Town of Vineyard
Utah County, Utah

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

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GILBERT & STEWART
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INDEPENDENT AUDITOR'S REPORT

Honorable Town Council
Town of Vineyard
Vineyard, Utah

January 26, 2016

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 the Town of Vineyard, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Town of Vineyard, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As discussed in Note 4-C to the financial statements, in 2015 the Town adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68.* Our opinion is not modified with respect to this.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the required supplementary information regarding pensions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in 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 Town of Vineyard's basic financial statements. The combining and individual non-major fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic 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 January 26, 2016 on our consideration of the Town of Vineyard's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Vineyard's internal control over financial reporting and compliance.

Gilbert & Stewart

GILBERT & STEWART, CPA, PC
Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

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As management of Town of Vineyard (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of financial activities of the Town for the fiscal year ended June 30, 2015.

FINANCIAL HIGHLIGHTS

*Total net position for the Town as a whole increased by $5,892,268.

*Total unrestricted net position for the Town as a whole increased by $2,804,551.

*Total net position for governmental activities increased by $4,032,646.

*Total net position for business-type activities increased by $1,859,621.

BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements of Town of Vineyard. The basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

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

The statement of net position presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them 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 Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The statement of activities is presented on two pages. The first page reports the extent to which each function or program is self-supporting through fees and intergovernmental aid. The second page identifies the general revenues of the Town available to cover any remaining costs of the functions or programs.

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 Town also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

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 government 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 government fund balance sheet and the government fund statement of the revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains three major governmental funds; the general fund, the capital projects fund, and the Redevelopment Agency special revenue fund.

The Town adopts an annual appropriated budget for its general fund and the Redevelopment Agency special revenue fund. A budgetary comparison schedule has been provided in the financial report as required supplementary information to demonstrate legal compliance with the adopted budget for the general fund and the Redevelopment Agency special revenue fund.

For the basic governmental fund financial statements found later in this report, see Table of Contents.

Proprietary funds. The Town maintains one type of proprietary fund: The enterprise fund. These funds report the same functions presented as business-type activities in the government-wide financial statements. The Town uses two enterprise funds to account for its water and sewer activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise funds are reported as major funds of the Town.

For the proprietary fund financial statements included in this report, see Table of Contents.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. For the location of the notes to the financial statements that are reported in this report, see Table of Contents.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town.

FINANCIAL ANALYSIS

Town of Vineyard's Net Position

	Governmental Activities		Business-type Activities			
	Current Year	Previous Year	Current Year	Previous Year	Total Current Year	Total Previous Year
Current and other assets	$ 18,734,385	17,360,303	477,293	502,912	19,211,678	17,863,215
Net capital assets	24,457,170	22,186,708	11,360,027	11,379,540	35,817,197	33,566,248
Deferred outflows	25,248	11,450	-	-	25,248	11,450
Total assets and deferred outflows	**43,216,804**	**39,558,461**	**11,837,319**	**11,882,452**	**55,054,123**	**51,440,913**
Long-term liabilities	24,555,398	25,364,414	6,513,715	8,032,438	31,069,113	33,396,852
Other liabilities	421,093	232,037	825,147	1,211,179	1,246,240	1,443,216
Deferred inflows	1,031,657	786,000	-	-	1,031,657	786,000
Total liabilities and deferred inflows	**26,008,148**	**26,382,452**	**7,338,862**	**9,243,616**	**33,347,011**	**35,626,068**
Net position:						
Net investment in capital assets	4,965,746	4,265,772	4,846,311	3,347,103	9,812,058	7,612,874
Restricted	2,304,601	1,751,705	671,274	335,637	2,975,875	2,087,342
Unrestricted	9,938,308	7,158,532	(1,019,128)	(1,043,904)	8,919,180	6,114,628
Total net position	**$ 17,208,655**	**13,176,009**	**4,498,457**	**2,638,836**	**21,707,112**	**15,814,845**

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources at the close of the year by $21,707,112, an increase of $5,892,268 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net assets at the end of the year are $8,919,180, which represents an increase of $2,804,551 from the previous year. Unrestricted net position are those resources available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

The amount of current and other assets represents the amounts of cash and receivables on hand at the end of each year. Other liabilities are the amounts of current and other liabilities due at year end for goods and services acquired.

Changes in capital assets are the result of the difference, in the current year, of the cost of acquisition of capital assets and any depreciation charges on capital assets. Change in long-term debt is the difference between the amount of debt issued and that which has been paid during the year.

The previous balances in the schedule above include prior period adjustments related to GASB 68. See Note 4-D.

FINANCIAL ANALYSIS (continued)

Town of Vineyard's Change in Net Position

	Governmental Activities		Business-type Activities			
	Current Year	Previous Year	Current Year	Previous Year	Total Current Year	Total Previous Year
Program revenues:						
Charges for services	$ 1,155,102	832,039	395,033	212,070	1,550,135	1,044,108
Operating grants and contributions	19,582	18,606	-	-	19,582	18,606
Capital grants and contributions	683,946	415,722	1,268,781	1,332,656	1,952,728	1,748,378
General revenues:						
Property taxes	5,418,836	4,374,632	-	-	5,418,836	4,374,632
Sales taxes	181,778	311,683	-	-	181,778	311,683
Other taxes	224,372	196,724	-	-	224,372	196,724
Other revenues	87,051	84,285	4,159	4,740	91,209	89,025
Total revenues	**7,770,667**	**6,233,690**	**1,667,973**	**1,549,466**	**9,438,640**	**7,783,156**
Expenses:						
General government	1,544,144	1,198,318	-	-	1,544,144	1,198,318
Public safety	236,783	97,018	-	-	236,783	97,018
Highways and public works	369,284	81,791	-	-	369,284	81,791
Parks and recreation	57,813	293,337	-	-	57,813	293,337
Interest expense	640,068	545,375	-	-	640,068	545,375
Water	-	-	374,258	167,746	374,258	167,746
Sewer	-	-	324,024	301,910	324,024	301,910
Total expenses	**2,848,090**	**2,215,837**	**698,282**	**469,656**	**3,546,372**	**2,685,494**
Excess (deficiency) before transfers and contributions	**4,922,577**	**4,017,853**	**969,691**	**1,079,810**	**5,892,268**	**5,097,662**
Transfers in (out)	(889,931)	-	889,931	-	-	-
Change in net position	**$ 4,032,646**	**4,017,853**	**1,859,621**	**1,079,810**	**5,892,268**	**5,097,662**

For the Town as a whole, total revenues increased by $1,655,484 compared to the previous year, while total expenses increased by $860,878 The total net change of $5,892,268 is, in private sector terms, the net income for the yea,r which is $794,606 more than the previous year's net change (net income).

Governmental activities' revenues of $7,770,667 increased during the year by $1,536,977. This is primarily due to increases in property tax, charges for services, and impact fees. Governmental activities' expenses of $2,848,090 increased by $632,253 during the year. Spending for all departments increased during the year, with the exception of parks and recreation.

Business-type activities' revenues of $1,667,973 increased by $118,507 during the year. Revenues from charges for services increased. Business-type activities expenses of $698,282 were more than the previous year by $228,626.

BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

Some of the changes in the more significant funds' balances or net assets and any restrictions on those amounts are described below:

General Fund
The fund balance of $1,547,797 reflects an increase of $414,370 from the previous year. Total revenues increased by $436,780. Taxes, including property and sales taxes, increasd by $106,975. License and permit revenue increased by $103,462. Charges for services increased by $215,335. All other revenue increased by $11,008.

Total expenditures, exclusive of transfers out, increased by $444,100. Current expenditure changes by department were as follows: general government increased by $252,970, public safety increased by $139,765, streets and public works increased by $17,152, and parks and recreation increased by $34,213 There was a transfer to the capital projects fund during the year of $711,850.

There were no restrictions of fund balance, leaving the unrestricted fund balance of $1,525,109.

Capital Projects Fund
The fund balance of this fund increased from $2,403,715 to $2,945,898 during the year. There was a transfer in from the general fund of $711,850.

Redevelopment Agency Fund
The fund balance of this fund decreased from $12,454,845 to $11,904,948 during the year. There was a transfer out to the sewer fund of $889,931.

Water Fund
For the water fund, the change in net position (net income) for the year was $244,281, compared to the previous year net income of $287,914. Net position restricted for impact fees is $671,274. Unrestricted net position amounts to a deficit of $416,167.

Sewer Fund
For the sewer fund, the change in net position (net income) for the year was $1,615,340, compared to the previous year net income of $791,896. Unrestricted net position amounts to a deficit of $602,961.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year were originally budgeted in the amount of $15,04,450, which was subsequently amended to $1,905,225. Actual revenues for the current year amounted to $2,414,918, which was $509,693 more than budgeted.

Expenditures for the current year were originally budgeted in the amount of $1,092,600, which was subsequently amended to $1,493,375. Actual expenditures amounted to $1,288,698, which was $204,677 under the budgeted amount.

All departmental level expenditures for the year were within the budget authorized amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Town of Vineyard's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities			
	Current Year	Previous Year	Current Year	Previous Year	Total Current Year	Total Previous Year
Net Capital Assets:						
Land and water rights	$ 2,266,684	2,266,684	531,575	471,375	2,798,259	2,738,059
Buildings	567,709	567,709	-	-	567,709	567,709
Improvements other than buildings	39,698	39,698	-	-	39,698	39,698
Machinery and equipment	47,137	47,137	-	-	47,137	47,137
Infrastructure	9,359,213	9,359,213	-	-	9,359,213	9,359,213
Water and sewer systems	-	-	10,341,849	10,341,849	10,341,849	10,341,849
Work in progress	14,200,138	11,598,068	1,534,363	1,282,261	15,734,501	12,880,329
Total	26,480,578	23,878,508	12,407,787	12,095,485	38,888,365	35,973,993
Less accumulated depreciation	(2,023,408)	(1,691,801)	(1,047,760)	(715,944)	(3,071,168)	(2,407,745)
Net capital assets	**$ 24,457,170**	**22,186,708**	**11,360,027**	**11,379,540**	**35,817,197**	**33,566,248**

The total amount of capital assets (net of depreciation) of $35,817,197 is an increase of $2,250,949 from the previous year. The amount of increase in capitals assets (net of depreciation) represents the amount that investment in new capital assets exceeded depreciation charged on capital assets during the year.

Additional information regarding capital assets may be found in the notes to financial statements.

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Town of Vineyard's Outstanding Debt

	Current Year	Previous Year
Governmental activities:		
2012 RDA Special Revenue Bonds	$ 8,923,000	9,296,000
2013 RDA Special Revenue Bonds	8,099,000	8,396,000
Note Payable - Developer	7,533,398	7,672,414
Total governmental	**24,555,398**	**25,364,414**
Business-type activities:		
Note Payable - Developer	6,513,715	8,032,438
Total business-type	**6,513,715**	**8,032,438**
Total outstanding debt	**$ 31,069,113**	**33,396,852**

Additional information regarding the long-term liabilities may be found in the notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

No significant economic changes that would affect the Town are expected for the next year. Budgets have been set on essentially the same factors as the current year being reported.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Vineyard's finances for all those with an interest in the Town's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Finance Director, Town of Vineyard, 240 E. Grammond Rd., Vineyard, UT 84058.

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BASIC FINANCIAL STATEMENTS

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Town of Vineyard

STATEMENT OF NET POSITION

June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current Assets:			
Cash and cash equivalents	$ 8,513,460	429,513	8,942,973
Accounts receivable, net	1,222,059	47,779	1,269,838
Total current assets	9,735,519	477,293	10,212,812
Non-current assets:			
Restricted cash and cash equivalents	8,998,468	-	8,998,468
Capital assets:			
Not being depreciated	16,466,822	2,065,938	18,532,760
Net of accumulated depreciation	7,990,349	9,294,089	17,284,437
Net pension asset	398	-	398
Total non-current assets	33,456,037	11,360,027	44,816,063
Total assets	43,191,556	11,837,319	55,028,875
Deferred outflows of resources - pensions	25,248	-	25,248
Total assets and deferred outflows of resources	**$ 43,216,804**	**11,837,319**	**55,054,123**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current Liabilities:			
Outstanding checks in excess of deposits	$ -	470,713	470,713
Accounts payable	3,013	4,338	7,351
Accrued liabilities	246,896	350,096	596,992
Accrued interest payable	99,606	-	99,606
Long-term liabilities due within one year	688,000	-	688,000
Total current liabilities	1,037,515	825,147	1,862,662
Non-current liabilities:			
Long-term liabilities due after one year	23,867,398	6,513,715	30,381,113
Net pension liability	71,578	-	71,578
Total non-current liabilities	23,938,976	6,513,715	30,452,691
Total liabilities	24,976,491	7,338,862	32,315,353
Deferred inflows of resources - property taxes	1,021,862	-	1,021,862
Deferred inflows of resources - pensions	9,795	-	9,795
Total liabilities and deferred inflows of resources	**26,008,148**	**7,338,862**	**33,347,011**
NET POSITION:			
Net investment in capital assets	4,965,746	4,846,311	9,812,058
Restricted:			
Construction	1,009,223	671,274	1,680,497
Debt service	1,295,378	-	1,295,378
Unrestricted	9,938,308	(1,019,128)	8,919,180
Total net position	**17,208,655**	**4,498,457**	**21,707,112**
Total liabilities, deferred inflows of resources, and net position	**$ 43,216,804**	**11,837,319**	**55,054,123**

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

Town of Vineyard
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue (To Next Page)
FUNCTIONS/PROGRAMS:					
Primary government:					
Governmental activities:					
General government	$ 1,544,144	1,155,102	-	-	(389,041)
Public safety	236,783	-	-	-	(236,783)
Highways and public works	369,284	-	19,582	683,946	334,245
Parks and recreation	57,813	-	-	-	(57,813)
Interest on long-term debt	640,068	-	-	-	(640,068)
Total governmental activities	**2,848,090**	**1,155,102**	**19,582**	**683,946**	**(989,459)**
Business-type activities:					
Water	374,258	326,147	-	288,234	240,123
Sewer	324,024	68,886	-	980,547	725,409
Total business-type activities	**698,282**	**395,033**	**-**	**1,268,781**	**965,532**
Total primary government	**$ 3,546,372**	**1,550,135**	**19,582**	**1,952,728**	**(23,927)**

(continued on next page)

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

Town of Vineyard
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2015

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET ASSETS:			
Net (expense) revenue (from previous page)	**$ (989,459)**	**965,532**	**(23,927)**
General revenues:			
Property taxes	5,418,836	-	5,418,836
Sales tax	181,778	-	181,778
Other taxes	224,372	-	224,372
Unrestricted investment earnings	81,958	4,159	86,117
Miscellaneous	5,093	-	5,093
Total general revenues	**5,912,036**	**4,159**	**5,916,195**
Transfers in (out)	(889,931)	889,931	-
Total general revenues and transfers	**5,022,105**	**894,089**	**5,916,195**
Change in net position	**4,032,646**	**1,859,621**	**5,892,268**
Net position - beginning, restated	13,176,009	2,638,836	15,814,845
Net position - ending	**$ 17,208,655**	**4,498,457**	**21,707,112**

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

Town of Vineyard
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	Capital Projects Fund	Special Revenue RDA Fund	Nonmajor Special Revenue Impact Fee Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 1,654,778	2,945,898	3,912,783	-	8,513,460
Receivables, net	1,219,089	-	2,970	-	1,222,059
Restricted cash and cash equivalents	-	-	7,989,245	1,009,223	8,998,468
TOTAL ASSETS	**$ 2,873,868**	**2,945,898**	**11,904,999**	**1,009,223**	**18,733,987**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:					
Liabilities:					
Accounts payable	$ 2,962	-	50	-	3,013
Accrued liabilities	246,896	-	-	-	246,896
Total liabilities	249,858	-	50	-	249,908
Deferred inflows of resources - property taxes	1,076,212	-	-	-	1,076,212
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**1,326,070**	**-**	**50**	**-**	**1,326,121**
FUND BALANCES:					
Restricted for:					
Impact fees	-	-	-	1,009,223	1,009,223
Debt service	-	-	1,295,378	-	1,295,378
Assigned for:					
Capital projects	-	2,945,898	-	-	2,945,898
Redevelopment	-	-	10,609,570	-	10,609,570
Unassigned:					
General fund	1,547,797	-	-	-	1,547,797
TOTAL FUND BALANCES	**1,547,797**	**2,945,898**	**11,904,948**	**1,009,223**	**17,407,866**
TOTAL LIABILITIES AND FUND BALANCES	**$ 2,873,868**	**2,945,898**	**11,904,999**	**1,009,223**	**18,733,987**

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

Town of Vineyard

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended June 30, 2015

	General Fund	Capital Projects Fund	Special Revenue RDA Fund	Nonmajor Special Revenue Impact Fee Fund	Total Governmental Funds
REVENUES:					
Taxes:					
Property	$ 810,050	-	4,605,741	-	5,415,792
Sales	181,778	-	-	-	181,778
Other taxes	224,372	-	-	-	224,372
Licenses and permits	682,076	-	-	-	682,076
Intergovernmental revenues	19,582	-	-	-	19,582
Charges for services	466,008	-	-	-	466,008
Fines and forfeitures	7,018	-	-	-	7,018
Interest	18,941	-	62,010	1,007	81,958
Miscellaneous revenue	5,093	-	-	-	5,093
Total revenues	**2,414,918**	**-**	**4,667,751**	**1,007**	**7,083,676**
EXPENDITURES:					
General government	939,390	169,667	3,041,980	-	4,151,036
Public safety	236,783	-	-	-	236,783
Highways and public works	57,310	-	-	-	57,310
Parks and recreation	55,215	-	-	-	55,215
Debt service:					
Prinicipal	-	-	670,000	-	670,000
Interest	-	-	615,737	-	615,737
Total expenditures	**1,288,698**	**169,667**	**4,327,717**	**-**	**5,786,082**
Excess (Deficiency) of Revenues over (Under) Expenditures	**1,126,220**	**(169,667)**	**340,034**	**1,007**	**1,297,595**
Other Financing Sources and (Uses):					
Impact fees	-	-	-	683,946	683,946
Developer reimbursements	-	-	-	(139,016)	(139,016)
Transfers in	-	711,850	-	-	711,850
Transfers out	(711,850)	-	(889,931)	-	(1,601,781)
Total other financing sources and (uses)	**(711,850)**	**711,850**	**(889,931)**	**544,931**	**(345,000)**
Net Change in Fund Balances	**414,370**	**542,183**	**(549,897)**	**545,938**	**952,595**
Fund balance - beginning	1,133,427	2,403,715	12,454,845	463,285	16,455,271
Fund balances - end of year	**$ 1,547,797**	**2,945,898**	**11,904,948**	**1,009,223**	**17,407,866**

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

Town of Vineyard

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

For the Year Ended June 30, 2015

Total Fund Balances for Governmental Funds	**$ 17,407,866**
Total net assets reported for governmental activities in the statement is different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.	
Capital assets, at cost	26,480,578
Less accumulated depreciation	(2,023,408)
Net capital assets	24,457,170
Net pension assets are not financial resources and, therefore, are not reported in the funds.	398
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the funds statements.	25,248
Long-term liabilities, for funds other than enterprise funds, are recorded in the government-wide statements but not in the fund statements.	
General long-term debt	(24,555,398)
Interest accrued but not yet paid on general long-term debt	(99,606)
Net pension liabilitiy	(71,578)
Deferred inflows of resources - pensions	(9,795)
Certain revenue is deferred in governmental funds but not in the statement of net position because it qualifies for recognition under the economic resources measurement focus.	
Delinquent property tax deferred	54,350
Total Net Position of Governmental Activities	**$ 17,208,655**

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

Town of Vineyard

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds	**$ 952,595**
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.	
Capital outlays	2,602,070
Depreciation expense	(331,607)
Net	2,270,463
The Statement of Activities show pension benefits and pension expenses from the adoption of GASB 68 that are not shown in the fund statements.	21,859
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Long-term debt principal repayments	670,000
Accrued interest for long-term debt is not reported as an expenditure for the current period, while it is recorded in the statement of activities.	
Change in accrued interest	(24,330)
Governmental funds do not report delinquent taxes as revenue because these revenues are not available for current period expenses.	
Change in deferred delinquent property tax	3,044
The Town has entered into an agreement to pay back a developer for cost incurred developing a part of the Town. The Town is responsible to pay back a portion of each impact fee collected in that area. Governmental funds report the payments as expenditures. However, in the statement of activities, it used to pay down the long-term liability to the developer.	139,016
Change in Net Position of Governmental Activities	**$ 4,032,646**

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

Town of Vineyard
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2015

	Water Fund	Sewer Fund	Total Utility Funds
ASSETS:			
Current assets:			
Cash and cash equivalents	$ 429,513	-	$ 429,513
Accounts receivable, net	34,108	13,671	47,779
Total current assets	463,622	13,671	477,293
Non-current assets:			
Capital assets:			
Not being depreciated	531,575	1,534,363	2,065,938
Net of accumulated depreciation	2,077,504	7,216,584	9,294,089
Total non-current assets	2,609,079	8,750,947	11,360,027
Total assets	**$ 3,072,701**	**8,764,618**	**11,837,319**
LIABILITIES:			
Current liabilities:			
Outstanding checks in excess of deposits	$ -	470,713	$ 470,713
Accounts payable	4,338	-	4,338
Accrued liabilities	204,177	145,919	350,096
Total current liabilities	208,515	616,632	825,147
Non-current liabilities:			
Notes payable	859,895	5,653,820	6,513,715
Total non-current liabilities	859,895	5,653,820	6,513,715
Total liabilities	**1,068,411**	**6,270,452**	**7,338,862**
NET POSITION:			
Net investment in capital assets	1,749,184	3,097,128	4,846,311
Restricted for:			
Construction	671,274	-	671,274
Unrestricted	(416,167)	(602,961)	(1,019,128)
Total net position	**2,004,290**	**2,494,167**	**4,498,457**
Total liabilties and net position	**$ 3,072,701**	**8,764,618**	**$ 11,837,319**

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

Town of Vineyard

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS

For the Year Ended June 30, 2015

	Water Fund	Sewer Fund	Total Utility Funds
Operating income:			
Charges for sales and service	$ 216,415	68,886	$ 285,301
Connection fees	109,732	-	109,732
Total operating revenue	**326,147**	**68,886**	**395,033**
Operating expenses:			
Repair & maintenance	304,127	51,411	355,538
Utilities	741	9,237	9,978
Other supplies & expenses	350	-	350
Depreciation expense	69,041	262,775	331,816
Total operating expense	**374,258**	**324,024**	**698,282**
Net operating income (loss)	**(48,111)**	**(255,138)**	**(303,249)**
Non-operating income (expense):			
Impact fees	288,234	980,547	1,268,781
Interest income	4,159	-	4,159
Total non-operating income (expense)	**292,393**	**980,547**	**1,272,940**
Income (loss) before transfers	**244,281**	**725,409**	**969,691**
Transfers in (out)	-	889,931	889,931
Change in net position	**244,281**	**1,615,340**	**1,859,621**
Net position - beginning	1,760,009	878,827	2,638,836
Net position - ending	**$ 2,004,290**	**2,494,167**	**$ 4,498,457**

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

Town of Vineyard

STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS

For the Year Ended June 30, 2015

	Water Fund	Sewer Fund	Total Utility Funds
Cash flows from operating activities:			
Cash received from customers - service	$ 312,652	59,377	$ 372,029
Cash paid to suppliers	(375,001)	(302,044)	(677,045)
Net cash provided (used) in operating activities	**(62,349)**	**(243,266)**	**(305,616)**
Cash flows from noncapital financing activities:			
Net interfund activity	-	889,931	889,931
Net cash provided (used) in noncapital financing activities	**-**	**889,931**	**889,931**
Cash flows from capital and related financing activities:			
Cash received from impact fees	288,234	980,547	1,268,781
Cash payments for capital assets	(60,200)	(252,102)	(312,302)
Cash payments for long-term debt	(90,160)	(1,428,563)	(1,518,723)
Net cash provided (used) in capital and related financing activities	**137,874**	**(700,118)**	**(562,244)**
Cash flows from investing activities:			
Cash received from interest earned	4,159	-	4,159
Net cash provided (used) in investing activities	**4,159**	**-**	**4,159**
Net increase (decrease) in cash	**79,684**	**(53,454)**	**26,230**
Cash balance, beginning	349,830	(417,259)	(67,430)
Cash balance, ending	**$ 429,513**	**(470,713)**	**$ (41,200)**
Cash reported on the balance sheet:			
Cash and cash equivalents	$ 429,513	(470,713)	$ (41,200)
Non-current restricted cash	-	-	-
Total cash and cash equivalents	**$ 429,513**	**(470,713)**	**$ (41,200)**

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

Town of Vineyard
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS (continued)
For the Year Ended June 30, 2015

Reconciliation of Operating Income
to Net Cash Provided form Operating Activity:

	Water Fund	Sewer Fund	Total Utility Funds
Net operating income (expense)	**$ (48,111)**	**(255,138)**	**$ (303,249)**
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:			
Depreciation and amortization	69,041	262,775	331,816
Changes in assets and liabilities:			
(Increase) decrease in receivables	(13,495)	(9,509)	(23,004)
Increase (decrease) in payables	(69,784)	(241,395)	(311,179)
Net cash provided in operating activity	**$ (62,349)**	**(243,266)**	**$ (305,616)**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

Town of Vineyard (the Town), a municipal corporation located in Utah County, Utah, operates under a Mayor-Council form of government. The Town of Vineyard was incorporated on May 11, 1989. The accompanying financial statements present the Town and any component units or entities for which the Town is considered to be financially accountable.

The Town includes the financial statements of the Redevelopment Agency as a blended component unit and is reported in the Redevelopment Agency special revenue fund. This fund has substantively the same governing board as the primary government.

1-B. Government-wide and fund financial statements

Government-wide Financial Statements

The government-wide financial statements, consisting of the statement of net postion and the statement of activities report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund 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 reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated. All expenses are included in the applicable function. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege 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*.

Fund Financial Statements

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

1-C. Measurement focus, basis of accounting, and financial statement presentation

The financial statements of the Town are prepared in accordance with generally accepted accounting principles (GAAP).

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification of internal activity (between or within funds). However, internal eliminations do not include utility services provided to Town departments or payments to the general fund by other funds for providing administrative and billing services for such funds. Reimbursements are reported as reductions to expenses. Proprietary and any fiduciary fund financial statements are also reported using this same focus and basis of accounting, although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when the grantor eligibility requirements are met.

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. The Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal 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.

Property taxes, sales taxes, intergovernmental revenues, and interest 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. Only the portion of special assessments, if any, receivable within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating income and expense reported in proprietary fund financial statements include those revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services, including administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

1-C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Policy regarding use of restricted resources

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities. Non-current restricted assets are restricted for acquisition or construction of non-current assets, or liquidation of long-term debt.

1-D. Fund types and major funds

Governmental funds

The Town reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *capital projects fund* is used to account for the acquisition or construction of major capital facilities of the Town (other than those financed by proprietary funds).

The *redevelopment agency special revenue fund* accounts for the funds to finance the acquisition for land, construct culinary water projects and sanitary sewer projects, placement of dry utilities and other infrastructures, and construct roads.

The Town reports the following nonmajor governmental funds:

The *impact fees special revenue fund* is used to account for the activity collection and use of impact fees.

Proprietary funds

The Town reports the following major proprietary funds:

The *water fund* is used to account for the activities regarding culinary water distribution.

The *sewer fund* is used to account for the activities regarding the operations of the sewer system collection and disposal system.

1-E. Assets, Liabilities, and Net Position or Equity

1-E-*1. Deposit and Investments*

Investments are reported at fair value. Deposits are reported at cost, which approximates fair value. Investments of the Town are accounts at the Utah Public Treasurers Investments Fund. Additional information is contained in Note 2.

1-E. Assets, Liabilities, and Net Position or Equity (continued)

1-E-*2. Cash and Cash Equivalents*

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

1-E-*3. Receivables and Payables*

Accounts receivable other than property taxes and intergovernmental receivables are from customers primarily for utility services. Property tax and intergovernmental receivables are considered collectible. Customer accounts are reported net of an allowance for uncollectible accounts. The allowance amount is estimated using accounts receivable past due more than 90 days.

During the course of operations, transactions may occur between funds that are representative of lending/borrowing arrangements outstanding at year-end. These are reported as either *due to* or *due from* other funds.

Property taxes are assessed and collected for the Town by Utah County and remitted to the Town shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1 and are delinquent after November 30. All dates are in the year of levy.

1-E-*4. Restricted Assets*

In accordance with certain revenue bond covenants, resources may be required to be set aside for the repayment of such bonds, and, on occasion, for the repair and maintenance of the assets acquired with the bond proceeds. These resources are classified as restricted assets on the balance sheet because of their limited use. Most capital grant agreements mandate that grant proceeds be spent only on capital assets. Unspent resources of this nature are also classified as restricted. The limited use resources described above involve a reported restriction of both cash and net assets.

Unspent proceeds of bonds issued to finance capital assets are also reported as restricted cash.

1-E-*5. Inventories and Prepaid items*

Inventories in governmental funds consist of immaterial amounts of expendable supplies for consumption and are not reported. Such supplies are acquired as needed. Proprietary fund inventories, where material, are stated at the lower of cost or market using the first-in, first-out basis.

Prepaid items record payments to vendors that benefit future reporting and are reported on the consumption basis. Both inventories and prepayments are similarly reported in government-wide and fund financial statements.

1-E. Assets, Liabilities, and Net Position or Equity (continued)

1-E-*6. Capital Assets*

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure is depreciated.

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend the assets' life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives.

Property, plant, and equipment of the primary government, as well as the component units if any, are depreciated using the straight line method over the following estimated useful lives:

Assets	**Years**
Buildings and improvements	30-50
Utility systems	20-40
Infrastructure	15-40
Vehicles and equipment	5-10

1-E-*7. Long-term Obligations*

In the government-wide and proprietary fund financial statements, long-term debt and obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the terms of the respective bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Significant or material bond issuance costs are reported as deferred charges.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

1-E-*8. Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from those estimates.

1-E. Assets, Liabilities, and Net Position or Equity (continued)

1-E-*9. Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows of resources related to pensions as required by GASB 68.

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. Property taxes to be collected in November were unavailable in the current fiscal year. Accordingly, these property taxes are deferred and will be recognized as an inflow of resourcees in the period that the amounts become available. The Town also reports deferred inflows of resources related to pensions as required by GASB 68.

1-E-*10. Net position flow assumption*

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

1-E-*11. Fund balance flow assumptions*

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to reports as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

1-E-*12. Fund balance policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).The committed fund balance classification includes amounts that can be used only for the specific purposes determined by formal action of the Town's highest level of decision-making authority. The Town Council is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

1-E. Assets, Liabilities, and Net Position or Equity (continued)

1-E-*12. Fund balance policies (continued)*

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as committed. The Council may also assign fund balance, as it does when appropriating fund balance, to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

1-E-*13. Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from the 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.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A. Budgetary data

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and Town Council on or before June 22 for the following fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the Town Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the Town's budgetary control (the level at which the Town's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the Town from creating a deficit fund balance by making expenditures in excess of amounts budgeted. Any deficit so created must be made up in the following fiscal year. Deficits arising from emergencies, however, may be retired over five years.

Once adopted, the budget may be amended by the Town Council without a hearing, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

2-B. Deficit fund net position

None of the Town's funds have deficit balances.

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of June 30, 2015 consist of the following:

	Fair Value
Demand deposits	$ 7,101,180
Investments - PTIF	10,369,548
Total cash	**$ 17,470,728**

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Cash and cash equivalents (current)	$ 8,472,260
Restricted cash and cash equivalents (non-current)	8,998,468
Total cash and cash equivalents	**$ 17,470,728**

Cash equivalents and investments are carried at fair value in accordance with GASB Statement No. 31.

The Utah Money Management Act (UMMA) establishes specific requirements regarding deposits of public funds by public treasurers. The UMMA requires that Town funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in the UMMA Section 51, Chapter 7. The UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss, and it also defines capital requirements which an Institution must maintain to be eligible to accept public funds. The UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

The UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). The PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. The PTIF operations and portfolio composition are monitored at least semi-annually by the Utah Money Management Council. The PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by the PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares. The Town maintains monies not immediately needed for expenditure in PTIF accounts.

3-A. Deposits and investments (continued)

Deposit and Investment Risk

The Town maintains no investment policy containing any specific provisions intended to limit the Town's exposure to interest rate risk, credit risk, and concentration of credit risk other than that imposed by the UMMA. The Town's compliance with the provisions of the UMMA addresses each of these risks.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investments of the Town are available immediately.

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits.

Custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in the PTIF.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The PTIF falls under the constraints of the UMMA in limiting concentrations of investments.

3-B. Receivables

The allowance policy is described in Note 1-E-3. Receivables as of year-end for the Town's funds are shown below:

	General Fund	Water Fund	Sewer Fund	Total
Customers, current	$ 81,881	34,108	13,671	129,661
Property taxes	1,140,178	-	-	1,140,178
Total receivables	**$ 1,222,059**	**34,108**	**13,671**	**1,269,838**

3-C. Capital Assets

Capital asset activity for the governmental activities was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and rights	$ 2,266,684	-	-	2,266,684
Construction in progress	11,598,068	2,602,070	-	14,200,138
Total capital assets, not being depreciated	**13,864,752**	**2,602,070**	**-**	**16,466,822**
Capital assets, being depreciated:				
Buildings	567,709	-	-	567,709
Improvements other than buildings	39,698	-	-	39,698
Machinery and equipment	47,137	-	-	47,137
Infrastructure	9,359,213	-	-	9,359,213
Total capital assets, being depreciated	**10,013,756**	**-**	**-**	**10,013,756**
Less accumulated depreciation for:				
Buildings	288,092	14,478	-	302,570
Improvements other than buildings	24,946	1,993	-	26,939
Machinery and equipment	24,935	3,162	-	28,097
Infrastructure	1,353,828	311,974	-	1,665,802
Total accumulated depreciation	**1,691,801**	**331,607**	**-**	**2,023,408**
Total capital assets being depreciated, net	**8,321,956**	**(331,607)**	**-**	**7,990,349**
Governmental activities capital assets, net	**$ 22,186,708**	**2,270,463**	**-**	**24,457,170**

Depreciation expense was charged to functions/programs of the primary government governmental activities as follows:

Governmental activities:	
General government	$ 17,036
Highways and public works	311,974
Parks and recreation	2,597
Total	**$ 331,607**

3-C. Capital assets (continued)

Capital asset activity for business-type activities was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land and water shares	$ 471,375	60,200	-	531,575
Construction in progress	1,282,261	252,102	-	1,534,363
Total capital assets, not being depreciated	**1,753,636**	**312,302**	**-**	**2,065,938**
Capital assets, being depreciated:				
Water system	2,389,276	-	-	2,389,276
Sewer system	7,952,573	-	-	7,952,573
Total capital assets, being depreciated	**10,341,849**	**-**	**-**	**10,341,849**
Less accumulated depreciation for:				
Water system	242,731	69,041	-	311,772
Sewer system	473,213	262,775	-	735,988
Total accumulated depreciation	**715,944**	**331,816**	**-**	**1,047,760**
Total capital assets being depreciated, net	**9,625,904**	**(331,816)**	**-**	**9,294,089**
Business-type activities capital assets, net	**$ 11,379,540**	**(19,514)**	**-**	**11,360,027**

Depreciation expense was charged to functions/programs of the primary government business-type activities as follows:

Business-type activities:	
Water	$ 69,041
Sewer	262,775
Total	**$ 331,816**

3-D. Long-term debt

General long-term liability activity for the year ended June 30, 2015 is as follows:

Governmental activities:	Original Principal	% Rate	6/30/2014	Additions	Reductions	6/30/2015	Due Within One Year
2012 RDA Special Revenue Bonds							
Matures 5/1/2032	$ 9,659,000	3.46	$ 9,296,000	-	373,000	8,923,000	384,000
2013 RDA Special Revenue Bonds							
Matures 5/1/2033	8,717,000	3.19	8,396,000	-	297,000	8,099,000	304,000
Total bonds payable			17,692,000	-	670,000	17,022,000	688,000
Note Payable - Developer	8,110,267	-	7,672,414	-	139,016	7,533,398	-
Total governmental activity long-term liabilities			**$ 25,364,414**	**-**	**809,016**	**24,555,398**	**688,000**

Business-type activities:	Original Principal	% Rate	6/30/2014	Additions	Reductions	6/30/2015	Due Within One Year
Note Payable - Developer	$ 8,731,111	-	$ 8,032,437	-	1,518,722	6,513,715	-
Total business-type activity long-term liabilities			**$ 8,032,437**	**-**	**1,518,722**	**6,513,715**	**-**

Notes Payable - During the 2013 fiscal year, the Town entered into an agreement to reimburse The Homestead, a developer, for work performed. The developer placed culinary water and sanitary sewer pipes, constructed roads, and storm drains. The Town has agreed to reimburse the developer with a percentage of impact fees that are collected for the area the work was performed. Because reimbursement is contingent upon impact fees collected, there is no amortization schedule for this note.

Tax Increment Revenue Bond - During 2012, the Town issued a bond to finance the acquisition of land, construct culinary water projects and sanitary sewer projects, the placement of dry utilities and infrastructures, construction of roads, and other related projects within the Project Area. Principal payments are to be made annually on May 1st, and interest is to be paid semi-annually on November 1st and May 1st of each year.

Tax Increment Revenue Bond - During 2013 the Town issued a new bond to finance the acquisition of land, construct culinary water projects and sanitary sewer projects, the placement of dry utilities and infrastructures, the construction of roads, and other related projects within the Project Area. Principal payments are to be made annually on May 1st, and interest is to be paid semi-annually on November 1st and May 1st of each year.

3-D. Long-term debt (continued)

Debt service requirements to maturity for governmental activities are as follows:

	Principal	Interest	Total
2016	688,000	597,637	1,285,637
2017	708,000	577,476	1,285,476
2018	731,000	554,633	1,285,633
2019	756,000	529,018	1,285,018
2020	785,000	500,164	1,285,164
2021-2025	4,446,000	1,980,733	6,426,733
2026-2030	5,291,000	1,137,430	6,428,430
2031-2033	3,617,000	238,819	3,855,819
Total	**$ 17,022,000**	**6,115,910**	**23,137,910**

3-E. Redevelopment Agency disclosures

In accordance with Section 17A-2-1217(3), the following information is provided for the Redevelopment Agency Fund:

a) The tax increment collected by the Development Agency was as follows:

Geneva Urban Renewal Projec	$ 4,605,741

b) The outstanding principal amount of bonds issued to finance the costs associated with the project areas are as follows:

Tax Increment Revenue Bond	$ 17,022,000

c) The following amounts were expended during the year ended June 30, 2015:

Site improvements	$ 2,602,070
Bond payments	1,285,737
Administrative costs	439,910
Total	$ 4,327,717

NOTE 4 - OTHER INFORMATION

4-A. Risk management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Town participates in the Utah Local Government Trust, a public agency insurance mutual, which provides coverage for property damage and general liability. The Town is subject to a minimal deductible for claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Amounts of settlements have not exceeded insurance coverage in any of the past three fiscal years.

4-B. Subsequent Events

The Town has evaluated subsequent events through January 26, 2016, the date the financial statements were available to be issued. In December 2015, the RDA secured a loan in the amount of $16,150,000 from the Department of Transpiration for Capital Projects.

4-C. 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.

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

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

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

Summary of Benefits by System

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 year any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* with actuarial reductions
** All past-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.

4-C. General Information about the Pension Plan (continued)

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

Utah Retirement Systems	Employee Paid	Pay by Employer for Employee	Employer Contribution Rates
Contribution System			
111 - Local Governmental Division Tier 2	N/A	N/A	14.830%
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	N/A	18.470%

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

At December 31, 2014, we reported a net pension asset of $398 and a net pension liability of $71,578.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.0164841%	$ -	$ 71,578
Tier 2 Public Employees System	0.0131259%	398	-
Total Net Pension Asset/Liability		$ -	$ 71,578

The net pension asset and liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

For the year ended December 31, 2014, we recognized pension expense of $21,193. At December 31, 2014, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,668
Changes in assumptions	$ -	$ 7,127
Net difference between projected and actual earnings on pension plan investments	$ 1,674	$ -
Changes in proportion and differences between contributions and proportionate share of contributions	$ -	$ -
Contributions subsequent to the measurement date	$ 23,574	$ -
Total	$ 25,248	$ 9,795

4-C. General Information about the Pension Plan (continued)

$23,574 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2014. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (inflows) of Resources	
2015	$	(1,944)
2016	$	(1,944)
2017	$	(1,944)
2018	$	(1,852)
2019	$	(70)
Thereafter	$	(365)

Actuarial assumptions:
The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumption are highlighted in the table below.

Retired Member Mortality

Class of Member
Local Government, Public Employees
Men RP 2000mWC (100%)
RP 2000mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by given percentage

The actuarial assumptions used in the January 1, 2014, valuation were based on the results of an actuarial experience study for the five year period of January 1, 2008 - December 31, 2013.

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

4-C. General Information about the Pension Plan (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

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

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of			
Net pension (asset) / liability	$ 174,668	$ 71,180	$ (14,785)

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

4-D. Prior period adjustments

The requirement to apply GASB 68 this fiscal year resulted in adjustments to the prior period net positions. This is due to the required disclosure of a Net Pension Liability, Deferred Outflows and Inflows of Resources, and if applicable, a Net Pension Asset.

The results to beginning net positions are as follows:

	Governmental Activities
Net position - beginning	$ 13,253,594
GASB 68 adjustments	(77,586)
Net position - beginning, restated	$ 13,176,008

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REQUIRED SUPPLEMENTAL INFORMATION
(Unaudited)

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Town of Vineyard
Notes to Required Supplementary Information
June 30, 2015

Budgetary Comparison Schedules

The Budgetary Comparison Schedules presented in this section of the report are for the Town's General Fund and the Redevelopment Agency Special Revenue Fund.

Budgeting and Budgetary Control

Budgets for the General Fund and the Redevelopment Agency Special Revenue Fund are legally required and are prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the Town Council prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Council through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

Current Year Excess of Expenditures over Appropriations

For the year ended June 30, 2015, all department spending was within the appropriated budget.

Other information that is not required as part of RSI

This information below is not required as part of GASB 68 but is provided for information purposes. The schedule below is a summary of the Defined Contribution Savings Plans for pay periods January 1 - December 31.

Defined Contribution System

	Employee Paid Contributions	Employer Paid Contributions
401(k) Plan	$ 40	5,126
457 Plan	-	-
Roth IRA Plan	-	-
Traditional IRA Plan	-	-
HRA Plan	-	-

* The employer paid 401(k) contributions include the totals paid for employees enrolled in the Tier 2 Defined Contribution 401(k) Plan.

Town of Vineyard

SCHEDULE OF REVENUES, EXPENDITUES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND (Unaudited)

For the Year Ended June 30, 2015

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
Revenues				
Taxes	$ 1,054,000	1,117,815	1,216,200	98,385
Licenses and permits	257,500	407,500	682,076	274,576
Intergovernmental revenues	23,450	23,450	19,582	(3,868)
Charges for services	150,000	336,960	466,008	129,048
Fines and forfeitures	5,500	5,500	7,018	1,518
Interest	8,000	8,000	18,941	10,941
Miscellaneous revenue	6,000	6,000	5,093	(907)
Total revenues	**1,504,450**	**1,905,225**	**2,414,918**	**509,693**
Expenditures				
General government	623,039	998,814	939,390	59,424
Public safety	245,000	245,000	236,783	8,217
Highways and public works	164,561	164,561	57,310	107,251
Parks and recreation	60,000	85,000	55,215	29,785
Total expenditures	**1,092,600**	**1,493,375**	**1,288,698**	**204,677**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**411,850**	**411,850**	**1,126,220**	**714,370**
Other Financing Sources and (Uses)				
Transfers in (out)	(411,850)	(711,850)	(711,850)	-
Total Other Financing Sources and (Uses)	**(411,850)**	**(711,850)**	**(711,850)**	**-**
Net Change in Fund Balances	**-**	**(300,000)**	**414,370**	**714,370**
Fund Balance - beginning	1,133,427	1,133,427	1,133,427	-
Fund Balances - end of year	**$ 1,133,427**	**833,427**	**1,547,797**	**714,370**

Town of Vineyard

SCHEDULE OF REVENUES, EXPENDITUES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL - REDEVELOPMENT AGENCY

(Unaudited)

For the Year Ended June 30, 2015

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
Revenues				
Taxes	$ 3,836,525	4,605,741	4,605,741	-
Interest	30,000	40,000	62,010	22,010
Total revenues	**3,866,525**	**4,645,741**	**4,667,751**	**22,010**
Expenditures				
General government	2,580,788	3,933,489	3,041,980	891,509
Debt Service:				
Principal	670,000	670,000	670,000	-
Interest	615,737	615,737	615,737	-
Total expenditures	**3,866,525**	**5,219,226**	**4,327,717**	**913,519**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**-**	**(573,485)**	**340,034**	**(913,519)**
Other Financing Sources and (Uses)				
Transfers in (out)	-	(889,931)	(889,931)	-
Total Other Financing Sources and (Uses)	**-**	**(889,931)**	**(889,931)**	**-**
Net Change in Fund Balances	**-**	**(1,463,416)**	**(549,897)**	**913,519**
Fund Balance - beginning	12,454,845	12,454,845	12,454,845	-
Fund Balances - end of year	**$ 12,454,845**	**10,991,429**	**11,904,948**	**913,519**

Town of Vineyard

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

UTAH RETIREMENT SYSTEMS

June 30, 2015

Last 10 Fiscal Years*

	Noncontributory System	Tier 2 Public Employee System
Proportion of the net pension liability (asset)	0.0164841 %	0.0131259 %
Proportionate share of the net pension liability (asset)	$ 71,578	$ (398)
Covered employee payroll	$ 121,762	$ 64,352
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	58.8 %	-0.6 %
Plan fiduciary net position as a percentage of the total pension liability	90.2 %	103.5 %

* In accordance with paragraph 81.a of GASB 68, employees will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the current year.

Town of Vineyard

SCHEDULE OF CONTRIBUTIONS

UTAH RETIREMENT SYSTEMS

June 30, 2015

Last 10 Fiscal Years*

	Noncontributory System	Tier 2 Public Employee System
Contractually required contribution	$ 25,908	$ 5,415
Contributions in relation to the contractually required contribution	$ (25,908)	$ (5,415)
Contribution deficiency (excess)	-	-
Covered employee payroll	$ 121,762	$ 64,352
Contributions as a percentage of covered-employee payroll **	21.28 %	8.41 %

* Amounts presented were determined as of calendar year January 1 - December 31. Employers will be required to prospectively develop this table in future years to show 10-years of information. The schedule above is only for the current year.

** Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

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INDEPENDENT AUDITOR'S 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*

Honorable Mayor and Town Council
Town of Vineyard
Vineyard, UT

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Vineyard, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Vineyard's basic financial statements, and have issued our report thereon dated January 26, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Vineyard'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 the Town of Vineyard's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Vineyard'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 that 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Town of Vineyard's financial statements are free from material misstatement, we preformed 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

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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 in 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.

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants
January 26, 2016

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INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH THE *STATE COMPLIANCE* AUDIT GUIDE ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS AND ON INTERNAL CONTROLS OVER COMPLIANCE

Honorable Mayor and Town Council
Town of Vineyard
Vineyard, UT

REPORT ON COMPLIANCE

We have audited the Town of Vineyard's compliance with the applicable general state 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 Town of Vineyard for the year ended June 30, 2015.

General state compliance requirements were tested for the year ended June 30, 2015 in the following areas:

- Budgetary Compliance
- Fund Balance
- Utah Retirement System Compliance
- Transfers from Utility Enterprise Funds
- Restricted Taxes
- Open and Public Meetings
- Cash Management
- Nepotism

The Town did not receive any major assistance programs from the State of Utah during the year ended June 30, 2015.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Town of Vineyard'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 Town or its major state programs occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on General State Compliance Requirements

In our opinion, the Town of Vineyard complied, in all material respects, with the general compliance requirements referred to above that could have a direct and material effect on the Town for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in our letter to management dated January 26, 2016 as item 2015-1.

Town of Vineyard's response to the noncompliance findings identified in our audit is described in our letter to management as 2015-1. Town of Vineyard's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

REPORT OF INTERNAL CONTROL OVER COMPLIANCE

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the compliance requirements that could have a direct and material effect on the Town to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance with general state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

We noted a matter involving internal control over compliance which we are submitting for your consideration. This matter is described in our letter to management as item 2015-1.

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.

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants
January 26, 2016