

CITY OF BLUFFDALE, UTAH

**Basic Financial Statements and
Supplementary Information**

Year Ended June 30, 2021

CITY OF BLUFFDALE, UTAH

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bluffdale, Utah (the City), as of and for the year ended June 30, 2021, 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

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

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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and the major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12 and the pension schedules on pages 55 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2021, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

HBMC, LLC

December 2, 2021



THE CITY OF BLUFFDALE

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Management's Discussion and Analysis

As management of the City of Bluffdale (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$161,380,066. The City's assets are mainly comprised of capital assets and funds legally restricted in their use (*restricted net position*).
- The government's total net position increased by \$26,054,716 during 2021. The increase in net position can be attributed to major infrastructure additions and expending less than the budgeted amount in the general fund and increases in various fee revenues.
- The unassigned fund balance for the general fund was \$2,397,372 or approximately 21 percent of total general fund expenditures. The fund balance for the general fund increased by \$872,345 from the previous year. This increase was due to revenues being higher than expected.
- The City's total outstanding long-term liabilities experienced an increase of \$6,738,217. The increase was attributed a new bond issue for the water fund for infrastructure.

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 contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all of the City's assets and liabilities and deferred outflows and inflows of resources, 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. The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Overview of the Financial Statements (Continued)

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

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the Redevelopment Agency of Bluffdale City (RDA), a legally separate entity for which the City is financially accountable. Financial information for this *component unit* is blended with the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 13-14 of this report.

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

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

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

The City maintains four individual governmental funds. The four major governmental funds include the General Fund, the Redevelopment Agency Special Revenue Fund, the Local Building Authority Special Revenue Fund, and the Capital Projects Fund. 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 each of these major funds. The basic governmental fund financial statements can be found on pages 15-18 of this report. The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Overview of the Financial Statements (Continued)

Proprietary funds. The City maintains one proprietary fund, the water fund, that is an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The water fund is a major fund. The basic proprietary fund financial statements can be found on pages 22-25 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City maintains one fiduciary fund for deposits made by contractors to ensure that building requirements are met. The accounting for fiduciary funds is very similar to the accounting used for proprietary funds. The basic fiduciary fund financial statements can be found on page 26 of this report.

Notes to the financial statements. The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-53 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Also included are budget to actual comparisons for the special revenue funds and the capital projects fund.

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2021, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$161,380,066. The largest portion (64.27 percent) of the City's net position is composed of capital assets. Capital assets are used to provide services to citizens, and they are not available for future spending. Although the investment in capital assets is reported net of any related outstanding debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position (25.73 percent of total assets) is the portion of total assets which can be used for future expenditures with no restrictions. As in contrast with restricted net position (10.00 percent), which represents portion restricted for a specific purpose, in this case for debt service and capital projects.

City of Bluffdale's Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 60,137,850	\$ 43,446,485	\$ 11,157,996	\$ 3,176,746	\$ 71,295,846	\$ 46,623,231
Capital assets	87,947,511	82,708,722	33,033,994	28,624,563	120,981,505	111,333,285
Total assets	<u>148,085,361</u>	<u>126,155,207</u>	<u>44,191,990</u>	<u>31,801,309</u>	<u>192,277,351</u>	<u>157,956,516</u>
Deferre outflows of resources						
Deferred related to pensions	280,591	305,911	70,148	76,478	350,739	382,389
Other liabilities	884,638	725,599	529,993	793,271	1,414,631	1,518,870
Long-term liabilities outstanding	6,903,609	7,563,097	10,673,887	3,276,182	17,577,496	10,839,279
Total liabilities	<u>7,788,247</u>	<u>8,288,696</u>	<u>11,203,880</u>	<u>4,069,453</u>	<u>18,992,127</u>	<u>12,358,149</u>
Deferred inflows of resources						
Deferred property tax revenue	11,645,674	10,338,898	-	-	11,645,674	10,338,898
Deferred related to pensions	488,178	253,206	122,045	63,302	610,223	316,508
Total deferred inflows of resources	<u>12,133,852</u>	<u>10,592,104</u>	<u>122,045</u>	<u>63,302</u>	<u>12,255,897</u>	<u>10,655,406</u>
Net position:						
Invested in capital assets, net						
of related debt	81,278,159	75,751,764	22,438,994	25,509,563	103,717,153	101,261,327
Restricted	14,993,289	9,174,128	1,139,833	-	16,133,122	9,174,128
Unrestricted	32,172,405	22,654,426	9,357,386	2,235,469	41,529,791	24,889,895
Total net position	<u>\$ 128,443,853</u>	<u>\$ 107,580,318</u>	<u>\$ 32,936,213</u>	<u>\$27,745,032</u>	<u>\$ 161,380,066</u>	<u>\$ 135,325,350</u>

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Government-wide Financial Analysis (Continued)

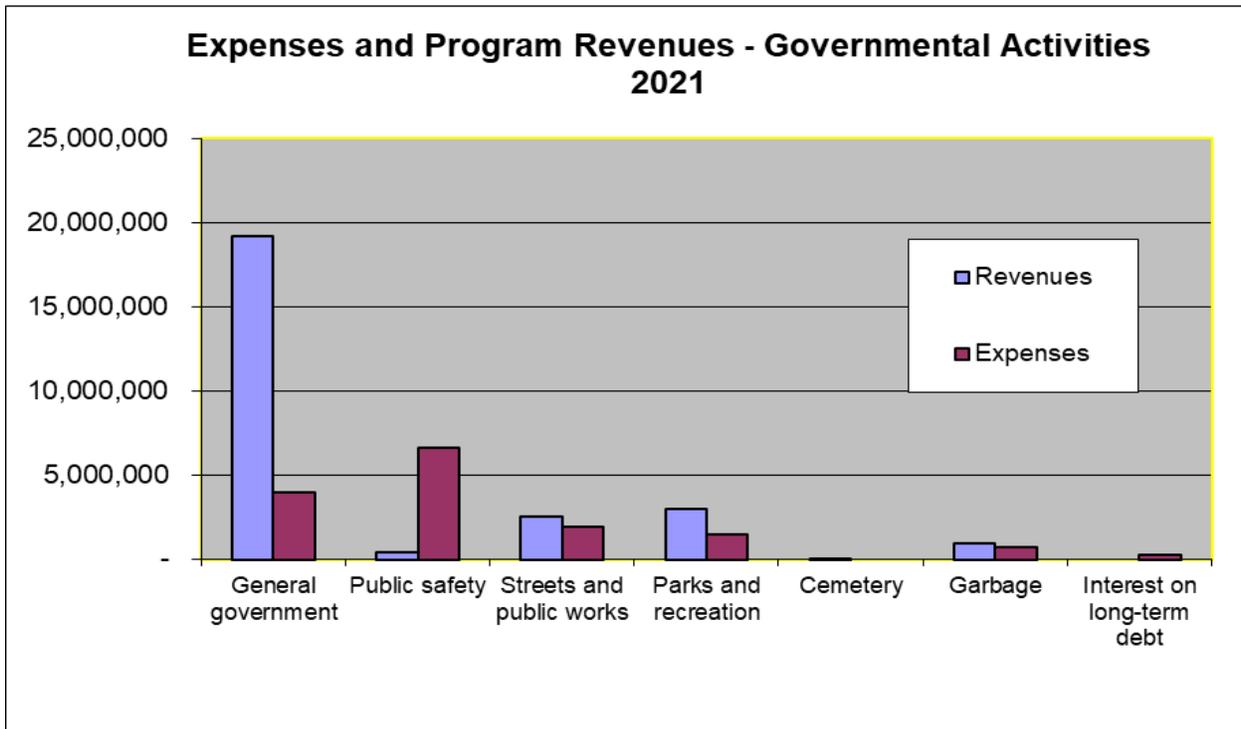
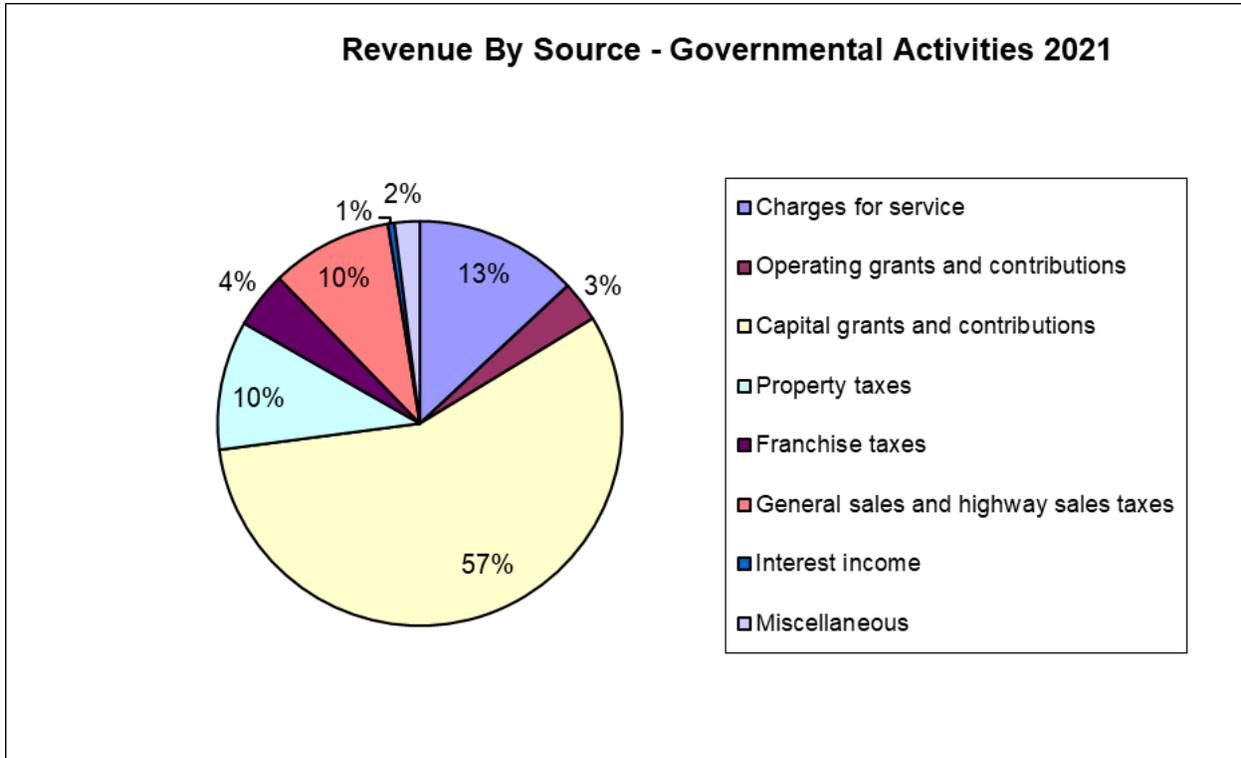
Governmental activities. Governmental activities increased the City's net position by \$20,863,535 accounting for 80 percent of the total growth in net position. Business-type activities increased the City's net position by \$5,191,181 accounting for 20 percent of the total growth in net position. This increase in both activities was the result of investment in infrastructure for the City.

City of Bluffdale's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues						
Charges for services	\$ 4,675,277	\$ 3,413,434	\$ 7,778,538	\$ 7,476,525	\$ 12,453,815	\$ 10,889,959
Operating grants and contributions	1,161,892	1,057,102	-	-	1,161,892	1,057,102
Capital grants and contributions	20,254,996	17,639,080	3,599,534	1,296,507	23,854,530	18,935,587
General revenues:						
Property taxes	3,693,756	2,758,695	-	-	3,693,756	2,758,695
Sales tax and highway tax	3,477,455	2,760,160	-	-	3,477,455	1,431,782
Franchise taxes	1,610,788	1,431,782	-	-	1,610,788	2,760,160
Interest income	191,050	604,166	29,463	67,605	220,513	671,771
Gain on sale of assets	10,735	-	-	-	10,735	-
Other	705,406	662,459	-	-	705,406	662,459
Total revenues	<u>35,781,355</u>	<u>30,326,878</u>	<u>11,407,535</u>	<u>8,840,637</u>	<u>47,188,890</u>	<u>39,167,515</u>
Expenses:						
General government	3,979,730	2,686,361	-	-	3,979,730	2,686,361
Public safety	6,611,735	6,271,996	-	-	6,611,735	6,271,996
Streets and public works	1,929,700	3,989,589	-	-	1,929,700	3,989,589
Parks and recreation	1,439,308	331,367	-	-	1,439,308	331,367
Garbage	721,123	642,215	-	-	721,123	642,215
Interest on long-term debt	236,224	243,374	-	-	236,224	243,374
Water	-	-	6,216,354	5,363,088	6,216,354	5,363,088
Total expenses	<u>14,917,820</u>	<u>14,164,902</u>	<u>6,216,354</u>	<u>5,363,088</u>	<u>21,134,174</u>	<u>19,527,990</u>
Increase in net position	20,863,535	16,161,976	5,191,181	3,477,549	26,054,716	19,639,525
Net position, beginning	107,580,318	91,418,342	27,745,032	24,267,483	135,325,350	115,685,825
Net position, ending	<u>\$ 128,443,853</u>	<u>\$ 107,580,318</u>	<u>\$ 32,936,213</u>	<u>\$ 27,745,032</u>	<u>\$ 161,380,066</u>	<u>\$ 135,325,350</u>

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Government-wide Financial Analysis (Continued)



CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Government-wide Financial Analysis (Continued)

Business-type activities. Business-type activities increased the City's net position by \$5,191,181 accounting for 20 percent of the total growth in the government's net assets. The key elements of this major increase are revenues exceeding expenses. Infrastructure was developed for subdivisions (water lines) paid for by that developer. The water fund is the only business-type activity. Charges for services were the only source of revenue in the water fund.

Financial Analysis of the Government's Funds

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$47,647,468 an increase of \$15,222,919 in comparison with the prior year. Of the ending fund balance, 5.03 percent (\$2,397,372) constitutes unassigned fund balance, which is available for spending at the government's discretion. The restricted portion of fund balance is restricted to indicate that it is not available for new spending because it has already been committed 1) to pay for the retirement of debt service (\$515,741), 2) construction of capital assets funded by impact fees (\$13,145,182), and 3) to pay for Class "C" road projects (\$1,332,366). The assigned fund balance to the special revenue funds is \$26,583,504 and to the capital projects fund is \$3,673,303.

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 \$2,397,372 while total fund balance was \$3,729,738. 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 21 percent of total general fund expenditures.

The City's total general fund balance experienced an \$872,345 increase during the current fiscal year. The majority of the increase is due to an increase in sales tax and building permit revenue.

The capital projects fund has a total fund balance of \$16,935,233. Amounts restricted are 1) \$116,748 for retirement of debt and 2) \$13,145,182 for construction of capital assets funded by impact fees. The fund balance increased \$5,644,989 from the previous year.

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Financial Analysis of the Government's Funds (Continued)

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

Net position of the water fund at the end of the year was \$32,936,213. Net position increased \$5,191,181 from the preceding year. The majority of the increase was due to capital contributions and infrastructure due to residential development and growth.

General Fund Budgetary Highlights

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

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2021 amounts to \$120,981,505 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, distribution and collection systems, and construction in progress. The City's capital assets increased \$9,648,220 from the preceding year. The majority of the increase was from infrastructure from developers' contributions and investment the water distribution system.

City of Bluffdale's Capital Assets, Net

	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Land	\$ 17,707,997	\$ 17,707,997	\$ 2,383,366	\$ 2,383,366	\$ 20,091,363	\$ 20,091,363
Buildings	11,891,150	11,772,032	-	-	11,891,150	11,772,032
Infrastructure	55,637,089	51,458,201	-	-	55,637,089	51,458,201
Water distribution system	-	-	30,396,929	25,934,292	30,396,929	25,934,292
Machinery and equipment	2,711,275	1,770,492	253,699	306,905	2,964,974	2,077,397
Total	<u>\$ 87,947,511</u>	<u>\$ 82,708,722</u>	<u>\$ 33,033,994</u>	<u>\$28,624,563</u>	<u>\$ 120,981,505</u>	<u>\$ 111,333,285</u>

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Capital Assets and Debt Administration (Continued)

Long-term debt. At the end of the current fiscal year, the City had \$17,490,075 in outstanding long-term debt. The City's total debt increased \$7,237,464 during fiscal year 2021. The increase was due to a new bond issue for water infrastructure.

City of Bluffdale's Long-term Debt

	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Sales tax revenue bonds	\$ 403,000	\$ 529,000	\$ -	\$ -	\$ 403,000	\$ 529,000
Lease revenue	6,110,000	6,265,000	-	-	6,110,000	6,265,000
Premium	156,352	162,958	-	-	156,352	162,958
Water revenue	-	-	10,595,000	3,115,000	10,595,000	3,115,000
Vacation payable	164,321	136,805	61,402	43,848	225,723	180,653
Total	\$ 6,833,673	\$ 7,093,763	\$ 10,656,402	\$ 3,158,848	\$ 17,490,075	\$ 10,252,611

Economic Factors and the Next Year's Budgets and Rates

As part of the budget process each year, the City performs an evaluation to project future revenues for the coming fiscal year. A major aspect of this evaluation is projecting property tax and sales tax revenues. The City is projecting property taxes to be relatively flat for FY 2022 budget to keep up with rising prices and increased costs. Building permits have increased dramatically over the last couple of years due to several large-scale developments. One project is a 294-acre master planned community development which will house about 1,900 housing units. The remaining build-out of this community is expected to take 1 to 2 years. The final phase of construction has begun in the southern section of the project. Another project is a 100-acre development that is expected to take 4 to 6 years to build out. Overall, the City is projecting that residential development will be slowing down, however, commercial real estate development is increasing. The City is projecting that building permits and associated development revenues and costs will remain relatively flat with a shift from residential to commercial revenues and costs. The City is taking progressive steps to ensure that these communities and commercial projects are developed in a safe and responsible manner.

Sales tax revenues in the past year have shown an above average gain, and the City continues to rank near the top of sales tax growth of 62 cities surveyed. The City is projecting that sales tax revenue will grow 20% in FY 2022. Additionally, the City projects that all other fees, revenues, and costs will increase commensurate with the population and commercial growth.

Requests for Information

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

CITY OF BLUFFDALE, UTAH
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 32,072,342	\$ 7,070,239	\$ 39,142,581
Receivables:			
Property and other taxes	2,405,270	-	2,405,270
Accounts	308,043	1,112,169	1,420,212
Due from other governments	10,318,306	-	10,318,306
Investment in water stock and rights	40,600	1,835,755	1,876,355
Restricted cash	14,993,289	1,139,833	16,133,122
Capital assets:			
Land	17,707,997	2,383,366	20,091,363
Buildings	15,021,501	-	15,021,501
Autos and trucks	-	882,532	882,532
Machinery and equipment	6,819,190	234,356	7,053,546
Distribution and collection systems	-	43,281,028	43,281,028
Infrastructure	77,173,408	-	77,173,408
Accumulated depreciation	(28,774,585)	(13,747,288)	(42,521,873)
Total assets	148,085,361	44,191,990	192,277,351
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows related to pensions	280,591	70,148	350,739
Total deferred inflows of resources	280,591	70,148	350,739
<u>LIABILITIES</u>			
Accounts payable	764,802	484,463	1,249,265
Accrued interest payable	80,530	-	80,530
Accrued liabilities	39,306	45,530	84,836
Non-current liabilities:			
Due within one year	417,112	677,057	1,094,169
Due in more than one year	6,416,561	9,979,345	16,395,906
Net pension liability	69,936	17,485	87,421
Total liabilities	7,788,247	11,203,880	18,992,127
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred property tax revenue	11,645,674	-	11,645,674
Deferred inflows relating to pensions	488,178	122,045	610,223
Total deferred inflows of resources	12,133,852	122,045	12,255,897
<u>NET POSITION</u>			
Net investment in capital assets	81,278,159	22,438,994	103,717,153
Restricted for:			
Debt service	515,741	317,733	833,474
Capital projects	14,477,548	822,100	15,299,648
Unrestricted	32,172,405	9,357,386	41,529,791
Total net position	\$ 128,443,853	\$ 32,936,213	\$ 161,380,066

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

CITY OF BLUFFDALE, UTAH
Statement of Activities
For the Year Ended June 30, 2021

	<u>Program Revenues</u>			<u>Net (Expense) Revenues and Changes in Net Position</u>		<u>Total</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	
<u>GOVERNMENTAL ACTIVITIES</u>						
General government	\$ 3,979,730	\$ 3,729,546	\$ -	\$ 15,445,265	\$ 15,195,081	\$ 15,195,081
Public safety	6,611,735	-	452,282	-	(6,159,453)	(6,159,453)
Streets and public works	1,929,700	-	709,610	4,809,731	3,589,641	3,589,641
Parks and recreation	1,439,308	-	-	-	(1,439,308)	(1,439,308)
Cemetery	-	6,400	-	-	6,400	6,400
Garbage	721,123	939,331	-	-	218,208	218,208
Debt service - interest and fiscal charges	236,224	-	-	-	(236,224)	(236,224)
Total governmental activities	<u>14,917,820</u>	<u>4,675,277</u>	<u>1,161,892</u>	<u>20,254,996</u>	<u>11,174,345</u>	<u>11,174,345</u>
<u>BUSINESS-TYPE ACTIVITIES</u>						
Water	6,216,354	7,778,538	-	3,599,534	\$ 5,161,718	5,161,718
Total business-type activities	<u>6,216,354</u>	<u>7,778,538</u>	<u>-</u>	<u>3,599,534</u>	<u>5,161,718</u>	<u>5,161,718</u>
Total primary government	<u>\$ 21,134,174</u>	<u>\$ 12,453,815</u>	<u>\$ 1,161,892</u>	<u>\$ 23,854,530</u>	<u>11,174,345</u>	<u>5,161,718</u>
<u>GENERAL REVENUES</u>						
Taxes:						
Property taxes					3,693,756	-
Franchise taxes					1,610,788	-
General sales and highway sales taxes					3,477,455	-
Interest income					191,050	29,463
Gain on sale of assets					10,735	-
Miscellaneous					705,406	-
Total general revenues					<u>9,689,190</u>	<u>29,463</u>
Change in net position					20,863,535	5,191,181
Net position - beginning					107,580,318	27,745,032
Net position - ending					<u>\$ 128,443,853</u>	<u>\$ 32,936,213</u>
					<u>\$ 161,380,066</u>	

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

CITY OF BLUFFDALE, UTAH
Balance Sheet – Governmental Funds
June 30, 2021

	Special Revenue Funds				Totals Governmental Funds
	General	Redevelopment Agency	Local Building Authority	Capital Projects Fund	
<u>ASSETS</u>					
Cash and cash equivalents	\$ 1,652,339	\$ 27,023,069	\$ 1,904	\$ 3,395,030	\$ 32,072,342
Restricted cash and investments	1,332,366	-	398,993	13,261,930	14,993,289
Receivables:					
Sales, property and franchise taxes	2,405,270	-	-	-	2,405,270
Accounts	308,043	-	-	-	308,043
Intergovernmental	222,492	10,095,814	-	-	10,318,306
Due from other funds	30,829	-	-	400,000	430,829
Total assets	<u>\$ 5,951,339</u>	<u>\$ 37,118,883</u>	<u>\$ 400,897</u>	<u>\$ 17,056,960</u>	<u>\$ 60,528,079</u>
<u>LIABILITIES</u>					
Liabilities:					
Accounts payable	\$ 632,435	\$ 10,640	\$ -	\$ 121,727	\$ 764,802
Accrued liabilities	39,306	-	-	-	39,306
Due to other funds	-	30,829	400,000	-	430,829
Total liabilities	<u>671,741</u>	<u>41,469</u>	<u>400,000</u>	<u>121,727</u>	<u>1,234,937</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred property tax and intergovernmental revenue	1,549,860	10,095,814	-	-	11,645,674
Total deferred inflows of resources	<u>1,549,860</u>	<u>10,095,814</u>	<u>-</u>	<u>-</u>	<u>11,645,674</u>
<u>FUND BALANCES</u>					
Restricted for:					
Retirement of debt	-	-	398,993	116,748	515,741
Impact fees	-	-	-	13,145,182	13,145,182
Class C road projects	1,332,366	-	-	-	1,332,366
Total restricted	<u>1,332,366</u>	<u>-</u>	<u>398,993</u>	<u>13,261,930</u>	<u>14,993,289</u>
Assigned to:					
Special revenue funds	-	26,981,600	(398,096)	-	26,583,504
Capital projects fund	-	-	-	3,673,303	3,673,303
Total assigned	<u>-</u>	<u>26,981,600</u>	<u>(398,096)</u>	<u>3,673,303</u>	<u>30,256,807</u>
Unassigned	2,397,372	-	-	-	2,397,372
Total fund balances	<u>3,729,738</u>	<u>26,981,600</u>	<u>897</u>	<u>16,935,233</u>	<u>47,647,468</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,951,339</u>	<u>\$ 37,118,883</u>	<u>\$ 400,897</u>	<u>\$ 17,056,960</u>	<u>\$ 60,528,079</u>

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

CITY OF BLUFFDALE, UTAH
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2021

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

Total Fund Balances - Total Governmental Funds (page 15)	\$ 47,647,468
Capital assets and water stock used in governmental activities are not financial resources and therefore, are not reported in the funds.	87,988,111
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(7,191,726)</u>
Net Position - Governmental Activities (page 13)	<u><u>\$ 128,443,853</u></u>

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

CITY OF BLUFFDALE, UTAH
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds
For the Year Ended June 30, 2021

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	<u>Totals Governmental Funds</u>
	<u>General</u>	<u>Redevelopment Agency</u>	<u>Local Building Authority</u>		
<u>REVENUES</u>					
Taxes	\$ 7,322,990	\$ 1,459,009	\$ -	\$ -	\$ 8,781,999
Special assessments	-	-	-	6,808,460	6,808,460
Licenses and permits	1,870,304	-	-	-	1,870,304
Charges for services	1,523,405	-	-	-	1,523,405
Intergovernmental	1,161,892	8,636,805	-	3,008,161	12,806,858
Garbage	939,331	-	-	-	939,331
Fines and forfeitures	335,837	-	-	-	335,837
Cemetery	6,400	-	-	-	6,400
Interest	32,357	104,220	2,372	52,101	191,050
Miscellaneous	258,421	-	404,900	42,085	705,406
Total revenues	<u>13,450,937</u>	<u>10,200,034</u>	<u>407,272</u>	<u>9,910,807</u>	<u>33,969,050</u>
<u>EXPENDITURES</u>					
General government	3,069,320	25,775	520,316	-	3,615,411
Public safety	4,667,382	-	-	-	4,667,382
Streets and public works	1,812,699	71,550	-	6,380,018	8,264,267
Parks and recreation	962,021	-	-	200	962,221
Garbage	721,123	-	-	-	721,123
Debt service:					
Principal retirement	-	-	155,000	126,000	281,000
Interest and fiscal charges	-	-	235,862	9,600	245,462
Total expenditures	<u>11,232,545</u>	<u>97,325</u>	<u>911,178</u>	<u>6,515,818</u>	<u>18,756,866</u>
Excess of revenues over (under) expenditures	<u>2,218,392</u>	<u>10,102,709</u>	<u>(503,906)</u>	<u>3,394,989</u>	<u>15,212,184</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	-	-	-	2,250,000	2,250,000
Transfers out	(1,356,782)	(893,218)	-	-	(2,250,000)
Proceeds from sale of assets	10,735	-	-	-	10,735
Total other financing sources (uses)	<u>(1,346,047)</u>	<u>(893,218)</u>	<u>-</u>	<u>2,250,000</u>	<u>10,735</u>
Net change in fund balance	872,345	9,209,491	(503,906)	5,644,989	15,222,919
Fund balance, beginning of year	2,857,393	17,772,109	504,803	11,290,244	32,424,549
Fund balance, end of year	<u>\$ 3,729,738</u>	<u>\$ 26,981,600</u>	<u>\$ 897</u>	<u>\$ 16,935,233</u>	<u>\$ 47,647,468</u>

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

CITY OF BLUFFDALE, UTAH
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

Amounts reported for governmental activities in the statement of activities (page 14) are different because:

Net change in fund balances - total governmental funds (page 17)	\$ 15,222,919
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and capital contributions exceeded depreciation in the current period.	5,238,789
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Repayment of principal on debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	281,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>120,827</u>
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Change in net position - governmental activities (page 14)	<u><u>\$ 20,863,535</u></u>
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The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – General Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ 5,753,028	\$ 6,073,028	\$ 7,322,990	\$ 1,249,962
Licenses and permits	802,000	1,662,000	1,870,304	208,304
Charges for service	1,413,950	1,413,950	1,523,405	109,455
Intergovernmental	530,000	964,000	1,161,892	197,892
Garbage	903,000	953,000	939,331	(13,669)
Fines and forfeitures	260,000	300,000	335,837	35,837
Cemetery	5,000	5,000	6,400	1,400
Interest	60,000	60,000	32,357	(27,643)
Miscellaneous	294,150	294,150	258,421	(35,729)
Contributions and transfers	1,144,908	6,319,558	-	(6,319,558)
Sale of assets	10,000	10,000	10,735	735
Total revenues	<u>11,176,036</u>	<u>18,054,686</u>	<u>13,461,672</u>	<u>(4,593,014)</u>
<u>EXPENDITURES</u>				
General government				
City council	128,700	128,700	71,982	56,718
Mayor	36,300	61,300	59,440	1,860
Administration	1,104,700	1,183,700	1,027,108	156,592
Facilities	575,400	575,400	559,082	16,318
Planning and zoning	303,000	325,000	272,546	52,454
Risk management	110,000	110,000	108,976	1,024
Court	269,300	313,300	283,470	29,830
Building inspection	264,030	361,030	338,251	22,779
Code enforcement	191,300	207,800	169,460	38,340
Legal	166,700	195,700	179,005	16,695
Public safety				
Fire and ambulance	2,036,600	2,590,750	2,474,671	116,079
Law enforcement	2,267,556	2,267,556	2,192,711	74,845
Streets and public works	1,920,650	2,756,650	1,812,699	943,951
Parks and recreation	1,003,620	1,164,620	962,021	202,599
Garbage	716,000	766,000	721,123	44,877
Transfers	40,000	2,540,000	1,356,782	1,183,218
Total expenditures	<u>11,133,856</u>	<u>15,547,506</u>	<u>12,589,327</u>	<u>2,958,179</u>
Net change in fund balance	42,180	2,507,180	872,345	(1,634,835)
Fund balance, beginning of year	2,857,393	2,857,393	2,857,393	-
Fund balance, end of year	<u>\$ 2,899,573</u>	<u>\$ 5,364,573</u>	<u>\$ 3,729,738</u>	<u>\$ (1,634,835)</u>

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

CITY OF BLUFFDALE, UTAH
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – Redevelopment Agency – Special Revenue Fund
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<u>REVENUES</u>				
Taxes	\$ 600,000	\$ 600,000	\$ 1,459,009	\$ 859,009
Intergovernmental	8,660,000	8,660,000	8,636,805	(23,195)
Interest	-	-	104,220	104,220
	<u>9,260,000</u>	<u>9,260,000</u>	<u>10,200,034</u>	<u>940,034</u>
<u>EXPENDITURES</u>				
General government	175,000	175,000	25,775	149,225
Public works	8,582,000	7,582,000	71,550	7,510,450
	<u>8,757,000</u>	<u>7,757,000</u>	<u>97,325</u>	<u>7,659,675</u>
Excess of revenues over expenditures	<u>503,000</u>	<u>1,503,000</u>	<u>10,102,709</u>	<u>8,599,709</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer out	(817,000)	(893,222)	(893,218)	4
Net change in fund balance	(314,000)	609,778	9,209,491	8,599,713
Fund balance, beginning of year	<u>17,772,109</u>	<u>17,772,109</u>	<u>17,772,109</u>	<u>-</u>
Fund balance, end of year	<u>\$ 17,458,109</u>	<u>\$ 18,381,887</u>	<u>\$ 26,981,600</u>	<u>\$ 8,599,713</u>

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

CITY OF BLUFFDALE, UTAH
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – Local Building Authority – Special Revenue Fund
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Lease revenue	\$ 8,404,900	\$ 8,404,900	\$ 404,900	\$ (8,000,000)
Interest	-	-	2,372	2,372
Total revenues	<u>8,404,900</u>	<u>8,404,900</u>	<u>407,272</u>	<u>(7,997,628)</u>
<u>EXPENDITURES</u>				
General government	8,012,000	8,000,000	520,316	7,479,684
Debt service	390,900	390,900	390,862	38
Total expenditures	<u>8,402,900</u>	<u>8,390,900</u>	<u>911,178</u>	<u>7,479,722</u>
Net change in fund balance	2,000	14,000	(503,906)	(517,906)
Fund balance at beginning of year	<u>504,803</u>	<u>504,803</u>	<u>504,803</u>	<u>-</u>
Fund balance at end of year	<u>\$ 506,803</u>	<u>\$ 518,803</u>	<u>\$ 897</u>	<u>\$ (517,906)</u>

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

CITY OF BLUFFDALE, UTAH
Statement of Net Position – Proprietary Fund
June 30, 2021

	Water Fund
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents - unrestricted	\$ 7,070,239
Cash and cash equivalents - restricted	1,139,833
Receivables:	
Accounts receivable, net	1,112,169
Total current assets	9,322,241
Investment in water rights and stock	1,835,755
Property, plant and equipment:	
Land	2,383,366
Water distribution system	43,281,028
Autos and trucks	882,532
Machinery and equipment	234,356
Accumulated depreciation	(13,747,288)
Net property, plant and equipment	33,033,994
Total assets	44,191,990
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows related to pensions	70,148
Total deferred outflows of resources	70,148
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	484,463
Accrued liabilities	45,530
Accrued compensated absences	44,057
Current portion of long-term debt	633,000
Total current liabilities	1,207,050
Noncurrent liabilities:	
Accrued compensated absences	17,345
Long term debt	9,962,000
Net pension liability	17,485
Total noncurrent liabilities	9,996,830
Total liabilities	11,203,880
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows related to pensions	122,045
Total deferred inflows of resources	122,045
<u>NET POSITION</u>	
Net investment in capital assets	22,438,994
Restricted:	
Debt service	317,733
Capital projects	822,100
Unrestricted	9,357,386

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

CITY OF BLUFFDALE, UTAH
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund
For the Year Ended June 30, 2021

	Water Fund
<u>OPERATING REVENUES</u>	
Water sales	\$ 7,312,673
Connection and service fees	465,865
Total operating revenues	7,778,538
<u>OPERATING EXPENSES</u>	
Water purchases	1,958,109
Wages and fringe benefits	1,417,809
Maintenance and engineering	572,866
Office supplies, postage and insurance	39,150
Depreciation and amortization	1,587,826
Other	503,933
Total operating expenses	6,079,693
Operating income	1,698,845
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Interest income	29,463
Interest expense	(136,661)
Impact fees	2,800,154
Total non-operating revenues	2,692,956
Income before contributions	4,391,801
Capital contributions	799,380
Total other financing sources	799,380
Change in net position	5,191,181
Total net position, beginning of year	27,745,032

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

CITY OF BLUFFDALE, UTAH
Statement of Cash Flows – Proprietary Fund
For the Year Ended June 30, 2021

	Water Fund
<u>Cash flows from operating activities:</u>	
Cash received from customers (including cash deposits)	\$ 7,620,434
Cash paid to suppliers	(3,212,490)
Cash paid to employees	(1,432,620)
	2,975,324
<u>Cash flows from non-capital financing activities:</u>	
Impact fees	2,800,154
Due to other funds	(95,000)
	2,705,154
<u>Cash flow from capital and related financing activities:</u>	
Payments on long-term debt	(2,627,000)
Proceeds from bonds	10,107,000
Interest paid on long-term debt	(168,918)
Interest income received	29,463
Purchase of capital assets	(5,397,877)
	1,942,668
Net cash provided by capital and related financing activities	7,623,146
Net increase in cash and cash equivalents	586,926
Cash and cash equivalents at beginning of year	8,210,072
Cash and cash equivalents at end of year	\$ 8,210,072

(Continued)

CITY OF BLUFFDALE, UTAH
Statement of Cash Flows – Proprietary Fund (Continued)
For the Year Ended June 30, 2021

	Water Fund
<u>Reconciliation of operating income to net cash provided</u>	
<u>by operating activities:</u>	
Operating income	\$ 1,698,845
Adjustments to reconcile operating income	
to net cash provided by operating activities:	
Depreciation and amortization expense	1,587,826
Changes in assets and liabilities:	
Increase in accounts receivable	(158,104)
Decrease in deferred outflows	6,330
Decrease in accounts payable	(138,432)
Increase in accrued liabilities	19,965
Increase in deferred inflows	58,743
Decrease in net pension liability	(99,849)
Total adjustments	1,276,479
Net cash provided by operating activities	\$ 2,975,324
Capital and related financing activities not affecting cash:	
Developer contributions of capital assets	\$ 799,380

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

CITY OF BLUFFDALE, UTAH
Statement of Net Position – Fiduciary Fund
June 30, 2021

	Escrow Fund Total
<u>ASSETS</u>	
Cash and cash equivalents	\$ 4,472,031
Total assets	4,472,031
<u>LIABILITIES</u>	
Construction and improvement bonds	4,472,031
Total liabilities	4,472,031
<u>NET POSITION</u>	
Unrestricted	-
Total net assets	\$ -

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

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

The Bluffdale City Local Building Authority (LBA) was established to finance and construct municipal buildings that are then leased to the City. The governing board of the LBA is comprised of the Mayor and members of City Council. Although it is a legally separate entity from the City, the LBA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the LBA. The LBA is included in these financial statements as the Local Building Authority Special Revenue Fund as a blended component unit. Separate financial statements are not issued for the LBA.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. 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 expenditures in the government-wide financial statements.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Governmental funds do not report donated capital assets received unless the sale of those assets is imminent. The assets are reported in the government-wide financial statements.

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

The City reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.
- The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of the major capital facilities of the City (other than those financed by proprietary funds).
- The *Redevelopment Agency Special Revenue Fund* is used to account for financial resources to be used for the re-vitalization of blighted areas within the City. This fund is a blended component unit.
- The *Local Building Authority Special Revenue Fund* is used to account for financial resources to be used for the design and construction of capital assets for the benefit of the City. This fund is a blended component unit.

The City reports the following major proprietary fund:

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

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Additionally, the City reports a fiduciary fund to account for construction and improvement bonds received from developers, as these funds are not considered to be assets and liabilities of the City, who acts as trustee to these funds.

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

Proprietary (enterprise) funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds 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 non-operating revenues and expenses.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

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

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

Receivables and Payables Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as *due to or due from other funds*. In the Water fund, the City records utility revenues billed to customers when meters are read on a monthly basis. Unbilled service accounts receivable at June 30, 2021 are not material and are not recorded.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

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

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

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Pensions

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

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Capital related items:

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

Cost of capital assets and water stock	\$ 116,762,696
Accumulated depreciation	<u>(28,774,585)</u>
Capital assets, net	<u><u>\$ 87,988,111</u></u>

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2021

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

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

Long-term debt transactions:

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financials. All liabilities (both current and long-term) are reported in the statement of net position. Balances at June 30, 2021 were:

Sales tax revenue bonds	\$	403,000
Lease revenue bonds		6,110,000
Premiums		156,352
Interest payable on long-term debt		80,530
Compensated absences		164,321
Pension liability, net		277,523
		277,523
	\$	7,191,726

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

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

Capital outlays and contributions	\$	8,996,111
Depreciation expense		(3,757,322)
		(3,757,322)
Net difference, as reported	\$	5,238,789

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2021

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

- For the fiscal year beginning July 1, the Mayor submits a proposed budget to the City Council by the first City Council meeting in May. The budget includes proposed expenditures and the means of financing them.
- By passage of a resolution, the budget is legally enacted on or before June 15, after a public hearing has been held.
- Once adopted, the budget can be amended by subsequent City Council action. The budget officer is authorized to transfer budgeted amounts between departments within any fund; however, the City Council must approve any revisions that alter the total expenditures of any fund. Increased appropriations require a public hearing to amend the budget.
- Interim adjustments of estimated revenues and appropriations, during the year ended June 30, 2021, have been included in the final budget approved by the City Council, as presented in the basic financial statements.
- As determined by state law, the level by which expenditures may not legally exceed appropriations is the total departmental budgets within a given fund.
- Unencumbered appropriations lapse at the end of each fiscal year.

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

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

The City Council made several supplemental budgetary appropriations throughout the year, including increases and decreases in the general fund. The expenditure appropriations for the fund increased approximately \$4,414,000. The biggest increases were in transfers for \$2,500,000, streets and public works for \$836,000, and fire and ambulance for \$554,000. The other changes were generally spread among the functions and were for general operations items.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2021

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Tax Revenues

Property taxes are collected by the Salt Lake County Treasurer and remitted to the City in two to three installments in November, December, and January of each fiscal year and a final settlement by March 31st. Taxes are levied and are due and payable on November 1st and delinquent after November 30th of each year at which time they become liens if not paid. An accrual of delinquent current and prior year's property taxes beyond that which was received within 60 days after fiscal year end has not been made, as the amounts are not deemed to be material. An accrual for current year property taxes estimated to be collected the following November and December is made each year. The City's RDA receives property tax revenues, which are levied and remitted by other governments. As the RDA is not the taxing entity who legally levied this tax, these funds are recorded as intergovernmental revenues. During 2021, \$10,095,814 was remitted to the RDA.

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

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

4. DEPOSITS AND INVESTMENTS

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

As of June 30, 2021, the City's demand deposits amounted to \$1,472,918. Cash equivalents restricted for debt service invested in money market accounts amounted to \$833,474.

As of June 30, 2021, the City had investments in the Utah Public Treasurer's Investment Fund of \$52,968,228. The fund is not rated and the weighted average maturity was less than 90 days.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2021

4. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits This is the risk that in the event of a bank failure, the City’s deposits may not be returned. As of June 30, 2021, \$268,407 of the City’s \$2,273,407 bank balance was insured by FDIC limits and, therefore, is not exposed to custodial credit risk. The Utah Money Management Act does not require deposits to be insured or collateralized and the City has no formal policy regarding deposit credit risk. The Act requires that the City keep deposits in a qualified depository, which the City has done.

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

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

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

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

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

Cash and cash equivalents	\$ 39,142,581
Restricted cash	16,133,122
	\$ 55,275,703

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2021

5. ACCOUNTS RECEIVABLE

Receivables as of June 30, 2021 for the City's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Redevelopment Agency	Water	Total
Receivables:				
Taxes	\$2,405,270	\$ -	\$ -	\$ 2,405,270
Accounts and others	308,043	-	1,121,169	1,429,212
Intergovernmental	222,492	10,095,814	-	10,318,306
Gross receivables	2,935,805	10,095,814	1,121,169	14,152,788
Less: allowance for uncollectibles	-	-	(9,000)	(9,000)
Net total receivables	<u>\$2,935,805</u>	<u>\$ 10,095,814</u>	<u>\$ 1,112,169</u>	<u>\$14,143,788</u>

Governmental funds report *deferred revenue* as deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2021, the various components of *deferred revenue* and *unearned revenue* reported in the government funds were as follows:

	Deferred Inflows of Resources	Unearned
Property taxes receivable (General Fund)	\$ 1,549,860	\$ -
Intergovernmental receivable (Redevelopment Agency)	10,095,814	-
Total deferred inflows of resources/ unearned revenue, governmental funds	<u>\$11,645,674</u>	<u>\$ -</u>

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2021

6. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2021 was as follows:

	7/1/20	Increases	Decreases	6/30/21
<u>Governmental activities</u>				
Capital assets:				
Land	\$17,707,997	\$ -	\$ -	\$17,707,997
Buildings	14,416,361	605,140	-	15,021,501
Infrastructure	69,985,401	7,188,007	-	77,173,408
Machinery and equipment	5,616,226	1,202,964	-	6,819,190
Total capital assets	107,725,985	8,996,111	-	116,722,096
Accumulated depreciation:				
Buildings	(2,644,329)	(486,022)	-	(3,130,351)
Infrastructure	(18,527,200)	(3,009,119)	-	(21,536,319)
Machinery and equipment	(3,845,734)	(262,181)	-	(4,107,915)
Total accumulated depreciation	(25,017,263)	(3,757,322)	-	(28,774,585)
Net governmental capital assets	\$82,708,722	\$ 5,238,789	\$ -	\$87,947,511

Capital asset activity for business-type activities for the year ended June 30, 2021 was as follows:

	7/1/20	Increases	Decreases	6/30/21
<u>Business-type activities</u>				
Capital assets:				
Land	\$ 2,383,366	\$ -	\$ -	\$ 2,383,366
Water distribution system	37,286,095	5,994,933	-	43,281,028
Autos and trucks	882,532	-	-	882,532
Machinery and equipment	232,032	2,324	-	234,356
Total capital assets	40,784,025	5,997,257	-	46,781,282
Accumulated depreciation:				
Water distribution system	(11,351,803)	(1,532,296)	-	(12,884,099)
Auto and trucks	(688,892)	(42,937)	-	(731,829)
Machinery and equipment	(118,767)	(12,593)	-	(131,360)
Total accumulated depreciation	(12,159,462)	(1,587,826)	-	(13,747,288)
Net business-type capital assets	\$28,624,563	\$ 4,409,431	\$ -	\$33,033,994

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2021

6. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	
General government	\$ 408,859
Public safety	329,305
Highways and public improvements	2,523,361
Parks and recreation	<u>495,797</u>
Total depreciation expense - governmental activities	<u><u>\$ 3,757,322</u></u>
Business-type activities:	
Water	<u>\$ 1,587,826</u>
Total depreciation expense - business-type activities	<u><u>\$ 1,587,826</u></u>

7. REVENUE BONDS

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

Revenue bonds outstanding at June 30, 2021, by issue, are as follows:

<u>Bond Description</u>	<u>Original Issue</u>	<u>Annual Principal</u>	<u>Interest Rate</u>	<u>Final Due Date</u>	<u>Outstanding as of 6/30/21</u>
Sales Tax Revenue Refunding Series 2015	\$ 1,022,000	\$115,000 to \$170,000	2.06%	8/1/23	\$ 403,000
Lease Revenue Series 2016	6,705,000	\$145,000 to \$280,000	3.0% to 4.00%	3/1/45	6,110,000
Water Revenue Series 2011	3,573,000	\$50,000 to \$248,000	3.19%	6/1/31	-
Water Revenue Refunding Series 2015	1,152,000	\$110,000 to \$126,000	2.22%	4/1/25	488,000
Water Revenue Refunding Series 2020A	2,107,000	\$175,000 to \$211,000	1.84%	4/1/32	2,107,000
Water Revenue Series 2020B	<u>8,000,000</u>	\$340,000 to \$477,000	0.60% to 1.95%	4/1/41	<u>8,000,000</u>
	<u><u>\$ 22,559,000</u></u>				<u><u>\$ 17,108,000</u></u>

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2021

7. REVENUE BONDS (CONTINUED)

Revenue bond debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 925,000	\$ 381,718	\$ 1,306,718
2023	941,000	366,182	1,307,182
2024	963,000	349,274	1,312,274
2025	839,000	333,254	1,172,254
2026	732,000	317,275	1,049,275
2027 - 2031	3,919,000	1,366,765	5,285,765
2032 - 2036	3,542,000	969,932	4,511,932
2037 - 2041	3,812,000	547,120	4,359,120
2042 - 2046	1,435,000	137,063	1,572,063
	<u>\$ 17,108,000</u>	<u>\$ 4,768,583</u>	<u>\$ 21,876,583</u>

In September 2020, the City issued \$2,107,000 of Water Revenue Refunding Bonds Series 2020A. The bonds were used to defease all the series 2011 Water Revenue Bonds. \$2,339,744, which includes \$255,321 of the remaining Series 2011 debt service reserve funds, were placed into an irrevocable trust to provide for future debt services payments and funds necessary to call the bonds on their first call date. Accordingly, the trust assets and liability for the Series 2011 bonds are not included on the City's financial statements as this obligation has been legally defeased. \$22,577 of the proceeds were used to pay issuance costs. This transaction generated a net present value savings of \$154,093 over the life of the debt.

In September 2020, the City issued \$8,000,000 of Water Revenue Bonds Series 2020B. The bonds were be used to finance the costs of land purchases and water infrastructure projects.

8. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for governmental activities for the year ended June 30, 2021 was as follows:

	<u>7/1/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/21</u>	<u>Due in One Year</u>
<u>Governmental activities</u>					
Bonds payable:					
Sales tax revenue	\$ 529,000	\$ -	\$ (126,000)	\$ 403,000	\$ 132,000
Lease revenue	6,265,000	-	(155,000)	6,110,000	160,000
Premium	162,958	-	(6,606)	156,352	6,606
Total bonds payable	6,956,958	-	(287,606)	6,669,352	298,606
Compensated absences	136,805	253,539	(226,023)	164,321	118,506
Governmental activity long-term liabilities	<u>\$ 7,093,763</u>	<u>\$ 253,539</u>	<u>\$ (513,629)</u>	<u>\$ 6,833,673</u>	<u>\$ 417,112</u>

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2021

8. CHANGES IN LONG-TERM LIABILITIES (CONTINUED)

Long-term liability activity for business-type activities for the year ended June 30, 2021 was as follows:

	<u>7/1/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/21</u>	<u>Due in One Year</u>
<u>Business-type activities</u>					
Bonds payable:					
Water revenue	\$ 3,115,000	\$10,107,000	\$(2,627,000)	\$10,595,000	\$ 633,000
Total bonds payable	3,115,000	10,107,000	(2,627,000)	10,595,000	633,000
Compensated absences	43,848	86,010	(68,456)	61,402	44,057
Business-type activity long-term liabilities	<u>\$ 3,158,848</u>	<u>\$10,193,010</u>	<u>\$(2,695,456)</u>	<u>\$10,656,402</u>	<u>\$ 677,057</u>

9. INTERFUND TRANSFERS

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

<u>Transfers in</u>	<u>Transfers out</u>		<u>Total</u>
	<u>General</u>	<u>Redevelopment agency</u>	
Capital projects	1,356,782	893,218	2,250,000
Totals	<u>\$ 1,356,782</u>	<u>\$ 893,218</u>	<u>\$ 2,250,000</u>

10. OTHER INFORMATION

Risk Management The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries insurance through the Utah Local Government Insurance Trust for all of these risks of loss. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. Expenses and claims not covered by insurance are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. City Management estimates that the amount of other actual or potential claims against the City as of June 30, 2021 will not materially affect the financial condition of the City.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2021

10. OTHER INFORMATION (CONTINUED)

Redevelopment Agency In connection with the activities of the Redevelopment Agency (RDA), incremental tax revenues totaling \$10,095,814 were generated. The RDA was not required to pay any portion of this revenue to other taxing agencies. There is no outstanding debt of the RDA at June 30, 2021.

During the year ended June 30, 2021, funds expended by the RDA were limited to the categories of general government for \$25,775 and public works for \$71,550.

11. PENSION PLANS

General Information about the Pension Plan

Plan description

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

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

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

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

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

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2021

11. PENSION PLANS (CONTINUED)

Benefits Provided

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

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	2.00% per year all years	Up to 4%
		25 years any age*		
		20 years age 60*		
		10 years age 62*		
		4 years age 65		
Tier 2 Public Employees System	Highest 5 years	35 years any age	1.50% per year all years	Up to 2.5%
		20 years age 60*		
		10 years age 62*		
		4 years age 65		
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age	1.50% per year to	Up to 2.5%
		20 years age 60*	June 2020	
		10 years age 62*	2.00% per year July	
		4 years age 65	2020 to present	

*Actuarial reductions are applied

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

Contribution Rate Summary

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 as of June 30, 2020 are as follows:

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2021

11. PENSION PLANS (CONTINUED)

Contributions (Continued)

	<u>Employee</u>	<u>Employer</u>	<u>Employer 401(k)</u>
Contributory System			
11-Local Governmental Div - Tier 1	6.00%	14.46%	N/A
111-Local Governmental Div - Tier 2	N/A	15.80%	0.89%
Noncontributory System			
15-Local Government Div - Tier 1	N/A	18.47%	N/A
Firefighters Retirement System			
32 Other Division B	16.71%	7.24%	N/A
132 Tier 2 DB Hybrid Firefighters	2.27%	14.08%	N/A
Tier 2 DC Only			
211 Local Government	N/A	6.69%	10.00%
232 Firefighters	N/A	0.08%	14.00%

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

For fiscal year ended June 30, 2021, the employer and employee contributions to the Systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 172,156	N/A
Tier 2 Public Employees System	185,414	-
Tier 2 DC Only	29,410	N/A
Total Contributions	<u>\$ 386,980</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.

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

At June 30, 2021, the City reported a net pension asset of \$0 and a net pension liability of \$87,421.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2021

11. PENSION PLANS (CONTINUED)

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

	(Measurement Date): December 31, 2020			Proportionate Share December 31, 2019	Change (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share		
Noncontributory System	\$ -	\$ 76,351	0.1488468%	0.1494461%	-0.0005993%
Tier 2 Public Employees System	-	10,107	0.0702729%	0.0818659%	-0.0115930%
Tier 2 Public Safety and Firefighter System	-	963	0.0107381%	0.0532827%	-0.0425446%
	<u>\$ -</u>	<u>\$ 87,421</u>			

The net pension asset and liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020 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, 2021, the City recognized pension expense of \$212,795.

At June 30, 2021, the City 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	\$ 112,231	\$ 4,628
Changes in assumptions	13,008	10,458
Net difference between projected and actual earnings on pension plan investments	-	587,670
Changes in proportion and differences between contributions and proportionate share of contributions	26,275	7,467
Contributions subsequent to the measurement date	199,225	-
Total	<u>\$ 350,739</u>	<u>\$ 610,223</u>

\$199,225 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to the fiscal year end, but subsequent to the measurement date of December 31, 2020.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2021

11. PENSION PLANS (CONTINUED)

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

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

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2021	\$ (122,262)
2022	(56,823)
2023	(201,478)
2024	(94,840)
2025	3,143
Thereafter	13,550

Noncontributory System Pension Expense, Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, the City recognized pension expense of \$111,267.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 102,429	\$ -
Changes in assumptions	-	9,987
Net difference between projected and actual earnings on pension plan investments	-	557,511
Changes in proportion and differences between contributions and proportionate share of contributions	11,956	3,587
Contributions subsequent to the measurement date	86,802	-
Total	<u>\$ 201,187</u>	<u>\$ 571,085</u>

\$86,802 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, 2020.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2021

11. PENSION PLANS (CONTINUED)

Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources (Continued)

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 or resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2021	\$ (116,746)
2022	(53,421)
2023	(194,107)
2024	(92,427)

Tier 2 Public Employees System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, the City recognized pension expense of \$98,796.

At June 30, 2021, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,304	\$ 4,628
Changes in assumptions	12,784	368
Net difference between projected and actual earnings on pension plan investments	-	29,543
Changes in proportion and differences between contributions and proportionate share of contributions	13,340	-
Contributions subsequent to the measurement date	112,422	-
Total	\$ 147,850	\$ 34,539

\$112,422 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, 2020.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2021

11. PENSION PLANS (CONTINUED)

Tier 2 Public Employees System Pension Expense and Deferred Outflows and Inflows of Resources (Continued)

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 or resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2021	\$ (5,200)
2022	(3,124)
2023	(7,018)
2024	(2,158)
2025	3,290
Thereafter	15,099

Tier 2 Public Safety and Firefighter Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, the City recognized pension expense of \$2,732.

At June 30, 2021, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 498	\$ -
Changes in assumptions	224	103
Net difference between projected and actual earnings on pension plan investments	-	616
Changes in proportion and differences between contributions and proportionate share of contributions	980	3,880
Contributions subsequent to the measurement date	-	-
Total	\$ 1,702	\$ 4,599

\$0 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, 2020.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2021

11. PENSION PLANS (CONTINUED)

Tier 2 Public Safety and Firefighter Pension Expense and Deferred Outflows and Inflows of Resources (Continued)

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 or resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2021	\$ (316)
2022	(278)
2023	(353)
2024	(255)
2025	(147)
Thereafter	(1,549)

Actuarial assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	3.25 - 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2019.

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

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2021

11. PENSION PLANS (CONTINUED)

Actuarial assumptions (Continued)

	Expected Return Arithmetic Basis		
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	37%	6.30%	2.33%
Debt securities	20%	0.00%	0.00%
Real assets	15%	6.19%	0.93%
Private equity	12%	9.50%	1.14%
Absolute return	16%	2.75%	0.44%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		4.84%
	<u>Inflation</u>		2.50%
	<u>Expected arithmetic nominal return</u>		7.34%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

Discount Rate

The discount rate used to measure the total pension liability was 6.95 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. The discount rate remained unchanged at 6.95 percent.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2021

11. PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

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

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 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 (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

<u>System</u>	<u>1% Decrease (5.95%)</u>	<u>Discount Rate (6.95%)</u>	<u>1% Increase (7.95%)</u>
Noncontributory System	\$ 1,323,681	\$ 76,351	\$ (963,488)
Tier 2 Public Employees System	170,074	10,107	(112,263)
Tier 2 Public Safety and Firefighter	4,541	963	(1,890)
Total	<u>\$ 1,498,296</u>	<u>\$ 87,421</u>	<u>\$ (1,077,641)</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.

Defined Contribution Savings Plans

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

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

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

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2021

11. PENSION PLANS (CONTINUED)

Defined Contribution Savings Plans (Continued)

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

	<u>2021</u>		<u>2020</u>		<u>2019</u>
401(k) Plan					
Employer Contributions	\$ 270,557	\$	247,329	\$	230,507
Employee Contributions	127,059		121,493		130,764
457 Plan					
Employer Contributions	89,860		76,910		64,451
Employee Contributions	70,570		60,261		33,205
Roth IRA Plan					
Employer Contributions	N/A		N/A		N/A
Employee Contributions	18,938		15,113		14,048

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 2, 2021, the date the financial statements were available to be issued.

CITY OF BLUFFDALE, UTAH
Schedule of the Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Capital Projects Fund
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Special assessments	\$ 1,503,000	\$ 4,243,000	\$ 6,808,460	\$ 2,565,460
Intergovernmental	2,432,500	5,708,000	3,008,161	(2,699,839)
Interest	1,000	1,000	52,101	51,101
Miscellaneous	-	164,500	42,085	(122,415)
Total revenues	<u>3,936,500</u>	<u>10,116,500</u>	<u>9,910,807</u>	<u>(205,693)</u>
<u>EXPENDITURES</u>				
Streets and public works	12,392,900	16,870,400	6,380,018	10,490,382
Parks and recreation	522,000	1,522,000	200	1,521,800
Debt service	150,000	150,000	135,600	14,400
Total expenditures	<u>13,064,900</u>	<u>18,542,400</u>	<u>6,515,818</u>	<u>12,026,582</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,128,400)</u>	<u>(8,425,900)</u>	<u>3,394,989</u>	<u>11,820,889</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers in	<u>9,875,900</u>	<u>10,229,400</u>	<u>2,250,000</u>	<u>(7,979,400)</u>
Net change in fund balance	747,500	1,803,500	5,644,989	3,841,489
Fund balance at beginning of year	<u>11,290,244</u>	<u>11,290,244</u>	<u>11,290,244</u>	<u>-</u>
Fund balance at end of year	<u>\$ 12,037,744</u>	<u>\$ 13,093,744</u>	<u>\$ 16,935,233</u>	<u>\$ 3,841,489</u>

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

	Noncontributory Retirement System	Contributory Retirement System	Firefighters Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighters Retirement System
2021					
Proportion of the net pension liability (asset)	0.1488468%	0.0000000%	0.0000000%	0.0702729%	0.0107381%
Proportionate share of the net pension liability (asset)	\$76,350	\$0	\$0	\$10,107	\$963
Covered employee payroll	\$1,131,318	\$85,261	\$48,462	\$1,123,838	\$23,974
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	6.75%	0.00%	0.00%	0.90%	4.02%
Plan fiduciary net position as a percentage of the total pension liability	99.20%	0.00%	112.00%	98.30%	93.10%
2020					
Proportion of the net pension liability (asset)	0.1494461%	0.0000000%	0.0000000%	0.0818659%	0.0532827%
Proportionate share of the net pension liability (asset)	\$563,243	\$0	\$0	\$18,412	\$5,012
Covered employee payroll	\$1,075,153	\$81,394	\$0	\$1,138,027	\$87,825
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	52.39%	0.00%	0.00%	1.62%	5.71%
Plan fiduciary net position as a percentage of the total pension liability	93.70%	0.00%	0.00%	96.50%	89.60%
2019					
Proportion of the net pension liability (asset)	0.1439537%	0.0000000%	0.0000000%	0.0842863%	0.0628969%
Proportionate share of the net pension liability (asset)	\$1,060,035	\$0	\$0	\$36,098	\$1,576
Covered employee payroll	\$1,058,939	\$76,093	\$0	\$981,488	\$84,067
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	100.10%	0.00%	0.00%	3.68%	1.87%
Plan fiduciary net position as a percentage of the total pension liability	87.00%	91.20%	0.00%	90.80%	95.60%
2018					
Proportion of the net pension liability (asset)	0.1422440%	0.0000000%	0.0000000%	0.0783930%	0.0716233%
Proportionate share of the net pension liability (asset)	\$623,214	\$0	\$0	\$6,912	(\$829)
Covered employee payroll	\$1,039,892	\$68,358	\$0	\$766,572	\$75,572
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	59.93%	0.00%	0.00%	0.90%	-1.10%
Plan fiduciary net position as a percentage of the total pension liability	91.90%	98.20%	0.00%	97.40%	103.00%
2017					
Proportion of the net pension liability (asset)	0.1383070%	0.0000000%	0.0000000%	0.0731596%	0.0000000%
Proportionate share of the net pension liability (asset)	\$888,100	\$0	\$0	\$8,161	\$0
Covered employee payroll	\$1,025,838	\$60,166	\$0	\$599,964	\$0
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	86.57%	0.00%	0.00%	1.36%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	87.30%	92.90%	0.00%	95.10%	0.00%
2016					
Proportion of the net pension liability (asset)	0.0626162%	1.6964176%	0.0000000%	0.0745151%	0.0000000%
Proportionate share of the net pension liability (asset)	\$354,313	\$1,192,335	\$0	(\$163)	\$0
Covered employee payroll	\$475,440	\$607,957	\$0	\$481,404	\$0
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	74.52%	196.12%	0.00%	-0.03%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	87.80%	85.70%	0.00%	100.20%	0.00%
2015					
Proportion of the net pension liability (asset)	N/A	2.2216079%	0.0000000%	0.0679200%	0.0000000%
Proportionate share of the net pension liability (asset)	N/A	\$640,808	\$0	(\$2,058)	\$0
Covered employee payroll	N/A	\$1,052,462	\$0	\$333,812	\$0
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	60.9%	0.0%	-0.6%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	N/A	94.0%	0.0%	103.5%	0.0%

Note:

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

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

	As of fiscal year ended June 30	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
Noncontributory System	2015	\$ -	\$ -	-	\$ -	0.00%
	2016	180,430	180,430	-	976,879	18.47%
	2017	185,047	185,047	-	1,017,081	18.19%
	2018	175,641	175,641	-	1,025,525	17.13%
	2019	181,294	181,294	-	1,099,528	16.49%
	2020	179,971	179,971	-	1,129,739	15.93%
	2021	172,156	172,156	-	1,114,502	15.45%
Tier 2 Public Employees System*	2015	\$ 72,746	\$ 72,746	-	\$ 436,973	16.65%
	2016	78,378	78,378	-	516,631	15.17%
	2017	99,675	99,675	-	668,508	14.91%
	2018	128,603	128,603	-	851,109	15.11%
	2019	176,419	176,419	-	1,134,777	15.55%
	2020	178,594	178,594	-	1,140,447	15.66%
	2021	185,414	185,414	-	1,173,512	15.80%
Tier 2 Public Safety and Firefighter System*	2015	\$ -	\$ -	-	\$ -	0.00%
	2016	-	-	-	-	0.00%
	2017	3,289	3,289	-	30,596	10.75%
	2018	8,958	8,958	-	82,793	10.82%
	2019	10,059	10,059	-	88,693	11.34%
	2020	7,893	7,893	-	69,356	11.38%
	2021	-	-	-	-	0.00%
Tier 2 Public Employees DC Only System*	2015	\$ 1,006	\$ 1,006	-	\$ 11,866	8.48%
	2016	6,022	6,022	-	87,407	6.89%
	2017	6,022	6,022	-	116,923	5.15%
	2018	9,801	9,801	-	146,496	6.69%
	2021	29,410	29,410	-	439,603	6.69%

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

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

CITY OF BLUFFDALE, UTAH
Notes to the Required Supplementary Information
June 30, 2021

1. ACTUARIALLY DETERMINED PENSION CONTRIBUTIONS

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

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

2. CHANGE IN ASSUMPTIONS

There were a number of demographic assumptions (e.g. rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption) updated for use in the January 1, 2020 actuarial valuation. These assumption updates were adopted by the Utah State Retirement Board as a result of an Actuarial Experience Study performed for the Utah Retirement Systems. In aggregate, those assumption changes resulted in a \$201 million increase in the Total Pension Liability, which is about 0.50% of the Total Pension Liability as of December 31, 2019 for all systems combined. The Actuarial Experience Study report as of December 31, 2019 provides detailed information regarding those assumption changes, which may be accessed online at newsroom.urs.org under the "Retirement Office" column using the "Reports and Stats" tab.



COMMITTED. EXPERIENCED. TRUSTED

CERTIFIED PUBLIC ACCOUNTANTS

- E. LYNN HANSEN, CPA
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- GARY E. MALMROSE, CPA
- EDWIN L. ERICKSON, CPA
- MICHAEL L. SMITH, CPA
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- ROBERT D. WOOD, CPA
- AARON R. HIXSON, CPA
- TED C. GARDINER, CPA
- JEFFREY B. MILES, CPA
- SHAWN F. MARTIN, CPA

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

Mayor and City Council
City of Bluffdale, Utah

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bluffdale, Utah (the City), as of and for the year ended June 30, 2021, 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 2, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control 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.

ABMC, LLC

December 2, 2021



COMMITTED. EXPERIENCED. TRUSTED

CERTIFIED PUBLIC ACCOUNTANTS

- E. LYNN HANSEN, CPA
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INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE STATE COMPLIANCE AUDIT GUIDE

Major and City Council
City of Bluffdale, Utah

Report On Compliance with General State Compliance Requirements

We have audited City of Bluffdale, Utah's (the City) compliance with general and major State program compliance requirements described in the *State Compliance Audit Guide* issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2021.

General state compliance requirements were tested for the year ended June 30, 2021 in the following areas:

- | | |
|-----------------------|---------------------------------------|
| Budgetary Compliance | Fund Balance |
| Justice Court | Restricted Taxes and Related Revenues |
| Fraud Risk Assessment | Government 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, City of Bluffdale, Utah complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a 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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Purpose of Report

The purpose of this report 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.

HBMC, LLC

December 2, 2021