

**WEST BOUNTIFUL CITY
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED JUNE 30, 2010**

**WEST BOUNTIFUL, UTAH
YEAR ENDED JUNE 30, 2010
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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, 2010, 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. 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, 2010, 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.

Accounting principles generally accepted in the United State of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 and pages 46 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Wood Richards & Associates

Ogden, UT
September 23, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

WEST BOUNTIFUL CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010

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, 2010. 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 \$15,563,589 (net assets.) Of this amount, \$61,024 (unrestricted assets) is available to meet ongoing obligations to citizens and creditors. Overall net assets increased by \$406,016.

Property taxes increased by \$186,803 this year compared to the prior year. The main reason for this increase was due to personal property taxes Holly Oil paid on new equipment they purchased. Sales taxes decreased by \$55,837 which is a result in the slowed economy. Building permits totaled \$44,667, an increase of \$22,294 which is almost double what was received from the prior year.

The City's Governmental funds reported combined ending fund balance of \$1,926,818. Of the combined total fund balance, \$738,548 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, 2010, totaled \$194,613 and is 6.5% of the fiscal year 2011 total budgeted revenues in the general fund. As Utah State statute prohibits cities and towns from having fund balances below 5.0% of the total budgeted revenue of the general fund for the next fiscal year, the City must exercise caution to ensure that this does not happen in the near future. Total bonded debt for West Bountiful City decreased by \$536,840 or 6.7%, from \$7,976,527 to \$7,439,687 as of June 30, 2010.

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, recycling, storm water, and golf course operations.

**WEST BOUNTIFUL CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010**

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.

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, 2010**

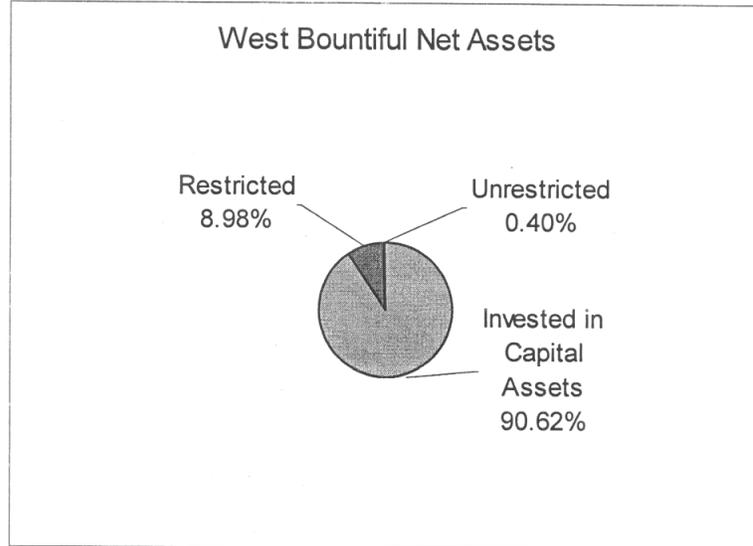
GOVERNMENT-WIDE FINANCIAL ANALYSIS

WEST BOUNTIFUL CITY
STATEMENT OF NET ASSETS
June 30, 2010

	Governmental Activities			Business-Type Activities		
	2010	2009	Increase/ (Decrease)	2010	2009	Increase/ (Decrease)
ASSETS						
Cash and Cash Equivalents	\$ -	\$ 63,037	\$ (63,037)	\$ 128,892	\$ 362,354	\$ (233,462)
Accounts Receivable (Net)	-	-	-	182,279	134,249	48,030
Accounts Receivable - Taxes	1,332,250	1,271,079	61,171	-	-	-
Inventory	-	-	-	131,461	143,095	(11,634)
Internal Balances	1,093,991	1,363,819	(269,828)	(1,093,991)	(1,363,819)	269,828
Prepaid Expenses	3,599	-	3,599	80,600	67,175	13,425
Restricted Cash	1,157,195	801,452	355,743	3,440,858	4,262,638	(821,780)
Capital Assets Net:						
Land	5,101,489	5,101,489	-	1,743,497	1,743,497	-
Construction in Progress	-	-	-	302,078	304,409	(2,331)
Buildings	1,854,180	1,916,254	(62,074)	175,137	185,254	(10,117)
Improvements	2,697,467	2,796,481	(99,014)	1,128,030	1,165,711	(37,681)
Machinery and Equipment	205,340	262,251	(56,911)	258,787	305,481	(46,694)
Vehicles	87,562	124,420	(36,858)	166,265	183,985	(17,720)
Utility Systems	-	-	-	4,478,605	3,909,739	568,866
Deferred Charges	42,557	44,797	(2,240)	256,434	299,174	(42,740)
Total Assets	13,575,630	13,745,079	(169,449)	11,378,932	11,702,942	(324,010)
LIABILITIES						
Accounts Payable	534,342	928,042	(393,700)	8,390	74,874	(66,484)
Accrued Liabilities	85,722	62,653	23,069	28,818	35,041	(6,223)
Deferred Revenue	953,344	899,279	54,065	67,505	38,500	29,005
Customer Deposits	103,030	77,480	25,550	58,105	57,805	300
Noncurrent Liabilities:						
Due Within One Year	97,942	81,318	16,624	492,191	489,894	2,297
Due In More Than One Year	1,840,447	1,943,624	(103,177)	5,121,137	5,601,938	(480,801)
Total Liabilities	3,614,827	3,992,396	(377,569)	5,776,146	6,298,052	(521,906)
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	8,061,038	8,255,895	(194,857)	6,043,306	5,931,712	111,594
Restricted For:						
Class "C" Roads	85,249	-	85,249	-	-	-
Debt Service	162,384	162,944	(560)	174,431	97,485	76,946
Street Signs	731	731	-	-	-	-
Impact Fees	688,748	638,508	50,240	35,520	34,051	1,469
RAP tax	251,158	50,948	200,210	-	-	-
Unrestricted	711,495	643,657	67,838	(650,471)	(658,358)	7,887
Total Net Assets	9,960,803	9,752,683	208,120	5,602,786	5,404,890	197,896
Total Liabilities & Net Assets	\$13,575,630	\$13,745,079	\$ (169,449)	\$11,378,932	\$11,702,942	\$ (324,010)

**WEST BOUNTIFUL CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010**

By far the largest component of West Bountiful City's net assets is its investment in capital assets. Total capital assets represent 90.62% 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 the 1000 North Waterline. These business-type activities account for the increase of \$573,690 to utility systems capital assets. Accordingly, the city's cash and cash equivalents in the business-type activity funds decreased by \$233,462 during the same time period. It is important to note that several capital projects were in progress at the end of this fiscal year. These projects include the 400 North Waterline, the 500 South Waterline, and the 400 North Well Rehabilitation project.

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 studied and updated 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

The City continued to experience a slow down in development, as well as all of Utah, during fiscal year 2010. 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.

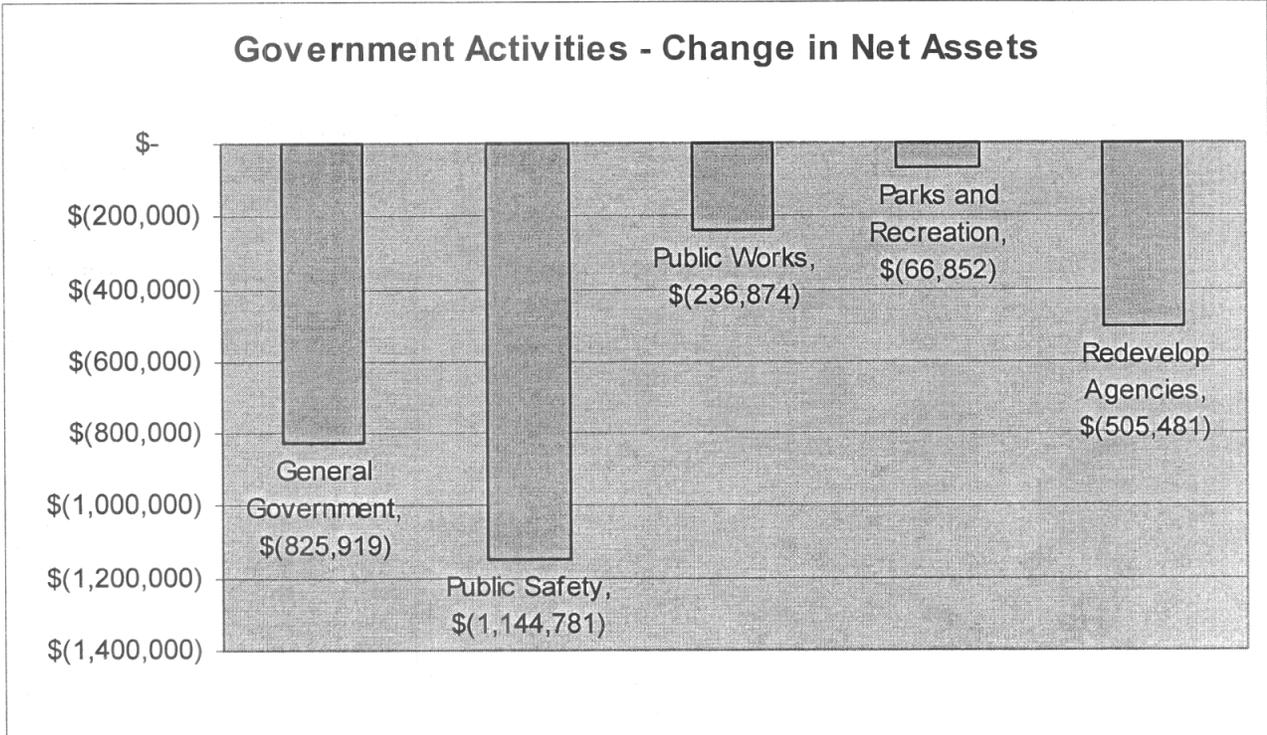
**WEST BOUNTIFUL CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010**

GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

	West Bountiful City Changes in Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
General revenues:						
Taxes	\$ 3,012,392	\$ 2,747,649	\$ -	\$ -	\$ 3,012,392	\$ 2,747,649
Other Revenues	71,008	18,865	-	92,000	71,008	110,865
Gain (Loss) of Asset	-	(12,045)	2,500	-	2,500	(12,045)
Interest Revenue	9,394	37,032	26,427	30,950	35,821	67,982
Program Revenues:						
Charge for Services	267,664	328,639	2,164,289	1,962,166	2,431,953	2,290,805
Operating Grants	183,840	176,441	-	-	183,840	176,441
Capital Grants	38,714	2,436	-	-	38,714	2,436
Total Revenues	3,583,012	3,299,017	2,193,216	2,085,116	5,776,228	5,384,133
Expenses:						
General Govern't	953,761	1,204,258	-	-	953,761	1,204,258
Public Safety	1,289,172	1,211,206	-	-	1,289,172	1,211,206
Public Works	429,559	400,183	-	-	429,559	400,183
Parks and Rec	92,152	149,609	-	-	92,152	149,609
Redevelopment	505,481	520,312	-	-	505,481	520,312
Interest Expense	102,328	105,162	-	-	102,328	105,162
Water	-	-	740,869	619,891	740,869	619,891
Solid Waste	-	-	268,863	278,227	268,863	278,227
Storm Drain	-	-	60,169	71,577	60,169	71,577
Golf Course	-	-	927,858	1,015,479	927,858	1,015,479
Total Expenses	3,372,453	3,590,730	1,997,759	1,985,174	5,370,212	5,575,904
Change in Net Assets before Transfers	210,559	(291,713)	195,457	99,942	406,016	(191,771)
Transfers In (Out)	(2,439)	(157,550)	2,439	157,550	-	-
Change in Net Assets	208,120	(449,263)	197,896	257,492	406,016	(191,771)
Net Assets - Beg	9,752,683	10,201,946	5,404,890	5,147,398	30,205,661	29,169,240
Net Assets - Ending	\$ 9,960,803	\$ 9,752,683	\$ 5,602,786	\$ 5,404,890	\$30,611,677	\$28,977,469

**WEST BOUNTIFUL CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010**

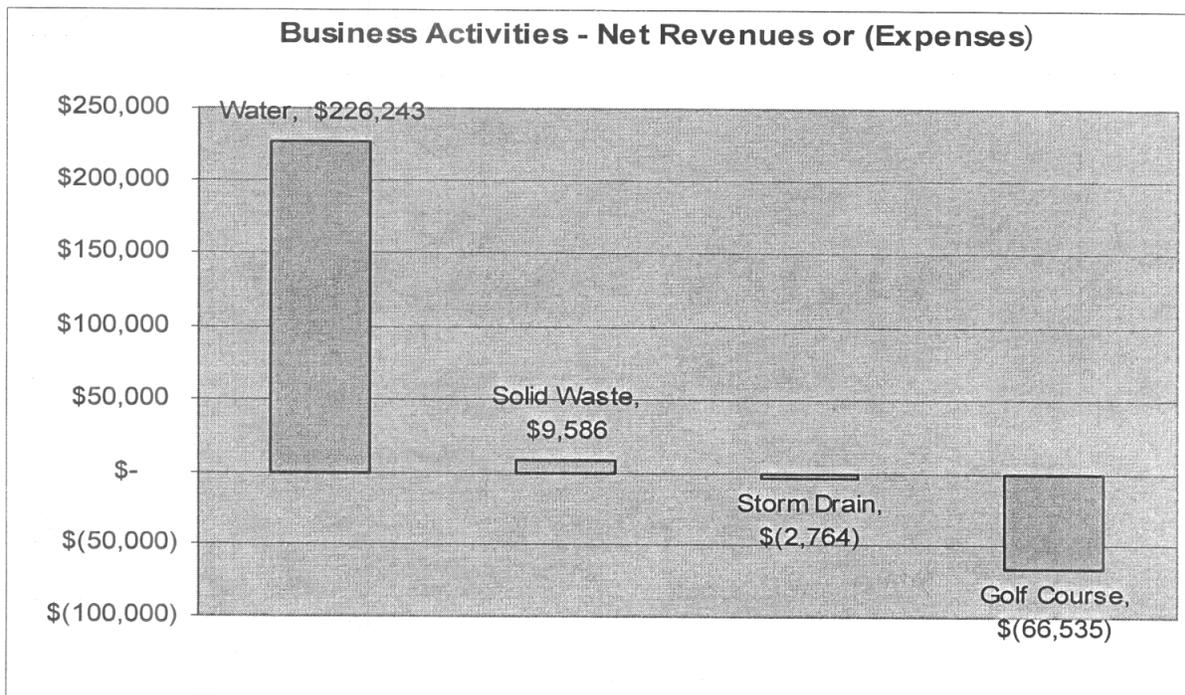
Governmental activities net assets increased by \$208,120 for the year ended June 30, 2010. Governmental activities contributed to 51.3% of the increase in the total City net assets during the year. The following chart below indicates the degree to which governmental activities are dependent upon general tax revenues. For example, public safety requires the greatest draw upon tax revenues as public safety demands of \$1,144,781 approach total property tax revenue resources of \$1,256,589.



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**WEST BOUNTIFUL CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010**

GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES (continued)



Business-type activities contributed an amount of \$197,896 or 48.7% 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. The Storm Drain Fund over utilized the revenue resources. Further, net revenues from the Golf Course Enterprise Fund do not cover the expenses and debt service the Fund requires.

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, 2010.

The General Fund is the main operating fund for West Bountiful City. At June 30, 2010, the general fund's unreserved fund balance was \$194,613, while total fund balance equaled \$422,977. Total fund balance of the General Fund for West Bountiful City increased by \$128,036. 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 7.2% of total expenditures and transfers out while total fund balance equaled 16.4% of current expenditures.

The Capital Projects Fund has a total fund balance of \$558,822 at June 30, 2010, all of which is either reserved for special projects and programs or designated for other programs. The total fund balance of the Capital Projects Fund remained the same for the year. The Fund earned interest and transferred the earnings to the Storm Drain Fund.

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 \$650,471. This is due largely to the negative operations of the City's Golf Course Fund.

**WEST BOUNTIFUL CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010**

GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

The City's General Fund revenue budget was \$67,386 lower compared to the prior year. This was in response to a decrease in the development activity and retail sales.

As a result of declining revenues, General Fund budgeted expenditures were decreased by \$32,885 from the original budgeted amounts. The City expended \$73,084 less than final amended budget, and \$105,969 less than original budget.

The Redevelopment Agency Fund had a deficit balance of \$14,887 as of June 30, 2010. 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>
Governmental activities				
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	6,749	-	2,199,893
Improvements other than buildings	3,377,183	12,079	-	3,389,262
Machinery & Equipment	529,846	-	-	529,846
Vehicles	385,357	-	-	385,357
Total capital assets, being depreciated	6,485,530	18,828	-	6,504,358
Accumulated Depreciation for:				
Buildings	(276,890)	(68,823)	-	(345,713)
Improvements other than buildings	(580,702)	(111,093)	-	(691,795)
Machinery & Equipment	(267,595)	(56,911)	-	(324,506)
Vehicles	(260,937)	(36,858)	-	(297,795)
Total accumulated depreciation	(1,386,124)	(273,685)	-	(1,659,809)
Total capital assets, being depreciated, net	5,099,406	(254,857)	-	4,844,549
Governmental activities capital assets, net	<u>\$10,200,895</u>	<u>\$(254,857)</u>	<u>\$ -</u>	<u>\$ 9,946,038</u>

West Bountiful City's investment in capital assets for its governmental and business-type activities combined totaled \$18,198,437 (net of \$4,617,737 accumulated depreciation) at June 30, 2010. 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 72.9% of total assets. Governmental activities net capital assets to governmental activities net assets equaled 73.3% while business-type activities percentage was 72.6%.

**WEST BOUNTIFUL CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010**

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>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 1,743,497	\$ -	\$ -	\$ 1,743,497
Construction in Progress	304,409	142,555	(144,886)	302,078
Total capital assets, not being depreciated	<u>2,047,906</u>	<u>142,555</u>	<u>(144,886)</u>	<u>2,045,575</u>
Capital assets, being depreciated				
Buildings	308,938	-	-	308,938
Golf Course - improvements	1,808,988	-	-	1,808,988
Water Distribution System	3,615,380	718,576	-	4,333,956
Storm Drain System	1,719,553	-	-	1,719,553
Machinery & Equipment	689,875	2,921	-	692,796
Vehicles	300,521	-	-	300,521
Total capital assets, being depreciated	<u>8,443,255</u>	<u>721,497</u>	<u>-</u>	<u>9,164,752</u>
Accumulated Depreciation for:				
Buildings	(123,684)	(10,117)	-	(133,801)
Golf Course - improvements	(643,277)	(37,681)	-	(680,958)
Water Distribution System	(1,033,995)	(111,196)	-	(1,145,191)
Storm Drain System	(391,199)	(38,514)	-	(429,713)
Machinery & Equipment	(384,394)	(49,615)	-	(434,009)
Vehicles	(116,536)	(17,720)	-	(134,256)
Total accumulated depreciation	<u>(2,693,085)</u>	<u>(264,843)</u>	<u>-</u>	<u>(2,957,928)</u>
Total capital assets, being depreciated, net	<u>5,750,170</u>	<u>456,654</u>	<u>-</u>	<u>6,206,824</u>
Business-type activities capital assets, net	<u>\$ 7,798,076</u>	<u>\$ 599,209</u>	<u>\$(144,886)</u>	<u>\$ 8,252,399</u>

DEBT ADMINISTRATION

City debt obligations are illustrated in the following table:

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2010</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds payable					
Sales tax revenue bond	\$1,945,000	\$ -	\$ (60,000)	\$1,885,000	\$ 60,000
Total bonds payable	<u>1,945,000</u>	<u>-</u>	<u>(60,000)</u>	<u>1,885,000</u>	<u>60,000</u>
Other liabilities					
Compensated Absences	79,942	90,757	(117,310)	53,389	37,942
Total other liabilities	<u>79,942</u>	<u>90,757</u>	<u>(117,310)</u>	<u>53,389</u>	<u>37,942</u>
<i>Total Governmental Activities</i>	<u>\$2,024,942</u>	<u>\$ 90,757</u>	<u>\$ (177,310)</u>	<u>\$1,938,389</u>	<u>\$ 97,942</u>

**WEST BOUNTIFUL CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010**

Business-type activities debt obligations are illustrated in the following table:

Business-type Activities:	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Amounts Due Within One Year
Bonds payable					
Water revenue bond 2004	\$ 195,000	\$ -	\$ (96,000)	\$ 99,000	\$ 99,000
Water revenue bond 2009	4,785,000	-	(180,000)	4,605,000	180,000
G.O. refunding bond, Series 2003	1,035,000	-	(200,000)	835,000	200,000
Premium on Water bond 2009	16,527	-	(840)	15,687	840
Total bonds payable	<u>6,031,527</u>	<u>-</u>	<u>(476,840)</u>	<u>5,554,687</u>	<u>479,840</u>
Other liabilities					
Compensated Absences	60,305	35,045	(36,709)	58,641	12,351
Total other liabilities	<u>60,305</u>	<u>35,045</u>	<u>(36,709)</u>	<u>58,641</u>	<u>12,351</u>
<i>Total Business-type Activities</i>	<u><u>\$6,091,832</u></u>	<u><u>\$ 35,045</u></u>	<u><u>\$ (513,549)</u></u>	<u><u>\$5,613,328</u></u>	<u><u>\$ 492,191</u></u>

At June 30, 2010, West Bountiful City's total debt amounted to \$7,551,717 of which \$5,613,328 was incurred by the City's business-type activities and the remaining \$1,938,389 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 2010, the state unemployment rate was 7.2%, up from 6% the previous year. This compares to the U.S. rate of 9.5%, which had no change from the prior year (source, www.data.bls.gov). 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 has slowed. Water rates had an additional increase in fiscal year 2010 and are subject to review in four years. The review will determine if 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, 2010**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 128,892	\$ 128,892
Accounts Receivable (Net)	-	182,279	182,279
Accounts Receivable - Intergovernmental	1,332,250	-	1,332,250
Inventory	-	131,461	131,461
Internal Balances	1,093,991	(1,093,991)	-
Prepaid Expenses	3,599	80,600	84,199
Restricted Cash	1,157,195	3,440,858	4,598,053
Capital Assets Net:			
Land	5,101,489	1,743,497	6,844,986
Construction in Progress	-	302,078	302,078
Buildings	1,854,180	175,137	2,029,317
Improvements Other Than Building	2,697,467	1,128,030	3,825,497
Machinery and Equipment	205,340	258,787	464,127
Vehicles	87,562	166,265	253,827
Utility Systems	-	4,478,605	4,478,605
Deferred Charges	42,557	256,434	298,991
Total Assets	13,575,630	11,378,932	24,954,562
LIABILITIES			
Accounts Payable	534,342	8,390	542,732
Accrued Liabilities	85,722	28,818	114,540
Deferred Revenue	953,344	67,505	1,020,849
Customer Deposits	103,030	58,105	161,135
Noncurrent Liabilities:			
Due Within One Year	97,942	492,191	590,133
Due In More Than One Year	1,840,447	5,121,137	6,961,584
Total Liabilities	3,614,827	5,776,146	9,390,973
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	8,061,038	6,043,306	14,104,344
Restricted For:			
Class "C" Roads	85,249	-	85,249
Debt Service	162,384	174,431	336,815
Street Signs	731	-	731
Impact Fees	688,748	35,520	724,268
RAP tax	251,158	-	251,158
Unrestricted	711,495	(650,471)	61,024
Total Net Assets	\$ 9,960,803	\$ 5,602,786	\$ 15,563,589

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

**WEST BOUNTIFUL CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 953,761	\$ 73,721	\$ 15,407	\$ 38,714
Public Safety	1,289,172	144,391	-	-
Public Works	429,559	24,252	168,433	-
Parks and Recreation	92,152	25,300	-	-
Redevelopment	505,481	-	-	-
Interest Expense	102,328	-	-	-
Total Governmental Activities	3,372,453	267,664	183,840	38,714
Business-type Activities				
Water	740,869	967,112	-	-
Solid Waste	268,863	278,449	-	-
Storm Drain	60,169	57,405	-	-
Golf Course	927,858	861,323	-	-
Total Business-type Activities	1,997,759	2,164,289	-	-
Total Government	\$ 5,370,212	\$ 2,431,953	\$ 183,840	\$ 38,714

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>
\$ (825,919)	\$ -	\$ (825,919)
(1,144,781)	-	(1,144,781)
(236,874)	-	(236,874)
(66,852)	-	(66,852)
(505,481)	-	(505,481)
(102,328)	-	(102,328)
<u>(2,882,235)</u>	<u>-</u>	<u>(2,882,235)</u>
-	226,243	226,243
-	9,586	9,586
-	(2,764)	(2,764)
<u>-</u>	<u>(66,535)</u>	<u>(66,535)</u>
-	166,530	166,530
<u>(2,882,235)</u>	<u>166,530</u>	<u>(2,715,705)</u>
1,256,589	-	1,256,589
1,342,608	-	1,342,608
413,195	-	413,195
9,394	26,427	35,821
-	2,500	2,500
71,008	-	71,008
(2,439)	2,439	-
<u>3,090,355</u>	<u>31,366</u>	<u>3,121,721</u>
<u>208,120</u>	<u>197,896</u>	<u>406,016</u>
<u>9,752,683</u>	<u>5,404,890</u>	<u>15,157,573</u>
<u>\$ 9,960,803</u>	<u>\$ 5,602,786</u>	<u>\$ 15,563,589</u>

**WEST BOUNTIFUL CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2010**

	General	Capital Projects	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable - Intergovernmental	901,175	-	400,000	31,075	1,332,250
Due From Other Funds	547,820	558,822	-	-	1,106,642
Prepaid Expense	3,599	-	-	-	3,599
Restricted Cash	248,364	-	-	908,831	1,157,195
TOTAL ASSETS	\$ 1,700,958	\$ 558,822	\$ 400,000	\$ 939,906	\$ 3,599,686
LIABILITIES					
Accounts Payable	\$ 532,731	\$ -	\$ 1,611	\$ -	\$ 534,342
Accrued Liabilities	68,876	-	625	-	69,501
Due to Other Funds	-	-	12,651	-	12,651
Customer Deposits	103,030	-	-	-	103,030
Deferred Revenue	553,344	-	400,000	-	953,344
TOTAL LIABILITIES	1,257,981	-	414,887	-	1,672,868
FUND BALANCES					
Reserved for:					
Class C Roads	85,249	-	-	-	85,249
Debt Service	162,384	-	-	-	162,384
Street Signs	731	-	-	-	731
Impact Fees	-	-	-	688,748	688,748
RAP tax	-	-	-	251,158	251,158
Unreserved	194,613	558,822	(14,887)	-	738,548
TOTAL FUND BALANCES	442,977	558,822	(14,887)	939,906	1,926,818
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,700,958	\$ 558,822	\$ 400,000	\$ 939,906	\$ 3,599,686

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, 2010

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

Total fund balances--total governmental funds	\$ 1,926,818
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the fund financial statements.	9,946,038
Accrued interest expense is not due and payable in the current period and, therefore, is not recorded in the funds.	(16,221)
Bond issuance costs are amortized over the life of the bonds on the statement of net assets.	42,557
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	(1,885,000)
Compensated Absences	<u>(53,389)</u>
Net assets of governmental activities	<u><u>\$ 9,960,803</u></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, 2010

	<u>General</u>	<u>Capital Projects</u>	<u>Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 2,307,429	\$ -	\$ 505,259	\$ 199,704	\$ 3,012,392
Licenses and Permits	73,721	-	-	-	73,721
Intergovernmental	222,554	-	-	-	222,554
Charges for services	4,931	-	-	-	4,931
Fines	139,932	-	-	-	139,932
Interest earnings	3,614	2,439	-	3,341	9,394
Impact fees	-	-	-	49,080	49,080
Other Revenues	71,008	-	-	-	71,008
Total Revenues	<u>2,823,189</u>	<u>2,439</u>	<u>505,259</u>	<u>252,125</u>	<u>3,583,012</u>
EXPENDITURES					
Current Operating:					
General Government	888,048	-	-	-	888,048
Public Safety	1,238,614	-	-	-	1,238,614
Public Works	308,360	-	-	-	308,360
Parks and Recreation	99,077	-	-	-	99,077
Redevelopment	-	-	505,481	-	505,481
Debt Service:					
Principal	60,000	-	-	-	60,000
Interest	102,728	-	-	-	102,728
Total Expenditures	<u>2,696,827</u>	<u>-</u>	<u>505,481</u>	<u>-</u>	<u>3,202,308</u>
Excess of Revenues Over (Under) Expenditures	<u>126,362</u>	<u>2,439</u>	<u>(222)</u>	<u>252,125</u>	<u>380,704</u>
OTHER FINANCING SOURCES (USES)					
Transfers-In	1,675	-	-	-	1,675
Transfers-Out	-	(2,439)	-	(1,675)	(4,114)
Total Other Financing Sources (Uses)	<u>1,675</u>	<u>(2,439)</u>	<u>-</u>	<u>(1,675)</u>	<u>(2,439)</u>
Net Change in Fund Balances	128,037	-	(222)	250,450	378,265
Fund Balances at Beginning of Year	<u>314,940</u>	<u>558,822</u>	<u>(14,665)</u>	<u>689,456</u>	<u>1,548,553</u>
Fund Balances at End of Year	<u>\$ 442,977</u>	<u>\$ 558,822</u>	<u>\$ (14,887)</u>	<u>\$ 939,906</u>	<u>\$ 1,926,818</u>

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, 2010

Net change in fund balance, total governmental funds	\$	378,265
Amounts reported for governmental activities in the statement of activities are different because:		
<p>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.</p>		
Capital Outlays	18,827	
Depreciation Expense	<u>(273,685)</u>	(254,858)
In the statement of activities, amortization of premiums and costs of issuing debt is recorded.		(2,240)
<p>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.</p>		
Compensated Absences Accrued		(90,757)
<p>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:</p>		
Series 2004 Bonds	60,000	
Accrued Interest	400	
Compensated Absences	<u>117,310</u>	<u>177,710</u>
Change in net assets of governmental activities	\$	<u><u>208,120</u></u>

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

**WEST BOUNTIFUL CITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010**

	<u>Water</u>	<u>Solid Waste</u>
ASSETS		
Current Assets:		
Cash	\$ -	\$ 128,892
Accounts Receivable, net	150,902	26,269
Due From Other Funds	392,836	29,468
Inventory	75,889	-
Prepaid expenses	60,269	-
Total Current Assets	679,896	184,629
Noncurrent Assets:		
Restricted Cash	3,405,338	-
Capital Assets:		
Land	74,370	-
Construction in Progress	302,078	-
Improvements Other Than Building	-	-
Buildings	-	-
Utility Systems	4,333,956	-
Machinery and Equipment	431,549	158,395
Less Accumulated Depreciation	(1,323,968)	(113,316)
Total Capital Assets, Net	3,817,985	45,079
Other Assets:		
Deferred charges	155,292	-
Total Assets	\$ 8,058,511	\$ 229,708
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ -	\$ 8,390
Accrued Liabilities	3,928	-
Deferred Revenue	-	-
Due To Other Funds	-	-
Compensated Absences	2,664	-
Bond Payable, Due Within One Year	279,840	-
Total Current Liabilities	286,432	8,390
Noncurrent Liabilities:		
Compensated Absences	3,689	-
Customer Deposits	58,105	-
Bond Payable	4,439,847	-
Total Noncurrent Liabilities	4,501,641	-
Total Liabilities	4,788,073	8,390
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	2,443,892	45,079
Restricted for Impact Fees	-	-
Restricted for Debt Service	174,431	-
Unrestricted	652,115	176,239
Total Net Assets	3,270,438	221,318
Total Liabilities and Net Assets	\$ 8,058,511	\$ 229,708

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

<u>Storm Drain</u>	<u>Golf Course</u>	<u>Total</u>
\$ -	\$ -	\$ 128,892
5,108	-	182,279
-	-	422,304
-	55,572	131,461
-	20,331	80,600
<u>5,108</u>	<u>75,903</u>	<u>945,536</u>

35,520	-	3,440,858
158,741	1,510,386	1,743,497
-	-	302,078
-	1,808,988	1,808,988
-	308,938	308,938
1,719,553	-	6,053,509
-	403,372	993,316
<u>(429,712)</u>	<u>(1,090,931)</u>	<u>(2,957,927)</u>
<u>1,448,582</u>	<u>2,940,753</u>	<u>8,252,399</u>
-	101,142	256,434
<u>\$ 1,489,210</u>	<u>\$ 3,117,798</u>	<u>\$ 12,895,227</u>

\$ -	\$ -	\$ 8,390
-	24,890	28,818
-	67,505	67,505
63,429	1,452,866	1,516,295
-	9,687	12,351
-	200,000	479,840
<u>63,429</u>	<u>1,754,948</u>	<u>2,113,199</u>

-	42,601	46,290
-	-	58,105
-	635,000	5,074,847
-	677,601	5,179,242
<u>63,429</u>	<u>2,432,549</u>	<u>7,292,441</u>

1,448,582	2,105,753	6,043,306
35,520	-	35,520
-	-	174,431
<u>(58,321)</u>	<u>(1,420,504)</u>	<u>(650,471)</u>
<u>1,425,781</u>	<u>685,249</u>	<u>5,602,786</u>
<u>\$ 1,489,210</u>	<u>\$ 3,117,798</u>	<u>\$ 12,895,227</u>

WEST BOUNTIFUL CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Water</u>	<u>Solid Waste</u>
Operating Revenues:		
Charges for Services	\$ 886,821	\$ 278,449
Total Operating Revenues	<u>886,821</u>	<u>278,449</u>
Operating Expenses:		
Personnel Services	169,781	-
Purchases Water	121,403	-
Utilities	15,455	-
Supplies	38,392	223
Professional Services	6,825	249,867
Miscellaneous	3,386	-
Equipment and Maintenance	62,276	14,110
Depreciation and Amortization	150,449	4,663
Total Operating Expenses	<u>567,967</u>	<u>268,863</u>
Operating Income (Loss)	<u>318,854</u>	<u>9,586</u>
Nonoperating Revenues (Expenses)		
Impact Fees	77,329	-
Connection Fees	2,962	-
Interest Revenue	25,588	655
Gain or (Loss) on Disposition of Asset	-	-
Interest Expense	(172,902)	-
Total Nonoperating Revenues (Expenses)	<u>(67,023)</u>	<u>655</u>
Net Income (Loss) Before Contributions and Transfers	<u>251,831</u>	<u>10,241</u>
Capital Contributions	-	-
Transfers from Other Funds	-	-
Change in Net Assets	<u>251,831</u>	<u>10,241</u>
Total Net Assets - Beginning	<u>3,018,607</u>	<u>211,077</u>
Total Net Assets - Ending	<u>\$ 3,270,438</u>	<u>\$ 221,318</u>

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

<u>Storm Drain</u>	<u>Golf Course</u>	<u>Total</u>
\$ 56,080	\$ 861,323	\$ 2,082,673
<u>56,080</u>	<u>861,323</u>	<u>2,082,673</u>
-	535,928	705,709
-	11,118	132,521
-	17,559	33,014
86	103,194	141,895
3,800	1,275	261,767
-	34,048	37,434
17,540	76,183	170,109
<u>38,514</u>	<u>113,957</u>	<u>307,583</u>
<u>59,940</u>	<u>893,262</u>	<u>1,790,032</u>
<u>(3,860)</u>	<u>(31,939)</u>	<u>292,641</u>
1,325	-	78,654
-	-	2,962
-	184	26,427
-	2,500	2,500
<u>(229)</u>	<u>(34,596)</u>	<u>(207,727)</u>
<u>1,096</u>	<u>(31,912)</u>	<u>(97,184)</u>
<u>(2,764)</u>	<u>(63,851)</u>	<u>195,457</u>
-	-	-
<u>2,439</u>	<u>-</u>	<u>2,439</u>
<u>(325)</u>	<u>(63,851)</u>	<u>197,896</u>
<u>1,426,106</u>	<u>749,100</u>	<u>5,404,890</u>
<u>\$ 1,425,781</u>	<u>\$ 685,249</u>	<u>\$ 5,602,786</u>

**WEST BOUNTIFUL CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	Water	Solid Waste
Cash Flows from Operating Activities		
Cash Received From Customers	\$ 834,324	\$ 282,264
Cash Paid to Suppliers	(291,122)	(264,690)
Cash Paid to Employees	(169,781)	-
Net Cash Provided (Used) by Operating Activities	373,421	17,574
Cash Flows from Noncapital Financing Activities		
Transfers In/Out	-	-
Cash lent from (borrowed to) other funds as pooled cash	(392,836)	(29,468)
Net Cash Provided (Used) in Noncapital Financing Activities	(392,836)	(29,468)
Cash Flows from Capital and Related Financing Activities		
Acquisition and Construction of Capital Assets	(716,245)	-
Principal Payments - Bonds	(276,000)	-
Interest Paid	(173,742)	-
Impact Fees Collected	77,329	-
Connection Fees Collected	2,962	-
Net Cash Provided (Used) in Capital and Related Financing Activities	(1,085,696)	-
Cash Flows from Investing Activities		
Interest on Investments	25,588	655
Proceeds from Sale of Asset	-	-
Net Cash Provided by Investing Activities	25,588	655
Net Increase (Decrease) in Cash	(1,079,523)	(11,239)
Cash - July 1	4,484,861	140,131
Cash - June 30	\$ 3,405,338	\$ 128,892
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 318,854	\$ 9,586
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities		
Depreciation and Amortization	150,449	4,663
Changes in Assets and Liabilities:		
Accounts Receivable	(52,497)	3,815
Inventory	22,020	-
Prepaid Expenses	-	-
Accounts Payable	(65,954)	(490)
Compensated Absences	(1,655)	-
Accrued Liabilities	1,904	-
Deferred Revenue	-	-
Customer Deposits	300	-
Net Cash Provided by Operating Activities	\$ 373,421	\$ 17,574

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

<u>Storm Drain</u>	<u>Golf Course</u>	<u>Total</u>
\$ 56,731	\$ 890,328	\$ 2,063,647
(24,746)	(267,228)	(847,786)
-	(542,215)	(711,996)
<u>31,985</u>	<u>80,885</u>	<u>503,865</u>
2,439	-	2,439
-	155,796	(266,508)
<u>2,439</u>	<u>155,796</u>	<u>(264,069)</u>
-	(2,921)	(719,166)
-	(200,000)	(476,000)
(229)	(36,444)	(210,415)
1,325	-	78,654
-	-	2,962
<u>1,096</u>	<u>(239,365)</u>	<u>(1,323,965)</u>
-	184	26,427
-	2,500	2,500
-	2,684	28,927
35,520	-	(1,055,242)
-	-	4,624,992
<u>\$ 35,520</u>	<u>\$ -</u>	<u>\$ 3,569,750</u>
\$ (3,860)	\$ (31,939)	\$ 292,641
38,514	113,957	307,583
651	-	(48,031)
-	(10,386)	11,634
-	(13,425)	(13,425)
(3,320)	(40)	(69,804)
-	(9)	(1,664)
-	(6,278)	(4,374)
-	29,005	29,005
-	-	300
<u>\$ 31,985</u>	<u>\$ 80,885</u>	<u>\$ 503,865</u>

WEST BOUNTIFUL CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

**WEST BOUNTIFUL CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2010**

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, 2010**

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, 2010**

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 1st. 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, 2010**

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 22nd 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 22nd. All property taxes levied by the City are assessed and collected by Davis County. Taxes are levied as of January 1st and due November 30th; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15th, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1st 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, 2010**

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, 2010**

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, 2010**

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 distribute 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, 2010**

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, 2010, \$88,886 of the City’s bank balances of \$434,232 were uninsured and uncollateralized.

Components of cash and investments (including interest earning deposits) at June 30, 2010, are as follows:

Cash on hand and on deposit:	
Cash on deposit	\$ 528,996
PTIF investment	<u>4,197,949</u>
Total cash and investments	<u>\$ 4,726,945</u>

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

Cash and cash equivalents	\$ 128,892
Restricted cash	<u>4,598,053</u>
Total cash and investments	<u>\$ 4,726,945</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, 2010**

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, 2010, the City had investments of \$4,197,949 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	\$ 4,197,949	\$ 4,214,138

The GASB Fair Value factor at June 30, 2010 was 1.00385638

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, 2010**

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

B. Allowance for Doubtful Accounts

The allowance for doubtful accounts receivable at June 30, 2010 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>
Governmental activities				
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	6,749	-	2,199,893
Improvements other than buildings	3,377,183	12,079	-	3,389,262
Machinery & Equipment	529,846	-	-	529,846
Vehicles	385,357	-	-	385,357
Total capital assets, being depreciated	<u>6,485,530</u>	<u>18,828</u>	<u>-</u>	<u>6,504,358</u>
Accumulated Depreciation for:				
Buildings	(276,890)	(68,823)	-	(345,713)
Improvements other than buildings	(580,702)	(111,093)	-	(691,795)
Machinery & Equipment	(267,595)	(56,911)	-	(324,506)
Vehicles	(260,937)	(36,858)	-	(297,795)
Total accumulated depreciation	<u>(1,386,124)</u>	<u>(273,685)</u>	<u>-</u>	<u>(1,659,809)</u>
Total capital assets, being depreciated, net	<u>5,099,406</u>	<u>(254,857)</u>	<u>-</u>	<u>4,844,549</u>
Governmental activities capital assets, net	<u>\$10,200,895</u>	<u>\$(254,857)</u>	<u>\$ -</u>	<u>\$ 9,946,038</u>

**WEST BOUNTIFUL CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

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	\$ 96,775
Public Safety	50,558
Public Works	121,199
Parks and Recreation	5,153
Total Depreciation Expense	\$ 273,685

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 1,743,497	\$ -	\$ -	\$ 1,743,497
Construction in Progress	304,409	142,555	(144,886)	302,078
Total capital assets, not being depreciated	2,047,906	142,555	(144,886)	2,045,575
Capital assets, being depreciated				
Buildings	308,938	-	-	308,938
Golf Course - improvements	1,808,988	-	-	1,808,988
Water Distribution System	3,615,380	718,576	-	4,333,956
Storm Drain System	1,719,553	-	-	1,719,553
Machinery & Equipment	689,875	2,921	-	692,796
Vehicles	300,521	-	-	300,521
Total capital assets, being depreciated	8,443,255	721,497	-	9,164,752
Accumulated Depreciation for:				
Buildings	(123,684)	(10,117)	-	(133,801)
Golf Course - improvements	(643,277)	(37,681)	-	(680,958)
Water Distribution System	(1,033,995)	(111,196)	-	(1,145,191)
Storm Drain System	(391,199)	(38,514)	-	(429,713)
Machinery & Equipment	(384,394)	(49,615)	-	(434,009)
Vehicles	(116,536)	(17,720)	-	(134,256)
Total accumulated depreciation	(2,693,085)	(264,843)	-	(2,957,928)
Total capital assets, being depreciated, net	5,750,170	456,654	-	6,206,824
Business-type activities capital assets, net	\$ 7,798,076	\$ 599,209	\$(144,886)	\$ 8,252,399

**WEST BOUNTIFUL CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

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	\$ 138,825
Solid Waste	4,663
Storm Drain	38,514
Golf Course	82,841
 Total Depreciation Expense	 \$ 264,843

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 \$548,344 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 1st and then are due and payable on November 30th.

Since the property tax to be levied on October 1st 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 1st.

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**WEST BOUNTIFUL CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

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, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2010</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds payable					
Sales tax revenue bond	\$1,945,000	\$ -	\$ (60,000)	\$1,885,000	\$ 60,000
Total bonds payable	1,945,000	-	(60,000)	1,885,000	60,000
Other liabilities					
Compensated Absences	79,942	90,757	(117,310)	53,389	37,942
Total other liabilities	79,942	90,757	(117,310)	53,389	37,942
<i>Total Governmental Activities</i>	<u>\$2,024,942</u>	<u>\$ 90,757</u>	<u>\$ (177,310)</u>	<u>\$1,938,389</u>	<u>\$ 97,942</u>
	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2010</u>	<u>Amounts Due Within One Year</u>
Business-type Activities:					
Bonds payable					
Water revenue bond 2004	\$ 195,000	\$ -	\$ (96,000)	\$ 99,000	\$ 99,000
Water revenue bond 2009	4,785,000	-	(180,000)	4,605,000	180,000
G.O. refunding bond, Series 2003	1,035,000	-	(200,000)	835,000	200,000
Premium on Water bond 2009	16,527	-	(840)	15,687	840
Total bonds payable	6,031,527	-	(476,840)	5,554,687	479,840
Other liabilities					
Compensated Absences	60,305	35,045	(36,709)	58,641	12,351
Total other liabilities	60,305	35,045	(36,709)	58,641	12,351
<i>Total Business-type Activities</i>	<u>\$6,091,832</u>	<u>\$ 35,045</u>	<u>\$ (513,549)</u>	<u>\$5,613,328</u>	<u>\$ 492,191</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 1st, of each year and semi-annual interest payments on May 1st, and November 1st, of each year.

**WEST BOUNTIFUL CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

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 \$162,384. 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, 2010, are as follows:

<u>Year Ended June 30,</u>	<u>Series 2004 Sales Tax Revenue Bond</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	75,000	85,053	160,053
2016-2020	430,000	365,513	795,513
2021-2025	555,000	242,700	797,700
2026-2029	560,000	77,487	637,487
Totals	<u>\$ 1,885,000</u>	<u>\$ 1,142,790</u>	<u>\$ 3,027,790</u>

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 1st of each year. The City is also required to make semi-annual interest payments on February 1st, and August 1st, 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, 2010**

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, 2010 are as follows:

Year Ended June 30,	Series 2009 Sales Tax Revenue Bond		
	Principal	Interest	Total
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	200,000	148,990	348,990
2016-2020	1,095,000	653,825	1,748,825
2021-2025	1,310,000	441,208	1,751,208
2026-2029	1,250,000	141,500	1,391,500
Totals	\$ 4,605,000	\$ 2,028,983	\$ 6,633,983

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 1st of each year. The City is also required to make semi-annual interest payments on January 1st, and July 1st, 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, 2010 are as follows:

Year Ended June 30,	Series 2004 Water Bonds		
	Principal	Interest	Total
2011	\$ 99,000	\$ 3,980	\$ 102,980
Totals	\$ 99,000	\$ 3,980	\$ 102,980

**WEST BOUNTIFUL CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

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 1st of each year and make semi-annual interest payments on March 1st, and September 1st, 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, 2010 are as follows:

<u>Year Ended June 30,</u>	<u>General Obligation Golf Course Refunding Bond</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 200,000	\$ 24,463	\$ 224,463
2012	200,000	18,213	218,213
2013	210,000	11,419	221,419
2014	225,000	3,949	228,949
Totals	<u>\$ 835,000</u>	<u>\$ 58,044</u>	<u>\$ 893,044</u>

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. The City had several claims brought against them during the fiscal year. However, the City had no claim settlements during the three years ending June 30, 2010, 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, 2010**

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 7.65% 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, 2010, 2009 and 2008 were \$91,582, \$79,385, and, \$64,396 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, 2010**

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 24.76% 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, 2010, 2009, and 2008, were \$ 65,946, \$59,787, and \$47,100 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. Should the employee enroll in the higher plan, the employee is required to pay the difference. There is no additional compensation for employees who elect to enroll in the lower plan or at the single or double level.

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 upon hire 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, 2010 was \$178,585, which consisted of \$51,385 from employee contributions and \$127,200 from City contributions.

**WEST BOUNTIFUL CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

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 upon hire, 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, 2010 was \$30,065, which consisted of \$19,763 from employee contributions and \$10,302 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 10 years and will be satisfied in 2014.

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. The balance due to Holly Oil as of June 30, 2010 was \$309,431.

**WEST BOUNTIFUL CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

III. Other Information (continued)

B. Commitments and Contingencies (continued)

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, 2010:

<u>Construction Contractors</u>	<u>Commitments Contracted Amount</u>	<u>Amount Expended</u>	<u>Amount Remaining</u>
500 South Waterline	\$ 191,678	\$ 94,234	\$ 97,444
400 North Waterline	187,000	116,844	70,156
400 North Well Rehabilitation	600,000	91,000	509,000
Total	<u>\$ 978,678</u>	<u>\$ 302,078</u>	<u>\$ 676,600</u>

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 Energy Recovery Special Service District \$107,100 for their services. The City paid the South Davis Metro Fire District \$296,093 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, 2010**

III. Other Information (continued)

D. Transfers

The transfers among the funds for the year ended June 30, 2010 were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>		
	<u>General Fund</u>	<u>Storm</u>	<u>Total</u>
General Fund	\$ -	\$ -	\$ -
Police Facility Fund	1,675	-	1,675
Capital Projects	-	2,439	2,439
Totals	\$ 1,675	\$ 2,439	\$ 4,114

The resulting composition of the interfund balances as of June 30, 2010 is as follows:

	<u>Interfund Balances</u>	
	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 547,820	\$ -
Capital Improvements Fund	558,822	-
RDA Fund	-	12,651
Water Fund	392,836	-
Solid Waste Fund	29,468	-
Golf Course Fund	-	1,452,866
Storm Drain Fund	-	63,429
	\$ 1,528,946	\$ 1,528,946

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, 2010, the following activity occurred in the City's Redevelopment Agency.

Tax increment collected	\$ 505,259
Amounts expended for payments to developers	396,261
Amounts expended for legal and professional fees	30,882
Amounts expended for administrative costs	78,338

**WEST BOUNTIFUL CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

III. Other Information (continued)

F. Other Required Funds Disclosure

Expenditures in Excess of Budget

For the year ended June 30, 2010, the City's expenditures exceeded the budget in the following funds and departments:

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over Budget</u>
Redevelopment Agency	\$ 108,210	\$ 109,220	\$ (1,010)

**REQUIRED
SUPPLEMENTARY INFORMATION**

WEST BOUNTIFUL CITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes:				
Current Year Property Taxes	\$ 525,000	\$ 705,000	\$ 705,982	\$ 982
Vehicle Fees	52,000	52,000	45,348	(6,652)
Sales and Use Taxes	1,414,130	1,166,000	1,142,904	(23,096)
Franchise and room tax	363,000	391,000	413,195	22,195
	<u>2,354,130</u>	<u>2,314,000</u>	<u>2,307,429</u>	<u>(6,571)</u>
Licenses and Permits:				
Business Licenses	27,000	26,000	26,402	402
Building Permits	64,000	45,000	44,667	(333)
Other Licenses and permits	2,550	2,000	2,652	652
	<u>93,550</u>	<u>73,000</u>	<u>73,721</u>	<u>721</u>
Intergovernmental:				
Grants	-	20,000	38,714	18,714
Class "C" Road Fund Allotment	195,000	170,000	168,433	(1,567)
State Liquor Allotment	10,000	15,400	15,407	7
	<u>205,000</u>	<u>205,400</u>	<u>222,554</u>	<u>17,154</u>
Charges for Services:				
Subdivision fees	1,500	1,500	800	(700)
Police Reports	1,500	1,500	1,831	331
Parks	1,500	1,500	2,150	650
Other services	1,650	150	150	-
	<u>6,150</u>	<u>4,650</u>	<u>4,931</u>	<u>281</u>
Fines and Forfeitures	<u>160,000</u>	<u>140,000</u>	<u>139,932</u>	<u>(68)</u>
Other Revenues:				
Interest Earnings	22,000	3,500	3,614	114
Miscellaneous Revenue	94,700	70,600	71,008	408
	<u>116,700</u>	<u>74,100</u>	<u>74,622</u>	<u>522</u>
Total Revenues	<u>\$ 2,935,530</u>	<u>\$ 2,811,150</u>	<u>\$ 2,823,189</u>	<u>\$ 12,039</u>

(continued)

WEST BOUNTIFUL CITY
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures:				
General Government:				
Administrative	\$ 274,195	\$ 281,365	\$ 276,359	\$ 5,006
Legislative	37,065	35,865	32,106	3,759
Court	64,135	91,445	89,368	2,077
Engineering	151,730	116,985	116,959	26
Non-Departmental	215,140	274,130	272,983	1,147
Planning & Zoning	64,290	61,870	60,840	1,030
Buildings	44,490	48,390	39,433	8,957
	<u>851,045</u>	<u>910,050</u>	<u>888,048</u>	<u>22,002</u>
Public Safety:				
Police Department	990,386	944,721	942,521	2,200
Fire Department	295,375	296,095	296,093	2
	<u>1,285,761</u>	<u>1,240,816</u>	<u>1,238,614</u>	<u>2,202</u>
Public Works				
Streets	260,765	230,245	227,223	3,022
Class "C" roads	125,000	125,000	81,137	43,863
	<u>385,765</u>	<u>355,245</u>	<u>308,360</u>	<u>46,885</u>
Parks	117,225	100,800	99,077	1,723
Debt Service	163,000	163,000	162,728	272
Total Expenditures	<u>2,802,796</u>	<u>2,769,911</u>	<u>2,696,827</u>	<u>73,084</u>
Excess (Deficiency) of Revenues over Expenditures	<u>132,734</u>	<u>41,239</u>	<u>126,362</u>	<u>85,123</u>
Other financing sources (uses):				
Transfers in	5,000	5,000	1,675	3,325
Transfers out	(127,021)	(40,000)	-	40,000
Appropriations of Fund Balances	(10,713)	(6,239)	-	6,239
Total other financing sources (uses)	<u>(132,734)</u>	<u>(41,239)</u>	<u>1,675</u>	<u>43,325</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>128,037</u>	<u>128,037</u>
Fund Balance - July 1	<u>314,940</u>	<u>314,940</u>	<u>314,940</u>	<u>-</u>
Fund Balance - June 30	<u>\$ 314,940</u>	<u>\$ 314,940</u>	<u>\$ 442,977</u>	<u>\$ 128,037</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Tax increment - property	\$ 508,000	\$ 505,000	\$ 505,259	\$ 259
Interest earned	1,000	-	-	-
Total Revenues	509,000	505,000	505,259	259
Expenditures:				
Redevelopment	110,285	108,210	109,220	(1,010)
Payments to developers	399,815	396,275	396,261	14
Total Expenditures	510,100	504,485	505,481	(996)
Other financing sources (uses):				
Operating transfers in (out)	1,100	-	-	-
Appropriations of Fund Balances	-	(515)	-	515
Total other financing sources (uses)	1,100	(515)	-	515
Excess (Deficiency) of Revenues over Expenditures	-	-	(222)	(222)
Fund Balance - July 1	(14,665)	(14,665)	(14,665)	-
Fund Balance - June 30	\$ (14,665)	\$ (14,665)	\$ (14,887)	\$ (222)

SUPPLEMENTARY INFORMATION

WEST BOUNTIFUL CITY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AS OF JUNE 30, 2010

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Street Impact Fees	Police Facility Impact Fees	Park Impact Fees	RAP Tax	
ASSETS					
Cash	\$ 383,986	\$ 260	\$ 304,502	\$ 220,083	\$ 908,831
Accounts Receivable	-	-	-	31,075	31,075
TOTAL ASSETS	\$ 383,986	\$ 260	\$ 304,502	\$ 251,158	\$ 939,906
FUND BALANCES					
Reserved for Impact Fees	\$ 383,986	\$ 260	\$ 304,502	-	\$ 688,748
Reserved for RAP taxes	-	-	-	251,158	251,158
TOTAL FUND BALANCES	\$ 383,986	\$ 260	\$ 304,502	\$ 251,158	\$ 939,906

WEST BOUNTIFUL CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Special Revenue Funds</u>				<u>Total Nonmajor Governmental Funds</u>
	<u>Street Impact Fees</u>	<u>Police Facility Impact Fees</u>	<u>Park Impact Fees</u>	<u>RAP Tax</u>	
REVENUES					
Impact fee	\$ 24,252	\$ 1,678	\$ 23,150	\$ -	\$ 49,080
Sales Tax Increment	-	-	-	199,704	199,704
Interest	1,581	14	1,240	506	3,341
Total Revenues	<u>25,833</u>	<u>1,692</u>	<u>24,390</u>	<u>200,210</u>	<u>252,125</u>
EXPENDITURES					
Parks	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>25,833</u>	<u>1,692</u>	<u>24,390</u>	<u>200,210</u>	<u>252,125</u>
OTHER FINANCING SOURCES (USES)					
Transfers-Out	-	(1,675)	-	-	(1,675)
Net Change in Fund Balances	<u>25,833</u>	<u>17</u>	<u>24,390</u>	<u>200,210</u>	<u>250,450</u>
Fund Balances at Beginning of Year	<u>358,153</u>	<u>243</u>	<u>280,112</u>	<u>50,948</u>	<u>689,456</u>
Fund Balances at End of Year	<u>\$ 383,986</u>	<u>\$ 260</u>	<u>\$ 304,502</u>	<u>\$ 251,158</u>	<u>\$ 939,906</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, and the aggregate remaining fund information of West Bountiful City, Utah, as of and for the year ended June 30, 2010, which collectively comprise the West Bountiful, Utah's basic financial statements and have issued our report thereon dated September 23, 2010. 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.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

We noted certain matters that we reported to management of West Bountiful City, in a separate letter dated September 23, 2010.

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 23, 2010

**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, 2010 and have issued our report thereon dated September 23, 2010. 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; and special tests and provisions as 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, 2010. 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, 2010.

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

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

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.

Our audit does not provide a legal determination on the city's compliance with these requirements.

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, 2010.

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

This report is intended solely for the information and use of management of the city and is not intended to be and should not be used by anyone other than the(se) specified parties. However, the report is a matter of public record and its distribution is not limited.

Wood Richards & Associates

September 23, 2010

**WEST BOUNTIFUL CITY
STATE COMPLIANCE SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010**

Finding #10-01 – Budget Requirements

Finding: 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 the Redevelopment Agency had expenses in excess of the budgeted amounts.

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.

Finding #10-02 – Deficit Fund Balance

Finding: 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.

Finding #10-03 – Purchasing Requirements

Finding: Utah State Code requires the City to establish and follow purchasing policies and procedures. It was discovered that the policies of the City are outdated, and therefore, are not being followed.

Recommendation: We recommend the City update its purchasing policies and procedures and follow them.

Response: The City agrees with the recommendation and has been updating the policies and procedures.