

SOUTH WEBER CITY

**Annual Financial Report
For the Fiscal Year Ended June 30, 2014
(With Accountants' Report Therein)**

SOUTH WEBER CITY

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GILBERT & STEWART
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
South Weber City
South Weber, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Weber City, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 South Weber City, as of June 30, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 South Weber City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, and budgetary comparison 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 nonmajor fund financial statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2015, on our consideration of South Weber City'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 South Weber City's internal control over financial reporting and compliance.

Gilbert & Stewart

GILBERT & STEWART, CPA, PC
Certified Public Accountants
Provo, UT 84601
January 12, 2015

South Weber City

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2014

South Weber City's management presents to the readers of its financial statements this narrative information. It contains an overview and analysis of the financial position and results of operations as of and for the twelve months ended June 30, 2014. As management of the City, we encourage readers to consider information contained in this discussion.

FINANCIAL HIGHLIGHTS

The assets of South Weber City exceeded its liabilities at the end of the current fiscal year by \$23,742,465 (net position). Of this amount, \$4,181,428 (unrestricted position) is available to meet ongoing obligations of citizens and creditors. Net position increased by \$1,293,626 from the prior year.

The City's Governmental activities reported a combined ending fund balance of \$11,418,706. Of the combined total fund balance, \$1,776,136 is available for spending at the discretion of the City (unreserved and undesignated fund balance).

The unassigned fund balance of the general fund at June 30, 2014, totaled \$682,182 and is 36% of the general fund total revenues for the year. Total debt for South Weber City decreased approximately \$1,383,010 because the original sales tax bond was refunded and paid in the current year. Since the City has increased the total fund balance, the financial position of the City has improved this year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to South Weber City's basic financial statements: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains information in addition to the basic financial statements that will help the reader gain a more in-depth understanding of the City.

Government-wide financial statements give readers a broad overview of the entire City's financial position, and changes in financial position, similar to consolidated financial statements in a private sector business. These statements consist of the statement of net position and the statement of activities.

The statement of net position shows South Weber City's entire position and liabilities with the difference shown as net position. Increases or decreases over time in net position gives an indicator as to whether the financial condition of South Weber City is improving or declining.

The statement of activities shows the changes to net position that occurred during the most recent fiscal year. These changes are recorded on an accrual basis when the underlying event that causes the change occurs, regardless of when the cash transaction takes place.

Both of the government-wide financial statements distinguish between activities that are largely supported by taxes and intergovernmental revenues and those whose operations are entirely or largely financed by user charges and fees. The governmental activities for South Weber City include general government, streets, parks, recreation, and other departments. The business-type activities include water, garbage, storm sewer, and sewer operations.

The government-wide financial statements include only the financial statements of South Weber City. The City does not have any component units.

The government-wide financial statements are found immediately following this discussion and analysis.

Fund financial statements are a set of closely related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. South Weber City, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. All of the City's funds can be categorized into one of two categories: governmental funds and proprietary funds.

Governmental funds account for essentially the same activities as the governmental activities in the government-wide financial statements, but with a narrower focus. Governmental funds concentrate on near-term inflows and outflows of financial resources and the balances of spendable resources available to the government at the end of the fiscal year. This information can be useful in evaluating the government's short-term financing requirements.

Comparing similar information presented in the government-wide statements for the governmental activities with that presented in governmental funds statements can provide useful information because of the different focus of the two approaches. With the long-term focus of the government-wide statements, a reader may be able to better understand the long-term effects of the near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance show reconciliation between the governmental funds statements to the governmental activities in the government-wide statements to aid in the comparison.

South Weber City uses two different major government funds, which are the general fund, and special revenue fund. The information on these funds is shown separately. The City has six nonmajor funds which are the capital improvements fund, park impact special revenue, road impact special revenue, Country Fair Days special revenue, recreation impact special revenue, and the public safety impact special revenue funds. The City adopts an annual appropriated budget for all its governmental funds. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

Within the proprietary funds are the enterprise funds. The enterprise funds report the same functions as the business-type activities in the government-wide financial statements. The enterprise funds maintained by South Weber City are the water, sewer, garbage, and storm sewer utility.

Proprietary funds present the same information as in the government-wide statements, but in more detail. All of the proprietary funds are considered to be major funds of South Weber City.

Notes to the financial statements contain additional information important to a complete understanding of the information contained in the government-wide and fund financial statements. Notes to the financial statements are located after the statements for major funds as listed in the table of contents.

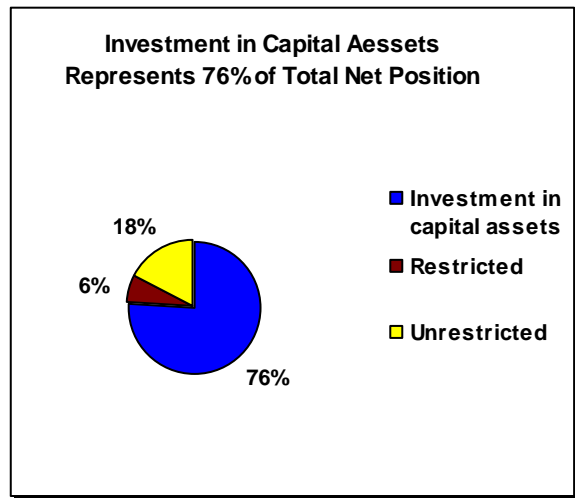
OTHER INFORMATION

Other information is contained in this report immediately following the notes to the financial statements and required supplementary information as listed in the table of contents.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current assets	\$ 2,910,742	\$ 3,634,472	\$ 3,250,306	\$ 3,086,506	\$ 6,161,048	\$ 6,720,978
Deferred outflows of resources	52,571	85,371	-	-	52,571	85,371
Noncurrent assets	10,058,736	10,272,640	12,452,699	11,807,738	22,511,435	22,080,378
Other assets	-	18,414	-	-	-	18,414
Total assets	\$ 13,022,049	\$ 14,010,897	\$ 15,703,005	\$ 14,894,244	\$ 28,725,054	\$ 28,905,141
Current and other liabilities	\$ 161,577	\$ 1,421,603	\$ 143,652	\$ 186,311	\$ 305,229	\$ 1,607,914
Long-term liabilities	1,152,293	1,252,499	3,235,594	3,314,631	4,387,887	4,567,130
Deferred inflows of resources	289,473	281,258	-	-	289,473	281,258
Total liabilities	1,603,343	2,955,360	3,379,246	3,500,942	4,982,589	6,456,302
Net position						
Invested in capital assets, net of related debt	8,891,736	9,032,640	9,150,009	8,420,037	18,041,745	17,452,677
Restricted	750,834	593,784	768,458	1,111,329	1,519,292	1,705,113
Unrestricted	1,776,136	1,429,113	2,405,292	1,861,936	4,181,428	3,291,049
Total net position	11,418,706	11,055,537	12,323,759	11,393,302	23,742,465	22,448,839
Total liabilities and net position	\$ 13,022,049	\$ 14,010,897	\$ 15,703,005	\$ 14,894,244	\$ 28,725,054	\$ 28,905,141

By far the largest component of South Weber City's net position is its investment in capital assets. The 76% of total net position represents the City's investment in land and improvements, buildings, machinery and equipment, roads, streetlights, and bridges, less any related outstanding debt that was used to acquire these assets. South Weber City uses these capital assets to provide services to citizens who live, work, pass through, or benefit in other ways from the City. By their nature, these assets are not available for future spending. Further, even though these capital assets are reported net of any related debt, resources needed to repay the debt must come from other sources, as the assets themselves cannot be used to satisfy the related obligations.



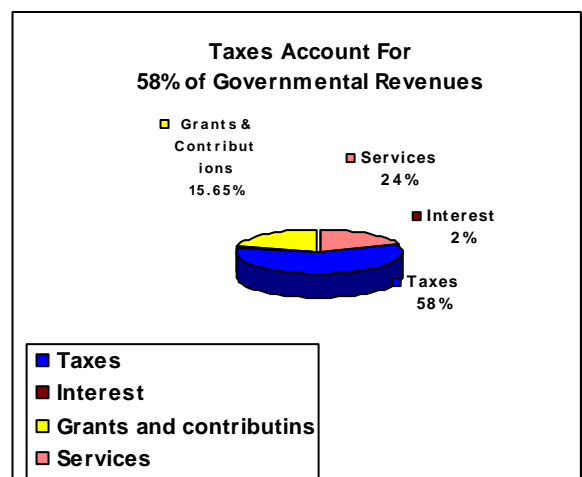
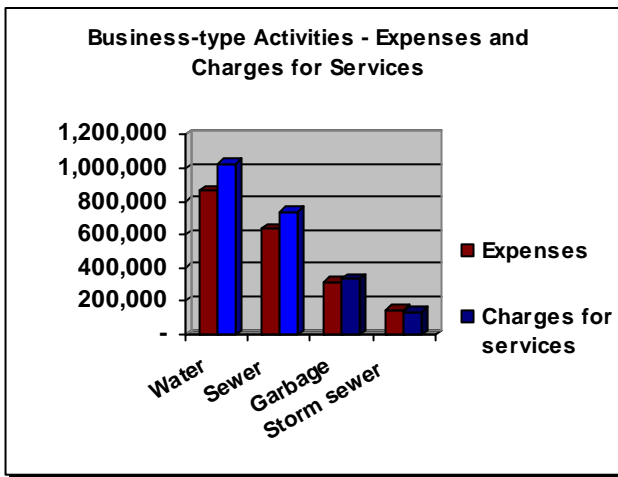
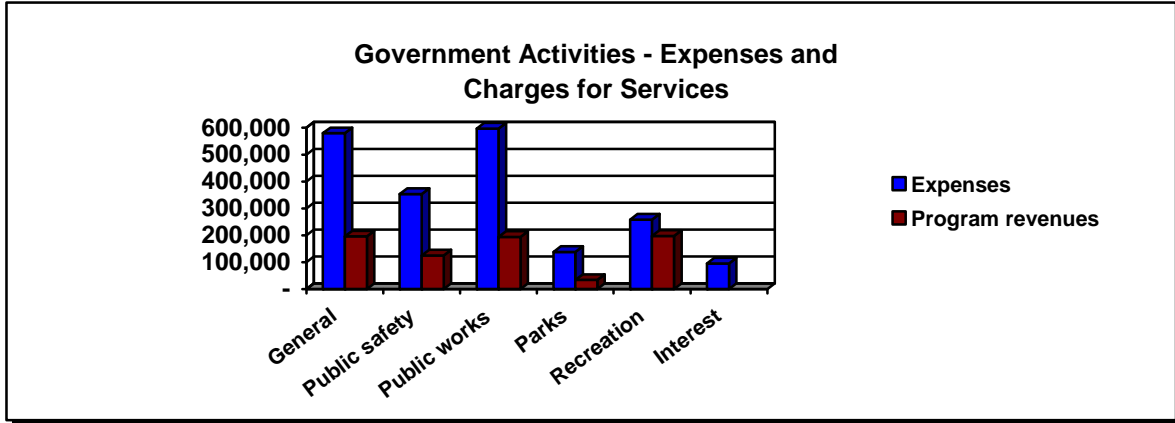
An additional part of net position, 6%, is assets that are subject to external restrictions on how they may be expended. The remaining 18% of net position can be used to meet the City's ongoing obligations to its creditors and to citizens.

SOUTH WEBER CITY'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Charges for services	\$ 469,902	\$ 641,512	\$ 2,237,118	\$ 2,280,353	\$ 2,707,020	\$ 2,921,865
Operating grants and contributions	164,970	197,119	-	-	164,970	197,119
Capital grants and contributions	335,462	-	630,632	179,600	966,094	179,600
General revenues:						
Property taxes, levied for general purposes	323,061	316,630	-	-	323,061	316,630
Franchise taxes	328,615	353,024	-	-	328,615	353,024
Sales taxes	747,272	643,054	-	-	747,272	643,054
Other revenues	-	-	20,873	-	20,873	-
Investment earnings	15,414	11,351	9,640	12,058	25,054	23,409
Total revenues	<u>2,384,696</u>	<u>2,162,690</u>	<u>2,898,263</u>	<u>2,472,011</u>	<u>5,282,959</u>	<u>4,634,701</u>
Expenses						
General government	579,183	523,412	-	-	579,183	523,412
Highway and streets	595,958	529,006	-	-	595,958	529,006
Public safety	353,337	364,048	-	-	353,337	364,048
Parks	137,892	128,364	-	-	137,892	128,364
Recreation	258,648	277,287	-	-	258,648	277,287
Interest on long-term debt	96,509	108,443	-	-	96,509	108,443
Utility	-	-	1,967,806	2,080,335	1,967,806	2,080,335
Total Expenses	<u>2,021,527</u>	<u>1,930,560</u>	<u>1,967,806</u>	<u>2,080,335</u>	<u>3,989,333</u>	<u>4,010,895</u>
Transfers	-	-	-	-	-	-
CHANGE IN NET POSITION	363,169	232,130	930,457	391,676	1,293,626	623,806
NET POSITION, BEGINNING	11,055,537	10,823,407	11,393,302	11,104,495	22,448,839	21,927,902
Prior period adjustment	-	-	-	(102,869)	-	(102,869)
NET POSITION, ENDING	<u>\$ 11,418,706</u>	<u>\$ 11,055,537</u>	<u>\$ 12,323,759</u>	<u>\$ 11,393,302</u>	<u>\$ 23,742,465</u>	<u>\$ 22,448,839</u>

GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

Governmental activities net position increased by \$363,169 for the year ended June 30, 2014. The major reason for the increase resulted from contributions for conveyed assets and expenditures lower than budgeted.



Business-type activities contributed an amount of \$930,457 increase in net position. The most significant reason for this increase in business-type activities is charges for services for water, sewer, and contributions from developers. The City received \$25,054 in invested earnings and \$172,416 in impact fees during the year for business-type activities.

FINANCIAL ANALYSIS OF SOUTH WEBER CITY'S FUNDS

South Weber City's governmental funds provide information on the short-term resource inflows and outflows and account balances at the end of the fiscal year. The total fund balance is a measure of total available resources. The unreserved portion of this total fund balance is a measure of the available spendable resources at June 30, 2014.

For the period ended June 30, 2014, the City's governmental funds reported combined net position in the amount of \$2,512,954. Of the total balance at year-end, \$682,182 is unassigned. There is also an amount of \$305,560 reserved for specific capital projects and \$445,274 for class C roads. The special revenue fund has a fund balance of 304,696.

The General Fund is the main operating fund for South Weber City. At June 30, 2014, the general fund's unassigned fund balance was \$682,182. Total fund balance of the general fund for South Weber City increased by \$396,271. A useful measure of liquidity is to compare the unreserved fund balance and the total fund balance to expenditures (including operating transfers out) for the year. Unassigned fund balance for governmental funds was 24% of total expenditures.

The major special revenue fund had a total fund balance of \$304,696, all of which is assigned for recreation activities. The total fund balance decreased \$1,285,889. Most of the decrease was due to bonds paid during the year.

The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the City's major proprietary funds totaled \$2,405,292. Discussions about the finances of this fund are addressed in the City's business-type activities.

BUDGETARY HIGHLIGHTS

The general fund budget had some minor budget changes in salaries that increased the preliminary budget.. The special revenue fund budget was increased for increased interest expenses for the revenue bonds. Capital improvements fund adjustments were approved for increases in transfers from the general fund. Other special revenue funds expenditures were increased for capital outlay. The park impact, capital improvements, recreation impact, and the public safety impact funds had the expenditures increased from additional projects started during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

South Weber City's investment in capital assets for its governmental and business type activities has a combined total of \$22,511,435 (net of \$10,572,475 accumulated depreciation) at June 30, 2014. Types of assets included in this category are land, buildings, improvements, vehicles, machinery, equipment, roads (including curb and gutter), street lights, traffic signals, water, waste water, and collection systems. The City's investment in net capital assets equals nearly 76% of total assets. Governmental activities net capital assets to governmental activities assets equaled 76% while business-type activities percentage was 78%.

Major capital asset activities that occurred during the past fiscal year include:

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land and water rights	\$ 1,818,089	\$ 1,738,089	\$ 8,925	\$ 8,925	\$ 1,827,014	\$ 1,747,014
Office equipment	34,086	34,085	-	-	34,086	34,085
Buildings	3,123,210	3,123,211	304,114	304,114	3,427,324	3,427,325
Improvements, other than buildings	10,580,790	10,437,836	15,323,498	13,888,512	25,904,288	24,326,348
Vehicles	363,080	363,080	280,411	405,499	643,491	768,579
Machinery and equipment	878,243	851,137	369,464	357,311	1,247,707	1,208,448
Work in process	-	-	-	381,962	-	381,962
Accumulated depreciation	(6,738,762)	(6,274,798)	(3,833,713)	(3,538,585)	(10,572,475)	(9,813,383)
Net book value	<u>\$ 10,058,736</u>	<u>\$ 10,272,640</u>	<u>\$ 12,452,699</u>	<u>\$ 11,807,738</u>	<u>\$ 22,511,435</u>	<u>\$ 22,080,378</u>

At June 30, 2014, South Weber City's total debt amounted to \$4,469,691 of which \$3,302,691 was incurred by the City's business-type activities and the remaining \$1,167,000 was incurred by the City's governmental units. Most of the City's debt is known as revenue bonds and is secured by specific revenue sources (i.e. sales taxes, water, and sewer revenues).

Additional information on South Weber City's capital assets and debt can be found in Note 6 in the notes to the City's basic financial statements.

**South Weber City's Outstanding Debt
Revenue Bonds**

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Totals</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenue bonds	<u>\$ 1,167,000</u>	<u>\$ 2,470,000</u>	<u>\$ 3,302,691</u>	<u>\$ 3,382,701</u>	<u>\$ 4,469,691</u>	<u>\$ 5,852,701</u>
Totals	<u>\$ 1,167,000</u>	<u>\$ 2,470,000</u>	<u>\$ 3,302,691</u>	<u>\$ 3,382,701</u>	<u>\$ 4,469,691</u>	<u>\$ 5,852,701</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As of October 2014, the state unemployment rate was 3.6%, down from 4.9% the previous year. This is consistent with the nationwide decrease in unemployment rates as the economy continues to deteriorate. Currently, South Weber City is experiencing a similar economic downturn consistent with the rest of the nation. The City has some subdivisions that could bring more property taxes into the City in future years since the land was previously farm property subject to the greenbelt provisions. The rates and fees for most services remained constant for fiscal year 2014 compared with the fiscal year just ended.

REQUEST FOR INFORMATION

This financial report is designed to give its readers a general overview of the South Weber City's finances. Questions regarding any information contained in this report or requests for additional financial information should be addressed to South Weber City, 1600 East South Weber Drive, South Weber City, Utah 84405.

SOUTH WEBER CITY

Statement of Net Position June 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
CURRENT ASSETS			
Cash and cash equivalents			
Restricted	\$ 786,210	\$ 810,649	\$ 1,596,859
Unrestricted	1,624,636	2,230,024	3,854,660
Receivables			
Property, franchise, and excise taxes	499,896	-	499,896
Accounts, less allowance for doubtful accounts of \$0	-	209,633	209,633
Total current assets	<u>2,910,742</u>	<u>3,250,306</u>	<u>6,161,048</u>
DEFERRED OUTFLOWS OF RESOURCES			
Refunding bond costs	<u>52,571</u>	-	<u>52,571</u>
Total deferred outflows of resources	<u>52,571</u>	-	<u>52,571</u>
NONCURRENT ASSETS			
Restricted cash	-	-	-
Property and equipment, (net)			
Land and water rights	1,818,089	8,925	1,827,014
Buildings	2,273,582	217,304	2,490,886
Improvements, other than buildings	5,806,538	12,059,549	17,866,087
Vehicles	2,167	18,700	20,867
Machinery and equipment	158,360	148,221	306,581
Net property and equipment	<u>10,058,736</u>	<u>12,452,699</u>	<u>22,511,435</u>
Total assets	<u>\$ 13,022,049</u>	<u>\$ 15,703,005</u>	<u>\$ 28,725,054</u>

The accompanying notes are an integral part of this statement.

SOUTH WEBER CITY

Statement of Net Position, Continued June 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 40,280	\$ 28,353	\$ 68,633
Accounts payable to related parties	-	23,196	23,196
Restricted assets:			
Current portion of revenue bonds	73,000	80,000	153,000
Accrued interest	15,886	12,103	27,989
Accrued liabilities	32,411	-	32,411
Total current liabilities	<u>161,577</u>	<u>143,652</u>	<u>305,229</u>
NON-CURRENT LIABILITIES			
Deposits, advance rentals, and long-term accruals	35,627	224	35,851
Long-term compensation liability	22,666	12,680	35,346
Restricted assets:			
Long-term portion of revenue bonds	1,094,000	3,222,690	4,316,690
Total non-current liabilities	<u>1,152,293</u>	<u>3,235,594</u>	<u>4,387,887</u>
Total liabilities	<u>1,313,870</u>	<u>3,379,246</u>	<u>4,693,116</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	289,473	-	289,473
Total deferred inflows of resources	<u>289,473</u>	<u>-</u>	<u>289,473</u>
NET POSITION			
Net investment in capital assets	8,891,736	9,150,009	18,041,745
Restricted for:			
Specific projects and programs	305,560	768,432	1,073,992
Class C road	445,274	-	445,274
Debt service	-	26	26
Unrestricted	1,776,136	2,405,292	4,181,428
Total net position	<u>11,418,706</u>	<u>12,323,759</u>	<u>23,742,465</u>
Total liabilities and net position	<u>\$ 13,022,049</u>	<u>\$ 15,703,005</u>	<u>\$ 28,725,054</u>

The accompanying notes are an integral part of this statement.

SOUTH WEBER CITY

Statement of Activities

For the Fiscal Year Ended June 30, 2014

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Expenses	Program Revenues			Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-type Activities	Total
PRIMARY GOVERNMENT							
Government activities							
General government	\$ 579,183	\$ 195,869	\$ -	\$ -	\$ (383,314)	\$ -	\$ (383,314)
Public safety	353,337	115,240	4,164	6,048	(227,885)	-	(227,885)
Public works	595,958	-	160,806	256,026	(179,126)	-	(179,126)
Parks	137,892	-	-	34,190	(103,702)	-	(103,702)
Recreation	258,648	158,793	-	39,198	(60,657)	-	(60,657)
Interest on long-term debt	96,509	-	-	-	(96,509)	-	(96,509)
Total government activities	<u>2,021,527</u>	<u>469,902</u>	<u>164,970</u>	<u>335,462</u>	<u>(1,051,193)</u>	<u>-</u>	<u>(1,051,193)</u>
Business-type activities							
Water utility	866,811	1,027,211	-	216,057	-	376,457	376,457
Sewer utility	631,981	737,585	-	275,016	-	380,620	380,620
Garbage utility	318,965	336,235	-	-	-	17,270	17,270
Storm sewer utility	150,049	136,087	-	139,559	-	125,597	125,597
Total business-type activities	<u>1,967,806</u>	<u>2,237,118</u>	<u>-</u>	<u>630,632</u>	<u>-</u>	<u>899,944</u>	<u>899,944</u>
Total primary government	<u>3,989,333</u>	<u>2,707,020</u>	<u>164,970</u>	<u>966,094</u>	<u>(1,051,193)</u>	<u>899,944</u>	<u>(151,249)</u>
General Revenues							
Taxes							
Property taxes, levied for general purposes					323,061	-	323,061
Franchise taxes					328,615	-	328,615
Sales taxes					747,272	-	747,272
Other					-	20,873	20,873
Investment earnings					15,414	9,640	25,054
Total general revenues, special items, and transfers					<u>1,414,362</u>	<u>30,513</u>	<u>1,444,875</u>
Changes in net position					363,169	930,457	1,293,626
Net position, July 1, 2013					<u>11,055,537</u>	<u>11,393,302</u>	<u>22,448,839</u>
Net position, June 30, 2014					<u>\$ 11,418,706</u>	<u>\$ 12,323,759</u>	<u>\$ 23,742,465</u>

The accompanying notes are an integral part of this statement.

SOUTH WEBER CITY

Balance Sheet Governmental Funds June 30, 2014

	<u>General</u>	<u>Special Revenue Recreation Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
ASSETS				
Cash and cash equivalents				
Unrestricted	\$ 550,618	\$ 299,443	\$ 774,575	\$ 1,624,636
Restricted	445,274	-	340,936	786,210
Receivables (net)				
Property, franchise, and excise tax	484,704	-	-	484,704
Fees	3,222	11,972	-	15,194
Prepaid expenses	-	-	1,362	1,362
Total assets	<u>\$ 1,483,818</u>	<u>\$ 311,415</u>	<u>\$ 1,116,873</u>	<u>\$ 2,912,106</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ 34,478	\$ 6,469	\$ 694	\$ 41,641
Accrued liabilities	32,411	-	-	32,411
Deposits	-	250	35,377	35,627
Total liabilities	<u>66,889</u>	<u>6,719</u>	<u>36,071</u>	<u>109,679</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	289,473	-	-	289,473
Total deferred inflows of resources	<u>289,473</u>	<u>-</u>	<u>-</u>	<u>289,473</u>
FUND BALANCES				
Restricted for:				
Class C Road	445,274	-	-	445,274
Impact fees	-	-	305,560	305,560
Assigned	-	304,696	775,242	1,079,938
Unassigned	682,182	-	-	682,182
Total fund balances	<u>1,127,456</u>	<u>304,696</u>	<u>1,080,802</u>	<u>2,512,954</u>
Total liabilities and fund balances	<u>\$ 1,483,818</u>	<u>\$ 311,415</u>	<u>\$ 1,116,873</u>	<u>\$ 2,912,106</u>

The accompanying notes are an integral part of this statement.

SOUTH WEBER CITY

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position For the Fiscal Year Ended June 30, 2014

TOTAL FUND BALANCE \$ 2,512,954

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. Those assets consist of:

Land	\$ 1,818,089	
Buildings	3,123,210	
Improvements, other than buildings	10,580,790	
Equipment	878,245	
Office furniture	34,084	
Vehicles	363,080	
Less accumulated depreciation	<u>(6,738,762)</u>	
Total capital assets		10,058,736

Bond refunding costs are expensed in the governmental funds and capitalized and amortized in the government wide statements. 52,571

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather as an expenditure when due. All liabilities, both current and long-term, are reported in the statements of net position.

Accrued liabilities	(22,666)	
Accrued interest on bonds	(15,889)	
Current portion of revenue bonds	(73,000)	
Long-term portion of revenue bonds	<u>(1,094,000)</u>	
Total liabilities		<u>(1,205,555)</u>

Total net position of governmental activities \$ 11,418,706

SOUTH WEBER CITY

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2014

	<u>General</u>	<u>Special Revenue Recreation Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
REVENUES				
General property taxes	\$ 323,061	\$ -	\$ -	\$ 323,061
Sales, use, and excise taxes	747,272	-	-	747,272
Franchise taxes	328,615	-	-	328,615
Impact fees	-	-	112,507	112,507
Licenses	176,156	-	-	176,156
Fines	113,949	-	-	113,949
Interest	15,414	-	-	15,414
Intergovernmental	171,120	-	-	171,120
Charges for services	11,466	140,046	40,373	191,885
Miscellaneous	3,389	-	-	3,389
Total revenues	<u>1,890,442</u>	<u>140,046</u>	<u>152,880</u>	<u>2,183,368</u>
EXPENDITURES				
Current				
General government	572,543	-	-	572,543
Public works	235,762	-	-	235,762
Public safety	307,702	-	-	307,702
Parks	92,403	-	-	92,403
Recreation	-	168,968	55,543	224,511
Capital outlay	-	-	70,889	70,889
Debt service:				
Principal	-	1,303,000	-	1,303,000
Interest	-	93,967	-	93,967
Total expenditures	<u>1,208,410</u>	<u>1,565,935</u>	<u>126,432</u>	<u>2,900,777</u>
Revenues over (under) expenditures	<u>682,032</u>	<u>(1,425,889)</u>	<u>26,448</u>	<u>(717,409)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers, in	-	140,000	145,761	285,761
Operating transfers, out	<u>(285,761)</u>	<u>-</u>	<u>-</u>	<u>(285,761)</u>
Total other financing sources (uses)	<u>(285,761)</u>	<u>140,000</u>	<u>145,761</u>	<u>-</u>
Revenue and other sources over expenditures and other uses	396,271	(1,285,889)	172,209	(717,409)
FUND BALANCE, JULY 1, 2013	<u>731,185</u>	<u>1,590,585</u>	<u>908,593</u>	<u>3,230,363</u>
FUND BALANCE, JUNE 30, 2014	<u>\$ 1,127,456</u>	<u>\$ 304,696</u>	<u>\$ 1,080,802</u>	<u>\$ 2,512,954</u>

The accompanying notes are an integral part of this statement.

SOUTH WEBER CITY

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Funds Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2014

NET CHANGES IN FUND BALANCES, TOTAL GOVERNMENTAL FUNDS \$ (717,409)

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$463,964) was more than capital outlay (\$27,106). (436,858)

Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. 1,303,000

Contributions from conveyed assets is not recorded on the funds statements but is recorded on the government wide statement. 222,950

This adjustment is as follows:
Accrued absences (5,975)
Bond refunding amortization (32,800)
Accrued interest 30,261

Change in net position of governmental activities \$ 363,169

SOUTH WEBER CITY

Statement of Net Position Proprietary Funds June 30, 2014

	<u>Water Utility Fund</u>	<u>Sewer Utility Fund</u>	<u>Garbage Utility Fund</u>	<u>Storm Sewer Utility Fund</u>	<u>Totals Proprietary Fund</u>
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents					
Restricted	\$ 408,292	\$ 360,140	\$ -	\$ 42,217	\$ 810,649
Unrestricted	519,989	890,896	307,913	511,226	2,230,024
Receivables					
Accounts, less allowance for doubtful account of \$0	85,383	79,356	31,800	13,094	209,633
Total current assets	<u>1,013,664</u>	<u>1,330,392</u>	<u>339,713</u>	<u>566,537</u>	<u>3,250,306</u>
NON-CURRENT ASSETS					
Property and equipment, at cost					
Land and easements	-	3,669	-	5,257	8,926
Buildings	304,114	-	-	-	304,114
Improvements, other than buildings	7,167,843	5,296,256	-	2,859,400	15,323,499
Machinery and equipment	175,817	10,631	183,015	-	369,463
Vehicles	280,409	-	-	-	280,409
Accumulated depreciation	(1,612,494)	(1,349,023)	(94,200)	(777,995)	(3,833,712)
Net property and equipment	<u>6,315,689</u>	<u>3,961,533</u>	<u>88,815</u>	<u>2,086,662</u>	<u>12,452,699</u>
Total assets	<u>\$ 7,329,353</u>	<u>\$ 5,291,925</u>	<u>\$ 428,528</u>	<u>\$ 2,653,199</u>	<u>\$ 15,703,005</u>

The accompanying notes are an integral part of this statement.

SOUTH WEBER CITY

Statement of Net Position Proprietary Funds, Continued June 30, 2014

	Water Utility Fund	Sewer Utility Fund	Garbage Utility Fund	Storm Sewer Utility Fund	Total Proprietary Fund
<u>LIABILITIES</u>					
CURRENT LIABILITIES					
Accounts payable	\$ 5,264	\$ -	\$ 22,866	\$ 223	\$ 28,353
Accounts payable to related party	-	23,196	-	-	23,196
Current portion bonds payable	80,000	-	-	-	80,000
Accrued interest	12,103	-	-	-	12,103
Accrued liabilities	-	-	-	-	-
Total current liabilities	<u>97,367</u>	<u>\$ 23,196</u>	<u>22,866</u>	<u>223</u>	<u>143,652</u>
NONCURRENT LIABILITIES					
Deposits, advance rentals, and long term accruals	224	-	-	-	224
Long term compensation liability	5,617	3,043	880	3,140	12,680
Bonds payable	3,222,690	-	-	-	3,222,690
Total noncurrent liabilities	<u>3,228,531</u>	<u>3,043</u>	<u>880</u>	<u>3,140</u>	<u>3,235,594</u>
Total liabilities	<u>3,325,898</u>	<u>26,239</u>	<u>23,746</u>	<u>3,363</u>	<u>3,379,246</u>
NET POSITION					
Net investment in capital assets	3,012,999	3,961,533	88,815	2,086,662	9,150,009
Restricted debt service	26	-	-	-	26
Restricted impact fees	408,292	360,140	-	-	768,432
Unrestricted	582,138	944,013	315,967	563,174	2,405,292
Total net position	<u>4,003,455</u>	<u>5,265,686</u>	<u>404,782</u>	<u>2,649,836</u>	<u>12,323,759</u>
Total liabilities and net position	<u>\$ 7,329,353</u>	<u>\$ 5,291,925</u>	<u>\$ 428,528</u>	<u>\$ 2,653,199</u>	<u>\$ 15,703,005</u>

The accompanying notes are an integral part of this statement.

SOUTH WEBER CITY

Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Funds For the Fiscal Year Ended June 30, 2014

	<u>Water Utility Fund</u>	<u>Sewer Utility Fund</u>	<u>Garbage Utility Fund</u>	<u>Storm Sewer Utility Fund</u>	<u>Total Proprietary Fund</u>
OPERATING REVENUE					
Revenue secured by revenue bond	\$ 1,027,211	\$ -	\$ -	\$ -	\$ 1,027,211
Sales and charges for services	-	737,585	336,235	136,087	1,209,907
Total operating revenue	<u>1,027,211</u>	<u>737,585</u>	<u>336,235</u>	<u>136,087</u>	<u>2,237,118</u>
OPERATING EXPENDITURES					
Personnel services	189,870	114,261	24,681	25,079	353,891
Supplies	293,008	32,502	283,765	9,616	618,891
Purchased services	58,681	401,537	-	18,979	479,197
Depreciation and amortization	190,035	83,681	10,519	96,375	380,610
Total operating expenditures	<u>731,594</u>	<u>631,981</u>	<u>318,965</u>	<u>150,049</u>	<u>1,832,589</u>
Operating income (loss)	<u>295,617</u>	<u>105,604</u>	<u>17,270</u>	<u>(13,962)</u>	<u>404,529</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest income	2,657	2,609	2,187	2,187	9,640
Impact fees	65,568	74,928	-	31,920	172,416
Other income	9,873	2,495	5,000	3,505	20,873
Interest expense	(135,217)	-	-	-	(135,217)
Total non-operating revenues (expenses)	<u>(57,119)</u>	<u>80,032</u>	<u>7,187</u>	<u>37,612</u>	<u>67,712</u>
CAPITAL CONTRIBUTIONS					
Grants and other contributions	150,489	200,088	-	107,639	458,216
Total contributions	<u>150,489</u>	<u>200,088</u>	<u>-</u>	<u>107,639</u>	<u>458,216</u>
Increase in net position	388,987	385,724	24,457	131,289	930,457
NET POSITION, JULY 1, 2013	<u>3,614,468</u>	<u>4,879,962</u>	<u>380,325</u>	<u>2,518,547</u>	<u>11,393,302</u>
NET POSITION, JUNE 30, 2014	<u>\$ 4,003,455</u>	<u>\$ 5,265,686</u>	<u>\$ 404,782</u>	<u>\$ 2,649,836</u>	<u>\$ 12,323,759</u>

The accompanying notes are an integral part of this statement.

SOUTH WEBER CITY

Statement of Cash Flows

Proprietary Funds

For The Fiscal Year Ended June 30, 2014

	Water Utility Fund	Sewer Utility Fund	Garbage Utility Fund	Storm Sewer Utility Fund	Total Proprietary Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 1,020,926	\$ 726,403	\$ 336,277	\$ 136,084	\$ 2,219,690
Payments to suppliers	(358,018)	(454,420)	(281,001)	(32,708)	(1,126,147)
Payments to employees	(195,394)	(117,604)	(25,338)	(23,107)	(361,443)
Net cash provided by operating activities	<u>467,514</u>	<u>154,379</u>	<u>29,938</u>	<u>80,269</u>	<u>732,100</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(517,502)	-	(12,153)	(77,302)	(606,957)
Impact fees	65,568	74,928	-	31,920	172,416
Proceeds from sale of capital assets	36,970	-	17,505	-	54,475
Other	-	2,496	-	3,505	6,001
Interest paid on bonds	(145,229)	-	-	-	(145,229)
Principal paid on bonds	(70,000)	-	-	-	(70,000)
Net cash used in capital and related financing activities	<u>(630,193)</u>	<u>77,424</u>	<u>5,352</u>	<u>(41,877)</u>	<u>(589,294)</u>
Cash flows from investing activities					
Investment earnings	2,657	2,608	2,187	2,187	9,639
Net cash provided by investing activities	<u>2,657</u>	<u>2,608</u>	<u>2,187</u>	<u>2,187</u>	<u>9,639</u>
Net (decrease) increase in cash and cash equivalents	(160,022)	234,411	37,477	40,579	152,445
CASH AND CASH EQUIVALENTS, JULY 1, 2013	<u>1,088,303</u>	<u>1,016,625</u>	<u>270,436</u>	<u>512,864</u>	<u>2,888,228</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2014	<u>\$ 928,281</u>	<u>\$ 1,251,036</u>	<u>\$ 307,913</u>	<u>\$ 553,443</u>	<u>\$ 3,040,673</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 295,617	\$ 105,604	\$ 17,270	\$ (13,962)	\$ 404,529
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	190,035	83,681	10,519	96,375	380,610
Increase (decrease) due to changes in:					
Accounts receivable	(4,989)	(11,182)	42	(226)	(16,355)
Inventory	5,000	-	-	-	5,000
Accounts payable	(11,329)	(20,381)	2,763	(4,113)	(33,060)
Deposits	(1,296)	(120)	-	223	(1,193)
Accrued liabilities affecting operating activities	<u>(5,524)</u>	<u>(3,223)</u>	<u>(656)</u>	<u>1,972</u>	<u>(7,431)</u>
Net cash provided by operating activities	<u>\$ 467,514</u>	<u>\$ 154,379</u>	<u>\$ 29,938</u>	<u>\$ 80,269</u>	<u>\$ 732,100</u>
Non-Cash transactions					
Capital contributions by developers and others	\$ 150,489	\$ 200,088	\$ -	\$ 107,639	\$ 458,216
Total non-cash transactions	<u>\$ 150,489</u>	<u>\$ 200,088</u>	<u>\$ -</u>	<u>\$ 107,639</u>	<u>\$ 458,216</u>

The accompanying notes are an integral part of this statement.

SOUTH WEBER CITY

Notes to the Financial Statements For The Fiscal Year Ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History and Organization

South Weber City was incorporated August 1, 1936. The City operates under a mayor-council form of government and provides the following services authorized by its charter: public safety, highways and streets, parks, recreation, planning and zoning, water, and general administrative.

Financial Reporting Entity

For financial reporting purposes, the reporting entity includes all funds, agencies, and authorities for which the City holds corporate powers, and all component units for which the City is financially accountable. The Governmental Accounting Standards Board (GASB) has established criteria to consider in determining financial accountability. The criteria are: appointment of a majority of the voting members of an organization's governing board and, either (1) the City has the ability to impose its will on the organization or, (2) there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City currently does not have any component units.

Basis of Presentation – Government-Wide and Fund Financial Statements

Government-wide statements are comprised of the statement of net position and the statement of activities. They contain information on all of the activities of the primary government and its component. Most effects of inter-fund activities have been eliminated from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues, while business-type activities receive a significant portion of revenues from fees and charges for services.

The statement of activities is presented to show the extent that program revenues of a given activity support direct expenses. Direct expenses are those that can clearly be associated with a particular activity or program. Program revenues are: (1) charges to customers or others who purchase, use, or directly benefit from the services or goods provided by a given activity or, (2) grants or other contributions that are restricted to operations or capital needs of a specific activity. General revenues are those revenues, such as taxes and other items, which are not properly reported as program revenues.

Separate financial statements are included for governmental funds and proprietary funds. Major individual governmental funds are reported in separate columns in the governmental funds statements, as are major individual proprietary funds in the proprietary funds statements.

Measurement Focus and Basis of Accounting

Measurement focus refers to the types of assets that appear on the statement of net position, and changes to those same assets, which appear on the statement of activities. The flow of financial resources measurement focus shows current assets and liabilities on the statement of net position and changes to net current assets in the statement of activities. The flow of economic resources measurement focus shows total assets and liabilities on the statement of net position and changes to net position on the statement of activities. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

Government-Wide and Proprietary Fund Statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of the timing of the related cash flows. Unbilled fees for proprietary funds are recorded as receivables at year end. Property taxes are recorded as revenues in the year for which they are levied. Grants and similar other contributions are recognized as revenue as soon as the eligibility requirements of the provider have been met.

South Weber City's only enterprise fund is the utility fund for water and sewer operations and is a major fund of the City. The water utility delivers potable water to nearly all residents and businesses located in the City. The City has its own sewer lines but does not own a sewer plant. The City pays another government entity to process sewer. The City collects fees from customers located within the City limits for services.

Proprietary funds have separate operating and non-operating revenues and expenses. Operating revenues and expenses normally arise from providing goods and services in connection with the fund's normal ongoing operations. The principal sources of operating revenues for the proprietary funds are charged to customers for services. Operating expenses include the cost of providing water services, administrative overhead expenses, and depreciation on capital assets. All other revenues or expenses are recorded as non-operating.

Governmental Fund Statements use the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available. "Measurable" means that amounts can be reasonably determined within the current period. "Available" means that amounts are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. As a practical matter, South Weber City uses 60 days as a cut-off for meeting the available criterion. Property taxes are considered "measurable" when levied, and available when collected and held by the county. Any amounts not available are recorded as deferred revenue. Franchise taxes are considered "measurable" when collected and held by the utility company, and are recognized as revenue at that time. Other revenues that are determined to be susceptible to accrual include grants earned and other intergovernmental revenues, and assessments. Property taxes and assessments are recorded as receivables when levied or assessed. However, they are reported as deferred revenue until the "available" criterion has been met. Sales and use taxes collected by the state and remitted to the City within the "available" time period are recognized as revenue. Revenues collected in advance are deferred and recognized in the period to which they apply.

Revenues that are determined to not be susceptible to accrual because they are either not available soon enough to pay liabilities of the current period (60 days), or are not objectively measurable, include licenses, permits, and miscellaneous revenues. Revenue is recognized when cash is received.

Expenditures are recognized in the accounting period in which the fund liability is incurred, except for long-term obligations (debt service payments and long term compensated absences) and related interest which are recognized as expenditures when due. Inventories of supplies are expended when purchased.

South Weber City has two major governmental funds: the general fund and the special revenue recreation fund. The general fund is the main operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund. The special revenue fund is the recreation fund of the City.

Budgets and Budgetary Accounting

Budgets are legally required for governmental funds. Annual budgets are prepared and adopted by the City Council on or before June 15 for the fiscal year commencing the following July 1, in accordance with Utah State Law. The operating budget includes proposed expenditures and the proposed sources of financing for such expenditures. Prior to June 15, a public hearing is conducted to obtain taxpayer input. Budgets are adopted by ordinance in total for each department. Expenditures cannot exceed appropriations at the department level. Management can move budgeted amounts from one line item to another within a department or decrease appropriations. The City Council can increase appropriations after holding a public hearing.

The governmental funds budget is prepared using the modified accrual basis of accounting. Governmental appropriations lapse at year-end.

Cash, Cash Equivalents, and Investments

Governmental standards requires certain investments to be reported at fair value and the change in fair value to be included in revenues or expenses. The City’s policy is to report all investments at value and the change in fair value to be included in revenues or expenses. The City’s investment in the State Treasurer’s Pool has a fair value equivalent to the value of the pool shares. This pool is administered by the State of Utah and is regulated by the Money Management Council under provisions of the Utah State Money Management Act. In all statements, the City considers all highly liquid investments, including restricted assets that mature within ninety days or less when purchased, to be cash equivalents.

Depreciable Fixed Assets

Fixed assets are valued at historical cost, or estimated historical cost, for assets where actual historical cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. The City has a capitalization threshold of \$500 for all assets. The City follows GAAP by capitalizing a portion of its interest costs (net of any interest earned on related interest bearing investments acquired with proceeds of related tax-exempt borrowings) as a cost of constructed property and equipment in enterprise funds. Depreciation of fixed assets is computed using the straight-line method over the following estimated useful lives:

Buildings	30-40	years
Improvements, other than buildings	5-40	years
Machinery and equipment, including leased property under capital leases	5-20	years
Infrastructure roads, signals, lights, and bridges	25-40	years
Water and sewer lines	20-100	years
Vehicles	5-10	years

Bond Refunding Costs and Bond Premium Amortization

Bond refunding costs are amortized using the straight line method over the life of the bonds. Bond costs on new bonds issued are expensed as incurred. Bond premium is amortized over the life of the bond

Property Taxes

Ad valorem (based on value) property taxes constitute a major source of general fund revenue. Taxes are levied through the passage of an ordinance in June of each year. The levy is applicable to only one year. All taxable property is required to be assessed and taxed at a uniform and equal rate on the basis of its fair market value. The county assessor is required to assess all other taxable property, and both entities are required to assess the respective types of property, as of January 1, the assessment date. The county is then required to complete the tax rolls by May 15. By July 21 the county treasurer is to mail assessed value and tax notices to property owners. A taxpayer may then petition the county board of equalization between August

1 and August 15 for a revision of the assessed value. Approved changes in assessed value are made by the county auditor by November 1. On this same date the auditor is to deliver the completed assessment rolls to the county treasurer. Tax notices are mailed with a due date of November 30. Delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15 a lien is attached to the property. The outstanding amount of taxes and penalties bear interest from January 1 until paid. If, after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the county on a monthly basis. With the July 1, 2000, adoption of Statement of Governmental Accounting Standards (SGAS) No. 33, more fully described below, South Weber City changed its accounting for property taxes.

SGAS No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, defines a non-exchange transaction as one in which “a government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange.” For property taxes, at January 1 of each year (the assessment date), South Weber City has the legal right to collect the taxes, and in accordance with the provisions of the new statement, has now recorded a receivable and a corresponding deferred revenue for the assessed amount of those property taxes as of January 1, 2014.

Inter-fund Transactions

In the normal course of its operations, the City has various transactions between funds. Transfers are recognized as operating transfers in and out, respectively, by the funds receiving and providing the transfer.

Long-term Liabilities

Long-term liabilities that will be financed from governmental funds are accounted for in the governmental activities portion of the government-wide statements, while those of proprietary funds are accounted for in their respective funds.

Use of restricted funds

The City has funds with various restrictions. When an expense is incurred which meets the requirements to release the restriction, such restricted funds are first used to satisfy the expense followed by any unrestricted funds needed to satisfy the expense.

Compensated Absences

The City compensates employees for unused vacation and compensation time. Sick pay is not paid to employees upon termination. Accumulated unpaid amounts are accrued when incurred in the government wide funds. The proprietary funds include accrued vacation pay in their financial statements.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded, in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the general and capital projects funds.

Estimates

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

2. INTER-LOCAL AGREEMENTS

The City participates in the following special districts and county governments to provide services to its residents:

- Central Weber Sewer District
- Davis County Emergency Assistance Program
- Davis County Law Enforcement Services
- Wasatch integrated Waste Management
- Davis County Mosquito Abatement District

The City has representatives on some of these governing boards of the above districts but does not have total final control over the fiscal or administrative activities of these entities.

3. COST SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLAN

South Weber City contributes to the Local Governmental Contributory Retirement Systems and the Local Governmental Noncontributory Retirement Systems administered by the Utah Retirement Systems. Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems is established and governed by the respective section of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issues a publicly available financial report that includes financial statements and required supplementary information from the Local Governmental Contributory Retirement Systems. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah, 84102, or by calling 1 (800) 365-8772.

Funding Policy

In the Local Governmental Noncontributory Retirement System, South Weber City is required to contribute 17.29% of the annual covered salary for the noncontributory system and 13.99% of the salary for the contributory tier 1 system. The contribution rates are the actuarial determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

South Weber City's contributions to the Local Governmental Contributory and Noncontributory Retirements Systems for the years ended June 30, 2014, 2013, and 2012, were as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tier 1 System			
Noncontributory salaries	\$ 400,604	\$ 478,050	\$ 480,497
Noncontributory employer contributions	74,717	78,739	66,381
401(k) contributions			
Employee contributions, paid by employer	15,459	15,399	15,014
Employee's contributions	21,227	23,299	23,071
Roth IRA Plan			
Employee contribution	567	3,475	4,810
Contributory System			
Salary subject to retirement	99,308	49,268	33,349
Employer contributions	8,441	4,217	2,531

These contributions were equal to the required contributions for each year.

4. INTERFUND TRANSFERS

Transfers from the general fund were \$285,761. The transfers were to the capital improvements, recreation, and Country Fair Days funds. Transfers to the capital improvements, Country Fair Days, and recreation funds from the general fund were \$139,761, \$6,000 and, \$140,000, respectively. These transfers are outlined as follows:

<u>Funds</u>	<u>Out</u>	<u>In</u>
General fund	\$ 285,761	\$ -
Capital improvements	-	139,761
Country Fair Days	-	6,000
Recreation fund	-	140,000
Total	<u>\$ 285,761</u>	<u>\$ 285,761</u>

The purpose of the transfers is to fund capital projects for financing capital improvements and to provide cash for operations in the recreation fund and Country Fair Days funds.

5. CAPITAL ASSETS

The following schedule summarizes the changes in capital assets for governmental and business type activities during the year ended June 30, 2014.

<u>ACTIVITY</u>	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
GOVERNMENTAL ACTIVITIES				
Nondepreciated assets				
Land	\$ 1,738,089	\$ 80,000	\$ -	\$ 1,818,089
Work in process	-	-	-	-
Total nondepreciated assets	<u>1,738,089</u>	<u>80,000</u>	<u>-</u>	<u>1,818,089</u>
Depreciated assets				
Buildings	3,123,210	-	-	3,123,210
Improvements	10,437,836	142,954	-	10,580,790
Equipment	851,137	27,106	-	878,243
Office equipment	34,086	-	-	34,086
Vehicles	363,080	-	-	363,080
Total depreciated assets	<u>14,809,349</u>	<u>170,060</u>	<u>-</u>	<u>14,979,409</u>
Less accumulated depreciation				
Office equipment	20,168	3,804	-	23,972
Buildings	774,772	74,857	-	849,629
Improvements other than buildings	4,427,017	347,236	-	4,774,253
Vehicles	358,351	2,560	-	360,911
Machinery and equipment	694,490	35,507	-	729,997
Total accumulated depreciation	<u>6,274,798</u>	<u>463,964</u>	<u>-</u>	<u>6,738,762</u>
Net assets depreciated	<u>8,534,551</u>	<u>(293,904)</u>	<u>-</u>	<u>8,240,647</u>
Total governmental activities	<u>10,272,640</u>	<u>(213,904)</u>	<u>-</u>	<u>10,058,736</u>
BUSINESS-TYPE ACTIVITIES				
Nondepreciated assets				
Land	8,925	-	-	8,925
Work in process	381,962	594,802	976,764	-
Total nondepreciated assets	<u>390,887</u>	<u>594,802</u>	<u>976,764</u>	<u>8,925</u>
Depreciated assets				
Buildings	304,114	-	-	304,114
Improvements	13,888,518	1,434,980	-	15,323,498
Equipment	357,311	12,153	-	369,464
Vehicles	405,499	-	125,088	280,411
Total depreciated assets	<u>14,955,442</u>	<u>1,447,133</u>	<u>125,088</u>	<u>16,277,487</u>
Less accumulated depreciation				
Buildings	79,293	7,519	-	86,812
Improvements other than buildings	2,921,472	342,475	-	3,263,946
Vehicles	334,801	12,394	85,481	261,714
Machinery and equipment	203,019	18,222	-	221,241
Total accumulated depreciation	<u>3,538,585</u>	<u>380,610</u>	<u>85,481</u>	<u>3,833,713</u>
Net assets depreciated	<u>11,416,857</u>	<u>1,066,523</u>	<u>39,607</u>	<u>12,443,774</u>
Total business type assets	<u>11,807,744</u>	<u>1,661,325</u>	<u>1,016,371</u>	<u>12,452,699</u>
Total combined assets	<u>\$ 22,080,384</u>	<u>\$ 1,447,421</u>	<u>\$ 1,016,371</u>	<u>\$ 22,511,435</u>

Depreciation expense for the year ended June 30, 2014, is as follows:

	Governmental Types	Business Types	Totals
FUNCTION			
General government	\$ 5,766	\$ -	\$ 5,766
Public safety	45,632	-	45,632
Streets	310,141	-	310,141
Parks	46,490	-	46,490
Recreation	55,935	-	55,935
Water	-	190,035	190,035
Storm sewer	-	96,375	96,375
Garbage	-	10,519	10,519
Sewer	-	83,681	83,681
Totals	<u>\$ 463,964</u>	<u>\$ 380,610</u>	<u>\$ 844,574</u>

6. LONG-TERM DEBT

Bonds payable at June 30, 2014, are comprised of the following individual issues:

<u>Long-Term Debt</u>	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
\$1,312,000 original issue sales tax revenue bonds series 2012 due in annual installments. The rate is 2.97% and the bond matures in 2027.	\$ 1,240,000	\$ -	\$ 73,000	\$ 1,167,000	\$ 73,000
\$1,655,000 original issue sales tax revenue bonds series 2004 due in annual installments. The rate varied from 2 to 5% and the bond was refunded in 2014.	1,230,000	-	1,230,000	-	-
Total governmental long-term debt	<u>2,470,000</u>	<u>-</u>	<u>1,303,000</u>	<u>1,167,000</u>	<u>73,000</u>
BUSINESS-TYPE ACTIVITIES					
Series 2010 water revenue bonds due in annual installments. The rate varies from 2% to 3.125%. The bonds mature in 2040.	3,220,000	-	70,000	3,150,000	70,000
Bond premium series 2010 bond	162,700	-	10,010	152,690	10,000
Total business-type long-term debt	<u>3,382,700</u>	<u>-</u>	<u>80,010</u>	<u>3,302,690</u>	<u>80,000</u>
Total long term debt	<u>\$ 5,852,700</u>	<u>\$ -</u>	<u>\$ 1,383,010</u>	<u>\$ 4,469,690</u>	<u>\$ 153,000</u>
Compensated absences					
Governmental funds	\$ 16,691	\$ 5,975	\$ -	\$ 22,666	\$ -
Business funds	10,410	1,389	-	11,799	-
Total	<u>\$ 27,101</u>	<u>\$ 7,364</u>	<u>\$ -</u>	<u>\$ 34,465</u>	<u>\$ -</u>

The annual debt requirement to maturity, including principal and interest as of June 30, 2014, is listed in the following table:

<u>Year Ending June 30</u>	Business Activities	
	Series 2010 Water Bonds	
	<u>Principal</u>	<u>Interest</u>
2015	70,000	143,662
2016	75,000	142,086
2017	75,000	140,400
2018	75,000	138,713
2019	80,000	136,650
2020-2024	440,000	635,000
2025-2029	550,000	528,150
2030-2034	695,000	380,500
2035-2039	885,000	187,650
2040-2044	205,000	10,250
Totals	<u>\$ 3,150,000</u>	<u>\$ 2,443,061</u>

Year Ending June 30	Sales Tax Refunding Bonds Series 2012	
	Principal	Interest
2015	73,000	34,680
2016	78,000	32,492
2017	78,000	30,175
2018	83,000	27,859
2019	88,000	25,393
2020-2024	463,000	70,963
2025-2028	304,000	18,114
2029-2033	-	-
Totals	<u>\$ 1,167,000</u>	<u>\$ 239,676</u>

7. CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. In addition, investments are separately held by several of the City's funds. Cash and investments as of June 30, 2014, are classified in the accompanying financial statements as follows:

Statement of net Position:

Cash and cash equivalents	\$ 5,451,519
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Cash investments and cash equivalents as of June 30, 2014, consist of the following:

Cash on hand	\$ 1,200
Deposits with financial institutions	847,849
Investments, state treasure	<u>4,602,470</u>
Total cash and cash equivalents	<u>\$ 5,451,519</u>

Investments Authorized by the Utah Government Code

The City follows the requirements of the Utah Money Management Act in handling its depository and temporary investment transactions. This law requires the depositing of City funds in a "qualified depository". The Act defines a "qualified depository" as any financial institution in whose deposits are insured by an agency of the Federal Government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Money Management Act also defines the types of securities allowed as appropriate temporary investments for the City and the conditions for making investments and investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

Certain assets are restricted by provisions of the revenue bond resolutions. The resolutions also describe how these restricted assets may be deposited and invested. Restricted cash may only be deposited in state or national banks meeting certain minimum net worth requirements, or invested in securities representing direct obligations of, or obligations guaranteed by, the United States government, agencies of the United States government, any state within the territorial United States of America, or repurchase agreements or interest bearing time deposits with state or national banks meeting certain minimum net worth requirements.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act. The act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF, and details the type of authorized investments it makes. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah and participants share proportionally in any realized gains or losses on investments. The PTIF funds are not rated.

Certain assets are restricted by provisions of the revenue bond resolutions. The resolutions also describe how these restricted assets may be deposited and invested. Restricted cash may only be deposited in state or national banks meeting certain minimum net worth requirements, or invested in securities representing direct obligations of, or obligations guaranteed by agencies of the U.S. government, or any state within the territorial United States of America, or repurchase agreements or interest-bearing time deposits with state or national banks meeting certain minimum net worth requirements.

As of June 30, 2014, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Investment Maturities (In Years)</u>			
	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 - 10 Years</u>	<u>More Than 10 Years</u>
State of Utah Public Treasurer Investment Fund	\$ 4,602,470	\$ 4,602,470	\$ -	\$ -
Total investments	<u>\$ 4,602,470</u>	<u>\$ 4,602,470</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

Interest rate risk is the risk that occurs when changes in interest rates will adversely affect the fair value of an investment. The City policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State’s Money Management Act. In accordance with that act, the remaining term to maturity of the investments above do not exceed the period of availability of these funds.

Credit Risk

Credit risk is the risk that an issuer, or other counterparty to an investment, will not fulfill its obligations. The City’s policy for reducing its exposure to credit risk is to comply with the State’s Money Management Act. As of June 30, 2014, the Utah Public Treasurer’s Investment Fund was unrated.

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 City policy for reducing the risk of loss is to comply with the Rules of the Money Management Council. The City’s investment in the Utah Public Treasurer’s Investment Fund has no concentration of credit risk.

Custodial Credit Risk Deposits

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal policy of custodial credit risk. As of June 30, 2014, no deposits were exposed to custodial credit risk because they were uninsured and uncollateralized.

Custodial Credit Risk Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City’s investment in the Utah Public Treasurer Investment Fund has no custodial credit risk.

8. RESERVED FUND BALANCES

The City records reserves to indicate that a portion of the fund equity is legally segregated for a specific future use. The following details the description and amounts of all reserves used by the City.

<u>Description</u>	<u>Government Activities</u>	<u>Business Activities</u>	<u>Total</u>
Impact fees	\$ 305,560	\$ 768,432	\$ 1,073,992
Class C road	445,274	-	445,274
Bond reserve and escrow funds	-	26	26
Totals	<u>\$ 750,834</u>	<u>\$ 768,458</u>	<u>\$ 1,519,292</u>

9. INTEREST EXPENSE

The proprietary fund incurred \$135,217 in interest expense of which \$135,217 was charged to expense and \$0 was capitalized. The governmental funds incurred \$96,509 in interest expense.

10. RESTRICTED CASH

The City governmental funds has restricted cash of \$786,210 for specific projects and programs. The utility fund has \$810,623 for specific projects and \$26 in the bond reserve and construction escrow accounts.

11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft, property damage, errors, omissions, injuries, and natural disasters. The City has purchased comprehensive general liability insurance. The City pays premiums for general insurance coverage, automobile liability, and personal injury protection.

12. TOTAL COLUMNS

Total columns on the governmental fund statements are captioned “Total” and are presented to facilitate financial analysis. Data in these columns does not represent consolidated information since interfund eliminations have not been made.

13. RELATED PARTY INFORMATION

A Council Member serves on the boards of the Wasatch Integrated Waste and the Central Weber Sewer improvement district. The City paid the entity \$445,274 and the City owes \$22,866 to the burn plant as of June 30, 2014.

The City entered into an inter-local agreement for law enforcement services. The City will pay \$8,310 monthly.

14. NEWLY ISSUED ACCOUNTING STANDARDS

The GASB has issued the following statements that will apply to government reporting in future years:

GASB 68 Accounting and Financial Reporting for Pensions – an amendment of
GASB Statement No. 27
GASB 70 Accounting and Financial Reporting for Nonexchange Financial Guarantees
GASB 71 Pensions

GASB statements 70, 68, and 71 will impact the financial statements for the unfunded pension liability that will be reported on the financial statements. The liability is the difference between what is actuarially required and what is contributed. The expenses will also show a new measure of the pension expense. The amounts that will impact the financial statements have not been determined for the current year. The other statements will not have a material effect on the financial statements.

15. SUBSEQUENT EVENTS

The City has evaluated subsequent events through January 15, 2015, the date which the financial statements were available to be issued.

16. FUND BALANCE

These financial statements include the provisions of GASB Statement No. 54 which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Non-spendable - Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors.

Committed - Amounts that can be used only for specific purposes determined by a formal action of the council.

Assigned - Amounts that are designated by the Council for a specific purpose but are not spendable until specific conditions are met.

Unassigned - All amounts not included in the other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet and Statement of Net Position. Restricted funds are used first as appropriate. Assigned funds are used when specific conditions are met. Decreases to the fund balance first reduce unassigned fund balances. In the event that the Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

The General Fund had Unassigned Fund Balance in the amount of \$682,182 at June 30, 2014.

17. ACCOUNTS RECEIVABLE

Accounts receivable for the City's governmental and business-type activities, including the applicable allowance for uncollectible accounts at June 30, 2014, are as follows:

	<u>Accounts Receivable</u>	<u>Less Allowance for Uncollectible</u>	<u>Total</u>	<u>Short Term</u>	<u>Long Term</u>
Governmental activities					
General Fund					
Taxes	\$ 484,704	\$ -	\$ 484,704	\$ 484,704	\$ -
Other	<u>15,194</u>	<u>-</u>	<u>15,194</u>	<u>15,194</u>	<u>-</u>
Total governmental funds	<u>\$ 499,898</u>	<u>\$ -</u>	<u>\$ 499,898</u>	<u>\$ 499,898</u>	<u>\$ -</u>
Business-type activities					
Charges for services					
Water fund	\$ 85,383	\$ -	\$ 85,383	\$ 85,383	\$ -
Sewer fund	79,356	-	79,356	79,356	-
Garbage fund	31,800	-	31,800	31,800	-
Storm sewer	<u>13,094</u>	<u>-</u>	<u>13,094</u>	<u>13,094</u>	<u>-</u>
Total	<u>\$ 209,633</u>	<u>\$ -</u>	<u>\$ 209,633</u>	<u>\$ 209,633</u>	<u>-</u>

18. COMPLIANCE

There was a normal yearend transfer to the capital improvements fund that was not made that put the general fund balance out of compliance with state law.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH WEBER CITY

Budgetary Comparison Schedule General Fund For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Favorable
	Original	Final	Budgetary Basis	(Unfavorable) Variance with Final Budget
REVENUES				
General property taxes	\$ 311,258	\$ 311,258	\$ 323,061	\$ 11,803
Sales, use, and excise taxes	620,000	620,000	747,272	127,272
Franchise taxes	330,000	330,000	328,615	(1,385)
Licenses	153,000	153,000	176,156	23,156
Fines	170,000	170,000	113,949	(56,051)
Interest	11,000	11,000	15,414	4,414
Intergovernmental	186,200	186,200	171,120	(15,080)
Charges for services	21,600	22,400	11,466	(10,934)
Miscellaneous	11,330	10,530	3,389	(7,141)
Total revenues	<u>1,814,388</u>	<u>1,814,388</u>	<u>1,890,442</u>	<u>76,054</u>
EXPENDITURES				
General government	700,473	709,860	572,543	137,317
Public works	322,135	322,177	235,762	86,415
Public safety	396,155	396,211	307,702	88,509
Parks	109,864	109,864	92,403	17,461
Total expenditures	<u>1,528,627</u>	<u>1,538,112</u>	<u>1,208,410</u>	<u>329,702</u>
Excess of revenues over fund balance	<u>285,761</u>	<u>276,276</u>	<u>682,032</u>	<u>405,756</u>
OTHER FINANCES SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>(285,761)</u>	<u>(285,761)</u>	<u>(285,761)</u>	<u>-</u>
Total other financing sources (uses)	<u>(285,761)</u>	<u>(285,761)</u>	<u>(285,761)</u>	<u>-</u>
Net change in fund balance	-	(9,485)	396,271	405,756
FUND BALANCE, JULY 1, 2013	<u>731,185</u>	<u>731,185</u>	<u>731,185</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2014	<u>\$ 731,185</u>	<u>\$ 721,700</u>	<u>\$ 1,127,456</u>	<u>\$ 405,756</u>

Notes to schedule:

1. Budget note: There is no difference between budgetary basis and GAAP basis on these statements.

SOUTH WEBER CITY

Budgetary Comparison Schedule Special Revenue Recreation Fund For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 162,700	\$ 162,700	\$ 140,046	\$ (22,654)
Sales taxes	-	-	-	-
Total revenues	<u>162,700</u>	<u>162,700</u>	<u>140,046</u>	<u>(22,654)</u>
EXPENDITURES				
Recreation	210,941	221,465	168,968	52,497
Debt service				
Interest	67,800	80,900	93,967	(13,067)
Principal	1,303,000	1,289,900	1,303,000	(13,100)
Total expenditures	<u>1,581,741</u>	<u>1,592,265</u>	<u>1,565,935</u>	<u>26,330</u>
Excess of revenues over expenditures (usage of fund balance)	<u>(1,419,041)</u>	<u>(1,429,565)</u>	<u>(1,425,889)</u>	<u>3,676</u>
OTHER FINANCING SOURCES				
Transfers in	140,000	140,000	140,000	-
Total other financing sources	<u>140,000</u>	<u>140,000</u>	<u>140,000</u>	<u>-</u>
Net change in fund balance	(1,279,041)	(1,289,565)	(1,285,889)	3,676
FUND BALANCE, JULY 1, 2013	<u>1,590,585</u>	<u>1,590,585</u>	<u>1,590,585</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2014	<u>\$ 311,544</u>	<u>\$ 301,020</u>	<u>\$ 304,696</u>	<u>\$ 3,676</u>

1. Budget note: There is no difference between budgetary basis and GAAP basis on these statements.

SUPPLEMENTARY INFORMATION

SOUTH WEBER CITY

Budgetary Comparison Schedules Special Revenue Fund Park Impact Fees For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
Impact fees	\$ 35,000	\$ 35,000	\$ 34,190	\$ (810)
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>34,190</u>	<u>(810)</u>
EXPENDITURES				
Capital outlay	<u>35,000</u>	<u>35,000</u>	-	<u>35,000</u>
Total expenditures	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Excess of revenues over expenditures (usage of fund balance)	<u>-</u>	<u>-</u>	<u>34,190</u>	<u>34,190</u>
Net change in fund balance	-	-	34,190	34,190
FUND BALANCE, JULY 1, 2013	<u>38,847</u>	<u>38,847</u>	<u>38,847</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2014	<u>\$ 38,847</u>	<u>\$ 38,847</u>	<u>\$ 73,037</u>	<u>\$ 34,190</u>

Notes to schedule:

1. There is no difference between GAAP and budget reporting.

SOUTH WEBER CITY

Budgetary Comparison Schedules Capital Improvement Fund For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Capital outlay	215,000	215,000	70,889	144,111
Total expenditures	215,000	215,000	70,889	144,111
Excess of revenues over expenditures (usage of fund balance)	(215,000)	(215,000)	(70,889)	144,111
OTHER FINANCING SOURCES				
Transfers in	139,761	139,761	139,761	-
Total other financing sources	139,761	139,761	139,761	-
Net change in fund balance	(75,239)	(75,239)	68,872	144,111
FUND BALANCE, JULY 1, 2013	679,165	679,165	679,165	-
FUND BALANCE, JUNE 30, 2014	\$ 603,926	\$ 603,926	\$ 748,037	\$ 144,111

Notes to schedule:

1. There is no difference between GAAP and budget reporting.

SOUTH WEBER CITY

Budgetary Comparison Schedules Special Revenue Fund Road Impact Fees For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
Impact fees	\$ 28,000	\$ 28,000	\$ 33,072	\$ 5,072
Total revenues	<u>28,000</u>	<u>28,000</u>	<u>33,072</u>	<u>5,072</u>
EXPENDITURES				
Capital outlay	128,340	128,340	-	128,340
Total expenditures	<u>128,340</u>	<u>128,340</u>	<u>-</u>	<u>128,340</u>
Excess of revenues over expenditures (usage of fund balance)	<u>(100,340)</u>	<u>(100,340)</u>	<u>33,072</u>	<u>133,412</u>
Net change in fund balance	(100,340)	(100,340)	33,072	133,412
FUND BALANCE, JULY 1, 2013	<u>104,789</u>	<u>104,789</u>	<u>104,789</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2014	<u>\$ 4,449</u>	<u>\$ 4,449</u>	<u>\$ 137,861</u>	<u>\$ 133,412</u>

Notes to schedule:

1. There is no difference between GAAP and budget reporting.

SOUTH WEBER CITY

Budgetary Comparison Schedules Special Revenue Fund County Fair Days For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 40,500	\$ 40,500	\$ 40,373	\$ (127)
Total revenues	<u>40,500</u>	<u>40,500</u>	<u>40,373</u>	<u>(127)</u>
EXPENDITURES				
Recreation	46,500	46,500	43,327	\$ 3,173
Total expenditures	<u>46,500</u>	<u>46,500</u>	<u>43,327</u>	<u>3,173</u>
Excess of revenues over expenditures (usage of fund balance)	<u>(6,000)</u>	<u>(6,000)</u>	<u>(2,954)</u>	<u>3,046</u>
OTHER FINANCING SOURCES				
Transfers in	6,000	6,000	6,000	-
Total other financing sources	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Net change in fund balance	-	-	3,046	3,046
FUND BALANCE, JULY 1, 2013	<u>24,159</u>	<u>24,159</u>	<u>24,159</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2014	<u>\$ 24,159</u>	<u>\$ 24,159</u>	<u>\$ 27,205</u>	<u>\$ 3,046</u>

Notes to schedule:

1. There is no difference between GAAP and budget reporting.

SOUTH WEBER CITY

Budgetary Comparison Schedules Special Revenue Fund Recreation Impact Fees For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
Impact fees	\$ 34,000	\$ 34,000	\$ 39,198	\$ 5,198
Total revenues	<u>34,000</u>	<u>34,000</u>	<u>39,198</u>	<u>5,198</u>
EXPENDITURES				
Capital outlay	<u>72,688</u>	<u>72,688</u>	<u>12,216</u>	<u>60,472</u>
Total expenditures	<u>72,688</u>	<u>72,688</u>	<u>12,216</u>	<u>60,472</u>
Excess of revenues over expenditures (usage of fund balance)	<u>(38,688)</u>	<u>(38,688)</u>	<u>26,982</u>	<u>65,670</u>
Net change in fund balance	(38,688)	(38,688)	26,982	65,670
FUND BALANCE, JULY 1, 2013	<u>44,886</u>	<u>44,886</u>	<u>44,886</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2014	<u>\$ 6,198</u>	<u>\$ 6,198</u>	<u>\$ 71,868</u>	<u>\$ 65,670</u>

Notes to schedule:

1. There is no difference between GAAP and budget reporting.

SOUTH WEBER CITY

Budgetary Comparison Schedules Special Revenue Fund Public Safety Impact Fees For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
Impact fees	\$ 6,400	\$ 6,400	\$ 6,047	\$ (353)
Total revenues	<u>6,400</u>	<u>6,400</u>	<u>6,047</u>	<u>(353)</u>
EXPENDITURES				
Public safety	22,246	22,246	-	22,246
Capital outlay	-	-	-	-
Total expenditures	<u>22,246</u>	<u>22,246</u>	<u>-</u>	<u>22,246</u>
Excess of revenues over expenditures (usage of fund balance)	<u>(15,846)</u>	<u>(15,846)</u>	<u>6,047</u>	<u>21,893</u>
Net change in fund balance	(15,846)	(15,846)	6,047	21,893
FUND BALANCE, JULY 1, 2013	<u>16,747</u>	<u>16,747</u>	<u>16,747</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2014	<u>\$ 901</u>	<u>\$ 901</u>	<u>\$ 22,794</u>	<u>\$ 21,893</u>

Notes to schedule:

1. There is no difference between GAAP and budget reporting.

SOUTH WEBER CITY

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014**

	<u>Park Impact Fee Fund</u>	<u>Road Impact Fee Fund</u>	<u>Country Fair Days Fund</u>	<u>Recreation Impact Fee Fund</u>	<u>Public Safety Impact Fee Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>							
ASSETS							
Cash and cash equivalents							
Unrestricted	\$ -	\$ -	\$ 27,899	\$ -	\$ -	\$ 746,676	\$ 774,575
Restricted	73,037	137,861	-	71,868	22,794	35,376	340,936
Prepaid expenses	-	-	-	-	-	1,362	1,362
Total assets	<u>\$ 73,037</u>	<u>\$ 137,861</u>	<u>\$ 27,899</u>	<u>\$ 71,868</u>	<u>\$ 22,794</u>	<u>\$ 783,414</u>	<u>\$ 1,116,873</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Accounts payable	\$ -	\$ -	\$ 694	\$ -	\$ -	\$ -	\$ 694
Deposits	-	-	-	-	-	35,377	35,377
Total Liabilities	<u>-</u>	<u>-</u>	<u>694</u>	<u>-</u>	<u>-</u>	<u>35,377</u>	<u>36,071</u>
FUND BALANCES							
Assigned	-	-	27,205	-	-	748,037	775,242
Restricted for:							
Impact fees	73,037	137,861	-	71,868	22,794	-	305,560
Total fund balances	<u>73,037</u>	<u>137,861</u>	<u>27,205</u>	<u>71,868</u>	<u>22,794</u>	<u>748,037</u>	<u>1,080,802</u>
Total liabilities and fund balances	<u>\$ 73,037</u>	<u>\$ 137,861</u>	<u>\$ 27,899</u>	<u>\$ 71,868</u>	<u>\$ 22,794</u>	<u>\$ 783,414</u>	<u>\$ 1,116,873</u>

SOUTH WEBER CITY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2014

	<u>Park Impact Fee Fund</u>	<u>Road Impact Fee Fund</u>	<u>Country Fair Days Fund</u>	<u>Recreation Impact Fee Fund</u>	<u>Public Safety Impact Fee Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES							
Impact fees	\$ 34,190	\$ 33,072	\$ -	\$ 39,198	\$ 6,047	\$ -	\$ 112,507
Charges for services	-	-	40,373	-	-	-	40,373
Total revenues	<u>34,190</u>	<u>33,072</u>	<u>40,373</u>	<u>39,198</u>	<u>6,047</u>	<u>-</u>	<u>152,880</u>
EXPENDITURES							
Current							
Recreation	-	-	43,327	12,216	-	-	55,543
Capital Outlay	-	-	-	-	-	70,889	70,889
Total expenditures	<u>-</u>	<u>-</u>	<u>43,327</u>	<u>12,216</u>	<u>-</u>	<u>70,889</u>	<u>126,432</u>
Revenues over expenditures	<u>34,190</u>	<u>33,072</u>	<u>(2,954)</u>	<u>26,982</u>	<u>6,047</u>	<u>(70,889)</u>	<u>26,448</u>
Other sources							
Transfers in	-	-	6,000	-	-	139,761	145,761
Total other sources	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>139,761</u>	<u>145,761</u>
Revenue and other sources over expenditures and other uses	34,190	33,072	3,046	26,982	6,047	68,872	172,209
FUND BALANCE, JULY 1, 2013	<u>38,847</u>	<u>104,789</u>	<u>24,159</u>	<u>44,886</u>	<u>16,747</u>	<u>679,165</u>	<u>908,593</u>
FUND BALANCE, JUNE 30, 2014	<u>\$ 73,037</u>	<u>\$ 137,861</u>	<u>\$ 27,205</u>	<u>\$ 71,868</u>	<u>\$ 22,794</u>	<u>\$ 748,037</u>	<u>\$ 1,080,802</u>



GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

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

Honorable Mayor and City Council
South Weber City
South Weber, Utah

REPORT ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS AND FOR EACH MAJOR STATE PROGRAM

We have audited South Weber City's compliance with applicable general state and major state program compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on South Weber City or each of its major state programs for the year ended June 30, 2014

State compliance requirements were tested for the year ended June 30, 2014 in the following areas:

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Utah Retirement Systems
- Transfers from Utility Enterprise Funds
- Conflicts of Interest
- Nepotism
- Budget Notice and Format

South Weber City did not have any state funding classified as a major program during the year ended June 30, 2014.

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 South Weber City's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the

compliance requirements referred to above that could have a direct and material effect on the City or its major state programs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State of Utah Legal Compliance Audit Guide* and which are described in a separate letter to management dated January 12, 2015. Our opinion on compliance is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in a separate letter to management. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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 dated January 12, 2015, as item 2014-1.

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.

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 12, 2015



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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 City Council
South Weber City
South Weber, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of American 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, business type activities, each major fund, and the aggregate remaining fund information of South Weber City, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the South Weber City's basic financial statements, and have issued our report thereon date January 12, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Weber City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance

with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances on 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 of the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants
January 12, 2015