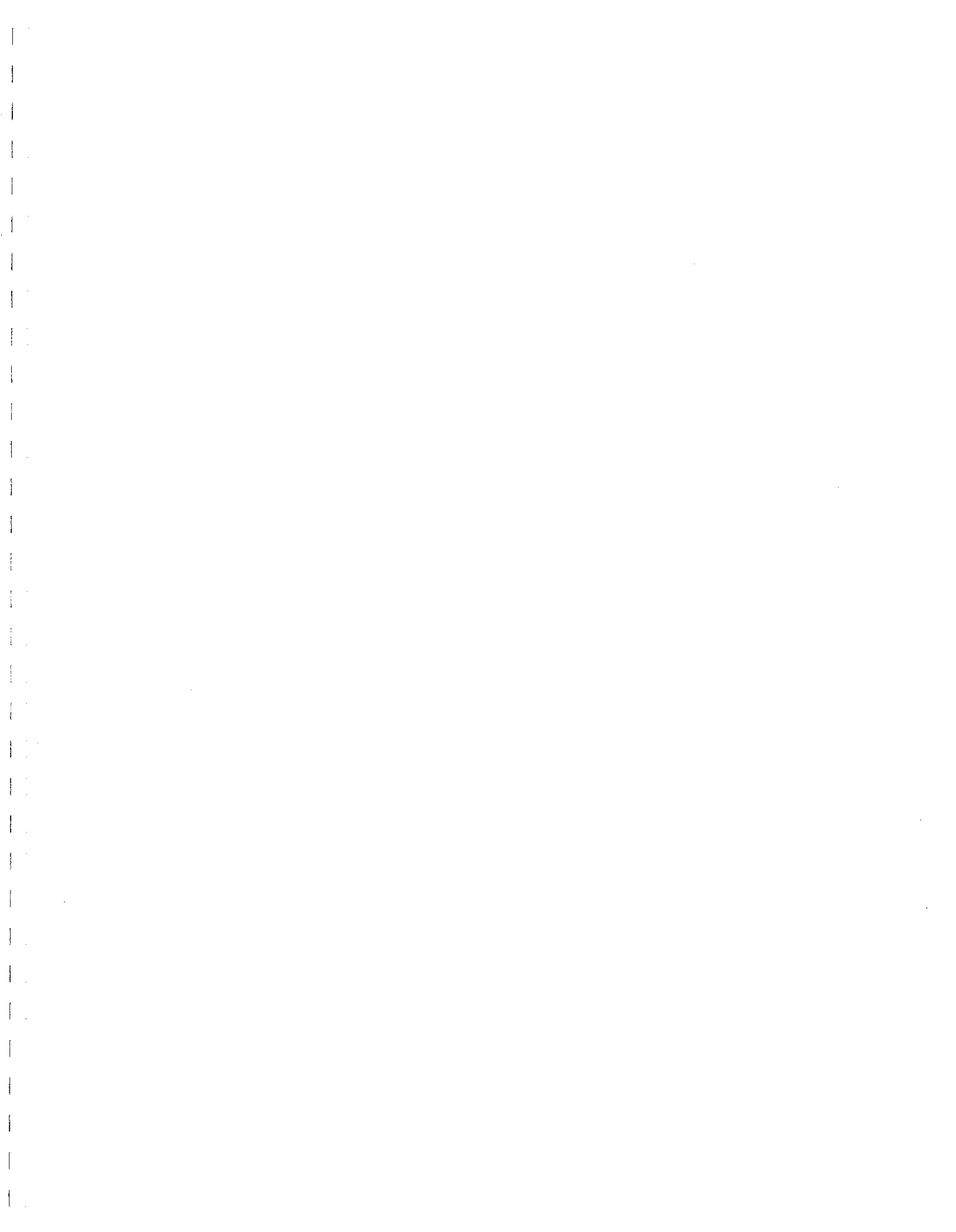


SOUTH WEBER CITY

**Annual Financial Report
For the Fiscal Year Ended June 30, 2012
(With Accountants' Report Therein)**



SOUTH WEBER CITY

Table of Contents For The Fiscal Year Ended June 30, 2012

Financial Section:

Independent Auditors' Report.....	1
Management's Discussion and Analysis	2
Basic Financial Statements:	
Government-wide Fund Financial Statements:	
Statement of Net Assets.....	9
Statement of Activities	11
Government Fund Financial Statements:	
Balance Sheet - Governmental Funds	12
Reconciliation of the Government Funds Balance Sheet to the Statement of Net Assets.....	13
Statement of Revenues, Expenditures, and Changes in Fund Balances Government Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities	15
Proprietary Fund Financial Statements:	
Statement of Net Assets – Proprietary Funds	16
Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds	19
Notes to the Financial Statements	20

Required Supplementary Information:

Budgetary Comparison Schedule – General Fund	34
Budgetary Comparison Schedule – Special Revenue Recreation Fund	35

Supplementary Information – Statements and Schedules:

Governmental Funds

Budgetary Comparison Schedules:

Special Revenue Fund Park Impact Fees.....	36
Capital Improvement Fund	37
Special Revenue Fund Road Impact Fees	38
Special Revenue Fund County Fair Days	39
Special Revenue Fund Recreation Impact Fees.....	40
Special Revenue Fund Public Safety Impact Fees	41
Combining Balance Sheet Nonmajor Governmental Funds.....	42
Combining Statement of Revenues, Expenditure, and Changes in Fund Balances Nonmajor Governmental Funds	43

Auditors' Opinion on State Compliance	44
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.....	46



GILBERT & STEWART
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

RANDEL A HEATON CPA
LYNNA GILBERT CPA
JAMES A GILBERT CPA
BEN H PROBST CPA
RONALD J STEWART CPA
SIDNEY S GILBERT CPA
JAMES E STEWART CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
South Weber City, Utah

December 6, 2012

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 as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of South Weber City's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of South Weber City as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued a report dated December 6, 2012, on our consideration of South Weber City's internal control over financial reporting and on our test of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

AMERICAN FORK OFFICE
85 NORTH CENTER STREET
AMERICAN FORK, UT 84003
(801) 756-9666
FAX (801) 756-9667

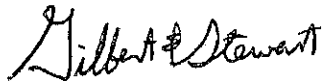
PROVO OFFICE
190 WEST 800 NORTH #100
PROVO, UT 84601
(801) 377-5300
FAX (801) 373-5622

HEBER OFFICE
45 SOUTH MAIN ST
HEBER, UT 84032
(435) 654-6477
FAX (801) 373-5822

WWW.GILBERTANDSTEWART.COM

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

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



GILBERT & STEWART
Certified Public Accountants

South Weber City

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2012

South Weber City's management presents to the readers of its financial statements this narrative information. It contains an overview and analysis of the financial position and results of operations as of and for the twelve months ended June 30, 2012. As management of the City, we encourage readers to consider information contained in this discussion.

FINANCIAL HIGHLIGHTS

The assets of South Weber City exceeded its liabilities at the end of the current fiscal year by \$21,927,902 (net assets). Of this amount, \$2,967,749 (unrestricted assets) is available to meet ongoing obligations of citizens and creditors. Net assets increased by \$948,449.

The City's Governmental activities reported a combined ending fund balance of \$10,823,407. Of the combined total fund balance, \$1,087,877 is available for spending at the discretion of the City (unreserved and undesignated fund balance).

The unassigned fund balance of the general fund at June 30, 2012, totaled \$277,736 and is 17% of the general fund total revenues for the year. Total debt for South Weber City increased approximately \$1,044,000. Since the City has increased the total fund balance, the financial position of the City has improved this year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The statement of net assets shows South Weber City's entire assets and liabilities with the difference shown as net assets. Increases or decreases over time in net assets 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 assets that occurred during the most recent fiscal year. These changes are recorded on an accrual basis when the underlying event that causes the change occurs, regardless of when the cash transaction takes place.

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

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

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

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

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

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

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

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

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

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

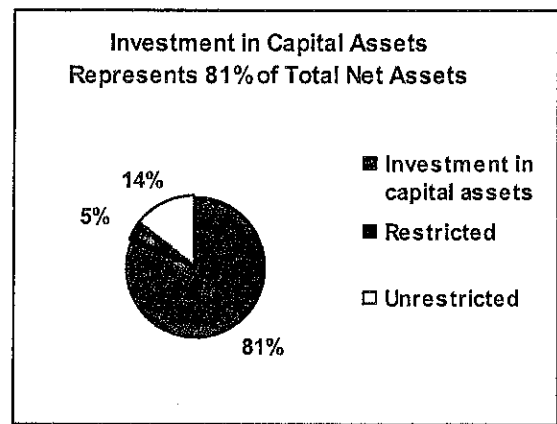
OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current assets	\$ 3,265,584	\$ 1,651,206	\$ 3,252,969	\$ 2,906,977	\$ 6,518,553	\$ 4,558,183
Noncurrent assets	10,727,306	10,584,306	11,710,532	11,752,813	22,437,838	22,337,119
Other assets	91,158	63,427	109,724	115,118	200,882	178,545
Total assets	\$ 14,084,048	\$ 12,298,939	\$ 15,073,225	\$ 14,774,908	\$ 29,157,273	\$ 27,073,847
Current and other liabilities	\$ 709,955	\$ 430,707	\$ 572,434	\$ 512,199	\$ 1,282,389	\$ 942,906
Long-term liabilities	2,550,686	1,362,239	3,396,296	3,789,249	5,946,982	5,151,488
Total liabilities	3,260,641	1,792,946	3,968,730	4,301,448	7,229,371	6,094,394
Net assets						
Invested in capital assets, net of related debt	9,352,915	9,207,929	8,362,822	7,527,399	17,715,737	16,735,328
Restricted	382,615	462,644	861,801	735,065	1,244,416	1,197,709
Unrestricted	1,087,877	835,420	1,879,872	2,210,996	2,967,749	3,046,416
Total net assets	10,823,407	10,505,993	11,104,495	10,473,460	21,927,902	20,979,453
Total liabilities and net assets	\$ 14,084,048	\$ 12,298,939	\$ 15,073,225	\$ 14,774,908	\$ 29,157,273	\$ 27,073,847

By far the largest component of South Weber City's net assets is its investment in capital assets. The 81% of total net assets 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.



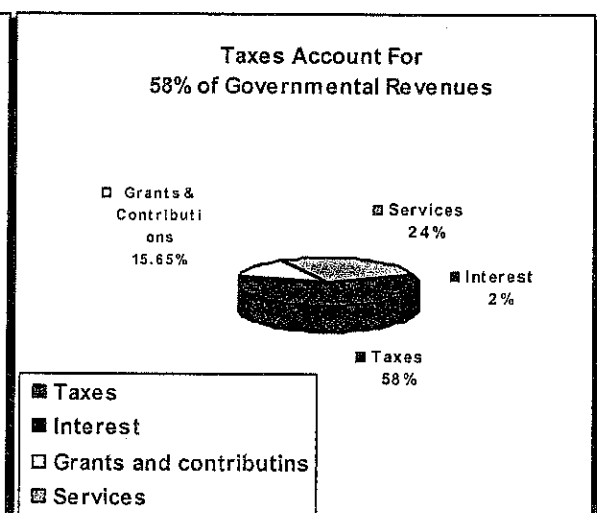
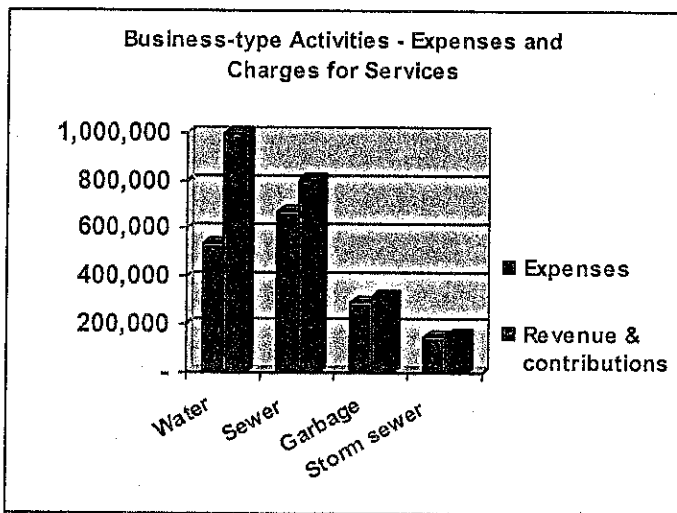
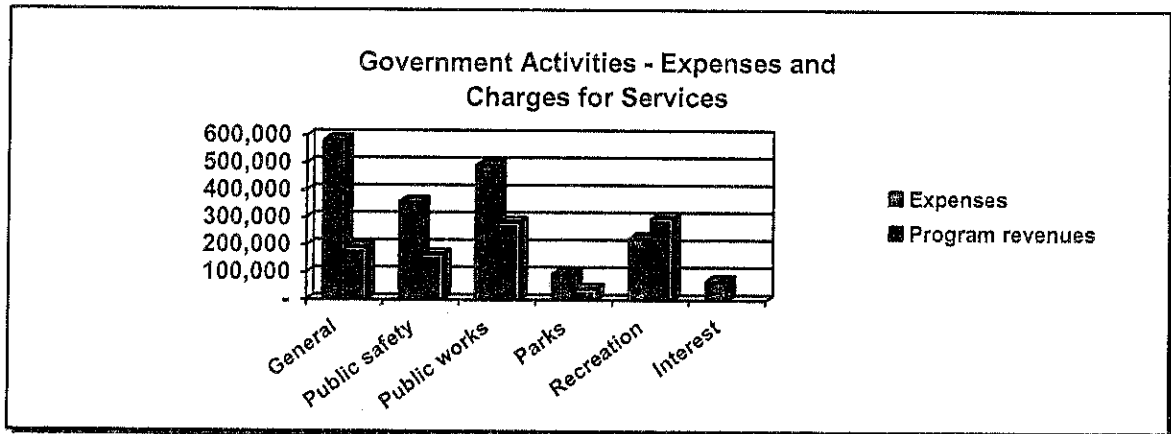
An additional part of net assets, 5%, are assets that are subject to external restrictions on how they may be expended. The remaining 14% of net assets can be used to meet the City's ongoing obligations to its creditors and to citizens.

SOUTH WEBER CITY'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Charges for services	\$ 720,788	\$ 556,236	\$ 2,108,525	\$ 1,972,344	\$ 2,829,313	\$ 2,528,580
Operating grants and contributions	190,376	190,964	-	-	190,376	190,964
Capital grants and contributions	63,974	1,843,620	175,773	999,482	239,747	2,843,102
General revenues:						
Property taxes, levied for general purposes	301,645	257,134	-	-	301,645	257,134
Franchise taxes	309,024	366,401	-	-	309,024	366,401
Sales taxes	547,779	554,124	-	-	547,779	554,124
Other revenues	-	-	-	-	-	-
Investment earnings	10,905	7,134	11,236	8,818	22,141	15,952
Total revenues	<u>2,144,491</u>	<u>3,775,613</u>	<u>2,295,534</u>	<u>2,980,644</u>	<u>4,440,025</u>	<u>6,756,257</u>
Expenses						
General government	583,903	544,240	-	-	583,903	544,240
Highway and streets	492,230	508,895	-	-	492,230	508,895
Public safety	358,726	369,379	-	-	358,726	369,379
Parks	95,940	81,690	-	-	95,940	81,690
Recreation	225,528	162,016	-	-	225,528	162,016
Nondepartmental	-	-	-	-	-	-
Interest on long-term debt	70,750	75,407	-	-	70,750	75,407
Utility	-	-	1,664,499	1,608,551	1,664,499	1,608,551
Total Expenses	<u>1,827,077</u>	<u>1,741,627</u>	<u>1,664,499</u>	<u>1,608,551</u>	<u>3,491,576</u>	<u>3,350,178</u>
Transfers	-	(80,080)	-	80,080	-	-
CHANGE IN NET ASSETS	317,414	1,953,906	631,035	1,452,173	948,449	3,406,079
NET ASSETS, BEGINNING	<u>10,505,993</u>	<u>8,552,087</u>	<u>10,473,460</u>	<u>9,021,287</u>	<u>20,979,453</u>	<u>17,573,374</u>
NET ASSETS, ENDING	<u>\$ 10,823,407</u>	<u>\$ 10,505,993</u>	<u>\$ 11,104,495</u>	<u>\$ 10,473,460</u>	<u>\$ 21,927,902</u>	<u>\$ 20,979,453</u>

GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

Governmental activities net assets increased by \$317,414 for the year ended June 30, 2012. The major reason for the increase resulted from capital outlay expenditures.



Business-type activities contributed an amount of \$631,035 increase in net assets. The most significant reason for this increase in business-type activities is charges for services for water, sewer, and storm sewer assets. The City received \$11,235 in invested earnings and \$190,376 in impact fees during the year for business-type activities.

FINANCIAL ANALYSIS OF SOUTH WEBER CITY'S FUNDS

South Weber City's governmental funds provide information on the short-term resource inflows and outflows and account balances at the end of the fiscal year. The total fund balance is a measure of total available resources. The unreserved portion of this total fund balance is a measure of the available spendable resources at June 30, 2012.

For the period ended June 30, 2012, the City's governmental funds reported combined net assets in the amount of \$2,750,988. Of the total balance at year-end, \$277,736 is unassigned. There is also an amount of \$106,297 reserved for specific capital projects, \$189,396 for class C roads, and

1,406,391 for debt service, with assigned balances of \$25,402 in the special revenue fund, \$541,062 in the capital projects, and \$204,704 in the recreation fund.

The General Fund is the main operating fund for South Weber City. At June 30, 2012, the general fund's unassigned fund balance was \$277,736. Total fund balance of the general fund for South Weber City increased by \$39,263. A useful measure of liquidity is to compare the unreserved fund balance and the total fund balance to expenditures (including operating transfers out) for the year. Unreserved fund balance for governmental funds was 17% of total expenditures.

The capital projects fund had a total fund balance of \$560,437 at June 30, 2012, which is assigned for capital projects. The net increase in fund balance for the year amounted to \$102,831.

The major special revenue fund had a total fund balance of \$1,611,095 of which \$1,406,391 is reserved for debt service. The total fund balance increased \$1,343,298. Most of the increase was due to bond proceeds that were received to refinance sales tax debt.

The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the City's major proprietary funds totaled \$1,879,873. Discussions about the finances of this fund are addressed in the City's business-type activities.

BUDGETARY HIGHLIGHTS

The general fund budget was increased for transfers to other funds and increase in revenues. The general fund expenditures were increased for lower expenditures in the general government and parks departments. The special revenue fund budget was increased for increased recreation expenses and transfers from other funds. Capital improvements fund adjustments were approved for increases in transfers from the general fund. Other special revenue funds expenditures were increased for capital outlay. The Park Impact, capital improvements, Recreation Impact and the Public Safety Impact funds had the expenditures increased from additional projected started during the year

CAPITAL ASSET AND DEBT ADMINISTRATION

South Weber City's investment in capital assets for its governmental and business type activities has a combined totaled \$22,343,447 (net of \$9,010,975 accumulated depreciation) at June 30, 2012. Types of assets included in this category are land, buildings, improvements, vehicles, machinery, equipment, roads (including curb and gutter), street lights, traffic signals, water, waste water, and collection systems. The City's investment in net capital assets equals nearly 77% of total assets. Governmental activities net capital assets to governmental activities assets equaled 75% while business-type activities percentage was 78%.

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land and water rights	\$ 1,738,089	\$ 1,738,089	\$ 8,925	\$ 8,467	\$ 1,747,014	\$ 1,746,556
Office equipment	30,775	18,058	-	-	30,775	18,058
Buildings	3,123,210	3,123,210	304,114	304,114	3,427,324	3,427,324
Improvements, other than buildings	10,365,592	9,208,146	13,888,512	10,083,110	24,254,104	19,291,256
Vehicles	363,080	363,080	372,983	370,549	736,063	733,629
Machinery and equipment	798,026	755,650	361,116	361,115	1,159,142	1,116,765
Work in process	-	672,898	-	3,371,426	-	4,044,324
Accumulated depreciation	(5,785,857)	(5,341,202)	(3,225,118)	(2,975,468)	(9,010,975)	(8,316,670)
Net book value	<u>\$ 10,632,915</u>	<u>\$ 10,537,929</u>	<u>\$ 11,710,532</u>	<u>\$ 11,523,313</u>	<u>\$ 22,343,447</u>	<u>\$ 22,061,242</u>

At June 30, 2012, South Weber City's total debt amounted to \$6,187,000 of which \$3,595,000 was incurred by the City's business-type activities and the remaining \$2,592,000 was incurred by the City's governmental units. Most of the City's debt is known as revenue bonds and is secured by specific revenue sources (i.e. sales taxes, water, and sewer revenues).

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

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

	Governmental Activities		Business Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenue bonds	<u>\$ 2,592,000</u>	<u>\$ 1,330,000</u>	<u>\$ 3,595,000</u>	<u>\$ 3,813,000</u>	<u>\$ 6,187,000</u>	<u>\$ 5,143,000</u>
Totals	<u>\$ 2,592,000</u>	<u>\$ 1,330,000</u>	<u>\$ 3,595,000</u>	<u>\$ 3,813,000</u>	<u>\$ 6,187,000</u>	<u>\$ 5,143,000</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As of September 2012, the state unemployment rate was 5.4%, down from 6.7% the previous year. This is consistent with the nationwide increase in unemployment rates as the economy continues to deteriorate. Currently, South Weber City is experiencing a similar economic downturn consistent with the rest of the nation. The City has some subdivisions that could bring more property taxes into the City in future years since the land was previously farm property subject to the greenbelt provisions. The rates and fees for most services remained constant for fiscal year 2012 compared with the fiscal year just ended.

REQUEST FOR INFORMATION

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

SOUTH WEBER CITY

Statement of Net Assets June 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
CURRENT ASSETS			
Cash and cash equivalents			
Restricted	\$ 1,418,597	\$ 1,603,470	\$ 3,022,067
Unrestricted	1,373,914	1,451,089	2,825,003
Inventory	-	10,000	10,000
Receivables			
Property, franchise, and excise taxes	473,073	-	473,073
Accounts, less allowance for doubtful accounts of \$0	-	-	-
	-	188,410	188,410
Total current assets	<u>3,265,584</u>	<u>3,252,969</u>	<u>6,518,553</u>
NONCURRENT ASSETS			
Restricted cash	94,391	-	94,391
Property and equipment, (net)			
Land and water rights	1,738,089	8,925	1,747,014
Buildings	2,423,295	232,340	2,655,635
Improvements, other than buildings	6,302,556	11,292,270	17,594,826
Vehicles	9,724	53,058	62,782
Machinery and equipment	159,251	123,939	283,190
Net property and equipment	<u>10,632,915</u>	<u>11,710,532</u>	<u>22,343,447</u>
Bond issue costs, less accumulated amortization of \$79,583	91,158	109,724	200,882
Total noncurrent assets	<u>10,818,464</u>	<u>11,820,256</u>	<u>22,638,720</u>
Total assets	<u>\$ 14,084,048</u>	<u>\$ 15,073,225</u>	<u>\$ 29,157,273</u>

The accompanying notes are an integral part of this statement.

SOUTH WEBER CITY

Statement of Net Assets, Continued June 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 268,577	\$ 41,978	\$ 310,555
Checks in excess of cash	-	115,533	115,533
Accounts payable to related parties	-	12,663	12,663
Restricted assets:			
Current portion of revenue bonds	122,000	380,000	502,000
Accrued interest	41,127	12,342	53,469
Deferred revenues	273,599	-	273,599
Accrued liabilities	4,652	9,918	14,570
Total current liabilities	<u>709,955</u>	<u>572,434</u>	<u>1,282,389</u>
NON-CURRENT LIABILITIES			
Deposits, advance rentals, and long-term accruals	62,158	1,532	63,690
Long-term compensation liability	18,528	7,053	25,581
Restricted assets:			
Long-term portion of revenue bonds	2,470,000	3,387,711	5,857,711
Total non-current liabilities	<u>2,550,686</u>	<u>3,396,296</u>	<u>5,946,982</u>
Total liabilities	<u>3,260,641</u>	<u>3,968,730</u>	<u>7,229,371</u>
NET ASSETS			
Investment in capital assets, net of related debt	9,352,915	8,362,822	17,715,737
Restricted for:			
Specific projects and programs	106,297	556,800	663,097
Class C road	189,396	-	189,396
Debt service	86,922	305,001	391,923
Unrestricted	1,087,877	1,879,872	2,967,749
Total net assets	<u>10,823,407</u>	<u>11,104,495</u>	<u>21,927,902</u>
Total liabilities and net assets	<u>\$ 14,084,048</u>	<u>\$ 15,073,225</u>	<u>\$ 29,157,273</u>

The accompanying notes are an integral part of this statement.

SOUTH WEBER CITY

Statement of Activities For the Fiscal Year Ended June 30, 2012

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						
	Expenses	Program Revenues			Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-type Activities	Total
PRIMARY GOVERNMENT							
Government activities							
General government	\$ 583,903	\$ 189,361	\$ -	\$ -	\$ (394,542)	\$ -	\$ (394,542)
Public safety	358,726	160,759	4,452	-	(193,515)	-	(193,515)
Public works	492,230	32,383	185,924	63,974	(209,949)	-	(209,949)
Parks	95,940	38,399	-	-	(57,541)	-	(57,541)
Recreation	225,528	299,886	-	-	74,358	-	74,358
Interest on long-term debt	70,750	-	-	-	(70,750)	-	(70,750)
Total government activities	<u>1,827,077</u>	<u>720,788</u>	<u>190,376</u>	<u>63,974</u>	<u>(851,939)</u>	<u>-</u>	<u>(851,939)</u>
Business-type activities							
Water utility	540,765	929,902	-	68,194	-	457,331	457,331
Sewer utility	674,936	730,113	-	76,322	-	131,499	131,499
Garbage utility	294,929	319,704	-	-	-	24,775	24,775
Storm sewer utility	153,864	128,804	-	31,255	-	6,195	6,195
Total business-type activities	<u>1,664,494</u>	<u>2,108,523</u>	<u>-</u>	<u>175,771</u>	<u>-</u>	<u>619,800</u>	<u>619,800</u>
Total primary government	<u>3,491,571</u>	<u>2,829,311</u>	<u>190,376</u>	<u>239,745</u>	<u>(851,939)</u>	<u>619,800</u>	<u>(232,139)</u>
General Revenues							
Taxes							
Property taxes, levied for general purposes					301,645	-	301,645
Franchise taxes					309,024	-	309,024
Sales taxes					547,779	-	547,779
Investment earnings					10,905	11,235	22,140
Total general revenues, special items, and transfers					<u>1,169,353</u>	<u>11,235</u>	<u>1,180,588</u>
Changes in net assets					317,414	631,035	948,449
Net assets, July 1, 2011					<u>10,505,993</u>	<u>10,473,460</u>	<u>20,979,453</u>
Net assets, June 30, 2012					<u>\$ 10,823,407</u>	<u>\$ 11,104,495</u>	<u>\$ 21,927,902</u>

The accompanying notes are an integral part of this statement.

SOUTH WEBER CITY

Balance Sheet Governmental Funds June 30, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue Recreation Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
ASSETS					
Cash and cash equivalents					
Unrestricted	\$ 458,209	\$ 698,139	\$ 192,120	\$ 25,447	\$ 1,373,915
Restricted	-	19,374	1,406,391	87,223	1,512,988
Receivables (net)					
Property, franchise, and excise tax	452,437	-	-	-	452,437
Fees	2,500	-	18,135	-	20,635
Prepaid expenses	9,456	-	-	-	9,456
Total assets	<u>\$ 922,602</u>	<u>\$ 717,513</u>	<u>\$ 1,616,646</u>	<u>\$ 112,670</u>	<u>\$ 3,369,431</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ 169,768	\$ 95,169	\$ 3,296	\$ 346	\$ 268,579
Accrued salaries	12,103	-	2,005	-	14,108
Accrued liabilities	-	-	-	-	-
Deposits	-	61,907	250	-	62,157
Deferred revenue	273,599	-	-	-	273,599
Total liabilities	<u>455,470</u>	<u>157,076</u>	<u>5,551</u>	<u>346</u>	<u>618,443</u>
FUND BALANCES					
Restricted for:					
Debt service	-	-	1,406,391	-	1,406,391
Capital projects	-	19,375	-	-	19,375
Class C Road	189,396	-	-	-	189,396
Impact fees	-	-	-	86,922	86,922
Assigned	-	541,062	204,704	25,402	771,168
Unassigned	277,736	-	-	-	277,736
Total fund balances	<u>467,132</u>	<u>560,437</u>	<u>1,611,095</u>	<u>112,324</u>	<u>2,750,988</u>
Total liabilities and fund balances	<u>\$ 922,602</u>	<u>\$ 717,513</u>	<u>\$ 1,616,646</u>	<u>\$ 112,670</u>	<u>\$ 3,369,431</u>

The accompanying notes are an integral part of this statement.

SOUTH WEBER CITY

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets For the Fiscal Year Ended June 30, 2012

TOTAL FUND BALANCE		\$ 2,750,988
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 1,738,089	
Buildings	3,123,210	
Improvements, other than buildings	10,365,593	
Equipment	798,027	
Office furniture	30,773	
Vehicles	363,080	
Less accumulated depreciation	<u>(5,785,857)</u>	
Total capital assets		10,632,915
Bond costs are expensed in the governmental funds and capitalized and amortized in the government wide statements.		
		91,158
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather as an expenditure when due. All liabilities, both current and long-term, are reported in the statements of net assets.		
Accrued liabilities	(18,529)	
Accrued interest on bonds	(41,125)	
Current portion of revenue bonds	(122,000)	
Long-term portion of revenue bonds	<u>(2,470,000)</u>	
Total liabilities		<u>(2,651,654)</u>
Total net assets of governmental activities		<u>\$ 10,823,407</u>

The accompanying notes are an integral part of this statement.

SOUTH WEBER CITY

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2012

	General	Capital Projects	Special Revenue Recreation Fund	Nonmajor Governmental Funds	Totals
REVENUES					
General property taxes	\$ 301,645	\$ -	\$ -	\$ -	\$ 301,645
Sales, use, and excise taxes	523,504	-	84,500	-	608,004
Franchise taxes	309,024	-	-	-	309,024
Impact fees	-	-	-	126,641	126,641
Licenses	147,391	-	-	-	147,391
Fines	140,518	-	-	-	140,518
Interest	10,905	-	-	-	10,905
Intergovernmental	193,862	-	-	-	193,862
Charges for services	26,437	64,174	176,828	39,730	307,169
Contributions	-	-	-	-	-
Miscellaneous	15,425	-	-	-	15,425
Total revenues	<u>1,668,711</u>	<u>64,174</u>	<u>261,328</u>	<u>166,371</u>	<u>2,160,584</u>
EXPENDITURES					
Current					
General government	593,887	-	-	-	593,887
Public works	291,219	-	-	-	291,219
Public safety	314,727	-	-	26,383	341,110
Parks	85,435	-	-	-	85,435
Recreation	-	-	141,569	43,997	185,566
Capital outlay	-	248,947	-	121,987	370,934
Debt service:					
Principal	12,500	-	37,500	-	50,000
Interest	14,076	-	70,961	-	85,037
Total expenditures	<u>1,311,844</u>	<u>248,947</u>	<u>250,030</u>	<u>192,367</u>	<u>2,003,188</u>
Revenues over (under) expenditures	<u>356,867</u>	<u>(184,773)</u>	<u>11,298</u>	<u>(25,996)</u>	<u>157,396</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	1,312,000	-	-
Operating transfers, in	-	287,604	20,000	10,000	317,604
Operating transfers, out	(317,604)	-	-	-	(317,604)
Total other financing sources (uses)	<u>(317,604)</u>	<u>287,604</u>	<u>1,332,000</u>	<u>10,000</u>	<u>-</u>
Revenue and other sources over expenditures and other uses	39,263	102,831	1,343,298	(15,996)	1,469,396
FUND BALANCE, JULY 1, 2011	<u>427,869</u>	<u>457,606</u>	<u>267,797</u>	<u>128,320</u>	<u>1,281,592</u>
FUND BALANCE, JUNE 30, 2012	<u>\$ 467,132</u>	<u>\$ 560,437</u>	<u>\$ 1,611,095</u>	<u>\$ 112,324</u>	<u>\$ 2,750,988</u>

The accompanying notes are an integral part of this statement.

SOUTH WEBER CITY

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Funds Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2012

NET CHANGES IN FUND BALANCES, TOTAL GOVERNMENTAL FUNDS	\$ 1,469,396
The change in net assets reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$445,412) was less than capital outlay (\$540,397).	94,985
Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.	50,000
Bond proceeds is recorded as revenue in the governmental funds and as a liability in the government wide statements.	(1,312,000)
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.	27,731
This adjustment is as follows:	
Accrued absences	744
Accrued interest	(13,442)
	<hr/>
Change in net assets of governmental activities	<u>\$ 317,414</u>

The accompanying notes are an integral part of this statement.

SOUTH WEBER CITY

Statement of Net Assets Proprietary Funds June 30, 2012

	Water Utility Fund	Sewer Utility Fund	Garbage Utility Fund	Storm Sewer Utility Fund	Totals Proprietary Fund
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents					
Restricted	\$ 1,316,268	\$ 230,803	\$ -	\$ 56,399	\$ 1,603,470
Unrestricted	-	851,576	244,759	354,754	1,451,089
Inventory	10,000	-	-	-	10,000
Receivables					
Accounts, less allowance for doubtful account of \$0	90,925	57,316	28,572	11,597	188,410
Total current assets	<u>1,417,193</u>	<u>1,139,695</u>	<u>273,331</u>	<u>422,750</u>	<u>3,252,969</u>
NON-CURRENT ASSETS					
Property and equipment, at cost					
Land and easements	-	3,669	-	5,256	8,925
Buildings	304,114	-	-	-	304,114
Improvements, other than buildings	6,131,890	5,096,168	-	2,660,459	13,888,517
Machinery and equipment	140,541	10,631	209,943	-	361,115
Vehicles	300,308	22,926	23,446	26,300	372,980
Accumulated depreciation	(1,265,385)	(1,210,081)	(133,900)	(615,753)	(3,225,119)
Net property and equipment	<u>5,611,468</u>	<u>3,923,313</u>	<u>99,489</u>	<u>2,076,262</u>	<u>11,710,532</u>
Bond issue costs, less accumulated amortization of \$49,510	106,788	2,936	-	-	109,724
Total non-current assets	<u>106,788</u>	<u>2,936</u>	<u>-</u>	<u>-</u>	<u>109,724</u>
Total assets	<u>\$ 7,135,449</u>	<u>\$ 5,065,944</u>	<u>\$ 372,820</u>	<u>\$ 2,499,012</u>	<u>\$ 15,073,225</u>

The accompanying notes are an integral part of this statement.

SOUTH WEBER CITY

Statement of Net Assets Proprietary Funds, Continued June 30, 2012

	Water Utility Fund	Sewer Utility Fund	Garbage Utility Fund	Storm Sewer Utility Fund	Total Proprietary Fund
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	\$ 8,376	\$ 23,943	\$ 9,269	\$ 390	\$ 41,978
Checks excess of cash	115,533	-	-	-	115,533
Accounts payable to related party	-	-	12,663	-	12,663
Current portion bonds payable	75,000	305,000	-	-	380,000
Accrued interest	12,342	-	-	-	12,342
Accrued liabilities	4,548	3,417	495	1,458	9,918
Total current liabilities	<u>215,799</u>	<u>\$ 332,360</u>	<u>22,427</u>	<u>1,848</u>	<u>572,434</u>
NONCURRENT LIABILITIES					
Deposits, advance rentals, and long term accruals	1,532	-	-	-	1,532
Long term compensation liability	3,626	2,218	-	1,209	7,053
Bonds payable	3,387,711	-	-	-	3,387,711
Total noncurrent liabilities	<u>3,392,869</u>	<u>2,218</u>	<u>-</u>	<u>1,209</u>	<u>3,396,296</u>
Total liabilities	<u>3,608,668</u>	<u>334,578</u>	<u>22,427</u>	<u>3,057</u>	<u>3,968,730</u>
NET ASSETS					
Investment in capital assets, net of related debt	2,263,758	3,923,313	99,489	2,076,262	8,362,822
Restricted debt service	-	305,000	-	-	305,000
Restricted impact fees	269,598	230,803	-	56,399	556,800
Unrestricted	993,425	272,250	250,904	363,294	1,879,873
Total net assets	<u>3,526,781</u>	<u>4,731,366</u>	<u>350,393</u>	<u>2,495,955</u>	<u>11,104,495</u>
Total liabilities and net assets	<u>\$ 7,135,449</u>	<u>\$ 5,065,944</u>	<u>\$ 372,820</u>	<u>\$ 2,499,012</u>	<u>\$ 15,073,225</u>

The accompanying notes are an integral part of this statement.

SOUTH WEBER CITY

Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds For the Fiscal Year Ended June 30, 2012

	Water Utility Fund	Sewer Utility Fund	Garbage Utility Fund	Storm Sewer Utility Fund	Total Proprietary Fund
OPERATING REVENUE					
Revenue secured by revenue bond	\$ 929,902	\$ 730,113	\$ -	\$ -	\$ 1,660,015
Sales and charges for services	-	-	319,704	128,804	448,508
Total operating revenue	<u>929,902</u>	<u>730,113</u>	<u>319,704</u>	<u>128,804</u>	<u>2,108,523</u>
OPERATING EXPENDITURES					
Personnel services	155,736	114,153	19,670	27,251	316,810
Supplies	225,696	17,382	263,748	8,640	515,466
Purchased services	41,726	463,744	-	27,945	533,415
Depreciation and amortization	90,936	78,188	11,511	90,028	270,663
Total operating expenditures	<u>514,094</u>	<u>673,467</u>	<u>294,929</u>	<u>153,864</u>	<u>1,636,354</u>
Operating income (loss)	<u>415,808</u>	<u>56,646</u>	<u>24,775</u>	<u>(25,060)</u>	<u>472,169</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest income	3,739	3,424	2,036	2,036	11,235
Impact fees	68,194	76,322	-	31,255	175,771
Interest expense	(26,671)	(1,469)	-	-	(28,140)
Total non-operating revenues (expenses)	<u>45,262</u>	<u>78,277</u>	<u>2,036</u>	<u>33,291</u>	<u>158,866</u>
Increase in net assets	461,070	134,923	26,811	8,231	631,035
NET ASSETS, JULY 1, 2011	<u>3,065,711</u>	<u>4,596,443</u>	<u>323,582</u>	<u>2,487,724</u>	<u>10,473,460</u>
NET ASSETS, JUNE 30, 2012	<u>\$ 3,526,781</u>	<u>\$ 4,731,366</u>	<u>\$ 350,393</u>	<u>\$ 2,495,955</u>	<u>\$ 11,104,495</u>

The accompanying notes are an integral part of this statement.

SOUTH WEBER CITY

Statement of Cash Flows Proprietary Funds For The Fiscal Year Ended June 30, 2012

	Water Utility Fund	Sewer Utility Fund	Garbage Utility Fund	Storm Sewer Utility Fund	Total Proprietary Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 906,829	\$ 724,280	\$ 316,982	\$ 127,427	\$ 2,075,518
Payments to suppliers	(435,459)	(478,891)	(272,223)	(38,352)	(1,224,925)
Payments to employees	(159,414)	(113,831)	(19,671)	(26,601)	(319,517)
Net cash provided by operating activities	<u>311,956</u>	<u>131,558</u>	<u>25,088</u>	<u>62,474</u>	<u>531,076</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(395,945)	-	(23,446)	(38,488)	(457,879)
Other	1,150	-	-	-	1,150
Impact fees	68,194	76,322	-	31,255	175,771
Interest paid on bonds	(22,752)	-	-	-	(22,752)
Principal paid on bonds and leases	(75,208)	(153,000)	-	-	(228,208)
Net cash used in capital and related financing activities	<u>(424,561)</u>	<u>(76,678)</u>	<u>(23,446)</u>	<u>(7,233)</u>	<u>(531,918)</u>
Cash flows from investing activities					
Investment earnings	<u>3,738</u>	<u>3,425</u>	<u>2,036</u>	<u>2,036</u>	<u>11,235</u>
Net cash provided by investing activities	<u>3,738</u>	<u>3,425</u>	<u>2,036</u>	<u>2,036</u>	<u>11,235</u>
Net (decrease) increase in cash and cash equivalents	(108,867)	58,305	3,678	57,277	10,393
CASH AND CASH EQUIVALENTS, JULY 1, 2011	<u>1,309,602</u>	<u>1,024,074</u>	<u>241,081</u>	<u>353,876</u>	<u>2,928,633</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2012	<u>\$ 1,200,735</u>	<u>\$ 1,082,379</u>	<u>\$ 244,759</u>	<u>\$ 411,153</u>	<u>\$ 2,939,026</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 414,658	\$ 56,646	\$ 24,775	\$ (25,060)	\$ 471,019
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	90,936	78,188	11,511	90,028	270,663
Increase (decrease) due to changes in:					
Accounts receivable	(23,872)	(5,833)	(2,722)	(1,377)	(33,804)
Inventory	(10,000)	-	-	-	(10,000)
Accounts payable	(158,037)	2,235	(8,475)	(1,767)	(166,044)
Deposits	(2,025)	-	-	-	(2,025)
Accrued liabilities affecting operating activities	296	322	(1)	650	1,267
Net cash provided by operating activities	<u>\$ 311,956</u>	<u>\$ 131,558</u>	<u>\$ 25,088</u>	<u>\$ 62,474</u>	<u>\$ 531,076</u>
Non-Cash transactions					
Capital contributions by developers and others	\$ -	\$ -	\$ -	\$ -	\$ -
Total non-cash transactions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTH WEBER CITY

Notes to the Financial Statements For The Fiscal Year Ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History and Organization

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

Financial Reporting Entity

For financial reporting purposes, the reporting entity includes all funds, agencies, and authorities for which the City holds corporate powers, and all component units for which the City is financially accountable. The Governmental Accounting Standards Board (GASB) in its Statement No. 14, *The Financial Reporting Entity*, has established criteria to consider in determining financial accountability. The criteria are: appointment of a majority of the voting members of an organization's governing board and, either (1) the City has the ability to impose its will on the organization or, (2) there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City currently does not have any component units.

Basis of Presentation – Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

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

The City has adopted GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*. Accordingly, the City has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Consequently, the City does not apply FASB pronouncements issued after November 30, 1989.

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

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

Expenditures are recognized in the accounting period in which the fund liability is incurred, except for long-term obligations (debt service payments and long term compensated absences) and

related interest which are recognized as expenditures when due. Inventories of supplies are expended when purchased.

South Weber City has three major governmental funds: the general fund special revenue and the capital projects fund. The general fund is the main operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund. The capital projects fund accounts for resources dedicated to the construction or improvement of capital assets. These constructed or improved capital assets are for the benefit of any or all governmental funds.

Budgets and Budgetary Accounting

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

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

Cash, Cash Equivalents, and Investments

The City complies with GASB Statement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement requires certain investments to be reported at fair value and the change in fair value to be included in revenues or expenses. The City's policy is to report all investments at value and the change in fair value to be included in revenues or expenses. The City's investment in the State Treasurer's Pool has a fair value equivalent to the value of the pool shares. This pool is administered by the State of Utah and is regulated by the Money Management Council under provisions of the Utah State Money Management Act. In all statements, the City considers all highly liquid investments, including restricted assets that mature within ninety days or less when purchased, to be cash equivalents.

Depreciable Fixed Assets

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

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

Bond Issuance Costs and Amortization

Amortization of bond issue costs and bond discounts are computed on the straight-line method over the life of the related bonds.

Property Taxes

Ad valorem (based on value) property taxes constitute a major source of general fund revenue. Taxes are levied through the passage of an ordinance in June of each year. The levy is applicable to only one year. All taxable property is required to be assessed and taxed at a uniform and equal rate on the basis of its fair market value. The county assessor is required to assess all other taxable property, and both entities are required to assess the respective types of property, as of January 1, the assessment date. The county is then required to complete the tax rolls by May 15. By July 21 the county treasurer is to mail assessed value and tax notices to property owners. A taxpayer may then petition the county board of equalization between August 1 and August 15 for a revision of the assessed value. Approved changes in assessed value are made by the county auditor by November 1. On this same date the auditor is to deliver the completed assessment rolls to the county treasurer. Tax notices are mailed with a due date of November 30. Delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15 a lien is attached to the property. The outstanding amount of taxes and penalties bear interest from January 1 until paid. If, after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the county on a monthly basis. With the July 1, 2000, adoption of Statement of Governmental Accounting Standards (SGAS) No. 33, more fully described below, South Weber City changed its accounting for property taxes.

SGAS No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, defines a non-exchange transaction as one in which "a government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange." For property taxes, at January 1 of each year (the assessment date), South Weber City has the legal right to collect the taxes, and in accordance with the provisions of the new statement, has now recorded a receivable and a corresponding deferred revenue for the assessed amount of those property taxes as of January 1, 2009.

Inter-fund Transactions

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

Long-term Liabilities

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

Use of restricted funds

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

Compensated Absences

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

Encumbrances

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

Estimates

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

2. INTER-LOCAL AGREEMENTS

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

- Davis Metro Narcotics Strike Force
- Davis County Emergency Assistance Program
- Davis County Law Enforcement Services
- Davis County Solid Waste Special District

The City has representatives on the governing board of the above districts but does not have total final control over the fiscal or administrative activities of these entities. Payments or services to these entities are included in the expenditures of the City's general fund.

3. COST SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLAN

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

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

Funding Policy

In the Local Governmental Noncontributory Retirement System, South Weber City is required to contribute 13.377% of the annual covered salary for the noncontributory system and 10.330% of the salary for the contributory tier 1 system. The contribution rates are the actuarial determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

South Weber City's contributions to the Local Governmental Contributory and Noncontributory Retirements Systems for the years ended June 30, 2012, 2011, and 2010, were as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tier 1 System			
Noncontributory salaries	\$ 480,497	\$ 466,053	\$ 535,593
Noncontributory employer contributions	66,381	62,311	62,450
401(k) contributions			
Employee contributions, paid by employer	15,014	13,090	16,123
Employee's contributions	23,071	21,704	23,499
457 Plan			
Employee contributions	-	-	140
Roth IRA Plan			
Employee contribution	4,810	4,810	4,640
Contributory System			
Salary subject to retirement	33,349	-	-
Employer contributions	2,531	-	-

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

4. INTERFUND TRANSFERS

Transfers from the general fund were \$317,604. The transfers were to the capital improvements, recreation, and town day funds. Transfers to the capital improvements, town days, and recreation funds from the general fund were \$287,604, \$10,000 and, \$20,000, respectively. These transfers are outlined as follows:

<u>Funds</u>	<u>Out</u>	<u>In</u>
General fund	\$ 317,604	\$ -
Capital improvements	-	287,604
Town Days	-	10,000
Recreation fund	-	20,000
Total	<u>\$ 317,604</u>	<u>\$ 317,604</u>

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

5. CAPITAL ASSETS

The following schedule summarizes the changes in capital assets for governmental and business type activities during the year ended June 30, 2012.

<u>ACTIVITY</u>	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
GOVERNMENTAL ACTIVITIES				
Nondepreciated assets				
Land	\$ 1,738,089	\$ -	\$ -	\$ 1,738,089
Work in process	672,898	-	672,898	-
Total nondepreciated assets	<u>2,410,987</u>	<u>-</u>	<u>672,898</u>	<u>1,738,089</u>
Depreciated assets				
Buildings	3,123,210	-	-	3,123,210
Improvements	9,208,145	1,157,447	-	10,365,592
Equipment	755,649	43,134	757	798,026
Office equipment	18,060	12,715	-	30,775
Vehicles	363,080	-	-	363,080
Total depreciated assets	<u>13,468,144</u>	<u>1,213,296</u>	<u>757</u>	<u>14,680,683</u>
Less accumulated depreciation				
Office equipment	14,185	2,202	-	16,387
Buildings	625,058	74,857	-	699,915
Improvements other than buildings	3,745,733	317,304	-	4,063,037
Vehicles	341,871	11,484	-	353,355
Machinery and equipment	614,355	39,564	756	653,163
Total accumulated depreciation	<u>5,341,202</u>	<u>445,411</u>	<u>756</u>	<u>5,785,857</u>
Net assets depreciated	<u>8,126,942</u>	<u>767,885</u>	<u>1,513</u>	<u>8,894,826</u>
Total governmental activities	<u>10,537,929</u>	<u>767,885</u>	<u>674,411</u>	<u>10,632,915</u>
BUSINESS-TYPE ACTIVITIES				
Nondepreciated assets				
Land	8,467	458	-	8,925
Work in process	3,371,426	-	3,371,426	-
Total nondepreciated assets	<u>3,379,893</u>	<u>458</u>	<u>3,371,426</u>	<u>8,925</u>
Depreciated assets				
Buildings	304,114	-	-	304,114
Improvements	10,083,110	3,805,402	-	13,888,512
Equipment	361,116	-	-	361,116
Vehicles	370,546	23,447	21,010	372,983
Total depreciated assets	<u>11,118,886</u>	<u>3,828,849</u>	<u>21,010</u>	<u>14,926,725</u>
Less accumulated depreciation				
Buildings	64,254	7,520	-	71,774
Improvements other than buildings	2,363,513	232,733	-	2,596,245
Vehicles	326,950	13,983	21,010	319,923
Machinery and equipment	220,749	16,427	-	237,176
Total accumulated depreciation	<u>2,975,466</u>	<u>270,663</u>	<u>21,010</u>	<u>3,225,118</u>
Net assets depreciated	<u>8,143,420</u>	<u>3,558,186</u>	<u>-</u>	<u>11,701,607</u>
Total business type assets	<u>11,523,313</u>	<u>3,558,644</u>	<u>3,371,426</u>	<u>11,710,532</u>
Total combined assets	<u>\$ 22,061,242</u>	<u>\$ 4,326,529</u>	<u>\$ 4,045,837</u>	<u>\$ 22,343,447</u>

Depreciation expense for the year ended June 30, 2012, is as follows:

	<u>Governmental</u> <u>Types</u>	<u>Business</u> <u>Types</u>	<u>Totals</u>
FUNCTION			
General government	\$ 4,617	\$ -	\$ 4,617
Public safety	57,033	-	57,033
Streets	316,850	-	316,850
Parks	10,855	-	10,855
Recreation	56,056	-	56,056
Water	-	90,936	90,936
Storm sewer	-	90,028	90,028
Garbage	-	11,511	11,511
Sewer	-	78,188	78,188
Totals	<u>\$ 445,411</u>	<u>\$ 270,663</u>	<u>\$ 716,074</u>

6. LONG-TERM DEBT

Bonds payable at June 30, 2012, are comprised of the following individual issues:

Long-Term Debt	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012	Due Within One Year
GOVERNMENTAL ACTIVITIES					
\$1,312,000 original issue sales tax revenue bonds series 2012 due in annual installments. The rate is 2.97% and the bond matures in 2027.	\$ -	\$ 1,312,000	\$ -	\$ 1,312,000	\$ 72,000
\$1,655,000 original issue sales tax revenue bonds series 2004 due in annual installments. The rate varies from 2 to 5% and the bond matures in 2029.	1,330,000	-	50,000	1,280,000	50,000
Total governmental long-term debt	1,330,000	1,312,000	50,000	2,592,000	122,000
BUSINESS-TYPE ACTIVITIES					
Series 2010 water revenue bonds due in annual installments. The rate varies from 2% to 3.125%. The bonds mature in 2040.	3,355,000	-	65,000	3,290,000	65,000
Bond premium series 2010 bond	182,919	-	10,208	172,711	10,000
Series 1992A revenue bonds. Original issue was \$3,056,000 with interest at 0%. The bonds are secured by sewer revenues. The bonds mature in 2013.	458,000	-	153,000	305,000	305,000
Total business-type long-term debt	3,995,919	-	228,208	3,767,711	380,000
Total long term debt	\$ 5,325,919	\$ 1,312,000	\$ 278,208	\$ 6,359,711	\$ 502,000
Compensated absences					
Governmental funds	\$ 19,272	\$ -	\$ 744	\$ 18,528	\$ -
Business funds	7,770	-	717	7,053	-
Total	\$ 27,042	\$ -	\$ 1,461	\$ 25,581	\$ -

The annual debt requirement to maturity, including principal and interest as of June 30, 2012, is listed in the following table:

Business Activities

Year Ending June 30	Series 2010 water bonds		Series 1992A Sewer Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 65,000	\$ 146,636	\$ 305,000	\$ -	\$ 370,000	\$ 146,636
2014	70,000	145,236	-	-	70,000	145,236
2015	70,000	143,662	-	-	70,000	143,662
2016	75,000	142,086	-	-	75,000	142,086
2017	75,000	140,400	-	-	75,000	140,400
2018-2022	410,000	668,862	-	-	410,000	668,862
2023-2027	500,000	368,500	-	-	500,000	368,500
2027-2031	630,000	301,650	-	-	630,000	301,650
2033-2037	805,000	270,750	-	-	805,000	270,750
2038-2042	590,000	59,500	-	-	590,000	59,500
Totals	\$ 3,290,000	\$ 2,387,282	\$ 305,000	\$ -	\$ 3,595,000	\$ 2,387,282

Year Ending June 30	Sales tax revenue bonds Series 2004		Sales tax refunding bonds series 2012		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 50,000	\$ 58,775	\$ 72,000	\$ 34,962	\$ 122,000	\$ 93,737
2014	1,230,000	57,025	73,000	36,828	1,303,000	93,853
2015	-	-	73,000	34,660	73,000	34,660
2016	-	-	78,000	32,492	78,000	32,492
2017	-	-	78,000	30,175	78,000	30,175
2018-2022	-	-	444,000	113,721	444,000	113,721
2023-2027	-	-	494,000	44,699	494,000	44,699
2028-2032	-	-	-	-	-	-
Totals	\$ 1,280,000	\$ 115,800	\$ 1,312,000	\$ 327,537	\$ 2,592,000	\$ 443,337

7. CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. In addition, investments are separately held by several of the City's funds. Cash and investments as of June 30, 2012, are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and cash equivalents	\$ 5,825,928

Cash investments and cash equivalents as of June 30, 2012, consist of the following:

Cash on hand	\$ 200
Deposits with financial institutions	2,397,933
Investments state treasure	<u>3,427,795</u>
 Total cash and cash equivalents	 <u>\$ 5,825,928</u>

Investments Authorized by the Utah Government Code

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

certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

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

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

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

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

As of June 30, 2012, the City had the following investments and maturities

<u>Investment Type</u>	<u>Investment Maturities (In Years)</u>			
	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 - 10 Years</u>	<u>More Than 10 Years</u>
State of Utah Public Treasurer Investment Fund	\$ 3,427,795	\$ 3,427,795	\$ -	\$ -
Total investments	\$ 3,427,795	\$ 3,427,795	\$ -	\$ -

Interest Rate Risk

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

Credit Risk

Credit risk is the risk that an issuer, or other counterparty to an investment, will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with the State's

Money Management Act. As of June 30, 2012, the Utah Public Treasurer's Investment Fund was unrated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City policy for reducing the risk of loss is to comply with the Rules of the Money Management Council. The City's investment in the Utah Public Treasurer's Investment Fund has no concentration of credit risk.

Custodial Credit Risk Deposits

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal policy of custodial credit risk. As of June 30, 2012, no deposits were exposed to custodial credit risk because they were uninsured and uncollateralized.

Custodial Credit Risk Investments

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

8. RESERVED FUND BALANCES

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

<u>Description</u>	<u>Government Activities</u>	<u>Business Activities</u>	<u>Total</u>
Impact fees	\$ 106,297	\$ 556,800	\$ 663,097
Class C road	189,396	-	189,396
Bond reserve and escrow funds	86,922	305,001	391,923
Totals	<u>\$ 382,615</u>	<u>\$ 861,801</u>	<u>\$ 1,244,416</u>

9. INTEREST EXPENSE

The proprietary fund incurred \$143,140 in interest expense of which \$28,140 was charged to expense and \$115,000 was capitalized. The governmental funds incurred \$85,037 in interest expense.

10. RESTRICTED CASH

The City governmental funds has restricted cash of \$106,597 for specific projects and programs and \$1,406,391 for bond reserve funds. The utility fund has \$559,585 for specific projects and \$1,043,885 in the bond reserve and construction escrow accounts.

11. RISK MANAGEMENT

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

12. TOTAL COLUMNS

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

13. RELATED PARTY INFORMATION

The Mayor serves on the boards of the burn plant and the sewer improvement district. The City paid the entity \$255,352, and the City owes \$12,663 to the burn plant as of June 30, 2012.

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

14. NEWLY ISSUED ACCOUNTING STANDARDS

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

GASB 60 Accounting and financial reporting for Service Concession Arrangements.
GASB 61 The Financial Reporting Entity
GASB 62 Codification of Accounting and Financial Reporting
GASB 63 Financial Reporting of Deferred Outflows of resources, Deferred Inflows of Resources, and Net Position
GASB 64 Derivative Instruments

None of the statements will have any financial impact on the financial statements.

15. SUBSEQUENT EVENTS

The City has evaluated subsequent events through October 31, 2012, the date which the financial statements were available to be issued:

16. FUND BALANCE

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

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

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

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

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

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

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

The General Fund had Unassigned Fund Balance in the amount of \$277,736 at June 30, 2012.

SUPPLEMENTARY INFORMATION

SOUTH WEBER CITY

Budgetary Comparison Schedule General Fund For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
General property taxes	\$ 290,000	\$ 290,000	\$ 301,645	\$ 11,645
Sales, use, and excise taxes	455,000	455,000	523,504	68,504
Franchise taxes	315,000	315,000	309,024	(5,976)
Licenses	99,300	99,300	147,391	48,091
Fines	165,000	165,000	140,518	(24,482)
Interest	9,000	9,000	10,905	1,905
Intergovernmental	186,200	186,200	193,862	7,662
Charges for services	22,000	22,000	26,437	4,437
Miscellaneous	10,030	10,030	15,425	5,395
Total revenues	<u>1,551,530</u>	<u>1,551,530</u>	<u>1,668,711</u>	<u>117,181</u>
EXPENDITURES				
General government	689,469	689,469	593,887	95,582
Public works	333,361	333,361	291,219	42,142
Public safety	372,244	345,668	314,727	30,941
Parks	95,372	96,372	85,435	10,937
Debt service				
Principal	-	12,500	12,500	-
Interest	-	14,076	14,076	-
Total expenditures	<u>1,490,446</u>	<u>1,491,446</u>	<u>1,311,844</u>	<u>179,602</u>
Excess of revenues over fund balance	<u>61,084</u>	<u>60,084</u>	<u>356,867</u>	<u>296,783</u>
OTHER FINANCES SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(61,084)	(61,084)	(317,604)	(256,520)
Total other financing sources (uses)	<u>(61,084)</u>	<u>(61,084)</u>	<u>(317,604)</u>	<u>(256,520)</u>
Net change in fund balance	-	(1,000)	39,263	40,263
FUND BALANCE, JULY 1, 2011	<u>427,869</u>	<u>427,869</u>	<u>427,869</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2012	<u>\$ 427,869</u>	<u>\$ 426,869</u>	<u>\$ 467,132</u>	<u>\$ 40,263</u>

Notes to schedule:

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

SOUTH WEBER CITY

Budgetary Comparison Schedule Special Revenue Recreation Fund For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 221,700	\$ 221,700	\$ 176,828	\$ (44,872)
Sales taxes	84,500	84,500	84,500	-
Total revenues	<u>306,200</u>	<u>306,200</u>	<u>261,328</u>	<u>(44,872)</u>
EXPENDITURES				
Recreation	184,742	184,742	141,569	43,173
Debt service				
Interest	70,961	70,961	70,961	-
Principal	37,500	37,500	37,500	-
Total expenditures	<u>293,203</u>	<u>293,203</u>	<u>250,030</u>	<u>43,173</u>
Excess of revenues over expenditures (usage of fund balance)	<u>12,997</u>	<u>12,997</u>	<u>11,298</u>	<u>(1,699)</u>
OTHER FINANCING SOURCES				
Bond proceeds	-	-	1,312,000	-
Transfers in	51,370	51,370	20,000	(31,370)
Total other financing sources	<u>51,370</u>	<u>51,370</u>	<u>1,332,000</u>	<u>(31,370)</u>
Net change in fund balance	64,367	64,367	1,343,298	(33,069)
FUND BALANCE, JULY 1, 2011	<u>267,797</u>	<u>267,797</u>	<u>267,797</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2012	<u>\$ 332,164</u>	<u>\$ 332,164</u>	<u>\$ 1,611,095</u>	<u>\$ (33,069)</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH WEBER CITY

Budgetary Comparison Schedules Special Revenue Fund Park Impact Fees For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
Impact fees	\$ 31,400	\$ 59,093	\$ 38,399	\$ (20,694)
Interest	-	-	-	-
Total revenues	<u>31,400</u>	<u>59,093</u>	<u>38,399</u>	<u>(20,694)</u>
EXPENDITURES				
Capital outlay	<u>49,643</u>	<u>59,093</u>	<u>58,646</u>	<u>447</u>
Total expenditures	<u>49,643</u>	<u>59,093</u>	<u>58,646</u>	<u>447</u>
Excess of revenues over expenditures (usage of fund balance)	<u>(18,243)</u>	<u>-</u>	<u>(20,247)</u>	<u>(20,247)</u>
Net change in fund balance	(18,243)	-	(20,247)	(20,247)
FUND BALANCE, JULY 1, 2011	<u>20,695</u>	<u>20,695</u>	<u>20,695</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2012	<u>\$ 2,452</u>	<u>\$ 20,695</u>	<u>\$ 448</u>	<u>\$ (20,247)</u>

Notes to schedule:

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

SOUTH WEBER CITY

Budgetary Comparison Schedules Capital Improvement Fund For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 64,174	\$ 64,174
Total revenues	-	-	64,174	64,174
EXPENDITURES				
Capital outlay	230,000	275,000	248,947	26,053
Total expenditures	230,000	275,000	248,947	26,053
Excess of revenues over expenditures (usage of fund balance)	(230,000)	(275,000)	(184,773)	90,227
OTHER FINANCING SOURCES				
Transfers in	9,714	302,000	287,604	(14,396)
Total other financing sources	9,714	302,000	287,604	(14,396)
Net change in fund balance	(220,286)	27,000	102,831	75,831
FUND BALANCE, JULY 1, 2011	457,606	457,606	457,606	-
FUND BALANCE, JUNE 30, 2012	\$ 237,320	\$ 484,606	\$ 560,437	\$ 75,831

Notes to schedule:

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

SOUTH WEBER CITY

Budgetary Comparison Schedules Special Revenue Fund Road Impact Fees For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
Impact fees	\$ 26,400	\$ 26,400	\$ 32,383	\$ 5,983
Interest	-	-	-	-
Total revenues	<u>26,400</u>	<u>26,400</u>	<u>32,383</u>	<u>5,983</u>
EXPENDITURES				
Capital outlay	69,094	69,094	6,805	62,289
Total expenditures	<u>69,094</u>	<u>69,094</u>	<u>6,805</u>	<u>62,289</u>
Excess of revenues over expenditures (usage of fund balance)	<u>(42,694)</u>	<u>(42,694)</u>	<u>25,578</u>	<u>68,272</u>
Net change in fund balance	(42,694)	(42,694)	25,578	68,272
FUND BALANCE, JULY 1, 2011	<u>44,761</u>	<u>44,761</u>	<u>44,761</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2012	<u>\$ 2,067</u>	<u>\$ 2,067</u>	<u>\$ 70,339</u>	<u>\$ 68,272</u>

Notes to schedule:

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

SOUTH WEBER CITY

Budgetary Comparison Schedules Special Revenue County Fair Days For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 43,625	\$ 43,625	\$ 39,730	\$ (3,895)
Interest	-	-	-	-
Total revenues	<u>43,625</u>	<u>43,625</u>	<u>39,730</u>	<u>(3,895)</u>
EXPENDITURES				
Recreation	48,565	48,565	43,997	43,997
Total expenditures	<u>48,565</u>	<u>48,565</u>	<u>43,997</u>	<u>43,997</u>
Excess of revenues over expenditures (usage of fund balance)	<u>(4,940)</u>	<u>(4,940)</u>	<u>(4,267)</u>	<u>40,102</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	10,000	10,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Net change in fund balance	(4,940)	(4,940)	5,733	50,102
FUND BALANCE, JULY 1, 2011	<u>19,669</u>	<u>19,669</u>	<u>19,669</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2012	<u>\$ 14,729</u>	<u>\$ 14,729</u>	<u>\$ 25,402</u>	<u>\$ 50,102</u>

Notes to schedule:

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

SOUTH WEBER CITY

Budgetary Comparison Schedules Special Revenue Recreation Impact Fees For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
Impact fees	\$ 32,000	\$ 32,000	\$ 39,198	\$ 7,198
Interest	-	-	-	-
Total revenues	<u>32,000</u>	<u>32,000</u>	<u>39,198</u>	<u>7,198</u>
EXPENDITURES				
Capital outlay	52,524	59,722	56,536	3,186
Total expenditures	<u>52,524</u>	<u>59,722</u>	<u>56,536</u>	<u>3,186</u>
Excess of revenues over expenditures (usage of fund balance)	<u>(20,524)</u>	<u>(27,722)</u>	<u>(17,338)</u>	<u>10,384</u>
Net change in fund balance	(20,524)	(27,722)	(17,338)	10,384
FUND BALANCE, JULY 1, 2011	<u>23,026</u>	<u>23,026</u>	<u>23,026</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2012	<u>\$ 2,502</u>	<u>\$ (4,696)</u>	<u>\$ 5,688</u>	<u>\$ 10,384</u>

Notes to schedule:

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

SOUTH WEBER CITY

Budgetary Comparison Schedules Special Revenue Fund Public Safety Impact Fees For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
Impact fees	\$ 4,850	\$ 4,850	\$ 16,661	\$ 11,811
Interest	-	-	-	-
Total revenues	<u>4,850</u>	<u>4,850</u>	<u>16,661</u>	<u>11,811</u>
EXPENDITURES				
Public safety	-	-	-	-
Capital outlay	<u>24,655</u>	<u>30,661</u>	<u>26,383</u>	<u>4,278</u>
Total expenditures	<u>24,655</u>	<u>30,661</u>	<u>26,383</u>	<u>4,278</u>
Excess of revenues over expenditures (usage of fund balance)	<u>(19,805)</u>	<u>(25,811)</u>	<u>(9,722)</u>	<u>16,089</u>
Net change in fund balance	(19,805)	(25,811)	(9,722)	16,089
FUND BALANCE, JULY 1, 2011	<u>20,169</u>	<u>20,169</u>	<u>20,169</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2012	<u>\$ 364</u>	<u>\$ (5,642)</u>	<u>\$ 10,447</u>	<u>\$ 16,089</u>

Notes to schedule:

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

SOUTH WEBER CITY

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2012

	<u>Park Impact Fee Fund</u>	<u>Road Impact Fee Fund</u>	<u>Country Fair Days Fund</u>	<u>Recreation Impact Fee Fund</u>	<u>Public Safety Impact Fee Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>						
ASSETS						
Cash and cash equivalents						
Unrestricted	\$ -	\$ -	\$ 25,447	\$ -	\$ -	\$ 25,447
Restricted	448	70,339	-	5,688	10,748	87,223
Total assets	<u>\$ 448</u>	<u>\$ 70,339</u>	<u>\$ 25,447</u>	<u>\$ 5,688</u>	<u>\$ 10,748</u>	<u>\$ 112,670</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Accounts payable	\$ -	\$ -	\$ 45	\$ -	\$ 301	\$ 346
FUND BALANCES						
Assigned	-	-	25,402	-	-	25,402
Restricted for:						
Impact fees	448	70,339	-	5,688	10,447	86,922
Total fund balances	<u>448</u>	<u>70,339</u>	<u>25,402</u>	<u>5,688</u>	<u>10,447</u>	<u>112,324</u>
Total liabilities and fund balances	<u>\$ 448</u>	<u>\$ 70,339</u>	<u>\$ 25,447</u>	<u>\$ 5,688</u>	<u>\$ 10,748</u>	<u>\$ 112,670</u>

SOUTH WEBER CITY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2012

	Park Impact Fee Fund	Road Impact Fee Fund	Country Fair Days Fund	Recreation Impact Fee Fund	Public Safety Impact Fee Fund	Total Nonmajor Governmental Funds
REVENUES						
Impact fees	\$ 38,399	\$ 32,383	\$ -	\$ 39,198	\$ 16,661	\$ 126,641
Interest	-	-	-	-	-	-
Charges for services	-	-	39,730	-	-	39,730
Total revenues	<u>38,399</u>	<u>32,383</u>	<u>39,730</u>	<u>39,198</u>	<u>16,661</u>	<u>166,371</u>
EXPENDITURES						
Current						
Public safety	-	-	-	-	-	-
Recreation	-	-	43,997	-	-	43,997
Capital outlay	58,646	6,805	-	56,536	26,383	148,370
Total expenditures	<u>58,646</u>	<u>6,805</u>	<u>43,997</u>	<u>56,536</u>	<u>26,383</u>	<u>192,367</u>
Revenues over expenditures	<u>(20,247)</u>	<u>25,578</u>	<u>(4,267)</u>	<u>(17,338)</u>	<u>(9,722)</u>	<u>(25,996)</u>
Other sources						
Transfers in	-	-	10,000	-	-	10,000
Total other sources	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Revenue and other sources over expenditures and other uses	<u>(20,247)</u>	<u>25,578</u>	<u>5,733</u>	<u>(17,338)</u>	<u>(9,722)</u>	<u>(15,996)</u>
FUND BALANCE, JULY 1, 2011	<u>20,695</u>	<u>44,761</u>	<u>19,669</u>	<u>23,026</u>	<u>20,169</u>	<u>128,320</u>
FUND BALANCE, JUNE 30, 2012	<u>\$ 448</u>	<u>\$ 70,339</u>	<u>\$ 25,402</u>	<u>\$ 5,688</u>	<u>\$ 10,447</u>	<u>\$ 112,324</u>



GILBERT & STEWART
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

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

SIDNEY S. GILBERT CPA
JAMES E. STEWART CPA

**INDEPENDENT AUDITOR'S REPORT
ON LEGAL COMPLIANCE WITH APPLICABLE
UTAH STATE LAWS AND REGULATIONS**

The Honorable Mayor and City Council
South Weber City, Utah

December 6, 2012

We have audited 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, for the year ended June 30, 2012, and have issued our report thereon dated December 6, 2012. Our audit included test work on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

Public Debt	Impact Fees
Cash Management	Other General Compliance Issues
Purchasing Requirements	B & C Road Funds
Budgetary Compliance	Uniform Building Code Standards
Liquor Law Enforcement	Justice Courts Compliance
Asset Forfeiture	Utah Retirement System Compliance
Truth in Taxation and Property Tax Limitations	Fund Balance Limitation

The City did not receive any major or nonmajor state grants during the year ended June 30, 2012.

The management of South Weber City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit 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 of *Utah Legal Compliance Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the major assistance programs or general compliance requirements identified above. 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. Our audit does not provide a legal determination of the City's compliance with those requirements.

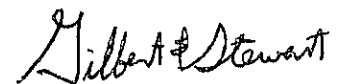
AMERICAN FORK OFFICE
85 NORTH CENTER STREET
AMERICAN FORK, UT 84003
(801) 756-9866
FAX (801) 756-9887

PROVO OFFICE
190 WEST 800 NORTH #100
PROVO, UT 84601
(801) 377-5300
FAX (801) 373-5622

HEBER OFFICE
45 SOUTH MAIN ST
HEBER, UT 84032
(435) 664-5477
FAX (801) 373-5622

In our opinion, South Weber City complied, in all material respects, with the general compliance requirements identified above for the year ended June 30, 2012.

This report is intended solely for the information and use of the City Council, management, and Utah State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, the report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Gilbert & Stewart". The signature is written in a cursive, flowing style.

GILBERT & STEWART
Certified Public Accountants



GILBERT & STEWART
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

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

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

**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***

The Honorable Mayor and City Council
South Weber City, Utah

December 6, 2012

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Weber City, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 6, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit we considered South Weber City's internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of South Weber City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of South Weber City's internal controls over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Weber City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which

AMERICAN FORK OFFICE
85 NORTH CENTER STREET
AMERICAN FORK, UT 84003
(801) 756-9666
FAX (801) 756-9667

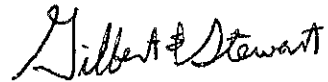
PROVO OFFICE
190 WEST 800 NORTH #100
PROVO, UT 84601
(801) 377-5300
FAX (801) 373-5622

HEBER OFFICE
45 SOUTH MAIN ST
HEBER, UT 84032
(435) 854-8477
FAX (801) 373-5622

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*.

This report is intended solely for the information and use of the management, City Council, and Utah State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Gilbert & Stewart".

GILBERT & STEWART
Certified Public Accountants

