

# **SOUTH WEBER CITY**

**Annual Financial Report  
For the Fiscal Year Ended June 30, 2015  
(With Accountants' Report Therein)**

# SOUTH WEBER CITY

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# GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
ESTABLISHED 1974

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Basic Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of South Weber City, Utah (the City), as of and for the year ended June 30, 2015, 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, business-type activities, each major fund, and the aggregate remaining fund information of South Weber City, as of June 30, 2015 and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 5. H. to the financial statements, in 2015 the City adopted Governmental Accounting Standards Board Statement no. 68, *Accounting and Financial Reporting for Pensions—An Amendment to GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the required supplementary information regarding pensions, as noted 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.

*Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. Supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison, as listed as supplemental information in the table of contents is the responsibility of management and was 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, budgetary comparison is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2015, on our consideration of the 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 City's internal control over financial reporting and compliance.

**Gilbert & Stewart**

GILBERT & STEWART, CPA, PC  
Provo, Utah  
December 1, 2015

# South Weber City

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2015

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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, 2015. 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 \$23,915,272 (net position). Of this amount, \$4,527,187 (unrestricted position) is available to meet ongoing obligations of citizens and creditors. Net position increased by \$394,960 from the prior year.

The City's Governmental activities reported a combined ending fund balance of \$11,383,509. Of the combined total fund balance, \$1,776,699 is available for spending at the discretion of the City (unrestricted and undesignated fund balance).

The unassigned fund balance of the general fund at June 30, 2015, totaled \$399,716 and is 20% of the general fund total revenue for the year. Total debt for South Weber City decreased approximately \$152,371. Since the City has increased the total fund balance, the financial position of the City has improved.

A set of street overlays and seal coat projects was successfully completed, as was a project to complete a new bowery at Canyon Meadows Park. Additional streets and parks projects will be completed in the upcoming budget year. Also a new budget process was implemented for the upcoming budget 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 revenue 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 revenue, 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.

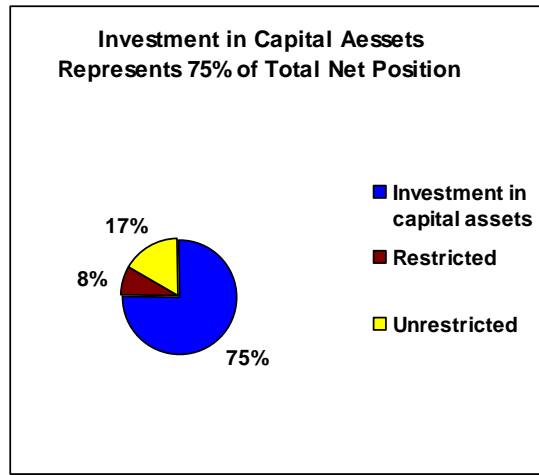
## **OTHER INFORMATION**

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	
	2015	2014	2015	2014	2015	2014
Current assets	\$ 3,308,807	\$ 2,910,742	\$ 3,875,987	\$ 3,250,306	\$ 7,184,794	\$ 6,161,048
Deferred outflows of resources	84,697	52,571	19,480	-	104,177	52,571
Noncurrent assets	9,709,202	10,058,736	12,052,395	12,452,699	21,761,597	22,511,435
Other assets	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 13,102,706</b>	<b>\$ 13,022,049</b>	<b>\$ 15,947,862</b>	<b>\$ 15,703,005</b>	<b>\$ 29,050,568</b>	<b>\$ 28,725,054</b>
Current and other liabilities	\$ 168,338	\$ 161,577	\$ 181,447	\$ 143,652	\$ 349,785	\$ 305,229
Long-term liabilities	1,212,291	1,152,293	3,224,774	3,235,594	4,437,065	4,387,887
Deferred inflows of resources	338,568	289,473	9,878	-	348,446	289,473
<b>Total liabilities</b>	<b>1,719,197</b>	<b>1,603,343</b>	<b>3,416,099</b>	<b>3,379,246</b>	<b>5,135,296</b>	<b>4,982,589</b>
<b>Net position</b>						
Invested in capital assets, net of related debt	8,614,693	8,891,736	8,828,802	9,150,009	17,443,495	18,041,745
Restricted	992,117	750,834	952,473	768,458	1,944,590	1,519,292
Unrestricted	1,776,699	1,776,136	2,750,488	2,405,292	4,527,187	4,181,428
<b>Total net position</b>	<b>11,383,509</b>	<b>11,418,706</b>	<b>12,531,763</b>	<b>12,323,759</b>	<b>23,915,272</b>	<b>23,742,465</b>
<b>Total liabilities and net position</b>	<b>\$ 13,102,706</b>	<b>\$ 13,022,049</b>	<b>\$ 15,947,862</b>	<b>\$ 15,703,005</b>	<b>\$ 29,050,568</b>	<b>\$ 28,725,054</b>

By far the largest component of South Weber City's net position is its investment in capital assets. The 75% 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, 8%, is assets that are subject to external restrictions on how they may be expended. The remaining 17% of net position can be used to meet the City's ongoing obligations to its creditors and to citizens.

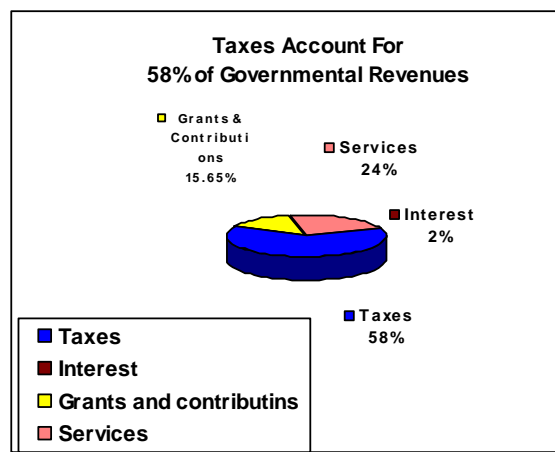
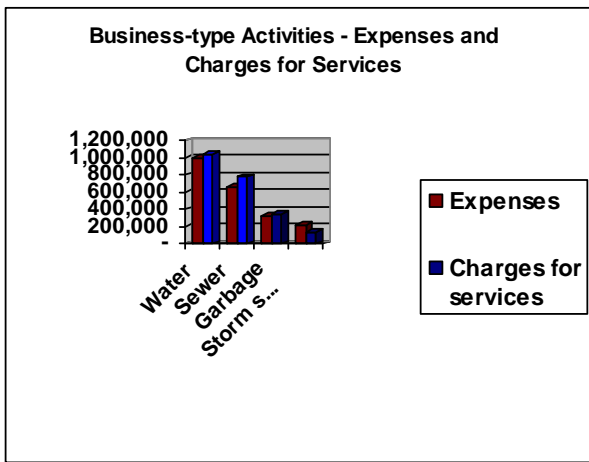
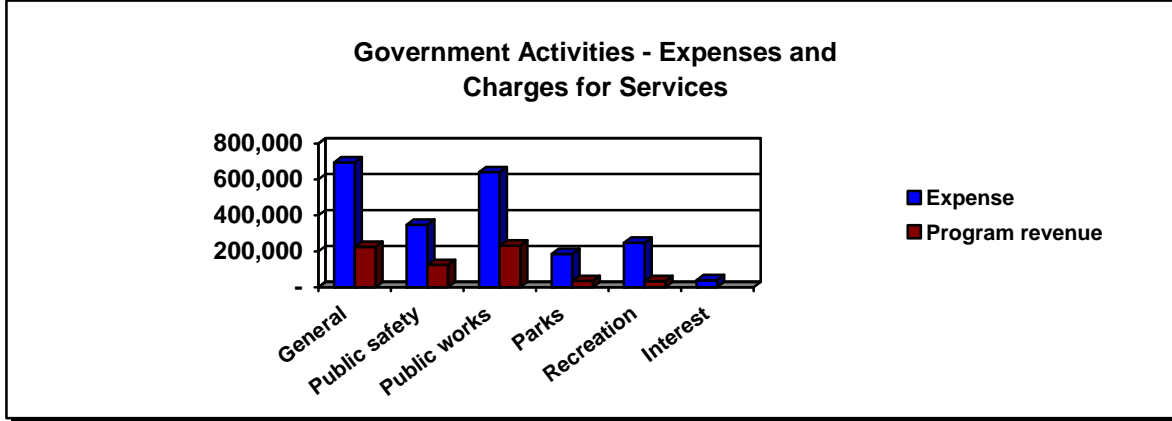
**SOUTH WEBER CITY'S CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenue						
Charges for services	\$ 524,597	\$ 469,902	\$ 2,312,216	\$ 2,237,118	\$ 2,836,813	\$ 2,707,020
Operating grants and contributions	199,772	164,970	-	-	199,772	164,970
Capital grants and contributions	112,338	335,462	163,866	630,632	276,204	966,094
General revenue:						
Property taxes, levied for general purposes	337,602	323,061	-	-	337,602	323,061
Franchise taxes	313,078	328,615	-	-	313,078	328,615
Sales taxes	776,125	747,272	-	-	776,125	747,272
Other revenue	785	-	5,206	20,873	5,991	20,873
Investment earnings	11,161	15,414	15,218	9,640	26,379	25,054
Total revenue	<u>2,275,458</u>	<u>2,384,696</u>	<u>2,496,506</u>	<u>2,898,263</u>	<u>4,771,964</u>	<u>5,282,959</u>
Expenses						
General government	704,032	579,183	-	-	704,032	579,183
Highway and streets	640,564	595,958	-	-	640,564	595,958
Public safety	347,998	353,337	-	-	347,998	353,337
Parks	185,934	137,892	-	-	185,934	137,892
Recreation	247,911	258,648	-	-	247,911	258,648
Interest on long-term debt	39,816	96,509	-	-	39,816	96,509
Utility	-	-	2,210,749	1,967,806	2,210,749	1,967,806
Total Expenses	<u>2,166,255</u>	<u>2,021,527</u>	<u>2,210,749</u>	<u>1,967,806</u>	<u>4,377,004</u>	<u>3,989,333</u>
Transfers	-	-	-	-	-	-
CHANGE IN NET POSITION	109,203	363,169	285,757	930,457	394,960	1,293,626
NET POSITION, BEGINNING	11,418,706	11,055,537	12,323,759	11,393,302	23,742,465	22,448,839
Prior period adjustment	<u>(144,400)</u>	<u>-</u>	<u>(77,753)</u>	<u>-</u>	<u>(222,153)</u>	<u>-</u>
NET POSITION, ENDING	<u>\$ 11,383,509</u>	<u>\$ 11,418,706</u>	<u>\$ 12,531,763</u>	<u>\$ 12,323,759</u>	<u>\$ 23,915,272</u>	<u>\$ 23,742,465</u>



**GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES**

Governmental activities net position increased by \$109,203 for the year ended June 30, 2015. The major reason for the increase resulted from contributions for conveyed assets and expenditures lower than budgeted.



Business-type activities contributed an increase of \$285,757 in net position. The most significant reason for this increase in business-type activities is charges from services for water and sewer. The City received \$26,379 in invested earnings and \$163,866 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 unrestricted portion of this total fund balance is a measure of the available spendable resources at June 30, 2015.

For the period ended June 30, 2015, the City's governmental funds reported combined net position in the amount of \$2,882,221. Of the total balance at year-end, \$399,716 is unassigned. There is also an amount of \$111,268 committed funds and \$1,490,388 assigned for capital improvements for specific projects and \$436,703 for class C roads. The special revenue fund has a fund balance of \$325,767.

The General Fund is the main operating fund for South Weber City. At June 30, 2015, the general fund's unassigned fund balance was \$399,716. Total fund balance of the general fund for South Weber City decreased by \$291,037. A useful measure of liquidity is to compare the unrestricted fund balance and the total fund balance to expenditures (including operating transfers out) for the year. Unassigned fund balance for governmental funds was 20% of total expenditures.

The major special revenue fund had a total fund balance of \$325,767, all of which is assigned for recreation activities. The total fund balance decreased \$21,072.

The City's proprietary funds statements provide 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 \$2,189,845. 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 due from 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 \$21,760,814 (net of \$11,000,004 accumulated depreciation) at June 30, 2015. 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 sewer. The City's investment in net capital assets equals nearly 75% of total assets. Governmental activities net capital assets to governmental activities assets equaled 74% while business-type activities percentage was 75%.

Major capital asset activities are included in the following table:

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Land and water rights	\$ 1,822,089	\$ 1,818,089	\$ 8,925	\$ 8,925	\$ 1,831,014	\$ 1,827,014
Office equipment	34,086	34,086	-	-	34,086	34,086
Buildings	3,123,210	3,123,210	304,114	304,114	3,427,324	3,427,324
Improvements, other than buildings	10,625,734	10,580,790	15,291,217	15,323,498	25,916,951	25,904,288
Vehicles	245,916	363,080	228,620	280,411	474,536	643,491
Machinery and equipment	742,388	878,243	334,519	369,464	1,076,907	1,247,707
Work in process	-	-	-	-	-	-
Accumulated depreciation	(6,884,730)	(6,738,762)	(4,115,274)	(3,833,713)	(11,000,004)	(10,572,475)
Net book value	<u>\$ 9,708,693</u>	<u>\$ 10,058,736</u>	<u>\$ 12,052,121</u>	<u>\$ 12,452,699</u>	<u>\$ 21,760,814</u>	<u>\$ 22,511,435</u>

At June 30, 2015, South Weber City's total debt amounted to \$4,317,319 of which \$3,223,319 was incurred by the City's business-type activities and the remaining \$1,094,000 was incurred by the City's governmental units. Most of the City's debt consists of revenue bonds and is secured by specific revenue sources (i.e. sales taxes and water).

Additional information on South Weber City's capital assets and debt can be found in Notes 5 and 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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenue bonds	\$ 1,094,000	\$ 1,167,000	\$ 3,223,319	\$ 3,302,691	\$ 4,317,319	\$ 4,469,691
Totals	<u>\$ 1,094,000</u>	<u>\$ 1,167,000</u>	<u>\$ 3,223,319</u>	<u>\$ 3,302,691</u>	<u>\$ 4,317,319</u>	<u>\$ 4,469,691</u>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

As of October 2015, the state unemployment rate was 3.4%, down from 3.6% the previous year. This is consistent with the nationwide decrease in unemployment rates as the economy begins to improve. Currently, South Weber City is experiencing slow economic growth 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 2015 compared with fiscal year 2014.

**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, 2015

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Restricted	\$ 555,413	\$ 952,473	\$ 1,507,886
Unrestricted	2,211,467	2,715,491	4,926,958
Receivables			
Property, franchise, and excise taxes	535,894	-	535,894
Accounts, less allowance for doubtful accounts of \$0	-	208,023	208,023
Prepaid expenses	6,033	-	6,033
Total current assets	<u>3,308,807</u>	<u>3,875,987</u>	<u>7,184,794</u>
<b>NONCURRENT ASSETS</b>			
Pension asset	509	274	783
Property and equipment, (net)			
Land and water rights	1,822,089	8,925	1,831,014
Buildings	2,206,031	209,783	2,415,814
Improvements, other than buildings	5,529,565	11,692,564	17,222,129
Vehicles	167	11,900	12,067
Machinery and equipment	150,841	128,949	279,790
Net property and equipment	<u>9,708,693</u>	<u>12,052,121</u>	<u>21,760,814</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	36,170	19,480	55,650
Refunding bond costs	48,527	-	48,527
Total deferred outflows of resources	<u>84,697</u>	<u>19,480</u>	<u>104,177</u>
Total assets and deferred outflows	<u>\$ 13,102,706</u>	<u>\$ 15,947,862</u>	<u>\$ 29,050,568</u>

The accompanying notes are an integral part of this statement.

# SOUTH WEBER CITY

## Statement of Net Position, Continued June 30, 2015

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b><u>LIABILITIES</u></b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 64,182	\$ 85,235	\$ 149,417
Restricted assets:			
Current portion of revenue bonds	78,000	84,371	162,371
Accrued interest	14,351	11,841	26,192
Accrued liabilities	11,805	-	11,805
Total current liabilities	<u>168,338</u>	<u>181,447</u>	<u>349,785</u>
<b>NON-CURRENT LIABILITIES</b>			
Deposits, advance rentals, and long-term accruals	30,378	-	30,378
Long-term compensation liability	28,484	11,824	40,308
Pension liability	137,429	74,002	211,431
Restricted assets:			
Long-term portion of revenue bonds	1,016,000	3,138,948	4,154,948
Total non-current liabilities	<u>1,212,291</u>	<u>3,224,774</u>	<u>4,437,065</u>
Total liabilities	<u>1,380,629</u>	<u>3,406,221</u>	<u>4,786,850</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	18,347	9,878	28,225
Deferred property taxes	320,221	-	320,221
Total deferred inflows of resources	<u>338,568</u>	<u>9,878</u>	<u>348,446</u>
<b>NET POSITION</b>			
Net investment in capital assets	8,614,693	8,828,802	17,443,495
Restricted for:			
Specific projects and programs	555,414	933,183	1,488,597
Class C road	436,703	-	436,703
Debt service	-	19,290	19,290
Unrestricted	1,776,699	2,750,488	4,527,187
Total net position	<u>11,383,509</u>	<u>12,531,763</u>	<u>23,915,272</u>
Total liabilities, net position, and deferred inflows	<u>\$13,102,706</u>	<u>\$15,947,862</u>	<u>\$29,050,568</u>

The accompanying notes are an integral part of this statement.

# SOUTH WEBER CITY

## Statement of Activities

For the Fiscal Year Ended June 30, 2015

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Expenses	Program Revenues			Primary Government		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-type Activities	
PRIMARY GOVERNMENT							
Government activities							
General government	\$ 704,032	\$ 224,045	\$ -	\$ -	\$ (479,987)	\$ -	\$ (479,987)
Public safety	347,998	125,809	4,337	5,820	(212,032)	-	(212,032)
Public works	640,564	-	195,435	36,961	(408,168)	-	(408,168)
Parks	185,934	-	-	34,863	(151,071)	-	(151,071)
Recreation	247,911	174,743	-	34,694	(38,474)	-	(38,474)
Interest on long-term debt	39,816	-	-	-	(39,816)	-	(39,816)
Total government activities	<u>2,166,255</u>	<u>524,597</u>	<u>199,772</u>	<u>112,338</u>	<u>(1,329,548)</u>	<u>-</u>	<u>(1,329,548)</u>
Business-type activities							
Water utility	1,004,294	1,048,616	-	61,470	-	105,792	105,792
Sewer utility	656,237	778,608	-	71,806	-	194,177	194,177
Garbage utility	331,513	345,382	-	-	-	13,869	13,869
Storm sewer utility	218,705	139,610	-	30,590	-	(48,505)	(48,505)
Total business-type activities	<u>2,210,749</u>	<u>2,312,216</u>	<u>-</u>	<u>163,866</u>	<u>-</u>	<u>265,333</u>	<u>265,333</u>
Total primary government	<u>\$ 4,377,004</u>	<u>\$ 2,836,813</u>	<u>\$ 199,772</u>	<u>\$ 276,204</u>	<u>(1,329,548)</u>	<u>265,333</u>	<u>(1,064,215)</u>
General Revenue							
Taxes							
Property taxes, levied for general purposes					337,602	-	337,602
Franchise taxes					313,078	-	313,078
Sales taxes					776,125	-	776,125
Other					785	5,206	5,991
Investment earnings					11,161	15,218	26,379
Total general revenue, special items, and transfers					<u>1,438,751</u>	<u>20,424</u>	<u>1,459,175</u>
Changes in net position					<u>109,203</u>	<u>285,757</u>	<u>394,960</u>
Net position, July 1, 2014					<u>11,418,706</u>	<u>12,323,759</u>	<u>23,742,465</u>
Prior period adjustment					<u>(144,400)</u>	<u>(77,753)</u>	<u>(222,153)</u>
Net position restated					<u>11,274,306</u>	<u>12,246,006</u>	<u>23,520,312</u>
Net position, June 30, 2015					<u>\$ 11,383,509</u>	<u>\$ 12,531,763</u>	<u>\$ 23,915,272</u>

The accompanying notes are an integral part of this statement.

# SOUTH WEBER CITY

## Balance Sheet Governmental Funds June 30, 2015

	<u>General</u>	<u>Special Revenue Recreation Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>				
ASSETS				
Cash and cash equivalents				
Unrestricted	\$ 259,986	\$ 314,637	\$ 1,311,408	\$ 1,886,031
Restricted	436,703	-	444,146	880,849
Receivables (net)				
Property, franchise, and excise tax	521,167	-	-	521,167
Fees	-	14,024	700	14,724
Prepaid expenses	-	-	6,035	6,035
Total assets	<u>\$ 1,217,856</u>	<u>\$ 328,661</u>	<u>\$ 1,762,289</u>	<u>\$ 3,308,806</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
LIABILITIES				
Accounts payable	\$ 59,632	\$ 2,434	\$ 2,117	\$ 64,183
Accrued liabilities	11,805	-	-	11,805
Unearned revenue	-	-	10,221	10,221
Deposits	-	460	29,916	30,376
Total liabilities	<u>71,437</u>	<u>2,894</u>	<u>42,254</u>	<u>116,585</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	310,000	-	-	310,000
Total deferred inflows of resources	<u>310,000</u>	<u>-</u>	<u>-</u>	<u>310,000</u>
FUND BALANCES				
Restricted for:				
Class C Road	436,703	-	-	436,703
Impact fees	-	-	414,230	414,230
Other	-	-	29,916	29,916
Committed fire fighting vehicles	-	-	111,268	111,268
Assigned capital improvements	-	325,767	1,164,621	1,490,388
Unassigned	399,716	-	-	399,716
Total fund balances	<u>836,419</u>	<u>325,767</u>	<u>1,720,035</u>	<u>2,882,221</u>
Total liabilities and fund balances	<u>\$ 1,217,856</u>	<u>\$ 328,661</u>	<u>\$ 1,762,289</u>	<u>\$ 3,308,806</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, 2015

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TOTAL FUND BALANCE \$ 2,882,221

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	\$ 1,822,088	
Buildings	3,123,210	
Improvements, other than buildings	10,625,733	
Equipment	742,387	
Office furniture	34,086	
Vehicles	245,915	
Less accumulated depreciation	<u>(6,884,726)</u>	
Total capital assets		9,708,693

Bond refunding costs are expensed in the governmental funds and capitalized and amortized in the government wide statements. 48,527

Deferred inflows from pensions are not recognized in the fund statements (18,347)

Deferred outflows from pensions are not recognized on the fund statements 36,170

Pension assets are not included on the fund statements 509

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 statement of net position.

Accrued liabilities	(28,484)	
Accrued interest on bonds	(14,351)	
Pension liability	(137,429)	
Current portion of revenue bonds	(78,000)	
Long-term portion of revenue bonds	<u>(1,016,000)</u>	
Total liabilities		<u>(1,274,264)</u>

Total net position of governmental activities \$ 11,383,509



# SOUTH WEBER CITY

## Statement of Revenue, Expenditures, and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2015

	General	Special Revenue Recreation Fund	Nonmajor Governmental Funds	Totals
<b>REVENUE</b>				
General property taxes	\$ 337,601	\$ -	\$ -	\$ 337,601
Sales, use, and excise taxes	776,124	-	-	776,124
Franchise taxes	313,078	-	-	313,078
Impact fees	-	-	107,071	107,071
Licenses	197,419	-	-	197,419
Fines	112,914	-	-	112,914
Interest	5,559	1,077	4,525	11,161
Intergovernmental	202,576	-	-	202,576
Charges for services	10,451	151,575	30,487	192,513
Miscellaneous	30,322	-	11,334	41,656
Total revenue	<u>1,986,044</u>	<u>152,652</u>	<u>153,417</u>	<u>2,292,113</u>
<b>EXPENDITURES</b>				
Current				
General government	702,203	-	-	702,203
Public works	333,351	-	-	333,351
Public safety	310,964	-	-	310,964
Parks	166,642	-	-	166,642
Recreation	-	170,121	54,400	224,521
Capital outlay	-	-	74,855	74,855
Debt service:				
Principal	18,250	54,750	-	73,000
Interest	8,665	28,645	-	37,310
Total expenditures	<u>1,540,075</u>	<u>253,516</u>	<u>129,255</u>	<u>1,922,846</u>
Revenue over (under) expenditures	<u>445,969</u>	<u>(100,864)</u>	<u>24,162</u>	<u>369,267</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers, in	-	121,936	615,070	737,006
Operating transfers, out	<u>(737,006)</u>	<u>-</u>	<u>-</u>	<u>(737,006)</u>
Total other financing sources (uses)	<u>(737,006)</u>	<u>121,936</u>	<u>615,070</u>	<u>-</u>
Revenue and other sources over expenditures and other uses	(291,037)	21,072	639,232	369,267
FUND BALANCE, JULY 1, 2014	<u>1,127,456</u>	<u>304,695</u>	<u>1,080,803</u>	<u>2,512,954</u>
FUND BALANCE, JUNE 30, 2015	<u>\$ 836,419</u>	<u>\$ 325,767</u>	<u>\$ 1,720,035</u>	<u>\$ 2,882,221</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, 2015

---

NET CHANGES IN FUND BALANCES, TOTAL  
GOVERNMENTAL FUNDS \$ 369,267

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 (\$462,386) was more than capital outlay (\$122,946). (339,440)

Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. 73,000

Contributions from conveyed assets is not recorded on the funds statements but is recorded on the government wide statement. 4,000

Loss on disposal of assets is not recognized on the fund statements (14,601)

This adjustment is as follows:

Accrued absences	(5,819)
Bond refunding amortization	(4,044)
Accrued interest	1,538
Pension transactions	25,302

Change in net position of governmental activities \$ 109,203

# SOUTH WEBER CITY

## Statement of Net Position Proprietary Funds June 30, 2015

	<u>Water Utility Fund</u>	<u>Sewer Utility Fund</u>	<u>Garbage Utility Fund</u>	<u>Storm Sewer Utility Fund</u>	<u>Totals Proprietary Funds</u>
<b>ASSETS</b>					
CURRENT ASSETS					
Cash and cash equivalents					
Restricted	\$ 478,948	\$ 433,703	\$ -	\$ 39,822	\$ 952,473
Unrestricted	678,145	1,115,602	340,569	581,175	2,715,491
Receivables					
Accounts, less allowance for doubtful account of \$0	88,787	72,776	33,099	13,361	208,023
Total current assets	<u>1,245,880</u>	<u>1,622,081</u>	<u>373,668</u>	<u>634,358</u>	<u>3,875,987</u>
NON-CURRENT ASSETS					
Pension asset	141	86	23	24	274
Property and equipment, at cost					
Land and easements	-	3,669	-	5,256	8,925
Buildings	304,114	-	-	-	304,114
Improvements, other than buildings	7,135,562	5,296,256	-	2,859,400	15,291,218
Machinery and equipment	140,876	10,631	183,016	-	334,523
Vehicles	228,620	-	-	-	228,620
Accumulated depreciation	(1,699,266)	(1,435,215)	(102,679)	(878,119)	(4,115,279)
Net property and equipment	<u>6,109,906</u>	<u>3,875,341</u>	<u>80,337</u>	<u>1,986,537</u>	<u>12,052,121</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	10,016	6,123	1,669	1,672	19,480
Total assets and deferred outflows	<u>\$ 7,365,943</u>	<u>\$ 5,503,631</u>	<u>\$ 455,697</u>	<u>\$ 2,622,591</u>	<u>\$ 15,947,862</u>

The accompanying notes are an integral part of this statement.

# SOUTH WEBER CITY

## Statement of Net Position Proprietary Funds, Continued June 30, 2015

	Water Utility Fund	Sewer Utility Fund	Garbage Utility Fund	Storm Sewer Utility Fund	Total Proprietary Funds
<b><u>LIABILITIES</u></b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 9,853.00	\$ 32,434	\$ 34,154	\$ 8,794	\$ 85,235
Accounts payable to related party	-	-	-	-	-
Current portion bonds payable	84,371	-	-	-	84,371
Accrued interest	11,841	-	-	-	11,841
Accrued liabilities	-	-	-	-	-
Total current liabilities	<u>106,065</u>	<u>\$ 32,434</u>	<u>34,154</u>	<u>8,794</u>	<u>181,447</u>
<b>NONCURRENT LIABILITIES</b>					
Deposits, advance rentals, and long term accruals	-	-	-	-	-
Long term compensation liability	4,763	3,041	880	3,140	11,824
Pension liability	38,057	23,257	6,343	6,345	74,002
Bonds payable	3,138,948	-	-	-	3,138,948
Total noncurrent liabilities	<u>3,181,768</u>	<u>26,298</u>	<u>7,223</u>	<u>9,485</u>	<u>3,224,774</u>
Total liabilities	<u>3,287,833</u>	<u>58,732</u>	<u>41,377</u>	<u>18,279</u>	<u>3,406,221</u>
<b>DEFERED INFLOWS OF RESOURCES</b>					
Deferred inflows relating to pensions	<u>5,081</u>	<u>3,105</u>	<u>847</u>	<u>845</u>	<u>9,878</u>
<b>NET POSITION</b>					
Net investment in capital assets	2,886,587	3,875,341	80,337	1,986,537	8,828,802
Restricted debt service	19,290	-	-	-	19,290
Restricted impact fees	463,481	429,881	-	39,821	933,183
Unrestricted	703,671	1,136,572	333,136	577,109	2,750,488
Total net position	<u>4,073,029</u>	<u>5,441,794</u>	<u>413,473</u>	<u>2,603,467</u>	<u>12,531,763</u>
Total liabilities, deferred inflows, and net position	<u>\$ 7,365,943</u>	<u>\$ 5,503,631</u>	<u>\$ 455,697</u>	<u>\$ 2,622,591</u>	<u>\$ 15,947,862</u>

The accompanying notes are an integral part of this statement.

# SOUTH WEBER CITY

## Statement of Revenue, Expenses, and Changes in Fund Net Position Proprietary Funds For the Fiscal Year Ended June 30, 2015

	Water Utility Fund	Sewer Utility Fund	Garbage Utility Fund	Storm Sewer Utility Fund	Total Proprietary Funds
<b>OPERATING REVENUE</b>					
Revenue secured by revenue bond	\$ 1,048,616	\$ -	\$ -	\$ -	\$ 1,048,616
Sales and charges for services	-	778,608	345,382	139,610	1,263,600
Total operating revenue	<u>1,048,616</u>	<u>778,608</u>	<u>345,382</u>	<u>139,610</u>	<u>2,312,216</u>
<b>OPERATING EXPENDITURES</b>					
Personnel services	198,736	120,244	27,657	24,226	370,863
Supplies	377,313	13,027	288,235	65,365	743,940
Purchased services	60,055	436,775	7,142	28,989	532,961
Depreciation and amortization	204,805	86,191	8,479	100,125	399,600
Total operating expenditures	<u>840,909</u>	<u>656,237</u>	<u>331,513</u>	<u>218,705</u>	<u>2,047,364</u>
Operating income (loss)	<u>207,707</u>	<u>122,371</u>	<u>13,869</u>	<u>(79,095)</u>	<u>264,852</u>
<b>NON-OPERATING REVENUE (EXPENSES)</b>					
Interest income	4,749	6,368	1,487	2,614	15,218
Impact fees	61,470	71,806	-	30,590	163,866
Other income	(979)	-	-	6,185	5,206
Interest expense	(163,385)	-	-	-	(163,385)
Total non-operating revenue (expenses)	<u>(98,145)</u>	<u>78,174</u>	<u>1,487</u>	<u>39,389</u>	<u>20,905</u>
<b>CAPITAL CONTRIBUTIONS</b>					
Grants and other contributions	-	-	-	-	-
Total contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	<u>109,562</u>	<u>200,545</u>	<u>15,356</u>	<u>(39,706)</u>	<u>285,757</u>
NET POSITION, JULY 1, 2014	4,003,455	5,265,686	404,782	2,649,836	12,323,759
PRIOR PERIOD ADJUSTMENT	(39,988)	(24,437)	(6,665)	(6,663)	(77,753)
RESTATED POSITION JULY 1, 2014	<u>3,963,467</u>	<u>5,241,249</u>	<u>398,117</u>	<u>2,643,173</u>	<u>12,246,006</u>
NET POSITION, JUNE 30, 2015	<u>\$ 4,073,029</u>	<u>\$ 5,441,794</u>	<u>\$ 413,473</u>	<u>\$ 2,603,467</u>	<u>\$ 12,531,763</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, 2015

	Water Utility Fund	Sewer Utility Fund	Garbage Utility Fund	Storm Sewer Utility Fund	Total Proprietary Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$1,044,988	\$785,188	\$344,082	\$139,120	\$2,313,378
Payments to suppliers	(432,779)	(440,563)	(284,089)	(85,560)	(1,242,991)
Payments to employees	(206,597)	(124,530)	(28,824)	(25,395)	(385,346)
Net cash provided by operating activities	<u>405,612</u>	<u>220,095</u>	<u>31,169</u>	<u>28,165</u>	<u>685,041</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets	-	-	-	-	-
Impact fees	61,470	71,806	-	30,590	163,866
Proceeds from sale of capital assets	-	-	-	-	-
Other	-	-	-	6,185	6,185
Interest paid on bonds	(173,019)	-	-	-	(173,019)
Principal paid on bonds	(70,000)	-	-	-	(70,000)
Net cash used in (provided by) capital and related financing activities	<u>(181,549)</u>	<u>71,806</u>	<u>-</u>	<u>36,775</u>	<u>(72,968)</u>
<b>Cash flows from investing activities</b>					
Investment earnings	4,749	6,368	1,487	2,614	15,218
Net cash provided by investing activities	<u>4,749</u>	<u>6,368</u>	<u>1,487</u>	<u>2,614</u>	<u>15,218</u>
Net increase in cash and cash equivalents	228,812	298,269	32,656	67,554	627,291
CASH AND CASH EQUIVALENTS, JULY 1, 2014	<u>928,281</u>	<u>1,251,036</u>	<u>307,913</u>	<u>553,443</u>	<u>3,040,673</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2015	<u>\$ 1,157,093</u>	<u>\$ 1,549,305</u>	<u>\$ 340,569</u>	<u>\$ 620,997</u>	<u>\$ 3,667,964</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 207,707	\$ 122,371	\$ 13,869	\$ (79,095)	\$ 264,852
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>					
Depreciation and amortization	204,805	86,192	8,479	100,124	399,600
<b>Change due to changes in:</b>					
Accounts receivable	(3,404)	6,580	(1,300)	(266)	1,610
Inventory	-	-	-	-	-
Change in pension outflows	(7,007)	(4,284)	(1,167)	(1,169)	(13,627)
Accounts payable	4,589	9,238	11,288	8,794	33,909
Deposits	(224)	-	-	(223)	(447)
Accrued liabilities affecting operating activities	(854)	(2)	-	-	(856)
Net cash provided by operating activities	<u>405,612</u>	<u>220,095</u>	<u>31,169</u>	<u>28,165</u>	<u>685,041</u>
<b>Non-Cash transactions</b>					
Non cash transaction related to pension liability	\$ 43,138	\$ 26,362	\$ -	\$ 7,190	\$ 76,690

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, 2015

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### 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, sewer, 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 revenue 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 revenue is: (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 revenue is revenue, such as taxes and other items, which is not properly reported as program revenue.

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 revenue 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. Revenue is recognized in the accounting period in which it is 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 revenue 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 revenue and expenses. Operating revenue and expenses normally arise from providing goods and services in connection with the fund's normal ongoing operations. The principal sources of operating revenue 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 revenue 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, revenue is recognized when it becomes 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 revenue that is determined to be susceptible to accrual includes grants earned and other intergovernmental revenue, 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. Revenue collected in advance is deferred and recognized in the period to which it applies.

Revenue that is determined to not be susceptible to accrual because it is either not available soon enough to pay liabilities of the current period (60 days), or is not objectively measurable, includes licenses, permits, and miscellaneous revenue. 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 recreation fund is a special revenue fund that accounts for the sports and recreation functions 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 22 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 require certain investments to be reported at fair value and the change in fair value to be included in revenue or expenses. The City's policy is to report all investments at value and the change in fair value to be included in revenue 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 \$5,000 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 revenue 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. RETIREMENT PLAN**

### **General Information About the Pension Plan**

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

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

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

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

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

**Summary of Benefits by System**

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

\* With actuarial reductions

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

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

**Utah Retirement Systems**

	<b>Employee Paid</b>	<b>Employer for Employee</b>	<b>Contribution Rates</b>
Contributory System			
111 - Local Governmental Division Tier 2	N/A	N/A	14.83%
Public Safety Retirement System			
15 - Local Government Division Tier 1	N/A	N/A	18.47%

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

At December 31, 2014, we reported a new pension asset of \$783 and a net pension liability of \$211,430.

	<b>Proportionate Share</b>	<b>Net Pension Asset</b>	<b>Net Pension Liability</b>
Noncontributory System	0.0486916%	\$ -	\$ 211,430
Tier 2 Public Employees System	0.0258275%	783	-
<b>Total Net Pension Asset/Liability</b>		<b>\$ 783</b>	<b>\$ 211,430</b>

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

For the year ended December 31, 2014, we recognized pension expense of \$57,610. At December 31, 2014, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 7,339
Changes in assumptions	-	20,886
Net difference between projected and actual earnings on pension plan investments	4,875	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	<u>50,772</u>	<u>-</u>
Total	<u>\$ 55,647</u>	<u>\$ 28,225</u>

\$50,772 was reported as deferred outflows of resources related to pension's results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2014. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	<b>Deferred Outflows (Inflows) of Resources</b>
2015	\$ (5,691)
2016	(5,691)
2017	(5,691)
2018	(5,420)
2019	(137)
Thereafter	(719)

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

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

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

**Retired Member Mortality**

Class of Member

---

**Educators**

- Men EDUM (90%)
  - Women EDUF (100%)
- 

**Public Safety and Firefighters**

- Men RP 2000mWC (100%)
  - Women EDUF (120%)
- 

**Local Government, Public Employees**

- Men RP 2000mWC (100%)
  - Women EDUF (120%)
- 

*EDUM = Constructed mortality table based on actual experience of male educators multiplied by 90%*  
*EDUF = Constructed mortality table based on actual experience of female educators multiplied by 100%*  
*RP 2000mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by 100%*

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

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

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

The 7/50% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

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

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

	<b>1% Decrease (6.50%)</b>	<b>Discount Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
Proportionate share of Net pension (asset) / liability	\$ 513,060	\$ 210,647	\$ (40,807)

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

**4. INTERFUND TRANSFERS**

Transfers from the general fund were \$737,006. 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 \$610,070, \$5,000 and, \$121,936, respectively. These transfers are outlined as follows:

<u>Funds</u>	<u>Out</u>	<u>In</u>
General fund	\$ 737,006	\$ -
Capital improvements	-	610,070
Country Fair Days	-	5,000
Recreation fund	-	121,936
Total	<u>\$ 737,006</u>	<u>\$ 737,006</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, 2015.



<b>ACTIVITY</b>	<b>Beginning</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending</b>
<b>GOVERNMENTAL ACTIVITIES</b>				
Nondepreciated assets				
Land	\$ 1,818,089	\$ 4,000	\$ -	\$ 1,822,089
Work in process	-	-	-	-
Total nondepreciated assets	<u>1,818,089</u>	<u>4,000</u>	<u>-</u>	<u>1,822,089</u>
Depreciated assets				
Buildings	3,123,210	-	-	3,123,210
Improvements	10,580,790	75,796	30,852	10,625,734
Equipment	878,243	47,151	183,006	742,388
Office equipment	34,086	-	-	34,086
Vehicles	363,080	-	117,164	245,916
Total depreciated assets	<u>14,979,409</u>	<u>122,947</u>	<u>331,022</u>	<u>14,771,334</u>
Less accumulated depreciation				
Office equipment	23,972	3,638	-	27,610
Buildings	849,629	67,550	-	917,179
Improvements other than buildings	4,774,253	352,768	30,852	5,096,169
Vehicles	360,911	2,000	117,160	245,751
Machinery and equipment	729,997	36,430	168,406	598,021
Total accumulated depreciation	<u>6,738,762</u>	<u>462,386</u>	<u>316,418</u>	<u>6,884,730</u>
Net assets depreciated	<u>8,240,647</u>	<u>(339,439)</u>	<u>647,440</u>	<u>7,886,604</u>
Total governmental activities	<u>10,058,736</u>	<u>(335,439)</u>	<u>647,440</u>	<u>9,708,693</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Nondepreciated assets				
Land	8,925	-	-	8,925
Work in process	-	-	-	-
Total nondepreciated assets	<u>8,925</u>	<u>-</u>	<u>-</u>	<u>8,925</u>
Depreciated assets				
Buildings	304,114	-	-	304,114
Improvements	15,323,498	-	32,281	15,291,217
Equipment	369,464	-	34,945	334,519
Vehicles	280,411	-	51,791	228,620
Total depreciated assets	<u>16,277,487</u>	<u>-</u>	<u>119,017</u>	<u>16,158,470</u>
Less accumulated depreciation				
Buildings	86,812	7,519	-	94,331
Improvements other than buildings	3,263,946	366,987	32,281	3,598,651
Vehicles	261,714	6,800	51,794	216,720
Machinery and equipment	221,241	18,294	33,963	205,572
Total accumulated depreciation	<u>3,833,713</u>	<u>399,600</u>	<u>118,038</u>	<u>4,115,274</u>
Net assets depreciated	<u>12,443,774</u>	<u>(399,600)</u>	<u>979</u>	<u>12,043,196</u>
Total business type assets	<u>12,452,699</u>	<u>(399,600)</u>	<u>979</u>	<u>12,052,121</u>
Total combined assets	<u>\$ 22,511,435</u>	<u>\$ (735,039)</u>	<u>\$ 648,419</u>	<u>\$ 21,760,814</u>

Depreciation expense for the year ended June 30, 2015, is as follows:

	<u>Governmental Types</u>	<u>Business Types</u>	<u>Totals</u>
FUNCTION			
General government	\$ 12,265	\$ -	\$ 12,265
Public safety	54,048	-	54,048
Streets	303,445	-	303,445
Parks	44,064	-	44,064
Recreation	48,564	-	48,564
Water	-	204,805	204,805
Storm sewer	-	100,125	100,125
Garbage	-	8,479	8,479
Sewer	-	86,191	86,191
Totals	<u>\$ 462,386</u>	<u>\$ 399,600</u>	<u>\$ 861,986</u>

## 6. LONG-TERM DEBT

Bonds payable at June 30, 2015, are comprised of the following individual issues:

<u>Long-Term Debt</u>	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
\$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.	\$ 1,167,000	\$ -	\$ 73,000	\$ 1,094,000	\$ 78,000
Total governmental long-term debt	<u>1,167,000</u>	<u>-</u>	<u>73,000</u>	<u>1,094,000</u>	<u>78,000</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Series 2010 water revenue bonds due in annual installments. The rate varies from 2% to 3.125%. The bonds mature in 2040.	3,150,000	-	70,000	3,080,000	75,000
Bond premium series 2010 bond	152,690	-	9,371	143,319	9,371
Total business-type long-term debt	<u>3,302,690</u>	<u>-</u>	<u>79,371</u>	<u>3,223,319</u>	<u>84,371</u>
Total long term debt	<u>\$ 4,469,690</u>	<u>\$ -</u>	<u>\$ 152,371</u>	<u>\$ 4,317,319</u>	<u>\$ 162,371</u>
<b>Compensated absences</b>					
Governmental funds	\$ 22,666	\$ 5,818	\$ -	\$ 28,484	\$ -
Business funds	11,799	3,025	-	14,824	-
Total	<u>\$ 34,465</u>	<u>\$ 8,843</u>	<u>\$ -</u>	<u>\$ 43,308</u>	<u>\$ -</u>
<b>Pension liability</b>					
Governmental	\$ 119,963	\$ 17,466	\$ -	\$ 137,429	\$ -
Business	102,190	(28,188)	-	74,002	-
Total	<u>\$ 222,153</u>	<u>\$ (10,722)</u>	<u>\$ -</u>	<u>\$ 211,431</u>	<u>\$ -</u>

The annual debt requirement to maturity, including principal and interest as of June 30, 2015, is listed in the following table:

Year Ending June 30	Business Activities	
	Series 2010 Water Bonds	
	Principal	Interest
2016	75,000	141,244
2017	75,000	139,556
2018	75,000	137,681
2019	80,000	135,450
2020	80,000	133,000
2021-2025	460,000	604,925
2026-2030	575,000	488,850
2031-2035	730,000	327,500
2036-2040	930,000	120,750
Totals	<u>\$ 3,080,000</u>	<u>\$ 2,228,956</u>

Year Ending June 30	Sales Tax Refunding Bonds Series 2012	
	Principal	Interest
	2016	78,000
2017	78,000	29,017
2018	83,000	26,626
2019	88,000	24,087
2020	87,000	21,488
2021-2025	477,000	66,217
2026-2030	203,000	6,075
Totals	<u>\$ 1,094,000</u>	<u>\$ 204,844</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, 2015, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents	\$ 6,434,844
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Cash investments and cash equivalents as of June 30, 2015, consist of the following:

Cash on hand	\$ 1,200
Deposits with financial institutions	1,069,620
Investments, State Treasurer	<u>5,364,024</u>
Total cash and cash equivalents	<u>\$ 6,434,844</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 Public Treasurer’s Investment Fund (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, 2015, 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	<u>\$ 5,364,024</u>	<u>\$ 5,364,024</u>	<u>\$ -</u>	<u>\$ -</u>
Total investments	<u><u>\$ 5,364,024</u></u>	<u><u>\$ 5,364,024</u></u>	<u><u>\$ -</u></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, 2015, 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, 2015, 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. RESTRICTED FUND BALANCES**

The City records restrictions 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	\$ 414,230	\$ 933,183	\$ 1,347,413
	\$ 29,916		
Class C road	436,703	-	436,703
Bond reserve and escrow funds	-	19,290	19,290
Totals	<u>\$ 880,849</u>	<u>\$ 952,473</u>	<u>\$ 1,803,406</u>

**9. INTEREST EXPENSE**

The proprietary fund incurred \$163,385 in interest expense of which \$163,385 was charged to expense and \$0 was capitalized. The governmental funds incurred \$96,509 in interest expense.

**10. RESTRICTED CASH**

The City governmental funds have restricted cash of \$444,146 for specific projects and programs 436,703 for class c road funds. The utility fund has \$933,183 for specific projects and \$19,290 for debt service.

## **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 \$436,775 and the City owes \$22,866 to the burn plant as of June 30, 2015.

The City entered into an inter-local agreement for law enforcement services. The City will pay \$11,048 monthly.

## **14. NEWLY ISSUED ACCOUNTING STANDARDS**

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

GASB 72 Fair value measurements and application

GASB 73 Accounting and financial reporting for pensions and related assets that are not within the scope of GASB statement 68, and amendments to certain provisions of GASB statements 67 and 68

GASB 74 Financial reporting for post-employment benefit plans other than pension plans

GASB 75 Accounting and financial reporting for post-employment benefit plans other than pension plans

GASB 76 The hierarchy of General Accepted Accounting Principles for state and local governments

GASB 77 Tax abatement disclosures

The statements should not have a material effect on the financial statements.

## **15. SUBSEQUENT EVENTS**

The City has evaluated subsequent events through December 3, 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 \$387,624 at June 30, 2015.

## 17. ACCOUNTS RECEIVABLE

Accounts receivable for the City's governmental and business-type activities, including the applicable allowance for uncollectible accounts at June 30, 2015, are as follows:

	<b>Accounts Receivable</b>	<b>Less Allowance for Uncollectible</b>	<b>Total</b>	<b>Short Term</b>	<b>Long Term</b>
Governmental activities					
Taxes	\$ 521,167	\$ -	\$ 521,167	\$ 521,167	\$ -
Fees	14,024	-	14,024	14,024	-
Total governmental funds	<u>\$ 535,191</u>	<u>\$ -</u>	<u>\$ 535,191</u>	<u>\$ 535,191</u>	<u>\$ -</u>
Business-type activities					
Charges for services					
Water fund	\$ 88,787	\$ -	\$ 88,787	\$ 88,787	\$ -
Sewer fund	72,776	-	72,776	72,776	-
Garbage fund	33,099	-	33,099	33,099	-
Storm sewer	13,361	-	13,361	13,361	-
Total	<u>\$ 208,023</u>	<u>\$ -</u>	<u>\$ 208,023</u>	<u>\$ 208,023</u>	<u>\$ -</u>

**REQUIRED SUPPLEMENTARY INFORMATION**



# SOUTH WEBER CITY

## Budgetary Comparison Schedule General Fund For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Favorable
	Original	Final	Budgetary Basis	(Unfavorable) Variance with Final Budget
<b>REVENUE</b>				
General property taxes	\$ 315,000	\$ 311,258	\$ 337,601	\$ 26,343
Sales, use, and excise taxes	600,000	630,000	776,124	146,124
Franchise taxes	330,000	330,000	313,078	(16,922)
Licenses	175,000	158,000	197,419	39,419
Fines	130,000	140,000	112,914	(27,086)
Interest	10,000	12,000	5,559	(6,441)
Intergovernmental	190,200	186,200	202,576	16,376
Charges for services	1,600	12,425	10,451	(1,974)
Miscellaneous	5,800	10,530	30,322	19,792
Total revenue	<u>1,757,600</u>	<u>1,790,413</u>	<u>1,986,044</u>	<u>195,631</u>
<b>EXPENDITURES</b>				
General government	644,400	745,628	702,203	43,425
Public works	300,000	362,492	333,351	29,141
Public safety	299,000	358,487	310,964	47,523
Parks	123,100	263,335	166,642	96,693
Debt service				
Principal	18,250	18,300	18,250	50
Interest	12,350	12,300	8,665	3,635
Total expenditures	<u>1,397,100</u>	<u>1,760,542</u>	<u>1,540,075</u>	<u>216,782</u>
Excess of revenue over fund balance	<u>360,500</u>	<u>29,871</u>	<u>445,969</u>	<u>412,413</u>
<b>OTHER FINANCES SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(210,000)	(533,101)	(737,006)	(203,905)
Total other financing sources (uses)	<u>(210,000)</u>	<u>(533,101)</u>	<u>(737,006)</u>	<u>(203,905)</u>
Net change in fund balance	150,500	(503,230)	(291,037)	208,508
FUND BALANCE, JULY 1, 2014	<u>1,127,456</u>	<u>1,127,456</u>	<u>1,127,456</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2015	<u>\$ 1,277,956</u>	<u>\$ 624,226</u>	<u>\$ 836,419</u>	<u>\$ 208,508</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, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
<b>REVENUE</b>				
Charges for services	\$ 158,000	\$ 162,700	\$ 151,575	\$ (11,125)
Interest	-	-	1,077	1,077
Total revenue	<u>158,000</u>	<u>162,700</u>	<u>152,652</u>	<u>(10,048)</u>
<b>EXPENDITURES</b>				
Recreation	200,000	207,236	170,121	37,115
Debt service				
Interest	21,060	17,900	28,645	(10,745)
Principal	56,000	59,500	54,750	4,750
Total expenditures	<u>277,060</u>	<u>284,636</u>	<u>253,516</u>	<u>31,120</u>
Excess of revenue over expenditures (usage of fund balance)	<u>(119,060)</u>	<u>(121,936)</u>	<u>(100,864)</u>	<u>21,072</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>140,000</u>	<u>121,936</u>	<u>121,936</u>	<u>-</u>
Total other financing sources	<u>140,000</u>	<u>121,936</u>	<u>121,936</u>	<u>-</u>
Net change in fund balance	20,940	-	21,072	21,072
FUND BALANCE, JULY 1, 2014	<u>304,695</u>	<u>304,695</u>	<u>304,695</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2015	<u>\$ 325,635</u>	<u>\$ 304,695</u>	<u>\$ 325,767</u>	<u>\$ 21,072</u>

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

# SOUTH WEBER CITY

## Schedule of the Proportionate Share of the Net Pension Liability December 31, 2014 Last 10 Fiscal Years\*

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	<u>Noncontributory System</u>	<u>Tier 2 Public Employees System</u>
Proportion of the net pension liability (asset)	0.0486916%	0.2582740%
Proportionate share of the net pension liability (asset)	\$ 211,430	\$ (783)
Covered employee payroll	384,233	126,524
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	55.0%	-0.6%
Plan fiduciary net position as a percentage of the total pension liability	90.2%	103.5%

\* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will be built prospectively. The schedule above is only for the current year. Prior year numbers are available from your prior year note disclosure confirmation.

# SOUTH WEBER CITY

## Schedule of Contributions Utah Retirement Systems December 31, 2014 Last 20 Fiscal Years\*

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	<b>Noncontributory System</b>	<b>Tier 2 Public Employees System</b>
Contractually required contribution	\$ 76,530	\$ 10,656
Contributions in relation to the contractually required contribution	<u>(76,530)</u>	<u>(510,656)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 384,233	\$ 126,524
Contributions as a percentage of covered employee payroll**	19.92%	8.42%

\* Amounts presented were determined as of calendar year January 1 through December 31. Employers will be required to prospectively develop this table in future years to show 10-years of information. The schedule above is only for the current year. Prior year numbers are available from your prior year note disclosure confirmation.

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

# South Weber City

## Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2015

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### Changes of Assumptions

If there were any changes to actuarial assumptions, they would be reported in this area.

### Other information that is not required as part of RSI

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

### Defined Contribution System December 31, 2014

	<b>Employee Paid <u>Contributions</u></b>	<b>Employer Paid <u>Contributions</u></b>
401(k) Plan	\$ 20,334	\$ 16,158
457 Plan	-	-
Roth IRA Plan	-	-
Traditional IRA Plan	-	-
HRA Plan	-	-

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

**SUPPLEMENTARY INFORMATION**

# SOUTH WEBER CITY

## Budgetary Comparison Schedules Special Revenue Fund Park Impact Fees For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUE				
Impact fees	\$ 36,000	\$ 36,000	\$ 34,863	\$ (1,137)
Interest income	-	-	406	406
Total revenues	<u>36,000</u>	<u>36,000</u>	<u>35,269</u>	<u>(1,137)</u>
EXPENDITURES				
Capital outlay	<u>36,000</u>	<u>36,000</u>	-	<u>36,000</u>
Total expenditures	<u>36,000</u>	<u>36,000</u>	<u>-</u>	<u>36,000</u>
Excess of revenue over expenditures (usage of fund balance)	<u>-</u>	<u>-</u>	<u>35,269</u>	<u>34,863</u>
Net change in fund balance	-	-	35,269	34,863
FUND BALANCE, JULY 1, 2014	<u>73,037</u>	<u>73,037</u>	<u>73,037</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2015	<u>\$ 73,037</u>	<u>\$ 73,037</u>	<u>\$ 108,306</u>	<u>\$ 34,863</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, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
<b>REVENUE</b>				
Interest income	\$ -	\$ -	\$ 2,879	\$ 2,879
Other revenue	-	-	11,334	11,334
Charges for services	-	-	1,267	1,267
Total revenue	-	-	15,480	15,480
<b>EXPENDITURES</b>				
Capital outlay	200,000	400,000	74,855	325,145
Total expenditures	200,000	400,000	74,855	325,145
Excess of revenue over expenditures (usage of fund balance)	(200,000)	(400,000)	(59,375)	340,625
<b>OTHER FINANCING SOURCES</b>				
Transfers in	50,000	406,165	610,070	203,905
Total other financing sources	50,000	406,165	610,070	203,905
Net change in fund balance	(150,000)	6,165	550,695	544,530
FUND BALANCE, JULY 1, 2014	748,037	748,037	748,037	-
FUND BALANCE, JUNE 30, 2015	\$ 598,037	\$ 754,202	\$ 1,298,732	\$ 544,530

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, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUE				
Impact fees	\$ 30,316	\$ 28,000	\$ 31,694	\$ 3,694
Interest	-	-	680	-
Total revenue	<u>30,316</u>	<u>28,000</u>	<u>32,374</u>	<u>3,694</u>
EXPENDITURES				
Capital outlay	<u>30,316</u>	<u>28,000</u>	-	<u>28,000</u>
Total expenditures	<u>30,316</u>	<u>28,000</u>	-	<u>28,000</u>
Excess of revenue over expenditures (usage of fund balance)	<u>-</u>	<u>-</u>	<u>32,374</u>	<u>31,694</u>
Net change in fund balance	-	-	32,374	31,694
FUND BALANCE, JULY 1, 2014	<u>137,861</u>	<u>137,861</u>	<u>137,861</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2015	<u><u>\$ 137,861</u></u>	<u><u>\$ 137,861</u></u>	<u><u>\$ 170,235</u></u>	<u><u>\$ 31,694</u></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, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
<b>REVENUE</b>				
Charges for services	\$ 45,600	\$ 41,600	\$ 29,220	\$ (12,380)
Interest	-	-	48	48
Total revenue	<u>45,600</u>	<u>41,600</u>	<u>29,268</u>	<u>(12,332)</u>
<b>EXPENDITURES</b>				
Recreation	<u>65,600</u>	<u>56,000</u>	<u>54,400</u>	<u>1,600</u>
Total expenditures	<u>65,600</u>	<u>56,000</u>	<u>54,400</u>	<u>1,600</u>
Excess of revenue over expenditures (usage of fund balance)	<u>(20,000)</u>	<u>(14,400)</u>	<u>(25,132)</u>	<u>(10,732)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>20,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total other financing sources	<u>20,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net change in fund balance	-	(9,400)	(20,132)	(10,732)
FUND BALANCE, JULY 1, 2014	<u>27,205</u>	<u>27,205</u>	<u>27,205</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2015	<u>\$ 27,205</u>	<u>\$ 17,805</u>	<u>\$ 7,073</u>	<u>\$ (10,732)</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, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUE				
Impact fees	\$ 35,000	\$ 34,000	\$ 34,694	\$ 694
Interest	-	-	398	398
Total revenue	<u>35,000</u>	<u>34,000</u>	<u>35,092</u>	<u>1,092</u>
EXPENDITURES				
Capital outlay	<u>35,000</u>	<u>34,000</u>	-	<u>34,000</u>
Total expenditures	<u>35,000</u>	<u>34,000</u>	-	<u>34,000</u>
Excess of revenue over expenditures (usage of fund balance)	-	-	<u>35,092</u>	<u>35,092</u>
Net change in fund balance	-	-	35,092	35,092
FUND BALANCE, JULY 1, 2014	<u>71,868</u>	<u>71,868</u>	<u>71,868</u>	-
FUND BALANCE, JUNE 30, 2015	<u>\$ 71,868</u>	<u>\$ 71,868</u>	<u>\$ 106,960</u>	<u>\$ 35,092</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, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
Impact fees	\$ 7,400	\$ 7,400	\$ 5,820	\$ (1,580)
Interest	-	-	114	114
Total revenues	<u>7,400</u>	<u>7,400</u>	<u>5,934</u>	<u>(1,466)</u>
EXPENDITURES				
Public safety	-	7,400	-	7,400
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>7,400</u>	<u>-</u>	<u>7,400</u>
Excess of revenues over expenditures (usage of fund balance)	<u>7,400</u>	<u>-</u>	<u>5,934</u>	<u>5,934</u>
Net change in fund balance	7,400	-	5,934	5,934
FUND BALANCE, JULY 1, 2014	<u>22,795</u>	<u>22,795</u>	<u>22,795</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2015	<u>\$ 30,195</u>	<u>\$ 22,795</u>	<u>\$ 28,729</u>	<u>\$ 5,934</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, 2015**

	<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>
<b><u>ASSETS</u></b>							
ASSETS							
Cash and cash equivalents							
Unrestricted	\$ -	\$ -	\$ 11,376	\$ -	\$ -	\$ 1,300,032	\$ 1,311,408
Restricted	108,306	170,235	-	106,960	28,729	29,916	444,146
Receivables fees	-	-	-	-	-	700	700
Prepaid expenses	-	-	6,035	-	-	-	6,035
Total assets	<u>\$ 108,306</u>	<u>\$ 170,235</u>	<u>\$ 17,411</u>	<u>\$ 106,960</u>	<u>\$ 28,729</u>	<u>\$ 1,330,648</u>	<u>\$ 1,762,289</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>							
Accounts payable	\$ -	\$ -	\$ 117	\$ -	\$ -	\$ 2,000	\$ 2,117
Unearned revenue	-	-	10,221	-	-	-	10,221
Deposits	-	-	-	-	-	29,916	29,916
Total Liabilities	<u>-</u>	<u>-</u>	<u>10,338</u>	<u>-</u>	<u>-</u>	<u>31,916</u>	<u>42,254</u>
FUND BALANCES							
Assigned capital improvements	-	-	7,073	-	-	1,157,548	1,164,621
Committed fire fighting vehicles	-	-	-	-	-	111,268	111,268
Restricted for:							
Other	-	-	-	-	-	29,916	29,916
Impact fees	108,306	170,235	-	106,960	28,729	-	414,230
Total fund balances	<u>108,306</u>	<u>170,235</u>	<u>7,073</u>	<u>106,960</u>	<u>28,729</u>	<u>1,298,732</u>	<u>1,720,035</u>
Total liabilities and fund balances	<u>\$ 108,306</u>	<u>\$ 170,235</u>	<u>\$ 17,411</u>	<u>\$ 106,960</u>	<u>\$ 28,729</u>	<u>\$ 1,330,648</u>	<u>\$ 1,762,289</u>

**SOUTH WEBER CITY**

**Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2015**

	<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>
<b>REVENUE</b>							
Impact fees	\$ 34,863	\$ 31,694	\$ -	\$ 34,694	\$ 5,820	\$ -	\$ 107,071
Interest income	406	680	48	398	114	2,879	4,525
Other revenue	-	-	-	-	-	11,334	11,334
Charges for services	-	-	29,220	-	-	1,267	30,487
Total revenue	<u>35,269</u>	<u>32,374</u>	<u>29,268</u>	<u>35,092</u>	<u>5,934</u>	<u>15,480</u>	<u>153,417</u>
<b>EXPENDITURES</b>							
Current							
Recreation	-	-	54,400	-	-	-	54,400
Capital Outlay	-	-	-	-	-	74,855	74,855
Total expenditures	<u>-</u>	<u>-</u>	<u>54,400</u>	<u>-</u>	<u>-</u>	<u>74,855</u>	<u>129,255</u>
Revenues over expenditures	<u>35,269</u>	<u>32,374</u>	<u>(25,132)</u>	<u>35,092</u>	<u>5,934</u>	<u>(59,375)</u>	<u>24,162</u>
Other sources							
Transfers in	-	-	5,000	-	-	610,070	615,070
Total other sources	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>610,070</u>	<u>615,070</u>
Revenue and other sources over expenditures and other uses	35,269	32,374	(20,132)	35,092	5,934	550,695	639,232
FUND BALANCE, JULY 1, 2014	<u>73,037</u>	<u>137,861</u>	<u>27,205</u>	<u>71,868</u>	<u>22,795</u>	<u>748,037</u>	<u>1,080,803</u>
FUND BALANCE, JUNE 30, 2015	<u>\$ 108,306</u>	<u>\$ 170,235</u>	<u>\$ 7,073</u>	<u>\$ 106,960</u>	<u>\$ 28,729</u>	<u>\$ 1,298,732</u>	<u>\$ 1,720,035</u>



# GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
ESTABLISHED 1974

RANDELA HEATON, CPA  
LYNN A. GILBERT, CPA  
JAMES A. GILBERT, CPA  
BEN H. PROBST, CPA  
RONALD J. STEWART, CPA

SIDNEY S. GILBERT, CPA  
JAMES E. STEWART, CPA

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

Honorable Mayor and  
Members of the City Council  
South Weber City, Utah

**Report on Compliance with General State Compliance requirements and for Each Major State Program**

We have audited South Weber City's (the City) 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 the City or each of its major state programs for the year ended June 30, 2015.

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

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Utah Retirement Systems
- Enterprise Fund Transfers
- Tax Levy
- Restricted Taxes
- Open and Public Meetings
- Nepotism
- Gamma

The City received no state funding classified as major programs for the year ended June 30, 2015:

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on the 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 and 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.

### ***Opinion on General State Compliance Requirements and Each Major State Program***

In our opinion, South Weber City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City or on its major state programs for the year ended June 30, 2015.

### **Report of 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.

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, as defined above. 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*  
December 1, 2015



**GILBERT & STEWART**  
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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 Members of the City Council  
South Weber City  
South Weber, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Weber City (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 1, 2015

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatements, 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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

## **Gilbert & Stewart**

GILBERT & STEWART, CPA PC  
December 1, 2015