

**WEST BOUNTIFUL CITY  
BASIC FINANCIAL STATEMENTS AND  
REQUIRED SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITOR'S REPORTS  
YEAR ENDED JUNE 30, 2009**

**WEST BOUNTIFUL, UTAH  
YEAR ENDED JUNE 30, 2009  
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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
West Bountiful City

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 West Bountiful City, Utah, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of West Bountiful City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Bountiful City, as of June 30, 2009, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2009, on our consideration of West Bountiful City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 11 and pages 43 through 45, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Bountiful City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wood Richards & Associates

Ogden, Utah

September 28, 2009

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**WEST BOUNTIFUL CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2009**

*West Bountiful 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, 2009. As management of the City, we encourage readers to consider information contained in this discussion.*

**FINANCIAL HIGHLIGHTS**

The assets of West Bountiful City exceeded its liabilities at the end of the current fiscal year by \$15,157,573 (net assets.) Of this amount, a negative balance of \$14,702 (unrestricted assets) indicates the use of governmental activities cash reserves. Overall net assets decreased by \$191,770.

The City's Governmental funds reported combined ending fund balance of \$1,548,554. Of the combined total fund balance, \$695,423 is available for spending at the discretion of the City (unreserved and undesignated fund balance).

The unreserved and undesignated fund balance of the General Fund at June 30, 2009, totaled \$151,266 and is 5.5% of the general fund total revenues for the year. As Utah State statute prohibits cities and towns from having fund balances below 5.0% of general fund budgeted total revenues, the City must exercise caution to ensure that this does not happen in the near future. Total bonded debt for West Bountiful City increased by \$4,458,527 or 126.7%, from \$3,518,000 to \$7,976,527 as of June 30, 2009. This increase was related to new bonding by the water department for capital improvements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

The government-wide financial statements include only the financial statements of West Bountiful City. The City's Redevelopment Agency constitutes a blended component unit, as it is, in substance, part of its operations.

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

**WEST BOUNTIFUL CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2009**

**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. West Bountiful 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 potential cash flow needs.

Comparing similar information presented in the government-wide statements for the governmental activities with the information that is 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 reconciliations between the governmental funds statements to the governmental activities in the government-wide statements to aid in the comparison.

West Bountiful City uses three different major governmental funds which are the General Fund, Redevelopment Fund and the Capital Improvements Fund. The information on these funds is shown separately. The City has four non-major governmental funds. These non-major funds are: Street Impact Fees, Police Facility Impact Fees, Park Impact Fees and the RAP tax 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 West Bountiful City are the Water, Solid Waste, Storm Drain and Golf Course Funds.

Proprietary funds present the same information as in the government-wide statements, but in more detail. The Water, Solid Waste, Storm Water and Golf Course funds are all considered to be major funds of West Bountiful 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.

**WEST BOUNTIFUL CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2009**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

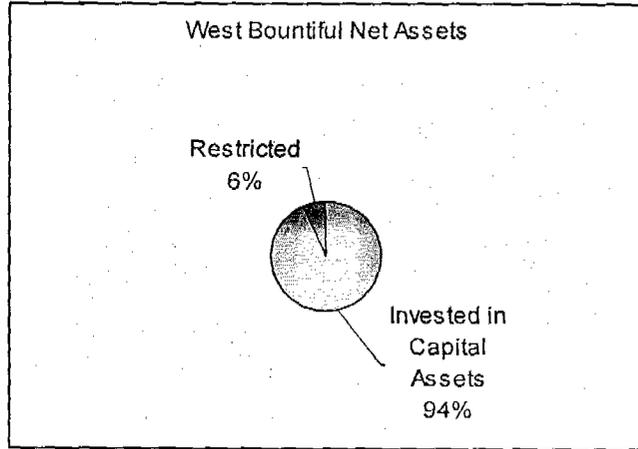
This is the sixth year that West Bountiful City has produced government-wide financial statements. Data for the Fiscal Year 2009 related to the governmental activities is available for comparison purposes. Therefore, previous fiscal year information is presented for both governmental and business-type activities.

WEST BOUNTIFUL CITY  
STATEMENT OF NET ASSETS  
June 30, 2009

	Governmental Activities			Business-Type Activities		
	2009	2008	Increase/ (Decrease)	2009	2008	Increase/ (Decrease)
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 63,037	\$ 532,180	\$ (469,143)	\$ 362,354	\$ 510,437	\$ (148,083)
Accounts Receivable (Net)	-	-	-	134,249	91,140	43,109
Accounts Receivable - Taxes	1,271,079	1,065,465	205,614	-	-	-
Inventory	-	-	-	143,095	112,167	30,928
Internal Balances	1,363,819	1,297,493	66,326	(1,363,819)	(1,297,493)	(66,326)
Prepaid Expenses	-	-	-	67,175	59,347	7,828
Restricted Cash	801,452	822,869	(21,417)	4,262,638	-	4,262,638
Capital Assets Net:						
Land	5,101,489	5,101,489	-	1,743,497	1,743,497	-
Construction in Progress	-	-	-	304,409	40,179	264,230
Buildings	1,916,254	1,984,942	(68,688)	185,254	195,373	(10,119)
Improvements	2,796,481	2,751,211	45,270	1,165,711	1,203,392	(37,681)
Machinery and Equipment	262,251	292,922	(30,671)	305,481	289,079	16,402
Vehicles	124,420	187,067	(62,647)	183,985	25,391	158,594
Utility Systems	-	-	-	3,909,739	3,791,789	117,953
Deferred Charges	44,797	47,037	(2,240)	299,174	171,865	127,309
Total Assets	<u>13,745,079</u>	<u>14,082,675</u>	<u>(337,596)</u>	<u>11,702,942</u>	<u>6,936,163</u>	<u>4,766,779</u>
<b>LIABILITIES</b>						
Accounts Payable	928,042	940,814	(12,772)	74,874	125,974	(51,100)
Accrued Liabilities	62,653	56,593	6,060	35,041	33,103	1,938
Deferred Revenue	899,279	724,216	175,063	38,500	32,851	5,649
Customer Deposits	77,480	81,362	(3,882)	57,805	57,155	650
Noncurrent Liabilities:						
Due Within One Year	81,318	73,446	7,872	489,894	297,267	192,627
Due In More Than One Year	1,943,624	2,004,299	(60,675)	5,601,938	1,242,415	4,359,523
Total Liabilities	<u>3,992,396</u>	<u>3,880,730</u>	<u>111,666</u>	<u>6,298,052</u>	<u>1,788,765</u>	<u>4,509,287</u>
<b>NET ASSETS</b>						
Invested in Capital Assets, Net of Related Debt	8,255,895	8,317,631	(61,736)	5,931,712	5,770,689	161,023
Restricted For:						
Class "C" Roads	-	29,391	(29,391)	-	-	-
Debt Service	162,944	164,713	(1,769)	97,485	-	97,485
Street Signs	731	-	731	-	-	-
Impact Fees	638,508	655,467	(16,959)	34,051	60,939	(26,888)
RAP tax	50,948	-	50,948	-	-	-
Unrestricted	643,657	1,034,743	(391,086)	(658,358)	(684,230)	25,872
Total Net Assets	<u>\$ 9,752,683</u>	<u>\$10,201,945</u>	<u>\$ (449,262)</u>	<u>\$ 5,404,890</u>	<u>\$ 5,147,398</u>	<u>\$ 257,492</u>
Total Liabilities & Net Assets	<u>\$13,745,079</u>	<u>\$14,082,675</u>	<u>\$ (337,596)</u>	<u>\$11,702,942</u>	<u>\$ 6,936,163</u>	<u>\$ 4,766,779</u>

**WEST BOUNTIFUL CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2009**

By far the largest component of West Bountiful City's net assets is its investment in capital assets. Total capital assets represent 94% of the total net assets, which include land and improvements, buildings, machinery and equipment, roads, and streetlights, less any related outstanding debt that was used to acquire these assets. West Bountiful City uses these capital assets to provide services to citizens who live, work, and 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.



During this fiscal year, the City added extensive capital assets, including significant water line improvements on Porter Lane (extending connections to newly annexed residents), repair on the Stone Creek Well, and an upgrade to the City's water meters and water meter reading system. These business-type activities account for the increase of \$117,693 to utility systems capital assets. Accordingly, the city's cash and cash equivalents in the business-type activity funds decreased by \$148,083 during the same time period. It is important to note that several capital projects were in progress at the end of this fiscal year.

While constructing these utility improvements is vital, it is likewise important to note that cash flow decreased during the same time period. Project and cash flow needs should be balanced going forward. For this reason, the City began studying and updating both impact fees and usage fees within the Water Fund. By updating these fee types to meet current needs, the City will be financially prepared to meet bond coverage requirements on the Series 2009 Water Bond.

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

**Development Activity during FY 2009-2010**

There was a major slow down in development in West Bountiful City, as well as all of Utah, during fiscal year 2009. Several projects were either delayed or postponed due to the economic downturn. Only a handful of residential and commercial development provided additional revenue in the current fiscal year to West Bountiful City in the form of not only property tax but also additional impact fees for street, park, public safety and water utility funds.

**Residential Development 2006-2009:**

Heritage Point

**WEST BOUNTIFUL CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2009**

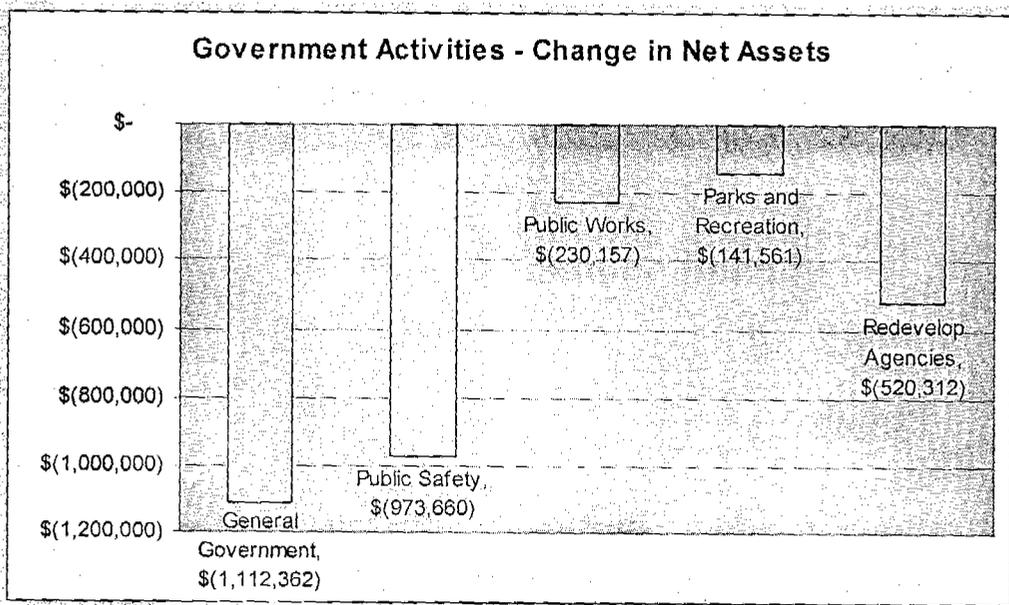
**Commercial Development 2006~2009:**

West Bountiful Commons Phases 2 and 3: Lowe's Home Improvement Center

Through its Redevelopment Project, West Bountiful City has successfully developed the *West Bountiful Commons Area*, which will hold a great economic future for the City, located between 500 West and I-15, and between 400 North and approximately 100 South. Also, the area between Highway 89 and I-15, from 400 to 100 North has developed rapidly, with the completion of the Larry H. Miller Auto Complex as its highlight.

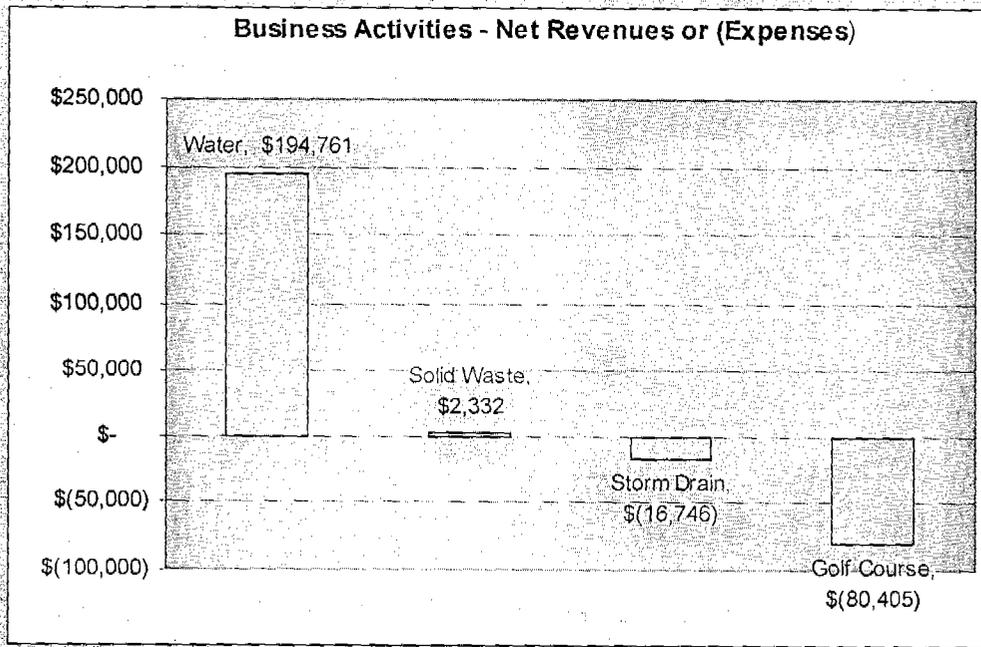
**GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES**

Governmental Activities net assets decreased by \$449,262 for the year ended June 30, 2009, due to the use of rainy day funds to accommodate unforeseen debt (Holly Refinery Tax Repayment). Governmental activities created a 234% negative impact on total City net assets during the year. The following chart below indicates the degree to which governmental activities are dependent upon general tax revenues. For example, public safety requires the greatest draw upon tax revenues as public safety demands of \$973,660 approach total property tax revenue resources of \$1,073,306.



Business-type activities contributed an amount of \$257,492 or 134% of the total increase to net assets. The most significant reason for this increase in business-type activities is accounted for by solid, financial performance by the Water Fund. The Solid Waste fund net revenues carry at very modest levels, while a capital project in the Storm Drain Fund over utilized revenue resources. Further, Net revenues from the Golf Course Enterprise Fund contribute to overall golf debt service.

**WEST BOUNTIFUL CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2009**



**FINANCIAL ANALYSIS OF WEST BOUNTIFUL CITY'S FUNDS**

West Bountiful 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, 2009.

The General Fund is the main operating fund for West Bountiful City. At June 30, 2009, the general fund's unreserved fund balance was \$151,266, while total fund balance equaled \$314,941. Total fund balance of the General Fund for West Bountiful City decreased by \$89,095. 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 the general fund was 4.9% of total expenditures and transfers out while total fund balance equaled 10.2% of current expenditures.

The Capital Projects Fund has a total fund balance of \$558,822 at June 30, 2009, all of which is either reserved for special projects and programs or designated for other programs. The net decrease in fund balance for the year amounted to \$315,806 due to a \$260,020 transfer out to subsidize the General Fund as well as smaller transfers to the Golf and Storm Drain Funds. The transfer to the General Fund was a result of both lower than projected development revenues as well as higher than anticipated administrative costs due to the retirement of the City Administrator.

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the City's proprietary funds had a deficit balance of \$658,358. Discussions about the finances of this fund are addressed in the City's business-type activities.

**WEST BOUNTIFUL CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2009**

**GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS**

The City's General Fund revenue budget was decreased by \$234,314 in response to decreased development activity and retail sales. While sales tax fell short of projections even with the opening of several new establishments within the RDA, there was a 12% increase in franchise tax revenue.

As a result of declining revenues, General Fund budgeted expenditures were decreased by \$18,459. The City expended \$7,524 less than final amended budget, and \$25,983 less than original budget.

The Redevelopment Agency Fund had a deficit balance of \$14,665 as of June 30, 2009. This fund balance must be returned to a positive balance as soon as possible.

**CAPITAL ASSETS**

Major capital asset activities that occurred during the past fiscal year are illustrated as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 5,101,489	\$ -	\$ -	\$ 5,101,489
Total capital assets, not being depreciated	5,101,489	-	-	5,101,489
Capital assets, being depreciated				
Buildings	2,193,144	-	-	2,193,144
Improvements other than buildings	3,228,229	148,954	-	3,377,183
Machinery & Equipment	504,733	25,113	-	529,846
Vehicles	482,207	-	(96,850)	385,357
Total capital assets, being depreciated	6,408,313	174,067	(96,850)	6,485,530
Accumulated Depreciation for:				
Buildings	(208,202)	(68,688)	-	(276,890)
Improvements other than buildings	(477,040)	(103,662)	-	(580,702)
Machinery & Equipment	(211,811)	(55,784)	-	(267,595)
Vehicles	(295,140)	(40,100)	74,303	(260,937)
Total accumulated depreciation	(1,192,193)	(268,234)	74,303	(1,386,124)
Total capital assets, being depreciated, net	5,216,120	(94,167)	(22,547)	5,099,406
<b>Governmental activities capital assets, net</b>	<b>\$10,317,609</b>	<b>\$ (94,167)</b>	<b>\$ (22,547)</b>	<b>\$10,200,895</b>

West Bountiful City's investment in capital assets for its governmental and business-type activities combined totaled \$17,998,971 (net of \$4,079,209 accumulated depreciation) at June 30, 2009. Types of assets included in this category are land and water rights, buildings and related improvements, vehicles, machinery and equipment, roads (including curb and gutter), street lights, traffic signals, water and waste water distribution and collection systems, and construction in progress. The City's investment in net capital assets equals nearly 93.6% of total assets. Governmental activities net capital assets to governmental activities net assets equaled 85% while business-type activities percentage was 110%.

**WEST BOUNTIFUL CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2009**

The following table shows the capital assets for the Business-type activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated				
Land	\$ 1,743,497	\$ -	\$ -	\$ 1,743,497
Construction in Progress	40,179	304,409	(40,179)	304,409
Total capital assets, not being depreciated	<u>1,783,676</u>	<u>304,409</u>	<u>(40,179)</u>	<u>2,047,906</u>
Capital assets, being depreciated				
Buildings	308,938	-	-	308,938
Golf Course - improvements	1,808,988	-	-	1,808,988
Water Distribution System	3,377,236	238,144	-	3,615,380
Storm Drain System	1,719,553	-	-	1,719,553
Machinery & Equipment	621,071	68,804	-	689,875
Vehicles	145,021	167,500	(12,000)	300,521
Total capital assets, being depreciated	<u>7,980,807</u>	<u>474,448</u>	<u>(12,000)</u>	<u>8,443,255</u>
Accumulated Depreciation for:				
Buildings	(113,565)	(10,119)	-	(123,684)
Golf Course - improvements	(605,596)	(37,681)	-	(643,277)
Water Distribution System	(952,330)	(81,665)	-	(1,033,995)
Storm Drain System	(352,683)	(38,516)	-	(391,199)
Machinery & Equipment	(331,995)	(52,399)	-	(384,394)
Vehicles	(119,631)	(8,905)	12,000	(116,536)
Total accumulated depreciation	<u>(2,475,800)</u>	<u>(229,285)</u>	<u>12,000</u>	<u>(2,693,085)</u>
Total capital assets, being depreciated, net	<u>5,505,007</u>	<u>245,163</u>	<u>-</u>	<u>5,750,170</u>
Business-type activities capital assets, net	<u>\$ 7,288,683</u>	<u>\$ 549,572</u>	<u>\$ (40,179)</u>	<u>\$ 7,798,076</u>

**DEBT ADMINISTRATION**

City debt obligations are illustrated in the following table:

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2009</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds payable					
Sales tax revenue bond	\$2,000,000	\$ -	\$ (55,000)	\$1,945,000	\$ 60,000
Total bonds payable	<u>2,000,000</u>	<u>-</u>	<u>(55,000)</u>	<u>1,945,000</u>	<u>60,000</u>
Other liabilities					
Compensated Absences	77,745	77,445	(75,248)	79,942	21,318
Total other liabilities	<u>77,745</u>	<u>77,445</u>	<u>(75,248)</u>	<u>79,942</u>	<u>21,318</u>
<i>Total Governmental Activities</i>	<u>\$2,077,745</u>	<u>\$ 77,445</u>	<u>\$ (130,248)</u>	<u>\$2,024,942</u>	<u>\$ 81,318</u>

**WEST BOUNTIFUL CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2009**

<b>Business-type Activities:</b>	<b>Balance July 1, 2008</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2009</b>	<b>Amounts Due Within One Year</b>
Bonds payable					
Water revenue bond 2004	\$ 288,000	\$ -	\$ (93,000)	\$ 195,000	\$ 96,000
Water revenue bond 2009	-	4,785,000	-	4,785,000	180,000
G.O. refunding bond, Series 2003	1,230,000	-	(195,000)	1,035,000	200,000
Premium on Water bond 2009	-	16,527	-	16,527	-
Total bonds payable	<u>1,518,000</u>	<u>4,801,527</u>	<u>(288,000)</u>	<u>6,031,527</u>	<u>476,000</u>
Other liabilities					
Compensated Absences	21,671	70,140	(31,506)	60,305	13,894
Total other liabilities	<u>21,671</u>	<u>70,140</u>	<u>(31,506)</u>	<u>60,305</u>	<u>13,894</u>
<b>Total Business-type Activities</b>	<b><u>\$1,539,671</u></b>	<b><u>\$4,871,667</u></b>	<b><u>\$ (319,506)</u></b>	<b><u>\$6,091,832</u></b>	<b><u>\$ 489,894</u></b>

At June 30, 2009, West Bountiful City's total debt amounted to \$8,116,774 of which \$6,091,832 was incurred by the City's business-type activities and the remaining \$2,024,942 was incurred by the City's governmental units. The majority of the City's debt is known as revenue bonds and is secured by specific enterprise fund revenue sources (i.e. water utility revenues). General Obligation (G.O.) bonds are a low-interest financing option, which underwrites the City-owned Lakeside Golf Course.

Additional information on West Bountiful City's capital assets and debt can be found in Note D and Note F, respectively, in the notes to the City's basic financial statements.

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

As of June 2009, the state unemployment rate was 5.7%, up from 3.5% the previous year. This compares to the U.S. rate of 9.5%, up from 6.1% last year (source, www.jobs.utah.gov). Currently, West Bountiful City is experiencing a similar economic downturn consistent with the rest of the nation. While the City has new subdivisions that will potentially bring more property taxes into the City as the land develops that was previously farm property, building activity is slow to non-existent as of the writing of this report. Water Rates and Impact Fees were increased in fiscal year 2009, however it is recognized (at the time of this writing) that further increases will be necessary to maintain appropriate bond coverage as well as a perpetual replacement plan on the City's water system. Other utility/service fees are being examined to determine their compatibility with the long-term infrastructure needs of the City.

**REQUEST FOR INFORMATION**

This financial report is designed to give its readers a general overview of West Bountiful City's finances. Questions regarding any information contained in this report or requests for additional financial information should be addressed to West Bountiful City, 550 North 800 West, West Bountiful City, Utah 84087.



# **BASIC FINANCIAL STATEMENTS**

WEST BOUNTIFUL CITY  
STATEMENT OF NET ASSETS  
JUNE 30, 2009

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 63,037	\$ 362,354	\$ 425,391
Accounts Receivable (Net)	-	134,249	134,249
Accounts Receivable - Intergovernmental	1,271,079	-	1,271,079
Inventory	-	143,095	143,095
Internal Balances	1,363,819	(1,363,819)	-
Prepaid Expenses	-	67,175	67,175
Restricted Cash	801,452	4,262,638	5,064,090
Capital Assets Net:			
Land	5,101,489	1,743,497	6,844,986
Construction in Progress	-	304,409	304,409
Buildings	1,916,254	185,254	2,101,508
Improvements Other Than Building	2,796,481	2,494,065	5,290,546
Machinery and Equipment	262,251	305,481	567,732
Vehicles	124,420	183,985	308,405
Utility Systems	-	2,581,385	2,581,385
Deferred Charges	44,797	299,174	343,971
Total Assets	<u>13,745,079</u>	<u>11,702,942</u>	<u>25,448,021</u>
<b>LIABILITIES</b>			
Accounts Payable	928,042	74,874	1,002,916
Accrued Liabilities	62,653	35,041	97,694
Deferred Revenue	899,279	38,500	937,779
Customer Deposits	77,480	57,805	135,285
Noncurrent Liabilities:			
Due Within One Year	81,318	489,894	571,212
Due In More Than One Year	1,943,624	5,601,938	7,545,562
Total Liabilities	<u>3,992,396</u>	<u>6,298,052</u>	<u>10,290,448</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	8,255,895	5,931,712	14,187,607
Restricted For:			
Class "C" Roads	-	-	-
Debt Service	162,944	97,485	260,429
Street Signs	731	-	731
Impact Fees	638,508	34,051	672,559
RAP tax	50,948	-	50,948
Unrestricted	643,657	(658,358)	(14,702)
Total Net Assets	<u>\$ 9,752,683</u>	<u>\$ 5,404,890</u>	<u>\$ 15,157,573</u>

The accompanying notes are an integral part of these financial statements.

**WEST BOUNTIFUL CITY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government	\$ 1,204,258	\$ 79,271	\$ 10,189	\$ 2,436
Public Safety	1,211,206	237,546	-	-
Public Works	400,183	3,774	166,252	-
Parks and Recreation	149,609	8,048	-	-
Redevelopment	520,312	-	-	-
Interest Expense	105,162	-	-	-
<b>Total Governmental Activities</b>	<b>3,590,730</b>	<b>328,639</b>	<b>176,441</b>	<b>2,436</b>
<b>Business-type Activities</b>				
Water	619,891	694,910	-	-
Solid Waste	278,227	278,023	-	-
Storm Drain	71,577	54,831	-	-
Golf Course	1,015,479	934,402	-	-
<b>Total Business-type Activities</b>	<b>1,985,174</b>	<b>1,962,166</b>	<b>-</b>	<b>-</b>
<b>Total Government</b>	<b>\$ 5,575,904</b>	<b>\$ 2,290,805</b>	<b>\$ 176,441</b>	<b>\$ 2,436</b>

General Revenues:  
 Taxes  
   Property  
   Sales and Use  
   Franchise Tax  
 Interest and Investment Earnings  
 Gain or (Loss) on Sale of Fixed Assets  
 Miscellaneous  
 Transfers In/Out  
 Total General Revenues and Transfers  
  
 Change in Net Assets  
 Net Assets at Beginning of Year  
 Net Assets at End of Year

The accompanying notes are an integral part of these financial statements.

Changes in Net Assets

<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
\$ (1,112,362)	\$ -	\$ (1,112,362)
(973,660)	-	(973,660)
(230,157)	-	(230,157)
(141,561)	-	(141,561)
(520,312)	-	(520,312)
(105,162)	-	(105,162)
<u>(3,083,214)</u>	<u>-</u>	<u>(3,083,214)</u>
-	75,019	75,019
-	(204)	(204)
-	(16,746)	(16,746)
-	(81,077)	(81,077)
<u>-</u>	<u>(23,008)</u>	<u>(23,008)</u>
<u>(3,083,214)</u>	<u>(23,008)</u>	<u>(3,106,222)</u>
1,073,306	-	1,073,306
1,249,681	-	1,249,681
424,662	-	424,662
37,032	30,950	67,982
(12,045)	-	(12,045)
18,865	92,000	110,865
(157,550)	157,550	-
<u>2,633,951</u>	<u>280,500</u>	<u>2,914,451</u>
<u>(449,263)</u>	<u>257,492</u>	<u>(191,771)</u>
<u>10,201,945</u>	<u>5,147,398</u>	<u>15,349,343</u>
<u>\$ 9,752,683</u>	<u>\$ 5,404,890</u>	<u>\$ 15,157,573</u>

**WEST BOUNTIFUL CITY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2009**

	General	Capital Projects	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ -	\$ 49,104	\$ -	\$ 13,933	\$ 63,037
Accounts Receivable - Intergovernmental	834,064	-	400,000	37,015	1,271,079
Due From Other Funds	866,387	509,718	-	-	1,376,105
Restricted Cash	162,944	-	-	638,508	801,452
<b>TOTAL ASSETS</b>	<b>\$ 1,863,395</b>	<b>\$ 558,822</b>	<b>\$ 400,000</b>	<b>\$ 689,456</b>	<b>\$ 3,511,673</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 926,217	\$ -	\$ 1,825	\$ -	\$ 928,042
Accrued Liabilities	45,478	-	554	-	46,032
Due to Other Funds	-	-	12,286	-	12,286
Customer Deposits	77,480	-	-	-	77,480
Deferred Revenue	499,279	-	400,000	-	899,279
<b>TOTAL LIABILITIES</b>	<b>1,548,454</b>	<b>-</b>	<b>414,665</b>	<b>-</b>	<b>1,963,119</b>
<b>FUND BALANCES</b>					
Reserved for:					
Class C Roads	-	-	-	-	-
Debt Service	162,944	-	-	-	162,944
Street Signs	731	-	-	-	731
Impact Fees	-	-	-	638,508	638,508
RAP tax	-	-	-	50,948	50,948
Unreserved	151,266	558,822	(14,665)	-	695,423
<b>TOTAL FUND BALANCES</b>	<b>314,941</b>	<b>558,822</b>	<b>(14,665)</b>	<b>689,456</b>	<b>1,548,554</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,863,395</b>	<b>\$ 558,822</b>	<b>\$ 400,000</b>	<b>\$ 689,456</b>	<b>\$ 3,511,673</b>

The accompanying notes are an integral part of these financial statements.

**WEST BOUNTIFUL CITY**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

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

Total fund balances--total governmental funds	\$ 1,548,554
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the fund financial statements.	10,200,895
Accrued interest expense is not due and payable in the current period and, therefore, is not recorded in the funds.	(16,621)
Bond issuance costs are amortized over the life of the bonds on the statement of net assets.	44,797
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund financial statements. Those liabilities consist of:	
Series 2004 Bonds	(1,945,000)
Compensated Absences	<u>(79,942)</u>
Net assets of governmental activities	<u>\$ 9,752,683</u>

The accompanying notes are an integral part of these financial statements.

**WEST BOUNTIFUL CITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	General	Capital Projects	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 2,188,942	\$ -	\$ 507,767	\$ 50,940	\$ 2,747,649
Licenses and Permits	79,271	-	-	-	79,271
Intergovernmental	178,877	-	-	-	178,877
Charges for services	5,731	-	-	-	5,731
Fines	232,948	-	-	-	232,948
Interest earnings	14,550	12,494	-	9,988	37,032
Impact fees	-	-	-	10,689	10,689
Other Revenues	29,365	-	-	-	29,365
<b>Total Revenues</b>	<b>2,729,684</b>	<b>12,494</b>	<b>507,767</b>	<b>71,617</b>	<b>3,321,562</b>
<b>EXPENDITURES</b>					
<b>Current Operating:</b>					
General Government	1,073,011	41,280	-	-	1,114,291
Public Safety	1,157,407	-	-	-	1,157,407
Public Works	435,368	-	-	-	435,368
Parks and Recreation	122,535	-	-	37,028	159,563
Redevelopment	-	-	520,312	-	520,312
<b>Debt Service:</b>					
Principal	55,000	-	-	-	55,000
Interest	105,528	-	-	-	105,528
<b>Total Expenditures</b>	<b>2,948,849</b>	<b>41,280</b>	<b>520,312</b>	<b>37,028</b>	<b>3,547,469</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(219,165)</b>	<b>(28,786)</b>	<b>(12,545)</b>	<b>34,589</b>	<b>(225,907)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers-In	260,620	-	-	-	260,620
Transfers-Out	(130,550)	(287,020)	-	(600)	(418,170)
<b>Total Other Financing Sources (Uses)</b>	<b>130,070</b>	<b>(287,020)</b>	<b>-</b>	<b>(600)</b>	<b>(157,550)</b>
<b>Net Change in Fund Balances</b>	<b>(89,095)</b>	<b>(315,806)</b>	<b>(12,545)</b>	<b>33,989</b>	<b>(383,457)</b>
<b>Fund Balances at Beginning of Year</b>	<b>404,035</b>	<b>874,628</b>	<b>(2,120)</b>	<b>655,467</b>	<b>1,932,010</b>
<b>Fund Balances at End of Year</b>	<b>\$ 314,941</b>	<b>\$ 558,822</b>	<b>\$ (14,665)</b>	<b>\$ 689,456</b>	<b>\$ 1,548,554</b>

The accompanying notes are an integral part of these financial statements.

**WEST BOUNTIFUL CITY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

Net change in fund balance, total governmental funds \$ (383,457)

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

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital Outlays	174,069	
Depreciation Expense	<u>(268,259)</u>	(94,190)

In the statement of activities, amortization of premiums and costs of issuing debt is recorded. (2,240)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds.

Compensated Absences Accrued		(77,445)
------------------------------	--	----------

In the statement of activities, the gain or loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources. Thus the change in net assets differs from the change in fund balance by the net book value of the assets sold.

Gain or (Loss) on Sale of Assets	(12,045)	
Proceeds from Sale of Assets	<u>(10,500)</u>	(22,545)

The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The governmental funds report interest expense when it is paid, however, the statement of net assets reports interest when it accrues. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Series 2004 Bonds	55,000	
Accrued Interest	366	
Compensated Absences	<u>75,248</u>	<u>130,614</u>

Change in net assets of governmental activities \$ (449,263)

The accompanying notes are an integral part of these financial statements.

**WEST BOUNTIFUL CITY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2009**

	Water	Solid Waste
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 222,223	\$ 140,131
Accounts Receivable, net	98,405	30,085
Inventory	97,909	-
Prepaid expenses	60,269	-
<b>Total Current Assets</b>	<b>478,806</b>	<b>170,216</b>
<b>Noncurrent Assets:</b>		
Restricted Cash	4,262,638	-
<b>Capital Assets:</b>		
Land	74,370	-
Construction in Progress	304,409	-
Improvements Other Than Building	-	-
Buildings	-	-
Utility Systems	3,615,380	-
Machinery and Equipment	431,549	158,395
Less Accumulated Depreciation	(1,185,143)	(108,654)
<b>Total Capital Assets, Net</b>	<b>3,240,565</b>	<b>49,741</b>
<b>Other Assets:</b>		
Deferred charges	166,916	-
<b>Total Assets</b>	<b>\$ 8,148,925</b>	<b>\$ 219,957</b>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 65,954	\$ 8,880
Accrued Liabilities	2,024	-
Deferred Revenue	-	-
Due To Other Funds	-	-
Compensated Absences	1,979	-
Bond Payable, Due Within One Year	276,000	-
<b>Total Current Liabilities</b>	<b>345,957</b>	<b>8,880</b>
<b>Noncurrent Liabilities:</b>		
Compensated Absences	6,029	-
Customer Deposits	57,805	-
Bond Payable	4,720,527	-
<b>Total Noncurrent Liabilities</b>	<b>4,784,361</b>	<b>-</b>
<b>Total Liabilities</b>	<b>5,130,318</b>	<b>8,880</b>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	2,409,201	49,741
Restricted for Impact Fees	-	-
Restricted for Debt Service	97,485	-
Unrestricted	511,921	161,336
<b>Total Net Assets</b>	<b>3,018,607</b>	<b>211,077</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 8,148,925</b>	<b>\$ 219,957</b>

The accompanying notes are an integral part of these financial statements.

<u>Storm Drain</u>	<u>Golf Course</u>	<u>Total</u>
\$ -	\$ -	\$ 362,354
5,759	-	134,249
-	45,186	143,095
-	6,906	67,175
<u>5,759</u>	<u>52,092</u>	<u>706,873</u>
-	-	4,262,638
158,741	1,510,386	1,743,497
-	-	304,409
-	1,808,988	1,808,988
-	308,938	308,938
1,719,553	-	5,334,933
-	400,452	990,396
<u>(391,198)</u>	<u>(1,008,090)</u>	<u>(2,693,085)</u>
<u>1,487,096</u>	<u>3,020,674</u>	<u>7,798,076</u>
-	132,258	299,174
<u>\$ 1,492,855</u>	<u>\$ 3,205,024</u>	<u>\$ 13,066,761</u>
\$ -	\$ 40	\$ 74,874
-	33,017	35,041
-	38,500	38,500
66,749	1,297,070	1,363,819
-	11,915	13,894
-	200,000	476,000
<u>66,749</u>	<u>1,580,542</u>	<u>2,002,128</u>
-	40,382	46,411
-	-	57,805
-	835,000	5,555,527
-	875,382	5,659,743
<u>66,749</u>	<u>2,455,924</u>	<u>7,661,871</u>
1,487,096	1,985,674	5,931,712
34,051	-	34,051
-	-	97,485
<u>(95,041)</u>	<u>(1,236,574)</u>	<u>(658,358)</u>
<u>1,426,106</u>	<u>749,100</u>	<u>5,404,890</u>
<u>\$ 1,492,855</u>	<u>\$ 3,205,024</u>	<u>\$ 13,066,761</u>

**WEST BOUNTIFUL CITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Water</u>	<u>Solid Waste</u>
<b>Operating Revenues:</b>		
Charges for Services	\$ 601,083	\$ 278,023
<b>Total Operating Revenues</b>	<u>601,083</u>	<u>278,023</u>
<b>Operating Expenses:</b>		
Personnel Services	94,630	-
Purchases Water	120,413	-
Utilities	-	-
Supplies	15,426	-
Professional Services	41,268	251,122
Miscellaneous	2,665	-
Equipment and Maintenance	229,830	19,150
Depreciation and Amortization	106,352	7,955
<b>Total Operating Expenses</b>	<u>610,584</u>	<u>278,227</u>
<b>Operating Income (Loss)</b>	<u>(9,501)</u>	<u>(204)</u>
<b>Nonoperating Revenues (Expenses)</b>		
Impact Fees	88,443	-
Connection Fees	5,384	-
Interest Revenue	27,742	2,536
Miscellaneous Revenues	92,000	-
Interest Expense	(9,307)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>204,262</u>	<u>2,536</u>
<b>Net Income (Loss) Before Contributions and Transfers</b>	<u>194,761</u>	<u>2,332</u>
Capital Contributions	-	-
Transfers from Other Funds	-	-
<b>Change in Net Assets</b>	<u>194,761</u>	<u>2,332</u>
<b>Total Net Assets - Beginning</b>	<u>2,823,846</u>	<u>208,745</u>
<b>Total Net Assets - Ending</b>	<u>\$ 3,018,607</u>	<u>\$ 211,077</u>

The accompanying notes are an integral part of these financial statements.

<u>Storm Drain</u>	<u>Golf Course</u>	<u>Total</u>
\$ 54,831	\$ 934,402	\$ 1,868,339
<u>54,831</u>	<u>934,402</u>	<u>1,868,339</u>
-	582,162	676,792
-	11,118	131,531
-	17,624	17,624
134	127,425	142,985
15,798	-	308,188
-	34,194	36,859
15,315	79,630	343,925
<u>38,526</u>	<u>113,444</u>	<u>266,277</u>
<u>69,773</u>	<u>965,597</u>	<u>1,924,181</u>
<u>(14,942)</u>	<u>(31,195)</u>	<u>(55,842)</u>
-	-	88,443
-	-	5,384
-	672	30,950
-	-	92,000
<u>(1,804)</u>	<u>(49,882)</u>	<u>(60,993)</u>
<u>(1,804)</u>	<u>(49,210)</u>	<u>155,784</u>
<u>(16,746)</u>	<u>(80,405)</u>	<u>99,942</u>
-	-	-
<u>17,000</u>	<u>140,550</u>	<u>157,550</u>
<u>254</u>	<u>60,145</u>	<u>257,492</u>
<u>1,425,852</u>	<u>688,955</u>	<u>5,147,398</u>
<u>\$ 1,426,106</u>	<u>\$ 749,100</u>	<u>\$ 5,404,890</u>

**WEST BOUNTIFUL CITY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Water</u>	<u>Solid Waste</u>
<b>Cash Flows from Operating Activities</b>		
Cash Received From Customers	\$ 557,651	\$ 278,829
Cash Paid to Suppliers	(377,015)	(282,642)
Cash Paid to Employees	(94,630)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>86,006</u>	<u>(3,813)</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Transfers In/Out	-	-
Cash lent from (borrowed to) other funds as pooled cash	-	-
<b>Net Cash Provided (Used) in Noncapital Financing Activities</b>	<u>-</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition and Construction of Capital Assets	(678,678)	-
Bond Proceeds	4,801,434	-
Cost of Issuance	(112,192)	-
Principal Payments - Bonds	(93,000)	-
Interest Paid	(9,307)	-
Impact Fees Collected	88,443	-
Connection Fees Collected	5,384	-
<b>Net Cash Provided (Used) in Capital and Related Financing Activities</b>	<u>4,002,084</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>		
Interest on Investments	27,742	2,536
<b>Net Cash Provided by Investing Activities</b>	<u>27,742</u>	<u>2,536</u>
<b>Net Increase (Decrease) in Cash</b>	4,115,832	(1,277)
<b>Cash - July 1</b>	<u>369,029</u>	<u>141,408</u>
<b>Cash - June 30</b>	<u>\$ 4,484,861</u>	<u>\$ 140,131</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>		
Operating Income (Loss)	\$ (9,501)	\$ (204)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities</b>		
Depreciation and Amortization	106,352	7,955
<b>Changes in Assets and Liabilities:</b>		
Accounts Receivable	(43,432)	806
Inventory	(35,602)	-
Prepaid Expenses	(922)	-
Accounts Payable	64,532	(12,370)
Compensated Absences	3,264	-
Accrued Liabilities	665	-
Deferred Revenue	-	-
Customer Deposits	650	-
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 86,006</u>	<u>\$ (3,813)</u>

The accompanying notes are an integral part of these financial statements.

<u>Storm Drain</u>	<u>Golf Course</u>	<u>Total</u>
\$ 54,350	\$ 940,051	\$ 1,830,881
(105,009)	(301,724)	(1,066,390)
-	(536,875)	(631,505)
<u>(50,659)</u>	<u>101,452</u>	<u>132,986</u>
17,000	140,550	157,550
35,463	30,863	66,326
<u>52,463</u>	<u>171,413</u>	<u>223,876</u>
-	(20,000)	(698,678)
-	-	4,801,434
-	-	(112,192)
-	(195,010)	(288,010)
(1,804)	(58,527)	(69,638)
-	-	88,443
-	-	5,384
<u>(1,804)</u>	<u>(273,537)</u>	<u>3,726,743</u>
-	672	30,950
-	672	30,950
-	-	4,114,555
-	-	510,437
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,624,992</u>
\$ (14,942)	\$ (31,195)	\$ (55,842)
38,526	113,444	266,277
(481)	-	(43,107)
-	4,674	(30,928)
-	(6,906)	(7,828)
(73,594)	(29,501)	(50,933)
-	35,369	38,633
(168)	9,918	10,415
-	5,649	5,649
-	-	650
<u>\$ (50,659)</u>	<u>\$ 101,452</u>	<u>\$ 132,986</u>

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General Statement**

West Bountiful City (the City) was incorporated in 1948 and operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police), highways and streets, sanitation, culture and recreation, public improvements, planning and zoning, and general administrative services. The City also provides water, solid waste, storm drain, and golf course services which are reported as proprietary enterprise funds.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable that do not conflict with or contradict GASB pronouncements). Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

**B. The Reporting Entity**

As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization or there is a potential for that organization to provide specific financial benefit to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent on the City.

The accompanying financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations.

**C. Blended Component Unit**

The City established a Redevelopment Agency (RDA) pursuant to state code and designated the City Council and the Mayor as the Redevelopment Agency Board. The financial statements of the RDA are included as part of the basic financial statements of the City (by blended presentation) and are included as a major governmental fund.

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Blended Component Unit (continued)**

Financial information for the component unit may be obtained at the City's office, located at 550 North 800 West, West Bountiful, Utah 84087

**D. Basic Financial Statements**

The City's basic financial statements consist of the government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general administrative services, public safety, parks, and highways and streets are classified as governmental activities. The City's water, solid waste, storm drain, and golf course services are classified as business-type activities.

**Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to significant effect on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those which are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they became available.

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The financial resources used to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

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

**F. Fund Accounting**

There are three categories of funds: governmental, proprietary, and fiduciary. The City reports the following major governmental funds:

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Fund Accounting (continued)**

**Governmental Funds:**

**General fund** is the general operating fund of the City. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

**Capital Projects fund** is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

**Redevelopment fund** provides redevelopment activities located within City limits and is accounted for as a special revenue fund.

The City reports the following major proprietary funds:

**Proprietary Funds:**

**The Water Fund** accounts for the activities of the City's water distribution system.

**The Solid Waste Fund** accounts for the activities of the City's garbage collection system.

**The Storm Drain Fund** accounts for the provision of this service to the residents of the City.

**The Golf Course Fund** accounts for the activities of the City's golf course.

Additionally, the City reports the following fund types:

Special revenue funds account for resources legally restricted to expenditures for specified current operating purposes and for the enforcement of special services and activities. Accounting and financial reporting for the General and special revenue funds are identical. The City accounts for Street, Police facility, Park impact fees and RAP tax monies in special revenue funds.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by various enterprise funds for providing administrative and billing services for such funds.

Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Fund Accounting (continued)**

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

**G. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budget Information**

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Manager/Budget Officer and City Council on or before June 22nd for the following fiscal year, which begins on July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations.

Budgets include activities in several different funds, including the General Fund, special revenue funds, and enterprise funds. Annual budgets are also adopted for capital projects which may include activities which overlap several fiscal years. The level of the City's budgetary control (that is, the level at which the City's expenditures cannot legally exceed the appropriated amounts) is established at the department level. Each department head is responsible to the Mayor and City Council for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unreserved General Fund balance until it exceeds 5% of the General Fund revenues. Until the unreserved fund balance is greater than the above percentage, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. When an unreserved fund balance is greater than 18% of the next year's budgeted revenues, the excess must be appropriated within the following two years.

Once adopted, the budget can be amended by subsequent City Council action. The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance, in which case a public hearing must be held.

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

With the approval of the City Administrator, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year.

Budgets for the General Fund, Capital Projects Fund, and special revenue funds are prepared on the modified accrual basis of accounting. Encumbrance accounting is not used by the City.

Expenditures in the Capital Projects Fund are budgeted annually on a project-by-project basis. Although it is the intention of the City that each project be funded by a specific revenue source, the adopted budget reflects only total anticipated revenues by source. Since it is neither practical, nor appropriate to separate revenues and fund balance on a project-by-project basis, the Capital Projects Fund is reported as an individual fund in the accompanying financial statements.

**Property Tax**

On or before June 22 of each year, the City sets the property tax rate for various municipal purposes. If the City intends to increase property tax revenues above the tax rate of the previous year, state law requires the City to provide public notice to property owners and hold public hearings. When these special public hearings are necessary, the adoption of the final budget is made subsequent to June 22. All property taxes levied by the City are assessed and collected by Davis County. Taxes are levied as of January 1 and due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 until paid. If delinquent taxes have not been paid, after five years the County sells the property at a tax sale. Tax collections are remitted to the City from the County on a monthly basis.

The Utah State Tax Commission collects sales and telecommunication taxes and remits them to the City monthly.

Franchise taxes are collected by natural gas and electric utility companies and are remitted monthly. Cable television companies collect the franchise taxes and remit them to the City semi-annually.

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. Assets, Liabilities and Equity**

**1. Cash and cash equivalents**

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

**2. Inventories and Prepaid Items**

Inventories of the enterprise funds are stated at cost using the first-in first-out (FIFO) method.

**3. Restricted Assets**

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**4. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are defined by the government as assets with an initial, individual cost of more than \$100,000 for infrastructure assets and \$5,000 for all other assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are valued at their fair market value on the date donated.

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of fixed assets is computed using the straight-line method over their estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Buildings	30-50
Improvements other than buildings	5-40
Machinery & equipment	5-20
Utility systems	25-50
Infrastructure	25-50
Vehicles	5-15

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. Assets, Liabilities and Equity (continued)**

**5. Long-term Obligations**

In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt used is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**6. Compensated Absences**

Accumulated unpaid vacation is accrued as incurred based on the years of service for each employee. Vacation is accumulated on a bi-weekly basis and is fully vested when earned. Accumulated vacation cannot exceed 240 hours at the end of any calendar year and any vacation in excess of this amount is forfeited. At retirement, death, or termination, all unpaid accrued vacation, up to 240 hours, is paid to the employee or his or her beneficiary. Accumulated sick leave is earned at a rate of 4 hours per pay period. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate sick leave up to 1,440 hours. Accumulated sick leave paid to employees upon retirement is limited depending on years of service with West Bountiful City as follows:

- Retiring employees with at least ten years of City service may cash out 20% of accumulated hours, or 288 hours, whichever is less.
- Retiring employees with at least 20 years of City service may cash out 40% of accumulated hours, or 576 hours, whichever is less.
- Retiring employees with at least 25 years of City service may cash out 50% of accumulated hours, or 720 hours, whichever is less.

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. Assets, Liabilities and Equity (continued)**

**6. Compensated Absences (continued)**

The amount of accumulated leave is accrued when incurred in the government-wide, proprietary fund financial statements. Employees that are terminated for reasons other than retirement are not paid for accumulated sick leave.

**7. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Contributed capital represents resources acquired through capital grants and capital contributions from developers, customers or other funds.

**8. Interfund Transactions**

During the course of normal operations, the City has transactions between funds to subsidize operations in certain enterprise funds, to construct assets, to distributed grant proceeds, etc. These transactions are generally reflected as transfers, which are transfers from a fund authorized to receive certain revenues to the fund through which the resources are to be expended.

**9. Estimates and Assumptions**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

**II. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS**

**A. Deposits and Investments**

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

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**II. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

**A. Deposits and Investments (continued)**

*Custodial credit risk (deposits)* – Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the City to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Money Management Council. As of June 30, 2009, \$215,291 of the City's bank balances of \$542,248 were uninsured and uncollateralized.

Components of cash and investments (including interest earning deposits) at June 30, 2009, are as follows:

Cash on hand and on deposit:	
Cash on deposit	\$ 440,335
PTIF investment	<u>5,049,146</u>
Total cash and investments	<u>\$ 5,489,481</u>

Cash and investments are included in the accompanying combined statement of net assets as follows:

Cash and cash equivalents	\$ 4,688,029
Restricted cash	<u>801,452</u>
Total cash and investments	<u>\$ 5,489,481</u>

*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 or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. The City's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

*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 previously discussed. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**II. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

**A. Deposits and Investments (continued)**

Permitted investments include deposits of qualified depositories; negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes and other evidence of indebtedness of political subdivision of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations as defined in the Act.

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

For the year ended June 30, 2009, the City had investments of \$5,049,146 with PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

	Carrying Amount	Market Value
Investments not subject to categorizations:		
Utah Public Treasurer's Investment Fund	\$ 5,049,146	\$ 5,056,144

The GASB Fair Value factor at June 30, 2009 was 1.001386

*Interest rate risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by investing mainly in the Utah Public Treasurer's Investment Fund and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

*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's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**II. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

**B. Allowance for Doubtful Accounts**

The allowance for doubtful accounts receivable at June 30, 2009 for all funds is \$10,758.

**C. Restricted Assets**

Restricted assets consist of cash reserves required by bonding agreements for capital assets and for future bond payments. The City also has cash reserves that are restricted for road repair and maintenance. Additionally, restricted assets consist of impact fees collected that have not yet been used for their intended purpose.

**D. Capital Assets and Depreciation**

A summary of changes in capital assets follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 5,101,489	\$ -	\$ -	\$ 5,101,489
Total capital assets, not being depreciated	<u>5,101,489</u>	<u>-</u>	<u>-</u>	<u>5,101,489</u>
Capital assets, being depreciated				
Buildings	2,193,144	-	-	2,193,144
Improvements other than buildings	3,228,229	148,954	-	3,377,183
Machinery & Equipment	504,733	25,113	-	529,846
Vehicles	482,207	-	(96,850)	385,357
Total capital assets, being depreciated	<u>6,408,313</u>	<u>174,067</u>	<u>(96,850)</u>	<u>6,485,530</u>
Accumulated Depreciation for:				
Buildings	(208,202)	(68,688)	-	(276,890)
Improvements other than buildings	(477,040)	(103,662)	-	(580,702)
Machinery & Equipment	(211,811)	(55,784)	-	(267,595)
Vehicles	(295,140)	(40,100)	74,303	(260,937)
Total accumulated depreciation	<u>(1,192,193)</u>	<u>(268,234)</u>	<u>74,303</u>	<u>(1,386,124)</u>
Total capital assets, being depreciated, net	<u>5,216,120</u>	<u>(94,167)</u>	<u>(22,547)</u>	<u>5,099,406</u>
Governmental activities capital assets, net	<u>\$10,317,609</u>	<u>\$ (94,167)</u>	<u>\$ (22,547)</u>	<u>\$10,200,895</u>

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**II. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

**D. Capital Assets and Depreciation (continued)**

Depreciation Expense was charged to functions/departments of the primary government as follows:

**Governmental Activities:**

General Government	\$ 96,618
Public Safety	53,799
Public Works	113,772
Parks and Recreation	4,045
Total Depreciation Expense	<u>\$ 268,234</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated				
Land	\$ 1,743,497	\$ -	\$ -	\$ 1,743,497
Construction in Progress	40,179	304,409	(40,179)	304,409
Total capital assets, not being depreciated	<u>1,783,676</u>	<u>304,409</u>	<u>(40,179)</u>	<u>2,047,906</u>
Capital assets, being depreciated				
Buildings	308,938	-	-	308,938
Golf Course - improvements	1,808,988	-	-	1,808,988
Water Distribution System	3,377,236	238,144	-	3,615,380
Storm Drain System	1,719,553	-	-	1,719,553
Machinery & Equipment	621,071	68,804	-	689,875
Vehicles	145,021	167,500	(12,000)	300,521
Total capital assets, being depreciated	<u>7,980,807</u>	<u>474,448</u>	<u>(12,000)</u>	<u>8,443,255</u>
Accumulated Depreciation for:				
Buildings	(113,565)	(10,119)	-	(123,684)
Golf Course - improvements	(605,596)	(37,681)	-	(643,277)
Water Distribution System	(952,330)	(81,665)	-	(1,033,995)
Storm Drain System	(352,683)	(38,516)	-	(391,199)
Machinery & Equipment	(331,995)	(52,399)	-	(384,394)
Vehicles	(119,631)	(8,905)	12,000	(116,536)
Total accumulated depreciation	<u>(2,475,800)</u>	<u>(229,285)</u>	<u>12,000</u>	<u>(2,693,085)</u>
Total capital assets, being depreciated, net	<u>5,505,007</u>	<u>245,163</u>	<u>-</u>	<u>5,750,170</u>
Business-type activities capital assets, net	<u>\$ 7,288,683</u>	<u>\$ 549,572</u>	<u>\$ (40,179)</u>	<u>\$ 7,798,076</u>

**WEST BOUNTIFUL CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**II. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

**D. Capital Assets and Depreciation (continued)**

Depreciation Expense was charged to functions/departments of the propriety funds as follows:

**Business-type Activities:**

Water	\$ 100,476
Solid Waste	7,955
Storm Drain	38,526
Golf Course	<u>82,328</u>
Total Depreciation Expense	<u>\$ 229,285</u>

**E. Deferred Revenue**

In conjunction with the implementation of GASB pronouncement 33 *"Accounting and Financial Reporting for Nonexchange Transactions"*, the City has accrued a property tax receivable and deferred property tax revenue in the amount of \$499,279 in the General Fund and \$400,000 in the RDA fund.

Property taxes recorded in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 60 days). Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on October 1<sup>st</sup> and then are due and payable on November 30th.

Since the property tax to be levied on October 1<sup>st</sup> is not expected to be received within 60 days after year end, the City is required to record a receivable and deferred revenue of the estimated amount of the total property tax to be levied on October 1<sup>st</sup>.

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**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**II. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

**F. Long-Term Liabilities**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2009:

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2009</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds payable					
Sales tax revenue bond	\$2,000,000	\$ -	\$ (55,000)	\$1,945,000	\$ 60,000
Total bonds payable	<u>2,000,000</u>	<u>-</u>	<u>(55,000)</u>	<u>1,945,000</u>	<u>60,000</u>
Other liabilities					
Compensated Absences	77,745	77,445	(75,248)	79,942	21,318
Total other liabilities	<u>77,745</u>	<u>77,445</u>	<u>(75,248)</u>	<u>79,942</u>	<u>21,318</u>
<b>Total Governmental Activities</b>	<u><u>\$2,077,745</u></u>	<u><u>\$ 77,445</u></u>	<u><u>\$ (130,248)</u></u>	<u><u>\$2,024,942</u></u>	<u><u>\$ 81,318</u></u>
<b>Business-type Activities:</b>					
Bonds payable					
Water revenue bond 2004	\$ 288,000	\$ -	\$ (93,000)	\$ 195,000	\$ 96,000
Water revenue bond 2009	-	4,785,000	-	4,785,000	180,000
G.O. refunding bond, Series 2003	1,230,000	-	(195,000)	1,035,000	200,000
Premium on Water bond 2009	-	16,527	-	16,527	-
Total bonds payable	<u>1,518,000</u>	<u>4,801,527</u>	<u>(288,000)</u>	<u>6,031,527</u>	<u>476,000</u>
Other liabilities					
Compensated Absences	21,671	70,140	(31,506)	60,305	13,894
Total other liabilities	<u>21,671</u>	<u>70,140</u>	<u>(31,506)</u>	<u>60,305</u>	<u>13,894</u>
<b>Total Business-type Activities</b>	<u><u>\$1,539,671</u></u>	<u><u>\$4,871,667</u></u>	<u><u>\$ (319,506)</u></u>	<u><u>\$6,091,832</u></u>	<u><u>\$ 489,894</u></u>

Compensated absences are generally liquidated by the General, Water, and Golf Course funds.

**Governmental Activities:**

**Sales Tax Revenue Bonds, Series 2004:** In May 2004, the City issued Sales Tax Revenue Bonds, Series 2004 with an original issue amount of \$2,215,000 to fund the acquisition and construction of a new City Hall and Public Works building. There were costs associated with the issuance of the bonds of \$56,000 that are being amortized over the life of the bonds. The bonds have an interest rate ranging from 3.0% to 5.4%. The City is required to make annual principal installments on May 1, of each year and semi-annual interest payments on May 1, and November 1, of each year.

**WEST BOUNTIFUL CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**II. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

**F. Long-Term Liabilities (continued)**

The City has pledged the future sales tax revenue to service the debt. The City is required to maintain a debt service reserve account. The balance in the debt service reserve account related to this bond as of June 30, 2009 is \$162,944. The bonds mature in May 2029.

The annual debt service requirements to maturity, including principal and interest, for the Series 2004 Sales Tax Revenue Bonds, as of June 30, 2009, are as follows:

Year Ended June 30,	Sales Tax Revenue Bond		
	Principal	Interest	Total
2010	\$ 60,000	\$ 99,728	\$ 159,728
2011	60,000	97,328	157,328
2012	65,000	94,628	159,628
2013	70,000	91,703	161,703
2014	70,000	88,378	158,378
2015-2019	410,000	386,013	796,013
2020-2024	525,000	270,263	795,263
2025-2029	685,000	114,480	799,480
<b>Totals</b>	<b>\$ 1,945,000</b>	<b>\$ 1,242,521</b>	<b>\$ 3,187,521</b>

**Business Type Activities:**

**Water Revenue Refunding Bonds, Series 2009:** In February 2009, the City issued Water Revenue Bonds, Series 2009 with an original issue amount of \$4,785,000 for the purpose of financing the acquisition and construction of certain improvements to the existing water systems. The cost associated with the issuance of the bonds of \$164,564, is being amortized over the life of the bonds. The bonds have an interest rate ranging from 2.50% to 4.05%. The City is required to make annual principal installments due on February 1 of each year. The City is also required to make semi-annual interest payments on February 1, and August 1, of each year. The City has pledged future water revenue to service the debt. The bonds mature in February 2029.

The debt service reserve requirement for the Series 2009 bonds is \$353,753 and has been satisfied by acquiring a debt service reserve insurance policy.

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**II. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

**F. Long-Term Liabilities (continued)**

The annual debt service requirements to maturity, including principal and interest for the Series 2009 Water Revenue Refunding Bonds as of June 30, 2009 are as follows:

<u>Year Ended June 30,</u>	<u>Series 2009 Water Revenue Bond</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 180,000	\$ 167,934	\$ 347,934
2011	180,000	167,740	347,740
2012	185,000	163,240	348,240
2013	190,000	158,615	348,615
2014	195,000	153,865	348,865
2015-2019	1,060,000	686,288	1,746,288
2020-2024	1,265,000	490,805	1,755,805
2025-2029	1,530,000	208,430	1,738,430
<b>Totals</b>	<b>\$ 4,785,000</b>	<b>\$ 2,196,917</b>	<b>\$ 6,981,917</b>

**Water Revenue Refunding Bonds, Series 2004:** In April 2004, the City issued Water Revenue Refunding Bonds, Series 2004 with an original issue amount of \$640,000 to refinance Water Revenue Bonds Series 1993. The cost associated with the issuance of the bonds of \$22,075, is being amortized over the life of the bonds. The bonds have an interest rate ranging from 2.05% to 4.02%. The City is required to make annual principal installments due on January 1 of each year. The City is also required to make semi-annual interest payments on January 1, and July 1, of each year. The City has pledged future water revenue to service the debt. The bonds mature in January 2011.

The annual debt service requirements to maturity, including principal and interest for the Series 2004 Water Revenue Refunding Bonds as of June 30, 2009 are as follows:

<u>Year Ended June 30,</u>	<u>Series 2004 Water Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 96,000	\$ 7,637	\$ 103,637
2011	99,000	3,980	102,980
<b>Totals</b>	<b>\$ 195,000</b>	<b>\$ 11,617</b>	<b>\$ 206,617</b>

**WEST BOUNTIFUL CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**II. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

**F. Long-Term Liabilities (continued)**

**General Obligation Golf Course Refunding Bond, Series 2003:** In July 2003, the City issued General Obligation Golf Course Refunding Bonds, Series 2003 with an original issue amount of \$2,020,000 to refinance the outstanding Series 1995 General Obligation Refunding Bonds issued for the acquisition, design, and construction of land improvements in connection with the Lakeside Golf Course which is owned and operated by West Bountiful City. The bonds have an interest rate ranging from 2.25% to 3.50%. There were costs associated with the issuance of these bonds including the unamortized portion of the Series 1995 Bonds, totaling \$287,838, which is being amortized over the life of the bond. The City is required to make annual principal installments due on September 1 of each year and make semi-annual interest payments on March 1, and September 1, of each year. The bonds mature in September 2013.

The annual debt service requirements to maturity, including principal and interest for the Series 2003 General Obligation Golf Course Refunding Bonds as of June 30, 2009 are as follows:

Year Ended June 30,	General Obligation Golf Course Refunding Bond		
	Principal	Interest	Total
2010	\$ 200,000	\$ 30,213	\$ 230,213
2011	200,000	24,463	224,463
2012	200,000	18,213	218,213
2013	210,000	11,419	221,419
2014	225,011	3,938	228,949
<b>Totals</b>	<b>\$ 1,035,011</b>	<b>\$ 88,246</b>	<b>\$ 1,123,257</b>

**G. Risk Management**

The City is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions and natural disasters. The City participates in the Utah Local Government Insurance Trust (the Trust), a public entity risk pool to manage its risk of loss. The City pays an annual premium to the Trust for its general liability insurance coverage. The Trust was created to be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of one million dollars for each insured event. As of June 30, 2009, there were no outstanding unpaid claims. Also, the City had no claim settlements during the three years ending June 30, 2009, which exceeded its insurance coverage. The City also has a fidelity bond with a private carrier.

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**III. Other Information**

**A. Retirement System**

**Cost Sharing Defined Benefits Pension Plans**

Plan Description - West Bountiful City Corporation contributes to the Local Government Contributory Retirement System and the Public Safety Retirement System, both of which are cost-sharing multiple-employer defined benefit pension plans. These plans are administered by the Utah Retirement Systems (the Systems). The Systems provide retirement benefits, annual cost of living adjustments, death benefits, and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah 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 (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information of the Local Governmental Contributory Retirement System and Local Government Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy - Plan members in Local Government Noncontributory Retirement System members are required to contribute 6.0% of their annual covered salary (all of which is paid by the City) and West Bountiful City Corporation is required to contribute 7.61% of their annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The contributions by West Bountiful City Corporation to the Local Government Contributory Retirement System for June 30, 2009, 2008 and 2007 were \$79,385, \$64,396, and \$64,476 respectively. The contributions were equal to the required contributions for each year.

**Public Safety Retirement System**

Plan description: The City contributes to a defined benefits pension plan for public safety employees, which provides refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes. West Bountiful City is affiliated with the Utah Retirement Systems Public Safety Retirement System, an agent multiple-employer and cost sharing multiple-employer pension plan administered by the Utah Retirement Systems (Systems). The Utah State Retirement 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.

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**III. Other Information (continued)**

**A. Retirement System (continued)**

The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the West Bountiful City Public Safety Retirement System. A copy of the report may be obtained by writing to the Utah Retirement System, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

**Agent Multiple Employer Defined Benefit Pension Plan**

Funding Policy: The City is required to contribute a combined rate of 23.51% of members' annual covered salary in the public safety defined benefit pension plan. The contribution rates are actuarially determined. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The City's contributions to the Public Safety Retirement System for the years ended June 30, 2009, 2008, and 2007, were \$59,787, \$47,100, and \$39,039 respectively. The City's Public Safety Retirement annual pension cost was equal to the City's required and actual contributions.

**401(k) Defined Contribution and 457 Deferred Compensation Plans**

The City offers its employees participation in 401(k) and 457 plans offered through the Utah Retirement System. The city only contributes as per City statute. The City offers three classes of health insurance plans and the City agrees to pay for the middle plan. If an employee elects to take the lower plan or does not elect to have health insurance through the City, the City will determine the difference between the cost to the City for the middle insurance plan and the actual cost to the City and contribute that amount to the employees' 457 or 401(k) plan.

**IRC Code Section 401(k) Plan**

The City participates in a 401(k) plan offered through the Utah State Retirement System. The plan under Internal Revenue Code Section 401(k) is available to all permanent full-time City employees after nine consecutive months of service and permits the employee to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The 401(k) deferred compensation monies are not available to the City or its general creditors. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested in the employee's account from the date of employment. The contribution for fiscal year ended June 30, 2009 was \$210,779, which consisted of \$38,416 from employee contributions and \$172,363 from City contributions.

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**III. Other Information (continued)**

**A. Retirement System (continued)**

The assets and income of the Internal Revenue Code Section 401(k) Plan are held in trust by the Utah Retirement System for the exclusive benefit of the participants or their beneficiaries.

**IRC Code Section 457 Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all permanent full time City employees after nine months of consecutive service, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The contribution for fiscal year ended June 30, 2009 was \$27,484, which consisted of \$16,817 from employee contributions and \$10,666 from City contributions.

The assets and income of the Internal Revenue Code Section 457 Plan are held in trust by the Utah Retirement System for the exclusive benefit of the participants or their beneficiaries

**B. Commitments and Contingencies**

Business Revenue Sharing Agreement. The City has entered into two distinct business revenue sharing agreements. The first agreement was established in 1990 and the share of sales tax revenue the City keeps is 65%. The agreement has a maximum term of 50 years and has 30 years until the terms are satisfied.

In June of 2004, the City entered into its second business revenue sharing agreement where the City would repay sales tax to the developers with a maximum obligation of \$10,800,000. The term of the agreement, for tax increment purposes, is 25 years.

The City has entered into two property tax revenue sharing agreements. The first was entered into in 1991 and the terms will be satisfied in 2016. The other agreement began this fiscal year and the terms will be satisfied in 2034.

In 2008, the City was made aware of the erroneous collection and remittance of franchise tax to the City from Holly Oil. For three years, Rocky Mountain Power collected franchise tax from Holly Oil and remitted it to the City. Holly Oil is exempt from this type of tax and should not have had to pay it. It came to the attention of the City that they were responsible to pay back \$645,775 to Holly Oil. An agreement was made to repay \$200,000 in 2008 with monthly payment of \$3,000 until June 2009. The City will pay \$8,000 per month from July 2009 until the final payment occurring prior to September 30, 2013.

**WEST BOUNTIFUL CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**III. Other Information (continued)**

**B. Commitments and Contingencies (continued)**

As of June 30, 2009, the City is involved in various lawsuits. The outcome of these lawsuits is not presently determinable. In the opinion of the City attorney and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City entered into various contracts with construction contractors during the year. Of the total amounts authorized by Council ordinance, the following amounts remain as of June 30, 2009:

<b>Construction Contractors</b>	<b>Commitments</b>		
	<b>Contracted Amount</b>	<b>Amount Expended</b>	<b>Amount Remaining</b>
500 South Waterline	\$ 191,678	\$ 89,072	\$ 102,606
1000 North Waterline	390,000	41,398	348,602
400 North Waterline	187,000	70,451	116,549
Stone Creek Well Rehabilitation	119,490	103,488	16,002
<b>Total</b>	<b>\$ 888,168</b>	<b>\$ 304,409</b>	<b>\$ 583,759</b>

**C. Interlocal Agreements and Service Districts**

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

- Davis County Solid Waste Management and Emergency Recovery Special Service District
- South Davis Metro Fire District
- South Davis Sewer District

The Davis County Solid Waste Management and Emergency Recovery Special Service District bills the City for services received and the City bills its residents for this service. The City paid the Davis County Solid Waste Management and Emergency Recovery Special Service District \$106,111 for their services. The City paid the South Davis Metro Fire District \$281,309 for fire services. South Davis Sewer District bills the City's residents directly for the services provided.

The City has representatives on the governing boards of the above districts but does not have total or final control over the fiscal or administrative activities of these entities. Payments for services to these entities are included as expenditures of the City's General Fund and enterprise fund.

**WEST BOUNTIFUL CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**III. Other Information (continued)**

**D. Transfers**

The transfers among the funds for the year ended June 30, 2009 were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>			<u>Total</u>
	<u>General Fund</u>	<u>Storm</u>	<u>Golf Fund</u>	
General Fund	\$ -	\$ -	\$ 130,550	\$ 130,550
Police Facility Fund	600	-	-	600
Capital Projects	260,020	17,000	10,000	287,020
<b>Totals</b>	<b>\$ 260,620</b>	<b>\$ 17,000</b>	<b>\$ 140,550</b>	<b>\$ 418,170</b>

The resulting composition of the interfund balances as of June 30, 2009 is as follows:

	<u>Interfund Balances</u>	
	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 866,387	\$ -
Capital Improvements Fund	509,718	-
RDA Fund	-	12,286
Golf Course Fund	-	1,297,070
Storm Drain Fund	-	66,749
	<b>\$ 1,376,105</b>	<b>\$ 1,376,105</b>

The Interfund payables from the Golf Course and the Storm Drain Fund are not expected to be repaid within the year.

**E. Redevelopment Agency of West Bountiful City**

For the year ended June 30, 2009, the following activity occurred in the City's Redevelopment Agency.

Tax increment collected	\$ 507,767
Amounts expended for payments to developers	399,812
Amounts expended for legal and professional fees	20,559
Amounts expended for administrative costs	98,736

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**III. Other Information (continued)**

**F. Other Required Funds Disclosure**

Expenditures in Excess of Budget

For the year ended June 30, 2009, the City's expenditures exceeded the budget in the following funds and departments:

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over Budget</u>
Non-Departmental	\$ 236,879	\$ 303,769	\$ (66,890)
Debt Service	160,000	160,528	(528)

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**WEST BOUNTIFUL CITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
<b>Taxes:</b>				
Current Year Property Taxes	\$ 525,000	\$ 515,000	\$ 519,179	\$ 4,179
Vehicle Fees	52,000	50,000	46,360	(3,640)
Sales and Use Taxes	1,416,250	1,341,250	1,198,741	(142,509)
Franchise and room tax	363,000	408,000	424,662	16,662
	<u>2,356,250</u>	<u>2,314,250</u>	<u>2,188,942</u>	<u>(125,308)</u>
<b>Licenses and Permits:</b>				
Business Licenses	26,000	28,000	28,084	84
Building Permits	100,000	25,000	22,373	(2,627)
Other Licenses and permits	67,550	28,000	28,814	814
	<u>193,550</u>	<u>81,000</u>	<u>79,271</u>	<u>(1,729)</u>
<b>Intergovernmental:</b>				
Grants	5,000	136	2,436	2,300
Class "C" Road Fund Allotment	195,000	195,000	166,252	(28,748)
State Liquor Allotment	10,000	10,000	10,189	189
	<u>210,000</u>	<u>205,136</u>	<u>178,877</u>	<u>(26,259)</u>
<b>Charges for Services:</b>				
Subdivision fees	13,000	-	-	-
Police Reports	1,500	3,900	3,930	30
Parks	1,500	1,700	1,720	20
Other services	25,350	350	81	(269)
	<u>41,350</u>	<u>5,950</u>	<u>5,731</u>	<u>(219)</u>
<b>Fines and Forfeitures</b>	<u>235,500</u>	<u>230,000</u>	<u>232,948</u>	<u>2,948</u>
<b>Other Revenues:</b>				
Interest Earnings	45,000	11,700	14,550	2,850
Miscellaneous Revenue	31,200	30,500	29,365	(1,135)
	<u>76,200</u>	<u>42,200</u>	<u>43,915</u>	<u>1,715</u>
<b>Total Revenues</b>	<u>\$ 3,112,850</u>	<u>\$ 2,878,536</u>	<u>\$ 2,729,684</u>	<u>\$ (148,852)</u>

(continued)

**WEST BOUNTIFUL CITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Expenditures:</b>				
<b>General Government:</b>				
Administrative	\$ 343,565	\$ 380,520	\$ 363,167	\$ 17,353
Legislative	39,317	38,547	34,244	4,303
Court	191,430	207,339	206,364	975
Engineering	102,000	98,010	96,695	1,315
Non-Departmental	214,909	236,879	303,769	(66,890)
Planning & Zoning	21,906	23,905	23,856	49
Buildings	46,700	45,100	44,916	184
	<u>959,827</u>	<u>1,030,300</u>	<u>1,073,011</u>	<u>(42,711)</u>
<b>Public Safety:</b>				
Police Department	935,685	901,575	876,098	25,477
Fire Department	299,000	281,309	281,309	-
	<u>1,234,685</u>	<u>1,182,884</u>	<u>1,157,407</u>	<u>25,477</u>
<b>Public Works</b>				
Streets	260,000	246,419	237,678	8,741
Class "C" roads	240,000	202,500	197,690	4,810
	<u>500,000</u>	<u>448,919</u>	<u>435,368</u>	<u>13,551</u>
Parks	120,320	134,270	122,535	11,735
Debt Service	160,000	160,000	160,528	(528)
	<u>2,974,832</u>	<u>2,956,373</u>	<u>2,948,849</u>	<u>7,524</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>138,018</u>	<u>(77,837)</u>	<u>(219,165)</u>	<u>(141,328)</u>
<b>Other financing sources (uses):</b>				
Transfers in	27,532	260,620	260,620	-
Transfers out	(165,550)	(182,783)	(130,550)	52,233
	<u>(138,018)</u>	<u>77,837</u>	<u>130,070</u>	<u>52,233</u>
<b>Net Change in Fund Balance</b>	<u>-</u>	<u>-</u>	<u>(89,095)</u>	<u>(89,095)</u>
<b>Fund Balance - July 1</b>	<u>404,035</u>	<u>404,035</u>	<u>404,035</u>	<u>-</u>
<b>Fund Balance - June 30</b>	<u>\$ 404,035</u>	<u>\$ 404,035</u>	<u>\$ 314,940</u>	<u>\$ (89,095)</u>

**WEST BOUNTIFUL CITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**REDEVELOPMENT AGENCY - SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Tax increment - property	\$ 260,000	\$ 508,000	\$ 507,767	\$ (233)
Interest earned	1,000	1,000	-	(1,000)
<b>Total Revenues</b>	<u>261,000</u>	<u>509,000</u>	<u>507,767</u>	<u>(1,233)</u>
<b>Expenditures:</b>				
Redevelopment	113,600	125,850	120,500	5,350
Payments to developers	200,000	418,000	399,812	18,188
<b>Total Expenditures</b>	<u>313,600</u>	<u>543,850</u>	<u>520,312</u>	<u>23,538</u>
<b>Other financing sources (uses):</b>				
Operating transfers in (out)	52,600	34,850	-	34,850
Reserve fund	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>52,600</u>	<u>34,850</u>	<u>-</u>	<u>34,850</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>-</u>	<u>-</u>	<u>(12,545)</u>	<u>(12,545)</u>
<b>Fund Balance - July 1</b>	<u>(2,120)</u>	<u>(2,120)</u>	<u>(2,120)</u>	<u>-</u>
<b>Fund Balance - June 30</b>	<u>\$ (2,120)</u>	<u>\$ (2,120)</u>	<u>\$ (14,665)</u>	<u>\$ (12,545)</u>

**SUPPLEMENTARY INFORMATION**

**WEST BOUNTIFUL CITY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2009**

	<u>Special Revenue Funds</u>				Total Nonmajor Governmental Funds
	<u>Street Impact Fees</u>	<u>Police Facility Impact Fees</u>	<u>Park Impact Fees</u>	<u>RAP Tax</u>	
<b>ASSETS</b>					
Cash	\$ 358,153	\$ 243	\$ 280,112	\$ 13,933	\$ 652,441
Accounts Receivable	-	-	-	37,015	37,015
<b>TOTAL ASSETS</b>	<u>\$ 358,153</u>	<u>\$ 243</u>	<u>\$ 280,112</u>	<u>\$ 50,948</u>	<u>\$ 689,456</u>
<b>FUND BALANCES</b>					
Reserved for Impact Fees	\$ 358,153	\$ 243	\$ 280,112	\$ -	\$ 638,508
Reserved for RAP taxes	-	-	-	50,948	50,948
<b>TOTAL FUND BALANCES</b>	<u>\$ 358,153</u>	<u>\$ 243</u>	<u>\$ 280,112</u>	<u>\$ 50,948</u>	<u>\$ 689,456</u>

**WEST BOUNTIFUL CITY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Special Revenue Funds</u>				Total Nonmajor Governmental Funds
	Street Impact Fees	Police Facility Impact Fees	Park Impact Fees	RAP Tax	
<b>REVENUES</b>					
Impact fee	\$ 3,774	\$ 587	\$ 6,328	\$ -	\$ 10,689
Sales Tax Increment	-	-	-	50,940	50,940
Interest	5,381	8	4,591	8	9,988
<b>Total Revenues</b>	<u>9,155</u>	<u>595</u>	<u>10,919</u>	<u>50,948</u>	<u>71,617</u>
<b>EXPENDITURES</b>					
Parks	-	-	37,028	-	37,028
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>37,028</u>	<u>-</u>	<u>37,028</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>9,155</u>	<u>595</u>	<u>(26,109)</u>	<u>50,948</u>	<u>34,589</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers-Out	-	(600)	-	-	(600)
<b>Net Change in Fund Balances</b>	<u>9,155</u>	<u>(5)</u>	<u>(26,109)</u>	<u>50,948</u>	<u>33,989</u>
<b>Fund Balances at Beginning of Year</b>	<u>348,998</u>	<u>248</u>	<u>306,221</u>	<u>-</u>	<u>655,467</u>
<b>Fund Balances at End of Year</b>	<u>\$ 358,153</u>	<u>\$ 243</u>	<u>\$ 280,112</u>	<u>\$ 50,948</u>	<u>\$ 689,456</u>

**AUDITORS' REPORTS**

**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  
West Bountiful City

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund, for West Bountiful City, as of and for the year ended June 30, 2009, which collectively comprise the West Bountiful, Utah's basic financial statements and have issued our report thereon dated September 28, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects West Bountiful City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of West Bountiful City's financial statements that is more than inconsequential will not be prevented or detected by West Bountiful City's internal control. We consider the deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

September 28, 2009  
Page 2

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the West Bountiful City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

#### Compliance and Other Matters

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

West Bountiful City's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit West Bountiful City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wood Richards & Associates

Ogden, UT  
September 28, 2009

**INDEPENDENT AUDITOR'S REPORT**  
**STATE OF UTAH LEGAL COMPLIANCE**

The Honorable Mayor and City Council  
West Bountiful City, Utah

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of West Bountiful City, Utah, for the year ended June 30, 2009 and have issued our report thereon dated September 28, 2009. As part of our audit, we have audited West Bountiful City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2009. The City received the following major assistance programs from the State of Utah.

B & C Road Funds (Department of Transportation)  
Liquor Law Enforcement (State Tax Commission)

The City did not receive any nonmajor State grants during the year ended June 30, 2009.

Our audit also included testwork on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt	Justice Court
Cash Management	B & C Road Funds
Purchasing Requirements	Other General Compliance Issues
Budgetary Compliance	Uniform Building Code Standards
Truth in Taxation & Property	Impact Fees
Liquor Law Enforcement	Asset Forfeiture

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

Independent Auditor's Report on State Legal Compliance  
Page 2

The results of our audit procedures disclosed immaterial instances of noncompliance with requirements referred to above, which is described in the accompanying schedule of findings. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, West Bountiful City, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2009.

Wood Richards & Associates

September 28, 2009

**WEST BOUNTIFUL CITY  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2009**

**Significant Deficiency in Internal Control Over Financial Reporting**

Finding #09-01: After a review of internal controls, we noted that no formal shut-off or collection policy exists for the utility billing of the City.

Recommendation: We recommend that the City implement a shut-off/collection policy that outlines the procedure the City will use to account for unpaid receivables and the time frame allowed before the receivables will be classified as uncollectible and expensed.

Response: Management agrees with the recommendation and will implement a formal shut-off policy.

Finding #09-02: Through an evaluation of the internal controls it was determined that a significant control deficiency exists within the control policies and procedures of West Bountiful City. The deficiency is caused by a lack of separation of duties and/or lack of monitoring in the purchasing and accounts payable as the same individual who prepares the checks and inputs the invoices also prepares the bank reconciliation. The bank statements and cancelled checks are not reviewed.

Recommendation: We recommend the City assign another individual to open the bank statement and review the statement along with the cancelled checks and sign off on the statement every month.

We also recommend the check signer(s) always verify the numerical sequence of the checks presented to them to sign. Inquiries should be made of any missing checks. Voided checks should be presented to the signers.

Response: Management agrees with the deficiency and will have an individual begin to review the bank statement and cancelled checks and sign off on the bank statement before they are delivered to the individual who prepares the bank reconciliation.

**WEST BOUNTIFUL CITY  
SCHEDULE OF FINDINGS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2009**

Finding #09-03: Utility account non-cash adjustments are not being reviewed

Recommendation: We recommend that a review is performed of all the non-cash adjustments to the utility accounts.

Response: Additional review of all non-cash utility adjustments will be implemented.

**State Compliance Findings**

Finding #09-04: The State Tax Commission requires the filing of form TC-693 *Tax Rate Summary*. The budgeted column on the report should be that same as the revenue amounts in the City's adopted budget. These amounts differed this fiscal year.

Recommendation: We recommend the City use the budgeted property tax revenue amount when preparing form TC-693 for following years.

Response: The City agrees with the recommendation and plans utilize the budgeted property tax revenue amount in preparing the necessary forms in the future.

Finding #09-05: State law requires that expenditures not be incurred in excess of the appropriation for any department or fund. We noted during the course of the audit that some departments did not meet this requirement.

Recommendation: We recommend the City maintain expenditures within their appropriations or open and amend the budget to make any necessary changes in order to stay within the appropriations.

Response: The City will be diligent in monitoring budgets throughout the year to ensure that additional funding will be appropriated if necessary.

**WEST BOUNTIFUL CITY  
SCHEDULE OF FINDINGS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2009**

Finding #09-06: Utah State Code requires all funds to have a positive fund balance and not a deficit. We noted one fund, the Redevelopment Agency Fund, had a fund balance deficit.

Recommendation: We recommend the City make the necessary budgetary adjustments and plan to eliminate the deficit.

Response: The City agrees with the recommendation and plans to eliminate the deficit in future years through tax increment monies.