment due November 2021. The bonds were issued in part to defease the Taxable Tax Increment &amp; Revenue Bonds, Series 2008, which were issued to purchase land held for resale. The defeased portion of the 2008 bonds were called and redeemed on November 5, 2010. Remaining proceeds from the bonds will be used to finance acquisition of property for redevelopment areas. Debt service payments will be made from franchise tax and tax increment revenues.</p>	<p>8,270,000</p>
<p>Franchise Tax and Tax Increment Revenue Bonds (Build America Bonds), Series 2010B, original issue of \$4,620,000, principal due in annual installments beginning November 2022, interest at 5.0% to 5.5% due in semi-annual installments beginning May 2011, with the final payment due November 2025. The bonds were issued to finance acquisition of property for redevelopment areas. Debt service payments will be made from franchise tax and tax increment revenues.</p>	<p>4,620,000</p>
<p>Redevelopment Agency Subordinate Tax Increment and Subordinate Sales Tax Revenue Bonds, Series 2012, original issue of \$5,313,000, principal due in annual installments beginning May 2014, interest at 3.68% due in semi-annual installments beginning November 2012, with the final payment due May 2025. The bonds were issued to finance acquisition of facilities and improvements for the Valley Fair Mall redevelopment area. Debt service payments will be made from tax increment revenues and sales taxes.</p>	<p>5,013,000</p>
<p>Sales Tax Revenue Refunding Bonds, Series 2013A, original issue of \$5,880,000, principal due in annual installments beginning July 2015, interest at 2-3% due in semi-annual installments beginning July 2013, with the final payment due July 2023. The bonds were issued to refund in advance the callable portion of the Sales Tax Revenue Bonds Series 2008A, which were issued to fund the construction of the public safety storage facility and the animal shelter offices. The defeased portion of the 2008A bonds were called and redeemed in July 2014. Debt service payments will be made from the General Fund sales tax revenues.</p>	<p>5,820,000</p>

**WEST VALLEY CITY  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 9 LONG-TERM DEBT (Continued)**

Redevelopment Agency Taxable Subordinate Tax Increment Revenue Bonds, Series 2014, original issue of \$4,250,000, principal due in annual installments beginning May 2015, interest at 3.16% due in semi-annual installments beginning November 2014, with the final payment due May 2025. The bonds were issued to fully defease the Sales Tax Revenue Taxable Bonds Series 2002C, which were issued to finance the acquisition of land within a redevelopment project area. The defeased portion of the 2002C bonds were called and redeemed in January 2013. Debt service payments will be made from the RDA tax increment revenues. \$ 3,568,000

Redevelopment Agency Taxable Increment Revenue Refunding Bonds, Series 2015, original issue of \$3,163,000, principal due in annual installments beginning March 2016, interest at 3.16% due in annual semi-annual installments beginning March 2016, with the final payment due March 2024. The bonds were issued to fully refund the Redevelopment Agency Tax Increment Revenue Refunding Bonds Series 2005, which were issued to finance the cost of land and infrastructure improvements, including curb and gutter, paving and landscaping in respect to construction of the Maverik Center. The defeased portion of the 2005 bonds were called and redeemed in November 2015. Debt service payments will be made from the RDA tax increment revenues. The economic gain on refunding was calculated to be \$481,716. 2,799,000

Total Revenue Bonds - Governmental Activities \$ 87,497,510

**Notes Payable**

Housing and Urban Development (HUD) Section 108 Note, original note of \$3,297,000, principal due in annual installments beginning August 2003, interest at 5.43% to 5.56% due in semi-annual installments beginning February 2003, with the final payment due August 2021. Trust certificates guaranteed by the Secretary of Housing and Urban Development were sold in a public offering, and these certificates were backed by this and other notes. The notes were used for the exclusive use of cleaning up the Harvey Street project. Debt service payments will be paid by revenues from future draws from the HUD CDBG grant funds. \$ 1,383,000

Utah Infrastructure Agency notes, original notes of \$111,900, principal due in monthly installments beginning January 2013, interest at 6-8% due in monthly installments beginning January 2013, with the final payment due August 2036. The notes were issued to finance fiber-optic network connections for residents. Debt service payments will be paid by the residents according to the agreement set up between the City and the residents, which mirrors the agreement between the City and Utah Infrastructure Agency. 129,996

Redevelopment Agency note, original note of \$33,063,000, principal due in monthly installments beginning December 2015, interest at 5.68% due in monthly installments beginning November 2011, with the final payment due November 2037. The note was used for the construction of the Embassy Suites hotel and is secured by the property, improvements, and future rents. Debt service payments will be paid by the sub-lease tenant. \$ 30,679,700

Total Notes Payable - Governmental Activities \$ 32,192,696

**WEST VALLEY CITY  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 9 LONG-TERM DEBT (Continued)**

**Capital Leases**

<p>2009 Various Equipment Leases, original amounts totaling \$427,163, lease payments due in quarterly installments totaling \$21,260 including interest at 3.68% to 3.86% with payments beginning from January 2010 to May 2010, with the final payment due from February 2013 to October 2016. The principal and interest payments are made from the General Fund revenues. The leases were used to finance the purchase of various electronic equipment.</p>	<p>\$ 31,111</p>
<p>2010 Various Equipment Leases, original amounts totaling \$286,005, lease payments due in quarterly installments totaling \$18,806 including interest at 3.66% to 4.09% with payments beginning from October 2010 to June 2011, with the final payment due from July 2014 to March 2018. The principal and interest payments are made from the General Fund revenues. The leases were used to finance the purchase of various electronic equipment.</p>	<p>27,946</p>
<p>2012 Suntrust Equipment Lease, original amount of \$606,971, lease payments due in semi-annual installments totaling \$34,609 including interest at 2.57% with payments beginning August 2012, with the final payment due February 2022. The principal and interest payments are made from the General Fund revenues. The lease was used to finance the purchase of a fire truck for the City.</p>	<p>382,600</p>
<p>2012 Suntrust Equipment Lease, original amount of \$149,070, lease payments due in semi-annual installments totaling \$9,889 including interest at 2.50% with payments beginning November 2012, with the final payment due May 2019. The principal and interest payments are made from the General Fund revenues. The lease was used to finance the refurbishment of one of the City's fire trucks.</p>	<p>56,822</p>
<p>2012 Suntrust Equipment Lease, original amount of \$450,000, lease payments due in semi-annual installments totaling \$47,969 including interest at 1.965% with payments beginning October 2012, with the final payment due April 2017. The principal and interest payments are made from the General Fund revenues. The lease was used to finance the purchase of police vehicles for the City.</p>	<p>74,833</p>
<p>2013 Suntrust Equipment Lease, original amount of \$293,729, lease payments due in quarterly installments totaling \$15,283 including interest at 1.59% with payments beginning May 2013, with the final payment due February 2018. The principal and interest payments are made from the General Fund revenues. The lease was used to finance the a new phone system for the City.</p>	<p>105,305</p>
<p>2013 Various Equipment Leases, original amounts totaling \$105,215, lease payments due in quarterly installments totaling \$7,061 including interest at 3.4% with payments beginning from February to April 2013, with the final payment due from November 2016 to January 2017. The principal and interest payments are made from the General Fund revenues. The leases were used to finance the purchase of various electronic equipment.</p>	<p>15,168</p>

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 9 LONG-TERM DEBT (Continued)**

<p>2014 Suntrust Equipment Lease, original amount of \$329,034, lease payments due in semi annual installments totaling \$34,295 including interest at 1.52% with payments beginning January 2014, with the final payment due July 2018. The principal and interest payments are made from the General Fund revenues. The lease was used to finance police vehicles.</p>	<p>\$ 134,612</p>
<p>2014 Suntrust Equipment Lease, original amount of \$184,510, lease payments due in quarterly installments totaling \$7,119 including interest at 2.33% with payments beginning April 2014, with the final payment due January 2021. The principal and interest payments are made from the General Fund revenues. The lease was used to finance the purchase of police and fire department radios.</p>	<p>127,699</p>
<p>2014 OshKosh Equipment Lease, original amount of \$1,101,605, lease payments due in yearly installments totaling \$139,950 including interest at 3.35% with payments beginning May 2015, with the final payment due June 2021. The principal and interest payments are made from the General Fund revenues. The lease was used to finance the purchase of a Pierce fire engine.</p>	<p>892,051</p>
<p>2014 Various Equipment Leases, original amounts totaling \$291,022, lease payments due in quarterly installments totaling \$19,239 including interest at 2.52% to 3.04% with payments beginning from February to August 2014, with the final payment due from November 2017 to May 2018. The principal and interest payments are made from the General Fund revenues. The leases were used to finance the purchase of various electronic equipment.</p>	<p>123,144</p>
<p>2015 Various Equipment Leases, original amounts totaling \$171,058, lease payments due in quarterly installments totaling \$11,390 including interest between 2.99% to 3.11% with payments beginning January 2015, with the final payment due from October 2018. The principal and interest payments are made from the General Fund revenues. The leases were used to finance the purchase of police laptops and IT software.</p>	<p>109,311</p>
<p>2015 Suntrust Equipment Lease, original amount of \$286,228, lease payments due in quarterly installments totaling \$11,044 including interest at 2.33% with payments beginning August 2014 for principal and November 2014 for interest, with the final payment due May 2021. The principal and interest payments are made from the General Fund revenues. The lease was used to finance the purchase of police department radios.</p>	<p>207,930</p>

**WEST VALLEY CITY  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 9 LONG-TERM DEBT (Continued)**

2016 Various Equipment Leases, original amounts totaling \$1,311,903, lease payments due in quarterly installments totaling \$57,895 including interest between 1.80% to 2.15% with payments beginning March 2015, with the final payment due between February 2020 and February 2023. The principal and interest payments are made from the General Fund revenues. The leases were used to finance the purchase of police and fire radios, Maverik Center equipment, and computer equipment.

\$ 1,184,034

Total Capital Leases - Governmental Activities

\$ 3,472,566

**Banked sick leave**

The total of accumulated unpaid compensated absences in governmental funds. The majority of compensated absences are paid out of the general fund.

\$ 620,665

**Termination Benefits**

The long-term portion of termination benefits in governmental funds. The City has, from time to time, offered termination benefits as an incentive to early retirement to the employees of the City. As part of the benefit, the employees could elect to receive medical coverage through the City's health insurance provider, with the City paying approximately 65% of the premiums for a maximum of 8 years. As of June 30, 2015, there were 15 employees receiving benefits in the form of paid health insurance premiums. The availability of these benefits range from 2 to 8 years, depending upon individual retirement agreements. The present value of estimated future insurance premium costs of \$588,955 is determined using a 2% discount rate and a health cost trend rate of 8% compounding over the period of availability. The long-term liability associated with the termination benefits are paid out of the general fund.

\$ 1,317,337

**Paid time-off**

The long-term portion of paid time off accruals. Employees can carry over up to 320 hours of paid time off. Employees who have not cashed out 80 hours during the current fiscal year, and are over the 320 hour maximum are automatically paid out for the hours over the maximum. Employees who are over the 320 hour maximum and who have already cashed out 80 hours will lose the hours over 320. Employees may cash out their accrued time up to 80 hours at any time during the fiscal year, but must leave a minimum of 40 hours in their accrued paid time off. The long-term liability associated with the paid time off benefit is paid out of the general fund.

\$ 3,788,706

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 9 LONG-TERM DEBT (Continued)**

**Business-type Activities**

**Revenue Bonds**

Sales Tax Revenue Refunding Bonds Series 2006, original issue of \$13,905,000, principal due in annual installments beginning July 2010, interest at 4.0% to 5.0% due in semi-annual installments beginning July 2007, with the final payment due July 2021. The bonds were issued to defease the callable portion of the Sales Tax Revenue Bonds Series 2001A which were issued for the purchase and renovation of a Public Safety Building and the purchase of Stonebridge Golf Course. The defeased portion of the 2001A bonds were called and redeemed on July 15, 2012. Approximately 35% and 65% of the debt service payments will be made from the General Fund sales tax and Golf Course revenues, respectively. The balance shown is 65% of the total outstanding balance as of June 30, 2014, which is attributable to the business-type activities.

\$ 6,399,250

Storm Sewer Revenue Bonds Series 2013, original issue of \$1,500,000, principal due in semi annual installments beginning March 2014, interest at 1.59% due in semi-annual installments beginning March 2014, with the final payment due on September 2018. The bonds were issued to finance the acquisition of land for storm water retention and open space. Debt payments will be funded by the user fees charged in the Storm Water Utility Fund.

764,799

Total Revenue Bonds - Business-type Activities

\$ 7,164,049

**Capital Leases**

2014 Suntrust Equipment Lease, original amount of \$643,882, lease payments due in annual installments totaling \$133,295 including interest at 1.58% with payments beginning April 2014, with the final payment due March 2019. The principal and interest payments are made from the Ambulance fund and Golf Course fund revenues. The lease was used to finance the refurbishment of two ambulances and purchase of golf maintenance equipment.

\$ 285,347

\$ 285,347

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 9 LONG-TERM DEBT (Continued)**

The annual debt service requirements to maturity, including principal and interest for the long-term debt, as of June 30, 2016, are as follows:

Year Ending June 30,	Governmental Activities Revenue Bonds	
	Principal	Interest
2017	\$ 8,038,250	\$ 2,913,587
2018	8,476,000	2,587,338
2019	7,936,500	2,261,726
2020	8,091,750	1,942,106
2021	6,672,000	1,605,505
2022-2026	30,604,170	6,737,559
2027-2031	13,220,820	18,334,621
2032-2036	4,458,020	15,426,719
	<u>87,497,510</u>	<u>\$ 51,809,161</u>
Plus: unamortized premium	<u>861,587</u>	
Total	<u>\$ 88,359,097</u>	

Year Ending June 30,	Governmental Activities Notes Payable	
	Principal	Interest
2017	\$ 967,109	\$ 1,798,832
2018	1,021,717	1,742,789
2019	1,079,934	1,683,379
2020	1,140,913	1,620,426
2021	1,205,818	1,553,735
2022-2026	5,932,532	6,764,679
2027-2031	7,523,347	4,909,762
2032-2036	9,954,251	2,457,596
2037-2038	3,367,075	145,242
	<u>\$ 32,192,696</u>	<u>\$ 22,676,440</u>

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 9 LONG-TERM DEBT (Continued)**

The future minimum lease payments to be paid by the City for capital leases are as follows:

Year Ending June 30,	<b>Governmental Activities Total</b>
2017	\$ 889,665
2018	754,851
2019	590,256
2020	506,406
2021	751,158
2022	233,630
Total minimum lease payments	3,725,966
Less: amount representing interest	(253,400)
Present value of net minimum lease payments	<u>\$ 3,472,566</u>

Year Ending June 30,	<b>Business-type Activities Revenue Bonds</b>	
	Principal	Interest
2017	\$ 1,209,103	\$ 252,529
2018	1,256,112	209,518
2019	1,227,884	162,831
2020	1,108,300	116,700
2021	1,157,000	71,400
2022	1,205,650	24,100
	7,164,049	<u>\$ 837,078</u>
Plus: unamortized premium	41,284	
Total	<u>\$ 7,205,333</u>	

The future minimum lease payments to be paid by the City for capital leases are as follows:

Year Ending June 30,	<b>Business-type Activities Total</b>
2017	133,295
2018	133,296
2019	26,217
Total minimum lease payments	292,808
Less: amount representing interest	(7,461)
Present value of net minimum lease payments	<u>\$ 285,347</u>

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 9 LONG-TERM DEBT (Continued)**

The assets acquired through capital leases are as follows:

	<b>Governmental Activities</b>
Asset:	
Equipment	\$ 7,864,042
Less: accumulated depreciation	(7,348,939)
Total	\$ 515,103
	<b>Business-Type Activities</b>
Asset:	
Machinery and equipment	\$ 2,400,050
Less: accumulated depreciation	(1,717,436)
Total	\$ 682,614

Pledges of future revenues

The City has pledged sales taxes, RDA tax increment, franchise fee taxes, property taxes for a special improvement district, lease revenues from the Building Authority (a blended component unit), and storm sewer utility revenues as part of debts issued by the City. The total approximate revenues pledged by type, revenues for the year, payments from pledged revenues for the year, and the ratio of revenues in the current fiscal year to the total pledged revenues, are shown by type below:

	Sales Taxes	RDA Tax Increment	Franchise Taxes	Special Improvement District	Lease Revenues	Storm Water Revenues
Total revenues pledged over the life of the debts	\$ 68,149,622	\$ 37,741,631	\$ 6,255,200	\$ -	\$ 34,378,268	\$ 783,077
Revenues for the year ended June 30, 2016	\$ 24,279,409	\$ 2,743,830	\$ 10,362,934	\$ 180,486	\$ 4,179,156	\$ 4,153,505
Payments on debt from pledged revenues for the year ended June 30, 2016	\$ 3,057,968	\$ 4,075,248	\$ 1,601,550	\$ 246,875	\$ 3,861,096	\$ 313,231
Percent of current year revenues to total pledged revenues	36%	7%	166%	N/A	12%	530%

**NOTE 10 RISK MANAGEMENT**

The City is exposed to various risks of loss including third party claims, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Settled claims have not exceeded the City's insurance coverage for any of the past five years.

Real property is either self-insured or insured through commercial policies. Some vehicles are self-insured (generally those valued at less than \$50,000) while those valued over \$50,000 are typically insured commercially. Where possible and appropriate, in contractual transactions with other persons or entities, responsibility for damages is transferred to the other party or person(s) that perform work for the City. Coverage for asbestos liability is limited to an annual aggregate of \$100,000.

**WEST VALLEY CITY  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 10 RISK MANAGEMENT (Continued)**

The City operates a self-insured workers' compensation program for claims based on events which occurred prior to June 30 2013. Each injury is funded by the City to the extent of \$400,000. The City purchases reinsurance to cover any claims that exceed \$400,000. The reinsurance has a limit of \$1,000,000. The City is responsible for any amounts that exceed \$1,000,000 per occurrence. Pinnacle Risk Management Services is the designated third party administrator for the City's workers' compensation program. For workers' compensation claims subsequent to June 30, 2013 the City has purchased a workers' compensation policy to provide insurance coverage.

The City administration and City Council are ultimately responsible for setting reserves and adjusting the reserve throughout the life of the claims. The City uses prior loss history and actuary studies as the basis for computing the accrual. The City at this time has no annuities. In management's opinion, the accrued workers' compensation claim liability is adequate to cover the reported claims as well as the incurred but not reported claims for which the City is responsible.

General liability coverage is provided by the Utah Risk Management Mutual Association (URMMA), a risk mutual association to which the City belongs, along with 25 others cities in Utah. The State of Utah Insurance Department regulates URMMA to ensure sound actuarial standards are used. Payment of an annual insurance premium indemnifies the City for claims that exceed a per occurrence deductible. The policy provides \$6 million of liability coverage per occurrence after a deductible of \$15,000. In the event URMMA becomes insolvent, the City is fully responsible for all claims.

The obligation of URMMA to pay damages on behalf of the City or covered individuals applies only to damages in excess of the member "deductions" and group "self-insured retentions" outlined in the Coverage Profile. The members' "deductibles" and the group's "self-insured retentions" also include attorney's fees and all other costs incurred in defending a claim. Each member may adjust, settle, and pay or deny all "property damage" claims which are less than one hundred percent (100%) of that member's deductible and which do not include bodily injury, personal injuries, or alleged violation of civil rights.

The following table shows the changes in claim liability for the years ended June 30, 2016 and 2015.

	Workers' Compensation	General Liability
Liability at June 30, 2014	\$ 728,800	\$ 2,904,638
Claims incurred	-	553,845
Payments on claims	(201,181)	(201,673)
Changes to prior estimates	-	(823,639)
Liability at June 30, 2015	527,619	2,433,171
Claims incurred	-	-
Payments on claims	(201,181)	(218,457)
Changes to prior estimates	-	(139,415)
Liability at June 30, 2016	\$ 326,438	\$ 2,075,299

**NOTE 11 PENSIONS**

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:

**WEST VALLEY CITY  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 11 PENSIONS (Continued)**

- Public Employees Noncontributory Retirement System (Noncontributory System); Public Employees Contributory Retirement System (Contributory System), Firefighters Retirement System (Firefighters System); are multiple employer, cost sharing, public employee retirement systems.
- The Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer retirement system;
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) and the Tier 2 Public Safety Firefighter Contributory System (Tier 2 Public Safety and Firefighters System) are multiple employer, cost sharing, public employee retirement systems.

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The System's defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S. Salt Lake City, Utah 84102 or visiting the website: [www.urs.org](http://www.urs.org).

Benefits Provided

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

**Summary of Benefits by System**

System	Final Average Salary	Years of Service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Contributory System	Highest 5 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year up to June 1975; 2.0% per year July 1975 to present	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% to 4% depending on the
Firefighters System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 4%

**WEST VALLEY CITY  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 11 PENSIONS (Continued)**

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

\* With actuarial reductions

\*\* All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except 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:

**Utah Retirement System**

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates	Employer Rate for 401(k) Plan
<b>Contributory System</b>				
11 - Local Governmental Division Tier 1	N/A	6.000%	14.460%	N/A
111 - Local Governmental Division Tier 2	N/A	N/A	14.830%	1.780%
<b>Noncontributory System</b>				
15 - Local Governmental Division Tier 1	N/A	N/A	18.470%	N/A
16 - State School Div - Tier 1	N/A	N/A	22.190%	1.500%
<b>Public Safety Retirement System</b>				
29 - Other Division B Contributory Tier 1	N/A	10.500%	22.290%	N/A
49 - Other Division B Noncontributory Tier 1	N/A	N/A	32.200%	N/A
<b>Firefighters System</b>				
32 - Division B Tier 1	N/A	16.710%	6.760%	N/A
<b>Tier 2 DC Only</b>				
211 - Local Government	N/A	N/A	6.690%	10.000%
222 - Public Safety	N/A	N/A	9.720%	12.000%
232 - Firefighters	N/A	N/A	0.080%	12.000%

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

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 11 PENSIONS (Continued)**

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

	Employer Contributions	Employee Contributions
Noncontributory System	\$ 2,493,282	N/A
Contributory System	75,314	\$ -
Public Safety System	2,821,143	-
Firefighters System	354,614	-
Tier 2 Public Employees System	461,138	-
Tier 2 Public Safety and Firefighter System	354,679	-
Tier 2 DC Only System	43,090	N/A
Tier 2 DC Public Safety and Firefighter System	33,098	N/A
Total Net Pension Asset / Liability	<u>\$ 6,636,358</u>	<u>\$ -</u>

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

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

At June 30, 2016, we reported a net pension asset of \$38,416 and a net pension liability of \$19,212,384.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	1.6745525%	\$ -	\$ 9,475,433
Contributory System	1.5509782%	-	1,090,112
Public Safety System	15.4704722%	-	7,548,837
Firefighters System	6.4528256%	-	1,090,002
Tier 2 Public Employees System	0.4075811%	890	-
Tier 2 Public Safety and Firefighter System	2.5684704%	37,526	-
Total Net Pension Asset / Liability		<u>\$ 38,416</u>	<u>\$ 19,204,384</u>

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

For the year ended June 30, 2016, we recognized pension expense of \$3,832,023.

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 11 PENSIONS (Continued)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,325,113	\$ 1,533,704
Changes in assumptions	-	1,927,375
Net difference between projected and actual earnings on pension plan investments	8,649,013	-
Changes in proportion and differences between contributions and proportionate share of contributions	27,433	257,142
Contributions subsequent to the measurement date	3,292,835	-
Total	\$ 13,294,394	\$ 3,718,221

\$3,292,835 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2015.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (inflows) of Resources
2016	\$ 1,540,570
2017	1,588,501
2018	1,600,885
2019	1,757,429
2020	(172,633)
Thereafter	(31,416)

Actuarial Assumptions

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

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

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

**WEST VALLEY CITY  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 11 PENSIONS (Continued)**

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 on pension plan investments was determined using a building-block method in which the 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 and is applied consistently to each defined benefit plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 11 PENSIONS (Continued)**

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

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

<b>System</b>	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Noncontributory System	\$ 20,020,647	\$ 9,475,433	\$ 672,291
Contributory System	1,919,790	1,090,112	393,558
Public Safety System	16,468,725	7,548,837	240,993
Firefighter System	8,680,506	1,098,002	(5,164,196)
Tier 2 Public Employees System	163,164	(890)	(125,227)
Tier 2 Public Safety and Firefighter	63,790	(37,526)	(115,329)
Total	<u>\$ 47,316,622</u>	<u>\$ 19,173,968</u>	<u>\$ (4,097,910)</u>

Pension Plan Fiduciary Net Position

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

**NOTE 12 DEFINED CONTRIBUTION SAVINGS PLANS**

Utah Retirement System (URS) Plans

The Utah Retirement Defined Contribution Savings Plans administered by Utah Retirement Systems 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 a separately issued URS financial report.

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

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

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

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 12 DEFINED CONTRIBUTION AND DEFERRED COMPENSATION PLANS (Continued)**

<u>System</u>	<u>Year Ended June 30,</u>	<u>Employee paid Contributions</u>	<u>Employer paid for Employee Contributions</u>
Defined Contribution System:			
401(k) Plan	2016	\$ 70,259	\$ 206,754
	2015	17,269	142,727
	2014	16,039	84,765
457 Plan	2016	2,228	-
	2015	2,746	159
	2014	2,694	2,619
Roth IRA Plan	2016	17,416	N/A
	2015	5,799	N/A
	2014	-	N/A
Traditional IRA Plan	2016	-	N/A
	2015	79	N/A
	2014	-	N/A

International City Managers Association Plans (ICMA) Plans

The City sponsors a defined contribution plan under Internal Revenue Code 401(a) for City employees covered by the State's contributory and noncontributory retirement plans. ICMA administers this plan. All benefitted employees who had existing accounts as of March 1, 2012, are eligible to participate in the plan. The City does not contribute to this plan, except for employees who have opted out of URS. For these employees, the City participates at rates between 7.3% and 20% (set by the City Council).

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. International City Managers Association (ICMA) administers this plan. The plan, available to all benefitted employees, permits them to defer a portion of their salary until future years. Contributions come from voluntary employee deductions. The following illustrates the three year-trend analysis of employer and employee contributions to ICMA for deferred compensation plans.

<u>System</u>	<u>Year Ended June 30,</u>	<u>Employee paid Contributions</u>	<u>Employer paid for Employee Contributions</u>
Defined Contribution System:			
401(a) Plan	2016	\$ -	\$ 102,507
	2015	-	134,820
	2014	-	132,695
457 Plan	2016	1,391,667	-
	2015	1,091,411	-
	2014	926,412	-

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 13 COMMITMENTS AND CONTINGENCIES**

The City had approximately \$12,450,000 of outstanding construction commitments at June 30, 2016.

The City is a defendant in various claims and suits arising from the ordinary course of business. A provision for loss related to litigation of \$2,075,299 was recorded in the accompanying financial statements. Management believes that any liability resulting from these matters is adequately covered by this provision.

The City has entered into an agreement with WVE, Inc. to operate the Maverik Center. WVE, Inc. is a subsidiary of Centennial Management Group and is responsible for the daily operations, maintenance, bookings, and events that take place at the Maverik Center. The City is responsible for management and operation of the Maverik Center parking facilities.

The City pays to WVE Inc., or its parent company, Centennial Management Group, a fixed annual management fee. This annual fixed fee increases yearly by the amounts stated in the agreement. The fee for the fiscal year ended June 30, 2016, was \$242,500. The fee for the coming fiscal year ended June 20, 2017 will be \$252,500. The term of the agreement ends in June 2017.

In addition to the annual fixed fee, if certain performance objectives are reached, the City may pay an additional annual incentive fee payment equal to not more than 5% of the annual fixed fee. The annual incentive fee for the year ended June 30, 2016, was \$12,125. The City expects to pay a similar amount for the coming fiscal year ended June 30, 2017. These management fees paid to WVE, Inc., and/or Centennial Management Group are their only compensation for managing the Maverik Center. All Maverik Center revenues are collected by the City (other than those retained by the concessionaire and the hockey club pursuant to their respective contracts). All Maverik Center expenses (including WVE, Inc. personnel expenses) are paid by the City.

The City entered into a contract with USANA Amphitheater (the Amphitheater) to provide management services. The Amphitheater pays the City \$50,000 plus an additional payment for each ticket over a predetermined amount. The City then contracted with WVE, Inc. to provide the management services for the Amphitheater. The City pays to WVE, Inc., or its parent company, Centennial Management Group, an annual management fee to provide management services to the Amphitheater and the Utah Cultural Celebration Center (the Center). Each year, beginning on July 1, 2004, the annual fixed fee is increased by the total percentage increase in the "West A" consumer Price Index, but not less than 2% or more than 5% of the annual payment due for the immediately preceding 12 month period. The fee for the year ended June 30, 2016 was \$73,302. The City expects to pay a similar amount for the coming year ended June 30, 2017. The term of the agreement ends in June 2017.

In addition to the annual fixed fee, any net income from the markup on the use of part-time labor used at the Center or the Amphitheater will be shared equally by the City and WVE, Inc. and/or Centennial Management Group. All revenues from the operation of the Center are the City's. All the Center's expenses (including WVE, Inc. personnel expenses) are paid by the City.

The City entered into a "Venue Marketing Services Agreement", wherein the City will pay the other party 50% of marketing revenue earned at the Maverik Center greater than \$1,661,641 for each year through the end of the third year of the agreement, and will increase every year thereafter by the Consumer Price Index. The agreement term is until August 31, 2022. The marketing fee for the fiscal year ended June 30, 2016, was \$24,752. The City expects to pay a similar amount for the coming fiscal year ended June 30, 2017.

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 14 INTERGOVERNMENTAL REVENUE**

Intergovernmental revenue for the year ended June 30, 2016, consists of the following:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Business-type Funds</u>
Federal Government:			
CDBG Grant	\$ -	\$ 864,937	\$ -
Cooperative Forrestry Assistance	-	2,900	-
COPS Hiring Grant	-	414,498	-
Domestic Violence VOCA	-	83,331	-
EMPG Fire Grant	-	16,698	-
Homeland Security Region 2 SHSP	-	31,445	-
HOPWA	-	-	10,390
Housing Choice Vouchers	-	-	3,171,799
Internet Crimes Against Children	-	20,000	-
JAG Grants	-	97,867	-
Project Safe Neighborhood	-	1,646	-
NEA Promotion of the Arts	-	10,000	-
Salt Lake Homes Investment Partnership	-	54,614	-
Shelter Plus Care	-	-	33,258
VAWA Grant	-	54,438	-
State of Utah:			
Capital Project Funds	-	2,110,835	-
CCJJ Halfway House Grant	-	145,666	-
CCJJ State Asset Forfeiture Grant	-	41,075	-
Class "C" road fund allotment	4,252,091	-	-
Liquor allotment	-	196,732	-
Sustainability grant	-	14,000	-
Transportation Assistance Program	-	99,642	-
Other Governments:			
ZAP Grant	-	65,000	-
Capital Project Funds	-	1,208,749	-
	<u>\$ 4,252,091</u>	<u>\$ 5,534,073</u>	<u>\$ 3,215,447</u>

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and are subject to audit by the City's independent auditors and other governmental auditors. Any disallowed claims resulting from such an audit could become a liability of the General Fund or other applicable fund. Based on prior experience, the City administration believes such disallowance, if any, would be immaterial.

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 15 REDEVELOPMENT AGENCY OF THE WEST VALLEY CITY**

In accordance with Utah Code Section 17C-1-605(1), the City's Redevelopment Agency is required to disclose the following information for the year ended June 30, 2016:

Tax increment collected from other taxing agencies for project areas a follows:

Willow Wood	\$ 343,794
Redwood	1,069,054
Hercules A	1,193,447
Market Street	144,809
Hercules B	735,047
Decker Lake	1,685,670
3500 South A	260,997
5600 West Gateway	116,397
Jordan River	390,848
City Center	1,018,295
Southwest	3,072,419
North Central	352,492
Granger Crossing	89,714
	<u>\$ 10,472,983</u>

Amounts expended for:

Site improvements and preparation costs	\$ 3,805,551
Cost of services provided	5,071,877
Administrative costs	950,838
Tax increment paid to other entities	3,633,013
Debt service	10,496,908
	<u>\$ 23,958,187</u>
Property acquisitions, held for resale	<u>\$ 1,034,972</u>
Outstanding bonds and loans to finance RDA projects	<u>\$ 61,624,700</u>

**NOTE 16 CONDUIT DEBT OBLIGATIONS**

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issue. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2016, there are four series of Industrial Revenue Bonds outstanding, with an aggregate original issue principal amount payable of \$19,871,930 composed of the following issues:

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 16 CONDUIT DEBT OBLIGATIONS (Continued)**

Company	Maturity	Balance at June 30, 2016
Monticello Academy - Series 2007	June 2037	\$ 9,720,000
East Hollywood High School - Series 2007	June 2037	5,265,000
Holbrook Properties - Series 2007	April 2018	517,728
Hunt 1920 - Series 2015	July 2035	100,500
		<u>\$ 15,603,228</u>

**NOTE 17 INTERLOCAL AGREEMENTS**

The City is one of 11 founding members of the Utah Telecommunications Open Infrastructure Agency (UTOPIA), an interlocal cooperative agreement organized under the laws of the State of Utah. UTOPIA was created to design, finance, build, operate, and maintain an open, wholesale, public and telecommunication infrastructure that delivers high-speed connections to every home and business in the member communities. UTOPIA issues annual audited financial statements which are available either from UTOPIA or the Utah State Auditor.

The City is a pledging member who has pledged sales and use tax revenues to partially guarantee payment of UTOPIA's bonds. In return for the pledge, the City will be among the first cities to receive UTOPIA's services. In December 2011, UTOPIA issued an \$185,000,000 revenue refunding bond, which will become due in June 2040. The debt service payments will be made by the 11 pledging members according to their respective percentages up to a specific dollar amount. The City's percentage of the Debt Service Reserve shortfall is 28.02% with a yearly liability limit set at a maximum of \$3,889,277 for the coming year ended June 30, 2016. Any bonds or debt issued or incurred by UTOPIA will not constitute debt of the City. Pledge payments made during the year ended June 30, 2016 totaled \$3,819,329. The aggregate amount paid to UTOPIA of \$23,038,372 as of June 30, 2016, is considered to be a note receivable but the entire amount has been reserved and is not expected to be repaid.

The City is also one of eight founding members of the Utah Infrastructure Agency (UIA), an interlocal cooperative agreement organized in July of 2010 under the laws of the State of Utah. Like UTOPIA, UIA was organized to provide for acquisition, construction, and installation of advanced communication lines, improvements, and facilities. The City has pledged franchise tax revenues to ensure that UIA fulfills its revenue requirement from the bond agreements, which is that UIA must have revenue equal to the operations and maintenances expenses and the capital costs in a fiscal year. In the event that there is a shortfall, the City has agreed to lend UIA its franchise tax revenues. The percentage of the City's share of the shortfall pledge is 30.44% with a yearly liability limit set at a maximum of \$1,568,781.

UIA may also establish, as needed, Working Capital Assessments to its member cities to help cover any operational expense (OpEx) shortfall. Under a shortfall scenario, UIA notifies the member cities of their respective obligations to utilize Energy Sales and Use Taxes to replenish the shortfall. The amounts assessed and paid during the year ended June 30, 2016, totaled \$0. The aggregate amount paid to UIA of \$1,017,276 as of June 30, 2016, is considered to be a note receivable but the entire amount has been reserved and is not expected to be repaid. UIA's annual audited financial statements are available either from UIA or the Utah State Auditor.

**WEST VALLEY CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

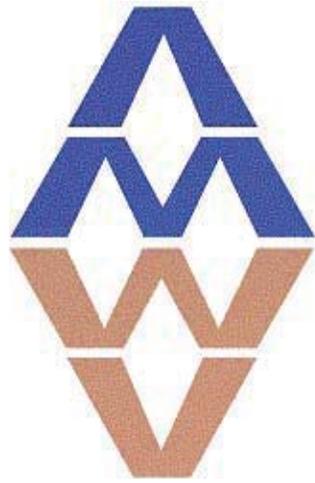
**NOTE 18 SUBSEQUENT EVENTS**

On July 21, 2016, the City issued MBA Lease Revenue Refunding Bonds, Series 2016, for \$30,750,000 at 2 – 5% interest. The bonds were issued to refund the Lease Revenue Refunding Bonds, Series 2006A and 2006B and to fund improvements at the Maverik Center. Payments begin February 2017 and will end February 2026.

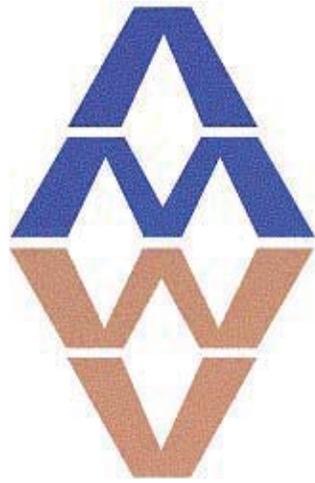
On August 18, 2016, the City issued Sales Tax Revenue Refunding Bonds, Series 2016, for \$9,030,000 at 4% interest. The bonds were issued to refund the Series 2006 bonds. Payments begin January 2017 and will end July 2021.

On October 20, 2016, the City issued RDA Tax Increment Revenue and Refunding Bonds, Series 2016A and 2016B for \$24,620,000 at 1.9 – 5.0% interest. The bonds were issued to refund all or part of the RDA Series 2009, Series 2010A, RDA Series 2012, and RDA Series 2014 bonds as well as to fund property acquisitions for the City Center Project Area. Payments begin May 2017 and will end May 2025.

On October 25, 2016, the City issued RDA Revenue Refunding Bonds Series 2016, for \$10,490,000 at 2 – 5% interest. The bonds were issued to refund all or part of the RDA Series 2014 and the Series 2010A bonds. Payments begin May 2017 and will end November 2036.



**REQUIRED SUPPLEMENTAL INFORMATION**



**WEST VALLEY CITY**  
**INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED**  
**USING THE MODIFIED APPROACH**  
**For The Year Ended June 30, 2016**

As allowed by GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, the City has adopted an allowable alternative to reporting depreciation for three of eight infrastructure subsystems in the Transportation Network. Under this alternative method, referred to as the “modified approach”, the City must maintain an asset management system and demonstrate that its subsystems are being preserved at or above condition levels established by City policy. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed. The City capitalizes costs related to new construction, major replacements, and improvements that increase the capacity and /or efficiency of infrastructure assets reported under the modified approach.

In order to utilize the modified approach, the City is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the City.
- Document that the infrastructure assets are being preserved approximately at, or above the condition level established by the City.

The City applies the modified approach to the three major subsystems considered to be owned by the City: Major Streets, Minor Streets and Sidewalks. The goal of the City in conjunction with adopting the modified approach is to develop and provide a cost effective pavement maintenance and rehabilitation program that preserves the City’s investment in its subsystems and enhances public transportation and safety.

Major Streets

The condition of the major streets pavement is measured using the Local Transportation Assistance Program. This system uses a measurement scale that considers the condition of the roads using nine condition factors and then assigns the road a Remaining Service Life, (RSL), ranging from 0 to 21. The RSL is the remaining life of the road in years, if no additional upkeep, replacement, or maintenance is performed. The RSL is used to classify roads into categories as follows:

Category	RSL Rating Range	Description
Excellent	19 - 20 yrs	New or nearly new pavement which provides a very smooth ride and is mainly free of distress. (No maintenance work needed.)
Very Good	13 - 18 yrs	Pavement which provides an adequate ride, and exhibits few, if any, visible signs of distress. (Minor maintenance may be needed.)
Good	10 - 12 yrs	Pavement which provides an adequate ride, and exhibits few signs of distress. (Moderate maintenance may be needed.)
Fair	7 - 9 yrs	Surface defects in this category such as alligator cracking, potholes, rutting, and raveling are affecting the ride of the user. (Major maintenance is likely needed.)
Poor	1 - 6 yrs	These roads have deteriorated to such an extent that they are in need of resurfacing, and the ride is noticeably rough. (Structural improvements, in addition to major maintenance, is likely)
Failed	0 yrs	Pavement in this category is severely deteriorated, and the ride quality is unacceptable. (Complete road reconstruction is likely needed.)

**WEST VALLEY CITY**  
**INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED**  
**USING THE MODIFIED APPROACH (Continued)**  
**For The Year Ended June 30, 2016**

Major Streets (Continued)

The City's policy is to maintain an average RSL of 8 years or greater. The City performs a complete condition assessment on each major street every two to three years. A condition assessment on the major streets was performed in August 2014.

**Condition Rating of the City's Major Streets**  
(Percentage of Miles)

<u>Category</u>	<u>2014</u>	<u>2012</u>	<u>2010</u>	<u>2007</u>
Excellent	2%	5%	5%	0%
Very Good	16%	20%	29%	31%
Good	27%	26%	42%	45%
Fair	21%	12%	3%	9%
Poor	34%	35%	21%	15%
Fail	0%	2%	0%	0%
Average RSL	9.27 Years	9.92 Years	10.95 Years	11.00 Years

**Comparison of Needed-to-Actual  
Maintenance/Preservation**

<u>Major Streets</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Estimated	\$ 1,119,204	\$ 965,784	\$ 1,712,845	\$ 3,217,163	\$ 3,594,735
Actual	808,511	836,636	1,683,920	1,354,158	3,559,892

**WEST VALLEY CITY**  
**INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED**  
**USING THE MODIFIED APPROACH (Continued)**  
**For The Year Ended June 30, 2016**

Minor Streets

The condition of the minor streets pavement is measured using the Local Transportation Assistance Program in which pavement management data has been entered into a database linked to each minor street.

Category	Description	RSL (Years)
Excellent	Pavement appears new, and no discernible roughness in ride.	19-20
Very Good	Pavement which provides an adequate ride, and exhibits few, if any, visible signs of distress. (Minor maintenance may be needed.)	13-18
Good	Pavement appears to show some signs of distress, but ride remains smooth.	10-12
Fair	Pavement shows some distress, with notable roughness in ride but little discomfort for driver.	7-9
Poor	Pavement deteriorated to extent that requires resurfacing, substantial roughness in ride leading to reduction of speed below posted limit.	1-6
Failed	Minor street is severely deteriorated, and the ride quality is unacceptable. (Complete road reconstruction is likely needed.)	0

The City's policy is to maintain an average RSL of 8 years or greater. The City performs a complete condition assessment on each major street every two to three years. A condition assessment on the minor streets was performed in August 2014.

**Condition Rating of the City's Minor Streets**  
(Percentage of Miles)

<u>Category</u>	<u>2014</u>	<u>2012</u>	<u>2010</u>	<u>2009</u>
Excellent	2%	5%	6%	7%
Very Good	16%	20%	14%	11%
Good	27%	26%	35%	42%
Fair	21%	12%	4%	7%
Poor/Failed	34%	37%	42%	33%
Average RSL	9.27 Years	9.92 Years	9.9 Years	9.7 Years

**Comparison of Needed-to-actual  
Maintenance/Preservation**

<u>Minor Streets</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Estimated	\$ 1,299,551	\$ 1,356,584	\$ 1,107,980	\$ 1,655,098	\$ 1,773,014
Actual	983,474	1,206,191	1,127,590	1,680,891	923,490

**WEST VALLEY CITY**  
**INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED**  
**USING THE MODIFIED APPROACH (Continued)**  
**For The Year Ended June 30, 2016**

Sidewalks

The condition of the sidewalks is measured by City staff using the Geodatabase System in which concrete management data has been entered into a database. The following table details the measurement scale the City uses in assessing the condition rating for sidewalks.

Category	Description
Excellent/ Good	No defects in the sidewalk.
Fair	Light spalling, less than 1" displacement in the sidewalk.
Poor	Light spalling, 1 - 2" displacement in the sidewalk.
Failed	Heavy spalling, more than 2" displacement in the sidewalk.

It is the City's policy to maintain a minimum of 95% of sidewalks (by length) at the "excellent/good" condition level. The City performs a complete condition assessment on each sidewalk every three years. A complete assessment was performed in the summer of 2016.

<u>Category</u>	<u>2016</u>	<u>2013</u>	<u>2012</u>
Excellent/Good	99%	97%	97%
Fair	0%	1%	1%
Poor	1%	1%	1%
Fail	0%	1%	1%

**Comparison of Needed-to-actual  
Maintenance/Preservation**

<u>Sidewalks</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Estimated	\$ 211,519	\$ 146,000	\$ 102,500	\$ 100,000	\$ 134,456
Actual	157,170	147,192	103,807	92,933	116,253

**WEST VALLEY CITY**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**December 31, 2015**  
**Last 10 Fiscal Years \***

	Year Ended December 31,	Noncontributory System	Contributory Retirement System	Public Safety System	Firefighters System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighter System
Proportion of the net pension liability (asset)	2015	1.7080176%	1.4978171%	15.6422550%	6.8152989%	0.4097114%	2.5710638%
	2016	1.6745525%	1.5509782%	15.4704722%	6.4528216%	0.4075811%	2.5684704%
Proportionate share of the net pension liability (asset)	2015	\$ 7,416,614	\$ 432,036	\$ 6,185,459	\$ (750,008)	\$ (12,416)	\$ (38,034)
	2016	\$ 9,475,433	\$ 1,090,112	\$ 7,548,837	\$ 1,098,002	\$ (890)	\$ (37,526)
Covered employee payroll	2015	\$ 14,618,779	\$ 801,898	\$ 9,846,928	\$ 5,701,588	\$ 2,010,318	\$ 1,063,696
	2016	\$ 14,074,733	\$ 660,852	\$ 9,736,161	\$ 5,443,904	\$ 2,633,305	\$ 1,528,481
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2015	50.70%	53.90%	62.80%	-13.20%	-0.60%	-3.60%
	2016	67.32%	164.96%	77.53%	20.17%	-0.03%	-2.46%
Plan fiduciary net position as a percentage of the total pension liability	2015	90.2%	94.0%	89.0%	101.3%	103.5%	120.5%
	2016	172.3%	85.7%	87.6%	98.1%	100.2%	110.7%

*\* In accordance with paragraph 81.a of GASB 68 implemented in fiscal year 2015, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively.*

**WEST VALLEY CITY**  
**SCHEDULE OF CONTRIBUTIONS**  
**June 30, 2016**  
**Last 10 Fiscal Years \***

	As of Fiscal Year Ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2014	\$ 2,450,313	\$ 2,450,313	\$ -	\$ 14,572,530	16.81%
	2015	2,600,999	2,600,999	-	14,440,635	18.01%
	2016	2,493,282	2,493,282	-	13,754,978	18.13%
Contributory System	2014	106,337	106,337	-	800,735	13.28%
	2015	112,277	112,277	-	776,465	14.46%
	2016	75,314	75,314	-	521,135	14.45%
Public Safety System	2014	3,029,477	3,029,477	-	9,711,728	31.19%
	2015	3,184,274	3,184,274	-	10,134,306	31.42%
	2016	2,821,143	2,821,143	-	8,788,656	32.10%
Firefighters System	2014	249,107	249,107	-	5,585,360	4.46%
	2015	371,965	371,965	-	5,644,384	6.59%
	2016	354,614	354,614	-	5,245,749	6.76%
Tier 2 Public Employees System **	2014	236,502	236,502	-	1,690,501	13.99%
	2015	344,009	344,009	-	2,303,700	14.93%
	2016	461,138	461,138	-	3,092,335	14.91%
Tier 2 Public Safety and Firefighter System **	2014	121,414	121,414	-	770,316	15.76%
	2015	231,052	231,052	-	1,315,557	17.56%
	2016	354,679	354,679	-	2,018,305	17.57%
Tier 2 Public Employees DC Only System **	2014	10,771	10,771	-	193,022	5.58%
	2015	29,145	29,145	-	433,703	6.72%
	2016	43,090	43,090	-	644,094	6.69%
Tier 2 Public Safety and Firefighter DC Only System **	2014	14,591	14,591	-	228,273	6.39%
	2015	21,588	21,588	-	348,335	6.20%
	2016	33,098	33,098	-	474,639	6.97%

\* In accordance with paragraph 81.a of GASB 68 implemented in fiscal year 2015, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively.

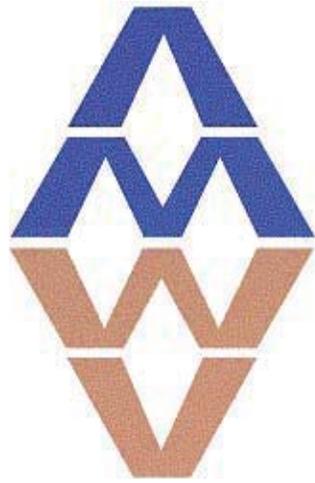
\*\* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

**WEST VALLEY CITY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2016**

**Changes in Assumptions**

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

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



## **SUPPLEMENTAL INFORMATION**

**WEST VALLEY CITY  
COMBINING BALANCE SHEET – NONMAJOR  
GOVERNMENTAL FUNDS  
June 30, 2016**

	<b>Capital Projects Funds</b>				
	Road Impact Fee	Park Impact Fee	Fire Impact Fee	Police Impact Fee	Flood Impact Fee
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:					
Intergovernmental	-	-	-	-	-
Loan receivables	-	-	-	-	-
Restricted assets:					
Cash and cash equivalents	98,170	1,291,785	279,711	391,808	38,616
<b>Total Assets</b>	<b>\$ 98,170</b>	<b>\$ 1,291,785</b>	<b>\$ 279,711</b>	<b>\$ 391,808</b>	<b>\$ 38,616</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Notes payable	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Restricted for:					
Debt Service	-	-	-	-	-
Future development	98,170	1,291,785	279,711	391,808	38,616
Assigned for:					
Capital projects	-	-	-	-	-
UCCCF	-	-	-	-	-
Grants	-	-	-	-	-
Municipal Building Authority	-	-	-	-	-
<b>Total Fund Balances</b>	<b>98,170</b>	<b>1,291,785</b>	<b>279,711</b>	<b>391,808</b>	<b>38,616</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 98,170</b>	<b>\$ 1,291,785</b>	<b>\$ 279,711</b>	<b>\$ 391,808</b>	<b>\$ 38,616</b>

**WEST VALLEY CITY**  
**COMBINING BALANCE SHEET – NONMAJOR**  
**GOVERNMENTAL FUNDS (Continued)**  
**June 30, 2016**

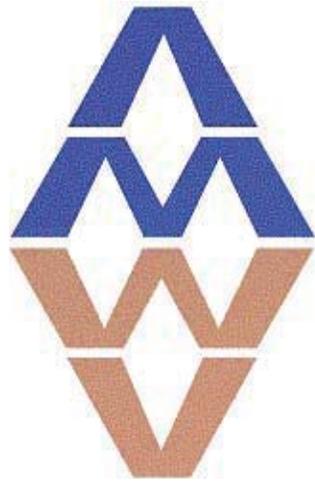
	<u>Capital Projects Funds</u>	<u>Special Revenue Fund</u>		<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	Capital Projects Fund	UCCCF	Grants	Building Authority	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,111,034	\$ 138,391	\$ -	\$ 5,538,678	\$ 11,788,103
Receivables:					
Intergovernmental	-	-	605,944	-	605,944
Loan receivables	-	-	734,679	-	734,679
Restricted assets:					
Cash and cash equivalents	368,202	-	-	1,676,531	4,144,823
<b>Total Assets</b>	<u>\$ 6,479,236</u>	<u>\$ 138,391</u>	<u>\$ 1,340,623</u>	<u>\$ 7,215,209</u>	<u>\$ 17,273,549</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 1,997,967	\$ 1,666	\$ 30,186	\$ 12,697	\$ 2,042,516
Accrued liabilities	-	-	4,936	-	4,936
Due to other funds	-	-	313,615	-	313,615
Unearned revenue	-	-	825,243	-	825,243
Notes payable	-	-	-	4,600,000	4,600,000
<b>Total Liabilities</b>	<u>1,997,967</u>	<u>1,666</u>	<u>1,173,980</u>	<u>4,612,697</u>	<u>7,786,310</u>
<b>Fund Balances:</b>					
Restricted for:					
Debt Service	-	-	-	1,676,531	1,676,531
Future development	368,202	-	-	-	2,468,292
Assigned for:					
Capital projects	4,113,067	-	-	-	4,113,067
UCCCF	-	136,725	-	-	136,725
Grants	-	-	166,643	-	166,643
Municipal Building Authority	-	-	-	925,981	925,981
<b>Total Fund Balances</b>	<u>4,481,269</u>	<u>136,725</u>	<u>166,643</u>	<u>2,602,512</u>	<u>9,487,239</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 6,479,236</u>	<u>\$ 138,391</u>	<u>\$ 1,340,623</u>	<u>\$ 7,215,209</u>	<u>\$ 17,273,549</u>

**WEST VALLEY CITY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2016**

	<b>Capital Projects Funds</b>				
	Road Impact Fee	Park Impact Fee	Fire Impact Fee	Police Impact Fee	Flood Impact Fee
<b>Revenues:</b>					
Fees	\$ 470,183	\$ 472,359	\$ 206,447	\$ 335,579	\$ 38,256
Intergovernmental	-	-	-	-	-
Interest	-	-	-	-	-
Program income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Revenues</b>	<b>470,183</b>	<b>472,359</b>	<b>206,447</b>	<b>335,579</b>	<b>38,256</b>
<b>Expenditures:</b>					
Current:					
Public safety	-	-	-	-	-
Highways and public improvements	467,744	-	-	-	132,711
Parks and recreation	-	112,628	-	-	-
Community development	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total Expenditures</b>	<b>467,744</b>	<b>112,628</b>	<b>-</b>	<b>-</b>	<b>132,711</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>2,439</b>	<b>359,731</b>	<b>206,447</b>	<b>335,579</b>	<b>(94,455)</b>
<b>Other Financing Sources (Uses):</b>					
Issuance of new debt	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(1,363,409)	(567,000)	(40,000)	(30,000)	-
Sale of capital assets	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,363,409)</b>	<b>(567,000)</b>	<b>(40,000)</b>	<b>(30,000)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(1,360,970)</b>	<b>(207,269)</b>	<b>166,447</b>	<b>305,579</b>	<b>(94,455)</b>
<b>Fund Balances, Beginning</b>	<b>1,459,140</b>	<b>1,499,054</b>	<b>113,264</b>	<b>86,229</b>	<b>133,071</b>
<b>Fund Balances, Ending</b>	<b>\$ 98,170</b>	<b>\$ 1,291,785</b>	<b>\$ 279,711</b>	<b>\$ 391,808</b>	<b>\$ 38,616</b>

**WEST VALLEY CITY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**For The Year Ended June 30, 2016**

	<b>Capital Projects Funds</b>	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Total Nonmajor Governmental Funds</b>
	Capital Projects Fund	UCCCF	Grants	Building Authority
<b>Revenues:</b>				
Fees and contributions	\$ 346,000	\$ 66,957	\$ -	\$ -
Intergovernmental	651,050	-	4,883,023	-
Interest	-	-	-	7,745
Program income	-	-	32,787	-
Miscellaneous	66,031	-	-	-
<b>Total Revenues</b>	<b>1,063,081</b>	<b>66,957</b>	<b>4,915,810</b>	<b>7,745</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	1,106,296	-
Highways and public improvements	-	-	2,110,835	-
Parks and recreation	-	-	65,000	-
Community development	-	9,079	748,305	-
Debt service:				
Principal	328,726	-	194,000	2,623,938
Interest	40,983	-	86,884	1,276,802
Capital outlay	3,962,381	-	-	697,065
<b>Total Expenditures</b>	<b>4,332,090</b>	<b>9,079</b>	<b>4,883,019</b>	<b>4,597,805</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(3,269,009)</b>	<b>57,878</b>	<b>32,791</b>	<b>(4,590,060)</b>
<b>Other Financing Sources (Uses):</b>				
Issuance of new debt	-	-	-	301,379
Transfers in	4,970,684	-	-	4,179,156
Transfers out	-	-	-	-
Sale of capital assets	217,250	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>5,187,934</b>	<b>-</b>	<b>-</b>	<b>4,480,535</b>
<b>Net Change in Fund Balances</b>	<b>1,918,925</b>	<b>57,878</b>	<b>32,791</b>	<b>(109,525)</b>
<b>Fund Balances, Beginning</b>	<b>2,562,344</b>	<b>78,847</b>	<b>133,852</b>	<b>2,712,037</b>
<b>Fund Balances, Ending</b>	<b>\$ 4,481,269</b>	<b>\$ 136,725</b>	<b>\$ 166,643</b>	<b>\$ 2,602,512</b>



**WEST VALLEY CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE – BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2016**

<b>Road Impact Fee - Capital Projects Fund</b>				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Fees	\$ 270,000	\$ 270,000	\$ 470,183	\$ 200,183
<b>Total Revenues</b>	<u>270,000</u>	<u>270,000</u>	<u>470,183</u>	<u>200,183</u>
<b>Expenditures:</b>				
Current:				
Highways and public improvements	1,657,000	508,630	467,744	40,886
<b>Total Expenditures</b>	<u>1,657,000</u>	<u>508,630</u>	<u>467,744</u>	<u>40,886</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,387,000)</u>	<u>(238,630)</u>	<u>2,439</u>	<u>241,069</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	(1,363,409)	(1,363,409)	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(1,363,409)</u>	<u>(1,363,409)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	(1,387,000)	(1,602,039)	(1,360,970)	241,069
<b>Fund Balances, Beginning</b>	1,459,140	1,459,140	1,459,140	-
<b>Fund Balances, Ending</b>	<u>\$ 72,140</u>	<u>\$ (142,899)</u>	<u>\$ 98,170</u>	<u>\$ 241,069</u>

**WEST VALLEY CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL - NONMAJOR**  
**GOVERNMENTAL FUNDS (Continued)**  
**For The Year Ended June 30, 2016**

<b>Park Impact Fee - Capital Projects Fund</b>				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Fees	\$ 300,000	\$ 300,000	\$ 472,359	\$ 172,359
<b>Total Revenues</b>	<b>300,000</b>	<b>300,000</b>	<b>472,359</b>	<b>172,359</b>
<b>Expenditures:</b>				
Current:				
Parks and recreation	300,000	300,000	112,628	187,372
<b>Total Expenditures</b>	<b>300,000</b>	<b>300,000</b>	<b>112,628</b>	<b>187,372</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>-</b>	<b>359,731</b>	<b>359,731</b>
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	(567,000)	(567,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(567,000)</b>	<b>(567,000)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>(567,000)</b>	<b>(207,269)</b>	<b>359,731</b>
<b>Fund Balances, Beginning</b>	<b>1,499,054</b>	<b>1,499,054</b>	<b>1,499,054</b>	<b>-</b>
<b>Fund Balances, Ending</b>	<b>\$ 1,499,054</b>	<b>\$ 932,054</b>	<b>\$ 1,291,785</b>	<b>\$ 359,731</b>

**WEST VALLEY CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL - NONMAJOR**  
**GOVERNMENTAL FUNDS (Continued)**  
**For The Year Ended June 30, 2016**

<b>Fire Impact Fee - Capital Projects Fund</b>				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Fees	\$ 40,000	\$ 40,000	\$ 206,447	\$ 166,447
<b>Total Revenues</b>	<u>40,000</u>	<u>40,000</u>	<u>206,447</u>	<u>166,447</u>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>40,000</u>	<u>40,000</u>	<u>206,447</u>	<u>166,447</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(40,000)	(40,000)	(40,000)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>-</u>	<u>-</u>	<u>166,447</u>	<u>166,447</u>
<b>Fund Balances, Beginning</b>	<u>113,264</u>	<u>113,264</u>	<u>113,264</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 113,264</u>	<u>\$ 113,264</u>	<u>\$ 279,711</u>	<u>\$ 166,447</u>

**WEST VALLEY CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL - NONMAJOR**  
**GOVERNMENTAL FUNDS (Continued)**  
**For The Year Ended June 30, 2016**

<u>Police Impact Fee - Capital Projects Fund</u>				
	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fees	\$ 30,000	\$ 30,000	\$ 335,579	\$ 305,579
<b>Total Revenues</b>	<u>30,000</u>	<u>30,000</u>	<u>335,579</u>	<u>305,579</u>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>30,000</u>	<u>30,000</u>	<u>335,579</u>	<u>305,579</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	(30,000)	(30,000)	(30,000)	-
<b>Total Other Financing Sources</b>	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>-</u>	<u>-</u>	<u>305,579</u>	<u>305,579</u>
<b>Fund Balances, Beginning</b>	<u>86,229</u>	<u>86,229</u>	<u>86,229</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 86,229</u>	<u>\$ 86,229</u>	<u>\$ 391,808</u>	<u>\$ 305,579</u>

**WEST VALLEY CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL - NONMAJOR**  
**GOVERNMENTAL FUNDS (Continued)**  
**For The Year Ended June 30, 2016**

	<b>Flood Impact Fee - Capital Projects Fund</b>			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Fees	\$ 70,000	\$ 70,000	\$ 38,256	\$ (31,744)
<b>Total Revenues</b>	<u>70,000</u>	<u>70,000</u>	<u>38,256</u>	<u>(31,744)</u>
<b>Expenditures:</b>				
Current:				
Highways and public improvements	214,000	286,300	132,711	153,589
<b>Total Expenditures</b>	<u>214,000</u>	<u>286,300</u>	<u>132,711</u>	<u>153,589</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(144,000)</u>	<u>(216,300)</u>	<u>(94,455)</u>	<u>121,845</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
<b>Total Other Financing Sources     (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	(144,000)	(216,300)	(94,455)	121,845
<b>Fund Balances, Beginning</b>	133,071	133,071	133,071	-
<b>Fund Balances, Ending</b>	<u>\$ (10,929)</u>	<u>\$ (83,229)</u>	<u>\$ 38,616</u>	<u>\$ 121,845</u>

**WEST VALLEY CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL - NONMAJOR**  
**GOVERNMENTAL FUNDS (Continued)**  
**For The Year Ended June 30, 2016**

	<b>Capital Projects</b>			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Fees	\$ -	\$ -	\$ 346,000	\$ 346,000
Intergovernmental	-	-	651,050	651,050
Miscellaneous	-	125,000	66,031	(58,969)
<b>Total Revenues</b>	<b>-</b>	<b>125,000</b>	<b>1,063,081</b>	<b>938,081</b>
<b>Expenditures:</b>				
Debt service:				
Principal	348,742	348,742	328,726	20,016
Interest	43,533	43,533	40,983	2,550
Capital outlay	2,003,000	8,767,269	3,962,381	4,804,888
<b>Total Expenditures</b>	<b>2,395,275</b>	<b>9,159,544</b>	<b>4,332,090</b>	<b>4,827,454</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(2,395,275)</b>	<b>(9,034,544)</b>	<b>(3,269,009)</b>	<b>5,765,535</b>
<b>Other Financing Sources (Uses):</b>				
Sale of capital assets	-	55,000	217,250	162,250
Transfers in	1,392,275	4,970,684	4,970,684	-
<b>Total Other Financing Sources (Uses)</b>	<b>1,392,275</b>	<b>5,025,684</b>	<b>5,187,934</b>	<b>162,250</b>
<b>Net Change in Fund Balances</b>	<b>(1,003,000)</b>	<b>(4,008,860)</b>	<b>1,918,925</b>	<b>5,927,785</b>
<b>Fund Balances, Beginning</b>	<b>2,562,344</b>	<b>2,562,344</b>	<b>2,562,344</b>	<b>-</b>
<b>Fund Balances, Ending</b>	<b>\$ 1,559,344</b>	<b>\$ (1,446,516)</b>	<b>\$ 4,481,269</b>	<b>\$ 5,927,785</b>

**WEST VALLEY CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL - NONMAJOR**  
**GOVERNMENTAL FUNDS (Continued)**  
**For The Year Ended June 30, 2016**

<b>UCCCF - Special Revenue Fund</b>				
	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fees and contributions	\$ 704,000	\$ 704,000	\$ 66,957	\$ 637,043
Interest	1,000	1,000	-	(1,000)
<b>Total Revenues</b>	<u>705,000</u>	<u>705,000</u>	<u>66,957</u>	<u>636,043</u>
<b>Expenditures:</b>				
Current:				
Community development	705,000	705,000	9,079	695,921
<b>Total Expenditures</b>	<u>705,000</u>	<u>705,000</u>	<u>9,079</u>	<u>695,921</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>57,878</u>	<u>1,331,964</u>
<b>Net Change in Fund Balances</b>	-	-	57,878	57,878
<b>Fund Balances, Beginning</b>	<u>78,847</u>	<u>78,847</u>	<u>78,847</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 78,847</u>	<u>\$ 78,847</u>	<u>\$ 136,725</u>	<u>\$ 57,878</u>

**WEST VALLEY CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL - NONMAJOR**  
**GOVERNMENTAL FUNDS (Continued)**  
**For The Year Ended June 30, 2016**

	<b>Grants - Special Revenue Fund</b>			
	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 1,400,000	\$ 4,371,940	\$ 4,883,023	\$ 511,083
Program income	-	-	32,787	32,787
<b>Total Revenues</b>	<u>1,400,000</u>	<u>4,371,940</u>	<u>4,915,810</u>	<u>543,870</u>
<b>Expenditures:</b>				
Current:				
General government	300,000	490,151	571,699	(81,548)
Public safety	-	2,026,880	1,106,296	920,584
Highways and public improvements	-	340,517	2,110,835	(1,770,318)
Parks and recreation	-	78,286	65,000	13,286
Community development	819,116	1,156,376	748,305	408,071
Debt service:				
Principal	194,000	194,000	194,000	-
Interest	86,884	86,884	86,884	-
<b>Total Expenditures</b>	<u>1,400,000</u>	<u>4,373,094</u>	<u>4,883,019</u>	<u>(509,925)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>(1,154)</u>	<u>32,791</u>	<u>33,945</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	1,154	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>1,154</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>-</u>	<u>-</u>	<u>32,791</u>	<u>32,791</u>
<b>Fund Balances, Beginning</b>	<u>133,852</u>	<u>133,852</u>	<u>133,852</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 133,852</u>	<u>\$ 133,852</u>	<u>\$ 166,643</u>	<u>\$ 32,791</u>

**WEST VALLEY CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL - NONMAJOR**  
**GOVERNMENTAL FUNDS (Continued)**  
**For The Year Ended June 30, 2016**

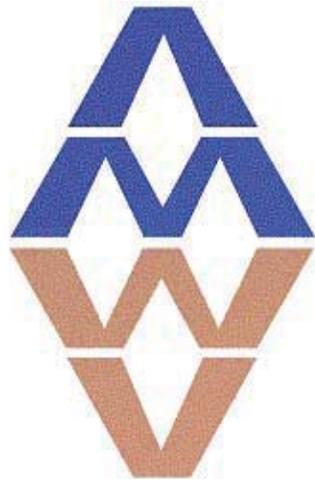
<b>Building Authority - Debt Service Fund</b>				
	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Interest	\$ -	\$ -	\$ 7,745	\$ 7,745
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>7,745</u>	<u>7,745</u>
<b>Expenditures:</b>				
Debt service:				
Principal	2,595,000	2,595,000	2,623,938	(28,938)
Interest	1,274,156	1,274,156	1,276,802	(2,646)
Capital outlay	280,000	691,379	697,065	(5,686)
<b>Total Expenditures</b>	<u>4,149,156</u>	<u>4,560,535</u>	<u>4,597,805</u>	<u>(37,270)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(4,149,156)</u>	<u>(4,560,535)</u>	<u>(4,590,060)</u>	<u>(29,525)</u>
<b>Other Financing Sources (Uses):</b>				
Issuance of new debt	-	-	301,379	301,379
Transfers in	4,149,156	4,179,156	4,179,156	-
<b>Total Other Financing Sources (Uses)</b>	<u>4,149,156</u>	<u>4,179,156</u>	<u>4,480,535</u>	<u>301,379</u>
<b>Net Change in Fund Balances</b>	<u>-</u>	<u>(381,379)</u>	<u>(109,525)</u>	<u>271,854</u>
<b>Fund Balances, Beginning</b>	<u>2,712,037</u>	<u>2,712,037</u>	<u>2,712,037</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 2,712,037</u>	<u>\$ 2,330,658</u>	<u>\$ 2,602,512</u>	<u>\$ 271,854</u>

**WEST VALLEY CITY**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**June 30, 2016**

	Business-type Activities - Enterprise Funds		
	Housing Authority	Ambulance Fund	Total Nonmajor Proprietary Funds
<b>Assets:</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 2,330,736	\$ 796,858	\$ 3,127,594
Accounts receivable, net	-	458,220	458,220
Grants receivable	45,296	-	45,296
Restricted cash and cash equivalents	1,687,741	-	1,687,741
<b>Total Current Assets</b>	<u>4,063,773</u>	<u>1,255,078</u>	<u>5,318,851</u>
<b>Noncurrent Assets:</b>			
Net pension asset	7	1,722	1,729
Capital assets, net:			
Machinery and equipment	-	518,327	518,327
<b>Total Noncurrent Assets</b>	<u>7</u>	<u>520,049</u>	<u>520,056</u>
<b>Total Assets</b>	4,063,780	1,775,127	5,838,907
<b>Deferred Outflows of Resources:</b>			
Deferred outflows of resources relating to pensions	39,222	345,582	384,804
<b>Total Deferred Outflows of Resources</b>	<u>39,222</u>	<u>345,582</u>	<u>384,804</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 4,103,002</u>	<u>\$ 2,120,709</u>	<u>\$ 6,223,711</u>

**WEST VALLEY CITY**  
**COMBINING STATEMENT OF NET POSITION (Continued)**  
**NONMAJOR ENTERPRISE FUNDS**  
**June 30, 2016**

	Business-type Activities - Enterprise Funds		
	Housing Authority	Ambulance Fund	Total Nonmajor Proprietary Funds
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$ 33,836	\$ -	\$ 33,836
Accrued liabilities	33,028	93,805	126,833
Paid time-off payable	10,016	33,318	43,334
Capital lease payable	-	24,898	24,898
<b>Total Current Liabilities</b>	<b>76,880</b>	<b>152,021</b>	<b>228,901</b>
<b>Noncurrent Liabilities</b>			
Paid time-off payable	-	82,396	82,396
Capital lease payable, net	-	52,123	52,123
Net pension liability	83,850	153,192	237,042
<b>Total Noncurrent Liability</b>	<b>83,850</b>	<b>287,711</b>	<b>371,561</b>
<b>Total Liabilities</b>	<b>160,730</b>	<b>439,732</b>	<b>600,462</b>
<b>Deferred Inflows of Resources:</b>			
Deferred inflows of resources relating to pensions	13,479	92,668	106,147
<b>Total Deferred Inflows of Resources</b>	<b>13,479</b>	<b>92,668</b>	<b>106,147</b>
<b>Net Position:</b>			
Net investment in capital assets	-	441,306	441,306
Restricted for:			
Acquisition of public housing	1,687,741	-	1,687,741
Unrestricted	2,241,052	1,147,003	3,388,055
<b>Total Net Position</b>	<b>3,928,793</b>	<b>1,588,309</b>	<b>5,517,102</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 4,103,002</b>	<b>\$ 2,120,709</b>	<b>\$ 6,223,711</b>



**WEST VALLEY CITY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND**  
**NET POSITION – NONMAJOR ENTERPRISE FUNDS**  
**For The Year Ended June 30, 2016**

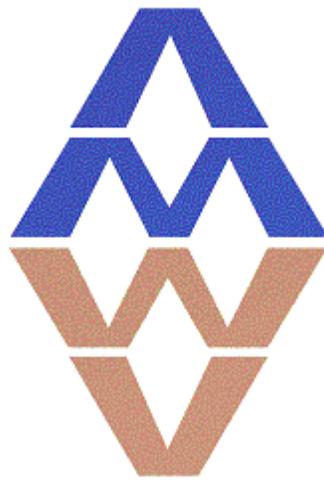
	Business-type Activities - Enterprise Funds		
	Housing Authority	Ambulance Fund	Total Nonmajor Proprietary Funds
<b>Operating Revenues:</b>			
Ambulance fees	\$ -	\$ 2,379,245	\$ 2,379,245
Miscellaneous	21,086	-	21,086
<b>Total Operating Revenues</b>	<u>21,086</u>	<u>2,379,245</u>	<u>2,400,331</u>
<b>Operating Expenses:</b>			
General and administrative	377,836	1,421,834	1,799,670
Housing Payments	2,797,378	-	2,797,378
Depreciation	-	108,316	108,316
<b>Total Operating Expenses</b>	<u>3,175,214</u>	<u>1,530,150</u>	<u>4,705,364</u>
<b>Operating Income (loss)</b>	<u>(3,154,128)</u>	<u>849,095</u>	<u>(2,305,033)</u>
<b>Nonoperating Income (Expense):</b>			
Intergovernmental revenue	3,215,447	-	3,215,447
Nonemployer contributions to pension plan	-	-	-
Gain on sale of capital assets	-	-	-
Interest income	4,999	-	4,999
Interest expense	-	(1,650)	(1,650)
<b>Total Nonoperating Income (Expense)</b>	<u>3,220,446</u>	<u>(1,650)</u>	<u>3,218,796</u>
<b>Income (Loss) Before Transfers</b>	<u>66,318</u>	<u>847,445</u>	<u>913,763</u>
<b>Transfers in</b>	-	-	-
<b>Transfers out</b>	-	-	-
<b>Changes in Net Position</b>	66,318	847,445	913,763
<b>Net Position, Beginning</b>	<u>3,862,475</u>	<u>740,864</u>	<u>4,603,339</u>
<b>Net Position, Ending</b>	<u>\$ 3,928,793</u>	<u>\$ 1,588,309</u>	<u>\$ 5,517,102</u>

**WEST VALLEY CITY**  
**COMBINING STATEMENT OF CASH FLOWS – NONMAJOR ENTERPRISE FUNDS**  
**For The Year Ended June 30, 2016**

	Business-type Activities - Enterprise Funds		
	Housing Authority	Ambulance Fund	Total Nonmajor Proprietary Funds
<b>Cash Flows From Operating Activities:</b>			
Receipts from customers and users	\$ 21,086	\$ 2,399,094	\$ 2,420,180
Payments to suppliers	(2,973,974)	(107,060)	(3,081,034)
Payments to employees and related benefits	(193,702)	(1,272,106)	(1,465,808)
<b>Net cash from operating activities</b>	<b>(3,146,590)</b>	<b>1,019,928</b>	<b>(2,126,662)</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Purchase of property and equipment	-	-	-
Proceeds from sale of equipment	-	-	-
Proceeds from issuance of new debt	-	-	-
Principal paid on bonds and capital lease	-	(27,591)	(27,591)
Interest paid on bonds and capital lease	-	(1,650)	(1,650)
<b>Net cash from capital and related financing activities</b>	<b>-</b>	<b>(29,241)</b>	<b>(29,241)</b>
<b>Cash Flows From Non-Capital Financing Activities:</b>			
Subsidy from federal grants	3,233,396	-	3,233,396
Nonemployer contributions received for pension	-	-	-
Advances to other funds	-	-	-
Payment on loans from other funds	-	-	-
Payment on long-term pension obligation	(944)	(202,904)	(203,848)
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
<b>Net cash from non-capital financing activities</b>	<b>3,232,452</b>	<b>(202,904)</b>	<b>3,029,548</b>
<b>Cash Flows From Investing Activity:</b>			
Interest on investments	4,999	-	4,999
<b>Net cash from investing activity</b>	<b>4,999</b>	<b>-</b>	<b>4,999</b>
<b>Net Increase (Decrease) In Cash</b>	<b>90,861</b>	<b>787,783</b>	<b>878,644</b>
<b>Cash and Cash Equivalents At Beginning Of Year</b>	<b>3,927,616</b>	<b>9,075</b>	<b>3,936,691</b>
<b>Cash and Cash Equivalents At End Of Year</b>	<b>\$ 4,018,477</b>	<b>\$ 796,858</b>	<b>\$ 4,815,335</b>

**WEST VALLEY CITY**  
**COMBINING STATEMENT OF CASH FLOWS – NONMAJOR ENTERPRISE FUNDS**  
**(Continued)**  
**For The Year Ended June 30, 2016**

	Business-type Activities - Enterprise Funds		
	Housing Authority	Ambulance Fund	Total Nonmajor Proprietary Funds
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>			
Operating income (loss)	\$ (3,154,128)	\$ 849,095	\$ (2,305,033)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation expense	-	108,316	108,316
(Increase) Decrease in accounts receivables	-	19,849	19,849
Increase (Decrease) in accounts payable	146	-	146
Increase (Decrease) in accrued liabilities	1,610	32,321	33,931
Increase (Decrease) in paid-time off payable	5,782	10,347	16,129
<b>Net cash from operating activities</b>	<b>\$ (3,146,590)</b>	<b>\$ 1,019,928</b>	<b>\$ (2,126,662)</b>



# WEST VALLEY CITY

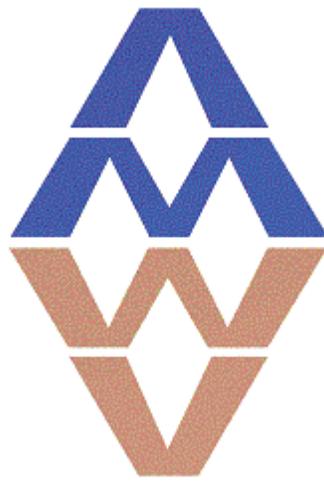
## STATISTICAL SECTION

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This part of the City's comprehensive annual financial report presents detailed information as a context of understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### Contents

- Financial trends - These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.
- Revenue Capacity - These schedules contain information to help the reader assess the government's most significant local revenue sources, the property tax
- Debt Capacity - These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and government's ability to issue additional debt in the future.
- Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.
- Operating information - These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.



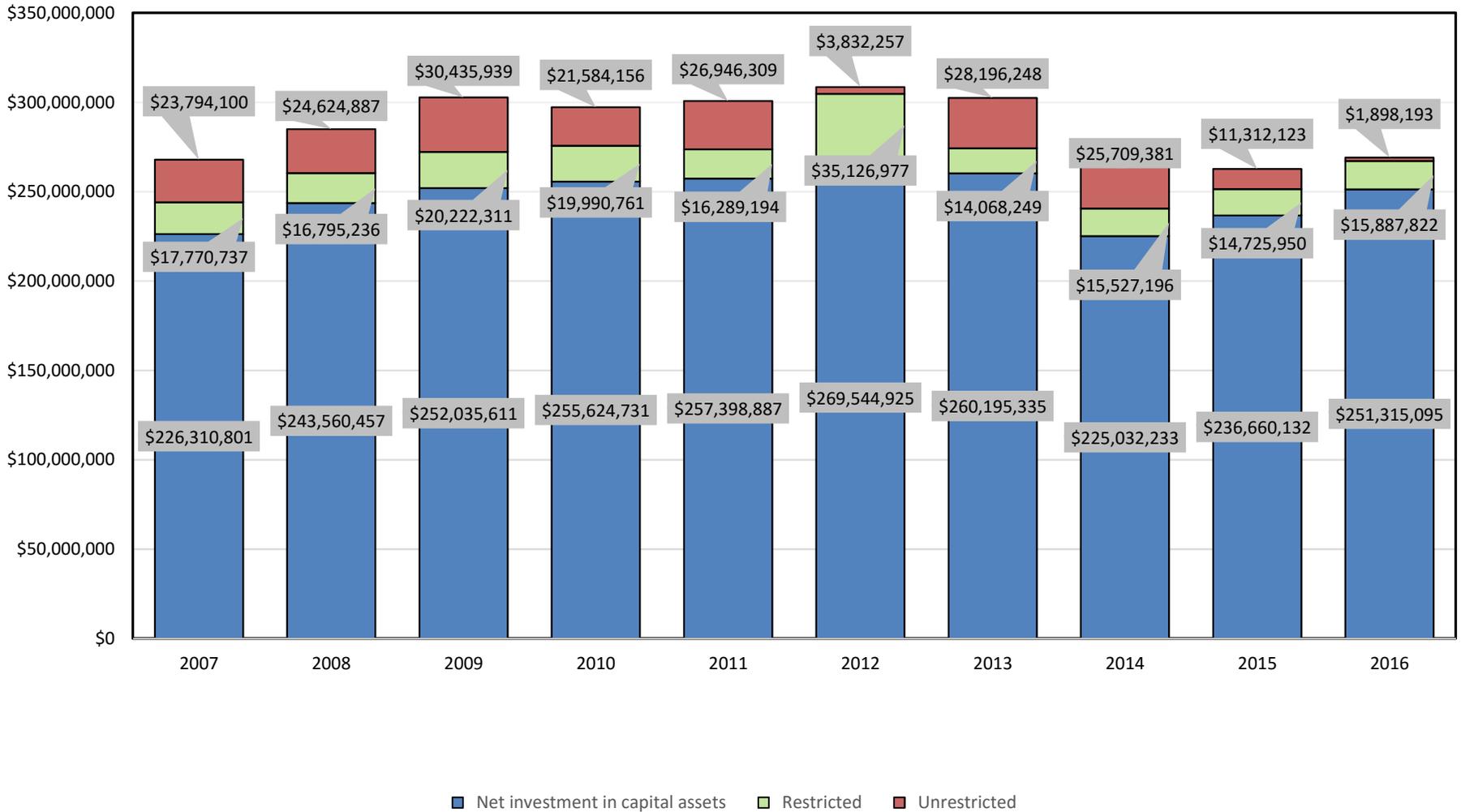
**Table 1**  
**West Valley City**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental activities</b>										
<b>Net investment in capital assets</b>	\$226,310,801	\$243,560,457	\$252,035,611	\$255,624,731	\$257,398,887	\$269,544,925	\$260,195,335	\$225,032,233	\$236,660,132	\$251,315,095
<b>Restricted</b>	17,770,737	16,795,236	20,222,311	19,990,761	16,289,194	35,126,977	14,068,249	15,527,196	14,725,950	15,887,822
<b>Unrestricted</b>	23,794,100	24,624,887	30,435,939	21,584,156	26,946,309	3,832,257	28,196,248	25,709,381	11,312,123	1,898,193
<b>Total governmental activities net position</b>	<u>\$267,875,638</u>	<u>\$284,980,580</u>	<u>\$302,693,861</u>	<u>\$297,199,648</u>	<u>\$300,634,390</u>	<u>\$308,504,159</u>	<u>\$302,459,832</u>	<u>\$266,268,810</u>	<u>\$262,698,205</u>	<u>\$269,101,110</u>
<b>Business-type activities</b>										
<b>Net investment in capital assets</b>	\$6,434,458	\$6,040,767	\$6,745,381	\$7,035,282	\$7,288,824	\$19,311,891	\$24,150,612	\$62,245,077	\$63,735,153	\$64,002,927
<b>Restricted</b>	714,200	2,486	-	639,947	629,234	-	-	-	1,682,742	1,687,741
<b>Unrestricted</b>	1,088,237	2,378,068	2,012,992	1,061,764	1,828,508	11,260,741	5,776,445	8,678,649	4,913,798	5,361,235
<b>Total business-type activities net position</b>	<u>\$8,236,895</u>	<u>\$8,421,321</u>	<u>\$8,758,373</u>	<u>\$8,736,993</u>	<u>\$9,746,566</u>	<u>\$30,572,632</u>	<u>\$29,927,057</u>	<u>\$70,923,726</u>	<u>\$70,331,693</u>	<u>\$71,051,903</u>
<b>Primary government</b>										
<b>Net investment in capital assets</b>	\$232,745,259	\$249,601,224	\$258,780,992	\$262,660,013	\$264,687,711	\$288,856,816	\$284,345,947	\$287,277,310	\$300,395,285	\$315,318,022
<b>Restricted</b>	18,484,937	\$16,797,722	20,222,311	20,630,708	16,918,428	35,126,977	14,068,249	15,527,196	16,408,692	17,575,563
<b>Unrestricted</b>	24,882,337	27,002,955	32,448,931	22,645,920	28,774,817	15,092,998	33,972,693	34,388,030	16,225,921	7,259,428
<b>Total primary government net position</b>	<u>\$276,112,533</u>	<u>\$293,401,901</u>	<u>\$311,452,234</u>	<u>\$305,936,641</u>	<u>\$310,380,956</u>	<u>\$339,076,791</u>	<u>\$332,386,889</u>	<u>\$337,192,536</u>	<u>\$333,029,898</u>	<u>\$340,153,013</u>

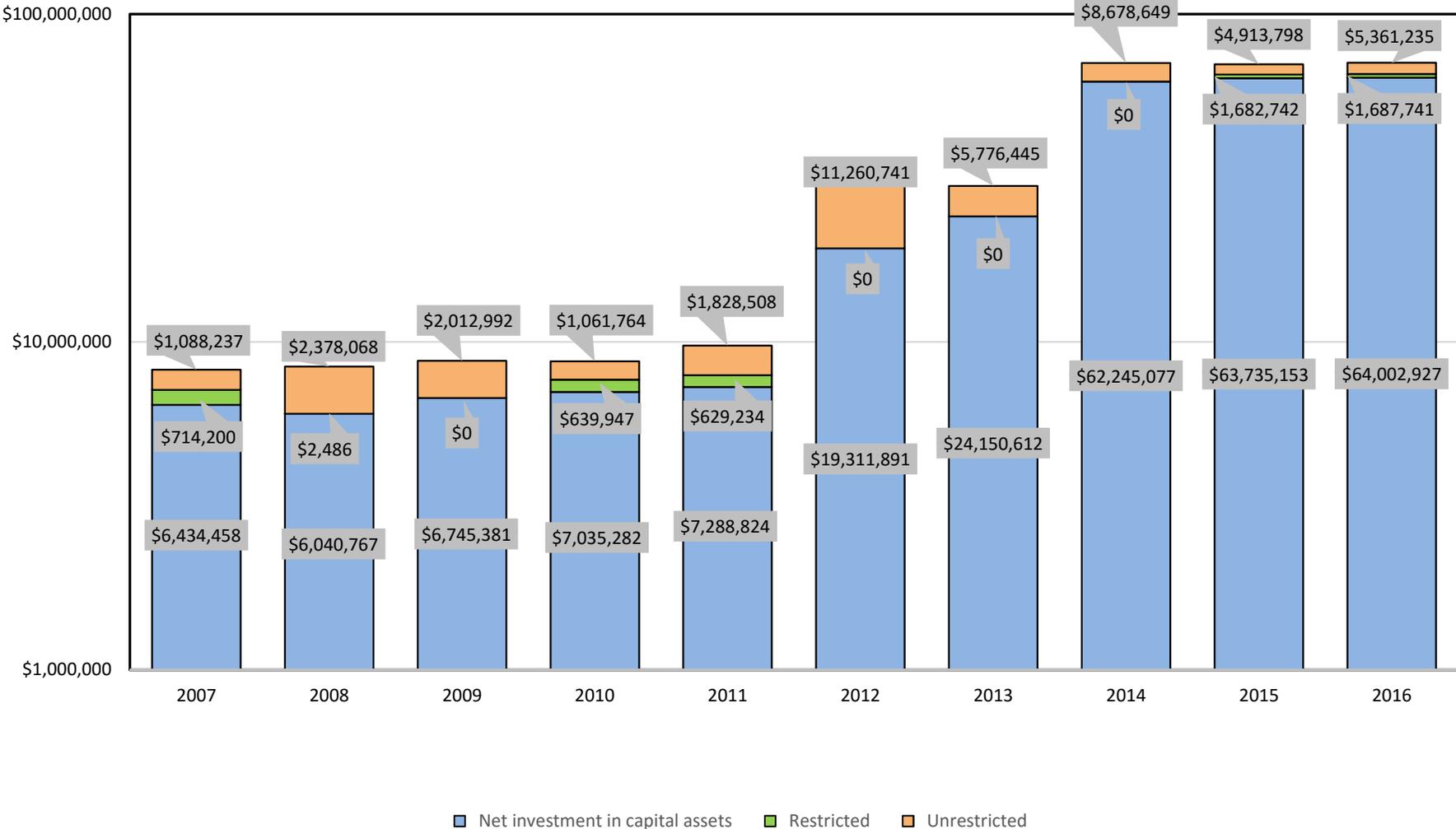
Source: West Valley City CAFR's 2007-2016, Statement of Net Assets (2007-2011), Statement of Net Position (2012-2016)

# WEST VALLEY CITY, UTAH NET POSITION OF COMBINED GOVERNMENTAL ACTIVITIES

TOTAL NET POSITION



# WEST VALLEY CITY, UTAH NET POSITION OF COMBINED BUSINESS-TYPE ACTIVITIES



**Table 2**  
**West Valley City**  
**Changes in Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

Expenses	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental activities</b>										
General government	\$16,511,736	\$19,035,615	\$14,647,184	\$14,042,833	\$12,990,589	\$20,295,325	\$20,477,987	\$22,613,246	\$17,240,907	\$21,940,491
Public safety	26,816,569	27,188,696	30,799,097	31,051,624	31,022,873	31,524,169	32,347,813	32,015,308	34,389,881	32,827,609
Highways and streets	13,590,194	18,236,834	15,475,919	16,161,621	16,998,710	16,190,237	16,101,411	12,130,648	14,070,141	15,145,800
Parks and recreation	11,473,425	10,324,958	12,441,389	12,350,360	11,819,354	12,013,798	12,804,161	13,128,780	13,414,750	13,905,735
Community development	5,483,692	5,777,061	7,841,988	14,128,000	12,435,935	9,786,877	12,763,171	11,678,714	15,046,116	18,734,903
Interest on debt service	5,540,690	4,448,885	4,996,711	5,366,667	8,393,886	8,626,787	7,812,679	8,934,382	7,512,007	7,063,828
<b>Total governmental activities expenses</b>	<b>79,416,304</b>	<b>85,012,049</b>	<b>86,202,288</b>	<b>93,101,105</b>	<b>93,661,347</b>	<b>98,437,193</b>	<b>102,307,222</b>	<b>100,501,078</b>	<b>101,673,802</b>	<b>109,618,366</b>
<b>Business-type activities</b>										
Golf courses	3,505,116	4,021,640	3,888,337	3,745,920	3,672,127	3,454,119	3,566,166	4,161,732	4,374,681	4,444,512
Storm Water Utility	-	-	-	-	-	-	-	3,561,672	3,821,997	3,890,184
Housing authority	3,374,657	3,107,271	3,591,190	3,583,050	3,751,302	3,725,270	3,704,991	3,561,026	3,219,275	3,175,214
Ambulance	1,345,716	1,470,021	1,796,312	1,456,942	1,493,395	1,652,818	1,843,976	1,696,175	1,667,265	1,531,800
<b>Total business-type activities</b>	<b>8,225,489</b>	<b>8,598,932</b>	<b>9,275,839</b>	<b>8,785,912</b>	<b>8,916,824</b>	<b>8,832,207</b>	<b>9,115,133</b>	<b>12,980,605</b>	<b>13,083,218</b>	<b>13,041,710</b>
<b>Total primary government expenses</b>	<b>\$87,641,793</b>	<b>\$93,610,981</b>	<b>\$95,478,127</b>	<b>\$101,887,017</b>	<b>\$102,578,171</b>	<b>\$107,269,400</b>	<b>\$111,422,355</b>	<b>\$113,481,683</b>	<b>\$114,757,020</b>	<b>\$122,660,076</b>
<b>Program Revenues</b>										
<b>Governmental activities</b>										
Charges for services - by activity										
General government	\$3,424,604	\$3,074,788	\$2,790,821	\$2,872,664	\$2,661,552	\$2,790,566	\$2,482,666	\$2,477,997	\$2,446,507	\$2,336,623
Public safety	4,620,051	4,171,541	4,467,168	4,984,468	5,271,177	5,012,448	4,354,594	4,043,634	4,282,065	3,470,930
Highways and public improvements	9,261,413	8,656,910	9,311,098	8,490,677	8,488,962	9,195,323	8,657,232	5,731,636	5,767,111	6,203,568
Parks and recreation	5,326,151	5,986,842	7,814,261	7,037,247	6,553,558	7,063,287	6,462,468	6,940,328	7,361,816	7,968,541
Community development	2,323,357	2,554,728	2,429,417	1,848,489	2,175,411	2,105,195	4,147,718	6,362,210	9,116,778	10,072,703
Operating grants and contributions	6,357,895	6,011,253	6,129,745	5,869,996	6,841,726	7,049,075	6,342,362	5,698,543	14,798,016	14,987,200
Capital grants and contributions	3,271,897	13,367,105	12,929,031	1,832,921	3,721,604	5,054,267	1,360,913	1,150,119	6,879,174	4,596,742
<b>Total governmental activities program revenue</b>	<b>34,585,368</b>	<b>43,823,167</b>	<b>45,871,541</b>	<b>32,936,462</b>	<b>35,713,990</b>	<b>38,270,161</b>	<b>33,807,953</b>	<b>32,404,467</b>	<b>50,651,467</b>	<b>49,636,307</b>
<b>Business-type activities</b>										
Golf Courses	2,797,750	2,876,814	2,809,684	2,572,855	2,555,014	2,248,985	1,964,627	3,272,987	3,353,834	3,269,379
Storm Water Utility	-	-	-	-	-	-	-	4,004,705	4,052,589	4,157,613
Housing Authority	87,627	111,385	197,517	181,069	191,498	2,071	1,102	1,554	14,845	21,086
Ambulance	1,901,256	1,116,127	1,676,047	1,366,649	1,754,164	1,884,180	1,962,301	1,677,648	1,975,523	2,379,245
Operating grants and contributions	3,198,218	2,807,203	3,265,560	3,541,481	3,945,910	3,503,599	3,505,667	3,551,717	3,100,096	3,215,447
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>7,984,851</b>	<b>6,911,529</b>	<b>7,948,808</b>	<b>7,662,054</b>	<b>8,446,586</b>	<b>7,638,835</b>	<b>7,433,697</b>	<b>12,508,611</b>	<b>12,496,887</b>	<b>13,042,770</b>
<b>Total primary government program revenues</b>	<b>\$42,570,219</b>	<b>\$50,734,696</b>	<b>\$53,820,349</b>	<b>\$40,598,516</b>	<b>\$44,160,576</b>	<b>\$45,908,996</b>	<b>\$41,241,650</b>	<b>\$44,913,078</b>	<b>\$63,148,354</b>	<b>\$62,679,077</b>

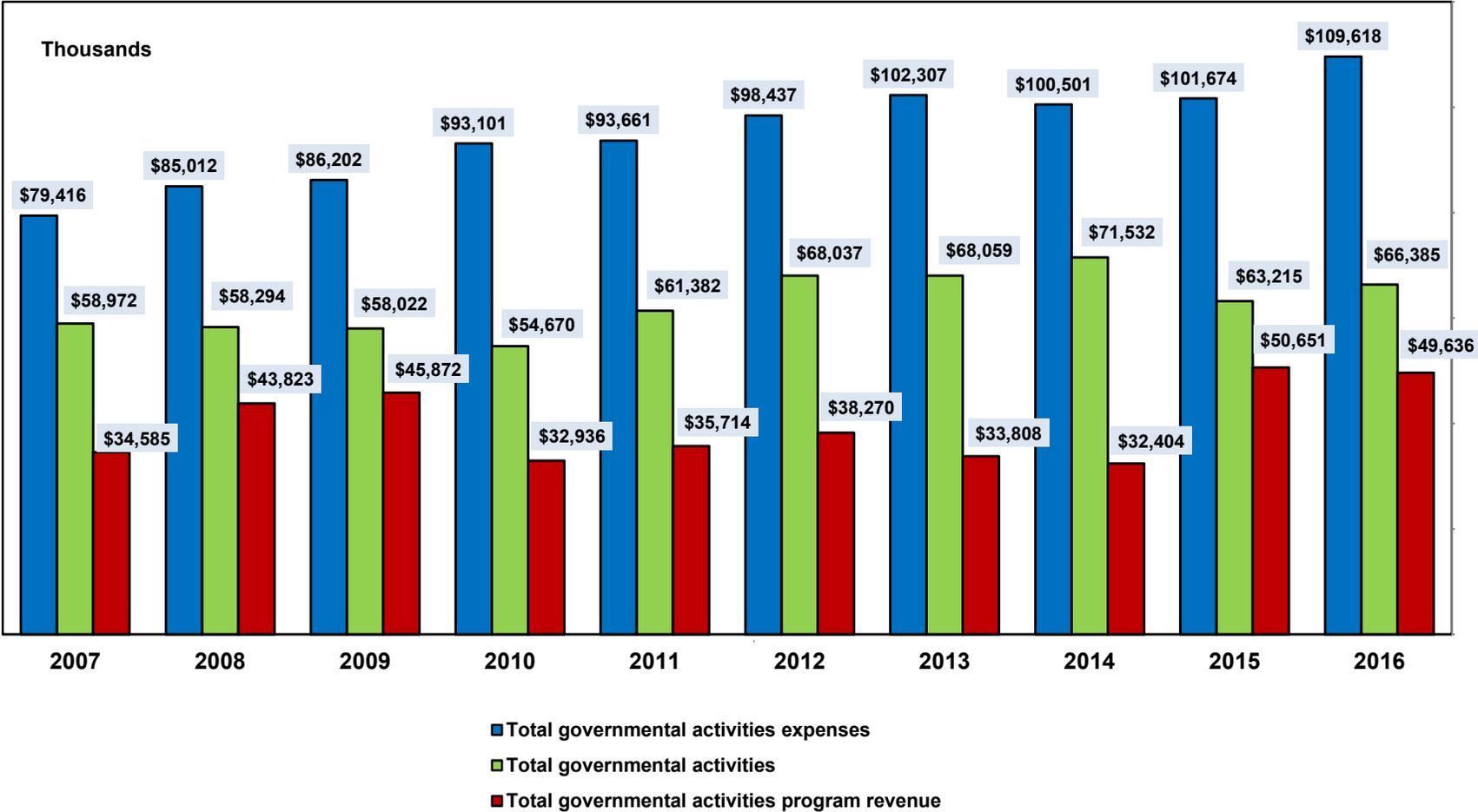
Table 2 (continued)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Net (expense)/revenue</b>										
<b>Governmental activities</b>	(\$44,830,936)	(\$41,188,882)	(\$40,330,747)	(\$60,164,643)	(\$57,947,357)	(\$60,167,032)	(\$68,499,269)	(\$68,096,611)	(\$51,022,335)	(\$59,982,059)
<b>Business-type activities</b>	(240,638)	(1,687,403)	(1,327,031)	(1,123,858)	(470,238)	(1,193,372)	(1,681,436)	(471,994)	(586,331)	1,060
<b>Total primary government net expense</b>	<b>(\$45,071,574)</b>	<b>(\$42,876,285)</b>	<b>(\$41,657,778)</b>	<b>(\$61,288,501)</b>	<b>(\$58,417,595)</b>	<b>(\$61,360,404)</b>	<b>(\$70,180,705)</b>	<b>(\$68,568,605)</b>	<b>(\$51,608,666)</b>	<b>(\$59,980,999)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
<b>Taxes</b>										
Property taxes	\$26,940,363	\$26,448,653	\$28,015,516	\$28,452,413	\$28,999,591	\$34,769,415	\$35,746,167	\$36,266,827	\$28,826,224	\$29,344,107
Sales taxes	21,711,761	22,425,263	19,120,182	17,586,807	18,239,558	19,958,098	20,741,962	21,843,979	23,298,553	24,279,409
Franchise taxes	8,147,599	9,034,802	9,299,207	9,101,454	9,201,296	9,239,524	9,853,924	9,978,924	10,006,985	10,362,934
Other taxes	98,741	118,727	155,167	224,620	85,714	0	-	-	-	-
Unrestricted investment earnings	1,536,951	1,642,412	774,332	126,648	254,036	1,045,055	969,595	898,615	842,229	878,235
Gain (loss) on disposition of assets	1,975,324	112,267	321,054	122,825	1,899,411	2,622,627	513,112	(560,203)	366,118	1,930,722
Other revenues	155,161	155,167	2,136,542	151,906	4,177,826	1,889,485	735,431	4,435,561	-	64,362
Transfers	(1,593,634)	(1,643,466)	(1,799,525)	(1,096,243)	(1,475,333)	(1,487,403)	(501,045)	(1,331,665)	(125,255)	(474,805)
Special Item	0	-	-	-	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>\$58,972,266</b>	<b>\$58,293,825</b>	<b>\$58,022,475</b>	<b>\$54,670,430</b>	<b>\$61,382,099</b>	<b>\$68,036,801</b>	<b>\$68,059,146</b>	<b>\$71,532,038</b>	<b>\$63,214,854</b>	<b>\$66,384,964</b>
<b>Business-type activities:</b>										
Investment earnings	86,532	72,792	10,253	6,235	4,478	74,569	37,188	198,226	191,524	68,099
Gain on disposition of capital assets	135,750	17,142	(4,116)	-	-	20,457,466	622,340	312,324	470,780	176,246
Transfers	1,593,634	1,643,466	1,799,525	1,096,243	1,475,333	1,487,403	501,045	1,331,665	125,255	474,805
<b>Total business-type activities</b>	<b>1,815,916</b>	<b>1,733,400</b>	<b>1,805,662</b>	<b>1,102,478</b>	<b>1,479,811</b>	<b>22,019,438</b>	<b>1,160,573</b>	<b>1,842,215</b>	<b>787,559</b>	<b>719,150</b>
<b>Total primary government</b>	<b>\$60,788,182</b>	<b>\$60,027,225</b>	<b>\$59,828,137</b>	<b>\$55,772,908</b>	<b>\$62,861,910</b>	<b>\$90,056,239</b>	<b>\$69,219,719</b>	<b>\$73,374,253</b>	<b>\$64,002,413</b>	<b>\$67,104,114</b>
<b>Changes in Net Position</b>										
<b>Governmental activities</b>	14,141,330	17,104,943	17,691,728	(5,494,213)	3,434,742	7,869,769	(440,123)	3,435,427	12,192,519	6,402,905
<b>Business-type activities</b>	1,575,278	45,997	478,631	(21,380)	1,009,573	20,826,066	(520,863)	1,370,221	201,228	720,210
<b>Total primary government</b>	<b>\$15,716,608</b>	<b>\$17,150,940</b>	<b>\$18,170,359</b>	<b>(\$5,515,593)</b>	<b>\$4,444,315</b>	<b>\$28,695,835</b>	<b>(\$960,986)</b>	<b>\$4,805,648</b>	<b>\$12,393,747</b>	<b>\$7,123,115</b>

Source: West Valley City CAFR's 2007-2016, Statement of Activities

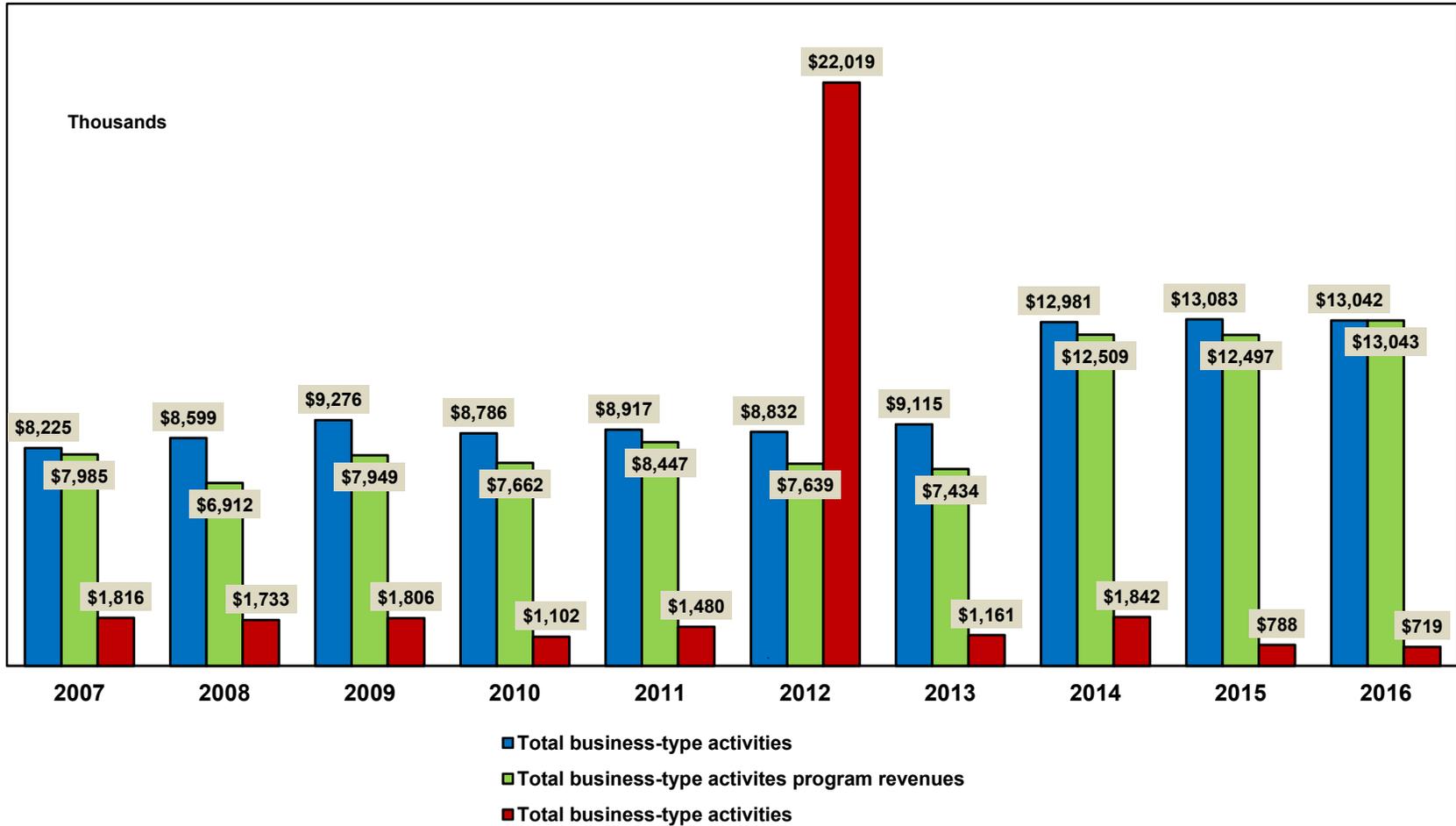
# WEST VALLEY CITY, UTAH

## Changes in Net Position by *Governmental Activities*



# WEST VALLEY CITY, UTAH

## Changes in Net Position by *Business-Type Activities*



**Table 3**

**West Valley City  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)**

<b>Fiscal year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
General fund						
Nonspendable	\$4,978,322	\$5,513,521	\$4,665,996	\$4,671,383	\$4,678,285	\$4,628,130
Restricted	7,979,989	7,539,654	7,465,177	7,630,440	7,182,762	7,711,724
Committed	464,637	-	-	-	-	-
Assigned	725,000	1,005,907	1,005,907	1,005,907	1,005,907	326,438
Unassigned	6,619,722	10,344,883	13,237,303	12,758,396	14,545,876	13,504,566
Total general fund	<u>\$20,767,670</u>	<u>\$24,403,965</u>	<u>\$26,374,383</u>	<u>\$26,066,126</u>	<u>\$27,412,830</u>	<u>\$26,170,858</u>
All other governmental funds						
Nonspendable	\$19,665,950	\$5,217,989	\$6,541,714	\$9,047,478	\$10,057,455	\$7,171,935
Restricted	8,309,205	27,587,323	6,603,072	7,896,756	7,543,188	8,176,098
Assigned, reported in:						
Special revenue funds	2,563,160	3,876,259	4,447,341	6,285,023	4,510,313	2,442,955
Capital projects funds	3,481,360	5,749,953	4,782,067	4,420,372	2,540,142	4,113,067
Debt service fund	1,485,436	1,654,507	1,386,685	1,213,175	1,072,323	925,981
Unassigned	-	-	-	(4,419,337)	(4,368,853)	(4,071,721)
Total all other governmental funds	<u>\$35,505,111</u>	<u>\$44,086,031</u>	<u>\$23,760,879</u>	<u>\$24,443,467</u>	<u>\$21,354,568</u>	<u>\$18,758,315</u>

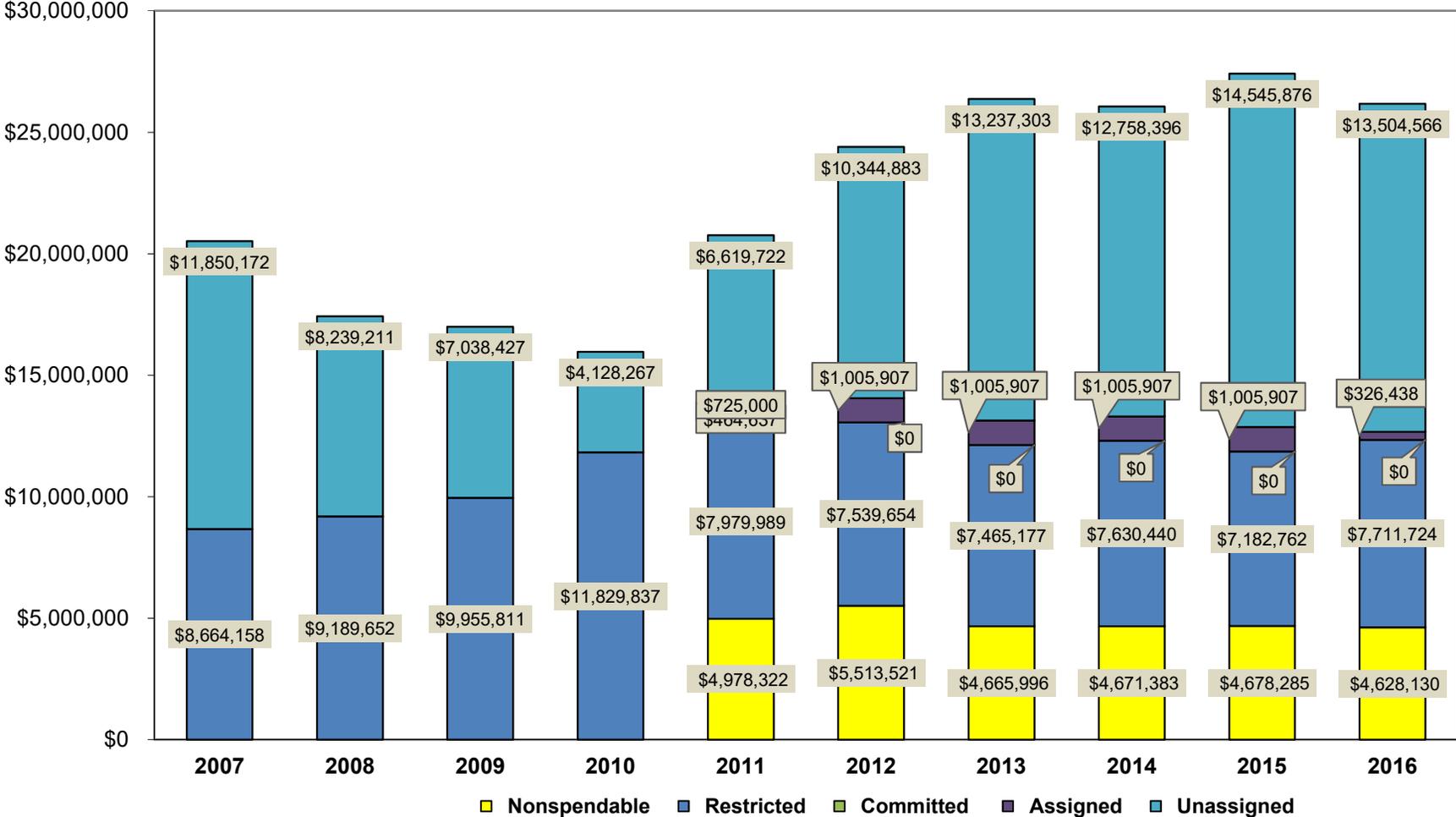
Source: West Valley City CAFR 2011-2016, Balance Sheet - Governmental Funds

Note: Implementation of GASB 54 changed fund balance category presentation. The years from 2007 to 2010 are displayed below categories under the former GAAP. Their source is West Valley City's CAFR's 2007-2010

<b>Fiscal year</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
General fund				
Reserved	\$8,664,158	\$9,189,652	\$9,955,811	\$11,829,837
Unreserved	11,850,172	8,239,211	7,038,427	4,128,267
Total general fund	<u>\$20,514,330</u>	<u>\$17,428,863</u>	<u>\$16,994,238</u>	<u>\$15,958,104</u>
All other governmental funds				
Reserved	\$11,014,491	\$14,081,476	\$22,937,302	\$24,590,475
Unreserved, reported in:				
Special revenue funds	2,964,139	886,036	2,425,246	1,826,430
Capital projects funds	4,758,510	6,519,377	7,907,160	5,129,900
Total all other governmental funds	<u>\$18,737,140</u>	<u>\$21,486,889</u>	<u>\$33,269,708</u>	<u>\$31,546,805</u>

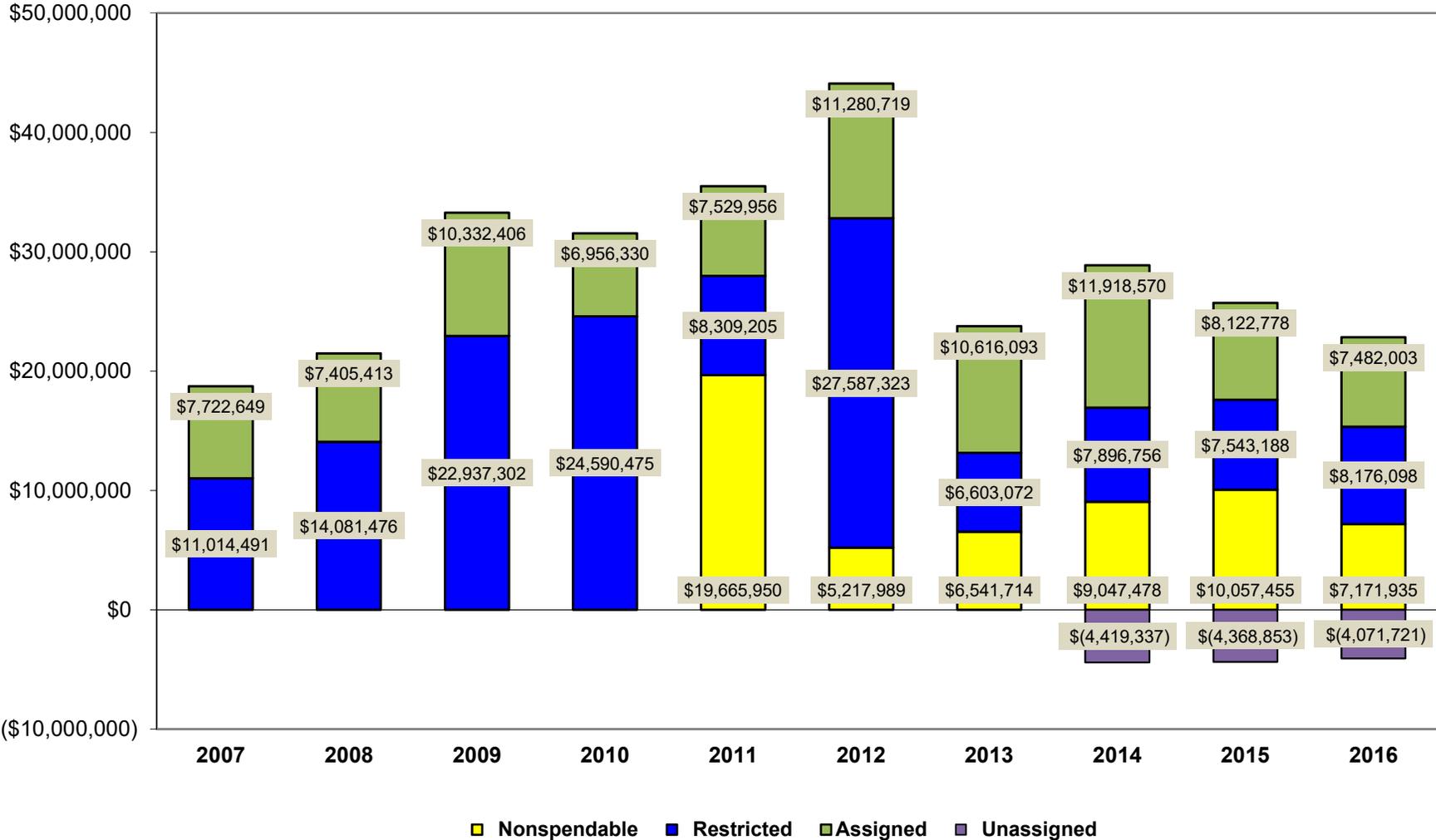
# WEST VALLEY CITY, UTAH

## General Fund Fund Balances



# WEST VALLEY CITY, UTAH

## All Other Governmental Funds Fund Balances



**Table 4**  
**West Valley City**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified accrual basis of accounting)**

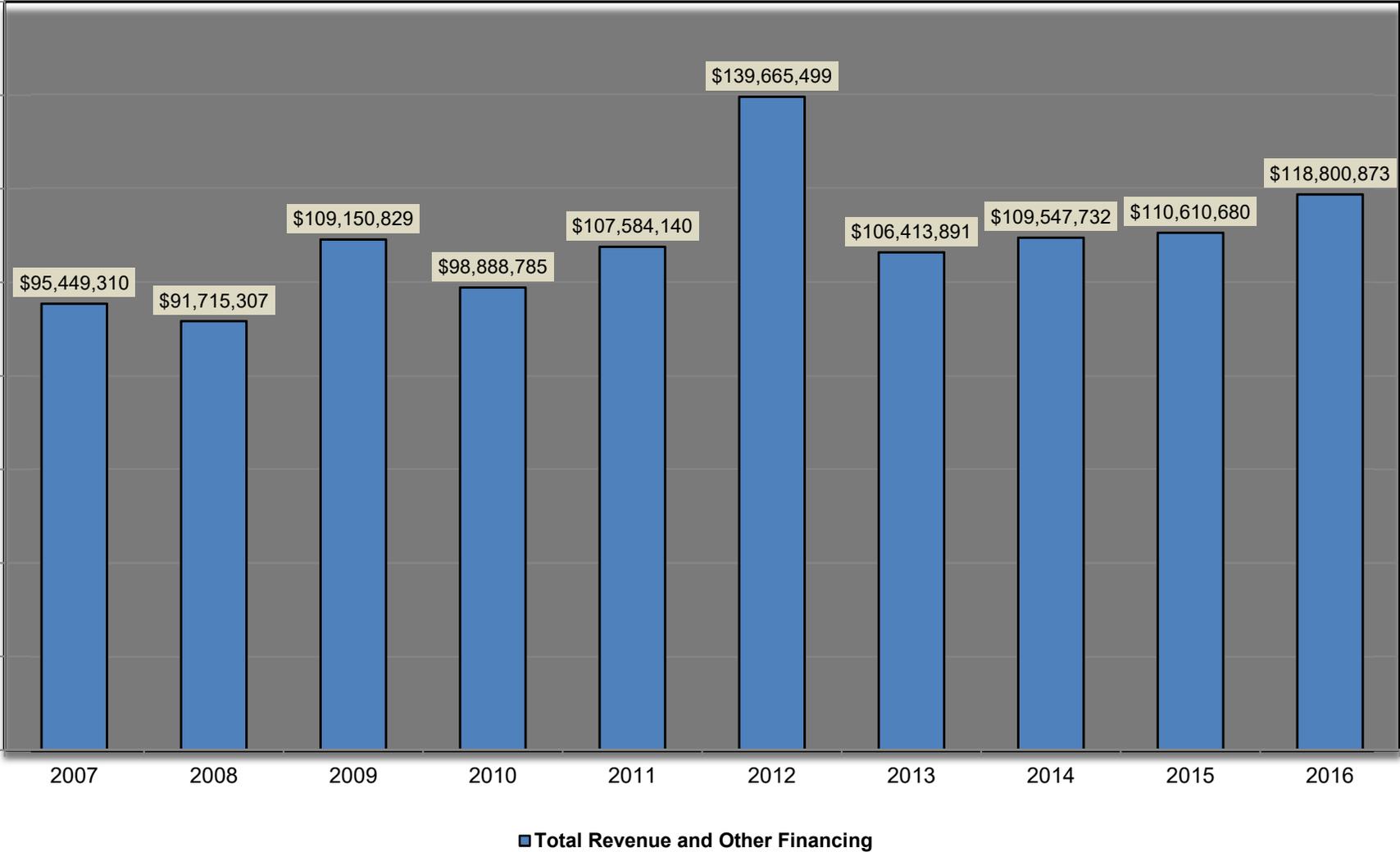
	Fiscal Year			
	2007	2008	2009	2010
<b>Revenues</b>				
Taxes	\$56,799,722	\$57,908,719	\$56,434,905	\$55,140,674
Fees and passes	10,707,374	10,460,052	11,867,394	10,828,399
Licenses and permits	3,737,625	3,376,754	3,691,344	3,153,302
Intergovernmental	6,429,764	6,592,399	8,369,446	6,412,916
Fines and forfeitures	4,051,397	3,598,220	3,829,389	4,451,877
Charges for services	1,204,091	653,709	870,358	579,947
Rental income	2,809,873	3,467,815	4,325,119	4,241,699
Investment earnings	2,302,117	2,199,690	1,227,410	598,318
Special assessments	807,698	757,653	256,512	256,512
Miscellaneous	1,611,395	1,706,495	2,002,851	1,766,696
<b>Total revenues</b>	<b>90,461,056</b>	<b>90,721,506</b>	<b>92,874,728</b>	<b>87,430,340</b>
<b>Expenditures</b>				
General government	9,920,325	11,301,197	10,038,150	11,106,431
Public safety	26,443,757	27,706,064	29,385,896	29,277,218
Highways and public improvements	14,601,557	16,785,406	4,015,617	13,992,977
Parks and recreation	8,172,558	8,262,124	9,823,331	9,808,015
Community development	3,246,432	3,756,007	4,860,340	4,114,756
Other nondepartmental	5,468,952	2,931,443	941,979	968,280
Redevelopment agency	2,569,446	2,556,465	2,905,588	9,548,731
Capital outlay	2,061,316	5,715,353	24,285,979	9,346,835
Debt service:				
Principal	5,803,067	8,020,128	6,004,216	7,624,337
Interest	4,812,532	5,028,429	5,175,856	5,447,768
Bond insurance costs	957,935	40,822	387,242	412,477
<b>Total expenditures</b>	<b>\$84,057,877</b>	<b>\$92,103,438</b>	<b>\$97,824,194</b>	<b>\$101,647,825</b>
<b>Excess of revenues over (under) expenditures</b>	<b>6,403,179</b>	<b>(1,381,932)</b>	<b>(4,949,466)</b>	<b>(14,217,485)</b>
<b>Other financing sources (uses)</b>				
Proceeds from issuance of warrants and bonds	-	-	-	-
Bond proceeds used to retire debt	(4,543,250)	-	-	-
Refunding bonds issued	40,651,750	-	-	-
Revenue bonds issued	-	-	13,950,000	22,755,000
Special assessment bonds issued	3,613,000	2,125,000	-	-
Premium on bonds issued	550,309	-	48,900	743,829
Payments to refunded bond escrow agent	(36,870,606)	-	-	(12,550,848)
Notes payable issued	-	-	-	-
Bond retirement, due to sale of assets	-	-	-	-
Capital leases	-	-	2,026,339	1,432,163
Transfers in	15,917,539	21,022,687	27,318,238	30,662,896
Transfers out	(17,511,173)	(22,666,153)	(29,117,763)	(31,759,139)
Sale of capital assets	3,180,685	512,267	2,050,387	174,544
Special item - receivable satisfied by receipt of capital assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>4,988,254</b>	<b>993,801</b>	<b>16,276,101</b>	<b>11,458,445</b>
<b>Net changes in fund balances</b>	<b>\$11,391,433</b>	<b>(\$388,131)</b>	<b>\$11,326,635</b>	<b>(\$2,759,040)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>12.9%</b>	<b>15.1%</b>	<b>15.2%</b>	<b>14.2%</b>

Source: West Valley City CAFR's 2007-2016, Statement of Revenues, Expenditures, and changes in Fund Balances - Governmental Funds

2011	2012	2013	2014	2015	2016
\$56,440,445	\$63,967,037	\$66,342,053	\$68,089,730	\$62,131,762	\$63,986,450
10,576,951	11,512,337	3,154,719	4,440,536	3,495,229	4,193,405
3,232,263	3,578,244	3,645,728	3,989,809	3,788,274	4,192,432
8,821,298	9,125,280	7,099,157	10,095,974	18,139,752	17,515,317
4,593,320	4,197,709	3,629,328	3,437,578	3,699,985	2,895,721
662,469	681,222	8,728,363	6,819,421	12,518,288	12,932,606
3,707,594	3,898,561	5,396,108	5,684,250	4,097,951	5,031,912
636,679	731,546	787,883	650,056	656,889	705,891
232,202	360,482	211,260	218,159	178,535	180,486
2,183,151	2,141,065	1,379,172	1,097,187	1,250,940	1,215,433
91,086,372	100,193,483	100,373,771	104,522,700	109,957,605	112,849,653
13,179,882	13,662,587	12,764,535	13,169,294	13,785,570	15,662,847
29,526,932	29,348,362	31,250,094	31,084,819	33,187,367	33,012,115
12,253,935	14,119,958	13,570,058	15,341,814	10,538,408	14,638,192
8,724,481	9,233,274	9,969,049	9,883,029	11,415,171	10,940,108
3,945,283	3,747,403	4,089,519	4,063,267	4,359,636	4,483,829
(450,795)	2,946,813	4,291,855	5,034,351	4,765,596	4,975,781
7,873,126	8,002,701	8,219,640	6,563,636	9,888,160	13,461,279
5,296,635	29,857,568	26,496,110	5,754,936	10,476,132	6,316,640
13,475,916	6,952,625	7,463,253	8,062,892	8,402,203	13,552,577
5,094,250	5,909,106	6,285,799	6,036,666	5,899,514	5,515,557
940,473	3,667,887	368,713	84,832	29,863	80,173
\$99,860,118	\$127,448,284	\$124,768,625	\$105,079,536	\$112,747,620	\$122,639,098
(8,773,746)	(27,254,801)	(24,394,854)	(556,836)	(2,790,015)	(9,789,445)
-	-	-	-	-	-
-	-	-	-	-	-
\$26,716,760	-	\$7,737,358	\$475,533	\$456,228	-
4,620,000	-	5,313,000	5,680,639	-	4,495,303
-	-	-	-	-	-
171,722	-	-	-	-	-
(16,505,705)	-	(7,022,305)	-	-	-
-	33,063,000	-	-	-	-
-	-	-	-	-	-
683,955	1,445,543	-	-	-	-
15,242,007	18,378,647	13,292,556	13,738,359	14,017,095	17,914,401
(16,717,340)	(19,866,050)	(13,793,601)	(15,070,024)	(14,142,350)	(18,389,206)
2,286,369	6,450,876	513,112	200,525	322,102	1,930,722
-	-	-	-	-	-
16,497,768	39,472,016	6,040,120	5,025,032	653,075	5,951,220
\$7,724,022	\$12,217,215	(\$18,354,734)	\$4,468,196	(\$2,136,940)	(\$3,838,225)
19.6%	13.2%	14.0%	14.2%	14.0%	16.4%

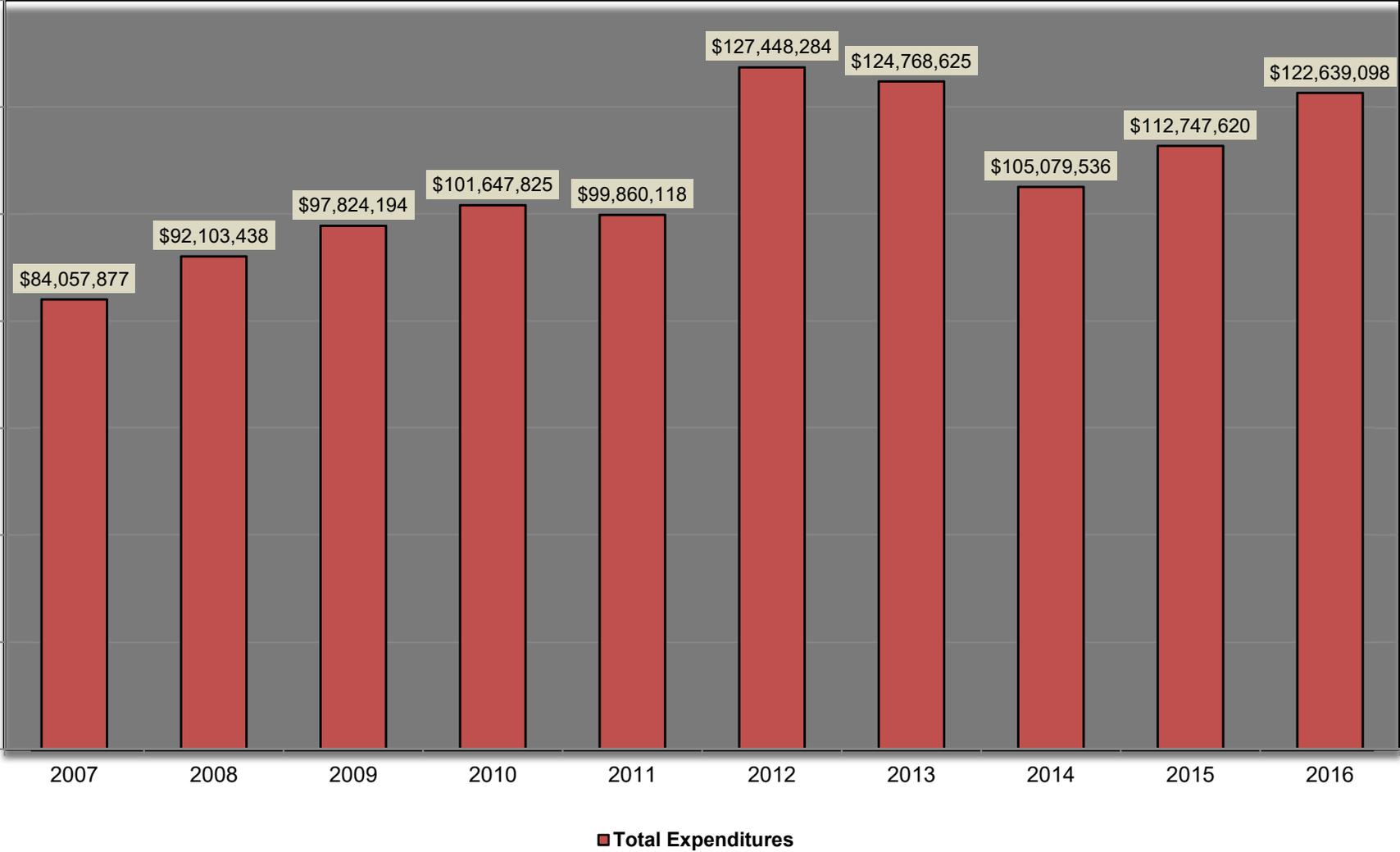
# WEST VALLEY CITY, UTAH

## Total Revenues, Transfers & Other Financing Sources (Uses)



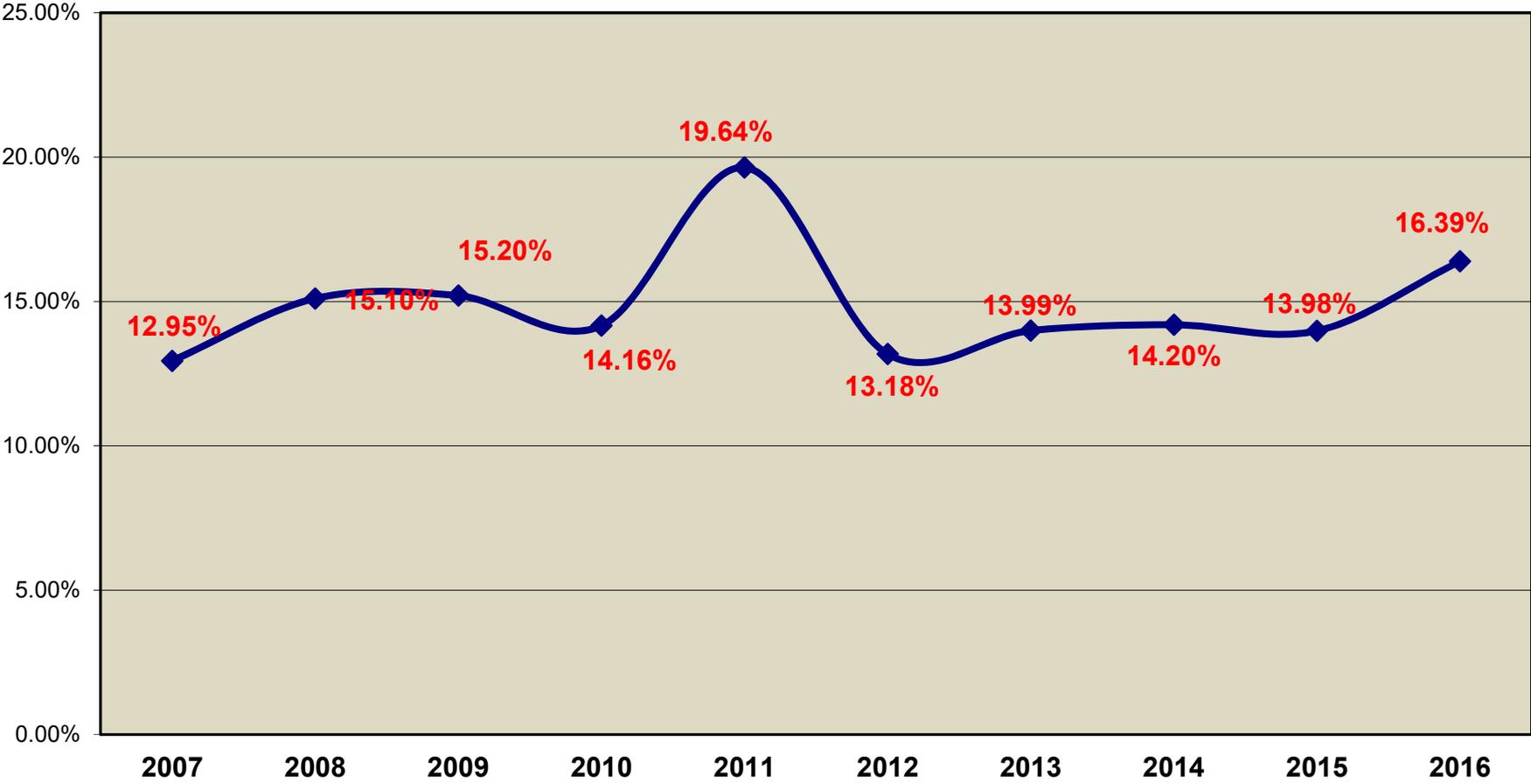
# WEST VALLEY CITY, UTAH

## Total Expenditures



# WEST VALLEY CITY, UTAH

## Debt Service as a Percentage of Non-capital Expenditures



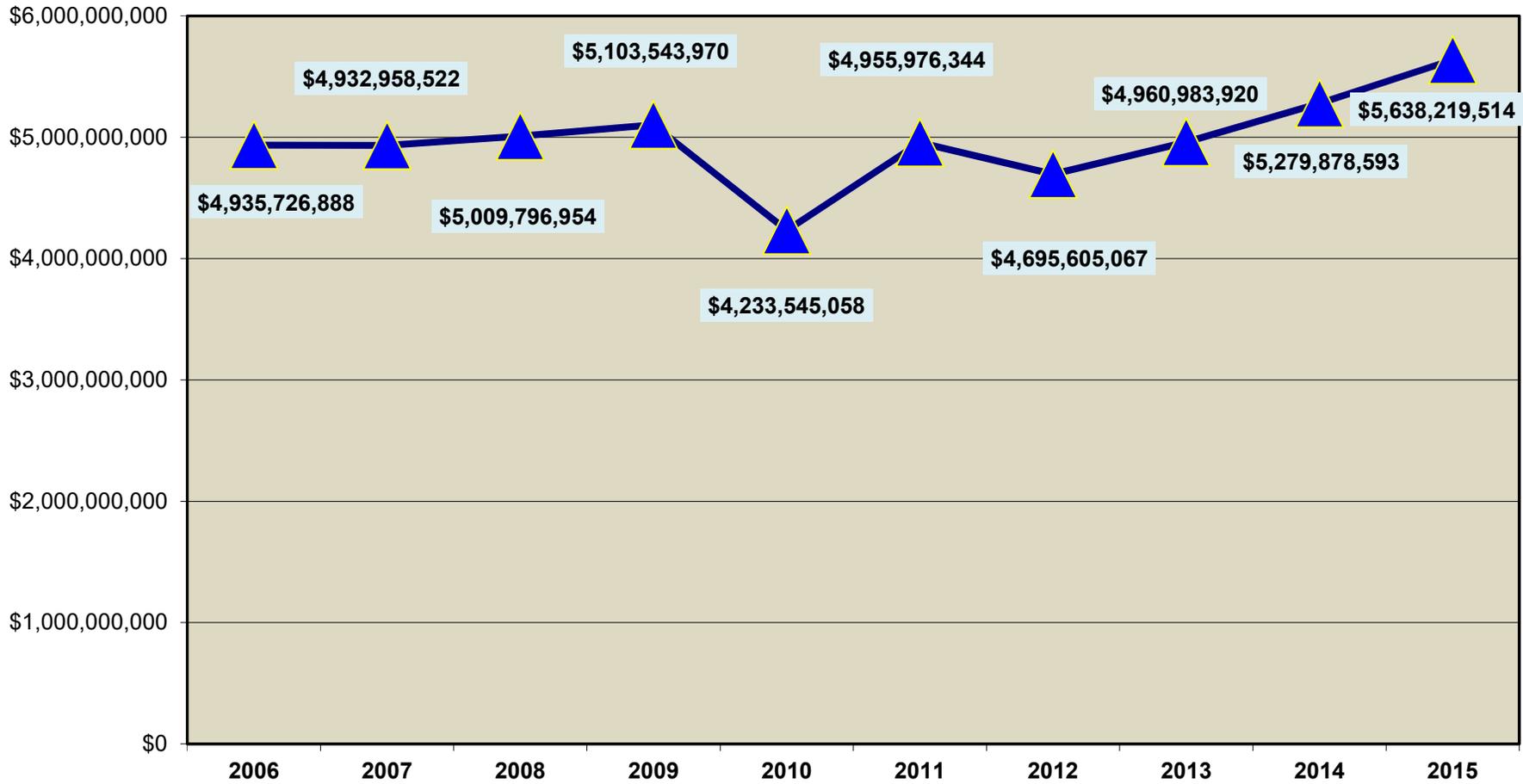
**Table 5**  
**West Valley City**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Calendar Years**

Year Ended December 31	Real Property(3)(4)		Less: Tax Exempt Real Property(1)	Total Taxable Assessed Value(3)	Total Direct Tax Rate(2)	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	Primary Residential Property	Secondary or Non-Residential Property					
2006	\$5,907,878,560	\$1,686,393,680	\$2,658,545,352	\$4,935,726,888	0.0037010	\$7,594,272,240	64.99%
2007	5,596,228,135	1,855,033,048	2,518,302,661	4,932,958,522	0.0031920	7,451,261,183	66.20%
2008	6,067,080,769	1,672,902,531	2,730,186,346	5,009,796,954	0.0030160	7,739,983,300	64.73%
2009	5,390,308,376	2,138,874,363	2,425,638,769	5,103,543,970	.00360100	7,529,182,739	67.78%
2010	5,309,631,106	1,313,247,950	2,389,333,998	4,233,545,058	.00364400	6,622,879,056	63.92%
2011	5,230,996,208	2,078,928,430	2,353,948,294	4,955,976,344	.00451070	7,309,924,638	67.80%
2012	4,775,422,759	2,069,122,550	2,148,940,242	4,695,605,067	.00485700	6,844,545,309	68.60%
2013	5,027,751,618	2,195,720,530	2,262,488,228	4,960,983,920	.00467000	7,223,472,148	68.68%
2014	5,463,566,060	2,274,917,260	2,458,604,727	5,279,878,593	.00438100	7,738,483,320	68.23%
2015	5,812,847,570	2,441,153,350	2,615,781,407	5,638,219,514	.00419900	8,254,000,920	68.31%

Source: Tax Division--Salt Lake County Auditor's Office

- Notes:
- (1) Statue 59-2-103 states 45% of the value of primary residential property is specifically exempt under the Constitution of Utah
  - (2) Tax rates are supplied by West Valley City
  - (3) Estimated actual value of real property is a net market value--property value subject to tax after reductions made for greenbelt, full or part exemptions West valley's Finance department
  - (4) Appraised value of real property was not available at printing; number is an estimate.

## WEST VALLEY CITY, UTAH Total Taxable Assessed Residential Property Values



**Table 6**  
**West Valley City**  
**Property Tax Rates**  
**Direct and Overlapping Governments**  
**Last Ten Calendar Years**

Year	Overlapping Rates <sup>(1)</sup>										
	West Valley City			County			School District				Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage	Special Districts	
2007	3.1940	-	3.1940	5.4290	0.2320	5.6610	5.4110	-	5.4110	5.5170	19.7830
2008	3.1710	-	3.1710	5.4120	0.2320	5.6440	5.3160	-	5.3160	4.3970	18.5280
2009	3.6040	-	3.6040	5.3050	0.3400	5.6450	6.0470	-	6.0470	6.3590	21.6550
2010	3.6440	-	3.6440	5.4400	0.5660	6.0100	6.4340	-	6.4340	6.3720	22.5410
2011	4.5100	-	4.5100	5.6153	0.6090	6.2243	6.7960	-	6.7960	6.6130	30.9393
2012	4.8570	-	4.8570	4.9330	0.6410	5.5740	7.1660	-	7.1660	7.1160	31.8790
2013	4.6700	-	4.6700	5.5800	0.6280	6.2080	6.9940	-	6.9940	6.7970	24.6690
2014	4.3810	-	4.3810	5.3170	0.6080	5.9250	6.8310	-	6.8310	6.5170	23.6540
2015	4.1990	-	4.1990	5.0720	0.5030	5.5750	7.0860	-	7.0860	6.2270	23.0870
2016	4.2330	-	4.2330	4.8690	0.3650	5.2340	6.4810	-	6.4810	5.3750	21.3230

Source: Utah State Tax Commission

(1) Overlapping rates are those of local and county governments that apply to property owners within the West Valley City Property owners

**Table 7**  
**West Valley City**  
**Principal Property Taxpayers**  
**12/31/2015**

Taxpayer	2015			2006		
	Taxable Assessed Value(1)	Rank	Percentage of Total Taxable Assessed Value of \$6,446,027,161	Taxable Assessed Value(1)	Rank	Percentage of Total Taxable Assessed Value \$5,571,391,332
Hexcel Corporation	\$281,204,259	1	4.36%			
Alliant Techsystem	105,474,339	2	1.64%	\$98,603,700	1	1.77%
Discover Products Inc	90,873,633	3	1.41%	58,818,900	3	1.06%
IHC Health Service	76,857,633	4	1.19%	25,645,811	11	0.46%
Valley Fair Mall	64,598,900	5	1.00%	42,278,600	6	0.76%
Boyd Enterprises	54,114,300	6	0.84%	42,597,000	5	0.76%
SLC Somerset Village	49,511,000	7	0.77%			
Pinnacle Highbury	44,697,000	8	0.69%			
Wheeler Machinery	44,362,289	9	0.69%			
Wal-Mart	43,365,333	10	0.67%	47,521,200	7	0.85%
Zions First National Bank	42,339,683	11	0.66%			
Miller Sage Gate Associates	41,348,500	12	0.64%			
Miller Lake Park Station	40,411,690	13	0.63%			
CER Generation II LLC	39,837,327	14	0.62%			
Franklin Development	37,888,700	15	0.59%	46,411,310	4	0.83%
United States of America	37,302,700	16	0.58%			
Reef Parkway LLC	36,496,200	17	0.57%			
USANA Health Science Inc.	35,762,158	18	0.55%			
Big 4000 Redwood	30,767,100	19	0.48%			
FC Shadowbrook LLC	30,544,800	20	0.47%			
JSP Overlook Owner, LLC	29,254,900	21	0.45%			
Salt Lake Newspaper	28,260,414	22	0.44%	34,248,600	10	0.61%
Truck Pro	27,571,300	23	0.43%	34,609,000	9	0.62%
Evergreen Utah, LLC	25,433,500	24	0.39%			
Mpt of West Valley	23,621,700	25	0.37%			
Pacificorp				68,093,836	2	1.22%
Parkway Center LC				36,264,900	8	0.65%
Legacy Lake Park LP				24,764,300	12	0.44%
	<b>\$1,361,899,358</b>		<b>21.13%</b>	<b>\$559,857,157</b>		<b>10.05%</b>

**Taxable Market Values Represent Both Real and Personal Property**

**(1) Salt Lake County Assessor**

**Table 8**  
**West Valley City**  
**Property Tax Levies and Collections**  
**Last Ten Years**

<b>Year Ended December 31</b>	<b>Total Tax Levy for Year</b>	<b>Collected within the Year of the Levy</b>		<b>Prior Years Delinquent Collections</b>	<b>Total Current Year Collections</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2006	\$19,826,333	\$18,882,085	95.2%	\$550,364	\$19,432,449	98.0%
2007	20,381,486	19,560,944	96.0%	451,039	20,011,983	98.2%
2008	21,635,813	20,567,959	95.1%	609,752	21,177,711	97.9%
2009	22,048,982	21,018,614	95.3%	624,474	21,643,088	98.2%
2010	21,991,855	21,171,770	96.3%	730,457	21,902,227	99.6%
2011	26,202,774	25,206,753	96.2%	645,314	25,852,067	98.7%
2012	26,956,091	26,207,372	97.2%	739,080	26,946,452	99.9%
2013	27,339,497	26,423,776	96.7%	686,121	27,109,897	99.1%
2014	27,513,955	26,704,118	97.1%	577,238	27,281,356	99.1%
2015	27,793,434	27,225,617	98.0%	539,574	27,765,191	99.8%

Source: Salt Lake County Treasurer's office - Calendar Year End

**Table 9**  
**West Valley City**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government	Percentage of Personal Income(1)	Per Capita(1)
	General Obligation Bonds	Sales Tax Revenue Bonds	Lease Revenue Bonds	Capital Leases	Notes Payable	General Obligation Bonds	Lease Revenue Bonds	Capital Leases			
2007	-	\$26,943,114	\$70,342,938	\$4,718,485	\$2,832,000	-	\$13,388,812	-	\$118,225,349	5.71%	\$953
2008	-	24,393,942	67,821,588	3,298,460	2,701,000	-	12,742,662	\$443,713	111,401,365	5.24%	891
2009	-	35,633,000	65,603,736	4,392,688	2,563,000	-	11,939,112	150,536	120,282,072	5.54%	961
2010	-	55,606,000	49,621,586	4,739,417	2,418,000	-	11,087,000	-	123,472,003	5.35%	979
2011	-	69,444,127	39,980,000	3,962,011	2,266,000	-	10,358,500	-	126,010,638	5.22%	973
2012	-	66,608,057	37,640,000	3,733,323	35,169,000	-	9,625,750	-	152,776,130	6.14%	1,158
2013	-	70,774,532	35,068,000	2,813,899	34,753,274	-	8,859,500	22,479	152,291,684	6.23%	1,143
2014	-	71,455,042	32,479,000	3,469,384	33,946,522	-	9,431,522	549,592	151,331,062	6.28%	1,127
2015	-	67,320,163	29,780,000	3,072,849	33,086,362	-	8,326,116	414,655	142,000,145	5.79%	1,057
2016	-	60,312,510	27,185,000	3,472,566	32,192,696	-	7,164,049	285,347	130,612,168	5.16%	961

Source: West Valley City CAFR's 2007-2016, Notes to the financial statements.

Notes:

(1) See Schedule of Demographic and Economic Statistics for personal income and population data.

**Table 10**

**West Valley City  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Estimated Actual Value of Property(2)</b>	<b>Taxable Percentage of Estimated Actual Value of Property</b>	<b>Population(1)</b>	<b>General Obligation Debt Per Capita</b>
2007	-	\$7,594,272,240	64.99%	124,089	N/A
2008	-	7,451,261,183	66.20%	124,963	N/A
2009	-	7,739,983,300	64.73%	125,218	N/A
2010	-	7,529,182,739	67.78%	126,117	N/A
2011	-	6,622,879,056	63.92%	129,480	N/A
2012	-	7,309,924,638	67.80%	131,877	N/A
2013	-	6,844,545,309	68.60%	133,229	N/A
2014	-	7,223,472,148	68.68%	134,283	N/A
2015	-	7,738,483,320	68.23%	134,999	N/A
2016	-	8,254,000,920	68.31%	135,977	N/A

Notes:

- (1) West Valley City Community Development Department
- (2) Estimated by West Valley City Finance Department based on data from Utah State Tax Commission

**Table 11**

**West Valley City  
Direct and Overlapping governmental Activities Debt  
As of December 31, 2015**

<u>Governmental Unit</u>	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Capital Leases</u>	<u>Notes Payable</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
State of Utah	\$2,830,150,000	\$ 166,773,000	\$ 20,287,000	\$ 370,000	\$3,017,580,000	4.55%	\$137,369,091
Salt Lake County	195,979,209	297,644,904	2,466,292	22,440,703	<u>518,531,108</u>	12.28%	<u>63,675,077</u>
Total overlapping debt					3,536,111,108		201,044,169
West Valley City direct debt	-	88,359,097	3,472,566	32,192,696			<u>124,024,359</u>
Total Direct and overlapping debt							<u><u>\$325,068,528</u></u>

Source:  
West Valley City Finance Department

Notes:  
(1) Estimated percentage of overlapping debt applicable based on West Valley City's population as a percentage of each overlapping Governmental Unit's total population

**Table 12**

**West Valley City  
Legal Debt Margin information  
Last Ten Fiscal Years**

	Fiscal Year					Fiscal Year				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$303,770,890	\$298,050,447	\$309,599,332	\$301,167,310	\$264,915,162	\$292,396,986	\$273,781,812	\$288,938,886	\$309,539,333	\$330,160,037
Total net debt applicable to limit	N/A									
Legal debt margin	<u>\$303,770,890</u>	<u>\$298,050,447</u>	<u>\$309,599,332</u>	<u>\$301,167,310</u>	<u>\$264,915,162</u>	<u>\$292,396,986</u>	<u>\$273,781,812</u>	<u>\$288,938,886</u>	<u>\$309,539,333</u>	<u>\$330,160,037</u>
Total net debt applicable to the limit as a percentage of debt limit	N/A									

**Legal Debt Margin Calculation for Fiscal Year 2016**

	Taxable Value (1)	Market Value
Primary Residential Values	\$3,197,066,164	\$5,812,847,571
Secondary & Non-Residential Values	<u>2,441,153,350</u>	<u>2,441,153,350</u>
Totals	\$5,638,219,514	8,254,000,921
Total adjusted fair market value		8,254,000,921
Debt limit (adjusted fair market value x .04)		330,160,037
General obligation bonds		-
Less: Amount set aside for repayment of general obligation debt		<u>-</u>
Total net debt applicable to limit		<u>330,160,037</u>
Legal debt margin		<u><u>\$330,160,037</u></u>

Notes:

(1) The general obligation bonded debt of the City is limited by the Utah Constitution (Section 14, Paragraph 4) to 12% of the "reasonable fair cash value" of property. Of this percent, a maximum of 4% may be used for general purposes. The remaining 8% and any unused portion of the 4% available for general purposes up to the maximum 12% may be utilized for water and/or sewer purposes.

Source: Salt Lake County Auditor's Office; estimated if actual numbers not available at printing

**Table 13**  
**West Valley City**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

Fiscal Year	Sales Tax Revenue Bonds				Franchise Tax Revenue Bonds				HUD Contract Payable			
	Sales Tax Revenues	Debt Service		Coverage	Franchise Tax Revenues	Debt Service		Coverage	CDBG Revenues	Debt Service		Coverage
		Principal	Interest			Principal	Interest			Principal	Interest	
2007	\$21,711,761	\$1,023,000	\$1,295,338	9.4	\$8,147,599	\$ -	\$ -	N/A	\$945,297	\$125,000	\$154,174	3.4
2008	22,425,263	2,382,070	1,132,822	6.4	9,034,802	-	-	N/A	817,223	131,000	149,529	2.9
2009	19,120,182	1,081,907	1,159,047	8.5	9,299,207	-	-	N/A	1,429,381	138,000	144,169	5.1
2010	17,586,807	1,632,000	1,315,483	6.0	9,101,454	1,150,000	330,122	6.1	822,776	145,000	138,087	2.9
2011	18,239,558	1,936,500	1,252,063	5.7	9,201,296	1,035,000	452,375	6.2	1,264,717	152,000	131,326	4.5
2012	19,958,098	963,250	621,660	12.6	9,239,524	1,050,000	1,131,217	4.2	751,163	160,000	123,897	2.6
2013	20,741,962	1,005,750	583,770	13.0	9,853,923	1,075,000	1,104,968	4.5	852,754	168,000	115,825	3.0
2014	21,843,979	1,056,750	377,197	15.2	9,978,924	1,220,000	1,078,093	4.3	868,118	176,000	106,978	3.1
2015	23,298,553	1,097,500	337,286	16.2	10,006,985	1,260,000	1,041,492	4.3	1,073,977	185,000	97,300	3.8
2016	24,279,409	1,315,500	300,834	15.0	10,362,934	2,420,000	964,175	3.1	864,937	194,000	86,884	3.1

Source: West Valley City CAFR's, Notes to the financial statements, 2007-2016

**Table 14**

**West Valley City  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands)(2)</u>	<u>Per Capita Personal Income(3)</u>	<u>School Enrollment(4)</u>	<u>Unemployment Rate(5)</u>
2007	124,089	\$2,070,445	\$16,685	20,201	3.3%
2008	124,963	2,125,911	17,012	20,183	2.7%
2009	125,218	2,172,813	17,352	21,262	6.0%
2010	126,117	2,309,076	18,309	22,898	6.3%
2011	129,480	2,413,248	18,638	21,432	6.9%
2012	131,877	2,486,409	18,854	22,512	5.2%
2013	133,229	2,444,486	18,348	24,140	5.8%
2014	134,283	2,408,231	17,934	23,003	4.1%
2015	134,999	2,450,637	18,153	22,417	3.9%
2016	135,977	2,533,116	18,629	22,010	3.0%

Notes:

- (1) Data are projections by the West Valley City Community Development Department
- (2) Provided by Utah Department of Workforce Service statistical report
- (3) Utah Department of Workforce Service or estimates when actual numbers were not available
- (4) Student enrollment furnished by Granite School District
- (5) Utah Department of Workforce Service, As of June 30, 2016

**Table 15**

**West Valley City  
Principal Employers  
Current Year and Nine Years Ago**

<b>Employer</b>	<b>2016</b>			<b>2007</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of total City employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of total City employment</b>
Discover Financial Services Inc.	4,000	1	8.1%	2,899	1	7.6%
United Parcel Services Inc.	1,263	2	2.6%	1,911	2	5.0%
Swift Transportation Co.	1,118	3	2.3%			
Verizon Wireless	1,011	4	2.1%	1,519	4	4.0%
Select Portfolio Servicing Inc.	987	5	2.0%			
West Valley City	878	6	1.8%			
Wal-Mart	877	7	1.8%	1,250	6	3.3%
Hexcel Corp	851	8	1.7%			
USANA Health Sciences INC.	791	9	1.6%	454	14	1.2%
Sutter Physician Services	786	10	1.6%			
Jacobsen Construction	616	11	1.3%			
Six Continents Hotel Inc.	615	12	1.3%	840	8	2.2%
ADP, LLC	597	13	1.2%			
C R England & Sons Inc.	556	14	1.1%	610	10	1.6%
Pride Transport Inc.	500	15	1.0%	355	18	0.9%
Wheeler Machinery	487	16	1.0%	726	9	1.9%
Jordan Valley Medical Center West Valle	451	17	0.9%	450	15	1.2%
Granger Medical Clinic Inc.	438	18	0.9%			
ATK Launch Systems Inc. (Alliant Techsy	430	19	0.9%	1,052	7	2.8%
Zions Bancorporation	428	20	0.9%			
Freightliner of Utah LLC	412	21	0.8%	353	19	0.9%
Federal Express Corp.	385	22	0.8%			
Hunt Electric Inc.	360	23	0.7%			
YRC,INC (Yellow Freight System Inc.)	360	24	0.7%	381	16	1.0%
Old Dominion Freight Line, Inc.	354	25	0.7%			
Zions 1st Natl Bank/Accounting & Data Service				1,544	3	4.1%
First Health Strategies Inc.				1,385	5	3.6%
Montek Division				521	11	1.4%
Ingenix Inc.				501	13	1.3%
Franklin Quest Co.				515	12	1.4%
Frito Lay Inc.				317	20	0.8%
Moog Aircraft Group Salt Lake Oper				382	17	1.0%
	<b>19,551</b>		<b>39.8%</b>	<b>17,965</b>		<b>47.2%</b>

Source: West Valley City Business License Division

**Table 16**

**West Valley City  
Full-Time Equivalent City Government Employees by Function  
Last Ten Fiscal Years**

<b>Function</b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
<b>General government</b>	108	113	112	111	110	116	110	132	129	133
<b>Public safety</b>										
<b>Police</b>										
<b>Officers</b>	195	192	189	202	206	194	199	199	208	210.5
<b>Civilians</b>	83	89	88	57	72	73	68	68	69	67
<b>Fire</b>										
<b>Firefighters and officers</b>	95	98	103	100	102	84	106	89	89	102
<b>Civilians</b>	3	3	3	3	3	3	4.5	4.5	4.5	3.5
<b>Highways and streets</b>										
<b>Engineering</b>	22	23	18	21	22	20	20	17	19	20.5
<b>Maintenance</b>	51	52	51	56	60	60	57	64	65	57
<b>Parks and recreation</b>	86	78	80	96	84	89	92	94	93	88
<b>Golf Courses</b>										
<b>Operations</b>	31	32	31	25	24	25	14	14	14	25
<b>Maintenance</b>	16	15	15	17	17	16	14	15	15	14
<b>Sanitation</b>	3	3	3	4	4	4	4	3.5	3	3
<b>Community development</b>	46	46	46	68	79	84	73.4	62	62	56
<b>Total</b>	<b>739</b>	<b>744</b>	<b>740</b>	<b>759</b>	<b>781</b>	<b>768</b>	<b>762</b>	<b>762</b>	<b>771</b>	<b>780</b>

Source: West Valley City Budget Division

Table 17

**West Valley City  
Operating Indicators by Function  
Last Ten Fiscal Years**

Function	Fiscal Year					Fiscal Year				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Police</b>										
Number of full-time sworn officers	187	192	189	181	188	194	179	193	196	192
Physical arrests	2,998	2,940	3,173	2,762	2,903	2,207	2,445	2,117	3,300	3,313
<b>Fire</b>										
Number of calls answered	10,005	9,932	9,610	9,204	9,098	9,734	9,597	9,820	9,798	10,918
Inspections	2,605	2,905	2,900	2,655	2,072	2,734	2,053	2,118	2,108	1,276
<b>Highways and streets</b>										
Street resurfacing										
Slurry Seal (sq yards)	519,139	541,266	600,000	571,211	841,538	755,389	681,526	561,888	685,952	574,339
Chipseal (sq yards)	321,994	301,250	291,250	201,681	218,594	140,511	205,489	-	-	-
Overlay Project (sq yards)	-	34,640	32,560	-	18,006	43,500	79,464	115,200	110,930	131,263
Hot Mix Patching (tons)	825	636	636	3,974	2,445	2,591	1,397	85	33	1,947
Polymer Seal (sq. yards)	-	-	-	-	-	-	32,993	2,000	69,000	197,329
Zipper Repair (tons)	-	-	-	-	-	-	-	900	2,000	1,947
<b>Parks &amp; Recreation</b>										
Developed City-owned parks	23	23	23	23	23	25	27	25	27	27
Undeveloped City-owned park property (acres)	103	17	17	17	16	13	8	10	14	14
Developed county-owned parks within the City (acres)	71	132	132	132	72	72	72	76	97	97
Total property acreage maintained by WVC (acres)	258	258	258	258	276	278	337	298	305	306
<b>Community Development</b>										
Building Inspections:										
Permits issued										
Single Family	397	114	109	160	89	162	192	174	185	141
Duplex	-	-	-	-	-	-	-	-	1	3
Multi-family	24	15	12	6	3	2	9	35	23	19
Mobile Home	1	1	1	-	-	-	-	-	2	-

Source: West Valley City departmental reports

**Table 18**  
**West Valley City**  
**Capital Assets Statistics by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year					Fiscal Year				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Public safety</b>										
Police stations	2	2	2	2	2	2	2	2	2	2
Fire stations	5	5	5	5	5	5	5	5	5	5
<b>Highways and streets</b>										
Streets (miles)	321	321	307	307	307	307	328	320	339	344
City Owned Streetlights	600	600	6933	6933	6933	6933	6963	7500	7055	7100
<b>Parks and recreation</b>										
Parks acreage	164.30	164.30	156.50	156.50	156.50	156.50	196.17	162.2	167.42	167.42
Parks	23	23	23	23	23	23	27	25	27	27
Tennis courts	15	15	15	15	15	15	13	13	13	13
Softball fields	15	15	15	15	15	15	8	8	8	8
Basketball courts	14	14	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5
Pavilions	15	15	14	14	14	14	20	20	21	21
Play structures	24	24	24	24	24	24	26	26	27	26
Baseball Fields <sup>(1)</sup>	-	-	-	-	-	-	4	4	4	4
Multi-Use Fields <sup>(1)</sup>	-	-	-	-	-	-	8	8	8	8
<b>Other properties maintained (acres)</b>	149.2	149.20	149.20	149.20	149.20	149.20	141.15	135.42	137.68	138.18
<b>Total properties maintained (acres)</b>	313.50	313.50	305.70	305.70	305.70	305.70	337.32	297.62	305.1	305.6

Sources: City departments

Note: No capital asset indicators are available for the general government function

(1) Information previously unavailable for years 2005-2012, included with Tennis Courts & Softball Fields. Tracking Separately from 2013 on.

**WEST VALLEY CITY**  
**SUPPLEMENTARY REPORTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**WEST VALLEY CITY  
SUPPLEMENTARY REPORTS  
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**Keddington & Christensen, LLC**  
Certified Public Accountants

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Gary K. Keddington, CPA  
Phyl R. Warnock, CPA  
Marcus K. Arbuckle, CPA

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

Honorable Mayor and  
Members of the City Council  
West Valley City  
West Valley City, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Valley City (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 December 21, 2016.

Internal Control Over Financial Reporting

The Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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.

This report is intended solely for the information and use of the Mayor, City Council and management of West Valley City, the Utah State Auditor's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Keddington & Christensen, LLC*

December 13, 2016



**Keddington & Christensen, LLC**  
Certified Public Accountants

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Gary K. Keddington, CPA  
Phyl R. Warnock, CPA  
Marcus K. Arbuckle, CPA

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE**

Honorable Mayor and  
Members of the City Council  
West Valley City  
West Valley City, Utah

**Report on Compliance for Each Major Federal Program**

We have audited West Valley City's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of 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 requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and *Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program 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 for each major federal program. However, our audit does not provide a legal determination of City's compliance.

**Opinion on Each Major Federal Program**

In our opinion, West Valley City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2016.

**Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item **C1**. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance findings identified in our audit is described in the accompanying Management's Response to Findings and Recommendations. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item **C1** to be significant deficiency.

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

### **Schedule of Expenditures of Federal Awards and Financial Data Schedule – Housing Authority**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Valley City as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise West Valley City's basic financial statements. We have issued our report thereon dated December 13, 2016, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise West Valley City's basic financial statements. The accompanying *Schedule of Expenditures of Federal Awards* and *Financial Data Schedule – Housing Authority* are presented for purposes of additional analysis as required by the Uniform Guidance, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and *Financial Data Schedule – Housing Authority* are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Purpose of Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Keddington & Christensen, LLC*

December 13, 2016

**WEST VALLEY CITY  
FINANCIAL DATA SCHEDULE – HOUSING AUTHORITY  
ENTITY WIDE BALANCE SHEET  
For The Year ended June 30, 2016**

	Project Total	14,871 Housing Choice Vouchers	14,241 Housing Opportunities for Persons with AIDS	14,238 Shelter Plus Care	Subtotal
111 Cash - Unrestricted	\$21,648	\$293,252			\$314,900
113 Cash - Other Restricted	\$1,687,741	\$218,491			\$1,906,232
115 Cash - Restricted for Payment of Current Liabilities		\$58,425			\$58,425
100 Total Cash	\$1,709,389	\$570,168	\$0	\$0	\$2,279,557
124 Accounts Receivable - Other Government		\$3,389	\$10,428		\$13,817
125 Accounts Receivable - Miscellaneous		\$13,983			\$13,983
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0		\$0
128 Fraud Recovery		\$17,496			\$17,496
128.1 Allowance for Doubtful Accounts - Fraud		-\$8,748			-\$8,748
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$26,120	\$10,428	\$0	\$36,548
150 Total Current Assets	\$1,709,389	\$596,288	\$10,428	\$0	\$2,316,105
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0
180 Total Non-Current Assets	\$0	\$0	\$0	\$0	\$0
200 Deferred Outflow of Resources		\$18,217			\$18,217
290 Total Assets and Deferred Outflow of Resources	\$1,709,389	\$614,505	\$10,428	\$0	\$2,334,322
312 Accounts Payable <= 90 Days		\$6,455			\$6,455
333 Accounts Payable - Other Government		\$38,692	\$10,428		\$49,120
345 Other Current Liabilities		\$13,278			\$13,278
310 Total Current Liabilities	\$0	\$58,425	\$10,428	\$0	\$68,853
350 Total Non-Current Liabilities	\$0	\$0	\$0	\$0	\$0
300 Total Liabilities	\$0	\$58,425	\$10,428	\$0	\$68,853
400 Deferred Inflow of Resources		\$77,261			\$77,261
508.4 Net Investment in Capital Assets	\$0	\$0	\$0	\$0	\$0
511.4 Restricted Net Position	\$1,687,741	\$218,491	\$0	\$0	\$1,906,232
512.4 Unrestricted Net Position	\$21,648	\$260,328	\$0	\$0	\$281,976
513 Total Equity - Net Assets / Position	\$1,709,389	\$478,819	\$0	\$0	\$2,188,208
000 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,709,389	\$614,505	\$10,428	\$0	\$2,334,322

**WEST VALLEY CITY  
FINANCIAL DATA SCHEDULE – HOUSING AUTHORITY  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
For The Year ended June 30, 2016**

	Project Total	14.871 Housing Choice Vouchers	14.241 Housing Opportunities for Persons with AIDS	14.238 Shelter Plus Care	Subtotal
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$35,771	\$3,084,020			\$3,119,791
70800 Other Government Grants			\$10,390	\$33,258	\$43,648
71400 Fraud Recovery		\$19,595			\$19,595
71500 Other Revenue		\$53,499			\$53,499
72000 Investment Income - Restricted	\$4,999				\$4,999
70000 Total Revenue	\$40,770	\$3,157,114	\$10,390	\$33,258	\$3,241,532
91100 Administrative Salaries	\$10,102	\$117,921	\$330	\$2,128	\$130,481
91200 Auditing Fees		\$5,000			\$5,000
91400 Advertising and Marketing		\$259			\$259
91500 Employee Benefit contributions - Administrative	\$4,021	\$54,411			\$58,432
91600 Office Expenses		\$103,109			\$103,109
91700 Legal Expense		\$3,000			\$3,000
91800 Travel		\$11,849			\$11,849
91900 Other		\$45,000			\$45,000
91000 Total Operating - Administrative	\$14,123	\$340,549	\$330	\$2,128	\$357,130
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0
93400 Fuel		\$75			\$75
93000 Total Utilities	\$0	\$75	\$0	\$0	\$75
94000 Total Maintenance	\$0	\$0	\$0	\$0	\$0
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0
96140 All Other Insurance		\$8,101			\$8,101
96100 Total insurance Premiums	\$0	\$8,101	\$0	\$0	\$8,101
96200 Other General Expenses		\$412			\$412
96600 Bad debt - Other		\$1,286			\$1,286
96000 Total Other General Expenses	\$0	\$1,698	\$0	\$0	\$1,698
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$14,123	\$350,423	\$330	\$2,128	\$367,004
97000 Excess of Operating Revenue over Operating Expenses	\$26,647	\$2,806,691	\$10,060	\$31,130	\$2,874,528
97300 Housing Assistance Payments		\$2,705,544	\$10,060	\$31,130	\$2,746,734
97350 HAP Portability-In		\$50,643			\$50,643
90000 Total Expenses	\$14,123	\$3,106,610	\$10,390	\$33,258	\$3,164,381
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue over (Under) Total Expenses	\$26,647	\$50,504	\$0	\$0	\$77,151
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$1,682,742	\$497,364	\$0	\$0	\$2,180,106
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		-\$69,049			-\$69,049
11170 Administrative Fee Equity		\$260,328			\$260,328
11180 Housing Assistance Payments Equity		\$218,491			\$218,491
11190 Unit Months Available	0	6372	34	68	6474
11210 Number of Unit Months Leased	0	5529	34	68	5631
11270 Excess Cash	\$20,472				\$20,472
11610 Land Purchases	\$0				\$0
11620 Building Purchases	\$0				\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0				\$0
11640 Furniture & Equipment - Administrative Purchases	\$0				\$0
11650 Leasehold Improvements Purchases	\$0				\$0
11660 Infrastructure Purchases	\$0				\$0
13510 CFFP Debt Service Payments	\$0				\$0
13901 Replacement Housing Factor Funds	\$0				\$0

**WEST VALLEY CITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Year Ended June 30, 2016**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Passed Through to Subrecipients'</b>	<b>Total Federal Expenditures</b>
<b><u>U.S. Department of Agriculture</u></b>				
Direct Programs:				
Community Forestry Partnership Grant	10.664	-	\$ -	\$ 2,900
Total Direct Programs			-	2,900
Total U.S. Department of Agriculture			-	2,900
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Direct Programs:				
Community Development Block Grants/ Entitlement Grants	14.218	-	114,053	864,937
Shelter Plus Care	14.238	-	-	33,258
Section 8 Housing Choice Vouchers	14.871	-	-	3,105,324
Total Direct Programs			114,053	4,003,519
Pass Through State of Utah:				
Home Investment Partnerships Program	14.239	HM06WV06	-	54,614
Pass Through Salt Lake City:				
HOPWA	14.241	72-5-10-4073	-	10,390
Total Pass Through			-	65,004
Total U.S. Department of Housing and Urban Development			114,053	4,068,523
<b><u>U.S. Department of Justice</u></b>				
Direct Programs:				
JAG	16.738	-	-	97,867
Total Direct Programs			-	97,867

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**WEST VALLEY CITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**For The Year Ended June 30, 2016**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Passed Through to Subrecipients'</u>	<u>Total Federal Expenditures</u>
<b><u>U.S. Department of Justice (continued)</u></b>				
Pass Through the State of Utah:				
Crime Victim Assistance	16.575	15-VOCA-88	-	83,331
Violence Against Women Formula Grants	16.588	15-VAWA-31	-	26,628
Violence Against Women Formula Grants	16.588	14-VAWA-44	-	27,810
Project Safe Neighborhoods	16.609	2012-GPBX-0005	-	1,646
COPS Tech Grant	16.710	2013-UM-WX-2014	-	47,941
COPS Tech Grant	16.710	2014-UM-WX-0150	-	366,557
Internet Crimes Against Children Task Force	16.800	7602WVCPD	-	20,000
Total Pass Through			-	573,913
Total U.S. Department of Justice			-	671,780
<b><u>National Endowment for the Arts</u></b>				
Direct Programs:				
Promotion of the Arts Grant	45.024	-	-	10,000
Total Direct Programs			-	10,000
Total National Endowment for the Arts			-	10,000
<b><u>U.S. Department of Homeland Security (HLS)</u></b>				
Pass Through the State of Utah:				
EMMSPC Fire Department Grant	97.042	none	-	7,323
EMPG Fire Grants	97.042	none	-	9,375
2014 SHSP 002 HLS Fire Grant	97.067	none	-	15,611
2014 SHSP HLS Police Grant	97.067	none	-	15,834
Total Pass Through			-	48,143
Total U.S. Department of Homeland Security			-	48,143
<b>Total Federal Financial Assistance</b>			<b>\$ 114,053</b>	<b>\$ 4,801,346</b>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**WEST VALLEY CITY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of West Valley City (the City) under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, change in net position, or cash flows of the City.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**WEST VALLEY CITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2016**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the basic financial statements of West Valley City.
2. No significant deficiencies disclosed during the audit of the financial statements are reported in this schedule. Therefore, there are no significant deficiencies that are reported as material weakness.
3. No Instances of noncompliance material to the basic financial statements of West Valley City, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. One significant deficiency in internal control over the major federal award programs are reported in this schedule.
5. The auditor's report on compliance for the major federal award programs for West Valley City expressed an unqualified opinion on all major federal programs.
6. One audit finding that is required to be reported in accordance with the Uniform Guidance 2 CFR section 200.516(a) is reported in this schedule.
7. The following programs were tested as major programs:
  - CFDA #14.871 Section 8 Housing Choice Vouchers
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. West Valley City does not qualify as a low-risk auditee.

**WEST VALLEY CITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**For the Year Ended June 30, 2016**

**B. FINDINGS - FINANCIAL AUDIT AND GOVERNMENT AUDITING STANDARDS**

**B1. None Noted**

**C. FINDINGS – MAJOR FEDERAL AWARDS PROGRAM**

**C1. Section 8 – Tenant Rent Payment Calculations (Significant Deficiency)**

The Housing Authority calculates Section 8 participants' rent obligations based off of income, household size, and total rent payment. The program requirements for the Section 8 require that, on an annual basis, the Housing Authority must "determine income eligibility and calculate the tenant's rent payment using documentation from third-party verification." During our test of 40 existing and 8 new tenants during the year, we noted that the Housing Authority miscalculated 2 of the tenants' rent payments and/or utility allowances. The errors caused some tenants to pay more, or less, in rent that should have been required. The errors were due to different mistakes, including using the wrong payment standard and incorrectly calculating the income. The combination of errors was less than \$10,000, so there are no questioned costs associated with this finding.

**Recommendation**

We recommend the Housing Authority Director more thoroughly review the rental payment calculations performed by the case workers.



**Keddington & Christensen, LLC**  
Certified Public Accountants

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Gary K. Keddington, CPA  
Phyl R. Warnock, CPA  
Marcus K. Arbuckle, CPA

**INDEPENDENT AUDITOR'S REPORT AS REQUIRED  
BY THE STATE COMPLIANCE AUDIT GUIDE ON  
COMPLIANCE WITH GENERAL STATE COMPLIANCE  
REQUIREMENTS AND INTERNAL CONTROL  
OVER COMPLIANCE**

Honorable Mayor and  
Members of City Council  
West Valley City  
West Valley City, Utah

**Report on Compliance with General State Compliance Requirements**

We have audited West Valley City's (the City) compliance with applicable general state 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
- Fund Balance
- Justice Courts
- Utah Retirement Systems
- Restricted Taxes and Related Revenues
- Open and Public Meetings Act
- Treasurer's Bond
- Impact Fees

***Management's Responsibility***

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

***Auditor's 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, West Valley City 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.

### ***Other Matters***

The results of our auditing procedures disclosed an instances of noncompliance, which is required to be reported in accordance with the *State Compliance Audit Guide* and which is described in the accompanying schedule of findings and recommendations as item 2016-1. Our opinion on compliance is not modified with respect to this matters.

The City's response to the noncompliance finding identified in our audit is described in the accompanying Management's Response to Findings and Recommendations for Year Ended June 30, 2016. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **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 of compliance, we considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general state compliance requirement on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state compliance requirement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and recommendations as items 2016-1 and 2016-2 that we consider to be significant deficiencies. The City's response to the internal control over compliance findings identified in our audit is described in the accompanying Management's Response to Findings and Recommendations for Year Ended June 30, 2016. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

*Keddington & Christensen, LLC*

December 13, 2016

**WEST VALLEY CITY  
STATE OF UTAH COMPLIANCE  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2016**

**2016 – 1 EXPENDITURE IN EXCESS OF BUDGET**

Finding

Utah Code 10-6-123 states “City officers may not make or incur expenditures or encumbrances in excess of total appropriations for any department in the budget as adopted or as subsequently amended.” During our audit procedures, we noted that the following funds had expenditures in excess of budgeted amounts:

Grants Fund exceeded budgeted expenditures by \$509,925

Building Authority Fund exceeded budget expenditures by \$37,270

Community Services Fund exceeded budget expenditures by \$182,398

Recommendation

We recommend the City follow the law regarding budgeted expenditures.



**MANAGEMENT'S RESPONSE TO FINDINGS AND RECOMMENDATIONS  
FOR YEAR ENDED JUNE 30, 2016**

Finding:

The Housing Authority calculates Section 8 participants' rent obligations based on income, household size, and total rent payment. The program requirements for Section 8 require that annually the Housing Authority must "determine income eligibility and calculate the tenant's rent payment using documentation from third-party verification." During testing it was noted that the Housing Authority miscalculated 2 of 48 tenants' rent payments and/or utility allowances. The errors were due to different mistakes, including using the wrong payment standard and incorrectly calculating income. The combination of errors was less than \$10,000 so there are no questioned costs associated with this finding.

Response:

The City's Housing Authority has implemented a quarterly audit of recertifications, verifying participants' income, payment standards, and utilities amounts to correctly calculate rent payments. Housing Authority staff are being instructed to maintain the audits, review calculations, and apply findings to calculated rent payments. In addition to these steps, an accountant has been assigned to perform periodic interim audits of payment calculations; and Housing Authority staff are being trained in proper procedures. Any previous months' overpayments discovered during reviews are subsequently collected from payees.



## STATE OF UTAH COMPLIANCE

### Finding:

Expenditures in the Grants Fund, Building Authority Fund, and Community Services Fund exceeded budgeted expenditures.

### Response:

Additional expenditures were incurred in the Grants Fund during the fiscal year as a result of a change in accounting policy, which shifted intergovernmental funding for capital projects to the Grants Fund to facilitate reporting of state funds received by the City. Expenditures funded by state funds were reported in the Grants Fund with the revenues; however, when some of the expenditures originally budgeted in the Capital Projects Fund were transferred to the Grants Fund, the projects' budget was not also transferred, but remained in the Capital Projects Fund.

As part of the City's accounting policy, all capital projects will be reviewed to ensure that adequate budget is available within the correct fund to meet all anticipated expenditures during the fiscal year.

The Building Authority Fund issued new debt during the fiscal year; additional budget was not approved for the debt service payments which were made during the year. The City's staff responsible for overseeing City debt will review more closely all debt instruments and verify that adequate budget has been approved for all debt service payments scheduled during the fiscal year.

Maverik Center operations, which are reported in the Community Services Fund, are under the control of the City's management agent, Centennial Management. Centennial Management's report of total expenditures was received after the deadline for approving additional budget. The City will require more timely reporting of Maverik Center activities and projected expenditures to monitor more closely budgeted and actual expenditure amounts.

**WEST VALLEY CITY  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

**FINDINGS - FINANCIAL AUDIT AND GOVERNMENT AUDITING STANDARDS**

**None**

**FINDINGS – MAJOR FEDERAL AWARDS PROGRAM**

**None**

**FINDINGS – STATE OF UTAH COMPLIANCE**

**2015 – 1 Negative Fund Balance**

**Finding**

Utah Code 10-6-117(3)(a) states that “There shall be included as an item of appropriation in each fund for any budget period any existing deficit as of the close of the last completed fiscal period, not previously included in the budget of the current period, to the extent of at least 5% of the total revenue of the fund in its last completed fiscal period.” During our audit procedures, we noted that the city had a negative fund balance in the Community Services Fund, which accounts for the operations of the Maverik Center, Fitness Center, Cultural Celebration Center, Hale Center Theater, and Sanitation Services. The City has not included in the subsequent budget year an appropriation to retire the deficit of an amount equal to or greater than 5% of the fund’s total actual revenue of the year under audit.

**Recommendation**

We recommend the City comply with State Auditors interpretation of the state law.

**Current Status**

This appear to have been corrected in the current year.

**2015 – 2 Expenditures in Excess of Budget**

**Finding**

Utah Code 10-6-123 states “City officers may not make or incur expenditures or encumbrances in excess of total appropriations for any department in the budget as adopted or as subsequently amended.” During our audit procedures, we noted that expenditures in the grants fund exceeded budgeted expenditures by \$1,852,162. The city is in violation of the stated law.

**Recommendation**

We recommend the City follow the law regarding budgeted expenditures.

**Current Status**

A similar finding was noted in the current year.