

SOUTH WEBER CITY

FINANCIAL STATEMENTS

For The Year Ended June 30, 2018

Together With Independent Auditor's Report

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Weber City, Utah (the City) as of and for the year ended June 30, 2018, 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Weber City, Utah as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 28, 2018, 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Keddington & Christensen, LLC

December 28, 2018
Salt Lake City, Utah

**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2018**

South Weber City's (the City) 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, 2018. As management of the City, we encourage readers to consider information contained in this discussion.

FINANCIAL HIGHLIGHTS

The City created a new Transportation Fee special revenue fund. The purpose of the City's new transportation fee is to maintain the City's roads. Additionally, funds received from transportation tax and B&C road monies are expected to be reported there as well as those three sources of revenues are to be used for essentially the same purposes.

The assets of South Weber City exceeded its liabilities at the end of the current fiscal year by \$29,898,230 (net position). Of this amount, \$6,719,867 (unrestricted position) is available to meet ongoing obligations of citizens and creditors. Net position increased by \$2,742,973 from the prior year.

The City's Governmental activities reported a combined ending net position of \$14,486,393. Of that amount, \$2,371,933 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, 2018, totaled \$520,091 and is 25% of the general fund total revenues for the year.

Total principal balance of debt for South Weber City decreased \$298,000 due to principal payments on bonds, as well as a net decrease in principal balance as a result of the issuance of the Series 2017 Water Revenue Refunding bonds.

During the year, several projects were completed by the City. In addition, several developments were completed as well, upon which the related infrastructure was contributed to the City. Capital assets were added in the water, sewer, and storm sewer funds, as well as the general fixed assets of the City.

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 assets, liabilities and deferred outflows and inflows of resources, 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.

**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2018**

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 three major government funds, which are the general fund, special revenue recreation fund, and capital projects fund. The information on these funds is shown separately. The City has six nonmajor funds which are the park impact special revenue, road impact special revenue, Country Fair Days special revenue, recreation impact special revenue, public safety impact special revenue, and transportation fee 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.

**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

South Weber City Comparative Summary of Net Position							
	Governmental Activities		Business-type Activities		Total Activities		Total % Change From Prior Year
	2018	2017	2018	2017	2018	2017	
Current and other assets	\$ 4,707,878	\$ 4,211,080	\$ 5,126,435	\$ 4,645,363	\$ 9,834,313	\$ 8,856,443	11.0%
Capital assets	11,779,821	10,461,924	13,667,529	12,898,562	25,447,350	23,360,486	8.9%
Total assets	16,487,699	14,673,004	18,793,964	17,543,925	35,281,663	32,216,929	9.5%
Total deferred outflows of resources	158,938	166,644	146,830	67,957	305,768	234,601	30.3%
Long-term liabilities outstanding	1,021,620	1,179,192	3,177,886	3,186,245	4,199,506	4,365,437	-3.8%
Other liabilities	697,910	285,743	292,525	259,487	990,435	545,230	81.7%
Total liabilities	1,719,530	1,464,935	3,470,411	3,445,732	5,189,941	4,910,667	5.7%
Total deferred inflows of resources	440,714	362,644	58,546	22,962	499,260	385,606	29.5%
Net position:							
Net investment in capital assets	10,961,216	9,564,363	10,583,867	9,843,756	21,545,083	19,408,119	11.0%
Restricted	1,153,244	859,401	480,036	143,279	1,633,280	1,002,680	62.9%
Unrestricted	2,371,933	2,588,305	4,347,934	4,156,153	6,719,867	6,744,458	-0.4%
Total net position	\$ 14,486,393	\$ 13,012,069	\$ 15,411,837	\$ 14,143,188	\$ 29,898,230	\$ 27,155,257	10.1%

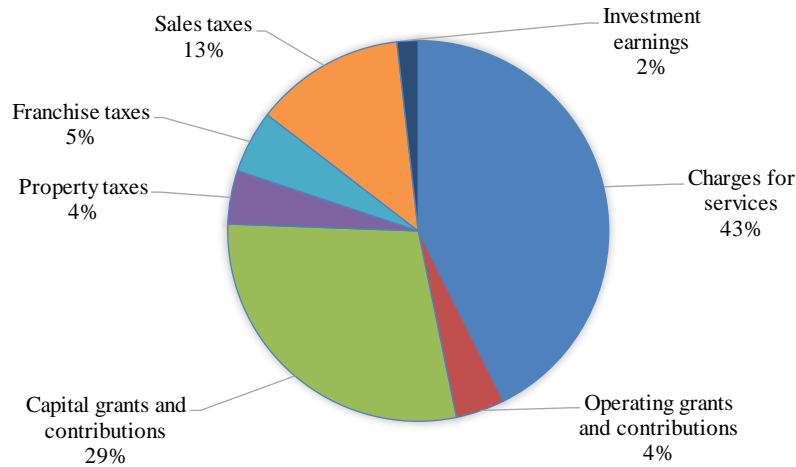
By far the largest component of South Weber City's net position (72%) is its investment in capital assets. This figure represents the City's investment in land and improvements, buildings, machinery and equipment, roads, streetlights, and bridges, less any related outstanding debt that was used to acquire 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, 5%, is assets that are subject to external restrictions on how they may be expended. The remaining 22% of net position can be used to meet the City's ongoing obligations to its creditors and to citizens.

South Weber City Comparative Changes in Net Position							
	Governmental Activities		Business-type Activities		Total Activities		Total % Change From Prior Year
	2018	2017	2018	2017	2018	2017	
Revenues:							
Program revenues:							
Charges for services	\$ 732,390	\$ 455,291	\$ 2,560,713	\$ 2,497,553	\$ 3,293,103	\$ 2,952,844	11.5%
Operating grants and contributions	322,431	287,828	-	-	322,431	287,828	12.0%
Capital grants and contributions	1,174,737	86,088	1,050,569	217,321	2,225,306	303,409	633.4%
General revenues:							
Property taxes	351,895	376,251	-	-	351,895	376,251	-6.5%
Franchise taxes	410,902	401,384	-	-	410,902	401,384	2.4%
Sales taxes	986,346	814,082	-	-	986,346	814,082	21.2%
Other revenue	13,612	75,543	-	-	13,612	75,543	-82.0%
Investment earnings	59,645	32,995	78,488	48,160	138,133	81,155	70.2%
Total revenues	\$ 4,051,958	\$ 2,529,462	\$ 3,689,770	\$ 2,763,034	\$ 7,741,728	\$ 5,292,496	46.3%

**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2018**

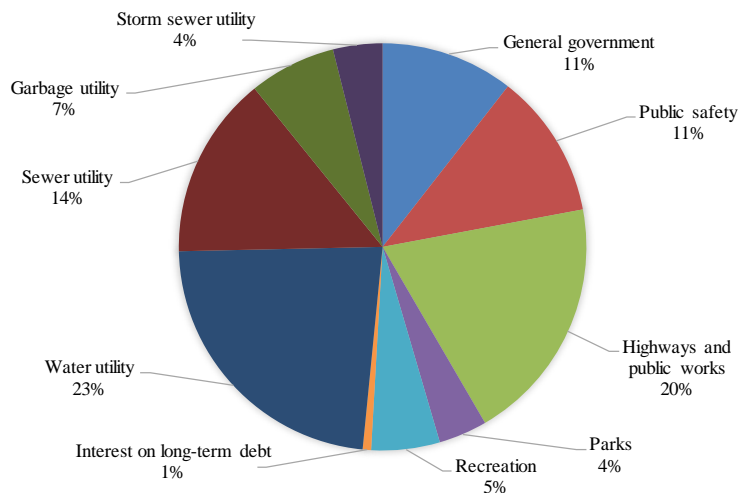
GOVERNMENT TOTAL REVENUES



**South Weber City
Comparative Changes in Net Position (Continued)**

	Governmental Activities		Business-type Activities		Total Activities		Total % Change From Prior Year
	2018	2017	2018	2017	2018	2017	
Expenses:							
General government	\$ 527,100	\$ 670,497	\$ -	\$ -	\$ 527,100	\$ 670,497	-21.4%
Public safety	575,260	352,632	-	-	575,260	352,632	63.1%
Highways and public works	977,892	880,401	-	-	977,892	880,401	11.1%
Parks	192,371	246,488	-	-	192,371	246,488	-22.0%
Recreation	271,692	257,012	-	-	271,692	257,012	5.7%
Interest on long-term debt	33,319	35,711	-	-	33,319	35,711	-6.7%
Water services	-	-	1,154,353	1,115,011	1,154,353	1,115,011	3.5%
Sewer services	-	-	725,901	685,708	725,901	685,708	5.9%
Garbage services	-	-	344,831	337,022	344,831	337,022	2.3%
Storm sewer services	-	-	196,036	176,667	196,036	176,667	11.0%
Total expenses	2,577,634	2,442,741	2,421,121	2,314,408	4,998,755	4,757,149	5.1%
Change in net position	1,474,324	86,721	1,268,649	448,626	2,742,973	535,347	412.4%
Net position - beginning	13,012,069	12,925,348	14,143,188	13,694,562	27,155,257	26,619,910	2.0%
Net position - end of year	\$ 14,486,393	\$ 13,012,069	\$ 15,411,837	\$ 14,143,188	\$ 29,898,230	\$ 27,155,257	10.1%

GOVERNMENT TOTAL EXPENDITURES/EXPENSES



**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2018**

GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

Governmental activities net position increased by \$1,474,324 for the year ended June 30, 2018. The major reason for the increase resulted from assets contributed to the City from developers, and increases in charges for services.

Business-type activities contributed an increase of \$1,268,649 in net position. The most significant reason for this increase in business-type activities is contributed assets from developers, and charges from services for water, sewer, and garbage utilities.

The City received \$138,133 in investment earnings and \$631,764 in impact fees during the year between governmental and 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, 2018.

For the period ended June 30, 2018, the City's governmental funds reported combined fund balances in the amount of \$3,690,680. Of the total balance at year-end, \$520,091 is unassigned. The governmental funds also have portions of the fund balance restricted, committed and assigned for various reasons, class "C" road, and impact fee funds.

The special revenue recreation fund has a fund balance of \$339,040, a decrease of \$112,546 from the prior year due to projects undertaken during the fiscal year. The capital projects fund has a fund balance of \$1,547,589, a decrease of \$236,493 from the prior year, also due to projects during the year.

The General Fund is the main operating fund for South Weber City. At June 30, 2018, the general fund's unassigned fund balance was \$520,091. Total fund balance of the general fund for South Weber City increased by \$145,824. 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 26% of total expenditures.

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 \$4,347,934. Discussions about the finances of these funds are addressed in the City's business-type activities.

BUDGETARY HIGHLIGHTS

The general fund budget had some significant budget changes in public safety that increased from the preliminary budget for the anticipation of hiring more fire fighters. Overall, the general fund was under budgeted expenditures by approximately \$174,954.

The special revenue recreation fund budget was not amended during the year, and actual expenditures were less than budgeted expenditures by \$33,242.

The capital projects fund budget was increased for additional planned projects, but ultimately the projects did not occur. This resulted in the actual expenditures in this fund to be \$225,173 less than the budgeted amounts.

The remaining special revenue funds budgeted expenditures did not see any significant increases besides transfers out to the general and capital projects funds as reimbursement of impact fee qualifying expenses in those funds.

**SOUTH WEBER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2018**

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 \$25,447,350 (net of \$12,495,896 accumulated depreciation) at June 30, 2018. 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 72% of total assets.

Major capital asset activities are included in the following table:

	Governmental Activities		Business-type Activities		Total Activities		Total % Change From Prior Year
	2018	2017	2018	2017	2018	2017	
Land and water rights	\$ 3,279,377	\$ 2,664,313	\$ -	\$ -	\$ 3,279,377	\$ 2,664,313	23.1%
Buildings	3,075,860	3,075,860	298,261	298,261	3,374,121	3,374,121	0.0%
Improvements other than buildings	12,102,460	11,166,313	17,856,727	16,908,990	29,959,187	28,075,303	6.7%
Vehicles	412,454	412,454	177,473	177,473	589,927	589,927	0.0%
Machinery and equipment	150,084	119,855	123,955	88,424	274,039	208,279	31.6%
Construction in process	234,619	-	231,976	-	466,595	-	100.0%
Less: Accumulated Depreciation	(7,475,033)	(6,976,871)	(5,020,863)	(4,574,588)	(12,495,896)	(11,551,459)	8.2%
Net Book Value	\$ 11,779,821	\$ 10,461,924	\$ 13,667,529	\$ 12,898,560	\$ 25,447,350	\$ 23,360,484	8.9%

At June 30, 2018, South Weber City's total debt amounted to \$3,938,662 of which \$3,083,662 was incurred by the City's business-type activities and the remaining \$855,000 was incurred by the City's governmental units. 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 4 and 6 in the notes to the City's basic financial statements.

	Governmental Activities		Business-type Activities		Total Activities		Total % Change From Prior Year
	2018	2017	2018	2017	2018	2017	
Debt Outstanding							
Revenue Bonds	\$ 855,000	\$ 938,000	\$ 3,083,662	\$ 3,054,806	\$ 3,938,662	\$ 3,992,806	-1.4%
Total debt outstanding	\$ 855,000	\$ 938,000	\$ 3,083,662	\$ 3,054,806	\$ 3,938,662	\$ 3,992,806	-1.4%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As of October 2018, the state unemployment rate was 3.2%, unchanged from 3.2% 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 moderate economic growth consistent with the rest of the nation. The City is expecting some additional 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 2018 compared with fiscal year 2017. The water rates were studied this last year. A major change to the water rate structure and increase in fees went into effect July 1, 2018.

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.

BASIC FINANCIAL STATEMENTS

SOUTH WEBER CITY
STATEMENT OF NET POSITION
June 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 2,892,631	\$ 4,288,368	\$ 7,180,999
Receivables:			
Property, franchise, and excise taxes	583,080	-	583,080
Accounts receivable	10,997	223,026	234,023
Prepaid expenses	700	133,917	134,617
Restricted:			
Cash and cash equivalents	1,173,407	481,124	1,654,531
Receivables - Class "C" road funds	47,063	-	47,063
Capital assets not being depreciated:			
Land and water rights	3,279,377	-	3,279,377
Construction in process	234,619	231,976	466,595
Capital assets, net of accumulated depreciation:			
Buildings	2,011,852	186,412	2,198,264
Improvements other than buildings	6,085,756	13,172,060	19,257,816
Machinery and equipment	55,186	61,975	117,161
Vehicles	113,031	15,106	128,137
Total Assets	<u>16,487,699</u>	<u>18,793,964</u>	<u>35,281,663</u>
Deferred Outflows of Resources			
Deferred loss on refunding	36,395	80,845	117,240
Deferred outflows relating to pensions	122,543	65,985	188,528
Total Deferred Outflows of Resources	<u>158,938</u>	<u>146,830</u>	<u>305,768</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 16,646,637</u>	<u>\$ 18,940,794</u>	<u>\$ 35,587,431</u>

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

SOUTH WEBER CITY
STATEMENT OF NET POSITION (Continued)
June 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Liabilities:			
Accounts payable	\$ 176,857	\$ 162,500	\$ 339,357
Accrued liabilities	67,689	-	67,689
Accrued interest	12,697	10,050	22,747
Unearned revenue	373,441	118,887	492,328
Restricted liabilities:			
Developer and customer deposits	67,226	1,088	68,314
Noncurrent liabilities:			
Due within one year	107,172	108,026	215,198
Due in more than one year	779,782	2,997,348	3,777,130
Net pension liability	134,666	72,512	207,178
	<u>1,719,530</u>	<u>3,470,411</u>	<u>5,189,941</u>
Deferred Inflows of Resources			
Deferred revenue - property taxes	331,985	-	331,985
Deferred inflows relating to pensions	108,729	58,546	167,275
	<u>440,714</u>	<u>58,546</u>	<u>499,260</u>
Net Position			
Net investment in capital assets	10,961,216	10,583,867	21,545,083
Restricted for:			
Impact fees	433,701	480,036	913,737
Roads	719,543	-	719,543
Unrestricted	2,371,933	4,347,934	6,719,867
	<u>14,486,393</u>	<u>15,411,837</u>	<u>29,898,230</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 16,646,637</u>	<u>\$ 18,940,794</u>	<u>\$ 35,587,431</u>

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

**SOUTH WEBER CITY
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2018**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Government Activities							
General government	\$ 527,100	\$ 466,853	\$ 1,079	\$ -	\$ (59,168)	\$ -	\$ (59,168)
Public safety	575,260	-	45,084	11,088	(519,088)	-	(519,088)
Highways and public works	977,892	125,524	262,218	959,550	369,400	-	369,400
Parks	192,371	2,666	-	130,707	(58,998)	-	(58,998)
Recreation	271,692	137,347	14,050	73,392	(46,903)	-	(46,903)
Interest on long-term debt	33,319	-	-	-	(33,319)	-	(33,319)
Total Governmental Activities	<u>2,577,634</u>	<u>732,390</u>	<u>322,431</u>	<u>1,174,737</u>	<u>(348,076)</u>	<u>-</u>	<u>(348,076)</u>
Business-type Activities							
Water utility	1,154,353	1,139,660	-	269,649	-	254,956	254,956
Sewer utility	725,901	895,589	-	398,564	-	568,252	568,252
Garbage utility	344,831	351,509	-	-	-	6,678	6,678
Storm sewer utility	196,036	173,955	-	382,356	-	360,275	360,275
Total Business-type Activities	<u>2,421,121</u>	<u>2,560,713</u>	<u>-</u>	<u>1,050,569</u>	<u>-</u>	<u>1,190,161</u>	<u>1,190,161</u>
Total Government	<u>\$ 4,998,755</u>	<u>\$ 3,293,103</u>	<u>\$ 322,431</u>	<u>\$ 2,225,306</u>	<u>(348,076)</u>	<u>1,190,161</u>	<u>842,085</u>
General Revenues:							
					351,895	-	351,895
					410,902	-	410,902
					986,346	-	986,346
					13,612	-	13,612
					59,645	78,488	138,133
					-	-	-
Total General Revenues and Transfers					<u>1,822,400</u>	<u>78,488</u>	<u>1,900,888</u>
Changes in Net Position					1,474,324	1,268,649	2,742,973
Net Position, Beginning					<u>13,012,069</u>	<u>14,143,188</u>	<u>27,155,257</u>
Net Position, Ending					<u>\$ 14,486,393</u>	<u>\$ 15,411,837</u>	<u>\$ 29,898,230</u>

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

SOUTH WEBER CITY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2018

	General	Special Revenue Recreation Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals
Assets					
Cash and cash equivalents	\$ 774,232	\$ 340,656	\$ 1,657,625	\$ 120,118	\$ 2,892,631
Accounts receivable	-	-	700	10,997	11,697
Property, franchise, and excise tax receivable	561,090	-	-	-	561,090
Receivables, other	21,010	280	-	-	21,290
Prepays	-	700	-	-	700
Restricted assets:					
Cash and cash equivalents	739,706	-	-	433,701	1,173,407
Receivables - Class "C" road monies	47,063	-	-	-	47,063
Total Assets	\$ 2,143,101	\$ 341,636	\$ 1,658,325	\$ 564,816	\$ 4,707,878
Liabilities					
Accounts payable	\$ 97,797	\$ 2,466	\$ 76,195	\$ 399	\$ 176,857
Accrued liabilities	67,689	-	-	-	67,689
Due to other funds	-	-	-	-	-
Unearned revenue	338,770	130	34,541	-	373,441
Restricted liabilities:					
Developer and customer deposits	67,226	-	-	-	67,226
Total Liabilities	571,482	2,596	110,736	399	685,213
Deferred Inflows of Resources					
Unavailable revenue - property taxes	331,985	-	-	-	331,985
Fund Balances					
Nonspendable					
Prepays	-	700	-	-	700
Restricted					
Class "C" roads	719,543	-	-	-	719,543
Impact fees	-	-	-	433,701	433,701
Assigned					
Capital projects	-	338,340	1,547,589	130,716	2,016,645
Unassigned	520,091	-	-	-	520,091
Total Fund Balances	1,239,634	339,040	1,547,589	564,417	3,690,680
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,143,101	\$ 341,636	\$ 1,658,325	\$ 564,816	\$ 4,707,878

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

**SOUTH WEBER CITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2018**

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

Total fund balance - governmental funds	\$ 3,690,680
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	11,779,821
Deferred outflows of resources relating to refunding are not financial resources and, therefore, are not reported in the funds.	36,395
Long-term liabilities, including bond payable, and compensated absences are not due and payable in the current period and therefore are not recorded in the funds.	(886,954)
Accrued interest expense is not due and payable in the current period and therefore is not recorded in the funds.	(12,697)
Pension assets and liabilities along with the corresponding deferred inflows and outflows are not collectable or payable in the current period and therefore are not recorded in the funds.	(120,852)
 Net position - governmental activities	 <u>\$ 14,486,393</u>

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

SOUTH WEBER CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
For The Year Ended June 30, 2018

	General	Special Revenue Recreation Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals
Revenues					
General property taxes	\$ 351,895	\$ -	\$ -	\$ -	\$ 351,895
Sales, use, and excise taxes	342,161	-	600,000	57,797	999,958
Franchise taxes	410,902	-	-	-	410,902
Impact fees	-	-	-	275,819	275,819
Licenses	367,729	-	-	-	367,729
Fines	90,577	-	-	-	90,577
Charges for services	107,304	113,850	-	163,071	384,225
Interest income	18,842	6,185	18,132	16,486	59,645
Intergovernmental	307,302	-	-	-	307,302
Contributions	-	-	79	-	79
Miscellaneous revenue	8,547	-	1,000	-	9,547
Total Revenues	<u>2,005,259</u>	<u>120,035</u>	<u>619,211</u>	<u>513,173</u>	<u>3,257,678</u>
Expenditures					
Current:					
General government	629,653	-	-	-	629,653
Public safety	542,083	-	-	-	542,083
Public works	544,466	-	-	64,993	609,459
Parks	170,162	-	-	-	170,162
Recreation	-	189,032	-	45,376	234,408
Capital expenditures	-	-	886,827	165	886,992
Debt service:					
Principal	23,240	59,760	-	-	83,000
Interest and fiscal charges	8,542	21,966	-	-	30,508
Total Expenditures	<u>1,918,146</u>	<u>270,758</u>	<u>886,827</u>	<u>110,534</u>	<u>3,186,265</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>87,113</u>	<u>(150,723)</u>	<u>(267,616)</u>	<u>402,639</u>	<u>71,413</u>
Other Financing Sources (Uses)					
Transfer in	104,711	38,177	31,123	-	174,011
Transfer out	(46,000)	-	-	(128,011)	(174,011)
Total Other Financing Sources (Uses)	<u>58,711</u>	<u>38,177</u>	<u>31,123</u>	<u>(128,011)</u>	<u>-</u>
Net Change in Fund Balances	145,824	(112,546)	(236,493)	274,628	71,413
Fund Balance, Beginning	1,093,810	451,586	1,784,082	289,789	3,619,267
Fund Balance, Ending	<u>\$ 1,239,634</u>	<u>\$ 339,040</u>	<u>\$ 1,547,589</u>	<u>\$ 564,417</u>	<u>\$ 3,690,680</u>

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

SOUTH WEBER CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2018

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

Net change in fund balances - total governmental funds	\$ 71,413
Governmental funds have reported capital outlays, past and present, as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(498,162)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net position.	1,828,470
Government funds have proceeds from the sale of assets as revenue. However, in the activities it reports the gain or loss on the sale of assets.	(12,411)
Repayment of bond principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.	83,000
The amortization of deferred outflows relating to bond refunding loss is not recorded in the governmental funds.	(4,044)
In the statement of activities, accrued interest on debt is recorded.	1,233
The accumulation of accrued leave does not require the use of current financial resources and therefore is not recorded as an expenditure in the Governmental Funds.	(2,801)
Changes in the pension asset and liability accounts are not recorded in the funds rather they recorded in the statement of activities	7,626
Change in net position - governmental activities	<u><u>\$ 1,474,324</u></u>

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

SOUTH WEBER CITY
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
June 30, 2018

	Water Utility Fund	Sewer Utility Fund	Garbage Utility Fund	Storm Sewer Utility Fund	Total Proprietary Funds
Assets:					
Current Assets:					
Cash and cash equivalents	\$ 1,583,364	\$ 2,000,132	\$ 390,023	\$ 314,849	\$ 4,288,368
Accounts receivable	101,406	74,618	31,397	15,605	223,026
Prepaid expenses	133,917	-	-	-	133,917
Restricted cash and cash equivalents	98,040	192,590	-	190,494	481,124
Total Current Assets	1,916,727	2,267,340	421,420	520,948	5,126,435
Noncurrent Assets:					
Property and equipment					
Construction in process	-	-	-	231,976	231,976
Buildings	298,261	-	-	-	298,261
Improvements, other than buildings	7,584,440	6,375,448	-	3,896,839	17,856,727
Machinery and equipment	123,955	-	-	-	123,955
Vehicles	177,473	-	-	-	177,473
Less: Accumulated depreciation	(2,083,531)	(1,730,695)	-	(1,206,637)	(5,020,863)
Total property and equipment	6,100,598	4,644,753	-	2,922,178	13,667,529
Total Assets	8,017,325	6,912,093	421,420	3,443,126	18,793,964
Deferred Outflows of Resources:					
Deferred loss on refunding	80,845	-	-	-	80,845
Deferred outflows relating to pensions	33,935	20,738	5,656	5,656	65,985
Total Deferred Outflows of Resources	114,780	20,738	5,656	5,656	146,830
Total Assets and Deferred Outflows of Resources	\$ 8,132,105	\$ 6,932,831	\$ 427,076	\$ 3,448,782	\$ 18,940,794
Liabilities:					
Current Liabilities:					
Accounts payable	\$ 41,314	\$ 81,275	\$ 39,710	\$ 201	\$ 162,500
Accrued interest	10,050	-	-	-	10,050
Unearned revenue	-	-	-	118,887	118,887
Restricted liabilities:					
Developer and customer deposits	1,088	-	-	-	1,088
Current portion of compensated absences	7,161	3,811	1,027	1,027	13,026
Current portion of bonds payable	95,000	-	-	-	95,000
Total Current Liabilities	154,613	85,086	40,737	120,115	400,551
Noncurrent Liabilities:					
Compensated absences	4,775	2,541	685	685	8,686
Bonds payable	2,988,662	-	-	-	2,988,662
Net pension liability	37,292	22,790	6,215	6,215	72,512
Total Noncurrent Liabilities	3,030,729	25,331	6,900	6,900	3,069,860
Total Liabilities	3,185,342	110,417	47,637	127,015	3,470,411
Deferred Inflows of Resources:					
Deferred inflows relating to pensions	30,110	18,400	5,018	5,018	58,546
Net Position:					
Net investment in capital assets	3,016,936	4,644,753	-	2,922,178	10,583,867
Restricted:					
Impact fees	96,952	192,590	-	190,494	480,036
Unrestricted	1,802,765	1,966,671	374,421	204,077	4,347,934
Total Net Position	4,916,653	6,804,014	374,421	3,316,749	15,411,837
Total Liabilities, Deferred Inflows, and Net Position	\$ 8,132,105	\$ 6,932,831	\$ 427,076	\$ 3,448,782	\$ 18,940,794

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

SOUTH WEBER CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION – PROPRIETARY FUNDS
For The Year Ended June 30, 2018

	<u>Water Utility Fund</u>	<u>Sewer Utility Fund</u>	<u>Garbage Utility Fund</u>	<u>Storm Sewer Utility Fund</u>	<u>Total Proprietary Funds</u>
Operating Revenues:					
Sales and charges for services	\$ 1,139,660	\$ 895,589	\$ 351,509	\$ 173,955	\$ 2,560,713
Total Operating Revenues	<u>1,139,660</u>	<u>895,589</u>	<u>351,509</u>	<u>173,955</u>	<u>2,560,713</u>
Operating Expenses:					
Personnel services	208,769	106,812	30,437	43,907	389,925
Supplies	505,404	18,881	309,548	11,520	845,353
Purchased services	120,666	475,649	4,846	18,885	620,046
Capital outlay	5,116	3,530	-	-	8,646
Depreciation and amortization	203,522	121,029	-	121,724	446,275
Total operating expenses	<u>1,043,477</u>	<u>725,901</u>	<u>344,831</u>	<u>196,036</u>	<u>2,310,245</u>
Operating income	<u>96,183</u>	<u>169,688</u>	<u>6,678</u>	<u>(22,081)</u>	<u>250,468</u>
Nonoperating revenue (expense):					
Interest income	26,964	34,368	6,513	10,643	78,488
Impact fee income	104,126	204,604	-	47,215	355,945
Interest expense	(110,876)	-	-	-	(110,876)
Total nonoperating revenues (expenses)	<u>20,214</u>	<u>238,972</u>	<u>6,513</u>	<u>57,858</u>	<u>323,557</u>
Income (loss) before capital contributions and transfers	<u>116,397</u>	<u>408,660</u>	<u>13,191</u>	<u>35,777</u>	<u>574,025</u>
Capital Contributions:					
Grants and other contributions	165,523	193,960	-	335,141	694,624
Total Capital Contributions	<u>165,523</u>	<u>193,960</u>	<u>-</u>	<u>335,141</u>	<u>694,624</u>
Change in net position	281,920	602,620	13,191	370,918	1,268,649
Net position, beginning	<u>4,634,733</u>	<u>6,201,394</u>	<u>361,230</u>	<u>2,945,831</u>	<u>14,143,188</u>
Net position, ending	<u>\$ 4,916,653</u>	<u>\$ 6,804,014</u>	<u>\$ 374,421</u>	<u>\$ 3,316,749</u>	<u>\$ 15,411,837</u>

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

SOUTH WEBER CITY
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
For The Year Ended June 30, 2018

	Water Utility Fund	Sewer Utility Fund	Garbage Utility Fund	Storm Sewer Utility Fund	Total Proprietary Funds
Cash Flows From Operating Activities					
Receipts from customers and users	\$ 1,141,543	\$ 887,191	\$ 352,395	\$ 268,863	\$ 2,649,992
Payments to suppliers and service providers	(658,672)	(521,689)	(313,958)	(46,323)	(1,540,642)
Payments to employees and related benefits	(208,211)	(107,027)	(30,496)	(43,850)	(389,584)
Net cash flows from operating activities	<u>274,660</u>	<u>258,475</u>	<u>7,941</u>	<u>178,690</u>	<u>719,766</u>
Cash Flows From Capital and Related Financing Activities					
Acquisition and construction of capital assets	(125,417)	(17,222)	-	(377,979)	(520,618)
Principal paid on bonds and leases	(85,000)	-	-	-	(85,000)
Proceeds from bond issuance	3,186,217	-	-	-	3,186,217
Deposit to refunding escrow	(3,139,501)	-	-	-	(3,139,501)
Interest Paid	(126,090)	-	-	-	(126,090)
Impact fees received	104,126	204,604	-	47,215	355,945
Net cash flows from capital and related financing activities	<u>(185,665)</u>	<u>187,382</u>	<u>-</u>	<u>(330,764)</u>	<u>(329,047)</u>
Cash Flows From Investing Activities					
Interest on deposits	26,964	34,368	6,514	10,643	78,489
Net cash flows from investing activities	<u>26,964</u>	<u>34,368</u>	<u>6,514</u>	<u>10,643</u>	<u>78,489</u>
Net Increase (Decrease) In Cash and Cash Equivalents	115,959	480,225	14,455	(141,431)	469,208
Cash and Cash Equivalents, Beginning	1,565,445	1,712,497	375,568	646,774	4,300,284
Cash and Cash Equivalents, Ending	<u>\$ 1,681,404</u>	<u>\$ 2,192,722</u>	<u>\$ 390,023</u>	<u>\$ 505,343</u>	<u>\$ 4,769,492</u>
As reported in the Statement of Net Position - Proprietary Funds					
Cash and Cash Equivalents	\$ 1,583,364	\$ 2,000,132	\$ 390,023	\$ 314,849	\$ 4,288,368
Restricted Cash and Cash Equivalents	98,040	192,590	-	190,494	481,124
Total Cash and Cash Equivalents	<u>\$ 1,681,404</u>	<u>\$ 2,192,722</u>	<u>\$ 390,023</u>	<u>\$ 505,343</u>	<u>\$ 4,769,492</u>
Reconciliation of operating income to net cash flows from operating activities					
Operating income (loss)	\$ 96,183	\$ 169,688	\$ 6,678	\$ (22,081)	\$ 250,468
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation expense	203,522	121,029	-	121,724	446,275
(Increase) Decrease in accounts receivables	1,883	(8,398)	886	451	(5,178)
(Increase) Decrease in prepaids	(6,687)	-	-	-	(6,687)
(Increase) Decrease in deferred outflows related to pension	1,014	620	169	169	1,972
Increase (Decrease) in accounts payable	(20,799)	(23,629)	436	(15,918)	(59,910)
Increase (Decrease) in unearned revenues	-	-	-	94,457	94,457
Increase (Decrease) in compensated absences	2,670	1,076	293	409	4,448
Increase (Decrease) in net pension liability	(21,427)	(13,094)	(3,571)	(3,571)	(41,663)
Increase (Decrease) in deferred inflows related to pension	18,301	11,183	3,050	3,050	35,584
Net cash flows from operating activities	<u>\$ 274,660</u>	<u>\$ 258,475</u>	<u>\$ 7,941</u>	<u>\$ 178,690</u>	<u>\$ 719,766</u>
Non-cash contribution of assets from developers	\$ 165,523	\$ 193,960	\$ -	\$ 335,141	\$ 694,624

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

SOUTH WEBER CITY NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

South Weber City (City) was incorporated on August 1, 1936. The City operates under a mayor-council form of government and provides the following services as authorized by its charter: public safety, highways and streets, parks, recreation, planning and zoning, water, sewer, storm sewer, and general administrative. The financial statements of South Weber City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

(A) The 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. 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, or impose specific financial burdens on, the City. The City currently does not have any component units.

(B) Government-Wide and Fund Financial Statements

The Statement of Net Positions presents the City's assets and liabilities, with the difference reported as net position. Net positions are restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(C) Measurement Focus and Basis of Accounting

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

The use of financial resources to acquire capital assets are reported as assets in the government-wide financial statements, whereas those financial resources are reported as expenditures in the governmental fund financial statements. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, whereas they are reported as another financing source in the governmental fund financial statements. Amounts paid to reduce long-term debt in the government-wide financial statements are reported as a reduction of the related liability, whereas the amounts paid are reported as expenditures in the governmental fund statements.

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter (generally within sixty days) to pay liabilities of the current period. Expenditures are generally recorded when a liability is incurred, as under the accrual method of accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded when payment is due.

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

The City reports the following major governmental funds:

General Fund - The General Fund is used to account for all financial resources of the City not accounted for by a separate, specialized fund.

Recreation Fund - Special Revenue Fund is used to account for the sports and recreation functions of the City.

Capital Projects Fund- The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital improvements (other than those financed by proprietary funds).

The City reports the following major enterprise funds:

Water Utility Fund - is used to account for the water services provided.

Sewer Utility Fund – is used to account for the sewer services provided.

Garbage Utility Fund – is used to account for the garbage services provided.

Storm Sewer Utility Fund – is used to account for the storm sewer services provided.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the enterprise funds are charges to customers of the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(D) Budgets

Annual budgets are prepared and adopted before June 22 for the fiscal year commencing the following July 1, in accordance with the Uniform Fiscal Procedures Act for Utah Cities. State law requires budgeted revenues to equal budgeted expenditures, and legal control is exercised at the department level. Once a budget has been adopted, it remains in effect until it has been formally revised. Budgets for the general fund, special revenue, and capital projects funds are legally required, prepared and adopted on the modified accrual basis of accounting. Therefore, no reconciliation between budgetary schedules and the GAAP statements is required.

The Budgetary Comparison schedules presented in this section of the report are for the City's general fund and major special revenue funds. Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to July 1. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the City Council through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

Utah State allows for any undesignated fund balances in excess of 5% of total revenue of the general fund to be utilized for budget purposes. The law also allows for the accumulation of a fund balance in the general fund in an amount equal to 25% of the total estimated revenue of the general fund. In the event that the fund balance, at the end of the fiscal year, is in excess of that allowed, the City has one year to determine an appropriate use and then the excess must be included as an available resource in the general fund budget.

(E) Taxes

In connection with budget adoption, an annual tax ordinance establishing the tax rate is adopted before June 22 and the City Recorder is to certify the tax rate to the County Auditor before June 22. Budgets for the general, special revenue, debt service and capital projects funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The above procedures are authorized by the Utah Code Sections 10-6-109 through 10-6-135.

All property taxes levied by the City are assessed and collected by Davis County. Taxes are attached as an enforceable lien as of January 1, are levied as of October 1, and are due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 until paid. 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.

(F) Capital Assets

Capital assets, which include land, buildings, property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(F) Capital Assets (Continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are carried at cost or estimated historical cost. Depreciation of these assets is computed by use of the straight-line method over their estimated useful lives as follows:

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

(G) Long-Term Obligation

In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

(H) Equity Classifications

Equity is classified in the government-wide financial statements as net position and is displayed in three components:

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - consists of net positions with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

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

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

Restricted fund balance classifications are restricted by enabling legislation. Also reported if, (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance classification includes those funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the governments highest level of decision making authority, the City Council. Fund balance commitments can only be removed or changed by the same type of action (for example, resolution) of the City Council.

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(H) Equity Classifications (Continued)

Assigned fund balance classifications include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Council authorizes such assignments. Also includes all remaining amounts that are reported in governmental funds, other than the general fund that are not classified as nonspendable, restricted nor committed or in the General Fund, that are intended to be used for specific purposes.

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted. It is the City's policy to use committed funds first then assigned funds and lastly use unassigned funds when all are available for use in satisfying the expenditure.

Proprietary Fund equity is classified the same as in the government-wide statements.

(I) Cash and Cash Equivalents

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

Cash includes amounts in demand deposits as well as short-term investments with a maturity date of three months or less when acquired by the City.

(J) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(K) Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources for the following items: deferred loss on refunding of debt, and items relating to the City's pension plans with the Utah Retirement Systems (URS).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenue from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition to this, the City reports deferred inflows of resources relating to the City's pension plans with the URS.

(L) Pensions

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

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(M) Prepaid

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

NOTE 2 CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits, a municipal money market account, and the Utah State Treasurer's investment pool (PTIF) which are considered demand deposits. All cash, demand deposits, money market accounts, and PTIF funds, are considered cash and cash equivalents.

Deposits and investments for the City are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council"). Following are discussions of the City's exposure to various risks related to its cash management activities.

Custodial credit risk – deposits is the risk that in the event of bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the City to be in a *qualified depository*, defined as any financial institution 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 Money Management Council. As of June 30, 2018, \$694,628 of the City's bank balances of \$944,628 (excluding PTIF) was uninsured and uncollateralized.

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The City's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; banker acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations as defined in the Act.

The City is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF) which is a voluntary external pooled investment fund managed by the Utah State Treasurer's Office and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, is not rated, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets.
- *Level 2:* Observable inputs other than quoted market prices.
- *Level 3:* Unobservable inputs.

For the year ended June 30, 2018, the City had cash balances of \$7,998,343 deposited in the PTIF. The fair value of the PTIF is \$8,028,641. The City has elected to report the PTIF balances at cost as it approximates fair value.

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 CASH AND INVESTMENTS (Continued)

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment in the PTIF has no concentration of credit risk as the PTIF is an external investment pool managed by the Utah State Treasurer.

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City has no formal policy regarding interest rate risk. The City manages its exposure to declines in fair value by investing mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less.

Following are the City's cash on hand and on deposit at June 30, 2018:

	Carrying Amount
Cash on hand and on deposit:	
Cash on hand	\$ 1,702
Cash on deposit	835,485
Utah State Treasurer's investment pool accounts	7,998,343
Total cash on hand and deposit	\$ 8,835,530

NOTE 3 RESTRICTED ASSETS

Certain assets are restricted to use for the following purposes as of June 30, 2018:

Performance bonds	\$ 72,230
Class "C" road funds	715,627
Impact fees	913,737
Restricted assets	\$ 1,701,594

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2018, is as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 2,664,313	\$ 627,475	\$ (12,411)	\$ 3,279,377
Construction in process	-	234,619	-	234,619
Total capital assets, not being depreciated	2,664,313	862,094	(12,411)	3,513,996
Capital assets, being depreciated				
Buildings	3,075,860	-	-	3,075,860
Improvements other than buildings	11,166,313	936,147	-	12,102,460
Equipment	119,855	30,229	-	150,084
Vehicles	412,454	-	-	412,454
Total capital assets, being depreciated	14,774,482	966,376	-	15,740,858
Less accumulated depreciation for				
Buildings	(1,002,486)	(61,522)	-	(1,064,008)
Improvements other than buildings	(5,631,850)	(384,854)	-	(6,016,704)
Equipment	(73,072)	(21,826)	-	(94,898)
Vehicles	(269,463)	(29,960)	-	(299,423)
Total accumulated depreciation	(6,976,871)	(498,162)	-	(7,475,033)
Total capital assets, being depreciated, net	7,797,611	468,214	-	8,265,825
Governmental activities capital assets, net	\$10,461,924	\$ 1,330,308	\$ (12,411)	\$11,779,821

The Business-type Activities property, plant and equipment consist of the following at June 30, 2018:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Business-type Activities				
Capital assets, not being depreciated				
Construction in process	\$ -	\$ 231,976	\$ -	\$ 231,976
Total capital assets, not being depreciated	-	231,976	-	231,976
Capital assets, being depreciated				
Buildings	298,261	-	-	298,261
Improvements other than buildings	16,908,990	947,737	-	17,856,727
Equipment	88,424	35,531	-	123,955
Vehicles	177,473	-	-	177,473
Total capital assets, being depreciated	17,473,148	983,268	-	18,456,416
Less accumulated depreciation for				
Buildings	(104,392)	(7,457)	-	(111,849)
Improvements other than buildings	(4,255,644)	(429,023)	-	(4,684,667)
Equipment	(56,635)	(5,345)	-	(61,980)
Vehicles	(157,917)	(4,450)	-	(162,367)
Total accumulated depreciation	(4,574,588)	(446,275)	-	(5,020,863)
Total capital assets, being depreciated, net	12,898,560	536,993	-	13,435,553
Business-type activities capital assets, net	\$12,898,560	\$ 768,969	\$ -	\$13,667,529

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs for the year ended June 30, 2018 as follows:

Governmental Activities	
General government	\$ 4,609
Public safety	24,246
Highways and public works	364,634
Parks	66,567
Recreation	<u>38,106</u>
Total depreciation expense - governmental activities	<u>\$ 498,162</u>
Business-type Activities	
Water services	\$ 203,522
Sewer services	121,029
Storm sewer services	<u>121,724</u>
Total depreciation expense - business-type activities	<u>\$ 446,275</u>
Combined depreciation expense	<u>\$ 944,437</u>

NOTE 5 COMPENSATED ABSENCES

Accumulated unpaid vacation, compensatory leave pay and other employee benefit amounts are accrued when incurred in proprietary funds (using the accrual basis of accounting). In the governmental funds (using the modified accrual basis of accounting) only the unpaid amounts due to retired or terminated employees are recorded as liabilities. The total compensated absences liability is reported in the government wide financial statements as long-term debt in accordance with the Governmental Accounting Standards. Based on historical estimates, the City estimates that \$32,198 of the compensated absences balance will be due in the next year. The General fund typically liquidates the liability for compensated absences.

NOTE 6 LONG-TERM DEBT NOTE

The following is summary of long-term debt transactions of the City for the year ended June 30, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental Activities					
Sales Tax Revenue Bond, Series 2012	\$ 938,000	\$ -	\$ (83,000)	\$ 855,000	\$ 88,000
Total governmental bonds payable	938,000	-	(83,000)	855,000	88,000
Compensated absences	29,153	20,293	(17,492)	31,954	19,172
Net pension liability	212,039	-	(77,373)	134,666	-
Total governmental long-term liabilities	<u>\$ 1,179,192</u>	<u>\$ 20,293</u>	<u>\$ (177,865)</u>	<u>\$ 1,021,620</u>	<u>\$ 107,172</u>

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 LONG-TERM DEBT (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Business-type Activities					
Water Revenue Refunding, Series 2017	\$ -	\$ 2,800,000	\$ (85,000)	2,715,000	\$ 95,000
Water Revenue Bond, Series 2010	2,930,000	-	(2,930,000)	-	-
Bond Premium, Series 2017	-	386,217	(17,555)	368,662	-
Bond Premium, Series 2010	124,806	-	(124,806)	-	-
Total business-type bonds payable	3,054,806	3,186,217	(3,157,361)	3,083,662	95,000
Compensated absences	17,264	14,806	(10,358)	21,712	13,026
Net pension liability	114,175	-	(41,663)	72,512	-
Total business-type long-term liabilities	\$ 3,186,245	\$ 3,201,023	\$ (3,209,382)	\$ 3,177,886	\$ 108,026

Sales Tax Revenue Refunding Bonds, Series 2012

The Sales Tax Revenue Refunding Bonds, Series 2012 were issued in February 2012. Original issuance amount of \$1,312,000 and carry interest at 2.970%. Interest payments are due semi-annually in January and July, with principal payments due annually in January, and mature in January 2027. The Sales Tax Revenue Refunding Bonds, Series 2012 were issued to refund a portion of the Sales Tax Revenue Bonds, Series 2004.

The annual debt service requirements to maturity, including principal and interest, for the Sales Tax Revenue Refunding Bonds, Series 2012, as of June 30, 2018 are as follows:

Year Ending June 30,	Sales Tax Refunding Bonds, Series 2012		
	Principal	Interest	Total
2019	\$ 88,000	\$ 25,394	\$ 113,394
2020	87,000	22,780	109,780
2021	91,000	20,196	111,196
2022	95,000	17,493	112,493
2023	93,000	14,672	107,672
2024-2027	401,000	30,027	431,027
Total	\$ 855,000	\$ 130,561	\$ 985,561

Water Revenue Bonds, Series 2010

The Water Revenue Bonds, Series 2010 were issued in August 2010. The \$3,445,000 revenue bonds carried interest ranging from 2.0% to 5.0%. Interest payments are due semi-annually in June and December, with principal payments due annually in June, and matures in June 2040. The proceeds of the bond were used to construct a culinary water storage reservoir, a pump station, and other related infrastructure. During the year, the City refunded the Series 2010 bonds by issuing Water Revenue Refunding Bonds, Series 2017. The proceeds of the Series 2017 bond were deposited into an escrow which shall be used to redeem the Series 2010 bonds on June 1, 2020.

The current balance of the Series 2010 Water Revenue Bonds defeased bonds outstanding is \$2,885,000. See next paragraph for additional information on the Series 2017 Water Revenue Refunding Bonds.

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 LONG-TERM DEBT (Continued)

Water Revenue Refunding Bonds, Series 2017

The Water Revenue Refunding Bonds, Series 2017 were issued in December 2017 to refund the Series 2010 Water Revenue Bonds. The \$2,800,000 refunding revenue bonds carry interest ranging from 2.0% to 5.0%. Interest payments are due semi-annually in June and December, with principal payments due annually in June, and matures in June 2039. The issuance of the Series 2017 bonds generated a premium of \$386,217. The bond proceeds, including the premium, together with funds from the debt service reserve account for the Series 2010 bonds were deposited into an escrow account which will be used to pay down the balance of the Series 2010 bonds, and ultimately retire those bonds when those bonds mature in June 2020. The advance refunding resulted in a deferred loss on refunding of \$84,695. The premium and deferred loss on refunding will be amortized over the life of the bonds. The advance refunding will provide a cash savings of \$415,872, and an economic gain of \$237,303.

The annual debt service requirements to maturity as of June 30, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Water Revenue Bonds, Series 2017</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 95,000	\$ 136,650	\$ 231,650
2020	95,000	134,250	229,250
2021	100,000	131,750	231,750
2022	100,000	127,500	227,500
2023	100,000	123,000	223,000
2024-2028	570,000	551,400	1,121,400
2029-2033	710,000	413,500	1,123,500
2034-2038	915,000	230,500	1,145,500
2039	30,000	20,000	50,000
Total	<u>\$ 2,715,000</u>	<u>\$ 1,868,550</u>	<u>\$ 4,583,550</u>

NOTE 7 CONSTRUCTION COMMITMENTS

The City has active construction projects as of June 30, 2018.

<u>Project</u>	<u>Contract Amount</u>	<u>Paid to Date</u>	<u>Commitment Outstanding</u>
2018 Street Maintenance Projects	\$ 275,985	\$ -	\$ 275,985
	\$ 275,985	\$ -	\$ 275,985

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 TRANSFERS

During the year transfers were made which will not be repaid. Interfund transfers for the year ended June 30, 2018 are as follows:

	Out	In
Governmental funds:		
General fund	\$ 46,000	\$ 104,711
Capital improvements fund	-	31,123
Recreation fund	-	38,177
Park impact fee fund	2,831	-
Road impact fee fund	24,011	-
Recreation impact fee fund	70,477	-
Public safety impact fee fund	30,692	-
Totals	\$ 174,011	\$ 174,011

The purpose of the interfund transfers is to meet the City's ongoing cash needs for capital projects and to provide for cash operations in the Recreation Fund.

NOTE 9 RETIREMENT PLAN

Plan Description

Eligible plan participants are provided with pensions through the Utah Retirement Systems. Utah Retirement Systems are comprised of the following Pension Trust Funds:

Defined Benefit Plans

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

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

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

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

**SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 9 RETIREMENT PLAN (Continued)

Benefits Provided

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

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

* With actuarial reductions.

** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases no met may be carried forward to subsequent years.

Contribution Rate Summary

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2018 are as follows:

	<u>Employee Paid</u>	<u>Employer Contribution Rates</u>	<u>Employer Rate for 401(k) Plan</u>
Contributory System			
111 - Local Government Div - Tier 2	N/A	15.11%	1.58%
Noncontributory System			
15 - Local Government Div - Tier 1	N/A	18.47%	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.69%	10.00%

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

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 RETIREMENT PLAN (Continued)

For fiscal year ended June 30, 2018, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 62,139	N/A
Tier 2 Public Employees System	32,651	-
Tier 2 DC Only System	2,760	N/A
Total Contributions	<u>\$ 97,550</u>	<u>\$ -</u>

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

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

At June 30, 2018, we reported a net pension asset of \$0 and a net pension liability of \$326,214.

	(Measurement Date): December 31, 2017				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2016	Change (Decrease)
Noncontributory System	\$ -	\$ 205,564	0.0469185%	0.0504895%	-0.0035710%
Tier 2 Public Employees System	-	1,614	0.0183092%	0.0180146%	0.0002946%
Total Net Pension Asset / Liability	<u>\$ -</u>	<u>\$ 207,178</u>			

The net pension asset and liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2017 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2018, we recognized pension expense of \$85,773.

At June 30, 2018, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,645	\$ 14,092
Changes in assumptions	76,010	4,966
Net difference between projected and actual earnings on pension plan investments	44,763	118,558
Changes in proportion and differences between contributions and proportionate share of contributions	15,560	29,660
Contributions subsequent to the measurement date	<u>47,549</u>	<u>-</u>
Total	<u>\$ 188,527</u>	<u>\$ 167,276</u>

**SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 9 RETIREMENT PLAN (Continued)

\$47,549 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2017.

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,	Net Deferred Outflows (inflows) of Resources
2018	\$ 7,906
2019	10,504
2020	(20,340)
2021	(25,744)
2022	(352)
Thereafter	1,729

Actuarial Assumptions

The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary Increases	3.25 – 9.75 percent, average, including inflation
Investment Rate of Return	6.95 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2017, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

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

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

Asset Class	Expected Return Arithmetic Basis		
	Target Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity securities	40%	6.15%	2.46%
Debt securities	20%	0.40%	0.08%
Real assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.90%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		4.75%
		Inflation	2.50%
		Expected arithmetic nominal return	7.25%

**SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 9 RETIREMENT PLAN (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 6.95 percent from 7.20 percent from the prior measurement period.

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 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

<u>System</u>	<u>1% Decrease (5.95%)</u>	<u>Discount Rate (6.95%)</u>	<u>1% Increase (7.95%)</u>
Noncontributory System	\$ 555,942	\$ 205,564	\$ (85,758)
Tier 2 Public Employees System	19,007	1,614	(11,798)
Total	\$ 574,949	\$ 207,178	\$ (97,556)

Pension Plan Fiduciary Net Position

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

Defined Contribution Savings Plans

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

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

- 401(k) Plan
- Roth IRA Plan

SOUTH WEBER CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 RETIREMENT PLAN (Continued)

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
401(k) Plan			
Employer Contributions	\$ 39,838	\$ 36,735	\$ 33,313
Employee Contributions	39,908	40,752	37,992
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	1,313	4,323	3,636

REQUIRED SUPPLEMENTAL INFORMATION

SOUTH WEBER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For The Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
General property taxes	\$ 370,000	\$ 370,000	\$ 351,895	\$ (18,105)
Sales, use, and excise taxes	785,000	785,000	342,161	(442,839)
Franchise taxes	390,000	390,000	410,902	20,902
Licenses	209,000	264,000	367,729	103,729
Fines	85,000	85,000	90,577	5,577
Charges for services	65,000	105,000	107,304	2,304
Interest income	10,000	10,000	18,842	8,842
Intergovernmental	102,500	142,500	307,302	164,802
Miscellaneous revenue	6,600	6,600	8,547	1,947
Total Revenues	<u>2,023,100</u>	<u>2,158,100</u>	<u>2,005,259</u>	<u>(152,841)</u>
Expenditures				
General government				
Administrative	632,600	532,600	461,899	70,701
Legislative	61,000	61,000	53,810	7,190
Judicial	105,300	125,300	113,944	11,356
Public works				
Building inspection	228,000	323,000	305,460	17,540
Streets	226,000	256,000	239,006	16,994
Public safety				
Police and animal control	175,000	175,000	158,289	16,711
Fire protection	304,600	401,600	383,794	17,806
Parks	177,500	187,500	170,162	17,338
Debt service:				
Interest	23,300	23,300	23,240	60
Principal	7,800	7,800	8,542	(742)
Total Expenditures	<u>1,941,100</u>	<u>2,093,100</u>	<u>1,918,146</u>	<u>174,954</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>82,000</u>	<u>65,000</u>	<u>87,113</u>	<u>22,113</u>
Other Financing Sources (Uses)				
Transfer in	10,000	27,000	104,711	77,711
Transfer out	(92,000)	(92,000)	(46,000)	46,000
Total Other Financing Sources (Uses)	<u>(82,000)</u>	<u>(65,000)</u>	<u>58,711</u>	<u>123,711</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	145,824	<u>\$ 145,824</u>
Fund Balance, Beginning			<u>1,093,810</u>	
Fund Balance, Ending			<u>\$ 1,239,634</u>	

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

SOUTH WEBER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – RECREATION SPECIAL REVENUE FUND
For The Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 136,000	\$ 136,000	\$ 113,850	\$ (22,150)
Interest income	3,000	3,000	6,185	3,185
Total Revenues	<u>139,000</u>	<u>139,000</u>	<u>120,035</u>	<u>(18,965)</u>
Expenditures				
Recreation	213,900	213,900	189,032	24,868
Debt service:				
Principal	69,800	69,800	59,760	10,040
Interest	20,300	20,300	21,966	(1,666)
Total Expenditures	<u>304,000</u>	<u>304,000</u>	<u>270,758</u>	<u>33,242</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(165,000)</u>	<u>(165,000)</u>	<u>(150,723)</u>	<u>14,277</u>
Other Financing Sources (Uses)				
Transfer in	165,000	165,000	38,177	(126,823)
Total Other Financing Sources (Uses)	<u>165,000</u>	<u>165,000</u>	<u>38,177</u>	<u>(126,823)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(112,546)</u>	<u>\$ (112,546)</u>
Fund Balance, Beginning			<u>451,586</u>	
Fund Balance, Ending			<u>\$ 339,040</u>	

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

SOUTH WEBER CITY
SCHEDULE OF PROPORTIONATE SHARE OF
THE PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
December 31, 2017
Last 10 Fiscal Years*

For the year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of its covered- employee payroll
Noncontributory Retirement System					
2017	0.0469185%	\$ 205,564	\$ 352,474	58.32%	91.9%
2016	0.0504895%	324,204	399,151	81.22%	87.3%
2015	0.0572056%	323,697	457,570	70.74%	87.8%
2014	0.0486916%	211,430	384,233	55.03%	90.2%
Tier 2 Public Employees Retirement System					
2017	0.0183092%	\$ 1,614	\$ 179,039	0.90%	97.4%
2016	0.0180146%	2,010	147,733	1.36%	95.1%
2015	0.0206238%	(45)	133,243	-0.03%	100.2%
2014	0.2582740%	(783)	126,524	-0.62%	103.5%

* This schedule will be built out prospectively to show a 10-year history.

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

**SOUTH WEBERS CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
Last 10 Fiscal Years***

As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered employee payroll
Noncontributory System					
2018	\$ 62,139	\$ 62,139	\$ -	\$ 336,430	18.47%
2017	63,880	63,880	-	345,860	18.47%
2016	85,487	85,487	-	467,173	18.30%
2015	76,280	76,280	-	429,160	17.77%
2014	71,335	71,335	-	413,474	17.25%
Tier 2 Public Employees System*					
2018	\$ 32,651	\$ 32,651	\$ -	\$ 216,091	15.11%
2017	22,503	22,503	-	150,925	14.91%
2016	21,380	21,380	-	143,386	14.91%
2015	17,885	17,885	-	103,673	17.25%
2014	14,123	14,123	-	76,308	18.51%
Tier 2 Public Employees DC Only System*					
2018	\$ 2,760	\$ 2,760	\$ -	\$ 41,251	6.69%
2017	4,040	4,040	-	60,469	6.68%
2016	949	949	-	92,255	1.03%
2015	534	534	-	87,277	0.61%
2014	-	-	-	83,188	0.00%

* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems.

** This schedule will be built out prospectively to show a 10-year history. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

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

SOUTH WEBER CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For fiscal year ended June 30, 2018

URS Pension Plan - Changes in Assumptions

As a result of an experience study conducted as of December 31, 2016, the Board adopted recommended changes to several economic and demographic assumptions that are used in the actuarial valuation. The assumption changes that had the largest impact on the Total Pension Liability (and actuarial accrued liability) include a decrease in the investment return assumption from 7.20% to 6.95%, a reduction in the price inflation assumption from 2.60% to 2.50% (which also resulted in a corresponding decrease in the cost-of-living-adjustment assumption for the funds with 4.00% annual COLA max), and the adoption of an updated retiree mortality table that is developed using URS's actual retiree mortality experience. There were changes to several other demographic assumptions, but those changes had a minimal impact on the Total Pension Liability (and actuarial accrued liability).

SUPPLEMENTAL INFORMATION

SOUTH WEBER CITY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2018

	Park Impact Fee Fund	Road Impact Fee Fund	Country Fair Days Fund	Recreation Impact Fee Fund	Public Safety Impact Fee Fund	Transportation Fund	Total Nonmajor Governmental Funds
Assets:							
Cash and cash equivalents	\$ 270	\$ 3,348	\$ -	\$ -	\$ -	\$ 116,500	\$ 120,118
Restricted cash and cash equivalents	178,704	237,824	-	17,173	-	-	433,701
Receivables	-	-	-	-	-	10,997	10,997
Total assets	<u>\$ 178,974</u>	<u>\$ 241,172</u>	<u>\$ -</u>	<u>\$ 17,173</u>	<u>\$ -</u>	<u>\$ 127,497</u>	<u>\$ 564,816</u>
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 399	\$ 399
Total liabilities	-	-	-	-	-	399	399
Fund Balances:							
Restricted:							
Impact fees	178,704	237,824	-	17,173	-	-	433,701
Assigned for capital improvements	270	3,348	-	-	-	127,098	130,716
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>178,974</u>	<u>241,172</u>	<u>-</u>	<u>17,173</u>	<u>-</u>	<u>127,098</u>	<u>564,417</u>
Total liabilities and fund balances	<u>\$ 178,974</u>	<u>\$ 241,172</u>	<u>\$ -</u>	<u>\$ 17,173</u>	<u>\$ -</u>	<u>\$ 127,497</u>	<u>\$ 564,816</u>

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

SOUTH WEBER CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2018

	Park Impact Fee Fund	Road Impact Fee Fund	Country Fair Days Fund	Recreation Impact Fee Fund	Public Safety Impact Fee Fund	Transportation Fund	Total Nonmajor Governmental Funds
Revenues:							
Sales tax - local option	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,797	\$ 57,797
Impact fees	130,707	60,632	-	73,392	11,088	-	275,819
Charges for services	-	-	37,547	-	-	125,524	163,071
Interest income	1,743	4,035	29	1,581	328	8,770	16,486
Total Revenues	<u>132,450</u>	<u>64,667</u>	<u>37,576</u>	<u>74,973</u>	<u>11,416</u>	<u>192,091</u>	<u>513,173</u>
Expenditures:							
Public works	-	-	-	-	-	64,993	64,993
Recreation	-	-	45,376	-	-	-	45,376
Capital outlay	165	-	-	-	-	-	165
Total Expenditures	<u>165</u>	<u>-</u>	<u>45,376</u>	<u>-</u>	<u>-</u>	<u>64,993</u>	<u>110,534</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>132,285</u>	<u>64,667</u>	<u>(7,800)</u>	<u>74,973</u>	<u>11,416</u>	<u>127,098</u>	<u>402,639</u>
Other Sources (Uses)							
Transfers out	<u>(2,831)</u>	<u>(24,011)</u>	<u>-</u>	<u>(70,477)</u>	<u>(30,692)</u>	<u>-</u>	<u>(128,011)</u>
Total Other Sources (Uses)	<u>(2,831)</u>	<u>(24,011)</u>	<u>-</u>	<u>(70,477)</u>	<u>(30,692)</u>	<u>-</u>	<u>(128,011)</u>
Net Change in Fund Balance	129,454	40,656	(7,800)	4,496	(19,276)	127,098	274,628
Fund Balance, Beginning	49,520	200,516	7,800	12,677	19,276	-	289,789
Fund Balance, Ending	<u>\$ 178,974</u>	<u>\$ 241,172</u>	<u>\$ -</u>	<u>\$ 17,173</u>	<u>\$ -</u>	<u>\$ 127,098</u>	<u>\$ 564,417</u>

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

SOUTH WEBER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – CAPITAL PROJECTS FUND
For The Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales tax	\$ -	\$ -	\$ 600,000	\$ 600,000
Interest income	6,400	6,400	18,132	11,732
Contributions	-	-	79	79
Other revenue	1,300,000	1,300,000	1,000	(1,299,000)
Total Revenues	<u>1,306,400</u>	<u>1,306,400</u>	<u>619,211</u>	<u>(687,189)</u>
Expenditures				
Capital outlay	858,000	1,112,000	886,827	225,173
Total Expenditures	<u>858,000</u>	<u>1,112,000</u>	<u>886,827</u>	<u>225,173</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>448,400</u>	<u>194,400</u>	<u>(267,616)</u>	<u>(462,016)</u>
Other Financing Sources (Uses)				
Transfer in	17,000	17,000	31,123	14,123
Transfer out	(14,700)	(14,700)	-	14,700
Total Other Financing Sources (Uses)	<u>2,300</u>	<u>2,300</u>	<u>31,123</u>	<u>28,823</u>
Net Change in Fund Balance	<u>\$ 450,700</u>	<u>\$ 196,700</u>	<u>(236,493)</u>	<u>\$ (433,193)</u>
Fund Balance, Beginning			<u>1,784,082</u>	
Fund Balance, Ending			<u>\$ 1,547,589</u>	

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

SOUTH WEBER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – NONMAJOR PARK IMPACT FEE FUND
For The Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Impact fees	\$ 34,000	\$ 34,000	\$ 130,707	\$ 96,707
Interest income	-	-	1,743	1,743
Total Revenues	<u>34,000</u>	<u>34,000</u>	<u>132,450</u>	<u>98,450</u>
Expenditures				
Capital outlay	-	-	165	(165)
Total Expenditures	<u>-</u>	<u>-</u>	<u>165</u>	<u>(165)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>34,000</u>	<u>34,000</u>	<u>132,285</u>	<u>98,285</u>
Other Financing Sources (Uses)				
Transfer out	-	-	(2,831)	(2,831)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(2,831)</u>	<u>(2,831)</u>
Net Change in Fund Balance	<u>\$ 34,000</u>	<u>\$ 34,000</u>	129,454	<u>\$ 95,454</u>
Fund Balance, Beginning			<u>49,520</u>	
Fund Balance, Ending			<u>\$ 178,974</u>	

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

SOUTH WEBER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – NONMAJOR ROAD IMPACT FEE FUND
For The Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Impact fees	\$ 30,000	\$ 30,000	\$ 60,632	\$ 30,632
Interest income	1,000	1,000	4,035	3,035
Total Revenues	<u>31,000</u>	<u>31,000</u>	<u>64,667</u>	<u>33,667</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>31,000</u>	<u>31,000</u>	<u>64,667</u>	<u>33,667</u>
Other Financing Sources (Uses)				
Transfer out	<u>(31,000)</u>	<u>(31,000)</u>	<u>(24,011)</u>	<u>6,989</u>
Total Other Financing Sources (Uses)	<u>(31,000)</u>	<u>(31,000)</u>	<u>(24,011)</u>	<u>6,989</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	40,656	<u>\$ 40,656</u>
Fund Balance, Beginning			<u>200,516</u>	
Fund Balance, Ending			<u>\$ 241,172</u>	

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

SOUTH WEBER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – NONMAJOR COUNTRY FAIR DAYS FUND
For The Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 47,300	\$ 47,300	\$ 37,547	\$ (9,753)
Interest income	-	-	29	29
Total Revenues	<u>47,300</u>	<u>47,300</u>	<u>37,576</u>	<u>(9,724)</u>
Expenditures				
Recreation	<u>47,300</u>	<u>47,300</u>	<u>45,376</u>	<u>1,924</u>
Total Expenditures	<u>47,300</u>	<u>47,300</u>	<u>45,376</u>	<u>1,924</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(7,800)</u>	<u>(7,800)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(7,800)</u>	<u>\$ (7,800)</u>
Fund Balance, Beginning			<u>7,800</u>	
Fund Balance, Ending			<u>\$ -</u>	

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

SOUTH WEBER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL –
NONMAJOR RECREATION IMPACT FEE FUND
For The Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Impact fees	\$ 19,200	\$ 19,200	\$ 73,392	\$ 54,192
Interest income	-	-	1,581	1,581
Total Revenues	<u>19,200</u>	<u>19,200</u>	<u>74,973</u>	<u>55,773</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>19,200</u>	<u>19,200</u>	<u>74,973</u>	<u>55,773</u>
Other Financing Sources (Uses)				
Transfer out	<u>(90,000)</u>	<u>(90,000)</u>	<u>(70,477)</u>	<u>19,523</u>
Total Other Financing Sources (Uses)	<u>(90,000)</u>	<u>(90,000)</u>	<u>(70,477)</u>	<u>19,523</u>
Net Change in Fund Balance	<u>\$ (70,800)</u>	<u>\$ (70,800)</u>	4,496	<u>\$ 75,296</u>
Fund Balance, Beginning			<u>12,677</u>	
Fund Balance, Ending			<u>\$ 17,173</u>	

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

SOUTH WEBER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL –
NONMAJOR PUBLIC SAFETY IMPACT FEE FUND
For The Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Impact fees	\$ 10,000	\$ 10,000	\$ 11,088	\$ 1,088
Interest income	-	-	328	328
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>11,416</u>	<u>1,416</u>
Expenditures				
Capital outlay	(23,200)	(35,200)	-	(35,200)
Total Expenditures	<u>(23,200)</u>	<u>(35,200)</u>	<u>-</u>	<u>(35,200)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>33,200</u>	<u>45,200</u>	<u>11,416</u>	<u>(33,784)</u>
Other Financing Sources (Uses)				
Transfer out	(45,100)	(57,100)	(30,692)	26,408
Total Other Financing Sources (Uses)	<u>(45,100)</u>	<u>(57,100)</u>	<u>(30,692)</u>	<u>26,408</u>
Net Change in Fund Balance	<u>\$ (11,900)</u>	<u>\$ (11,900)</u>	(19,276)	<u>\$ (7,376)</u>
Fund Balance, Beginning			<u>19,276</u>	
Fund Balance, Ending			<u>\$ -</u>	

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

SOUTH WEBER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL –
NONMAJOR TRANSPORTATION FUND
For The Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales tax - local option	\$ 62,000	\$ 62,000	\$ 57,797	\$ (4,203)
Intergovernmental	150,000	150,000	-	(150,000)
Charges for services - road fee	126,000	126,000	125,524	(476)
Interest income	-	-	8,770	8,770
Total Revenues	<u>338,000</u>	<u>338,000</u>	<u>192,091</u>	<u>(145,909)</u>
Expenditures				
Public safety	408,500	408,500	64,993	343,507
Total Expenditures	<u>408,500</u>	<u>408,500</u>	<u>64,993</u>	<u>343,507</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(70,500)</u>	<u>(70,500)</u>	<u>127,098</u>	<u>197,598</u>
Other Financing Sources (Uses)				
Transfer in	654,700	654,700	-	(654,700)
Transfer out	(23,200)	(35,200)	-	35,200
Total Other Financing Sources (Uses)	<u>631,500</u>	<u>619,500</u>	<u>-</u>	<u>(619,500)</u>
Net Change in Fund Balance	<u>\$ 561,000</u>	<u>\$ 549,000</u>	127,098	<u>\$ (421,902)</u>
Fund Balance, Beginning			<u>-</u>	
Fund Balance, Ending			<u>\$ 127,098</u>	

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

SUPPLEMENTAL REPORTS



KEDDINGTON & CHRISTENSEN, CPAS
CERTIFIED PUBLIC ACCOUNTANTS

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

**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 City, Utah

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Weber City, Utah (the City) as of and for the year ended June 30, 2018, 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 28, 2018.

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 that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances 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.

Keddington & Christensen, LLC

December 28, 2018
Salt Lake City, Utah



KEDDINGTON & CHRISTENSEN, CPAS
CERTIFIED PUBLIC ACCOUNTANTS

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

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

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

Report on Compliance

We have audited South Weber City, Utah's (the City) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2018.

State compliance requirements were tested for the year ended June 30, 2018 in the following areas:

Budgetary Compliance	Open and Public Meetings Act
Fund Balance	Treasurer's Bond
Justice Courts	Enterprise Fund Transfers, Reimbursements, Loans, and Services
Utah Retirement Systems	
Restricted Taxes and Related Restricted Revenue	

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the state 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 state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion on Compliance

In our opinion, South Weber City, Utah complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

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

Keddington & Christensen, LLC

December 28, 2018
Salt Lake City, Utah