

**WEST BOUNTIFUL CITY**

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

# WEST BOUNTIFUL CITY

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

---

### Financial Section:

Independent Auditors' Report .....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Fund Financial Statements:	
Statement of Net Assets .....	11
Statement of Activities .....	13
Government Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	14
Reconciliation of the Government Funds Balance Sheet to the Statement of Net Assets .....	15
Statement of Revenues, Expenditures, and Changes in Fund Balances Government Funds.....	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities.....	17
Proprietary Fund Financial Statements:	
Statement of Net Assets – Proprietary Funds .....	18
Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds .....	20
Statement of Cash Flows – Proprietary Funds .....	21
Notes to the Financial Statements .....	22

### Required Supplementary Information:

Budgetary Comparison Schedule – General Fund.....	41
Budgetary Comparison Schedule – Special Revenue Redevelopment Agency .....	42

### Supplementary Information – Statements and Schedules:

Governmental Funds	
Budgetary Comparison Schedules:	
Special Revenue Fund Street Impact Fees .....	44
Police Impact Fees.....	45
Special Revenue Park Impact Fees.....	46
Special Revenue Rap Tax .....	47
Capital Improvements Fund.....	48
Combining Balance Sheet Nonmajor Governmental Funds.....	49
Combining Statement of Revenues, Expenditure, and Changes in Fund Balance Nonmajor Governmental Funds.....	50
Streets Capital Improvements Fund.....	51

### Auditors' Opinion on State Compliance

In Accordance with the State of Utah Legal Compliance Audit Guide .....	52
---	----

Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed  
in Accordance with Government Auditing Standards.....

53

Schedule of Findings for the Fiscal Year Ended June 30, 2012 .....	55
Status of Previous Year's Findings.....	56



KARREN | HENDRIX | STAGG | ALLEN  
COMPANY

A Professional Corporation

Ray H. Allen, CPA  
Rebecca M. Allred  
Robert L. Archuleta, CPA  
Stephen R. Capson, CPA  
Scott J. Hanni, CPA  
Danny L. Hendrix, CPA  
B. Joe Merkley, CPA  
Tim C. Rees, CPA  
Jeffrey N. Ririe, CPA  
G. John Runia, CPA  
R. Ted Stagg, CPA

## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of City Council  
West Bountiful City Corporation  
West Bountiful City, Utah

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, 2012, which collectively comprises the City's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, such basic financial statements 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 the City as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Audit Standards* and should be considered in assessing the results of our audit

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 40 through 49, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 inquires of management about the methods of preparing the information and comparing the information for consistency with managements' 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.

CERTIFIED PUBLIC ACCOUNTANTS

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor budgetary comparison schedules 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 budgetary comparison schedules 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.

*Karren Hendrix Stagg Allen & Company*

Karren, Hendrix, Stagg, Allen & Company  
October 15, 2012

# West Bountiful City

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

---

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, 2012. 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 \$17,875,066 (net assets). Of this amount, \$2,963,500 (unrestricted assets) is available to meet ongoing obligations of citizens and creditors. Overall, net assets increased by \$1,412,159.

The City's Governmental activities (General Fund and Redevelopment Agency Fund) reported a combined ending fund balance of \$10,903,921. Of the combined total fund balance, \$1,220,037 is available for spending at the discretion of the City (unreserved and undesignated fund balance).

The unassigned fund balance of the General Fund at June 30, 2012, totaled \$514,928 and is 16% of the General Fund total revenues for the year. Total debt for West Bountiful City decreased approximately \$450,840. As the City has increased the total General Fund balance (reserves), the financial position of the City has greatly stabilized this year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

The statement of net assets shows 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, public works, public safety, parks, and redevelopment departments. The business-type activities include culinary water, golf course, solid waste, and storm drain operations.

The government-wide financial statements include only the financial statements of West Bountiful City. The City Redevelopment Agency is a blended component unit.

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 short-term financing requirements.

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

West Bountiful City uses two different major government funds, which are the general fund and redevelopment fund. The information on these funds is shown separately. The City has six nonmajor funds which are police fees impact fund, park impact fee fund, rap tax fund, street impact fee fund, capital streets fund, and the capital improvement fund. 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 culinary water, golf course, solid waste, and storm drain.

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current assets	\$ 4,758,177	\$ 4,153,399	\$ 2,422,518	\$ 103,327	\$ 7,180,695	\$ 4,256,726
Capital assets	9,722,244	9,869,851	9,516,620	8,262,832	19,238,864	18,132,683
Other assets	200,176	202,602	176,047	3,274,184	376,223	3,476,786
<b>Total assets</b>	<b>\$ 14,680,597</b>	<b>\$ 14,225,852</b>	<b>\$ 12,115,185</b>	<b>\$ 11,640,343</b>	<b>\$ 26,795,782</b>	<b>\$ 25,866,195</b>
Current and other liabilities	\$ 1,816,266	\$ 1,824,940	\$ 749,042	\$ 700,752	\$ 2,565,308	\$ 2,525,692
Long-term liabilities	1,960,410	2,057,659	4,394,998	4,819,937	6,355,408	6,877,596
<b>Total liabilities</b>	<b>3,776,676</b>	<b>3,882,599</b>	<b>5,144,040</b>	<b>5,520,689</b>	<b>8,920,716</b>	<b>9,403,288</b>
<b>Net assets</b>						
Invested in capital assets, net of related debt	7,962,243	8,044,851	4,671,905	6,246,778	12,634,148	14,291,629
Restricted	1,721,641	1,390,375	555,777	480,901	2,277,418	1,871,276
Unrestricted	1,220,037	908,027	1,743,463	(608,025)	2,963,500	300,002
<b>Total net assets</b>	<b>10,903,921</b>	<b>10,343,253</b>	<b>6,971,145</b>	<b>6,119,654</b>	<b>17,875,066</b>	<b>16,462,907</b>
<b>Total liabilities and net assets</b>	<b>\$ 14,680,597</b>	<b>\$ 14,225,852</b>	<b>\$ 12,115,185</b>	<b>\$ 11,640,343</b>	<b>\$ 26,795,782</b>	<b>\$ 25,866,195</b>

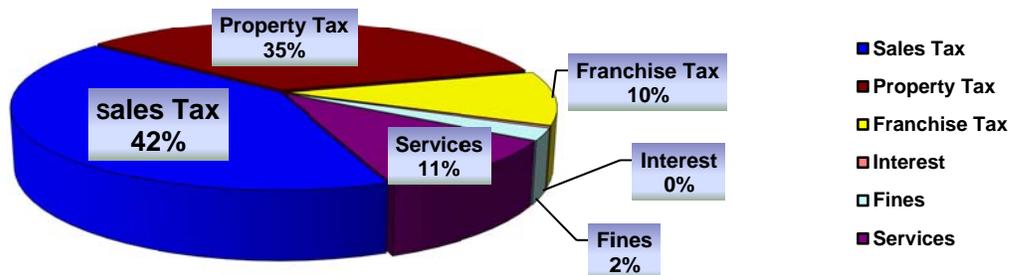
By far the largest component of West Bountiful City's net assets is its investment in capital assets. The 71% of total net assets represents the City's investment in land and improvements, buildings, machinery and equipment, roads, culinary water lines, and other infrastructure, less any related outstanding debt that was used to acquire these assets. West Bountiful City uses these capital assets to provide services to citizens who live, work, pass through, or benefit in other ways from the City. By their nature, these assets are not available for future spending. Further, even though these capital assets are reported net of any related debt, resources needed to repay the debt must come from other sources, as the assets themselves cannot be used to satisfy the related obligations.

An additional part of net assets, 13%, are assets that are subject to external restrictions on how they may be expended. The remaining 16% of net assets can be used to meet the City's ongoing obligations to its creditors and to citizens.

**WEST BOUNTIFUL CITY CHANGES IN NET ASSETS**

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
Charges for services	\$ 307,700	\$ 295,092	\$ 2,782,148	\$ 2,560,361	\$ 3,089,848	\$ 2,855,453
Operating grants and contributions	219,185	286,117	-	-	219,185	286,117
Capital grants and contributions	-	-	-	65,531	-	65,531
General revenues:						
Property taxes, levied for general purposes	1,414,217	932,013	-	-	1,414,217	932,013
Franchise taxes	416,848	426,049	-	-	416,848	426,049
Sales taxes	1,679,491	1,584,655	-	-	1,679,491	1,584,655
Other revenues	1,052	(2,638)	2,212	28,145	3,264	25,507
Investment earnings	13,039	9,311	27,588	21,938	40,627	31,249
<b>Total revenues</b>	<b>4,051,532</b>	<b>3,530,599</b>	<b>2,811,948</b>	<b>2,675,975</b>	<b>6,863,480</b>	<b>6,206,574</b>
<b>Expenses</b>						
General government	863,724	838,766	-	-	863,724	838,766
Public safety	1,275,233	1,260,372	-	-	1,275,233	1,260,372
Public works	476,132	249,343	-	-	476,132	249,343
Parks and recreation	113,085	108,759	-	-	113,085	108,759
Redevelopment	599,983	586,514	-	-	599,983	586,514
Interest expense	99,867	102,118	-	-	99,867	102,118
Water	-	-	785,158	896,803	785,158	896,803
Solid waste	-	-	313,678	306,754	313,678	306,754
Storm Drain	-	-	127,488	89,945	127,488	89,945
Golf course	-	-	796,973	799,024	796,973	799,024
<b>Total Expenses</b>	<b>3,428,024</b>	<b>3,145,872</b>	<b>2,023,297</b>	<b>2,092,526</b>	<b>5,451,321</b>	<b>5,238,398</b>
Transfers	(62,840)	(2,275)	62,840	2,275	-	-
<b>CHANGE IN NET ASSETS</b>	<b>560,668</b>	<b>382,452</b>	<b>851,491</b>	<b>585,724</b>	<b>1,412,159</b>	<b>968,176</b>
Prior period adjustment	-	-	-	(68,016)	-	(68,016)
<b>NET ASSETS, BEGINNING</b>	<b>10,343,253</b>	<b>9,960,801</b>	<b>6,119,654</b>	<b>5,601,946</b>	<b>16,462,907</b>	<b>15,562,747</b>
<b>NET ASSETS, ENDING</b>	<b>\$ 10,903,921</b>	<b>\$ 10,343,253</b>	<b>\$ 6,971,145</b>	<b>\$ 6,119,654</b>	<b>\$ 17,875,066</b>	<b>\$ 16,462,907</b>

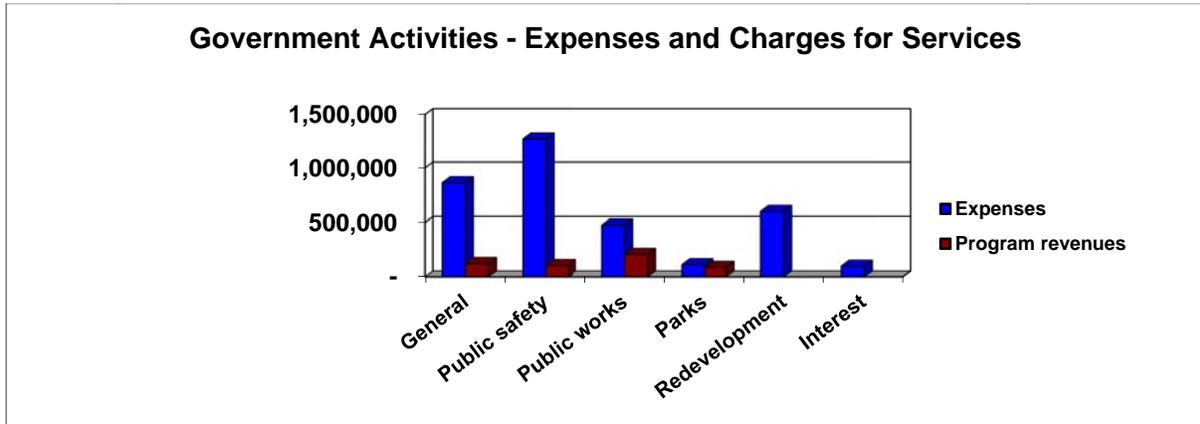
**Taxes Account For  
87% of Governmental Revenues**



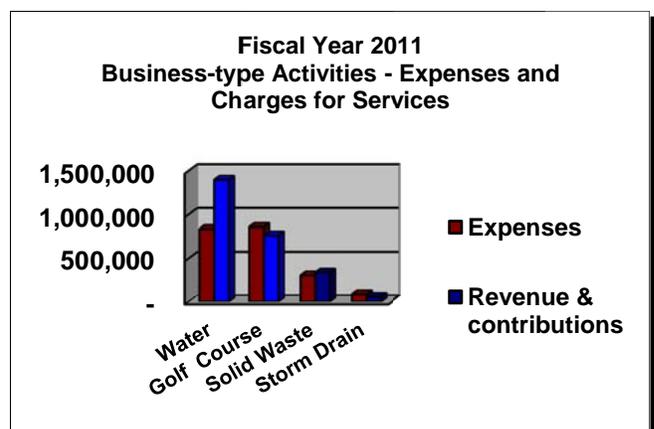
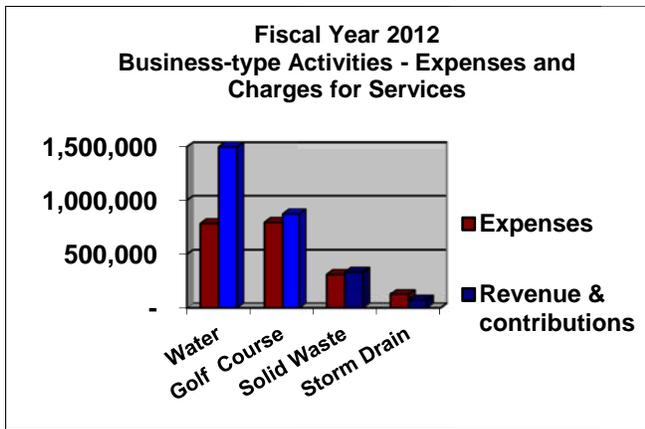
**GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES**

Governmental activities net assets increased by \$560,668 for the year ended June 30, 2012. This increase resulted from an unanticipated, one time, bump in personal property taxes and the increase in real property taxes for street repairs (\$212,500 annual).

Government activities in the General Fund use primarily tax dollars to pay for the services. There are sometimes incidental revenues that assist, but these activities are not intended to be “for profit” operations.



Business-type activities in the Enterprise Funds are generally intended to use self-generating revenues from fees for services to pay for the cost of the services. Certain of these Funds require large reserves to cover the cost of future infrastructure replacements, such as the Water Fund and the Storm Drain fund.



Business-type activities contributed an increase of \$851,491 in net assets. The most significant reason for this increase in business-type activities is that several projects have been completed to upgrade culinary water lines and streets (1100 West and 400 North). The City also received \$27,588 in invested earnings and \$101,999 in impact fees during the year for business-type activities.

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

West Bountiful City’s governmental funds reflect 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 the available spendable resources at June 30, 2012.

For the period ended June 30, 2012, the City's governmental funds reported combined net assets in the amount of \$2,963,485, representing an increase of \$645,515, compared with the prior fiscal year. Of the total balance at year-end, \$636,921 is assigned for capital projects and \$212,500 is committed for capital streets. An additional \$806,949 in impact fee funds is restricted for specific capital projects and \$162,487 for debt service coverage.

The General Fund is the main operating fund for West Bountiful City. At June 30, 2012, the General Fund's unassigned fund balance was \$514,928. Total fund balance of the General Fund for West Bountiful City increased by \$153,426 this fiscal year. This is representative of the increased liquidity and stability of the General Fund.

The Capital Projects Fund had a total fund balance of \$636,921 at June 30, 2012, all of which is assigned for capital projects. The City set up a Street Capital Improvements Fund and transferred \$212,500 to the fund. These street funds come from a dedicated portion of the City's property taxes.

The redevelopment special revenue fund had a total fund balance of \$39,976. The total fund balance increased \$28,100 due to increased collection of personal property in the Commons RDA.

The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the City's major proprietary funds totaled \$1,743,463. Discussions about the finances of this fund are addressed in the City's business-type activities.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

General Fund expenses were increased to account for capital and grant spending in general government, public safety, and parks.

- General government
  - An investment was made to upgrade the City's computer servers after the old one crashed. This investment should provide adequate computing resources well into the future and were established to allow for a future upgrade of the Financial Systems that is slated after the first of 2013.
- Public Safety - Police
  - The City has the great fortune to be able to establish a K9 Program (Vader). Initial costs of the program were provided by donations. Ongoing costs for food and medical care of "Vader" have also been provided by donations from local businesses and private contributions.
  - Each year we receive funds from the State from a share of Alcohol Sales. The Police Department has used this funding to provide focused enforcement on DUI activity. The new DUI unit has been effective and is self-supporting as the funding from the State is provided, in part, from the demonstrated, successful enforcement of DUI laws.
- Streets
  - This fiscal year street overlays were applied to 1100 West from 400 North to 1200 North, and on 2250 North and 2350 North. These overlays extend the life of the streets 10 to 15 years.
  - We have put greater priority on repairing significant potholes where we may help save failing roads prior to being able to resurface or rebuild them.

## **BUDGETARY HIGHLIGHTS**

The RAP Tax special revenue fund budget was increased to accommodate improvement to the third ball diamond at the City Park. Increases to the redevelopment special revenue fund were approved to account for

increased revenues from personal property assessments in the Commons RDA. Highlights of the Budgetary (Enterprise) Funds include:

- Parks
  - Rebuilt the 3<sup>rd</sup> Ball Diamond at the main park
  - Rebuilt and extended the stage at the main bowery
- Water Fund
  - Replaced Water line on 1100 West from 1200 North to 400 South
  - Replaced Water line on 400 North from 660 West to 800 West
  - Repaired and replaced culinary water valves
  - Repaired and replaced fire hydrants that are old and failing
  - Purchased utility truck for water maintenance
- Storm Drain
  - Performed Storm Drain repairs on 400 North to avoid flooding near Jessie Meadows Drive
  - Performed Storm Drain repairs on 1000 West above 200 North to resolve flooding issues
- Golf Course
  - Updated Point-of-Sale software and computers for Pro-Shop
- Wind event from December 1, 2011 – This was a FEMA reimbursable event that affected the entire community. Damage to public property was reimbursed by FEMA. Extensive efforts were made to assist the residents in the neighborhoods. The residents performed most of the clean-up efforts on a private, volunteer basis. The City, with assistance from the County, National Guard, and UDOT, provided equipment and operators to remove large debris and tree stumps.
  - Golf course netting on driving range required replacement
  - Many trees lost at the Golf Course and throughout the community
  - Many roofs damaged and replaced, including a few City properties

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

West Bountiful City's investment in capital assets for its governmental and business type activities combined totaled \$19,063,156 (net of \$5,536,494 accumulated depreciation) at June 30, 2012. Types of assets included in this category are land, buildings, and related improvements, vehicles, machinery and equipment, roads (including curb and gutter), street lights, traffic signals, culinary water distribution and storm water collection systems. The City's investment in net capital assets equals nearly 71% of total assets.

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

	<b>Governmental Activities Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Land and water rights	\$ 5,101,489	\$ 5,101,489	\$ 1,743,497	\$ 1,743,497	\$ 6,844,986	\$ 6,844,986
Buildings	2,199,893	2,199,893	308,938	308,938	2,508,831	2,508,831
Improvement, other than buildings	3,601,870	3,553,403	9,320,635	7,895,181	12,922,505	11,448,584
Vehicles	347,999	351,469	320,633	309,160	668,632	660,629
Machinery and equipment	554,991	537,319	657,258	644,372	1,212,250	1,181,691
Work in process	26,116	7,790	416,330	506,690	442,446	514,480
Accumulated depreciation	(2,130,114)	(1,881,512)	(3,406,380)	(3,145,006)	(5,536,494)	(5,026,518)
<b>New book value</b>	<b>\$ 9,702,244</b>	<b>\$ 9,869,851</b>	<b>\$ 9,360,911</b>	<b>\$ 8,262,832</b>	<b>\$ 19,063,156</b>	<b>\$ 18,132,683</b>

The City has engaged in a policy of moving towards becoming a pay-as-you-go organization. Debt service has been systematically reduced with bonds being retired and re-funded, where possible, to shorten the term and interest expense of the debt.

The Series 2004 Sales Tax Bonds have been refunded resulting in decreasing the life of the debt obligation by three years and saving close to \$280,000 in interest over the remaining term.

The City incurred \$4,689,006 of debt by the business-type activities (Enterprise Funds) and the remaining \$1,760,000 was incurred by the City's governmental units. Most of the City's debt is known as revenue bonds and is secured by specific revenue sources (i.e. property taxes, sales tax, and culinary water user fees).

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

**West Bountiful City's Outstanding Debt**  
**Revenue Bonds**

	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Totals</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
General obligation	\$ -	\$ -	\$ 435,000	\$ 635,000	\$ 435,000	\$ 635,000
Water bond premium	-	-	14,006	14,846	14,006	14,846
Revenue bonds	1,760,000	1,825,000	4,240,000	4,425,000	6,000,000	6,250,000
<b>Totals</b>	<b>\$ 1,760,000</b>	<b>\$ 1,825,000</b>	<b>\$ 4,689,006</b>	<b>\$ 5,074,846</b>	<b>\$ 6,449,006</b>	<b>\$ 6,899,846</b>

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

West Bountiful City continues to anticipate a slow economic recovery, with sales tax revenues only slightly ahead of prior fiscal years. Future plans for investment in development along the 500 South/Legacy Corridor could bring more high paying jobs and ultimately more sales tax revenues in to the City. As of November 15, 2012, inter-local agreements for the proposed area have been adopted by taxing entities with the hope of development in the near future. Tight capital markets and uncertainty in the development sector continues to delay progress with this Corridor. Increases in the amount of building permits issued for residential areas of town, to date, are a positive indication that the City is in recovery mode.

The short term economic forecast is tempered by the national economic situation and the potential actions, or inactions, of Congress in dealing with the "Fiscal Cliff". Additionally, the new health care plan continues to be defined with new regulations coming frequently. These requirements define "full time" versus "part time" with service time limitations that shall require a close review of our employment practices. Meeting the service levels of the City will require both creativity in administering seasonal positions and compromise in recognizing certain positions as "full time".

Long term, the City's plan for financial stability includes, (1) minimizing debt, (2) investing wisely in infrastructure and infrastructure maintenance to prolong the life of streets, water lines, storm drains and equipment, (3) reasonable compensation for employees to avoid turnover and training costs, (4) appropriately matching revenues and expenses for services, (5) maintaining appropriate reserves, (6) and planning capital projects to stay within budget for revenue sources available.

**REQUEST FOR INFORMATION**

This financial report is designed to give its readers a general overview of the 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.

# WEST BOUNTIFUL CITY

## Statement of Net Assets June 30, 2012

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Restricted	\$ 1,055,753	\$ 2,331,744	\$ 3,387,497
Unrestricted	535,894	1,069,538	1,605,432
Prepaid expense	10,989	81,934	92,923
Receivables			
Property, franchise, and excise taxes	1,841,577	-	1,841,577
Accounts, less allowance for doubtful accounts of \$10,758	-	174,551	174,551
Inventories	-	78,715	78,715
Internal balances	1,313,964	(1,313,964)	-
Total current assets	<u>4,758,177</u>	<u>2,422,518</u>	<u>7,180,695</u>
<b>NONCURRENT ASSETS</b>			
Restricted cash	<u>162,099</u>	<u>155,709</u>	<u>317,808</u>
Property and equipment, (net)			
Land and easements	5,101,489	1,743,497	6,844,986
Work in process	26,116	416,330	442,446
Buildings	1,716,534	154,900	1,871,434
Improvements, other than buildings	2,696,292	6,671,254	9,367,546
Vehicles	38,357	176,605	214,962
Machinery and equipment	143,456	198,325	341,781
Net property and equipment	<u>9,722,244</u>	<u>9,360,911</u>	<u>19,083,155</u>
Bond issue costs, less accumulated amortization of \$243,731	<u>38,077</u>	<u>176,047</u>	<u>214,124</u>
Total noncurrent assets	<u>9,922,420</u>	<u>9,692,667</u>	<u>19,615,087</u>
Total assets	<u>\$ 14,680,597</u>	<u>\$ 12,115,185</u>	<u>\$ 26,795,782</u>

The accompanying notes are an integral part of this statement.

# WEST BOUNTIFUL CITY

## Statement of Net Assets, Continued June 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 95,880	\$ 147,575	\$ 243,455
Accounts payable to related parties	-	24,650	24,650
Checks issued excess of cash	-	30,433	30,433
Restricted assets:			
Current portion of revenue bonds	60,000	400,840	460,840
Accrued interest	15,772	71,077	86,849
Deferred revenues	1,429,712	74,467	1,504,179
Current portion installment payable	80,000	-	80,000
Accrued liabilities	134,902	-	134,902
Total current liabilities	<u>1,816,266</u>	<u>749,042</u>	<u>2,565,308</u>
<b>NON-CURRENT LIABILITIES</b>			
Deposits, advance rentals, and long-term accruals	177,468	60,455	237,923
Long term portion installment	36,775	-	36,775
Long-term compensation liability	46,167	46,377	92,544
Restricted assets:			
Long-term portion of revenue bonds	1,700,000	4,288,166	5,988,166
Total non-current liabilities	<u>1,960,410</u>	<u>4,394,998</u>	<u>6,355,408</u>
Total liabilities	<u>3,776,676</u>	<u>5,144,040</u>	<u>8,920,716</u>
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	7,962,243	4,671,905	12,634,148
Restricted for:			
Specific projects and programs	1,559,160	400,068	1,959,228
Debt service	162,481	155,709	318,190
Unrestricted	1,220,037	1,743,463	2,963,500
Total net assets	<u>10,903,921</u>	<u>6,971,145</u>	<u>17,875,066</u>
Total liabilities and net assets	<u>\$ 14,680,597</u>	<u>\$ 12,115,185</u>	<u>\$ 26,795,782</u>

The accompanying notes are an integral part of this statement.

# WEST BOUNTIFUL CITY

## Statement of Activities

For the Fiscal Year Ended June 30, 2012

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						
	Expenses	Program Revenues			Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-type Activities	Total
<b>PRIMARY GOVERNMENT</b>							
Government activities							
General government	\$ 863,724	\$ 124,208	\$ -	\$ -	\$ (739,516)	\$ -	\$ (739,516)
Public safety	1,275,233	94,500	11,458	-	(1,169,275)	-	(1,169,275)
Public works	476,132	-	207,727	-	(268,405)	-	(268,405)
Parks	113,085	88,992	-	-	(24,093)	-	(24,093)
Redevelopment	599,983	-	-	-	(599,983)	-	(599,983)
Interest on long-term debt	99,867	-	-	-	(99,867)	-	(99,867)
Total government activities	<u>3,428,024</u>	<u>307,700</u>	<u>219,185</u>	<u>-</u>	<u>(2,901,139)</u>	<u>-</u>	<u>(2,901,139)</u>
Business-type activities							
Water utility	785,158	1,499,708	-	-	-	714,550	714,550
Golf course	796,973	875,046	-	-	-	78,073	78,073
Solid waste	313,678	335,283	-	-	-	21,605	21,605
Storm drain	127,488	72,111	-	-	-	(55,377)	(55,377)
Total business-type activities	<u>2,023,297</u>	<u>2,782,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>758,851</u>	<u>758,851</u>
Total primary government	<u>5,451,321</u>	<u>3,089,848</u>	<u>219,185</u>	<u>-</u>	<u>(2,901,139)</u>	<u>758,851</u>	<u>(2,142,288)</u>
General Revenues							
Taxes							
Property taxes, levied for general purposes					1,414,217	-	1,414,217
Franchise taxes					416,848	-	416,848
Sales taxes					1,679,491	-	1,679,491
Investment earnings					13,039	27,588	40,627
Disposal of assets					1,052	(2,769)	(1,717)
Other revenue					-	4,981	4,981
Transfers					(62,840)	62,840	-
Total general revenues, special items, and transfers					<u>3,461,807</u>	<u>92,640</u>	<u>3,554,447</u>
Changes in net assets					560,668	851,491	1,412,159
Net assets, July 1, 2011					<u>10,343,253</u>	<u>6,119,654</u>	<u>16,462,907</u>
Net assets, June 30, 2012					<u>\$ 10,903,921</u>	<u>\$ 6,971,145</u>	<u>\$ 17,875,066</u>

The accompanying notes are an integral part of this statement.

# WEST BOUNTIFUL CITY

## Balance Sheet Governmental Funds June 30, 2012

	<u>General</u>	<u>Special Revenue Redevelopment Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>				
ASSETS				
Cash and cash equivalents				
Unrestricted	\$ 202,481	\$ 42,032	\$ 291,381	\$ 535,894
Restricted	304,479	-	913,373	1,217,852
Receivables (net)				
Property, franchise, and excise tax	1,172,184	600,000	35,308	1,807,492
Fees	34,084	-	-	34,084
Due from other funds	449,924	-	864,040	1,313,964
Prepaid expenses	10,990	-	-	10,990
	<u>2,174,142</u>	<u>642,032</u>	<u>2,104,102</u>	<u>4,920,276</u>
Total assets	<u>\$ 2,174,142</u>	<u>\$ 642,032</u>	<u>\$ 2,104,102</u>	<u>\$ 4,920,276</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
LIABILITIES				
Accounts payable	\$ 95,880	\$ -	\$ -	\$ 95,880
Accrued salaries	42,999	-	-	42,999
Accrued liabilities	128,687	2,056	-	130,743
Installment payable	116,775	-	-	116,775
Deposits	140,682	-	-	140,682
Deferred revenue	829,712	600,000	-	1,429,712
Total liabilities	<u>1,354,735</u>	<u>602,056</u>	<u>-</u>	<u>1,956,791</u>
FUND BALANCES				
Unassigned	514,928	-	-	514,928
Assigned for capital projects	-	-	636,921	636,921
Committed for capital improvements	-	-	212,500	212,500
Assigned for development	-	39,976	-	39,976
Restricted for:				
Class C road	(20,489)	-	-	(20,489)
Rap tax	-	-	447,732	447,732
Construction	162,487	-	-	162,487
Impact fees	-	-	806,949	806,949
Debt service	162,481	-	-	162,481
Total fund balances	<u>819,407</u>	<u>39,976</u>	<u>2,104,102</u>	<u>2,963,485</u>
Total liabilities and fund balances	<u>\$ 2,174,142</u>	<u>\$ 642,032</u>	<u>\$ 2,104,102</u>	<u>\$ 4,920,276</u>

The accompanying notes are an integral part of this statement.

# WEST BOUNTIFUL CITY

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

---

TOTAL FUND BALANCE \$ 2,963,485

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

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

Land	\$ 5,101,489	
Work in process	26,116	
Buildings	2,199,892	
Improvements, other than buildings	3,621,870	
Equipment	554,991	
Vehicles	348,000	
Less accumulated depreciation	<u>(2,130,114)</u>	
Total capital assets		9,722,244

Bond costs are expensed in the governmental funds and capitalized and amortized in the government wide statements. 38,077

Receivables in the governmental funds are recorded when measurable and available, and accrued in the government wide statements.

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

Accrued liabilities	(44,113)	
Accrued interest on bonds	(15,772)	
Current portion of revenue bonds	(60,000)	
Long-term portion of revenue bonds	<u>(1,700,000)</u>	
Total liabilities		<u>(1,819,885)</u>

Total net assets of governmental activities \$ 10,903,921

# WEST BOUNTIFUL CITY

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

	<u>General</u>	<u>Special Revenue Redevelopment Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>REVENUES</b>				
General property taxes	\$ 595,554	\$ 620,899	\$ -	\$ 1,216,453
Sales, use, and excise taxes	1,679,490	-	-	1,679,490
Franchise taxes	400,013	-	-	400,013
Other taxes	16,836	-	197,763	214,599
Impact fees	-	-	80,228	80,228
Licenses	89,973	-	-	89,973
Interest	6,268	8	6,764	13,040
Intergovernmental	219,185	-	-	219,185
Charges for services	5,065	760	-	5,825
Fines	92,990	-	-	92,990
Miscellaneous	40,946	-	-	40,946
Total revenues	<u>3,146,320</u>	<u>621,667</u>	<u>284,755</u>	<u>4,052,742</u>
<b>EXPENDITURES</b>				
Current				
General government	624,050	-	-	624,050
Public works	504,392	-	-	504,392
Public safety	1,267,489	-	-	1,267,489
Parks	110,066	-	-	110,066
Redevelopment	-	593,567	-	593,567
Capital outlay	-	-	82,196	82,196
Debt service:	-	-	-	-
Principal	65,000	-	-	65,000
Interest	97,627	-	-	97,627
Total expenditures	<u>2,668,624</u>	<u>593,567</u>	<u>82,196</u>	<u>3,344,387</u>
Revenues over expenditures	<u>477,696</u>	<u>28,100</u>	<u>202,559</u>	<u>708,355</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers, in	27,570	-	292,500	320,070
Operating transfers, out	(351,840)	-	(31,070)	(382,910)
Total other financing sources (uses)	<u>(324,270)</u>	<u>-</u>	<u>261,430</u>	<u>(62,840)</u>
Revenue and other sources over expenditures and other uses	153,426	28,100	463,989	645,515
FUND BALANCE, JULY 1, 2011	<u>665,981</u>	<u>11,876</u>	<u>1,640,113</u>	<u>2,317,970</u>
FUND BALANCE, JUNE 30, 2012	<u>\$ 819,407</u>	<u>\$ 39,976</u>	<u>\$ 2,104,102</u>	<u>\$ 2,963,485</u>

The accompanying notes are an integral part of this statement.

# WEST BOUNTIFUL CITY

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

---

NET CHANGES IN FUND BALANCES, TOTAL GOVERNMENTAL FUNDS	\$ 645,515
The change in net assets reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$257,569) was more than capital outlay (\$110,409).	(147,160)
Asset proceeds are recorded in the fund statement, and gain and loss on sale of asset is recorded in the government wide statement.	(447)
Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.	65,000
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds. This adjustment is as follows:	
Accrued absences	
Accrued interest	(2,240)
Change in net assets of governmental activities	<u>\$ 560,668</u>

The accompanying notes are an integral part of this statement.

# WEST BOUNTIFUL CITY

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

	<u>Water Utility Fund</u>	<u>Golf Course Fund</u>	<u>Solid Waste Fund</u>	<u>Storm Drain Utility Fund</u>	<u>Totals Proprietary Fund</u>
<b>ASSETS</b>					
CURRENT ASSETS					
Cash and cash equivalents					
Restricted	\$ 2,314,754	\$ -	\$ -	\$ 16,990	\$ 2,331,744
Unrestricted	967,034	68,896	33,608	-	1,069,538
Prepaid expense	61,603	20,331	-	-	81,934
Inventories	43,030	35,685	-	-	78,715
Receivables					
Accounts, less allowance					
for doubtful account of \$10,758	140,023	-	29,669	4,859	174,551
Due from other funds	193,411	-	200,000	-	393,411
Total current assets	<u>3,719,855</u>	<u>124,912</u>	<u>263,277</u>	<u>21,849</u>	<u>4,129,893</u>
NON-CURRENT ASSETS					
Restricted cash	<u>155,709</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,709</u>
Property and equipment, at cost					
Land and easements	74,370	1,510,386	-	158,741	1,743,497
Buildings	-	308,938	-	-	308,938
Improvements, other than buildings	5,759,410	1,808,988	-	1,752,237	9,320,635
Machinery and equipment	125,528	463,811	67,919	-	657,258
Vehicles	320,633	-	-	-	320,633
Work in process	416,330	-	-	-	416,330
Accumulated depreciation	(1,592,840)	(1,272,942)	(33,188)	(507,410)	(3,406,380)
Net property and equipment	<u>5,103,431</u>	<u>2,819,181</u>	<u>34,731</u>	<u>1,403,568</u>	<u>9,360,911</u>
Bond issue costs, less accumulated amortization of \$307,471	<u>137,137</u>	<u>38,910</u>	<u>-</u>	<u>-</u>	<u>176,047</u>
Total non-current assets	<u>137,137</u>	<u>38,910</u>	<u>-</u>	<u>-</u>	<u>176,047</u>
Total assets	<u>\$ 9,116,132</u>	<u>\$ 2,983,003</u>	<u>\$ 298,008</u>	<u>\$ 1,425,417</u>	<u>\$ 13,822,560</u>

The accompanying notes are an integral part of this statement.

# WEST BOUNTIFUL CITY

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

	Water Utility Fund	Golf Course Fund	Solid Waste Fund	Storm Drain Utility Fund	Totals Proprietary Fund
<b><u>LIABILITIES</u></b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 122,512	\$ 25,063	\$ -	\$ -	\$ 147,575
Accounts payable to related party	-	-	24,650	-	24,650
Checks issued excess of cash	-	-	-	30,433	30,433
Current portion bonds payable	190,840	210,000	-	-	400,840
Deferred revenue	-	74,467	-	-	74,467
Accrued interest	66,089	4,988	-	-	71,077
Total current liabilities	<u>379,441</u>	<u>314,518</u>	<u>24,650</u>	<u>30,433</u>	<u>749,042</u>
<b>NONCURRENT LIABILITIES</b>					
Deposits, advance rentals, and long term accruals	60,455	-	-	-	60,455
Long term compensation liability	16,943	29,198	-	236	46,377
Due other funds	-	1,707,375	-	-	1,707,375
Bonds payable	4,063,166	225,000	-	-	4,288,166
Total noncurrent liabilities	<u>4,140,564</u>	<u>1,961,573</u>	<u>-</u>	<u>236</u>	<u>6,102,373</u>
Total liabilities	<u>4,520,005</u>	<u>2,276,091</u>	<u>24,650</u>	<u>30,669</u>	<u>6,851,415</u>
<b>NET ASSETS</b>					
Investment in capital assets, net of related debt	849,425	2,384,181	34,731	1,403,568	4,671,905
Restricted debt service	155,709	-	-	-	155,709
Restricted impact fees	383,078	-	-	16,990	400,068
Unrestricted	3,207,915	(1,677,269)	238,627	(25,810)	1,743,463
Total net assets	<u>4,596,127</u>	<u>706,912</u>	<u>273,358</u>	<u>1,394,748</u>	<u>6,971,145</u>
Total liabilities and net assets	<u>\$ 9,116,132</u>	<u>\$ 2,983,003</u>	<u>\$ 298,008</u>	<u>\$ 1,425,417</u>	<u>\$ 13,822,560</u>

The accompanying notes are an integral part of this statement.

# WEST BOUNTIFUL CITY

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

	<u>Water Utility Fund</u>	<u>Golf Course Fund</u>	<u>Solid Waste Fund</u>	<u>Storm Drain Utility Fund</u>	<u>Totals Proprietary Fund</u>
<b>OPERATING REVENUE</b>					
Revenue secured by revenue bond	\$ 1,413,768	\$ 875,046	\$ 335,283	\$ 56,052	\$ 2,680,149
Sales and charges for services	-	-	-	-	-
Total operating revenue	<u>1,413,768</u>	<u>875,046</u>	<u>335,283</u>	<u>56,052</u>	<u>2,680,149</u>
<b>OPERATING EXPENDITURES</b>					
Personnel services	233,129	402,236	3,982	11,005	650,352
Water purchases	122,737	11,419	-	-	134,156
Utilities	10,012	13,245	-	-	23,257
Supplies	86,968	220,962	11,865	75,810	395,605
Other	4,212	4,554	-	-	8,766
Purchased services	-	4,074	294,456	1,505	300,035
Depreciation and amortization	157,058	87,062	3,375	39,168	286,663
Total operating expenditures	<u>614,116</u>	<u>743,552</u>	<u>313,678</u>	<u>127,488</u>	<u>1,798,834</u>
Operating income (loss)	<u>799,652</u>	<u>131,494</u>	<u>21,605</u>	<u>(71,436)</u>	<u>881,315</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest income	25,903	1,685	-	-	27,588
Other revenue	3,986	-	364	631	4,981
Impact fees	85,940	-	-	16,059	101,999
Disposal of assets	(950)	783	(2,602)	-	(2,769)
Interest expense	(171,042)	(53,421)	-	-	(224,463)
Total non-operating revenues (expenses)	<u>(56,163)</u>	<u>(50,953)</u>	<u>(2,238)</u>	<u>16,690</u>	<u>(92,664)</u>
<b>Transfers</b>					
Transfers in	-	35,540	-	64,300	99,840
Transfers out	-	-	-	(37,000)	(37,000)
Total transfers	<u>-</u>	<u>35,540</u>	<u>-</u>	<u>27,300</u>	<u>62,840</u>
Increase in net assets	743,489	116,081	19,367	(27,446)	851,491
NET ASSETS, JULY 1, 2011	<u>3,852,638</u>	<u>590,831</u>	<u>253,991</u>	<u>1,422,194</u>	<u>6,119,654</u>
NET ASSETS, JUNE 30, 2012	<u>\$ 4,596,127</u>	<u>\$ 706,912</u>	<u>\$ 273,358</u>	<u>\$ 1,394,748</u>	<u>\$ 6,971,145</u>

The accompanying notes are an integral part of this statement.

# WEST BOUNTIFUL CITY

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

	Water Utility Fund	Gold Course Fund	Solid Waste Fund	Storm Drain Fund	Total Proprietary Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 1,409,142	\$ 884,535	\$ 336,347	\$ 80,088	\$ 2,710,112
Payments to suppliers	(123,738)	(224,762)	(307,501)	(101,154)	(757,155)
Payments to employees	(239,069)	(446,105)	(3,981)	(15,456)	(704,611)
Net cash provided by operating activities	<u>1,046,335</u>	<u>213,668</u>	<u>24,865</u>	<u>(36,522)</u>	<u>1,248,346</u>
<b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING</b>					
Interfund loans	-	-	-	-	-
Operating transfers	-	35,540	-	27,300	62,840
Net cash provided from non-capital and related financing	<u>-</u>	<u>35,540</u>	<u>-</u>	<u>27,300</u>	<u>62,840</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets	(1,367,067)	(30,904)	-	-	(1,397,971)
Impact fees	85,940	-	-	16,059	101,999
Other	3,986	1,755	(444)	631	5,928
Sale of assets	13,000	-	-	-	13,000
Interest paid on bonds	(162,814)	(25,794)	-	-	(188,608)
Principal paid on bonds	(185,840)	(200,000)	-	-	(385,840)
Net cash (used) provided in capital and related financing activities	<u>(1,612,795)</u>	<u>(254,943)</u>	<u>(444)</u>	<u>16,690</u>	<u>(1,851,492)</u>
<b>Cash flows from investing activities</b>					
Investment earnings	25,903	1,685	-	-	27,588
Net cash provided by investing activities	<u>25,903</u>	<u>1,685</u>	<u>-</u>	<u>-</u>	<u>27,588</u>
Net (decrease) increase in cash and cash equivalents	(540,557)	(4,050)	24,421	7,468	(512,718)
CASH AND CASH EQUIVALENTS, JULY 1, 2011	<u>3,978,054</u>	<u>72,946</u>	<u>9,187</u>	<u>(20,911)</u>	<u>4,039,276</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2012	<u>\$ 3,437,497</u>	<u>\$ 68,896</u>	<u>\$ 33,608</u>	<u>\$ (13,443)</u>	<u>\$ 3,526,558</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 799,652	\$ 131,494	\$ 21,605	\$ (71,436)	\$ 881,315
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	157,059	87,062	3,376	39,168	286,665
Increase (decrease) due to changes in:					
Accounts receivable	(6,077)	-	1,064	24,036	19,023
Inventory	5,125	20,207	-	-	25,332
Prepaid expenses	(1,334)	-	-	-	(1,334)
Accounts payable	96,400	9,285	11,795	(23,839)	93,641
Deposits	1,450	-	-	-	1,450
Deferred revenue	-	9,489	-	-	9,489
Accrued liabilities affecting operating activities	(5,940)	(43,869)	(12,975)	(4,451)	(67,235)
Net cash provided by operating activities	<u>\$ 1,046,335</u>	<u>\$ 213,668</u>	<u>\$ 24,865</u>	<u>\$ (36,522)</u>	<u>\$ 1,248,346</u>

The accompanying notes are an integral part of this statement.

# West Bountiful City

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

---

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **History and Organization**

West Bountiful City was incorporated in 1948. The City operates under a mayor-council form of government and provides the following services authorized by its charter: public safety, highways and streets, parks, recreation, planning and zoning, and 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 is discussed below.

#### **Financial Reporting Entity**

For financial reporting purposes, the reporting entity includes all funds, agencies, and authorities for which the City holds corporate powers, and all component units for which the City is financially accountable. The Governmental Accounting Standards Board (GASB) has established criteria to consider in determining financial accountability. The criteria are: appointment of a majority of the voting members of an organization's governing board and, either (1) the City has the ability to impose its will on the organization or, (2) there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City.

The City 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.

#### **Basis of Presentation – Government-Wide and Fund Financial Statements**

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

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

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

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

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

**Government-Wide and Proprietary Fund Statements** use the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of the timing of the related cash flows. Unbilled fees for proprietary funds are recorded as receivables at year end. Property taxes are recorded as revenues in the year for which they are levied. Grants and similar other contributions are recognized as revenue as soon as the eligibility requirements of the provider have been met. West Bountiful City's enterprise funds are the water, solid waste, storm drain, and the golf course operations and all are major funds of the City.

**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.

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

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

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

Expenditures are recognized in the accounting period in which the fund liability is incurred, except for long-term obligations (debt service payments and long term compensated absences) and related interest which are recognized as expenditures when due. Inventories of supplies are expended when purchased.

West Bountiful City has two major governmental funds: the general fund and the redevelopment agency special revenue fund. .

**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.

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

### **Budgets and Budgetary Accounting**

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 22<sup>nd</sup> for the following fiscal year, which begins on July 1<sup>st</sup>. 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. The governmental funds budget is prepared using the modified accrual basis of accounting. Governmental appropriations lapse at year-end.

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.

**Cash, Cash Equivalents, and Investments**

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

**Depreciable Fixed Assets**

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

Buildings	30-50	years
Improvements, other than buildings	5-40	years
Machinery and equipment, including leased Property, under capital leases	5-20	years
Infrastructure roads, signals, lights, and bridges	25-50	years
Utility systems	25-50	years
Vehicles	5-15	years

**Bond Issuance Costs and Amortization**

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

**Property Taxes**

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

SGAS No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, defines a non-exchange transaction as one in which “a government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange.” For property taxes, at January 1 of each year (the assessment date), West Bountiful City has the legal right to collect the taxes, and in accordance with the provisions of the new statement, has now recorded a receivable and a corresponding deferred revenue for the assessed amount of those property taxes as of January 1, 2012.

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.

#### **Inter-fund Transactions**

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

#### **Inventories and Prepaid Items**

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

#### **Long-term Liabilities**

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.

#### **Use of restricted funds**

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

#### **Compensated Absences**

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.

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.

### **Encumbrances**

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

### **Estimates**

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

### **Transfers**

During the course of normal operations, the City has transactions between funds to subsidize operations in certain enterprise funds, to construct assets, and 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.

## **2. INTER-LOCAL AGREEMENTS**

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 \$154,529 for their services. The City paid the South Davis Metro Fire District \$329,774 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.

## **3. COST SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLAN**

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

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

### **Funding Policy**

West Bountiful City is required to contribute 9.760% of the annual covered salary for the contributory employer contributions and 6.00% for the employer paid for employee contributions for the Tier 1 and the employer pays 12.400% for the Tier 2. The City is required to pay 15.780% for the Public Safety System and 12.290% for the employer paid for employee public Safety System contributions for the Tier 1 and the employer pays 16.270% for the tier 2. The contribution rates are the actuarial determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

West Bountiful City's contributions to the Local Governmental Contributory and Public Safety Retirements Systems for the years ended June 30, 2012, 2011, and 2010, were as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Contributory System</b>			
Contributory employer contributions	\$ 53,002	\$ 56,320	\$ 51,326
Employer paid for employee	31,404	36,103	40,256
Salaries subject to contribution	578,963	602,303	670,929
<b>Public Safety System</b>			
Contributory employer contributions	50,642	43,281	33,213
Employer paid for employee	39,442	35,796	32,733
Salaries subject to contribution	372,419	291,262	266,341
<b>Other Division contributioar</b>			
Contributory employer contributions	-	-	-
Employer paid for employee	3,036	-	-
Salaries subject to contribution	29,061	-	-
<b>457 Contribution System</b>			
Employer paid for employee contributions	-	-	10,667
Employee's contributions	2,700	20,159	19,763
<b>401(k) Plan</b>			
Employer paid for employee contributions	8,595	32,808	127,199
Employee's contributions	29,674	48,604	51,385

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

**4. INTERFUND TRANSFERS**

Transfers are outlined as follows:

<u>Funds</u>	<u>Out</u>	<u>In</u>
General	\$ 351,840	\$ 27,570
Street impact	17,140	\$ -
Police fees	1,430	-
Street capital improvements	-	212,500
Rap tax	9,000	-
Golf Course	-	35,540
Capital improvements	3,500	80,000
Storm drain	37,000	64,300
Total	<u>\$ 419,910</u>	<u>\$ 419,910</u>

The purpose of the transfers is to fund capital projects for financing capital improvements.

## 5. CAPITAL ASSETS

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

<u>ACTIVITY</u>	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Nondepreciated assets				
Land	\$ 5,101,489	\$ -	\$ -	\$ 5,101,489
Work in process	7,790	18,326	-	26,116
Total nondepreciated assets	<u>5,109,279</u>	<u>18,326</u>	<u>-</u>	<u>5,127,605</u>
Depreciated assets				
Buildings	2,199,893	-	-	2,199,893
Improvements	3,553,403	68,467	-	3,621,870
Equipment	537,319	23,615	(5,943)	554,991
Vehicles	351,469	-	(3,470)	347,999
Total depreciated assets	<u>6,642,084</u>	<u>92,082</u>	<u>(9,413)</u>	<u>6,724,753</u>
Less accumulated depreciation				
Buildings	(414,536)	(68,823)	-	(483,359)
Improvements other than buildings	(803,951)	(121,626)	-	(925,577)
Machinery and equipment	(377,725)	(39,307)	5,496	(411,536)
Vehicles	(285,300)	(27,812)	3,470	(309,642)
Total accumulated depreciation	<u>(1,881,512)</u>	<u>(257,568)</u>	<u>8,966</u>	<u>(2,130,114)</u>
Net assets depreciated	<u>4,760,572</u>	<u>(165,486)</u>	<u>(447)</u>	<u>4,594,639</u>
Total governmental activities	<u>9,869,851</u>	<u>(147,160)</u>	<u>(447)</u>	<u>9,722,244</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Nondepreciated assets				
Land	1,743,497	-	-	1,743,497
Work in process	506,690	325,330	415,690	416,330
Total nondepreciated assets	<u>2,250,187</u>	<u>325,330</u>	<u>415,690</u>	<u>2,159,827</u>
Depreciated assets				
Buildings	308,938	-	-	308,938
Improvements other than buildings	7,895,181	1,425,454	-	9,320,635
Equipment	644,374	30,904	18,020	657,258
Vehicles	309,160	31,973	20,500	320,633
Total depreciated assets	<u>9,157,653</u>	<u>1,488,331</u>	<u>38,520</u>	<u>10,607,464</u>
Less accumulated depreciation				
Buildings	(143,920)	(10,118)	-	(154,038)
Improvements other than buildings	(2,439,180)	(210,202)	-	(2,649,382)
Machinery and equipment	(409,770)	(53,956)	4,793	(458,933)
Vehicles	(152,138)	(12,387)	20,498	(144,027)
Total accumulated depreciation	<u>(3,145,008)</u>	<u>(286,663)</u>	<u>25,291</u>	<u>(3,406,380)</u>
Net assets depreciated	<u>6,012,645</u>	<u>1,201,668</u>	<u>63,811</u>	<u>7,201,084</u>
Total business type assets	<u>8,262,832</u>	<u>1,526,998</u>	<u>479,501</u>	<u>9,360,911</u>
Total combined assets	<u>\$ 18,132,683</u>	<u>\$ 1,379,838</u>	<u>\$ 479,054</u>	<u>\$ 19,083,155</u>

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

	<b>Governmental Types</b>	<b>Business Types</b>	<b>Totals</b>
FUNCTION			
General government	\$ 46,362	\$ -	\$ 46,362
Public safety	66,968	-	66,968
Public works	118,481	-	118,481
Parks and recreation	25,757	-	25,757
Water	-	157,058	157,058
Solid waste	-	3,375	3,375
Storm drain	-	39,168	39,168
Golf course	-	87,062	87,062
Totals	<u>\$ 257,568</u>	<u>\$ 286,663</u>	<u>\$ 544,231</u>

## 6. LONG-TERM DEBT

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

Long-Term Debt	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
\$2,215,000 original issue sales tax revenue bonds series 2004 due in annual principal installments. The rate varies from 3 to 5.4% and the bond matures in 2029.	\$ 1,825,000	\$ -	\$ 65,000	\$ 1,760,000	\$ 60,000
Total governmental long-term debt	1,825,000	-	65,000	1,760,000	60,000
<b>BUSINESS-TYPE ACTIVITIES</b>					
Water revenue bonds series 2009. Original issue was \$4,785,000 with interest from 22.5% to 4.05%. The bonds are secured by water revenues. The bonds mature in 2029.	4,425,000	-	185,000	4,240,000	190,000
Water bond premium	14,846	-	840	14,006	840
Golf refunding bonds general obligation series 2003. Original amount of \$2,020,000 with interest from 2.25% to 3.50%. The bonds mature in 2013.	635,000	-	200,000	435,000	210,000
Total business-type long-term debt	5,074,846	-	385,840	4,689,006	400,840
Total long term debt	\$ 6,899,846	\$ -	\$ 450,840	\$ 6,449,006	\$ 460,840
Compensated absences					
Governmental funds	\$ 44,818	\$ 1,349	\$ -	\$ 46,167	\$ -
Business funds	71,926	-	25,549	46,377	-
Total	\$ 116,744	\$ 1,349	\$ 25,549	\$ 92,544	\$ -

Compensated absences are generally liquidated by the general, water, and golf course funds.

### **Governmental Activities:**

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

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, 2012, is \$162,099. The bonds mature in May 2029.

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

**Government Activities**  
**Series 2009 Sales Tax Revenue Bonds**

Year Ending June 30	Rates	Principal	Interest
2013	4.50%	\$ 70,000	\$ 91,702
2014	4.75%	70,000	88,376
2015	4.75%	75,000	85,052
2016	5.00%	80,000	81,302
2017	5.00%	80,000	77,302
2018-2022	5.00-5.25%	475,000	320,786
2023-2027	5.25-5.4%	615,000	182,278
2028-2032	5.40%	295,000	24,030
Totals		<u>\$ 1,760,000</u>	<u>\$ 950,828</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 1<sup>st</sup> of each year. The City is also required to make semi-annual interest payments on February 1<sup>st</sup> and August 1<sup>st</sup> 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. The annual debt service requirements to maturity, including principal and interest for the Series 2009 Water Revenue Refunding Bonds as of June 30, 2012, are as follows:

**Business Activities**  
**Series 2009 Water Revenue Bonds**

Year Ending June 30	Rate	Principal	Interest
2013	2.50%	\$ 190,000	\$ 158,614
2014	2.50%	195,000	153,864
2015	2.50%	200,000	148,990
2016	2.75%	205,000	143,490
2017	2.75%	210,000	137,852
2018-2022	3.00-3.85%	1,180,000	579,420
2023-2027	3.85-4.35%	1,405,000	331,717
2028-2032	4.35-4.45%	655,000	44,056
Totals		<u>\$ 4,240,000</u>	<u>\$ 1,698,003</u>

**General Obligation Golf Course Refunding Bond, Series 2003:** In July 2003, the City issued General Obligation Golf Course Refunding Bonds, Series 2003 with an original issue amount of \$2,020,000 to refinance the outstanding Series 1995 General Obligation Refunding Bonds issued for the acquisition, design, and construction of land improvements in connection with the Lakeside Golf Course which is owned and operated by West Bountiful City. The bonds have an interest rate ranging from 2.25% to 3.50%. There were costs associated with the issuance of these bonds including the unamortized portion of the Series 1995 Bonds, totaling \$287,838, which is being amortized over the life of the bond. The City is required to make annual principal installments due on September 1<sup>st</sup> of each year and make semi-annual interest payments on March 1<sup>st</sup> and September 1<sup>st</sup> 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, 2012, are as follows:

<b>Business Activities</b>			
<b>Golf Refunding Bonds Series 2003</b>			
<u>Year Ending June 30</u>	<u>Rates</u>	<u>Principal</u>	<u>Interest</u>
2013	3.38%	\$ 210,000	\$ 11,419
2014	3.50%	225,000	3,949
2015		-	-
2016		-	-
2017		-	-
2018-2022		-	-
2023-2027		-	-
2028-2032		-	-
Totals		<u>\$ 435,000</u>	<u>\$ 15,368</u>

## **7. CASH AND INVESTMENTS**

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

Statement of net assets:

Cash and cash equivalents	\$ 5,280,304
---------------------------	--------------

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

Cash on hand	\$ 276
Deposits with financial institutions	647,193
Investments state treasure	<u>4,632,835</u>
Total cash and cash equivalents	<u>\$ 5,280,304</u>

### **Investments Authorized by the Utah Government Code**

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

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

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

United States of America, or repurchase agreements or interest bearing time deposits with state or national banks meeting certain minimum net worth requirements.

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

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

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

<u>Investment Type</u>	<u>Investment Maturities (In Years)</u>			
	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 - 10 Years</u>	<u>More Than 10 Years</u>
State of Utah Public Treasurer Investment Fund	\$ 4,632,835	\$ 4,632,835	\$ -	\$ -
Total investments	\$ 4,632,835	\$ 4,632,835	\$ -	\$ -

**Interest Rate Risk**

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

**Credit Risk**

Credit risk is the risk that an issuer, or other counterparty to an investment, will not fulfill its obligations. The City’s policy for reducing its exposure to credit risk is to comply with the State’s Money Management Act. As of June 30, 2012, the Utah Public Treasurer’s Investment Fund was unrated.

**Concentration of Credit Risk**

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

**Custodial Credit Risk Deposits**

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

**Custodial Credit Risk Investments**

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

**8. RESERVED FUND BALANCES**

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

<u>Description</u>	<u>Government Activities</u>	<u>Business Activities</u>	<u>Total</u>
Specific projects	\$ 1,559,160	\$ 400,068	\$ 1,959,228
Bond reserve and escrow funds	162,481	155,709	318,190
Totals	<u>\$ 1,721,641</u>	<u>\$ 555,777</u>	<u>\$ 2,277,418</u>

**9. INTEREST EXPENSE**

The proprietary fund incurred \$224,463 in interest expense of which \$224,463 was charged to expense and \$0 was capitalized. The governmental funds incurred \$97,627 in interest expense.

**10. RESTRICTED CASH**

The City governmental funds has restricted cash of \$1,055,753 for specific projects and programs and \$162,099 for bond reserve funds. The utility fund has restricted cash of \$480,751 for specific projects and \$2,006,702 in the bond reserve and construction escrow accounts.

**11. 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, 2012, which exceeded its insurance coverage. The City also has a fidelity bond with a private carrier.

**12. TOTAL COLUMNS**

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

### **13. RELATED PARTY INFORMATION**

The Mayor serves on the board of the solid waste plant. The City paid the entity \$294,456, and the City owes \$24,650 to the burn plant as of June 30, 2012.

### **14. 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, 2012, was \$116,775.

The City is involved in some legal actions. Although most of the actions and possible settlements could be covered by insurance and would be immaterial to the financial statements, some of the cases could have a material impact on the City if the judgment went against the City and the damages would not be covered by insurance. One case involved an instance where a West Bountiful police officer and an officer from another jurisdiction wrongfully shot and killed an individual. The City's insurance company is defending the City against the individual involved and the case has not had a settlement offer and has not gone to court. The actual damages, if any, cannot be determined.

### **15. NEWLY ISSUED ACCOUNTING STANDARDS**

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

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

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

### **16. SUBSEQUENT EVENTS**

The City has evaluated subsequent events through October 15, 2012, the date which the financial statements were available to be issued.

**17. REDEVELOPMENT AGENCY**

For the year ended June 30, 2012, the following activity occurred in the City's Redevelopment Agency.

Tax increment collected	\$ 620,899
Amounts expended for payments to developers	507,956
Amounts expended for legal and professional fees	10,044
Amounts expended for administrative costs	75,567

**18. INTERFUND LOANS**

The resulting composition of the interfund balances as of June 30, 2012, is as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 449,924	\$ -
Rap tax	306,000	-
Capital improvements	558,040	-
Golf course	-	1,707,375
Water fund	193,411	-
Solid waste	200,000	-
Totals	<u>\$ 1,707,375</u>	<u>\$ 1,707,375</u>

The City passed a resolution for the golf course loan that will be paid back to the other funds when the golf course bonds are paid.

**19. FUND BALANCE**

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

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

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

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

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

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

The details of the fund balances are included in the Governmental Funds Balance Sheet and statement of Net Assets. Restricted funds are used first as appropriate. Assigned funds are

used when specific conditions are met. Decreases to the fund balance first reduce Unassigned Fund Balance. In the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order. The General Fund has Unassigned Fund Balance in the amount of \$514,928 at June 30, 2012.

**REQUIRED SUPPLEMENTARY INFORMATION**

# WEST BOUNTIFUL CITY

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

	Budgeted Amounts		Actual Amounts	Favorable
	Original	Final	Budgetary Basis	(Unfavorable) Variance with Final Budget
<b>REVENUES</b>				
General property taxes	\$ 413,811	\$ 413,811	\$ 595,554	\$ 181,743
Sales, use, and excise taxes	1,560,000	1,650,000	1,679,490	29,490
Franchise taxes	380,000	205,000	400,013	195,013
Other taxes	16,000	16,000	16,836	836
Licenses	70,710	78,710	89,973	11,263
Fines	126,000	95,000	92,990	(2,010)
Interest	2,500	2,500	6,268	3,768
Intergovernmental	320,000	325,900	219,185	(106,715)
Charges for services	4,000	4,000	5,065	1,065
Miscellaneous	20,440	32,940	40,946	8,006
Total revenues	<u>2,913,461</u>	<u>2,823,861</u>	<u>3,146,320</u>	<u>322,459</u>
<b>EXPENDITURES</b>				
General government	661,135	704,535	624,050	80,485
Public works	368,070	546,710	504,392	42,318
Public safety	1,297,700	1,285,962	1,267,489	18,473
Parks	355,580	345,580	110,066	235,514
Debt service				
Principal	65,000	65,000	65,000	-
Interest	98,228	98,228	97,627	601
Total expenditures	<u>2,845,713</u>	<u>3,046,015</u>	<u>2,668,624</u>	<u>377,391</u>
Excess of revenues over (usage of) fund balance	<u>67,748</u>	<u>(222,154)</u>	<u>477,696</u>	<u>699,850</u>
<b>OTHER FINANCES SOURCES (USES)</b>				
Transfers in	183,725	191,570	27,570	(164,000)
Transfers out	(212,500)	(217,867)	(351,840)	(133,973)
Total other financing sources (uses)	<u>(28,775)</u>	<u>(26,297)</u>	<u>(324,270)</u>	<u>(297,973)</u>
Net change in fund balance	38,973	(248,451)	153,426	401,877
FUND BALANCE, JULY 1, 2011	<u>665,981</u>	<u>665,981</u>	<u>665,981</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2012	<u>\$ 704,954</u>	<u>\$ 417,530</u>	<u>\$ 819,407</u>	<u>\$ 401,877</u>

### Notes to schedule:

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

# WEST BOUNTIFUL CITY

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

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 610,000	\$ 610,000	\$ 620,899	\$ 10,899
Interest			8	
Sales taxes	-	-	-	-
Contributions	-	-	760	760
Total revenues	<u>610,000</u>	<u>610,000</u>	<u>621,667</u>	<u>11,659</u>
<b>EXPENDITURES</b>				
General government	<u>610,000</u>	<u>610,000</u>	<u>593,567</u>	<u>16,433</u>
Total expenditures	<u>610,000</u>	<u>610,000</u>	<u>593,567</u>	<u>16,433</u>
Excess of revenues over expenditures (usage of fund balance)	<u>-</u>	<u>-</u>	<u>28,100</u>	<u>28,092</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	28,100	28,092
FUND BALANCE, JULY 1, 2011	<u>118,769</u>	<u>11,876</u>	<u>11,876</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2012	<u>\$ 118,769</u>	<u>\$ 11,876</u>	<u>\$ 39,976</u>	<u>\$ 28,092</u>

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

## **SUPPLEMENTARY INFORMATION**

# WEST BOUNTIFUL CITY

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

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
Impact Fees	\$ 715	\$ 1,420	\$ 1,853	\$ 433
Interest	10	10	9	(1)
Total revenues	<u>725</u>	<u>1,430</u>	<u>1,862</u>	<u>432</u>
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures (usage of fund balance)	<u>725</u>	<u>1,430</u>	<u>1,862</u>	<u>432</u>
OTHER FINANCES SOURCES (USES)				
Transfers in				-
Transfers out	-	(1,430)	(1,430)	-
Total other financing sources (uses)	<u>-</u>	<u>(1,430)</u>	<u>(1,430)</u>	<u>-</u>
Net change in fund balance	725	-	432	432
FUND BALANCE, JULY 1, 2011	<u>822</u>	<u>822</u>	<u>822</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2012	<u>\$ 1,547</u>	<u>\$ 822</u>	<u>\$ 1,254</u>	<u>\$ 432</u>

The accompanying notes are an integral part of this statement.

# WEST BOUNTIFUL CITY

## Budgetary Comparison Schedules Park Impact Fee Fund For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Impact fees	\$ 15,150	\$ 15,150	\$ 39,384	\$ 24,234
Interest	1,200	1,200	1,888	688
Total revenues	<u>16,350</u>	<u>16,350</u>	<u>41,272</u>	<u>24,922</u>
<b>EXPENDITURES</b>				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures (usage of fund balance)	<u>16,350</u>	<u>16,350</u>	<u>41,272</u>	<u>24,922</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers out	(105,000)	(105,000)	-	105,000
Total other financing sources	<u>(105,000)</u>	<u>(105,000)</u>	<u>-</u>	<u>105,000</u>
Net change in fund balance	(88,650)	(88,650)	41,272	129,922
FUND BALANCE, JULY 1, 2011	<u>327,703</u>	<u>327,703</u>	<u>327,703</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2012	<u>\$ 239,053</u>	<u>\$ 239,053</u>	<u>\$ 368,975</u>	<u>\$ 129,922</u>

Notes to schedule:

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

# WEST BOUNTIFUL CITY

## Budgetary Comparison Schedules Special Revenue Fund Rap Tax Fund For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 187,200	\$ 187,200	\$ 197,763	\$ 10,563
Interest	850	850	917	67
Total revenues	<u>188,050</u>	<u>188,050</u>	<u>198,680</u>	<u>10,630</u>
EXPENDITURES				
Capital outlay	-	89,000	82,196	6,804
Total expenditures	<u>-</u>	<u>89,000</u>	<u>82,196</u>	<u>6,804</u>
Excess of revenues over expenditures (usage of fund balance)	<u>188,050</u>	<u>99,050</u>	<u>116,484</u>	<u>17,434</u>
OTHER FINANCING SOURCES				
Transfers out	(19,000)	(9,000)	(9,000)	-
Total other financing sources	<u>(19,000)</u>	<u>(9,000)</u>	<u>(9,000)</u>	<u>-</u>
Net change in fund balance	169,050	90,050	107,484	17,434
FUND BALANCE, JULY 1, 2011	<u>340,247</u>	<u>340,247</u>	<u>340,248</u>	<u>1</u>
FUND BALANCE, JUNE 30, 2012	<u>\$ 509,297</u>	<u>\$ 430,297</u>	<u>\$ 447,732</u>	<u>\$ 17,435</u>

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

# WEST BOUNTIFUL CITY

## Budgetary Comparison Schedules Special Revenue Street Impact fees For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
Impact fees	\$ 15,000	\$ 15,000	\$ 38,991	\$ 23,991
Interest	500	2,000	2,351	351
Total revenues	<u>15,500</u>	<u>17,000</u>	<u>41,342</u>	<u>24,342</u>
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures (usage of fund balance)	<u>15,500</u>	<u>17,000</u>	<u>41,342</u>	<u>24,342</u>
OTHER FINANCING SOURCES				
Transfers out	-	(17,140)	(17,140)	-
Total other financing sources	<u>-</u>	<u>(17,140)</u>	<u>(17,140)</u>	<u>-</u>
Net change in fund balance	15,500	(140)	24,202	24,342
FUND BALANCE, JULY 1, 2011	<u>412,518</u>	<u>412,518</u>	<u>412,518</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2012	<u>\$ 428,018</u>	<u>\$ 412,378</u>	<u>\$ 436,720</u>	<u>\$ 24,342</u>

Notes to schedule:

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

# WEST BOUNTIFUL CITY

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

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Interest	2,500	2,500	1,599	(901)
Total revenues	2,500	2,500	1,599	(901)
<b>EXPENDITURES</b>				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures (usage of fund balance)	2,500	2,500	1,599	(901)
<b>OTHER FINANCING SOURCES</b>				
Transfers out	(3,500)	(3,500)	(3,500)	-
Total other financing sources	(3,500)	(3,500)	(3,500)	-
Net change in fund balance	(1,000)	(1,000)	(1,901)	(901)
FUND BALANCE, JULY 1, 2011	558,822	558,822	558,822	-
FUND BALANCE, JUNE 30, 2012	<u>\$ 557,822</u>	<u>\$ 557,822</u>	<u>\$ 556,921</u>	<u>\$ (901)</u>

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

# WEST BOUNTIFUL CITY

## Combining Balance Sheet Nonmajor Governmental Funds June 30, 2012

	<u>Police Fees Impact Fund</u>	<u>Park Impact Fee Fund</u>	<u>Rap Tax Fund</u>	<u>Street Impact Fee fund</u>	<u>Capital Improvement Fund</u>	<u>Street Capital Improvement Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b><u>ASSETS</u></b>							
ASSETS							
Cash and cash equivalents							
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ 78,881	\$ 212,500	\$ 291,381
Restricted	1,254	368,975	106,424	436,720	-	-	913,373
Due from other funds	-	-	306,000	-	558,040	-	864,040
Taxes receivable	-	-	35,308	-	-	-	35,308
Total assets	<u>\$ 1,254</u>	<u>\$ 368,975</u>	<u>\$ 447,732</u>	<u>\$ 436,720</u>	<u>\$ 636,921</u>	<u>\$ 212,500</u>	<u>\$ 2,104,102</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Checks in excess of cash	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Assigned for capital improvements	-	-	-	-	636,921	-	636,921
Committed for capital improvements	-	-	-	-	-	212,500	212,500
Restricted for:							
Rap Tax	-	-	447,732	-	-	-	447,732
Impact fees	1,254	368,975	-	436,720	-	-	806,949
Total fund balances	<u>1,254</u>	<u>368,975</u>	<u>447,732</u>	<u>436,720</u>	<u>636,921</u>	<u>212,500</u>	<u>2,104,102</u>
Total liabilities and fund balances	<u>\$ 1,254</u>	<u>\$ 368,975</u>	<u>\$ 447,732</u>	<u>\$ 436,720</u>	<u>\$ 636,921</u>	<u>\$ 212,500</u>	<u>\$ 2,104,102</u>

The accompanying notes are an integral part of this statement.

# WEST BOUNTIFUL CITY

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

	<u>Police Fees Impact Fund</u>	<u>Park Impact Fee Fund</u>	<u>Rap Tax Fund</u>	<u>Street Impact Fee Fund</u>	<u>Capital Improvements Fund</u>	<u>Street Capital Improvements Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>							
Impact fees	\$ 1,853	\$ 39,384	\$ -	\$ 38,991	\$ -	\$ -	\$ 80,228
Interest	9	1,888	917	2,351	1,599	-	6,764
Taxes	-	-	197,763	-	-	-	197,763
Charges for services	-	-	-	-	-	-	-
Total revenues	<u>1,862</u>	<u>41,272</u>	<u>198,680</u>	<u>41,342</u>	<u>1,599</u>	<u>-</u>	<u>284,755</u>
<b>EXPENDITURES</b>							
Current							
Public safety	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-
Capital outlay	-	-	82,196	-	-	-	82,196
Total expenditures	<u>-</u>	<u>-</u>	<u>82,196</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,196</u>
Revenues over expenditures	<u>1,862</u>	<u>41,272</u>	<u>116,484</u>	<u>41,342</u>	<u>1,599</u>	<u>-</u>	<u>202,559</u>
Other sources							
Transfers in	-	-	-	-	80,000	212,500	292,500
Transfers out	(1,430)	-	(9,000)	(17,140)	(3,500)	-	(31,070)
Total other sources	<u>(1,430)</u>	<u>-</u>	<u>(9,000)</u>	<u>(17,140)</u>	<u>76,500</u>	<u>212,500</u>	<u>261,430</u>
Revenue and other sources over expenditures and other uses	432	41,272	107,484	24,202	78,099	212,500	463,989
FUND BALANCE, JULY 1, 2011	<u>822</u>	<u>327,703</u>	<u>340,248</u>	<u>412,518</u>	<u>558,822</u>	<u>-</u>	<u>1,640,113</u>
FUND BALANCE, JUNE 30, 2012	<u>\$ 1,254</u>	<u>\$ 368,975</u>	<u>\$ 447,732</u>	<u>\$ 436,720</u>	<u>\$ 636,921</u>	<u>\$ 212,500</u>	<u>\$ 2,104,102</u>

The accompanying notes are an integral part of this statement.

# WEST BOUNTIFUL CITY

## Budgetary Comparison Schedules Streets Capital Improvements Fund For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures (usage of fund balance)	-	-	-	-
<b>OTHER FINANCING SOURCES</b>				
Transfers out				
Transfers in	212,500	212,500	212,500	-
Total other financing sources	212,500	212,500	212,500	-
Net change in fund balance	212,500	212,500	212,500	-
FUND BALANCE, JULY 1, 2011	-	-	-	-
FUND BALANCE, JUNE 30, 2012	\$ 212,500	\$ 212,500	\$ 212,500	\$ -

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



KARREN | HENDRIX | STAGG | ALLEN  
COMPANY

A Professional Corporation

Ray H. Allen, CPA  
Rebecca M. Allred  
Robert L. Archuleta, CPA  
Stephen R. Capson, CPA  
Scott J. Hanni, CPA  
Danny L. Hendrix, CPA  
B. Joe Merkley, CPA  
Tim C. Rees, CPA  
Jeffrey N. Ririe, CPA  
G. John Runia, CPA  
R. Ted Stagg, CPA

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

We have audited the West Bountiful City's compliance with general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2012. The general compliance requirements applicable to the City are identified as follows:

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

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

Compliance with the requirements referred to above is the responsibility of the City's management. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

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

In our opinion, West Bountiful City complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended June 30, 2012.

This report is intended solely for the information and use of the City, county, school, management, Office of the Utah State Auditor, awarding and pass-through entities, and other specified parties as applicable and is not intended to be and should not be used by anyone other than the specified parties. However, the report is a matter of public record and its distribution is not limited.

*Karren Hendrix Stagg Allen & Company*

Karren, Hendrix, Stagg, Allen & Company  
October 15, 2012

CERTIFIED PUBLIC ACCOUNTANTS



KARREN | HENDRIX | STAGG | ALLEN  
COMPANY

A Professional Corporation

Ray H. Allen, CPA  
Rebecca M. Allred  
Robert L. Archuleta, CPA  
Stephen R. Capson, CPA  
Scott J. Hanni, CPA  
Danny L. Hendrix, CPA  
B. Joe Merkley, CPA  
Tim C. Rees, CPA  
Jeffrey N. Ririe, CPA  
G. John Runia, CPA  
R. Ted Stagg, CPA

**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**

To the City Council  
West Bountiful City

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Bountiful City, as of and for the year ended June 30, 2012, which collectively comprise West Bountiful City's basic financial statements and have issued our report thereon dated October 15, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government auditing Standards, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered West Bountiful City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 entities' 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

CERTIFIED PUBLIC ACCOUNTANTS

### 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, 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 that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings.

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, the audit committee, West Bountiful City's council and other government agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Karren Hendrix Stagg Allen & Company*

Karren, Hendrix, Stagg, Allen & Company  
October 15, 2012

# WEST BOUNTIFUL CITY

## Schedule of Findings For the Fiscal Year Ended June 30, 2012

---

None

# WEST BOUNTIFUL CITY

## Status of Previous Year's Findings For the Fiscal Year Ended June 30, 2011

---

### Finding #11-01 – Budget Requirements

#### Finding

The Golf Course has been losing money for several years. The fund has used money from other City funds without an official resolution from the City Council on which fund should loan the money and any economic terms of the loan

**Status – Implemented**