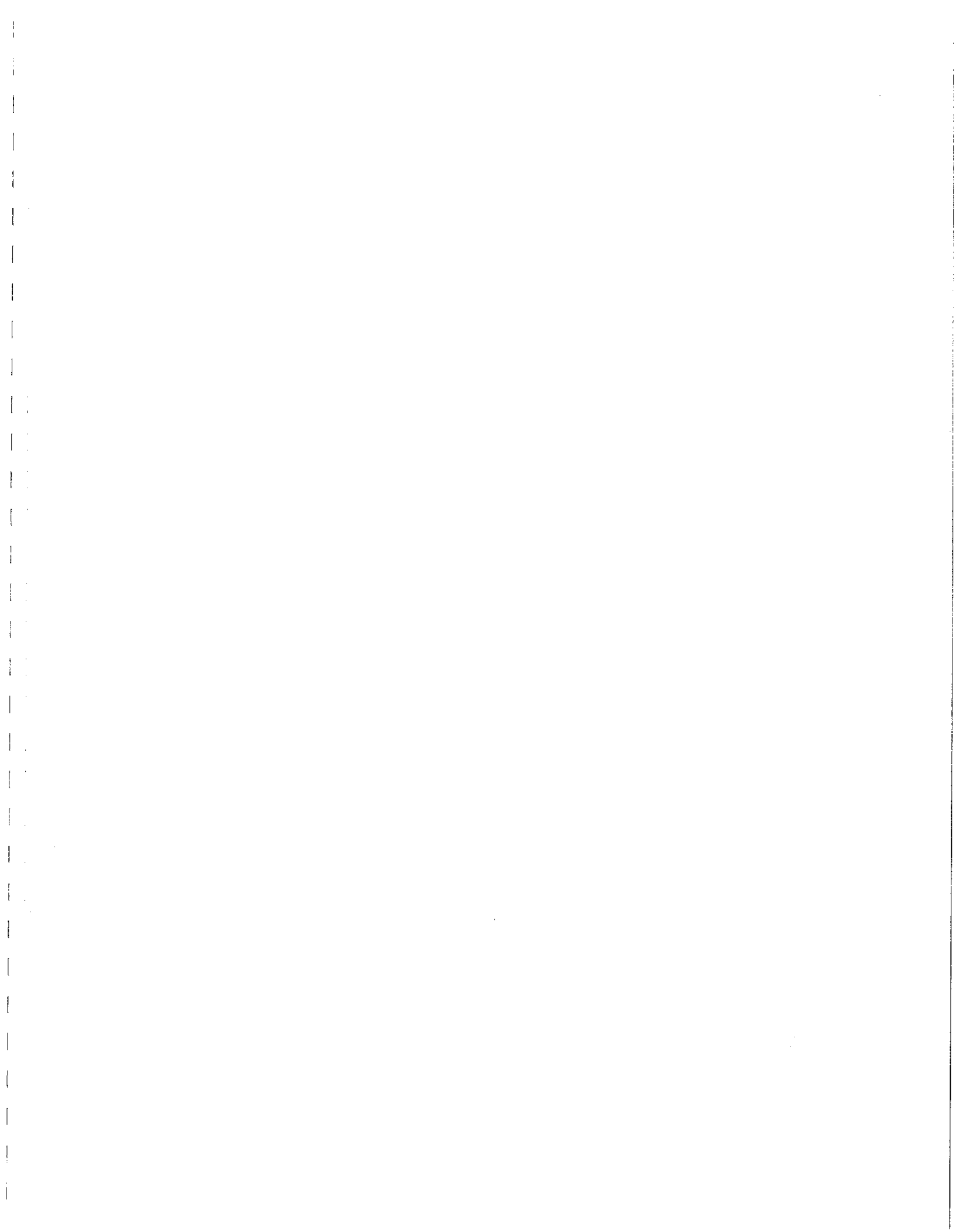


**SOUTH WEBER CITY**

**Annual Financial Report  
For the Fiscal Year Ended June 30, 2013  
(With Accountants' Report Therein)**



# SOUTH WEBER CITY

## Table of Contents For The Fiscal Year Ended June 30, 2013

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### Financial Section:

Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	2
Basic Financial Statements:	
Government-wide Fund Financial Statements:	
Statement of Net Position.....	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 Position.....	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 Position – Proprietary Funds.....	16
Statement of Revenues, Expenses, and Changes in Fund Net Position 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

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Weber City, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of South Weber City, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise South Weber City's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with Government Auditing Standards, we have also issued our report dated December 6, 2013 on our consideration of the South Weber City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering South Weber City's internal control over financial reporting and compliance.

GILBERT & STEWART, CPA, PC

**Gilbert & Stewart**

Certified Public Accountants  
Provo, UT 84601  
December 6, 2013

# South Weber City

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2013

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South Weber City's management presents to the readers of its financial statements this narrative information. It contains an overview and analysis of the financial position and results of operations as of and for the twelve months ended June 30, 2013. As management of the City, we encourage readers to consider information contained in this discussion.

### FINANCIAL HIGHLIGHTS

The position of South Weber City exceeded its liabilities at the end of the current fiscal year by \$22,448,839 (net position). Of this amount, \$3,291,049 (unrestricted position) is available to meet ongoing obligations of citizens and creditors. Net position increased by \$623,807.

The City's Governmental activities reported a combined ending fund balance of \$11,055,537. Of the combined total fund balance, \$1,429,113 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, 2013, totaled \$380,570 and is 20% of the general fund total revenues for the year. Total debt for South Weber City decreased approximately \$507,010. Since the City has increased the total fund balance, the financial position of the City has improved this year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

South Weber City uses 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.

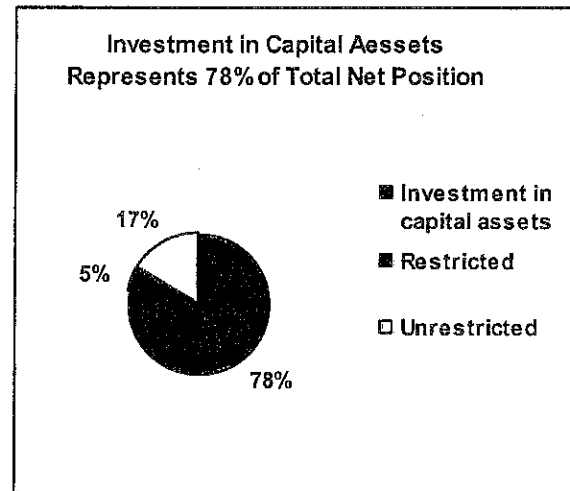
## **OTHER INFORMATION**

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current assets	\$ 3,634,472	\$ 3,265,584	\$ 3,086,506	\$ 3,252,969	\$ 6,720,978	\$ 6,518,553
Deferred outflows of resources	85,371	91,158	-	-	85,371	91,158
Noncurrent assets	10,272,640	10,632,915	11,807,738	11,710,532	22,080,378	22,343,447
Other assets	18,414	94,391	-	109,724	18,414	204,115
<b>Total assets</b>	<b><u>\$ 14,010,897</u></b>	<b><u>\$ 14,084,048</u></b>	<b><u>\$ 14,894,244</u></b>	<b><u>\$ 15,073,225</u></b>	<b><u>\$ 28,905,141</u></b>	<b><u>\$ 29,157,273</u></b>
Current and other liabilities	\$ 1,421,603	\$ 436,356	\$ 186,311	\$ 572,434	\$ 1,607,914	\$ 1,008,790
Long-term liabilities	1,252,499	2,550,686	3,314,631	3,396,296	4,567,130	5,946,982
Deferred inflows of resources	281,258	273,599	-	-	281,258	273,599
<b>Total liabilities</b>	<b><u>2,955,360</u></b>	<b><u>3,260,641</u></b>	<b><u>3,500,942</u></b>	<b><u>3,968,730</u></b>	<b><u>6,456,302</u></b>	<b><u>7,229,371</u></b>
<b>Net position</b>						
Invested in capital assets, net of related debt	9,032,640	9,352,915	8,420,037	8,362,822	17,452,677	17,715,737
Restricted	593,784	382,615	111,329	861,801	705,113	1,244,416
Unrestricted	1,429,113	1,087,877	1,861,936	1,879,872	3,291,049	2,967,749
<b>Total net position</b>	<b><u>11,055,537</u></b>	<b><u>10,823,407</u></b>	<b><u>10,393,302</u></b>	<b><u>11,104,495</u></b>	<b><u>21,448,839</u></b>	<b><u>21,927,902</u></b>
<b>Total liabilities and net position</b>	<b><u>\$ 14,010,897</u></b>	<b><u>\$ 14,084,048</u></b>	<b><u>\$ 13,894,244</u></b>	<b><u>\$ 15,073,225</u></b>	<b><u>\$ 27,905,141</u></b>	<b><u>\$ 29,157,273</u></b>

By far the largest component of South Weber City's net position is its investment in capital assets. The 78% of total net position represents the City's investment in land and improvements, buildings, machinery and equipment, roads, streetlights, and bridges, less any related outstanding debt that was used to acquire these assets. South Weber City uses these capital assets to provide services to citizens who live, work, pass through, or benefit in other ways from the City. By their nature, these assets are not available for future spending. Further, even though these capital assets are reported net of any related debt, resources needed to repay the debt must come from other sources, as the assets themselves cannot be used to satisfy the related obligations.



An additional part of net position, 5%, is assets that are subject to external restrictions on how they may be expended. The remaining 17% of net position can be used to meet the City's ongoing obligations to its creditors and to citizens.

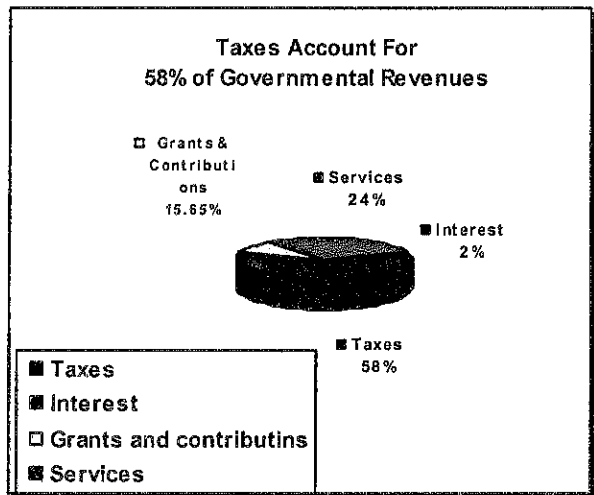
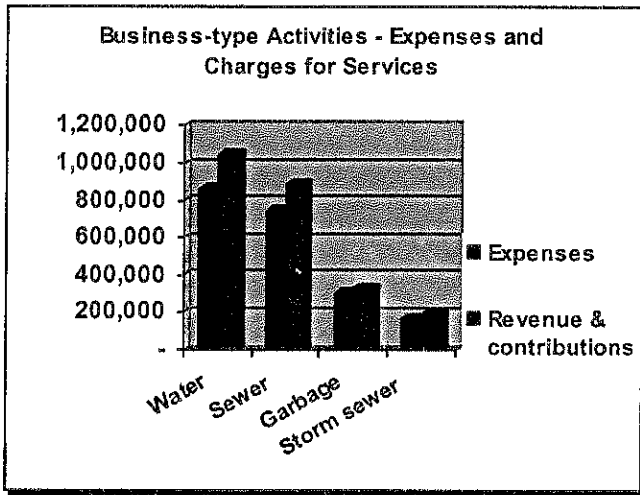
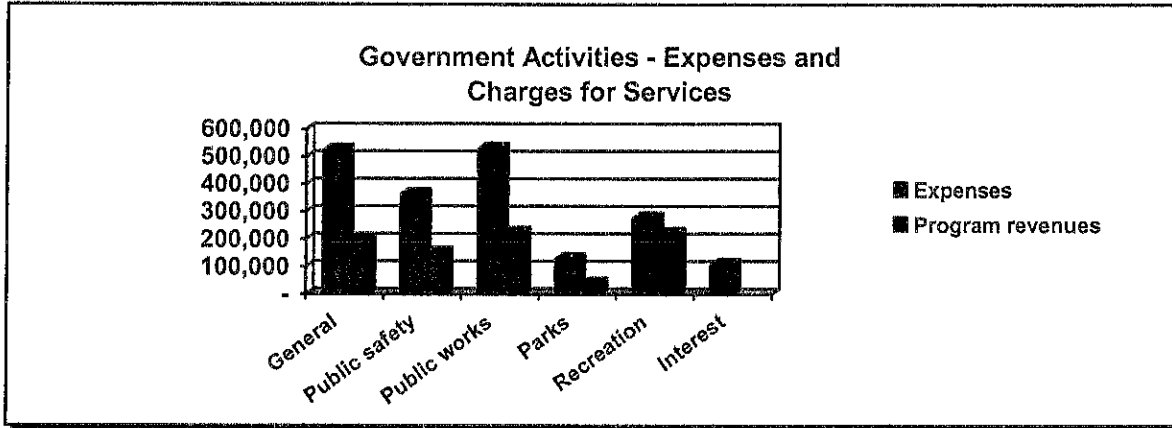


**SOUTH WEBER CITY'S CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Revenues</b>						
Charges for services	\$ 641,512	\$ 720,788	\$ 2,280,353	\$ 2,108,525	\$ 2,921,865	\$ 2,829,313
Operating grants and contributions	197,119	190,376	-	-	197,119	190,376
Capital grants and contributions	-	63,974	179,600	175,773	179,600	239,747
General revenues:						
Property taxes, levied for general purposes	316,630	301,645	-	-	316,630	301,645
Franchise taxes	353,024	309,024	-	-	353,024	309,024
Sales taxes	643,054	547,779	-	-	643,054	547,779
Other revenues	-	-	-	-	-	-
Investment earnings	11,351	10,905	12,058	11,236	23,409	22,141
<b>Total revenues</b>	<u>2,162,690</u>	<u>2,144,491</u>	<u>2,472,011</u>	<u>2,295,534</u>	<u>4,634,701</u>	<u>4,440,025</u>
<b>Expenses</b>						
General government	523,412	583,903	-	-	523,412	583,903
Highway and streets	529,006	492,230	-	-	529,006	492,230
Public safety	364,048	358,726	-	-	364,048	358,726
Parks	128,364	95,940	-	-	128,364	95,940
Recreation	277,287	225,528	-	-	277,287	225,528
Interest on long-term debt	108,443	70,750	-	-	108,443	70,750
Utility	-	-	2,080,335	1,664,499	2,080,335	1,664,499
<b>Total Expenses</b>	<u>1,930,560</u>	<u>1,827,077</u>	<u>2,080,335</u>	<u>1,664,499</u>	<u>4,010,895</u>	<u>3,491,576</u>
Transfers	-	-	-	-	-	-
<b>CHANGE IN NET POSITION</b>	232,130	317,414	391,676	631,035	623,806	948,449
<b>NET POSITION, BEGINNING</b>	10,823,407	10,505,993	11,104,495	10,473,460	21,927,902	20,979,453
Prior period adjustment	-	-	(102,869)	-	(102,869)	-
<b>NET POSITION, ENDING</b>	<u>\$ 11,055,537</u>	<u>\$ 10,823,407</u>	<u>\$ 11,393,302</u>	<u>\$ 11,104,495</u>	<u>\$ 22,448,839</u>	<u>\$ 21,927,902</u>

**GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES**

Governmental activities net position increased by \$232,131 for the year ended June 30, 2013. The major reason for the increase resulted from capital outlay expenditures.



Business-type activities contributed an amount of \$386,676 increase in net position. 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 \$23,409 in invested earnings and \$179,600 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, 2013.

For the period ended June 30, 2013, the City's governmental funds reported combined net position in the amount of \$3,230,364. Of the total balance at year-end, \$380,570 is unassigned. There is also an amount of \$243,169 reserved for specific capital projects, \$332,201 for class C roads, and

\$1,302,905 for debt service, with assigned balances of \$24,159 in the special revenue fund, \$641,266 in the capital projects, and \$306,094 in the recreation fund.

The General Fund is the main operating fund for South Weber City. At June 30, 2013, the general fund's unassigned fund balance was \$380,570. Total fund balance of the general fund for South Weber City increased by \$264,053. 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 20% of total expenditures.

The capital projects fund had a total fund balance of \$679,166 at June 30, 2013, which is assigned for capital projects. The net increase in fund balance for the year amounted to \$118,728.

The major special revenue fund had a total fund balance of \$1,590,585 of which \$1,284,491 is reserved for debt service. The total fund balance decreased \$20,511. 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 position of the City's major proprietary funds totaled \$1,861,936. 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 projects started during the year.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

South Weber City's investment in capital assets for its governmental and business type activities has a combined total of \$22,080,378 (net of \$9,813,383 accumulated depreciation) at June 30, 2013. Types of assets included in this category are land, buildings, improvements, vehicles, machinery, equipment, roads (including curb and gutter), street lights, traffic signals, water, waste water, and collection systems. The City's investment in net capital assets equals nearly 76% of total assets. Governmental activities net capital assets to governmental activities assets equaled 73% while business-type activities percentage was 79%.

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land and water rights	\$ 1,738,089	\$ 1,738,089	\$ 8,925	\$ 8,925	\$ 1,747,014	\$ 1,747,014
Office equipment	34,085	30,775	-	-	34,085	30,775
Buildings	3,123,211	3,123,210	304,114	304,114	3,427,325	3,427,324
Improvements, other than buildings	10,437,836	10,365,592	13,888,512	13,888,512	24,326,348	24,254,104
Vehicles	363,080	363,080	405,499	372,983	768,579	736,063
Machinery and equipment	851,137	798,026	357,311	361,116	1,208,448	1,159,142
Work in process	-	-	381,962	-	381,962	-
Accumulated depreciation	(6,274,798)	(5,785,857)	(3,538,585)	(3,225,118)	(9,813,383)	(9,010,975)
Net book value	<u>\$ 10,272,640</u>	<u>\$ 10,632,915</u>	<u>\$ 11,807,738</u>	<u>\$ 11,710,532</u>	<u>\$ 22,080,378</u>	<u>\$ 22,343,447</u>

At June 30, 2013, South Weber City's total debt amounted to \$5,852,701 of which \$3,382,701 was incurred by the City's business-type activities and the remaining \$2,470,000 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	
	2013	2012	2013	2012	2013	2012
Revenue bonds	\$ 2,470,000	\$ 2,592,000	\$ 3,382,701	\$ 3,767,711	\$ 5,852,701	\$ 6,359,711
Totals	<u>\$ 2,470,000</u>	<u>\$ 2,592,000</u>	<u>\$ 3,382,701</u>	<u>\$ 3,767,711</u>	<u>\$ 5,852,701</u>	<u>\$ 6,359,711</u>

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

As of September 2013, 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 2013 compared with the fiscal year just ended.

**REQUEST FOR INFORMATION**

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

# SOUTH WEBER CITY

## Statement of Net Position June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Restricted	\$ 1,859,860	\$ 1,112,155	\$ 2,972,015
Unrestricted	1,280,030	1,776,073	3,056,103
Inventory	-	5,000	5,000
Receivables			
Property, franchise, and excise taxes	494,582	-	494,582
Accounts, less allowance for doubtful accounts of \$0	-	193,278	193,278
Total current assets	<u>3,634,472</u>	<u>3,086,506</u>	<u>6,720,978</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Refunding bond costs	85,371	-	85,371
Total deferred outflows of resources	<u>85,371</u>	<u>-</u>	<u>85,371</u>
<b>NONCURRENT ASSETS</b>			
Restricted cash	18,414	-	18,414
Property and equipment, (net)			
Land and water rights	1,738,089	8,925	1,747,014
Work in process	-	381,962	381,962
Buildings	2,348,437	224,821	2,573,258
Improvements, other than buildings	6,010,820	10,967,043	16,977,863
Vehicles	4,729	70,698	75,427
Machinery and equipment	170,565	154,289	324,854
Net property and equipment	<u>10,272,640</u>	<u>11,807,738</u>	<u>22,080,378</u>
Total assets	<u>\$ 14,010,897</u>	<u>\$ 14,894,244</u>	<u>\$ 28,905,141</u>

The accompanying notes are an integral part of this statement.

# SOUTH WEBER CITY

## Statement of Net Position, Continued June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 64,028	\$ 42,392	\$ 106,420
Accounts payable to related parties	-	41,994	41,994
Restricted assets:			
Current portion of revenue bonds	1,303,000	80,000	1,383,000
Accrued interest	46,147	12,103	58,250
Accrued liabilities	8,428	9,822	18,250
Total current liabilities	<u>1,421,603</u>	<u>186,311</u>	<u>1,607,914</u>
<b>NON-CURRENT LIABILITIES</b>			
Deposits, advance rentals, and long-term accruals	68,808	1,520	70,328
Long-term compensation liability	16,691	10,410	27,101
Restricted assets:			
Long-term portion of revenue bonds	1,167,000	3,302,701	4,469,701
Total non-current liabilities	<u>1,252,499</u>	<u>3,314,631</u>	<u>4,567,130</u>
Total liabilities	<u>2,674,102</u>	<u>3,500,942</u>	<u>6,175,044</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property taxes	281,258	-	281,258
Total deferred inflows of resources	<u>281,258</u>	<u>-</u>	<u>281,258</u>
<b>NET POSITION</b>			
Investment in capital assets, net of related debt	9,032,640	8,420,037	17,452,677
Restricted for:			
Specific projects and programs	243,169	720,244	963,413
Class C road	332,201	-	332,201
Debt service	18,414	391,085	409,499
Unrestricted	1,429,113	1,861,936	3,291,049
Total net position	<u>11,055,537</u>	<u>11,393,302</u>	<u>22,448,839</u>
Total liabilities and net position	<u>\$ 14,010,897</u>	<u>\$ 14,894,244</u>	<u>\$ 28,905,141</u>

The accompanying notes are an integral part of this statement.

# SOUTH WEBER CITY

## Statement of Activities For the Fiscal Year Ended June 30, 2013

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Expenses	Program Revenues			Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-type Activities	Total
<b>PRIMARY GOVERNMENT</b>							
<b>Government activities</b>							
General government	\$ 523,412	\$ 199,193	\$ -	\$ -	\$ (324,219)	\$ -	\$ (324,219)
Public safety	364,047	147,905	3,233	-	(212,909)	-	(212,909)
Public works	529,006	34,450	193,886	-	(300,670)	-	(300,670)
Parks	128,364	38,399	-	-	(89,965)	-	(89,965)
Recreation	277,287	221,565	-	-	(55,722)	-	(55,722)
Interest on long-term debt	108,443	-	-	-	(108,443)	-	(108,443)
Total government activities	<u>1,930,559</u>	<u>641,512</u>	<u>197,119</u>	<u>-</u>	<u>(1,091,928)</u>	<u>-</u>	<u>(1,091,928)</u>
<b>Business-type activities</b>							
Water utility	861,771	980,235	-	68,300	-	186,764	186,764
Sewer utility	744,244	811,116	-	78,050	-	144,922	144,922
Garbage utility	301,993	329,629	-	-	-	27,636	27,636
Storm sewer utility	172,327	159,373	-	33,250	-	20,296	20,296
Total business-type activities	<u>2,080,335</u>	<u>2,280,353</u>	<u>-</u>	<u>179,600</u>	<u>-</u>	<u>379,618</u>	<u>379,618</u>
Total primary government	<u>4,010,894</u>	<u>2,921,865</u>	<u>197,119</u>	<u>179,600</u>	<u>(1,091,928)</u>	<u>379,618</u>	<u>(712,310)</u>
<b>General Revenues</b>							
<b>Taxes</b>							
Property taxes, levied for general purposes					316,630	-	316,630
Franchise taxes					353,024	-	353,024
Sales taxes					643,054	-	643,054
Investment earnings					11,351	12,058	23,409
Total general revenues, special items, and transfers					<u>1,324,059</u>	<u>12,058</u>	<u>1,336,117</u>
Changes in net position					232,131	391,676	623,807
Net position, July 1, 2012					10,823,406	11,104,495	21,927,901
Prior period adjustment					-	(102,869)	(102,869)
Net position, June 30, 2013					<u>\$ 11,055,537</u>	<u>\$ 11,393,302</u>	<u>\$ 22,448,839</u>

The accompanying notes are an integral part of this statement.

# SOUTH WEBER CITY

## Balance Sheet Governmental Funds June 30, 2013

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue Recreation Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>					
<b>ASSETS</b>					
Cash and cash equivalents					
Unrestricted	\$ 238,194	\$ 711,496	\$ 305,860	\$ 24,480	\$ 1,280,030
Restricted	350,615	37,900	1,284,491	205,269	1,878,275
Receivables (net)					
Property, franchise, and excise tax	477,635	-	-	-	477,635
Fees	-	-	16,946	-	16,946
Prepaid expenses	11,394	-	-	-	11,394
Total assets	<u>\$ 1,077,838</u>	<u>\$ 749,396</u>	<u>\$ 1,607,297</u>	<u>\$ 229,749</u>	<u>\$ 3,664,280</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 49,568	\$ 1,821	\$ 12,318	\$ 321	\$ 64,028
Accrued salaries	5,332	-	3,994	-	9,326
Accrued liabilities	10,495	-	-	-	10,495
Deposits	-	68,409	400	-	68,809
Total liabilities	<u>65,395</u>	<u>70,230</u>	<u>16,712</u>	<u>321</u>	<u>152,658</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Defered property taxes	281,258	-	-	-	281,258
Total deferred inflows of resources	<u>281,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>281,258</u>
<b>FUND BALANCES</b>					
Restricted for:					
Debt service	18,414	-	1,284,491	-	1,302,905
Capital projects	-	37,900	-	-	37,900
Class C Road	332,201	-	-	-	332,201
Impact fees	-	-	-	205,269	205,269
Assigned	-	641,266	306,094	24,159	971,519
Unassigned	380,570	-	-	-	380,570
Total fund balances	<u>731,185</u>	<u>679,166</u>	<u>1,590,585</u>	<u>229,428</u>	<u>3,230,364</u>
Total liabilities and fund balances	<u>\$ 1,077,838</u>	<u>\$ 749,396</u>	<u>\$ 1,607,297</u>	<u>\$ 229,749</u>	<u>\$ 3,664,280</u>

The accompanying notes are an integral part of this statement.



# SOUTH WEBER CITY

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position For the Fiscal Year Ended June 30, 2013

---

TOTAL FUND BALANCE \$ 3,230,364

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

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

Land	\$ 1,738,089	
Buildings	3,123,209	
Improvements, other than buildings	10,437,837	
Equipment	851,138	
Office furniture	34,084	
Vehicles	363,080	
Less accumulated depreciation	<u>(6,274,797)</u>	
Total capital assets		10,272,640

Bond refunding costs are expensed in the governmental funds and capitalized and amortized in the government wide statements. 85,371

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

Accrued liabilities	(16,691)	
Accrued interest on bonds	(46,147)	
Current portion of revenue bonds		
Long-term portion of revenue bonds	<u>(2,470,000)</u>	
Total liabilities		<u>(2,532,838)</u>

Total net position of governmental activities \$ 11,055,537

# SOUTH WEBER CITY

## Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2013

	General	Capital Projects	Special Revenue Recreation Fund	Nonmajor Governmental Funds	Totals
<b>REVENUES</b>					
General property taxes	\$ 316,630	\$ -	\$ -	\$ -	\$ 316,630
Sales, use, and excise taxes	643,054	-	-	-	643,054
Franchise taxes	353,023	-	-	-	353,023
Impact fees	-	-	-	118,347	118,347
Licenses	175,568	-	-	-	175,568
Fines	136,778	-	-	-	136,778
Interest	11,351	-	-	-	11,351
Intergovernmental	201,595	-	-	-	201,595
Charges for services	13,428	1,099	157,951	36,686	209,164
Miscellaneous	9,448	-	-	-	9,448
Total revenues	<u>1,860,875</u>	<u>1,099</u>	<u>157,951</u>	<u>155,033</u>	<u>2,174,958</u>
<b>EXPENDITURES</b>					
Current					
General government	526,621	-	-	-	526,621
Public works	199,484	-	-	-	199,484
Public safety	324,328	-	-	-	324,328
Parks	105,789	-	-	-	105,789
Recreation	-	-	189,425	56,929	246,354
Capital outlay	-	73,371	-	-	73,371
Debt service:					
Principal	13,500	-	108,500	-	122,000
Interest	17,100	-	80,537	-	97,637
Total expenditures	<u>1,186,822</u>	<u>73,371</u>	<u>378,462</u>	<u>56,929</u>	<u>1,695,584</u>
Revenues over (under) expenditures	<u>674,053</u>	<u>(72,272)</u>	<u>(220,511)</u>	<u>98,104</u>	<u>479,374</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond proceeds					
Operating transfers, in	-	191,000	200,000	19,000	410,000
Operating transfers, out	(410,000)	-	-	-	(410,000)
Total other financing sources (uses)	<u>(410,000)</u>	<u>191,000</u>	<u>200,000</u>	<u>19,000</u>	<u>-</u>
Revenue and other sources over expenditures and other uses	264,053	118,728	(20,511)	117,104	479,374
FUND BALANCE, JULY 1, 2012	<u>467,132</u>	<u>560,438</u>	<u>1,611,096</u>	<u>112,324</u>	<u>2,750,990</u>
FUND BALANCE, JUNE 30, 2013	<u>\$ 731,185</u>	<u>\$ 679,166</u>	<u>\$ 1,590,585</u>	<u>\$ 229,428</u>	<u>\$ 3,230,364</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, 2013

---

NET CHANGES IN FUND BALANCES, TOTAL GOVERNMENTAL FUNDS	\$ 479,374
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$488,940) was more than capital outlay (\$128,665).	(360,275)
Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	122,000
This adjustment is as follows:	
Accrued absences	1,838
Bond refunding amortization	(5,786)
Accrued interest	(5,020)
	<hr/>
Change in net position of governmental activities	<u>\$ 232,131</u>

The accompanying notes are an integral part of this statement.

# SOUTH WEBER CITY

## Statement of Net Position Proprietary Funds June 30, 2013

	Water Utility Fund	Sewer Utility Fund	Garbage Utility Fund	Storm Sewer Utility Fund	Totals Proprietary Fund
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents					
Restricted	\$ 733,783	\$ 290,418	\$ -	\$ 87,954	\$ 1,112,155
Unrestricted	354,520	726,207	270,436	424,910	1,776,073
Inventory	5,000	-	-	-	5,000
Receivables					
Accounts, less allowance for doubtful account of \$0	80,394	68,174	31,842	12,868	193,278
Total current assets	<u>1,173,697</u>	<u>1,084,799</u>	<u>302,278</u>	<u>525,732</u>	<u>3,086,506</u>
<b>NON-CURRENT ASSETS</b>					
Property and equipment, at cost					
Land and easements	-	3,669	-	5,256	8,925
Work in process	367,961	-	-	14,001	381,962
Buildings	304,114	-	-	-	304,114
Improvements, other than buildings	6,131,891	5,096,168	-	2,660,459	13,888,518
Machinery and equipment	175,817	10,631	170,863	-	357,311
Vehicles	332,824	22,926	23,446	26,300	405,496
Accumulated depreciation	<u>(1,447,777)</u>	<u>(1,288,269)</u>	<u>(94,622)</u>	<u>(707,920)</u>	<u>(3,538,588)</u>
Net property and equipment	<u>5,864,830</u>	<u>3,845,125</u>	<u>99,687</u>	<u>1,998,096</u>	<u>11,807,738</u>
Total assets	<u>\$ 7,038,527</u>	<u>\$ 4,929,924</u>	<u>\$ 401,965</u>	<u>\$ 2,523,828</u>	<u>\$ 14,894,244</u>

The accompanying notes are an integral part of this statement.

# SOUTH WEBER CITY

## Statement of Net Position Proprietary Funds, Continued June 30, 2013

	Water Utility Fund	Sewer Utility Fund	Garbage Utility Fund	Storm Sewer Utility Fund	Total Proprietary Fund
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 16,593	\$ 1,583	\$ 20,103	\$ 4,113	\$ 42,392
Accounts payable to related party	-	41,994	-	-	41,994
Current portion bonds payable	80,000	-	-	-	80,000
Accrued interest	12,103	-	-	-	12,103
Accrued liabilities	5,327	3,223	657	615	9,822
Total current liabilities	<u>114,023</u>	<u>\$ 46,800</u>	<u>20,760</u>	<u>4,728</u>	<u>186,311</u>
<b>NONCURRENT LIABILITIES</b>					
Deposits, advance rentals, and long term accruals	1,520	-	-	-	1,520
Long term compensation liability	5,814	3,163	880	553	10,410
Bonds payable	3,302,701	-	-	-	3,302,701
Total noncurrent liabilities	<u>3,310,035</u>	<u>3,163</u>	<u>880</u>	<u>553</u>	<u>3,314,631</u>
Total liabilities	<u>3,424,058</u>	<u>49,963</u>	<u>21,640</u>	<u>5,281</u>	<u>3,500,942</u>
<b>NET POSITION</b>					
Investment in capital assets, net of related debt	2,477,129	3,845,125	99,687	1,998,096	8,420,037
Restricted debt service	391,085	-	-	-	391,085
Restricted impact fees	342,698	289,948	-	87,598	720,244
Unrestricted	403,557	744,888	280,638	432,853	1,861,936
Total net position	<u>3,614,469</u>	<u>4,879,961</u>	<u>380,325</u>	<u>2,518,547</u>	<u>11,393,302</u>
Total liabilities and net position	<u>\$ 7,038,527</u>	<u>\$ 4,929,924</u>	<u>\$ 401,965</u>	<u>\$ 2,523,828</u>	<u>\$ 14,894,244</u>

The accompanying notes are an integral part of this statement.

# SOUTH WEBER CITY

## Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Funds For the Fiscal Year Ended June 30, 2013

	Water Utility Fund	Sewer Utility Fund	Garbage Utility Fund	Storm Sewer Utility Fund	Total Proprietary Fund
<b>OPERATING REVENUE</b>					
Revenue secured by revenue bond	\$ 980,235	\$ -	\$ -	\$ -	\$ 980,235
Sales and charges for services	-	811,116	329,629	159,373	1,300,118
Total operating revenue	<u>980,235</u>	<u>811,116</u>	<u>329,629</u>	<u>159,373</u>	<u>2,280,353</u>
<b>OPERATING EXPENDITURES</b>					
Personnel services	169,961	120,418	21,126	26,089	337,594
Supplies	297,794	38,537	268,341	14,530	619,202
Purchased services	41,336	504,165	-	39,541	585,042
Depreciation and amortization	182,392	78,188	12,526	92,167	365,273
Total operating expenditures	<u>691,483</u>	<u>741,308</u>	<u>301,993</u>	<u>172,327</u>	<u>1,907,111</u>
Operating income (loss)	<u>288,752</u>	<u>69,808</u>	<u>27,636</u>	<u>(12,954)</u>	<u>373,242</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest income	3,793	3,673	2,296	2,296	12,058
Impact fees	68,300	78,050	-	33,250	179,600
Interest expense	(170,288)	(2,936)	-	-	(173,224)
Total non-operating revenues (expenses)	<u>(98,195)</u>	<u>78,787</u>	<u>2,296</u>	<u>35,546</u>	<u>18,434</u>
Increase in net position	190,557	148,595	29,932	22,592	391,676
NET POSITION, JULY 1, 2012	3,526,781	4,731,366	350,393	2,495,955	11,104,495
Prior period adjustment	(102,869)	-	-	-	(102,869)
NET POSITION, JUNE 30, 2013	<u>\$ 3,614,469</u>	<u>\$ 4,879,961</u>	<u>\$ 380,325</u>	<u>\$ 2,518,547</u>	<u>\$ 11,393,302</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, 2013

	Water Utility Fund	Sewer Utility Fund	Garbage Utility Fund	Storm Sewer Utility Fund	Total Proprietary Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 990,755	\$ 800,258	\$ 326,359	\$ 158,102	\$ 2,275,474
Payments to suppliers	(325,913)	(523,068)	(270,170)	(50,348)	(1,169,499)
Payments to employees	(166,994)	(119,667)	(20,084)	(27,588)	(334,333)
Net cash provided by operating activities	<u>497,848</u>	<u>157,523</u>	<u>36,105</u>	<u>80,166</u>	<u>771,642</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets	(435,754)	-	(12,724)	(14,001)	(462,479)
Impact fees	68,300	78,050	-	33,250	179,600
Interest paid on bonds	(176,619)	-	-	-	(176,619)
Principal paid on bonds and leases	(70,000)	(305,000)	-	-	(375,000)
Net cash used in capital and related financing activities	<u>(614,073)</u>	<u>(226,950)</u>	<u>(12,724)</u>	<u>19,249</u>	<u>(834,498)</u>
<b>Cash flows from investing activities</b>					
Investment earnings	3,793	3,673	2,296	2,296	12,058
Net cash provided by investing activities	<u>3,793</u>	<u>3,673</u>	<u>2,296</u>	<u>2,296</u>	<u>12,058</u>
Net (decrease) increase in cash and cash equivalents	(112,432)	(65,754)	25,677	101,711	(50,798)
CASH AND CASH EQUIVALENTS, JULY 1, 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 AND CASH EQUIVALENTS, JUNE 30, 2013	<u>\$ 1,088,303</u>	<u>\$ 1,016,625</u>	<u>\$ 270,436</u>	<u>\$ 512,864</u>	<u>\$ 2,888,228</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 288,752	\$ 69,808	\$ 27,636	\$ (12,954)	\$ 373,242
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	182,393	78,188	12,526	92,167	365,274
Increase (decrease) due to changes in:					
Accounts receivable	10,531	(10,858)	(3,270)	(1,271)	(4,868)
Inventory	5,000	-	-	-	5,000
Accounts payable	8,217	19,634	(1,829)	3,723	29,745
Deposits	(12)	-	-	-	(12)
Accrued liabilities affecting operating activities	2,967	751	1,042	(1,499)	3,261
Net cash provided by operating activities	<u>\$ 497,848</u>	<u>\$ 157,523</u>	<u>\$ 36,105</u>	<u>\$ 80,166</u>	<u>\$ 771,642</u>
<b>Non-Cash transactions</b>					
Capital contributions by developers and others	\$ -	\$ -	\$ -	\$ -	\$ -
Total non-cash transactions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

# SOUTH WEBER CITY

## Notes to the Financial Statements For The Fiscal Year Ended June 30, 2013

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **History and Organization**

South Weber City was incorporated August 1, 1936. The City operates under a mayor-council form of government and provides the following services authorized by its charter: public safety, highways and streets, parks, recreation, planning and zoning, water, 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 Position and the statement of activities. They contain information on all of the activities of the primary government and its component. Most effects of inter-fund activities have been eliminated from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues, while business-type activities receive a significant portion of revenues from fees and charges for services.

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

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

#### **Measurement Focus and Basis of Accounting**

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



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

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

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

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**

Bond refunding costs are amortization using the effective interest method over the life of the bonds. Bond costs on new bone issued are expensed as incurred.

### **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, 2013.

### **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 16.04% of the annual covered salary for the noncontributory system and 12.74% 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, 2013, 2012, and 2011, were as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tier 1 System			
Noncontributory salaries	\$ 478,050	\$ 480,497	\$ 466,053
Noncontributory employer contributions	78,739	66,381	62,311
401(k) contributions			
Employee contributions, paid by employer	15,399	15,014	13,090
Employee's contributions	23,299	23,071	21,704
457 Plan			
Employee contributions	-	-	-
Roth IRA Plan			
Employee contribution	3,475	4,810	4,810
Contributory System			
Salary subject to retirement	49,268	33,349	-
Employer contributions	4,217	2,531	-

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

#### 4. INTERFUND TRANSFERS

Transfers from the general fund were \$410,000. 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 \$191,000, \$19,000 and, \$200,000, respectively. These transfers are outlined as follows:

<u>Funds</u>	<u>Out</u>	<u>In</u>
General fund	\$ 410,000	\$ -
Capital improvements	-	191,000
Town Days	-	19,000
Recreation fund	-	200,000
Total	<u>\$ 410,000</u>	<u>\$ 410,000</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, 2013.

<u>ACTIVITY</u>	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Nondepreciated assets				
Land	\$ 1,738,089	\$ -	\$ -	\$ 1,738,089
Work in process	-	-	-	-
Total nondepreciated assets	<u>1,738,089</u>	<u>-</u>	<u>-</u>	<u>1,738,089</u>
Depreciated assets				
Buildings	3,123,210	-	-	3,123,210
Improvements	10,365,592	72,244	-	10,437,836
Equipment	798,026	53,111	-	851,137
Office equipment	30,775	3,311	-	34,086
Vehicles	363,080	-	-	363,080
Total depreciated assets	<u>14,680,683</u>	<u>128,666</u>	<u>-</u>	<u>14,809,349</u>
Less accumulated depreciation				
Office equipment	16,387	3,781	-	20,168
Buildings	699,915	74,857	-	774,772
Improvements other than buildings	4,063,037	363,980	-	4,427,017
Vehicles	353,355	4,996	-	358,351
Machinery and equipment	653,163	41,327	-	694,490
Total accumulated depreciation	<u>5,785,857</u>	<u>488,941</u>	<u>-</u>	<u>6,274,798</u>
Net assets depreciated	<u>8,894,826</u>	<u>(360,275)</u>	<u>-</u>	<u>8,534,551</u>
Total governmental activities	<u>10,632,915</u>	<u>(360,275)</u>	<u>-</u>	<u>10,272,640</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Nondepreciated assets				
Land	8,925	-	-	8,925
Work in process	-	381,962	-	381,962
Total nondepreciated assets	<u>8,925</u>	<u>381,962</u>	<u>-</u>	<u>390,887</u>
Depreciated assets				
Buildings	304,114	-	-	304,114
Improvements	13,888,512	-	-	13,888,512
Equipment	361,116	47,999	51,804	357,311
Vehicles	372,983	32,516	-	405,499
Total depreciated assets	<u>14,926,725</u>	<u>80,515</u>	<u>51,804</u>	<u>14,955,436</u>
Less accumulated depreciation				
Buildings	71,774	7,519	-	79,293
Improvements other than buildings	2,596,245	325,228	-	2,921,472
Vehicles	319,923	14,878	-	334,801
Machinery and equipment	237,176	17,647	51,804	203,019
Total accumulated depreciation	<u>3,225,118</u>	<u>365,272</u>	<u>51,804</u>	<u>3,538,585</u>
Net assets depreciated	<u>11,701,607</u>	<u>(284,757)</u>	<u>-</u>	<u>11,416,851</u>
Total business type assets	<u>11,710,532</u>	<u>97,205</u>	<u>-</u>	<u>11,807,738</u>
Total combined assets	<u>\$ 22,343,447</u>	<u>\$ (263,070)</u>	<u>\$ -</u>	<u>\$ 22,080,378</u>

Depreciation expense for the year ended June 30, 2013, is as follows:

FUNCTION	<u>Governmental Types</u>	<u>Business Types</u>	<u>Totals</u>
General government	\$ 5,993	\$ -	\$ 5,993
Public safety	52,128	-	52,128
Streets	328,131	-	328,131
Parks	46,754	-	46,754
Recreation	55,935	-	55,935
Water	-	182,392	182,392
Storm sewer	-	92,167	92,167
Garbage	-	12,526	12,526
Sewer	-	78,188	78,188
<b>Totals</b>	<u>\$ 488,941</u>	<u>\$ 365,273</u>	<u>\$ 854,214</u>

**6. LONG-TERM DEBT**

Bonds payable at June 30, 2013, are comprised of the following individual issues:

<u>Long-Term Debt</u>	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>	<u>Due Within One Year</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
\$1,312,000 original issue sales tax revenue bonds series 2012 due in annual installments. The rate is 2.97% and the bond matures in 2027.	\$ 1,312,000	\$ -	\$ 72,000	\$ 1,240,000	\$ 73,000
\$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.	<u>1,280,000</u>	<u>-</u>	<u>50,000</u>	<u>1,230,000</u>	<u>1,230,000</u>
Total governmental long-term debt	<u>2,592,000</u>	<u>-</u>	<u>122,000</u>	<u>2,470,000</u>	<u>1,303,000</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Series 2010 water revenue bonds due in annual installments. The rate varies from 2% to 3.125%. The bonds mature in 2040.	3,290,000	-	70,000	3,220,000	70,000
Bond premium series 2010 bond	172,711	-	10,010	162,701	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.	<u>305,000</u>	<u>-</u>	<u>305,000</u>	<u>-</u>	<u>-</u>
Total business-type long-term debt	<u>3,767,711</u>	<u>-</u>	<u>385,010</u>	<u>3,382,701</u>	<u>80,000</u>
Total long term debt	<u>\$ 6,359,711</u>	<u>\$ -</u>	<u>\$ 507,010</u>	<u>\$ 5,852,701</u>	<u>\$ 1,383,000</u>
<b>Compensated absences</b>					
Governmental funds	\$ 18,528	\$ (1,837)	\$ -	\$ 16,691	\$ -
Business funds	<u>7,053</u>	<u>3,357</u>	<u>-</u>	<u>10,410</u>	<u>-</u>
Total	<u>\$ 25,581</u>	<u>\$ 1,520</u>	<u>\$ -</u>	<u>\$ 27,101</u>	<u>\$ -</u>

The annual debt requirement to maturity, including principal and interest as of June 30, 2013, 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
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	75,000	138,713	-	-	75,000	138,713
2019-2023	425,000	771,650	-	-	425,000	771,650
2024-2028	525,000	528,150	-	-	525,000	528,150
2029-2033	660,000	380,500	-	-	660,000	380,500
2034-2038	1,040,000	188,250	-	-	1,040,000	188,250
2039-2043	205,000	10,250	-	-	205,000	10,250
<b>Totals</b>	<b>\$ 3,220,000</b>	<b>\$ 2,588,897</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,220,000</b>	<b>\$ 2,588,897</b>

Year Ending June 30	Sales tax revenue bonds Series 2004		Sales tax refunding bonds series 2012		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
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	-	-	83,000	27,859	83,000	27,859
2019-2023	-	-	454,000	87,051	454,000	87,051
2024-2027	-	-	401,000	18,117	401,000	18,117
2028-2032	-	-	-	-	-	-
<b>Totals</b>	<b>\$ 1,230,000</b>	<b>\$ 57,025</b>	<b>\$ 1,240,000</b>	<b>\$ 267,182</b>	<b>\$ 2,470,000</b>	<b>\$ 324,207</b>

**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, 2013, are classified in the accompanying financial statements as follows:

Statement of net Position:

Cash and cash equivalents	\$ 6,028,118
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Cash investments and cash equivalents as of June 30, 2013, consist of the following:

Cash on hand	\$ 1,200
Deposits with financial institutions	2,064,088
Investments state treasure	<u>3,962,830</u>
<b>Total cash and cash equivalents</b>	<b><u>\$ 6,028,118</u></b>

**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, 2013, 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	\$ 3,962,830	\$ 3,962,830	\$ -	\$ -
Total Investments	\$ 3,962,830	\$ 3,962,830	\$ -	\$ -

**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, 2013, 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, 2013, no deposits were exposed to custodial credit risk because they were uninsured and uncollateralized.

**Custodial Credit Risk Investments**

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

**8. RESERVED FUND BALANCES**

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

<u>Description</u>	<u>Government Activities</u>	<u>Business Activities</u>	<u>Total</u>
Impact fees	\$ 205,269	\$ 720,244	\$ 925,513
Class C road	332,201	-	332,201
Other restrictions	37,900	..	37,900
Bond reserve and escrow funds	18,414	391,085	409,499
Totals	<u>\$ 593,784</u>	<u>\$ 1,111,329</u>	<u>\$ 1,705,113</u>

**9. INTEREST EXPENSE**

The proprietary fund incurred \$173,224 in interest expense of which \$173,224 was charged to expense and \$0 was capitalized. The governmental funds incurred \$108,443 in interest expense.

**10. RESTRICTED CASH**

The City governmental funds has restricted cash of \$575,370 for specific projects and programs and \$1,302,905 for bond reserve funds. The utility fund has \$721,069 for specific projects and \$391,085 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 \$504,165, and the City owes \$41,994 to the burn plant as of June 30, 2013.

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 64 Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53
- GASB 65 Items Previously Reported as Assets and Liabilities
- GASB 66 Technical Corrections – 2012 an amendment of GASB Statements No. 10 and No. 62
- GASB 67 Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25
- GASB 68 Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27
- GASB 69 Government Combinations and Disposals of Government Operations
- GASB 70 Accounting and Financial Reporting for Nonexchange Financial Guarantees

GASB statements 67 and 68 will impact the financial statements for the unfunded pension liability that will be reported on the financial statements. The liability is the difference between what is actuarially required and what is contributed. The expenses will also show a new measure of the pension expense. The amounts that will impact the financial have not been determined for the current year. The other statements will not have a material effect on the financial statements.

## **15. SUBSEQUENT EVENTS**

The City has evaluated subsequent events through October 31, 2013, the date which the financial statements were available to be issued.

## **16. FUND BALANCE**

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

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

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

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

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

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

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

The General Fund had Unassigned Fund Balance in the amount of \$370,808 at June 30, 2013.

## **17. PRIOR PERIOD ADJUSTMENT**

The *Government Standards Board* issued statement 64 that requires all bond costs be expensed as incurred. The prior period adjustment is expensing the bond costs that were amortized in previous years. The change to expensing the bond costs rather than amortizing them is a change in accounting principle.

**REQUIRED SUPPLEMENTARY INFORMATION**

# SOUTH WEBER CITY

## Budgetary Comparison Schedule General Fund For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 290,000	\$ 303,599	\$ 316,630	\$ 13,031
Sales, use, and excise taxes	559,500	615,000	643,054	28,054
Franchise taxes	330,000	330,000	353,023	23,023
Licenses	103,000	161,000	175,568	14,568
Fines	168,000	135,000	136,778	1,778
Interest	9,000	11,000	11,351	351
Intergovernmental	186,200	188,233	201,595	13,362
Charges for services	22,200	12,538	13,428	890
Miscellaneous	11,030	13,556	9,448	(4,108)
Total revenues	<u>1,678,930</u>	<u>1,769,926</u>	<u>1,860,875</u>	<u>90,949</u>
<b>EXPENDITURES</b>				
General government	704,958	593,145	526,621	66,524
Public works	350,552	354,125	199,484	154,641
Public safety	365,660	379,236	324,328	54,908
Parks	117,100	139,114	105,789	33,325
Debt service				
Principal	13,500	13,500	13,500	-
Interest	17,100	17,100	17,100	-
Total expenditures	<u>1,568,870</u>	<u>1,496,220</u>	<u>1,186,822</u>	<u>309,398</u>
Excess of revenues over fund balance	<u>110,060</u>	<u>273,706</u>	<u>674,053</u>	<u>400,347</u>
<b>OTHER FINANCES SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(110,060)	(573,706)	(410,000)	163,706
Total other financing sources (uses)	<u>(110,060)</u>	<u>(573,706)</u>	<u>(410,000)</u>	<u>163,706</u>
Net change in fund balance	-	(300,000)	264,053	564,053
FUND BALANCE, JULY 1, 2012	<u>467,132</u>	<u>467,132</u>	<u>467,132</u>	-
FUND BALANCE, JUNE 30, 2013	<u>\$ 467,132</u>	<u>\$ 167,132</u>	<u>\$ 731,185</u>	<u>\$ 564,053</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, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 151,600	\$ 158,205	\$ 157,951	\$ (254)
Sales taxes	-	-	-	-
Total revenues	<u>151,600</u>	<u>158,205</u>	<u>157,951</u>	<u>(254)</u>
<b>EXPENDITURES</b>				
Recreation	150,815	209,020	189,425	19,595
Debt service				
Interest	41,000	80,900	80,537	-
Principal	84,500	108,500	108,500	-
Total expenditures	<u>276,315</u>	<u>398,420</u>	<u>378,462</u>	<u>19,595</u>
Excess of revenues over expenditures (usage of fund balance)	<u>(124,715)</u>	<u>(240,215)</u>	<u>(220,511)</u>	<u>19,341</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	124,715	240,215	200,000	(40,215)
Total other financing sources	<u>124,715</u>	<u>240,215</u>	<u>200,000</u>	<u>(40,215)</u>
Net change in fund balance	-	-	(20,511)	(20,874)
FUND BALANCE, JULY 1, 2012	<u>1,611,096</u>	<u>1,611,096</u>	<u>1,611,096</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2013	<u>\$ 1,611,096</u>	<u>\$ 1,611,096</u>	<u>\$ 1,590,585</u>	<u>\$ (20,874)</u>

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



**SUPPLEMENTARY INFORMATION**

# SOUTH WEBER CITY

## Budgetary Comparison Schedules Special Revenue Fund Park Impact Fees For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Impact fees	\$ 31,400	\$ 34,000	\$ 38,399	\$ 4,399
Total revenues	<u>31,400</u>	<u>34,000</u>	<u>38,399</u>	<u>4,399</u>
<b>EXPENDITURES</b>				
Capital outlay	73,105	34,448	-	34,448
Total expenditures	<u>73,105</u>	<u>34,448</u>	<u>-</u>	<u>34,448</u>
Excess of revenues over expenditures (usage of fund balance)	<u>(41,705)</u>	<u>(448)</u>	<u>38,399</u>	<u>38,847</u>
Net change in fund balance	(41,705)	(448)	38,399	38,847
FUND BALANCE, JULY 1, 2012	<u>448</u>	<u>448</u>	<u>448</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2013	<u>\$ (41,257)</u>	<u>\$ -</u>	<u>\$ 38,847</u>	<u>\$ 38,847</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, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 20,560	\$ 25,000	\$ 1,099	\$ (23,901)
Total revenues	<u>20,560</u>	<u>25,000</u>	<u>1,099</u>	<u>(23,901)</u>
<b>EXPENDITURES</b>				
Capital outlay	290,000	90,000	73,371	16,629
Total expenditures	<u>290,000</u>	<u>90,000</u>	<u>73,371</u>	<u>16,629</u>
Excess of revenues over expenditures (usage of fund balance)	<u>(269,440)</u>	<u>(65,000)</u>	<u>(72,272)</u>	<u>(7,272)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	191,000	191,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>191,000</u>	<u>191,000</u>
Net change in fund balance	(269,440)	(65,000)	118,728	183,728
FUND BALANCE, JULY 1, 2012	<u>560,438</u>	<u>560,438</u>	<u>560,438</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2013	<u>\$ 290,998</u>	<u>\$ 495,438</u>	<u>\$ 679,166</u>	<u>\$ 183,728</u>

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, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Impact fees	\$ 26,400	\$ 30,000	\$ 34,450	\$ 4,450
Total revenues	<u>26,400</u>	<u>30,000</u>	<u>34,450</u>	<u>4,450</u>
<b>EXPENDITURES</b>				
Capital outlay	67,494	100,340	-	100,340
Total expenditures	<u>67,494</u>	<u>100,340</u>	<u>-</u>	<u>100,340</u>
Excess of revenues over expenditures (usage of fund balance)	<u>(41,094)</u>	<u>(70,340)</u>	<u>34,450</u>	<u>104,790</u>
Net change in fund balance	(41,094)	(70,340)	34,450	104,790
FUND BALANCE, JULY 1, 2012	<u>70,339</u>	<u>70,339</u>	<u>70,339</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2013	<u>\$ 29,245</u>	<u>\$ (1)</u>	<u>\$ 104,789</u>	<u>\$ 104,790</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, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 47,065	\$ 38,310	\$ 36,686	\$ (1,624)
Total revenues	<u>47,065</u>	<u>38,310</u>	<u>36,686</u>	<u>(1,624)</u>
<b>EXPENDITURES</b>				
Recreation	52,065	57,310	56,929	43,997
Total expenditures	<u>52,065</u>	<u>57,310</u>	<u>56,929</u>	<u>43,997</u>
Excess of revenues over expenditures (usage of fund balance)	<u>(5,000)</u>	<u>(19,000)</u>	<u>(20,243)</u>	<u>42,373</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	5,000	19,000	19,000	-
Total other financing sources	<u>5,000</u>	<u>19,000</u>	<u>19,000</u>	<u>-</u>
Net change in fund balance	-	-	(1,243)	42,373
FUND BALANCE, JULY 1, 2012	<u>25,402</u>	<u>25,402</u>	<u>25,402</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2013	<u>\$ 25,402</u>	<u>\$ 25,402</u>	<u>\$ 24,159</u>	<u>\$ 42,373</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, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
Impact fees	\$ 32,000	\$ 33,000	\$ 39,198	\$ 6,198
Total revenues	<u>32,000</u>	<u>33,000</u>	<u>39,198</u>	<u>6,198</u>
EXPENDITURES				
Capital outlay	52,524	38,688	-	38,688
Total expenditures	<u>52,524</u>	<u>38,688</u>	<u>-</u>	<u>38,688</u>
Excess of revenues over expenditures (usage of fund balance)	<u>(20,524)</u>	<u>(5,688)</u>	<u>39,198</u>	<u>44,886</u>
Net change in fund balance	(20,524)	(5,688)	39,198	44,886
FUND BALANCE, JULY 1, 2012	<u>5,688</u>	<u>5,688</u>	<u>5,688</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2013	<u>\$ (14,836)</u>	<u>\$ -</u>	<u>\$ 44,886</u>	<u>\$ 44,886</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, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Impact fees	\$ 4,850	\$ 5,400	\$ 6,300	\$ 900
Total revenues	<u>4,850</u>	<u>5,400</u>	<u>6,300</u>	<u>900</u>
<b>EXPENDITURES</b>				
Public safety				-
Capital outlay	4,850	15,846	-	15,846
Total expenditures	<u>4,850</u>	<u>15,846</u>	<u>-</u>	<u>15,846</u>
Excess of revenues over expenditures (usage of fund balance)	<u>-</u>	<u>(10,446)</u>	<u>6,300</u>	<u>16,746</u>
Net change in fund balance	-	(10,446)	6,300	16,746
FUND BALANCE, JULY 1, 2012	<u>10,447</u>	<u>10,447</u>	<u>10,447</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2013	<u>\$ 10,447</u>	<u>\$ 1</u>	<u>\$ 16,747</u>	<u>\$ 16,746</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, 2013

	<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>
<b><u>ASSETS</u></b>						
ASSETS						
Cash and cash equivalents						
Unrestricted	\$ -	\$ -	\$ 24,480	\$ -	\$ -	\$ 24,480
Restricted	38,847	104,789	-	44,886	16,747	205,269
Total assets	<u>\$ 38,847</u>	<u>\$ 104,789</u>	<u>\$ 24,480</u>	<u>\$ 44,886</u>	<u>\$ 16,747</u>	<u>\$ 229,749</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
Accounts payable	\$ -	\$ -	\$ 321	\$ -	\$ -	\$ 321
FUND BALANCES						
Assigned	-	-	24,159	-	-	24,159
Restricted for:						
Impact fees	38,847	104,789	-	44,886	16,747	205,269
Total fund balances	<u>38,847</u>	<u>104,789</u>	<u>24,159</u>	<u>44,886</u>	<u>16,747</u>	<u>229,428</u>
Total liabilities and fund balances	<u>\$ 38,847</u>	<u>\$ 104,789</u>	<u>\$ 24,480</u>	<u>\$ 44,886</u>	<u>\$ 16,747</u>	<u>\$ 229,749</u>



# SOUTH WEBER CITY

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2013

	<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>
<b>REVENUES</b>						
Impact fees	\$ 38,399	\$ 34,450	\$ -	\$ 39,198	\$ 6,300	\$ 118,347
Charges for services	-	-	36,686	-	-	36,686
Total revenues	<u>38,399</u>	<u>34,450</u>	<u>36,686</u>	<u>39,198</u>	<u>6,300</u>	<u>155,033</u>
<b>EXPENDITURES</b>						
Current						
Recreation	-	-	56,929	-	-	56,929
Total expenditures	<u>-</u>	<u>-</u>	<u>56,929</u>	<u>-</u>	<u>-</u>	<u>56,929</u>
Revenues over expenditures	<u>38,399</u>	<u>34,450</u>	<u>(20,243)</u>	<u>39,198</u>	<u>6,300</u>	<u>98,104</u>
Other sources						
Transfers in	-	-	19,000	-	-	19,000
Total other sources	<u>-</u>	<u>-</u>	<u>19,000</u>	<u>-</u>	<u>-</u>	<u>19,000</u>
Revenue and other sources over expenditures and other uses	<u>38,399</u>	<u>34,450</u>	<u>(1,243)</u>	<u>39,198</u>	<u>6,300</u>	<u>117,104</u>
FUND BALANCE, JULY 1, 2012	<u>448</u>	<u>70,339</u>	<u>25,402</u>	<u>5,688</u>	<u>10,447</u>	<u>112,324</u>
FUND BALANCE, JUNE 30, 2013	<u>\$ 38,847</u>	<u>\$ 104,789</u>	<u>\$ 24,159</u>	<u>\$ 44,886</u>	<u>\$ 16,747</u>	<u>\$ 229,428</u>



# GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
ESTABLISHED 1974

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROLS OVER COMPLIANCE  
IN ACCORDANCE WITH THE STATE OF UTAH LEGAL COMPLIANCE AUDIT GUIDE**

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

### ***REPORT ON COMPLIANCE***

We have audited the South Weber City's compliance with general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2013.

The general compliance requirements applicable to the City are identified as follows:

- Cash Management
- Budgetary Compliance
- Fund Balance
- Impact Fees
- Utah Retirement System Compliance
- Government Records Access Management Act
- Conflicts of Interest
- Nepotism
- Utah Public Finance Website
- Open & Public Meetings Act
- State Loans and Grants
- B&C Roads

The City did not receive any major assistance programs from the State of Utah during the year ended June 30, 2013.

### ***Management's Responsibility***

Compliance with the requirements referred to above is the responsibility of the City's management.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Utah legal Compliance Audit Guide*. Those standards and the *State of Utah Legal Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the City and its major programs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

## ***Opinion***

In our opinion, South Weber City complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended June 30, 2013.

## ***REPORT OF INTERNAL CONTROL OVER COMPLIANCE***

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* 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, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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

## ***Purpose of Report***

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

**Gilbert & Stewart**

GILBERT & STEWART  
*Certified Public Accountants*  
December 6, 2013



# GILBERT & STEWART

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ESTABLISHED 1974

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of American and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Weber City, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the South Weber City's basic financial statements, and have issued our report thereon dated December 6, 2013.

### Internal Control over Financial Reporting

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

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

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

### Compliance and Other Matters

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

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## **Purpose of this Report**

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

## **Gilbert & Stewart**

GILBERT & STEWART  
Certified Public Accountants  
December 6, 2013

